

NAPMA West Point 2014 — Full Transcript

Martial Arts Professional / National Association of Professional Martial Artists

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Day 1, Session 1

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Okay, so, everybody got the schedule, right? We were unusually organized this time for this. What we are going to have is my good friend Bernie Kerik is going to be here all day tomorrow. So he's going to come over for the tour with his 11-year-old daughter, actually. He lives about an hour from here. And they're going to stay all afternoon and then... through the evening he's going to stay over on Saturday night. And did everybody read that bio?

Oh my gosh. A little bit of... Colorful guy. Yeah, yeah, very colorful. He was a high school principal carried around a baseball bat, was turning around in the high school. Remember that movie?

That movie was Bernie Kerik's High School. So he grew up in Patterson, New Jersey, which... The way I drove, I drove by Patterson where he grew up and drove by Franklin Lakes where he lives now. But he grew up in Patterson, New Jersey and was a... Mother was a prostitute who got murdered by the time he was nine. Never had a relationship with his father. Grew up in Patterson, New Jersey before they turned it around. By his own account, pretty much everybody that he knew in high school either ended up... in prison or, you know, or dead really by the time they were in their 20s. And that movie was set in Patterson High School and his high school but was set past when Bernie had gone through there. So he ended up training in martial arts as a high school student and ended up as a student of Peter Urban.

In New York. And if I remember the story correctly, I think it was Peter Urban who told him, look, you know, you're either going to go down the wrong path or you're going to get your life turned around and suggest he joined the military, which he did. So he went into the military, became an MP in the military, was actually teaching martial arts to the Delta Force guys. And when he got out, he ended up becoming the warden of the Sayut County Prison and then had always wanted to be a New York City police officer, ended up leaving this warden and taking a huge fake cut by the way, leaving this warden to become a part of the NYPD. So in the way through moving up the NYPD at one point and he what do they call it?

He had one like major citations in the NYPD. He was personally responsible for the single biggest drug bust and working with the DEA, one of the single biggest drug busts in history. But somewhere along the way they had this up and coming guy who was running for mayor that nobody really knew and they were looking for security and he volunteered to be Rudy Giuliani's driver and security as part of NYPD. And so he and Rudy ended up as close friends. Rudy Giuliani was godfather to his kids. And so when Rudy won as mayor, he first put him in as the deputy, I think he was deputy commissioner of the prison. So he was number two in charge of the prison system. And his first big claim to fame was he completely turned around the New York City police prison system, including Mike Rizzio.

So if you look at that little bio that I sent out, I think the violence in the prisons, the number was something like 70%, there was a 70% drop in violence. I mean, there was all kinds of staff. They completely turned around the prison system. And so then he went from being number two in the prison systems to being in charge of the prison systems. And then when the police commissioner job came open, Giuliani moved in from being in charge of the prisons to... being police commissioner. And so under Giuliani, I think that New York had something like a 75% drop of violent crime. Under Bernie, it was 25 or 30%, because it was Bill Bratton who ended up in LA, was the first police commissioner. So under Bratton, they had like a 50% drop in crime, and then under Bernie, another 30%.

So what happened next was, of course, 9-11 happened, right?

So it was. 9-11, the police commissioner was Bernie, obviously the mayor was Rudy Giuliani, and then Tom Bonnessen was the fire, in charge of the fire department. Obviously when that happened, they won international acclaim for handling that. After Giuliani's tenure as mayor, they formed a company called Giuliani Partners. It was Rudy Giuliani, Bernie Kerik, Tom Bonesen, and a couple of other key players that they were doing international consulting. I think one of the big projects that Bernie was involved with is helping Mexico solve, remember they had that murder problem?

[05:16] So they had all these, if I remember, prostitutes and young women. I'm not sure they were all prostitutes, but we're showing up murdered. And he was involved with that with the Giuliani partners because their assessment was it was somebody in the police department was doing murders for some reason or other how it came out. But they were doing that kind of high level consulting. He also had a contract with the King of Jordan. That was later. But along the way, he ended up as the interim interior minister of Iraq. when we were doing the rebuilding in Iraq, they had put him over there to rebuild the police force, which is when he met the King of Jordan. But then along the way with Giuliani partners, Rudy Giuliani was telling George Bush that the next director of Homeland Security should be Bernie, right?

So they nominated him for Homeland Commissioner. Now what happened next was the nanny that he had, remember this, the nanny that he had, if I remember the story correctly, had given him a Social Security number. He was paying the taxes. Usually the problem is they're paying the nanny and they have it withheld Social Security and so forth, right?

Well he was actually paying the taxes rather than, you guys know you're supposed to do that right, it's more than like... 400 bucks with close to 1099, you know, so like my housekeeper who gets about a grand a month, I should be 1099 to her or I should be with those, but he was actually withholding the Social Security, withholding taxes, but it turned out the Social Security number she gave him wasn't accurate. Now anybody here have a good mechanism for figuring out if somebody gave you the wrong Social Security number?

You can check that. You can now, right? Because they have the, what do they call it?

There's a number that you can call. For years they've had you call a number and you verify a sister number. Yeah, you verify it. That's what I was saying. But anyway, so it turned out that he was paying the nanny on a Social Security number that didn't exist, right?

So now the whole thing imploded, right? But what was happening at the time, if you remember the context, is Rudy Giuliani was running for president. And so now what happened was it all kept piling on. So it went from having the wrong social security number to he hadn't paid taxes on a condo renovation. And the whole thing just escalated. By the time it was all said and done, he ended up with, in New Jersey, going to make a deal with the prosecutor where he paid him like a quarter million dollars for him and one thing or another and it went away. And then the feds prosecuted him for the same thing, right?

So you guys know about the idea of double jeopardy, right?

Well, double jeopardy doesn't mean that the state, local, and feds can't all prosecute you for the same thing. What it means is one of them can't prosecute you for something, and then after it's adjudicated, go back and try it again. Does that make sense?

So he got prosecuted at the state level, but then the feds went after him for the same thing. Now, the way I've heard the story from Bernie, although I don't remember the details, is it was somewhere along the line where they had drained about five million in legal and fighting them. Then he finally said, okay, I give, let's make a deal. And they put him in jail for 30 months, right?

So he ended up in jail for 30 months, but the real big deal and all that stuff is the five million in legal, whatever number ended up being, but it was a lot, in trying to fight the deal. Plus then, not being able to do the business he was doing because his business, Kerik and Associates, basically was doing the same thing as Giuliani partners, right?

So at the time that they did all this, he had a contract with the King of Jordan and he also had a contract with the United Arab Emirates. And with the King of Jordan, he was building their prison system and also doing a police training facility. So he's got it though. Like as you said a colorful background And he was released from prison I Think it's been 18 months It was Well, no, it's been less than that. It was October last year, right?

[10:13] So I believe it was released on house arrest and then and then actually released completely last October so so all of this has transpired over the last four years, in all honesty. So he found the process of obviously making a clear comeback. And so he has the next autobiography. And his first autobiography was a bestseller. It was actually already done, written, in the can, set for publication before 9-11 happened. So it was the first autobiography of any of the players that came out after 9-11. There was some criticism of that, but it had already been in the can for a year, right?

So it was, it wasn't like they rushed to put the book together post-9-11. The book was already done by Judith Reagan and was published thereafter. But his next

autobiography, The Follow-Up, is coming out in March. It's already written in the publication. But if you watch cable news and so forth, the last four or five weeks, he's been constantly on Fox, MSNBC, on even Al Jazeera. Yesterday he was on Newsmax, he was on CNN a lot. And usually it's either as an expert with regard to policing, so when all the stuff is going on in Ferguson, he was constantly being interviewed and on there on the body camera, there's some different things going on in the Ferguson thing. Plus, of course, his experience with 9-11 in Iraq. So he's constantly being interviewed and brought in on the ISIS thing.

But we're going to have him here probably doing probably three hours tomorrow with us on high level leadership development. And I think it'll be really interesting. Any questions or thoughts about his background before we are able to put it through him directly?

No, but I just wonder what about the five million?

Which legal gone in the sands of time, okay Yeah, I mean if you I Was at his house one time and his month's legal bill had come in and it was three hundred and thirty thousand dollars I Think that number is right. It was you know a while back but you know, I mean, ultimately, you know, his project in the last year has been mostly to do, he's done Senate hearings and Congressional hearings and one thing or another, but it's on the problem we have currently in the criminal justice system, right?

And, you know, if you take him specifically out of the context, if you take somebody who's an executive somewhere. And in fact, my only bitch that I've come across that I had with Rudy Giuliani was the fact that he had prosecuted, what's his name, Miliken, Michael Miliken. Remember when Miliken, the junk bond guy?

The prosecutor for Miliken was Rudy Giuliani, right? And that was my only bitch about Giuliani's record is Miliken never should have been prosecuted. right, is you can't be in that industry without daily making some level of technical violations, right?

And here was ultimately what they chased Bernie down at and got two guilty pleas out of him at a state level and a federal level. When he was second in command of the prison system, his high school friend was in the construction business. So they were going to buy and flip condos. Right?

I mean, that's, you know, and at the time that was, you know, before the real estate crash, right?

So they were going to buy and flip condos, right?

So they bought the first condo and his friend in the construction business was doing the construction on the condo and then they sold the condo. But they were saying that he never reported to the IRS the level of contribution that his friend made on the condo and never reported that as income. Now, I've done the same thing, you know, past the statute of limitations. But see if this scenario... I had a student, bought a house. The house was, I think, 2,500 square feet with 1,300 square foot unfinished. The student is a

contractor, so he did it on trade out and did the build out. And then I sold the house at a \$50,000 game or something like that, right?

[15:20] I never reported the tax, I reported the tax on the capital gains, never would have dawned on me to report the tax on the trade, right, on the barter piece of it, okay. Well that's what Bernie did, except it was they were partners, right. So when they sold the thing, they reported the capital gains, there was nothing hidden there, but they're saying that he that it was tax fraud because he never reported the tax or he never reported taxable income from the contribution between the difference in what the retail was of the construction and what his friend's company charged with the project. Right?

And now when Giuliani was running for president, they tried to make it like a big corruption deal. Right?

So the friend was from Patterson, New Jersey, and they, you know, they were Somewhere along the line there were mob connections. They tried to make it like it was a corruption deal, but the reality was it was they got him on a tax deal, right?

But then the federal prosecutor, since everybody was trying, the other side was trying to make Giuliani look bad, was looking for a way to make Giuliani look bad, and Bernie was the natural target. So then they went after him on the federal level for the same thing as the local level, right?

And by the way, they got him for another felony. You know what that was?

Lying to the White House. Well, what that was, and feel free to ask him, but what it was is when they nominated for Homeland Security, they said, have you committed any felonies?

Is there anything that is going to embarrass the White House?

Well, he said, no, not that I know of. Right?

And then, when they started going after him for the tax problem and the nanny social security number, they said, well, that was a lie because he had these other things in the thing. So they prosecuted him for lying on the application that he didn't have that in the background, which he didn't know he had in the background until, right?

So, you know, from the standpoint of a colorful background, he's got a colorful background. But didn't he say, yeah, I did things not exactly according to the coil when I was having all that success with the prison system, etc. I shouldn't have done certain things certain ways. Wasn't there other stuff besides these two things he didn't know about that he said he regretted?

Feel free to ask. As I recall the stories, not that I can come up with, right?

You know, the problem ultimately we all have with legal system is if you get on the wrong side of a state or federal prosecutor, they have an unlimited budget. Right. And there's nobody in the room that hasn't done something that could have been prosecuted as a felony. Right. And it just doesn't matter how clean you are. Right. Somewhere

along the line, you know, you misstated income on a credit card application, which is federal, you know, a federal felony or... or somewhere along the line, the dot I's weren't dotted and t's weren't crossed. So if you start looking deeply enough, there's something, right?

And I used the Milliken thing as an example to beat up on Rudy Giuliani for a second is, in Milliken's case, he was dealing with hundreds of transactions a day. And they got him on a couple of technical violations, right?

But we have this law that was put in place to prosecute the mafia which Giuliani did quite successfully called Rico. Everybody familiar with Rico?

Here's what Rico means. The prosecutor can say, nobody's proven that you did anything, but we're going to take all your assets right now because we're accusing you of something. So we're going to take your house, your boat, your cars, all your cash, and you're now going to be broke and assetless on the street. fighting us with unlimited deep pockets. Good luck. They can do that at any time. So that was the conversation that they had with Milliken. Yes, you're worth a quarter of a million. You're worth \$250 million. We're going to take all your assets and good luck fighting us because we have unlimited pockets. Or you can go to a club for 30 months and pay us \$100 million out of the \$250 million. Right?

So that was the Milliken deal. Long before I ever met Bernie, I was pissed off of the process of Milliken. Because Milliken was doing tons of good stuff for the economy. The only thing he did wrong was he made a lot of money and pissed enough people off that he was making too much money that they chased him down for it. But yeah, so that's tomorrow. We should probably close those doors here. I get it. So tomorrow afternoon?

[20:23] Tomorrow afternoon, yeah. Tomorrow our schedule is we're in the room next door. We didn't want to be in here permanently. Forever and ever. There is like a normal door over there. We can still watch the view, right?

Oh yeah, absolutely. While we drag on the dark... Have mills delivered right now. Oh, that might be a problem. Yeah, that would be bad. That would be bad. Where were we?

Oh, you know, the interesting story that Bernie told me one time that I thought was... instructive is here's the scenario. He's the interim minister in Iraq, right?

And he has basically been tasked with the Bush administration of go start developing interior minister, basically go start developing their police force, right?

And of course, we were at the same time trying to rebuild our army, we're trying to rebuild the police. and there were all kinds of problems involved with that. But he's over there trying to rebuild the police force. And the question I had asked him when we had him at Breckenridge at one of our events is I said, well, how did you get your head around going from being like high school dropout MP to this level you were at?

At the Interior Ministry, I said, how did you get your arms around that, right?

Because every step in his career, he went from like here to here, and then here to here. And there weren't like increments, right?

You know, we think of like the ladder of success and this stuff, but mostly it was, you know, he went from nothing to here, then a big jump, then to here, then a big jump, then another jump, then a big jump, and another big jump. His comment was, he said, well, let me tell you a story that illustrates it. He says, never assume that anybody at a higher level than you is any smarter than you are, right?

Because they're just human beings. And we all have a tendency to think that they're way up there, and therefore, they're a lot smarter, a lot more educated, a lot more on top of things. And he said, but that, you know, it is. Donned on me several times over the years. That's not true. Just through whatever circumstances they ended up there and His example was they're in Iraq And they're gonna go meet the King of Jordan, right?

And so they have this trip lined up to meet the King of Jordan to ask for help in various ways, right?

So they have the gentleman who's going to be going with them and I forget his role, but I think he's the ambassador in Iraq. He was formerly the advantage. the Ambassador to France, and they have Bernie and they have all of the key people that are running Iraq who are going to go meet directly with the key people in Jordan and so forth, right?

So he says they have a meeting with all the key people before the trip and he thinks the meeting should be, what are we trying to accomplish, what do we want him to do, what's our outcome?

And he said, basically turns in to be, show up at this time, planktonly to this time, here's how long we're going to be, and be sure to bring, you know. He's basically about to travel again. He goes, well, okay, these are all people who are smarter than in these places longer than I have. Obviously, they already know what they're trying to accomplish. And he says, they go sit in a room like this, meeting with the King of Jordan directly, and they go through the ministers of different... different pieces and the ambassador and basically he says he's shocked because each of them are just kind of telling the king what they're doing and hadn't come with an agenda or an outcome in the private language, right?

And he said in his case, their big problem with developing the police force is they had no infrastructure. And so what he's trying to do is he wants the king of Jordan for the US, the partner of Jordan and to build a police training facility where all the police can be trained in Jordan and then bring them back to Iraq and they you know they have a budget of whatever it is 150 million or so forth and his agenda is let's get Jordan and the US for Iraq to partner with building a police training facility. Jordan needs it, Iraq needs it, Jordan's in a place where they can create the infrastructure we can fund it for them so that's his objective. But he said in the entire meeting he was the only one that came into it with an objective of what they wanted to get an outcome to be.

[25:26] Right? So, the lesson is, you know, at each level up it's not necessarily that they're better prepared, you know, are more intelligent and so forth. It's just figuring out how to get to that point to begin with and then maximizing. Does that make sense?

I always thought that was an interesting story. Anyway, so what in today, what would be the biggest burning issues we have in the room?

I've been trying to browbeat Greg over here on rotating curriculum. Who in here is in fact using a rotating curriculum in your school?

Is anybody other than Greg Knott? Is Croft set up that way?

Not really. Not so much set up as it's even a curriculum really. It's a curriculum that we're handed. Which is very front-loaded. Yeah. So pretty much all of the different movement you're learning in the first six months. Is that right?

No, but it's too front-loaded though. Right. But everybody else but Greg and you have a bunch of different breakers Jeff. What are the types of things you're not doing?

Could you talk loud? Yeah it's the AC outlet right there. You know, we could just tighten this up. We've got this huge s... I think the way they've got it set up is we've got way too much room today and Sunday and way too little room tomorrow. I did a way to do it. Yeah. Well, at our point where we have the peak numbers, we're going to be like sardines, I think. We haven't been able to... We're in the half Arnold room tomorrow, Mrs. Rayburn. But by the way, the only problem we have with this facility, a lot of them like this, is they have a lot of weddings, right?

So in order for us to run past five o'clock, you know, we've got a, right, so they'll have all these rooms available until five and then all of a sudden there's weddings and rehearsals. And they're done then. Yeah, exactly. We actually had that one time where Nobody thought about it ahead of time. So they kicked us out at five and we went somewhere else to try to keep our momentum going so we can have some fun. But you're not doing it with the Brazilian who did so, no asses. Eric and I are going to be here. I wonder if there are laws in translation somewhere. You said we're going to be here after about a minute. All right, it'd be a good question to ask Eric how they're dealing with that within the previous infrastructure. Greg, you got a bunch of people here who are doing it.

Did you have some other questions on the things that you... You know, I think most of them kind of answered. I guess at this point it's probably going to be logistics of implementing it now that I've already kind of got the system in place. Any advice on if you were doing it in old school and you started, how did you transition and how did you make that transition to new?

The easiest way to start, you teach classes already. Then to your class, write down what you taught. And then a week, now you got one week curriculum. Go for a month, now you got a month, you rotate it through. Do it for three months and now you have your curriculum. You know what you gotta teach and you know what you do teach. You just

gotta write it down. You know what you get it down and teach your staff how to teach it the way you want it. That's how we establish ours in the beginning. It's like, how do we start?

The advice we got is like, finish class, have your instructors write down what they taught, the drills they did, everything like that. Then just do it and once you get it, now you got a rough draft. And then we sat down on a spreadsheet, put them all in, we put, nah, this isn't good, this drill goes better here. And then we massaged it, and next thing you know, we had it, and we have a rotating curriculum, then we did it for our fundamentals, our intermediate, and then we had banks. And as we did that, then we shot all the videos for it. So now you have online construction. If you wanna, in your upgrade package, you can go and visit your, oh, you upgrade and... You get access to the, not only this handwritten curriculum when you join, but, you know, video curriculum.

[30:14] And that is in the context of where things get to. So, yeah, we've had that for, man, we've shot so much for this particular, because we've always redone it and redone it. And now it's like, we have all this content. So we put it on the Black Belt website that we created. So now we got three sections on our Black Belt website, you know, fundamental. You join, you get access to that. Upgrade the intermediate. Upgrade higher, then you get access to all of it from beginning to advantage. In your case, Greg, you've got a roll thoroughly laid out curriculum. It's just how you transition smoothly. And the transition is pretty easy because what are you doing?

White, gold, what are your bellows? And we keep white separate, so it's just white. And we gold-orange. Green for gold. Pretty much all the way up. We pie blue and then we do red through black right now. Just because we don't have a lot. Well, but let's just take this. Right. So if you, what we're doing is white and gold. is the, but here's what we're doing right now, is white belt, gold belt, more or less two months, two months, right?

So now there's two months chunks, right? So it just rotates through that, right?

And so that's the basic, level. So if they enroll for the initial year without ever renewing, they never get out of that. So they're now in the basic class and they're just rotating through that curriculum. So now they can, I mean, they can keep getting orange, green, purple, and so forth, but they just never leave that class. So we'll talk about that in a minute. But then once they renew, then they go into level one class. which is this, right?

So it's now orange, green, purple, blue, which we just did a bunch of other intermediate levels, but let's just say that's it, right?

So now that each module is two months. So there's four two-month modules that rotate. Right?

You keep numbers in the same class? What's that?

Those are all in one class? Yeah. Well, we're doing a level 1, and then a level 2, and then a level 3. And this is four-belt levels. This is four-belt levels. And then this is

brown-black, basically. But then what happens is when you want to implement it. So if you take, whether you put this here or keep it here, right?

When you implement it, so you've got what these guys are learning, what they're learning, what they're learning, and like on forms, what are you doing?

Genji, Tang, and Tosan, one, you know? That's right. Okay, so what you do is when you do it, you just start doing one, you know, here. And that's your first module, right?

And then you do Tosan. as your second module. And then you do tangoon as your third module. And then you do shunji as your fourth module and you just rotate it backwards. Right?

Because now what happens is no one in this class is going to complain about suddenly they learned the highest level material. Right?

And at the highest level, they've already learned this stuff. Right?

So you're now at the highest level, you're teaching them what they're going to be teaching, learning now anyway. Does that make sense?

And so then they learn that module next test, they move into the next class. Right?

Then the next group, they learn this, then the next group they learn this, and then you're back to this. And by the time you're done with the rotation, nobody has repeated anything. And that's only necessary if you're starting the school that you've already started. But if you're starting school from scratch, you could rotate it any direction. Yeah, you could do it any way you wanted. Right?

But this is just to convert the existing people. The other thing that I'm clear on is how do you chunk if you're... Well, our leadership in level one in that group right there, are they allowed to come... Are you limiting their classes twice a week?

No, they become as often as they want. The challenge that I'm having when I put four belts in one group is we have cross sizes that are way too big. No, no, but you've got more classes per group though too right now. Yeah, you did. So what you just did is if you're doing two belts in a class and now you do this, you just can double the number of classes. Now they have twice as many options to come in. Yeah. So your class size is going to average out to the same, but you're going to have a lot more flexibility for your students. They're going to be a 400% easier to teach. Straight down we have six classes a week for... Six each, so six of one, six of another?

[35:35] Yeah. Okay, so now you're going to have, you theoretically could have 12, but probably you can reduce it to eight, so you'll have less classes, there'll be more flexibility, your students will have eight choices, now they can choose more classes, but your class size will stay the same. Yeah. The other thing I was going to say, if I could add something onto the the whole concept of what to do, how they're going to transition, how they're, you know, there's, we worry a lot and I'm, he knows I'm really anal. I have like, when I do a transition, maybe I have a document that shows them

exactly what's going on and there's Q and A and all this stuff and you know, and I've spent a lot of time setting it up for them and it's all written down and you know, Mrs.

Masterman, you know, some of the stuff I've written, it's all written down, it's like really laid out and you know, I don't think any of that matters. I think if the next day you start teaching classes this way, you're the instructor, you're the boss, you know, you're wearing a black belt and they're just going to do what you say. You know, a lot of this we worry about a lot of these things and I think the best way to do something like this is, you know, like decide you're going to do it Monday. Don't spend too much time trying to pre-plan stuff and just do it because there's nothing you're going to, it's not going to help. They're going to follow your lead because you're the leader. And if there's a problem with the implementation, there might be a problem with how the classes are being taught more than there's a curriculum or an implementation issue.

You know, if my parents come and complain to us about something, I've never had a case where that's actually been because we did something wrong, it's because maybe we didn't communicate it well. But I wouldn't overdo it. Yeah. A couple of years ago, I was challenging my challenge was students not missing, so they missed the change to the next cycle, and then they have to do it like two, three months, so those students are kind of challenging for me, so there's a little difficulty in them when they miss. You mean they miss, there's four sets of curriculum, they miss one. Now they gotta wait like all the way around to get that curriculum. So where the test they have to wait for like three months if they miss the cycle?

Oh, so I've got a test coming up. Let's take the example I was using with Greg. We went to grandmothers for a month. Right. Yeah, now I've got a two-month cycle. And that's the argument for a two-month cycle rather than three months. By the way, it just makes it easier to keep people from falling behind But now I've got a three-month cycle and I fell behind and Versus doing a test every month is it makes it harder to catch them up right?

Yeah. Yeah, and How do you do deal with that?

Were you asking me? Yeah Yeah, I mean we just have two month cycles and if they miss time It was the same as the old way though it I don't think that rotating curriculum or not rotating curriculum matters. You know, if in the... Well, here would be... Here's where I can understand what's saying. Let's say the old way was, it's a three month test cycle, 24 to 30 lessons, and... but you're doing a test every month. So there's a... there's a October test, November test, December test, right?

And now I missed a month of lessons. I have to get you caught up, but now instead of testing in October, you test in November and you're back on track, right?

But now if I was doing three month blocks and you missed a month and you're not quite ready for this, right?

Now I've got the issue of you missed some of this curriculum and the next test isn't until October, November, December, January. So in essence, I'm pushing you off a full

quarter on testing. Yeah, but again, we're doing it every two months. So that's really not if somebody misses a month. Yeah. Or three weeks, we actually test in three months rather than two months and you're fine. Right. And we have the policies and procedures that we sent out to everybody that that also tells them when they when they join, if they miss less than two weeks, we expect them to take extra classes. They don't always do that, but we tell them that at the beginning so nobody's disappointed. And if they miss more than two weeks, we do it for another reason. We say we add time onto the end of their program and we'll expect them to test the next time.

[40:16] But we also do that at the front so that if they say, well, I'm going to miss a month, can I not pay this month?

We say, well, no. We explained how that works. We add the time onto the end of your program. There's no time missed. And we want to make sure we plan for your next testing. And that really stops the conversation about Can I freeze my membership for a month while we're in Hawaii?

You know, even worse. So I was, which I must have been really bored to even look at it, but you know, there was some, this martial arts business discussion group going on Facebook, right?

And so there's, I don't know, I don't remember who it was, but you know, some Tom Callis type of OT who, I decided I'd never sue anybody for contracts, so I stopped doing contracts and and so basically, you know, he's charging 120 a month. And so you pay 120 the first month and you pay month to month. And he goes, but I haven't figured out how to stop from getting hit so bad over the summer because everybody wants to cancel for two months, right?

Well, he doesn't have a contract. He doesn't have a down payment. So, you know, I mean, the whole health club logic for a down payment for an initiation fee. was as long as you pay your monthly payment, you're fine, and if you stop, then when you start again, you have to pay an initiation fee over again, right?

So he doesn't have an enrollment fee, and he doesn't have a contract, and he doesn't have anything else. So basically, as they say, I want to pay this month, not pay next month, won't be here next month, want to come back, you know, they're screwed. And it's all these unintended consequences. People do this kind of stupid self-righteous stuff, and they build themselves into... a box where they get all kinds of bad things happen. Can I just add to that?

You bet. Because I'm in a very traditional style, Tom Siddell, and I've been doing rotating curriculum now for about five years. And so technically that could happen, because say we teach one form and one set, they would technically have to wait a year before they get that again. But it's never been a problem. Rotating curriculum has been the best thing that we've ever done. Because what we do is when they come and say they've missed all summer because they were off with their day out of North. So what we'll do is we'll just catch them up or we'll encourage them to do a few private lessons.

And we usually get them caught up pretty quickly. We get them to work with each other and help. And then so they don't have to wait any longer. But it's really no different if they lost two months without rotating correctly.

We found it a very, very minimal problem considering all the benefits of rotating correctly. Yeah, let me add on to that. form one like a curriculum set one two three four abc whatever it is or maybe their forums or whatever they are and there's four of them and they miss one we just have them take the next cycle we don't if they never get that form again it's not the end of the world what I'm trying to do is create yeah I'm trying to create a really good black belt so I don't worry about they miss that set of stuff because we're training on all that stuff anyway so you know we if we get too eager Somebody used the word the other day traditional or not that long ago traditional like it's traditional but most of this stuff wasn't traditional like I don't know it didn't come down from God or anything on the Didn't come over from the Mayflower to the United States.

I mean Yeah, exactly so think it's traditional is like what I did in the 70s or the 80s Yeah, the word traditional means what I grew up with yeah, and that's not really that doesn't mean it was the best I mean, you know, maybe our... It's like I'm going to parent the way my parents did. Maybe that's not the best way, you know?

I mean, it used to hit you or whatever. Not me, but... Well, I tried to have... Well, one of the many times I had June read at one of our events, I said to her, I said, you know, this is all of our students, and you've never really done the history and the stuff, and why don't we talk about Taekwondo in Korea and how it was working, and, you know, and how the teachers taught and stuff. And his response shouldn't have shocked me, but it did. He said, I don't want to talk about any of those guys. They were all like idiots and lowlifes and criminals. And egos, my father didn't want me to train the type window. I had to sneak off and do it behind his back because it was mostly underworld. So his respect for like Taekwondo in Korea in the 30s, 40s, and 50s was non-existent.

And so many times we have this strange idea that the guys who made this stuff up in the 1800s or 1900s were somehow geniuses and PhDs in education. No, most of them were like blue collar laborers who were... Learning some better way to fight right and then we're teaching kids and they weren't teaching people over 25 and they want you know and we're you know If you want a narrow market like that then that you could probably do it that way. Yeah, you're just doing you know a lot like in Korea if you're just teaching the army guys, right, so But go back to what you just said and from level two to level three, is there's now a comprehensive test. And truthfully, it's more up in the higher levels, right?

[45:30] But prior to Black Belt, we do what we call Black Belt prep cycle, which basically is a review over all the curriculums. So if there's something they missed down here, they're going to get it here, right?

So they're not going to test the Black Belt without being proficient in any and everything. But if somehow they were gone during the module that they did Tangu. Well, the classes still do it, right?

So think about it this way, Greg. So now, in your case, I'm teaching one yo here to everybody. Well, next cycle, I can be working with everybody on one yo and to-san, right?

Three-quarters of the class knows that. So I can still be doing review and drill and all the curriculum. back to where they know, right?

And when I didn't run the test, so if I'm testing from whatever it is, blue to red, I can have, the blue to red have to be able to test the one-year, Tango, Topsan, Genji, I did it backwards, but you get the idea. So every test can be cumulative for everything that person has learned today, right?

And certainly at the great point where they move from one class to the other. That can be comprehensive, right?

So you really don't lose anything. And truthfully, I like the way you said it better, which is, I missed a piece of curriculum down here, so what?

I'll catch back up with it sooner or later anyway. It's not like it's a crisis, right?

At the Junior Institute, I was teaching a bunch of forums that I had never learned myself as a student because there were periods of time when they just didn't, you know. teach them so it just didn't make that much difference. I think the thing if we're getting into curriculum is make sure what our outcome is in the education system, I mean what they're supposed to be trying to do is now have these common core outcomes, they have these outcomes that they're supposed to want to learn and what we want to do is make sure that they can, the question is do we want them to have a bunch of stuff memorized or do we want them to be really good at whatever martial art you have, kicking or punching or so really that's our, that's our main underlying goal.

And because maybe we learned a certain way through forms or through another system or through a different order of curriculum, we learned this move first or that move first. We think that's the way it has to be. But what we want to, if we look at what the outcome is supposed to be, like my outcome is that when they're black belts, when they test for their black belt, they're really good and they actually know how to apply the moves. They can use them in a self-defense situation. They can, you know, we have certain outcomes we're looking for, and so it strips away some of the stuff that maybe isn't necessary. And if you strip that stuff away and reduce the amount of volume of curriculum, the way I, another thing I just quickly mentioned, if the volume of curriculum is down, quality has to go up.

People often mix those up. They think that they have to increase volume of curriculum to increase quality, and that's the opposite, because you're only going to have these people two days a week. I mean, it's not like increased volume and people all of a sudden come five days a week. So volume of curriculum, it's like I can either fill up my time with more stuff or I can repeat that stuff more. If I repeat that stuff more, my quality goes up. So that's the equation that you got to balance. And so the rotating curriculum allows you to reduce the volume of curriculum usually too. And really, I'd

encourage everybody to strip away stuff that's not necessary. And that's true if you're fighting, if you're learning to fight. And maybe a different way to say it is if you're going to add stuff.

Add stuff that's fun, entertaining, and that one level is desiring to do it, the next level. Don't add just more movement for its own sake. And I would expand on that. We add stuff?

What we've been trying to do lately in our curriculum is add stuff that's related to the other things. So, like, if they're learning a form, we add self-defense that's exactly the same thing from the form. So, rather than in the old days, we were given curriculum from the old days where there was different self-defense that was different. Like somebody who wasn't a PhD in education, who never really studied. Yeah, well, or maybe didn't teach a class that often, you know?

I mean, it's not... Yeah, it doesn't require a PhD for that. But, you know, so we add stuff and we even... By the way, that's a commonality. The problem with so many organizations is the leaders in the organization stop running the school and the further away they get from the day to day front line operations the less the curriculum has any connection with what should be going on. It's like professors in college too. You know the professors are not teaching classes or doing engineering or doing stuff and they end up being theoretical. Yeah, and two reasons is that. I mean, you know, when he ran a chain of schools what they did with curriculum is different than he does now. But he hasn't actually been in the day to day front range of running a school that he owned for over 20 years.

[50:27] So the further distance you get from that, the less it's related to what should be going on. But does that make sense?

Yes, sir. And you're not going to ever hear anybody who, after going through the two or three years of pain and agony of debating with themselves. Then made this shift and some of them screwed it up, right?

Screwed up the implementation and irritated some people and fluffed it up. But once it's up and ready, I've never heard of anybody who said, that was the dumbest thing I ever did, I'm going back. And we've heard lots of people say it's the best thing I ever did. She just said that. I just said that you guys can vouch, everybody can vouch for that. So, yeah, they all say it's the best thing I ever did. I can't believe I was so... to have done it the other way for years. In my case, it was 20 years of trying to run a one-room schoolhouse all the time. And there was all these metaphors for spinning plates and SWAT team and all the helpers. You got the leadership people coming in to help because I'm trying to teach.

There's 12 people in class. Theoretically, they could all be learning 12 different things. And it's just a completely screwed-up system. Now Greg we have somebody trying to come in. Oh yeah. This will be the challenge to see with us. It's not like they have the weapons cache in here. Maybe they used to. Maybe that's their backup. It's under the

floor. I don't know why you would put impenetrable doors in the front. Wow, you know, floors and windows are packed. Bulletproof. Are they bulletproof?

Maybe. I'm waiting. This thing looks like a castle and we're right by the military. This might be the last stronghold where they take the president to. So I feel much better now. Yeah. Oh, yeah, sure. Don't knock us out of the way. Well, they had what Dick, Colin Powell was here last week, right?

And this particular hotel ends up with most of the VIPs, right on property. Still, the funniest thing I've seen in recent years was watching President Obama's speech from West Point and watching the cadets. falling off asleep in the middle of the beach. Did you guys see that video?

Can you imagine being a sophomore and getting caught?

I don't know what hell there was to pay for the poor kid who's been up for 24 hours and he's got to be attentive for the commander in chief and he gets caught falling asleep. I would hate to be in his shoes. On video, naturally. But weren't there like four or five of them that just couldn't?

And I remember hearing the back story. It was something about how long they had made them wait and what was going on. And you know, I think they were sapping, having to sit in the hot room for like five hours. They probably never sit down for that long in space and the whole four years are here. But Greg, is that all making sense?

Yes. But the transition is fairly easy as long as you kind of start at the top and work your way backwards. Okay?

Because there really isn't any big issue there. And if you stay with a three month cycle, that's fine. So every other premise that they've had is the same. If you tamp it down to a two month cycle, really they like that better because I get my belt sooner and all that other stuff. You've just got to, you know, if you're trying to teach them a form and a bunch of one-steps and some starting drills and so forth, you got to trim it down, right?

Because you're not going to be able to get all that stuff done as well in two months, although the quality of the classroom will go up by 100%. Yeah, and I would add on to that. I've been working lately, it seems like, with a lot of people that are traditionally, maybe not the right word, but historically done two-month cycles. And they've been moving it to a three-month cycle. three month cycle or a ten week cycle because they want to increase quality. And to me that's just not understanding what's going on. What they need to do is, and that's true in school too, I mean if you look at elementary schools, they do like midterms of a certain, they don't move their finals out, you know, so they do them every year, they do them at the six month borders, or not six month but half the year borders.

[55:13] They do that for a reason because there's only so much stuff you really ought to shove in somebody's head before you test them on it. And so there's kind of a natural boundary there, but to expand the time that we teach stuff to correct for having too

much curriculum to teach is not the right direction to go. The right direction to go is if you can't teach it in two months, reduce how much increased repetition, which means reduce volume of curriculum. That's the equation. If we know that equation, then we're going to make a lot more sense for ourselves too. We're not going to drive ourselves nuts. I have to teach this stuff in two months, and I'm going nuts, and they're going nuts, and people are quitting because they say they want to do T-ball or soccer, but really it's because they just can't keep up with everybody and they're embarrassed or whatever happens.

I think that's important. If every year we went through, we try to do this every year where I meet with all my staff. we go through our curriculum and most of what we try to do is see if we can either reduce stuff or mesh stuff together so that when I'm teaching one thing I'm teaching it something else. So I'm actually increasing volume of repetition and not volume of curriculum. Yeah, it's the same concept you'd use if you want me to build a hundred pushups, right?

You don't do it all at once. You do it over a class period. But, you know, it's very easy to do that in our school. and we even do like XMA, you know, that XMA came out and that was a big thing in our organization. We got into it and there were all these weird forms they do and we just simplified it. Whatever they're doing in the regular class, they do it with music in a little more exciting way. And it's totally different and fun and they feel like it's exciting and it's the same exact value, but now I'm increasing the amount of repetition I get on the same stuff that we were using. Or if we're doing some kind of sword form, it's the same as the stick form. It's exactly the same. But they feel like it's totally different.

So again, the same value, but now I increase the repetition and don't have to increase the volume of curriculum. So that's something to think about. The other thing, Adana, and you're still doing the, if I may enroll for a year and I'm a green belt, I'm in the same class with everybody else, but Black Belt Club gets to come to this class or something, right?

Right. Well. See this structure, there's different iterations of it, but this is if you're enrolled for a year, you never move out of that class. Right?

And then, I'm calling it level one, but that's Black-soft leadership. Okay?

In the same class, but get it scheduled as, let's say, 6 to 7, but 6 to 6.45 is the Black Belt Club portion of it. And then the last 15 minutes is the leadership portion. So if they're just in Black Belt Club, that's the point which they're about out. And then there's the extra 15 minutes at the end of leadership. But, you know, what, a lot of times what's happening is the premise for why you're in Black Belt Club isn't very strong, right?

And then the premise for being in the upgrade is you get to come to an extra class a week, but their problem already is that they're tight on time trying to make two classes a week and now you tell me to come to a third. and the third is Thursday night at seven or Saturday at one and it's the same day as our church thing or soccer or whatever,

right?

And so you've got to be very careful about that ever being the premise for why they, you know, it's okay that, you know, on your current enrollment there's twice a week on the new enrollment if you want to come as often as you want, that's fine. That part's okay. But if they then feel like the proposition is I... I now come three days a week, I now come four days a week, I now come five days a week. That's a problem, not a benefit, right?

And so most of our students are not perceiving that that's a benefit. Again, no different than when I did the MBA. When I did the MBA, one of their selling points is you come one day a week. Come one day a week and you do the deal, and it's alternate Fridays and Saturdays, and you don't have to drive down here two or three days a week, right?

Well, so as soon as I have like the Black Book Club only class on Thursday night, then that becomes an objection, not a benefit, right?

The second thing is, is this structure, which I will freely admit I stole this part from Bill Clark directly, right?

[1:00:03] You know, to my knowledge, I saw rotating curriculum developed completely independently and it's... probably a bunch of other places. But I know that Bill Clark developed it for his underbelts years ago. I didn't know about it. I developed it for our Blackbook curriculum years ago. He didn't know about it. And then years after Dave Cobar came into a meeting and came up with the new idea that he was so excited about, and I'd already been doing it for 12 years. And for me, when I saw Clark doing it with the beginners it was kind of like a blinding flash of the obvious of why haven't I you know I've been doing this whole thing to solve a problem there black belts. Why didn't I do it the under belt?

But where was I going with that? Go ahead I have a question. Did you say that you're keeping them 45 minutes if they're black but clever then you're dismissing them of their leadership. They say the extra question. You're doing that now. Exactly. And you've been doing that for a long time. Forever. Forever, yeah. Okay, we used to do it. We were at our biggest when we did it. Yeah. For some reason, I don't know why we quit doing it. I can tell you why. You get the instructors and you're not paying attention and they're sloppy. and they don't want to stop and bow those guys out either because they feel like bad about telling them to go away or they're in the middle of something, they just want to keep running and all of a sudden the whole idea goes away.

I've seen that happen in our schools, is the new guy, I'm like, well what the hell's going on?

You're now doing the leadership material and you got four people, well I just didn't feel it, well no, no, no. It's not the thing. And this piece people will feel bad about. Well, you mean now they can get their orange belt or their green belt, but they didn't learn the same thing that these people did?

Well, why the hell do I care? I mean, if they get their orange belt and they drop out, they're not going to remember what they learned five years from now, right?

And you either have, everyone in here is either going to renew or drop out, right?

And the ones that are enrolled for a year are either going to renew or drop out. So what does it matter if you now teach them a couple of traditional forms before they drop out or if they just learned?

And the occasional time we've had a parent who wants to be whiny about that, my conversation is, well, this is just like high school structure. Well, what do you mean?

[inaudible] you know, the technical track. There's all those tracks. This is the same way. These are all the ones who said, no, I don't want to be a black belt. I'm just going to do this for a while and drop out. And so we want to make sure they're, they get really good at and learn how to do the stuff that they've done very well. Because at least we've had an impact is much better to get these basics down and be really good at them than it is to. And by the way, Most of the stuff you teach somebody in the first year doesn't make any damn difference until they get to Brown or Black Belt anyway, right?

That's when they pull it all together. So you've got to get out of those kinds of hang-ups. And if we did what I was saying before, which is our outcome at Black Belt is this. I mean, that's at least in jujitsu at different ranks that it might be Purple Belt or some other rank. But if your outcome at a certain rank is this, then it frees you up to try to make that the best it possibly can be versus I'm supposed to do it some other way. I want to make it the best I can of black belt and then, you know, make it the most efficient. But the other reason, you said you did that a long time ago and it worked and now you don't do it. I don't know. The other rule seems to be if I do something really good and it worked, then I just stop doing it for some reason sometimes, you know.

I mean, it's funny because sometimes we'll come up, we'll be talking to somebody, hey, we did that promotion, we did that marketing, it worked really damn well. Why haven't we done that in two years?

Nobody knows. You know so sometimes you get success with something then you forget about it Well, I've been having a conversation with people recently and they remind me of things that I did 12 years ago It's like yeah, yeah, yeah, we did that 12 years ago. Why'd you stop?

Forgot about it. You know, they got lost in system. It's a Stephen Hawking's book All systems left on their own tend towards entropy Right, so if you're not constantly vigilant, they just start falling apart But it makes a big difference Greg moving them into Making them wait to move into this class until they are in fact renewed and then having a differential. The other thing that you'll find is when you're doing the leadership and Black Belt Club, you should have 75 to 90 percent of everyone who renews directly into the high level program. So there's no reason in the world to make Black Belt Club be the next step and the leadership be the next step. Remember back when you were still with me, we used to do second degree renewals, right?

[1:05:40] Well, it was just as easy to do it directly, right?

That's what Master Club was. It's just easy to put them directly into Master Club than it was to do Blackbook Club and then move them, right?

And in your case, I mean, you're sitting on a quarter million dollars. I mean, literally, you could go in November or December, suck up worst case, 150,000 cash. just by hitting a big renewal blitz and launching leadership with nothing else going on. But, you know, I mean, it could be 200,000, 300,000. Does that make sense?

Which we want to spend some time on the blitz like tomorrow afternoon in between the Bernie thing. Yeah, yeah. We better do it then because we got the two groups. Yeah. Everybody, if you have your calendar with you, put these dates down and just take a look at them for a second. I've been asking everybody to give me whatever dates that they might have conflicts with next year. For the BJJ guys, I took into account, what is it, the Worlds and the Pan Am's. So we're not on top of either one of those. Pan Am's next year or March. In fact, Pan Am's are the same time as the ATA Spring Nationals. So those are both the 11th or the 12th, 13th, 14th. One in Vegas, one in Irvine. So maybe we can- 11th of March?

Yeah, well, for dates, tentatively for us. I mean, this is barely in pencil, right?

But take a look at February 26th, 27th, 28th. May 15, 16, 17, August 21, 22, 23, November 5, 6, 7. That's for next year. For next year. I tried to space out the events a little bit. We ended up kind of tight between the two this year. And as best I can come up with, this doesn't conflict with any of the major organizations. that I've seen. It doesn't conflict with anything you've shown me on ATA's schedule. It doesn't conflict with the big Brazilian Jiu-Jitsu tournament. It doesn't conflict with the NASKA tournaments and so forth. Quick glance, does anybody have an immediate problem with any of those dates?

No? Good. Well, if you do let me know, tentatively, we're looking at this one, maybe Panama City, Florida, because that's that big Navy diving school. It's the underwater demolition and salvage school. One of our my line, Grady Black Belt, is the commander of that. I think I sent you guys that letter that he has sent Master Smith. We haven't run that through his schedule. Master Smith is probably talking to him today. So if it works for their schedule, that would be Panama City alternative. We might do that one in May if it doesn't. and then we'll get places and locations. As long as we're on the subject for a second, anybody have anything like West Point that would be really cool to do next year?

Paul has given us a standing invitation to come to Allentown. Can I ask you, the 26th is a Thursday in February, according to my calendar. I was thinking with their facility, Sunday may be difficult. So it could be 2728, 29, or it could be 2627, 28. We're trying to figure out with that training center. And with that, I'm not sure if it's going to be like this, where we find a hotel adjacent, or whether there's actual meeting facilities on property, or what not. But anybody have any Paul you're how far You're what 45

minutes from Atlantic City 30 minutes from Philly an hour or something I my spatial around here Okay an hour and a half from New York City. So you're actually closer to New York City than I think. Okay. So, and so you're actually, you're actually, you're actually sort of between Philly and New York closer to Philly.

[1:10:27] Yes, that's right. Philly and Toronto. Yeah, yeah, okay. Master Smith and I actually... drove right by there. We didn't have time to stop when we did that play when we came to New York. That was a quick trip. Did I tell you guys that story with Walter Anderson?

Did you? Walter Anderson just did an off-Broadway play, which like, I mean we're talking, you know, off-Broadway means like a block off-Broadway in this case. But... His storyline is he was a high school dropout who was a sergeant in the Marines with Joe Lewis in Okinawa training in martial arts and Okinawa with Joe Lewis, right?

So he and Joe Lewis became lifelong friends. Walter Anderson became, he went up the chain but he retired as the CEO, publisher and chief of Parade Magazine which is the number one distribution magazine in the world. right?

10 million distribution. And he, when we went to New York, it was the debut of his Broadway play, or, you know, off Broadway, technically, I guess, the debut of his Broadway play. So Jeff Smith and I came up for the day to go to the debut. But it was really interesting experience because we're sitting there and they had to play in the after party. But Walter, having been at that level for so long, and he's been very involved in the martial arts. He wrote a program called The Confidence Course, by the way. He's written five different books. He and Jhoon Rhee are good friends. He and Joe Lewis were lifelong friends. Jhoon Rhee was on the cover of Parade Magazine at one time with Bruce Jenner, and that's when Walter was in charge. But Jeff Smith and I were at the play, and we're talking to this nice lady.

It turns out it was Marlo Thomas. So it was Marla Thomas and Phil Donahue were there. And I'm sure a lot of celebrity playwrights, and one thing or another that we didn't know, we were also then talking to a gentleman who was an Annapolis grad, former Secretary of the Navy, who was a senator from Virginia who's been discussing him running his artillery in the Democratic primaries. So he had this A-less group of celebrities. And then he had this whole group of Vietnam veterans because the play was a World War II veteran comes home. His dad is a World War II veteran. His son comes home from Vietnam and it was all about them bonding over shared bad experiences. It was very interesting. So those days tend to look pretty good for everybody's calendar. Well November 5, 6, 7 is also another Thursday through Saturday.

And if you don't have any reason for it, you maybe really mean 6-8. It could be. You might tag Sundays in there. For everybody here, is Thursday, Friday, Saturday or Saturday, Sunday better for you generally?

Friday, Saturday, Sunday. Okay, so you'd better do Friday, Saturday, Sunday. But for the inner circle part, which is better, like Sunday. Because you guys stay for everything

anyway. Well, what we've been doing is rotating. So what we've been doing is like every other meeting, so like this one inner circle was first, last time it was last. I kind of thought last time worked out fairly well, especially after the boot camp. Because sometimes it's better to get the smaller group together to recap after a couple days. Do anybody have any preference?

Whether it's Thursday, Friday, Saturday? Fly out for Saturdays, of course. To leave Saturday. I get both. I want to be back home on Sunday. I just find there's less travel nights on a Saturday. There seems to be a low volume as far as flying. It seems like there's less. My experience with it is just... Sunday night tends to be a busy time. There's a lot of business. I have free fruit happening. Inner Circle beyond Saturday, Sunday. And then it's smaller, it's earlier, I like that better. Right. After. So, so, so you like Inner Circle both the day following rather than the day ahead?

Okay. Well, all good feedback. So, again, the question where I get distracted was, any great ideas, again, Paul, you had volunteered. And I thought it was a, fantastic experience to do Elite MMA during one of the events. I mean, in Houston, I was very pleased with both Visible Changes and Elite MMA. I thought that was helpful. And in your case, we'd really have to be out in Allentown, because there's no easy way to be Manhattan or Philly from where you're at, right?

[1:15:34] I mean, it's an hour either way. So, to... Is Atlantic City still going to be there next year?

They lost like five casinos. Yeah, yeah. Well, last time I was in Atlantic City before they lost the five casinos, I can't figure out any reason why I'd ever want to go back. You have a casino in Allentown. Do you?

Very nice. For me personally, Atlantic City was... [inaudible] Have you asked other people if they're interested in going to Allentown because I don't need a casino. I'd love to go. Oh, no, that's why we're talking about it right now. Yeah. No, I don't need a casino. So, you know, certainly from behind the scenes over the last couple years we've done behind the scenes at Sterling, behind the scenes at Elite MMA. Both were probably the best of the year from the standpoint of where ever meets the road. You know, it'd be fun to come out and do Portland and do something with your school, Jeff. And you've got kind of a unique relative in that you just have so many different things going on. And Portland is a hell of a nice place to be. Portland Oregon.

What's that? Summertime in Portland, be tired. Sure. And yeah, we don't want to be midwinter in Allentown either. Probably spring or fall for you. What about the Annapolis?

You were talking about doing Annapolis. Annapolis is certainly a possibility. We have some good ties with Annapolis as well. And Annapolis is right outside of Washington DC. What's it about an hour?

It's more than an hour. No, no, it's less than an hour. From downtown DC it's over an hour. Okay. The Bellways, less than an hour. Yeah, yeah. Yeah, I mean, it's not suburban

DC, but it's not far. Right. It's very similar to this to New York City, I guess. Yeah, so... People commute from Annapolis to DC. What's that?

People commute from Annapolis to D.C. Ned Musley always did. He lives in Annapolis and works in Bethesda. So, I would hate to do that. I think that's more typical in California where they live in Fresno and commute down there. Ridiculous. Any other bright ideas on some venues that would be?

I have a whole list that have been on my wish list, but I was looking for something new and different. You know, one thing we did for like the leadership that you were selling, and I make it more convenient, we put it between a beginner, beginning class, and an intermediate class, and it's a specialized class. We specialize in whatever activities they want. And that way both groups get to see it, mostly like that. And then look at both the tent, so if I have somebody in the Lord, Well Ryan, they can come to that class with leadership and somebody in a higher rank can come. And then it seems like that, and then sometimes you get more and more in class one day. Sure. That's a good way to structure it. The other thing I've seen that you've said that is like taking a beginner in intermediate, which is what you're talking about, or an intermediate in advance, and then plugging the leadership component in between the two.

Yes, Sam. So that this class comes early, this class stays late. I personally don't like that as well. But you do bring up another thought, which is, in our case, Greg, I pulled gold and put it here. So this used to be three months white, three months gold. Now it's two months, two months, right?

[1:20:05] So now this is a four month class, but they don't move out until they renew. But once we put them into the rotation, they've got enough of the basics here that they can go into this smoothly. There's never a transition issue. But then the question is, if I'm a white belt and I have two or three more months before I get to move into that, do I get to learn new leadership material or new?

Black Belt Club material at White Belt and the answer is sure. So what you can do then is just like you're potting off all the crazy stuff now is you can pot off all the people who are renewed and over here they can be doing rubber chucks or sticks or something fun and of course when you do it, I mean 75% of your rationale for doing it is everybody else is going why can't I do that, right?

Just like your logic of it's right behind the beginner class, so they all get to see it. Right. It is useful to structure it so that they're all seeing the different stuff going on and they all want to be able to do it. Right. And I've seen a couple of like launching a leadership program having problems with it, but it's kind of like it's behind the wall over there and they never see it and they never lust for it and nobody else is doing it and they don't get it. Does that make sense?

Anything to add to that or any other questions about that?

But certainly Jeff, I imagine Eric and I as well, but let's talk to them about how they structure the Brazilian Jiu-Jitsu curriculum. It eliminates a lot of problems. It's actually

like that. It's on a two month process. Right. Yeah. I have one question. Yeah, go ahead. Because you just brought up something. I do exactly what you just said, which is I take them behind the curtain. Right. And my logic was everyone sees the people get their sparring gear or their instruments or whatever. But do you think, and I did that time-wise because we overlap the classes and I only have like one big mat with a curtain and then a separate little room, which when you have steps, you can't fit them all in that little room. Right. Do you think it's worth it?

I do extra 15 minutes between each class that we do the extra upgrade. Do you think I should, instead of overlapping the classes, reschedule it?

Just keep them on that main mat wherever you can see it. What do you mean overlap?

You mean so basic and your Blackwell Club, where they start at the same time, so the basic finishes and they walk out and they see the Blackwell Club doing their stuff?

Yeah, so say my first class is going on and then when they're done, the people that are in the upgrade go to the side and another class comes in. So both classes are seeing these people go to the side, but they are at the side doing whatever they're doing. They're at the side, but they're not necessarily seeing what the other guys are doing as they move. Yeah, but they know. I mean, you can hear the scrimmistics. You can see the sparring. So everyone's kind of seeing these people doing that. But it is behind a curtain. We close the curtain, and then this class is getting warmed up by this class is getting their 15 minutes of upright. Do you think that's enough?

I have a comment on that. My first comment would be, you know, I used to have, when we were testing like 360 students at one of my schools, the one that I was teaching at when I started, we had a 2600 square feet, that's as big as it was. And we put a wall in and had a window and a shade, we could do all that stuff. I mean, we could do the same thing where we could move classes around, we had lots of classes. And if I was doing my curriculum now, I would have ripped that wall out and had one floor for a couple reasons. One is, I only have to hire one instructor necessarily if I set my curriculum up right so that I can do everything. And having two floors and having people on one floor and another really doesn't necessarily add value unless you're trying to break the curriculum up into smaller chunks.

And it would add value with little kids and big kids potentially if you've got that many of each grouping and you want to keep them separate. But if I don't need, if I set my curriculum up right so I only need one instructor, so one criteria for me is I only need one instructor to run the class. If I have another one, that's okay, they can help. But if that guy's sick, I don't have to worry about it. One instructor can run the class, and they can run any ranks or any ages that are given to them. So, you know, if there's a way to, like we talked about with curriculum, and maybe that, it's something always after something like this we can look at, is restructure the curriculum so you only need one floor. You can do it all on the main floor.

Then it just seems like it would simplify your staffing issue and simplify your schedule. Well not necessarily, not if you structure your curriculum so that it makes the, if you can't fill the floor then that's true. So if you can fill, I mean instead of looking at it like I've got this breakdown of curriculum, I've got all of these other things, just look at it, I've got 300 students. and they need to come in twice a week, that's about 600 slots. I got to fill that up. They generally come 45 minutes. I divide all that up and that's how many spots I need to fill them. What you teach in that may just depend on which program they're in. So you've got the equation of the slots you've got to fill, which is the number of classes that come in times the number of students, divided by the number of programs that you've got in each of those groupings.

[1:25:23] And then that determines how many classes you have. So ideally, you know, like right now on the floor right now You've got you know, 30 in one class and 20 in another if you could handle 50 But it would it would push everybody into one grouping Then you wouldn't have to have two floors keep the thing open and you've got one big huge super exciting class going on all the time I Don't know if that makes sense for instance, and then the 6.30 class, it's a 7.15, they overlap for 15. Okay. Yeah, we overlap our match hats too. So say, like my six o'clock class, what will happen is the 5.30 advanced class green and brown belts just ended. Then when they're done at six o'clock, then they'll go get their club over in a different room.

At six o'clock, I've got my family class. For 15 minutes, we do our match hats, our promotion, our theme, bullying, verbal judo, whatever we're doing. And then at 6.15, class starts. Then when that class ends, that's only a half hour class, physical. Then between 6.45 and 7, I have the upgrade. So sparring, everyone would spar. Now at that time, there's no overlap, but that's the only time there is an overlap. And then my 7 o'clock adult class goes. So you pull the curtain back for the one that there's no overlap?

Yeah, I usually put the curtain down, as the classes are too big. But I only have 200 students, so we're usually the only really big class is the family class. But that takes me, two instructors at least, to teach them. Because what I do, and this is the best thing I've ever did, is I never have any family member can come to that class. It's the biggest class I have. So it's kind of a problem because all the tiny tigers, little dragons are there. So we do the match hats and then we take them to a separate room. But the parents love it because their kids get to, the whole family can be in that class. It's convenience. Why aren't all the other classes that way?

Time. I think a lot of, like I have my 330 Little Dragons class and a lot of people just can't make it because they work during the day. No, that's a different answer, a different question. How are your classes broken up now?

Okay, I have a 330 Little Dragons, Tiny Tigers, and then at four, I have my after school kids come out. So they're like seven to 12. But right at four, okay, so the AMP class starts at four and the 330 class... Tiny Tigers of Dragons that are in club, go and they get their club for 15 minutes. Club is our upgrades. So they get that. Then we have the

four o'clock class go to 4.30. Then at 4.30, we have people that are in club from the after school program, which is about half of them, they go get their club. And at 4.30, I start my match at with the 4.30 class. So both classes sit together and they get the match at. And then 4.45, I start my new class to 5.30. Same thing, and then we have a 15 minute overlap of a match up.

Well, what are the breakdowns from that? Do you have a class schedule with you?

I think I could probably pull it up on that. It'd be easier for me to visualize. I'll write it out. You did some of Dave's Goers stuff, right?

A little. The COFARs always gravitated towards having 5,000 square foot school over two classrooms, you know, just to over generalize. And I always found them gravitating towards over complicated to very minimal net profits. I mean, the profit march has always been tight. And any time I've ever gone beyond what you're talking about, the single floor. is I always found, and then this obviously doesn't apply to, you've got a Tai Chi school and you've got a Muay Thai school and you just do school basically anywhere, right?

But if you're just running one curriculum like you are with Kang Soo Do or you are, yes, all of a sudden when you start trying to get too complicated, what you have a tendency to do is expensive go through the world and... the revenue doesn't match it and all of a sudden you're over-copying your life for two little months. I see, again, Dave is one example, but Dave and Tim and Steve and Vallee both always had this problem. They always looked good on the surface and then when you dug into the numbers there wasn't money left at the end of the day. There were some, but I mean not in relative proportions. It wasn't. We would sit down and convey our P&L side by side. I remember one time the top line revenue I had in five schools was the same as La Valley had in three schools.

[1:30:07] But my net profit was running 35% of the bottom line and he was losing by that. You've got to be really careful about how you complicate it. In your case, that overlap with completely different things going on, it is complicated by the fact that you have that daycare thing going on at the same time. I think I would certainly love to see the daycare in a separate room facility kept different. But the other overlaps of having two things going on at the same time... I think just over-complicate your life. And you'd be better off to just, as he said, if you have 20 here and 30 here, figure out how to just have 50. Right. And have them all doing the same thing. There's really no more difficult, no more complicated than the rotating brick. Well, and I would say a way to kind of conceptualize the problem, because a lot of times we get to this point and we were talking for Greg stuff and everything is like, well, I don't know how I could do it some other way because it's already like a big mess as it is.

But what if you only had one instructor? Like what if you only had one person and you didn't have that curtain to go?

The curtain broke. But our days were longer. Well, okay, and what if you had to put all the parameters in there and you wanted to finish at a certain time?

You know, then the only way the days could be longer is if you weren't filling the floor all the time. So if you can fill the floor all the time, then you're still producing that much volume of... classes being taught. That's not making sense to me because whenever I do the club, see I'm trying to make the upgrade convenient every time you come to class you get to stay for 15 extra hours. Well that might be something, yeah that might be something on the blank piece of paper you may not be able to do that. I mean see that's the thing I mean if you didn't, see to me there's a value. What she's saying is what everybody's doing is the upgrade is convenient. you get to do it when you come to your class. Now, the difference between what I just described is you're coming to different classes once you're upgraded, not coming to the same class.

So what you're saying is, if I'm enrolled for a year and I'm enrolled to Black Belt Club, we both come to the same class, and then there's 15 minutes, kind of like the leadership, like differentiation, right?

And you're doing that all the way up through?

Yes, sir. Well, how many people do you have that are, that have been there for six or seven months that aren't in at least Black Belt Club?

Not very many. Right. Most of them upgrade within two months. Right, so you don't need that beyond the beginner class. You don't need that club differentiation. Yeah, that could go away. Well, no, because I do have like green brown belts in that area. I probably have... because I don't make it mandatory. If you've been here with me for a year, you don't have to go to club. You can stay in the new for another year. Oh, well, that's yeah, I would get rid of that. And that's why that's one good to do Monday. Like when we were talking about the best way to implement stuff is just do it. Boom. And you could grandfather them all in there just immediately in or something, you know, do something with them. Or during the renewal blitz, you can make it a renewal blitz, renewal blitz, you know, just clean it up.

Because that is adding, I can see what you're saying now in that case, you're adding more time to your schedule because you've got to accommodate these 10% of people who aren't really playing ball by the rules that you've established. And most of the time those people, it's like, you know, the best example, when I started my school, I was following my instructors lead and he was doing everybody month to month if they wanted, or you could sign it for six months, you could sign it for a year. And one day I just got rid of the month to month ones. Hardly anybody quit, but the ones who stayed actually were better. They had a better attitude because now they're committed to doing something. And a couple of people quit and I didn't care. It's like, you know, I think.

You're gonna quit anyway. It's just whenever there's uses. Yeah, yeah, it was just, yeah. I'm trying to hang on to that situation without any real good reason. So that would solve

a lot of the problem too. But I mean, you know, one instructor. Just get rid of that. I mean, just... You know, once they go from the beginner class to the next level class, they're all in the next level program. And that's just a value to me, is that I can teach the class with one instructor. If I need multiple instructors to teach the class, then can I solve that problem?

Maybe I can't. In certain curricula, I probably couldn't. There's certain situations, maybe that's not the case. But, you know, our guys are all taught, if there's just you can handle the class. And then if there's more instructors available, or an assistant or a instructor program. You just have yourself and you have really six different levels even if it's only two balance. You're not rotating and it's a mess. Right. Whether you have multiple, and I was finding if you have one in certain class, the class becomes more synergized, there's more group value, there's more energy. So it's just, that may not be what you're talking about, but if that was the problem that you had to solve. I only have one instructor and I have, they test every month and so a third. And now I've only got one instructor.

[1:35:28] I end up in the, we're going to teach the whole class the form that those guys learned three months ago, he learned two months ago, she learned a month ago, and now, you know, most of the class is bored, right?

Or I try to figure out something where I can do it with all of them and then you... to come up with something that looks like rotating curriculum, but you're not teaching them their normal curriculum, right?

So you've got to eliminate those complexities. And, you know, Jan, what you're describing, so many times over the years, it's the, it seemed like a good idea at the time syndrome, right?

Where there's something that is gonna complicate things, but it, there's a rationale and the rationale makes complete and thorough sense. But there's a solution over here that eliminates 90% of the complication or there's a solution over here that makes complete sense at the time, right?

And I can't tell you how many times over the years I've looked back at something and said, well, God, I feel like a moron now, but it seemed like a good idea at the time, right?

And you've really got to, you've got to be vigilant on getting rid of all the complications, right?

And there are some places where there's enough of a financial justification to make it more complicated, right?

So, you know, like when it comes to the marketing, you know, somebody who's just doing email follow-up is leaving a bunch of money on the table. And you can automate text messaging and voicemail, but you got to like actually hand it off and get somebody to do direct mail and some of these other things. But is it worth a live person's ball zone

and the mail goes out?

Absolutely. So in that case, in a sense, we overcomplicate it by having it hit a lot of different directions. But the multiples are big enough that it makes sense, right?

But so many times when it comes to class structure and so forth, simpler is better and more complicated is worse. And simpler oftentimes ends up with the student gets better, they're happier, the instructors are better. and you need less staff and your payroll goes down. So there's all those different pieces that go on. And the cynics might look at some of this stuff and say, well, they're just doing that to make it easier to staff so they don't have to pay as many people. Well, yeah. But it also has the converse effect of it's easier to operate the school, the students are happier, the students make better progress, everything else. But it seems like the solution to... The main question is, you get rid of this idea of having clubs. Because that's, you want it to be there's people who are committed to train to black belt, people who haven't committed to train to black belt.

And then there's a couple different pieces to it. Even the terminology clubs devalues what it is you're doing. So I would be careful about how you use the terminology. You know what I'm saying?

Yeah, exactly. That should be the normal. There's like normal is the Black Belt Club and then special is leadership. Which has that word built into it. Everybody else is in the basis of their leadership. Yeah, they're either enrolled on a trial enrollment to evaluate this or they've been approved to train the Black Belt and they're enrolled in Black Belt or into the leadership program to get there. I mean, you know, and you simplify the, and Jay, I'm not sure Jay's going to be here or not, but Jay, who's doing the new school, he's the attorney, right?

He has sent me this detailed list of questions about what Black Belt Club means, but mostly what he was trying to do is go back to the old thing of you get a 10% discount on retail and you get this thing. Oh yeah, that's a terrible idea. I mean, it's a terrible idea. It's super complicated. Yeah, it's got to be I'm committed to training to Black Belt and therefore I'm allowed to train to Black Belt or I'm not, and then there's a couple different ways to get there. Simple or is better. We said that in rotating curriculum. We said that in terms of the schedule. It should be that way in terms of the sales process. You hit on something that I wanted to follow up on that, you know, to ask him for money once and then you ask him for money to upgrade and not ask him for basic and then black or an intro class, then black, then basic and then black book club and leadership.

I asked him for money 16 times, you know, simplify the number of times we ask him for money. Or automate it so they don't feel the payment. You know there's lots of ways we can simplify things well I like with the equipment I mean either give it to them as part of the upgrade or have one package You know don't sell them a thing and sell them a thing and sell them a thing You know the whole pro shop thing always seems to be a bad idea I wish I could get century to auto deliver like in a Like a multi-level almost where you get an automatic delivery every two months you got a shipment of the gear

that they needed because if you had to do that, then every couple months they get a prize.

[1:40:26] Then that becomes complicated. I'm not sure that's worth the value, but it would be a good retention tool when they'd be buying the same thing. Yeah, that's why we love complicated but automated. Right. Setup once and it runs forever. Can you kind of break out the... But right now our class sizes are actually getting to the point where I know logistically we should be able to handle more students. your averaging and seeing what I process for the students and my space is really limited to probably like 30 logistically even if we're teaching the same curriculum. I think you have more capacity than that. I mean you have a big floor. Right. So that's what I'm working towards. How many active are you writing right now?

Just over 200. Yeah, I mean that shouldn't be. Well, yeah, I don't know if we have room for this. I've seen it. But, you know, I think right now our problems, we have you have a majority of that's a really I mean, do you know that for sure?

I mean you my Black Belt Club average attendance per week is four times five. I've never heard of that. The average Black Belt Club member is coming in four and a half times a week. That's a lot. Are you charging \$500 a month for those guys?

Not bad, but I mean four days a week. Oh man. You should upgrade all those guys. I mean, you got some psycho crazy people. I've been brow painting for a year to do leadership. Yeah, four and a half times. That's... Well, that's unusual. Two and a half. Yeah, mine too. I just scheduled two. Is there... Do they have to do that for the curriculum?

Like, then it almost seems like they should be bored. If I can, if, I mean, I set my curriculum up two times a week for two months and that's how much stuff you should, the average person should be able to learn. So if you're, if you had your guys coming on almost five days a week, they're like, it's two, it's more than they need, or maybe it's not. Well, I mean, they're proficient. They're all the past week. We don't have any problems with... Yeah. Well, yeah, because they're coming in every day...every day. What's unusual, Greg, and you're talking about predominantly the kids market. What's unusual is the biggest problem you get, you've got a good demographic, the biggest problem you get tends to be the opposite. Soccer mom doesn't want to drive the kids that many times a week down.

And so it's unusual. And there's got to be something in the culture where you're setting them up to think that more is better. And because again it is unusual. I rarely if I can't remember ever coming across a number where they were coming that many times. Even more than three average seems really weird. Well the only time I've come across that is like some of the MMA guys who are like here's the package where you get to come five days a week and here's the package where you get to come four days a week and here's the package where you come three days a week and if you really want to be cool you do. But then it's culturally pushing them to do that five days a week, like they don't get as much emotional reward.

Which is counterproductive. Unless you're charging \$1,000. And you're just where they want to be?

Well, he's got a very nice family environment. Everybody has a good time. I hate to say you want to wean them off of it because it's... In one side it's not a bad idea, a bad deal, but really, I mean, if you, I mean, I think the most I've ever run personally was about 650 active and 2400 square feet. And the number that Tim Covarr and I came up with over the years was one active student per seven square feet, so it was about, you know, reasonable capacity. which puts 2,100 square feet, 300 active. The most I've ever seen was La Valley back in Syracuse and he was running like 650 out of 1,300 square feet. And I mean, it was a zoo. And the irony is he then went from that to 7,000 square feet and his expenses, you know, his facility expenses went up eight times, literally eightfold, and his growths dropped.

[1:45:44] But so he would have been better off to have the crown on. I think your curriculum is too complicated. I think the students for pressure, they feel like they need to come in because there's no reason. No, no, his curriculum is fine. His structure is fubar. If he fixes the rotating curriculum thing, that's going to fix a lot. I guess I would question, just as a question, if I only came twice a week, would I be very successful at my testing?

If the answer is no, then the answer is whatever's happening, whether it's too much curriculum or the way it's getting taught in class, I don't, you know, we all assume we're teaching everything really good. You know, if I only came in twice a week, then would I be successful?

Would I look at my testing or not? And if the answer's no, then the guys who are coming three or four times a week are feeling like they need to, you know, and they're dedicated students. There's nothing wrong with that. I think it's more of a competitive kind of... They're trained to get going up on the other end. We definitely got that culture of... Are you letting them test faster?

I'm letting them test faster if they're in the Blackboard club and they have classroom departments. See, I would get rid of that. You're going to do, just like college, you're going to do midterms and finals, midterms and finals. And so you're going to test every two or three months. The minimum is, like in three months, 24 classes. But if you have 46 classes, you may pass with A+, and if you have 24, you may pass with C. But it's all the same. Because now, you do yourself a disservice by getting them to cram all the classes in, unless you flipped your, I mean, if you did, you know, the old June Re system that became the Tiger-Schulman system that Bill Clark was pushing, which I don't like, but... If you're selling them packages of lessons, then you're trying to get them to burn through them.

Then you do yourself a service, right? But if it's just they're gonna pay this much a month, and then when they get to their black belt, it's an extra renewal, you're doing yourself a disservice, right?

And frankly, you're doing them a disservice. Well, why not?

I mean, if somebody was super... If you came in to Master Oliver School and came in three hours a day for a month, you'd probably be ready to test. Well, essentially, the way our character stuff is implemented within classes, they have to catch two months before the character stripes too. So he's got them on a three-month testing cycle, but they can test in two months if they get enough lessons. And then they're coming to more lessons, so they're testing every two months rather than every three months. I think you should be more complicated. I'm just kidding. This is a good thing for all of us. Sometimes part of being in this room is what are the parameters that we should be shooting for?

And if we don't come together like this, we don't know what those parameters are. Like how many times a week people should come in. If you do it independently, it's hard to know. Well, there are problems like he's having that would never never dawn on us to address because it's just kind of one of those weird evolutions. Which are totally natural I think when you're by yourself though. When you're by yourself trying to figure this stuff out, you know I've done a lot of this stuff too and you know so and you said you've done it too and we all kind of do that when we're not working operation. Well, it depends. Let's take it out of our content. If I'm an attorney and I'm billing at \$500 an hour, well, I'd rather be billing you five hours a week than two hours a week.

Right? So I only have a certain number of hours to go around, but if I'm getting compensated on a per hour basis, I want as many hours as possible if I can get it from one big client. that may be better than from 20 small hours, right?

And we're really in the same business, right? So there's a cost that comes with running a class. But now if I consume the classes at three times the rate without a comparable increase in what I'm paying, now what's happening is your per class value is going way down and now you're having a crowding problem all kinds of other things, right?

[1:50:19] You're having the opposite of fitness energy, fitness energy thing, right?

Fitness industry thing is signing up, hoping you don't come back to private facilities, right?

And in your case, you're having the opposite, which is they're paying 250 a month, but if they now come six days a week, they're not paying 750 a month, they're still paying 250 a month, right?

So what you, there's two ways to solve it. One way to solve it is the lesson package, right?

Is you're buying, you know, Black Belt Club, it's 300 lessons. And then when you run out of lessons, you have to renew, and if you run out of lessons in a year, that's fine. But it's not how you're implementing, right?

And in practical terms, the way you have it written, is I get to the end of the year and I've done 300 lessons, they would freak out if you said, well, I know you're structured

for 250 a month for another two years, but you have to pay that 5,000 now. because you've abused your package. They completely flipped, right?

You know, the Bill Clark, Tiger Schulmann, Jhoon Rhee model was, it's this package, it's how many lessons. And then they were, Clark most recently were pushing, chew up the lessons as fast as possible so you're gonna remove that. But the way you paid for it was different too, right?

So you ran that system for a while, didn't you?

And you didn't like it because it was difficult for us to... We let them test when they were ready to test. And our testing numbers fell down. When you're testing in our school, and I assume it's in most of all schools, when your testing numbers fall down, your students drop off. Because they're not testing their knowledge. It probably was the beginning of us going now. Yeah, yeah. But again, it adds complexity. The simpler we can keep things, the better it is. And that's why that one, everybody is real excited, in the ATA, a lot of people were super excited about it. We put in more members in the ATA that one year than anybody in the whole organization. And yet, you didn't keep them because of the way the structure was working. And we worked our bums off, but we didn't keep them.

I don't like that structure for other reasons. But to solve your problem, see if you went to rotating curriculum, that's going to make the classes easier and make the quality higher. And if you phase them out of, I mean, don't do a cold turkey. The goal is not to take the most enthusiastic students and piss them off. But if you phase out of it, so the next wave coming in, there's a test every other month or every three months, you test every three months, you've got to have a minimum of 24 classes. Well, what happens if I have 60, you still test every three months and you probably test, you know, the password and A plus, just like a college student who studies more, right?

And get it out of being a self-paced curriculum, right?

You know, in college, I took it a couple of self-paced, you know, as long as you... take all the tests and do all the stuff. I had a semester class that I finished in two weeks one time. But in most cases, that's not the productive way for people. And you could start it with, you've got a test every three month cycle, there's no changing pace for the first year. So going into the next year, you don't let anybody do it. And then... you push it to two years, and then from three years up, I mean, it's fine, right?

But if you just gradually shift the culture out of, I'm trying to take as many classes as I can to test ahead of time, right?

The contrast to that was kind of what you've got built in, is what Jeff Smith does with his summer camps, is he does rank advancement classes, or camps, right?

So now you, in one week, you're gonna get enough classes to test for a belt. And I found that fine, but it's a different dynamic. But just wean them off of feeling like they can test ahead. But if you put in rotating curriculum, restructure the classes, get it where,

depending on what you prefer, two or three month cycles. And then on that three month cycle, you've got to have at least 24 classes. But if it's 30, 35, 40, 45, 50. You know, that's fine. I certainly wouldn't let people be coming more than twice a week if they weren't in Black Belt Club, but that's not what you're doing. But if they're not incentivized to be there five days a week by thinking, well, I can get the Black Belt in 18 months rather than getting the Black Belt in 36 months, then it'll fix some of that.

[1:55:20] But, I mean, 200 students, I mean, you have the same thing, same number as Jan is talking about. Are you running classes five days a week or six days a week?

Six. Okay. So you've got six days a week. What time in the afternoon are you starting?

We start at 3.30. 3.30. Okay, 3.30. And if each class was an hour and some of them are shorter... You've got 430, 530, 630, 730. So four classes, maybe five a night, right?

So even if it was four classes times six, and you probably have more on Saturday, that's 24 classes. 24 classes into 200 people. Right?

I mean, that should be more or less 400 classes than it is. What does that divide out into?

It's 24 to 400. You've got your calculator there. I mean, it's less than 20. Yeah, that's less than 20. Right. So, I mean, that really should end up being about 17 per class on average. And you're always going to have a scheduling gap, right?

So you've, you know, a certain number of classes and there's a boom coming through because you did. maybe not many enrollments in July, but a lot in September. But I mean, that's, you know, with one instructor that's completely manageable, and if it was 30, it's completely manageable. And so, if you were at 300 and you, then that would basically mean that number of classes on average of 30, and that's fine. So, and you have Hemi Square Fit. We're usable space, we're right now. Total Square Fit. 2800. 2800?

Okay. Let me say you. You're fine with, I mean, 300. It seems to me that both of you would be a kind of prime at 300 students, right?

That doesn't mean that's your capacity. But 300 is a place at which the retention is best, the personal attention is best, you can maximize the revenue per student, you can run a million dollar a year school at 300 active. And it's frankly easier to run a million dollar school at 300 active than it is at 600 active. So, I mean, if that was the target, now, obviously we're talking martial arts, not kickboxing and stuff, but, I mean, there's no reason why you're not a million dollar a year school, right?

And a lot of the million dollar a year school piece is going to be simplify. get where the system, the class is easier to teach. You've got plenty of new students coming in. Your revenue per student isn't where it needs to be. And there's some other things that are overcomplicating, right?

So your life is more complicated than it needs to be. I wanted to go back to what you said, Jim. How many kids' classes do you have where parents can't attend?

None. OK. Parents can attend any class they want. They don't usually attend the tiny tiger's little drag. Okay. Well that, I misheard you then. Yeah, they can attend any. But my family class is just really popular once we opened it up and put the little dragon's tiny tigers in it, all of a sudden it's packed. And we're thinking of doing that three days a week. It's because two days a week we're packed. Well, I don't understand the difference then between... The difference was before, even though a parent could come to any class, they don't usually come to most of the classes, they usually come to the adult class. And then, most of the reason is because the parents work in the evening and they can't even make it until 6 o'clock. I only have two family classes at 6 Tuesday and Thursday evening is the only evening classes we have right now.

So in other words, you don't have, it's the other way around, you've got some classes, those are classes that the kids can attend that are later, but the other than that, you've got adult classes where the kids can attend. Yeah, well I have two, Tuesday and Thursday evening, just two, seven o'clock, adult-only class. But I have more people at my family, more if I adults go to the family class than go to the adult class now, which is a little weird, I thought. I would think it'd be weird the other way around. Really?

Yeah. And again, it depends upon which direction you're coming in at this time, right?

So if you're coming at it from Jeff's direction or from Team Took's direction, is if or if you're at the Croft school, like Houston Croft, they're adding a kids program, right?

So if you're at an adult school and you're adding a kids program, it's completely different dynamic than if you're at a kids school, right?

[2:00:01] Because if you're in the dynamic where most of the marketing you're doing is towards kids, and most of the adults you have are parents of the kids, then the parents would rather come down with the kids, right?

From the opposite direction, 32 year old coming down to train for themselves, they don't want to come into a class in seven years, right?

But that, you know, if it were me, if I didn't come to a class and I'm training with my daughter and my son, I would much prefer to do that. I might only consider it because that's something that we could do together, right?

So... Where I think, and Melanie Schumann was one of them that took people off in a weird direction, is there are the kids that are so young that it's difficult to manage in the bigger class because they're not quite keeping up, right?

So the little ninjas, little dragons, whatever. So the three, four, five, sometimes six-year-olds are difficult to have mainstreamed into that other class. And it's useful to have a... It's useful to have a class that gives them additional support until they're able to move into the class, right?

But after that, is anyone who's coming in predominantly with their kids, enrolling the parents, they most of them want to come to the family class. Right?

Now, the exception I've seen to that is what you're saying is, let's say you have mom and dad wants to take class, and dad works those... and he wants to come to a class of seven or eight in the evening that's late enough and he can't make it to a four o'clock class, right?

So if you don't have enough classes that are pushed later enough in the evening that they can come, then you change the dynamic just because of scheduling. But I have heard it differently, which is you only have two classes that families can come to anyway. Okay. Is everybody doing that where all the kids' classes are family classes?

Is it? No? It's something that we found is if you have like the seven to twelve year olds, let's say, in a class and then you don't have adults in that class, is if you just open those up and change the way you refer to them and make them all family classes, then it makes it much easier to get the parents of the kids enrolled. Right?

And again, the dynamic is if I'm an adult coming to class for myself, I don't want to take a class with kids. But if I'm bringing my child and now I can add on and come to the same classes, it gives me a lot more incentive to do so. Right?

And the mistake that a lot of us make is think we can divide up the family and have them like your number, but have them coming four or five days a week. Right?

So if mom has to come Tuesday, Thursday, and the five-year-old has to come Monday, Wednesday, and the seven-year-old has to come, it's again the crazy thing on Melanie's deal is, you know, a huge number of ours are at least two kids of the family taking class together. And a lot of them are a parent. And so now if they had two days a week for this person, two days a week for this person, two days a week for this person, we would almost all crazy get one of them, not get all three. Right?

Even if it's the same day, even if they all come on Tuesday and Thursday, it's different times. They got to leave. They got to manage the kid being it, sitting in the waiting area. Even if they're consecutive classes, that becomes problematic. I have a lot of that. So you just gave me a good point. Even though it's open to them all, I call it a kid's class. So I think I'm going to change the schedule and say family class for this rank. Family class for this rank. Right. Well, that's exactly right. Or you designated built-only classes as a built-only class. Well, I still have those. Yeah, yeah. Yeah. Oh, absolutely. Absolutely. Not at all. Go ahead, Paul. having parents in his classes. And as soon as we switched it, we were saying why didn't you do this before?

Because the parents, in many cases, learn better when it's a kids class than they do in the adult class. And they see the kids regress a lot faster than the principal. Yeah. And Jeff, that doesn't mean that you can't separate out the kids from the adults in some portion of the class, right?

So, you know, the adult may, you know, in the kids portion of the class, you may want to do a little bit more fun and games. The adult portion of the class, you may want to do a little bit more cardio type of workout, right?

[2:05:03] Not the whole class, just some parts of it. Yeah, yeah. A mistake I've seen even some of our guys make is try to like take all the moms and do a cardio kickboxing class, right?

Rather than just do the normal class. And all I'm saying is you might have it where you take the kids over here and they're going to do dodgeball and the adults go over here and they do bag work, right?

So so if you're going to have a time when you want to separate them, you tend to gravitate towards the adult. Adults get to do more workout type of stuff, and the kids do a little bit more play type stuff. But the dynamic is that the adults in that class are the parents of the kids in almost all cases. So then even when the kids are doing play stuff, sometimes the parent becomes the helper. And so the parents are throwing the dodge ball or whatever. at the kids or so forth. And as long as the adult is also taking class, learning the same thing, learning the same curriculum, it works just fine. Right?

And those times that are split can be minimal supervisory times. So it's not like you're teaching them technical material or making sure they do stuff exactly right. It can be minimal supervisory times, so it's easier to have the group with one instructor. You know, and what I've always found is given the option of I come to an adult-only class, I come to the class with my child, probably 75% gravitate towards doing the class together. Okay?

The only time that I find many of them coming to a separate time is the mistake that we made by, like all the kids' classes are done by six, and the adult classes are after seven, and now you're forcing the... who works long hours to come down at nine, right?

So if you force them through scheduling to come down at the adult only time, they will, right?

But as long as you're conscious of that, then it works just fine. We've kind of done like a hybrid of what you're saying. We have a regular process, but we do have an adult-only class at night. And it's real popular. We have a lot of families that will do both. But then it gives them a choice. Then they're not forced into it like you're saying. Like I did this or I'm taking away the time from my family. And we've got a pretty big problem, just do that at all costs. And it's different. We've structured really hard, more art floors and craft and that kind of stuff. When you say there's nine day between the kids and the adult class, Jeff, what do you mean by that specifically?

Well, the adults work a lot harder. I mean, we train a lot of people that are competing and fighting. Well, let's start with the first caveat. If it's an adult who came in on their own. They don't want to be in with kids. If it's a kid who came in and you added the parents, then they're fine with it. So you have an awful lot of adults who are coming in on their own, and now you don't want to ever merge that class. It'll be a disaster.

Number two is overall, you may need to think in terms of upping the game for the kids. because I found historically the eight-year-olds are ever been as capable of performing at the same level as a 27-year-old, right?

So it may be the standards for the kids are lower because that's the expectation. And I'm not talking about they do, you know, full contact fighting or something, right?

But if you move the standards up for the kids, especially year two and year three, you may find that you equalize that out anyway. Certainly don't take the two emergent. What I would do is take all the kids classes, just start referring to them as family classes, but the kids beginner, when you enroll a kids beginner, you work on a good system for enrolling mom or dad. What I found is if we're doing a pretty decent job, we can enroll half of the kids. We can enroll mom or dad. Historically, we're about 75-25. So 75% are moms, 25% are dads. Although, like the Sterling School is 50-50 now, right?

[2:10:09] So I've historically found we're adding more moms, right?

And the demographic trend is typically, you know, it's mom and dad making the decision together, but really mom's making the decision. and mom's driving the kid back and forth, right?

So, which is an important thing for us to remember marketing wise too, right?

All of our kids' marketing, kids' marketing advertising has to be aimed directly at mom, right?

Because, you know, still, yeah, she's making the decision. I mean, you know, for all of the social upheaval that people are claiming, that hasn't changed. So, I guess my question... I guess this would be the issue, just get the groups of input with jujitsu, you just have to have a partner. So now you have a full adult who's trying to do an armbar on a kid. They cannot do a partner. You can't partner them together. So we line up our classes by height. That's no different than free sparring. No, but what I'm saying is now you have a class... a family class. If you don't have other adults there, that's not me who would participate. Sure. Well, if you or if you have, it's the same problem if you have an odd number of people, right?

Same problem. So you have an odd number of people and you have, doesn't matter what the odd number is, right?

You have nine people, you have one odd man out, you've got to solve that, right?

How do you solve that? I have to get another adult or I have to, I have to be their partner. then you can't manage class. Exactly. Yeah. Well, but how would we have that happen every class?

So, so that's, I'm saying if you have adults who don't have that problem, when you start, you know, sure you do. You still have an odd number. No, I'm not really, they just rotate. Same deal, same deal. Right. So if I have, if I, let's say theoretically I had 32 in class and I have five parents and 25 kids. [inaudible] the parents just like students, not

like they're there for their child, right?

So, so... I wouldn't enroll a parent unless I had definitely two that could be in the class and they were close to something. Well, what if you were starting your school group from brand new and you didn't have any students, would you enroll one person?

No, I'd have to be their partner, but it's a lot easier to imagine when I already have 30. Yeah, but if you were starting from scratch and you had zero, you didn't enroll the one person, right?

And you deal with it. And then you enroll another one. But that's how you do it with a family class too. If you make these family classes now, only one parent comes on the first day and then eventually more come and you have more partners. You wouldn't necessarily partner with kids. We just line up all our classes by height anyway. We don't go by rank or anything. That way the bigger kids are sparring, the other kids, like you said, it's the same as free sparring. It's no different. We don't want an eight year old sparring a 30 year old. Or kicking up, you know, holding it back. Yeah, right. It's the exact same dynamic. And, you know, right now, how many active kids do you have in the location?

15, 16, 1, and probably 17. Okay. And how many adults?

Well that's just in jujitsu. Let us just deal with jujitsu for a second. In jujitsu, in adults, probably one, probably 150 in the other one. So roughly, let's just deal with round numbers. So roughly 150 adults, 50 kids. Right?

Fair enough. And so of the 150 adults, how many of them are parents of the kids that are in class?

Not very many. Not very many, right? So right now, the dynamic doesn't make much difference because you've been mostly bringing in adults for themselves, kids for themselves, right?

But now if you change the beginner kids class, do nothing else. Just change the beginner kids class as they start calling them all family class. right?

And now go through all the beginner kids and try to get mom or dad to enroll with them, right?

And you'll have a triple because they've already been allowed to think this is for them, right?

[2:15:02] But then when the next intros come in, you start them from the first class with, well, most of the kids have mom or dad to train with them. You're certainly not required to, but we suggest that. At the very least, why don't you go ahead and take the first couple classes with them. and you'll get a chance to see what the class is all about and how it works and so forth, right?

And now what you should find once you get fluid added is for every 10 kids that you enroll in, you probably had five adults, right?

Now, in essence, you have a 50% jump in the enrollment. Well, Greg, what's your ratio?

How many parents are enrolling on average? About 30%. 30%. So that's a room for improvement. Yeah. as far as just parents, but then you have the overall adult. Our mix is we're right about 50% adults. Right. Yeah. But it's so, so, so now if this month you did 10 enrollments of kids, you just added three or four parents, right?

And now you got three or four more enrollments you wouldn't have had otherwise, but also the kids are going to be better at, you're going to have better retention. because the families that are training together are better at longevity. There's a lot of other positive things that happen. But it's easy to implement, right?

Don't mess with the adult classes. Don't change the adult program. But in the kids program, just start thinking about all its family classes, right?

And really, you just want to start at the beginning because it's new intros and rolling, getting the parents to enroll with them and come at the same time, right?

Because see, you can tell already what your dynamic is. 150 adults that aren't there because of the kids. 50 kids that aren't there that mostly don't have anything to do with the adults, right?

And what a lot of the adult programs will think is, well, I had a kids program that I'll bring their kids. Well, the reason they would bring their kids is because they can train together. But if they can't train together, then there's always that disconnect, right?

You think dad to that I mean I think it was help yeah, I mean I think it would definitely help because we get so many parents that they think they know what you jizz is by watching it right they did it if we probably like Complaining a lot less and get off to the I was doing a consulting day in Indianapolis one time. But that was the dynamic there, is they had never really worked on adding parents, which a lot of people haven't. But he had an idiot program director sit in the office, so I got him to go into the uniform closet. And there must have been a big class, 50 people in class, all the parents. I said, here's what I want you to do. Pull all those uniforms out that are collecting dust.

And just go give every parent a uniform, tell them to go put it on. He goes, well, I asked them if they want a uniform. I said, no, just give them a uniform and tell them to go put it on. And they did, I think, eight enrollments of parents that night. And of course, you had the, she refused because she just had knee surgery and the crush and your grandfather said, leave me alone. But, you know, I mean, eight out of 10, it was just fine, right?

And in your kids class. And again, it's hard if they're like all brown belts, right?

Because now I'm going to try to add mom and dad, but they're not going to train together. And I guess I shouldn't preface it that way. You can still get a lot of those parents, but it's easier if you're doing it with beginners, so they're all going to train together and come at the same time and so forth. But just go on Monday and every beginner's class, go give the... You know, and you've got expensive uniforms, right?

So whatever you want to do. But, you know, give them something, get them out on the floor. Because what's your uniforms cost?

What? 90 bucks or something like that? You know, in our case, we're buying them for 10 bucks wholesale or something. So I get one like candy. Yeah. We could maybe come up with a super cheap beginner uniform. I mean you guys got to have them strong enough that you can throw people with them. So yeah, you know I don't know how you'd solve that but Yeah Yeah, sir I like the verbiage you use and you were doing them on the initial enrollment like most of our kids have their mom Yeah, so say if the parent wasn't expecting to do that and they give you a little feedback sure and they don't want to do it Would you just give me information?

[2:20:23] Would you just try it for free or do you try to sign them up?

Where do you go from after the verbiage? Where do you go there when they start objecting a little bit?

Which most of them do. They don't even want to be out there and do the trial lesson is what we found. But we don't use that for that. Well, I think the main thing is just being assumptive, right?

As opposed to me asking the yes or no question. I say, Ms. Jones, we're just going to have you take class with Joey today. Well this is just for him. Well I know, but we always do that in an introductory class so we get a chance to see what's going on and you're familiar with the program, you can make a better decision whether it's going to be something good for him. Right?

And that's just the way we do it. And then they do the introductory class, then when you go to sign them up, you just assume she's going to sign up with them. That's kind of the question. Well, no, that'd be the same language is, you know, now most of the kids have one or both parents that train with them and obviously as you look at them, now what... you're making it up until it's true. As Zig Ziglar said, you're just telling the truth in advance. That was his line. That was his line about goal say, you're just telling the truth in advance. Yeah, but I mean in the enrollment it just becomes, you know, now, and Miss Jones, you guys are going to do class with him, aren't you?

And the dynamic in that conference becomes entertaining because a lot of times it's dad telling mom she should do it with me, right?

And in some portions of the time, he's right in the D as a condition for which he can't, right?

Meaning, dad says, well, you know, like you used to do. Well, I travel 20 days a month. So the idea of me being able to do this consistently two or three times a week is difficult, but you know, Mark, you're gonna be driving here twice a week anyway. You know, why don't you do it, right?

And a lot of times that becomes, you know, the instructor's logic also is, you're gonna be here anyway. You know, rather than sit on the sidelines and watch, wouldn't it be more

fun to participate with it?

I don't like that. No. I like you already took two classes and you're gonna be in the third class. Yeah, takeaway closes different. A takeaway is yeah that's a delay to sail and kill half of them. That may be why it's 30%. saying that and we'll get you to 50%. I'm not sure that answers your question. Well I guess the other part of it would be, so I just did the intro with my kid. We closed them on the first interview so it might be a little different. But so say now you're in there and you're closing us and you assume that I'm going to say well you're going to take away, well I'm not sure, I'm not ready to sign myself up. Would you just say, well let me give you a uniform and try it free for a month.

I mean that's what I would do. Is that what you guys would do?

I don't think I would go there quite as quickly, but I would end up there if necessary. I would go, what's your concern?

And a lot of times they'll say, well, this is for his. We wanted something for him, right?

And so sometimes that's the logic. I don't want to take anything away from Billy, because this is like Billy said. And that's an easy one. Well, Ms. Jones, really. You want him to thrive with his family?

Of course. Well, what we find is the kids do a lot better when mom or dad is in class with him. And frankly, in this context, about 75% of the parents who are taking class with their kids are mom. And not only is it not going to take away from his experience, it's going to help a lot. Because now you guys are practicing at home together. You've learned the same material. You can help him study at home. And frankly, it's one of the few activities that you do. I mean, you know, Ms. Jones, you know, most of the time you're schlepping a fold up chair and sitting in the soccer field or something. It's one of the few things that can be actively involved and participate with him. So sometimes that level of objection you overcome pretty quickly, right?

[2:25:21] And then you guys think, what are the other objections?

A lot of times they have some physical thing they haven't discussed with you yet, so I have the knee surgery I had or what thing. So it gives you a chance to bring that up in the open. And other times it is just, I'm not too sure I'm comfortable, right?

And then it lets you bring that up. Well, I gotta tell you, after you've been in class, three or four classes, you're gonna be completely comfortable. A lot of people are just, you know. embarrassed to be doing something physical, especially in front of an audience. But the reality is after a few classes you get more comfortable and the two of you will be having a lot of fun together. It will be a good family activity. The kids almost always want mom and dad to do it too. Yeah, wouldn't that be fun?

Do you have mom in class with you Billy?

Oh yeah. The kid says no he's slapping you. No. But yeah, I would just work a little harder to overcome the objection, right?

And ultimately, if you get to the point of, I'm just not sure that I'm going to become, you know, well, here's the uniform, it's free. Let me just plan on you taking class with me for the first month. And if you don't want to fall through from there, that's fine. Yeah, I really like the it's full price for one is full price for two times two and that's the family price. Say that again. It's full price or full price times two as a family. Yeah. And again, I freely admit I borrowed that from Bill Clark. Took him a couple years to convince me. I like it. Yeah. Yeah, in reality you don't get many of those, right?

I did the same thing you're doing Greg on that one. You don't get many of the five people coming. You do get a lot of family ones, but you don't get, you don't over burn your school with a bunch of families of 12, you know?

Yeah, and I mean there aren't many of those. And in reality, you know, it's not the third cousins and it's, you know, I mean it's mom, dad, and the kids. I mean, you know, they gotta be under one roof. But I did the same thing you're doing on rotating curriculum. I spreadsheet it out and looked at student body and figured out how much we were going to lose and all that stuff. But what we were doing at the time is this full price 25% half price. Right?

And I'm going the, you know, how much am I going to gain?

How much am I going to lose? By the time you netted it all out, we had a lot more that were two in a family. [inaudible] but I've got two kids and mom, any day of the week I'll take, add mom in because it improves our dynamic overall, right?

And it improves the dynamic with dad. But I mean, I... I don't know if you do this, but one of the things that Master Oliver advised me because I was having a hard time getting the kids and the parents into the class, he said when they call up in the very first place or when you talk to them, say we ask that the parents join them. What I say is join for the first two classes. for their intro and to make him more comfortable. That's where I finally broke through. Because I could not talk. And it's not that I still need work because when I've only got one kid and the parent still has to pay full price to get in, I still have a problem getting their name. So I still haven't broke through, but it really made a difference.

Makes at least more of them try it. Yeah, because I said they really need to be there for those first two classes and be in the class. And one of the other problems that I had had before was with one or two parents in the class, nobody ever wanted to do it. Now that all the kids that are coming in, you know, for their first one or two classes have their parents there, it feels the normal thing to do. And there's less resistance to them, you know, joining the program. But I still have a problem with there's one kid and... Particularly one kid and one parent right and maybe she doesn't have a whole lot of money and she can't see Paying equal money to what the kids paying for her to take the class And I really would like her in the class.

[2:30:13] She's great I'd love to have her in the class, and I haven't figured out how to overcome that Well, you know you got a good thoughts Yeah, I should charge you

cheaper because it takes more to teach your kids who are not charging them this month. We should increase question than kids. So in other words, if you have two kids, I'm not sure I liked his response. Yeah, I know. So what do you do?

I will leap off of his comment, which is, for some reason, martial arts schools in the past, and I still come across it, are charging less for a five year old than they are for a 12 year old. for a 12 year old than they are for an adult. And I always think that's a really bad idea. And including the little ninjas, little dragons, whatever. I'd rather them be on the same price scale everybody else is. And truthfully, the younger the kid, the more the parents are willing to pay, right?

At a certain point, okay, they're a teenager, right?

But that's actually why I have a problem now. Because even the kids have like half an hour class, it's what you know, they look at it as expensive and so why should the parent want to pay that much, you know, to join it?

They just can't see the value in it for them. Well that may be, that may be a sick, yeah. Well we want to take a, Greg was going to check on the restaurant. Let's give him a second to get back. My bladder's telling me we've been going to a lot of them. But he was going to check and see if they have... Who had breakfast in this restaurant this morning?

It's really a nice restaurant. But on some days they have a lunch buffet. And we've made the mistake in the past, like in Cheyenne Mountain, we almost made the mistake that day, right?

Because we broke 10 minutes before the buffet was over, right?

Oh, no. So I'm gonna check and make sure that they do. We've been here before about two and a half years ago. When you go out the front door and go immediately down to this little street, there's all kinds of stuff right there, right?

I mean, that's immediately off of an army base. So there's everything from a McDonald's to a Pizza by the Flies place. There's a bunch of little stuff just... block out the out the front door. There's two bars, restaurants here, one that is right there that overlooks the Hudson outside. Last time we were here we did kind of like we did on Sunday at Cheyenne Mountain. We did that on Sunday on the rooftop bar here overlooking the Hudson. It worked out pretty nice other than it was kind of noisy. But the U8 in the the bar last night, right?

It was mostly just kind of burgers and whatever. The time we were here before all of the food service in the hotel was wonderful. Obviously the views are wonderful and everything else. Is everybody's room okay?

The hotel is 150 years old, so you've got to deal with that. I think they've upgraded quite a bit since we were here last time. I'm not sure that answered your question fully, but yeah, if you prep them on the call. Now, we're going to have class time scheduled for Joe, so you know, Ms. Jones, we recommend that both parents take class with him.

And sometimes they say, well, this is just for him. Oh, I know. But with all the kids, we recommend that you go ahead and actually you and dad participate in the first couple of classes just so you get a good sense of what it's all about. Obviously, that'll make him less nervous. It's also a good time to ask for a referral. But then they're prepped on the way in the door, right?

And then when it comes to actually getting them on the floor and taking the class, I never ask, right?

So, okay, Billy, come on up, Mom and Dad. And if you get this kind of, oh no, go ahead and participate, take your shoes off. If you're putting them in uniform, go put this on. Well, no, this is just for him, yeah, but we have to take the first couple of classes with him. And occasionally you're going to get a legitimate, you know, a little legitimate objection. Well, I just had surgery on my third vertebrae and they told me not to move, you know, okay. Well, not everybody's going to be able to do it for different reasons, but I think it's a great idea because if you can get 25% of them or 45% of them, that's something that we haven't gotten before. My number's always been 50 or 60 percent. You're running about 30 percent right now.

[2:35:08] You've actually joined. Yeah. Wow. On the initial enrollment or eventually?

Initial enrollment. Wow. That's awesome. So we're not even at 10 percent because we just don't ask. Yeah. I'd say historically I've run 50, 55 percent. When you do that, sir, do you charge them anything you charge them an enrollment fee?

I charge them just the same as the second family member. But if it's like, again so it's... If it's a third member. Well no, if it's a third member, no. So again, I'll give it a go-park credit on this one, but I just ended up with, let's say the tuition presentation is 500 initially, you get a \$300 discount, or we're using 600. But it's 200 plus the first month. So, 447 now, 247 month, let's say, right?

You just double that and it's a family. Right?

So, now if it's one kid and mom, you're just doubling that and it's a family enrollment, right?

And then the fallback question, of course, is Carol's quandary, which is, you know, I've got mom who's just barely eking it out until we get one kid. Well, I'd throw her in there for three months for free if I needed to, right?

Yes, because I like the dynamic, and then a lot of times they figure it out, I come up with it after that. And certainly if you wanted to then do some kind of scholarship to get single mom in or something, you know, you can do that. I mean, it's a fine line, because you want to not ever let that become price negotiation. But then in order to accomplish your objective of the family that's training together, it's worth it. Right?

So you're a beginner program, so there's 247 on?

[inaudible] And I say that. I mean, that's what we're trying to get the franchise to do. And they're all independent owners, so therefore they all think themselves, which is a bad thing. But yeah, and actually, our current crisis. I just asked. My husband, what you said, and he told me, and then I laughed. When it comes to pricing, it used to be franchise law, a trivial, arcane legal point. But franchises could dictate a maximum that franchises could charge. They couldn't dictate a minimum. And it's the old consumer protection, one thing or another. That has changed, so now you can dictate the price overall. But the push-pull is, in our case, it doesn't matter whether it's peak performers, inner circle, franchisees, everybody's charging too little. So it's this constant, get off your ass, just ask for it.

And we have the same thing with franchises. The guys who have the lowest volume will think they're going to solve the volume problem. thing by undercharging, right?

Or all of a sudden some new school opens next to them and they're charging \$99 a month and you want me to charge three times that half. I mean, you know, all that kind of stuff. And all of it is, you know, our industry is BS, right?

Now, there's lots of good examples. I read an article in, I think it was Fortune, it's either Forbes or Fortune, and it was about, of all things, Ringley Brothers, Barton Bailey, the circus. But it was saying that in the economic debacle that's happened is middle class families have less disposable income for entertainment. And this is, you know, I mean, this is a big business they've, but their solution is interesting because they've gone both directions with tickets, right?

They've made the nosebleed tickets a lot less, right?

So at the lowest end, instead of having to pop \$75, you can bring the family for 30 bucks apiece. But then they also do, which, I mean, we just went to the circus Monday, right?

Yeah, the circus celebrity tickets, right? So, you know, we dropped 550 bucks to go to the circus because you gotta be in the front row and you gotta do all the, and it used to be, they'd like low-key up in the thing and the kids get to, you know, go around on the floor or something. But the way they're solving it is they're going both directions, right?

So they're getting numbers by, all the people who might not have spent it on that thing, they're doing a low price point, but then the people who will spend the money, they've got the higher end thing, right?

And it's my argument for why all of us should have a \$1,000 a month program. Is there's always going to be 20% of your student body that whatever it is, they'll pay it, right?

So, you know, if you, and you're not going to get most people to do it. I mean, most people you can get them to pay \$500, right?

[2:40:07] Yeah, I mean, because right now on our standard price answer questions, is leadership is \$4.97. And then we're calling it Master Club, but it's really Black Club. It's \$3.47, right?

And my price sheet from eight years ago was \$1.97, \$2.47. I mean, that was what, 1995, right?

And I can go all the way back to when I started 30 years ago and inflation adjusted, the down payment that we're charging has actually gone down. And inflation adjustment, the monthly payment is about the same, right?

So if you inflation adjust to what I was charging in 1983. It was the equivalent of \$800 down now because we were doing \$330 down and it was the equivalent of about \$220 a month. And that then, by the way, was 90% adult market. That wasn't the kids market. So that was mostly adult market. We're good. We're good for lunch. Is that what you were going to ask?

Well, do they have the buffet? They have the buffet for lunch. and it's till two o'clock. Till two o'clock, okay. Do you guys want to take a quick restroom break now and then lunch break at 1.30 or do you want to take a lunch break now?

Show of hands. Lunch break 1.30. Lunch break now. Okay, 1.30 wins. I'm going to take a restroom break. Anybody else wants to take a restroom break?

Go ahead. Anybody who wants to keep talking, keep talking.

Day 1, Session 2

2014-WestPoint-Day1-2.mp3

This recording is the same audio as Day 1, Session 1; see the transcript of that session above.

Day 1, Session 3

2014-WestPoint-Day1-3.mp3

Okay, let's get started again. our bus tour, so it was an opportunity. You want me to kind of go over with you guys, take a little bit of time on marketing. And one of the things that Jan had mentioned is sometimes we do enough stuff. So there's two things you can do. You can do, first thing if you're not getting from, I guess in our example over here where we were trying to get to 300 students, you got to do enough things per month. And a good number that we like to use is 20 things. We do 20 things a month that should be adequate if each one of them at least brought you one person. We'd like to bring you two or three people and then you get a lot more numbers. But what happens a lot of times is we end up doing one of those things and they become less efficient.

So I wanted to spend this time looking at marketing ideas and it doesn't have to be my ways to make these things more efficient, but to do the 20 things you're doing, but make sure that they all work. For example, birthday parties is a good example. We get pretty good results from birthday parties and enroll our target numbers 50% of the non-karate kids. I'll make it a little more complicated. The non-karate kids are in our area because somebody gets kids there. Occasionally we'll have a birthday party where the kids are all from. The cousin from New Jersey brings five family members. I can't sign them up very easily. Sure and if the birthday parties is one thing but maybe there's other ones that we wanna that we want to talk about who's doing birthday parties and You all want kids.

I mean you guys are trying to build your kids market, right?

So But a lot of them were doing birthday parties who's having really good results from them. What are you doing?

Yeah, let us know what you think Okay, we do it, our birthday party is exactly like our first intro. Okay. And what we do is we have the committee, we do a first intro with them, and then at the end of the first intro, then we will talk to them, letting them know that we have a birthday party incentive for anyone who would like to come. to come back and try the classes. And we get a very, very high rate of people coming in. The problem, of course, is that about 50% of those folks sign up. So if we get half of them to come in, we get about 50% sign up. So 25% total. Out of 10 people that are candidates that can possibly sign up, five of them will show up for the second lesson, and then 50% of those will sign up.

Yep. Well that's not horrible. That's not bad at all. I think I'd be real happy. Yeah, she'd be happy with that a lot. I'll do it every day on any day. Okay, right. That's perfectly acceptable because then... So a couple things I'll ask you and you know, I've got some different ideas. Anybody else with birthday party success that they've had good results?

Anybody had bad results and had birthday parties and got like one person or nobody?

Yeah, you guys, you guys. It happens all the time. It's very, very common. So a lot of times people just don't run birthday parties. Because I wouldn't run them either if I spent my Saturday for two hours and had to deal with all that and didn't get any results. I wouldn't run them either. It would be a bad marketing activity. So the 20 things that you pick should all be productive. And unfortunately, we don't always know. That's the old, who said that first though?

Was Barnum or Bailey or one of those guys that I know that only 20% of my marketing works. I just don't know which 20% works. And that's kind of what we, a little bit what we have to deal with, but we don't want to quite accept that and we want to try to make, get better results. So that's one thing. So a key thing I heard was make it the same as the intro. And then that means that they set up a time for their next appointment and at least get 50% of them to set the appointment and then enroll 50% of those. So that would be, that'd be a first start. I can share a couple of things I'm doing. But before I do anybody else, this happens. You have a group party and then from there you set the intros from the group party.

Right. Okay. So the big thing is that the 45 minute party is the same as the less, the intros. Okay. And a couple key things there. How do you get the parents to make sure they stay for that?

Oh, well we do the intro at the very end. Okay. We'll do the birthday party, the cake, the games, and such. Right. So in your case, there's like this block that's the birthday party, and that includes the cake and the games. And they kind of clean up then, and then the parents during their pickup time do the intro class. So if you tell the parents at the beginning that they have to come back here, and they may not all stay, right?

[05:24] But then they come back here in their pickup time. is the beginning of the intro class, which is how long?

About 20 minutes. Okay, so the parents are only going to wait 20 minutes. They're not going to have to watch you. You know, it's not necessarily an effective party if the parents are sitting there bored watching you get cake and your presents. It's not even for their kid, you know, whatever. So that's not, this time isn't necessarily so productive. Okay, so that's one thing. Now when your party do you try to make this party be also martial arts lesson two or is it just pretty much all cake and games and stuff?

The first part or the part? Yeah, the first part. The party part of it all has to do with games that are related to martial arts. So there is some sort of pre-framing here so that when they get to the intro lesson they do that. The parents hopefully are going, oh man, that's pretty cool. Right?

So that the intro is maybe even more impressive than a regular intro where the kid doesn't know anything. Because you had what an hour and a half or an hour including taking stuff maybe 90 minutes to prep them. The whole thing's about an hour and a half. So this is maybe 70 minutes. 70 minutes for that part. They're cleaned up, make

sure that they're all prepped and right around the pickup time they're back out on the floor and then you kind of initiate the rest of the class. Good. So you're saying... for the parents as well. Right. So we're talking about character values, we're talking about different things, but keeping it moving very quickly so that kids are having fun too. Right, so it's like an intro list. Like an intro list, exactly. So you're interacting with the parents, interacting with the kids, and hopefully the kids somehow interact with the parents so that they're connected.

Everything's all together. And the parents should be part of that. Okay, good. Now, I don't know if you do this, but we do a very similar thing. We do a check-in and the key thing, a check-in and a check-out. Okay. And when they check in, and I'll expand on that in a second, when they check in, we make sure we have all their information, because of course for insurance and liability purposes, we have to have your information. And we actually ask them for the appointment, and you might increase your numbers here, we ask for the appointment here. So we asked for the appointment. We have a partial solution. Okay. So we asked for the appointment on the check-in and we say, make sure this information is right and please initial it. Did you want to announce something?

Yeah. Okay. Fill this out. And if you have husband, partner, friend, anybody else, come and do it for them as well. I think this is. Oh, okay. We're going to fax it to them within the next hour. And then that's going to parse this out of our problem. Okay. So this is for our bus ride, or our bus ride. Our tour. Our tour for tomorrow. Wouldn't you be happy to know that the military takes security seriously?

So that means we have to share our information with them, right?

Well, not that seriously. They were in a cop-out there. I kept the Mayonnaise. Let's try to make it. You know, act like we were Mayonnaise. So one thing we add on to this is there's a check-in. So we ask for the appointment there. And one thing that's a little different is we say that the party, or the 30 days of free class, or whatever we're offering to them for karate is, or wheat free, whatever you want to offer them, is a gift from the birthday gift. Kind of like the goodie bags. So they get a goodie bag of parties. We were making fun of the goodie bags. Apparently there's a new phenomena that weddings you get ready. Yeah So, he has name on like number one, number two, number three. Yeah, code. It's all in code because I don't want to say the names.

All right. So, but the kids get the goodie bag and this is kind of like part of the goodie bag. Now, it'd be okay in the goodie bag to put your pass and stuff in, but the people that do birthday parties and they have 30 kids and we started being more careful about this because you can get 30 or 40 kids at a birthday party. You?

You. We get really good results, and we used to have passes out to them, and nobody would show up. And the main reason they show up is, they're not doing what he's doing, which is, you do this party, the parents don't show up, they don't really pay attention, they show up to pick their kids up after the cake's been given, the kids are all going kind of nuts, and then there happens to be a little pass in the bag. And the kids just look at the goody bag, and they possibly, it's not like the parents inspect that goody bag. So

we make the check-in, we say, Johnny gets, a free week of karate lessons is a gift from Billy the birthday boy. And most of the parents are setting up their time for their lesson at five or seven on Monday, which one's better for you?

[10:35] And then we just use normal appointment setting skills. So usually we'll get 30% to 40% of the people to set an appointment here. And then when they exit, we also ask them for the appointment and we'll get another 30 to 40%. When I've personally done the parties, we've got appointments from everybody. Now they don't all shove them. And so the numbers are probably around what you're getting in terms of show rates. Maybe a little bit higher, because we're getting generally about 80% to roll. But I still would be happy with 50-50. I'd like to get a little bit better. The other thing we're doing is doing a pre-call. Because one of the problems is, and I don't know if you guys are doing this, but do you make sure that all the parents are showing up for every kid?

How do you do that? How do they know though that they have to sign them in?

Like what happens if I bring my kid for the birthday and I bring five of his buddies?

Okay, perfect. So you're doing the same thing. So there's a call prior to the party to let them know, you know, lots of good information where the party is, what they should wear. We actually asked them for the appointment at that time. We say, you also get a free week of karate classes as a gift from the birthday kid. And most of the parents will say they have their time Monday at 5 or 7, which one's better for you?

And occasionally they'll even set an appointment prior to the party when we do this pre-call. And that's nice, because then they've already signed up and there weren't any uniform at the party. I don't know if you addressed or not, but that all implies that you've got an attendee listed. Yes. There you go. So going back even one step further is, when they sign up for the birthday party back here, we tell them that they need to give us a guest roster. And the guest roster has everybody's name and address and email and all their information. And we'd like to send them an email as well. Very nice emails. It's not really hard selling them. If you're calling them and telling them, you know, that here's where the party is, we'll make sure you have a great time.

Here's the instructions. Here's the directions. By the way, it's very important that every parent personally brings their kid in. so that they can check in for safety and liability purposes. And if sometimes they'll say, well, yeah, but I wasn't going to be able to make it, my, you know, someone's always going to bring my kid, is that okay?

Well, actually, then we'd like to have you come in before the party. We try to resolve that issue prior to the party. Is that similar to what you guys are doing?

Anything to add onto that? Well, I'll take one of the things that we had an issue with in the meeting was we didn't get a lot of the parents to commit. You say you were getting 30% before or 30% or 40% after. We had over time getting parents to commit. So we ended up, and this works amazingly well, we have the kids go and get their parents and bring them over to a little group. meeting there that we have and then we talk to them all about it. And the key is to get one person to commit and then the others will do it.

Okay. Well, do you think at the check-in, if you asked for the appointment, some of them were already committed. Sure. Now when you do the group left thing and say, oh, and he's already set his time for money at five, so we can't do money at five, but I can do money, whatever you're going to do to bring him in for the next lesson.

So now you've already pre-done it in a quiet way so nobody feels pressure, but now automatically everybody's... going to get the pressure later when you do your meeting, the social proof that it's OK to do it safe. We found if we didn't put pressure on it would have been successful. OK. What did you say?

If you didn't put pressure on it wasn't successful. Like, for example, if you said the worst thing that somebody said, this is what I hear a lot. I say, well, how did your birthday party go?

And they say, well, I did everything you told me. I said, OK. Well, you did the pre-pulse. Yeah, we did the pre-pulse. And we asked for the appointment. They said. Yeah, we asked for the appointment. Then when I find out the way they asked for the appointment was really soft. Like, you know, they didn't say it was a gift from Johnny. That gives them a little pressure to use it. Right?

If it's part of your birthday party person, that implies they paid for that. They paid for the party for you to come to. And one of the things you've got was the karate lessons. So if you don't use it, then you're kind of blowing off the birthday kid that provided the party. We don't tell them that. We don't say you're blowing off the birthday kid. But, you know, we make sure that that's part of it. This was something that we provided, which it was because we tell them when we get the guest roster back here, we have a procedure sheet that we just have them check off. And it tells them lots of things. If you guys want that, you can email me for it. But it tells them lots of things that are, for example, if this instructor's scheduled for your party, if we change instructors, we may have to do that at the last minute.

[15:18] So you're still going to have the party. If you change anything at the time of the party, Please do it in writing and you have to let us know so much in advance all that stuff like a little contract and in there It says we're also gonna give all your friends two weeks for your karate lessons or whatever And we tell them that ahead of time because we're solving problems that we've had for example I get a call on a Sunday from a parent who I don't know how they got my cell number one of my guys was supposed to teach a birthday party I have no idea how somehow this guy got the phone company to give my cell number, right?

There's no way he could have possibly gotten this number in any way I can imagine. Somehow he did, he calls me on a Sunday and says, hey, your guy didn't show up, we're here with 30 kids for a birthday party. Well, my guy, and I believe him, maybe I shouldn't believe the instructor, but I do believe in this case that the guy had scheduled a party for a Sunday like he knew. We knew about it, we all knew about it. And they showed up that they told everybody two o'clock. And we didn't have it in writing at that time. So it really upset this person. So now we have it all in writing and we say exactly

what has to happen and we say all this stuff. What's your email address, sir?

My email address is srsenior.master.moody, M-O-O-D-Y, at karatebuilt.com. Could you say that again?

Karatebuilt.com. Did you repeat that whole thing? Sure. I'm just right. How are we coming on our list?

It's over here. Oh, good. Almost. Okay. So anyway, that helps a lot. So in that pre-stage, we're getting a list, we're calling them ahead of time and giving them all the information. They could sure... A key point there is the big line that for safety and liability purposes, we need to make sure that you bring your child to the party so that you can check them in. That way they know ahead of time. And if for some reason they show up and they don't have the parent, what do you do if they, sir, oh you guys are talking, what do you guys do if they show up and the parent isn't there?

Do you let the kid take the class? We call the parents and say, we just want to let you know so and so is having a great time. You're a bad parent, you're a bad parent because you didn't come in with your kids. That's not on script. Oh, sorry, I just think that. I don't know the whole story. So you call them though, you call them and then if they do, what do you tell them?

We just tell them, if they don't come and say, oh, I just wanted to let you know that Johnny's having a great time in class, it would be really nice if you could get here to see him at the last part of his class. I can't make it. I'm into heating. That's okay. What we can do is we can set it up at time. We can come in and try a class on us with no charge to use. So when you get back, we can do that. Okay. That's pretty good. I would also add the other thing that, and by the way, we need to have you come in and sign our safety waiver for safety purposes. Because that's a reason they have to come in. Now it's already too late, right?

I mean, you'd like to have that be a prerequisite for them to be able to come in, but I would still try to throw that out there. And then, you know, if you get them in, then at least you got them in, you can have a conversation with them. Because that's the biggest problem. That was always the biggest problem with birthday parties before we solved that. And you're solving it well too, is you get the roster and you call them ahead of time, make sure that they know what's going on so that they're there. So, okay. And then the other thing is he's not trying to sell them a program at that time. He's using that as intro number one and then he's following up to do the sale later. Right, you'll set the sale the next time.

Set the appointment. You set the appointment on the phone or get them to come in and sign the paperwork. So we're trying to do the pre-call to set the appointment and we'll get 10% or so. We don't get a lot of them because I just want to let them know. And if they say, oh, I don't have time, I don't have my schedule, oh, that's okay. We'll figure it out when you come in. So I told them when they come in, they're going to figure it out. And then when they come in, we ask them for the appointment. We'll usually get, I'm

probably... low on that, maybe more do it. And then after the party, we'll get a very high rate of enrollment. So I like what he's doing, having the little group thing and going, oh, we're all going to do, set the time.

And he's already set the time, and you've already set the time to come in and now the rest of you need to. Right kids, you want your parents to do it. Or they're lousy parents, right?

No, just that last part. You're going to do that. You're right, buddy. Yeah. Here, the issue is like, OK, they just, all the kids will show up with the birthday kid. Well, yeah, what happens a lot of times, the whole ride with Johnny, and here's the van, it's like, where the parents... That's why we have that contract at the beginning with the parent, so they know that all the parents have to do it, they know that we're going to do pre-calls, they know we're going to essentially pitch the kids, but it's going to be a gift from them. And they usually, they go, oh, that's awesome. And then we also tell them whatever referral, if any of the kids enroll, then you get the referral rewards. We give them \$100 pro shop credit or whatever we're running.

[20:23] Like right now we're running a different promotion. So whatever referral programs thingy we're doing, we make it a big deal to the mom. And sometimes you know that works great, but most of the time they don't worry about it. But occasionally you got a mom that's like going nuts trying to get the kid to enroll because they want the reward. So we always include those things even, like we said. Do they always work?

No. But if you do this consistently, I think just like he's doing, you'll get at least 50% of them to set the appointment and 50% of them to enroll, maybe more if we have those other things. Yes, ma'am. Sir, we had the challenge that our school corporation, the last two or three years, I'd say at least that long, they will not give out the address and phone number of the children and the mother doesn't know it. the mother of the birthday party. And so they'll just invite their whole class. Maybe we'll get six to eight addresses and phone numbers, but that's all we'll have. Maybe we'll have 25 or 30 at the birthday party. Yeah, that can be a problem. On the other hand, there's some schools that publish a school directory that have all the kids' phone numbers and stuff, and then they ask us to advertise.

And so there's some that that's the case and some that that's not. Yes, sir. I think that in that week we had that issue too. The way we solved the problem was we just said to mom and dad, look, I'm sorry, but we really need to have that information. And because we send them their invitations out in the mail. And that's another spot for stuff you can add there. And the invitation to the mail is a great way to do it. And I do the same thing. But if they don't have it, they don't have it. Now, do you do the party if they won't give you the roster?

See that? See that's the answer to most of the questions. In fact, that's what you and I were talking about. Because you were doing like three parties a weekend. And so if she only did one party a weekend, number one, it'd be less brainy. But number two, you'd have one party with a good set of prospects instead of, and you'd just say, and maybe

the party's a little smaller because they don't invite their whole class. Now another thing you can do that adds I could keep adding stuff free that we've been playing with one thing We've been doing lately is we'll always do a show-and-tell at their class for the kid. That's the birthday kid prior to the party and then we mostly the kids tell them the party is give another invitation and But we still told them mom you got to have all the names numbers all I saw Oh, I get my name too, okay so what do we do at the show and tell?

I'm trying to write and do this at the same time. Back to what you were saying about the classroom. See, you can have a pass out of form to all the kids in classrooms that requires an RSVP. Right?

And so then the invitation she hands out at the... at the classroom can include kids name, address, phone number, email address. And just tell her, in that case, that's what we've done is just have the, Joey take it to class. And, you know, on there it says, you know, can they RSVP back in 48 hours so he can get it back from the kids and then give us that on-mail actual invitations. So then you get the address. If they RSVP back, then you can get the address and the information. Well, it'll be on the form. It'll be on the form that they'll bring back. See, our teachers aren't allowed to do that. Yeah, they are. See, they're... Not in Indiana, sir?

Well, here's what I find almost universally. The teacher's not allowed to give you the information. The parent can give you anything they want. Right?

So, you're not asking the classroom teacher to touch it. be involved with it, know anything about it, deals with it at all. And so what you can do is you can have Mars EP online if you wanted to. You can do a little web form, or they can just turn the form back, but don't turn it back to the teacher. Just have it give it back to Billie. I like that online. Yeah, right. Again, Canada is worse than the US on this stuff. But I've never encountered some place where the school system, the teacher, whatever is prohibited from giving you contact information, where the parent of the kid can't give you that information. Right?

And you're not asking that the school's not sanctioning the birthday party, the school's not involved, the teacher isn't involved, you can let the teacher know there is one if they want to know, most of them don't care. But all you're doing is the kid is giving it to his friends in class. And then on the form it says give it back to Billy in two days if you're going to be able to make it. And then we'll send you all the rest of the information. And I want to extend that to any school-related things. Because a lot of times we get, we go to the school and then they say, oh, maybe the principal even says, oh, we're not allowed to blah. And part one is there's probably a way around that that is acceptable like this.

[25:34] But the other part is the next school might be fine with that. Or the teacher in that school might be fine with that. They just don't know any better. And in very many cases, I'll tell the story that his mom actually was involved with. She is fantastic at getting flyers in schools, right?

He told me you've got, this was like 10 years ago, right?

He told me he got 300,000 color flyers to support the charity that she's involved with. And it's 16 page newsprint magazines. Yeah, and if you paid 49 bucks, all the money would go to the charity and then his karate schools would teach the classes. So I thought, oh, that's great. And he said, well, hey, how my mom do it?

She wants to do it because she wants to support the charity. I'm like, great. So his mom, wonderful, nice lady, she and I are on the phone and she says, okay, I'm going to take care of it for all of Phoenix. And she spent so much time on this. She finally calls me back and she was almost in tears and she's like, I tried, I tried. These districts are the worst I've ever dealt with in my whole life. And she had gotten flyers in Colorado, Tennessee, three or four other places. So she, I think we could consider would be an expert at this stuff. And they would never let us in. Okay, so that happened. That was kind of, I thought the end of the story. So I kind of gave up on those districts, in particular one district, the Kyrie district where my kid goes.

I kind of gave up for a while. And then I said, you know, I'm going to try again. So I went to the school board, and they sent me to this lady. And I talked to the lady, and she goes, oh, our rules are fine. You can put the flyers out. You just have to have this little disclaimer at the bottom. Now, everybody that this mom talked to told them, no way, absolutely not. It's impossible. And then I asked the lady, I said, well, what about doing an after-school program in the classes?

And she said, oh, talk to this lady. We got an after-school program. And then I said, what about doing a bullying prevention thing at your school?

And he said, oh, the principals can decide on their own. All these principals told us, it's district policy, we can't do anything. So I think the answer is, in all of these things, there's a way around it, there's a way to use the PTO. The other option is the PTO often can hand out flyers when the principals won't, and all kinds of stuff. And we've had, and I think based on this experience with his mom, we've had a probably the worst district. So I don't think, I'm pretty confident if you say, oh my district's worse, it's not. Because we have pretty good evidence and it's pretty bad. Well and to add to that, has anybody here done any stuff with the Boy Scouts of America?

You've done demos and classes and stuff? Yeah, we're not. Their national charter specifically prohibits them from doing I think it's four activities. One of them is martial arts, the other one is boxing, the other one is motorcycles. They can do judo though. They can do judo and they can do something else. They can do tai chi. Tai chi. There you go. But in the national scene, him do judo. I'm scared of judo. I don't know why they'd say you can not do judo. Is he dangerous?

Chief Master Mid is the most dangerous person I've ever met. I'm sorry, I don't mean for you to prove it. Don't go and try to prove it. Is that kind of like my Jess Smith comments?

Dangerous A.R.E. member, you know. But when it comes to dealing with the schools, you have to remember you're dealing with mostly a bunch of perfunctory bureaucrats. And I don't mean to criticize teachers and so forth, but that's just the way their mind works. And usually when you hear something like that, the policy is, they just don't want to mess with it. They just don't want to do anything, and it's a good disclaimer to get you to go away. It's easier to not mess with it than it is for them to have to deal with it. I've got to go back to the perspective. That disclaimer situation just happened to us. about six weeks ago, since the last meeting here, are you know, with the... That they couldn't give the hand-off to the commission section. Well, they weren't and we were doing that Tiger Open House for the young children and they wouldn't pass it out, but when you talk to the right person, yeah, we could pass it out.

We just had to put a disclaimer on every one of them. Right. We just now go in with the disclaimer already done. We don't even ask the school. We just put the disclaimer on the bottom and say it's something like, in our case, the something district has nothing to do with these guys. It's not information purposes or something. So I don't know. I have it on there. I just automatically put it on there. Yeah, we also in terms of the school stuff. We also backgrounded fingerprint all of our guys. And we use this more stringent policy than the schools do, although sometimes they want us to do it with their people too. But I always start that out with a meeting with the principal is, by the way, all of our guys are background check and fingerprinted.

[30:53] Make sure they're OK. And I like that because then if your karate school goes in there next week and they might want to do something, my guy might, hey, are you guys background check and fingerprint you?

Maybe not. You know, right? So it kind of helps us. And not just other martial arts schools that I'm worried about. I'm worried about other activities and things that they might have. Because really our competition isn't as much as it is the chess club and the dance club and all the other crap that they're going to do. I mean, in reality for the kids market. For the adult market, it's the same thing. Our competition isn't other martial arts. The competition is like health clubs and movies and the other things they're going to do. Okay, so birthday party. So, you asked what we do in the show and tell, so that's relevant. How do you make the show and tells effective?

It's the same as for the birthday parties. If you do a show and tell prior to the birthday party, it warms up the class, it gets them ready to go, and we can give them the invitation. You've already mailed them the invitation, of course, if you can. We don't always get the opportunity to get enough notice to get the invitations out. We will do a party as long as we have a roster. But if they don't give us a roster, we won't do the party. And you got to stand firm with that. Now, is the roster always perfect?

No. But we at least get their phone number. Can we talk about that for a second?

Because that's the thing. I'm having a problem. I would have a problem saying no to someone. Especially, we give out a lot of free birthday parties, like as a raffle or to a charity or to church. So they get this free birthday and they're all excited. And we say

we want a roster. And they go to the school to the teacher and she doesn't give it to them. They say, well, I don't know any of the kids in my child's classroom, but I'll give you the three cousins that are going from how, right?

But I think that's all that we're solving for you is they can hand out something that say, we invite you to the party. The RSVP. Yeah, we invite you to the party. We need you to RSVP. And I would put in there for safety and liability purposes. Make sure you let the parent know. And if you use that line, that's a line, a very universal line you've got to use for many, many things. Whenever you're trying to get parents there or make people do stuff, for safety and liability, well, why do I have to buy this special kind of sparring gear?

Can I go to Home Depot, or not Home Depot, eBay and buy stuff?

Well, for safety and liability purposes, we need to make sure it's the right gear. You guys gotta sell the right uniforms. Can I just go down to the other school and buy this stuff?

Well, we don't know the quality of that, and especially like for you uniforms, you're grabbing them, right?

I mean, if you use like one of our Tic-Wondo uniforms, you rip the crap out of them the first day, right?

I mean it'd be ridiculous. But you might have somebody actually come in, have you ever had somebody come in with a Tae Kwon Do uniform or one of those?

You should just rip it off of them. Just rip it off of them. Say, come here. Yeah, they'll kill them. Anything else to add on the birthday parties?

Does that sound pretty good? Yeah, I think it works. I like that they use them. They seem to think that it's very beneficial. They do that and they do the honor parties. They do the what?

Honor parties as well. Oh, say more about that. The honor parties are the same as the birthday party except every month we take the top 20 kids who get the most character marks in their classes and then we honor them at the graduation. They give the top person trophies and all the other guys get medals as an honor student. And then we invite all of them to honor parties with their friends. And you do that at different times or you have one honor party a month?

No, we have every other month because we have graduations every other month. Oh, I see. And so we do, we'll do actually three honor parties in one day. Three. three different individuals or three parties just to cover all the people. Okay, I like that idea. So one month you'd have a graduation, the next month you'd have an honor party, and you stock the honor party essentially with kids that you're rewarding in your school. How many kids typically, is it all the kids or is it just the top 20?

The top 20 kids get to bring their friends to the honor party. Don't you get a lot of times where the top 20 kids are the same top 20 kids every year?

[35:01] But here's the way to go get around that, right?

Because we had that issue and it was like, oh, man, same kids all the time, right?

So what we did is we made it harder, the higher ranks that they go, it gets harder for them to win. Oh, I see. So because it's more responsibility for them. So the responsibility for obtaining that gets harder and harder and harder as they get up. And so the people who almost always win are your white, your white sash with the white bells. Okay. And the yellow. Okay. And then it makes it feel special and we continuously get new people. Okay. How do you get them to bring their friends?

Because we have a lot of parties and things and especially my green belts and gloves, they just don't bring their friends. We call them. We call each person individually divided. The person that's doing the party or the person that they're friends?

The person that's doing the party. So we get a list of their friends from them and then we actually physically call every single one. And doing the party, doing that honor party, we also do, we just call it pizza party. I like the idea of honor party better. Because now it gives you an excuse for giving that out. We come up with different excuses. Maybe they just wanted to raffle and they get a pizza party. And then to do that once a month, a lot of people are having some pretty good success with that. That way it limits how many of these you got to do. It's less scheduling pressure and you don't have to make your staff do as many. I'd rather have one party with 100 kids than have maybe not 100. But one party with 50, then I'd have four parties with 10.

That's a lot better. And if you do them all in one day, it's not like they take every single, every single, every single. Right. Yeah, I like that a lot. All right, anything else on the birthday parties or show and tell us?

Any money you want to add? So you can use this, I mean, a lot of you guys are in the adult market, you can use very similar things. the show and tells are going to places. One of the principles is to make sure when you do an activity, an external event, that there's a reason for them to come back. In the birthday party case, it's the birthday party. But if you do a show and tell, we get asked to do show and tells, a lot of times people don't get results from that. But if you do an event or an activity, there needs to be a reason for them to come back in a very short amount of time. We try to do that within 48 hours. I understand where the show and tells are happening.

Where they're happening like at school? Well, I just didn't basically get what show and tell means. Okay. Well, show and tell like when you're a kid is you're going to... Is this what's happening at their school?

Yeah, at their school. So I'll come to your kid's school, I'll come to your kid's school and I'll do a class with the kids and I'll do something with them and then I'll hand out stuff to them. And the stuff, you know, it used to be in the old days we just hand out flyers or

whatever and then maybe a kid would show up every once in a blue moon. Okay, and so what we do is a couple things. One is we try to have an event within 48 hours. Not longer than that because if you go longer than that it doesn't work as well. And we've even had some better success if we do two in a week. So we can get to talk to the teacher about them, then we'll do one on Monday and one on Thursday and then have the party on Saturday or pizza party or something on Saturday.

And they'll come with that for the show and tell us. But the same thing, we like to have We'd like to get permission slips before we do a show and tell too. We've been doing that lately and that works better. And the parents are used to that. Parents are used to it. I had to do one already twice this school year for my kid. And actually one was for a sex ed class. I had to give a permission slip for a sex ed class, which was funny. That's a little other story. But I had to do it for another activity that they're doing. And kids are, parents are used to... dealing with these permission slips for things. So that way you get the name and information and we always do have an activity close by. I think the same for the adult market.

You guys are doing something somewhere. There should be something at your school or your facility within a couple days so that they have a reason to come. All right. Other marketing things that we want to tweak?

Are we ready for something else? I'm good. I think I've got our problem solved. We're on our tour. We're going to... In theory. Except for everybody that's coming tomorrow. They don't get to go. Okay. Just us. No, I think we're in the mode of telling the visitor center that there's this list and then there's going to be a bigger list. More people show up and they don't want to put us on. Okay, got it. Next week we're doing a Halloween party. We rented out a elementary school gym. Okay. And we're doing a bring a friend Halloween party. Why'd you do the elementary school gym and not your school?

[40:11] Because last time we did the Halloween party we had too many and we're twice as many kids now. Too many sounds like a good problem. No, our part... Yeah, it is a good problem, but our fire code, virtual, is pretty onto us, so... Really?

Like on Halloween night, he's gonna like be... Well, no, we're not doing it on Halloween night, we wanna have a good turnout, of course. Yeah. So, we're doing it on a Friday night of next week, and, we've already got, you know, sign-up sheet and everything, and we're gonna bring a friend, and dress up right in costume, and party, and contest, and stuff like that. It's experienced, but so far we've got quite a few friends signed up for it and we're going to continue and we're going to start marketing them this week and try to get them next week for lessons. Is there any reason why the friends need to come in before the party to do a class, to prepare for it, to do something?

Yeah, we'll promote for like the birthday parties. We hit them beforehand. We try to get them in there because we tell them that if they come in for classes, we're going to do some more breaking. for the kids, and if they get a couple classes under their belt, then they'll come in and actually break a board, too. Yeah, because any time we do a marketing student that does not have a facility, then the first priority is to get them to

the facility. Right. So if you purposefully do one somewhere else, that's OK. But it'd be nice to get them there before, and it'd be nice for when they go there to have a reason to show up afterwards. You know, just winning something and it's kind of like you just did an event at Home Depot.

In fact, I had somebody do an event at Home Depot, kind of following the same things that we're talking about. They did the prize wheel, they did the permission slip, and then they had to break a board, and they got like 26 leads. That's good. You know, from Home Depot's last minute too, it was like the week before they found out, so. Costco does a lot of things. Yeah, Costco will do that. Costco will also do it if, sometimes they'll have paid events where you pay a couple hundred bucks, and they'll have different community activities here. You're a Costco business member. They let you do all kinds of stuff. Yeah, I am. But I haven't, I don't know, maybe we'll check on that one too. Yeah. But Home Depot does that. You should definitely check in Home Depot.

They do a lot of those kind of things. And sometimes they, one time we went to Home Depot and asked them and they, it was, we saved them because they hadn't, I guess they're corporately scheduled to plan them. And it's kind of left to the managers sometimes. And so they corporately. and they hadn't had anything planned, so we ended up getting a lot of coverage there because they didn't have anything else to show them when they did it. You know, the other thing to think about, Greg, on an event like that, we start getting too big, is do, like, in your case, the preschool first, second grade party, and then do the one for the older kids. Or if you can, rent a tent and put it out front. Yeah. Or one of those bouncy homes.

You couldn't get by with that in the parking lot?

What are... It's against their policy, insurance and everything else. Who, the landlord?

Who is it? The landlord you're talking about? It's against their policy. So you actually asked them about that prior?

As for a commission, right? Well, I mean, for the bouncing house, that's really not... If I could put a... If I could put... Our fire brush was really obvious. We have an easy to check in on our classes. We're allotted 50 people. We're having class sizes. I've been that zone that sounds wrong. No, it sounds like he's got a fire marshal's brick Well, it's every city and do you ever you have a rear exit I've had fire marshal come into the school and close this down at 6 p.m. Unbusy Yeah, that was an interesting story. I fixed it. No?

No, I didn't bribe him. But this one was specifically, we had a back door and two different districts had just merged. So the guy that we had always dealt with was now gone and was the new guy who was a power hungry bureaucrat. And so he came in to the school in the middle of the evening and it was packed. But we didn't have a problem with capacity. But the back door had a turn handle on it rather than a crash bar. And for the other guy, that had been just fine. Because it didn't actually, if you turned it unlocked. But this guy wanted a crash bar. And he wanted a crash bar. It wasn't maybe

five, four, 30, end of his shift. But he wanted a crash bar so he was going to flag it and close us until he had a crash bar.

[45:01] Right? And I wasn't actually there. You know how it is with staff. They just, oh yes sir. But they got me on the phone. And so I U-turned and said don't let him go anywhere. And U-turned and got back there. ended up in kind of a pissing match, but he said, well, by code, you got to have a crash bar. I said, well, we've been here for five years and didn't have a crash bar. The only thing that's changed is like, you're new, right?

So if you want to get a crash bar, that's fine. We'll get a crash bar. But we've got, and we had a huge day lined up, you know, tons of intros and all kinds of renewal conferences. And finally, I said, well, what exactly are you trying to accomplish?

With the crash bar rather than this. He goes, well, if there's a crush of people, I said, it's a fricking karate school. What's gonna burn?

You know, it's a big open room. But okay, if there's a crash of people, they want the door to just open if they crash into it rather than somebody has to think to turn the handle. Okay, fine, I'll buy that. And so I said to my manager, go get a screwdriver. And he goes, what are you doing?

Yeah. Took the handle off he goes you can't do that. You have to take crash bar. I said look we're open for business tonight and So if there's a crash of people because for the first time in history of the martial arts industry There's a fire that people are getting trapped in it'll be just fine because they'll just all fall out But you want me to take it off the hinges to?

We can take it off the engines and just have a big empty hole right he never did come to like me but we were open for the rest of the evening and a week or two later we got a crash bar and it was just fine. In the meantime, my manager was putting the door handle on it and I ate it and then taken it back home. You know, because they can't like, you know, install it immediately. They got to order the thing and drill them. That's a good example. Just like the school things, just like all these other things, a lot of times there's some bureaucrat and they tell you X and I told everybody the story about the balloon, right?

Everybody heard the story about the balloon? Yeah. He's never taken over an answer. Yeah. Anybody not heard that story?

Okay. You ever heard that story? Yeah, tell that story because that's another... Okay, I'll give the short version of the story. Is we were doing this big, like, re-grand opening blitz across all the schools and did all kinds of stuff, but one of the things that I did is I did those big balloons on the roof, you know. and did the banners, the grand opening banners. And at one of our locations, which was like at the time, the headquarters, there's offices there and all kinds of stuff, but he put the balloon on and the code guy comes in again, I wasn't there and says to our manager, that's illegal. You got to take the balloon down. Who had a coronary?

I mean, just calls me, we got to take the balloon down. It's illegal. I said illegal. Look, there's code violation and then there's handcuffs and they put you in jail. It's code violation. So, calm down. It's code violation. That's not a big deal. They're not going to like take you off in handcuffs because there's a balloon on the roof, right?

So, I get back there and I get the guy's name and I call him. I said, well, what's the problem?

He goes, well, it's code violation. You can't have the balloon on the roof. I said, what permit do we need to buy to leave the... Then he goes, there is no permit, you just can't have the balloon. Okay. I said, well, what's the problem?

He goes, well, there's been a lot of complaints. I said, a lot. He said, well, we had a complaint. I said, oh, it was Joe Smith, the head of the Homeowners Association who was complaining about that. Oh, you know him. Yeah, he complains about everything. And so, you know, now he's kind of laughing. He goes, yeah, well, okay, even though he's a jerk, there is a code. You got to take it down. I said, okay, well, given that I'm not going to, what happens next?

And he said, what do you mean? I said, well, there's a process, right?

I mean, what do you do next? He goes, well, you know, if you fail to comply, we serve you a summons. I say, OK, fine. What's the summons for?

It's for a court date. OK. Well, how long does it take to serve the summons?

Great. How long does the court date after that?

OK. If we go to court, what do they say that you've got to take it down?

I said, well, so what you just told me, it's going to take you 10 days for the summons, 10 days for the court, and another 10 days or so after that. [inaudible] Yeah, they're illegal. Yeah, that's the exact comment. I said, well, how illegal?

You know, like what do they do? Well, they take them. Well, they cost about five bucks apiece if you order them in bulk, order a couple hundred of them and then just put them out every day. But then they're going to take them. Houston's 500 bucks up first. Yeah, now there's some states that question. Yeah, and then you find out what the thing is. But you guys put some up, right?

[50:12] Oh, we took them down. You took them down after we saw them. I took it every year. They call me and they say, we're going to find you \$250. first sign and I said we all take them down and then I they go up for a couple days and then I put them back up next year and I never I've never been fine. Yeah. We got a call a couple times. Yeah. The call. The question was I guess the question is going to be is is the process that they call it I would ask them so what is the process you know do you guys well yeah if you put them up we're going to call you and then what happens and maybe there's like three calls that they initiate and then they send you a notice and then they said this and then they're going to actually find you.

So if that's always going to happen and they know I'm going to get a written notice a week before they actually find me, then... You don't have to push it. Yeah. And you just keep doing it. I got a bill from the post office one time. We sent out like 30 kids doing a flyer pizza party and one set was putting them in the mailboxes. And what they'll do is they'll bill you for first class postage for every flyer. So what?

Yeah, just go the way. It's not like they're going to... Yeah, there's another one where the homeowners association in near one of the schools is deathly against any kind of firing or Door hangers, and so I have a door hanger company that was trying out. Okay, so I just ring the doorbell and actually talk to people Well, I was having these So I don't think I wanted these guys to talk to them But and the guy says well, I just got to tell you I was doing like the whole valley all Phoenix area and the guy says, well, this one area, a tatum ranch, they just will go ballistic if you put anything out there. Totally psycho about the flyers. And they work. And I said, well, what happens if we put them out?

And he goes, well, they're going to call the city of letters, and they're going to be really mad. I said, yeah, and then what else?

And the same thing. He goes, well, nothing else. They're just going to be really mad. They're not going to like you. OK. No, no, no. The head of the Homeowners Association isn't going to like it. Nobody else is even going to like it. Here's what I asked him. I said, but you've done it before, right?

He goes, yeah, that's why I know they're mad. I said, OK, well, when you do it there, what kind of result do your clients get?

Oh, it's really good. It was, too. We got awesome results. Nobody else is afraid. But there's no real con... We got to separate consequences of what they really are. And that's something like in Houston, if nobody... If everybody gets threatened... That could be absolutely awesome for you because you're the only one putting signs up. If anybody thinks we're not telling anybody to do anything illegal, then we're not. But there's illegal and there's code violation. There's other consequences. Look, they're going to send you a bill they're going to throw away. There's a fine that's enforceable. And there's handcuffs. Never risk handcuffs. Yeah. OK. The others showed up, too. They're like, oh, we didn't know. And then we say, what about all these real estate companies and new home builders?

Hey, don't worry about them, we're worried about you. So, we're like, you know what, this is this. The real estate companies get to do it?

They don't, yeah. Right? Not real estate, they're builders. Politicians get to do it for sure. I tried to build the size of the politician's signs. I was going to just stick with it. I'm serious, I was going to, and then we're going to be red, white, and blue. Karate will solve all these problems or something like that. It was gonna be really anti-political. You really wanna solve your problems, do Karate. Something like that. You can get a sideburner to put them up in Houston. That's what they'll do, but it's really, really expensive. Most of the regulations, they exempt themselves from. So if they have a do

not call list. Robo calls yeah, all of that stuff that the other exempt themselves from it. Any time you see a new regulation limiting whether it's email or broadcast voicemail or text or whatever. It'll always exempt political speech.

Yeah, I was gonna do it depends on the fine like you say it's really expensive. What how much does it cost?

Maybe give it's a thousand bucks, but I'm the only one putting signs up. I'll pay the thousand bucks but the problem, the problem, see if they're actually going to enforce it, right?

The real estate signs situation, political sign, it was really expensive. They were annihilating, eh, the politicians. So there's a trade off. I mean, I don't really want to piss off the politicians and put my sign right in front of like the new governor's sign. They may remember that, but the only news for that. Just to continue to beat the same debt horse. [inaudible] and you have the ability to email them. Which you should. Right?

[55:45] And what I hear a lot of people saying is, well, we send them all an email. You know, have a live person call them all, text them, leave a voicemail, and send these mails to them. This is almost the order. You've got to mail them. You've got to voicemail them. Email is like, it's still important. You should do all of them. Yeah. Live person number one. This is number two. This is number three. I'm sorry. This is number four. This is number three. And this is number five. Right?

In order of effectiveness, right? So you still do all of them. Yeah. But see, what most people do is they do the thing that's easiest and cheapest and just like email them all. Right?

Well, I'd rather email them all than not email them all because it's easy and cheap. Yeah, because it's going to get in there. It's like me handing you something. I could make an argument that text and mail are about even at this point. The problem with text is deliverability because you may not have the actual cell number or something. So mail, well, and it's like a tweet, right?

It's 140 characters or something like that. You know a text was a leak, but it's still a broadcast medium right so the You know anybody who texted me yesterday if I didn't see it when it came in I'm not ever looking back right so Mail has the advantage of it sitting there in the stack. I pull it out I put it on the refrigerator It's sitting on my desk You know I mean there's stuff that I intend to sooner or later get around to that stacked up on my desk But if they send me a text two months ago, you know it's gone forever I must have sent you a text two months ago about the roster for the bus. It is going to make sense. But does that make sense?

And then the other thing to be the dead horse is just because they don't respond today doesn't mean next week isn't going to work. Doesn't mean next month is going to work. Doesn't mean that January isn't going to work. doesn't mean that May isn't gonna work, doesn't mean that this time next year isn't better, right?

So once you have a lead, stay on this cycle, right?

So they should be getting email forever, they should be getting mail forever. Periodically, you should hit a run and have a live person call, right?

And your staff has to be trained. You don't have any intros today, get on the lead list. Well, who do you call?

Well, start at the top and work your way backwards. And when I say start at the top, I mean start most recent and go backwards. But with all of these things, you shouldn't have every lead on at least a 24-month or 36-month contact cycle before you give up on them. And you don't have to make it complicated. It could be you have six weeks worth of stuff and then you just start over, then you start over, then you start over. If somebody got a postcard from you in August, they're not going to remember in November that they got exactly the same postcard. In fact, if they do, it helps response. But again, this is the thing, and everybody in here is just as guilty as anyone else, is... We send them an email, but a live person didn't call them.

A live person called them once, but we didn't send them a text in a voicemail, a piece of mail. We called them all within 24 hours of the party, but then we didn't call them in a week, two weeks, five weeks, 10 weeks, next month, right?

And what you want to be thinking about is all these live events, and again, media and dead horses here, but all these live events, a big part of the objective is developing a good mail list. And by mail list, I mean text, voicemail, direct mail, email, everything else, but it's developing a good database of people who have expressed at least a little bit of interest. So even if your results were 50% would send an appointment, 50% of those would enroll, which would be 25% success rate, that's okay. I think we can do a little bit better. Somewhere between 25 and 50%. But that's for just enrolling them, but all the other people are still on this list. Yeah, but now you have 75% of them that are good prospects. Very good prospects. And probably, and see if you did all this, if you had, you know, let's say one birthday party where there were 30 kids, and so now to make the numbers round, I have 20 leads and 10 of them that I've enrolled, right, to make the numbers work.

[1:00:42] Well, surely over two years you could get another 10 of them enrolled, right?

And so, how much is all this gonna cost?

Well, the expensive piece is the live person on the phone, right?

And the second most expensive piece is the mail. These aren't free, but they're really cheap. And this is essentially free, right?

So this is free, this is really cheap, this is really cheap. This is not bad, right?

So if I was mailing to them three postcards a month, that's about 50 a month, right?

So if I spent \$2 a month times two years, that's only what?

\$48? I mean, 50 bucks. Would it be worth 50 bucks a lead if I only got one out of five?

And if I could get half, it'd be well worth it, right?

So, see, by the time you're all done, if you just think in terms of you're building this database, and every one of them you're willing to spend, let's say, \$100, mailing to them two or three times a month, all of the other stuff. Sooner or later, you'll get a lot of them enrolled. And imagine, as you start getting that database bigger and bigger and bigger, look at all the people in your community that you're communicating with all the time. And the irony of that, and again, Greg, back when we were doing all of the broadcast advertising in Denver. I knew like TV, we got a lot of calls right away, but I also knew everything else we were doing was working a lot better, right?

So you'd hear that kind of feedback. If I'd been doing a lot of TV and then I did direct mail, the direct mail worked better. And if I did a lot of TV and we went into an elementary school, they already knew who we were, right?

So you've always got to realize the synergistic effect of this stuff. And this type of thing, what you're doing is you're being real front of mind with, again, doesn't matter whether you're adult market or kids market, but if you're talking about elementary schools, if you're really top of mind with every kid in Joey's first grade class, as they end up in second grade and third grade, and then you're doing other stuff with that elementary school, what ends up happening, right?

I mean, it really starts to make a big effect. And like with the birthday party things, if there's 30 kids from Joey's first grade class that come in and I end up with five or seven of them enrolled, you have that little synergy of that class and now through second and third grade, I mean, it just keeps expanding. Does that make sense?

But anyway, did you get your topic covered thoroughly enough?

I think so. Okay. You know, and again, maybe the other thing to beat the dead horse. Let's think of any event. So if I'm at a movie theater and let's say I'm at the movie theater on Friday, Saturday, Sunday, and I'm collecting leads on Friday and appointments, hopefully, leads and appointments on Saturday, leads and appointments on Sunday. The ones that I got on Friday, how soon do I want to communicate with them?

Quickly. See, my rule of thumb was anything we did over the weekend, I wanted everybody on the phone Sunday nights. Now, none of the staff ever enjoys the idea that they're going to be working the phones from 6 o'clock to 9 o'clock on Sunday nights. But the advantage of Sunday nights is everybody's home and in most cases you can get hold of them. But now with all this other stuff, the lead you collect on Friday, they can get a text on Friday. They can get a voicemail from you on Friday. They can get an email from you on Friday, right?

I mean, I've seen events where there's somebody there data-entering the data as you go, so at the end of the night you have a text, I mean a database. Or where you have lag

time, so as soon as they gave you... gave you the contact information and walked away from the booth, you text them a thank you and here's your confirmation. So like while they're sitting in the movie, they've already got a text on their phone as a reminder, right?

[1:05:04] So the more timely you can be on that, and we would always leave that came in on Friday, we'd try to get a piece of mail in the mail on Saturday. Leave that came in on Saturday, we'd get mail to the post office on Sunday. And leave that came in through Sunday, we would get mail a little later in the morning, right?

I mean drop to the mailbox. And again nowadays, like any of them that you collect on Friday, if you put an Excel spreadsheet together, you can do a text, a voicemail, an email, and a postcard. And like Amazing Mail, I love Amazing Mail, they'll mail it out of Phoenix tomorrow, right?

So if I upload the list today, I can send the postcard out, they'll have it printed in the mail tomorrow. Right?

And so, you know, at worst case, amazing mail. Amazing mail. Yeah, I mean, the three services I love nowadays are amazing mail for color postcards and call loop for text and voicemail. You guys are using infusion you can text through infusion, but we're using but that we use some calling about yeah Yeah, I we use infusion and have a different text messaging system set up for infusion, but I use all of this easy and cheap So so those are two what was the other one amazing mail call loop and a weber a weber yeah and AWeber and Colloop are designed to work together. So you can, everybody know what I mean by that, you can set up a data entry screen or an opt-in screen. You'll have the same thing, right?

Opt-in is the prospect on your website, just filling it out. Data entry is just you're sending your staff member to go fill it out, right?

But you can set up a data entry screen that once they enter the data, it automatically goes into Call-O-Vane or Call-O-Vane or any of the other major email systems. We'll have a lot of it set up where it'll go into infusion and then trigger all this stuff, but then I always export the list and use Call-O-Vane for different ones and things like that. Does that make sense?

Anything else on all that, Jan? I'm finding out in all the schools and I'm doing assembly. It's like bully assemblies for October. But the problem is from the bully assembly, I know that you schedule something within 48 hours like, you know, do the assembly Thursday and have something Friday night. But besides giving them a little flyer, inviting them back Friday night because I'm in the schools, I have to be careful. Is there any other advice or anything else that you guys have?

To increase response at your party. Yeah, because, well, I'll do all these seven hours. One or three people start hoping to show up in school. There's two directions. One direction is, what do you hand it to them?

Just like a flyer? I was going to hand them a little invitation to, if you want to learn more about bullies, come to our bullies seminar on this day and stay later for a pizza party after. Something like that should try to motivate them. Well, besides getting permission slips for the kids, which I know he's going to say, before you told me that idea, what we started doing and we still use it is, if we're going to an assembly, even if there's 100 kids, we'll get priority mail envelopes from the post office, which is actually technically mail fraud, because you're supposed to use them for mailing, but they are free. If you're really worried about mail fraud for some of you people that don't like to do illegal things, you can buy fake priority mail envelopes at the post office.

And they're awesome because... But you can also go to USPS.com and the UPS for postal service. Well deliver a thousand of them to your door right so get those okay take the priority mail envelopes And then we stuff them with as much stuff as possible So we'll stuff them if it's let's just say it's a show-and-tell We'll put a letter that says what's all this stuff in it and then a bunch of stuff and one thing will be usually something dimensional like a pen or a What I'll throw a frisbee in there whatever stuff we got laying around and that makes the package bulky so when the parents get it at home, number one, they'll see this priority mail envelope. They don't normally get those. Yeah. And then there's stuff in it and there's, you know, it's hard stuff that's inside of it.

And then we'll put a lumpy. Yeah. Thank you. So it will put a guest pass. We'll put the invitation to the party. We'll also put the invitation to the party on the outside of the envelope. So like in the address section, because that's what people look at. So, you know, we're invited to the pizza party on Saturday, whatever the thing is that we're doing. In your case, the bullying prevention event, and in your case with the bullying prevention event, you might have a letter of why that's important. You might have some testimonials in there. Might have your PhD thesis. Might have, yeah, you guys can take my PhD dissertation, throw it in there. I mean, you could put all kinds of crap in there. Yeah, yeah. After all that work, you better call it that. Anyway, so, so.

[1:10:07] We put so what essentially happens is then they get a big packet of stuff now if you really wanted to make it bigger I if we haven't gotten the opportunity to do this that much but if you're gonna do an event on a Saturday and you want to hit the three best schools and You get a relationship with those schools enough to do the event They're still getting it Then what I'd like to do is do an event on the Friday before and the Friday after two or three times you know because it's hard to sometimes not hard it takes some effort to get into the school It takes some effort to have a relationship with the school and but when you do get the permission to do the event If you say you know the best way to do this is if we do three events we do one here We're going to cover this and both are going to cover this another come to this and we will do your whole feet We'll do all your peachy classes for the next three Thursdays or whatever.

We want to do it. Okay, that's great He's a good teacher because now he's got three Thursdays taken care of. So now you've got three times you're doing that. Now every time we'll give him a packet of stuff. If we did do that, three consecutive weeks, if we

did it on Friday, we'd have an event Saturday, but it's the moderate event. They still can come for something. We'd have an event the following one and the big, huge event. Every one of them would be reminded of every one and they'd still come to the big event. So you multiply. So all these things are about multiplying the focus of multiplying the number of times we talk to people, multiplying the effort. And it's not that hard. It's harder to get into the school initially. Once you get into the school, then we want to expand and escalate what our relationship is with the school.

And I probably should comment on that too. One thing that our rule is is we never finish an event with the school without scheduling the next event. That's our rule. We do it all the time though. Sometimes I go, hey, what'd you have next?

And they go, oh, we're going to call them back later. But the call them back later thing is not right. Remember when you were dating, if you asked to go on a date, for us guys, we asked to go on a date. And then if we want to go out again, we better ask them before the date. Otherwise, don't forget about us, right?

Find somebody else to go out with. You don't wait and call them later, if you like them. If you don't like it, you don't call it a no. Anyway, that's another story. I shouldn't use that metaphor for anything in my life. Anyway, some of you guys know me well enough to know that's not funny. Anyway, go ahead, Tori. I think one of the other things that we found that works really well for the veterans is that we hire a face paint to... Balloon, but balloon twisters are good too. I set the face paint right next to us. Yeah. Right?

And then we, they have, in order for them to get free face paint, they have to come over and fill out the information. And then we give them a little, like one of those live strong braces. And then they can go over and they can get the face paint. Oh, that's cool. And the face painter is one of our students who is amazing. Very, very, very good face painter. And then we get an opportunity to talk to mom and dad while they're waiting in line. It's right yeah, so one of those rubber bracelets, where'd you get those printed?

Yeah, okay, they'll do good or they'll do a cheap one can a random trading do custom print on that they can do a custom print on those Oh, I know they can now they didn't use to what when I checked into original Two years ago I checked into that, it was real expensive, or three years, it was a while ago. You saw those Livestar on, it was like the big thing for a while. It's more expensive if you get the indented imprint, right?

If they print it's not so bad. I think it was still less than a dollar. Yeah. It's not indented in a plastic though, right?

It's like printed. It is. Oh, it is? Oh, wow, that's great. Okay, so the price, is it like this one?

Yeah. Well this one, right here. No, it's at the end there's just like off the block. Okay. But yeah, that's a great idea. Yes, but the general theme is you're doing an event, it's got to be if the parents are there, we get the lead information. If the parents aren't there, we'd like to pre-get the lead information. If for some reason you're an event where you, that's just impossible, like somebody says, hey, tomorrow we're having a

billion kids, add this thing and you just want to show up because you're there. and the parents aren't going to be there, then you want to make sure the packet that you give them is exciting enough. So really all of those things should happen. The stuff that you give them should be exciting enough so the parent pays attention to it.

We pre-get the information, which would be a permission slip or in your case, fill out the thing before they get their thing before they get the face painted. And there should be a reason for them to take the action. But all of it should be designed to get them in the school and get them in the school. the lead information, those two things. And not just hand a pass out, not just provide information about us, not just make sure they know we're nice guys. That's why I have objections sometimes to people doing a lot of charity work. I don't have an objection to charity work, but we know a massive brand and you guys know him. I mean, these are a friend of ours that has done tens of thousands of dollars in money raising for all kinds of charities.

[1:15:25] He does a fantastic job. Everybody in his town loves him. It doesn't generate any business form. He says it does. But all the business he actually generates is because he gets like, you know, it does help him a little bit, but it doesn't really, everything should have one of those outcomes where they either come to your school with their parent, or you get their information from their parent, essentially, somehow. But hopefully that helped with the show and tell. A bigger packet, more stuff. I would add something else just from the standpoint of how to think about it. I'd much rather deal with, from a return standpoint, I'd rather have three groups of 30 kids each that I teach a class to, than go do an assembly of 600. Okay?

And the closer it is to their butts are in the seat, they're in there listening or watching, the further away you come from ever getting them to be excited or doing it, right?

So the... We used to do tons of demos everywhere, sometimes 3,000 kids. And when we shifted to PE Teach for the Day, and went and did a bully seminar or whatever it might be, but the groups of 20 or 30 or even 60 kids at a time, the effectiveness multiplied. So the first thing is, if you can go teach them a class versus having them just watch, then it puts them in the mindset of being a student. and being able to do this, rather than it's just entertainment. So that's the first thing. And then if you can go to a school, and it's more time efficient to go do 45 minutes with the entire school, but I'd rather do 30 minute slots all day long. Like all the PE classes everywhere. Yeah, or any other excuse, any of the specials or whatever.

But to go through and teach them in small groups, I'd much rather have that. And that's with or without getting information slips with or without distributing information. And then at the next level when I'm distributing information, the problem is you've got to get the kid excited about wanting to go talk to mom and dad about it. And you've got to get it to get to mom and dad, right?

And so I like his idea. The other thing I always do is Whatever action it is I want them to take, whether it's to register for the program or something, I always do it on postcard size pieces of paper, cut it down four up on hard card stock and give them something

that gets shoved in their back pocket. Right?

So they're not trying to carry a piece of paper around. That's probably not going to get on the chest like the police department. The only problem with that sometimes if you don't do it right, the stickers peel off real easy. Yeah, so if you do the thing at the end of the day, that's awesome. Because now you stick it on and then they go over there. But if you do it at the early of the day, that was the next thing I was going to say. Especially the liller ones. If you have a sticker and you stick it on their chest, right?

And the sticker can say, I want a prize today. Call and find out what I want. Or something like that, right?

With the website and the phone number. But then you have it more likely it's going to get home. But in practical terms, if I go in and I get lead information, that multiplies the effectiveness by at least 10 times. Then if I just go to a presentation. But I'm better off if I'm teaching classes, and then I've got to think of what can the kids stick in their pocket, what can I put on their chest, and what can I have that, you know, if it gets home in their backpack. the parents aren't going to miss it. Right?

So you want to get all that correct. Yeah, I would add, by the way, the schools a lot of times are saying they're paperless. Like my kid's school is supposed to be paperless. If you saw the backpack full of crappy bricks home all the time, I mean all the schools that are saying they're paperless are, and it's stuff about all kinds of things like chess classes and things that aren't related to their school programs and all kinds of stuff. So don't believe any of that. Again, back to that, well, they said that it's paperless, so we're just going to have an email without. Well, That's great, you know, but if you're doing bullying prevention, you say, this is a really important thing. And because of that, we know that people only open about 30% of their emails at best.

So it would be very, I think it would be better for all the kids if we gave the supplier out to them in their backpacks too. Also, you know. Yeah, in addition. Right, and we've never had them really object to that. I mean, you know, if other people figure it out, maybe they'll start being worse about it. But it really is, a lot of times they... people just assume, even the schools, that the stuff that you email out is actually getting delivered. Well, Chase and David's school, they do every weekend broadcast voicemail. So they do an announcement by broadcast voicemail. And they also send out email. And they also send a bunch of stuff home in the Friday folder. And what you want to do is you want to get them to do all of them, right?

[1:20:28] So if you can get them to do a broadcast waste mail and get them to do a text. And I want them to send the flyer home on Wednesday too and Thursday. If there's a Friday folder, I want them in Wednesday. I want them in the day also. Also, not instead of, but in addition because they're going to notice it. Because those of you who got kids in the 13 year old or under range, you know, we get a lot of crap. I mean, we get all kinds of stuff. There's no way you're going to look at all that stuff. So you've got to provide more. It's like the email question, Jan, you asked last time, should I email them once a week?

Twice a day. Twice a week? Or more? Twice a day. Well, that's going to piss them off. Well, now we're in the phase where they're immune to it, and now you've got to do so much just to get above the noise. If you don't do enough, you're just lost in the noise. And it's kind of unfortunate, because it makes for more work for us. And you are going to put a lot of stuff in the mailbox, but you've got to do that. You said something there. It's almost like back to the bureaucrat giving you a ticket. If you ever change your behavior because somebody got pissed off, then you'll never do anything. Right?

And Jeff Smith and I were ending this conversation yesterday with the school. And here was my analogy. At all times there's 10 to 20 percent of the general population that's insane. Okay?

Is that insane? Is that your experience? Okay, but let's be optimistic and say it's only 10 percent. And in your student body, you're always going to have 10 percent that's insane. My experience is they tend to fall on one of either end of the spectrum. You have five percent, and no matter what happens, they're pissed off. And you have five percent, and you can probably cuss them out on their face, and they would still think you walk on one. Right?

And you should never trust either one. The ones that are insanely enthusiastic about your school are easy to flip. So any little thing can happen all of a sudden there in this quadrant. And your mission is to figure out in your student body which are the ones that are insane and fire them as quickly as possible nicely so they don't come shooting. Right?

But when it comes to doing any of this stuff, you've got to realize anything you do is going to piss off the ones that are in this category. The only way not to piss them off, well, this is even wrong. I said this with Keith Aftorn one time. I said... Well, people just don't like change and you know, we have some portion of our people anything we get have changed or we're going to be pissed off. He goes, no you're wrong about that. I said, what do you mean?

He goes, yeah some portion are going to be pissed off no matter what. So if you don't change anything you're pissed off you did change it. Right?

So, and I thought that was a better way to look at it. Yes, you're always going to have this within your student body. The mission is to find the 10% and get them to go away. Right?

Because sooner or later something crazy is going to happen. Nothing else is going to suck in my time. Within any other marketing activity you do, I mean I've had people call and threaten to kill me because a 12 year old put a flyer on their door. I mean there's just some portion of the population that's insane, right?

So you can't be afraid of sending email because somebody is going to flame you back and yell at you, right?

And what a lot of us do is we get the one or two insane ones and then we let that set policy for everybody. Right?

You gotta be extremely careful about never letting that happen. So you get the, you know, I hear this all the time about pricing is, well, what about this example?

Well, I'm not trying to solve every example. If you're getting 75, 80%, you're doing a fine job. There's gonna be 20% you're not gonna get. It doesn't matter what the reason is, right?

And, you know, email is like, nowadays it's like the last thing people get mad about because they mostly don't read it. And if they do read it, there's an opt out link on it. And they delete, it's easier to delete than opt out. So you shouldn't worry about getting opted out too much because people more likely delete. Yeah. Which means you just got to get through the noise one of the 50 times that you've sent them. Just so we want to validate what Master Oliver said here. An estimated 26.2% of American ages 18 and older were about one in four adults suffer from a diagnosable mental disorder in a given year. So that number is actually... Yeah, so you know when we say this it's not... Does that have a male penis cue?

[1:25:13] Pardon me? I'm not saying. Mike, you want me to guess?

No, or just in my experience. I don't want to say it whether it is or not. Well, what was that one that was going around Facebook?

It was 25% of all women are on some type of medication for mood disorders. Oh my god, 75% of them are running around undiagnosed. So there you go, right?

And so you just got to know that... that some portion of them are just insane and it goes both ways, right?

They're just insane and that is annoying. Are they going to, we black all the way?

I think the ones that are worse are almost the ones that are insanely happy with you because that's, cause I don't, I don't know, I don't know about you guys, but those are the ones that caused me trouble later and they love me and they're, the entire time. Yeah. They love me and they love everything we do. and they want to help you and they want to do extra stuff and then you know you didn't give them an accolade for something and they're pissed off and they want to run to another instructor and they're all mad at you. They were supposed to get this star. Yeah. They had to wait three days to get this star because it was, yeah. Yeah, just nuts. Way too many stories about that. But those are the ones that are the worst.

At least the ones that are yelling at you can identify. Yeah, yeah. But you've got to realize either one. I mean, the ones that are in your face all the time. No matter what you do, you walk on water. They're just as crazy as the ones who are pissed off about everything. And it just doesn't take much to set them off. It seems like the only time I've ever been contacted by lawyers over the years were the raving band one day, something didn't quite go their way. And now they're brother-in-law's an attorney and

you're getting... You would think that crazy people were at least surrounded by support mechanisms where everybody else was saying, but I haven't found that to be true either. A lot of times they just are surrounded by other people who support their readiness.

Well, the data supports a one out of four people are crazy. Somewhere between one and five, a one out of four. By 20%?

Yeah, 20%. And some of them are in there, statistically, somewhere in that room. Everybody but here. We're all filtered out. Martial arts helped us all. None of us. Not me. Does that come and go?

Depends on the day. So is it 100% of the population?

It's actually 26% within a given year. Within a given year?

Yeah, within a given year. So that means maybe everybody over some period of time. Some period of time, yeah. Okay. Not necessarily given room though, right?

What's that? Not necessarily in a given room. I guess that could be true. You know, you could have a whole bunch of same ones in the same place at the same time. Okay. What else today do we... We've got a pretty full agenda tomorrow and the next day. So today is our opportunity to share successes or work on specific problems. Anything else that's lingering?

He was right about 4%. Yeah, 3.8 or something. Buzz Durkin. We have a really good recording of me doing an interview with Buzz. I think it's in the website. If you search for Buzz Durkin, you should be able to find it. It's really good. If it's not up right now, I'll track it down for you. What's his last name, sir?

D-U-R-K-I-N. But that doesn't mitigate answering that question. Chris Rapold is another one who always had excellent retention. Chris Repold. And I've got some really good recordings of Chris from one of the original boot camps. Chris did a thing. Actually, his was on public relations. He was really, really good at getting articles in the local newspapers and stuff. But if you were to... Let's talk about Buzz's retention from a standpoint of two things. Is it was not dynamic, charismatic instructors. And it was not dynamic, robust curriculum. He teaches very traditional Weichiru. If you've ever seen what those guys do, they learn like four forms over 40 years, I mean literally. And, you know, the sparring they do is like, Bare knuckle, full contact, punch each other in the stomach as hard as they can type of stuff.

[1:30:19] And what he does do though is it's all about personal relationship with each individual student no matter how big the school is. Right. And he for years was running a very big school numbers wise. Probably not as big as you are now, but I mean it was it wasn't like a hundred people in the off-state forever. It was you know four or five hundred people in super small town Suburban Boston, but like way out in the sticks where the population is like 3,000 people probably more like your town only smaller population of media. But the level of attention to detail and the relationship with him

was just incredible so I remember in that call we did, and he's on my list, if somebody will remind me, I'll try to put him on the phone with us the next week or two.

It's been on my list for a while. I mean, I can get him on the phone any time I want. It just, you know, it sits on the to-do list on point five or something. But the thing was, is that, you know, I gave the example of Hafner of Taking the polaroids of everybody and writing down the names and using that as flashcards and forcing all the staff to know every student's name. And he would always do that quick start process like we've been talking about with the renewals. But for the first month, everybody was pre-scheduled for appointment for every time. They'd have an instructor assigned to them, work with them a little bit individually right before the group class or right after the class. Same thing that we do for the renewal prep, but he was just doing it to make sure they got a smooth start, right?

I mean, that's, you know, an afterskate. But in Buzz's case, you take all that kind of stuff and multiply it a lot. And, you know, the story he told when we were talking was, you know, teenage kid gets a new Mustang that's 10 years old and he's really excited about it. Next time he comes in class, Buzz has a card for him for the car wash. card for him for the gas station. Just wanted to high five you and here's the deal. With any little thing that went wrong, one of Buzz's, if you want to categorize it into basic categories, one was never letting an opportunity to recognize the student, sibling of student, parent of the student, grandmother of the student. never let an opportunity to recognize them go wasted. Right?

So whether it's flowers on the birthday or cookies on the birthday or a gift card to somewhere, never missing that kind of opportunity. And on the other side of it's never missing an opportunity to do overwhelming service recovery. Right?

So Buzz, if it was something trivial like... The billing company pulled their payment on the 10th and it was supposed to be the 12th. Well, you know, for most of us, okay, well, two days, right?

The number is right, you know, so what? You know, in Buzz's case, it's the florist has a whole bunch of Buzz Durkin, Weechee-Roo coffee mugs. and they're gonna get the bouquet of flowers and the coffee mug with an effusive apology note from him apologizing for that mistake and never should have happened. Does that make sense, Eric?

So I would say three general categories was just being such a nice person, knowing everybody, and truly and sincerely. really caring about them all, right?

And you can systematize all that, but the first way you have to systematize it is only hire sincere, nice, honest people, and never hire assholes, right?

It's kind of the opposite of who we were talking about at lunch today, right?

So that's number one. Number two is constantly having listening systems in place. To learn about special events that have happened so that you can recognize them. Right.

So, you know, let's say in your case, in your kids program, you have a seven year old boy who was in the program and mom mentions that the sister just won state something or other for what, you know, spelling bee or whatever. Right. Well, making sure in class that you recognize the sister and you ever stand up. Everybody applauds, and she gets something. Well, she's not even the student. But the brother's going to be impressed, but the mom's going to be super impressed. So it's a combination of just being nice to them, which sounds easier than it is, then never missing an opportunity for recognition and doing overwhelming service recovery.

[1:35:30] Did you ever read that book? What's his name?

The Cars Salesman. I know when you're talking about where he sold like a billion cars. Yeah. He had pictures of all his customers up. I can't remember. Everybody remember the name?

Joe Gerard. Gerard? I think it's Joe Gerard. But in Joe Gerard's book, I think that's right. And he was like the Guinness Book of World Record holders for selling the most cars of anybody, you know, ever in the history, right?

And by the way, his book was like 30 years ago. I mean, it's a long time ago. But that was a couple of his points. Joe Girard, just like I just talked about, had a letter-writing campaign where every month there was an excuse for anybody who had ever bought something from him to get a personal card from. And some of them were just, I like you. And some of them were, we have the Halloween party I want you to come down to, right?

But every month, and this is like pre-computer databases, right?

This is 5,000 people, 10,000 people, 15,000 people are getting a card from you every month. The other thing that Gerard said in that book though was, you know, I want there to be a problem with the service department so I can show you how on top of getting it corrected I can be. That's an interesting comment, right?

But it was, it was, Gerard's thing was constantly communicating, so you bought a car from him two years ago, you're on his list forever, right?

And you're getting just a ton of, and this, again, before email, fax, it was all direct mail, right?

And calls. But the other thing was service recovery. Just, you know, going above and beyond, once something went wrong, overwhelming them with how on top of it you were and how apologetic you were for it. Does any of that help Eric?

But to me, that's really the three categories that he does so well is just nice people who really know everybody and care and massive service recovery efforts. Almost finding things that we wouldn't even think of was something that went wrong in order to go above and beyond to recover. And then number three was never missing an opportunity for recognition and having listening systems in place to find those opportunities. We implemented with our staff on some of that has been going pretty well with all of our

assistants and everybody requiring that during the night they go sit down with parents. It's just chit-chat for just a couple minutes. And you know, it's one of those things that kind of just you create your side of it. It's such a powerful pool because you're finding out so much stuff.

There could be a problem with this, there could be a problem with that. You know, Johnny's not happy about coming to karate, so you can catch it. It can be a lot more proactive. You just taste it and see him listening. A conscious effort of somebody saying, okay, I'm gonna go talk to five parents. And you got four staff members or something. He just talked to 20 people, and you'll drum up some renewals. You'll drum up just, duh. And then, you know, at the meeting, you say, would you guys find out?

I'm going to use that opportunity from staff to say, okay, I found this out about this mom and this one. And when you're going through and doing that exercise you always have, doing that ABC and the students, you come up with all the stuff. Because we, ABC, not only the students, but we, ABC, the parents. So you know, when you say, oh, well, Johnny's doing a great job, but mom's not so happy because he's got a C in math and he's doing this and that. So it really kind of helps tighten from all angles. Or we've been so busy because grandmother's in the hospital or we've been so busy because Susie's prepping for this and that's been keeping us from getting Joey here. You end up hearing all of the stuff that if you didn't have a mechanism in place to find out you would never know, right?

And then you go back to the buzz thing which is there's something that happened directly with the school or tangentially to the school that you can apologize for in an overwhelming way. or there's an opportunity to send flowers to Grandma at the hospital or something like that that you wouldn't have known about otherwise. And by the way, Eric, the bigger you get, the harder that is to do. Well, I think one thing that Greg said there that was important is, I think, if I heard you right, is the instructors are supposed to talk to them right after class every class. If you don't structure it so that the instructors are, like we're supposed to write, X number of great work cards after at the end of the day. It's on our checklist, you know, and they have to do that.

[1:40:33] And so we're pretty good at doing that. But if you just said, hey, make sure you talk to all the parents and make sure you know what's going on, then two weeks come by. Oh, you know, I was so busy with class, I couldn't. You got to make it a like this is something you do. And if you don't do it, then OK, do it. You've got to do it. You've got to keep pushing the guys till it becomes a habit. But that has to be a structure habit. You're responsible for. two minutes with four people per class, right?

That becomes very tangible, right? Yeah, and if it's not specific and tangible, then it won't happen. But once they realize they're just there to talk to them, they're just there to find out what are the questions. And you've got to guide them. You've got to say, what are you going to sit down and talk to them about?

Well, you've got to ask them how they're doing at home. What are they thinking of the program?

They don't bring up things that are going to be negative. You don't want to emphasize something to your faults. But it seems to everyone it could be better. The most important part is the following mechanism. They are hearing it. And they actually say that there's a problem. You got to teach them, number one, how to apologize, how to say, oh, I'm really sorry. We had a couple of stupid little things come up. Like somebody was pissed off at the water pressure in the boys bathroom behind them. It was one of those little things. And Dad's mind, it was big enough that he had to bring it up to one of our instructors. So these little things like that, then all of that goes in to get it fixed and resolved. Well, and from a staff training standpoint, that's the Ritz Carlton thing, right?

And Four Seasons is really good about this too, but the main thing they drill into their staff is when you come across a guest problem, you solve it. It's not somebody else's problem, it's your problem, right?

Like if you notice that Four Seasons if you ask any of the staff members where something is, they always walk you there. A lot of other companies have now adopted this, where they don't just point you that way. I've noticed Home Depot now is good about that, where it used to be hard, but once you get somebody, they walk you to it and find it for you. So they don't just, oh, three aisles over on the left. But the Ritz Carlton thing was always just drilling in. And I forget what it was, but each employee could basically spend whatever it took to, you know, within reason to fix the problem, right?

And, you know, their thing was, if a guest has a problem, it's your job to fix it. And notice what happens in most companies is, a person mentions a problem to this guy, and he says, oh, here you need to talk to them. And it's not even in his mind anymore, right?

But if you empower him, once you find a problem, your mission is to fix it. And in a martial arts school, it's just as bad as it is anywhere else, you know?

One of the assistant instructors, somebody mentions a problem. Well, if somebody mentions their problem with toilet paper in the bathroom, I want that guy to go fix the problem with the toilet paper, right?

I don't want him to make a note, put it on the desk, and leave it at receptionist. I want to just go fix it, right?

But it's a real training issue. Have you got them trained now to send like a little personal note after they've talked to them?

Yeah, we divide up our attention and we basically send out, hey we miss you. Personalize it from everybody and then it gives them that responsibility. You know if I was going to plus it, I'd have them start sending out a personal note to everybody they talked to. at the end of the night. Right?

So if you're going to talk to four people in class, and you have four classes and 16 people, you know, let's send a personal note out to those 16 people. Right?

You could systematize it by they give the card to the front desk and they hand address an envelope or something like that and then the instructor, you know, so sorry to hear about grandma, you know, whatever. You know, let us know if there's anything, I mean, you know, just something where they reference back. People are shocked even when you talk to them that you actually heard what they said and remember it. It seems like it's obvious, but so few people actually ever, even in a conversation, listen or remember that if next time they came in, they're asking about how grandma was doing. They're just shocked that you remember that that was mentioned. pleasant, you know, a pleasant that you really do pay attention. It doesn't have to be a big, I mean, if grandma, something's wrong with grandma, then that's not good, but it's, you know, a nice thing to comment on.

[1:45:36] But whatever they talk about is okay to write a note on too. Oh, absolutely. I mean, it could be anything, could be, well, glad to know Johnny's still doing a great job and we're looking forward to seeing him next time. Yeah, I mean, it could be completely positive, you know. Susie won this thing and the next thing that she's going to try out for is Thursday. And then when they come back in Friday, hey, you said Susie was going to do that deal yesterday, how to go, right?

I mean, you know, just, and if you train the staff, like I like those blank notebooks, right?

So you go buy them at Barnes and Noble and they're just, you know, blank bound. But if you train them, they just like keep notes on that stuff. And as a reminder, and then as you were talking about the end of the night, everybody's talking. with each other about it, then you get a pretty good information sharing going. I think that it's important to train the staff on that too because one of the reasons when you all ran your schools like full-time, you had any helpers or when I was teaching full-time didn't have any really other people, I did that automatically. You guys are probably pretty good at doing that automatically because you own the business and you're better at it or you wouldn't be here. But if you have that vested interest. Exactly. If you don't formalize it for the staff, it's not that the staff aren't good guys, it's not that they don't want to work, but if you want something done, you better formalize it and make it part of your system.

Otherwise, they're going to forget. And they'll have a million reasons why they couldn't do it. Just like some people aren't here, they have a million reasons why they couldn't be here. You guys all came here, it's going to make your school do better in the next few months. Coming here makes a big difference, but you're disciplined enough to do that. Whereas you can't expect that out of the guys. There was a great article I used to give everybody. I wonder if I could find it, but there's a magazine called, I don't know if you meant it's still on the list, it's called Training, which is an industry magazine for corporate training departments, right?

So the guy at Texaco who does corporate training and so forth, that's their target audience. But there was a great article in there one time, and it was talking about how normally when we're trying to teach trainers or teachers that we're putting all of our

emphasis on podium skills, right?

Speaking skills and that type of thing. And that the reality was, other than the entertainment factor, that had a very small percentage of the impact, right?

And if I look at the schools I've seen with the highest quality retention, they almost always are not the ones that you walked in and went, wow, what an exciting floor. And it's an interesting dichotomy because we all want to make class more exciting, have more charismatic instructors, have a more dynamic environment. And then we work on class plans and let's chop it up and keep them moving and doing this. But the schools were the best retention. Like another one was Will Mayer. I don't know. Will had the wackiest curriculum I've ever seen. Ninja. I mean, yeah, he's a ninja. But... Yeah, no kidding. No, no, he thought ninja too. Yeah. And, you know, when they were rolling around and wearing the little sneakers and, you know... And so was Stephen Hayes, but I mean, the structure of the curriculum was just...

Wacky, right? Yeah, it wasn't like a video game. Like, it wasn't like ninja like that, but it was like... Yeah, they weren't teaching invisibility, but they were rolling around. But he had great retention. Again, big school. Like 700 active, 600 active, pretty consistent. And I remember one of the things that he did, he talked about it in one of the other meetings, is he had a big board, like a big rewrite board. Covering like half the wall with every student's name on it. And then every week they would update their test date, how many lessons they had, how many lessons they needed to test, and whether if they were short, how many makeup lessons they needed. And, I mean, there's a lot easier way to do this, but they had up on one big board all the way across the room, and then every class, the instructor One at a time, we'd walk the students over and say, now Billy, your test is on such and such day.

Your three lessons behind, we've got to catch up to the three lessons. Let's go talk to mom and see what our schedule is. I mean, it was kind of that level of attention to detail, if that makes sense. And there's probably 10 other systems that were like that, but it was that level of detail and never let anybody slip through the cracks, right?

[1:50:21] You know, I think like my daughter's middle school. You know, anytime she's late to anything and their system is about halfway screwed up, but like every, it seems like some weeks, every week I'm getting a, you know, call where it's a machine calling, hi, this is, you know, Dunson Middle School and your daughter, Jada Oliver, which the machine never pronounces right, was Mark Tardy for period three, four, right?

But at a certain level, you need to think in terms of being that on top of their attendance, and that on top of where they are on track, and that on top of what's going on. And there's all kinds of ways to systematize that. Most of it isn't about automation. So the more you have it, the big thing in the wall that you're tracking or it's on their ID card. But it's systematizing having the conversation with them every class, whether they're head of schedule or behind schedule, whether they're on track, what their test date is, all of that kind of thing. Does that make sense?

Good. Is that good, Eric, or is there something to expand from that?

And then the distinction between buzz and happening. Very similar or?

Yeah. Well, there are personality differences. Not a lot, I mean completely different curriculums. Keith is a very traditional Tic-Wendoe School and Buzz is a very traditional We Chew-Wew School. Buzz has this beautiful building that he built on a separate front. He's kind of out in the sticks. So it's like this freestanding building. And in the building, in fact, there's a tour of his site if you go to buzzdurkin.com. He has a horrible website that he's very proud of that's been there forever. But there's like a virtual tour of the school. So it's one of these schools that has beautiful wood floors and he has elegantly framed black belt diplomas for everybody who's ever gotten their black belt. And Buzz, by the way, we were doing a call one day and he had to run because he had like

35 people on a Tuesday at 11 a.m. in his fifth degree and up Black Belt class. You know, I mean, it's just, once he's got them enrolled, he not only, you know, not only keeps them, but then their kids and then the grandkids, you know, I mean, it literally, it's that kind of environment. You know, half their physical facility is the complete opposite. You know, it's in downtown Ann Arbor, which is a college town. The school is in the basement. It's underneath a coffee shop. It's kind of like you walk into the coffee shop and there's a door on the right and you go downstairs. And where Buzz's school is impeccable, Key's school is kind of dingy. Where Buzz is elegant property on its own, you know, Key's is downtown Ann Arbor. You know, in Key's case, I was there one time and they had a flyer that said, Ninja Parking Skills.

And I said, what the hell is that? I said, well, we only have one parking space. And they have meter parking. But this really tells them how to find a parking, how to find a place to park. And a lot of them will drive around forever. But if you go down two blocks and then take a right, there's a public parking lot. So really, it was telling them. how to find someplace to park. I've talked to several people, the biggest excuse for failure is that they don't have enough parking and they need to get a spot that there's a bigger parking lot. They don't know other countries. I was just in South America and there's 200 schools there, they're all doing really well or many of them are doing really well. They have zero parking. I mean, if you're going to park there, you...

You go down the road or it's very expensive. It's like parking in Manhattan. Like in every city there, they just don't have big parking lots. So they don't complain, they'll just... They just do it. Now, culturally, I understand that's a little bit something they're used to. If you're in Houston or Phoenix and you don't have a parking lot, it may be a little different situation than if you're in Manhattan, but it's still something you can manage. That's a good example of managing it, though. that they actually have a flyer, so when you come in, maybe they might email that to somebody before they come in for their first lesson, you know, to make sure that they understand or say on the phone, you know, by the way, parking in that part of town is really a premium.

[1:55:25] Here's a good place to park. Make sure you show up a couple minutes early so you have time to be there. And telling them on the info call and telling them to enroll

and everything else. You know, something else, to give you an example of something that Keith was doing one time, is... For a while there was a trend of schools trying to do like 16-page full-color student newsletters, trying to imitate Kaiser Permanente or something like that. I remember in Keith's case, what he was doing is printing off like maybe a legal-sized sheet of paper, but it was two-sided on red paper or yellow paper or something. But it was like the weekly update, right?

And the weekly update, what they would do, which was interesting to give you a sense of the mindset. So here they have 600, let's say 80 students. They had run mailing labels for everybody in the school. Then they'd put a mailing label on each one of that person. And then when you came to class, they would hand you the weekly update. [inaudible] of making sure it didn't get lost on the shuffle. Now to give it like the overwhelming marketers version of that, my version of it would have been they get 12 emails, two texts, two postcards, and the two handouts, right?

But truthfully, either one works. The hand on the shoulder, looking them in the eye, walking them through it is always the best approach. That's what we were talking about at lunch, by the way. You know, where a lot of these things fall apart is an instructor gets up in front of a classroom and announces it to everybody and skips the part of going down the line, putting the hand on the shoulder, making eye contact, and saying, Billy's going to be at the Halloween party on Friday, isn't he?

Well, we really have, well, what time is that over?

Oh, well, that's plenty of time. Billy, you'd like to be there, I mean, in... party starts at 6.30, but if you're up there by 7.15, that's just fine, right?

And if you don't have that one-on-one conversation, nothing happens, right?

And it's again, I was having, I won't use his name, but I was having the conversation with one of our peak performers, and he's doing a renewal blitz. And I said, well, okay, what happened?

He's got 150 people, and he had three renewals. It's like, well, no, no, we're supposed to, you know, worst case scenario is half and really about 75% would be what we're targeting. You know, what the hell went wrong?

I said, send me everything you sent them. He sends me over one email. I'm like, well, okay, but what else did you send them?

No, that's what we sent them. Had a 50% open range. [inaudible] you know, everywhere they look. Plus the school's going to be decorating, you're going to have to duck under the signs to get in the, I mean literally the sign will be here and you have to duck under to get in so you can't miss it. I mean it's all that kind of stuff. And in order to really get a communication going with somebody, you've both got to hit them from all different angles, but you're also going to make eye contact and talk to them one on one or else nothing happens, right?

From a practical standpoint, Eric, I can't think of anything that would be like a contrast between the two. And I think if you know, and we saw your class there at your school, I don't think you would, as a martial artist coming in, be overwhelmingly impressed with the dynamicism, charisma, or even curriculum. Of what either one of them were teaching. And perhaps not even of student quality, I'm not saying either one of them was bad, but it's not the secret sauce, right?

[2:00:21] And again, if I contrasted that with, you know, like Steve LaValle, when his operation was going strongest, he had the most dynamic floor of anybody I've ever seen. Never had particularly great retention numbers. Is he had the, you know, incredibly good, incredibly good students, excellent curriculum, the most dynamic and exciting floor, organized, you know, class plans, charismatic instructors. All of the instructors were cut from exactly the same cloth. I mean, they were all on top of their game. And Buzz's retention was probably 400% better. He had a lot of flow in the door and such a charismatic environment it was sucking people in and did quite a few things to be on top of the retention. But it was never at the level of Will or Buzz or... or Heath. To the best of my knowledge, never got close to that point.

And the other example of that would be like Ernie Reyes' schools in West Coast. And again, they have an extremely dynamic floor. And I truthfully don't remember what their attrition rate was. It's been a long time since I've looked at their numbers, but they weren't bad, but they weren't great. And they were better than Steve's, mostly because with very few exceptions, the quality of the personal relationship that the West Coast people had was much higher level than it was with the Lavalier's organization. Less ego, more just nice people, more bonding with the student appropriately. And so, truthfully, I think that's the secret sauce, is if you hire people who are highly athletically talented, but who aren't extremely personable and concerned, you've got a problem. And that doesn't mean you can't have nice people who are talented.

But a lot of the ones that are highly talented are also narcissists. And so the narcissist, it just never works long-term. I noticed that about, we've gotten some students from the Ernie Reyes's schools. And it seems like they're nice guys, but they focus on flashy styles. And you kind of imply curriculum doesn't matter. I think this is kind of the counter case where curriculum matters a little bit if the curriculum or what you're teaching them is flashy or... or hard for the average person, then that reduces retention. And flashy's good if you're super athletic and you're a good talent, but we often don't get the most talented people in martial arts, especially from a kid's point of view. We don't get the super talented 10 year olds are playing football or basketball, because those are the high visibility sports.

If they're very, very talented, we get more of the average kids and the... kids that have issues going on. Ones that are klutzes. Yeah. That was definitely me. Well, yeah, I think in Ernie Ray's case, and what I was surprised at, he had two students in particular come and they were fantastic, flashy guys. I mean, you watch them do stuff and they, wow, you guys can kick high and you can do all this stuff. And when my guys would spar,

they'd beat the crap out of them. Because we actually did fight and they didn't really fight. So they kind of weren't learning something practical. It seemed like, I don't know if I have any good data on this, but it seemed like what they were teaching, in a sense, wasn't very practical. So maybe people are only going to do that if they want to...

If you want to do something flashy and really cool and exciting, that's a small portion of the population. But to keep somebody for a long time, it's got to really feel like it's kind of a good thing for you to do for the long term, if that makes sense. You know, like you don't go to Disneyland every day, but you might go to the gym every day. You know, Disneyland's awesome, but you know, in small doses, if you do it all the time, it would get boring. And maybe that's kind of, I think in terms of curriculum and how we teach, you know, if we focus on super fancy flashy, I've never seen that really work that well. There was another kid we talked to that wanted to add Zumba and all that, remember him and his dad.

There's one kid that we talked to who goes across every weekend, tournaments and all the students wanted to do tournaments and everything. And I'm sure students love him and all 25 students that he has, or 40 students that he has, but they won't pay him a lot of money. That's not worth a lot of money either. Flashy, kind of exciting, isn't really worth too much unless you're going to be a movie star. But in our field, sometimes that looks like it's the thing because that's what movie stars do. Well, that's probably the comparison between More so, you know, like the Brazilian Jiu-Jitsu schools versus the Taekwondo schools or something, there's more of a contrast with that. And, you know, I mean, Eric, probably the most impressive thing at your school is just how friendly everyone was and how much rapport there was.

[2:05:51] And if you contrast that with what was the name of that school, the guy from San Diego, were you there at the Hotel Del when he was there?

But what was the name? The Arena? The Arena MMA. And they had this big active school and they were doing 60-70 enrollments a month and had like 800 active. But it wasn't like yours where even a big number of people was a family and they're all supportive and they're... you know, everybody's friendly, introducing each other. It was like 19 different instructors and everything's going, you know, going on crazy. And, you know, churning them and burning them. I mean, it did a complete contrast, right?

And, you know, as you know, there probably is a schism on your side too with the ones who think of themselves as MMA. tend a little bit more towards like the arena thing where they operate more like a gym where the Brazilian Jiu-Jitsu schools tend to be closer to where you're at. But even within that schism, the more you gravitate towards as a school and as a curriculum and you're really recognizing and nurturing them, it makes a huge impact on the results. The other contrast is at the Croft School in San Antonio. Where you weren't waiting for that. I didn't go to that. That was Jeff Smith. Oh, that's the one that Mr. Clark went to too. Yeah, yeah. Yeah, in fact that's how I met the guy. It was Bill Clark and Jeff Smith and I went there.

But, you know, he's got like 3,000 people going through this. He runs it like a health club. Like it's a low dollar amount. Yeah. high turnover, pricing so that they're not going to cancel the EFT. Schedule wise, guys, why don't we take a five or seven minute restroom break and then maybe power through to about seven. Does that sound like a reasonable timeline?

So let's take five and then we'll wrap up about seven. Hopefully the bus is going to show up in the morning. I can just say control us. I can just say control us, right?

It took this out of where it was and moved it someplace else and took this out of where it was and moved it down the bottom of the lake. Maybe you placed the patrol cut in patrol?

Well, I didn't... All I was doing was sitting here tightening it and all of a sudden it didn't get... It's done that a couple of times. Can't say what's going on. The longer you keep on saving it, at least you'll have below X. Stop banging on it's gonna get managed. Don't forget what I said. The first day of these trips, I went long and he's good to go. Say it again. First day of these trips. All I want to do is go to bed. Yeah, right. You didn't wait, you can't sleep. I don't know how to like highlight something and then move it or anything like that. Do you know how to do that without a mouse?

Well, you got a mouse that goes from some mouse. Well, no, it don't work like a mouse. A mouse, you go like this and you pick it up here. I got no idea how to do it, do you?

Well, you use the button on the left as the mouse button. Oh really?

So... I use two hands. I hold. Let's say I want to take this whole part here. Yes, you could get the first letter, hold down the thing, bring it to the right across. Hold down the button. There you go. That helps. Okay, now then how do I move it?

[2:10:12] Well, I'm going to control it. You can do one or two things. You can control X which cuts it. Okay. Then you put what you want to control V and it'll bring it there. Okay. I just have to find it. I even told you had mail too. It lied. I turned my audio down after that. I hadn't heard you got mail in a long time. I didn't even know they... I turned the camera on. I didn't hear. You have to look the actual same. Back to the movie you got mail. I didn't know they should have just loaded up. High Sunday is going to be 30, 52 degrees, but the lowest 30, 40 degrees. I'm trying to find this. I'm sorry. No problem. Of course, now that you guys don't have to worry about it, say, oh, what?

It'll be cold Monday. Sunday, we can do it up on Sunday. I mean, 50 even below that. I think something got me donated here. Damn. Okay, this is the part I don't like about computers. It never deletes my notes here. Okay, is there a way of finding out what got deleted or do I have to get rid of everything I did since I deleted it to find it?

No way where you save the between it to save it I didn't save it I suppose there's lots of saves yourself on that There is a ctrl Z button that goes back goes back goes back. You can see it Go back to what it was before in other words, I say I say you save it. No saving about It's part of the process you say you say you've never in the THA it controls

the it'll take us the ATR out of it. Will it take it that one letter at a time?

I don't know. I think it's... Control Z and it won't get rid of anything?

I promise. Say if you copy the move something, it's going to go back and put a word back or word before. Yeah, I just want to go find the whole... Okay, that was a refreshing. Okay, but there's a The recorder ran during our break and then I paused it for a minute during the break and then forgot to turn it back on once we were talking probably a few of those comments, but there are a lot of them, Jeff, that if you ask them, would it be possible for you to write a check for \$28,000 to pay for this lesson, they would say no. But if you approach it differently, you can walk them through how they could do it and why it would be in their best interest. And I have a predisposition on these things.

And let's talk about sevulum. If you look at your target gross of the school, Eric, if you had your ideal number in the next few months, what kind of monthly gross would you like your main school to get?

Monthly. Yeah. 120. 120, okay. So, one predisposition. that I have. And this is from pretty good documentation. Is if you're averaging 120 a month, I'd like to see the billing component of it. In other words, the monthly EFT, however you're doing, billing company, whatever, I'd like to see that be 50 to 60 percent. Okay?

[2:15:16] So if I had my ideal world to do 120, I'd have this be 60 up to maybe 80,000. And the other 60 to 40 to 60 would be cash in-house. In other words, down payments, pay-to-fills, all that kind of stuff. Now, the reason I say that is any time I've seen a school that goes much over 60%, They're always leaving money on the table. Meaning that if they started doing bigger down payments, started doing more paid in full, started doing, you know, paying in full over two or three months rather than over 36 months, their overall growth is a lot lower, right?

Usual Valley is an example. When I got him to start focusing more on this, he went from doing overnight, went from doing 60,000 a month to 100,000, right?

Is it made an immediate jump in his growth, that was sustainable. I mean, it wasn't like he had a good month or two. It sustained itself at a much higher revenue for him, right?

On the flip side, we were talking about the mass training thing, right?

He had a lot of the mass training guys ended up on the opposite side, where let's say 80% of their growth was over here in cash in the house, and they hadn't built up the bill. And that's also death. But what happens with that is when you're doing that that way, you'll hit some record months and pull in a ton of cash, but then as soon as you have a bad month, you know, you've got real problems. And you have two or three bad months in a row and you're really a problem. So you can never have a bad month or a bad quarter on new enrollment flow. because then it just, it's a disaster. Does that make sense?

The other piece of that is I always want to make sure that 100% of the expenses, including your payroll, right?

So this is payroll, advertising, rent, you know, insurance, utilities, everything. But of course, these are the three ones, right?

So advertising, payroll, and rent. But I want to make sure everything is covered 100% with the billing gets. So that anything that comes in internal is profit. So if I've got whatever the number is, if I've got \$50,000 a month in overhead, I want to make sure the billing is at least 50. So the day the, and again, it doesn't matter whether you're using software to do it or billing companies or whatever. but the men in the EFTs had all the bills right?

That way you're never living hand in hand. The other predisposition I have, and this one could be argued from either side, right?

So if you put me in the room with Bill Clark and Jeff Smith, right?

And I mean, Jeff Smith, you know, works with me, but they would both argue the opposite point of what I'm gonna say and I... and then they have a logical reason for saying this. But in my mind, I like to do it this way, which is I enroll you for that first 12 months, and it's just a trial enrollment where I'm going to do this quick start, hand holding, renewal prep process, right?

And when I do the 12 months, I don't like to have that be paid for. I would much rather it be you paid me \$500 to begin with and then you're paying me \$500 a month. And then preferably before this first payment hits or within the first month or two, I'm going to be flipping it into a leadership renewal. And I'll take as many of the leadership renewals paid as full as I can possibly get. Does that make sense?

And what I see a lot of times is when people start focusing on doing cash. Is there like cashing everybody out for six months?

You know, I don't want them to write me a check for \$30,000. I want them to write me a check for \$30,000. Right?

It's almost counterproductive because then when you go to try to get the money for the other one, you... I like to use the rule, you can only kind of rule of thumb and just ask for money twice. Yes, for once at the beginning, yes, for once at the upgrade and that should cover it. If you do the paid in full at the basic, it kind of is like... kind of using up two of your options. Well, and as I said, both Phil Clark and Jess Mintz would argue the opposite. They would argue if they pay the full fit enrollment, they'll pay it more easily for the real. I've always felt, and this is from like doing a thousand of them belly to belly, I've always felt that giving them any reason to think I don't have to talk to you again about this thing for a year is counterproductive.

[2:20:15] And you know, and I hate hearing the, although it's kind of like, the parent objection you talked to, there's an easy way around it, but I hate hearing people, I've already paid until this time next year, you know?

Why are you talking to me again? I hate to hear that from somebody. So, I've always done better by just setting up the enrollment on monthly and then getting as high a percentage of leadership people pay the fullest possible. Now, when it comes to that, my pricing logic goes, the way I came up with my pricing logic was to begin with, was I made an assumption that we were going to get about a third of the renewals paid as well. And two-thirds of the renewals, we had at least a 50% bump in payment. Now, run the math on that. If I have three bills, One of which zeroed out their payment on the other. Two of which had a 50% bump in payment. What that means is I can do a third of all of the renewals paid in full and have zero effect on the bill.

Right? Does that make sense? In practical terms, we ended up gravitating towards this being even higher. And so... Therefore there was a net positive from the renewals even with a third peg in full and no, you know, no Cashing out of the balances You does everybody see why I'm saying that because what would happen a lot of times is the schools that would focus on cash All of a sudden their billing is going like this, right?

You don't want the billing to go like this one going to go like this, right?

But you also want to do all of the all of the other and so my logic was as long as the ones that renewed monthly and the cumulative of that was more than what was lost and lost losing the payment on the initial year enrollment plus not getting a payment on the on the renewal. Right?

So that was my original logic and so it was all built upon One-third, two-thirds. A third would pay in full, two-thirds would pay monthly. And what I've seen over the years is what that ratio is, going back to what you said, Simon, has been greatly impacted by two things. One is if it was in a rich area town or a less rich area town. And then number two, what was happening in the credit markets?

Right? And so I hate to externalize any of this stuff, but there was a long period of time, and it's coming back. Long period of time, as long as you could fog a mirror, you could go get a credit card for \$30,000. Right?

And we didn't have any merchant account problems with running the \$30,000 card. And by the way, Jeff Cole, who we lined up to do the credit cards, the reason we lined him up, was because he can manage the risk department and mitigate some of those problems. You and I talked about that recently. So if you aren't using him, I would at least go get an additional account with Jeff. And... Who's this?

I haven't heard of that. What's that? Yeah, it's up on the website. Okay. You know. If you go on the website, it says accept credit card or something like that. That's Jeff Cole. So... And we don't have any particular relationship with him other than I was seeking somebody out during the height of the credit crisis because it was a common problem that, I mean, even like big down payments were being problematic, right?

And I think I had, Lloyd had one day where the credit card company held \$65,000. I had one too. Yeah. 88, \$80. Well, I had them hold a \$30,000 deal. And I think worst case is I had them hold \$50,000 or \$60,000 that we did in the weekend. And that's when I

started looking at somebody who could deal with that stuff and manage it. But does all this make sense so far?

So if you start looking at it, but again, how is it, if they can't write a check, how would they come up with it, right?

Well, let's say you're talking about the kids market or the adult market. A lot of people don't have that much money in their checking account, but they have investments. They have an IRA, they have 401K, they have investments in stocks. One thing or another, it's all fairly liquid, right?

[2:25:18] But if you're giving them a big enough cash discount, what's happening is their other investments are making squats, right?

So last few years are making, what, 2% or 3%?

The stock market has done better now, but if they're something equivalent to cash, they're not making much. The market has been soaring until recently, it started crashing again. A lot of times they're sensitive to that. And then if you show them, well, if you do it this way, the equivalent return is much better than you make anywhere else, then they'd be willing to do it. The other example was piecing it together on four credit cards, five credit cards, one credit card. The other example is the one I used a minute ago, which is, mom can't afford the payment, but her mother will afford the payment. So they borrowed it. We used to have a credit union. We worked with a lot. And we just had their brochure on the desk. We had a business card of the sales rep.

And after we wrapped it up on monthly, we'd give them that and say, you know, you really would be better off to, you know, you could do a HELOC, Home Equity Line of Credit. You could go do a HELOC. They're going to do that for 3% or 4% APR. And we'll give you a \$5,000 discount. So you'd be much better off to just go have them do this and then they can write a check for it. Oh wow, I didn't know that. So we'd give them the credit union, you know, a brochure in the card. Then we'd call the guy and say, you know, they're interested in doing that and fax over the information. So there are a lot of different ways to, you know, to break the barrier. But in having the conversation with them is...

It'll be, again, a child or adult, but if it's adult, you say, well, a lot of our students prefer just to do one payment. There's a significant cash discount, and then you don't have a monthly payment at all. And obviously, most people aren't able to just write a check or whatever, but you could do one of several things. You put on a credit card, you put on one of four or five credit cards. If you have money in 401k or other investments, it's going to be a much higher return. The savings you're going to get with the discount than what you're getting anywhere else. The third choice a lot of people end up doing, home equity, line of credit, or something like that, and then that's a much cheaper way to do something like that, and you still save \$5,000, \$6,000.

So you start giving them options, right? And Greg, you were talking about the... the script to get more of them to do it. And when you're asking for cash, there's two

approaches, right?

One approach is to resent the full amount of the cash discount. And then if they can't do that, to back down and take a monthly. I've always preferred the opposite, which is I get the deal done down payment monthly payment without discussing the full cash price and then go back to it and the language is oh by the way. You know Jeff Smith did that on one of our calls recently. His language is a little different than I've always used, but it's about the same idea, right?

Oh, by the way, I forgot to mention, a lot of our parents would prefer to say \$5,000. Would you like to do that?

Well, of course. Well, the way you would do that is we can do the balance on credit card, or combination of credit cards, or write a check, or, you know, home equity line of credit or something like that, we give you a significant cash discount for doing that. And it's a significant savings. Oh, well, how much would that be?

You know, \$28,900 versus \$36,000, whatever the number is. So it would be, you know, \$8,000 savings. I think a key point though is if your term is too short, if you're not doing at least three years, or and your dollar amount is too low, then the savings drop so much that it's not precipitously, you know, saving 5,000 on a \$30,000 deal is a big savings, but saving \$900 on a \$3,000 deal might even be a higher percentage. I don't know, I wasn't trying to do my math. It could even be a higher percentage, but it just, it's not as attractive as saving like three or four or \$5,000. So that makes a big difference. And so that's another good reason about pricing, making the right pricing decisions, because otherwise you're paying full amounts just... I was talking to somebody the other day and they were doing 12 month contracts.

[2:30:22] And well then, you know, it's, you say 500, 600 bucks, who cares?

Yeah, paid in full 100 dollars a month for 12 months, who cares?

You know, I'd rather them do the 1200 dollars of the down payment. Right. And then a month from there. But that makes sense so far, Greg. And then the next element of it is that a lot of times they'll say, well, heck, I'd hate to put it on a credit card and pay that much interest. And so the follow-up to that is, well, absolutely, I understand what you're saying. What we're giving you is the equivalent of 18% APR. plus an additional 10%. So even if you pay the interest on the credit card, which is probably what, 12% nowadays, even after you pay the interest on the credit card, if you carry it out the same full term, you're still saving over \$3,000. Could you repeat that, please?

I didn't follow. Because I'm having trouble doing this and getting people to put it on credit cards. Are you charging finance charge to your people?

Like, I think Jeff Smith is. He's the same about 18% finance. No, it's just, yeah, you explained it. Yeah, well, it's all in the language, right?

See if I'm doing a computation, put it on your credit card, or pay us billing, right?

What are the advantages of the credit cards? Well, if I give you a big enough cash discount, and it's not very hard for me to do, right?

Because if I'm paying 18% interest, really I'm paying 1.5%, right?

Most credit cards nowadays are going to be, what, 12% or 10% or something like that. They're not, you know, they're not 18%. And this is also the... [inaudible] you have 30 days float, so there's no interest and then you have if the interest rates 18% you have 3% Am I willing to you know pay if it's a \$30,000 cash deal am I willing to pay 3% of a \$30,000 cash deal in order to have it today rather than hope for it in three months Yeah, right because guess what a lot can happen between now and three months. You know well I was going to give you that when I got my Christmas bonus, but we didn't get Christmas bonus this year I was going to give it when I get the Christmas bonus, instead I got a pink slip in my thing.

So going back, I always pretty presented it as a cash discount as the equivalent of 18% APR plus an additional 10%. I do that for a very specific reason. A huge percentage of the cash deals I've done over the years were on credit cards. And the biggest objection they had is they think their credit cards at a higher interest rate, right?

Which they're right, but our cash discount is even better. So I'll present it like that, and then they say, well, yeah, but I'm paying up. Well, see, I'm giving you 18% APR plus a digital 10%. And here's the advantage. See, if we set it up monthly, it's gonna be 350 a month every month. You have a good month and you wanna pay more. \$350 if you have a bad month, you don't want to pay \$350, it's still \$350. On the credit card, you can pay the minimum one month, you can pay it off the next, you're totally flexible because it's a revolving line of credit. Number two is we're still going to give you're still going to, even if you pay the 18% for the whole thing, you're still getting an extra \$3,000 savings. And... So even if you pay it off over the term that we give you, if it's a three-year term or whatever, if you pay monthly.

What essentially happens to, and you can present this, is if it was \$200 a month to the school, they could pay \$180 a month to the credit card for three years and they would still save money. Because you're paying their interest plus you're giving them a discount. So if they want to have the lowest payment, just pay it off on your credit card and then pay them. The worst case is you pay \$180 a month and then you're still saving money and save you \$20 a month. Plus you get the points and the mileage. Right, exactly. And we have a worksheet that we figured that out on. We have like a little, so it shows the payout. We showed the 18% discount, which we, I'm anal about that. I probably shouldn't have been that way, but like if somebody was paying in full and they had 30 months, you're laughing at me about this.

[2:35:18] If they had 30 months, we gave them the appropriate 18% APR. So you just gave them 18%. We actually calculate, so it's less. Do you have that?

Yeah, I have it. You can. Yeah, it's probably better just to do it this way. Here's what happens. I'm a kind of person. You tell me yourself, now, oh, I got a state of understand.

I'll explain it more clearly. But a confused prospect does nothing. So if you give it to the. No, I don't show them the chart. I just give them the 18. It says 18% APR on the thing, and I show them the dollar amount. A confused staff member. It's true, it's true. That's why your dollar amount has to be high enough and your term has to be high enough so you're still preserving. If you're talking about four or five years that 500 a month. See these guys giving 10% we just talked to somebody the other day giving a 10% discount on Payful.

It's like why bother? It's not enough for me to, in fact it's a dumb deal for me to get a 10% discount. The 10% discount works just fine for the ones who are making \$300,000 and it's okay fine just put it on the MX, right?

But that's been a very small percentage of the cash deals I've done over the years. I would say there are very few who weren't feeling a lot of pain at the moment that they wrote the check. Or, maybe not pain is the right word, but it was a lot of money to them. And in fact, the ones who were richer, sometimes it was actually harder to get them to part with the day of the truth. But, see this is all about why you should do it on the credit card, but it's also why you should do it out of the kids' college fund. Or why you should do it out of your IRA, right?

Because if you have an investment fund, you don't want to take it out of there because I'm earning a return on that and I'm saving, well, you're earning 5%. I mean, in this case we're giving you 18% plus 10%. So over the period of time you would have earned \$700, but you're saving \$4,300, right?

So you know, and the way I'm talking about this kind of nonchalantly is prethought out sales strategy, okay?

In a sales presentation, I'm always talking around numbers, approximates, more or less, I'm never getting into detail. Because the more detail you get into, the more confused most people get. And then as they start to get confused, then they just don't do anything, right?

And so I'm always trying to keep it varied. And one is, is body language and voice tone right I used to train the staff we would we would I would have them train and we're doing the enrollment presentation I'd say well, you know the initial the initial tuition normally is six hundred thousand dollars Essentially enrolled they would give you three hundred thousand dollar discount. So it's only three hundred thousand initially the monthly's hundred and ninety seven thousand a month, so We would do 497 now and then one ninety seven a month is that going to work fine with the budget?

And I'd have them role play \$197,000 a month, \$197 million, just to desensitize them, too. And then when they're saying, \$197 a month, it's like, no big deal. But you want your tone, body language, everything when you're talking about money to not change from talking about anything else you want it to be completely nonchalant. You want it all to be round numbers. You don't want to get into a lot of depth and detail. But you do want to give them the logic of, I've got money over here that's earning interest. Why

should I pay you with it?

I've got money over here that I can draw on a line of credit. Why would I want to give it to you because I'm going to have to pay interest?

And so you want to give them that presentation. I would also add on to the complexity thing because I agree 100% that complexity kills your sales. It's really tough. We've seen some people lately where I asked, well, what are you presenting?

[2:40:10] And they show the presentation sheet, and it has the pricing on it. But then it'll have all the family membership price, the discount if they do this, the testing fees. And then they have another page that has all their Gear costs, and I'm like, do you actually present all this stuff at the same time?

Well, yes, because we want to make sure everybody knows about any hidden cost. That's the dumbest thing you could possibly do, because it just confuses people. And I mean, you know, sorry if anybody in the room gives all that stuff out, but, you know, fix it. It's not there right now. But it's hard to beat that out of people that, well, yeah, but what if they ask me later and we didn't tell them what gear?

I'm like, there's nothing, I mean, you guys bought, you didn't think that... This was free, right?

Actually, it was free. This place is pretty nice. It was a very nice surprise when it was free, but I didn't expect it to be free. Yeah, down there, they were so nice. This place is cool. Anyway. They were great last time. Yeah, yeah. So, but I never answered the phone, by the way. Well, everybody's got their... When we lined this up the first time, it took six months of trying to call before we ever got hold of a sales rep. and almost any time day at night you get the voicemail and the front desk only answers their phone until 5 p.m. Eastern which is 3 o'clock mountain time. Yeah. But anyway, what you present to people should be simple and then when you explain it, like I don't have any of the painful amounts, I just do exactly what Master Oliver is doing which is you do the monthly, you take care of that.

Then oh by the way, and then we write down like first grade math. I always try to explain it like first grade math Here's your thing and here's your thing and you can save this one would that be better and then if there's another option we just do it later we don't present like the We're very big into systems But so some people take that to mean everything's all printed out laminated on a piece of paper or on an iPad like I have my iPad used to use for presentations, but not for this stuff because it's got to be simple. It's got to be really simple and presented. And even in that other example, if you wanted to present, if you're charging all this stuff, right, you've got an association fee, you've got an exam fee, you've got the, if you wanted to present that with everybody, you'd be much rather to present that, you know, and again over the term of your enrollment.

All of the other stuff is going to probably add up to about \$20 on it, right?

Or \$30, whatever it is. And I don't think that's even that important. I think you do the monthly enrollment conference, I wouldn't get into any of that stuff. Or after they enroll. And that's not, you know, it's not that big a deal. It's much better to do the sale first, make sure they're committed. Otherwise, it's confusing. Our standard contract. Discloses everything under the Sun contract to write which of course nobody ever reads and that's another mistake They sit them down and try to get you know here. Let me get you to pay it here and here and here What am I what am I signing?

You're signing that you're gonna pay a hundred ninety seven a month twelve months, and you just gave me \$400 I mean you know But I mean in the written agreement. I mean you know disclose everything we sent out that membership update form that I did write a while ago. You got the contract for basic and that's on a legal piece of paper. And then the membership upgrade form is just noting the changes. So the changes from 12 months to 36 or 48, the changes that they're paying this new amount. That's it. Yeah, we sent it out at one call a while ago when we talked about upgrades. So if I'll just send it out?

Yeah, just email me and I can send it or we can send it from the thing. If you'll send me all that stuff, I'll just have Maric put up on the website. Okay. so we don't have to re-enter the wheel every time. Yeah, any of that kind of stuff that you can't find just remind me and we'll get some samples. But then it's really simple. The first person to ever do it, oh sorry, go ahead. When I was working with the Tigers group, I liked the way that they did the crisis. I thought it was good. I probably had about 30% of people paid in full. It was very simple, very basic. They changed things since then, but it was pretty easy. What was the presentation at the time?

It was like, for the beginner program, it would be for 12 months. It would be, it started out with a monthly payment of \$200, where you could pay for it in free payments. \$350 or a single payment of \$1,200 and save yourself \$180. And then it would start just sitting there, we'd put my finger on that one, and say, which one would be better for you?

[2:45:11] And many times, you'd pick the higher price point. Right, sure. Well, in practical terms, that's the lowest priced one. And then two months later. Then we would renew them into the Black Belt Club program and then of course there was a price for it, the time frame was doubled, tripled. And then we would do the same thing and it was amazing how many people chose to pay in full because it was safe. There was always a registration fee for everything. Registration fee didn't really do anything. Yeah, to get started. Yeah, we try not to justify that. Like a lot of people, we worry about that down payment. We'll let them giving stuff that equates to this dollar amount if they bought it separately. That just, if you try to justify that, it just makes things more complicated.

Yeah, I mean you can say it's 500 initially to get started and then it's, you know, 247 a month. What was the \$500 for?

Well, to get started. Remember, you know you got the bicycle, how much?

No. Days of the year, football. Yeah. Yeah, okay. Yeah, that just wiped me out there. I know that Denver has a team that's... pretty good. His kid came into the school in Cherry Hill. The mom came in the very first time and he never saw the parents after. He came there in a Rolls Royce every day by a chauffeur and then dropped them off. And every time they said, just tell me how much. And he always said, just wrote out big checks. Our version years ago of that was Marvin Davis, who was, remember the movie Pretty Woman?

Among other things, he owned that hotel. He also owned Paramount Pictures. But he lived in Denver. And his bodyguard was one of my black belts, who was a former Lakewood police officer. And so this 230 pound former cop black belt. would pull up in the stretch limo with these two scrawny little kids, it was the grandkids, two scrawny little kids and bring them into class. We had a fair number of recently retired pro football players over the years. But, yeah, you know, Shulman was always on, and of course most of the systems came from the Junior Institute. But he was always on a pretty decent pricing schedule. So, you know, the last time I knew what his prices were, they were about the same as what my prices were in Denver. And, you know, proportion of terms that means I was, you know, Costa living in New York is higher than Colorado, but he was, what, then I think it was...

Around 200 miles. Which I mean anybody in here if you're not far higher than anybody else in your area you've got to read the prices. One of the things last week you helped me out with the pricing that was really really beneficial. It's really worth well. The six month deal where we worked out the pricing on that. For the initial first introductory phase, we present an option for the paid off at six months. It's kind of like you're saying. Right, accelerated payment. Accelerated payment, the paid off at six months, we've given the option, so it's 189, or it's 340, so you basically save \$19 a month. But that mainly is doing is getting ready for renewal. And then now you pre-print it and say, well, you know, most of them. Most of our students are looked at within the first couple of months to see if they're ready for Black Club and see if they're accepted into that.

That's something we can talk about here. And then you have the renewal conference, the difference between, they're already used to paying \$3.41, they've had two or three of those payments, and then to step them into renewal, it's still a big deal because we also offer that for Black Club, so then it goes from \$3.42. 48 payments of 3, it's like 440, so it's \$100 more. Or if they can't do that, then they'll step down. So you'll lose \$100 more for payments, but then you get 48 months of 250 or whatever your normal months is. And it's been working real well. I ran the numbers, we're about 20% of the people are choosing that option. Why would you ever drop their payments?

[2:50:20] Well, if they're paying \$340 and they renew the Blackbird Club, it's \$250. So, you know, renewing... If they're already paying \$340, why don't you just give them an option that's \$340 for 30 months rather than... I was trying to keep it simple so they didn't have to... Yeah, but I would have option one and option two. And option two is the same amount they're paying now. Right?

And then the other option is to jump the payment onto the same premises. You know, when I... The other issue with that, if you do that at basic, now they actually prepaid one person that chose the lower dollar amount to get in a better deal than the other person. I don't know, to me that seems like... No, they wouldn't be, because it'd still be an accelerated payment. No, but he's not giving them credit for the one they pay \$189, and the other they pay \$340, right?

Nobody ever asks that. That never comes up. Seriously. I haven't had two people ask me about it. Oh, I say never, you know. Anything less than 5% is rounding him, right?

But... I mean, we used to do it where if you paid in full or accelerated payment or whatever, the renewal price was the total black belt and we were taking out everything you've paid. And just stop doing it and hardly anybody ever asked. It just didn't make any difference. And no matter what they do, you're doing most of the renewals in the first two months anyway. So if they're doing that kind of accelerated payment hasn't made any difference because they you know, they've maybe made one payment. See that was years ago. That was the way I you know, I first stumbled into doing the stair steps on the upgrade, you know, because the logic basically used to be the 12-month enrollment at X amount and then it's a 36-month black belt club but basically the same price, right?

And I started doing it, your role to second degree black belts, they pay for three years, you get three years free. And so they're paying, let's say 250 a month, but the premise was, you know, you're paying for three years, next three years are free, really, you know, it's the same as it was. But I was having no problem getting the 250 a month. So then if it changed, if lost that premise, and now it's 250 a month for six years, it was just as easy to sell. And then it could be 500 a month for three years, three years free. And well, if they can do that, they can do 500. Mikko Pellet, he's in Israel now, I think. But we were working with him for a while and he was in Coronado. But we tripled his prices because basically he was doing the renewal and they pay for a year and the rest of it was.

Was free, he said, well, get rid of that premise and just extend it for the whole time. And then the next thing was, at that price, you could then have an accelerated option and have it be bigger. But everybody he had, you know, everybody, it's like, it's like, Jan, what you were talking about with the upgrade. If pretty much everybody you have is able to pay \$300 a month, that means they could pay \$300 a month for a year or for three years or for five years or whatever to make a difference. if most of them are upgrading to the new thing, well, they could have paid that for the initial tuition, right?

And that's where I started escalating the leadership tuition is what I was finding at doubling the price is still 90% of them were doing the most expensive thing, right?

Worst case scenario, even the schools that weren't going very well is at 75%. Well, my logic was we're going to get about half and half. So if we're getting 90% who are doing this, what does that mean?

That price isn't high enough, right? If we push that price higher so that more of them had to fall back to this, everything's better off, right?

So again, I mean, sometimes you stumble across those trends, we deal with big enough numbers, they go, well, almost everybody's able to pay \$250 a month, so why, you know?

Why am I concerned about what the initial tuition is?

You still haven't gotten the dollar amount high enough with leadership that they're at 50-50 though. So that's a key point too. Well my biggest problem is they're independent owner operators and think independently and that's the problem. So my biggest problem is actually getting them to charge that. Even Jeff Smith. I've got him pushing his comfort level pretty dramatically and he's still, you know, now he's got the new wife and she wants to have an opinion about it and she doesn't know anything about it. No comment. Exactly. Greg, is that helping or do you?

[2:55:36] Yes sir. I guess as far as I didn't think about it, I'm not changing their payment. I mean, they still have to pay that six month payment off for that rate. And the remaining payments are below \$250. But you're saying just short term and keep the rate the same. I would just wipe out the old agreement and at the least have them pay what they're already paying for the new term. Yeah, just figure out what the term needs to be for that to be what the payment is. And I mean, if they're already paying 340, you can make it 360, right?

But keep it right there. You know, I wouldn't give them one option that's up here and then another option that's down here, right?

I would give them the option here or the option to keep the payment about the same. And you already know 340 a month is fine with it. So, why don't you commit to a longer period of time?

And see, the longer commitment is false expectation on our part. Because if you don't pay your payments, what are we going to do?

Nothing, right? So, any student contract we have is really a one-way commitment. We're committing ourselves to abide by it, and in most cases, they're not committing anything, right?

Is it's more of a psychological, let's sit down and talk about it, be serious about it, than it is a real, you know, anything you can say. But we don't tell them that one. No, no, that's not part of the story. We don't say, oh yeah, we let, you know, we're not going to do anything if you don't pay. We don't say that from their point of view. Well, on the, you know, and this goes back to Jan's question too, on the 18% to 10% presentation, it sometimes it sounds like it's so much. especially the ones who are a little more sophisticated. They'll say, well, why on earth would you give that much of a discount?

Right? I've had a few people say that. My answer is always, well, number one, we're using a billing company. They charge us basically the equivalent of 18% APR anyway.

You know, they're rich enough. I just assume acid on the air. Right?

So, and then the additional 10% is this. just worth the dust to have a now rather than drug over the next three years. I mean, there's time-valued money, right?

So, then it's a very easy explanation. But a lot of them haven't thought about it that way. They don't think that it's gonna cost you money to collect it, right?

And it does get, I mean, even if you're paying, like the simple billing thing, if you're paying 35 bucks or 50 bucks a month for software, and it's a 2% merchant discount or something. It still adds up, right?

And the time and effort to deal with it. I'd much rather give them a discount and not have to mess with it. And then the easy explanation is, when we were using the EFC, I had a picture of Nick and his roles. We're using the billing company. They're rich enough. Here's the owner. I'd rather pass on the savings to you. I told Nick that one time, pissed him off. I thought it was funny. He was making the case where you shouldn't have any pain in fulls. Oh yeah, you should. You have to do it legal and unethical. For anybody here, we pay you more than one month at a time. You should never do that. It's against the law. Do you know the statistics for how long a person on the average keeps their agreement?

So you can kind of look at where is the bottom line that we break even if we get a 20 or a 20. 30 or 40 percent discount, you looked at that?

Yes. What did you know those numbers? Well, it's all over the board, obviously. But I guess the way to think about it on two sides is we talked about before that your dropout rate does plummet dramatically once they're renewed to your highest level program, right?

But let's say that your average monthly attrition is 4 percent. Which would be pretty good. Well that means in a year half of them are gone and two years all of them are gone. So if it's a three year deal you can plan on half of them, again half of them are going to quit making their payment within the first year and then essentially all of them are going to start making their payments within two years. We always look at our student body and we look at things and say oh no I have a bunch of brown and black belts. No, no, no, you're still dropping out 4%, but then they just kind of pile up at the top. So that's one way to think about it. For a while there, we did some very complicated statistical analysis.

[3:00:32] I'm looking at it. And I used to have arguments with ASF and with EFC about this, and they had pretty good documentation on it. But none of it came back to a better conclusion then. If you're dropping out 4% a month, on average you're not going to collect much over 12 months. The EFT world improves that somewhat because somebody can drop out and still make payments for three or four or five months before they get annoyed enough to get it stopped. It is the one pricing dynamic that goes against, you know, my and our philosophical bent in one way, which is the higher the payment, the more they're going to be concerned with stopping to make the payment if

they're not using the service, right?

So you take the guy in San Antonio, he's got a \$35 a month EFT program. Well... I've had memberships at health clubs for 35 bucks a month. I ran for three years. It was going to be more effort to stop it than to just let it keep hitting. I had a membership at 24 Hour Fitness. I think you're EFT and between I know it was a month. I hadn't been there for two and a half years. That by the way is their strategy. I asked one of those when I signed up in the health club because I wanted to use their facility. I said, well, can I just pay in full?

I mean, I'm sophisticated, I think, and I'll just, you know, get a discount. I said, can I just pay in full for the year or three years?

And he goes, no, we don't allow that. And he really didn't because, and he said, I said, why not?

You know, when I told him I was what business I was in, he goes, if we charge, it was like 19, their introductory thing. If we charge this, we know you're never going to cancel it. So, but it's a different strategy, you know, they don't want me to, they really just want to sign me up. I can use it. facility if they like but they know that what the average that people use a health club is like three or four weeks on the average you know for all the people that use it for a lot or they give you later on, can somebody pay them for it?

Absolutely. But it's just going to be they're going to save less money because they didn't, they're not saving on the initial payment that they made. Well, and again, there's, you know, there's different schools of thought on that. But my rule of thumb is I never go after the little balances. So, you know, when I consider a little balance, I'd say anything under \$5,000. So if they have a balance under \$5,000, I'm not going to put effort in to try to get it to cash out. But if it's a \$10,000, \$12,000, \$20,000, \$30,000 balance, we'll go back to them. Now, I don't want to be like a mass thing, beating them to death all the time so they're afraid to walk in the door. But, you know, there are certainly periods of time, right?

Taxing. You know, a lot of people are overpaying their taxes all year and they get a refund. So that's a good time to send a letter, send an email, give them a handout and then sit down and just ask them all one-on-one. And I may still have them, I don't know if you remind me. I used to have three or four different payoff letters. One of them was something to be effective, and they're all very simple, but one of them was the effect of, we were just reviewing all the accounts, and I was disappointed to learn that you're paying an extra \$3,000 on your tuition, and I just wanted to give you the opportunity to save that \$3,000. And on those, we would give them the specifics. You're currently paying X, the balance is X. We'll give you a \$3,000 savings if you want to pay one payment.

I've actually added what we sent that out. They just brought the sheet back with a check. We had it with the fax thing. They fax it back. We always get one of those when

we do it. But then the other ones are usually one-on-one. Yeah, you have to talk to them. You get occasionally get one, just sends it back in like, thank you. Yeah. Found money. The problem always is if that's all you do. You send an email, you send a fax. You're going to get the occasion, but you're not going to get much. But yeah, I mean really, and again, to avoid beating them to death, what you might do is just pick a cycle when you're going to go through them all. Right?

[3:05:28] And don't have that be the month you're having a bad cash month, because then it'll be like you're beating everybody up all the time. But certainly in February or March, I would go through and... Try to cash out all the big balances maybe again in September might be a good time to do it You know back to school and everything settling down You know strangely enough November December Which is why we came up with the whole renewable this night, but November December is a good time for people to pay cash and You know, I don't have I don't have statistical proof, but my logic is they're so busy spending money everywhere they turn that it's easy to get them to spend money in November-December, right?

So they're out doing all the retail shopping and everything else. You know, the only caveat to that is you want to get to them early in the season, not late, right?

So I don't want to approach them on December 21st. I want to approach them, you know, the first week in November. But once you get the holiday season started, it's another good time. And another good time to get them to renew, another good time to get them to renew and pay them. [inaudible] Because it's like you might get one or the other, but sometimes them doing this screws this one up. So I want to go get the upgrade and pay it off as part of the upgrade, not do one and try to do the next. Did that answer that question?

Yeah. But it is something, by the way, that you can do. You know, hit them two or three times by direct mail and then just talk to them all. It's a very easy conversation. And again, that was just mis-line is, you know, Ms. Jones, I just want to follow up. Would you like to hear about how to save \$5,000 on your program or \$2,000 on your program to continue to make monthly payments?

And that's his language for if you put it on your credit card, we'll give you a big discount. But would you like to?

Hear how to save \$3,000 and be able to continue to pay your tuition model. Well, good. So we have, what, about 45 minutes. So what would be the highest priority thing that we could do right now?

Eric, what's the one thing that would get you to your 120 a month?

If you guys implemented a lot of stuff we did when we were in Houston because we had talked about the sales process and how you were doing the intros and those things. Paul, what's your top location doing for months?

What's your top location doing for months? Well, overall. Oh, overall. 138,000. And where would you like to see that one end up next year?

That one we can, the only thing that we can really do with that one is increase martial arts. You're right capacity for the We have 228 child care kids there. That's up. Wasn't that 180 before?

Yeah. We're maxed out. Okay. So now the only thing that we can really do with that is to do the back part. On the childcare side, how much room is there to layer on additional revenue for a student?

[3:10:18] We are already about 30% higher than anyone else around. What we just did start doing is that when we renew our kids who are in the childcare into the Marsars program, you've been adding on \$100 a month fee onto that for like a leadership or what we call it, Peaceful Warrior program. But that's been significantly helpful. Okay, so you have been doing an upgrade for the after-school care kid when they're... Have you... added any of the other types of upgrades for while you were doing, what was it, computer skills?

Yeah, we do computer skills. We do like soccer or some music programs. But our biggest issue is that we don't really have any space to do the programs. I mean, if you consider, we have 11,000 square feet for that building. We utilize 10,800 of that space for child care and martial arts. The office space is literally tiny. So that's our biggest issue. If we start taking out child care space, we lose a bunch of revenue. Oh, sure. But is there still opportunity in child care?

The example I had shown you was a criminal crime. And arguably, their target audience is half a million dollar a year income earners and you're not in that kind of market. But is there an opportunity to do you know, high intensity Spanish or some other type of thing that could be another \$200 a month layer on. I really believe that where we could really do well would be to do some sort of a program like a Kuma, something like an actual learning environment or learning health. It could be Eric Dan. No, I really could. And I don't know if you've looked at it, but I mean, Sullivan's pricing. I mean, they have six week courses that can be \$1,500. I mean, they can really leverage it up. There's no question. We've actually looked at it, again, we're lacking space to be able to do it.

Looking at a new location that would have 15,000 square feet, you know, and then I would incorporate that. Jan, you missed that number, but the question is, Paul's main location, what's it doing now?

What's the next threshold we could hit? So let's say the threshold is 200,000 a month. 30,000 a month?

Well, he's doing 138. He's doing 138 a month right now. And the transported after school care, last time I knew the number you read about one, I think it was 186. And now it's what, 220 you just said?

228. What's the income at the after school versus the martial arts, another 130?

Oh, well, the after school is doing 110 of that. Yeah, well so we got the, you know, we got the martial arts program doing what it should be doing. That's 200 right there, right?

But, okay so out of, so 220 kids is on their transport after school care is translated to 110,000 revenue a month. So what's that 500?

About 500 a month each on average. That's the average. Right. See I'm fixated on, you know, like, you know, both my kids have done, have done Spanish since, you know, at preschool. But my son wants to do Mandarin Chinese. Now he's six. One of the other first graders is doing Chinese classes for like four hours every Sunday and now he wants to do Chinese, right?

[3:15:19] But I got to tell you, as a parent, something like that, if it was high intensity immersion, second language, I mean, I would be very immune to pride. It almost wouldn't matter what you wanted to charge. He's doing four hours on Sunday?

Chase hasn't yet, but that's his friend. No, but I mean, that's... Yeah. Because you're not open Sunday, are you?

I mean, I know you guys don't want to go in Sunday, but you know, that's a whole other day. Well, that's right. I mean, there could be some kind of additional tutoring thing that was happening on Sunday. You've already got such a big set of kids, and if you're going to do the elite group of them, if 50 of them did something on Sunday, and some other people were teaching them, obviously, then that potentially could be big. What are my students?

The mom is the Chinese school teacher. There you go. What could be the price point on that?

I'm not the normal customer, but if they told me it's \$250 a month and he's going to do 10 hours a month of second language education, no problem. Well, it might be a congruent market with you because you guys doing with the Spanish before My daughter was doing tutoring with a gal who was charging \$50 an hour So we were doing \$50 an hour I think it was two hours a week. So I'd be 250 bucks 300 bucks for the stand-up comedy class. Yeah, and that's two hours a week Yeah Yeah, it's tough to compare some of those things though like singing or artsy things are probably less You know, you're not going to get a job. It's hard to make the argument You're going to be a CEO of the company Yeah, but the number he came up with was 300 a month for one lesson.

Oh 75 a week or 75 a month Oh, okay. Well, yeah. He's paying \$300 a month for singing lessons. I guess the question would be how much would you need to make?

I was paying \$100 a week for two sessions a week for language tutoring. It seems to me that there's another layer that could be of, again, out of 220 kids, if he had 40, they were willing to pay another \$200 a month. Well, that's just found money, right?

Assuming there wasn't much additional cost because they're already there anyway. And you got to figure out how to segment that group from this group, but it's not adding to the volume. Well, what would that be?

Another \$200 for 40 kids? \$8,000. Yeah, I mean if you have to pay somebody a thousand a month to generate another eight thousand revenue and depending upon how many streams like that you can get going. Clearly in that kind of market you could do Sunday. But the thing we know again, martial arts school is doing 28,000 a month. I mean they're doing over 100,000 just for martial arts. So if we could get the martial arts side of it to 60, right?

Now you're at 170. I mean, that's a pretty good chunk of the way there. And then if we could find something else like the Chinese tutor or something and have a couple of things like that. I feel like pointing out a lot of this makes sense for Paul to do these extra things because he's doing the transport after school and he's got that filled up pretty well. places full, they're very efficient on that side, the inefficiencies in the martial arts and maybe to add other stuff on. For most of us, we shouldn't be, I guess I can just see half the dozen of the people that we've talked to lately say, oh yeah, let's start Chinese classes on Sunday. Well, I think it's a different thing. It's what is the upgrade program in addition to the martial arts when he's got the kids for what?

15 hours a week probably. Do you have to add Trent?

15. So he's got them there 15 hours a week. And so he's already adding \$100 a month for, they go from, because martial arts instruction is already part of it. But when they go into his version of leadership, they're already adding \$100. Right. And of course, you're undercharging. So that could add 200. You know, your martial arts program you're undercharging, you're just charging what'd you say, 145?

[3:20:20] So, so, you know, there's an opportunity. How many active martial arts students are you at right now?

250, not including the after school. 250 are only generating 28. Exactly, he's undercharging, he's got a bunch of old people who are paying ridiculously stupid low-mod rates. The upgrade is not aggressive enough. Kind of the fundamental issue though is you've got the place full, so increasing prices make sense because as long as you keep marketing, then you're going to filter out the ones that... It's a natural thing if you filled your place up. You're in high demand, you're really valuable. But again, Paul, on the 250 martial arts students, I mean really you should be at 50,000 a month plus on that side, right?

So that takes you from 138 to 150, all at the same volume. Well, our attrition rate's only about 2.4%. On the martial arts side?

So that's good. What's the attrition on the after school care just to piss everybody else off?

About 1% a month. Wow. 1% a month? No, a year. That's what I was thinking. See, I mean that's the selling point of that business. The parent needs it. So it's not you're relying on classless fund this week, right?

If they're not there, they're going to Jodin's World or to La Petite or to something. But it's not the kid doesn't get to go to after school parents. Yeah. They closed their doors and within two days, two days we took in extra 30 kids. Yeah. Now, did we have space for their communities?

Absolutely not. But we'll figure it out. But the plain thing was that they were charging just one family.

Day 1, Session 4

2014-WestPoint-Day1-4.mp3

This recording is the same audio as Day 1, Session 3; see the transcript of that session above.

Day 1, Session 5

2014-WestPoint-Day1-5.mp3

No, but but you're full, you're popular. Full dance card. Well, the ultimate argument being at capacity is it's a perfect opportunity to raise the price, right?

Right. And there is a limit to that. And in your case, I think it is different than the martial arts. on two side, one positive, one negative. In the one negative, the first need you're filling is the need for the parent to warehouse their kid for three hours until they get out of board. And they have to have that. And everything else is an expanded product to have a nicer, better environment, learning environment, and so forth for the child. for I think almost all parents. They're pretty insensitive to the price if they see a dramatic difference, right?

And like I know with my own kids, with Chase, it would be much more convenient for him to go to after-school care that they have right there at the school, except I've like watched it. And I'm not gonna leave him there. Because really all it is is there playing games and playing on the playground and there's no educational value to it. And all it is is their warehousing and keeping them halfway safe, right, in the process. But if I had your program access, I'd much rather probably \$500 a month and have a couple more hours when he's doing something beneficial. So the benefit you have is the parents that need it, needed and therefore once they're there they don't go away and it's not dependent upon their enthusiasm day by day. The challenge you do have is that there are all these other that they can perceive as comparables and you've got to really make a distinction of why this is a big difference and you're doing a good job of that.

On the other hand once you're at capacity you know and then you've got to make a calculation do I have enough new people coming in that if I wiped out 25% that I could replace them, right?

And what is that number, right? So if you could feel comfortable that if you lost 10% a month because your pricing amount of the market that you could replace them, which is only 20 new ones, then you keep leveraging that to up the price until you see the curve hit the other direction, right?

I don't know why the format of a renewal blitz in that format would make wouldn't make sense either It seems like oh, you know changing the pricing for November to December because they were new at the beginning of the school year right or beginning the Not the school year. Oh every school year they do it or every like after the Christmas We're able to change prices every six months Oh, I see. But you can do it at one of the price breaks to do something like the renewal blitz. But you know, there's a lot of opportunity there to do something have huge, incredible, you know, really big month, but then get everybody in place. And then you've got plenty of time to fill up the rest of it. Well, you could have the same you could have exactly the same premise.

Exactly. I wouldn't be raising the price on the existing thing. It would be overlaying some additional expanded product. And so he could do, like he's doing the leadership now for \$100 a month. What is it you're calling it?

Peaceful Warrior. Oh man. Like the book, you know that?

Yeah, the Melman book. He could go to, the leadership program is \$250 a month, January 1. and go through and renew a whole bunch of them into that. Do you have any regulations on that side on them prepaying?

So if they wanted to prepay a year or prepay two years, they could do that?

Yes. If they dropped out, we would have to pay. By regulation?

What does it say specifically? So what? Yeah. Well, it would be a so what. Two things, again, is the balance. One is you have such a minimal dropout rate that there's not going to be many of them. On the other side, it would mitigate how aggressive you wanted to give with a cash discount, right?

[05:16] When I'm talking about that aggressive a cash discount, I'm factoring in four or five percent a month of dropping out. Right. I'm counting on the fact that probably on average I was going to collect 13 or 14 months and they're prepaying three or four years so I wanted to get a much bigger discount. You wouldn't want to be that aggressive because, you know, there's not that much time value of money over a year or two years to offset it. And you know everybody's going to pay. You know, it's not the counter of you're only going to get 18 months or you're going to get... No, you see dropping out such a low percentage of it in their capacity. But there's no reason in the world he can't start on that side leveraging a price. And there's also no reason in the world why there couldn't be yet another upgrade or there could be a series of upgrades.

Or if a martial arts was separate from the childcare component that you would have to be obligated to refund but the martial arts component wasn't. And it was factored in at the same rate as your martial arts and you may not be obligated to refund that portion of it. I agree with Paul though. I think it's what no, so what?

Because we're all used to thinking in the world of four or five percent a month are dropping out, but you know Yeah Yeah Yeah, that retention is not their issue So there's a pricing and promotion strategy that might be really really effective to get the pricing up and at the same time generate a lot of cash just like you do at that Is that the allentown location which location is that one?

The Emancis location and the Foglesville location, which is technically an on-town, the both of those are very high performing. Okay. Okay, so they're about the same number. Okay. And what are the income demographics in those two?

The Emancis location, the average income is about \$45,000 per family. Again, Jim. In the Hovilsville location, they're closer to 80. 80, okay. So wildly disparate between the two. Very, very different. What in the low-income area, how many kids do you have in that program?

We have 128. Like one, I think you have, which is 114 a week. I'm counting my retention right now on my end because I'm not at 1% at all, I don't think. I don't keep it separate. I keep it all together. The transport after scope here. He was a 1% a year. Yeah, I think I'm much higher than that. Yeah. Okay, so, but I guess the other thing is we've got to get the martial arts side of that one to up into the 60s, right?

Yeah, the Vegas location is the closest one to that. That's because I'm there most of the time. Yeah. It's my son. So they're very American. But I think that you're right. If we raise the price to 189 and 289, I think that would be significant. Well, see, I would rather see you have the 289 be the middle program. Right?

And so let that be the fallback, but then have something at the hiring, right?

So, you know, I, describing it as the leadership program and then Black Belt Club, because that's the format we've got all the natural materials in. But, see, you can easily do that. Do you have two levels of upgrade or just one?

Right. So see, you can easily leave it where it's at, but then have the leadership program at another \$100 a month. And so worst case scenario is the ones that renew end up falling back to where you're at already. But probably at least half will go to the more expensive one. And again, every time I push that envelope, I can never seem to get it off of the 75% or more going to the higher level. So, which again means we're not pushing the price even far enough, right?

Or it just means that this is just the way it is. I mean, I'm kind of convinced that if people will choose, and I think this is pretty well represented in other businesses, if there's two choices, and I know the difference between them, if they look the same, I'll pick the cheaper one. But if I know that there's some inherent value of the more expensive one, and it's not outrageously more expensive all cheap. And that's the only reason to have the two pricing levels at that point is that it allows them to make an AB choice instead of a yes, no choice. So if they're making an AB choice, they almost always pick the more expensive one. That's in a lot of other, Disney has the same with the parkour. I mean, very minimal situations where they don't pick the higher price.

[10:24] Well, I wouldn't tell you this is what happened. We put up our prices up on the wall for a while and dramatically dropped the renewal rate from our qualification program to the peace corps program. It made it worse. Way worse. Yeah, I don't ever like this. So then what we did is we said, OK, let's take that design. And we changed the application form to say, these were warrior and leadership. And they could do the application and they could choose. And 7 out of 10 shows the leadership, even though we didn't have one. Right. So that tells me that they saw the value in doing the leadership program. even though it didn't exist. You're hearing that, right Greg?

Wow. So obviously we have to do a leadership work. Oh yeah. But what I found was that they didn't really understand the value of the program before they saw the price and they predetermined that they couldn't afford it. Well that's exactly right. That's what Buddy Hudson's deal. We let him come out to one of the marketing boot camps. And I

really like those big plaques he does and everything, except he calls it a menu and puts the prices on it. And I think that's the dumbest thing in the world. Because again, it assumes that they see the value. And now, in his case, he's doing 149, 159, 169, something like that. And it's something like that. Well, it makes another assumption though too that when we present materials like I can show you whatever I'm presenting that if I present to a civilian that doesn't know anything about us that they're gonna have any clue what that means, you know the belts or the forms or whatever stuff you're teaching whatever you do I mean and that's just we know it because we're in the world, you know, but they don't know any of that stuff.

So I think you know not having the price the pricing the it's an artifact is not being able to That things need to be explained in a step-by-step fashion and we need to explain stuff with first grade math Yeah, that's the way everything should be explained But yeah, maybe kindergarten maybe kindergarten math, yeah I'm doing first grade homework nowadays. Yeah, I know. Yeah, but now they do math in weird ways. They do some kind of funny, strange... If any of you guys have younger kids, it's... The Common Core math approach. No, well, they add the hundreds first and then they go the backwards way. Do they do that with your kid?

No. You don't know because you can't do the math with them. You can explain it. You know it's Chase of course is first grade but Jayda is two years ahead in math right so and like I scored almost a perfect score on the SAT math you know I did all this stuff and I look at the stuff and I'm like I don't know what the hell that is. What's that?

Some mathematicians have had the same reaction. Yeah, with the new way they're teaching math, they're trying to, yeah. But I mean, the point is that it's gotta be, if it's hard for us, it's gotta be slowed down and explained really clearly. So that way you can't add value by those posters that Buddy has, or you know. Well, you can add value by the graphic description. Right. I mean, the graphic... this fiction. And we've got that set up for everybody, the Napa site, the leadership program. I mean, I think that's useful. They have a big thing where you can walk them over, but just don't put the prices on it, right?

Because you don't want them to be trying to make a value judgment based upon it's a pretty picture with, you know, and their emphasis is more on you get this uniform and you get this piece of thing and you get this thing and it's all this stuff. But it comes back to we do that and we don't we don't replace the personal explanation. You know, the personal explanation, all that stuff and the blitz, all the material we send out, and the emails, all the stuff, is to soften and increase the value of what we're going to talk about. And then we go talk about it. You know the best way to think about that is, and it is why introducing some people to like the direct response marketing world, the Kennedys and the Abrahams and stuff.

[15:19] You know, the best damn copywriters in the world are writing stuff that's based upon getting maybe two or three percent response rates, right?

So, you know, they mail hundreds of thousands of pieces and if they can get it to pay a one percent response rate, they're tickled to death, right?

But on the upgrade, we want 90 percent. You're never going to get a 90 percent close rate by mailing them stuff. Right?

And, you know, I mean, it helps if you get them to sit down and watch the infomercial, and it helps if you get them to, you know, read through the website and all that stuff helps. But you're never going to get beyond maybe 20% without sitting down and having several one-on-one conversations with them, right?

And so sometimes that's the mistake, is you see all the copywriting stuff and all of the all the direct marketers stuff and you don't realize, I mean, and the internet guys are even worse, right?

So, I mean, they're relying on, they get 10,000 unique visitors a day and they get a 10% opt-in rate, which is a home run, and then they get a 20% conversion from opt-in, which is another home run. And I mean, the best one, by the time you work through the numbers, we're ultimately in a small numbers, very high efficiency with those small numbers type of business, which is completely different than those words. Their principles hold true, but you're never going to get the kind of numbers we need that way. Paul, what do you think is missing on getting your martial arts side up to where it needs to be?

Each one of them is different problems. Right. Let's work on the best one. The best one is the biggest issue that I see is that they make it too difficult for people to sign. Okay. And what I mean is that the guy who I have doing the conferences probably the best kid martial arts instruction I've ever seen. And all the time I would do it. But when he goes into the conference and he talks to the people about all of the conferences that he's had in the past, he puts all of the questions in there so he doesn't have to answer any questions. You know, and I said to him, I said, fuck. Sit them down and say, I love your kid, he's gonna do great. Let's get him, get him. I mean, and so he started only talking to them for, I gave him the maximum of five minutes to talk to them and start signing everybody out.

So. they get in their head this thing that they have to give the big wrong explanation when the people have been watching the class. And seeing what was going on, all you have to do is just say, he's doing great, and he's going to do alright. Let's get him going. So I'd say that's the biggest problem. Do you feel like you have the intro structure, the enrollment conference structure, how you close the enrollment conference and prep them for the next step. Is that systematized and trained on repetitiously?

It is. Our intro is, we have almost 100% intro to conference. Okay. So we know that that's that's working. But when it comes to getting the people set up for conferences at the right times, that's another thing. What do you mean by that?

So they come in to their intro, which is a private class, then they go into their first class, and after that class they're supposed to have the conference with the instructor for the

second class. It depends on how it works out. Well... in many cases it's three, four, five classes out and by then it's... Oh, they're not getting an enrollment conference at the second lesson?

Correct. That's a big problem. They're not signing them up for the basic program. So when you say 100%, 100% are coming back for the second time. That's correct. But they're not necessarily even asking them to enroll. That's correct. Yeah, that's a big problem. Yes, a big problem. What is the introductory offer?

[20:14] I knew you were going to ask that. So you came prepared with all the answers. That's the rest of that sentence. I have had this conversation. And I listened. But the reality of this is that we were doing a one month introductory program for 49.95, people would come in and they would come into the intro class and they would go in for classes for the month. Well, we still would renew them or put them onto the qualification program after the second class, potentially, that was where the portal was supposed to be. But what was happening was it was like sticker shock because we kind of set I think the party has started without us. I've seen wedding pressures. So now we do a three class introductory. Or we do the e-card. And what we did is instead of, okay look, we know that you have these five weeks available, what we're gonna do is we're gonna take that price off the entire price of the program.

And what we did is we just reduced it by 10 bucks a month or something like that. And people were signed up right away. Right. And then we also get the money right away too. Which was always inefficient. What I pitched at you about, if I remember, was doing basically a free introductory class and then signing them up for a month for \$49 and then doing an enrollment conference, right?

So it was an extra step. I've had fine results with having a promotion going on out there with all kinds of different iterations, right?

So like as a charitable activity, \$49 and they write the check to children's hospital and that's a month and then we still flip them at the first or second class, right?

But I, but I, any time that I've ever done an offer like that is they pay for the offer first. They come into the intro and then we give them the reason, like you just said, to flip. And usually, so we give you a \$300 discount to go ahead and finalize your enrollment today or if you finalize your enrollment next class. How many in here are doing your enrollment at the first lesson versus the second lesson?

First lesson? How about a second lesson? So most are first lesson. Okay. That's interesting. What's your conversion rate of 100 people coming in and how many do you enroll?

Is it 80% or? Yeah. What percentage of the intros end up enrolled?

Our percentage right now is 61. Okay, so that's what we should be looking at is what we want to get to 80. That's really a good target at least. The only caveat is I think our conversion rate's a little bit lower with Groupon. Some people are saying they're only

getting under 50% with Groupon. It should be over 60%. But yeah, if you're at 60% for traditional marketing, then... then we're focusing on the right thing. If you're getting 80% I don't like who cares. Other than maybe whether your upgrade rate would be low. Sometimes you can convert well on the front end but the upgrade rate's low and it's based on the problem with the basis. Yeah, like if you get the intro money, I mean I've never really loved getting the money for the intro and then later asking them for the money for the basic or the qualification program or whatever program number one is and then do the upgrade because now you've asked for money three times.

The caveat is they already paid in advance for like the charity thing. That's a little different. But if, you know, I'd rather give before they even pay the 49, give them the reason why they should pay me more or the same amount even, but they're on the full program. And that's one of those you can argue either way, right?

[25:10] Which is, I've always tended to fall on the side of what you just said over the years. But then the other argument is a paid intro is going to be more solid than a free intro. Well, I think a paid intro, if you're at the fair, if you're at the something, and you've gotten the lead information and now you give them an option to pay \$49 for the uniform right now and they can come in next week, then you're going to have a more solid, that's a show up issue more than it is a conversion issue. I think there's two things. One is for a real short period of time, two lessons to two weeks. I'd rather have a paid intro than a free intro at the same volume because they're more solid. Then the further I get towards it being elongated, four weeks, five weeks, two months, 90 days, the longer the period of time, then it starts to negatively impact the conversion ratio.

Because if they're coming in with a thing to do for three months, it's a little harder to flip right away than if it's two weeks free or two lessons for \$14, whatever the deal is. On the flip side of that, I guess that was the two things. If I had my choice of a paid intro or a free intro, I'd rather have a paid intro. But I'd rather have a paid intro for a short period of time, not a, you know, nothing over two weeks. That having been said is most of the coupon offers that are working on like two months. Yeah, so if the marketing works better to do it the other way, I'll take whatever the market needs to do. I'll take whatever I can get into thinking about it. Right. What am I going to maximize the lead flow with?

But it sounds like your big problem really is that the average value is too low. And that's a matter of you started out at a really low price and now you're still at a lowish price. And then having a more aggressive upgrade. What percentage of people on a one year enrollment are you ending up at the next level program?

About 58%. Okay. So that could be better, but it's not bad, right?

You know, 75% isn't hard to do. You know, Jeff Smith's numbers like 90, what was it, 87%?

That's, you know, that's kind of an outlier. I've never seen anybody hit a higher number than that before. So I wouldn't benchmark with that saying, well, we should be doing

that 90%. But you can get that up to 75%, probably pretty easy. And you can have the higher program so that you're both moving the percentages up, but at least half of them are going to something that's a lot higher. Well, I think having two options at the upgrade will increase the overall upgrade percentage, too. Even if you kept the price you had now and added a higher one, you'll get more people getting a higher one. And total number of people that will upgrade will be higher because they have a-B choice instead of a yes-no choice. That's the problem. Yeah, Paul you guys were at the lower end of the spectrum here.

Well, but I mean you're not the only one. I mean we had this. I mean those are all... You know, pretty low rates. You know, my sense is worst case scenario relationship for anybody in the room should be, you know, 189 or 197 a month. And I never see to make any difference between 149 and 159 and 189. It does just, you know, it's not gonna make any difference in the number of objections you get to price. Who was our guy, Nevada?

We got him to change the price from like 75 a month to 125. And I said to him, well, would you feel comfortable with getting that to at least 149?

He said, well, no, we're getting way too many price objections. I said, OK, well, \$75 a month, how many price objections do you get?

[30:05] None. Okay, now how many price objections did he get?

It was like 50% or... I mean, he came up with a number that was, you know, it was more between his ears than it was anywhere else, but he was convinced that \$125 a month was really pushing it and they were really having really problems. You know, I got to tell you know, if I write this down, it's practically impossible to make money in this business at \$75 a month, you know, \$100 a month. I mean, there's fitness centers who do that, but that's just because you're dealing with the EFTN and everything. But, and Eric and I, you don't have much of a very strong upgrade anywhere. And you really are missing the boat. I mean, where you're at, that location, everything else. Hell, how many active are you at in the Jiu-Jitsu program right now?

Forget everything else just the Would you guess it's 400 ish between the adults and kids On the for the school or for the present you just okay and are you still running about 80-20 between the Muay Thai and the Brazilian Jiu Jitsu?

Yeah, so you've got to ferret that out. How many are coming in just for the Muay Thai?

So it's heavier than a... Okay, so you've got out of 560, you've got 200 doing Muay Thai. How about the 50% boxing stuff?

That's included then, okay. Got out of... I mean you should have at least 400. in the next big thing, right?

And 20%, so let's say 80 people, you could have something really high end, right?

But I mean, again, you're like Lloyd's situation, right?

I mentioned before, you know, immediately went out and did like 40 at a thousand a month or something like that. I mean, you could easily have 40 or 50 people in some kind of, you know, very high-end deal out of those numbers. And I mean, I know your demographic mix is all over the board, but you have a lot of them that are, you know, have money, right?

I mean, you have that, and you have, you know, 23-year-olds who are just barely out of college, too, but you have across the board. But there's just no reason in the world not to have the \$250 a month program and the \$350 or \$80 a month program. And that'll end up being about 80% of the school. Yeah, well, that's just an implementation issue, right?

Is we've got to get it where they enroll with the premise that they're moving into the next new thing. And the enrollment is the trial enrollment. Yeah, I mean, what you're saying is common. It's people who haven't quite spot into the whole thing is you test the water and then you end up with 10 of them. And you go, why bother?

But long-term doing it right, they end up with what?

Essentially 80% of the school in the higher level program. And like all of our schools, that's about the number. It's 75 or 80% of the schools is renewed. Most of them are in leadership, right?

The ones that aren't in leadership are just the white belts where we haven't gotten there yet. And this mattering that just aren't ever going to drop out. I might just add something in the demographic mix of that is that we actually have for the three to six year olds, the tiny, tired little ninja guys, we have 80% or better. Like usually it's 90% in leadership. So if you don't have your program set up so that somehow those guys can be moved up. to the highest level, then there's a big mistake in how it's structured. Yeah, it's backwards. Yeah. Because those guys are easier to upgrade. People really, parents really want to do developmental things with their kids in that age. And we have seven, eight, nine. It's like, eh, you know, if we screwed up so far, we can't change it.

[35:21] Yeah, that was a joke. But anyway, so, you know, I mean, but I've got a totally. I think realistically that point has since the after on 13. Yeah. Right. Yeah. But at a certain age they're not going to, they've already done a lot of stuff and they kind of think school's taking care of that. But that three to six year old, they really don't, the parents are a little more sensitive to, if you do something good for my kid now, it's going to have a big result later. So we found that the conversion rate, almost all the little guys do the higher level program. And in Eric and I's case and in Jeff's case, it's the opposite, which is, Mostly they're bringing in adults, heavily adult male. And so now what it is, is it's getting the system in place so that they're setting them up to think properly about it and upgrading them into the program.

Similar to the DC prop situation. And you're still, what about, of that five, 60, 100 kids and four, 60 adults more or less?

So 80, 20. Jeff, how are your kids? They're what 80-ish?

We're about 75. Yeah. And how many adults? 425 to over the school. Yeah. So about the same ratio. And what's your kid?

How many kids do you have? It's probably, the hardest probably more. 60 to 60. And you guys have a pretty big... kids from. Yeah. But it used to be like that. It used to be really, really, really adult. Yeah. Like, well, you've got, I mean, you're upgraded at 397 a month, right?

So, so into the highest level, you know, much more aggressive upgrade systems in place as well. But my question, this is curiosity. How's your delinquency?

In the last three months they've shot up. Really?

Yeah. We've got the... They're like, maybe there's this price point, you know what I mean?

But yeah, our delinquency is in the last, I don't know... And I talked to like, Tom Dink, I talked to other guys in like, different areas. Are you talking about credit cards have stopped working or what?

No, it just... People just go delinquent on their accounts. Right, I know I understand that but the but what one of the things is with all of the credit card fraud Right. So if you look at Target and then Home Depot was the latest one, right?

These are doing like we've had people come in reached out and they've come in and give us their new card So this is people just like they're gone. Yeah, you know cancel the cards or Stuff like that It's been like three or four months. It started like in April. Yeah, it started in April like, yeah, like April's numbers are kind of like, oh, they're freaking out. Well, there's been, again, I, part of it is obviously student retention, but but part of it is it's all the credit card fraud because now you've got somebody paying by credit card and the you know card companies I mean I've had probably every one of my cards with me not contacting them suddenly Here's the new card and shred the other one and there's no easy way to update that because one doesn't carry over to the other so and in your case you may end up with some portion of them where the payments stopped happening and they were kind of thinking about dropping out anyway.

And now that gives them an excuse, right? They just never go fix it. I would hate to psychoanalyze it too much, but from the standpoint of actually collecting on credit cards, I mean everybody is, every time you turn around, different cards are getting canceled and they're having to update it. And if they don't bother to update it, then you get a problem. And in your case, it may be, some of the MMA schools that I'm working with, I've seen, they just didn't know whether they were fading in attendance or not. And then the first time they found out there was a problem was the credit card didn't work, right?

And so in a lot of cases, they were already fading in attendance and then all of a sudden the credit card never worked, they just couldn't get them to fix it. Right, so it's not the other way around that makes sense if you're keeping really good tab on everybody So

nobody's falling to the cracks and you really know what your weekly attendance is and they're coming in twice a week and all that Then you'd have to look to something else to figure out what's going on But for everybody mean there's something to really pay attention to because you know at first you had the credit, you know the market crash which meant that all these credit card companies were tamping down the credit limits aggressively. And now you have all the fraud, so they're canceling the cards outright and issuing them new cards, which means you have to go up 8 billion on a whole bunch of people.

[40:40] So it may be connected to that. I mean, that's not a solution, but that may be the problem. OK, we said we were going to wrap up about 7, which was 10, 12 minutes ago. Anything else we need to touch base on before we head out tonight?

Okay, we're meeting the bus out front, so let's just meet right out here in the lobby. Let's meet there at 9 and I believe that if all the planets align the bus will be up by the front door at 9.30. And you guys, I should get you to fill out our little slip for the thing. How much before we should work comfortable shoes because we'll be walking a lot right?

Yeah, we'll be walking a lot then we'll you know we're gonna be I think in a school bus You know walking around West Point It's more of a bus tour than it is a walking tour, but just feel for you that information So what my solution was Fill that out and gave it to them and then yeah, and then tomorrow We'll fill out another sheet for everybody who's left and that way if we ever get checked the tour guide Once you hold on to it till we're done, okay Oh good.

Day 2, Session 1

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But anyway, so we're going to talk about leadership in one thing or another, but do put on your calendar a 60 city or 50 city book tour means every major metropolitan area isn't becoming true. And then so we can tie that into your martial arts school and do a variety of things when he's coming to town anyway, which would probably be very useful for everybody. But let me grab him and his daughter. We'll get going. Is everybody at those dates?

November. OK. So if you will, does that mean email or something like that?

And if we work around those days, we'll work around those days. Again, all of them are very tentative. I'm still going to talk to the dining school and so forth. But anyway, Commissioner, I don't know if you want use of that, but you're welcome to. But I was just giving them the background. Everyone here got the biography that I sent out a couple weeks ago, right?

So without further ado, I'd like to welcome you to the stage. Greg, are we recording?

We're recording? Okay. Hi. How are you doing? Good. Everybody good?

Great. Good. First, I want to thank Professor Oliver for the invitation to come and talk to you a little bit today. And given that we're at West Point, I don't think there's a better place to put up leadership. And that's sort of what I'm going to talk about. If you have any questions, anything I say you can ask, if you have anything to ask regarding any, we've always said. I'm going to ask that too. To start, I'm going to tell you a little bit about myself. The idea of where I came from and how I got to where I've been. I have lived sort of the American way. I came from very humble beginnings. I was abandoned by my biological mother when I was three. My mother was murdered when I was nine, just to be the dead.

I lived in, I was born in Newark, New Jersey, not far from here. I was raised in Patterson. Not a very nice area. And how many people in here have seen the movie Lean On Me?

Well, I went to Eastside High School before Joe Clark cleaned up. About five years, I guess. When I went to Eastside, I was probably one of the 25 white kids that was in that school. It wasn't a center for education. It wasn't a center for learning. Unless you wanted to learn how to fight. And that's why I went to high school. I dropped out when I was 16. But before I dropped out, when I was 13, no, not 14, I got involved in the martial arts. This is a long time ago. And I studied under a number of different instructors. Most of them early on in my martial arts training was Japanese styles. And I studied other real legends, if you will. Initially I studied under Ed Colunas in Cleveland, New Jersey, who was very close to Gary Alexander.

I studied under Jerry Topson in Goshenville. I later, I went to a 20 point time in New York City. I saw a couple of Japanese instructors in Goju, one of which was Aaron Banks. And I liked him, so I went to New York and I went to Banks School. Then I went to a school, I went to a big tournament, and I saw an instructor named Peter Urban. Peter Urban brought American Goju to this country. back in the 50s. And I wanted to study under Peter Urban. And at the time, some of Peter Urban's students were some of the best in the country. And I went to these guys at this point and said, where's your school?

[05:16] I'd like to go. He says, well, if you'd like to go there, you'll figure out where it is to go to there. So I finally asked one or two more students at this tournament and I got the same answer. So eventually I figured out what Peter Urban School was. It was in New York City. It was in Chinatown on this deserted street. This is back in, I'll give it up my age here, this is back in like, I don't know, 1972. New York City was a rough place. I used to take a bus from Madison to Maryland. I'd go into New York City, go to Port Authority, get on it. Now I was 13 years old, I was 14. My mother had no clue that I was even out of the state. I would go into New York, I would go to Port Authority to the bus station.

I'd go downstairs to the train and I would take the subway from Port Authority down to Chinatown. I'd get off in Chinatown, I'd go to school, and then I'd come back. And there were good parts to this, and the bad part is that my classes were extremely difficult, and I'd be extremely tired at the end of the night. And I would take a train back to Port Authority, I'd get on a bus right around 9.30, and it was about a 30 or 40 minute ride back to Paterson. And the worst part of my entire martial arts training was that I would sometimes miss my bus down. And that bus would take me to the other end of Paterson. And I never had the money to make the bus back. So I would have to walk. So I had to walk about two miles to get to my house.

And that was the easy part. Bad part was I had to walk without getting bought or shot or killed. That was the bad part. But I did that until 19, I guess, this all started in 69, we would get the old back foot, it started in 69, and did that right up until that 1970, too, on my platform, my first week back foot. 1974 I joined the U.S. Army. And I decided I wanted to go to Korea. And off I went. And before I went there between the 72 and 74, I studied under YGHA in New York City. A Korean stylist. He had one time, he was one of the vice presidents for Kuki Wanko. or go ahead and play with the World Technical Event Courts of Korea. I started under him for a while. And I was a rising national champion until I decided I'm going to the military.

1974, I joined the army. I went to Korea. I was a military police officer and that was the beginning of my career. Prior to that... I was in high school, dropped out, liked to fight, was involved in the arts, and lived in a pretty bad neighborhood. The military police and the martial arts and the U.S. Army basically changed my life. I stayed in the military for three years. I got out. My last duty station was Fort Bragg, North Carolina. It was the home of special operations. Special Forces units. My last six months in the military, I

taught an armed combat self-defense at the John F. Kennedy Unconventional Warfare Center. That is where all of your Special Operations, Special Forces, Navy SEALs, that's where they go for a lot of their Unconventional Warfare training. I taught them my last six months.

And then I got out. I wasn't sure what I was going to do, and I'm going to speed it up from here, because it's going to take about three days. I finished my military time in July of 77. I worked for a federal task force, an investigative task force, for about 18 months. I then went on to Saudi Arabia. I worked for the government of Saudi Arabia for two and a half years in a security capacity. I came home, I went back to North Carolina as a cop for about a year and a half. Moved to New Jersey, I became a correction officer, and I was a training officer for a new sheriff's department in New Jersey. Then I went back to Saudi Arabia again. This time for about 18 months I worked for the King's Hospital.

[10:18] I was the director of security chief of investigations. to the Guelph Families Medical Facility. I went back to the Sheriff's Department. I left, and they're going to leave the vaccines from this time around. When I went back, I was the commander of training in special weapons and operations, SWAT, if you will. I stayed there, and then I went back to Saudi Arabia. When I came back from Saudi, this time, I was the commander of SWAT and I ultimately became the warden of the unsafe county jail of Patterson, New Jersey. I was 31 at the time. I was the youngest prison administrator in the country, probably. I had 1100 inmates, 250 people that worked for me, and I don't know, about 15, maybe about a hundred or something. And I was a rising star in the law enforcement community.

I got my GED by then, did not have an on-school diploma, I mean a college degree. And I had a lifelong desire since I was a kid. I wanted to be in New York City College. And when I was in Saudi Arabia, somebody worked for me, who was retired out of the NYPD. He told me I should take the test. So I took the test for the NYPD and ultimately now I'm the warden of the Pasek County General, the chief of my department. I'm a gold shield star. I have a car. I have all the perks that comes with an administrative job. But I still wanted to be a cop. I had taken the test and I get a call from the NYPD. All right, you're in. What do you want to do?

My investigator for the NYPD said, you are completely utterly nuts if you take this job. He said, you're sitting in an office, you have all the perks of this job, you're making double what you're going to make if you go to the PD. And you're crazy. New York City, the crime rate was at its ultimate highest back in the season. It's in 1980. Five. I strongly urge you not to do this. On July of 1986, I resigned my position as a more limited-state chemistry engineer. I drove over to Brooklyn Technical High School in Brooklyn. I just gave it a round with 2,400 other, I don't know, I raised my right hand. Took a note, and I drove at the end of my preview. And it was great that I thought at the time I'd do the right thing.

14 years later, I knew I'd do the right thing. My time in the PD went very quick. I started out as a controller. I walked a footpost in Bedford's, obviously, Brooklyn. Six months later after the academy, I went to Times Square. At Times Square, I worked uniform control. and play clubs. Just to ride around, you all, I will imagine what type of a number it would be, if you've been to the city or seen the city of movies, well, when you see all those yellow taxis, when you see those yellow taxis in Times Square, a teacher will trick. By the top of the taxi, there is a number, a letter, and two numbers that follow every cab in New York City. When you look at those caps, you see a number, a letter, and then two numbers that are exactly the same at the end.

There's a really good chance that the people in that cap are cops. There'll be three people in that cap, there'll be one private that will be doing that, see, they're all cops. That's what I did for my- Last six months in Midtown, South End Times Square, I was an infant with a colon effect line print post. I had long hair, well, I had hair, period. It was long, it was getting long, and I was pushed to go to narcotics. And ultimately, I got accepted to go to narcotics. I wanted a detective shield. Law enforcement... There's this thing, the coveted gold shield of the NYPD, that's what I wanted. And the fastest and easiest way to get there was to become an undercover in archives. That's a good part. Bad part is you're another cop. And basically you give up all your rights as a cop.

[15:11] You pretty much give up your identity. You are pulled and extracted from the computers and the NYPD. You are terminated for cause, officially, or as far as the PD goes. And you are sent out into the communities to buy drugs. That's your only job. I had hair down to the middle of my back. I had seven six-dive earrings and a big gold loop. I wore a gold ankle bracelet. I had a big goatee, big beard, and I looked terrible. My operational areas at the time, now, as you'll notice, I'm white. My operational areas was Harlem, Spanish Harlem, and Washington Heights. And I was there in, they call that Manhattan or Takara. I was there for about 18 months, almost two years. During that time, my whole functioning life was a by-draw. It was a pretty bad job.

I just, I walked the streets, I fought in the streets, I fought in apartments. I was involved in a few gun battles. My partner was shot. I lost three very close friends that were shot and killed over that two year period. And then I got transferred, promoted, and sent to the DEA task force. DEA task force is a task force that consists of New York City police detectives. New York State police officers and federal DEA agents. We started an investigation on the streets of New York City that ultimately took us into the jungles of Guatemala, Costa Rica, Brazil, and Ecuador and Colombia. Over the next two and a half years, I seized in excess of 10 tons of cocaine. Enough cocaine that would fill the front of this one. 60 million in cash. and extradited, including kidnapping some of the highest ranking members of the Cali Cartel, bringing them back to this country.

During that time in 1992, Rudolph Giuliani was run up a mayor. And I volunteered to do a lot of security for his campaign. And ultimately in 1994, he becomes the mayor of New York City. By then, I was his friend. He knew about my work in the Pacific County Jail. And in May of 1994, right after he became the mayor, there was a massive riot at Rikers

Island. Within a week or so, I get called by him. Go to Rikers. I want you to take over the Investigations Division and the Internal Affairs Division for the New York City Department of Correction. I did that for six months. I was promoted to first deputy commissioner. I did that for three years. That's the number two guy in charge of Rikers. Now, keep in mind, when I was a kid, I had 250 people work with me.

When I ran the New York City Department of Correction, I had 13,000. I had a billion dollar budget. Still didn't have a college degree, but I was working on it. And I was responsible for 133,000 in made admissions per year. I was the commissioner, I was the first deputy for three years, and the commissioner resigned to the target, at which time I got called to city hall, and I became the correction commissioner. I took over Rikers. I was there for two and a half years. In August of 2000, I get a call from the mayor on a Friday evening at 11 o'clock. The date was August 19th, at which time he told me that he wanted me to take over the New York City Police Department. Still didn't have a college degree. That was the word.

And I went from having 13,000 staff members to 55,000. A \$3.2 billion budget. basically responsible for the 12 million people that work, live, visit, go to school in the city of New York. And I had that position for the next 18 months until the usually I left off the scene when I took the job. It was pretty simplistic. Keep crime coming down. Enhance employee morale with the cops. and enhanced community relations. No problem. Easy. For me it was easy. I could do it. I'm pretty good at what I do. I didn't see any problems and we were on a roll over the next 13, 14 months. Crime dropped another 15%. I was dealing with the communities. I was dealing with the cops. I had been a very, very aggressive cop. I was highly decorated. The cops loved me and everything was going smooth.

[20:47] Everything was going great. I was ready to move on with my life. I had already decided I was leaving the NYPD. I was going to retire when Rudy left on January 1, 2002. And then something happened. And that something was that happened. It was at 846 in the morning of September 11, 2001. I was in my office, I just finished working out. I was actually standing in my bathroom shade and my chief of staff came and started kicking, banging, trying to knock down my outside door to my private area. I came out and I said, what's up?

He said, play, just hit towel warm. I said, all right, relax. You'll be okay. because I thought, as maybe most of you did, that that plane was a small plane. Some of those planes fly up and down the Hudson River. And I figured I was going to go into my conference room and look out the window and see the tail end of some assessments sticking out of the building. And that's not what I saw. The World Trade Center actually, where that land is on the other side of that river, that's about how far my office was from the building. And if I looked out my window, I had to look really high up in the air, but as I looked out that window and I looked up, I could see almost through the entire building, from the corner we were on.

I went into my office, I called the mayor, he said, I'm on the way to the towers. I will meet you at 7 World Trade. Now, 7 World Trade was across the street from Tower 1, Bessie, Separate, Scatoo. And 7 World Trade is where our New York City operational center was, the emergency management center. That's where we would command any incident in New York City. We would command, that's the mayor's office of emergency management. I got in my car, my advanced team, the bodyguards, everybody went down there, they were waiting for me, and as we drove down West Broadway, our vehicles stopped before we got the best seat. And the cops ran out to the car and said, you got to back up the vehicle. You can't get into 7 because there are people jumping from 1.

And as I stepped out of the car, there were a bunch of people that were jumping off the top of Tower 1, and they were landing on Vessi between 7 and 1. Also, Tower 7 had taken an enormous amount of damage, the brunt of damage. when the building blew out a bunch of the stuff. It hit seven and the whole front of it was on fire and damaged. I tried to call the mayor. Cell sites were down. Couldn't get to all the phones. We got through by next tells. I told the mayor I would be in a parkly in West Broadway. He came about three minutes prior to the mayor's arrival. I turned around to get one of my guys to call for a temporary command unit, one of these big buses. It's a big enormous bus that's a command center, it's a temporary command center.

I called to get a temporary command center to put it on that corner. And as I turned around to talk to my chief of staff, there was this enormous explosion of bus. And as I looked up, if you have seen some of the footage from September 11th, when the second plane hits Tower 2, it hits the south end of that building and it blows out the north end. I was standing under it. And as that plane came through that building, I looked up and all I could see was that big, huge fireball and the building basically blowing up. Then it took me about five or six seconds to realize that that stuff that's going on up there is coming down here. And at that point, between me and the body of arts, they drug me up the street, down behind the double building.

[25:03] There's a post office there. And we stood there, stayed behind that building for about 10, 20 seconds until the initial debris came down to the ground. In fact, we were so close that one of the a shaft from one of the wheels of the plane hit one of my security guys in the back of the leg as we were running up West Coral. So we were pretty close to the brunt of the damage initially. And it was at that point that I realized we were under attack. Up in the back, I had no idea. And then everything changed. The response... to the event for the city all changed. Because not only did we have to worry about what just happened, we had to worry about what else is going to happen. Is anything else going to happen?

Do they have a tax plan on the ground?

What's going to happen to the mass transit system?

Are there other explosions? How many more planes are there, if there are any?

All of those were questioned, but it was running through my head at the time. And we don't have an Air Force in New York City. And I can remember, I make light of this now, it's sort of a joke. And it was a joke in the aftermath, but on that day it wasn't so funny. I turned around my chief of staff, and I was screaming, I need to get air support, and I need somebody to shut down the air support. And I just blurted it out and told these guys that's what I wanted. Well about three weeks later, when it was relatively calm, we were sitting in an office with my chief of staff and he looked at me and he said, hey. And no, he's looking at me, he's laughing, he's smirking, he's smiling. I said, what's it like?

He and I was just thinking of something, you know, about on 9-11. I think what was funny about it, he said, dude, do you remember yelling at me, how would he close down the airspace and give the air support and all that?

And he's not going to do it. He says, yeah, he said, you were screaming. Shut down the airspace and give the air support. He goes, I remember telling him about the guy's business. Look, that's at 800 number flight. Let's call a fire jet. This is a police department. We don't want to hear that. The reality is, I really didn't have to tell anybody anything because at that point, our aviation guys, our helicopter guys, had already notified the FAA of the second airline that we did that with two. We knew we were under attack. We knew our aviation had been called for air support. There was a bunch of other subjects. The emotion at the time, I didn't even know about, but it was an issue. And it wasn't a book, at least. But it was that day for the history of New York City.

It was our worst. I lost 23 people that worked for me. The Port Authority Police Department lost 37. The New York City Fire Department lost 343. We lost 1,700 civilians. When Tower One Tower 2 imploded, the first one to go. Basically, we were, Julian and I were in a mayoral lynch office on the corner of West Broadway and Bartlett. He was on the phone with the White House. He was trying to get the president, the president was traveling to Sarasota, Florida. But they said the vice president's gonna come to the phone if you could just stand by. In about 20 seconds after he started that conversation, somebody got on the phone and said, listen. Vice President and White House is being evacuated. They think the Pentagon is just a kid. So you can relate this to timing.

What the Pentagon got hit, all right, when you look at that debt, when the Pentagon got hit, is about 30 seconds to 60 seconds before that tower imploded. Because as Rudy Giuliani hung up that phone to look at me, he said, that's not good. I said, what is it?

He said, I think they said pentagon is just with you. And I'm looking at him, and I can't even get my head around what he's saying. And then all of a sudden, everything in the room we were in, and we're in a building, we're in a big building. That entire building started to shake like a freight train was coming through the wall. And then within 10 seconds, it went completely black. We were covered in dust and had no clue what had just happened. But we knew we suffered here. And then for the next 25 minutes, we were trapped in that building. Couldn't get out. Luckily for two maintenance guys, they

sort of, I don't even know where they came from, they sort of moseyed out of somewhere, opened the door, all these doors were locked in the basement of this building.

[30:21] And they came through, had keys, and they got us out of the building on Church Street. We went up to Church Street. The entire administration, the mayor, the fire commissioner, me, all of our staff, we had a roaming convention. Went up Church Street. And as we were going up Church Street, Tower 1 employed. We heard he didn't see. We felt that he didn't see. So from that point on, the entire operational aspect element of New York City had changed. We didn't have a command center because our command center had just been bombed. I couldn't put anybody in police headquarters because I didn't know what the other targets were for other planes. And obviously I knew now there were other planes because of the Pentagon record. By the time we got to a fire station on church in Houston, we heard that there was a fourth plane that went down to Chanceville.

Now we were four planes. So there were a bunch of people that wanted the mayor to go back to City Hall. And I used to tease the mayor about this all the time that I saved his life a couple times on that day. But one of the times is when his staff insisted that you go back to City Hall, and I had gone out to all of them. And there's a bunch of risks. The reason I tease him is there's a bunch of footage. You know, when you look back at the 9-11 stuff, you'll see me run off the head and prank Brad by the office. And I said, listen, you're not going to City Hall. You've got to go to the door. You've got to get out of here. He says, OK, we'll go to the door.

Well, had we listened? with the guys that wanted to go to City Hall, we'd have all died because we'd have walked behind tower two to go over to City Hall and that's where it imploded. So we started our emergency operation base out of the New York City Police Academy. We stayed there for three days and then within a matter of that three days, 72 hours, we rebuilt the New York City Command headquarters in Pier 92. And I'm talking a command center that housed every New York City agency, every New York state agency, the military command components, and the federal government components, all of which were involved in the emergency operations center. An enormous amount of work, all done within 72 hours. And from that point on, we basically managed the crisis. And I say manage the crisis, and this is something important for you as school owners, as business leaders, as people that may run into a crisis, have a crisis.

This is, there can't be anything more important to responding to crisis than actually managing the crisis. And I say this for a reason, and I'll give you the difference. I'll explain why. On September 11th, the first time I knew we had a problem was in 846 when that first plane went through the tower. I didn't have any advance notice. Nobody told me that plane was coming. Nobody told me we should be prepared for this. Nobody said that. Unlike Katrina. They had seven days notice. They had five days notice that those levees were gonna go. They had three days notice that this now wasn't a

possibility, they're gone. When that storm hits, when the island of the storm hits, New Orleans, those levees are blown out and this entire community is going to be washed away. There was no doubt in anybody's mind that was going to happen.

And yet, New Orleans, Louisiana, that entire area was nowhere near right. So here's the two differences, here's the two things that are big, huge differences in crisis management. One, planning, preparation, preparedness is an absolute must. You have to be proactive. You have to be preemptive. You have to plan for the worst. In crisis management, you have to be prepared for the worst. And then you'll hope for the best. But it's all about planning and preparation. From 1996 up until 2001, through the operational command centers, through the emergency management center for the mayor, we constantly did mock drills, tabletop exercises, different crisis management, practical strategies. And I can remember, I was correction commissioner, I ran right to his office. I didn't have nothing to do with the rest of the city. I had my own little world, but on a Saturday morning, I'd get a call from the mayor's office and then say, the mayor has just told him, I'm not thrilled for, you know, searing gas in a subway.

[36:11] I'm like, dude, I got nothing to do with the subway. Get down to the emergency committee center. Why?

I have nothing to do with somebody. I run Rikers Island. I run a prison. But here's why. Here's why it's important for every city agency to be involved. Because on September 11th, the correction commission, I was a police commissioner by then, but the correction commissioner, he came to every one of those command meetings. You know why he came?

Because we'd be at that command meeting and somebody would say, we need body battles. Who's got them?

The more it has this many. We need more than that. Who's got them?

Correction's got them. We need mattresses. Who's got mattresses?

Correction. Who's got blankets? Correction. Who's got generators? Correction. Okay. Now, as an agency, on the outside looking in, you would never think that a prison system, a jail system would have so much to do with a major crisis in another part of the city. There's nothing to do with it. But it did. Not to mention that the New York City correction officers, in actuality, they ran the war. We had a number of correctional staff, maybe a hundred, of the correctional officers, the senior correctional officers, transfer them to the morgue and they worked the morgue operations because you have to keep in mind, I want you to look around this room, the tables, the chairs, the floors, the ceiling, the wood, the all the stuff, alright?

This room is nothing, I mean it's nothing. This building, this building is almost, comparatively it's like a bathroom in the World Trade Center, alright?

Those two buildings imploded. They imploded. I lost 23 cops on that day. I could have given half of them back to their family in this conflict. Everything in those buildings was

polarized. It disintegrated. It turned into dust. There was nothing left. Nothing. Those buildings were 110 stories tall. And when you think back to those visuals, those big beams that stuck out of the ground, the elements of the towers that were left, those buildings were made out of those beams, 110 stories tall. Those metal beams weighed 1700 pounds per linear foot. It was just a little head. And it all came down within 10 seconds. So it was the equivalent of like a nuclear blast. So rooms like this, everything in that building, in the aftermath, and I can remember that night, the night of September 11th, there are a bunch of things you may see on the internet.

There are shots of me and Giuliani walking through the aftermath of the attack that night, going into the next morning, about 2 o'clock in the morning on September 12th. We're walking through this maze of smoke and dust. and gas and stuff and I can remember looking around thinking, where is it?

[40:04] Like, where are the chairs? Where's the walls? Where's the wood?

Where's the carpet? Where's the pictures? Where's the air?

There's nothing. It's metal, it's dust, and it's pink. That's it. Bodies include. I remember when they found the first Two New York City cops I got to call at home. It was early in the morning. I got down to ground zero. I went up on the hill. All the activity had stopped. They had flags out there and all this stuff. I got up there and they said, who was it?

They told me who the two cops were. I had 23. I knew them and their families by heart at that point. That's a war of it. And they turned around and they pointed to two orange buckets. Home Depot buckets. And I walked over to the two buckets and I looked inside. There was guns, handcuffs, there was a shield pin, a New York City badge, it's called a shield, on the back of that badge, it's sort of unlike any other police badge in the country. On the back of the New York City cops, on the back of the badge, there are two lugs, two holes, like two pins with holes in them. You take a big safety pin, it's about that big. It's like the old diaper pins, the one in there. Back in my day, they know the diaper pins.

They're not this big. Well, that diaper pin goes through those two holes and that's how it locks the shirt. That's how it locks the shield on your shirt. A shield pin sitting at the bottom of that. But everything in the bucket is metal. And I'm looking in the bucket and I said, no bodies, no vest, no shirts, no boots, no nothing. The guns, the handcuffs, all their metal equipment was found side by side, right next to the gun. everything else would go. That tells you the enormity of the blast. And everything is lightning. So we had to deal with that. And the reason I get to, I talk about this is because the operations at the morgue, it wasn't like an operation for a fire or for some other kind of building collapse. Because when you have that kind of thing you have dead bodies you pick up the body bag it tag it do what you got to do and move it on to the board Well in this case In this case you find a piece of a shirt with a piece of meat that look like hammer That's one piece of the body part you find a finger, you find a toe, you find like just stuff.

Every single one of those things was handled as a body part and had to be handled for DNA purposes, okay, for identification purposes. So we needed extra people at the morgue, we set correction officers there. And when you talk about DNA, this is something I just wrote my next book that comes out in February and I talk about this in my book because people have no conception of the internal operations of what we were doing and this is probably one of the biggest things we were doing. Where are you from?

Korea. Okay. If you had a family member from the World Trade Center and you call up and you say, my family member was in, we think my family member was in the Trade Center. And we now have 2500, 3000 people that are dead. Well, we have to identify the remains to see if your family member was identified and was found. Okay?

Boy, he lives in Korea. his family member was going to school in the United States. So what do we have to do?

We have to get DNA from him in Korea. And he may not live in Seoul. He may not live in Incheon. He may live in some village somewhere, God forsake a village nobody knows about. Well, we have to go there and we have to get DNA. You have no conception on how many villages in Scotland England, France, Korea, that we actually had Interpol agents going to collect DNA, go get a toothbrush, go get an airbrush, go get stuff that is going to be transported from wherever that is to somewhere that's going to go from there to their capital, that's going to go from there to Interpol, that's going to go from Interpol to the FBI, from the FBI to the New York City. Police forensic unit which is going to be transferred to the board and some guy in the board is going to enter that DNA with that.

[45:30] We did that for probably 25,000 people because we didn't know who was missing or wasn't. That gives you a bit of an idea of the enormity of the operation. Anyway, we went through the next three and a half months trying to, one, ensure the city and the country that we're really safe, two, securing New York City, three, rebuilding it, repairing it, and four, operational cleanup. We basically started out as a rescue mission, which we realized within the first three to six weeks that that was unnecessary. There was nothing that was going to survive what we had just done. We turned it into a recovery mission, and from that point on, we just did what we had to do until I left office on the 1st of January 2002. But I want to step back for one second about managing the crisis.

For the people in this room that were focused on this stuff back then and watched what was going on, if you think back, you would see me and Giuliani and the fire commissioner and the governor. You would see us four times every day. You would see us around seven or eight o'clock in the morning, usually around eight. You'd see us around 12. You'd see us around four, and then you'd see us around seven or eight or nine. And every time you saw us, we had just finished a command meeting. We had a command center that had a table that was probably from this wall to that wall, way back there. And at that command table was every head of every city agency and every

state agency. They all sat at that table. And every four hours, we would walk into that room, me and the mayor and the fire commissioner, we would sit down and we would go around the room and say, okay, health and hospitals, foremost, what do you got?

Where are we on the stats? We have this many bodies, we have this many body parts, we have this much DNA, we have this much whatever, okay. That's what you have, what do you need?

We need body bags, this many body bags, we need this many blankets, we need this many mattresses, we need this much stuff. We need health air filters, we need masks, okay. Where we get the mattresses, correction. Where we get the air filters?

Somebody else. Where we get, with every city agency around that table, we went to one at a time to ensure that they told us what they needed. And the reason you have all the affected managers, you have to have every city manager in there, is because if you run the Department of Sanitation and you need ABC, and this guy runs transportation and he's going to give you that or get that for you're going to have him in that room. And you've got to make sure that he knows what you need and he's going to tell me Okay, I can do that and I'm going to send this guy to do it and I'm going to get this truck and we're going to do this at this time. Okay. Well, then we come back in four hours.

And what do I do when come back? Same thing. You do the same thing, but what else do you do?

Verify that. Who said it? Yeah, that's exactly right. You do the same thing all over again, except this time you go, did you get what you needed?

Yes or no. If it's yes, you move on to him. If it's no, then whoever that guy was over here, he's got a problem. Unless he has a really good reason for her saying no, well then that guy has a problem. And the way Juliani works, I can promise you don't want to have a problem more than two or three times. Because then that's he or he, but it can't be somebody else sitting there. [inaudible] Why wasn't it fixed?

[50:18] Why wasn't it taken care of? You have to manage the crisis and the only way to do that is one on one, hands on accountability. It's an absolute must. When you think back to Katrina and what happened then, the governor wasn't talking to the chief of police. The mayor didn't talk to the fire department. It was a mess. You only heard from them several, recently, I'll give you a really good one, three weeks ago, five weeks ago, whatever. There was a young man named Michael Brown shot and killed in Ferguson, Missouri. Good shooting, bad shooting, who knows?

It's not been determined yet. But one thing I can promise you and I can tell you, it was the worst handled crisis I have just about ever seen. Nobody had a clue what they were doing. Nobody talked and communicated with the public. The governor didn't show up publicly for three or four days. It was a mess. That is not the way you handle a crisis. There was no accountability, none. You can't do that. So we're gonna move on from September 11th. I retired January of 2002. I ended my public service after 28, after almost 30 years. And I thought it was over. until May of 2003, right after we went into

Baghdad and took over Baghdad really. Before the Baghdad, I got a quote from the White House. The President wanted me to go to Iraq and take over the Ministry of Interior for the government.

This is after the fall of Saddam. And although I had told my wife that I was I was done with public service. I also should have told my wife you never say no to the president. So when he asked me to do this, I accepted. And I was making a lot of money at the time. Maybe he'll make it a million and a half a year. Well, I went from a million to a million and a half a year to 140,000 a year, and I took the job. And I went to Baghdad. And I stayed here for the next. four months until I actually appointed the Iraqi Minister of Interior. I came home over the next two years, between year and a half, between 2003 and November before. I campaigned for President Bush as his, one of his, who was principal national security servant.

I did all this campaign stuff when I came to national security. Talking about national security, talking about terrorism, talking about Iraq. In 2004, President Bush got elected, November. Within a week after he got elected, I was contacted by the White House, and I began discussions with the White House, in which I was being vetted for a position in U.S. government. On December 3rd, 2004, I was called to the White House. I was nominated by the President of the United States as Secretary of the Department of Homeland Security. One of the ranking positions in the US government, it was the second position of its type. And basically, I would be responsible for security in this country. I accepted the president's nomination, and one week later, exactly one week later, I contacted the president, and I withdrew my name from consideration because I had a domestic servant, a man.

That my wife and I took care of my daughters. We paid that in any cash. Didn't pay payroll tax for the name. And as a result, I had to decline the position. My decline in the position and withdrawing my name began, one, immediately at night and evening. Two. a five year state and federal investigation where ultimately I was charged criminally for not paying taxes on my mani. But a number of other things that came up during the investigation minor tax issues, apartment renovations and some other stuff. It all started with an A. In 2009, I pled guilty in federal court to eight federal felony counts, five of which were the name. And I was sent to federal prison for four years. I spent three years and 11 days in federal prison. I was released in May of 2013.

[55:37] After three years and 11 days. And I can tell you that now all that stuff I just told you that I've done, I was pretty confident I knew the American Court of Justice system. I continue today as I stand here, I knew squat. I didn't know half of what I should have known. I didn't care about a lot of what I should care about. And I can only pray and hope. that ultimately I will be judged based on my accomplishments, but more so what I do between now and the day I die with regard to criminal justice reform. And I'm gonna talk about this very quickly because this isn't the topic, but I just want you guys to understand what I mean. I put a lot of people in prison. Bad people. Bad people doing bad things.

People that try to kill me. Kill people I work with. People I seize tons of cocaine from. Means and drug proceeds. Really, really bad guys. Terrorist, cop killers. I put them in prison for 10 years, 20 years, 30 years, life. I have no problem. as I stand here today with any of that stuff I do. But I have to tell you, then I went to federal prison and I sat in the room teaching a class just like this. And in that class I followed my flustered class and I looked over and he'd done the black man who was hiding from his home and I asked him what he was doing here. I'm here for conspiracy, for drugs. How much time did he give?

10. 10 what's, no, 10 years. He's 19 years old. We got 10 years. How much drugs you have?

That way, you have five grams of cocaine. Five grams, you know what that is?

That's three sugar packets in a bubble dog shop. five grams. We, the United States government, put a 19-year-old kid in prison for 10 years for five grams cocaine. Then I sat around in dormitories and I met men. Commercial for home. 75. I met men five years younger than him. Commercial officially. They had been fishing since he was 17 years old. A commercial fisherman, what is a commercial fisherman do just out of curiosity?

Do you know? He can't just finish, right? Is that what you know?

That's what you would think, right? I met commercial fishermen that were sitting in federal prison with me because they caught too many fish. We put these men in prison for 18 months, two years, three years because they caught too many fish. I met a young guy, he sold a Welsh tooth on eBay. You know what I'm saying, you can sell a Welsh tooth on eBay?

I promise you will go to a better prison if you do. Now. I don't want anybody to tell me if they've ever done this. And I can assure you, 95% of the people in this room has done it. Do you know that when you fill out an application for a credit card, a car loan, or a home loan, do you know that if you make a false statement on any one of those applications, any application that goes to a bank, and false statements being you enhanced your income on that application to get the loan. Or a false statement could be that you worked at a certain area longer than you really did so you could get the loan. Do you know that's bank fraud?

[1:00:06] And do you know that when you get that loan, and you're paying the loan. It's not like you deprive any car. You're really defrauded any car. You're going to get the loan. You realize when you get the loan and you take that application and you fill it out and you enhance your income, whatever you say, when you take that application, you stick it in the mail. Well, that's mail for it. And then with a bank, takes that and they send you an email to confirm they got it. That's why. Here's the biggest one. This is really scary. Do you realize that when you get the check from the bank that's going to pay your loan, you're going to send that one to your credit, whoever's paying off your car, you're paying off your house or whatever you're going to do.

Do you realize that when you make that deposit you just committed money laundering?

I've been in this business 35 years. I know. Look, you know how many people are in prison for what I just told you?

I promise you do not know. I promise you don't know. And what's scarier than you not knowing is that the legislators, the US Congress, the Senate Senators that write these laws, they don't know me. They have no clue. And I want to be real clear, bad people that do bad things are wrong in prison. You commit a crime, you make a mistake, you should be held accountable. I have to tell you, we have thousands and one thousand people sitting in American prisons today that didn't need prison to pay for a mistake. And who's paying for it?

Huh? Taxpayer. But you're not paying half. You're not paying a tenth of what you really think you're paying. And I'm going to explain why. How much you think it costs to hold somebody in prison for a year?

What do you say? 20,000 dollars? 100,000 dollars. 80,000?

30,000? 60,000. Okay. So we're between 20,000 and 100,000. Okay. The United States Bureau of Prisons will tell you that it costs you the American tax about 30,000 a year to house a federal prisoner. Okay. That number may be right for the BOP because they have 214,000 prisoners. But I can promise you, that is not what it costs to be with people in this room, in prison. Why?

What do you mean? It means the cost of having a functional status on someone who's continuing out of our culture. Say it louder. It's when you... The opportunity cost is the cost of having a functional person by culture. Remember before when I was telling you how much I paid?

I made a shit load of money. I was making a lot of money. Before I got indicted, I was making about a million and a half a year. In fact, 2004, I made over \$7 million in the years. I was making a lot of money. The U.S. government put me in prison for three years. While I went to prison, I wasn't working. If I was making a million dollars before I left, that's \$300,000 I was paying in taxes, \$350,000. And I can promise you, whatever I was in paying in taxes, her mother was spending in the economy. You lost a million dollars a year at minimum for three years that I went to prison. Now I have to ask you, if I was Charles Manson, if I was some mass murderer, if I was some complete radio lunatic terrorist that wanted to create demise in the country, I could almost justify a million dollars a year to hold somebody to prison.

It would cost you \$3 million to \$5 million to have me sit in prison for three years. And what do I thumbs?

[1:05:03] Read books and exercise. Is it worth it? You know how many me there are in the United States prison system today?

Thousands. Thousands upon thousands of people that didn't need prison to pay for the mistakes. And who's paying for it?

We are. So that's all I'm going to say about that. I just have to get to it. So now I want to go, I want to get into leadership in itself. What is the key to the success, the key to success?

Following lunch, I think we were about at that point. Where's the bathroom?

When I come back to New York City, we say, Where did you find that?

Where did the NS? We're on the state line of Indiana, Illinois. We're about 75 miles west of Minneapolis. John Blair of Threlfe. I already met my wife's parents. It doesn't make any difference in the period. I will write the check back. Thank you sir. Take a few days, or two days, look at them. There you go. Can you take it from over there and plug it in?

My turn, sir. Oh, it's not. I'll just take them out now. Sir, you've really had this a lot. It's not over. That's what's scary. I would think that other than maybe any business, we really don't regret it much. You can't fix it if you don't know it properly. How was that raspy?

[1:11:47] After the surge, especially after the trade's done, we're going to let this as a vaccine. Get away from me for that. Whatever to our colludes in New York City, we need to be drug operated. We need to go into an area and clean the whole area up. We need to be in control. We need to check for speed. What's scary?

To make sure his face is gone. Back at the compound. Walk to the center of the rock. He pulled out. No, I don't think that. Yeah. So that's the problem. And that's the problem. And then there is a 1.2 period. And once you get to this world, you'll see that this is part of the great people. And then that's for sure. There's an L, and we have some of this radical ones. And the problem is... We still have a few people coming back in and as we're transitioning into directly applicable system, it's great. One of my pet... issues for years. And it seems to me, and you do mention the example, that the number one racial issue in the United States is having a young man selling the rest record and making a job. We'll talk about that later.

Let me get through what I want to do. You bet. We'll leave this open so everybody's back. I want you to shut the lights off. When you guys are on the aisle. First light guy. It's stronger than what you're looking in on the Senate. We're still recording on here. Did you restart it?

[1:16:27] No, we're still recording. That would make me wonder what the highest people are in the world. I'm guessing there's a few in New York that do better than that. I should see it. We were just there. This is just, and this is just full. So when you say that, I'll say just, I don't mind editing that. Maybe we might both start at full-torque last day. Exactly. Ready?

You, what we were talking before, and I said, you can't fix something. What did you say?

I said you can't fix something if you don't know it's broken. Right. You cannot fix something if you do not know it's broken. All right. You all believe in that?

In 1990, there were 2,640 homicides in New York City. New York City had a violence rate, murder rate, probably greater than Baghdad during the war. It was a really, really bad place. In 1994, Julian came in to go. And when he came in and took over, he appointed Bill Brighton as the police commissioner. The same guy that's there today in New York City. Bill Brighton had a guy waiting. His name was Jack Maple. Jack Maple had an idea. And his idea came from a book called Reinfesting Government. Anybody read the book?

[1:20:15] You know what it is? You know what it is. I knew you would know this. Reinventing Government was a book written by a guy named David Osman. If you're a business owner, if you're a manager, if you're somebody that has people that has to report to you, if you're somebody that has a need, you have an absolute need for accountability. that you need to read that book. Because the premise of the book is exactly what you just said. You cannot fix a problem that you do not know exists. And that was the problem in New York City. In New York City, we did things just like everybody else did at the time, including a business. Historically, businesses, government agencies, especially government agencies, because the less work you do, the better. In business and government agencies historically, we collected data yearly or by January.

And we would look at that data to see what our problems are. Well, I have to tell you, if you're looking at crime and crime trends, every six months, guess what?

You're about five months and three and a half weeks behind the times. If you're looking at crime trends every three months, you're two and a half months behind the times. If you're looking at crime trends every month, you're still about three weeks behind the times because things will change daily. If you run Walmart or Home Depot or Walgreens or one of these other crazy enormous stores and you're looking at your sales and what you're accomplishing and what you're doing, if you're looking at it quarterly, you're way behind the top. So here's what happened in the New York City Police Department. And not only in the NYPD but at Rikers Island. When I ran Rikers, the statistical sort of catastrophes of New York City, Rikers was probably even worse than the city in itself. We averaged 150 stabbings and slashings per month.

We had the most violent jail system in the nation at the time. And when I came in, I started to collect the data on violence. But I didn't collect it quarterly. I didn't look at it monthly. I looked at it every single day. When I got my car in the morning, there was a folder that sat on the seat next to me in the back of the car. And I would pick up that folder and I would look at it. And all of the violence statistics from the day before, the last 24 hours ending at 6 a.m. was sitting on that seat. So I would pick up that folder and I would look at it and I would know exactly what happened yesterday in each facility. What does that give you the ability to do?

Say again? Okay, and? Maneuver quickly. Maneuver quickly and?

Address something this audit. Take action. Accountability. And I'll give you some quick insights. When I took over Rikers, I remember I was walking past the visiting center one

time, the visiting center one time, and I saw an attorney that I knew from my days as a cop. He was a Spanish guy from up in the Bronx. Great attorney. I locked up these guys for drugs. He was the attorney for the suspect. And he was just a great guy. I see him all the time in court. So I walk him by the business center one day and I see him sitting and then I say, hey, what's up?

So I go up and talk to him and he says, yeah, I got a guy here, I got a client. So we're talking and I will. As I'm talking to him, I realize this guy's been sitting waiting for his client who's an inmate who's not in my control he's been waiting for five and a half hours sitting alone he's an attorney now I don't know about that guy I know what I paid for my attorneys I'm sure that guy wasn't paid but anyway whatever he was paying he has an attorney sitting in the business center for five and a half hours he hasn't seen him yet so I called downstairs they said what's the problem Well, you know, we're not sure. Maybe he's in the medical, maybe he's in the building. Is he in the building?

[1:25:27] Yeah. Okay. We know he's in the building, right?

He's not in court? No. Okay. Then why does it take five and a half, if not yet, why does it take an hour?

We know that guy is in his building. The building looks like it's It's not like I have a while alone. Like, why does it take more than an hour to get that guy to the visit room?

Well, it's always been like this. Wrong answer. Anytime looks at you and says, especially when there's a problem, there's a problem. And you say, you know, why did you do this?

And somebody looks at you and says, because that's the way we've always done it. I would say slack them, but don't slack them. Would you say, okay, well now we're going to do it. Okay. Well, that was the answer. That was pretty much the answer. So now I'm going to go back to the accountability. Whoever said that, you could take action. Here's what I did. I took a poster and I put it up in the visit center. It was a big poster. It said to all attorneys. If you don't see your client within 45 minutes after you arrive in the visit center in order to call this number, you know whose number that was?

Yours. That wasn't mine. Don't get crazy. That's all I need. But it was my chief of staff. It was his cell number. Now... I'll show you how slick accountability is when it works. We only had two calls to that number. Two calls and it never happened again. And those two calls were really quick and then it never happened again, right?

An attorney's there an hour and ten minutes. He called Mike Sheath for staff. Listen, I'm in the Rosem F. Singer Center. It was a female jail. I've been an hour and 10 minutes, why are my clients still let down?

Okay. Now, as in any big organization, you know, if you're a security captain in a facility, you're about, I don't know, you're about 16 ranks down the chain between me and him, okay, or her. Well, [inaudible] On the second time it happened, just hope happened, be the day that we were having what we called the Teams meeting. We created an accountability concept. There are two pretty famous accountability concepts

that came out of New York City on the really, really early on. One was Comstat. Comstat stood for computer statistics, and it was basically the collection of crime statistics on a daily basis so that the police department could know where what was happening where it was happening and how we can address it. The second concept came out of the Department of Correction. I created it. It was recognized by Harvard's Innovations in Government John F Kennedy School.

Both of these programs were as a matter of fact. The concept we created was teams. The concept for the NYPD just focused on crime. I went far beyond violence in the New York City jail system. When we started teams, and it's still the total efficiency accountability management system, when I started that, we were just looking at violence. All I wanted to do was get the Slashings and the Stabbing Town to eliminate the violence so that the staff and the inmates were safer, more secure. But then I realized something. I'm collecting crime, I'm collecting violence ads on a daily basis. So I know where the status were, where the fights were, who the problem job was, how we responded, where we responded, how many searches we did, how many weapons were seized. I would collect all that stuff on a daily basis.

[1:30:07] And immediately, I realized, wait a minute, as we start to reduce the numbers in violence, something else is happening. If the violence number comes down, and a guy that, and I'll explain this so you understand it, if there's a stabbing, if these two people stab each other in a prison, they're both going to the hospital. Okay?

Now, well first, you gotta break them up. So you send a whole bunch of correctional officers to break up the fight. Okay?

Now they got stabbed, they're going to the hospital. Some of those correction officers that came to break up the fight, they're going to the hospital too for one of two reasons. One, they use more force than they should have and they're nervous, so they want to make sure that their injuries are documented. Or they really got hurt bad and they got a dog. Except when you take this guy to the hospital, he needs two COs to deal with him. So you got to take two COs off post and you got to pull them off their post and you got to send them and then you got to back fill those two posts with overtime. And then you got to get two more COs to take her and they got to be back filled out overtime too.

And then you have to get escort officers to go with the officers and you got to back fill those positions out overtime. Now when you go to an emergency room, anybody from New York City here?

Nobody? Here in New York City. You go into a hospital in New York City in an emergency room?

I promise you, I didn't know what it was like where you go or where we go. Eh, I could be there for the four days. OK. Those people that were there are all on overtime. The people that are back in those positions, they're not overtime too. So now, you had something got injured, something got hurt, something's not overtime, what's that gonna do?

Reinforcements. Huh? Everything goes up. But what else goes up?

Something you wouldn't even think of. I was in the business a long time, until I collected this data and got to see it for myself. What else goes up?

You're sick right and not just the people that got injured because those guys that went with you to the hospital What are they gonna do tomorrow?

Take the day off! Take the day off I'm tired! I'm not gonna work So they're gonna take off and guess what?

What do you have to do? You got a backfill on overtime. Okay, you get the gist now so violence led to additional staff which led to the overtime which led to sick abuse which led to overtime which led to sick abuse we have the highest violence sick rate in the United States the average Sick rate for a correctional officer in New York City was 22 and a half days a year. That was average. I had 13,000 people in the agency. You know what the city pays for?

12. You know what it costs for every day over 12?

\$1.6 million for every day over 12. That's your rate, okay?

So, being the innovative coming out of the man, I went to the man and I said, listen, I need a bunch of equipment for the emergency service unit who responds to violence. I need like four million bucks. No, we don't have the money. So look, I said, okay, our sick rate is 22 days a year. We're authorized to offer. If I get the sick rate down to 19, anything I get under 19, could I have that money?

It's 1.6 million a year? He said, no, but if you get it under 18, I'll give you anything under 18. You know what I got it to?

12 and a half. I got it to 12 and a half. So for the next several years I took four and five million dollars a year out of my budget To buy all the emergency service guys all the apex recruitment thing What's that do besides enhance security That's a sale out raise morale it increases morale If I ask you to do a job What do I have to do in order for you to do that job. Say it loud. Support you. How do I support you?

[1:35:23] Say it loud. Give you the tools to do your job. You ask somebody to do a job for you, why ask you to do a job for me?

But I turn around and say, listen, you know, yeah, I hear what you're saying, but I can't do that. All right, you want me to do the job you don't want to do the job if you want me to do the job is what I need right now if I asked you to do a job and you say this is what I need and I give you what you need and You don't do that job what happens?

Hold them accountable That's my way of thinking. Okay, I don't know about you guys. All right. I'm not a bad guy. I'm a very realistic guy. I think I have pretty good instincts. I call you in to do a job. What do you need to do this?

I then give you what you said. You said it. I didn't say it. You said it. I asked you what you need. This is what I need. Okay, here you go. Okay, I give you exactly what you need. And then you don't succeed. That's not my fault. That's your fault. If I look, you gotta go. And then I go to the guy next to you, or under you, or around you, or I find one somewhere out the street, and I bring that man, and I say, look, here's what I need done, what happens?

What do I need? What do you need? And guess what?

Here's what usually happens, especially in a big agency. I ask you to do a job. You don't do the job. You gotta go. I promise you, that guy is gonna do a job. Okay, what is the most substantial motivator?

In leadership and accountability? Death. Death? That's a little extreme. We're losing that from the art of war. Right. I was just going to say, in the art of war or maybe under Saddam's regime. But other than that... Okay. Rep. Nisshane knowing that you care. Okay, that's second. That's right. Money is money's second third. Second third. Responsibility. Responsibility comes with that. Ownership. Ownership comes with that. Fear. Fear is a motivator. Fear is an enormous motivator. Why?

Race is awareness. What else do you do? You have a job right?

I pay you, right? I pay you a job to make good money. I want you to do that job. I give you a job. You don't do that job without us. You're fired. You have a family. You have kids. You have to take care of your family. What is the motivator more than anything else?

Fear. Now people look at me, some people look at me and go, oh that's terrible. He's right in the back. I'm not right in anybody. I have a job to do too. Fear is a motivator. You work for who to Giuliani, you don't succeed, I promise you will be fine. You will have to go. It's not like they said in the Godfather. Is that personal?

And it's true. It's business. And business is not personal. So that is a motivator. Now, for the rank and file, what are motivators?

Now a lot of you guys, you run your own schools, right?

Or you may work for somebody, you may work under somebody that owns your own schools, okay?

You're gonna have people that work for you. The people on the bottom, they are the most important part of your stuff, whatever your stuff is, whether it's karate schools or Walmart. People on the bottom are extremely important. Why?

[1:40:11] Because they're the ones to work. Because they're the ones that accomplish. Because they're the ones that make you what?

Money! They make you look good. Especially if you're not the big boss or you run the big boss, you want to walk good, right?

You want to succeed. You need to make sure you succeed. In order for you to succeed, that means those guys on the bottom, they gotta succeed. They gotta do the right job. All right?

What motivates them besides Peter? Recognition. Money is recognition, right?

A pat on the back is recognition. Public acknowledgment is recognition. There's a number of things that you can do to inspire, motivate, entice people that work for you to succeed. You need to make sure you do that. And with the same vein, as doing that, you need to make sure that those people are then held accountable to do what they're supposed to do. You should collect data, collect information on whatever it is you're doing, whether it's karate school, whether it's whatever, you need to collect information and you use that information to determine whether you are what?

It's two things. When you're either going to succeed or you're going to fail. That's what you're looking for. You're looking for those two things. You're collecting data to determine whether you succeed or fail. If you are failing, what do you do with the data?

You then use it to what? Find out where, what, how, why, and what has to be done. Okay?

If you're succeeding, what do you do? Find out how to do more of it. Say again?

Do more of it. You're gonna do more of it, but what do you do that people like, a lot of times they just completely like they miss the boat. Don't even think of this. And I'll tell you why CompStat and Teams, why this was so important. And let me just tell you what CompStat and Teams was. Every week, we held a CompStat meeting. In that meeting, remember I told you about the command staff meetings that we had with everybody in the room?

Well, at a CompStat meeting, every executive officer of the NYPD is in that room. Every chief, every executive chief, in every deputy commissioner, assistant commissioner. They're all in that room. You know why they were in that room?

I'm gonna tell you, I'll give you a real, I'll give you some real time examples, and this one comes from correction. I just think it's kind of funny. I had a warden of a facility. We were looking at his overtime, and we determined that he had maintenance guys that had had a key name. a key to a certain part of the building you had to have it made and it wound up costing like \$700 in overtime to have a key made. And I wanted to know why. Why did it cost \$700 in overtime for that guy?

How's that happen? Explain to me how that happens. So we're having this discussion and during the course of this discussion I come to find out that the electrical guys and the maintenance guys, they get a whole racket going. Because if you call them that, and it's more than like four hours, if it's more than an hour, they get paid for four, and it's on double time and a half on a Sunday, and it's a whole big, it's New York City, it's a U, so it's like a whole thing, you know, you get this whole thing going. So anyway, during the course of this, Now I got everybody in the agency sitting in this room. And I want to

know why. Tell me why. Tell me what I... So who do I ask?

I ask the warden. The warden can't tell me. I ask the deputy warden. He's standing right next to me. He can't tell me. Okay. Who's the bureau chief that runs that side of the island?

[1:45:02] You are? Okay, I want to tell you. Tell them. I don't know. You don't know?

Who's the bureau chief? You're his boss? Okay, you tell me, I don't know. Why, right up to the chain of command until I got to the chief of department who's sitting two things away from me. Can anybody tell me why?

No. Okay, I want to see, I want to see the, I forget what they're called, for every maintenance thing you do in any government agency, you have to make a formal request, because that's contract. I want to see the request that was made for the key. Oh, we don't have it with us. Oh, you don't have it with us?

Okay. Well, in this Comstack, in this Comstack room, we had six fax machines right here. Six fax machines. We had all these monitors and all those monitors I could tap into the warden's office. The warden's sitting in the room with me. But I could tap into his office and say hello to his assistant and say, hey, We're over here. You're over there. He needs that document. Put it up on that screen right now. Oh, we don't have it. We don't have it. Didn't you just tell me that you did this first thing?

Yeah. Okay, show it to me. Show it to me. Somebody show it to me. What am I doing?

Say it. Who said that? You're holding him accountable. And it's in what?

Real time. That's what it is. Real time accountability. That's what you want. And why do you want real time accountability?

Two reasons. One, you need to figure out what's the problem. This is meaning fixed. And two, more importantly, how many people are sitting in that room?

Every boss in that agency is in that room. Every single boss in that agency is in that room. And what don't they want?

They don't want to be the guy next week that's sitting up at that podium, you saying, hey dude, let me see that piece of paper. Or let me see that document, or let me see that key, or let me see whatever. Because here's what can happen, and this is, well I'm gonna tell you, this is an actual scenario. I had inspections in one facility and it was atrocious. And I sent word back to the facility that I wanted this thing, this stuff cleaned up. And that warden came to the next teams meeting and stood up the podium with two deputy wardens. While we were actually in the room, while we were there, I had a team I have my inspection team from the commissioner's office in that facility while we're actually, while I'm talking to this guy.

They're there. And I'm saying, how is the intake area?

Intake area's been all cleaned up. Okay. Push a button, look up the screen. Didn't you just tell me it was all cleaned up?

It was painted, right? You said it was painted?

John, is that? Are you in the wrong place?

No, sir. I'm in the right place. You guys have not been painted. Hasn't been painted. Okay. And what about this?

And I went through four or five scenarios. And I said, okay, find out. Now we have 150 people in this room. And there's a true scenario, what I'm telling you. The fire commissioner, Tom Vinesen, who's the fire commissioner of the NY, in New York City Fire Department, he was visiting my agency sitting on the dais with me on this morning. So I said, okay, time out, we'll take a break. Everybody take a 10-minute break. I go in the back of my office. I get my chief of staff. I sit, call the chief department, wait a minute, calls the chief there. I said, okay. Relieve the warden was command, send him down to personnel right now as you're talking about today. Get the two, get the warden's transfer then, pull so and so and so and so out of these two facilities, put them in there temporarily, and find the warden that's going to get this best thing.

And off they went. And Tom Vaughn has some of the fire commissioner sitting there, and we're having a conversation, and we go back out. And we sit down. Except this time we sat down. on the right side of the room where that warden, the three deputy wardens, and all of his security captains were sitting, it was empty. There was nobody in those seats. And we went on with the meeting. And I did the other two facilities and we finished and everybody went about their business. So the next morning, I go to my executive staff meeting in City Hall with the mayor. And the mayor said, Julian says to Tom Baresi, he says, hey Tom, you want out the right thing?

[1:50:09] Yes sir. He said, what'd you think? He says, well I'll tell you one thing. He said, it's a hell of a message. You come back for the 10 minute meeting, there's a bunch of them. Now, what does that do?

It inspires, it motivates, it holds people accountable. and it sends a very clear message to your command staff, do your job, where else?

It's not personal, one of those guys, I love the guy. It's business. Business is money. You have to hold the people accountable. You have to make sure they're doing their job. You have to reward them. You have to motivate them. You have to inspire them. You have to take care of them. But sometimes it just doesn't go the way it's supposed to and then that way. With that, I probably talk way too much. Steve, give me what else?

Anything I haven't covered? Well, in most everybody's case here, in order to execute what you just said, they end up with with two variables that oftentimes they haven't talked through in advance. Number one, they end up with a lack of interest. And so certainly addressing how to develop quality people that are there to come in as you're weaning out the battles. Number two is, so many other staff where students are there,

they get emotionally engaged in overlooking their weaknesses. How do you get around that?

All right. We'll go back to the first one in a minute. The second one is more important to me because it's stuff that I... Did everybody hear what he just said?

Okay. This is personal. This is real, what I'm going to tell you. I told you some of my background when I was a cop, okay?

I was an extremely aggressive cop, both in uniform control and in plain clothes. I was very aggressive. The guys that worked with me, the guys that I enjoyed working with at least, they were very aggressive too because you work with and play with the people that are like you. So the guys that were with me were very aggressive guys. Gun battles, shootouts, chases, all that cop stuff you see on TV we've done a thousand times. But then I became police commissioner. Okay?

And on the morning I became police commissioner, I was called to a press conference, which was a Saturday morning, and I stand up in this big room in City Hall where the mayor of New York City announces to the whole world, and I say the whole world because I was a bit embarrassed when the London Times ran a headline, High School Dropout Becomes New York City's Police Commissioner. But at the end of the day, and in that audience are a bunch of New York City detectives with medals up to their ears that were my partners. One of which was shot in a gun battle and I shot the guy that shot him. You want to talk close?

We were close. And we were so close and so tight that on the morning of September 11th, when that second plane slammed through that building, it were running down the block, that guy that got shot 12 years earlier, and that I shot the guy that shot him, he is actually the guy that drug me up the block and give me a serious wedgie as he was doing it, running me down the street. He was my principal bodybuilder. Okay, I stepped off the steps after I was announced by the mayor and I looked at him and I said, where do you work?

He says, I'm in the intelligence division, my body is up for a judge. And I can remember this, I was in correction, I was the correction commissioner, I ran a right here, so I don't know all the protocols for the NYPD and I turned around to one of my chiefs and I said, if I... If I want to get Hector Santiago transferred to me, how do we do that?

He goes, you're transferred. I said, that's it? He says, what do you want?

You want to transfer it or not? I said, yeah. He says, all right, we're done with it. I said, I'm just working. I'm working for like a museum and television. All right, we'll do it. Go. Yeah, let's go. So I walked around Rome, and I picked, you know, [inaudible] They know what I'm like. They also knew and recognized immediately. Now, keep this in mind. There's an enormous amount of protocols like this. It's like this building. It's like this reservation. Enormous protocol here, military protocol with NYPD immediately for Hector Santiago, who's like my brother. He was like my brother Scott, I saved his life. We've been in shootings together. We've done some crazy things together. Booming

doors, drug cartels, all the jungles, all this stuff. It went from, hey, burn to sir and commissioner. Immediately, boom. To this day, he is my best friend.

[1:56:11] He's my best friend. He calls me five times a week. And he's got a hell of a job. He retired from the NYPD. He is the principal bodyguard for the chairman of Time-1. He flies all over the world with Jeff Bewkes, who is the chairman. And he is his principal security. But he will call me five times a week. And the difference between him and I is when he's calling me, when I call him, I'm in New Jersey. When he calls me, He's at the Cannes Film Festival. He's at the Golden Globes. He's at the Grammy Award things. He's at, you know, it's Monaco, something, he's in Hong Kong. Every time he calls, he's somewhere else. But to this day, it's commission. To this day, there is a protocol that he understands, knows, and is accepting.

You're gonna have people that you've worked with. and then become employees of yours. You know, in the government arena, and keep this in mind, now, when I went to the Police Department, when I went to the Corrections Department, I left as a detective. I was gone for six and a half years. When I came back to the NYPD, I came back as Commissioner. You know what that did?

That put about 54,900 people that I worked for where I was under. I'm now their boss. Now they're what?

I'm their boss. So all those guys, and believe me, there are people, you know, I had, I can remember, captains in above. I had 400 commanders, captains in above. I can remember the old guy said, I'm not working for Delta Tech. Okay, so guess what?

I'm gonna be here. It doesn't matter me if you're gonna do what I say So and I told them that in fact Big article that you know, I get up there and I give this speech. We're gonna do this. We're gonna do that three things It's very simple. We're gonna reduce crime. We're gonna fix community relations. We're gonna enhance morale and take care of cops That's what we're gonna do if you're with me, we're good if you're not with me You gotta go and I'm walking off the stage and I said oh one last I said, I've heard some of those things floating around. There are people in this room, you're not going to work for a third grade detective. I said, I strongly urge you to get over it real quick, like within the next 10 minutes.

And I walked off the stage. Don't you know one of those slimeballs went to the press and told them?

It was a big thing in the newspapers. And I finally figured out who it was and they went anyway. So at the end of the day, you're going to have relationships with people that you've come up the ranks with and then who work for you. That's personal. Business is business. They have to understand it. You have to understand that they have to be held accountable. And sometimes the lines get blurred. You just have to make sure that the line is clear. And what was the first thing you said?

Building bench strength is, you know, in a small business it's difficult to have the hoof stuff to get rid of somebody who's not performing if you don't have bench strength

behind it. A story that I like, I was talking to Paul McConverter who was a Super Bowl athlete. And his comment was, he said, I'm coaching high school football and it's so much different than what I was ever used to. And I asked him his long story, but ultimately what was the difference?

[2:00:05] He said, well, in the pros, you go in after the game, watch the film, the coach yells at you. It's not like you have to support, because you're all motivated. And I said, well, what was the difference?

He goes, well, there's a long line of people who want your spot right behind you. So if you don't do your job, it's the next guy up. And I'd say most of the schools in the room here don't have the next guy up. They haven't had a free plan for that succession. And the only thing I could say, the thing that stands out in my mind, you have to make sure that the people who move up are the people you think do the job. I mean, unless you're just in dire straits and you have to make, and you have to have a substitute, or you have to have, you know, in a government agency, especially when there are a lot of people like I did, you know, it's like a bus, these fellow guys, it's like a bus.

You miss this one, you catch the next one. That's what it's gonna be like. In a smaller arena, you don't have that ability. So if you don't have that ability, you have to be extremely careful to make sure that the people you do move up are the people that deserve it. And I think if you groom them right, if you motivate them to inspire them right, you'll be a lot better off. And that's in a smaller arena. That's going to be extremely important. One of the things, I don't know if I'm going to say it's trouble or it's maybe growing pains or maybe it's my pain, but my younger instructors, among them, that you even met, Mr. Oliver, actually listening to me, like, as all of you are speaking of, they'll do everything you want. The older instructors, which I know you've probably heard before, are the ones that have a difficult time adjusting their ways because it was the old way, it's not the new way, it's the new way now, it's all this stuff, you know.

And with that said, they're not hurting my business majorly. But they're holding me back or slowing me down. I believe I can get them to adjust. But taking ahead of a lot of work. And that's basically where I stand with that. They're not like, well, I don't think, maybe I even put them on a spot, like you say. Put them right on the spot and say, this is what I need done. This is what I need done. If you can't get it done, you need to go down. I think one of the things you could look at doing. First of all, try not to keep separation in the people of worldview. And I'm going to be very capable of the way I say this. Never, ever, if you learn anything from me today, don't verbally attack, don't verbally abuse, don't embarrass, don't do any of that stuff publicly.

Or in front of your other managers, your other students, never do that. First of all, just a person which is just inappropriate is wrong. You're an ass if you do that. You don't need to do that. So that's number one. Number two, there's ways to talk. You shouldn't talk to anybody the way you want somebody to talk to you. That's what we're talking about. Now, all that being said, it's much better, in my opinion, that you have all the teachers,

all the instructors in one place at one time. This is the mission. This is what, and I wanna, this is basically to show basic innovations in government, basic David Gergen and David Osborne and all those guys that have studied this stuff for years. This is basic stuff. You have a mission statement for your school.

You create goals and objectives to hit that mission statement, and then you're going to create performance measures to make sure that you hit your goals and objectives. Okay?

Well, that's the same no matter which one of those instructors you're talking to. They should all know what those goals and objectives are, and they should all know the performance measures and indicators to hit them. And they don't have to be separate and apart for you to tell them. And you need to tell them, one, this is what we're gonna do, this is what I need you to do. Is there anybody in this room that don't think they can do?

Anybody in this room that disagrees? Tell me what the disagreement is. Tell me what you think. Tell me how, tell me why. Two things, one, listen to them. And listen to them because you make yourself to the new extent. Two, you then tell them what they're going to do. You know, I used to tell my kids, in this arena where I work, I run. I run. This isn't a democracy. This isn't dictatorship. I run. Now you can tell me what you think. You can recommend, you can do whatever, you can do all that stuff. I want you to do that. But at some point in time, I'm gonna say, okay, hold on, I heard enough. Here's what we're doing. ABCD. Now at that point, I'm not asking no more. Now, we're doing it. I made the final decision.

[2:05:39] I made the final decision and you're gonna do it and listen. And you did it referencing when you were speaking though as well. And exactly. Now I'm gonna take something back one time. Remember I talked about motivation, enhancing, enhancements, motivations. firing up. And you guys might, you might get some, might get something out of this. I had enormous agency, both agencies. Every three or four weeks on a Friday afternoon, when I ran correction or I ran the PD, my chief of staff would call a federal committee. And he would say, when we ran Rikers, he would say, you would call up the Rikers. He said, listen, he had all the rosters for the jails. And he said, listen, call this jail right now, take the officer on this post, this post, and this post, and send them over to the commissioner's office right now.

He doesn't know who they are. He just knows that those posts are working posts. Those are security posts. Which means whoever's working those posts, they know his job. because they weren't really beyond those posters. They didn't know the job. He would do that in all 10 jails. That's on records. And within a half hour, I'd have 30 people sitting in a room. I've never seen him before. I've never seen them, and I can promise you the only time they see me is on TV. Especially in the NYPD. You got 55,000. The only time they see you is if it's TV or the day they get sworn in. And that's it. They're never going to see you again. unless they're in a real bad trouble. And they don't want to see you anyway at that point. So now I got 30 people sitting in a room that I know are

really ingrained workers.

They know the job because those are serious posts they just came from. And I would walk in, and I'd say hi. And after the stunning shock of seeing me being there, and before I got in there, we'd have food by Chief of Staff, by pizzas and sandwiches and all this stuff. So he would walk in and he'd say, listen, Commissioner wants to talk to you guys. He's going to be in here about 20 minutes. In the meantime, there's a bunch of food, sodas and stuff. Just take off your gum belts, relax, have dinner. He's going to be in about 20 minutes. The first five minutes, if you had a camera, they were in there like this, the leg looking around. They're trying to figure out what the hell am I doing?

What is this? Then they eat their food and I walk in. How you doing?

I walk around the table, I shake everybody's hand, sit down. They take out my wala. And in my wala I have my shield. That's okay, what's up?

You just got a call from Mayor Drew Young. We called Drew to say the call. He handed you the shield. and he gave you my job. I want to know three things from you right now. What would you do to enhance morale?

What would you do to make your job more safe and secure?

And what would you do to save the city money?

What's most important to me? Enhance morale. Security. Come on, friend. Walt, who am I asking?

I'm asking the guys on the bottom. You know what?

They're gonna tell me. You know why they're gonna tell me?

Because there ain't none of their policies in that world. So they're gonna talk to me. Sir, what was the third one again?

Money. What would you do to enhance morale? What would you do to make it more safe and secure?

What would you do to save the city money?

And guess what? I had 30 guys in that room. 30% of them were complete morons. Morons. When I tell you morons. Tell me the stupidest, craziest nonsense I've ever heard. 30% could go either way, maybe a little better. 30%, 40%. They would tell me things that I would sit there and go, oh my God, I never thought of that. I didn't know that. I couldn't do that. And what am I gonna do?

[2:10:05] I hear something real good, what am I gonna do?

I'm gonna do what he said and I fall through it. And I'll give you some really slick examples. One time I had cops in from the NYPD. I had a bunch of cops, about 25 cops in the room. And the cop looks at me and says, Commissioner. He says, I just got one thing. I said, what is it?

He reaches in his back pocket. He pulls out his radio. You see the radio?

I said, yeah. He said, how much is this worth?

I said, I don't know, like three grand. He said, all right. You see where it is?

It's in my back pocket. He said, you see my pockets all ripped?

You know why it's ripped? Because I put this radio in it all the time. I said, yeah. He said, the radio's worth three grand. I said, yeah. He said, if I drop the radio and I break the radio, he pays for it. I said, he did. He said, all right. He said, do you know there's about 10,000 radio cases that the quartermasters and we don't have?

That's what he's doing. He says, we don't get radio cases. He said, but there's 10,000 of them sitting at the quartermasters down in Brooklyn that they just won't put in the commands. I said, why?

He said, I don't want to. I'm asking, why do I carry the same type of back pocket?

He said, why are you going to charge me \$3,000 when there's a radio case that we're supposed to have that's in accordance?

I said, I don't know. I said, well, we're going to play that. And I turn around, and my chief of staff had already left the room. And before those cops, that guy was from the Bronx. Before he got back to the Bronx, they were delivering radio cases to every command. I got a call from the PBA president who runs the US 40,000 members. They're going to call the election one. He says, let me ask you a question. Did you actually have a cop's down there, they had to pull you back to the rear case, and you fell in and back to the rear. That's okay. What did they do?

It enhanced morale. Because I did what they asked. Was it a big thing?

No, it didn't cause any money. It didn't cause any money. It saved money because they didn't break the radio. And it saved money. Alright?

So that's one thing. Now, you talk about enhanced morale, this'll... Show you about handsome morale and also give you some insight as to how completely insane I am. I had a cop that worked for me. His name was Joe Vigiana. He was in emergency service here. This is true stuff. What I'm telling you is true stuff. He was in emergency service. Emergency service is like the SWAT team from New York. He volunteered to be in emergency service after he had been involved in two different gun battles. One in 1994 and one in 1997. The first gun battle, he got shot three times, once in a chest. Second gun battle, he got shot two times, once in a chest. Then he volunteered to go to the SU, which is the most, it's the craziest job in the world because all the stuff they do.

But I called him downtown in my office, I was gonna come over. And when he was in my office, he looked up at the wall and he saw a photo of me rappelling off of some building when I was a young guy. And he said, hey boss, is that you?

That's you rappelling right there. I said, yeah. He says, you know, every Saturday, we go up on the Brooklyn Bridge and we climb up there and we have breakfast and stuff. I said, yeah. He said, you should come up there on Saturday with us. I said, where did he sit off the bridge?

He said, walk up with us. He said, we'll go up and have breakfast. I said, why would I walk up on the bridge?

He said, because you said that's what you used to do, right?

I said, yeah. He said, you know, we've asked every police commissioner for like the last five weeks. So, what would that tell you?

Okay, let me take that. Well, please say one Saturday. I told Beanie you saw that. you know, utility close. And I put on a rig, and I went down and I bet him, and I went up to the Brooklyn Bridge. Now, you have to understand, I don't know if you've ever seen the Brooklyn Bridge or pictures, it's big, it's real big. And to get from the bottom to the top, it's a round pole, it's about this round. It's like that, it's small. And that pole goes up like that to the top of the bridge. Well basically, you get on that pole and you walk like this. You walk like that. All the way up. Didn't find any broken bridges. The only thing you have to hold on to is these two-wire cables. You put D-rings on them.

[2:15:01] You basically walk, when I say walk, you walk up the bridge. Now there's two funny parts to this. One is you have to come down. Growing up is one thing, because you look it up, you don't see nothing. Coming down, you're looking down. Not good. But the funnier thing is when you get up there, actually. Now Joe said, we'll get up there. He said, we have breakfast up there. I thought he was joking. So we get to the top of the Brooklyn Bridge. We are physically on the top. When you look at the Brooklyn Bridge, I know everybody's going to go back to your room tonight. Google it shit you'll see on the top of the Brooklyn Bridge. There's a flagpole with US flags on the top of the bridge When I got up to the top of that thing there were seals there were cops up there from emergency service They had bagels they had coffee juice and I started laughing I said we flip a coin, the guy that loses has to carry all that shit up to you.

So we come up and have breakfast, and then we train, and they hang off the bridge, and they do all this completely insane stuff. And these are the guys that, when you hear there's a jumper on the George Washington Bridge, these are the maniacs, you gotta go get that guy. The bad part of this story. Joe DiGio, I'm gonna sit there for a little bit. But he was a great guy, really good guy. Anyway, so you do, oh, inspiration. I go off the bridge, I come down. I got, I didn't get, my chief of staff got, I'll bet you he got 30 calls from PBA delegates, from the delegates all over the city. Is it true that PC went off on the bridge with you?

Yeah. What did I do? And I want you to think about this, and I'll end with this because this is extremely important. This is one of the most important things of leadership, I think. What did I do?

His room, I gained respect. I forgot a new level. He was your room, Mom. All right. It's all of the above. Yeah, you did what you would ask of them to do. That's in a nutshell, that's it. You can't inspire somebody to do something if they do not think you do yourself. Okay?

You can't do that. So, there is nothing, these cops, and that's why I had an enormous amount of respect in the NYPD and correction. I was the CEO. I was a correctional, so I was a warden. And I was a cop, and I was a detective. And I knew their job really well. I did it really well. I was highly decorated. And they all knew there was nothing that I would ask them to do that I haven't already done. So with that, if you have any questions. Any questions?

You mentioned earlier you started talking about what you should do when you're succeeding, but then we got sidetracked, but most people don't ever do. What was that?

But when you are succeeding in something, there's something you should do that you won't do. Look at the data and... Oh, okay. This goes back to what she said, what we talked about earlier. You can't fix something, you don't know what's this, you don't know it's broken. You collect that data to make determinations on what's working, what's not. Oh, I know what it was. Okay. You have all those people in a room. You have all, this goes to you. You have all new instructors, okay?

And you're looking at the dad, you're looking at success in period, okay?

The failure, you're gonna address immediately. But the success, what are you gonna do?

You're gonna reward them. But you're gonna use their success to incite, you're gonna use their success to motivate, you're gonna use their success to make the others do it. And I'll give you one example. I have in a facility at Rikers, I have a major gang problem. Big gang problem. A lot of violence, a lot of stabbing, slashing, stuff going on. And I call in the morning, I said, listen, you got a week. Next contact, I'm coming back. In a week, if you don't have the violence down, in this week, we're going to have an issue. I ain't going to have an issue. We're going to have an issue. Violence has to come down. You've got to stop. Yes sir. Boom. Out to Dory Vos. Overnight. Overnight, like within four days. I'm looking at this stats daily and I send a team over and I said, I think this guy's dead.

[2:20:20] Like, this shit's completely disappeared. I know what happened. It's like he's fudging the numbers or something. Get over there and find out what's going on. Then come back and he said, no. And he fudging the numbers. Then he said, wait till the concept. So I called him in. comes up, I said, all right, Bill, you went from this number to this number, from this violence to that violence. You completely whacked it, knocked it off the charts. What are you doing?

He says, I changed my tours in the mid-ex. That is the warning. There's the warning. You went from coming in like eight to four in the day time. He went from that to 11 at night to 7 in the morning. And here's what he did. He put up a board like this and he identified all the gang members in the facility. And every night, the 12th, the 12th

again, and 5 am, he went to every one of those gang leaders and he woke them up. And he woke them up and he picked up their locker and he went through their locker. And he would take their commissary slip and their commissary slip said, they bought two packs of cigarettes, they bought five second bars, they bought this, they bought that. Well that's what this guy owns, that's what he should have in his possession.

What's he got? He has 92 second bars. Oh, he only has four, okay, take the rest. He has this one and this, how many has he got?

25. Alright, well take 24. And in this he did it every single night to every one of those guys because what did they do?

When they go out and cut somebody or extort or rile or whatever they do they take their son out. Okay, how many pairs of niggas are you supposed to have?

One. One, ten, six, take them all. Boom, done. And now during the process he may have collected some of this on his own, he may have saved some of the stuff on his own, it may really be his. Too late. You will become a target because you are doing all this violence. It took three days. The fourth day he came in at night, all the gang guys had all their stuff laid out under their bed, and they're all sitting on the bed waiting for him. He walks in, says, hey guys, how you doing?

Good. Finally, the fourth night. the head of this group, they basically stood up and said, they weren't listening. All right, we quit, we quit. First of all, we screwed up our sleep. We didn't get no dance. We didn't break everybody up. We're messing up our nights. We ain't getting our visits. We can't get on the phone in the daytime. We're messing us all up here. He said, I can't handle my nights. All right, now, that's what he did. What did I do?

I called every warden. I called all 16 warden. I had it come down to the city, down to the head groups. I called all the warden and I put him in the room. And I put up on the board all his stats for two weeks ago and I put all the stats today. And I said, I want you guys to listen to this. And I had him go through all the stuff he did, right?

Everything he did. And I said you got it said yeah, I says all right everybody understand yeah, God got a guy Okay, good any questions no sir all right. We're done. I turn around I said oh hold up one second I reached over on the other side of the desk. I said Billy do me a favor Take that shield. That is a word one side too. He's like, excuse me?

I said, take that shield off. I said, put this on. I handed him a two-star shield. I said, you're a promoter. I did it right then. What did I just do?

What did I do to those other guys? All those guys that are hungry?

They're going, oh, shit. I'm like, I hope something happens at my place, because I'm going to do this. You get it?

All right. What else? Has your approach to leadership changed, or how has it changed from you all, based on this kind of successive chunk that you've experienced in your

career?

[2:25:02] My approach is always, you know, it's kind of like what the way I tell my kids. You go to school, you hang out with other kids, they're good kids, bad kids. You know who they are. You're smart enough to know you follow and hang with the good, get rid of the bad. Leadership is the same thing. You're gonna learn from people, you're gonna meet people, there will be mentors. the people that you can follow their lead, okay, well those, you're smart people, you're not morons, you follow the leads. Those that aren't, put them on the side. And that's kind of what I've done. If you listen to what I've just said the last two hours or so, three hours, what you do, I've learned from Rudy Giuliani. I learned from President Bush, I learned from Jack Walsh, who ran GE, Kenny Langone, creator of Home Depot, founder of Home Depot, brilliant guy.

I've monitored, watched, listened, learned from these guys, and I take the good that I like, that I think's effective for me, that I think I can use in some way, and I use it. The stuff that doesn't work for me. I don't use it. So, you know, technically, I mean, you should always be moving up. And that's the way it works. And that's what we're doing here. And I'm going to tell you something, and I'm not blowing smoke on this guy. I've known this guy a long time. You can't, when it comes to leadership and accountability and business management, nobody's better than me. So... If you can't learn from him, I don't know, give it up. Go back to school. But he's the perfect guy to learn from. So. Thank you very much. Did the time in prison change your concept?

Or did it? Did it not reaffirm? No. My prison time reaffirmed everything I thought because I saw within the federal prison system, I saw corruption that I was astounded at. I saw incompetence that I was shocked by. And I saw an enormous place of money that is sort of in a hypocrisy of what we're supposed to be. And it just reaffirmed everything that I've done. Everything I've done, you know today as we speak today in the New York Daily News, there's a massive op-ed piece about Mike Gazzardo. And basically what it says is since I left, it has gone back to the way it was before I took over. Now, that's a horrible thing. Except for Mike. I couldn't be more happy. Because before I got there, Nobody in the history of New York had ever fixed it until I, since I've been gone for 13 years, has gone back to a complete mess and they have 10,000 West prisoners.

So all that is for me is a vindication that everything I did was the right thing to do. So by the time the prison did not change, my leadership thought it all. Sir, this is just kind of a thought that I have. When you were in prison, you saw all that corruption and everything that happened. Did you just feel, like, at that point really frustrated?

You feel frustrated, but it's more than frustrated because there is complete... It's way more than frustrated. Because, not only because you can't do anything about it. But the deprivation of freedom is far more profound than anybody in this room could understand unless you've been there. You know, people have often said to me, you know, you were in a minimum security camp. There wasn't a maximum security, super max, medium. It's a minimum security camp. You have much more freedom. than in a

regular prison. You're in a dormitory type setting, you live with other men. Okay. I guess, country club fans, all that shit you've done to these people. Here's what I'm gonna tell you. Are you all standing here sometime?

Everybody? Okay, no? All right. If you go upstairs, go to the bathrooms. Bathrooms are pretty nice. I saw the article, bathroom's okay. The bathroom upstairs is about to... 12 by 12, 12 by 15, but that's about the size of an acubicle. So if you want to know how luxurious it was for me to live, go upstairs, take as much of your personal clothing as you can, and put it in that bathroom, breathe and talk to me. And then turn around and lock the door. And I'll come back in a year to get you. And you tell me how the jury signals. You tell me what it was like to sit there for you. You tell me what it was like to live out of a Tupperware dish. Or to cook your food out of a microwood.

[2:30:44] Or to have somebody walk into the mess hall and snatch food out of your plate. And then you tell me what a country court is like. So when you see those newspaper articles, if somebody got a slap on it recently, I said to a country clerk, how much you think of that?

Anything else? You said that you had a new president of the former here working on it. Can you tell us about that?

Look, the things I've done, all the stuff I've talked about that I've done, nobody in the history of this country ever and it's a long history. With my background, experience, or success in my field in policing or correction has ever been within the system, ever. You've had governors locked up, you've had congressmen, you've had, you name it, people, nobody that ran two of the largest law enforcement agencies in this country, no one has ever been inside. I was the first, hopefully I'm the last. So I have a perspective that I promise you, nobody in this country can tell. And now that I've gotten that perspective, and I've seen the flaws and failures, I'm on a mission to change it. I don't think that we can allow the system to continue to... It's unsustainable financially, number one.

Number two, it's the strong families and this goes up to some students earlier. We talked about the drug rules. I was a drug agent. I locked you I was another guy. I locked people up for drugs But I have to tell you when I look back and I think of those low-level first time drug offenders that was telling me They were selling to me because they were complete junkies. They were stoned out of the bond Okay, what do we do with them?

We're doing it in prison. What else do we do with them?

Nothing. We did nothing with them. We just put them in prison. Okay, you tell me what the benefit is to society. No?

Because prison is a training ground for family and criminality. Prison turns people into monsters prison institutionalized We take a Young kid that's on the verge of becoming a junkie We guarantee that that guy's gonna be institutionalized. He's never gonna get a job He's never gonna have success in his life and he's gonna come back out because he can't have a good job and we're going to make sure that he goes back and does the

same thing all over again, or he goes out and kills somebody looking for money. And then he goes back to prison. That's what we guarantee. It's got to stop. People that have dependency problems have got to be treated. The mental ill don't belong in prison. They need to be treated. And that's another bad one. I can't tell you how many people with mental illness the answer for the government is just lock them up.

Alright, you know what? Don't lock them up. Put them up against the wall like ISIS does and then slaughter them. Just get them all off. Because eventually that's what you're doing. Anyway, I don't want to get off that tangent, but that's what I'm focused on. NYPD that 14 years later you were reaffirmed that you made the right decision. What was that moment?

When I became police commissioner. It took me 14 years. From the day I joined the NYPD in 1986, I became police commissioner in August of 2000. 14 years of the month. We're relevant to that. You know, you're going into something enormous. Something that you worked with out too, that's an enormous responsibility, isn't it?

[2:35:06] How did that maybe just start by asking that to be coordination out of it?

I mean, in your words, people have often asked me, what is it like to be in the New York City Police District?

That's a normal sight. It's like being a mighty king. You know why?

Because everything and anything that happens in New York City, you are responsible. Think about it. It's New York City. The budget of New York City is bigger than 40 of the state budgets I worked it out. It's an insane job. Now, what do you think?

Quite honestly, you don't think. You've only got time to think like that. You don't think. You just do it. There are things to do and you just have to do it. I already handled the big agency. I gotta be honest. I thought I had an enormous agency when I had a correction. But when you have 55,000 people working for you and you have more than a \$3 billion budget and you're responsible for the city of New York. Your whole focus changes. So you don't think that much. You don't really have to think. You just gotta do it. Anything else?

I'll use strategies on recovery from setback and failure. I gotta be honest. The way I operate, failure is not an option. People look at me and they say it's unrealistic. I don't know. It's never been unrealistic in my book, because I've never failed any job I've ever had. In fact, every one of the jobs I've had, I've gone from the bottom to the top, including the biggest in the country. So I don't know. Failure is not an option for me. I just don't. I just do it until I get it right and then I do it until I do it best. I don't want that to come off arrogant or anything like that, but I mean, I think if you look at my background, if you look at what I've done, that's the way I've operated.

And everything else in the way is just something you have to be registered for. No, there's a sign, I forget how it goes, but you see, you know. I'm moving up the hill, you're either with me or get out of my way. Leaf out or get out of the way. Yeah, I don't have

ear holes. There's nothing better than that. That's pretty much tells the story. You talk a lot about keeping stats and then from this point to this point and then measuring the gaps and then filling in the gaps, can you elaborate?

How you came up, I mean, was it just watching all the leaders or where did that come about?

I think mostly it came about understanding the concept of collecting data and how to use that data. First of all, you're going to collect information. Make sure the information, this information is useful to you. Don't collect a bunch of nonsense that you don't need. And believe me, I say that for a reason, because a lot of companies, a lot of places will do that. They'll collect all of the time, and I don't know, what's this for?

I don't know, let me just collect. I don't know what it's for. First of all, and this goes back, goals and objectives, mission statement, performance measures. Those performance measures are the stats. Your goals and objectives are to meet your mission statement. You know what the mission statement is. Okay, well you're going to create the goals and objectives to hit it. And that's where the stats come from. Then you create the performance measures to hit the goals and objectives. And what do I need to get there?

I need to do this, I need to do that, I need to do this. So I'm going to collect that information and we'll make sure I'm doing it. If there's anything outside of that, throw it away. You don't need to waste your time. So what is the time?

What is the energy? What's the resources? Whatever. Last question. Since you were there. And we look at whatever country we work with, Canada. It doesn't matter. Politics is politics. Power is power. Wani is Wani. Impacting. And I know where you're going, and here's what I would tell you. You've identified no problem. Politics. OK?

[2:40:27] Politics and I'll give you a really these are this is a person this is a really good example New York City and right cuz I'm pre Giuliani post Julia okay big difference Rikers pre Giuliani post Julia the difference it's political and it's political and businesses should not be this way because business is capitalization. Business is yours. You are in command. In government, in politics, here's what happens. Bernie Cara comes in and does something that's really good. And then some guy comes after me and says, oh, you know, I can't stand up there and say this guy did all this great stuff, so I got to do my own great stuff. OK, dude, you got to do great stuff. If they don't go the way it's supposed to go, you gotta go back and say, hey, let's go back and do burning carrots.

Where do you mean, because my thing ain't work?

Okay, nobody ever does that. Political leaders, governmental leaders, and who's from Canada?

Who's from the same? You're from Canada, both of you guys?

All right, now I'm gonna get political, because I have an enormous admiration for the prime minister of all the world. I don't know how it goes. Huh?

One? A guy that, he said he's gonna do something?

Did it. And I know him personally. And I will tell you something. When I went through my investigation and all the stuff that was going on, you won. You know, there's an old saying, you never find out who your real friends are until you have problems. And leave me when I tell you. That's true. Really, really true. On the day that I was sentenced to prison, I got a call from Roger Ailes at Fox News. And Roger Ailes, who's the chairman of Fox, called up. He had somebody call me. And he said, I have a friend of mine that's looking for you. He wants to talk to me. Now they won't tell me who it was, but I'm not going to say no, I'm going to describe the ratings. That means Jack O'Farr's. I said, okay, why get a call from the Palace Hotel in Manhattan?

And I answered the phone. I was trying to make some noise. And I answered the phone. I said, hello?

He said, Bernie, he's buying all of it. He said, I just saw what they did. He said, and I had to tell you, I think it's a real case. And he went on for 15 minutes. Stay strong, keep your head up. Keep moving, keep doing, keep this, keep that, keep this. Enormous inspiration. Really, really good guy. I'm sorry, I lost track there for a minute. Anyway, politics, people in politics, they always feel that they have to make change, even at the demise of the world. or whatever the success was. In business, don't do that. Somebody's doing something that's good, whether they like the guy or don't like the guy, they don't agree with him, or agree with him, it's good, it's good. Don't take something good and break it because you disagree with the person. You know what I mean?

That's it, thanks, guys. We're going to keep these guys and abuse them for a while. Oh yeah, yeah, yeah. But I'm sure your daughter would like to see more of the premises. Yeah, we're going to cruise around. Maybe grab dinner around 8. I'll call you when we get down. Thank you. Thank you so much. Yeah, so everybody want to get a picture with me here?

Yeah, and we've got a photographer. All right, what are we doing?

[2:45:20] You're the official photographer. Here, let's see. We have our official photographer right now. Oh, come on. Thank you. What's your doctor's name?

Angelina. Hi, Angelina. She's a very patient. She is. Thank you. Good. I don't know. Thank you. I can't imagine you'd step. Well, I guess I can't imagine you'd step. I never know. I'm gonna have a walk. Okay, I see you guys. Thank you, sir. I don't have a walk. I'm doing his dad. Thank you. You've got to get married. No. Greg used to go. Okay, one more. Are you still running?

[2:50:41] No, I shut that one off.

Day 2, Session 2

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Well, we're going to go in again. You're back on. Who all is going to be here all day tomorrow?

Who's got to leave someplace? Either not here tomorrow has to leave sometimes or early. But what time do you guys have to leave?

Probably be here about three or four. Oh, OK. Well, we're going to go to about three tomorrow anyway. OK, so you'll be fine. Who's not going to be here tomorrow?

Okay. One of the things we want to make sure that we cover. November or December is the best time in the world to really do a, we're trying to call it re-enactments, right?

Which is to go through the entire student body and upgrade it. And in a couple of cases, you know, Reg's launching into a leadership program, you're at 200 active students, and here's what the numbers should look like, right?

So if I had 200 active students, just use that as a number, right?

And some of you have a lot more than that to work with, some of you have less. Is worst case scenario, if you do it right, should be 50% of the student body that you can redo up into the next new program. And best case is in the range of 75 to 80%. Right?

I mean, we use the Sterling School as a benchmark that's doing 87% to 90%, but honestly, that's an outlier, right?

So if you manage to get 75% of the student body into something, you'll be hitting out a card. And if you did less than 50%, it means you just completely went down, truthfully. And this isn't hypothesis. Probably 25 years across four to six schools, I did this kind of removal in November, December. December was always our biggest cash month of the year. Second biggest cash month of the year was November. And oftentimes we would triple what the next biggest month was, year to day, for that period of time. Does that make sense?

And over and over and over again. And then with lots of other schools outside of my own, we found those numbers a lot of times. And frankly, this is Jeff Smith's idea, it wasn't my idea. I got it from Jeff Smith. almost 30 years ago and part of his language that made a stick with me is he said well Anytime there's a month everybody thinks is bad. Oh Greg. Did we turn this on I did you did okay, but we didn't but you did Anytime I think there's a month that's gonna be bad figure out how to make that best mark right and so obviously it was talking about the same and Historically martial arts schools think December is bad But, see, December is the best month of the year to get people to give you money.

Why would that be? They're pulling the credit card out left and right and they're buying and shopping and going to the mall and everything else, right?

I mean, a lot of times retail businesses do what?

50% or more. You know, we're not talking about a grocery store, but I mean, clothing stores and different... Different types of stores they do sometimes much as half of the business between Thanksgiving and Christmas, right?

So it's a time that they're used to spending money and You can you can do this with premise A or premise B. Premise A is we have this new exciting program that we that we're launching. Premise B is we have this program that we've been running and on January 1st we have a 20%, 25%, whatever it is, price increase. Either way works. Now, when you're launching a new program, guess what?

You get to use both. You get to say, we're launching this great new program, it's super exciting, and since you're a long time loyal student, it's going to cost X. But the real price is X times 1.5 or whatever it is, right?

So as a long time, loyal student, as long as you do it by, I'm gonna say, somebody have a calendar in front of you. What's the Saturday around December 15th?

Is it the 17th, the 15th, what's that? 20th, okay, let's say that for grades. Doesn't matter, but that weekend. So as long as you renew by the 20th, you get to save \$5,000 on the program. Everybody's understated with premises, right?

[05:05] And why is the financial savings important? Because there's pain if you don't do it by that day. Because what do a lot of people say that you talked to?

That is fantastic. We're going to do it in February. Well, why are you going to do it in February?

Well, there's this reason, this reason, this reason, this reason, right?

In almost all cases, it's just they want to give you a huge nudge with the thing, right?

And so the answer to that is fairly easy. They say, well, can I do that?

Well, of course you can. I just hate to see you pay an extra \$5,000 a month. I hate to see you pay an extra \$250 a week for weight. Seven weeks. What?

Well, I mean, it's \$5,000 less if you do it now than if you do it February 20th. That translates to almost \$1,000 a week for what you do in February to think about it, right?

See, I can't just say you save \$5,000. I have to really give them the, you know, I really hate to see you pay, you know, does that make sense?

That's probably, one of the things I don't like to be invested in is what I have of problems in my head, maybe just in my head, is the fact that my people don't know my place, they don't mind. Right. And it's like a hush. So how do I say it's one of the things. But it really isn't the hush. No, because they know what I'm talking about. They haven't heard it from you. Not about that. But what I want to do is make sure we go in depth A to Z on this, right?

And now Simon, you're gonna be really good with the other one in the room, we're gonna be missing tomorrow. We're already missing Paul, he had to leave after what's more true. What we are going to do, because, see really, you know myself, Matt's movie, Jess Smith, all of us working with you guys is no different than you working with your students, right?

Because I ended up in... Four conversations last week with different people walking them through how to do a renal blitz. Right. Which really pretty much everybody in the room needs to do. Right. And it's no different than you're working with somebody teaching them the third form. One on one where you can teach them how to groove in the detail. Right. Now, one of the conversations was one of the performance had 150 students thought that he did the renewal blitz and he did it to three people. Okay, so how does that hold in those parameters or those numbers?

It's a lot out of the range. Greg, you've been around long enough. Do you think there's any exaggeration in those numbers?

I mean, you've seen, you were there for some of the, you know, we had the Christmas banquet, right, and I would bring a stack of \$100 bills. Right, I mean, literally, you know, so. I want a list. So he's getting, you know, Simon's getting a \$1,500 bonus, here's \$1,500 bills, and Al got the new laptop plus the \$750 bonus, right?

I mean, that would be every Christmas. But I want to go through that A to Z. And so what we'll get, yes?

Your premise, we've got 200 students. How many of those are already in the leadership program?

Well, no, I'm assuming. [inaudible] as well as the existing base, or would you say that's a different situation?

I'd have to know a couple things. The Black Belt Club right now, what has been the premise for the immediate Black Belt Club?

What do you think? Well, extra processes, but we've got Black Belt Club processes. Right. That benefit plus the... Yeah, we've got a face rate. That's the time capsule thing. Yeah. OK. Unlimited. Okay, but how long do they roll?

So they roll 48 months to get the first three bucks. No, I think you should have the same conversion rate if anything. Those are the ones that are really going home that should be a little easier. Right?

Now, what will happen with the 25% that aren't black belt clubs, you'll probably get something like this, which is, so you've got 50 that aren't Black Belt Club. And the 50 that aren't Black Belt Club, it would still be the 50 to 75% range. But then within that, it'll likely be something like 75% in the leadership, 25% into Black Belt Club, right?

[10:15] It might be as low as 50, 50, although I'd be really surprised. I would expect it to be more like 75 or 80 percent in leadership. So you do have to factor that in when

you're trying to calculate all the numbers, except the good thing is those people are working on the ones that are already signed up for Black Lives Matter a certain amount because really part of signing them up for leadership is just replacing what they're already committed to. You've got to factor that part out. But what we'll do is we're going to do at least two, maybe three teleconferences between now and the end of the month to really pull all this stuff together on the leadership program. And we'll probably, maybe the first November teleconference, try to pull together all the West Point material.

And since Don Sotherton didn't make it, they replaced Don with Luther North-Harrill. But we'll try to do a thing with him where he brings a different perspective on West Point as well by teleconference or webinar. But what we'll do is we're going to be done at 8 tonight. We'll try to get at least an hour of agreement listed today and then a pretty good chunk of time tomorrow. Does that make sense?

But, let's talk a little bit. Can I ask you something?

Of course. What do you do about the get people in basic or black?

[inaudible] Everybody should have something. Well, I would even add to that. It's an opportunity to go through the entire student body and review and renew their goals. Right?

So even if you have somebody who's paid in full, so a high-level program that they can possibly pay for, you don't want to neglect any of this. Right?

So if most of the primits of the renewal list is an intense focus on goal-setting commitment and achievement, right?

Most of it, a very small amount, is about you're going to save money and you should do it now. Right?

Now, it's perfect for us to do that at the end of the year, by the way. Right. Because now you're starting the next year upright, and because we're doing that, we need to do this. We need to center with the angles for what's going to happen. And that's realistic. That's real. It's not just BS for sales. Well, and again, think of the two sides. From a student side, finishing the year with reviewing, renewing, and committing to their goals is a very important way to go into 2015. Can everybody agree with that?

On the other hand, from a purely business standpoint, sucking up as much cash as you can possibly do. And at the same time getting as big of a bump in the billing to start in 2015 if you can accomplishes a lot of objectives. And I've got to tell you over 25 years I've had years where it was \$200,000 in debt that needed to be liquidated and there's going to be problems. And I've also had years where it was I wanted to do 100,000 advertising in January. And this is the way to generate the extra cash. Now, other years where it was, it'd be nice to buy any Rolex and go on a trip and not have to worry about it and start with an extra big savings account the first year to go into the new year.

And so regardless of where you're at, if you have real solid cash flow, it may be your excuse is generate cash for a marketing budget. to add 100 students or add 300 students or add 400 students, right?

Because anytime I've done a big blitz, and by the way, that's the best time to do advertising in January, right?

The worst time, by the way, in November and December, right?

And there was no one reason for that. Everybody else has been big bucks to narratize and invite media to do anything in November and December, right?

If you're in their mailbox, They're getting 10 catalogs in your envelope, right?

And if you're buying TV, everybody's buying the Black Friday sale ad and so forth. So the hardest time to buy media, and that includes direct mail, is November, December direct mail only because there's super high volume of mail, the number of things in their mailboxes, so your response rate goes down, plus they're distracted. But the best time is first of the year, right, for us. And best time for the fitness industry, best time for adult martial arts, best time for kid martial arts. But again, regardless of what the premise is, it can be going into the new year with a big marketing budget, it can be going into the new year with a bunch of savings, or it can be going with new year, fixing a bunch of problems that have happened this year. I need to clean up the year before I go in.

[15:38] I don't want to carry the problem from the new year, I want to finish the year off strong. Doesn't matter how well you're doing you're going to have years where all three of those are true, right?

So so it's just fine, but let's shift back before we go into all of this stuff in detail What I want to talk to you about first and there's a lot of lessons some of which he didn't talk about very much. But let's talk about the first lesson. How do you end up with people like that accessible to you?

See, I've got a lot of people who say, well, you know all these famous people, and you get them to do stuff for you, and how can you possibly afford to do stuff?

I mean, we've had Tony Robbins do things. We've had Brian Tracy. We have Brian Tracy as a teacher at an event. And then, you kind of get his teacher at an event. I've had Chuck Norris do stuff for me. Guess how much I paid any one of you?

Zero. Right? And see, the problem would have been, to get Chuck to do what he did, it would have been write a check \$50,000. Right?

That was his fee for doing what he did. And I don't think he has to be now. I mean, he has to talk to his wife and she says no. That's basically it. You know, what happened with Chuck?

You got to talk to Gina. What's Gina's answer?

No. I'm serious. I mean, if it may be a major movie calling, and I think Tal will talk about it, she might let me talk to him other than that. Gina says no. That's Chuck Steele nowadays, right?

But let's talk about networking for a second. I think it's useful and important, right?

Who else in here has had some good experiences and some opportunities to network with some useful, powerful, famous, or worthwhile people?

Did anybody say some of the success stories in the past?

No? OK, well, I'll talk about my success stories. The first part of being effective, I think, in network is to not be afraid to do it. And that's, I think, the biggest piece that a lot of times people miss. right?

Is they're just afraid to ask. And so part of it is getting out of your comfort zone and being aware of opportunities. Now none of the ones that I just mentioned fit this scenario but there's a whole list of other people that I've ended up meeting, working with, getting ideas from, you know one of them is your father-in-law, right?

So his father-in-law was the president of a 680 million dollar electronics chain. Right, it turned out that it was this student, two daughters, enrolled the students. And at one time we had, I think the three top executives, the chief operations officer of Neil Bauger, if we had, the sales manager, John Coyer, yeah, and the president of the company, all had enrolled their kids, right?

Well, Would that have done me any good at all?

And again, this is, you know, we were running, I think, six schools at a time, and it was just out of one of the schools. Would that have done me any good at all if I hadn't ever figured out who they were?

See, that was the first thing, right? And I gotta tell you, all of us have that problem. Is, a lot of times you enroll people who would be either very interested in network with, or they could really contribute to your business. Or you have some other business objectives they can contribute to. Or just like we talked about, president of the PTO from PTA, the person who's in charge of the Boise, out of city wide, something like that. And you just don't find out enough about your students to know who they are. Right?

And in a lot of cases, they'd be happy to help. They just don't know that they could be useful for you. Right?

I mean, don't expect... somebody who's in the right position to do a lot for you to jump to the conclusion on their own. Does that make sense?

And like in Orkman's case, we did a deal one time where he put, it was about a half a page in a flyer insert they did into the two major newspapers in town. And one had a circulation, I think, of 850,000, the other had a circulation of about 750,000. And they... They would do a full-color, what was he, 16-page insert into the newspaper. And it really came about, we were talking about something at our black belt test, and I was

talking about a promotion we were doing, and he heard me, and he approached me, he said, what would you like to do that about?

[20:33] Yeah, that might be a good idea. And at the time, they had, what, 12 stores in Denver, more or less?

But 12, like, 70,000 square foot electronic stores, right?

So they did an ad for us that was half-paged in their insert into the newspapers. Let us set up a booth in all of their stores. Did a certificate where anybody who bought \$1,000 or more transactions are stores. And by the way, it was hard to go in and out of one of their stores unless you're buying a cable for less than \$1,000. Because they were doing high-end TVs and high-end stereos and car stereos, all that stuff. So anybody who did more than \$1,000, they gave them a certificate that was a real nice printed certificate for one month of lessons in a free uniform. They let us set up booths in the lobby for a full three-day weekend. They advertised that we were going to be at all their stores for a full three-day weekend. Advertise the certificate as one more excuse to come and buy from them that weekend.

Yes, how much did that cost me? Zero. And they were doing it all already, so us giving them certificate was a benefit for them, right?

And it was a huge benefit for us, because that's what?

Their stores didn't much track, right? We got not only good exposure, but we got a bunch of appointments that we can do, right?

Now, so the first thing with networking is just constantly being aware of who you already know, you just don't know them very well, right?

Like you've got the senator. God knows how many people he knows, right?

But just be aware of how many people you have already. Be aware of who they are. And then start to get to know, in fact there was, I'm reading an interesting book called Data Opalits. What the hell is it called?

I can't say it anymore. Apocalypse, but it's data, right?

Data Apocalypse. Yeah. But basically, it's the gentleman who's examining big data and looking at Google's numbers. He's one of the founders of OKCupid, so he's looking at aggregate data from there. But one of the comments he made is that the old thing, the seven degrees of separation, Kevin Bacon and so forth. He said one of the things they did with the data is they figured out not only is that accurate, but it's actually a step shorter. That everybody has six degrees of separation between them and anybody in the world. Right?

So if you look at that and look at all the people you already know and have as students, number one, a whole bunch of them are in positions doing things that could be useful for you and you don't even know it. We had the HR director for US West, which is now, I don't know what the hell it is, but it was one of the baby belts. Well, in the Denver

metropolitan area, they had 47,000 employees. Well, now once we figured out that we had the human resource director for a company that big, there's all kinds of stuff we could do. We ended up at company functions for free, doing all kinds of stuff. able to do booze and so forth. They did payroll stuffers for us. So they would print a payroll stuffer, giving a coupon to our school, to all of them, with a percentage discount, right?

Guess what the biggest barrier was when you know that had to happen. Knowing that that guy was the HR director for the baby belt. And so we asked, and knew what was going on, we couldn't accomplish anything. Right?

And so that's the first thing is get listening systems in place. You know, in my case, again with multiple schools, if you have a single school, it's easier than with multiple schools to do that. But I was always taking key checkpoints and for a while I was doing all the valet tests for all the schools. But meeting people, asking what they did, but probably more important is every staff meeting just asking, well who have we enrolled or any of them do anything interesting?

What's going on? And that way I was finding out while we just enrolled the pro football player, we just enrolled this guy. We had the former CEO of what was Norwest Bank, which became Bartoloff, right?

[25:07] So we had the CEO of that chain. We also had the grandkids, I mentioned before, Marvin Davis, the grandkids, and they were gonna be able to pull that off. Hell, we barely get the mother in my place, Marvin Davis. But all kinds of people like that, just from paying attention and listening, and then taking the next step of just figuring out what might be useful. Now listen to this is important for them. See, not figuring out what was going to be useful for me. Figuring out what was going to be useful for them. And I can't tell you how many times over the years that I've had somebody who's like the CEO of a big company or their partner in a law firm or something, and all of a sudden they're trying to take me up for lunch, trying to figure out how we had such a dynamic, charismatic excitement set.

Right? Because they just had never seen that before. So now, by the way, what was I thinking?

Are you kidding me? Yeah, right? I mean, there's always two perspectives on what's going on, right?

There's the employer perspective of, OK, I got one good one and six bombs. How do I get rid of this six bombs?

Right? I mean, there were periods like that. But you've got to figure out, know who they are. have listening systems so you figure it out and then figuring out what's in it for them. So like most of those like big names that I mentioned, the way I developed, you know, pretty good friendships, I mean the way I ended up with Chuck Norris' phone and then cell phone number and ended up at his ranch and doing a whole bunch of other stuff is figuring out what can I do to help him, right?

And you know, in the case of Chuck, it was the first round was the sidekick movie. And when it came out, I did more for him in Denver than everybody else in there, all the other cities put together, plus lined up some other cities like that. So that once they knew I was in the loop, all of a sudden their results tripled, right?

So it's always figuring out what's in it for them, right?

Because guess what? Anybody who's rich, famous, in a position of authority, what do they get all the time?

People are trying to get them to do something, people are trying to sell them something, people are gravitating to them because of their celebrity, right?

And what do they have around them? Gatekeepers. So they have gatekeepers around them designed to keep the leeches from getting to them and keep the salespeople from getting to them, right?

But if you can go at it the other way, figure out who you are, be listening to what's going on, figure out what you can do for them, and then drop ideas on them, right?

Now, is it unusual to be around sharp, intelligent people who are, when they're talking to you, saying, yeah, I had a thought. Would it be helpful if we did this in what you're trying to accomplish?

Would it be helpful if we had this resource that we had?

Is that normal or is that unusual? See that's really unusual right?

I mean how many people do you have in the credit schools a little bit of an anomaly but you have a lot of people who are coming up to you like that on a daily basis. Right?

I mean even when you're in the credit school you have an awful lot of parents who are having all kinds of great ideas for how you can sell their thing how you can help them with their deal hat right?

But there's not a lot of them that are coming up to you with great ideas and how you can help them. Does that make sense?

So so I would say the first thing is to get really aware of what's in your student body. Really pay attention and listen to what they're engaged in. The idea you were talking about yesterday, Greg, is one of those first steps. Everybody goes and talks to everybody, right?

The instructor has to talk to four people this class. Well, one of the questions they ask is, what do you do?

What does dad do? How did you end up, you know, are you from Denver, New York, or whatever?

How did you end up here, right? We had one time, never figured out something. Well, we had the five state director for McDonald's, whose kid got their black belt, and ended

up on the board of directors for McDonald's, ended up moving to Chicago in one way or another. And then we also had the person who worked for McDonald's when they absorbed public. I don't know if you know that story, but you're familiar with Spolte, right?

Spolte was founded right across from where I got my MBA. That was the first location. They were at, I don't know, five or six locations when McDonald's absorbed them and grew it under McDonald's shell, so I think 450 or 500 locations, and then they spun it off. It may have been more than that, but it was under McDonald's tutelage. They grew it to I don't know, like I said, four or five, 600 locations. And now it's a pre-standing company again. But the guy who was from McDonald's doing that was one of our dudes. Now there might have been some interesting things we could pull off with him. I never figured out what it was at the time. And a few of my other times probably had like three or four locations. But I could go on and on and on with stories like that.

[30:34] Carl Mecklenburg, who was a I don't know, four or five time pro bowler, played in two Super Bowls, is on the list for a football Hall of Fame. We had him speak at one of our events. I'm trying to remember how I met him, but basically it was he did a book and then I ended up calling him and talking to him. Took him out to lunch, I think. And then all of the conversation was, it's called the heart of a student athlete, all the conversation was, well, hell, what can we do to help you promote the book?

It's really good. I mean, it's exactly who we're dealing with. We're dealing with public schools, we're dealing with private schools, that's our age group, what can we do to help you promote your book, right?

Among other things, the outcome was, he ended up coming and speaking to us. What did it cost?

A body and a plane carrier. I mean, that was it, right?

But it's, again, So, figure out what you can do for them, focus exclusively on outcomes for them, and then that comes back around. Right?

And in most cases, it comes back around without you even having to ask. Right?

And other times, it's you think of something that isn't going to be a big deal for them to do, but would be extremely useful for you. We had Brian Tracy come speak at our event for free. Well, do you know what the number one criteria was for figuring out how to get Brian Tracy?

You know what it was? We held the event in San Diego. He lives in San Diego, right?

And when we hit the event in San Diego, my short list was this. We had Brian Tracy because they both lived in San Diego. So I was going to be okay with either one. I was working on Zig by the way, but then he fell down the stairs. My short list with Zig was Zig was Zagerchuk, because we were going to do Dallas and they both live in Dallas. But then Zig fell down the stairs and Chuck got married. Anyway, because you have to go through Gina. Gina said no. I've actually gotten Chuck to do some stuff since

gathering, but it's a few or far between nowadays. But does this all make sense?

Right? But when you think about networking with people, most of it starts internally with who you have already, right?

Because you all have some pretty interesting people in your school already. You just may not know it yet. Then talk about that six degrees of separation The next question is always who do they know?

Right because there's always been the next step of you know this person and they're really exciting or Really enthusiastic about you and even if this particular person you can't come up with anything in their career that they do you never know who they know Right. I mean the old marketing accent is the you know the customer you pissed off Last week always lives next door to the guy who you've been trying to you know seal it to a three million dollar contract with But the reverse goes as well right is the excited student that you have may just have uncle and sister brother next door neighbor That can do something extremely useful for you Right?

Yes, sir. And you just approached them about, hey, can you schedule a meeting?

Can you say, what can we do to promote whatever you're doing?

Well, see, I think a lot of it is a little bit of a tangent. But think about what Commissioner Kerik was saying, right?

Is if it starts with, everyone in the school knows what your mission is. Right?

And by the way, your mission isn't to make as much money as possible and buy a new Ferrari. It's okay for that to be a goal of yours. But that's not the mission, right?

And I gotta tell you what, even for yourself, the goal, make more money, buy a Ferrari, really or facetiously, right?

[35:03] Is even for yourself, that doesn't drive you very strong. Does that make sense?

I mean, we should all be motivated by stuff and by money and by one thing or another. But the reality is there's got to be something more exciting than that. For me, if it had been make more money and buy a Ferrari, which I want to do both, but if it had been make more money, buy a Ferrari, although my Mercedes is faster than most Ferraris. But anyway, if that had been the only thing, there would have been a lot of other industries where I could have done that more efficiently and would have jumped 20 some years ago, right?

I was always seeing an offer. Commercial loan broker, commercial real estate broker, developers, all kinds of different things. That's just all real estate related. But to me it was about the mission that had to include this but wasn't exclusive to that. Does that make sense?

And this was more empowering but more important. And I think that's especially true with what we do, right?

I can think of a lot, and maybe this is my own frame of reference, I can think of most industries that I go, and so what, right?

So what, I'm a real estate agent, and I helped that guy buy that house that he found online, and I helped him with contract, right?

I mean, how many other people do that? Did I make a lot of money doing that?

Sure. Okay, I went and found this house, flipped it. Well, okay, but so what, right?

But what we do is life changing and empowering for people, right?

But it's got to be that with your students, right?

If you don't have all the staff bought into the mission and all the students bought into the mission, then this stuff just and probably is manipulative. But if you have everybody bought into the mission of what you're trying to accomplish, this becomes their eager and enthusiastic to help you accomplish your mission. In part because of reciprocity, in part because they're so enthusiastic. Does that make sense?

So that's really where it comes from, right? And again, I see a lot of people muck this up. They go try to like, barter. And then you end up with like, movie theater rental and you know. It's not hard to get into the movie theater, you just send Nashville's Unmedia Check for \$150 and you got it with them, right?

But that's not, you know, that's not helping you very much. It's all this stuff that gets you know, lead Friday. Does that make sense?

And again, you were a kid story. He jumped like, you know, I don't know, 52 levels. Had he jumped 52 levels. Well, part of it was confidence. And part of it was relationship. If Rudy Giuliani didn't first like him and then trust him and then have a high expectation in his competencies, he never would have said, go fix Rikers Island. And if he never said, go fix Rikers Island, 30 years later he could have been bubbly not towards the top of the police department. But instead, he jumped a whole bunch of steps and then jumped a whole bunch of steps to get there. Does that make sense?

But when it's so, so most of your networking opportunities, most of your opportunities comes from your existing student body, right?

The other thing I'll tell you is we are all in a unique situation. I, when I was doing those Dan Kennedy Platinum meetings, which was about one tenth to one percent of his clientele, is I usually get questions all the time. Well, wait a minute, you just like, they're trying to get celebrities and so forth and they're like, we just got the world champion kickboxer doing your stuff. How did you get that to happen?

And I grew up with him. I mean, it's not like I wouldn't hire him. I didn't go pay him 100 grand to use his name and just, you know, relationship. And then it's like, we just got Chuck Norris to do something. How do we contact his agent and what are we taking him into law?

I just kind of did stuff for them. I mean, it would be like none of them understood the dynamic, right?

And even somebody like Brian Tracy or even Dan, you know, if you had mentioned it in the meeting, Dan would have never claimed that he would have come done the stuff for us for free, right?

Never would have said it, right? But, you know, they were all shocked that we ended up with all that stuff. But we all have a unique advantage, right?

How many famous people are they doing for Brazilian Jiu-Jitsu?

The guy from Arie with Sam, American. What is it?

Arie with Kids? What's his name? Adam Needle. You got Adam Needle and you've got... You can probably come up with 10 celebrities who are doing Brazilian Jiu-Jitsu orders. Probably a Jennifer Lopez. Ashton Kutcher. Who else?

[40:07] One of the guys who made that belt, a red belt movie, is a big affectionate of who else?

Tom Walker. Paul Wotwell. Too late now. Yeah, Miles account, he was a great guy, right?

And he died, they wrapped up Portia Carrera around the phone call, right?

Another friend of mine died the same way. His name was Corey Grubel. He was an internet marketing genius. The Porsche Carreras apparently had some stability issues. So that was the half a million dollar limited edition that looked kind of like a Ferrari in the back end. Paul Walker and Corey both died in a Porsche Carreras, both passengers. We're not talking about 90's, we're talking about the high end. In Corey's case, they were test driving it because he wanted to buy it. He was in the car. They were on a track, but they were taking it for a spin because he was looking to buy the car. But from a connecting with rich and famous people standpoint, we have an advantage because we have the affiliation of martial arts that transcends and is easier to connect with than almost anything else.

Right? And I'm sure there's other arenas. You know, there's the guy who's the soccer player, and there's the guy who's the, you know, I'm sure in other arenas it probably works in similar ways, but we seem to have a unique relationship with the art, right?

How did I end up being good friends with Ernie?

He's Fitzree Blackhoek. Right? I mean, it's all about martial arts, right?

He's a fan of Jeff Smith. He grew up watching Jeff Smith get cream off his ass and all that stuff. And he was more excited to meet Jeff than anything else. I mean, it was like, I get to meet my high school idol. Oh my goodness, right?

And it was really interesting. He was also thought he was kind of interesting about being a famous person, meeting famous people. He said, it's really, he's talking about

me and James Woods. And he said, it's really weird, because he knew who I was, and I knew who he was, but we didn't know each other. And he wanted to meet me. And I wanted to meet him, and I knew it was kind of cool. But he says, there's a weird dynamic of, what are you going to do?

Go introduce yourself. Hi, you know me, I know you. But is this making some sense?

If it's trying to connect with rich, famous, CEO, whatever it is, and I'm first saying it's just not being shy about it, because most people are just too timid to go talk to a little more, go build a relationship, right?

But then it has second to do with listening to what they're trying to accomplish, figuring out if there's anything in your arena that you can do to help, right?

And a lot of times there's more than you think there is. In their microcosm, the guy may be making seven million a year, but there's a niche where you could really help them out, right?

And so, like in our conversation with Commissioner Parrott, you know what the number one thing that came up that we can all do to help him out. When the book comes out, if in key bookstores, if a whole bunch of them got bought at the right bookstores all over the country, that zooms it up the New York Times bestseller list. And then they had a snowball effect, right?

So the number one thing that we could do to help him is March 1st or April 17th, whatever day it comes out. to send a whole bunch of people out to the Targeted Barnes & Noble and whichever bookstore it is to go buy the book. So it gets on the New York Times bestseller list, which does what?

Gets in more media, gets it more play, gets it up on the top of the Amazon list, everything else, right?

Well, now I've cataloged that. So what are we all gonna be doing in April?

We're gonna make sure the book of that stuff. Why?

Well, he's a friend and he's a martial artist, but guess what?

Jumps around, goes around, right? There's all those different other opportunities. They go, that makes sense?

So, when it comes, rich and famous, a lot of times what you'll find is you'll be at the right place, wrong, the right time, and then just be shy or timid about talking to the person. And I'm not talking about, oh, let's go get an autograph, and can I get your, you know, I'm not talking about being a fan, right?

[45:10] And by the way, people like that you want to network with, the worst thing you do is be a fan, right?

Because they put that in a different category. Doesn't mean you're not appreciative of what they do. Who's the singer that's the friend with Chuck Norris?

Country western singer. Randy Travis. I remember when we met Randy Travis, he's a friend of Chuck's and he was going around with the WCL thing. And it was one of those interesting things, because again, it's like, you know who he is, but you don't want to be like, hey, let's do all that. So we were having a conversation somewhere, and I said, yeah, not much of a country fan, but I like your music. And I really appreciate you being here to support Chuck, because he's trying to get this thing off and running. And he's like, well, what do you do?

And I said, well, you know. I do support martial arts schools around the country and we're trying to help him get this thing going. And then it takes it out of a completely different plane and you're just like a fan. Does that make sense?

So when it comes to that, first is remember you have affiliation with many via martial arts. And by the way, Brian Tracy is a black belt. Brian Tracy at one point ran a martial arts school. And the crazy interesting story, by the way, can anybody guess how I first met Brian Tracy?

This is a weird story. We met the guy that goes from city to city to city to pitch Brian's seminars. His name was Steve Black, I think. So we meet the guy who goes from city to city to city, pitching. And basically what it would be is the guy goes into Denver, and he goes and does sales presentations at all the real estate offices and all the different offices and so forth. And we get a call wanting to do something, and he says, sure. But then built a relationship with him. And somewhere along the thing, it's like, well, the seminar's on Thursday. And I said to him, well, who's picking Brian up at the airport?

He said, oh, damn, I always have to do this. We'll volunteer. We'll go pick him up at the airport. And so we went and picked him up at the airport. And then we started talking. And there was a new book that I just raised called Making the Corps about the Marine Corps boot camp. And I mentioned that because it was relevant to the conversation. I haven't read that one yet, but I should read that one. So he went to the seminar the next day and I made sure I brought one for him and gave him the Making the Corporate. And then, you know, kudos to Brian. About two weeks later, I get a couple of his books signed and a personal thing and you're such a great guy and, you know, thank you so much. But then that was just enough to crack the code to have a little relationship.

That makes sense? But it all started with like, you know, this guy met you know probably a hundred different companies and most of them watching come and go we built a little bit of rapport with him and took him out to dinner and they just bought Don and I volunteered to pick him up at the airport and then built a little bit of relationship with Ron, right?

But it's that type of thing and of course the conversation was hey Ryan here at Black Belt, that one was invented to train and you know where did you train?

Oh you ran a school, I didn't even know you ran a school and you know when was that?

I mean that was all part of the conversation so all the martial arts ties in. But is this making sense?

And it's a topic that merits a lot of awareness because so many times we're leading opportunity on the table all around us. And Jay Abraham's comment is that most people have a lot more money just laying around the floor of their business so they don't have a bother to pick up. that they're actually making. But it's all these types of things that can skyrocket, right?

You know, we've got a lot of TV over the years. But I mean, over the years, we enrolled by the weatherman's son in classes and one of the other anchors, kids in classes. And we had the cameraman from Channel 9. I didn't know that, or maybe I forgot. What's the thing?

We had the drummer from Ario Speedwax. Well, we also had the promotional director for the CFO for Jim Abranco's, and we had the promotional director for the Nuggets. And we had the owners of Layers Flowers, we had the owners of Mile High Office Supply, we had the owners of Dunjan, of Colorado to Mexico, Paul Mitchell Distributorship. The founders of Weinstein Bagels. Yeah, I remember that one. One of the founders of Weinstein Bagels and we had one of the key executives for Rock Bottom, Old Chicago for that restaurant chain. But you start hearing this list. If we had enough of this room, we could think of a lot more of those. Some of them turned into like home runs. Others turned into just like good networking opportunity. Others, it was just something in the back of their mind that may or may not have turned into something I don't even know.

[50:46] But the more you're aware of that, the more you work on it, but the more you continue to think of you know, what's in it for them, what can I do, and how can I just be sincere and legitimate, right?

Some of them end up, you know, like Dan and Robert who were the Paul Maisel distributors shift. I mean, we ended up meeting John Paul the Georgio, and actually it was the opposite way around. We ended up meeting them through the Paul Maisel martial arts team. But, you know, we ended up meeting all kinds of interesting people. When we went to Visible Changes, Hair Salon in Houston, John McCormick, I met through Robert and Janet Stafford, who I met through the Paul Mitchell martial arts team, whose kids ended up, one of them was black belt, one of them got black belt. And you see how you get to all those different relationships that you just explore and are aware and pay attention. Does that make sense?

Questions or thoughts on that? Does it make sense to you?

Like, I mean, with DC Krahmogai, there's a ton of people in there that can do a bunch of stuff for you. You just gotta know who they are, right?

And certainly Eric and I, you have a bunch of them in your school. And are you guys pretty aware of what people do and so forth in terms of their relationship?

Even on the lowering, that still helps you when you're speaking of your leadership assessments. You know what the clients do. What's important to them, right?

Exactly. Well that's right, you know what they do, you know what's important to them, and you should be doing as much of this as you can, even if you can't come up with anything that ultimately might come back to you, right?

I mean I've always done the, I'm looking for a job, bring me your resume, what is it you're looking to do?

Oh you're doing this, we know this guy, might that be helpful?

You've always done that just as a natural. you know, of course of interacting with people, right?

So the more you can be in the mode of what can I do for you?

Short of buying in there in an MLM deal that comes across the table, right?

Because that's usually the first thing, you know, well, I'm, yeah, okay. Other than that, you know, what else can we do?

Well, even those, you know, I've gone and done motivational speaking for a lot of those guys, even though they had no interest. when they weren't doing anything. I've done rallies of a few hundred people all the way down to 20 or 30 just to help them out. But I had no interest in being in the down lines. I thought of something that was going to run by you saying it was a good idea as far as networking goes. I was thinking of putting an LED, like a cheap TV up and just put one of those drive times. promoting all the parents, all the business, whatever, scroll something through, do that, and then use that kind of, starting platform for doing some networking through that. I don't think it hurts in any way, right?

Whether it in and of itself is going to have any kind of measurable impact, I don't know. We've tried over the years all kinds of different iterations of that. Here's a bunch of business card holders, what's your business card up to all that kind of stuff. It's ultimately, I think, like the retention conversation, which is there's no way around. It's all about personal relationship, right?

So when you're sitting there with them saying, you know, what do you do?

Fantastic. You know, is there anything we can do to help?

You know, a lot of them are in some kind of career where there's, it's a stretch to think of something that we can possibly do. You know, I'm a government geologist and they do this and that. I don't know what we could do to help. But the more you're listening, the more you come up with stuff, I mean, even just offering to make the connection because he's looking for a career transition and this guy might be able to help, all that stuff goes a long way. What I think would be good about that is it puts the idea in people's minds. Now, I'd rather the, here's a picture of Joey, here's the parents. Dad is number one remax remitler in the state. If you need anything right, I make it as personal as you can possibly make.

[55:10] So here's Billy. Dad's run Louie's Pizzeria down on 32nd. It's our favorite pizzeria. You see what I'm saying?

The more personal you make it, the better off you're going to be. And even in the classroom environment. Hey, we want to. We want to recognize Joe Lucero. This is their third year in business at Luigi's Pizzeria. If you haven't been there, you really need to go. And by the way, I heard they can do birthday parties and stuff like that. Just that kind of stuff. So whether it's electronic or on the walls or whatever, the more personal you make it, and the more you make it about this is Susie's dad. rather than it's a generic business and it's just a more powerful little league and none of it replaces having a conversation with people and just saying we're going to have to do it out there. Right?

But anything to add or any questions on that?

The only thing I'd add is if you're discouraged about that you don't know anybody or it's not going to drop you to bed. If you really think about it, every 100 students, five of them are in the top 5% or whatever, statistically it would make sense you have the top 5% of the population within your school. Well, at that point, maybe higher because they can afford classes. You're going to be filtering out all the people that can't possibly afford classes. I think there's a couple more filters than that. The more successful you become. the more successful the clientele is you attract. Right?

Number two is I do think, like in the gift market, we skew college educated, enlightened, higher level parents who are putting their child in. Plus, as you said, as you're going into a higher price point, you're automatically... And what people think is you're getting fewer students because you're charging more. The reality is you tend to be getting either better students or making the ones you're getting better. So I don't think they're ever weak, but what it does is it has a tendency to help the level quality of what you're getting. The other concept on this, to leave this subject, was I forget whose book it was. But there was some book with the ESE crowd 15 years ago. So we were all reading. And Steve LaValle was very into the concept. And basically, it was make the list of the top 20 or top 50 people in your community that you'd like to have as a client.

And they go specifically to work on those people. And over the years, I've done quite a few things of target the CEOs of the major banks for their kids or target. Done. And in a lot of that stuff you can do pretty low numbers because you're targeting a small strata. But you can actually, you know, you can go target the type of people you want. You can go target people with half a million dollar a year income, a million dollar a year income. You can go target CEOs. Sometimes it's harder to know if they're CEOs and they have kids or they're not 82 and not able to do martial arts, whatever it might be. But you can go target those people directly. But the concept was, and Steve was really big on this for a while, is go target the top.

And it's Syracuse, I mean it's a little different than Denver. But Syracuse, he was very focused on, he grew up in a trailer park, and who were the people that he looked up to in the community who would have looked down on him. And that's not quite the way he

thought about it, but you get the idea. that he would love to have his clients now, right, or his students. And he was very focused on, let's go target those people, those families, their kids, and try to get them into the school. And you know, I was very successful at that. I would look at it in a slightly different way, especially if I'm in a big city like DC or Houston. What groups of people would it be useful for me to target?

Both from the standpoint of if they become Reagan fans, they might be able to do something useful for us, right?

So would it be useful to target all the school principals at their home address to get them enrolled for their kids, not telling them that they're targeting that way?

So now you have, you know, would it be useful to target all the PTO presidents if you get that list?

Would it be useful to target CEO's banks, or the CEO of, maybe you want to target the owners, the civil learning centers in Kumaan, Huntington, and those guys to bring their kids in. And of course you can target them directly to do joint ventures, but the more you can build that relationship, the better off you are, right?

[1:00:07] And again, you've got to take all these ideas from a standpoint of what's going to happen at banks with a buck to merit the attention. Jam in the community like yours, it certainly makes sense, both in what you already have, but in a fairly small community of going and getting all those community notices, right?

It's probably a better way than what you were talking about, like be on the school board, right?

Because that's going to be polarizing. And it's like you were talking about the politics, you know?

Once you're in politics, you automatically have half the love you have. The days you just, you know, depends on which half, right?

A list that I've been compiling since Black Belt Leadership, the first two qualifications is to get two letters of recognition from teachers. Every single letter is at the very least a phone number if I need to contact them, usually a phone number and email address. Just saying I'm something to thank them for, it's a really good start. Absolutely. Well, or follow Joey to school and go meet the teachers. Go down and have lunch with him. and be the teachers that I just heard, I'm not trying to pat myself on the back, I'm just trying to, I just heard that Unsingers Karate is a place you want to take your kids to solve problems that you're having issues with. Right. I'll take that every time. Oh, absolutely. Absolutely. Okay, questions or thoughts on this?

Is it making sense? Would you give me some ideas?

Yeah, I will tell you over the years, it's an extremely important component. And the martial art... calling for all of us allows you to make a lot of relationships that might otherwise not be available. But the client type of relationship we have, I mean, and keep

in mind, I mean, there are martial arts students or there are childhood martial arts students, a lot different than their patron and McDonald's or their, you know, a patron, injured, right, being a store or something like that, right?

And we have a much different type of relationship with them. And assuming we're doing a great job for them, they really sincerely want to help and especially once they see you're sincere about helping them. You've got to have both of those elements. But anyway, let's shift topics here. What were some key elements that you guys picked up from Commissioner Kerik that would be translating what we do?

He basically said inspect what you had to expect and look down regularly and check it out regularly. Exactly. And by regularly, he met David. You pretty much kept writing what you were speaking of on that daily matter that after months over. Oh yeah. Well, I gotta tell you, the conversation that I had with him that prepped him... I really say it when there's three or four things. Number one, even though this is a better group of school owners in the country, they really don't know what's going on inside their four walls in most cases. So it's, you know, everybody knows how much money's coming in, how much money's going out. But we're in the consulting business. and we're shooting in the mirror most of the time because we don't have very good data for what relates to like target, right?

So, you know, I mean a lot of the calls would end up being, you know, play a guessing game of what's going on or 20 questions to try to figure out because you don't know what's going on and if you have the numbers, there hasn't been much analysis of the numbers. So there's still holes, but it's a guessing game, right?

So that was one of the, you know, points of conversation. The second point of conversation, as I said, we're obviously focused on leadership. Part of that is leadership program and teaching leadership program. On the other side of it, the biggest problem that they have is having staff who are leaders that lead by example for the students. Because you can't have a leadership program for the students if you don't have the staff leading the charge in as a product of the product. And then we have to make sure the owners have enough personal accountability and enough ability to rise to the occasion that that all, you know, trickles down to the bottom, right?

So that was the other second part of the conversation, and we're focused on leadership, but yes, how do I imbue that in the students?

The most important thing, I've got to get that in all the staff, because they could be a product of the product. You get that in half. Does that make sense?

The thing that he said, which is, I think in a short presentation, harder to translate, is, you know, in his context, you got 54,000 people, and you got all kinds of people who want to be New York cops, and I fired that guy, and there's five in line behind him, that's like, I'm the Denver Broncos coach with Carl Mecklenburg, right?

[1:05:09] The Broncos coach isn't sweating bullets over. acting Mecklenburg at the East, because guess what?

There's 882 people in line that want to be a pro football player, right?

Including the three other people in the bench. Does that sound like what our typical scenario is?

What's our typical scenario? Oh my god, if I lose this one. Yes. Right?

And see, what you've got to realize is that's the problem. Right?

Is... And it's the rationale for having a solid leadership program and then a solid assistant instructor training program, instructor training program. It's the rationale with that, because the number one thing you've got to be developing constantly is bench training. And woven throughout everything he said was, Several things. One was know what's going on. Not because they told you it's going on, but because you have good numbers and you have eyeballs on to know if they told you the truth or not, right?

I mean, remember the story of the guy's inspection as a mask and he's been told to clean it up. And now, right in the middle of the presentation, they're verifying that he's telling the truth, or in this case lying, right?

But it's what you said, inspect what you expect, that's the way you respect. If you don't do that, then so many times you're getting BS from people, right?

So they're getting a lip service on it. Same conversation you and I had recently, Carol. And so, you've got it. you don't make that a priority for them to do. There's always some excuse. I mean, nobody likes them. Well, nobody likes to do that. It has to be a habit. Right. And so if they, it's not exactly, well, it is lying, but it's, we've got to be really strong at making sure that they know what they're supposed to be doing. And that's every day they close out every day, they leave the numbers every day. It's this way. And then we're all clear on what they don't mean. Right. Then it's harder for them to, then if they're lying, it's a lie. Yeah. But if we don't make the first part right, then it's our fault. That's what he said too.

He said, the first thing I do, I've got to just use the tools to be successful. And then it's, if you don't use the tools, you're wrong. In our case, that's training them to make sure they know how to use it. Right. Well, and so many times, we get stuck with somebody that there's just no way they're here to put rights in the occasion. Doesn't mean they can't be extremely successful in some other career. But they're never going to rise to the occasion in what we want to do. We end up with an engineering personality and you're trying to put them into a sales context. I'm not talking about you. But you end up with a narcissist. that you're trying to give them to be a teacher, right?

And by the way, I see that in martial arts all the time. The highly gifted competitors chasing points, chasing trophies, have a tendency to bother watching themselves in the mirror much more than they worry about developing suits, right?

And that's the worst person you can ever have on the floor, okay?

I don't care about their accomplishments as much as I care about the accomplishments of their students, right?

And the person who cares more about the accomplishments of the students than they care about their own accomplishments are a good, empathetic teacher. But again, Travis, you've seen it all through the OMA thing. They all want to hire this hot shit fighter. Well, they all suck as teachers. I mean, not all of them. There's the occasional good one. But most of them are horrible teachers. So what?

The guy who's won this title and this title and done this and done this. I mean, Jeff missed the hell of a good teacher, but there weren't many kick boxers and champions who were, right?

And same thing with the point karate, same thing with the MMA, same thing as with the presented dishes. You've got to not hire them for their physical talent. You've got to hire them on whether they're a good, empathetic teacher, right?

But does this make any sense? So well, throughout everything you said, was having numbers when daily on what's going on. And if you've read much about it, has anybody read much about the CompStat, all the police turn around in New York City?

See the first thing he referenced, that book and so forth, but they were operating on what was referred to as a broken windows theory, right?

[1:10:04] And the broken windows theory was if you allow petty crime, is it seeps throughout the system, right?

And the whole idea of broken windows is if somebody is going down the street and there's an abandoned warehouse with broken windows and graffiti, that all of the other crime members go up, right?

There's a business book called Broken Windows for Business, I think, but it's the same thing. It's if you let small things go, there's a piece of trash on the ground, the windows haven't been broken. clean, if you let small things go, then larger things happen, right?

So part of it was that broken windows theory, where before they perceived themselves to be so overwhelmed with things like murder and rape, that people jumping the turnstile, the idiot got there, squeegeeing your windows, when you're stuck in a stoplight, looking for handouts, all that other stuff was being ignored, right?

And it was one of the things that was controversial about Giuliani is one of his first things was, give her those squeegee guys. Well, they were sometimes figuring out how to give her the squeegee guys, because it wasn't like he was walking on the thing. Technically, they weren't doing anything illegal. And finally, they figured out that an awful lot of them had outstanding warrants for other stuff. So they could either put them away on Mentor, or they could put them away on warrants, and all of a sudden, they just went away. Yes, absolutely. Is your way said?

No. Tippie point, which was Malcolm Gladwell, he talked about that. Yes, it all comes together that he had a tipping point where he was off all businesses, right?

But this is one of the things he talked about. Like before for the New York City Police Department is, like he said, they're waiting for end of the year numbers to see whether they did a better job or did a better job. And under Giuliani, they could drill it all the way down to the precinct level and then the street level of what was going on in real time. And so they could see there's an uptick in something or other happening, you know, from this block to this block in this area and go fix it right then and there before it, you know, spread. Does that make sense?

And it's the same thing with everything we do. If you don't catch an uptick in people dropping out Wednesday, rather than in two months, right?

So, you know, that's why I'm always looking at the cards. Anybody who hasn't been to the end this week, if all of a sudden there's a bunch of them, I got a problem. By the end of the week, I really want to be on the cards. And I want to know what the numbers are, so I know what's normative and what's an exception, right?

So I know what my normal one-week inactive is, I know what my normal two-week inactive is, and normal three-week inactive is, and there's a spike. Well, some of the spikes are gonna be because it's 4th of July. And other spikes are gonna be my, one of my instructors while I'm on vacation did something really stupid. And now you gotta go figure out how to do service recovery. Right?

I mean, anybody had that experience? I've had that experience more than once. Tuesday night something happened and didn't hear about what was happening. Well, usually I heard about what it was, but until you see the numbers spike. And now you gotta go retrace and figure out what was going on. The second thing was, he was talking about was, same thing, anybody read the West One Way Leadership in that book?

What was the first thing they talked about? Yes or no sir, no excuse, sir, I don't understand, right?

That's what he was talking about, right? And notice how clear he was. Give them all the resources they need and if they can't accomplish it, they gotta go. How many of us are that clear about our instructors and our permit directors?

You know, Nick O'Peenis is on the line with Hope Springs, right?

See, that's what most of us do, right? They go, oh, well, he'll get it. No, he's a good guy, he'll get it. We'll just keep working on it. I don't know. If you're going to have excellence, you've got to have that no excuses. And you've got to have the people who are capable of doing it, right?

And, you know, and again, all of us, myself included, Master Movie Adjustment, all of us have had the one that you just nurtured and, you know, and you see signs of brilliance and you'd hope that they were going to get it together. But you've got to really

discipline yourself to know when it is time to cut the cord, right?

I would say no excuses saying I have a hard time between like I don't have any employees that are as motivated as I am in getting things done. Nor do you. Where do you draw the line?

[1:15:02] Like they do, like do like half the things good, but they should do 70% good, 80%. Where is that before?

Because sometimes it's frustrating because they're not doing. I would like them to do, but they are doing a lot. I'm going to point out that he said that in an order. He said, I give them the stuff that they need and everything they need to know to do the job. And then if they can't do that. It was an order. And I guess the first question I'd ask is, have we really given them enough stuff they know what to do?

And I'm a believer in what happens. I probably do a little more. That weighed a lot of people. But, you know, than anybody else on the face of the earth. Maybe. But if you're ready to copy one-up, one percent, they don't pretend to be. He used to always email me his latest revision of the operations manual after we had talked and said, can you check pages 262 through 283 and see if that dropped place?

I'm not exaggerating. Yeah, no. Well, it's not actually that bad, though. You know, today there's a checklist you guys go through and they- you gotta do all this stuff. You gotta send five grade work cards. They gotta close out. They gotta do their numbers. They gotta put their stuff in the workplace. You know, and I found if I didn't do something like that, at least it said clean the school, here's the stuff you gotta clean, then they would say, well we didn't, oh we forgot that. Well, they can't kind of forget them. You know, so if I go to them and say, I wanted to avoid the situation where I'm talking to an employee about whether I explained it well enough. That's what we have to avoid is, that's the first thing is, is it really, you know, they say they didn't understand it and you're like, come on man, I told you 500 times.

Well, okay, but if it's written down, they kind of like can't say that. It's here. Shut the hell up and do it next time. I mean, so, so I guess I'd ask that question first before you really address the second question, because that one you can control. That's the good news. If I didn't really explain it well enough or I didn't have it written down or I didn't... If every other day I make him do the numbers, I don't make him do it daily, we're fighting that all the time. He's right. If somebody else talks to you, not in the group here, that it's like he's got two schools. And if you had a formal school, you'd have to. You have no excuse not to add your numbers every day, no matter what. It's hard to get him to do it.

Well, it's you. It's the guy. It's not. the employee at that point. Well, so I guess that's, I told the story once, but it was that when I was a national promoter, and I was ending up going to like, the NFL tournament this year. But all of the other guys had the standing joke. Hey, Oliver, it's 545, where are your stats?

Right? But it was, you know, the final show we're usually on Saturday night. And I was always showing up the final show with my stats. Because the deal was they had to be done in my office at 3 o'clock on Saturday. And then they were getting faxed to me wherever I was. And if they weren't on the fax machine by 4 Mountain, which was usually like 6, what was 6 Eastern, there was hell to pay. And it usually was, I'm at the final show, and I'm either judging or going to the stats to prep for the Monday meeting. all of the promoters and all the top people all have the same record. Yeah, there's all of them in the stats over there. Are you ever gonna work at a nice time working?

No, I mean, like you're at a tournament, right?

Okay. I'll be there. But it's gotta be that regular if you don't have it. So I guess continue on with your question, which is, you know, it's trying to bring an abstraction into concrete, right?

You know, if you have the three things, do they have the capability, right, I mean, the aptitude?

And are they motivated enough to do their job?

And have they been trained adequately to do it?

And that includes knowing specifically what it is that they need to do, right?

And my argument is you can't do anything about their aptitude. My argument is their motivation is their problem, not my problem. except that we all have a tendency to put a bunch of Mickey Mouse stuff in their way to hurt their motivation. So if you try to motivate everybody by having a tap rally over here, and getting them on the phone and pump them up and they're depressed, that doesn't work. But you've got to keep all the demotivating stuff out of their way. And part of that is clear communication. If they thought they were getting an extra \$300 this week and they get an extra \$290 for \$10, you just pissed them off, right?

So you've got to be careful about all those kinds of things. But if they've been adequately trained and they include knowing what to do, then you've got to set the minimal acceptance standard. Zig Ziglar wrote a book called, I think, Top Performance. Is that right?

[1:20:07] And in it, he walks through exactly what you're asking, which is his example was like a real estate sale office, where you tell them, in order for you to have a desk in this office, here's your minimum level of performance, et cetera. And then your target level of performance is here. And if you hit this, you know, angels sing and rainbows, you know, will appear and so forth, right?

So here is super good, here is our target, and below here you don't have a desk, right?

But the more you can define your expectations of that, right, is this is the minimum acceptable performance in order for you to have that. But here's really what we're shooting for. and ultimately are high-growth. If you can put it into that kind of

parameter, it works really well. And sometimes you can, sometimes you can't, right?

In macro numbers, it's usually fairly easy. Here's how many aromas we need, here's how many intros we need, here's what grows from the new way, here's what retention loads. On a smaller level, there's all of those mythic stuff that can be a real irritant of you're supposed to be wearing a 4 and you got to get your 4.10, 4.20, you know, right?

So there's that type of stuff. You're supposed to be wearing this uniform and you're under the uniform, there's all that kind of stuff. And my argument is on all that kind of stuff is that's the minimum acceptable, right?

And if you have any tolerance at all, then that becomes the broken window. Right, so if the guy shows up and he's out of uniform, it's going to get me, you know, uniform. You know, my standard thing was, you know, we'd have the staff meeting and we had the drink policy and lunch policy. And so if you were a branch manager and you were late, you bought everybody lunch. And if you were staff otherwise and you were late, you bought everybody drinks. And if you no-show in order to keep them buying everybody drinks, we just bought everybody lunch on your day off and you never checked. I'll tell you what he was just saying there. But what he knew is a situation where you might have a goal, so many enrollments, but only if the enrollments have to be a point to forget the point that they have to leave.

And the leaves will come in, because you share, in my situation, I share a responsibility to generating the leaves. So now I can't really hold. Anybody know how to pull from anything?

You mean other than yourself? Yeah, right. Wait a minute, do you say that again?

Yeah, we've got the accountable for anything. I may have been optimistic about being able to pull out here at the lake. Yeah, it looks like an after break, I feel. No, I mean the after break, oh, the noise. The noise is a little loud. But because if you go to two line of detail in the numbers that you're holding people accountable to and the bonus system is super complicated, just like we said for sales yesterday, if it's too complicated, it won't respond and it won't work. So you've got to, it's a tough one because we like to reward people for a whole bunch of different tasks. But you know, they really can't. That's it. Then it's kind of like three more. Yeah, exactly. Because they don't understand it. If they don't, you know, if they don't get why they're paying that.

And the other part of that is making sure that they know what a regular daily basis is back on the daily point is if they don't know what a regular basis is worth or out of what that's going to be by the end of the month, then they really can't take action. That's what you're working to say. But let me answer this question for two different plays. First off, you've got to start at the point where they can be held 100% in the county. Right?

And then you've got to give them a benchmark for that. We've got the Doyle Law Open, the wedding party. Five dollars to come back in. At least that, it has to be. I'm sorry. No, you're fine. Oh, you got a locket though. Oh, dude. I'm lost. You know, I gotta tell you

the funny story was, you know, the same candidate thing. Is the guy has a bladder like street hammers or something, right?

Is I swear he could do three days straight and he never went deep. But it wasn't only that, it was as you're getting up, you hear, Oliver a weak platter costs you money! You've got to start a point where you can hold 100% count, right?

[1:25:38] So you can't have it be their point in the finger that it's you. And let me give you a real life example that I had quite a few years ago. I had two different people over the years whose full time job was exclusively and only. And occasionally I knew a few other things, but it was mostly exclusively and only. Go work with elementary schools. and set up programs for us in the elementary schools, the hand offices, right?

So, you know, across, let's say five locations, Larry Arado and then Chris Perry, right?

And Larry had been a salesman for one of the big publishing companies, so when they go in and they set up, you know, like book fairs and so forth, and they meet with the parents and try to sell them, you know, maybe an encyclopedia for some, you know, some of them. something. But that's what he had done already, so he already had some of that skill set. But where I would have problems with that was the point at which there was a handoff. Right?

So if I had Larry, go deal with whatever it was. Actually, I used to yell at the elementary school. And he's going to go set up a gym teacher for the day or a national school program, what it was. I always had to be careful at how much of the process he was responsible for versus at what point he handed it off to the school, right?

Because if he went and made the contact, set it up tentatively, called the school and had them go in. The school almost always blamed him for being crappy at setting it up and exaggerating what he got done. Because half the guys would go in and they wouldn't get anything done, but they blamed Larry. And of course half of them and every one showed up to begin with, right?

But it was always Larry's fault, right? And you could track that all the way through. And ultimately my conclusion was, when I had somebody in a marketing role like that, I always like to get it where they handle them all the way through signing the student up at the school and then hand it off to the school. And we're compensated for that change because at the point I hand off, I would always get fingers being pointed both ways, right?

And a lot of times it was across multiple schools. There would be the one or two guys that were really happy about him. Working together and we do just fine. And the three are always talking about what video it was. And really it was they were dropping the ball, but now they had good excuse. Right. Plus the further down the train, the train or the chain we track, the easier it is because you got less, you know, you're looking on based on results, not based on how many, how many schools did you visit?

How many kids did you talk to? How many visits did you do?

How many fees did you get from the leave box?

It's very hard to complicate it in track. And I'll give you another example. This was January 1st of 2, 33 years ago. You'd have the meetings, but they had it set up to find it. There was a number of faults in the system, although they were doing big numbers. But the biggest fault I identified, having been one, is every school had a full-time head instructor and a full-time program director. who were on paper at least of complete equal status and getting paid the same amount, both getting paid a percentage, and had equal responsibility for the school. Sounds good on papers. In practical terms, anything that went wrong, you always got this, right?

That's why I went to, I got a branch manager and I got everybody else. And it's always her fault for it. or if they're having good results. In that way, what happens is you can't have him say, well, it's my instructor's phone call. Simon, I've got to tell you, his deal is train, hire the right person, supervise them well. And if it's the wrong guy, let's get rid of him and get somebody else. Are you ready to fire him?

[1:30:02] No. Okay. Well, does he have some training gaps?

Well, yeah, he really didn't know what he was doing. Well, okay, what are you doing about that?

Right? And so all of a sudden now there wasn't this, right?

Works a lot better. And if he goes back again, responsive to your question, you got to have the chain at the point where they can't go like that and have it press. And that simplifies everything. Yeah. The other thing is just having to know it's use is environment, right?

Is so many of us want to be nice rather than being direct. And you know, and Mr. Kerik said it, you know, we end up, you know, you don't want to verbally berate people or anything else. But the more numbers you have, the more black and white it is, right?

And I've had a lot of high level executives work for me over the years who didn't like that system. They didn't want to have everybody's numbers up. And they didn't want to have the ones who were doing well next to the ones who were doing poorly because they felt that embarrassed people. Wow. I'm not trying to embarrass anybody. It's like going bowling and you look up at the scorecard, right?

You just have to have the scorecard. And we're always looking at the scorecard publicly. And the ones who are doing poorly, to a great extent, their numbers will start getting better just because they'll go, well, I'm smarter than that yo-yo. and he's doing double the number I am, that's embarrassing. They mostly won't say that aloud, but in their mind, that's what they're thinking, right?

So if you have all the numbers there, it just forces a lot of them to come up to at least what the norm or the higher levels, right?

And across multiple schools, that's why you always want to have a lead dog. In your guy's case, the only problem that would be is... you've got to get it to be one of the other branches. Because now they're going to say, well, that location is always going to be doing big numbers, right?

So you've got to get one of the others doing big numbers. Well, plus it's you guys there. Yeah. The lead dog can't be you because then it's so because it's you. Yeah. It's almost an artifact that you'll end up getting the next one down. Old kitty's good. It's hard to make them compete with you. So when I got to four schools, I didn't teach any more on purpose. Like, you know, people aren't you teaching, you know?

No, because if I do that, I'm handicapping what the other guys do. And inevitably the school I was at continued to do well, but it brought the other guys up. But if it's me teaching there, or the worst yet is if I'm teaching it, all four schools a different day, that's just like a mess. Yeah, that's definitely. You might worse off than not having set an omen. But the only caveat I would give that I had a lot of success over the years if necessary being the turnaround guy. Going into one school for a period of time. Right. But not every school spread. But then go in and then. But what I would always do is go into the worst one. Right?

So I would always go whatever was the worst one and go turn it around, right?

But I'd take the worst one to the best one, you know, to make it the best one. But you're never going to have all of them doing the numbers you're doing, but they'll keep pace, right?

And what it did is it eliminated excuses, or at least most of them, because then the excuse was, well, nobody's you. You know, they can't, you know, I can't. do what you do. So you're always better off if you've got a staff guy who is able to do that or if you can subtly or not so subtly get them to do that. But at the worst case scenario, if you go into the worst location and push your way up, right, and in your case it may just be, you know, across multi-programs, getting one of the programs going so strong that it pulls the others up with it. That make sense?

You're better off doing that than trying to push everything up evenly. Because that's the pool there. Does that answer your question?

Yes. Other thoughts or ideas that you picked up from Commissioner Kerik?

On the crisis management, you brought up points about being proactive and doing the mock things. So, as a follow up to go back to the schools, just think of all the different crises that could happen across the school. Whether it's the students or the parents or you know, so how would we deal with it as a staff or crisis with the staff?

How would we deal with it as business? Well, that's a good, that is a, it'd be a really good exercise because what are all of the crises that could happen that could be significant to your school?

[1:35:00] Right? So if you think about that for a second, I mean, what are some of them?

What's that? Yeah. Well, yeah. Yeah. A year old boy accuses instructor of trying to sexually molest his newspaper. Yeah. I say things like that three or four times over here. One of them was your brother. So, you know, knowing how to deal with that... What's that?

No, it's just clarified. It's clarified. It's not my brother. Your brother was the culprit. He was the victim. No, no, no. He was the culprit. No, okay. No. What was his relationship to you?

His sister's boyfriend. And I got him a job. Yeah. So it's rare to be a boy. Well in this case it was, what was he, 23 or something like that?

Yeah, 23 to 25, and we found him out in back of the school during a sleepover with a 13-year-old as her clothes off. After he had taken her to the liquor store. Oh! I'm not exaggerating. I'm not. What's that?

It was really close. It was personally the closest I've ever come. to completely dexting somebody. And, but you know, it was, you know, I've done all the NLP stuff and all the Tony Robbins. I was doing all, you were there. Remember, weren't you?

I don't remember. But I was doing all the NLP stuff, right?

So I still wore glasses, so I took my glasses off, so I wouldn't be like focused on him. And I was focusing on the fact there's like 42 kids looking through the plate glass windows behind me. So when I take him out, they're gonna have all the watch master Oliver Kelly their instructor. I had no idea what was going on otherwise. And he actually showed up, when I showed up to meeting, he had his shirt tail hanging out and his zipper was unzipped. It was kind of a shell. I mean, this is at 3 a.m., right?

So, it basically just ended with, I'm not sure I know all the details of what's going on, but you're suspended. You're lucky to be alive right now. We'll talk again in a few days and figure out if we can sort it all out. The worst part was telling the mom. What happened the night before. Several instances like that, we've never hit the newspaper. But it was, in my estimation, it was always one, having enough goodwill in the community that we were doing so many things. We had to get this minute for the doubt. and two, it was aggressively dealing with it proactively. And three, it was having such an unshakable clarity about how all that stuff was off limits that it never, it never mushed. When I look at what happened with LaValle, my first reaction was, God, I'm surprised they didn't have a huge sexual scandal 10 years ago, 12 years ago, 15 years ago.

I had no people have reports. Everything is so out of control. I'm surprised that it took this long. Now what it was surprised me, but it didn't surprise me that sooner or later it blew up. And in fact, like 15 years before they had had two different statutory rape things, he had two newspapers, both of them staff. And the articles were always, you know, instructor at a lot of these work for a huge stuff. That was the deadline. Yeah, I mean think what the what can happen You can certainly have the crisis of something that is near shopping center here in your clothes down for a while How would you deal

with that?

We've had that before you know all of a sudden power Yeah Yeah, because I wasn't there I would call it a great Yeah, like what would you do if it shut down?

We had that happen once we caught it outside until we, or it was a sewer issue. So the school was horrible inside. Oh, I didn't want to lose that. I had my life brought an all-in once and I had time for all-in. We pulled up all the parents' cars and the shiny that threw the plate glass in the window. But the sewer one's the worst. I had that one. twice at the Lakeland School. And the problem with this school was it was a breaker box in the back with no back door. And so you had to walk into the school and go through the school in the dark to get to the breaker box to turn the lights on. Sorry, I was trying to use the weak letters, cost money, why not?

[1:40:16] Yeah, I had to do the same. But I got about halfway to the back and was up to here again. Well, it turned out to be raw sewage. Yeah, it's just disgusting. And... Time to break for dinner. Exactly. On that note. But it is a good one. I mean, go through all the different things that could happen. I mean, we, you know, long before cell phones, you know, we had grand openings where we went in and opened the school and everything was going great except the phone company couldn't put our line in for five months. And... We were having to use the payphone now front. I mean, seriously, we had info calls coming in together. Well, the info calls, we had going into a different number. We had to use payphone on the front. See, if the phone doesn't work, that's a crisis to me.

Yeah, certain things like that. If that wasn't working, it's a crisis. And like, when that happened to me once, the guys didn't know it. Luckily, I called for something else. And usually, I call in the back line, the student line. We call the student line. I don't call the pay line. For some reason, I called on that. It didn't work. And I'm like, you know, going ballistic. That can't happen, ever. Jeff Smith had that a couple weeks ago. When we were at Sturgis, all of a sudden the phone company had done some crazy in the main line, and the school had done crazy. Well, but your guys can do something like that. Like, leave the phone off the hook, or do something wrong, plug it, or do something stupid. It can happen. So that's something to regularly check.

The other thing that... Well, you know, there's a complete tangent on that. That's why I've been recommending anybody who asked, Anyway, usually something like Ring Central. Because nowadays, you can port the main number into an internet-based system. We use Ring Central. And see, you can port it into Ring Central. And then if there's a problem, let's say with landlines at the school, because that's typically what happens. Some construction guy cut a line or something happened. Then you can reroute it to your cell phone. You can reroute it to a different number. It just makes it easier to reroute it for normal processing. Yeah, yeah. Well, you can have a pre-program, so you can have it where the phone rings this cell number from 9 a.m. to noon, then it rings this cell number from noon to 3, and then it rings the landline of the school and another mobile number of the evening.

And then if there's some place somewhere, you can just go in and reset it easily. So, you know, those things are cheap nowadays, right?

So, one, you can probably save somebody on how many landlines you need. I like the idea that he said, though, I was going to mention, do not get off on the crisis, and I don't do this. I'm going to start doing it where you talk through some scenarios. You know, I've spent a lot of time, like, sounds like they, that was their job, so they had to do it all the time. But, you know, like some of these, well, what would it have to do with the lights went out?

What would you do? And just so many of them. Well, they're dealing with a little bit bigger shit than we're doing. They're in gas attack on the subway. That's their job that, you know, they have to. pay attention to that stuff a lot more. But you know, even if they thought about three or four scenarios like what would happen if the lights went out, what would you do?

Well, we teach outside. If they go through that mentally a few times about once a every quarter, whatever, then if it happens, then they won't just close the school. Somebody recently, were you on the phone with them?

That they came back and the school was closed?

Was that? Maybe you weren't on the phone with this guy. They said their guys closed the school. They were going out of town. What was that chestnut?

It might have been a lot of small. It was something like that, yeah, that the school was closed for like a day or two. I mean, I'd be in the park, you know, or whatever. I mean, I guess if you're in Wisconsin in the winter, there's 13 degrees outside. I might not do that, but you've got to be something, you know, or call a church that is nearby and move in there. And then your opportunity, it can be an opportunity to market when you're at that place. I mean, there's lots of... We've had it a bunch of times where it's, that space is supposed to be ready on January 1st, and we're vacating this space on January 1st, and that space is ready in March, right?

Right. And, you know, and that's a pretty easy solve if you thought about it ahead of time, you know, and you and I both expect that to be. If you plan for that scenario to happen, then you're... Because it almost always does. And like if you're moving from one space to the other, I always plan for a three or four month overlap. So whatever day they told me this one's going to be done, I plan to be there for another two or three months. What's the start up always plan for what's the alternatives?

Yeah, one time I negotiated that in the contract. Like we're going to be this many months. So if the one delayed. I didn't have to pay rent the other way, but anyway. But that's the side thing. What would happen?

Crisis scenario planning a little bit would give out idea. Well, without you there, you just don't want the free rent to start until they've pulled the CO. Right. So if they're responsible for instructions, the day they pulled the CO, that the free rent period starts.

I just got a pissy match with one of our landlords because he had given me a year free rent. and then he gave us the space two weeks late. And so I was arguing we should get two additional months. I lost that one, by the way. It wasn't worth getting to a Fizzy match after he'd already given us a free year. I was proud of that negotiation. But where were we at on the crisis thing?

[1:45:42] What were some of the other lessons from what he was talking about?

Did you catch a couple things? One is the budget for the city of New York is bigger than what, 42 states?

How many? 40 states. 40 out of 56? Yes. And the New York City Police Department, the number I remember, was it's bigger than something like all but five standing armies in the world. Right?

Because they have, what do you say, 54? Is it 54,000 uniform?

I think it may be 54,000 staff and something like 40,000 are uniformed officers or something like that. But it is a bunch, right?

I mean, all you have to do is go to Times Square. I mean, I swear there's more cops in Times Square than the entire Denver Police Department. And they need it. I mean, that kind of thing. I like Terry Yosses. talks about the PUB level of, you know, all employees are treated equally, not from the sense of treating respect, but just to hold them in acid count. He's writing AI, you know, he gets assistant instructors to pay 50 bucks a week or something. I have never really sat down and conveyed the expectations with him. You're affecting this myth, so give him some metrics. Thoughts will go up. You know, a different way to look at exactly what you're saying is the number one tenet you're teaching as you're developing them through leadership and through assistant teaching is you're teaching them personal accountability.

And then if you start treating them like staff at a less accountable level, you're taking away the lessons from them. Right?

And so it's the reason why it really is so important to have leadership, assistant teaching, to have that track going on. Number one, you're developing bitch strength. But number two, really, you're taking the top third of your school and having them all exhibit the levels of leadership and have them all exhibit the level of personal responsibility that you want the staff to do, right?

Where I see a lot of people make a mistake is they implement this really well. And then they have the staff member that, you know, my worst nightmares were you have the 18 year old female instructor who comes in and barely did real culture talk, then everything else. And then goes and changes real quick and sets a bad example. Or you have the guy who comes in with a beer t-shirt or, you know, he hasn't saved that day. For us, it was always, they came and they sat me and they grabbed the shavings and I'm sending them back with a razor in their shavings. If they came in and they're not in the right uniform, I'm sending them home. And so you've got to be completely aware of it,

right?

I mean, my exaggerating is, it's got to be all those little details. And so, on that, you've got to have the uniform for what they wear into the school. And then the uniform they have when they're teaching. And I see a lot of you don't do that, right?

So, you know, with ours it was blue polo shirt, black slacks, black dress shoes, right?

So I didn't want them wearing in, like, you know, orange running shoes and didn't want them to be in jeans. We had a no jeans policy period in descendants, right?

So if they came in and they weren't, like, in that uniform, they had to go get in that uniform. And, you know, the excuse would be, well, I'm going to go immediately back room and change, no. And then you're walking into the business and you're an employee or staff member of the business. I remember a movie theater booth. This was like 12 year old. Came in, there's a 12 year old, like, new black belt helping and he's got a green mohawk. And like all the staff up there was really cool and they're having to be demonstrated. I'm like, you know, go fix your hair. Well, and then both the staff guys went, we can't tell him, and he said, yeah, you can't. You're gonna be in the leadership room and you gotta look the part. And then they'll say, well, all the other 12-year-olds think he's really cool.

[1:50:05] I said, yeah, but none of the moms, but one of the 12-year-olds, you look like him. So go fix it. And you've gotta know what your standards are in your school, but you've gotta not let any of the MD be a part of it. I think you've gotta be consistently... The easiest way to make that easy is be consistent. If they ever make a little tiny mistake, don't let it go and tell them. And the challenge with that, I found, is not so much me doing that, because I'm really crazy about that, if anything's out of place. But it's the staff members, I realized that I wasn't training the managers to be that way. And so the managers would let it slide a little bit. And all the instructors were trained by me, so when I kind of made the transition, not being there all the time, the instructors were trained by me, so they were all really good, and they would all follow the rules and everything would happen.

But the managers that were above them, who were also really good and followed the rules, but they didn't know they had to be really picky all the time. But the easiest way to make that happen is just be super picky all the time. And a lot of these things in a week or two, like the breast company, you can celebrate with me, yeah, in a week or two, it never will happen again. But then if somebody shows up at the wrong whatever, then like I never showed up. I didn't even own a pair of jeans until I had like I think six schools. Like I mean I owned them before, but like I never wore them because I never had any occasion where I was. And I remember like your dress code was what Monday, Wednesday, Friday, they'll wear the red.

Oh yeah, I had that for a while. And all the staff got the award exactly the same, full of shirts. Then we went to one, it was easier. We just always had the one. I did it that way, then they kind of hoped they washed the shirts. No, we're not talking about one shirt.

No, I get three shirts. So Monday was why Tuesday was red and Thursday, whatever. It was white, red, black, or white. Just hire people that have a washing machine. I know. But, you know, they're washing their clothes as they're going out Friday night. Yeah, exactly. The other thing on that same topic is you've got to learn to be hyper aware of everything going on, right?

I mean, my staff always had the runny gag that nothing happened that I didn't know about me. They would joke about there was video cameras in all the schools and then we're all wired up now, even though none of them were. Nowadays, I would have every inquiry, right?

I mean, it's what, 500 bucks, the employment is in here. But then it wasn't, but it was, I never missed noticing anything, right?

So if this instructor was dating one of the students, I was always the first to catch it, and they could never figure out how I caught it, but it was just I, pay attention to everything going on. But it's like walking into the classroom. There's 50 people lined up and those five have their belt tied backwards. You gotta notice it, right?

So I'll always be the one of, why are there not strong?

Why do we have three women with earrings and what the hell is going on with that?

She's got a ring on. And right, I mean it'll be, and if you don't do that every time, then all of a sudden all the standards fall. You've got to decide what your standards are, but you can never not notice because then they don't notice. That make sense?

That comes back a little bit to your conversation, Jeff. They're never going to care as much as you do, but if you never let those little things go away, it's easier to just get it right than to hear you bit you in all the time. And then again, I can't even tell you what that is all about. 100% of the time, no matter what, our paths are a certain way, the uniform is a certain way, the things a certain way. And if you let that slide, it's a million times more work. I mean, if you're super consistent all the time, it's actually pretty easy. But it's when you let it slide to 1% of the time, that now it's constant. So if you find yourself constantly reminding them to do stuff, the most likely thing I've found is that...

I'm not being consistent enough to make it through it all the time. And then I don't really have to remind them at all. Well, I remember it was kind of a backwards logic, right?

But it's the way it works. Any of you guys remember J. Kim's brother?

Yes. He's from DC, Virginia. Yeah, Baltimore. Baltimore. But he was trying to recruit me and Ernie Ray's senior at one time. And so we flew to Baltimore and we did the tour of the... of the office and all this stuff. And he had a bunch of guys from Bally's, Holiday Elephant Club. They were helping him run it. And he grew to like 50 locations. But we walked into the school, and he walked us into the office and said, look here, right?

[1:55:02] So we looked in the drawer, and there's a couple pans and whatever. I forget exactly what it was. And he says, I said, well, what's special about that?

He goes, never mind. Let's go to the next location. When it's the next location, he pulls up the drawer, and it's exactly the same. And his point was, of all the 50 locations, they had the spec of what needed to be in the top left hand drawer, what needed to be in the middle drawer. What you write in the media was all identical. Now that sounds, you know, retentive, but if you're in the middle of a sale and you can't find the pen to get the agreement filled out, is it a problem?

Right? Or if they don't have a membership contract and you're now digging around right?

I remember going into my own schools and I would go do a conference for them and then I'd say, what, where are the agreements?

This other guy's digging through the desk drawer to find, are you kidding me?

You know, they're giving me money and you can't find the damn agreement with it. You know, what the hell?

So all those things are important to us. Does that make sense?

We actually have a file for the Indian Trail Room, has tabs on it and there's a... There's a printed sheet that they print out and they stick tabs in. They're always in exactly the same order. So then you know when they're looking at their color coded so they know what they're looking for. And that way when I train them, I can train them in one location but they could be in any locations to work. What were some of the... We have three folders already made up with everything you need in the cycle folder. That's really good too. I pull a folder out of everything you need for the sale. Yeah if you want to have multiple schools I would even... that further like the supplies that go in there are in a specific, they're placed in a certain way so that nobody has to go searching.

Well given my particular personality, it has to be on one of those little clear pocket folders on the wall so I can see it because if it's in a drawer it doesn't exist. Yeah so mine was always I can you know in the intro room I can see the three pieces of paper I need and the thing and it was never in a drawer and the first thing I'd do is empty all the drawers and figure out where I needed to be so I could see it all the time, right?

Yeah, it's time to wake up. It was 7, 10, 8, and it was being sent for that. Anybody ever done that before?

Yes, sir. The only time I ever do that is when I have an early flight out of somewhere. I was staying at Jepsen, and I was starting the door, townhouse one time. And I had a flight, oh, and this is a good one. It was when we did the event in San Diego. And so, June 3 had a big, like, 50th anniversary thing. that was on Thursday and the event in San Diego was on Friday. And so I booked it where I went to Denver, Washington DC, did Jhoon Rhee's thing, Washington DC, San Diego, did our thing and had like an extra hour or so. And I was staying at Jesmyth's townhouse and woke up at 10 after 7 and had

a 7.42 flight. And made the flight. Believe it or not made the flight. It was literally, you know, and it was Jeff that said, you know a flight, right?

Shouldn't you be up? Yeah, my alarm said, what time is it?

Why does that sound bad? Oh. But he lives like right next to Dulles, right?

So it's, you know, he's... It's five minutes to Dilla's. Luckily Dilla's strangely never had the security. I had never... That's because they got that really weird setup where it's super long. Yeah, there's 22. Did you know when they had the cart things?

Oh yeah, I always hated that. That wasn't it. That fact that's how I made my flight is it was one of the few flights that leave from the main terminal rather than the other terminal. So it goes with security and then right down. Yeah, that's like Z-engage or something. But that should be on the list. Go to DC or we went to... Yeah, yeah. I think if people hadn't gone to DC, that would be a good location. There are a lot of opportunities doing the DC, but when we stayed right out by Dulles and went over to the Sterling School, which was extremely productive, but there's certainly a lot of other interesting things to do, New York City and DC. But anyway, what are some other lessons and other thoughts that came up from his conversation?

Don't be afraid to use fear. And praise too, but... It's what I needed to go out. Yeah, I mean, ultimately that comes down to there's only one person in charge, right?

[2:00:10] It's not a democracy. You know, my favorite line on that was Gene Hackman, and what was that submarine movie?

Remember the one? Thunder. No, it wasn't that one. It was the other one. Yeah, it was. It was. Yeah, Washington. Yeah. But the submarine movie, Red October. Red October. But anyway, it was, it was, it was Crimson Tide. But at the beginning, at the beginning of Crimson Tide, they have these entire submarine crew lined up and he's got his umbrella and his poodle. And he said, men, we are here to protect democracy, not to practice it. But the same thing he said, right?

Ultimately, you've got to be charged. And you want everybody's opinion. You want everybody's input. But then when you get marching orders, you've got to all be marching in the same line. And a lot of us are just afraid to say that. And you don't want to do it in an egotistic way. But ultimately, it's got to be. You know, and I've had a few where we were having little staff hard events and I had to say, look, last time I checked, I'm in charge, right?

So, good idea, good idea, but we're gonna do this and, you know, let's go for it. And you always gotta be aware of not only active resistance but passive resistance. A lot of times it'll be, we're gonna go do this and they just go do whatever they were doing, anyway. That's what you get a lot, right?

Is you just get past resistance, which... Anyway, any other thoughts or lessons from this conversation?

There are a couple of people that... The accountability starting from top of it makes your accountable to make sure that other people are accountable, not to assume it, and that everything else is right there. While they didn't come into the long breast toad, then... Yeah, they're not gonna. We've got to have the moral authority, right?

Like my meeting dream policy. That would never have worked if I fairly regularly showed up late. And my example of that was the one time I remember showing up late was at an intramural tournament. So I bought pizza for everybody. It was staff, Quaysite staff, sort of staff. I was on the phone to Domino's in order to like order two pizzas. But if I hadn't done that, right?

And when you're in a leadership role or a management role, you can get away with it a lot of times because they don't know what you're supposed to do, right?

And so I could have strolled in and allowed and said, this is when I expected to be here. But it was much better from a staffing wise to spend the 150 bucks on pizzas to make a point. Right and that and that that was my logic is I'd much better off to fast up and say oh my god You know I'm an hour and a half late here is \$200 a pizza I just bought and that has to do with integrity too that they know that that's the case because I'm sure there's lots of times where you expect them to start on time Yeah, without you there. Well, maybe you're picking up the gas at the airport. Maybe something sounds like that for that to know so don't establish that You've got to follow their rules necessarily, you just got to follow the rules.

The rules are this, we're supposed to be on time, you're supposed to work right, you follow those rules. And that might not be, you know, like I'm having an inter-school term, and I show up when the black folks start, you know, to be out. But the other guys got to show up when everybody's starting. But when we try to do that on purpose, it may be a big deal when I show up. You know, we're strategic about it. But my point is, is that it doesn't have to be their rules. But you have to have integrity about it, you did. You realized, I was late, so you did it because you knew that was it. Exactly. It would have been a lost opportunity if I didn't. So if you finish late tonight, then you've got to fight dinner for everybody.

Is that it? I don't know. I just thought maybe that guy, the integrity thing, I'm like, it's not the rule. It's not the rule, but everybody might. Are you talking to Trump only?

Talking to you. You know, Mike was a two for one, I think. We could share. We could split it. Depends on how cheap we think you are. But other thoughts or lessons from what he was talking about?

I like the story Joel, where he walked up the bridge. And you know, kind of relate that to like, he wouldn't ask me, he never wants to do anything. Right. Yeah, that was a great story. You know, there's a great book. And in full disclosure, the guy is crazy and he's a bit foul now. Not a bit, very. But it's by Dick Marchico. Anybody read any of Dick Marchico's books?

[2:05:06] Oh, that's right. I heard that was a really bad cultural fit. It was interesting. Yeah. But he wrote a book called *The Rogue Warriors on Leadership*. And it's out of print. I think you can get a Kindle in one thing or another. But it's really good. And one of his main premises is always leave from the front, which is exactly the same thing. And in his case, he was the guy that ran the first SEAL team group that was anti-terrorist. And they were tasked with go break into every naval installation in the country to see if they could or in the world. to see if they could, to see how well the nuclear subs and the nuclear weapons were protected. And he did it so well, he pissed off all the hierarchies. He broke into every base in international, you know, with swimming and put fake bombs in the subs and one thing or the other.

But that book is a really good book. *The Rogue Warrior on Leadership*. Oh, there you go. There you go. And he's got a whole series of books. The first one is autobiographical, which is really good. And then they go into fiction. And it's kind of like the later end of the series you get the less believable and more kind of race there. But the book autobiography is really good. And then that book is really good. Some other thoughts from Commissioner Kerik?

You know, and he made a point, but there was a study I saw recently that validates the flip side of the point that he made too. Remember he talked about Tom Ponesen, who was the fire commissioner. By the way, it's a really nice guy. We had dinner with him. But he talked about top on S and talking to Giuliani, saying it makes a real point when you take a 10 minute break and there's five NPCs, right?

And the flip side of that dynamic is the research is showing that when you let a few people form under par, is you screw up the hydroforms, right?

And so, I mean, it's a different way of looking at the same thing, right?

Because what has the tendency to happen, it's like the studies with pay. There was an article I saw on Whole Foods just a couple days ago where they published every employee's pay. So if you're an employee and you want to see what your boss makes, you go online and you see what everybody's being paid. And that's a real smart move because, again, all the studies show if I don't know what everybody else is making. I always assume I'm getting undercompensated, they're getting overcompensated. And I have an inflated idea of what my boss is making. And by the way, as an owner-operator, your employees always have a massively inflated idea of what your maintenance is. The average instructor doesn't look at your facility and go, \$9,000 a month in rent. They go, I'm paying \$1,000 a month for my apartment.

This is probably about the same. Right? They don't go, wow, they spent more double in advertising this month than my salary. What they think is if your school gross is \$30,000, that you put \$30,000 in your pot. Even though they know you're paying their salary and you do have summer in, they don't like it, but they reverse \$30,000. They don't worry about taxes either. \$30,000 is in your pot. No, that's exactly right. You're close to it. And that's why I was always as completely transparent as I could possibly think to be. The rent was, the utility bill, I would share the utility bill, the phone bill, all

that kind of stuff, right?

Because if you don't, then it doesn't do you any good to keep it behind the curtain. Because they underestimate. Just like the salaries, they overestimate what everybody else has made. the point of holding accountable is it really is interesting because again, the surest way to kill the top performers is to tolerate the poor performers. Because they're like, well, if it's okay for them, why am I breaking my bones, right?

Why am I working so hard? So if, and you've always got to, completely discriminate them on staff, and I'm not talking about male, female, white, black, whatever. Performance gets rewarded. Lack of performance gets penalized, right?

[2:10:03] So my version of that was always level of freedom. People who were putting big numbers on the board, they had a lot of flexibility when they showed up, what they did, how, all that kind of stuff. different uniform. But, you know, if you just had a \$60,000 a month and you wanted to take a three-day weekend, hey, don't ask me, just, you know, go do it as long as you're keeping the numbers up. On the other hand, if your numbers were low, I was micromanaging, right?

So if you wanted a sure way to have me with the, you know, up your ass and micromanaging, you have low numbers. But you have to, right?

It's like your checklist thing. The guys who aren't performing, you gotta go figure out what they're missing. So you've got to do the checklist of, you know, you're supposed to be at 3 o'clock, it was 3.05, what the hell, right?

The guy who was doing, you know, you just had a \$20,000 on night last night, you're a little tired today, you slept in and came in just for the interest, no problem. You know what I found funny is the guys who were doing really well, were never had a problem doing the checklist, they made sure they had staff doing the checklist. They made sure they were always done, and they actually used the checklist to manage. So no problem. And the ones who weren't doing well, they would come to me with an argument about why they shouldn't have to do checklist all the time. But they'd come to me with a way that it was going to be easier for them to do where they laminated, just have one copy. We made them actually do a copy every night, so we knew that they did.

We knew we did that. And they would come up with some, it's like they spent time trying to figure some other thing instead of just doing the damn job and reinventing it. And a lot of times we spent time but more effort figuring out how to get around the system. Alibis, not... Alibis is something that you may have. But that's... It doesn't matter. If you don't have multiple schools, you're not having the issue with having. If you're there and you're dealing with it, the purpose of the purpose of building it in, you know, they could be one of the instructors that's not doing well or one of the instructors that's not... If they're coming in wrong... We've got to be really, really consistent about fixing the, at least the minimal level expectations. Where your staff, your lead fall up and things like that, which is major, and all your phone calls and that kind of thing.

You have it broken down separately. Yeah, that's important to automate as much as you can. The exception to what you said a minute ago, and I think is Peter Drucker's one, was strong people always had strong weaknesses. Right?

And what I would find happening in our company is I would find like the office staff trying to turn my best instructor or best salesperson into a good accountant. Right?

And I'd much rather go hire somebody to clean up after the guy than to try to, because the personality type to have the best market or salesperson. is usually the opposite of detail oriented like you remember my hair this guy like would periodically lose checks I mean like I mean five ten thousand dollar check right I finally put a drop safe in the office and said my here's the deal when you get a ten thousand dollar check just drop it in the safe there we'll worry about it afterward now was I gonna fire it no I wasn't gonna fire it because but he was the only one having 10, 15, 20,000 on the night. But I had to figure out a way to keep him from losing the checks when he got it. Because of the pain he has to go track the person down and get us to the check.

Or figure out what they were paying or who it was. Yeah, exactly. Exactly. But you do have to stick with that. Strong people have strong weaknesses. So don't, and then again, it's a cover you said is going to let things that matter at least. Don't let things that matter most be at the mercy of the things that matter least, right?

So they don't have to be perfect, they just have to be really good at the things that matter. Don't mistake that though that if somebody's pretty weak in a lot of areas, you just hire people, the stuff they don't like doing, you just hire people to fix it all. No, somebody's more high for the forward. That's a different thing. Strong. Yeah, then it's not a problem. I think a lot of us in this room are that way. You probably should be paying somebody. to do your yard work. Because you're paying 20 bucks an hour for somebody to do your yard work, or 50 bucks an hour for somebody to do your yard work. But if you're at your school during that time, or taking that time off to recharge so that you can be stronger at your school, you might be better off.

Well, there may be a lot of business activities. To me, the indication is always, and stuff that pisses me off, they have to do. Often times, we're the things that I do most easily delegate. Anything that has to do with sales taxes or the IRS absolutely pisses me off to high heaven. I'm in time just to be a food fit to be tight. But see, that's easy to delegate. You know, you go to the payroll company, you get the accounting company, you get the person who comes and looks over their shoulders, and all you have to do is occasionally sign something, I get the shape of signing it, but at least they don't have to touch it, right?

[2:15:16] But I'll talk to people who are so proud of doing all of their own accounting or something. It's like, oh my God. Or the billing. I've never found... In fact, I'm not sure why Mr. Munchkone was doing his own billing for a while. And then he just went back to an ounce of wheels to do it. It's usually never cost effective to do that. Now with the software, people ask, sometimes that's not true. But for a long time, it was just, same thing, I'm doing my own billing, and I'm like, yeah, but it takes you 10 hours a week to

do that. Or it only takes me 3 hours a week, or a month. But it's 3 hours, and you're not doing any marketing. So you need to do the marketing, somebody else can do the billing.

You can do only one that can really do the marketing. So you have to do that. And somehow that's the big one that the marketing time ends up getting sucked up by all kinds of other activities that you could delegate. And so there's always a reason. Well, can I tell the quick story about that?

Can I tell only about being in South America in marketing time, last time?

I was teaching at the South America camp, I just came back from it was a few years ago, I go there every year, and there were 200 schools represented there. And out of 200 schools, they probably taught, you know, I don't know, 30 some classes a week. We figured out they taught 186,000 classes that year. And I asked them, well, how many hours should you market every week?

And they said, oh, you know, they said, some people said five hours a week, some people said 20 hours a week. They said, okay, let's say 10 hours a week. Well, how many hours did you really market?

And they said, oh, well, you really need a couple hours a week. So they missed 80% of the time they should have been marketing as a collective group. And they have the same issues we do over here. They're going to be out and do stuff or do something to market. 80% of the time they missed. Out of 186,000 classes, how many do you think they actually missed, other than like a holiday or something where they're close?

How many do you think? Not much. There were three. One guy had a hurricane and he missed two classes. A hurricane. So he couldn't actually physically get to the school. The other guy, like, his car broke and whatever and he was, he was one class late. 186,000 classes and they missed three. Three in the whole continent. So that was .0003% that they missed. But they missed 80% of the marketing. Why do you think they missed the marketing and not the instruction?

That's what everybody says, but I don't believe that at all. Because some days you guys don't feel like teaching class. I do not believe that one bit that, oh, they love teaching so much, they would only miss .002 percent if you're going to have students go up for class. Exactly. People are going to bitch at them if they don't show up for the classes. They're going to get yelled at. They're going to have major problems. But if you don't do your marketing, the only one that's bitching at you really is us. So that's probably one of the big things you pay us for and we should be getting on about that or at least bitching probably the strong word. For a wife, husband, girlfriend when there's no money and things like that. Yeah, right. Well, they bitch because there's no money and so sometimes then you cut your marketing because you want to lower your expenses and it's the opposite thing.

When really what's happening is, you know, the marketing should be just as important a location to teach. Yeah, this is our... okay. But, you know, think about that. 186,000

classes taught in only a tiny bit, and then this. And that's what we do all the time. If we're going to be in this room tomorrow, I'd go buy a door stop or something. Yeah, this is like really strange. Yeah. We're in the other room tomorrow, right?

We're back in the Eisenhower room, which is our even nicer room. Yeah. Except that door, everything has a door issue. Because that door is like a dungeon, you know?

I think the West Point must use it for cadets when they don't behave and they've got a... Can I tell you the secret?

There is another door that's just right there. It's cheating though, it's not the same, it's better than the big door. It makes you feel macho, I guess. It's awesome, it does, right?

Because it's true. We'll take a photo of it. How does that relate to the financial side to it?

I feel it's really important that I stay on top of the payments that are coming in from our students. The manual labor to do the billing, the manual labor to make sure the list is there, make sure, you know, you gotta check your billing to make sure they do the stuff that they're supposed to do. That's a lot less work than... tracking them down. It depends on what you're doing. It's a delegate advocate conversation, right?

Really, you're not never going to be able to, in a foreseeable future anyway, automate or outsource the making the same thing, right?

[2:20:04] And you're not going to be able to outsource the teachers, right?

It becomes a virtual reality that people just sit at home in their living room and take their lesson, don't go to a school. We all have problems, right?

But I can't imagine that happening because most of it is social and so forth. But there's all kinds of administrative stuff that can be done better and cheaper by somebody else. And if it's a generic function like running payroll and so forth, you know, there's big companies. to do that and if it's a function of the feeling. Let me say someone payroll, you should have those companies do it, don't do it yourself. Because it protects you from having problems later. And you know, I've made some mistakes on that. Well the payroll is where everybody gets in trouble. Yeah, because now the IRS deposit doesn't get made and I owe them \$168,000. And I used to have framed in my office the certificate that they sent me when it was paid to zero. Right?

But everybody gets in trouble with that. So all of a sudden you're a little cash short. You do it yourself. So don't do it yourself. All of a sudden you're a little cash short and you don't make your tax deposit or you make a mistake and it starts aggregating and then you figure it out a year or two later and then it's penalties and interest and so forth. I was on cruise one time and the IRS took \$5,000 out of my account. That was like 1986. It's been six months to figure out what it was even for. Have you ever tried calling the IRS or something like that?

You call the IRS and they say the burden of proof is on the taxpayers. What was it for?

Well, you know, you owe it to, okay. And what it turned out to be is, I don't even know how we figured it out. A tax deposit for like \$30,000. And we were running big pay goals, right?

So it was like \$30,000. payroll tax deposit was deposited seven days later. Right?

That's why you want all the electronics up there. So by tying the penalty for seven days late, plus the interest on seven days later. I'm getting excited you talked about this, man. When, two and a half years. That was then, right?

I mean, it could be like three, four times. I don't even want to, if they're not telling me my story, I don't want to. Yeah. You know my funniest Tom Callow story?

My funniest Tom Callow story. It's not the funniest one, but probably the funniest one I can tell. But Tom was having some tax problems years ago. We had a very successful school in Reno a long time ago doing nothing that he would tell anybody to do now. Ned's mostly of ESC, and it's like the 25th or 26th of the month when everything's closed out. And so Ned picks up the phone and leaves the message for Tom. And of course Eastern time to Pacific time. And says on Tom's voicemail, Tom, well the good news is your collection's for \$32,383 a month. The bad news is the IRS left the IRS levied it. And we sent it all to them. Now, Ned was doing that as a joke. Oh! Oh, this is not funny. No, that was not funny.

Bob Callis, Dan Deere had a heart attack and he's having a nervous breakdown. And, you know, Ned let it go 24 hours before telling him it was a joke. That's hard. Ned told me about an hour after he said it, and I said... That's just mean. I'm going to call him a... I can't believe he did that. But she didn't call him a cello. You let him wait 24 hours. If I remember correctly, I tried and didn't get a liver or something. Oh, I tried really hard. There were cell phones then. You didn't have cell phone coverage. I didn't have any reason at all then to be irritated. It wasn't until they became a green neck, beast neck, fuzzy headed, giving everybody the wrong advice about how to run school. Basically whatever he says about running school, do the opposite and give you a pretty specific answer.

Any other quick lessons from my Mr. Perrick, let me just say, I was going to add on, you know, the Billy thing was just one thing we talked about, but anything you can delegate that you know, and I think a good point is stuff you don't like doing. I mean, not the same. I've talked to a bunch of people who didn't get their marketing done this week because they had to redecorate the school. We had one of our newest franchisees. We're sitting there and they haven't got all the marketing done because they're bogged down in the account. and they're bogged down and all this stuff. And my comment to them was, if you didn't look at anything that's distracting you from marketing, because all you need is 100 new students. If you didn't look at anything that's distracting you from marketing until January, there is no crisis that's going to happen.

[2:25:28] Right? But you've got to get the marketing done. You've got to have 100 new students. And anything else that you're just getting distracted on. Tell yourself you can

deal with it on December 28th. Well, and I would use the same example of the teaching. You know, if the toilet overflowed and something happened and you had to fix it and got in your way, you deal with it and you still get the class this time. The marketing's got to be the same priority. It can't be a different priority. Well, it can't be paying the school yourself, cleaning the bathroom yourself. Or if you really think you need to pay the school, pay the school on the weekends and you've got to have more time, I mean, if you're going to do the work, I would rather pay somebody to do that.

You know, it doesn't make sense for you to do stuff. That's a good example of something where, you know, we could all paint a building. I mean, I'm sure we've all painted rooms before. We could all do it. I worked my way through college for two years. Yeah, I mean, we all, right?

Is everybody not painted a house, painted a room or something, and got the roll around and done that?

Okay, everybody's done that, right? Done every doing it wrong. Yeah, don't ever do it again. I mean, pay somebody else to do that. There's people, and if you find the right price, it's cheaper than you can do, because you'll screw it up. Not really, maybe. I don't want to say everybody. I'm a description. Definitely I'm a description. It's like me and Charlie. It's like what?

Me and Charlie. Did I tell you the time I blew out the nav system and the stereo?

Oh yeah, that's a good idea. You know, I'm like 4-shirt, 9-11 all the time. Work on the Mercedes. Okay, any other last thoughts from the commission?

Eric, any questions related to that? No? Okay. Let's leave it with this, is tomorrow we'll do a lot of renewal blitz information. So I'm gonna have it all recorded. So we'll get it accessible pretty quickly. We're going to do at least two, if not three calls on renewal blitz. But. I really want to anchor in just to finish to whine a little bit more about something that we did over here. Whichever sheet it was. And we don't have Paul to kick around anymore today, so. No. Oh, it's okay. Weeknatter's got money. At least it's not me. Okay, here we go. Let's run a number, a really easy number, right?

And again, let's take, we were using 200 active because that was Greg and Jan, a couple others, active count. At 200 active, if you're charging \$150 versus 200, now, and of course that could be 145 or 149, this could be 197, but let's just put it in ratio, okay?

And so if you're doing 200 active students and you're grossing 30,000 a month, Okay. And you went from about 150 a month to 200 a month per day. How much did you add to the gross?

\$10,000. Everybody see where that came from? I mean, that's a 33% increase from 150, right?

You know, you don't go the other way. It's not a 25% increase, it's a 33% increase. So a 33% increase going from 150 to 200 is adds a third to the gross. In other words, in this ratio, it would add 10,000 directly to the gross. What additional expenses come out of

that additional 10,000?

Anybody? payroll because you should have payroll of people who are being paid as a percentage, right?

But other than payroll, so, you know, on my ratio it would be I've got \$2,500 in additional payroll, which by the way, is it better for me to pay them more money or is it better for me to pay them less money?

[2:30:01] Better for me to pay them more money. Why?

They're happier, they can buy more cool stuff, their wife, girlfriend, husband, boyfriend, bitch is less. Right?

Going down the line. It's a better world for me if I can afford to pay them more money. I just can't afford to pay them more money out of the same gross because then the profit margin, which may not have been that great to begin with, really goes down. Right?

But if I can go from here to here, literally I added \$10,000 in gross with only the difference in payroll percentage as an initial expense. 7,500 pure net. Now it's quite likely that at 30,000 a month, the net was about 7,500. So what did you just do?

You just doubled the net, right? Because keep in mind, I mean, we're in a business where you have mostly fixed expenses. And so an incremental increase in the growth has a big impact on the net. Does that make sense?

Okay. So if you look at this, you know, just the ones with the red check mark, every one of you could add 33% to the gross by doing nothing, and I mean nothing more than just make the initial tuition this, rather than the initial tuition this or this. Does that make sense to everybody?

Okay. And that's a really big lesson. Don't miss the fact that that incremental increase in revenue has a doubling effect on the bottom line. Right?

I mean, that's big. Because again, I mean, every school is going to be able to run. But it's easy to run a, you know, a school at \$30,000 that's netting 7,500 to 10,000. But then if you add another 10,000 to the gross, you double or almost double the net, then that's a big difference, right?

Second, the same thing is true over here, right?

So if you go over here and you look at these numbers, again, my rule of thumb is, and I've seen it work just fine over and over and over again, whatever this number is, your higher level upgrade can be doubled or more. And if you have a fallback that's somewhere in between, that keeps this from pricing too many people out of the market and having to drop out. Right?

That's the only reason I want to fall back. Because really in the sales process, they'll all want to do this. But somehow at home, if you push this heavy enough, you've priced them out of the market. And again, if you talk to some of you about your upgrades, well,

I only have one thing and everybody does that and it's no problem. What does that mean?

You're not charging enough. Because you want to push it to a point where some people can't afford it. And so on this number... So, are you saying if somebody has one program just the first time or one upgrade?

Oh, one upgrade. Because we have some other people that just have one program and that means your base rate... you know, like they're charging \$200 for leadership and they're really excited about that. I said, well that's great, but you could charge \$200 for some A program, a basic program, and you could get \$400 for leadership. So it's just... Oh yeah, well you're talking about the schools who are like day one and rolling them directly into leadership. Right. And see the challenge with that is with a little bit of prep and a little bit of hand-holding, a little bit more of the elongated introductory process and an product, once they really trust you and are there, you can have a big jump. But it's very rare to be able to accomplish that at one lesson or at two lessons.

Yeah, I don't think there's much of a case. I don't think that if you tested this, you'd ever find that whatever you could sell program day one for, day one or two, however you do the first lesson, is going to be very much by offering more stuff or more product or more something or more anything. It's just whatever price you can, you know, that market's gonna bear. So if you're getting 200, you're getting 200. You can sell even a simpler program, you'd still get 200. I think there's a whole lot of, here's all the extra fills and whistles. Because they don't even appreciate it at that time. Yeah, it's not like a car, where everybody knows what cars are. So if you got the run-fly tires and thing and the thing and the tin windows and stuff, you kinda, you guys already know what that is, but none of our new clients know any of that stuff.

So if you told them you're getting a super fancy this or that, it doesn't matter. And the 500 horsepower AMG, right?

Yeah. So if I was going to do the 200 and that's what I wanted because I didn't want to do sales and I didn't want to do this, I wouldn't do any extra stuff. I would just teach something really simple. I'd make it really, everything super simple. You know, but that's the opposite momentum people are going. So that was not good. If you don't have the middle program, I think the other advantage is you're giving people an A-B choice. It's not even fallback too, but I think the upgrade numbers are going to go up because you have an 80 choice, not a yes or no choice. Well, I mostly think of it as I can push the envelope enough on price that if I've pushed it just so far that it's out of 25% of the people's budget or even 50% of the people's budget, I still have something that gets them to that level without having to flush them out.

[2:35:38] Okay, so there's two good reasons, maybe an A, but three or four. Yeah, yeah. To have kind of this three level approach. Right. So, excuse me. So how do you present that in a, in a upgrade conference?

You present the higher level program first, and then what do they say?

Yeah. Well, I will in almost all cases. present that they're both. But spend all my time on why the leadership program is the way to go. So even if you watch that video, you know what I'm saying?

They're going to have to be a good student, a good independent self-starter, and they learn longer leadership in a large group. And do you want this or do you want all of it?

Almost always they'll say we want. the whole thing, right?

Well that's the leadership program. And then you go all the way through the process. But then if you had a roadblock on a price, which I mean there's a lot of other ways to fix that. But having that fallback so it's not as much of a jump, right?

But again, I mean, seeing over and over and over again that this can be a 50% bump, and this can be doubled. And the folly I see a lot is they're doing 150, 160, 170, or 150, 165, 175 or something like that. And that becomes a why bother, right?

Yeah. I mean, why have an elite program that's another \$10 a month, right?

So again, I mean, think about the leverage you have. So if you currently have an upgrade that's say 197 a month, see there's a couple of those, or 300 a month, 245, see what's the leverage of it becomes 397 or even more than that, right?

See, so if you look at this versus this, Well, that's an extra \$200 a month. How quickly does that add up?

How much of that difference is profit? All of it except for what else you pay the staff, right?

And again, this is the way you go from running even high volume, low profit school to same volume, very profitable school. Does that make sense to everybody?

And again, this isn't hypothetical. I can't tell you how many times there's some of the leaders in the industry. I've sat down with P&Ls and gone through and looked at it. And some of the ones that look best from a distance when you get into the numbers, it's like, well, God, it'd be nice to have something left over at the end of the day. And again, Cobarns, and then there was a bunch of. over the years, the Lavalier, I can go through a whole bunch of others. But you want to get that leverage so that you have net profit at the end of the day. And the problem with doing it the opposite way, right?

If you take this scenario, and now I want to jump the revenue by going to 300 active, 400 active at the same price point, what happens to your expenses now?

See, your expenses increase as the student body increases, right?

And it's not even linear, because at a certain point you need more square footage and it jumps a lot. You need another person and it jumps a lot. And I've seen a bunch of million dollar year schools that weren't cash-blowing any money. And guess what?

Those are complicated operations that are pain in the ass to run that have all kinds of things that can go wrong that create a bad lifestyle for the owner-operator or the the

manager because there's so many different movie pieces, right?

You didn't meet with him, but that guy we met with in San Diego. See, I don't want to school with 800 activists any better than mine. I don't know how to make money doing that, right?

I wouldn't want to make money doing that because it's so much more work and so much more stress on the staff and you have one instructor that, I mean, you might be able to join more instructors. He had 19 instructors. Yeah. That's the same problem we've got with Chester's thing is he's only got two instructors, but their system is built around somebody who has like 15 instructors on the floor all the time. So you can't operate in normal cases. That's a different discussion about curriculum instead of... Well, it's the same conversation we were having yesterday about Greg. Greg's cool. If you haven't systematized the curriculum in such a way you can manage it, haven't systematized the class schedule, it's what I always tell you about the... Designing a school that doesn't need it to have two classrooms going the same way, right?

[2:40:37] I mean that's not talking about you know in your case You have mukai and then you get gregent jiu jitsu and you need that But a lot of like traditional schools all of a sudden they're doing two different classrooms two different class schedules The class schedules overlap you needed to have and I did that I would never do that again. Yeah, I did it in your case you're running three schools Yeah it just happens to be in one building. In Paul's case, he's running two schools in the same building. Or two businesses because he's got the house. Yeah, two completely different businesses. That's exactly right. But again, just to leave you with this food for thought, this highest level program really should be about double. And the highest level is the wrong way to say it.

Your leadership program should be about double. And again, what I caught myself is there can certainly be something else out here that's a lot higher, right?

I believe a lot of you are well positioned to have the \$1,000 a month program, okay?

I wouldn't pick that exact number, 997 a month, 1297 a month. But again, you guys. you could easily have 50 people spend \$1,200 a month or something. And again, as long as you structure the white, that's mostly profit. But again, there's a lot of leverage to incremental change here. And there's a lot of leverage to moving this higher. And again, the way you can rationalize it for yourself is if you want to have your fallback be whatever it is you're charging now. Fine, just have the next thing out here, right?

So if you're normally, like let's take this number, whoever it was, 245. Okay, so you're now doing, the higher program is 245, fine. Make the leadership 397 and have a fallback 245, because you're already doing whatever ratio you're doing at 245. So you know that that many people every time you do a renewal for 245, you're not going to lose them, right?

You already have the ones that didn't renew at 245, didn't renew at all. It's not going to make any difference to them. But then, in fact, I would argue you'll get a higher

percentage. But if you stick with that as a fallback and then put the new higher thing, guess what's going to really happen?

All of a sudden, half of them are doing the new higher thing. or 60% are doing the new hired thing or 70% are doing the new hired thing. Does that make sense?

Okay. And I guess the only thing that I would add to that before we call it a night, think in terms of this is 75% plus of everybody who enrolls upgrades to sum up. And if you're not hitting that number, then there's a big gap there too. Okay. And it's not because it's Muay Thai or Bizin or Jitsu or Thai Kwon Do or Shota. on it because your system isn't in place to get it to happen. Typically the biggest problem is you enroll them, throw them over the wall in a couple months, try to pull them back out in class and sell them something. That doesn't work very well. You've got to walk them through the process from day one, set them up to think properly about the program from day one, and then it works like a term.

That's another good reason not to delay the upgrade so often. Because the longer you delay the upgrade, the more the process is hard to control. If you wait like three months or four months now, then it really is like you're pulling the back over the wall and doing it. But if you're doing it, we started two weeks. We have a progress check, but we do a bunch of stuff before then. But if I had to do that stuff for three months, there's no way to track it or manage it or the guys would just, it'd be a mess. I was gonna say something too, sorry, but it's okay. There's a couple ways to implement. a new pricing system like this. One way, you know, if you've got, you take a lot of steps and you've got, you're presenting this price and this price, whatever you're doing, and then you say, well, you know, next week, next month I'm going to go to 147 and 1, you know, 207.

And then the next time I'm going to go, you know, I'm going to make a bunch of steps, the way you probably all ought to do it is you ought to pull up the whatever file you have on your computer tonight that has whatever pricing you're doing and just... delete it and then put the new things in and then we'll start it. You might start it after the Blitz, you might use this as a way to integrate this, which I like. But if we were talking three months ago, I'd say don't wait for the Blitz, just do it now. Say it the same way, is you can have a new price on this Monday. Yeah, Monday, exactly. So on the first one, we're all grand. Exactly, there's no reason to wait. I mean, you could change that right now.

[2:45:29] And you could just look at this list and I think, you know, and I don't want to insult anybody's style or over exaggerate how good another style is, but it doesn't seem like it seems to matter if you're a show designer, or audio type window, or jujitsu, or anything. These pricing still seem to be pretty consistent. I mean, have you, we found anybody that can charge more than another?

If you're doing cardio kickboxing, it might be harder to charge \$399 a month. No, we've had a few three-dollar a month. So there's been no, in all the experience that we've had, no data is suggested. You could all charge the same. I think different segments of our market come with a better or worse preconditioned peer group. And so what we all have the tendency to do is, if I'm in an MMA school, what the other MMA schools are

doing, if I'm in a dosed school, what the type of dosed schools are doing. And in general terms, the more traditional schools started evolving a lot longer, you know, it's been a lot longer since they started evolving than the MMA and the Brazilian Jiu-Jitsu schools. So if there's a skew, it's that some of the schools in different niches are predisposed to doing it differently.

Well, like Mike, I just did the cardio kickboxing, I just did that myself, and so that's Mike now. But the point is that you guys could... I mean, one way to think is what's the largest one that somebody charges on this list and all of you guys could just like Monday, do it that way. Yeah, right now it's 229 for doing wrong things. Okay, so there you go, Monday. Yeah. So Carol, you're doing that, 229, you could just do that Monday. And there's not really any data to suggest that anybody would have a lower conversion rate. I mean, other than your own psychology, that's the only thing that seems to be the major effect. Yeah, and the only caveat is don't just go tell your program director, start doing it that way. If you're a single school and you have somebody else to sell, go do the sale yourself with the first writer 10 and then show them and then tell them and then hand it off.

I've seen that mistake where they go and all of a sudden their closing rate goes from 75% to zero. And it's just the guy selling doesn't believe it. And doesn't have anything to do with anything other than he doesn't believe it, so therefore your You're screwed up. Does that make sense?

OK. So anything to leave with for the day?

Everybody enjoying the Commissioner Kerik here? I think he was trying real hard in some cases to make the stretch from what's the leadership lesson in 54,000 employees and leadership lesson in 5.4 employees. And so all the same principles are in place, but what we've all got to replicate is what he had, which is a whole list of vent streams and all the people that were coming up. Because that's the only gap of being able to have that accountability for us. Well, good. What time do we say tomorrow?

9 o'clock next door in the Eisenhower. We were trying to go about 9 to 3 tomorrow to be better. The Eisenhower Room was the one next door with the heavy door.

Day 2, Session 3

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Okay, so for follow-up from yesterday, having slept on things, any comments, observations, questions?

Yes, I have one two-part question and a second question. What does it do with the org chart in the school?

You talked about a branch manager, a program director, and an instructor. Is the branch manager the program director or is the, what are we talking about, three separate people?

Well, I guess the answer to that would be it depends on size and volume. What I always try to do in a multi-school environment is my threshold was 300 active, right?

So over 300 active I would go to three people. and under 300 active it would be two. So up to 300 active, it'd be basically program director and instructor, and then that designation of branch manager would be really whichever one of those two was in charge. And the reason for that designation was a couple of things. Tiger Schulmann, last I knew, thinks about the same way. Bill Clark thinks about the same way. you really have the person who's in charge of the school, from a management standpoint I was talking about yesterday, the Jhoon Rhee model and the Achilles heel of the Jhoon Rhee model was if you got two people in there that are equal, neither one of them is responsible. So you really have to have somebody who's responsible for the school. Now in your case as an owner operator, I mean that's you, right?

So if you're running a single school, really the branch manager is the owner. assuming you're not gonna be an absentee owner, right?

But as a single school, as an owner operator, you're the branch manager. And now up to 300 active, really you need one additional full-time person. And then over 300 active, it's useful to have a second. And another topic is the idea of multiple curriculums and multiple different programs and so forth. So that thing complicates it, right?

So we want to talk about that a little bit. But I think that does that answer your question?

It does. Yeah. The second question had to do with the qualification program. Right. Is that the same thing as orientation program?

Or is that like a 12 month or 18 month program?

Qualification program. That's what Paul called his basic program. Oh, okay. Okay. Yeah, I mean, the way I think about it is you're enrolling them, you're bringing a new student into the school and really their objective is to train the black belt and beyond, right?

And if you're teaching a style that doesn't have rank or if it, you know, if black belt is 32 years from now, you have to think in terms, in practical terms, of what an objective is

like getting your bachelor's degree, right?

Like graduating from West point, right? But when you bring a new student in, you're talking to them about your program, setting them to think about your program of you're coming into the school to become a black belt. And what we're going to do initially is enroll you for a trial enrollment to qualify to train the black belt. And so we're going to enroll you on a quarter of the way to black belt or a third of the way to black belt. Initially, and then over the next couple weeks, the next couple months, we'll be doing evaluations and qualifying to see if you qualify to train to that level. Does that make sense?

And so, you know, if he was using the term qualification, I mean, that's pretty descriptive. I don't mind that at all. But that's the way you're thinking about it. And where people screw that up is they bring a new student in and all of the conversation about is, we're going to start you on a 12-month, you know, blue belt program. Well, just the language that both the subliminal communication and the overt communication sets them up to think I'm going to enroll and I'm going to be here for 12 months and at the end of 12 months there'll be something next, right?

And it also sets them to think that whatever the belt level that they're enrolling for is like meaningful, right?

I mean, you don't go to lower their levels, your a pleave and then your something, then your cow. What was the middle one?

Yearling. You don't go to West Point in order to become a yearling. And so, if you're being accepted into West Point, they wouldn't say, we're so excited to enroll here in West Point, we're going to admit you to get to your yearling year, and then before the yearling year starts, you can... You know, you're going to go away, right?

[05:06] They're enrolling you to get your degree from West Point, right?

And to graduate and move on. Just as Harvard is enrolling you to get your bachelor's degree, whatever it might be. So you want to be very careful about the language during the enrollment conference so you don't set them up to think that your martial arts program is like a year thing. And if I do a year and then quit, then it meant something. Does that make sense?

And sometimes we're hesitant to that because we want it to be like, oh, it was a big deal. They trained for a year and they learned all this stuff. But it really isn't, right?

I mean, if they didn't train for three, four, five years and really make it a lifestyle, then it really was just entertainment, right?

And we all know that. I mean, you walk into people, you know, you're wearing your variety shirt, you run into somebody at the store and they say, oh, yeah, I did martial arts or I did karate or whatever. Well, you know, what level would you get to?

Oh, I got to my gold belt or I got to my green belt. What do we all think?

Well, dummy, why the hell did you drop out, right?

And we also have no expectations that at this point they know anything, could do anything, could defend themselves, anything, right?

So you've got to be careful not to set your students up to think that way to begin with. Does that make sense?

Well, that's two questions. That was it. Okay. Marty's usually good for, you know, I've got three questions. There's part A, part B, part C, right?

Which is good. You know, it's very, very specific. Other follow-ups or questions or observations from yesterday or the day before?

Yes, sir. You may be going right to it. I don't know, but we're beginning addressing the leadership and the upgrade system today. Right. With that... And I know you've gone over the past, but we sit in here as well. But all of the school prep and the client prep, enough to that is my question. I'd like to get into the nuts and bolts and that kind of thing. Oh, absolutely. Every little detail of that. Yeah. Well, and that's 95% of the battle. So we're going to do an awful lot of that today. Other questions or follow-ups?

I think that that languaging is very succinct from something that's entertaining and an activity into a lifestyle. I know that supporting it on the front end is valuable. My question would be, what are key things that help that process of thinking?

Not only the languaging in the first read, the languaging on the greeting, during the intro, during the initial moment process, but there's a few steps between that and then when they get their first letter in their packet. like more in the classroom, what's that psychology like during that orientation period before they do enroll?

Like what are some key, are there some key phrases that before, or mindsets that need to be done during that teaching aspect?

Before the initial enrollment or before the renewal? Before the renewal. Okay. From initial enrollment to renewal. You know, the best way I like to think about it is you're just constantly talking to them. About really, again, whichever analogy you want to use, whether it's going to college or going to elementary school, right, is, you know, nobody talks to a first grader about graduating from third grade. Right. I mean, it's all about you're going to go through complete high school and go to college. And... four years of college is probably more applicable to us initially. But you're talking to them about the whole process is to get to Black Boat and Beyond. And we use exactly that terminology and beyond. In a lot of cases we're enrolling them to second degree Black Boat. But all of the language has to be wrapped around that, right?

And then when you start looking at it, like one of the internal arguments that we have is I don't like diplomas except for black belt. Right, so you have a belt graduation and now they got a gold belt. Well historically we did diplomas for everything. And one of the things I got rid of years ago was a diploma for anything but first degree black belt and second degree black belt, third degree black belt. But my logic was why do we want to

celebrate as if you've graduated. your green belt, right?

Is that's just like going from freshman year to sophomore year to junior year, right?

And it doesn't mean we can't, you know, the elementary schools use the word continuation. It doesn't mean we can't celebrate the continuation, which is a good terminology. It doesn't mean we can't recognize achievement to date. But to actually, you know, feel like there's this series of diplomas and maybe black belt is a bigger one, but it's just the next series of diplomas to me always seems counterproductive. Does that make sense?

[10:13] And so all the way through, the more you're having the communication about, well, this is step, you know, this step towards your black belt, here's what we're going to do to really accomplish the next step to your black belt. As long as all of that language becomes congruent in that. then you get them to think right about it. Does that make sense?

And that's everything from what you call the enrollment, if you call it a purple belt course, that to me is, a lot of these things are little bitty points, but then you accumulate them and they start to add up. Does that make sense?

So instead of thinking about it like it's a purple belt course, it's a quarter of the way to black belt, right?

It's such, you know, and again, what was Paul's terminology?

It's... The qualification. I mean that's great language. It's the qualification period to see if you can train on the Black Belt or not. I mean, does that make sense?

And so really, as your, again, your question was specifically as an instructor. And the instructor really needs to be... We're doing an exercise. Okay, everybody close your eyes visualize You know your mission first is to get to your black belt and then block train beyond black belt and so let's all visualize that you're a black belt with the mirror see yourself as a Having attained at that point. I mean all of the exercises anything you do and this is true adults kids Whatever it is all about that level of goal-setting sensory completeness of visualizing the goal, imagining that they're already there. But always, you know, future pacing, putting them in the future to see that level of accomplishment and get them excited. When I was at that EFC convention last year, and I hadn't been there to one of them for about 10 years, but there's one of the guys who was saying, well, you know, if you're really doing a good job and every class is really good, you don't need to do all this stupid future pacing and all this stuff.

Really it's just, you know, if every class is as good, well, that's complete horse shit. Because you can never have each class be good enough that I just can't wait to get there next time in the rush of everything else that goes on in my life, right?

Is if the child and the parent or if the adult doesn't have a vision of what they're trying to accomplish. Too many obstacles, good boy. I bet we come up with a hundred things. And these are the most highly motivated, if there's any group of people, you can sit in a

room and just like teach for a while and then at the end just say, okay you're graduated. It would be those guys, but they still have that all over the place. Yeah, yeah. Professor Oliver, I am referencing that, one of my biggest problems, that's not, I don't know, working hard, but it's very good qualified instructors doing an incredible job teaching martial arts. And they think that this is it. And not referencing all the way you're speaking of right here in my regular classes and trying to sell something later on.

And this is part of our program all the time, thinking that you want to be a black goat, you want to go to the next upgrade system and such, and the class taking advantage of all that. Actually, you have the biggest problem getting that in their heads that your martial arts quality is fantastic, but you suck at this, okay?

And it needs to be part of the program, so I need to train them to do that rather than just... I don't think that'd be the management language I would use. Or people like to do that. I don't do it with the others. We're all friends here. Marty?

You don't give out any kind of certificate or diploma for the ranks before black film. Well, you see, that's a small point, right?

But just philosophically, right? And again, like... within the Mile-Like-Prodigy organization, Jeff Smith and I have this argument. You know, like in Sterling School, they're doing a diploma for every rank. And why are they doing that?

Well, mostly because he's been doing it for 40 years, right?

So, but, you know, in Denver, I don't do any of that, right?

And then what the pressure is always on the individual owner operators all like start creating them because they want them. And, but from my standpoint, it's counterproductive. Now, that doesn't mean there's not medals and awards and certificates, but it's not like a diploma, right?

[15:12] I don't like, you've just got a green belt diploma. That's kind of like I just got a diploma for taking the midterm. You know, I mean, so what, right?

And you don't want to devalue incremental accomplishment, but you don't want to put it on a pedestal either, because you've got to keep the focus on the goal, right?

Again, West Point's a good example. It is a big deal for them to go, you know, to be a cow, was there, you know, to be a junior. It's a big deal that you're now a junior because you're now in more of a leadership role and there's an incremental step and so forth, but none of them go, wow, I'm done, right?

And yeah. So what do you give when they advance from belt to belt?

What do you give sets to belt? And what is your graduation ceremony like?

Or what do you recommend? Well, in practical terms, we're giving them all kinds of stuff because we have like a reading club card and they fill out the reading club card, they get a medal or some other award usually is medals. If they do the self-discipline

sheet they get a medal. So we have all these different things that they can do to get medals. And maybe that's something we should try to do for next year's schedule is maybe try to schedule one of the meetings at Sterling when they have a graduation. Because it'll be if there's 200 people graduating there's 500 different awards. Right?

Because they're getting, you know, an award for the book club card, book for the self-discipline card, all these different things, and publicly recognized for it. You know, my only point, and again it's a small one, is that I think all of the language that you use counts, right?

And the diploma they should be aiming for is to get to their black belt and then the second degree black belt like a bachelor's degree, then a master's degree. It shouldn't be to get their goal belt or their green belt or their purple belt, right?

And then when it comes to how you're presenting the program, it's always seemed extreme. I mean, we used to present it as, you know, we have a purple belt program and we have a blue belt program. Well, why would I have a blue belt program?

You don't want anybody to ever get the blue belt and they're done, right?

But what I want is I want again, that language, a qualification or trial or an evaluation program that sees if we'll allow them to train the black belt and beyond, right?

And all of that language is super important for setting it up, right?

And again, Eric, this goes to the heart of where can I end up?

Oh, over there. This goes to the heart of having anemic results on the upgrade. is it's all about how you set them up to think about it on the way in, right?

If the upgrade is I'm trying to sell you something more when this was adequate, you know, it's not that big a deal. On the other hand, if you enrolled on the premise that we're just going to evaluate you and see if you're really a good fit for this school long term, and now we've approved you, and in your case, you know, to train to Purple Belt, or that that's your three, four year program, right?

So to train to Purple Belt on the route to Black Belt, and your Black Belt's the equivalent of, for most people in here, second or third degree Black Belt. So, you know, and when we're doing upgrades, we're enrolling them to second degree Black Belt, which is again, kind of like your equivalent of Black Belt. So the more you set them to think about that long term from the first interaction, right?

So the first time they walk in, you're setting them to think about that's the outcome and that's the mission of the program. Then it'll be natural for everybody not only to want to, but be focused on that right away. Right. But where we, again, where we fall short is we just get them going on something that they're perfectly happy with. And then we try to sell them something additional. and we're dangling like you get to do this and this. Well, but I'm already enjoying this and it's already complicated enough for me and I don't need to over complicate it. That's what goes on in their mind. Rather than, well,

yeah, I really like you guys and I love this and I'd really like to really master it and accomplish it. Is it okay for me to go ahead and train to a higher level?

[20:02] See the complete difference in psychology? Did that answer?

No, we didn't address your staff thing. You guys are complete morons. What was your language?

You completely suck at that. Well, they teach great martial arts. I'm really proud of that. But, well, let's... Now, by the way, we have the Black Lives Matter Leadership Program, so we should be thinking like this. That doesn't cut it. I mean, I'm in the process of doing what we're speaking of, because I've been with you a while. But that's one of my major goals, is to get through this part of it, which is working well. What you've got to do with the staff is you've always got to pull it back and put it in their mind as a student, right?

And so many times when they go from student to staff, then you're talking to them in like business language. And they're consciously or subconsciously resisting the business language because they're thinking, well, I'm a martial artist. I don't want to be pitching them, selling them, whatever that is. Right. And it's the mistake that we make. It's not it's not the mistake on their part. Right. is you've got to be constantly reminding them, okay, let's think about why you trained in martial arts. Let's go back to when you were a white belt, let's go back to when you were a beginner. Now, let's think about what you've accomplished in the process. And you know, that whole story of, you know, go back to the day you started, if I gave you a million dollars, right?

You essentially want to be doing that with them every week. Right. Is you want to be reminding them. And one of the ways you remind them is you're constantly doing student success stories. Right. So you're constantly looking for, you know, the kid who has cerebral palsy, who got his black belt or the, you know, the woman who was physically abused or one thing by her husband. And now she's, you know, all those kinds of stories, you're constantly looking. for all those kind of stories to keep it from becoming about the money and keep it focused on the outcome. Does that make sense?

It does. And then as you're looking for, discussing, anchoring in all of those kind of stories about what the outcome is, is your conversation. See, none of that outcome is about, oh my goodness, joking kick now at 90 degrees. See, they're not about physical, are they?

They're all about personal, developmental, they're about, you know, creating confidence, bringing people out of their shell. And it's okay to have the stories about, so and so just went to the tournament and they won Grand Champion. I mean, that's okay. But it's not nearly as empowering as those other stories, right?

And then as you're constantly, internally, talking about that, recognizing it, celebrating, that kind of impact on human beings is you want to be constantly relating it to why is it that training with us has that kind of impact on people mentally, emotionally, psychologically?

Well, it's because of these things, right? And so wouldn't it be possible that if we're achieving that already automatically for some portion. Couldn't we broaden that?

Couldn't we have higher levels of success? Couldn't we teach that more specifically and directly?

Have it be overt rather than almost subliminal, right?

And so, do you see the movement with the staff mindset?

So they start to see, well, that really is what we're teaching. And and that they can get so focused on is like this, that they miss that that is about the emotional content. It's about focus. It's about feeling good about myself. It's about having the physicality affect my mental state. It's about being healthier, right?

So that they miss how it all is interacting on a holistic basis. And so the more you're starting with outcome, starting with success stories, Anchoring them back to why they did this to begin with, what they were proud of accomplishing. And then you say, well, really, if we're trying to develop a higher level of leadership, and that's what this program is all about anyway, could we do it faster, quicker, more successfully, with greater efficacy?

Well, what do you mean? What if we were teaching it like this as well as what we've been doing?

[25:03] What if we were adding this as a stronger emotional component?

Hey Greg, would we be better off to close off this circle and pull it in?

It's kind of a long room. I can hear down here, but yeah, probably would be better. I mean, because we got one, two, three tables across. We could do three tables across there and we're not quite as long. You think?

I mean, go back to the classroom, say. Well, no, I'm just thinking we just close off the loop. So we take, if we took the two tables at this end and one table at that end and pull it across, then it at least shortens up the distance a little bit. That might help a little bit. Eric, can you hear me okay?

Okay. It's not like I haven't projected to big classes a few times over 40 years, but. But is this making sense?

Oh good. Right. Yeah. Exactly. Yeah. And I want your input for this, how to make it better. Yeah. See, I really think, and I've been as guilty of it over the years as anybody, but you have a tendency to bring your staff together and all of a sudden it's about dollars and cents and numbers and upgrades and it loses the human component, right?

And it also, and I think for probably some of us too, but I mean, the mission is the people and the secondary outcome is we make a good living. Right?

I was dumb. I mean, I expect high-end falling martial arts training, but let's get the most out of that class of falling martial arts training. That's a given. I mean, that's our

reputation. Yeah. But I mean, even at like we had our big black belt retreat a couple weeks ago, but at the black belt retreat, and this is not staff, this is, you know, like all the black belts. All the black belts are getting in the room and they're talking about the new candidates in one thing or another. 75% of the conversation is about how much more confident they are and how much more disciplined they are and how they rose to the occasion or it's about the converse of character flaws that we're trying to fix. And of course you're talking about, you know, you really need to be a little bit more flexible and we need to, you know, she was huffing and puffing out there, you know, got the conditioning for, you know, for this level.

But most of it is about that, those other components, right?

And it's what, and again, here, we've had that conversation and now about the crawl thing forever, is, see, most of defending yourself isn't knowing how to do an elbow, it's having the mental state to be composed in the situation, right?

And if we don't articulate that with the staff and move them to that transition, they all tend to go to the easiest common denominator, which is, I get them to do this real well. It's easier to teach martial arts and all that other stuff. But it is martial arts, those other things are martial arts. Yeah, you jumped in. Yeah, the physical versus the mental. There's all those things. I know what you're saying, though. Even back in the traditional days, it was really thoughtful anyways. We're not really changing anything. See, there's something, a phrase I use with parents, and sometimes I remember a parent came in and said, well, go play karate now to her kid, right?

And it made me want to puke. Exactly. Because now I'm like, this is not, that's not the attitude she should have. And I wasn't mad at her. I was just like, I haven't done my job that she's having that attitude. So we started saying, you know, we use karate with everybody. So when the class signs, I start to say, who do you use your karate on?

And the answer for the kids is nobody. You know, well, if you're never going to use your martial arts ever in your life, why would they want to pay you \$300 a month or \$500 a month for it?

If you're never going to use it, or it's only going to be useful in the small possible case where maybe you're going to get in a fight, which most of those kids are not going to get in a real bad fight. Like, like a dangerous life-threatening fight. So where should they use it?

They should use it everywhere. So our phrase is, who do you, we say, we use this phrase for self-defense, Master Oliver and I were talking about the distinction between bullying and fighting, and it's the decision where you need to use force. And then it gets into discussions of levels of force, but we use it with the kids, it's who do you get if they hit somebody who's trying to hurt them. So only if somebody is trying to hurt them. So we try to train the kids that. Well who do you use your karate on?

[30:10] Everybody. We use our karate on everybody. Well how about your teachers?

We say yes sir and yes ma'am to our teachers. Or how about your parents?

We show respect to our parents. That's how we use our martial arts with our parents. We tell the parents. We make sure the parents understand that. We're going to tell your kid to use your karate on everybody. They're going to think, huh! But you have to explain that. If you don't make it kind of really straightforward and abrupt, which I think you're probably good at. So if you don't, you'll be comfortable with that, right?

No, but I think we need to make it almost shocking. If you don't, then they don't get it. Because they still, OK, yeah, yeah, I know you use your karate on everybody. But yeah, but don't use your karate on everybody. I understand exactly what you're speaking of. Those lessons within are vital and it's part of the martial arts training on a regular basis. We all do it anyway. We just need to get the credit for it actually. I know some other people have said this before. There's not a difference between this stuff. And there's not a difference between the business part of it. I mean if you want to talk about the olden days, and I was looking around a thousand years ago, but I'm surprised the guys were teaching martial arts. somebody gave them the cow or a pig or something.

I mean, they didn't do it for free. It wasn't supposed to be free. You know, people got support for their efforts. You know, so none of this business stuff is separate from what we do. So I agree with everything you say. And I also, at some point, with the staff, if they're just like, oh, I just want to be a martial artist, and I don't want to sell, or I don't want this. It's like, you know, it's really them being afraid, them having an excuse for not wanting to have that. be rejected. They just want to stand up in front of a class and have everybody speak to you about women, say yes sir and stuff. And they don't really want to be martial artists because martial artists should be willing to take the stress of whatever is going to happen in real life.

It's not that big a deal if you stand up in front of people that I already trained and you tell them to kick a punch. That's not really teaching a monkey. That's not anything difficult. I feel that we're way past that with going on four years here with all of you. I've implemented most of that. What I'm trying to take you to such another extreme level, right from the get go as we're speaking. Well, and what he said, because I was going to jump in and say exactly the same thing, is it's kind of like having the Purple Belt course, is the language you're using in the school and with the staff has to be congruent with it sets them to think right about it, right?

And so when you said they're just teaching martial arts, Well, I would be okay with saying they're just teaching the athletic component of what we do. They're just teaching the physical movement. But the teaching martial arts is the all-encompassing, right?

And so all the language you use in the school has to reflect that, right?

That it's about focus and it's about adrenal control and it's about stress management and it's about human interaction and it's about all those things. And yeah, I mean, Commissioner Kerik trained with Peter Urban. Peter Urban wrote a great book in the 60s, I think called The Dojo, and it was all about the same thing. And then you have

Funakoshi's book, Karate Do, which was written I think in the 60s also, maybe a little earlier. And you know, Karate Do, Way of Life, I mean, it was the same the same principles in that. And Stephen Hayes and I were having this kind of, in fact it was with the email newsletter, I was reading a book at the time, what the hell was it called?

But it was about the samurai. But I mean in ancient Japan, martial arts were for the rich. It wasn't for every man. They were teaching the wealthy. So, it doesn't matter whether you're talking about Japan 300 years ago, or if you're talking about the 50s or talking about the 60s, the personal development aspect was the origins of this, and the financial aspects, you know, it goes hand in hand. And again, somehow, we end up in this weird artist mentality, and of course, artists have the same problem. I mean, do you want to be starving artists or do you want to be one of the guys who people are actually looking at their art?

I'd rather it much better be Spielberg. If I'm going to be an artist, I'd rather be Spielberg than the guy who's trying to piece together the film that nobody sees. So we're really no different than that. But you've got to make sure all the language is congruent. And what happens is if you've got guys who are just focusing on just the physicality, so you're not very good instructors. I'm systemizing everything so that doesn't happen. And that's kind of, we're right at exactly where I want to be, so it's really perfect. I have the other problem, where somebody I hired maybe from an external meeting that was a really good person, they were doing sales and they didn't really want to do martial arts and I never had good luck with that. So I've hired people out off the street that were, you know, somebody I met that wanted to work and I hired myself, but you got to train with us.

[35:36] So we still train them. And a few of them have gotten their black belt and been with me for many years and they're really excited. That's almost the bigger success for me than the ones that wanted to do it. And then I kind of turned it into being able to be a staff member. But you got to do both. I mean, I just don't see a disconnect. For me, there's no disconnect. There's no disconnect between having our meetings here and being a better martial arts instructor when we go home. Even if we're not doing physical training. I agree 100%. You know, I'll put it to you this way. It's easier for them not to worry about anything else. It's easier to smash and kick a bunch of hurt and go yah, I'm sweating, I have a good workout.

But as you're saying, both of you are saying, those lessons should be integrated within every technique. It takes focus, driving a noble, not really a great good job, but it takes focus, driving a noble, and great good job, if it's necessary. So let's practice our focus, our commitment, our degree of character and respect with one another. That all should be implemented during every class. And that alone is where I'm having troubles getting those words out of their mouth. Well, you don't do it just to break your jaw. Exactly. I mean, it's working. I want to systemize it. I want to systemize it so this is the way it's done. Well, you know, and again, I mean, we're here at West Point, right?

All of the intramural sports, and obviously some of it is designed for athleticism and to make sure they're thinking and so forth. But I mean, Don Southerton talks about when he was teaching, you know, Tang Soo Do here at West Point, is, you know, the officers would come by and say, now you realize we don't really care about them learning how to do a round kick. We care about them developing leadership skills and focus. And this is about the personal development aspect, right?

And, you know, and on the tour, she was saying, was it I forget who it was. It wasn't Eisenhower, whoever. MacArthur. MacArthur, who had identified the fitness component of good officers. And of course what they're identifying is the physical fitness in a war environment or a comparable environment certainly gives increased stamina and capacity to do that and so forth. But it also gives better mental clarity, right?

And you can't separate one from the other. There's no such thing as them being massively out of shape and having the ability to have that level of mental clarity under stress. So you've got to be very congruent in that kind of conversation. Again, it's easy. I agree 100% I just know I think repeating it like you're repeating martial arts. Kicking and striking lessons alone without the words. It's the only way that I can make it a regular thing is train them that way and that's the only way it's going to be done. Right. And that's where I'm going with this because telling them isn't cutting it. Yeah. I feel like telling them to do their kata 20 times this way. I showed you once now they'll do it 500 times. Right. It's not working. So. Well that's a good example.

Everything that we want them to do we should probably, we're instructors and if we were teaching them before we'd teach you a bunch of times. And you know, sometimes we tell them between the school and we're pissed off, you know, we told them once and we pissed off they didn't do it right. You know, I mean, it's not even worth it. It's the same thing. So, you know, sometimes we, it's, to me that's just a lesson. It's not that far. It doesn't have that much different. Yeah. Just ask, do we have a curriculum for the sales curriculum?

Yeah, I have. We have a rotation of a plan, same as we do with the martial arts, but in our case it's on the same cycle. That's what I'm picking up more than anything, is let's get everything structured in, and this is the way it's done, every element. This is the way it's done, and I'm working on that right now diligently. Right. Good. Any other follow-up from yesterday?

I just wanted some more advice. I'm going to try to develop an elite leadership club. I have my master's, I have my leadership, and now I want to take it a step further. And so I'm trying to figure out, well, what will I give them?

[40:00] Because I feel like I've given my leadership club just about everything. So I'm trying to get some ideas maybe on that. OK, sure. And we talked about that last night, so we'll address that as we go. Let's do that within the context of the application. Great blitz and so forth. A couple of other things before we go thoroughly into this. Master Moody and I were talking at breakfast this morning and we come across an offload.

They never showed up with my pins, did they?

Master Moody, I asked her an hour ago. Oh, is that it?

Okay. Perfect. But we come across a lot of schools, and some of you are still kind of in this situation where somebody, let's say, has a hundred students, and now they think that the way to grow their school is to add a different curriculum. And then they add a different curriculum, and then they add a different curriculum, right?

And it's been a kind of a thing within the industry last four or five years, right?

And certainly, NAPMA was doing this as well. You know, I de-emphasized and phased out all that stuff. But, you know, NAPMA before was selling a, you know, a Tai Chi program and I don't know however many other different types of things. And Maya is doing it and it seems like everybody's doing it. But I very rarely... Oh. Yeah, absolutely. Then Don and me will go look in the half-final room and see if it was still working. But how many in the room right now have more than one thing that you're teaching?

Okay. So, and Jan, in your case, is it transported after school care plus the martial arts, or is there more than that?

I have more than that, but not very successfully. It's a kind of disaster. I have MMA, I have Zumba, I have yoga, and none of them are doing very well. So I probably should just wipe them all out. Kill them all, yeah. Well, let's... If you don't mind, we'll use you as an example. Oh, bad example. Well, okay, so... So you've got MMA and you've got Zumba. And what else do you have?

Well, yoga off the mountain. Yoga. And you're a tank pseudo stylist. So your primary thing is a tank pseudo school. Right?

And then you have transport after school here. Yes. Okay. Now, how much revenue per month are you doing under the net?

Virtually nothing. We call it grappling. We're making like 200 a month. What I've done is I've let all my upgrade students take that class because I have not gotten outside students into that class. Very few. I make virtually nothing. Okay, so... I have like two things to do, so maybe... Okay, so there's 300 dollars a month. More or less, right?

Okay, how about Zoom-Buh? I make... not very much, maybe a couple hundred a month. I split whatever comes in with the Zoom-Buh teacher, so... Okay, and then the other background teacher?

Nothing. I was paying the lady more for... so I could have private lessons. I like it so we do. The premise with those with the Zoom-Buh teacher is that they're supposed to market and fill the school and that's... or are you responsible also for marketing?

No, what happened was they can, I wanted yoga, the Zumba teacher came to me and I said sure whatever we do we'll split it 50-50 so it's no work on my part, it's no extra work. Well so you don't have to do it. Except for math space. Well it is work though because you got to make sure there's a cost. Collect the money and math space. And

opportunity cost of not using the math space for something else. Yes. Let's perhaps differentiate between two scenarios. Scenario number one is student who's into teaching yoga says, are you doing anything in the school Tuesday, Thursday at 10 a.m.?

No. Would it be okay if I came in and ran my yoga class with 10 students in the facility?

See, that's a scenario where I have no marketing responsibility, Truthfully, I have no profit motive other than if they're going to pay me rent to use it, that's fine. Versus, I'm now thinking of this as another profit center, right?

[45:04] And on a purely business intellectual basis, I could care less if somebody has a little church class coming in on Sunday morning using the school while I'm home in bed, and I don't have to be there. And I don't have to think about it. There's nothing that can get stolen and it's just somebody who I trust has a key. I don't care about that, right?

But what I do care about is any time we're investing even a little bit of mental energy into yet one more thing, right?

And does everybody understand what I mean by the difference in that?

And so if I've got a tank to go to school, and let's say that prime on the Tang-Sudoh School is 300 students, a million a year. We walk through those numbers Friday, I guess. So if my prime on the Tang-Sudoh School is, let's get the 300 students to a million a year. The question is, is this, and this going to get me closer to that, or is it going to get me further away?

And in almost all cases, it's further away. And I mean, there's rare exceptions to this, but again, and Greg, you and I have been having that conversation wherever you're at now about Zumba cardio kickboxing and basically Taekwondo, right?

But when you start doing all these different things, it just distracts your energy. Right?

And again, in most cases it's whatever you're best at. So if you're really good at and love Tang Soo Do, well that's what you could do with Tang Soo Do, right?

And then the question is, does this other stuff add or detract from it?

Right? And so let's take a different example. Who else has multiple prisms?

What all are you running? Our main program is Type 1 Do. We teach a SOAR class, we teach Hop Keto, and Gracey Shishitsu. What's your logic in teaching Hop Keto and Type 1 Do?

You did the bowling group program there. Yes, that's part of the crazy jiu-jitsu. But I thought you sold that as a separate item. Well, it's separate in that it's kids and then there's adults crazy jiu-jitsu. The way you've got it set up, I call that an additional one. Because you're trying to get the kids in that one, it's kind of... that's a dry market, right?

Yes. And what's the difference between Hapkido and Taekwondo?

Taekwondo is, well I should say, Hapkido has none of the forms. Why do you have two different programs, Senator?

Well actually, all of those programs, as the Jitsu were already part of the school when I purchased it for my instructor. So we've had students in them, so... We kept those programs there mainly because of that reason. What is it you want to teach?

I personally teach the Taekwondo and the Jijitsu. Okay, so that's a net. See. And in what percentage of your revenue is political among those things?

I'd say 90% in the Taekwondo. Okay. Everything else. I mean, that one's obvious on the face of it, right?

What do you do? You kill everything else. Well, yeah, I mean, in this case, right?

Because you just had the tag window program, then you have the upgrade, and now in the upgrade, they get to learn sword, and they get to learn the half-keto graph, and they don't do it. And they, right. But you don't enroll new people into the program separately. Nor do you have any reason to run separate classes, right?

So, I see this a lot. I have the upgrade and now I can come to the sort classes. Well, why not just have the sort classes be one of the modules, right?

So, you're done rotating, if you're doing a rotating curriculum anyway, you can have a module where you teach sort and you can have a module. And the, See, the only exception to this, and Eric, you're always my best reference point for this, so chip in here. I hate to see Taekwondo guys try to be grapplers. Okay?

[50:07] And being a Taekwondo guy, I can say this, right?

And you may be a black belt in Brazilian Jiu-Jitsu, for all I know, but there's an awful lot of Taekwondo guys who are horrible at grappling. And then all of a sudden when all this stuff started coming in, they went and did a couple seminars and they, all of a sudden they teach graphic. Right?

And the, and then what happens from my experience, if you're running a kid's family program and you brought a bunch of kids and families into Taekwondo and then you try to force grappling on them, there's some portion of them that dislike it to the point that you almost force them to drop out, right?

Now, you know, all the moms should know at least enough to get somebody off of them and they should know a little bit, you know, legitimately saying we're teaching martial arts, right?

And all the kids should know a little bit. But if you force that as part of the curriculum, what I've done when I force that as part of the curriculum is I pushed a lot of them out the door. because there were a lot of them that really liked stand up but they didn't want to grapple. And does the dynamic go the other way or are there grapplers who just don't like stand up?

It really doesn't go the other way, does it?

No, it's both. Yeah. Does it? People like. They like what they like. Yeah. I think it does go the other way because I have some friends that did jujitsu and I asked them if they do any fighting stand up. What was it really interesting is Mike Swain, right?

You don't. Yeah, Mike's a great guy. And I talked to him and he taught a ground fight last in the LRT training I took and I said to him, I said, well, you know, since you're an expert at finding on the ground, that's what you do most. He goes, yeah. And I said, well, so what would you advise somebody if they were in a street fight and the guy standing up and you're going to fight, he goes, oh, I'd never go to the ground. He was like, I'd make sure I fought standing up, you know, he's like, cause I don't want to go to the ground and have all these objects around and all this stuff. I would never do that. And this was Mike, you know, it was really. Olympian judo guy. And he's like, that's what he does.

And that's not to devalue anything. It's just that I think... Hey guys, why don't we close up here. See if the door will move. Yeah, this was him. Close the door. Is that it?

Okay. You just loosened it up for him. Yeah. I think that's true. Some people like rapping. He had already just agreed with that. My daughter, 13, was like, yeah, dad, I'm not going around on the ground. I'm not you guys anymore. And then I have other girls that like it. So it's like some of us are wired different than others. And then you try to cross over. It's just like academics, right?

I may not like math, but I do enough math to support my career inside of something else. And I have to have a discipline to do that. But if you just fortunately do math all day, I may just quit. So it's fine. So was it an offer with a choice?

Yeah, I mean, it's just about there's a thing. I didn't make it to your school. It's trying to accomplish. Where do you want to be and how do you get there?

And for some people, just visiting with some parents. They have two children here at West Point. And the third sign is looking at here, Stanford, and he wants to let Stanford, the path he wants to take doesn't include this level of self-discipline. And it's just different than the other two kids and his family. And he was distinguishing that. For the other two, that discipline is important to what they want to achieve in their life. For him, Stanford has the attributes that he wants to achieve. And so he gets to achieve his needs. And it's the same thing. Yeah, that's a really good description. But, I mean, is this being said, somebody else, let's take an example, who's doing two or three different things. Master Omen. Yes. There was a period of time when, I don't know why my husband's not speaking that, but we run a judo program separate.

Yeah. Ipedo separate. Taikon-do separate. You get all mold. three different types of personalities. Your judo, your bachelor's, your national world champion, the karate guy wants to be all around the table, he wants to go martial arts, he wants to be business, aikido, an intellect. The intellect is self-contained, the karate guy wants to be with the champion, the taekwondo people, what do you... Right. I had a friend that was an Akito

master at some level. He was a friend of mine because he was an online internet marketer guru slash technical guy. I built up a relationship and then when he found out what I did, all of a sudden he wanted me to be giving him free consulting on the Akito school he had on the site. He was making a lot of money on the internet stuff, but he had the Akito school.

[56:03] My first conversation is, well, why the hell are you running an Akito school if you're doing all this other stuff?

It was kind of like your yoga answer. Well, I just wanted to do it myself. But then he was wanting to market, he was wanting to buy black and white advertisement in the alternate newspaper, which in Denver is called Westward, and he was giving me this list of stuff. And I took a few hours waiting, I said, well, who are your existing students?

And my conclusion was, why don't you just go to the University of Denver, University of Colorado. you know, go through all the professors, I mean, because that's what you have already, right?

You have all these academic eggheads who are in your program. Why would you advertise to the great unwashed masses if your students are going to be, if eight out of, eight out of, what was it?

I think it was nine out of 12 of his students were PhDs. Mostly in some weird esoteric thing. It's like, if that's, you know, if that's your student body, just go get all the other eggheads. and offer it to them. And don't try it. I mean, you're beating your head against the wall, doing anything else. I mean, just to go back to your story of that. But, Master Albrow, you guys now don't do that separately. You saw it. The other difference that the chief master wouldn't say in here is like if you're offering if you're trying to teach zoom or YouTube to a weekend Rob class and now you're trying to teach problem doing that he's a like an expert piece of Like the founder he was the U.S. founder, he talked about the founder of the family.

Or we had a meeting founder, he started to break down. He wanted your stories from him about all this stuff. I mean, he's an expert at all those things. So for him to teach those would make some sense. But you don't do that now because it takes away from the focus of the business. It's hard to market, so if you're going to market like Wando and you were going to try to market Akito and you were going to try to market Judo. you'd have to market to three different groups. And we see a lot of people where their postcards, they have a postcard, they have like Taekwondo and like Krombegang. It's like you're marketing to different people and it takes away, it makes, it dilutes everything that's real. Yeah, yeah. And if you look at all of this stuff, see, where the fallacy is, I think in almost all cases, is if I have to go create a marketing funnel, in order to feed a Taekwondo program.

And then I create a different marketing funnel to feed a program on teaching sword, a different marketing funnel for Jiu-Jitsu, a different marketing program for anti-bullying with Jiu-Jitsu, and a different marketing program for Hapkido, which frankly, I don't

know how you create a separate program from Taekwondo or Hapkido. I mean, it was a dang thing. more or less, right?

So if you have a marketing activity going in and you're teaching Taekwondo and have keto, essentially, I guess, you're giving them a choice of do you want to do Taekwondo or have keto. They don't know the difference coming in. So then you're just artificially dividing up where they go. Right?

Does that make sense? See, what word ends up being a lot of times is I do an adult women's program and do it as like a cardio program. And then I do an adult men's program of some sort. And then I do a kids program and I keep them all separate. And at some point, I guess that's fine, but if... Right. But it's all integrated so they're... And we got advice on the same page, marketing to the act, they did the same group. So if you went to the PhD, and the guys at the university and taught Aikido, and that guy was really attracted to them, you try to pull them into your taekwondo bubble. And if you went to the judo guys, and then you'd say, well, now you pull into our martial arts, you don't have to call it taekwondo.

[1:01:04] The death of the abstraction I was going to mention, Master Albers. sometimes people are going to take like a crop class or a something class or something, whatever you want to call it. And they think the argument is if they do cardio kickboxing or they do something that is going to funnel them into your school, like using it as a marketing activity. You know, it's the argument of I bring in a bunch of women who do cardio kickboxing and now they'll do Taekwondo. So I'm using that as a lost leader to get them into the other thing. Well, you get some. I mean, it's not, you know, if you have that excuse, you validate your excuse because you'd get some, but you don't get a lot. And you could have gotten more without that intermediate step, right?

Without doing that piece of it as a distraction. But it seems like if you're going to try to generalize this for everybody's benefit and take what Eric was saying a minute ago and what I was saying a minute ago, if you're running a Taekwondo programmer, a Shodokan programmer, something like that, and if you want to add additional stuff, and my argument would be as you add additional stuff, because that's what the students want to learn. Usually it goes the opposite way. You add additional crap because you're out learning additional crap and now you want to teach it to them, right?

Now that's the wrong way to go about it, okay?

Most of the additional stuff that we've added to the school over the years wasn't what I was personally interested in, it's what we made a decision would be useful for the students, right?

So, I mean, that's the first statement. Now having said that, most of you are still going to do it the opposite way. You're going to be the martial artist. Dave Cobar is the worst guy in the world about this. He goes and learns some other thing because he just likes to go learn some other thing. And then he tries to justify how to put it in the curriculum. But given that a lot of you are going to do it that way anyway, when you add stuff to the

curriculum, you've got to be thinking, is this something that essentially 100% of your students would be excited to learn. Or is this something that's niched enough that some of them are going to love it, some of them are going to hate it, right?

And if it's niched enough that some are going to love it, some are going to hate it, that's the rationale for adding a separate class that's like the grappling class, right?

So it's optional to come to that. But if it's something that they're essentially all going to like, that's the logic for it's something to add to the upgrade program that integrates. Does that make sense?

So, you know, two good examples. If I'm a Taekwondo, Shotokan, whatever, stylist, and now I want to do Gracie, Jiu-Jitsu, or Brazilian Jiu-Jitsu, or grab some version of grappling. Well, that's something that it's a grappling class that's optional, it's not an obligatory, right?

Because Some are going to love it, some are going to hate it. So, and again, I've done it in the past where it was obligatory and I just banished to drop out a bunch of the black belts because I hate it, right?

And if I'm a Brazilian jiu-jitsu school, would you say the Muay Thai or the stand-up generally is the thing that's that polarizing?

Yeah, if I was good, do I want to make it obligatory or do I want to make it optional?

Right? So it goes exactly in the reverse too. So if I'm a Brazilian Jiu-Jitsu school and I want to have, whether we call it Muay Thai or whatever we call it, if I want to have a stand-up class, you make that a class that stand up that they optionally can take. You don't make that now be mandatory, right, as part of the curriculum. Because again, you don't want to add a piece of curriculum that's designed to force some of them to quit. Right?

[1:05:18] And to me, that was Chuck Norris' mistake with their organization, is he brought in Carlos Machado, and they have parallel rank in jiu-jitsu with the higher level black belts. So once you're into second degree black belt, there's parallel ranks. And if I remember correctly, it was by the time you were a third degree black belt, you had to be a purple belt in jiu-jitsu. By the time you're like a fifth degree, you had to be a black belt. But the people that they had already, a good portion of them just didn't want to grapple, right?

So it becomes a pair of, what's the word, polarizing, right?

But then you have all this other stuff, right?

So, you know, like what we see here. So let's say I'm at Type 1 Doge School, and now I have, a sort curriculum, a half keto curriculum. Well, those are things that just become integrated up here. So anytime, and again, we were kind of a rude American Taekwondo school, but we added everything from samurai sword to nunchucks to commas, to size, to iskrima. But none of those were things that anybody's gonna say,

ooh, I don't like to do it. My only exception to that reaction was I don't want any live blades ever, right?

So anytime that it's like something that cuts, we're using a fake one, right?

We're not gonna be, you know, live blades even not sharpened, because I don't want moms sitting over there going, oh, you're teaching my daughter to knife fight, right?

I mean, that has the wrong reaction. But all that stuff is just fine. They enjoy it. You don't flush anybody out with that. And some of it, like the Escrima, is so much fun that they really want to get into the upgrade level because, oh, I really want to do that. So Chux is like that. Escrima is like that. I'm not sure that commas or size are. They're kind of damn boring weapons to learn. But you get the idea. It's the things that look exciting become part of the upgrade. But the fallacy is to have a whole bunch of different, see, pretty much everybody in the room, and I'll overgeneralize, but pretty much everybody in the room on a scale of one to 10 on their physical martial art is a nine or 10. Would everybody agree with that?

And pretty much everybody in the room on a marketing genius scale is a two or a three. Right?

So, if I'm a two or three on the marketing, and now instead of having one thing to market, I have six things to market, I really shot myself in foot. Right?

Because it doesn't work this way. It doesn't work a mediocre at marketing type one dough, so now if I'm gonna be mediocre at marketing type one dough, sword, have keto and jiu-jitsu, things go better. Right?

See, all of a sudden if you split your focus five different ways, You're just one fifth as good at any one of those things. Not to mention the monetary end of it. Well yeah, well, but that's not only the marketing fallacy, it's the complication above, right?

And certainly with any of this stuff, see my argument with Zumba is this. See, Zumba has done a marvelous job of being trendy and of branding itself and one thing or another. The problem is they think... Exercise zero control of the business side, right?

So I texted Greg one time I'm standing in Starbucks and there's a poster that said free Zumba, you know in the church basements Anytime you're trying to teach something like Zumba that you can go to the church or the community center and get for free You know at least if you're going to teach whatever the hell Zumba is change the name and don't use their trademark right and then make up some other name and charge you know more for it right. I think the other fallacy is always taking all this stuff and deciding that there's a component that has to be cheap right. So if I've got a type 1 Doh program in the cardio kickboxing program I'll see people who say well my type 1 Doh program is \$200 a month my cardio kickboxing is \$79 a month and we have 10 less than punch cards.

And so now what they do is they guarantee that the cardio kickboxing is never gonna make any money, right?

And is it true that cardio kickboxing has to be cheap?

[1:10:00] No. They also guarantee that it's gonna be really rare that those guys wouldn't have tightwanded. Right. Yeah, well, and really rare that they stay beyond a month or two. Right?

Meantime you're doing 10 lesson punch cards, you're just... Would you ever do that for your Taekwondo class?

Or your Shotokan class or present a Jiu-Jitsu class?

Right? So, if you're doing a cardio kickboxing program, it should be the same price points as everything else. And then if you're gonna make it the same price points as everything else, you're gonna make it a curriculum that's worth that. That's what Floyd Erwin did, right?

Lloyd? Wasn't Floyd Erwin... Lloyd was Brazilian Jiu-Jitsu in MMA school. The best version of that that we developed internally was with Sean Harvey. That ended up being \$249 with an upgrade to \$497. He's had great results. Yeah, he was doing like \$400 in a year on the cardio with small numbers. I mean, he's in Bermuda. He's never going to have big numbers. The entire country is 80,000 people spread out over three islands. But is this all making sense?

I mean, I don't want it to be that you're deaf, but in almost all cases, when you have multiple curriculums, you probably would be better off by killing everything but your main thing. And then the other stuff that you have the resources for, put it in the upgrade with the caveat. If it's something that's going to turn off some portion of them, make it optional. And if it's something that they're all going to enjoy, just put it into your curriculum at the upgrade levels. I would add a couple other factors there. We've seen some times where there's four or five programs, like Jan's got the Zoom or a yoga or something. If that was really trying to be something I was going to integrate into my adult class, for example, not that you're going to do that, but if you're going to integrate that, I have a problem because there's one person, unless all my guys are trained to do yoga, unless all my guys are trained to do the product, then I'm at risk because now that guy doesn't show up and now it's not part of my product.

So when I've had that happen, I had a guy that was teaching me yoga. and he was a buddy of one of my instructors and they asked if they could come in on Sunday and they wanted to pay me and I'm like, I don't care, just go on Sunday. And he had like three students and one of my other students is a jujitsu, he likes jujitsu and I just let him come in on Sunday and train. I could charge him rent. If I was gonna do something, I'd just charge him a flat rent. Then I only have one collection to make and I'd just do it through my own billing company and it'd be like a student. They'd be paying me 500 bucks a month, 3,000 bucks a month for rent. And I'm done. And it takes less.

We've got to be really careful. We said this yesterday about delegating the jobs that are menial. We do stuff like this. Even a little bit of brain power on something, it's a lot of brain power. They also don't put in what you put in. What you're putting into the whole

program. They're just focused on that and thinking, well, I don't have to do what you are doing in your program. Yeah, it makes it hard. It makes it harder to increase the quality. Like we talked about, curriculum on Friday, the more curriculum you have, the lower, in the same set amount of time, the lower the quality of the production is. And I think more that way too, the more stuff we've got to deal with, the lower quality we're going to be in dealing with. Because we only have so much brain space to go around.

And remember, 186,000, what did I say yesterday? 186,000 plastic on top of South America last year, and they missed three. But how much of the marketing time did they miss?

90% or 80%? So we already gravitate towards the stuff that we need to do to make these things successful is part of the challenge. Well, most people have great difficulty doing one thing at a high level of excellence, much less doing six things that are that are sort of related at a high level of excellence. And there's examples abound. If you want to take it out of martial arts, my example that I always like is the Apple turnaround. We may forget now, but when Steve Jobs came to Apple, they were selling laser printers, they were selling cameras, they were selling Newtons, they were selling a whole bunch of different forms of Mac. a huge product line and they were about six weeks from being bankrupt. And the first thing he did is he went in and after looking at all of it he said, look, we're going to do personal, professional, portable desktop.

[1:15:03] That's it. Everything else goes away. And internal to the organization, I mean, and this is a billion dollar company at the time. I mean, it was already a big company. Internal to the operation, there was great consternation and great fear about how can we possibly do that because we're doing 150 million on cameras and we're doing 300 million on laser printers and we're doing, that's what everybody talked, right?

And he had the advantage in the hoodspun to say, look, I'm in charge now. That's what we're doing. Period in descendants, if you like it, you know. Stay on the bus if you don't like it, you know, there's the door, right?

And in your case, as a pure business decision, the biggest problem we were talking about yesterday, and again, it's the gap in what Commissioner Kerik's situation was versus our situation, is bench strength, right?

Who in here thinks that that's a problem for your organization, is having bench strength of instructors?

Does it help it or hurt it if you have six different things going on?

Oh, it's a massive mess. But if you have one thing going on and everybody else is being developed in that one thing, even if it's an eclectic curriculum, but if you have basically one thing going on, then it's much easier to have a bench of people, right?

But if you have a bunch of stuff going on, oh my God, how do you, how do you have bench string from the sword thing and bench string?

For the Taekwondo and bench drink on the Aikido and bench drink for the Judo and bench drink on Zumba, bench drink, you know, it's a nightmare, right?

It's an absolute nightmare. And again, generally, I think most everybody would be better to have one curriculum. And occasionally, you're better off to have two. I think Apple's a good example there. They made it four computers, and that's all they did. And they did that for quite a long time. And they made them really good, and they started making them better. And then they consciously changed their name from Apple Computer to Apple A, and they came out with the iPhone. Well, iPod was next. Oh, iPod. Remember, you guys were right. iPod. iPod came next. But then they didn't come out with the iPhone. They had iPhones and iPads and all that stuff in their drawings somewhere. They were constantly trying to come up with some, crazy stuff. They've got a million things right now. But you only hear how often do they release it?

Like, you know, well, two or three years, there's like a new big changing thing. Well, and even within that, right, you have the most valuable company in the world and the most profitable company in the world. I believe those are both true statements right now. And their product line really isn't very broad. If you think about it, they have Mac Pro, Mac Air, iMac, Mac Pro, right, that's the original four. And they're phasing out iPod, iPhone, what, three models, and then they have the watch coming. And Apple TV. But if you compare that to say a company like Samsung, or you compare it to GE, or you compare it to a bunch of these companies, I mean it's one tenth or one twentieth or one hundredth of the number of different things. Well those companies, they have a lot of divisions that are not profitable.

Yeah. And so they're constantly struggling. Not to say that GE is a good company, it's a good company. But we get... Well that was Jack Welch's turnaround of GE. Well his first dictate was if we're not number one or number two in market share on any division we're killing it. And he started killing off or selling a whole bunch of different divisions. And again, that was very controversial, because they had a lot of things that were, in that case, \$100 billion businesses, but that were not dominant in their industry, and he got rid of them. But again, if you're looking at your operation, and Jan, let's take yours. Clearly, there's no excuse in the world to separately enroll people in an MMA program. And it's okay to have a grappling class for the upgrade, just don't make it mandatory.

Right? That's what we do. Yeah. And then there's no reason the world presumes that it exists. There's no reason for yoga to exist. And then the question is, is it worth your while to be doing transport after school care and thanks it up, right?

And it is. Well, maybe. How much revenue are you doing for thanks it up?

Okay, this month we did 51,000. Okay, and how much of it was takes it?

The majority. Let's see, I can pull it up because I don't know exactly. But I'd say 30,000 maybe. Okay, so 30,000 this year. How much of it is transported after school?

[1:20:02] The rest. So 20,000. Pretty much, yeah. I'm pulling it up. Okay. Now, again, who else in here is doing transport after school here?

Why, you're the only one. Okay. What was your question?

Oh, who else is doing transport after school care in here?

Okay, so it's you and Paul, right? Now, he is transported after school care as a freestanding business, a profitable business. Yeah, okay. It's certainly candy, right?

I mean, Paul's numbers were... Main location and at least a couple of them are at the same level. Main location, 138,000 a month, right?

Of that 138,000 a month, 28,000 was the martial arts school and 110,000 was transported after school care. And the transported after school care, what did it say?

Was it 220 active? Yeah, essentially 220 active at about 500 a month average revenue per student. Right?

Now, I mean, that's a real business. And, but the, again, we don't want to spend a lot of time on this. The question a lot of times is, if you make it a real business like that, then that's great. On the other hand, what do most of the type 1 dose schools do when they do after-school care?

Well, I've got a \$20,000 a month type 1 dose school, and I'm doing \$7,000 a month from after-school care, and I feel like I can't live without the after-school care because it's paying the rent. Right?

I mean, is that a fairly accurate description? And so I guess the principle there is, if you're going to do something, do it big. because you've got to make it worth your while. And number two, you've got to make it where you can afford full-time staff to do it. And with this, and Paul is very clearly, and really his operation is three of these, which means six businesses, right?

So he's got six locations in essence. He's got three martial arts locations. He's got three transported after school locations. The three transport after, it actually now I think four. But the three after school locations all look very close to this number, right?

Two of them are, this number one's a little lower. And then the martial arts locations are this number a little higher and then one's a lot lower. But he's running really six locations. But the principle here is this business has a full staff. This business has a full staff. They're not cross-purposing staff, and they're operated at separate freestanding profit centers. And in his case, he has six different businesses that happen to be located in three separate facilities. But you've got to think about it that way. But the mistake is to have the same instructors teaching both, have your program director for the martial arts school driving a bus, picking the kids up, that type of thing. Yeah, don't do that. You've got to build the transport after school care where it has a separate staff that doesn't have to cross purpose, right?

And it's okay to have my martial arts instructor's afternoon schedule is they have a class at three, a class at three thirty, a class at four that happens to be the transport after school kids, right?

But then when you have the instructor driving the bus, or you have the program director having to market for both of them, what they're doing is they're doing both jobs inefficiently, right?

And so, if you take your number, if all of the, whoa, okay, so, so let's take this. You've got a \$51,000 month school. Right?

And 30,000 of it is tanks of dough, 20,000 is transported after school care. The question is, if that 51,000 was all tanks of dough and this didn't exist, would you be more or less profitable?

More profitable. Okay. Would it be harder or easier to do 51,000 with just one thing or two things?

My argument is always that it's easier. Okay. See, I'm not convinced about it. Well, I know you're not convinced, but, you know, I believe, now, there's two sides of it. Is it easier to do 51,000 on transport after school, or a full pair of tanks could go?

I would say this is easier. You can get more money, you can get a lot more money. The retention is easier, it's easier to get them, right?

[1:25:05] So... But 51,000 transport after school care isn't as profitable as 51,000 from Teng-Sudoh. Right. Because your overhead is higher here than the number of hours, the number of people you have, right?

If you want to move 51,000 to 100, which I think is what we're trying to do, right?

So if you want to move 51,000 to 100, the question is, is it better to do it 50,000 here?

50,000 here, or is it better to do a 75,000 here, 25 there, or would it be better to do 100,000 with this or 100,000 with this, right?

My argument is always, pick the thing that's your passion. Don't make it as a pure business decision, right?

Unless your passion is that keto. But, you know, if it's thanks to dough or transported after school care. See I think I have you guys seen ever like highly profitable big at keto schools I Always have to check my assumption Yeah, I haven't seen much Yeah, it seems to me that that's that's a more difficult thing to accomplish but in my mind you could have 50,000 a month just to thanks you know easier than you're doing 50,000 a month right now. Or you could do 50,000 a month transported after school care easier than you're doing 50,000 right now. And you could also move this to 100,000 with a lot of aesthetics. Now if you want to move this to 50 and this to 50, it has to be a freestanding staff for this and a freestanding staff for this and very little overlay.

Right, it really has to come. This is a separate business. Any time I have one of my instructors driving a bus, right?

My instructors don't drive bus, but my program director, she's the only one, she does. Well, but do you have the same person doing sales for this and sales for this?

Program director, and myself. Right, and the program director is also doing marketing for this and marketing for this?

Yes. Everybody see what happens, right? So if they're almost by definition. Now, this example is different than you're doing Zumba and Corrata, right?

Because there is synergy between these two businesses. Everybody understand what I mean?

So you'll get kids who, these kids come in for a summer camp and then end up being these kids. These kids don't need after school care anymore, but they love the martial arts and that you'll get synergies back and forth. And a lot of the marketing activities you can do for this, it's also marketing activities you can do for this. So there are synergies that wouldn't exist if it was a kids type window program in cardio kickboxing, right?

That don't exist if it's, you know, pick one of those other things. You're doing a judo track and you're doing a type window track. However, the staffing thing is you've got the people over here doing half as much effort on this thing, because they're also having to focus on this. And any time you split their focus, to me it's very similar. Have you guys looked at the studies recently on multitasking and interruptions, right?

If you're working on something and you get interrupted, the studies are showing it takes an average of nine to 10 minutes to get back to the same level of focus. So if you're sitting down and you're trying to write a book, you're trying to write a sales letter, and the phone rings and you answer it, and your email blips, every time your interruption gets shifted, it takes quite a bit of time to get back, the principle is the same. If they're off working on this deal, and now you want them to work on this deal, and they shift back and forth, they only have a certain amount of brain power, plus they're, in essence, splitting focus and never being very efficient on the other one. Does that make sense?

So, and you guys have some of that, where you've had several different things going on, several different curricula. Questions or thoughts on that?

I mean, does somebody have, hi Eric, you guys have three things going on, right?

Essentially, you have cardio kickboxing, Muay Thai, and the Brazilian Jiu-Jitsu. And are you still bringing people in?

[inaudible] cardio then you have the next level of keep up and then free time. Okay. Okay, so basically you enroll me into Brazilian Jiu-Jitsu and if I want to I can also cross train in Muay Thai. Or you enroll me in Muay Thai and if I want to I can cross train in Brazilian Jiu-Jitsu. But there's not a third track that's a different animal. Okay, well that's fine. I mean it's, so you're not out, you're really marketing mostly MMA and then you want to do grappling. stand up or both. Okay, so you really only have one marketing funnel. Okay, so that's not a complication. Does it enhance or detract from your business to also have the cardio piece of it?

[1:31:26] Okay, so now that's a different point. Are you actively marketing for adult women who want fitness as a separate component?

Or do you have a kickboxing class that has more of a high intensity cardio component as cross training for people?

Is it both or? It's the second one. Okay, so that changes the dynamic as well. Anybody else have different iterations on that that merits addressing?

You understand why it's an important point. I mean, it's, you know, Master Moody, Master Smith and I end up talking to all kinds of people who, and many of you, who, their biggest problem is, they could be very successful doing this, instead they got this thing going on, they got this thing going on, they got this thing going on, and usually it's, I was enthusiastic about doing yoga, or I was enthusiastic about sword, right?

You know, I'm a half keto guy, but I was enthusiastic about doing grappling, and all of a sudden there's school ends up with all these different curriculums. One of the gentlemen I was working with for a while, he had a Kung Fu program, a Taekwondo program, and a Hapkido program. And it's like, well, okay, aren't those really like the same damn thing?

You know, why are you running them separately, right?

And his new thing was Hapkido. So he would bring them in to like a hard-style kung fu program and then their upgrade was put them in hape keto. But it wasn't like integrating pieces of it. It was a complete separate ranking and now he's getting ranked in this and ranked in this and ranked in this and it just made no sense. Does everybody know what I'm saying?

Is in almost all cases I rarely see highly profitable, doesn't mean not big, but I rarely see highly profitable school with low brain damage, with easy operations that are doing a bunch of different things. Usually it's one curriculum and they do it well. And I rarely see a school that has solved the bench strength problem of staff that has multiple things. Because it just becomes double as hard, triple as hard, quadruple as hard when you have multiple things going on. Having staff coming up from within on all those different things is just that much more difficult. And it's again where I don't get the, I'm a Taekwondo guy and now I want to teach Krav Maga and now I want to teach cardio kickboxing. Like, Apollolandra, I love kickboxing. Love the guy, he's fantastic. We've had him out, he's doing a bunch of stuff, but it's...

An integrated part of the upgrade process and something they all love, but I would never have it be where I'm just going out and advertising and trying to bring people in specifically to learn Krav Maga, or specifically trying to learn Styx, or specifically trying to learn XMA. I'd only be using that as then integrate into the upgrade. Does that make sense?

[1:35:02] Yes, sir? of getting scattered is having different entities having one business that does this and one business that owns property and owns nothing, I need a

not-for-profit. That also gives me that same sort of, I mean, too many places to go. Yes, the conversation we had on the phone is, you've got to make sure they all serve a purpose. And just as this stuff, there's a lot of things that we end up doing in our business and it seemed like a good idea at the time. And you always want to make sure that it's going to be simple, clear and easy. Now, in the things you talked about, you know, we set up a 501c3 as a nonprofit. In practical terms, it's rare that any money flows through that. And on a purely legal basis, all that matters that you're a legitimate 501c3 is money flows, right?

I mean, that's what it's about. But having the 501c3 lets us legitimately go to a public elementary school or to a different charity, one thing or another, and say, we're doing this purely as a nonprofit, as a 501c3, and this is the company. And it lets us say that without lying to them. In practical terms, we've always done an awful lot of fundraising, but it's usually a very credible external charity. that we're just directing the money to them directly and never touching it. And for any fundraising, any charitable activities you're doing, anytime you can avoid touching the money, you're better off. You know what I mean?

Because if the money has to come to you and it goes into your account and then you're going to give them a percentage or you'll keep a percentage, a fair number of people and the ones that you want the most and want their trust the most are going to question it. right?

Because it's endemic in fundraising and in charities that people are raking off of a disproportionate right?

Even the big, you know, I'll use the word farm aid, but I haven't looked at that one particularly, but the big things like that where it's a big like concerts, you know, so many times it's they paid for Beyonce's Gulfstream 5 and put her in the suite at the Plaza. And then, you know, paid her \$3 million and the thing grossed \$5 million and everybody else got paid, then the charity got \$50,000. Right. I mean, that's a lot of what happens. So if you can do something where it's a hundred percent goes to the charity and you don't touch the money, I always prefer they write a check to the charity and we just hand the check to the charity or we have a link on their website and they just pay and it's automatically going there.

But then some of that stuff, it kind of simplifies it again, right?

Because you're not like accounting for the money, you're not dealing with it. On the other elements, see, I think the best example is this. Tim Covarr and I, back when he and Dave were partners, spent a lot of time back and forth working on their operation and mine and so forth. And what Tim always was predetermined to do which I almost always successfully talked him out of, was he would do, we're doing a lot of printing, so we're gonna buy that print shop. We're doing now transported after school care, so we're gonna buy a limo company. And I'm at the opposite end of the spectrum. I want everything outsourced. If I need transportation, and there's a transportation company to do it, let them make their 3% profit. I don't wanna touch it. And if I need printing, I'll

email it over to FedEx office and let them do it.

I don't want, you know, the last thing I want to do is own a print shop, right?

But he was always in that mode of we're doing so much of it, we might as well just buy the printing company. We might as well just buy the limo company. But then what happens is you're now in a completely separate business. And in most cases, you can find somebody who's really good at what they do. I don't care whether it's accounting or student billing or printing or real estate management, whatever it is. You can almost find somebody who's really good at what they do and as long as they're in a competitive environment, they're making a profit that's not raping you, right?

And you know what I mean by that. If they're in a monopoly situation, you might consider not wanting them. But you know like the billing companies none of them are making an outrageous amount of money because they're having to compete with each other. Right so ASF and member solutions and the EFC and all those guys are competing. So it's not like I'm stuck with paying an outrageous amount. Accountants are the same thing. They're in a very competitive arena at this point and they've been. Much have been replaced by QuickBooks online and stuff like that so any of that stuff that you can outsource and not touch your bottom line, right?

[1:40:05] What are some other things that you've gotten bogged down in with that?

I guess a little like cohort trying to be Superman and everything. Right. Yeah. Well, and sometimes, again, it makes logical sense on the face of it. You know, you look at and you say, oh, my God, I'm spending three hundred thousand dollars a year with Century. I'll just import them directly from Pakistan. Right?

And cut them out. Like I tell you, they're a big ass company, but their margins aren't big, right?

I mean, they got a lot of, you know, if you've ever been to their office, they've got like three football fields under one roof, and they got a lot of damn people there. And Lloyd Irving was doing that for a while. He had like, 3,000 square feet of space in a retail center that was stocking up with all the stuff because it was bringing Sambo or Brazilian Jiu-jitsu uniforms or whatever from Pakistan so that he wouldn't have to go through a middleman. It's like, you know, we've got schools in New Zealand. They have to. There's no good supplier there, but it's a nightmare. So, you know, any time you have that inclination, you know, like that. I'm just going to order it directly from Pakistan and cut out Century or Asian world or whatever. Let them have their profit.

You know, don't get into their business. I just had an example of something that will kind of confirm what you're saying. And this is from advice you gave me years ago. I had a program. It was like a Curves where I had a whole separate room and the moms, the idea was that the moms could come in and work out in the curve stations. Why the kids were training. and it was never successful. And we marketed it, and we marketed it, and we did all this work, and put all this energy into it, we never made any money. So finally, reluctantly I cut it out after saying, you know, you said don't spread yourself so

thin. And now I have tons of tiny tigers on that mat, I turned it into a mat area, and that's thousands of dollars a difference.

So that's a perfect example. Suddenly I didn't want to give up, because I liked it, I thought it was such a perfect idea. Well sometimes we're just so invested in our idea, we're desperate to make it work. The concept that you mentioned there, though, also applies to all these different people who are trying to create a program for the parents to do, since I already have a captive audience and I have their kids. But guess what?

The parents will do the same thing the kids are doing. So it's what I hate about the cash fit deal. Well, the reason we're doing the cash fit is we want to have something for all the moms to do. And we're going to do a \$10 punch card. The guy I went to Sturgis with, Rob Wentworth, he's like the number one cage fit location that they have. And I keep telling him, killed it, I think. And he goes, oh, no, no, no, we're their number one location. I said, you're the number one location. I ate scene number five. But his numbers, last I walked him through the numbers. He has something like 200 K-Schmidt students, but he's making 4,000 growths a month. And this is on a school that's in the mid-40s, right?

And he's in Allentown. He's a friend of Paul's. He's down in the street from Palm. But he's doing mid-40s, 4,000 from K-Schmidt, but he's all excited about it. And maybe to the point, they have him speaking about how good it is and doing all this stuff. But you don't need a different program. for the parents to do, because the parents will do the same thing. And again, it's like your kids program. You don't need a different program for the kids to do. You just have the same resilient, judicious program that the kids can do. Now, you can't mainstream the kids with the adults. You've got to have the kids in a separate class, but you can let the parents train with the kids. Right?

So, see, and again, it's where Eric and I and Travis, you guys end up with the kid 22 backwards. The guys who are predominantly kids, they can expand their adult clientele by just adding the parents in. The guys who have been bringing in mostly adults can't do the reverse, right?

So what you've gotta do is you've gotta add family classes and have adult classes where they can just change all the kids' classes to family classes and then build their adult alone, right?

How much weight did you lose at the SEAL team thing?

Not a lot. You've leaned down a lot. Yeah, yeah Yeah Yeah Yeah so to maximize those benefits of those multi-curricular sub-diverse. So for my case, I, you know, both multi-curricular I get a little long term. And I train one dynamic curriculum with the grade. And at the same time, I'm still working on it to develop the prime lesson. So, you know, the... I have right now six adults with the private, so basically I even break that and customize the tree for their knee. So they were able to put into different curriculum separate form that was to maximize that and the time of the, my time to put it to, instead of to put it to the regular program. How many lessons?

[1:46:29] Per month are they are they getting for six and a half years?

Usually two times a week. Two times a week and so approximately a hundred lessons a year so about \$160. Are they hour lessons or 30 minute lesson?

Hour. Hour okay so so when you when you when you break it out it's about \$160 an hour right are you doing them yourself?

You're doing them, okay. Okay. Eric, what would you say about that?

I saw you smirking because I beat you up about it. Go ahead, go ahead. I love that story. I tell your story better than you do. I think it's better coming from the horse's mouth. I think you're right, I do tell the story. story better. He's in Houston and it was a referral of a friend of Chuck Norris' right. Chuck's attorney had referred him. Is that right?

And who's a real nice guy? I know him pretty well. He was also always his, essentially his manager. He never actually had a manager, the attorney managed most of his stuff. So the guy is flying from Dallas to Houston to train with Eric and I had been beating him to death about why he would ever do personal private lessons for \$100 an hour and he said that the first time it really sunk in is when this guy said, well yeah, I've really got a run. I've got the jet on the tarmac. And what do you mean?

They're charging me \$2,000 an hour to leave it there. And so the guy was taking a LIR or the Gulfstream or whatever it was. Do you know what kind of plane it was?

No? That'd be interesting, no, because then we could compute the hourly rate of flying the thing. But let's say it's a LIR, because let's say it was a cheap one. \$2,000 an hour per error hour or something like that. So the guy's paying \$2,000 or \$3,000 every time he comes from Dallas to Houston to train with Eric. And Eric was only asking him, and he was paying whatever he asked him, was a charge of \$100 an hour. How many here are teaching private lessons in some fashion?

We all from, but they mostly instructor. It's part of the program, right?

[1:50:03] Well, I don't mean like that. I don't mean Joey's going to come in and we're doing a little private evaluation. I mean, you're setting up a package where they're paying for private lessons. So you are, right?

Who else? Okay. The way to think about it is this. And the number that you said, Jay, sounds good. on the surface because you go, wow, you're making \$1,500 a month or something like that for the student. But where it falls apart is when it's your personal time for \$160 an hour. And the way I always like to think about it, and you could argue my calculation, but if I want to do \$100,000 a month school, that means I need a \$25,000 a week school. So a \$25,000 a week school divided by 40 hours a week is how much?

I used to be good at math. So that's \$2,500. It'd be 600 something. So your time has to create \$600 for every hour you spend, if that's your goal, right?

So now that's your threshold. So if somebody wanted to pay you \$600 an hour for you to teach them privately, if that's your goal, \$100,000 a month, then that'd be worth trading an hour of your time for \$600, right?

But at \$160, 160 times 40 is what? That's 4,000 plus 24, 6,400. So that puts you on track to gross 30,000 a month. Well, see, so you're already grossing more than that, right?

So your overall gross is more than that. So every hour that you put doing a private lesson, you're actually earning less than you're earning the rest of the time. Right. So so what you get, you just got to think about that way. Now, if the dynamic was and I forget his name, the guy from Florida, I believe. who was trying to package private lessons. We were trying to help him join venture with it for a while, but he just never quite knew how to present it. But he was packaging private lessons, but he had this whole system in place. And I mean, he was having, you know, people pay him \$100,000 for a four-year package and things like that. I mean, seriously, I mean, at least asking for it. But he also had a system in place where he had the staff development in place where he wasn't teaching them, where it was staff teaching them.

And a fair number of schools, I think it tends towards the MMA guys, but have a place where they think of private lessons just like personal training. And then I've seen where you can get in big trouble is you're paying the staff guy half of the private lesson fee and then you're paying them \$2000 a month or whatever to teach group classes and the imbalance in their income is so great that they're just focusing on the privates. That's a big mistake, right?

Then the second thing that happens is you set it up in such a way that the student isn't looking at, I have a private with the instructor, they look at it in such a way that this guy is the expert and I want to go with this guy. And then all of a sudden, as you set up even a higher incentive for him to go across the street or keep teaching group classes and teach everybody on Sunday in his garage. And it's really easy for that to spiral out of control. You've got to be real careful about it. Does that make sense?

But on the surface, there's nothing at all wrong with that number except that it shouldn't be you teaching. Right?

So, if you're getting people who are doing that kind of private lesson package now, I would be very careful about having it be predicated on learning a curriculum or something different than you're doing in normal classes that only you know. Or that it's so specialized that only you can teach. Right?

[inaudible] So you've got to solve that piece of it. And, you know, I think in all of our schools, you probably have quite a few people who would pay that for private lessons. Or they would pay that to get an additional private lesson periodically or something. But you've got to be very careful how you structure it. One, so you don't funnel them to somebody who becomes the expert outside of yourself and builds a bond with somebody that shouldn't be there. And number two, that you're not Invest in your own time

inappropriately does that make sense Any anybody have anything to add to that and Greg that's completely different than I'm gonna schedule Joey for a series of little privates To get them integrated or I'm gonna do a little private progress update All of those things are all useful but it as long as you don't set it up where They expect that as opposed to it's a pleasant surprise and it's a you know a good opportunity That's gonna kill you Exactly yeah that that that's gonna get you in big trouble that's gonna get you in big trouble which you already learned well good anything else on those topics before we spend three and a half or four solid hours on renewable it's No Everybody good, okay

[1:56:19] And anything else to wrap up on Commissioner Kerik or anything from yesterday or from a West Point tour?

He's very open to doing just about anything. He was wanting to come, now of course he's very busy, but he was wanting to come out to our Black Belt Retreat this year. And the timing was bad, so he's already committed to come out next year. But in all likelihood, we could work something in somewhere where he's going to be on the book tour. He lives right in Franklin Lakes, which is about an hour from here. So he's very open for that, other than I'm certainly hoping that his schedule is going to be so busy that it's hard to book him in. Right. So I'm certainly hoping that his career re-catches back to where it was before all of the challenges. How can we find out his book to where?

I'll let you know. In a very, not a self-interested way, I was getting ready to say the opposite, but None of us have an invested interest other than it'd be nice to see it be successful. I'll be letting you know, because on a big publisher book like this, they're very focused on getting on the New York Times bestseller list. Because that becomes a self-perpetuating thing. And so what I'll be letting everybody know is the Target bookstores and the release date and the Target week, so that we can encourage everybody to go get it at that point and help push it up the list. I mean, some of the books are focused on the niche in Amazon or something, but this is a big publisher thing. There's going to be a documentary about the same time on all the judicial side of what happened to him.

There's in negotiation for there to be a miniseries on the table. And there's been talk of, I think the rights to both books have already been purchased. but don't hold me to that, to do a movie. And, you know, movie industry is very fickle. You know, there's an awful lot of stories that the rights get published and never sees the light of day. But, you know, there may well be, you know, a major or a minor movie based on the two biographies. And if you haven't read the first biography, it's really good. I'm not sure it's still available, but it was called Lost Son. and it was had all been written just prior to 9-11. So, I mean, you know, prior to 9-11. And it was released right after 9-11. In fact, there was some criticism of the fact that it came so closely after release of 9-11.

But the reality was it was already scheduled for release. And actually what they did is they pulled it and they put a little bit of discussion about 9-11 in it before it went out. But it came out right after 9-11. It had been in the can for about a year before 9-11. So,

but it's a very interesting story of, you know, very, very much rags to riches, right?

The, but anyway, okay, let's go, let's do this. Let's take a 30 minute restroom break. So let's take six minutes and we'll focus on renewals and upgrades intently. Master Moody, we good on the on the video and audio Here's the memory cards I am So ahead and say yes, well he was mentioning that with his new enrollments, he never sees dropouts or next to never sees dropouts within the first two, three months. And with myself and a few other people that I've talked to, that's the biggest point that we have dropouts is in the first couple months. If we can get them past that point, they usually stick around for a while. And I was trying to just figure out what some of the differences were as to why we're seeing such differences. Greg what's your initial observation?

[2:00:59] I mean you get what we're just talking about that well help from the perspective of rule one is the class driven environment. Either one is not exciting enough for the kids to really be motivated and it's a good class board. It could be just the thing we talked about on Friday where the curriculum or something might be just too overwhelming. It's too challenging. It's too, they're intimidated. They're gonna be a little bit scared or something like that. And that's kind of where we started trying to approach the side anyway. Yeah, and see, I think this is a really good start anyway to talking about upgrades regardless. And Jeff, in your case specific, your attrition problem is more with the adults than with the kids, right?

But see, the thing that I had been telling people for years to do and trying to get done, frankly, my own schools, is treat the new student process not like it's an intro and an intro and I enroll here and I enroll here and then I give you an ID card and I throw you into class. But treat it more like it's an introductory period for a couple of months. certainly for the first month, and hold them by the hand throughout that process. And that's, there's multiple reasons for that. One of them is to ensure good retention at early on, and the other is to ensure that you get them upgraded early on, right?

And you can look at it either way. And the first time I saw anybody doing Exactly what I'm talking about was almost 25 years ago when J Kim was courting me to He won Ernie Reyes and myself and perhaps some others that I don't know about but he's trying to court us to be part of his organization and But that was something that J Kim did and I was very unimpressed with 99% of their curriculum student service retention. But what I was impressed with is the way they did a, and it was financially motivated, is basically they were presenting initially an 18 month enrollment or a Black Belt Club enrollment. If you didn't roll the Black Belt Club, they put you on essentially private or semi-private with the instructor for the first month to upgrade you into Black Belt Club.

Where it was almost purely in their case a sales gimmick is Keith Haffner and I talked about this and several others and he called it a quick start process where for the first eight lessons or so they would schedule an appointment, they'd have an instructor who was assigned and it wasn't separate from the beginner class but it was in, it was before or after the beginner class where an instructor is assigned to work with them individually to make sure that they knew the various pieces of what they were supposed

to be doing to get them fully acquainted to the school and clear on what's going on. And the story I've told many times is it really came back to be aware of with me when I went and took flying lessons. Here I am in essentially the same kind of school environment that we run, taking lessons for which I had no clue how it worked.

And I went to this school for two or three months and was very conscious of the process pretty quickly because it dawned on me that two and a half months later I was still completely confused on how everything worked. I had no idea how their website worked. I had no idea how you scheduled. I couldn't remember the name of the instructor and I'm not sure he ever told me what his name was. I could go on and on but never quite knew what the test process was. What I knew was I had this big bag of books and I had like a flight log and I had a couple of textbooks and I'm enough of an academic nerd. You know, I can memorize the textbooks, no problem, but it was like, how does all this work?

[2:05:47] And they had a website where you're supposed to schedule things and so forth. But I went through two and a half months at the school, and I did drop out. They went out of business, which is indicative, right?

But I went through two and a half months of the school, never really quite understanding how it all worked, right?

And it wasn't like I was afraid to ask. I mean, I imagine somebody more timid or less educated. It wasn't like I was afraid to ask, it was just I was kind of busy and they'd kind of tell me and I kind of thought I understood and then I'd get home and realize that I didn't know how it worked and didn't know who to ask. And I think our students are, it's a combination of both those factors. The martial arts thing and perhaps the flying thing is the same thing, but it's kind of intimidating. I was never intimidated by the process. I knew I didn't know how it all worked and was kind of confused. And frankly, I might have been more prone to just stop going and find somebody else than to go figure it out as floppy as they were about the process.

Does that make sense? And so when it comes to getting the kind of upgrade numbers that we've talked about, you know, those outlier numbers of 87% or 90% of everybody who enrolls ends up upgraded. The only way you ever get that is you never get a year enrollment, throw them over the wall to the instructor, let them take class and then go try to pull them out. See, that doesn't work. You set them up right at the beginning to understand that, you know, the process to get to Black Thought and Beyond, however you want to use that terminology appropriately for Krav or whatever it might be. And this initial enrollment is just a trial enrollment. But then what you want is that, and I like Keith's terminology, have that quick start process where you're making appointments and again, I'd rather see that I have like 15 minutes before or after beginner class.

And I'm making an appointment and now it's maybe a instructor with two or three people who are on the third or fourth lesson. And I'm walking them through. Here's how the ID card works. Here's what you need to do. The reason there's these slots is every

two months you need 16 classes and two slots per week. And we're good. Right, I mean, explaining to them. in very specific detail. One of the things that, you know, we always did, but Jeff Smith took it to a much higher level and we've integrated it is, we'll schedule him on the third class for, he's come to call it the notebook conference or something, but basically we have the little student manual, and we won't give it to them when they enroll, it'll be an appointment next, for them. And at that next appointment, there's walk through the ID card, but they're also walked through the little student manual.

And the student manual is mostly about this is a self-discipline card, and if you fill this out and turn it in, Joey's going to get rewarded at the test, and this is a homework card, and this is how this works. And so it's just kind of item by item walking them through that material, including He's going to be scheduled to test where his goal is on this day. Here's how many classes he's going to need. You know, that type of detail. Is that helping a little bit, Jeff?

Yeah. And so, so again, from the standpoint of this as an upgrade tool, if you really are scheduling them by appointment and you've got one of the instructors and as an owner operator, that might be you. I mean, this is a very valuable use of your time. If you have an instructor that knows, okay, on Tuesday for the 6.15 class, we have high Eric and Greg scheduled to come in at 6, and they're all in lesson 3 or 4. So here's what we want to do, and then he brings the kids and the parents, or he brings the adults together and walks them through procedures a little bit. And here's where you put your bag, and here's where you change, and here's where you do this. And by the way, when you come into the school, you need, right, I mean, just in detail on nausea and those things.

[2:10:24] And then, you know, brings them out and says, okay, now in class today, we're gonna do this, so, you know, let's get a little, you know, a little bit of a head start, and we're gonna work on this a little bit, and then hand them off into the class. So if you're doing that for the first eight lessons though and you have that 615 class and two people are on their first or second lesson and four or five people on their sixth or seventh lesson, they've already heard that and you have a different step for each stage. How do you make that where everybody's, it's a benefit from that little additional meeting?

Well, presumably you would... I guess the first specific answer is it's more about personal rapport and about making sure they feel their hands being held through the process, that it is the specific information. Does that make sense?

So I want to answer it that way to begin with. I think the second piece of it would be is you probably want to differentiate it a little bit, right?

And, you know, if you did have that, if you have four people and one of them's been there for eight lessons and one of them's been there for six lessons and one of them's on the third lesson, you have the person with eight lessons explained to the person on the third lesson how it all works. You see what I'm saying?

So you get that kind of, and now you know that they know what it is. And they feel good because now they're the expert explained to the other person, then you can help them out. Does that help a little bit?

How long were you recommending by hand holding? At least for the first month. If it's the first eight to 10 lessons. So we're always looking at the upgrade period to be within that first two months. But I think the first month is crucial because you just, again, if I'm confused, so many times, perhaps I'm even confused and I don't know I'm confused, right?

So I don't know that this thing is supposed to go here or I've never pulled my card. And, you know, there's some things that we do in this period. I would say almost everything that we do in the school is so second nature that we assume with simple explanation they understand. And it's almost never that way. And so we want to make sure, see the worst thing you can do is now two and a half months later and you blame the student for not having enough lessons on their card because they didn't know to pull it. And most instructors will end up in an accusatory tone at some point for something that really wasn't the student's fault. If I as the instructor never let a day go by without knowing that you turned it in, got credit, did the thing, then there's never a point for it to be a fracturing of the relationship.

On the other hand, if I let it go a little bit and then I'm a little accusatory about, well, you know, responsibility and you know and certainly we're trying to teach leadership for our students we want there to be a no-excuse environment but that's brown belts right that's not white belts and so we've got to understand how that thing evolves and it's Jeff as you and I were talking about I rarely see anybody I frequently see schools that teach too much stuff in the first year, right?

And or teach stuff that's more physically complicated than the instructor thinks it is, right?

And if you're looking at, you know, if there is a demographic trend of late, is that kids and adults have spent less time outside doing sports activities and so forth and more time on their iPhone or their iPad or one thing or another. And I think we've got to assume generally a little bit less level of physical coordination and so forth, right?

And there's oftentimes a lot of stuff that we teach that seems really simple to us that, you know, isn't that simple. I mean, hell, I still have that, right?

I mean, you know, every now and then I do some of the grappling stuff with the grappling guys and I suck at it. But it's not so much that I physically suck at it. My mind doesn't work that way. So the explanation takes a while for me to get. Does that make sense?

[2:15:11] And the opposite is true. I'll find myself with somebody who's great at grappling and I'm trying to explain how to jab somebody in the chin and knock them out and they're like, you know, it's just, you know, to me it's like, you do this, don't we deal and they leave with a hand?

But they don't get it. But we underestimate. how foreign a lot of this stuff is to our students. And we've got to be real step by step to hold them by the hand because if they get frustrated or confused, they go away, right?

Do you have an enrollment package? No. That was one of the things that I think really helped us is just getting that enrollment package. I think we got it from the national site. Is it on the website?

I don't know. Just like MassMovie was talking about yesterday. You understand our testing cycle when you're supposed to be testing next. Do you know when Johnny's testing for his goal level?

And then put the renewal prep in that too, where you're saying, during the next three months, we're going to be evaluating, two months, we're going to be evaluating Johnny to see if he's ready to set his goal to move back up and go into leadership or whatever. And all this simple stuff that seems obvious. If, you know, like we have gray carpet with red mats and there's no shoes on the red mats, but they don't know that. I have to like tell them and remind them and point it out. And by the way, if you're going to take your shoes off, there's some place that has to go. Well, your shoes go over here. And I mean, so there's all those little things if you want them to bow on and off the floor when it's there, they need to be taught three or four times and it needs.

To be in the checklist and it needs to be part of the deal. Because the biggest thing is if I feel like, it's the emotional feeling that they get of suddenly they're part of the thing and suddenly they understand and they're behaving like everybody else and they understand how fast. That's a very powerful emotion that we underestimate. And in contrast, that confusion of, they gave me this weird uniform kimono thing, and how does this work?

And they've got it crossed backwards, or tied backwards, or whatever it might be, is that that confusion that goes with the opposite is very powerful as well. Powerful negative, but it's very powerful. So you've got to be aware of all those little fault points, if that makes sense. That's why I like moving introductory lessons one on one, their first class or second class. If you throw them in with the group, a lot of people have a \$49 offer, they pay \$49, and they throw them in the group. And that's even the worst case of throwing them over the mountain. We didn't even do anything yet. We throw a uniform on them that we tie, and then they don't know how to put it back on the next day, and then we toss it over, toss them into the class, and then they're even doing class.

Part of that intro process, it's to do the sale, but it's also to acclimate them and make that acclimation process last longer. But I was just thinking, we're at West Point, I think they've got kind of a lot of acclimation process, don't they?

I mean, you know, boot camp before they even are qualified to be a Muslim student and then they, you know, they go through that process. And so, well, I wanted to she mentioned the first day. I mean, they took him in, gave him a haircut, and then there was a whole list of, you know, how you tie your thing. When I took Jada to Sophie's,

same thing at Air Force Academy, they do boot camp. to begin with, and they have a ceremony when you're actually admitted from boot camp. So we went to the ceremony and then went and toured the barracks and so forth. And it was really interesting because, you know, they've got to keep the beds perfect, right?

I mean, perfect. And so here we are, you know, with Sophie going through the dorms and she says, well, a lot of the cadets just sleep on top of the bed. And some of them are even smarter than sleep on the floor. because they only give them like, I don't know, two minutes from wake up to line up. And so now, since it all has to be perfect and they're going to get expected, they just don't like mess the bed up. So they're not going to have to fix the bed. Right. And I said, well, you know, did you sleep okay?

You know, like that. She goes, oh, we're so exhausted. We can sleep on the concrete floor out there. It wasn't a problem. But it's, you know, all of those little things. to teach them and indoctrinate them on the process, right?

[2:20:06] And it really is kind of like you're joining the secret club. And until you know what the secret handshake is and what the ring means and what the thing is and what the special way to open the door is, then you haven't fully indoctrinated them into it. like they belong, and it's more of a, you miss it if you don't go. You know, there's a connection, you're making a connection. It's comforting connection when you do that. Yeah. You know, the other thing, one of the things I was impressed when I was down in Jacksonville, watching both the staff training and the actual classes, was, you know, Master Clark was having all the parents stand and do the creed and all the different stuff. So when the class was happening, this is a few years ago, when the class was happening, it was the parents were really part of the class even though they were in the spectator area.

And see, those types of things are very powerful. I've been to schools where, you know, the gym schools used to be like this. You have like a glass spectator area, now there's a coffee pot, and there's a stack of magazines, and there's all this stuff. No, no, no. One of the things that I first did... when I was in Washington was we pulled all the parent chairs out and put them on the floor and took some duct tape and put a strip and the parents were right there as part of the floor. But the more you get everybody acting like they're now a martial artist, you're the better off your own. On your various programs, and again, you're running Grappling Muay Thai, Tai Chi, and something else, right?

What's that? JKD. Do they all have a specific predefined uniform?

Yes. Okay. Some of the uniforms are the same though, like stand up and scream. No, that's fine. But none of them come in as wet pants. No. Okay. Good. I think for anybody who does, that's always a mistake. The school uniform is a helpful tie-in. And the other thing that's a mistake is, you know, you let them wear whatever they want as long as it's a, you know, a jujitsu uniform or a karate uniform. You know, I see schools where you can wear black, red, green, blue, whatever, as long as it's, I don't mind having multiple colors, but I want it to mean something, right?

You know, like in our case, the blue top means they're in leadership, the all white means that they're a student uniform, and then the black pants means that they're a black belt, and then the, all blue uniform means they're master level black belts. So when you look at them, it means something. And so, you know, regardless of the curriculum, whether it's a Krav or a Muay Thai or whatever, if they're all required to wear a certain thing, and this works fine in cardio kickboxing as well, by the way, as we've seen the same thing where it all means something and there's a rank progress with the shirt or... or something or other, so it creates that sense of uniformity. Anything you'd add to that, Mr. Moody?

Yeah, and the argument, sometimes we hear people say, well, yeah, but if I have different uniforms and they can wear, and they have variety, I can sell more merchandise. And that's just, any time we do stuff to sell more merchandise, I can't think of a case that it's really productive. I mean, you're maybe should, merchandise should be a complimentary. that does add a little bit of income and add some income, but you shouldn't structure your programs and give up the possibility of upgrading somebody to a \$5,000 or \$10,000 program because you're gonna sell them some, as opposed to having them all uniform. So it should integrate with the \$10,000 program, not be for its own sake. Not versioned by its own sake. Yeah, that is a little tangent, but let me ask the questions. Anybody still have a pro shop in your school?

Why? You've always had it. Yeah. See, I'm so jaded that if I never had to handle another piece of retail in my life, I would never touch another piece of retail. And that's what I like about the Century Direct, and they can drop shipping and all that stuff. But having said that is you can sell way more retail by just have the school logo bag with all the crap in and at the given benchmark. And I like it to be they just upgraded the leadership at the given benchmark. You either charge them the 500 bucks for the equipment package or whatever the number is that would be high. You just charge them the number for the equipment package, or you make them pay a big enough down payment that it's just all included. I'd much rather see that.

[2:25:13] And I've never seen anybody be able to do profitably more retail any other way. And the problem with a pro shop, aside from taking up square footage, is you have to maintain inventory for it. You always have slippage in inventory because your staff is kind of helping themselves to what they want. And the branded stuff like t-shirts and so forth, you know, the only way I've ever made any money on that stuff is event based. So, you know, like the big open tournament, you can make a ton of money on selling event shirts for that thing on the date. You can do that internally as well. I mean, when we'd have... June re-out for a black belt test I could do things with June re-in me and Jeff Smith and the date and sell a ton of them but things you just kind of keep in stock normally tend to be Collect dust by time you're done in the margin not you know the best I've ever seen how much do you do in the pro shop?

Yeah, well you would be doing you'd be doing more than a couple thousand just in equipment packages Well, we do equipment packages and we consider that just part of

their, we charge like \$5.97 and they get a package. Right. Okay, good. But other than that, it's just almost always a waste of time. I mean, I've looked at the numbers. I've looked at the numbers across my locations and by the way, Schulman came to the same conclusion. He used to have big pro shops, he got rid of it. Clark came to the same conclusion. over and over and over people come to the same conclusion. Show me what the difference is. I think the distraction is like a lot of these other things. Well the distraction is, and I remember there's a video I saw about martial arts pro shops a long time ago, and they compared it to golf pro shops.

You know, in the golf course, they make a ton of money out of it from the pro shops. And if you like golf, then you go, and a lot of times you buy a shirt or a hat or something of your. Well, the pro shops are selling \$300 big, whatever it's called, gloves. Well, that's one thing, but the other thing is they're rotating the people that are there. We have the same, if you have 300 students even, you have the same 300 students for a long time. If you have even a halfway decent attrition rate, it's the same people. So you don't have, they don't so need that much crap. Well, if anything, they come in as a wipeout, and they're really enthusiastic, and they would love to have a bunch of different stuff. And then after that, it's sort of same old, same old.

But again, that's a tangent. But the main thing is to really get focused on, when you do a new student, to solve your attrition, but to improve your upgrade numbers as well, is get in the habit of, and again, Greg was talking about the student manual. And sometimes what I see as a student manual is this big notebook with all the curriculum and pictures and descriptions. I'm not worried about physical curriculum stuff. What I want is behavioral, right?

So the student manual could have the physical testing requirements to the next belt. And it's the different types of things that you want them to do as support materials. And a key component, and this is not kids program specific, but a key component like what was hitting Jeff Smith's numbers with this is like lesson three, I give you the self-discipline card. And now you have an assignment between now and the next lesson to go get started on it. and then bring it back where you've completed that level. And then at the next lesson, I give you, let's say, the reading card. And you have an assignment to complete a little bit more on this, but to start this and bring it back. And so now what's happening is there's behavioral expectations that are reflected by the various homework assignments that are being sent home and checked to see whether they were done when they were brought back.

And what it does is it gets them engaged in the process. And the ones that are gonna renew anyway are the ones that engage in the process, right?

The second thing that happens in the kids is the ones that are gonna renew are the ones where the parents have seen positive behavioral changes at home, improvements in discipline, one thing or another, right?

That was one of the most powerful things we did with those afterschool enrichment programs. You know, say thank you, I love you, go clean your room, respect the

teachers, things like that. So now there was not only a behavioral assignment was being done, but there was an expectation of the parents or the teachers signing off that they did it. Does that make sense?

[2:30:16] So if you give them specific assignments between these that they have to go do and then check up that they did it, Now you get engagement in the process. Does that make sense?

And so it's a very important part of that solution. How often do you run them generally speaking or isn't there an exact science to it?

What do you mean? Like your sheet said you all have for these current development skills, I just signed up. A weekly basis, monthly basis, stripes, that kind of thing, or when they choose. Most of these, there are some that are like a weekly sheet, but they're really all focused around the testing cycle. So every two months, you know, at a certain level of completion, they're now getting rewarded at the testing cycle. So it goes back to Marty's conversation of, you know, you completed the self-discipline sheet, you get, you know, recognized in front of everybody. You must have those completed. for the testing cycle to be approved for the testing cycle as well or no?

A lot of that is optional, not obligatory. But they're getting rewards for it. So they're getting medals or trophies or something like that as part of the test for having completed it. And the latest iteration, and this is just mis-iteration, is there's an award for having completed this one, this one, and this one. So having, you know, not only there's an award for completing the discipline sheet, but there's a discipline, healthy eating, homework assignment. If you did all four, there's a special award for having done all four. Okay. Right?

Yes. Does that make sense? Absolutely. But a lot of this is just in the process of getting them to engage in what the system is. Sure. Right?

Because whether it's kids or adults, a lot of times there's a piece of paper or something that goes home with them. And guess what?

It's never looked at again. I can't tell you the number of things that I go do and so forth and you get the bag, but what happens to the bag?

I've done a bunch of big expensive seminars in the bag from the seminar. I still sit in the closet and all the same stuff in the same order that it ever was. After schlepping at home on the plane, I never opened the bag again. And at the time, I was very serious about, this is important and I want to make sure I keep... this and I want to, you never, you never. This is perfect. I'm going to lay this out right now. [inaudible] Okay. Is this, is this helping?

And so, Eric, now you're back. What's your dropout rate like for adults in the first couple of months?

Well, that's what we don't, but we're not able to measure with stats on it. Okay. And so we don't know. Well, you know that's a problem. Oh, yeah. That's what the last two

weeks have been trying to do. OK. What's your average monthly attrition for the adult program?

It's 4.6 a.k. Well, that's a lot better than where you're at. Yeah, that's great. I'm still over that. I wouldn't say it's great, but I mean it's an improvement from where you're at. What's your dropout rate with the kids program?

Well, no, like this month it's 2%. But in the last two months, we only had 6% month. So... Yeah. July probably. Yeah. So probably you're in the 4%, so you're a little bit better than the adults, but it's comparable. Does that sound right?

Yeah. Okay. And... You know, and truthfully, on a big school, 4% is pretty good. I've seen that get as low as a little under 2% a month. And so if you're going to benchmark where you want to be, probably 4% is a good starting point, and then get it down under 2%. Certainly on a single school owner operator, it is completely doable. Mari, do you know what you're... monthly drugs?

3%. So you have some room for improvement, but it's pretty good. Yeah, yeah. There's going to be a percentage that there's just nothing you can do about, right?

So there's the percentage of move out of state, one thing or another, you know, lose their job, some kind of permanent injury. But that's usually, and again, different areas are different. Like in the Hudson Valley, there was a time when IBM was shutting down all this stuff. I remember when Don was still up here. There was nothing he could do. IBM moved the plant to India, and they're moving to the Sunbelt to look for jobs. I mean, you're not going to improve your retention with that. The last big recession, we had one of the schools that was mostly oil and airlines. And when the airlines got hit and all the oil moved from Denver back to either Houston or Bartlesville, there wasn't anything we could do about that, right?

[2:35:29] So a bunch of our students were heading back to your territory because Phillips was based in Bartlesville and a bunch of them were in Houston or Texas. So when they got crunched, they just closed the secondary office, which was, in many cases, Denver. But, you know, short of that is, I mean, that's what's doable, right?

And, you know, across different curriculums is certainly we see like a traditional-ish Brazilian jiu-jitsu program or a well-run traditional-ish Muay Thai program or a Tai Chi program. They should be able to have, you know, as good a retention as anything else. Occasionally we've seen like women's cardio fitness programs have good retention, but it seems to be the hardest one of the group. You know, they are preconditioned to be flighty, right?

So you've really got to do a lot of work. And so like you take the program without talking about it, Bermuda or similar program, they had really good retention, but it was not just put them into a cardio class, there was monthly progress checks, weigh in, talk to them about their goals and objectives. I mean, it was a real program with progress levels just like any other program. So, and any other thoughts for helping him with that initial attrition?

I mean, this whole renewal process is going to be the biggest piece of it, but any other quick thoughts on that?

My thought process is exactly what you're laying out is the fact that it's monthly and then every other month they're getting awarded something. And that's, again, having them grow up to this point and then I earn this point and I earn that. I think that's what's sort of vital. The only thing I have made bad is that fundamentally, even more fundamental to all the stuff we're talking about, we're trying to talk about what we can do to enhance things even better. But sometimes, if I had that trouble, I'm not saying in this case, but... because the classes might just be too hard. Yes, that was the first thing I said when we were talking over there. Okay. Is, you both need to make sure that you have a slim enough curriculum that there's not too much stuff for them to learn early on, but also to make sure the stuff that they're learning on is relatively easy to master, right?

And so, you know, like the Taekwondo version is... is I don't want to teach them sidekick immediately or teach them reverse sidekick immediately because they're all going to do it wrong. But they can do a front snap kick. So I'm going to be teaching them something that's easy enough that they can do, not complicated enough that they feel frustrated. Eric, what's the judicial version of that?

What do you want to avoid? What do you want to teach early?

Yeah, I mean, the pipeline says it's coming through the door and then, it's what you just said, sometimes it's too complicated. Yeah. You know, like, kind of, it's poor leadership. Right. Other times, it's trying to find out. The other, the flip side of that too can be, you've got it in front of the... It's really great. And he's awesome. It's great taking class from him. But there are certain groups about where they'll spend three months just standing at the stance, taking the sword out of the scabbard. You know, I mean, they'll just do that for months. And, you know, it was more of those normal humans. Right. But people in this room probably think that was cool, you know, and they think it was awesome. So that's part of our perception, as I've said this in the last, everybody thinks it's funny when I say it, but we're like a bunch of mutants.

You know, we're weird that we, you know, we wouldn't be in this room unless we were kind of unusual people. And we can't expect it. And the longer you've been in martial arts in this room, the more warped and perverted in that sense you were. If you started in the 60s, God help us, and that was me too. And if it's the 70s, it was still a weird, bizarre place. Who goes back to the 70s or the 60s?

[2:40:08] Do I exaggerate? No. So we've got to make sure our perception is what the civilians are, what the normal people are. And it should be not too hard. The best study on this that I've ever seen done in terms of happiness is people are happiest when they're in flow. The concept of flow, and a guy named Kyle Chicks at my institute, who studied about this, and they found that people are the happiest when they're doing things that are hard, but not too hard. Not when they're doing easy things, not when they're doing Disneyland or ride and ride. They're the happiest when they're engaged in

something. It's hard but not too hard. It is related to a goal and it's measurable. And they see measurable steps along the goal. And that's what we have. The error we make sometimes is we make it too hard or too easy.

It should be hard but not so hard they don't feel that they can do it. And if you can keep on that edge, it's always that way, then people should be very, very engaged. That kind of encompasses everything we're talking about, that one concept issue. You know, those three things. Well, it should be hard, but not too hard. It has to be related to a goal. So there should be something like getting your black belt like something, some goal related thing, and it should be measurable. So if the goal is to feel good, that's not really measurable in most ways. You know, so that's not a very good, there's probably a lot of other examples we think of where people wanna get in shape. Get in shape is not a, it's a goal. Get in shape is a goal, you kinda know if you're there, you know, but it's not really measurable.

You have to find it, so the goal has to be measured. But at Harvard, not too hard is the one that was really a surprise because they thought when they started the study it was gonna be when people were doing certain activities, they thought it was people were. you know, resting, or people watching TV, or it wasn't any of that stuff. It was when they were working, they were doing stuff, it was hard. But just not too hard, they didn't feel like they could do it. So it was goal-oriented and it's measurable. Yeah, and that's a good book reference. It's... Well, Kyle, chicks, Emma, Hider, asked me to spell it. Yeah, yeah. Just write flow. Yeah, if you go to Amazon and type in flow, you'll find it pretty quickly. It is a difficult book to read though.

It's pretty technical like how they did the study. Yeah, it's pretty analytic. But the conclusions are pretty powerful. But not to diminish that, let's talk about that. Is right at the beginning, Jeff, as they come in, you want that incremental goal that they're targeting. And so across all curriculum, you want to be focusing on, you know, our focus would be is now your first test is going to be for your goal belt. We want to have at least 16 classes by then. The next one is scheduled to, what is this, October, let's say December 15th. So the next one is scheduled for December 15th, by December 15th. And by the way, let's put that in your calendar now. So December 15th, we have a graduation ceremony for that. Here's what we're going to want to have accomplished by then.

And now right at the beginning, they're focused on, see, because again, that'll be one of those things where you have it posted on board and you think they all know, but they don't get it, right?

And then three days before the test, you're saying, yeah, you're all set for your goal. What do you mean?

Well, That's your first belt. But see, I want to prep them for it. But I also want to have that short term goal. Right?

It'd be like if you're in a weight loss clinic and the first goal is, you know, you weigh 150 now, we want to be at 147. Or you weigh 250 now, we want to be at 247. But to have that first incremental goal that's small and achievable and specific. So. So again, I see a lot of curriculums where they miss that point, which is I'm just going to train and train and train and train. Well, here's that first progress update. And I don't want it to be more than 90 days out. Right. So but when, you know, in our case, there's already a date set. And if they started too close to the test, it's going to skip one. So it's going to be, you know, at this point is our target for Gold Belt. And it's in about two months, three weeks.

The normal test cycles, two months. You actually have a little bit more time to make sure you've gotten in at least 16 classes, but we're going to target 21 classes by then. Is that making sense?

[2:45:03] And it's real important to focus on that short term goal. And again, a lot of times for the adult programs, you miss that. So there's not the, you know, there's if there is at all, it's okay, sometime next year you're going to test or something. That doesn't work. It's got to be, here's our next incremental progress check. And if you don't have a belt structure that fits with that, what you want to do is just give them a date and a target and you're going to do a progress update and you're going to go through their results to date. And by this date, we want to have X number of classes and build it into a system. Does that make sense?

So Al, what are you doing with your first progress check with Krav?

We do a two month workshop. Yep. You do all of the various techniques in level one. Then we advise them based on how far they've gotten into the system. And usually it'll be another six to eight months to actually take the test. Right. but you're doing a two month progress update. Good. And again, if you have something like that where it's gonna be nine months before you take a test, you probably need to have two or three intermediate progress checks, right?

So, and those are the equivalent of doing a mini test. So, I mean, I could have a 12 month belt cycle if I wanted, but I need to do a three month and a six month and a nine month progress check to... [inaudible] every two months, okay, good. that they know that they're doing it right. And it actually helps them learn it better on the way too. You know, you're gonna have a better blue belt or a better black belt, but you know, but one of the error we see a lot of times is, well, I made my test in cycle longer to accommodate the curriculum. No, just teach less stuff and then do it in two months. If you don't wanna give a belt, call it something else. You know, double it, make it longer, make it better, you know.

But yet, every couple months, there's some sort of or some action where they get to get feedback and that's the big thing. And if they're not wearing a belt they can do shorts or t-shirts or rank insignia or something. And by the way, everybody remembers, the Taekwondo guys weren't doing this stuff in the 60s, 70s either, right?

All these different belt levels were more or less invented in the Master Mend, you have a better sense of history than I would, but I know Jhoon Rhee, when he came over here, was basically white belt, gold belt, brown belt, black belt. He separated the material from simple to complex and he took a man's maiden loan system up and then he took basic techniques in each of those, created his form, he got some spines, and went to the one steps, etc. But what we do is, for the first belt, they usually give the children a sheet that will do a good D sheet for home, right?

But now we came up with that anyway. And they had to do five good deeds and they ended that class and they had to do class and behave and get developed. And then every, there were so many lessons and these providers had tips and three tips, they had to have three tips to be, and in 16 classes, they'd be able to graduate. And basically that's the form, the one steps, and then it's something we did with the sultan. Simple self defense and behave in a life skill. Yeah. It's divided in three steps. Each one of those at the tip. A provers chance to buy two weeks to see how they're doing and all that. And in particular they didn't. They can do it. How long was it in the old days though I think?

[2:50:14] Old days. How long was it between those belts in the old days?

It was like a year, right? Yeah. Yeah, yeah. And I guess the only point was, you know, from a business operation, a lot of our industry stole it all from the ballroom dance industry. And they were doing medals and ribbons and different things. And then an awful lot of this business structure was developed within Taekwondo and other traditional schools, but it was mostly adults. and it wasn't kids and what a lot of the adult market people think is this is kid stuff and really it was stolen from adult ballroom dance industry both with Arthur Murray and with Jacqueline, no not Jacqueline that was fitness what was the other one?

Fred Astaire that's what I was trying to think of there are three or four but Fred Astaire and Arthur Murray specifically So, you know, it's just the principles that are important. And you've done a really good job with that Travis, is, you know, taking the structure that's kind of externally dictated, but then intermediate chunking it, right?

And as you talked about yesterday, I mean, you can always, if you have an organization or association, whether it's Tang Sudow or the Brazilian Jiu-Jitsu, the tournament sanctioning group is, what are they called again?

[inaudible] Purple stripe, but when they go to compete in an external tournament, they just wear their first degree black belt or their second degree black belt. So it's clear what it is, if that makes sense. OK, so let's go back to the upgrade process. And see, I really don't exaggerate that this is the most important component of it. If you can take each new student and start them off smoothly, get them feeling a comfort level, get them feeling really, really good about what they're doing, not only does it fix the early dropout rate, but it fixes the upgrade rate, okay?

And the thing that doesn't work with renewals is, you know, get me enrolled for 12 months, throw me over the wall to the instructor and then go pull me out of class in

three months. and try to sell me a new program. That just doesn't work. One is, to some extent, there's almost an integrity gap to it. But most importantly, from the standpoint of the student, is you've set them to think in a certain way, and then you're trying to change the way they think about it. And that's a very difficult thing to do, and it's an inappropriate way to treat it. Does that make sense?

So you really want it to be where in this first conversation, I gave you the picture that this is the long-term outcome. And notice, I'm not talking anything about programs. I'm not talking about you really want to be in Blackbook Club, you really want to be in the Leadership Club, you really want to be in the Leadership Program. I'm not talking about any of that stuff. I'm really talking about your long-term objective with training and what you're trying to accomplish, right?

And then... [inaudible] all of the things that are involved. And by the way, this is not that labor intensive. It sounds like it is, but it's just a matter of knowing ahead of time that these students are coming in about 10 or 15 minutes early because they're new and they're walking through the process. And I can have an instructor that's working with them. And it doesn't truly have to be one-on-one, but you don't want it to be 30, right?

Is I want it to be a small, manageable number of three or four or five people. so that I'm making eye contact and confirming that they've got it all done and they're under control. Does that make sense?

[2:55:00] So then what I'm doing is through the process, I'm constantly talking about explaining not only long-term follow-up, but the steps that they have to take to qualify to train to Blackbone Beyond. And in order to qualify to train to Blackbud and Beyond, they have to start doing their assignments. In order to commit to Blackbud and Beyond, they need to be making it consistently twice a week. And in order to commit to Blackbud and Beyond, they've got to memorize the student creed and learn the different procedures and practices within the school and be congruent with that. Does that make sense?

So then that's going to walk them through the hand and introduce them to what it is that you're ultimately hoping that they're going to commit to themselves. Does that make sense?

Now, who benefits more from renewing somebody to Blackboard and beyond?

Is it you or is it student? Student. It better be the student, right?

And so if if you have a student that doesn't commit to train to Black Belt, what we know is they're going to do what?

They're going to drop out. Do you truly believe that the quality and the substance of your program is such that if they stay with you to Black Belt, that it's far more impactful and valuable than anything else they do?

Now, if the answer is no, you need to go back and fix your program. But if the answer is yes, we're doing them a massive disservice. And think about your own training. Pretty

much everybody in here is a black belt. If you go back and look at your own training, who benefited more?

You or the instructor that was charging you money for it?

I would hope all of us would say that, right?

Yeah, I certainly know in my case, I got much more out of the training at martial arts than I ever paid anybody to train, right?

And so, although it's a financial transaction, and although we are all personally getting psychic rewards in one thing or another for developing the students, truthfully, if we walk them down the path to get them to commit to black belt, it's a much bigger win for them ultimately than it is for us. Does that make sense?

Even though it was cheap back then, the money wasn't ever thought of at all. I was happy to give it away when we went by. Yeah, well and certainly in retrospect, you know, you don't say, oh well, you know, I got my black belt for God's sake, I paid \$5,000 to get here and I, you know, I don't know, maybe it was worth \$2,000, it wasn't worth \$5,000. Did anybody have that thought when they got their black belt?

No. So, all right, you follow what I'm saying, and by the way, you've got to have that constant conversation with your staff. Because now what happens?

If you're not careful, they get so fixated on the money that they think that you're doing these things in a manipulative way. And if there's any manipulation here, it's in setting a student up to make the decision for what's going to be in their best interest. And are there occasionally students that come into the school where we decide it's not in their best interest to train a black belt?

I say occasionally there are, right? There's people with just the wrong attitude coming into this that we're not going to be able to fix. There's other things that are going on. And it always works against your interests to try to talk them into something financial that you shouldn't do, right?

And again, you've got to be very clear with your staff. I've had a couple of my guys over the years who were making a lot of money, got very money motivated, and now they're trying to talk. [inaudible] Right?

But again, so through that process, you've got to recognize that, right?

And they don't come in knowing that. Right? When do you know that martial arts was the best thing you possibly could have done for yourself?

At the end. Right. At the end looking back. So you know it at the end looking back. So all this is designed to show them what the end looking back is. early on so that they can make the right decision. Does that make sense?

Yes, sir. Just a summary. So you scheduled your initial appointment, have them come back for the second, and then schedule eight additional one-on-one group classes?

[3:00:00] Yes, and each time you're explaining the expectations, their path, pre-framing, the goal to Blackwell. Yeah, now it doesn't have to be a series of [inaudible] Because if you if you if you do this, here's the class schedule Well, you come two days a week come whenever you want go for it. When do they come?

I Don't know we're gonna go on Monday, but something came up and now we're gonna go on Tuesday and something came up I mean I gotta tell you I've got my six-year-old in lessons and I'm the worst damn martial arts parent you could possibly have Because now is something is always coming up and then I'm here or I'm somewhere else and I'm a difficult one for them to pin down, right?

But it's the same thing. You need to have the two set times that they're going to come in, and it's booked in the schedule, and it's in their iPhone, or it's in their Android, and it's written on the wall. And there's a divorce situation. The ex-wife knows, and the ex-husband knows, and everybody's great. I mean, it's got to be one of those things. But now, Okay, Ms. Jones, or Joe, your class is gonna be on Monday, Thursday, and today is Wednesday, so is it gonna work for your schedule to have your next class be tomorrow night?

Sure, okay, great. Well, I'm gonna put you down for the class, which is at seven. What I'd like to do is go ahead and have you come in at 6.45. And at 6.45, we're gonna walk through your ID card, we're gonna walk your student manual, your student notebook. We're going to walk through the basic processes and procedures to make sure that we're clear on everything. So now, what do you do?

Same thing. I would call and confirm, go to the employment book, because guess what?

Just because you signed the contract and did the thing, if you know Show for Your Third Lesson, I've got a problem. Right?

So, and again, maybe it's Look, I didn't realize my wife had tickets for the concert and we've got to do that. Can I make my next class on Monday?

Absolutely. Keeping in mind with the schedule, you're welcome to use any other times as makeup. We do have a class Friday at this time, Saturday at this time. Would one of them work or do you want to just get on a regular schedule next week?

Yeah, let's do Saturdays, right? So now you have that conversation. So now you've got them scheduled, let's say 15 minutes before the class. and I'm gonna bring them in, walk them through, hold their hand. Some of it physical, a lot of it is procedural. Does that make sense?

But I would do that at least for the first eight classes. Don't just drop them. So don't do it for two classes or don't do it for eight classes and then just drop them. You say, well, you're up and running with everything. Any questions about this?

Any questions with this? I'm going to stop bugging you before each class time. You're on Monday, Thursday. However, I warn you that if you miss one of them, I'm going to bug you about it, right?

So I'm not going to call you each time. But we want to be on this schedule. What I'd like to do is schedule another follow up, right?

So even at the end of the thing, don't just one day you stop doing it, right?

Explain to them what the next step is. Questions or thoughts on that?

So you're saying for the first eight classes for everybody you're given a pre-confirmation call?

Yeah. I mean, you can wean it off before that, but what I hate to see what we normally do is this, right?

Whether you're doing a one lesson intro or two lesson intro. They call and you're all friendly and so forth, you give them directions, and then I have an appointment at six and I call and confirm it and I send you a text and I send you an email and if it's far enough away, then drop you a little postcard in the mail. Then you come in, what do I do?

I reach at the door, oh you must be here, oh fantastic, great. Come on in, and then I work with you individually, and then I schedule your next appointment, then what do I do?

All the same stuff, and I reach you at the door, and then I bring you in and you write me a check, and I give you an ID card, and then you're off in training. Right?

And from a student perspective, how does that look?

Well as long as I'm going to give you a check you're all you know all on top of it as soon as soon as I gave you a check you drop me like a cold potato Right, you know you don't want that reaction you want to wean them off of that a little bit But from a self-interest standpoint I'm going to be doing the confirmation the follow-up and zapping them a little email and you know and we have that that renewal process online but it's all designed to, okay, between now and next time, go look at milehighblackbelt.com, go through week one. And it's designed to give them something else as a homework assignment. Obviously, if you've looked at it, the first three or four weeks is all about educating them how the program works. The last two or three weeks is all about getting black belt and then how the program works.

[3:05:39] So that's an additional resource that the franchise schools are using as an introduction to the program smoothie. And again, note that all that material is heavily weighted towards feedback testimonial, other people saying what the program accomplished. Why just to prove that point?

Does that make sense? Okay, now when it comes to and let's go back to your question, which is how to add the additional program on. So let's start with what you're doing now. What are your different levels?

Masters. Level. Okay, you're doing an initial enrollment? Yes, sir. Is it a six month enrollment?

One year. Basically called basic introductory class. Okay, good. Basic. Intro class. And then what's next?

Then master's. Okay. And what does master's mean? It's just the second level up. It used to be our old black belt club, but we eliminated the black belt, turned it into a master's. But it's our first upgrade level. They get to do four different weapons. They get a lot of life skills. Okay. They get to come to extra classes if they want. And we have 15 minutes at the end of each class. Okay. Where they do weapons or sparring or whatever we're doing. They get to come to our goal meetings, which is guidance on leadership development and that's all the life skills. Right. Okay. And how long is that enrollment?

Three years. Three years, okay. Okay. And it sounds like the basic students and the master students are all basically coming to the same class, but then there's a tag at the end, right?

Yes, and then there's an extra class once a month for the masters to do a weapon. And then the life skills. But other than that, it's just 15 minutes extra, each class. Okay. Structurally, it's an extra 15. Most classes are half hour, and then they get an extra 15 minutes. My adult class is 45, and they get an extra 15 minutes. My Saturday morning is 45, and they get an extra 15. So our classes are pretty short. Okay, but okay, so that's the structure. And then what do you have as the next thing?

Leaders, which I made pretty difficult. We only have about 10% of our people in leaders. You have to be a green belt. You have to have a V average. You have to go to events. So basically they've been around for a while and they're kind of a leader, or they're showing leadership characteristics in the school. Okay, and they have to be green, which is what, 12 hours?

One year. Okay. So they have to be 12 months in to be considered for leaders. And if I'm a master's club, what do I get different once I'm in leaders?

Leaders gets an extra class once a month just for leaders. And of course they get to wear different uniforms. Leaders has a different uniform. And the master, leaders has a full uniform. Master just has a different top. They wear. Leaders get to do every weapon you can imagine. [inaudible] Is it the same three years or is it extend three years?

Well usually if they are in Masters and then we sign them up for Leaders we just extend them another three years by the new agreement. Okay so I'm enrolled for 36 months and then let's say at a year I go to Leaders it just now it's 36 months so that's essentially it added 12 months. Yes. Right okay and what are you charging for now?

What are you charging for basics? I just went up. Right. 167. That's why I said now. Okay, so 167. And how about dangerous?

Oh, what did I just say? I was going up for that. I wrote it now. Hold on. I'll tell you. I think it's like 250 and then three. I can't even remember what I just, I just, we just did go up though. I think it's going to be like three. 40, okay here it is. No, that's really,

okay here it is, sorry. I'm gonna go to 149 every two weeks, so it's gonna be 323. 323 a month is gonna be leaders. Now it's just gonna be 260 in my elite program, and you're gonna kill me. I'm thinking 347 a month. Yeah, that's really elite. Yeah, okay See anybody else doing the billing every two weeks rather once a month Are you doing that?

[3:10:52] Well, yeah, that's different that's different they say well I can't really afford \$500 once a month, but can I do it every two weeks or It's a door situation and the mom wants to pay half on the first and the dad wants half and the 15, 30, I mean you have all those different iterations. But you're just signing everybody up immediately into the billing is 149 every two weeks rather than 323 a month. And so therefore every two weeks you get 26 billing cycles rather than 12 monthly cycles and it actually is kind of buried at a little higher level. Anybody have any thoughts on that, plus or minus?

That all came out of Australia, I think. Yes, sir. Yeah. Go ahead. It seems like double the work, the accounting work. Well, it should all be automated anyway, so I'm not worried about that. It's easy enough in any of the software systems. Or I imagine, I haven't asked them about it, but member solution day is that. I'm sure they can all do that. They all do it. It's easy. Some people think it can mislead people because on some months you have a third billing. So we have to be very, very clear with it. But I like it because we have a lot of military families and a lot of families that could pay twice a month and they like kind of the every other week thing. And it gives me a whole month extra a year.

I mean, I get an extra basically whatever my billing check is an extra \$25,000 a year. because it's monthly, because they have two weeks. Yeah, yeah. Literally that's right. It all depends on what you're setting the tuition point to be, right?

But the difference, if it's, let's see, 149 times two is 297, 298. So if you were saying it's 298 versus 149 every two weeks, in reality you're collecting 13 months. Or, said another way, you're bumping that by, what, 112. So you're really, instead of collecting 149, you're collecting about 159, I guess it would be. Anybody have any thoughts about that?

I'm real ambivalent about it either way. I neither like nor dislike it. decline your rejected rates lower?

Well, that's the problem though. You can't do a test. If you did half your school that way and half your school the other way, then we kind of figure out if there was a difference in like, you know, like I would be interested in that because if I did \$200 every other week, then I get \$400 a month, you know. I would think that the, is the sticker shop more if you show double price or... I would think, I would guess it would be better that way, but I don't really really know. I did both though. I started originally just doing monthly billing. And then I went and I heard this guy at a NAPMA thing and I said, well, I'll try it. I thought about it for a while. I was afraid. I tried it and I loved it, but people actually was easy for me, for us.

It was a lot of our people are lower income and it was an easier sale to make because psychologically they're thinking 120 times two, 240, I can do that. Yeah, I don't think

it's the lower income thing, whether or not it's lower income or not. If it's psychologically, if that was a psychological advantage, it'd be a psychological advantage either way. It wouldn't matter whether they're lower income or not. I think it is. Well. I personally think it is. I think I agree with you. You know, the Center MMA, that was their presentation, is they were presenting that's, I mean, and they were very stupid prices, but. You know, it's \$27 every two weeks or something like that. But then in reality, they were flipping it back around and billing you \$57 once a month. So they presented this every other week?

But then when they actually set up the billing, they didn't bill it that way. I don't understand why you would... I mean, Jim, what would the argument against doing it every week though?

[3:15:09] Why don't you do it every week? Because most people do it significantly. Most people get paid, I mean, too, right?

Well, a lot of our people do get paid. Military is twice the amount. Yeah, see that's it. Yeah, if your guys are sitting there going, well, that's \$18 a class because you make the math easy for them, it might be a harder sell. Because, you know, I don't know if we say if our customers are really dialing it down, that it's, and we know ours is on average, you know, 18. in the class that we train our staff that they better be teaching 18 order stuff to them. In Australia, New Zealand, that's pretty common. In Australia, New Zealand, it's pretty common that you're getting, you know, it's every fortnight or whatever. Here, it's pretty common that it's first and 15th you're getting paid. You know, if you're getting paid twice a week or you're getting paid weekly, you know, the lower down the economics the more it tends towards you getting paid weekly or every other week rather than monthly, right?

So when you're dealing with people who are lower income, having a weekly billing or an every other week billing makes sense to them. Again, I'm not sure I have an opinion one way or the other. So you divvy it up two times a month, it's not a big of a shock to them, because that big chunk of mortgage comes out at one check, and they're looking at it like I have less to work with until my next check. Except when the billing comes out. The other thing I don't necessarily like is every month the billing is going to be on a different day, right?

We upset every other Monday. We tell them we give them a schedule. It's not being problemless. I love it. Personally, I love it. I'm inspired. You'll get an extra month. You'll get an extra month in your billing cycle for doing it. And the people, they, it's not that they don't realize it, but they just taken their mind 75 times to 150 a month. Well, it's not 150 a month, it's 162 a month or whatever. It's the same thing when you see the pitches of, you know, pay off your mortgage in half the time or whatever. That's what, that's all they're doing. Is they're changing it from a monthly billing to an every two week billing and now it's in a mortgage case in a declining balance case it has a More dramatic impact because you're paying more on principal and therefore it's rapidly accelerating as Because you're gonna have the same amount of interest, but you're

paying more on principal.

So therefore it rapidly accelerates it I don't know, it's worth, I think it's worth thinking about. I don't like, I've got a full schedule and I give it to them and it's not that complicated. If I ask somebody who pays the first and you know, gets paid the first and 15, you know, I hear, I've heard the objection a lot. Can I have it on the middle of the month, not the first of the month, because I paid my mortgage and everything then. You know, I've heard that one a lot. I do agree as you go down the economic scale they're more likely to get paid weekly than like once a month. And as you go down the economic scale they're much less likely to be capable of putting the money side week one, week two, week three in order to pay at week four, right?

So from a standpoint of declines and stuff, the lower the payment is the better you're going to be. I mean... I used to with coaching at a grand a month. I did it twice a month. I did two billions a month. And I first started doing it because a lot of people were paying with debit cards that didn't have that big a daily one-time limit. And it helped with declines. Rather than trying to hit them for a grand, it was hitting them for \$500, or it was hitting them for \$250 a week. I ran this one by Bill Blaser and Dan Kennedy a few years ago and their thinking was the exact opposite. They wanted to not have any of their clients have more than one charge a month and in fact for a lot of things they were billing at six times a year.

So they were billing every other month and we're pretty adamant because I was talking about why I have a lot on my set up to bill weekly. And they were pretty adamant about the more times you show up on the credit card bill, right?

And a lot of it, a lot of it in their case was the more times the wife sees the credit card bill of what the husband's spending. In this case, it's the opposite, right?

The more times the husband sees the credit card bill for what the wife committed to. So I don't know. I mean, again, I had that argument with them. I never really came to a conclusion. They have a different clientele than what I would have. They are much higher end. No, no, no, no, they're not. No, no, no, they're not. For their mentoring group you're talking about?

[3:20:21] No, they were talking about for their general membership base. No, I was amazed one time when I went to one of the wealth seminars and he actually had that on the questionnaire and asked everybody and the median income in the room was maybe... 55, 60. I was shocked, you know, because I was back in the back of the Platinum Group. Some of those guys were doing that a week, you know, but, you know, their general membership isn't, you know, it's an awful lot of wannabes and an awful lot of, you know, I want to sell my book or something like that. And, you know, we have a fair number of NAPLA members who are members of theirs. who, you know, I've been members of theirs for four years trying to come up with something that they're gonna do and aren't making any money doing it, but they're very rabid enthusiastic, you know, wannabes.

So anyway, that's the structure. And Jan, your question was how do you create the next new thing, right?

And how long does it take to get a black belt?

Four and a half years four and a half years. So why are you doing a 36 month?

That's as long as I can go in Florida from what I understand Have you read the law?

No, I've just been told that by the billing company By which one I think number solutions Is that the longest the billing company will accept or just would they advise you I think they advised me. I think I'm pretty sure they said all this was in Dallas three years in Florida. I think that's what Bill Clark does too. Because he's right down the road. Well, let's forget that's what who does or whatever. I grimace because I've had a couple of knockdown drag out fights with ASF over this topic. What ASF will do, and I'm not saying member solutions is doing the same thing, ASF is predominantly in the fitness industry. So they'll read all of the fitness law in the country and automatically say that it applies to a martial arts school. And my argument in Colorado is that it doesn't apply to a martial arts school.

And there are similar laws in Colorado that for 30 years now

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I have firmly stood my ground and said it doesn't apply to us. And it hasn't made any damn difference because I've never had anybody push the issue, sue us. I've had a couple times over 30 years a letter or something from the Attorney General's office. I've personally talked to the Attorney General when that happened, told them what we do. They said that's just fine. So... the billing companies are going to be, especially since the credit crisis and so forth, are going to be hyper sensitive to whatever legal environment is out there. And in pretty much everybody's case in the room, I'm not telling you to ignore a law. But if you haven't read the law, you don't know what it says. And when I'm on the phone with anybody who says, I can't do that in my state, there's this new thing called Google.

And I can, within 30 seconds, find their law, find a paragraph, and read it. And I've got to tell you, some of them are written really bad. But I typically come to the conclusion myself that if it doesn't say martial arts instruction, then it doesn't mean us. If it says fitness centers, who in here is a fitness center?

I don't think we're fitness centers, right? We're a school for martial arts instruction. So most of the regulation, and without being too much of an academic nerd, all this regulation came out of hearings that happened at Federal Trade Commission in, I can tell you when it was, 1981, 1980, 1982, because it was when I was at Georgetown University. And we did a special policy class at Federal Trade Commission, and I discovered they were having hearings on health clubs. And in the hearings on Health Club, they subpoenaed all the internal documents of all the major Health Club chains and a few martial arts schools as well. And I then found out that I had access to all the internal documents that are in a major fitness chain in the country for the price of a nickel a copy on the copy machine.

So I could go down to the Federal Trade Commission, which I did for about three months, and ask for the different documents. they had requisitioned and anything that was cool and interesting like the sales managers made the training manual, the regional training manual, the internal documents on how they were doing, I made copies of. And when I moved to Denver, I had a five-door file cabinet that was full of stuff from the Federal Trade Commission hearings that I had taken with me because it was so valuable. What the Federal Trade Commission hearings mostly were about and the conclusions were is the big problem was there were people who intentionally or not went and did big presales on health clubs and then never opened the doors. And there was a bunch of that going on. There was a very high profile case in Denver actually.

And so now they put the trailer out front. They've rented the space and they're showing everybody the blueprints and everything and did \$5 million, \$10 million, a huge amount of money. And the strategy was, I'm going to open a health club, so I'm going to go do \$5 million, and I'm going to use the \$5 million to build out the health club. And if they

never hit their number they needed to build out, it all went bust. And a couple of them did the \$5 or \$10 million. loaded up and hundred dollar bills in the trunk of the Ferrari and drove to the next state. Right?

So that's what the biggest part of the thing is. The second part was about giving... How would I say this one?

The second part of it was about signing people up to unnecessarily long contracts. and then doing bait and switch on. And so there was a couple of things. But if you look at, which I've looked at most of the states, including Florida, but I don't remember what it says, if you look at most of the state statutes, they were pulled out of the Federal Trade Commission, conclusions. Some of them included martial arts schools. Some of them did not include martial arts schools. Some of them included dance and gymnastics and a whole bunch of other things. When I looked at Chester's legalities, in their case it says specifically martial arts and it says 36 months. But you can get around the 36 months by you do a 36 month agreement and then automatically renews for 36 months or you do an agreement to secondary black belt but they pay true black belt and then they get the next three years free, all of that kind of stuff.

Now, none of this conversation is I don't mean to imply the best approach is sign them contractually to seven years. Well, that's what we've done for years, which is we've signed them directly to secondary or black belt. But before you jump to a conclusion that the billing company said, or that there's a legality, it's better to look at it and make a decision. And like in Colorado, I've run it by two or three lawyers and sat down with my own lawyer. And the best legal advice they can give me is they don't know. Because it doesn't say. And ASF claims and I had kind of, I pissed them off, I had kind of a yelling match with their guy at one time and I said, look, it doesn't say martial arts schools and there's been no legal adjudication one way or the other.

[05:37] Nobody has forced the issue. And I've done 30,000 plus students over 25 years and 30 years now and it never came up. It was never an issue, so why are you making it an issue?

Right? But to the point, I almost pulled everything from them at the time, because I was just annoyed with, because what was happening is a student would call on the phone, and they would tell them. They would say, well, we can't enforce your contract anyway. It's automatically void in the state law. It's like, are you kidding me?

That had even said, see the first thing I'm missing here is, shouldn't some of it be about your training at Black Belt?

And if Black Belt is four and a half years, why is the renewal 36 months?

And if the only reason is the legality, why not make it's 36 months and then an automatic renewal or 36 months and a guaranteed price. or when you pay for 36 months, it's paid in full to First Street Blackpool. Why not have that be part of the conversation?

And see, there's three different ways. If the law is, in fact, there's no way you can enforce a contract for more than 36 months, you can give them free lessons. Nobody's saying you can't give them free lessons. So you can set a price for 36 months, and then they're already paid in full for four years. That's a way to accelerate payments. And you charge more. Oh yeah, you don't charge this. You roll in all the price, figure out what that would be, and then charge more. And then you can say that's the equivalent of actually paying \$260 a month, or that's the equivalent of paying 125 every two weeks or whatever. But it's paid for in 36 months. And then you're free until you get your first degree black book. So that makes the presentation easier, does that make sense?

Because it's goal oriented. See the first thing I don't like is I don't like that it's just about you pay an extra amount of money to get more stuff. Because ultimately I want it to be you're making a commitment, we're making a commitment to get you to a certain point and then continue on by that. And then there's, and you want it to be outcome based. So instead of it, I get to learn 10 weapons, it's I'm going to accomplish this in my life as a result of martial arts, and there's an enhanced level of accomplishment, or there's a more limited level of accomplishment. Does that make sense?

Right? So the first thing I would do is, and with the Maori Christ schools, we're using the same... nomenclature, masters, and leadership. I don't like it. I like Black Book Club and leadership, but we had Black Book Club and then added Master Club and added leadership and then got rid of Black Book Club. That's what we do. And all the support materials that we have online and everything for you is in Black Book Club, leadership skills. Is everybody using all that leadership material, by the way?

Yes. It's really good. Who's using it? Is it good stuff?

Yeah, it's really well done. There's thousands of hours into that. It was a whole bunch of people sweating bullets to get that done and me yelling at them. It really enriches the program. Yeah, it doesn't handcuff you in any way. Because you can add as much support material as you want to it. We found that the integration of the weekly e-newsletter that goes out to all the students is basically, it's a print newsletter that we do. And each week it corresponds with what they have in their email inbox. So oftentimes they'll train in class, have the message of the week, only to go open their email later on that week or that weekend. It just charged with the same experience. It's very consistent. Yeah, absolutely. And the, it's a, I mean, you're all paying for all this stuff anyway.

You might as well use it. So, but does everybody see what my first point is?

[10:02] I mean, Matt, the premise of masters or Black Belt Club, whatever, certainly should be a get you to Black Belt or, you know, if you're set on Black Belt being nine years, it should be a significant achievement on the way to Black Belt, right?

So it could be a Brazilian Jiu-Jitsu purple belt and then the renewal could be a black belt. Right?

I would add on to what you said a minute ago that it should be outcome based. Sometimes the outcome is black belt, but the outcome should also be feature. Right, black belt is not an outcome. Yeah, it should be benefits. You have to emphasize benefits not features. And almost all the time, in almost every case when we look at your sales material, sometimes... We asked about K-points here. It's all features. It ends up being all feature based. Or the other flip side is only benefit based and there's no feature support. So it'd be like, you know, you're selling a car, the Ferrari isn't cool because, you know, it's got 12.3 centimeter cylinders and 14 inches of this and 15 inches of that. And it's made of aluminum alloy that's blah resistant to something. It's good. It goes really fast.

[inaudible] So therefore it's a psychological way to still feel like their testosterone is high and their machismo one thing or another. And it's why 99.9% of Porsche 911 sales are to men. And the only damn Porsche that they sell to women is the SUV. Sure, I'm dead serious about all that. What?

You want to explain this because you just bought the AMG. No, I mean, I'm serious. I mean, from a marketing standpoint, right?

Here's a movie recommendation for everybody. I mean, it's an old one. You have to go to Amazon. Go get Crazy People. Has anybody seen the movie Crazy People?

Yes. Okay. You remember what it was? Crazy People is Dudley Moore. And he's a Manhattan... What's the street that they're on?

Madison Avenue. Madison Avenue, high-powered ad executive, who one day comes home and his wife has left him and his house is empty and devoid of furniture and she even took the dog and the cat, right?

And he has a nervous breakdown. And so then he goes in and he writes all these advertisements, but he has decided after the nervous breakdown to just tell the truth. And the results are hysterical. And so, and then what happens is he brings in the ad campaigns that he thinks and everybody freaks out. And then he does the campaigns that they want to see, but then they commit him to the insane asylum and to go get therapy. And then they end up running the ads that he wanted to run, rather than the ones he did by mistake. and sales go through the roof, right?

And it's a really, really good movie. So, you know, in it there's, you know, a love story built in with Daryl Hahn and all kinds of stuff, but really it's the, if you go get the point of the advertising, the point is made pretty well. That, what the reality is, I've got a lot of that. I won't tell you the two best ads that I said, because it's a mixed company, it wouldn't work very well. Let's just say they have one for...at the time I had a Jaguar XK8 and a Porsche 911, and in the movie they have an ad for Jaguar XK8 and Porsche 911. Which corresponds to what I just said. What's that?

They did have a Volvo, that's right. All of the cars that I have, they had that. Volvo, I could say, was boxy but good. Alan wasn't very entertaining. Anyway, so is this making sense to begin with?

So when you have some regulatory issue, just run it by me. I'm not claiming to be an attorney. But you can structure it so you're completely by the letter of the law legal. and you're completely ethical with the students and at the same time you can accomplish pretty much whatever you're trying to accomplish with rare exceptions, right?

[15:01] And some of the worst ones have been California and British Columbia used to be and I'm trying to remember a few of the others but there's no limitation here of, let's make it, and Jan, the first thing I would say is, I would have this the option A, option B. And you're doing them at white belts. And so option A is master's club, option B is leadership. And we know what all of the expanded product is for leadership, right?

So even though you have all this other stuff, that's not the benefit statement. And having the extra class. is fine, it's cool, but it's not the benefit, right?

Being able to come to the extra class we do once a week on Sunday, I mean, you know, we've always done the same thing, you know, across multiple schools. We go run a high school gym and have a special leadership class every month or every other month. But really the benefit is the outcome, is what he was saying is the benefits. So you've got to build that into the system. Does that make sense?

Yeah, everything in your curriculum and everything you do should have a... you should be able to state why that's good for them. Right. You can use that Jim Broom, right?

Yep. The reason people achieve goals, the reason people get engaged in getting a goal is because of the why of the goal, not just the plan, the step by step options. So, you know, we need to make sure every single thing that you have in there is related to some reason why they should do it. And as a support tool for... language and so forth. Jim Rohn's stuff is great. I mean go get a bunch. Sadly he passed away as well but his family is continuing. JimRohn.com and so forth. Well that's how Tony Robbins got started. Tony Robbins got started by being one of the traveling salesmen for Jim Rohn seminars. So Tony would go into Dallas and he would go give presentations. for all the real estate officers in one thing or another, sell tickets to Jim Rohn.

And he then did a nutrition, the diamonds I think, he did a nutrition thing. He was doing the same thing. But yeah, Tony Robbins often gives credit to Jim Rohn. When he gives credit, he gives credit to Jim Rohn for a lot of the mentoring. That was before he did all the NLP training stuff, right?

And when he really took off, it was, it was teaching NLP concepts on a broader scale. And he's the only one that's ever been able to take neurolinguistic programming and get it out to the masses. So anyway, but is this making sense so far?

And so if you have this structure already, Jan's question is, what's next, right?

What would you layer in on top of that?

And you're tentatively calling it leadership elite. Right? Who has an idea?

Yeah, yeah. Well, if I was going to do leadership, a lead is the \$1,000 a month program. That's what I would do. And clear, I'll say it two ways. My preferred approach would be option A, this is what we do with the franchise, is option A and option B, and if you're preferred, this takes you to black boat, this takes you to secondary black boats. Okay, now we have to figure out how to structure that, right?

And again, I don't mind at all that it's ultimately a six year commitment, but at three years when you get your black boat, you can cancel at that point if you want or something like that. You know, I'm not concerned with legally obligating them to a payment. I'm more concerned with having a conversation where psychologically they're committed to an outcome. Does that make sense?

So a lot of people hear that and they say, well, you're just trying to get them inside a contract and force them. Well, you're never going to force them anyway. And when they quit, they quit. And that's not the deal. I would add on to that that then I only have to have the conversation once. Exactly. I don't have to, you know, I've talked to a lot of people and they say, oh, well, we'll do a 12 month contract because it's easier. No, it's harder because I have to talk to them every year about the stupid thing. I have to keep track of that. You know, it becomes a yes or no thing every year. Well, and every time you have asked them to make a decision, some portion of them are going to say no.

Right. I mean, if you're, if the decision is. they've got to decide to cancel it within a certain parameters. You're going to get less of them that cancel than if you say yes or no, would you like to do another year?

Right? So and it gets you out of having the conversation. It's less sales need to ask for money less. It's more sales need to ask for money more. And that's in every component. The less often you can have them pay for something, the better off it is. It's again, I mean, it's a silly point, but it's why I don't like pro shops, right?

[20:16] I mean, even stupid things like mouthpieces. We used to have, you know, seem like every third class the kids would come without mouthpieces and, you know, while the guy said, well, we can make more money on mouthpieces. I said, no, let's get the football ones that attach to their helmet. And then when even that didn't work, I started buying a thousand at a time and it was costing me 42 cents. And the deal was, you know, they buy the package and then from now on we give them the mouthpiece. Because I don't want the two bucks. I don't want mom at the table trying to give me money. I just want the renewal. And the other thing on the retail thing is my visual, this is a true story, is I'm up at the front counter with Mrs.

Jones, who's a little anal retentive, who wants to try three different pair of foot pads on and make sure it's exactly right and I'm trying to explain to her it should be too big. while my \$15,000 renewal walked out the door. Right?

And if you don't get them today, there's always a hailstorm that then they have to fix the kitchen. So as long as they're gonna fix the kitchen, they're gonna do granted in zero Halliburton, not zero Halliburton, sub-zero in the kitchen and the renewal money just

got spent on the kitchen. Because my renewal money has been spent on a Harley, it's been spent on a Trans Am Ram Air, it's been spent on a... spent on granite countertops in the kitchen and it's been spent to Disney because they didn't pay me that day and they went to the next week. Right?

So, you've always got to be aware of that. Jerome, I'm having trouble figuring out, and I'm sure you've explained it to me before, but I think Jan has her set up and I still don't understand your length of time and your upgrade from there because I just have black belt leadership without the fallback. Right. And is it more time to get the more money with the fallback of a price by paying out early to get to that length of time?

Going back to the line, I'm a pretty diverse Black Belt leadership master as well. OK. I like it to be at White Belt in that first eight lessons or first 16 lessons. I'm renewing your commitment and sending your commitment to get to Black Belt. Right. Then there's two options. There's leadership or black belt club or in this case master's club, right?

And the only logic I have for it that is important not to lose is if you push the price point to leadership high enough, I want to have a fallback position where I don't price them too far out of the market for everybody, right?

And again, I'll use Sterling's snags. The sterling stats has been very consistently 87% more or less of everybody who enrolls renews. 90% of them go to the more expensive higher level program. OK?

So 87% of every new enrollment is 90% 10% about whether they renew or not. So my question with that is, and I get that, is that higher program is that just a wide boat?

Is it a good time to take another restroom break?

Well, why don't we do five minutes? Five minutes. And our mission here is we're going to, as soon as we come back, is where A to Z renewal blitz, and we're wrapping about three. Okay?

So we're not going to do a launch break?

No, we're just going to power through to three. Yeah. Which, amazingly, we've stayed on schedule and it's actually matched the one I put out a month ago and two weeks ago. How else does that happen, girl?

Is this helpful? Okay. That's not usually a bad thing. It's only a bad thing is to... I know you're saying that I still want to get involved. He's not letting you take pictures. Why are you Okay. Okay, so maybe that's what we should look at too. I think so. So clearly, you know, the biggest thing here is you need more of these. You need this opportunity. How many did you get too?

[27:14] I don't know if this is good or bad because if you only get this many, this many, they're not good. Yeah, I'd also want to see like, you know, like, what you mean by what you mean by some cash. Yeah, that's what you're saying. So that thing I need to piece about. So if you have, if you want to have a feed, then you can think you're doing well

over here. You can really, if you start making this the right size, these are actually just over 80% you can mess things up in here. But we all want to focus on that. And you saw a major problem when you were at the pre-bab. This is problem one, this is problem two. It's fixing those curves. And then let's, you know, let's. Right. I'm going to walk over there.

And the ideal thing to see is do the same stat sheet, and then add it up. Yeah, which is what I started doing on the back. I think you'll be able to hear all this. Yeah, and then the perceptual, yeah, it's up to date, and then overall, all these are fine, but, that's good. Yeah, this is, I think, something. I guess we have money in the airport. Not exactly. I don't have to be W-I, we gotta worry about it. Not getting a good signal for the unit That's probably me. If you're walking into a weapon, right?

Probably. How old are you? I'm also going to fall on my canvas. Museum gift shop. His shirt is nice too. Now did you put it in the wifi?

[30:20] I didn't guess it. Didn't have the proper... No, I picked the air filter. There's the air filter. Yeah, let it. But it will get to a point where it says connected or something like that. But then you'll ask for an open internet window, and it will get to be Wi-Fi. OK. Thank you. I have to call

No, you know what? I think so. I'm ready to decide who I want. I've got an education here. Okay, so let's get going again here. Yeah, but Eric, just ping me. I get back Monday night. So just ping me Monday night. And that's still running. Is the video camera good?

[35:28] We're going to end up with a lot of dead air on both of these. What was it on Friday?

I can't remember to turn it off right at the end of the break and then forgetting to turn it back on again. Oh, on those. Yeah. And this is really the important one because this is going to get us good audio. That one hopefully comes out. Has anybody watched the videos of the boot camp?

Online. Was it easy enough to understand? Okay. So the audio on that one came out pretty well. This one I'm skeptical about because it's sitting right there next to all that noise. So we shall see. I think that the audio on the video will come out great from yesterday with Commissioner Kerik. I'm skeptical about today, but we'll see. This one's always going to come out well. I mean, you could... you could record the Rolling Stones and have something that was almost publishable on iTunes with this thing. It's amazing. And by the way, if you're doing much audio-visual for your schools, all this stuff... Have a good one, you guys. All this stuff anymore, you can pick this stuff up so cheap, it's ridiculous. You know, that video camera, I picked up at Best Buy on closeout for like \$250.

And we have over \$100,000 worth of audio video gear that's sitting in the warehouse and sitting in my office at the house. And that's just good enough for any of this kind of stuff that we're doing. And this is probably \$400. But that's as good an audio recording

as you're ever going to need for anything that we're ever going to do. So I got to tell you, the old day, some of our old day commercials, they were shot on \$80,000 beta cams and ended it on you know, got \$1,500 an hour editing suites, you know, on Ovid editing equipment, and now with a MacBook Pro and Final Cut Pro, you can do a better job, any of that stuff. So it is one of the places where technology has helped us a lot. Any questions or thoughts on this before we move on?

Or yeah, but we're not gonna move on, we're gonna stay on this topic, but. about her structure or what that looks like. You know, again, Jan loves the every other month billing, I mean the every other week billing. Again, that came out of Australia, New Zealand, and they're used to, it's \$100 every fortnight, the fortnight's two weeks. So they're used to that. I don't think Americans are used to it, however, you know, she hasn't had any problem with it. I do think it's nice to have a lower number to resent. And so, you know, if I was charging \$500 a month, would it help to say it's \$124 a week?

Maybe. You know, it takes the steam out of it. The Glazer Kennedy argument was I don't want to be showing up on their credit card statement that often. And I see that logic. Although in practical terms, a lot of the times that we squirrel around with the agreement, it's because they want to set up something like that. I get paid the first in 15, can you split up the payment?

I get paid weekly, can you split up the payment?

It's a divorce situation, one on one ton on this, they want. once on this day. So there may be some logic in doing that again. I'm not against it. I'm just kind of agnostic on it. No, it's every two weeks. Every two weeks, a big day. Why wouldn't you do it, though, when you can get a whole... If your billing check is, say, \$40,000 a month, \$30,000 a month, you're going to get a whole extra billing check a year with no extra work at all. So why wouldn't you even consider it?

I think all of this is logical. Everything in either direction is to be made in case either way. Well, we really don't know. Maybe I need too much academic about this. But to me, I think we really just don't know. Kennedy's argument would be you would have a higher cancel rate because they see you're, well, yeah, but you're not comparing it side by side with the same time, comparing with the same people. So to do the real test. If you ran half of your students one way and half of your students the other way, everything else is exactly the same, then you can tell like side by side. Well, and for the PhD nerd back there, that would be too small of a sample to really... Really not a real long term. I'll leave it out later.

[40:14] But you have your retention and you feel like it's better or worse or about the same. I feel like it's better now. In 2013 it was 3%, but back in previous years it was higher. It was up as high as 5% for a while. There's other stuff going on. I mean, I understand. I don't think it hurts to try it. I don't think we've conclusively made a case either way. OK, so here's the ultimate bottom line, I guess. Presenting a renewal for 350 a month. is the same as presenting it as 161 every two weeks in terms of what you end up with, right?

And the student is going to look at that and say 320 a month. And in reality, if they do that math in their head, and in reality it's 350 a month. So it's, although she has trouble charging good prices, she doesn't have any problem with inflating the tuition by, what is that?

Eight percent. Eight percent? Inflating it by eight percent for presentation purposes. And so, but that's ultimately the difference. It's adding under ten percent, so about eight percent a month to the billing, right?

And so ultimately, at the end of the year, if you're grossing 300, it adds, assuming the sale is just as easy, what do we come up with?

8%, 300,000, so 48,000, 48. You get extra month payment. That's what you get. Extra month payment. No, you're right, 24. 24, I'm sorry. Yeah. For some reason, I was trying to double it. So yeah, 24,000. But the big issue is, is it easier to present this than to present this?

And then are there anybody that after you presented this are annoyed that on March I got billed three times?

Yes, we've had people annoyed, even though we've told. But it's far and few in between because we're very clear. You have to be very clear, or they'll be really upset. Yeah, when they get hit three times a month. Every two weeks. So we have to tell them there are some months that you will get three payments in that month, so be prepared for that. You know, if I wasn't paying real close attention, you said that I'd hear 1st and 15th. So yeah. I guess the problem is, if it was one or two, then you had to hit three times. That would be the worst case. If it was later on and they really liked you and it was a big deal, and you said, hey, I explained that to you six months ago, then oh. You did.

Okay. I get it. And then they probably be okay. But I wouldn't want it to be this month. It's not a problem. It happens a lot. And you're like, okay, say if it's I'm enrolling you this month, and it's a three bill month. I tell you, for example, you will be building. But the good news is we've got her charging decent numbers now, finally, anyway. So so then she's Yeah, well, yeah, because these prices aren't her prices. These prices are the new spreadsheet. that's in her computer. So these really aren't her prices because she hasn't actually asked anybody for them yet, but they're in the computer. So that's a good start. Okay. Now, so the other side of this thing, if I can get this one to work is, is just the whole concept of massive renewal blitz.

Okay. And the, what did we conclude that Saturday?

Is it the 20th before Christmas? Is that right?

So December 20th. And so let's say that I'm going to launch this, given the timeline right now, on November 1st, which is, by the way, the way I've done it for like 30 years. and very successfully. So December 1st, I'm going to launch. November, for example. And so week one ends on the 8th of November. Week two ends on the 15th of

November. Week three ends on the 22nd of November. Thanksgiving is what, Dave?

Is that the 27th? 27. Okay, and then week next ends on the 29th and then I'm into December and so December I have the 6th, 13th, and the 20th and then I'm done. Right?

[45:11] So now I'm going into Christmas. From a from a multi-school perspective. I was always selling this to the staff from two standpoints Would you rather go into the holidays with a week and a half or two weeks off and a lot of money in your pocket?

Or would you rather work the holidays and be relatively broke show of hands?

Money in your pocket have the 10 days off. Okay, relatively broke and be in the school on December 24th until 5 and then right I mean that that was that was the option and so from a staff standpoint I was always doing two levels of bonuses bonus number one was time off and bonus number two was cash and or prizes right prizes included laptop Rolex watch a bunch of things and One of the internal pieces of culture was hitting numbers where they could get a Rolex, right?

And if somebody had already gotten, say, a solid gold Rolex Explorer, then the gold would be they can trade it in for a two-tone Submariner or whatever, right?

So now, how big of numbers did they have to hit to win a Rolex?

It's big numbers, right? And I freely admit I stole that from Domino's Pizza. That's the Domino's Pizza thing. I ran into a guy at an airport one time and he had a stainless steel watch. There was a Rolex with a Domino's Pizza logo on the face. I was like a Rolex with a Domino's Pizza logo?

What the hell is that all about? Right? But what it was is a branch manager when they hit a new all-time record for the location, that was the price. Right?

And by the way, the advantage of something like that that they wear around proudly is that it's still floating on their wrist in February, March, April, May, and it's still visible. And one of the things I used to do is we had certificates. I mean, big certificates like a black belt diploma. All time record breaking performance. And then we would have, when we started this, what the all time [inaudible] I could go on and on about the staff piece of it, and if it's useful, we'll hit all that. But see, now what do I have?

I have essentially one, two, three, four, five, six, seven weeks. This week is Thursday is Thanksgiving. So if I'm doing it right, really what I have is I have Monday, through Wednesday. Part of what I would always do with the staff is if by this point you're at a certain number you have Thursday through Sunday off and we're back on it on Monday and if you don't we're working on Friday Saturday because we need to do more renewal. Greg Sovey years ago when he was writing school in Coral Springs. You know there's a variety of things but Greg's biggest renewal day of the year was always Thanksgiving Day because he'd go in and work all day on Thanksgiving and do renewals. I always gave him a hard time about that because I said you can't get him damn done any other day.

Why are you working Thanksgiving? Right? But again, so now what we have is, let's take a look at the calendar again if you have a calendar look at it. What we have is this. is, if I start on the 20th, and I'm going to go Saturday through Monday, we have 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14. Is that right now?

1, 2, 3, 4, 5, 6, well, 12, 18, 19, 20, 21, 27, 30, is that right?

35, 33, and then 39. So we have 39 business days. Okay, and up to Thanksgiving, we have six, 12, 13, 14, 15, actually 16 business days, this is 40. And we have 16 business days here. And then we have whatever the balance would be, 24 business days between Thanksgiving and Christmas. Does everybody understand so far why I'm doing that?

[50:37] [inaudible] That makes sense. Okay, so so I'll go back over here So now somebody give me a number of How many current students you have that are not on leadership?

Greg what was your number? Why 200 because you don't have leadership Exactly, okay, so let's take his number he's got 200 students he's had black belt club and basic but hasn't had leadership, right?

And we can go through and figure out what the price point should be. What are they paying for Black Belt Club right now?

\$2.59. And he has approximately 150 people that are Black Belt Club and approximately 50 people who are on base, right?

Correct. OK. And so they're currently paying \$2.59. \$2.59 is in enrollment for how long? 48 from when they started. Okay. So are you comfortable with leadership taking him to second degree black belt?

Yes. Okay. So we're going to have leadership in his case take them to second degree black belt. Okay. Now let's, we have to make some assumptions here. So Let's say that my leadership program is eventually going to be 497 month. Okay?

Assuming that I'm Orange Belt or above. Okay? And what we want to do right now is we want to give them a huge discount. So the huge discount is going to be only \$3.47 a month. So therefore, it's \$150 a month savings, which for 30 plus 30 months, let's say on average, so 60 months times \$150, that's \$9,000. And to make it simple, I'm not counting what the cut down payment's going to be, all that stuff, but just to make it simple, okay?

So, it's a \$9,000 savings if any of these students renew before December 20th, and after December 20th it's going to be dramatically more, right?

Does that make sense? So... So now what we're going to do is the down payment is going to be, what are you comfortable with Greg?

580. 580, okay. So the down payment is going to be 580 and the monthly is going to be 347, right?

Now, normally we would be doing leadership, they get the blue top, whatever they're wearing now. If you renew the leadership before Thanksgiving, That's a \$100 value, we're gonna throw that in, so it's a nice heavy top, then it's embroidered and so forth. So, if you renew before Thanksgiving, you get the free top. So part of what we'll be pitching is we have 25 free tops, and now 24, and now it's 21, and now it's 19, and now it's 18. Why are we doing that whole countdown, everything?

Scarcity. Scarcity and bandwagon at the same time, right?

So, your scarcity, oh, I gotta hurry and get it before it goes away. and bandwagon because all of a sudden a whole bunch of people are doing it. Right?

And see the worst thing you can do with launching a new program is not get a whole bunch of people in the new program. Right?

Greg, you don't really have any black thoughts other than if you staff right now. Right?

[55:00] What's the highest rank you have? Second. Second degree. No, I mean students. Oh, Brown. Brown?

How many brown belts? We have three. Three brown belts?

How about a step below that? Red. How many do you have?

Approximately. Two. Two? Okay. So now you've got red, brown, and black. The first thing I would do is I would grandfather them all into the leadership program at some trivial price. Right. Yeah, no problem, no problem. But with these guys, now you are going to be renewing them to second degree black belt, right?

So what you could do with them is basically renew them to second degree black belt at the same price they're paying for first degree. but automatically move them into the leadership program. The reason I want to do that is I want to get visibility. There's a whole bunch of people doing it. And I want to get them all excited about the new thing and all the cool stuff they're going to get. It's not going to cost them any more of that stuff. And if they're currently paying \$2.59 a month, they just keep paying \$2.59 a month for a longer period of time. Right?

Does that make sense? Well, right. Right. Well, as long as they do it right to hell now. I mean, I've done this where I bring them all in, you know, tell them about the deal and say, by Monday, here's the deal. Because really, I'm going to give you the thing that everybody else is paying for free. But we got to get you in the new deal. And I, you know, and like, if there's a new top, put them in the new top. If there's a patch, give them their certificate, all the stuff. Make a big deal about it to everybody else, right?

And you may even decide to chunk it down to a notch or two below. Right in the scheme of the numbers is not going to make much difference Right and the harder ones to get to pay the real price are these high-level people in England no matter how nice they are and how loyal that they're the harder ones to do it, right?

I doubt it. I think it's probably the opposite It's harder to get the red and brown belts, the ones that are further in the program to do it. The ones that just renewed are just, you know, are already excited, and unless you maxed out what they could do then it's really not that big a deal, right?

And in fact, if you had asked them for another \$100 a month, when you did them, most of them would have done it anyway, okay?

Anchor that in, by the way. So does everybody see what we're doing?

So to decide the right break point, but take some layer of this, and of course your staff, you're gonna put them in whatever and they're doing it anyway. But take whatever the right break point is without breaking the bank and just grandfather them in so you have some amount, right?

And again, grandfather them in this case, you're adding to time so you don't have to do it for free. But do it at like what they're already used to paying for Black Belt Club, but they get leadership, right?

And you really don't have to swear I'm a secrecy, but you don't want them going around and saying, hey, if you renew the leader, right?

I mean, don't let them do that. Is this making sense so far to everybody?

OK. Now, let's go back to the numbers. So let's say that we just lopped off 15 of these. Is that probably about right?

Maybe a little high? OK. So now I have 135. The 135 are going to either pay 580 down plus a bump in their payment of \$100, more or less. Right?

So I guess it's actually 90. So we're going to bump the payment by 90. And I would just assume, make this, by the way, if you're doing 249 now, make this 359. Right?

So... you know, just an even hundred dollars. Not just to make it easier for me to calculate, but it's easy to present, okay?

So, I've got a hundred dollar bump in the payment. Everybody understands why I'm putting that number down, not that number down, right?

Do you understand what I'm saying? All I care about is what this is gonna do to affect the revenue, not what their actual payment's gonna be. Because if they're paying \$2.59 now, and now the payment's \$3.59, I'm not gaining \$3.59. And in fact, they're paying \$2.59 now, and I cash them out, I'm losing \$2.59. So what we want to do is have the net of that. So I've got \$5.80 down, \$100 a month. Or I've got a paid in full. guesstimate the average paying for is four years. That'll be conservative, right?

[1:00:05] So if it's four years at 359 a month, so 359 times, oops, 359 times, clear, 48 months plus 580, that means I've got a total of 17 aids. Okay, that's 359, 48 months plus the damn payment. At any point, if anybody's not following what I'm doing, just stop me. Do you give a discount if they pay in full?

Yep. So we're going to say paid in full is 1248. 480. What's that, 30?

30% off the top. That's a big cash discount, right?

But it allows me to honestly in ethically say the discount is the equivalent of an 8% APR plus an additional 10%. And therefore I get some of them pieces together on the credit card or something like that rather than just paying a monthly. And everybody knowing what you know about attrition rate, are you better?

Here's how I set the cash price. I always make an informed decision on if they do this or they do this, I have essentially the same outcome. Does everybody know what I'm saying?

So I'm not going to mortgage the future to get this. However, I know there's an attrition rate. And if there's only a 3% attrition rate, that means by the end of the first year, it's almost 40% are gone. And not a lot of people are going to pay that amount of money for another two or three years. for years if they're not using lessons, right?

So when you look at it, I'm gonna be either equal with either one of those or I'm gonna be a little bit better with that. Does that make sense?

But I would never do it where by looking at it realistically, I'm really mortgaging the future, getting the cash deal unless I had some kind of desperate situation where all kinds of bad things were gonna happen. if I didn't do it, right?

And if that's the case, by the way, this is the easiest way to pull in a bunch of cash. Much easier to go borrowing, and much easier to go get some investors. Hey, there's that \$40 or \$50 million yacht that we saw yesterday again. I wonder what that thing's worth. That's a hell of a nice yacht. I was down in Fort Lauderdale one time when Malcolm Forbes' yacht was there. Another time when, before he died obviously, and another time when Trump's yacht was there, but they couldn't get Trump's yacht into the birthing in the air coastal. So he was in Fort Lauderdale and he had to park the yacht in Palm Beach or something. But anyway, is this making sense to everyone so far?

Okay, anybody having trouble translating to how it applies to you?

Okay, well, obviously you don't. You back to going, no, I see how it translates to me. Well, these are your damn numbers. But okay, so let's run numbers now. Worst case scenario should be you get 50%. Best case scenario probably is around 75%, even though I keep using 87% or 90%, but Sterling's an outlier. I rarely see that replicated. It's possible you could hit that, but let's say that the high-end number is 75%. The low goal is 50%. So now what I have... is I have between 25 and 40, right?

Between 25 and 40, my math skills used to be a whole lot better. 75% would be 75, 37 and a half. You know, you used to have to do the SAT without a calculator. and nowadays, you know, adding your head is interesting. That's not an option. Okay, so that's the ones that are not in bicofib now. And then of 135, we're gonna get 50 plus 17, so 67 up to, what is that?

135 times.75. up to 104. Okay, does everybody understand that?

We're getting 67 to 104 of 135 and we're getting 25 to 37 of the 50. So far so good. Why did I differentiate the two?

[1:05:12] One of them are not on Black Belt Club so what they're actually going to end up paying is higher. Right those people are paying how much per month?

180? So they're currently paying 189 and by the way if we go to the same price, it's fine Right. I don't have to have a differential pricing for them. The only place I have to have a differential pricing is these people at the top, right?

So they're gonna pay the same. So now I'm going from 189 to 359 or I'm going to master club or to black book club as a fallback. Does that make sense?

Okay. So now what happens? I'm going to make two arbitrary assumptions. Greg, what percentage of them paying in full are you going for?

Okay, I would say it's a little low, but let's take 10%. Okay, so we're gonna do 10% pay in full. Okay, and by the way, what percentage of them can pay in full without killing his billing?

If I'm going from 189 to 359. Yeah, it's pretty clear, two-thirds, one-thirds. So I could do one-third paid in full and not negatively impact the billing. If I'm going from \$2.59 to \$3.59, it's obviously a lower percent than that, right?

So without pulling out the calculator, let's say 20%, so one out of five, right?

So if you keep that ratio in mind, the goal is not to kill the billing, the goal is to build the billing. you can hit those ratios and then no flip on the billing, but just have a stack of a bunch of cash. Okay?

So everybody follow? Okay? So now, what I'm going to have is on the low end, good thing they don't charge us by the page. Okay, so on the low end, I'm going to have 25 plus 67 and on the high end I'm going to have 37 plus 104. Right?

Okay so down payment for Master Club, for Blackpool Club, what are you charging now?

420. Okay so I've got 420 if they do Master Club and I've got 580 if they do leadership. Which I would argue is not enough differential. So if you're already doing 420 on this, I'd rather this be 690 or 750 or something like that. Okay?

We're actually doing \$1,000 down on leadership. Okay? But that being as it may. Okay?

And then a paid in full on leadership we've decided is 12, 480. And the monthly bump is 100. So what ratio do you think you'll do?

Well, of these guys, it's going to be all of them, but of these guys, how many of them do you think will have to fall back to Master Club?

Yeah, you got me on that. We do the same thing, but what?

I'm guessing 50%. Okay. I would guess 25%, but let's go with 50%, okay?

So we've got of these, 50% are going to do black boat love. 50% are going to do leadership. So now what I'm going to do is I'm going to run the calculations. I'm not going to walk you through it because we don't want to be here until the end. So 25 times, let's see, half of them are this. 259. minus 189, so we've got 79. And what's your pay to vote for Black Book Club?

We only get 15% discount, so... So... \$8,000 or something?

Okay, \$8,000. Which might be a way to boost that 10% if you wanted to. Okay?

So... And again, make sure the ratio is stuff they don't feel bad about on the Bay Area fold. But OK, so we're going to have now 12 in Black Belt Club, 12 in leadership. And we're going to have, what do we include, 10%?

[1:10:17] 10% pay to fold, and 10% monthly, or 10% monthly. Okay, so now we've got 1.2 at 12,800, 400. And we've got, well, let's, 11 at 580. and 11,500, right?

So six, we'll say 6,500 is easy. And so now I've got 18, what do I have?

13, 90, about 20,000. So I've got 20,000 cash from leadership, 80,000. and I've got \$1,100 bump in monthly payments. So far so good. And then I've got 10% at \$8,000. So I've got \$8,000 in payment full, and I've got \$90 at \$490. So that's \$11. So I've got \$4,400 in cash, and I've got 11 times a bump of \$80. So I've got \$800 a bump in new monthly payments. Everybody so far so good. So on his current 50, we have a \$28,000 cash result, and we have a \$1,900 bump in new monthly payments. Everybody so far so good?

Now, if you bump the cash number to 20%, that becomes 56,000. If you bumped it to 30%, that becomes 56 plus 28, so 90,000, right?

And I would have targeted 25 to 30%, okay?

But everybody's so far, so good with this, okay?

Now on the leadership side, it's a better number to the big ratio. So we have 100 people. 104 people, they're all going to go to leadership. Right?

And the leadership is going to give us 580 down, \$100 bomb. Oh, I screwed this up. This is a 179, 180 bomb. So that's more like \$2,000 new monthly payment. Right?

Because I used just the addition. So now you've got 2800 of the bumping billion. Would that be enough to be significant for the first year?

Yeah, I mean that wouldn't hurt your feelings by itself. So now we're over here, we're 12.5, add 104, and can you give me the license to use at least 20%?

Okay, so let's do 20% cash. So we've got 20 people at 12,500. So what's that number?

With 125,000 times 2. So now we're at a quarter million. And we're at 80 times 580, which is 11,000 cash, let's say. Okay, and we're at 80 times 100 so we're at \$8,000 in

new monthly payment Would that be significant great Yeah, and see that's all from just not having had a leadership program, right?

So so now in cash terms we have 250 plus 28 plus 11. So that's \$280, \$290,000, that's \$300,000. Right?

And we have in new monthly payment terms, we have basically 10-8 in new monthly payments. Okay?

Now, how many total renewals was that based on?

That was based on... Well, okay, here's what I did by the way. Is I used this number and I used this number, and I'm not gonna go through and redo the other seven. You get the idea, right?

[1:15:12] So I did the high number here, I did the low number here, and if you go lower on this number, or higher on this number, it evens itself out. Is everybody so far so good?

So let's say that our low goal is we want to do 60, 70, 80, 90 to renewals. And our high goal is we want to do 141. How many business days did I say we had?

39. 40, actually. because I had left off the first. So with 40 business days, 144 divided by 40 is 3.6 a day. And with 92 divided by 40, that should be easier, it's 2.3 a day. So my low goal is 2.3 renewals a day, my high goal is 3.6. Right?

And then I figure out what the cash numbers are, but let's say that my high goal is 300,000 divided by 40. So my daily cash goal is 7,500. Is there anybody in here that doing 7,500 dollars a day cash over 40 days would... would be such trivial rounding area you don't give a shit?

Okay, just checking. So, now, here's a couple of assumptions I made that I'll tell you won't quite hold up. I assume that 80 of them pay 580 down. In reality, you're gonna have some of them say, well, God, I can do the monthly, but I just can't give you 580 down. Can I give you half of that now, or can I give you what our next monthly... payment would have been, and then can I pay, you know, could I pay \$100 next month and \$100 a month before, and that's all fine, right?

I mean, let them pay today what they can pay and then split it up and as long as it doesn't get ridiculous, however they can pay it, right?

So that's just fine. Some of them are gonna say, well, that's for four or five years, can I just instead of doing that, can you give me the cash price for paying, \$4,000 once a year rather than, right?

I don't like that very well. What Jeff Smith's iteration on that has been is let them pay the first year upfront with the same discount or let them pay the first two years upfront with the same discount and then flip it into just paying monthly from there, right?

So if they say, well, I can't pay 12-8, you flip it into, Well, what could you pay?

Well, I don't know. I guess I have to do it monthly. Well, if you wanted to pay the first year in full, we can still give you the cash discount, and that would be a big savings. And then we just pay it monthly from there. And sometimes you can get, he's had a lot where it basically ends up they pay \$5,000 down, or they pay \$6,000 down, or they pay \$4,000 down. That makes a big difference. That really accelerates your cash flow. And it's the way when you have a whole bunch of people who don't have the credit card or don't have whatever. Still a lot of them can come up with it with Christmas bonus or with something else. Yes, ma'am. Sir, I would take it that on the balance you're not getting a discount.

No. So they've paid the amount and then at the one year point they start paying the \$3.59. No, we don't start paying the first \$3.59 next month. Oh, I see. OK. Yeah. Because you consider, you take that of what they can pay as their account payment. Exactly. But they discount it off the total. They do get a discount. They get a big discount off the chunk that they're willing to pay. So, the way you could calculate that is, whatever the payment is, 359 times 12 plus the down payment, whatever that is, take a 20 or 30% off the top. and then let them pay that as the discounted amount. And it still... remainder, I'm sorry. No, go ahead. I just want to make sure I understand. The remainder you would justify by the number of months, 36 months.

[inaudible] It's already been said, if it was 359 to 48, you'd have this chunk at the front and then be 359 for 36 months. 36 months. Or for 24 months and they prepaid two years. Yeah. Or for, you know, if they prepaid two years, you could then have it be 359 times 24. And we're gonna pay 359 times 48. Whatever chunk they pay, they pay. Whatever's left is 359 times whatever number of months. And by the way, we were talking about legalities earlier. If you're in a state, and New York is one of them, if you're in a state where you have to be bonded, go get bonded. It's not that difficult to get bonded, it's not that expensive. More of you are bonded, right?

[1:20:27] You're not? Why not? Go get bonded. Not a big deal. But then it exempts you from having all those types of different regulatory stuff that you might run into. Anytime we've ever had a school in a state where you have to be bonded, we just go get bonded. I can't tell you how many people go through 92 machinations to figure out how not to get bonded and then you go figure out it's not hard to get bonded right back when La Valley was in New York There was some weird New York exemption where if you owned an acre of land You could pledge that to it and use it was some weird New York only thing I never heard about so he went about an acre of land and pledged that to the to the bond Yeah, yeah, it would be a risk if you know No and usually you're gonna solve that and figure out a way to keep it from becoming litigious anyway Last I looked at it was no big deal and in most cases you can go get a bonding company and do it.

But I just remember that weird story as Steve had gone and figured out there was some second approach and he went and bought an acre of land in the middle of the swamp somewhere and pledged that to the deal and he was good to go. Yeah, and I think with the bonding company being monthly, right, it's not like you pay \$10,000 upfront or

some large amount. It's just a... Yeah, I mean, well, there's a face value that you have to be bonded for, but then it's one or two percent of the face value that you can get the bond for, you know, assuming you give them financials and so forth, and that they're comfortable. Last time I looked at it wasn't that big a deal. You know, our location in Maryland was always bonded. It was costing them maybe two or three thousand a year at most, but I don't think it was that much.

How does bonding work? Some states won't let you take cash for more than a set period of time if you're not bonded. Because what they're worried about is you're going to go out of business and they're not going to get their money back. Right?

Just like contractors got to be bonded, other companies have to be bonded because again, if they're halfway through your house and they flake out, there's money in trust somewhere that's going to get paid to you so that you can finish your hours. So you have that money in a trust. Well, no, it's not your money. Usually you just go to an insurance company and they do these things all the time. And like in the case of a martial arts school, the law will usually state something like, you know, you can't take cash for more than 90 days for any program unless you're bonded. And then if you're bonded, you know, there's some other parameter. And I've seen somewhere, if you're bonded, you can take cash for up to three years. And if you're... not bonded, it can't be more than 90 days or 60 days.

And if there is that kind of, I mean, there's not that in Colorado, but if there is that, just go get the bond. And that's where Tiger Schulmann here got in trouble. I think it was Pennsylvania, not New York, but he got in trouble by just not going and doing the thing to begin with. He also got in trouble with franchise law. They concluded that it was a franchise and then he had to go back and redo everything. Is everybody following this so far?

So now, what I know is I need to have six renewals a day, 7,500 cash. And then what you do is you sit down, I won't do all the calculations, but you sit down with the calculator, [inaudible] So they were going to get, not individually, but collectively at a school, 25% of the gross, for payroll anyway. So I had to calculate in my mind what, in addition to that, am I comfortable with. But if a school just did \$100,000 this month, then \$25,000 is going to go into payroll, more or less split equally among two full-time people. So let's say, One was going to make \$10,000, the other was going to make \$12,000, right?

[1:25:23] So I already knew that was the deal. So when I went through all these calculations with them, I would have to point that out. Here's how you're getting paid. Here's what your number will be when you do this. And here's the additional time off bonus. Here's the additional cash runs. Does that make sense?

Now, from a standpoint of building bonuses, here's a caveat. I always built time off bonuses on absolute numbers. In other words, numbers of renewal or contract amount. And I always did on numbers of renewal. I always did cash bonuses and it's been deposited in the bank and the check cleared. Took a credit card, it authorized, and the

money's in the bank. So I never did cash bonuses on non-cash items. Because if you do that, you encourage them to do, at the margin, a bunch of flaky deals that then fall apart or become problematic. And on the flip side, I got away from thinking about contract amount to thinking about new monthly payments. Because truthfully, 300 a month committed for seven years, it really doesn't mean much, because you're going to have attrition. You're not going to collect the last two or three years in most cases you're not gonna sue them.

I mean, it's a fictitious number. But \$100 added to the building is the real number, right?

And again, I was finding staff when we used contract amount were real proud of themselves for a bunch of really big looking but truthfully kind of flaky deals that really hadn't added much. And I went to net new monthly payment because I didn't want them thinking if it went from \$2.59 to \$3.59 for 10 of them that they added \$3,500 to the bill. And now they added a grand maybe depending upon how many of them cashed out, right?

Does that all make sense? So now the question is, because who in here feels like doing six renewals a day and \$7,500 is so far ridiculous?

That you can't even get your mind around it. Okay?

Well, understandably. Now, if you don't have 150 prospects, see, he's in a good situation because... I have other prospects. Yeah. He's in a good situation in this case, because he's left so much money on the table for a year, he can now go scoop it up, right?

Because he hasn't had, you know, the leadership program in place, right?

But, you know, a lot of times, frankly, with my schools, we were going into it with, we got 40 prospects, we got 50 prospects. When we weren't, the best numbers we ever did were exactly where you're at, which is we have a whole bunch of people who are a master club. We've never had a leadership program before. And we did numbers like this. And we did numbers like this without even knowing what the hell the curriculum was going to be. I've told the story a few times, but I put together a curriculum after Christmas. If you go look at that infomercial at milehighblackbill.com, the infomercial was shot before the renewal blitz to launch the program. So I had put together the language on how to sell it. I had a picture in my mind of what I wanted to be, but I knew that my deadline was by January 1st, I had to know what the first quarter was going to be.

In reality, first of the year I had about a year and a half worth of it. I think about a year of it concrete, and the three years pretty well sketched out, but not like I want to commit to what we're going to do next year, this year. Does that make sense?

So once you put that pressure in, for most of you, most of what your leadership curriculum is going to be is you plug them into the online stuff that we're already doing,

you plug them into that, and you come up with a couple of little cool things to do. and don't over complicate it because it doesn't have to be that much most of it truly is about selling the benefit of your child's going to be you know we're going to get him on the path to be able to West Point or Harvard, class president, I mean it's that kind of language for the kids same kind of language for the adult presented from their worldview working well knowing that you're able to sell it to my... Now let's go into the brass packs. So I'm going to stay with the same number.

[1:30:05] I have to do six renewals a day, \$7,500 cash a day. I've got 150 prospects of which I want to end up with, what was the number?

It was at least 100 renewals, right? Well, no, that's a... Oh, you're right, I've got 200 prospects. So I want to end up with somewhere between 92 and 144 renewals. It was 50 and 150. So 50, 50 in his case that are not black coat club, he had 150 that are black coat club and he's never had anything about that. Right?

Okay, now let's talk in practical application. If you have 40 people to renew, is it a little bit difficult to actually have enough one on one conversations with 40 people in order to get them closed?

I mean, 200 people. If I have 200 people in 40 days, is that a lot of effort?

Yeah, now, some of them are two or three kids in the family, so you chunk down that. But you've got to have a lot of conversations, right?

And where I see people go wrong with this is they, instead of, okay, I just got back to West Point, I'm going to take Monday and I'm going to sleep all day and get... [inaudible] and then we're going to start the new year strong, and we're going to have a big advertising budget, and we're going to really jump up our numbers next year. And by the way, if you jump up your billing by \$10,000 a month automatically, you're making an extra \$1,000 a month in January without having done anything yet in January, right?

So that would be the conversation. And guess what?

Did they all do it? Hell no. Some of them waited until two days before the the deadline and then they you know hustled up all the eight pluses Scott Ramser first time he did this He was sitting there in the school in the middle of the school with his guitar and his instructors singing Christmas songs because they were open the entire time I let them close Christmas Day and a little early on Christmas Eve Because those assholes just didn't do anything right, but so do they all rise to the occasion?

Absolutely not. There's no such thing. But the faster, in a multi-school environment, the faster you get somebody to take off, the more you're going to get everybody else to do it. For yourself in a single school, the quicker you get a bunch of people to do it quick, then the easier it is to maintain the momentum. Does that make sense?

Okay. And what you want to do with your student body Again, we have the ABC thing, right?

So I'm going to ABC the kids, ABC the parents, or as an adult, many times it's ABCs of, you know, the student ABC the spouse, right?

Because, you know, the guys who are you just getting, yeah, who's getting grief from the wife or vice versa, you know, that's going to be a harder sell. And I'm going to go ABC them. And who am I going to start with?

Yeah, I'm going to start with the A plus Right so the ones that are a lay down that all I have to do is tell them how much and you know Almost practically have the credit card in file and just say charging for whatever you're doing. I'm gonna hit those first, right?

Why am I not going to go the other way?

You need social proof and it builds your confidence the worst thing to do, and analytically it makes sense, is you say I have the A pluses, I have the As, I have the Bs, I have the Cs, I have the D minuses, and I have the Fs. And probably the S aren't going to do it, but the D pluses and the Cs will eventually do it, but I've got to work harder on them, so I better start early and work harder on them. Now what you end up doing is beating your head against the wall with the ones that are resistant, and conclude that this thing isn't going to work. Start with the ones that any morons could do it. You could put an ATM machine on the door and give a cinema poster. You all have 10% of your student body that fit in that category.

Probably 20%. But start with those. And then chunk it to the next level, chunk it to the next level, keep working your way back. Does that make sense?

[1:35:08] And I gave the example of one of our guys who launched a renewal blitz. and really thought he had marketed hard because he sent them all an email. Okay?

You know, I'm the marketing guy, right? So don't get antsy on this, but I'm gonna tell you how much you're going to paper them with stuff. Okay?

And I am not exaggerating one iota. Let us have. Okay?

I'm going to do direct mail tool. Two to three times a week. Okay?

It doesn't have to be complicated. But if I've got whatever my calendar was back here, I have seven weeks, right?

So let's say that they're all going to get a minimum of 14 pieces of mail. Okay?

Now, of those 14 pieces of mail, an awful lot of them can be basically the same thing. But we just concluded that the Black Goat Club were renewing the leadership. They're going to say \$8,000. The non-Black Goat Club were renewing the leadership. We're going to say more than that. I'm not going to go figure it out, but let's say it's \$10,000. So I can honestly say to all of them, that as long as they renew by the deadline, they're going to save \$8,000 or more. Right?

Can you say that this mail-in is there a lot about the benefits or is it mainly about the deal?

Early on, it's mostly about benefits. Later on, it's about deadline and deal. OK?

But I think you have everything with the deadline and deal somewhere in there, though. Right. Like in a PS. Like PS, they're good to use in letters because they're... Exactly. Yeah. So, so to specifically early on, I might not have \$8,000 a minute. But if I'm launching a new thing, it's going to be exciting new leadership program. And the PS, the PS can be final deadline December 20th to be grandfathered in for massive savings. Final, can you repeat that?

I don't know. Final deadline December 20th for massive savings. And see the language I'm using is you've been a long time little student we're launching this new thing if you are. We're launching this new thing so we want to grandfather you in at a much lower price, right?

If you're not launching a new program, it can be a straightforward, I didn't say this specifically today, it can be a straightforward, there's a 20% price increase after December 20th, right?

So if you already have all that in place, you can do all these same numbers with, there's a 20% price increase at the first. The nice thing about Greg's numbers, and some of you have the same example, is he hasn't had it, some of you have had it but have been inept or imputed and renewing. So if you have a lot of prospects, you can do big numbers. Does that make sense?

Okay. And in all honesty, Greg, do this well an extra 200 to 250,000 cash in six or seven weeks. Okay. You know, that's not a BS number. And it certainly wouldn't hurt your January marketing opportunities. You might go broadcast TV in Fort Collins in January with a nice little worse chest to build it up. There's a variety of things that could be done that could jump you to the next level. And it might well be worth the effort to focus on it being... first half of the year we jump from 200 to 300 active and jump from 40s to 70s. That's completely doable. But is everybody following me so far?

[1:40:00] So I would mail to them two or three times a week. I also, and some of these things that we've done, you've got to figure out what your comparable is. What I always like to do at the beginning, and we usually have a tight around of black belt tests or some big event. But we have what Marshaur has done for me essays that they have to write at their black belt test. And I have those going back about 10 years. Okay. So we will bundle those essays and give packets of those essays. Right. So when they come in at the beginning of the week, in a kid's class, I'll give all the parents who are sitting on the sideline, the bundle. of all the essays and any of the kids who didn't have parents there or parents were in class, I'll give it to them to take home and go through and give them all those what the karate has done for me essays and just overwhelm them with that, right?

We'll also have pictures of all the black folks and the instructor can talk about them and what they've accomplished. And when they talk about them, by the way, they're not talking about how good they are. They're talking about how far they've come. Right

because your biggest issue is mom of a white belt or adult, you know Green belt or whatever who thinks that they're the only one who's ever been uncoordinated in this and they know those guys can do it, but I could do it, right?

So you want to see we all have a tendency to put black belts on a pedestal But usually we miss the point. I mean we want to be out there like we're Superman and all of our black belts are phenomenal, but what the student does early on is they assume they were already coordinated and athletic and like a West Point graduate or something, and I could never do this because, right?

So you've always got to do the how far they've come, right?

So now what I want to do, and I'm assuming they're coming to class two times a week, every time they come to class, I want to make package of information together. Okay. Now, on that website I referenced, you're welcome to go look at, I have a package that's Q&A with Master Oliver about achieving your black belt. So that's one piece of paper we would give. Another thing we have on there is... like I stole from Zig Ziglar, I believe, but a goal-setting sheet and it's how to set your goal to a secondary black belt. So the first couple of weeks, every class, the MatChat is about goal-setting and how to set the goal and focus on and achieve your black belt, right?

The other thing we would do right at the beginning is go order a bunch of cheap black belts and Don't just do this for the people who aren't renewed if you're not wanting a new program. Do this for everybody. Because you're either trying to actually get them renewed or you're trying to renew and restart their level of commitment. So you do it for the entire school. But I go buy a whole bunch of cheap black belts. We get one of those Sharpie pins that brightens over. And so on the black belt, we write their target test date. We put a black belt on them on November 1st and let them wear it until December 20th. And we take a picture of them with a, you know, I like Polaroids, but do they even make those anymore?

Do they bring them back? You can buy, there's a company that names them. Yeah, yeah, yeah. I guess now you can take a picture with your iPhone and plug it into a little wireless printer. But they do make like Polaroid print. Like it's a little base like Kodak did it, but you can just put it on and print that one in a little picture. But take a picture of them wearing a black belt. Have two of them. One of them goes up on your display, which is graduating class of whatever it would be, right?

So now all of the white and gold belts are if it's three years, so. 15, 16, 17, graduating class of 2017, right?

I didn't notice in the West Point store, but like at Air Force, they have class of 2017 t-shirts that they sell at the desk. Stuff like that, right?

So I would have the big display, our graduating class of 2017, our graduating class of 2018, you know, with them wearing a black belt, photo of them, up on the display. But I also have a photo that I took a Sharpie and you'll go through a lot of Sharpies and write down their target test date. And I'm going to tell them to take this with your goal

setting sheet. We're going to work on the goal setting. Go put it on your mirror in your bathroom and look at it. And then on the 20th of December when we're done, your assignment is to take your black belt and go put it at home and put it on the wall and put it with your picture. and use that as a visualization tool, right?

[1:45:13] And you guys are probably all good enough at this, but remember, one aspect of goal setting, and again, Jim Rohn and Zig Ziglar have better language than I would have, is all about picturing yourself having already achieved it, right?

So now, and Marty, I think this was your question, may have been your question about, you know how to have the instructors tying all this. Well the instructors are teaching goal setting and they're having me visualize myself in the mirror as a black belt and allow us to do our kick or a punch or whatever as a black belt and now you get a chance to make that the theme of everything you do. Does that make sense?

We've got a recording. I'll try to get these up pretty quick. It's still recording, that's the thing. Okay, well. Okay. Yeah, these always come out really good, as long as we remember it's turned on. So now, they've all gotten a black belt, he has a big display, class up, whatever it is. Any support material that is testimonial type of material, I want to overwhelm them with. Right, and I want I want you to picture the best possible thing would be if Carol who's a mom of a second degree black belt sat down next to Susan who's a parent of a white belt and said Who's your kid?

Oh fantastic see him. That's mine How's he doing?

Oh, he's a little awkward. You know what? My son's a second degree black belt that he was awkward as hell at the beginning In fact, he was embraced as I had no idea that he could possibly do this you know, what I found was, right?

See, that would be the best possible thing, is that mom sits down and sells the other mom on doing it, and she has no financial enumeration, she's not perceived to be staff, right?

The more you can get that to happen, the better off you are. In reality, day to day, that's hard, but it's not hard to schedule an event or a belt graduation or an intramural tournament. and ask her to come up and then ask her questions and have that happen as a group. It's also not hard to stick a cheap video camera or an iPhone interface, nicely of course, and ask her questions and get her to have that conversation. Nowadays it's so easy, it's stupid. Take my iPhone, do a little video, upload it to YouTube, email them all and text them all a link to go watch the video. I mean, it's super easy, right?

And by the way, that's a good use of text. Send them little video links so they can pop it open in YouTube and watch the video, right?

So now, how often am I gonna communicate with them?

I'm gonna make sure they have some stuff every time they come in. Can the stuff repeat itself?

Sure it is, because they don't read it the first three times anyway, right?

I'm gonna take the same stuff that I'm handing out in class, and I'm gonna mail it to them. And if you have some big thick package of like testimonials and stuff that's useful, put that in a priority mail envelope that's been the five bucks and mail it right in the beginning, right?

If you want to see some examples, again, with all that leadership program material that's up on the website, there's some really good flyers and handouts and posters. There's a poster, if it were me, I would blow it up to the size of that white screen back there and put it on the wall. Because they're a full color poster. You can go to FedEx office and do that for probably \$150. It's not expensive. Again, 30 years ago, that would have been \$1,000. Now it's \$120. So go blow it up. And by the way, there's 8.5 by 11 sheets, which reduce down nicely to four up postcards. So you could take the color 8.5 by 11 and print them to four postcards. You could use that or upload it to Amazing Mail and send it out as a color postcard.

You don't ever have to even touch it. You could print it and do it 8.5 by 11 flyers and hand it out. I mean, there's all kinds of those resources. You don't have to reinvent anything. Yeah?

On the bottom of one of those posters, there's a typo. Oh, is there?

The one that lists out all the different rules. If you'll zap over an email, I'll get Merrick to fix that. Okay. I don't know if I understand. That's an easy solution. Finding those things is hard. Yes, right. Fixing them is easy. What's Amazing Mail?

What's that? What is Amazing Mail? Oh, Amazing Mail is a... Here's a couple of resources that I like. We talked about this yesterday. One is Colu. which is a text messaging and broadcast voicemail service. There's a banner and a link up at the website for that. Call loop. Yeah, if you go log into an app in the site, there's a banner right there that says text messaging. That's the easiest and cheapest one I've come across. And you may find occasionally something that's marginally cheaper, but then they're paying the ass to use. Like for NAPNIS stuff and for the back length of the franchise, we use Infusionsoft, but the nickname behind the scenes is Confusionsoft. And Call Loop is just brain dead easy to use. And Call Loop can do broadcast voicemail, leave a message only on their answering machine.

[1:50:44] Broadcast voicemail, leave a message only if they pick up the phone. Broadcast voicemail, leave a message on the phone, ask them to press two to be connected back to the school. For this application, I would use that in a heartbeat. For this application, if I'm trying to get appointments with 200 people, think about this. Broadcast voicemail goes out to your students. Live answer says, you know, hi, this is a professor or master or whatever you use. And I want to just talk to you real quickly. I hate to have a computer call you, but I'm trying to get through all the students quickly. And as you know, we're pretty hectic down here, but I need to get an appointment to talk to you about your progress in class. And if you'll press two right now, one of our

instructors will answer the phone and schedule an appointment so we can get that done this week.

See, for your existing students, I don't mind live answering. For prospects, I wouldn't use that. For prospects, I just leave it voicemail, okay?

So that's one resource. The other resource, for email and there's a bunch of them that are pretty good, but I like AWeber the best. And again, there's a banner up at the site, I think. If there's not a banner in the member site, go to martial arts professional, there should be one there. And the third one is Amazing Mail. And the fourth one is Ring Central, by the way. But Amazing Mail is not inexpensive. So this is not like the cheapest, but it's a quick and easy way to get color postcards out. And if it were me on a renewal list like this, I would probably have, if I were going to do 14 mailings, eight to 10 of them would be something that got generated through Amazing Mail that I just had automatically mailed. What it is is you can upload any list you want.

They can bulk mail a card, they can first class mail a card, I usually do first class. They can do whatever their preset templates are. And all you have to do is upload a JPEG. for whichever photos you want to use, type in the text, and then it automatically mail merges, prints, and sends. And in their case, they're good. Mail's out of Phoenix, so you're going to add a day for New York. But it mail's out of Phoenix tomorrow. Are you the one that keeps refilling my water?

Thank you. When I opened that third one, I went, you know, there started out to be two. And there's a third that magically appeared, but I'm not going to play. At least I was conscious of that for recognizing my mind that it appeared. So does that answer the question?

And there are a bunch of other companies that do all this stuff. I've used a bunch of them. What do you use for DVD reproduction?

We're using McManus usually. It's in Wichita, Kansas. There's another company that I've used before. I get catalogs from them all the damn time. What the hell's the name?

You know, if you remind me, I'll tell you. But McManus is really good, really cheap. for that kind of stuff. So, but anyways, that makes sense. So, so I would definitely have something to handle them out every time they came to class. At least the next two weeks, every lesson, every class is now on goal setting. Okay, they're all going to get a black belt. The black belt is going to have a silver sharpie with their target black belt date. They're going to get a photo to take home of them wearing a black belt. We're going to do a photo that we're going to put on the wall for the class of whatever. And we're going to have pictures of all the existing black belts, assuming you have some. Some of you have a ton of them, some of you are too new for that, right?

[1:55:06] But I'm gonna have pictures of all the new black belts. If I have something like essays or something that they've done, I'm gonna pass those out. Be sensitive to, if they didn't know ahead of time you're gonna put it out, and somebody's talking about they were sexually molested, and there's been edit or redact or pull that one or something.

So don't unintentionally embarrass anybody, right?

But again, the more of that kind of material you can generate, the better. Here's a secret for generating that type of stuff quickly. Take your iPhone, hold it in their face, never prep them ahead of time. You want cold, honest, you don't want prepped. Because if I say to Carol, hey, Carol, would you mind tomorrow coming in and giving me a great testimonial for my video?

What are most I'm going to do? Oh, they're going to. Pramp and make sure they look good and wear a jacket and a tie and they're going to kind of script it out and then they're going to come in and try to do their script and they're not going to look like a real person and they're not going to be that they're not going to sound honest even though they're being honest. Right. You don't. I mean, you know, George Clooney can pull it off, but I would rather have. looks like the neighbor next door talks like the neighbor next door and when they make grammatical errors and when they stutter, don't you dare edit it, right?

And the best ones we ever did, by the way, three-day black belt retreat, we keep them up the entire time and we shot it all on Sunday. So they were exhausted and defenses down and elated. and we got the best possible. Those are the ones on myhighblackbelt.com. We got some of the best testimonials and we didn't have to, you know, I wasn't even in the room, we didn't lead them very much. It was just asking them questions. But we had one mom that said, well, you know, this was a lot of money, but then I figured if I used the college fund, and by the way, I've got to re-update and edit the mom who said if we used the college fund, ended up with a full-ride scholarship to Pepperdine or something like that, right?

So another one was on there, ended up number two in their class at West Point. So, you know, the follow-up story is pretty impressive. We've just been organized enough to add it, right?

But what you want is as much testimonial stuff as you can. What I always do, the only leading question I ever ask them is, what did you think about your child's success or how were you thinking about this when you were a white belt?

Oh man, he was the most awkward. See, that's what I want to hear. Right?

I don't know. He was, we had him in the hospital three times for asthma. We thought there was no way. I mean, all those kinds of stuff, right?

And so, and some of them, you're not going to get that. They're going to say, well, he was in football and hockey and baseball and he was an ace. student, and this was, you know, but that's not very helpful for me, right?

In fact, the only editing I might do is take that out. But as much testimonial stuff as you can get, and again, nowadays it's easy. Go to Best Buy, get a cheap camera, use your smartphone, upload it to YouTube, text them out the link, mail the link, piece it all together as rough as you want and have a TV running in the... [inaudible] If you, the

next shortcut is after you get those videos, you can just send it out and get it transcribed and now you have 50 pages of written testimonials. The next thing you can do is you can pull off the audio track and now you have a CD or an MB3. And if I was going to give them physically, I would likely give it physically in print when they're in the school and I'd be more likely to give them an audio CD because maybe I can get them to put it in the car and listen to it on the way home, right?

So, so... from a standpoint of giving it to a physically rather than digitally, definitely I'm gonna burn a lot of trees during this thing, right?

So now you can be voicemails. Most of the early voicemails is just to get them to set an appointment with you, right?

And again, I would use the live answer voicemail with push two. and we connect it with an instructor, we can set an appointment for that. I would be using text messaging. Right?

[2:00:13] And I'd be using email. Now, there's... By a time you're done, and I mean, this is a true example. I've had like dad show up on the on the 17th with a stack of stuff like this. Go on. Will you explain what all this is?

Absolutely. Have you read any of it? Not much. Did that work serve my purposes just as well?

Absolutely. You know, it's just fine. Right. Well, why are you sending me all this crap?

And they're actually upset. That works just as well. So when somebody comes into you, we've talked about this a lot in terms of sending them too many emails to go. Somebody came in and said, you're sending me a lot of emails. That should be a good indication at least approaching the number you send. At least they know that they're getting them, right?

In fact, I would say if you don't get somebody kind of complaining about sending them all this crap. No, not kind of. If you don't get 10% of them, kind of annoyed. Right?

And by the way, that's an easy script. Mrs. Jones comes in and she says, for God's sake, you handed me this damn packet of stuff. On the way home, I got a text. I got an email. I heard the pitch in class and the goal setting thing. And we got the damn black belt. And I got the other saying, you know, why the hell, you know, I've got the message and why am I getting all this stuff?

That's an easy. Mrs. Jones, step back for a second. Take a look in the school right now. What do you mean?

You're always here for Joey's class, right? I know you're sitting at the edge of your chair. You're not reading a romance novel and playing on your iPhone. You're paying attention to what's going on, right?

Absolutely. When you're here, what percentage of the parents are actually sitting on the bench doing that?

Well, not very many. Okay. How many of them are like reading the latest romance novel and not paying attention, sitting on the edge of their seat, paying attention to what's going on?

Not very many, right? It's like, well, Ms. Jones, we really appreciate the fact that you're so engaged, the other 90% aren't. So we've got to beat this to death and I got to tell you miss Jones remember last weekend We had an intramural tournament five people showed up at the front door Pulling on the door couldn't figure out why it was you know how many times we talked hold down the class was not gonna be there It would go be at the intramural We had a big poster on the front door. We had a big poster in the classroom We emailed them text them voicemail them and send them a postcard still five people or ten people whatever were pulling the door because they didn't get the message. See, I mean that's easy, right?

And the one that will get, a lot of times the one that will get annoyed are the A++ students who are, you know, now why did you kill three trees just for me?

Well, because you know nobody else is like you, right?

You know? And they're always the ones, they're the head of the PTA and they're engaged in scouts and there, you know, whatever else. So it's a real easy reframe. Is this making sense to everybody so far?

Yes. Okay. Now, the last thing here is I've already hit a couple of pieces, but have massive decoration in your school. Have it obnoxious. The theme can be all about black belt, all about the leadership. program. One thing that we'll always do because the blue tops, we'll go order 30 blue tops and put black belts around them and hang them from the ceiling. So the school is just loaded with the blue leadership tops with black belts on them hanging from the ceiling. And we'll have a big poster about the thing that's so big you literally have to duck under it to get through the front door. And again, we'll have first 25 that renew the leadership, get a free blue top. But when the sign goes up, it'll say 25 marked out, 24 knocked out, 23 marked out, 22, meaning there's 22 left.

And every couple days, we'll knock off a couple of them. I should say that the numbers exactly correspond with the numbers, but the reality is when they renew, we're going to give them a free top. And the first three are just there for there to be some momentum, right?

[2:05:15] So you're not... Exactly. You got to it before I did. Class of 2017. Yes, sir. all the way through the end of July. And so I've gotten about 15 new students in August, September, now October. And those are the ones that I'm now going to be... So it's a relatively small number. It would have been a normal process to operate them. Should I go through this with them?

Absolutely. And you should go through it most of the steps with all of the students. You know, I put them all in a black belt, set the goal, take the picture, all that stuff. I don't care if they're a brown belt. I want them still being refocused and re-energized. And again, one of the biggest points of attrition you have during the year is the holidays,

right?

So it's a really good way for at least if they're going to be gone to grandmothers for two weeks, for them to have left excited, right?

So I would do it with everybody. Now, you renewed them all into the leadership program?

Or something? Okay. You know, you certainly could. You may not want to, but you can certainly go back to what Jan's question was, which we never had a good answer for, I guess. But you can go back to what her question was, which is launch the next new thing at the same time. You know, I'm careful about that, because whatever you launch next, you're stuck with. Right?

And something like this, if it's the \$1,000 a month program, my expectation would be 20% of the student body wants to do it, half of them can afford it. Right?

So now you're not, you know, you're not targeting as big a numbers as far as people. However, the dollar amounts would be huge. Right?

Well, and right now, you know, Monday is the time to make sure the energy level in the school is at peak. Nobody's falling through the cracks. Really make sure the rapport is in place. You know, double it from five to 10 people a class. they have to talk to and make sure that everybody has been prepped. Because you don't want to launch and you have all this stuff going on and that stuff looks manipulative. So if there's any service gaps or any energy gaps or any of that, you fix it like right now. I've always been in the, let's have a big event or two in October, let's push up the energy, build rapport, progress updates, everything else. and then launch this on November 1st, right?

And again, we'll do a couple more teleconferences because we've covered a lot of ground right now. But you can schedule several special events. It could be like if you're a multi-school operator or if you're the owner but you're not on the floor a lot, you could do a special seminar with you for all the new leadership people and the leadership people. you know, across multiple schools we would always schedule a couple of, you know, special seminar with Master Oliver or a special seminar with Master Smith that it's, you know, for all leadership, but obviously part of the incentive to renew by, let's say, Thanksgiving as you get to come to the thing that's going to be the week after Thanksgiving, right?

And we make it required, you know, everybody needs to be there. It's a big deal and they have a lot of fun. And we usually give them a little bit better discount or some kind of thing at that day. Because then people show up. Some kind of, there's some reward. My question, if you don't mind, to this is, we have had these jump through the hoops called qualification process, which is drag things out a little bit. And I realized how do I include that?

You know, I have to have a letter of recommendation, teachers, a parent, a grammar, and that kind of thing, you know, to get this process started. So your take on that. It's a

double-edged sword. Because all the way through, you want to be using takeaway selling, and you want qualification, and those two components are extremely necessary, right?

And on the other side, you don't want an impediment where most human beings to get the letter to the teacher, get it back and actually do that. You have the breakdown that the teacher doesn't do it, and you get the breakdown. If it was my six-year-old, you ain't getting that out of me any time soon. I mean, just the process of going and figuring out how to... get his teacher, get his kind of grumpy teacher to do something cooperatively than getting her to do it. I mean, there would be a breakdown. I know that, right?

[2:10:28] And so you can short circuit that a little bit by just making it, you're questioning the parent and you're sending something home for them to bring back at your next appointment, right?

And so, and again, that's for a child, you know, for an adult, similar. But you're just going through, is Joey doing okay in class?

Yes, no. What is it we need to fix, right?

And yeah, yeah, yeah, yeah, yeah. And like that, you know, black belt qualification form, you can do that verbally with them, right?

And so that's short circuit, some of that, keep in mind what for a child what some of the objections are. Well, I'm not real pleased with the way he's doing in math right now. I want him to fix his math scores before. You know, you've got to know ahead of time what the objections are and then know how you're going to respond to that, right?

And in almost all cases, you're not going to get into money and all that stuff until they've already said that this is having a positive impact, right?

But... Their objection can be, I want to see him make a little bit more progress before making that kind of commitment. And you have to have the answer to that. Well, Mrs. Jones, you've already said that he's been making a tremendous amount of progress at home and at school already. I mean, you just said that, right?

Yes. All that that's going to happen is it's going to accelerate with this. So you already have proof yourself that this is having a big impact. I really hate to see, now you know if you get down to that point, I really hate to see you pay an extra thousand dollars a week. Because where'd I come up with that?

Well if you're going to save \$8,000 you want to wait till February till the next grade reports come out. It's going to be a thousand dollars a week that you're paying extra to wait. And even though you have, you know, it's just \$8,000 savings, all that stuff, putting it that way. irritates them, but it moves them to action. Well, a little bit. But notice the way I said, I really hate to see you pay. I'm on your side. I really hate to see you pay. I'm not saying, you know, and sometimes, you know, they'll say, well, no, we really are going to do in February, you know, well, I mean, my vested interest. would be you pay an extra \$8,000, but I really hate to see. It costs you \$4,000 a month, \$1,000 a

week. And you already know that this is what's going to happen, right?

Now, some of the reasons will be in March, we're going to find out about his job transfer. Right?

Well, I'm going to go ahead and do the renewal, and they have the option to cancel it in March. when the job transfers. And on the cash deal, sometimes you get objections like that. The example I've used a lot was one that I was sitting down face to face. And he said, I think it was a rocket scientist, right?

I'm an engineer with Rockwell International, and I'm on contract. And if they don't renew my contract, we may have to go, I think it was Seattle. We may have to go to Boeing or something. Right?

And my response was, well, clearly it's not an issue putting them in leadership. The only quandary is whether to pay in full or not. Right?

Well, am I obligated for that? No, if you move, we'll just cancel it right away. Okay. Yeah, no problem. Now in the pay in full calculation is how long are you likely to be here and when are you going to know?

It ended up with, well, there's 90% chance we're going to be here for at least three years, and there's probably additional, I mean, it was, you know, set that kind of calculation. And my answer was, well, if you're likely to be here at least until you get to Brown Belt, that's your break-in point. So if they're here until Brown Belt, you're fine. If they're here a little bit beyond that, you're better off to a paid in full. And if you're here less than that, you know, it was a bad idea. Was it refundable if we moved?

No. The reason I'm giving it, not I, but the reason that it's such a big discount is be it's not refundable. Right. And I'm always clear on that. In fact, the agreements, it's like in 12, you know, 18 point type. And that one came back in and paid in full for a family. But I mean, this was a logical analytic PhD guy. I mean, he went through and looked at it and he was fine with it. I had another one where I was working on them and the mom comes in and I say, well, what did we decide to do?

[2:15:33] And she says, oh, we talked about it. We're not going to do it. And class was just starting. And I had a little bit of a conversation, but it was kind of like she's on her way by. So I grabbed the dad. And then when she was out of class, he's writing the check and paying in full. And she says, oh, what's going on?

He goes, yeah, I solved it. It's fine. And what it was is, and they're also on that testimonial video, strangely enough. It's the little girl who was a little crippled. Right?

And so what it was is there was four in the family and they were worried about her. And so all we had to do is have a conversation about her. And by the way, she got her black, but she got her secondary black, but she did fine. But I had to reassure him that if she wasn't able to do this, that they weren't going to have to end up, you know, paying, you know, for her and otherwise they were fine in the reality. on the family rates, whether she was doing it or not wasn't going to make any difference, right?

But they hadn't done that calculation in their mind, right?

Understand what a lot of people will do is she says, oh, we're not going to do it. And they check them off the list and they move on. And you've always got to have that conversation and solve that problem. OK?

Yes. We are at that point. Any last question or two?

Okay, I know in this case we covered a lot of ground. And by the way, any of these paper pads that you want to take pictures of or any of them you want to keep, feel free, right?

So if there's some stuff that we've covered that having the notes up here are useful, go take pictures. Greg, certainly I would go through this stuff specifically, make sure you have them in your notes or you have a copy of this. Do we want to go ahead and schedule that next follow-up call on the Renewable it. Do you guys want to do Wednesday or Thursday this week?

Okay. Which is what the hell? 22nd? How about if we do noon mountain to Eastern?

Does that work? Okay. Well, and we'll record it and then I'll email it right out to you, too. Well, good. Scale of one to ten, how has the last two or three days been?

Eight. Okay. That's what the recorder is for. Okay. Yeah. Valuable for everybody. Got some good action steps. Scale of one to ten, how useful was it to have Commissioner Kerik here?

[inaudible] So I'm a six and he would have that. I got the calculation. Okay. Is everybody got clarity?

Or if you don't have clarity, no later than Wednesday's call, let's get clarity. Well, that's what we're doing. I know I can go home and clean these things up now. Right. So, you good?

Good? You're going to get the gross up to 70?

I'm interested about postcards. Yeah. Contact me on Tuesday and we'll do a three-way and I'll yell any you know, he's a quandary. We're in the process of lining up a different company to handle that. When he's good, he's great, and when he's bad, he's horrible. Right?

And Greg Fitzgerald, the guy who was set up to do the print on the band stuff, and we have, it'll be nine out of ten at a time that people use him. It'll be great, and he beats everybody's prices, and he's on top of it. And one out of ten times, including once for me, he's a disaster. And there doesn't seem to be any rhyme or reason. His prices are absolutely unbelievable. Yeah. Which may be the problem. I mean, maybe if we could just get him to raise the prices, he could, you know. But yeah, his prices are unbeatable, but again, when he's good, he's great, and when he's bad, he's a disaster. and there doesn't seem to be any in between. Yeah, that wasn't his fault. That was Toby's fault. I mean, he did misspell the banner, but all he did was print the artwork we sent him.

[2:20:55] So, so, is it either America or Toby didn't know how to spell my name. Okay, so we're done for the day and we'll follow up on Wednesday. Thanks guys. Thank you.