

# Case Study: At-Home Fitness Tech-Startup

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# Client Profile

## Company Founding and Origins

Founded in 2017, this at-home fitness tech-startup, based in San Francisco, California, had been testing and developing its main product for a little over two years before entering the market. The product, a high-definition television screen encased in a beveled mirror, was created to provide an interactive fitness experience with customers driven to improve their fitness at home with professional pre-recorded instructional videos.

## Initial Prototype Reveal and Additional Features

The prototype presented to the investors sparked two new hardware developments for additional product expansion. These additional features would include:

- Steel-aluminum electromagnetic resistance motors to be installed along the sides of the machine with handle accessories to provide additional exercise options.
- An optional subscription service that offers new workouts and curated fitness programs for the user.

## Retail Showrooms and Lease Agreements

A short-run bespoke order of twelve units were produced in the United States to demonstrate the features, benefits, and value of the product in four locations across the country: Los Angeles, Chicago, New York City, and Miami.

Annual retail lease agreements were signed to secure the locations for personal demonstrations and employee sales training.

## Covid-19 Lockdowns and Major Pre-Order Success

In March of 2020, all retail locations, production, and internal research operations were paused due to Covid19 restrictions. This dealt a major blow to the organization at a critical moment of product and marketing rollouts for the featured product.

May of 2020 saw the first digital-only marketing campaign begin across social media and website platforms. The moment the device was revealed to the public pre-orders began to flow through the e-commerce portal available on the organization's website.

Due to such a high influx of orders and interest, additional pre-order and “founding member” offers were conducted to secure additional profits. By the end of Q3 2020, the organization had maxed out its capacity to maintain the pre-order demands. However, additional investment capital was infused at the start of Q4, pushing the organization to open additional spots for pre-orders with holiday promotional gifts to drive conversion.

## Covid19 Lockdown Ends and Production Begins

At the end of the Covid19 restrictions, the organization resumed its operational development and production of pre-order devices. However, due to the major numbers seen during its digital-only promotions the year prior, the amount of production required a major hiring effort to secure the talent necessary to meet demand.

## Rapid Organization Expansion

Within six months of building an in-house human resources department, recruitment team, and training directors, the organization tripled the amount of original personnel it had the year prior. This rapid expansion resulted in several key setbacks for the internal operations of the organization:

- A lack of communication protocols across newly created departments
- A lack of brand retail standards and procedures
- An inconsistent product presentation and value proposition within the market
- A lack of visibility in resource allocation including payroll, hours, bonuses, and sales

The organization’s leadership team, including the founder, was unable to mitigate additional risks created by these setbacks due to a lack of visibility and key leadership within the organization. Due to these complications the organization was in need of additional insight and expertise to help support the initiation of their retail division rollout and product launch.

# Organization Analysis and Assessment

## Leadership Interviews and Conferences

Detailed conversations were held with each member of the organization's leadership team including the founder, co-founder, and board director. The initial impression was the lack of leadership below the C-suite level was creating a blindspot for the execution of organization initiatives.

Additional conversations were held throughout the span of four weeks to cross-reference and confirm additional assertions made within the organization's human resources department.

The conclusion was a need for field assessments in each of the organization's retail locations along with team performance assessments, product evaluations, demographic review, and brand sentiment analysis to help establish a baseline of the brand's overall performance.

## Field Assessments and Retail Location Performance Analysis

An in-depth field assessment was conducted on each of the locations within the organization.

## Leadership and Talent Assessment

This assessment was a combination of predefined standards concluded within the leadership interviews held prior to the assessment, state/local code requirements for retail utilities and technology, retail leadership interviews, and on-site observations of team and customer engagement.

Field assessments of each retail location revealed the following:

- A lack of defined retail process and protocol
- No specific sales collateral that presented a unified brand style or voice
- No fundamental sales training or leadership training
- No discernable visual or operations procedures to uphold brand standards
- A lack of scheduled communication cadence between corporate leadership and field leadership

The overall conclusion within the retail division was an immediate need for a defined branding strategy created with specific regional market demographic needs and prioritized outreach to establish a presence within the local commercial community.

## Retail Metric Performance Analysis

The overall key performance indicators within the retail division revealed a few major areas of concern. Due to the lack of brand standards in visual and product display each location emphasized different aspects of the product's benefits. The result was an inconsistent value proposition that did not align with the major demographics within each geographical region. This lack of consistency and messaging led to a near zero engagement with local customers and an extremely low conversion rate in the single digits.

Additionally, payroll and scheduling were not accurately reported due to a lack of training by leadership. The result was a chronic overspending of labor hours that produced no returns or initial business. Each location was losing up to 15% of its designated quarterly budget.

## Division Challenges

A rapid expansion within the organization led to the creation of four different divisions (in addition to the Retail Division) within two months of 2020's Q4 session. Each division required its own leadership team, protocols, communication parameters, expectations, schedules, and strategic integration in order to serve the organization's overall goals.

Each division was given a brief analysis and assessment to orient the organization's leadership to the immediate needs of each division.

### Logistics Division

Tasked with managing the immense amount of pre-orders that had accrued throughout 2020, the Logistic Division was promptly created to interface with the production hubs located in Taiwan. The four person team was quickly overrun with a variety of order forms that presented a non-uniform data set of client orders, locations, requests, considerations, and conditions offered during promotional sales in 2020. The division spent four weeks reformatting every order to produce a unified ledger and production order system.

### Supply-Chain Interruptions and Sequential Division Disruptions

During the initial assessment, the Logistics Division was experiencing additional complications due to global supply-chains being interrupted from the year prior. Dozens of shipping containers that held valuable hardware assets were stalled off the coast of California. With no ability to impact the situation, the Logistics Division reported to Customer Service there would be no alternative solution: delays were inevitable.

Customer Service would report to the Retail Division that new product hardware/firmware updates would be delayed as well as the few hard-earned retail sales orders per location.

The Engineering Division promptly responded to the anticipated delay with their own predetermined assembly delays. With hardware arriving later than expected, assembly delays would lead to Quality Control (QC) delays. Once the new orders were assembled and QC approved, installation teams would require additional training on installing new brackets created to improve the safety of the device during use.



## Retail Division

As previously stated, a lack of brand standards and operational procedures played a major role in the lack of performance across the entire Retail Division.

### Retail Leadership

Each retail location's leadership team operated under different protocols. Without a standardized branding curriculum in place, each retail leader relied on their previous experiences to create an operating procedure that met the minimum requirements of each location. The result was an inconsistent brand experience and value proposition.

### Brand Inconsistency

Visual merchandising and product walk-throughs highlighted entirely different parts of the product within the organization. This detracted from the brand's legitimacy and hurt the brand when satisfied customers sent their friends to other locations to try the product for themselves. Inactive promotional codes, expired discounts, and discontinued services were also implemented during the purchase journey resulting in frustrated customers and major losses for the organization.

## Engineering Division

While the organization's e-commerce platform stacked up hundreds of pre-orders, the Engineering Division continued to develop new ways for the hardware to operate and serve the customer. This seven person team was expanded to a total of thirteen members in anticipation of the assembly demands once the Logistic Division received the hardware from Taiwan.

### New Features and Additional Delays

The first dozen orders, once fully assembled, led to additional hardware developments to help insure the safety of the users. These added safety features would delay future orders from shipping due to Quality Control procedures and testing.

## Customer Service Division

The Customer Service Division consisted of six team members working diligently to manage the organization's dissatisfied customers and field questions regarding all aspects of the brand itself.

Without a standardized messaging strategy to address the organization's product features, requirements, delays, or future developments, the Customer Service Division created its own guidebook to help alleviate the inconsistency experienced within the organization as a whole. Standardized responses on behalf of the Engineering, Logistics, and Retail Division were crafted to reaffirm the organization's dedication to quality.

However, the organization's lack of communication and interdivisional collaboration resulted in more confusion as this guidebook made its way across the brand.

## Assessment Conclusion

Each division was operating under a siloed set of immediate-need protocols without a standardized process. Each division was capable of addressing its own initial issues but unable to collaborate with corresponding divisions due to a lack of communication cadence and transparency. This lack of communication and collaboration was costing the organization a considerable amount of revenue and time. Additionally, the organization was facing seven other major competitors that had just entered their niche market.

Without a proper integration and communication strategy to address the interdivisional needs of the organization, the brand was facing a major loss and possible existential threats.

## Recommended Solutions and Initiatives

A proposed integration and communication strategy was presented to the organization's leadership and board director. Upon approval, the creation of a Member Experience Division was implemented with my expertise leading the support team in its creation.

## Member Experience Division

The Member Experience (MX) Division was quickly appointed as the leading body of brand-wide protocol, initiatives, and implementations. This eight member team was responsible for overseeing the entire organization's procedures that interface with the customer from start-to-finish.

In accordance with the new Member Experience Division leadership, I conducted a SWOT Analysis for the current state of the business, it is as follows:

## SWOT Analysis

### Strengths

Highly-acclaimed engineers and developers that were working around the clock to develop the next iteration of the featured product contributed to the strength of the organization's brand presence. Several of the premier developers had worked for Google, Apple, Microsoft, and other well known industry leaders. This particular notoriety led to additional funding and time to see what the team could produce.

The investment resources were exponentially larger than most tech startup's have access to for funding new initiatives. This additional funding allowed instant access to talent recruitment, production facilities, regional and national expansion, as well as advantageous research and development.

### Weakness

Weaknesses included a lack of communication across all departments resulting in delays, resentment of internal leadership, confusion in the customer-base, and an unclear future for the brand itself. The brand founder had signed several binding leases across North America in high-profile retail sectors, resulting in a retail initiative without proper prototypes or showroom models to present to customers.

These decisions were executed to maintain the interest and access to startup capital previously mentioned. The organization's leadership had positioned themselves in an investment-expansion cycle that was moving too rapidly to maintain.

### Opportunities

Opportunities resided in the brand's appeal to an untapped high-end luxury audience that were looking for a wellness solution that was low-risk in a post-Covid environment. A large part of the target audience were not only between the ages of 55-65 years old but were considered high-risk for that very reason. The early adopter market had been secured by advanced beta-versions of the device.

The market was reaching a peak in the interest of these devices; a well-timed appeal to this previously overseen demographic would help expand new offers, services, and programs securing long-term returns and a stable revenue trend for at least five years.

## Threats

Threats were promptly identified in the logistics departments. Shipping delays and manufacturing complications had stalled production schedules and a post-Covid supply-chain hindrance had caused several unforeseen penalty fees for holding overseas shipments beyond their intended delivery dates. Distribution services were charging holding fees for incomplete product arrivals spending too much time in distribution warehouses.

The previous expansion/scale cycle for the organization had positioned them in a highly demanding scale scenario. With the inability to maintain its internal brand culture, the external positioning of its message, product, and sentiment were beginning to decline in their markets.

# Strategy

In collaboration with the Member Experience Division and the organization's leadership, three major areas of focus were prioritized around immediate needs of the organization.

## Division Audits

An audit and assessment protocol was to be created across all major departments on the most recent initiatives implemented by leadership. It was critical to cease any outdated or expired protocols that were not serving the most recent direction of the company in order to redirect time, focus, and funding to where it mattered most.

## Audit/Assessment Development

Partnering with organizational leadership, the audit and assessment process was defined and integrated into division culture. Each division leader was thoroughly trained and provided the necessary insight to help shape their division's audit / assessment on a bi-annual basis.

## Audit/Assessment Training

A month-long weekly training regiment was implemented with division leadership and the MX team to educate divisional leadership on how to train their division on the expectations and performance required in the audit/assessment. These sessions were conducted via Zoom and supplemented with feedback questionnaires and leadership conferences.

## Audit/Assessment Execution

Divisional audits/assessments were executed after leadership completed their training with MX. Each division reported their own metrics along with leadership defined key performance indicators that would help define division-specific trends towards improved performance.

## Internal Communications Workflows and Frameworks

An immediate internal communications workflow was implemented to clarify all division stakeholders, directors, developers, and integral liaisons among the growing remote team members and headquarters.

## Internal Communications Scheduling

Clearly defined parameters for a structured cadence of leadership meetings and weekly check-ins was included to maintain an on-going conversation about the company's focus on devising solutions across departments as well as monitor internal morale throughout each week. This weekly agenda was written and managed by MX Division and debriefed with leadership weekly.

## Methodology and Implementation

An AGILE approach to all project's moving forward was immediately activated to streamline the implementation process. This required a subtle but quick brand culture initiative to ensure all participants were able to understand the reasoning behind the change in management protocols and to actively include every participant to instill a sense of ownership in their performance, expectations, and the results they delivered.

## External Messaging and Retail Training

A series of training protocols were created along with an extensive retail training guide to establish a consistent brand experience in all retail locations.

## Retail Training Guide

MX Division spent six weeks in partnership with retail leadership and sales leaders to collect the necessary information in support of a retail training guide. In addition, marketing/creative leaders joined the collaboration to ensure future development of presentation and sales processes.

Proper on-brand messaging was created and devised in order to answer questions on prototypes, showroom tester models, shipping complications, installation inquiries, and a general on-brand response to expectations throughout the ensuing year.

## Execution

Member Experience Division initiated the execution of the proposed strategies as well as implemented an in-depth Objectives and Key Results framework per division's leadership. The performance of each division was monitored by Key Performance Indicators and cross-referenced with OKR parameters and overall performance for the organization as a whole.

## Division Audits

Each audit was conducted in partnership with the division's leadership. A thorough log of every asset, logged liability (financial and labor), current project, objectives, team members, budget, and targets were accrued for review.

In addition, another round of division team member surveys and interviews were conducted to assess the changing needs of each division, requests for support, and any other valuable insights each team member could provide.

A set of Division Audit Reports were delivered to the Member Experience leadership to be reviewed with the organization's key leaders.

## Internal Communications Strategy

The internal communications strategies for all departments in the organization consisted of the following:

- A series of communications workflows synchronized the entire organization's communication protocols. These protocols ensured a clear log of communication in a uniform format that guaranteed each participant defined requests, expectations, timelines, goals, and accountability in their role.
- An internal roles appendix identified each individual leader, their key roles, responsibilities, and expectations of projects and departments. This appendix was linked to the communications workflow guide, integrating the process itself with the leaders tasked to maintain it. At any point in time, anyone could cross-reference communications with this leadership appendix and know exactly who owned which initiative.
- An established scheduled cadence of check-in's and assessments to provide oversight on each project, team, and individual's progress was implemented by Member Experience Division alongside the communications workflow. This streamlined productivity by eliminating unscheduled Zooms, removing unnecessary conference calls, and reducing the need for Slack/Chat conversations between departments.

- Defined protocols and communication formats on all memos streamlined the communication process among Engineering, Logistics, Customer Service, Retail and Creative Divisions. A consensus was reached among the divisions on a strictly formatted information framework that noted Engineering's needs, Logistics requirements, Creative's schedule, and Software's resources for all developing projects.

## External Messaging and Retail: Communications Division

MX Division hosted the Communications Department that was created to ensure each piece of external communications was in the correct tone, messaging, and abided by the organization's positioning strategy before sending it to the Creative leadership team for dissemination.

### Communications Archive

A communications archival system was developed per department to log all exchanges between individuals, departments, project managers, and designers to increase transparency and accountability. These logs were also used to confirm expected delivery dates, transit status, customer interactions/engagements, and final results.

### Member Experience and Communications Consolidation

The Member Experience division absorbed the Customer Service Division, streamlining customer outreach and sales generation.

### Operations Department Consolidation

Logistics, Engineering, and Software Divisions were brought into strict alignment under a new Operations and Development Division. Each sub-department was required to log all communications into their respective archival systems for review. Communications collaborated with Operations to streamline communications with a proper formatting of all internal memos to be seen and contributed to by each department.



## Results

Progress was noted immediately upon the implementation of the internal communications strategy. Each department was assessed and evaluated by leadership to measure the response to the executed strategies. Metric analysis in KPI and OKR factors were assessed in both quantitative and qualitative results for a holistic conclusion on the execution.

## Development and Production

A marked improvement in product development was noted due to a newly gained clarity via the communication formats required between divisions. With unnecessary meetings removed, teams had more time to work on software/firmware issues that were identified during cross-collaboration leadership meetings. A considerable amount of costs and compatibility errors were avoided due to the concise communication between each division.

## Retail Division

Newly defined retail expectations and training empowered team members to speak on the newly arrived products with ease, resulting in an increase across all key performance indicators at the retail level. Operations Division was streamlined resulting in prototypes and showroom model products shipping on time to retail locations. With new showroom model devices on display, sales increased, driving bottom-line revenue and lead development.

## Marketing and Social Media

Defined style and copy guidelines unified the tone and voice of the organization's branding. This singular and vibrant messaging defined the brand's luxury-based value propositions and positioned the brand above the competition. Member Experience and Communications Division worked in collaboration to create the new Social Media Department. A social media community manager was hired to establish the brand's official Facebook group and Instagram account. An on-going content strategy was created by the Communications Division and Creative to help reposition the brand's online presence and establish a new sense of excitement for future offerings.

## On-Going Challenges

### Subject to Change: Leadership Pushback

As various department consolidations and alignments took place within the organization, a few individuals in leadership offered pushback against the strategic communications initiatives. The main point of contention was the newly implemented communications logging, archiving, and reviews required by leadership. The structured approach to departmental executions provided an immense amount of data for analysis and projections in future scaling developments.

An all-hands style meeting was called to address any concerns and define the expectations moving forward with the new strategy. The result was immensely positive with many associates reaching out with their personal support of the initiative and inquiries on how to further be involved with the new direction.

## Conclusion

This particular brand had started its venture strong with a well-backed financial base to establish itself in the fitness-tech world. Yet, due to a mixture of communication, scaling, and positioning errors, the initial momentum began to stall.

As the world navigated the massive economic and global impacts of Covid-19, the organization felt further setbacks while reemerging from the international pause of commerce due to small unseen complications that led to big losses, both financial and opportunity based.

Upon arriving, I understood the scale, implications, and consequences this organization was to face if a cohesive strategy was not undertaken to align its many divisions under one goal. A thorough assessment, analysis, strategic proposal, and collaboration were necessary to reclaim the enthusiasm the organization felt at its inception.

Over the span of eight months, I was able to support, inspire, create, mentor, and lead various initiatives alongside brilliant leaders, to reintroduce the brand to its dedicated audience of early-adopters and support the organization's introduction to the international fitness market.