

Coss Marte of CONBODY

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. The Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website. Hello, this is Hall Martin with Investor Connect Day. I'm here with Coss Marte , founder and CEO at CONBODY. CONBODY is a prison style boot camp that employs formerly incarcerated individuals as fitness instructors Coss . Thank you for joining us now.

Speaker2: [00:00:52] Thank you for having me. I appreciate it.

Speaker1: [00:00:54] Great. So what was your background before founding company?

Speaker2: [00:00:58] Yeah, I mean, a company was derived from my personal experience in story. I grew up in a heavily infested drug neighborhood in the Lower East Side of New York City. And as a kid, you know, I grew up with not much. And my mom emigrated from the Dominican Republic when she was pregnant with me. And we ended up in this neighborhood where I saw drugs day in and day out. And as a kid, people would ask me, what do you want to be when you grow up? And I would tell him I wanted to be rich, and the first avenue I received to become rich was to go the world of drugs. I started dealing at 13, and by the age of 19 I was making over \$2 million a year. I was running one of the largest drug delivery services in New York City. But everything ended when I went into prison and was sentenced to seven years in prison when I was 23 years old. When I got locked up, that's when I found out I had all types of health issues. Doctors in prison told me if I didn't eat correctly or work out, that I could probably die of a heart attack within five years and being sentenced to seven and told that I was going to live in five or be dead in five, I was like, I need to start moving. So I worked out obsessively. I lost over £70 in six months and then I started this whole workout program in the prison yard. I helped over 20 inmates lose over £1,000 combined. So I took that that same workout method I implemented on myself. I was doing it with other inmates, and it was not towards the end of my incarceration where I was thinking I was about to be released and I was thinking about like what I really

wanted to do in my life was when I had, as I call it, a spiritual awakening while I was sitting in solitary confinement where I thought about somebody and I came up with a business plan.

Speaker1: [00:02:48] Right. Well, the fitness is an interesting space to be in. What's your advice for people investing in fitness?

Speaker2: [00:02:55] People investing in fitness. I don't know. Every there's so many there's so many categories in fitness right now. I mean, there's just like it. You have the virtual, you have in-person, you have classes, you have gyms, you know, you have equipment. So, you know, for me, I have the more experience on like the virtual offering and the subscription model basis. So we have a subscription model that teaches fitness classes through virtual live videos and prerecorded videos. And then we also have a fitness studio where we teach classes at. So I know more of that. But my advice, I would say, you know, it depends, you know, what is that? What is that person looking to do? And, you know, what's a five year, ten year plan where they want what do they want to take this out and and see what if your visions align with that person and if you believe in that individual, that you know that if you believe in an individual, if he's going to take it to that or she's going to take it to that level.

Speaker1: [00:03:59] Well, that's good advice. Well, let's talk about the state of the fitness sector out there. You mentioned there's many different sectors. That's interesting. And you're working both online and offline. But how do you see the fitness industry evolving from here? What do you see is going?

Speaker2: [00:04:15] I mean, it grew tremendously. And we saw that with like the town rage. We've seen the subscription model and the actual, like, hardware model blowing up since since the pandemic. And I think we went from like a, what was it, a \$7 billion industry in 2015, 2016. And in just five years it grew to like a \$40 billion industry. So it was blown up, you know, through all these new models and especially through the pandemic with subscriptions and doing virtual stuff. I believe it's going to be a hybrid in the future. And that's where we're we're working on right now. And that's how we've been handling our situation where we have. Are classes in person being livestreamed. And so we have cameras set up in the studio where people get actually views from all all around the world and then have people like sign up in person if they want that in-person experience, but also have a great experience at home at the same time. So

it's going to be a combination of things. And I feel like if you if you're not pivoting to make that move right now, then you're probably going to miss out. If you think that old gym model is going to work. It's not going to work. We got to we got to figure it out and we've got to move forward.

Speaker1: [00:05:40] So what's the growth rate of the online sector at peers? That's the part that's growing fastest. And how what can you tell us more about that?

Speaker2: [00:05:48] Yeah. I mean, for me personally, I mean, it's it's grown tremendously primarily since the pandemic and November, December, January for us, like it was, it was tough with al-Muqrin in person, but the virtual stuff just picked up for us. And, and what we've created was a model that's very affordable, easy to do, and has a mission behind it. I feel like a lot of people today are investing in companies that are mission oriented and is where the customer base is following. A lot of a lot of our customers can have the options to go to SoulCycle or Barry's or at 45, you know, they have the funds, but they want to invest in us not only because we have a great product, but we also have a mission behind us. And I feel like it's a combination of things.

Speaker1: [00:06:45] Right? So what are the challenges in running a fitness company in today's market? What have you been facing, putting your program together?

Speaker2: [00:06:55] I think for us we've been successful on like being very unique and speaking out from all the saturated noise of, of the vanity workout, you know. I feel like what we have is, is different because we have a mission behind it. We're employed people that have been incarcerated. We have something that is hasn't been done before. And now there's people like, you know, piggybacking that we see doing stuff in other parts of the world. Like I've seen a company in Spain and Australia trying to do similar concepts as us. But yeah, I mean, you know, it's, it's a saturated market. You know, we could see that as a fitness studio and, you know, everywhere. But you just got to you've got to be unique, you've got to be different. And I feel like that's that's how we broke through all the saturation.

Speaker1: [00:07:55] Right? We talked about commodity being a recurring revenue, a subscription model with an online component. Can you tell us more about Body and how you fit into the overall fitness landscape?

Speaker2: [00:08:07] Yeah. I mean we're not a peloton or you know, there's there's a bigger companies like that that that have iPod but that's where I wish to be IPO or be acquired eventually. We're so small, you know, I haven't been able to raise a lot of funds primarily in the beginning was, you know, my background. You know, I've been incarcerated and I didn't go to college, you know, I didn't graduate or anything like that. You know, I figured it out and self educated myself and use the transferable skills that I had from the streets. Doing it legally and self taught a lot of the stuff that I know today. But yeah, we do fit in a unique market. We feel like we could, you know, take advantage of the market and disrupt it. Know, I feel like there's no other fitness studio or fitness recurring model online that's actually has a mission orientated, you know. Go behind them. And I feel like what we are doing, we're creating a movement to hire as many people coming out of the prison system as possible. We have so much talent, untapped talent from people that have been incarcerated. I feel like the smartest, most charismatic and and primarily, I trust more people that have been incarcerated because they're more loyal than than the people that's been in the street. You'd be surprised. I mean, I've been doing this for six, seven years now, and I have people. My retention rate for employees are four years right now. So like they once once they come with me, they want to stay with me, you know, unless they want to reach another goal. And I've helped other people transition to doing other stuff. So.

Speaker1: [00:10:00] So for someone who's incarcerated, it can be hard to find a job. And I guess you're making that much easier for them to actually find a good, interesting job. How does that work?

Speaker2: [00:10:10] So how we do it is we we were featured on like Men's Fitness, Men's Health and a lot of inmates read magazines. You really don't have that much commercial TV to promote. So we get tons of tons of letters. I get like a lot of my wife calls it like fan mail. We get these people like writing us and saying, like, I've been working out in the yard for ten years. I'm coming home in six months. You know, like, I want to be a personal trainer with you. I want to work out with you. And so we give them an opportunity as soon as someone comes home and they want to be serious about their programming and getting re adopting back into society, we put them through a pretty vigorous program for two and a half months. It's a paid internship. If they do well and they graduate and they get the certification through that program that we

offer, then we work on onboarding them on our on our platform. We're onboard them as trainers in person.

Speaker1: [00:11:11] To you have any requirements for someone to enter the internship program? Is it very selective or can anyone join?

Speaker2: [00:11:20] Anyone could join. We've. We haven't. We don't have people that have, like, sexual misconduct or any sexual history behind them. We work with a lot of females. I don't feel comfortable right now at this position or ready to take on that task. But we do we take in anyone, whether it's a violent crime and a lot of people, you know. Think about or you hire violent offenders. Yeah, but we got a lot of stuff is skewed because we could consider somebody as a violent offender that had a fight with their with their brother or sister. And then the cops were called and now you have an assault charge. And it was just a simple like rumble or a bar fight. And now we hear assault. And so we have this perception as this, you know, animal predator type individual. And and that's that's what I feel like we've done very successfully is like we change a lot of perceptions on what other people see from incarcerated people as.

Speaker1: [00:12:25] Right. And what's the advantage of an incarcerated person taking the job versus just anybody off the street? Do they have any special skills or are they better at it in some way?

Speaker2: [00:12:38] I feel like a lot of people that are hired are just so much hungrier and so much more loyal and they're eager to learn and it feels so appreciative to be part of our family, basically. I mean, it's just a different type. We run a different type of company. It's not. It's more of a community base and we help them with all types of resources on the back end. We help with housing, we help with clothing and all types of stuff that they need anything financial planning. So it's more than just like, Hey, here's a job, you know? And I feel like a lot of people that want a regular job and I get people that reach out to me, you know, who want to be, who want to work with us or. Qualified trainers, but it's for them, it feels like or for me it feels like it's just like a basic person that doesn't they just need a 9 to 5 and they just want to leave. And the people that we hire, it's not a 9 to 5 gig for them. It's like, I'm working after hours, I'm promoting, I'm working with the brand, I'm talking to clients, you know, and it's just more of a community than just a regular job.

Speaker1: [00:13:52] Great. Well, let's talk about the business itself. Are you planning to expand through franchising or what's the business model going forward to do the expansion?

Speaker2: [00:14:02] Yeah. Right now I've have over maybe over 80 franchises requests, and that's something that I'm really exploring. You know, we get all these requests that want to open up here and there, but probably about 20% of them are real. I'm, I'm having conversations. I feel like I need to raise money to take on that path. Legal fees and learning. And I'm also educating myself on what franchise laws mean in different states and the criterias of that. But right now, at the current moment, I'm really concentrating on expanding online. I feel like we could service an excellent product and you could do this anywhere, any time with no equipment and just your body weight and see actual results and and support a mission. And we've we've done that pretty successfully. And right now I'm working with closing out B2B contracts. And so I want to subsidize companies, their employees, fitness. And I feel like we could do that for a very minimal price. Today, we charge bigger companies \$10 per person per month to do our workouts. We have contract with RGA, one of the biggest marketing firms. We have people on on our platform. From there, we have people from VICE, we have people from VaynerMedia who are using our product and is subsidized by their company. And then their company is is meeting their social responsibility as well as giving back to a company that's not only a person of color, but a person that's doing the right thing to help humanity and people and give people second chances.

Speaker1: [00:15:52] There's many different kinds of fitness workouts or strength cardio, yoga. Pilates is so many different types. Which which ones do you focus on?

Speaker2: [00:16:00] So I created my own method. I call it a prison style boot camp. You know, it sounds intense. Anybody could do it. You know, my mom is 67 years old and she does this four times a week. I mean, she's she's in she's obese and she's in shape. But I have people that are way over £300 working on our program. Then I have people that are £125. But what we do is set the bar really high and it's a 45 minute workout nonstop. You have your you might have heard of like hit programs, you know, high intensity interval training. You know, you take 45 seconds, you work people out and then take a break. What we do is 45 minutes and then you take a

break. This is nonstop movement where mostly work on different parts of your body every day of the week. And that's how that's how we operate.

Speaker1: [00:16:57] I guess you call that you hit ultra high intensity interval training. That's 45 minutes without stopping as that will get you in shape pretty fast, I think. Yeah. Cool. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:17:12] Yeah. I mean, if you if you're a person that believes in second chances and wants to give back to society in a certain way, and I feel like we have so much untapped talent. And for those who are listening and not really interested in the fitness industry, you know, consider those individuals that are applying, you know, who have a record and want a second chance. You know, I'm not going to tell you everybody's going to work out. I'm not going to promise you that. But from what I've seen, I've seen the most loyal, honest people. And and I want people to change their perception and then also support us. If you want to work out if you want to excellent and great work out with us, sign up. It's very affordable for \$10 a month. Come check us out at CNNMoney.com. Great.

Speaker1: [00:18:03] How best for listeners to get back in touch with you personally?

Speaker2: [00:18:07] You could personally email me. I'm pretty on top of my emails. Cos cos Marty A.R.T. at Indeed.com you could hit my Twitter up, you get hit my Instagram up. I'm pretty active on both pages. So there's hit me up and also at somebody where we have somebody handling all our social platforms that clone body.

Speaker1: [00:18:32] Great. We'll include that in the show notes. We want to thank you for joining us today and hope to have you back for a follow up. So.

Speaker2: [00:18:37] Yeah, I appreciate it. Thank you.

Speaker1: [00:18:42] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Org Hall Tim Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed

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