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SoulCycle and Stephen Ross

SoulCycle is an American indoor cycling company with spin studios all over the country. Founded in 2006 in New York City's Upper West Side, SoulCycle has contributed to the craze of group exercise classes throughout the past decade, creating a cult-like following of riders all over the country. With 87 studios across America and Canada, SoulCycle continues to grow into different markets across the country, up from just 40 in 2015. SoulCycle has received praise for implementing a pay-as-you-go model, as opposed to offering traditional gym membership fees, as they believe this model helps their employees give customers the best possible experience every time they come into the studio.

Known for their empowering nature, SoulCycle has continued to be a frontrunner in the field of boutique fitness classes. Also, SoulCycle boasts a strong reputation of accepting all riders and welcoming anyone into their doors, allowing riders to become the best versions of themselves. According to the company's values on their website, "We've spent 13 years building a community based on diversity, inclusion, acceptance and love. We know who we are, we know what we believe, and we deliver on those values every day." SoulCycle is known for being inclusive to those from all backgrounds, religions, political affiliations and more. The company has hosted efforts

like International Women's Day and Pride for years. With the company's strong sense of community among riders and creating a welcoming environment for the public, SoulCycle has been able to create a relatively strong reputation for themselves. Despite the success of the brand, there has been debate and controversy affecting SoulCycle in recent years. First, in 2015, the company was in the process of filing paperwork to raise \$100 million for its initial public offering until the deal fell through soon after. SoulCycle said they would instead focus their efforts on opening more studios and paying off debt. Next, in 2016, co-founders and chief creative officers Julie Rice and Elizabeth Cutler left the company to pursue other projects.

The most recent scandal that has affected SoulCycle, its riders and its employees came to fruition in August 2019. Stephen Ross is a New York real estate developer and chairman and founder of The Related Companies, which owns the Miami Dolphins and Equinox Fitness, which owns a majority stake in SoulCycle, among other notable brands. Ross has been valued by Forbes to have a \$7.7 billion net worth. Ross has been known to support many Republican candidates and campaigns in the past. In August 2019, it was revealed that Ross has been helping many of President Donald Trump's efforts and hosting private fundraisers for him at his home in The Hamptons of New York. While the company has not had any direct affiliation to a particular political party in the past, SoulCycle tends to target large metropolitan cities across the country - including New York, Boston, Chicago, Los Angeles and more - and most of these cities tend to lean democratic.

SoulCycle received backlash from riders and the community, but lots of the controversy happened inside the studios with the employees. After the news broke, many instructors from various locations were enraged and ready to stand up to their investor. According to a screenshotted post in the SoulCycle Instructors' Group page on Facebook, one long-time instructor posted the following: "Now I have to figure out how to continue to pour my heart and soul into every class I teach, knowing that every dollar riders spend with me is enriching a man who is supporting what I consider to the most corrupt, evil administration in our country's history." Many of the employees' main frustrations stemmed from the fact that Ross' actions went against SoulCycle's values and ideals of inclusivity and making all riders feel welcomed and celebrated. There were also many complaints from employees regarding the fact that higher management did not inform them of the fundraiser until the same day as the general public. This lack of communication shows that Ross did not care enough about his employees to fully inform them of the situation.

In the wake of the scandal, SoulCycle also updated its values on the company website, starting the statement with the following: "In this difficult week for our community, we've been reflecting on how to move forward stronger and more united than ever. This week, our company and our teams were hurt by the decision of one of our investors. We have nothing to do with our investor's personal political fundraising event. We do not support it. But we are resilient."

In addition to this statement of the company's values, CEO Melanie Whelan released a statement on SoulCycle's official Instagram page, calling Ross merely "a

passive investor” in the company, and that SoulCycle’s values in no way aligned with these ideals.

Throughout the entire scandal, CEO Melanie Whelan was at the center of the decision-making behind the communications to various stakeholders. While employees continued to show their frustrations towards Ross and his political affiliations, SoulCycle began to rely heavily on their employees to win back the hearts and respect of customers of the studios. They were asked to serve as advocates for the studio and win back customers’ loyalty. Chief Communications Officer Carolyn Rosebrough and Whelan sent out talking points to instructors in anticipation of questions from riders. The talking points were unclear, just restating the company’s mission that “At SoulCycle we believe in diversity, inclusion, and equality. All souls are welcome,” and that Ross is a “Passive Investor.” The message that SoulCycle, and Equinox, in turn, tried to convey was that “Ross isn’t the face of the company, we are.”

Many employees were disappointed that the company did not give them an apology for putting them in the awkward position of choosing between their jobs and their political opinions. In the few days following the news, SoulCycle instructors began hosting free charity rides, called “Social Justice Rides,” where proceeds and donations were given to charities of instructors’ choice. Also, many instructors took to social media to endorse their feeling and ideas about the scandal, using the hashtag #WeAreEquinoxHelsNot. All of these efforts put together helped to rebuild the company’s reputation in a positive light.

Slowly, SoulCycle has been able to win back the support from their riders and employees. Since then, enrollment in their spin classes is back up to relatively high numbers, and the employees feel supported and able to express their opinions on the matter freely. I chose this case as it happened very recently, and I remember reading on social media about the chaos that ensued in the weeks following the news. Exercise classes and fitness studios are so trendy right now, and none of the other companies have had scandals like this, so it was interesting to follow the news that surrounding the issue in the weeks afterward.

In my opinion, SoulCycle did a relatively good job of managing the crisis. It was interesting that the communications team and the CEO decided to go against their investor's opinions in order to be transparent in showcasing their brand, even in times of debate. This approach is unique, and I think it was relatively successful. One aspect in which SoulCycle could have improved upon was the talking points that were sent out to employees, as they seemed unclear. Employees were struggling to comprehend how they were supposed to be displaying the brand while also internalizing their own opinions. I will be interested to see how SoulCycle will continue to address the issue as the 2020 Election grows closer, and Ross continues to support President Trump.

It may be a smart idea to create a preventative crisis management plan, as issues may arise in the coming year. This plan could include refreshers of the company's values, mission, ideals, etc. so that employees will feel more comfortable discussing issues as they arise. SoulCycle needs to have a robust crisis management plan going forward. In my opinion, SoulCycle's messaging around empowering all riders

and welcoming everyone is powerful, and they should take advantage of this platform to build their preventative plans.

SoulCycle and other fitness studios are continuing to grow across the world. They are successful in many different markets across the United States and Canada, and the studio is even opening a London location in 2020. With studios all across the country and the world, employees need to serve as a unified face of the brand, mission and values, in both the good and bad times. SoulCycle's mission is "to bring Soul to the people," and they can do this as they continue to grow.

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