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Black belt in business

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Lance Farrell's early martial arts business venture wasn't an immediate hit. He mixed passion and luck to find entrepreneurial success. Photo by Duane Tinkey

Lance Farrell, founder and owner of Farrell's U.S. Martial Arts & Fitness and Farrell's eXtreme Bodyshaping, found the inner strength to write about what he experienced while growing up on the family farm near Creston, but still to this day, he would prefer not to talk about it. And when asked about it, his gaze focuses downward and his demeanor changes. He anxiously looks around as though he is looking to find an answer, then refocuses his gaze with a blank look.

"I had a rough childhood," he gets out. After that, he doesn't say much more about it. Instead, he hands over a book that uses his short autobiography as its foreword, and gives permission to read about his past, rather than forcing himself to talk about it.

However, when talking about his experiences from boyhood to his current stature as business owner and successful entrepreneur, Farrell is quite open about everything but his childhood, even the time when his company almost hit rock bottom.

A growing curiosity

In his own words

Q: Would you consider yourself an entrepreneur?

A: Oh, yeah.

Q: What does it mean to be an entrepreneur?

A: Someone who takes risk, calculated risk hopefully, but sometimes not so calculated. You find a niche that you think is going to help people. You know, I always tell people not to look at the money side of it. I mean it's important; if you don't have it, you're not going to survive. But if your goal is to help people and you have a way of doing that, the money will take care of itself. It's like if you're playing a football game and you're staring at the scoreboard, you're not going to do very well. But if you're focusing on the game, the scoreboard will take care of itself.

As a young entrepreneur who didn't really know what direction he wanted to take, Farrell started his journey as a student at Iowa State University, where his passion for martial arts emerged.

"I had a curiosity for martial arts; I think the old 'Kung Fu' series with David Carradine got me excited with some of that," he said. "So when I went up to Iowa State, I kind of stumbled into the ISU Karate Club and Mr. Yong Chin Pak was teaching at the time, and I was just really intrigued by it, so I started.

"I had always done hard work on the farm, so it was natural for me to just fit right in with that. I was in the wrestling room; it was 120 degrees almost all the time in there. It was amazingly hard for physical exercise, but I liked it."

On top of putting in long hours in the sweltering wrestling room, Farrell found time to pursue a degree in agricultural business, which he said "was appropriate" since he grew up on a farm. Farrell also assisted Pak in teaching martial arts classes. He emerged from being a quiet farm boy who lacked confidence into a self-assured instructor.

Through this transformation, Farrell competed in national tournaments and found the courage to stand in front of his peers and teach them the techniques of tae kwon do; he even taught his mom and friends over summer breaks.

A career roller coaster

But as his college years came to an end, Farrell found a job that would bring him closer to home and utilize his degree in agribusiness. He signed on as a commission-based sales representative for Moorman Feed Co., selling what he claims was overpriced seed to farmers twice his age. Already having a tough time speaking in front of people, Farrell wrote in his short biography, "Within 30 days I qualified for food stamps. It was either sink or swim, so I worked long hours and forced myself to knock on doors."

Farrell said he wasn't at Moorman for too much longer before a company in Creston offered him a job with a salary, a car and benefits. The obvious solution to his financial woes was to take the job, so he did. He packed his things and moved back to his hometown. But little did he know that this new job would interfere with his passion for martial arts, and so he quit to become a full-time tae kwon do instructor.

"I knew I wanted to be in the fitness thing," he said. "So I opened Omega Family Fitness Center in Creston in the bottom of the Iowana Hotel. My grandfather had signed a \$10,000 note for me from the bank so I could get this weight equipment and have it brought there from Green Valley Weight Equipment in Creston.

"I started this little health club and it actually went really well for the first six months to a year, and then I think we ran through all the potential customers in Creston," he recalled with a chuckle.

Shuffling through more jobs to make ends meet - including stints at Terra Industries Inc. and as a real estate agent - Farrell faced a dwindling fitness business in Creston and realized he

had to do something different.

He had remained competitive in martial arts and had participated at national meets; his next goal was the Olympics. So facing a fork in the road, Farrell decided to leave his job and pursue his Olympic goal.

"After a few tournaments and a few national competitions, it became a goal of mine (to compete in the Olympics), and then it became an obsession," he said.

Moving to the city

However, with very few people interested in competitive tae kwon do in Creston, especially at the Olympic level, Farrell was faced with yet another decision.

"I moved to Des Moines so I could have other people to train with, because in Creston - a town with a population of 8,000 - there weren't a lot of guys my size who wanted to compete," he said. "So I figured I could go to Des Moines and find some people to help me reach my goal, and maybe I could help them reach their goal."

So before long, Farrell put his house in Creston up for sale - a repossessed house that he had bought cheaply from a bank - and turned a \$20,000 profit. Instead of using the money to buy a new house in Des Moines, Farrell used it as capital for his latest business venture in Des Moines: Farrell's Tae Kwon Do & Fitness.

It was 1989 when Farrell hauled his \$10,000 worth of gym equipment 80 miles north to Des Moines and into the lower level of what used to be Plaza Lanes Fitness Center.

"I just came in and saw this empty place and got a really inexpensive lease at the time," he said. "I charged \$35 a month for tae kwon do classes and to use the weights. I had the weights on one side and the tae kwon do on the other side."

Growing the business

So now that he had his gym in Des Moines and had established a following of competitive martial arts trainers to train with, Farrell needed to get people into his gym so he could start making money. He had taken a few marketing classes at Iowa State, and they were actually his favorite classes, so he put some of his knowledge into practice.

Walking door to door handing out fliers, and posting them on doors, Farrell found that this was an effective way to reach potential clients. "The first day, we signed up like 20 new students," he said. "The first week, probably like 60, and then they just kept coming in."

But his marketing efforts didn't stop there. With the extra cash he made from selling his house, Farrell bought a pickup truck, had it painted chartreuse, and turned it into the ultimate mobile marketing device.

"Some people might remember," he said with a laugh. "We put a couple of sheets of plywood

in the bed of the truck so it would make a sign, and we had this ugly truck parked by the street by Plaza Lanes and people would see that truck and come in."

With the unexpected inundation of clients, Farrell decided to expand his business to include hapkido classes. With the new offering, he changed the gym's name to Farrell's Tae Kwon Do, Hapkido & Fitness. Then, wanting to expand even more, he added judo and changed the name once again to Farrell's Tae Kwon Do, Hapkido, Judo & Fitness.

With the name getting to be lengthy and a bit of a tongue-twister, he changed it once and for all to Farrell's U.S. Martial Arts & Fitness.

From that point on, Farrell enjoyed consistent success, and was even able to compete in the Olympic team trials. He worked long hours, barely found time to sleep, yet was hesitant to hire any help; he worried that employees wouldn't meet his strict standards when teaching martial arts.

However, Farrell eventually gave in, hired help, and was able to expand and open gyms in south Des Moines, Urbandale, West Des Moines and Waukee.

A tiger by the tail

With a growing business, Farrell coincidentally found his ego growing at the same fast pace.

"A few years ago I didn't (stay humble), and that came back to bite me," he said. "So I learned my lesson. You know, you start thinking you are something special and God has a way of humbling that."

Farrell explained that the "bite" that deflated his ego happened at a time when "business was good, and everything was up."

"We were doing really, really well and there was a time when we thought we had the tiger by the tail. Then we ended up having somebody break off and do their own thing and take a bunch of students with them. There was a lot of tension there. And we got to a point where we were in huge financial debt and we didn't know if we were going to survive."

Struggling to get by and running out of answers, Farrell found his light at the end of the tunnel when he attended a seminar in Chicago. At the seminar, Farrell learned that in Iowa, you don't have to charge sales tax for services, which he had been doing all along.

"We could go back five years and collect the sales tax for services that we paid, but shouldn't have," he said. "It ended up being a ton of money, tens of thousand of dollars, that we could collect."

Putting some hop back in his step, Farrell collected the money from the state and was able to wipe out all of his accumulated debt.

In that same year, he started advertising kickboxing classes on the radio and within three weeks had more than 150 people sign up. Seeing the demand for this type of mixed fitness program, Farrell was inspired to launch his latest venture, Farrell's eXtreme Bodyshaping.

"This was a big turnaround," he said. "It was when I changed my attitude and started being thankful for the little things we had."

Now, Farrell has 12 eXtreme Bodyshaping locations in Iowa and three U.S. Martial Arts & Fitness locations. And just recently, Farrell franchised his eXtreme Bodyshaping business, with plans to grow outside Iowa.

"Just because you take a passion, that doesn't make you good at it," he said. "We are lucky that we are still here, because the passion has driven us."

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