

MANAGING YOUR MONEY,
WORK AND SUCCESS

Talking Points



TONY CENICOLA/THE NEW YORK TIMES

The Growing Cost
Of Filling a Backpack

Schools continue to rely on parents to pay for items that used to be classroom basics. In the last decade, the average amount families spent on school items grew by 42 percent, according to the National Retail Federation. But it estimated that families spent about \$630 this year on apparel, electronic and supplies, about 6 percent less than in 2014.

Trouble in the Organic Aisle

Recent data shows a sharp jump in the number of recalls of organic food



JIM WILSON/
THE NEW YORK TIMES

products. Organic food has accounted for 7 percent of all food units recalled this year, compared with 2 percent last year, according to federal data compiled by Stericycle. In

2012 and 2013, only 1 percent of total units of recalled food were organic.

Scraping Peas Off the Plate

Since 2012, the Department of Agriculture has required that children in the school lunch program select a fruit or a vegetable at each meal. But a new study in Public Health Reports suggests the new rules are not working well. The study showed that consumption of fruit and vegetables has dropped slightly under the new rules, with children throwing out the required foods at a rate 35 percent higher than before.

Unions and the Kids

A new study suggests that unions may help children move up the economic ladder. Researchers at Harvard, Wellesley and the Center for American Progress, a liberal think tank, released a paper showing that children born to low-income families typically ascend to higher incomes in metropolitan areas where union membership is higher. Among the reasons, the authors suggest, is that unions are effective at pushing policies that broadly benefit workers.



KARSTEN MORAN FOR THE
NEW YORK TIMES



CHRISTIAN HANSEN FOR THE NEW YORK TIMES

WORKOUT GOLD SoulCycle started with a single studio in Manhattan and now has 41 locations nationwide. Investors hope to cash in on an upcoming I.P.O.

Investing in High-End Fitness

INVESTING
JULIE CRESWELL

Early on a recent morning in Manhattan’s Upper East Side, dozens of mostly young, svelte women file into a quiet, candlelit studio where they mount gleaming stationary bikes. Soft clicks are heard as they fasten their shoes to the pedals.

Suddenly, a thumping beat blares through speakers as the room is illuminated in a soft lavender glow. The 72-strong pack begins to pedal in sync. The leader cajoles the cycling pride: “Forget about the job. Forget about the kids. These 45 minutes ... are ...all ... about you!”

This is SoulCycle, a sort of spinning, self-help therapy session. SoulCycle has developed a cultlike following among celebrities and hedge fund wives. But nowadays, its biggest fans might be the Wall Street financiers hoping to ride the SoulCycle craze to big bucks with its upcoming initial public offering.

SoulCycle started with a single studio in 2006. But its rapid expansion — 41 locations nationwide — has been fueled by wealthy investors, including the real estate mogul Stephen M. Ross, whose company, Related, owns the health club chain Equinox, which acquired a majority stake in SoulCycle in 2011.

Two of the women who started SoulCycle have largely cashed out.

During the spring, Equinox increased its stake in SoulCycle, and its co-founders, Julie Rice and Elizabeth Cutler, each received a payout of nearly \$90 million.

SoulCycle has set off something of a boomlet in so-called fitness boutiques, whose backers are some of their best customers.

“We have no shortage of investor interest,” says Ed Kinnaly, chief executive of Flywheel Sports, a New York-based SoulCycle competitor. Flywheel has received funding from the family of Lew Frankfort, Coach’s former chief executive, and

Pricey workout classes
appeal to the affluent
and are recession-proof.

the private equity firm Catterton.

Peloton Cycle, which sells \$2,000 sleek stationary bikes for home use, counts the hedge fund Tiger Global Management among its investors.

In July, another private equity firm took a stake in Barry’s Bootcamp, an intense cardio and strength-training program that claims its techniques “shock” the body. If the workout doesn’t shock the body, the \$34-per-session price just might.

If the 1980s exercise gurus Jane Fonda and Richard Simmons were focused on bringing fitness to the

masses, these high-end gyms and boutique fitness centers are mostly after the affluent. At \$34 a session, three SoulCycle workouts a week will cost more than \$5,000 a year.

The factors driving the high-end fitness craze are similar to those that drive luxury car sales: The wealthy are less sensitive to the economy’s ups and downs.

Less sensitive, at least, than most members of traditional big-box gyms, considered more cyclical businesses. In a downturn, financially struggling consumers often drop their gym memberships — which is what happened during the latest recession, sending Bally Total Fitness, Crunch Fitness and even the more upscale David Barton Gym chain into bankruptcy.

“We are right now targeting affluent users,” said John Foley, who founded Peloton Cycle. “If we sold only to the top 5 percent, we would have a \$5 to \$10 billion business.”

Mr. Foley argues that cycling mania is in its early stages and won’t go the way of other crazes like Jazzercise, step aerobics or Tae Bo.

“All over the country, not just affluent New Yorkers, want to burn 700 calories in a workout and have a glow about themselves all day,” Mr. Foley said. “SoulCycle and its brand have tapped into the notion of exercise as food for your mind as well as your body.”

Indeed, SoulCycle’s ambitions

stretch beyond its 45-minute classes. Its prospectus states that it hopes to increase its number of locations, from the little more than three dozen studios it currently has to 250 in the United States alone. It also hopes to expand digitally to an “at-home” audience and to extend its brand by expanding its trendy workout apparel line. Perhaps that’s why one of its new board members is Millard S. Drexler, the chief executive of the J. Crew Group.

SoulCycle’s group of wealthy, savvy investors stand to benefit from the company’s continued growth. Equinox is controlled by Related and the private equity firm Leonard Green & Partners, whose holdings include Shake Shack and J. Crew.

Ms. Rice and Ms. Cutler have been given new titles — co-chief creative officers — with the chief executive title now being held by Melanie Whelan, a former Equinox executive.

Despite a history of fizzling exercise fads and increased crowding in the boutique fitness category, SoulCycle is betting that its spin-loving customers will continue to flock to its pricey classes.

“Traditionally, exercise was viewed as a chore, a box that needed to be checked,” the prospectus says. “We believe that fitness should be joyful, inspiring and help people connect with their true and best selves.”

Paternity Leave Has Yet to Enter Mainstream

WORKING
RON LIEBER

Two companies recently joined the race to provide more generous paid parental leave. Netflix said it planned to offer unlimited leave in the first year after a child’s arrival to many of its employees, while Microsoft said it would substantially increase the paid leave that it will provide. Both companies are playing catch-up with the likes of Facebook, which offers four months of paid leave.

Facebook C.E.O. Mark Zuckerberg, who announced he and his wife are expecting their first child, may have the biggest opportunity to help members of the paternity fraternity by using every last day of his leave. Without prominent men in high-performing organizations taking parental leave, the mainstreaming of paid leave for fathers will take a lot longer.

Paid paternity leave is an incredible privilege for employees in the companies that offer it. Cultural hurdles, however, are far harder to clear. Taking a lengthy paternity leave in a company where few, if

Time Off for Fathers

These employers offer at least 10 weeks of paid parental leave to new fathers. In some cases, you must declare yourself to be the primary caregiver.

Company	Weeks Paid
Netflix	Unlimited in first year (not all eligible)
Change.org	18 weeks
Facebook	4 months
Adobe	16 weeks
Goldman Sachs	16 weeks*
Morgan Stanley	16 weeks
Bank of America	12 weeks
Dow Jones	12 weeks
Google	12 weeks
Microsoft	12 weeks
Twitter	10 weeks

Source: the companies THE NEW YORK TIMES
*for adoption or surrogacy only

any, senior men have ever done so requires courage. And while some employers believe that generous maternity leave more than pays for itself in retention, there is little proof that male employees won’t experience a career stall.

Only 17 percent of the employers that the Society for Human Resource Management surveys provide fathers with the benefit. Employers that do so tend to be clustered in industries like technology, finance and professional services. It stands to reason that employers who pay generously would lead the pack here. There are real productivity losses and recruiting costs they would otherwise bear in having bleary-eyed employees roaming the halls and others quitting altogether.

New fathers at Microsoft will get 12 weeks of paid leave, identical to what mothers get. There’s no escaping the fact that the small number of men taking paternity leave means that many colleagues will remember their absence long after they return. So what’s the upside to paternity leave?

For men with spouses, it means that the couple is learning to raise

their new child together. Academic research, set mostly in Europe, provides evidence of how paternity leaves help mothers. In Norway, women are absent from work less because of sickness if their husbands take longer leaves. In France, mothers are less likely to experience depression. Among the Swedes, each month of parental leave appears to increase mothers’ earnings by 6.7 percent.

But what happens to a father’s career after a lengthy paternity leave? We don’t know all that much yet about men specifically. Google has had generous parental leaves for several years, but the company would not tell me whether it had specifically matched up men who took long parental leaves against similar men who did not, to see whether the leave-takers suffered financially.

Roya Soleimani, a Google spokeswoman, offered encouraging words. “We see no sign of bias in our people processes, which includes compen-



ROBERT NEUBECKER

sation, promotion, performance.”

Your employer may be nothing like Google, so there’s no denying that paternity leave requires bearing some risk. But it is also something that you can do for your fellow man, literally. If people don’t use the leave, employers will take it away, cut it back or not extend it.

As for Mr. Zuckerberg, he is a busy man, and who knows how Wall Street would react if he sat out a quarterly earnings call or two? Here’s hoping, though, that we’ll get to find out.



SATURDAY FINANCIAL SECTION:
Exclusive Sponsorship Opportunity

\$400/per week
w/ 26 week commitment

OR

\$300/per week
w/ 1 year commitment

Contact advertising@bangordailynews.com or 207-990-8134
bangordailynews.com

