

**EPISODE 259**

[INTRODUCTION]

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**FT:** Welcome back to So Money everyone. Thanks for joining me. I'm your host Farnoosh Torabi. We've got a really cool guest for you today. She's a farm girl turned serial entrepreneur, Erin Smith. Today she's a business strategist, serial entrepreneur. Her story began when she, of course was grown up on the farm, but then as a young adult she as climbing the corporate ladder like a lot of us have done, or are currently doing. And then she read a pivotal book: *Rich Dad, Poor Dad*. We know the book. It's written by Robert Kiyosaki, one of my first guests on So Money. And it was after that great book that she finally learned the meaning of financial freedom and changed course. Because to her financial freedom had always been about a job and 4% annual raises. But now she realized at a young age that it was about ownership.

By her late 20's Erin got her realtors license, she was the owner of two homes. She then created a part-time petsitter business, and within two years the part-time job became a six figure income with 12 employees. Five years after that she sold the pet company and opened a mobile spray-tanning business. Nine months later she had created another successful business venture, and since then she's spent time helping and investing in others and their ventures. She's taken products to market, launched online businesses, has taken on massive marketing changes and plans for businesses in a variety of industries.

And since her dream is to help others, she created the Starters Club, which aims to help people wherever they are in their journey of entrepreneurship by working closely together and connecting entrepreneurs to the resources they need to help grow their business. She's also written a new book, *Master of the Start: 10 Steps to get out of your own way and create your dream business*. She's also, because why not, she has started a podcast to accompany the business. It's called "The Starters Club" and there she talks about entrepreneurial topics and interviews great guests.

A lot of takeaways from our time with Erin including her just broad experience from real estate, to pet-sitting, to spray tanning. She has a variety of businesses under her belt, and she shares her "ah-ha" moments for all of these startups and why they ultimately worked. She talks about managing your finances as a budding entrepreneur. Maybe you're still working a 9 to 5 thinking about starting a business, or currently toying with the idea — tooling with the idea — how do you balance your finances to address your real life, your current life, and your hopes and dreams?

And Erin is not just an expert on starting businesses, but also the exit strategy, right? She managed to sell multiple businesses. So how do you know you're ready for that part? And how do you make the business that you have attractive to potential buyers?

Here is Erin Smith.

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[INTERVIEW]

**FT:** Erin Smith, welcome to So Money. Congratulations on your new book. Excited to have you on the show!

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**ES:** Thank you Farnoosh. I'm so excited to be here.

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**FT:** Woman, you are a serial entrepreneur if there ever was one! I mean I didn't realize just how much experience you had starting and launching your own businesses. I read the book and I knew that you were an expert in your field, that you had started some business, but like the variety of businesses that you have started, the scale and the types, so varied!

Can you share that a little bit with us? You're also young, too, so that on top of everything else just blew me away. So take us back to how you got started starting all these businesses. I mean it takes a certain personality, doesn't it? I mean because what I've found is that none of these businesses were really that similar. They were kind of all over the place.

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**ES:** [Laughs] Yeah they were. You know it was, so honestly — and I'm gonna share this very beginning part because I want your listeners to understand. The story I share is you don't have to know what you're doing, you just have to simply figure it out. And for me, I never thought I'd ever want anything outside of Corporate America. I grew up on a farm, so to have somewhere that I was done at 5 o'clock everyday, plus I got vacation, plus I got holiday. Like I never had Christmas off growing up, it was just chores to do.

So I loved Corporate America and what happened was, I was in my early 20's, I had bought a house, I had bought a car, and I thought Corporate America was just the ladder to climb for the rest for my life and layoff started happening. And I realized I needed to figure out a plan B, and just at least not quit Corporate America, but figure out how to make other income and that's when I read *Rich Dad, Poor Dad*, I went to real estate school at night and I started investing in real estate. I bought my first house at 22, and by the time I was 27 I actually purchased my second home. I lived between Dallas and Phoenix for a year.

So I was investing across the country, it was really exciting. I loved it, it wasn't a get-rich-quick thing for me, it was very slow and steady. That's how I always looked at money. And I never thought I'd be an entrepreneur, but because I had invested in real estate one of the ventures I did in real estate was some condos out in the Carolina's. And it was a business partnership with my friend and her mom, and so I learned about LLC's by doing that. We'd LLC'ed and so when I came to Dallas I was living here and my — he's now my ex-husband — but he was going to school on a PhD. And I said, "Okay if you were gonna work before I came out here, you're gonna have to work prior."

And if you know me, is to know my love of animals. I adore dogs, I'm active in rescue, and we started looking at other ways for when we travel what we're gonna do with our dogs. And we

came upon pet-sitting and I said, "You know, this would be so much fun." And he said, "Can I start a pet-sitting business? We'll do it for the summers. I'll just do it. That's how I'll make extra money." I said, "Fantastic!" And so I knew how to make an LLC, I called a friend to make a logo, I figured out how to build my own website, and our first job was an every day walk. I couldn't believe people paid for that, and so I was like, "Okay! So this is gonna be more than a summer gig." Basically just figured things out along the way. Figured out how to market. I'm a dork, so I just used the money that we made to invest.

But it was about a year into the business when we were going out of town and trying to find somebody to come take care of our dogs, and nobody called us back. So this lightbulb moment went off for me where I'm like, "You know what? Who else isn't getting a call back?" And that's when I really started digging into marketing, I taught myself Google AdWords, started and long story short, having no idea what I was doing literally hired my first employee a couple years in, came home and Googled "How do I hire an employee?" cause I had no idea! I just figured these things out and built that to mid-six figures, sold it, and went on to the next thing, which was just another idea that — my mom is a skin cancer survivor, I knew I was on a track for skin cancer, and I started spray tanning and I hated the boost.

And so a friend of mine said, "You know I went to this party in Austin, a spray tan party." And I said, "Oh my gosh, let's find somebody to come spray tan us." Nobody was in our area who did it close by, so that was another, "You know what? I bet you somebody else would love this idea." So that's what my businesses have been. It's just kind of these "ah-ha's", "I bet somebody else would love to do this," and I sold that one too. So that's just what — it's been a fun journey for me and just figuring new things out, taking on new challenges. But it's just a matter of, you don't have to have all — in fact you'll never have all the answers to start. And I've been very fortunate that I've just always figured things out along the way.

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**FT:** I think that's what trips us up too is that we have these "ah-ha" moments, but we're afraid to get started. We feel like we have to do all this research, and all this outreach, and raise all this money, and take all this time to start to have the confidence to do it. But what's your advice about that? How do you? What is the "art to the start", in your words?

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**ES:** Well I always compare starting a business to parenting because what I always tell people, I know for me, and I'm sure a lot of people were better off at the beginning of parenting than I was, but there's no way in the world the hospital should ever let us take our first borns home, unless like we had younger siblings and we actually really know what we're doing, cause we never have all the answers. And you just have to begin, and I think you have to know it's about — I always tell people, it's not how much you know, it's not how much money you. It comes to one simple factor of "how badly do you want this?" Because you will figure out a way to overcome every obstacle that hits you as long as you know you're willing to do whatever it takes to get through those.

But some people they start, and they're kind of, "Uh well, maybe I wanna try this." And then when a hardship comes they're like done. And so it's just really about having a fire. One of the things I write about in my book, it's really understanding your "why" because when there's hard times that come, you're gonna say, "You know what? It's worth it, let me just plough through this," and just really setting a strong foundation and understanding you're not gonna have all the answers, but you have to take that those first steps and you're going to start figuring it out.

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**FT:** You have started, so you said real estate, pet-sitting, online businesses, spray tanning. When you have those "Ah-ha" moments, what in your head signals to you, "This is a good idea"? Other than just, "I need this, no one's providing it". Is that all it is?

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**ES:** That's a good question. It's a little bit of both. I know, I always have confidence I can put my own twist on it. I always do some analysis, like when it came to the pet-sitting business, I knew there were people who did it, but I knew I could do it better. I even charge more than most people were charging because I knew I could do it better. And with other things it's just making sure that there is a market for it. I definitely do — I'm a Google, I love Google keywords and the

keyword search tool. So I always look and see what people are searching for, do some research online to see what people are posting and asking questions about.

But even, I think the biggest key too in starting when you see somebody doing what you're already wanting to do — I had a friend tell me this and it was really a key moment — that's a good thing. A lot of us will get really frustrated and we'll say, "Ugh, somebody's already doing it. I can't do it." But no, you can because they've just proven that there's a market for it. And so it's just a matter of putting — I know what I do right now there's a lot of people doing, and there's people who will go to them, my competitors. Which is fine, but I know I can do it my way, I can do things different and what I feel is better. So that's why I continue forward with business ideas.

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**FT:** And is that why you wanted to write the book? I think your book is gonna help so many people because we do get stuck on just that beginning phase. I think it was Barbara Corcoran who said once that, "Sometimes the hardest part about launching a business is the voices in your head in the beginning that tell you you can't do this." It's not the logistics or the fact that the resources aren't there, it's your own sick, twisted mindset that's telling you you're either not worth it, you can't do it, it's too difficult, you'll never succeed.

So what has been the feedback from your book?

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**ES:** Really it's been great feedback and I did wanna place. Another thing I always tell people is there's only one difference between massively successful people and unsuccessful people. It's not that the successful don't have that voice in their head. We all — that is one thing I have learned especially starting this business and starting my podcast. I have talked to so many people, and we all have that inner demon going, "Who are you? What do you think you are?" I did this with my business with the book. I'm like, "Who am I to tell people how to start a business? I've only built one to mid-six figures, or I've only sold two. There's been people who have sold so many more. Who am I to do that?" And you just, you've got to get past those

demons because the only difference is that the successful people say, "Screw you," to those voices in their head and say, "I'm gonna do it anyway." Where the unsuccessful listen to them.

So there's just been a lot of great feedback of, "Gosh, you knew where I was. Like I'm so right here in my business," people just starting out and pushing through. I just wanted an honest book of, "This is what it's gonna take, you can do this, you just have to push through it and this is how you get through those areas to be success." So it's so humbling Farnoosh. I was so scared to do this. To be honest with you, I felt I think writing a book — and you have several under your belt — it's so, you are so vulnerable when that book goes out. It's the most vulnerable thing I've ever done. I just feel like I'm standing naked in front of people like, "Here I am. Just all of me. Read this please?" And it's just, and to get the feedback, it's been amazing. I'm so grateful. And it's just another reason to push through those inner voices who are saying, "Who are you to do this?" Because you don't know the impact you're gonna have on anybody at any point, and so you have to push through.

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**FT:** It's a net positive. Let's just put it that way. There's gonna be some negative feedback, some positive feedback, some outrageous feedback. But in the end, I think you are and you will continue to help people and that is why you do it. And I'm surprised you were a little nervous, Erin. Because I honestly — like you've started businesses fearlessly. A book is just easy - easy, peasy. I feel like you've done such, more triumphant things in terms of just the energy and the time and the determination. So I'm happy that this was a successful endeavor for you.

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**ES:** Yeah. So there's two points to that: First being just the — you know I was so scared. I wasn't scared of the people who came out of nowhere and said, "You suck." Those people don't — there's just people you will never be able to please, and that's okay. What I was so scared of was letting the people down who have been following me up until this point. That was worry number one. And second was if you read the book *The Big Leap* — have you ever read that?

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**FT:** I haven't, I'll be honest.

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**ES:** No, it's an incredible book. If you ever get a chance, read it. Because he talks about our zones and the highest is your zone of genius where you really feel like this is, like no question, this is the place to be. But we keep ourselves back from that because we have high expectations to be there because that's where we know we should be, but what happens if we do this and it isn't all that it seems or it doesn't play out like we imagine it to. So a lot of times we hold ourselves back. And for me, writing has been a huge piece of the pie for me. I mean if you knew me at the age of eight-nine, that's all I did was write. That's all I did was write. So I was so worried to finally put that book out into the world and not have it live up to the expectations I'd set up for myself for 30 years, if that makes sense? So that's where a lot of the nerves come from.

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**FT:** Sure. Yeah it's a lot of pressure on yourself. I can hear it in your voice! [Laughs]

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**ES:** Yeah.

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**FT:** Erin, what's your financial philosophy? Let's get So Money here and talk about your money mantra as an entrepreneur, as a woman, as a mom, what is it? As a new author! What is your money mantra?

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**ES:** It's always been slow and steady. I am that person who I've always put money away for savings. Everything's been a part of savings and it has definitely paid off for me big time. I mean I never have to put another dime in investments and I'm set for retirement, and I'm 38. So I mean but it hasn't happened over night. It's been almost 20 years now that I've been investing. So even if you're getting frustrated, even if your things aren't — I mean come on, the economy. Things are gonna happen here coming up. It's all writing on the wall, but just stand back. And one of the best money advices I can ever give, pieces of money advice, was I've been through massive real estate ups and downs, okay?

I was in Phoenix when you couldn't lose money investing in real estate. And I remember Robert Kiyosaki living there and he said, you know cause we were like, "Oh are you jumping in this real estate market? Are you jumping in?" And he goes, "When you can't lose, stay out." And I wish I would've followed that advice when I heard it. But I didn't and luckily I'm on the up side of that. I had a few hard years in real estate, but that is the best advice. And looking back now, like the stock market, when you just couldn't lose in the stock market, sit back, wait. When you can't lose — and right now it's happening in Dallas. You can't lose in Dallas. Like real estate's going up, and up, and up. Just sit back, get cash strong, and you are gonna be so happy and thankful that you did.

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**FT:** I love that; when you can't lose, stay out. And that's really more a mentality. I mean, perhaps the market isn't so hot and you're having some intrepidation about it, maybe that's the time to go in? But if it's like a no-brainer when like your cab driver's telling you to buy real estate, when it's gotten to be so like just everyone's in agreement about it, then maybe it's time to just get home and shore up some cash.

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**ES:** Exactly. Yes, exactly.

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**FT:** What's your money memory growing up? You said you grew up on a farm! So tell me about your exposure to money as a kid. What was your greatest memory?

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**ES:** It was that money was hard to come by. Not that was were — we weren't broke by any means. We were definitely middle class growing up, but it wast just — I mean I worked so many hours on a farm and I saw my dad work so hard. So for me the money memory was that it took really, really, really a lot of hard work to make money. And it was one of the biggest mindsets I had to overcome even in my 30's. I worked so many — I mean that's why I was so successful in business was cause I just worked. I can out-work anybody! I can out-work anybody on an hour basis but I had to learn that it didn't have to be that way. I could just work smarter and, yes it's gonna take a lot of hours, but you can be smarter about it, and that money's a lot easier to come by than many of us think it to be.

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**FT:** Were you ever raised thinking you were gonna have a farm life as an adult? I dunno how it works with farming, I mean is it something that does get passed down to the next generation? You'd think so, right?

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**ES:** Well my dad would love to tell you that we would, but I was in a weird situation. So my parents actually were from Milwaukee, and for those of you who don't know, it's a bigger city in Wisconsin. It's Wisconsin's biggest city. So they were city people who moved to the middle of nowhere Wisconsin. My dad had this dream of owning a farm, and so they bought a farm. And I lived in a town of 1,200 people and I hated it. But my mom was always like, "Don't stay here, don't stay here, don't stay here." So my dad wanted me to go to school, it was always something I knew was on the radar, and I didn't wanna become — I didn't want to be a farmer. I would love to have land again at some point and have just like a little hobby farm, but it wasn't expected that we were. I have two other siblings. I think my dad would've liked for us to, but it wasn't cut out for any of us.

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**FT:** [Laughs] At least you're honest.

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**ES:** Yeah. No it's such a hard job. I have a work ethic no no other because of it. I witnessed things, I mean I used to birth cows. Like I could hook up like binder twine and pull — I've delivered calves before. Like this is...

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**FT:** Now I know where you get it. Now I know where you have it. You were birthing cows at 11, okay? You can start a few businesses in your sleep!

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**ES:** Exactly.

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**FT:** But let's talk failure, Erin, because that's also part of your book and this idea that you just need to sort of face fear and accept failure. It's gonna happen, it's just part of the road when you're an entrepreneur, it's part of the road in life. And we talked a lot about how you started these mini-businesses, all very different. But was there one that kind of blew up in your face? Or went a direction that you were not expecting and it was a failure in the moment, but later was a huge learning lesson for you?

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**ES:** Yeah so my second business was the tanning business. So I had big aspirations to franchise this thing, I built it so fast. I brought in a partner, she was so overwhelmed within a few

months that she left. We started it together, and then I bought her out. Within nine months I had seven employees, I was working out of six salons, I was literally travelling all over Dallas-Fort Worth and then talking to a lawyer about setting the business up for a franchise eventually. It takes a couple of years, but we were starting the process. I built it so fast it was out of control. Period. End of story. I mean it was just, I was flying by the seat of my pants and then I ended up unexpectedly getting pregnant.

So at the time it looked like a massive failure because I had to cut back. I had to cut back, I had a couple girls leave because of other circumstances, very random like boyfriend's cheating on her. So I didn't hire and fill those places, I had to pull back on some of the salons, and it was a really hard moment for me because I just grew too quickly too fast, and I had no control. It was just out of control. But it ended up being a blessing in disguise because had I built it to the level of franchising, I don't think I would've enjoyed it. I think it would've been just a path I went too far down that I couldn't get out of, if that made sense?

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**FT:** A rabbit hole? [Laughs]

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**ES:** Yeah exactly. Like something I just kind of kept digging deeper and deeper, and you just kind of stick with it even though there's no passion. So it ended up working out cause I pulled back the business and was able to sell it in a few years. But it was really hard for me to kind of swallow my pride and say, "I went too big too soon."

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**FT:** What's interesting is that you sold all these businesses. Can you share a little bit about that process? At what point in your business can you sell, are you positioned to be attractive to a buyer? Cause I would think it has to be like at a point where you're just doing so well and you're in the seven figures. But you did this, you know, you sold six figure businesses. So when is the right time to sell, and how do you do it correctly?

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**ES:** Well the first business I really was smart about. I'm like bragging, but I really kind of was strategic about it — let me put it that way. Because what I did was, I had a former client who was an accountant — so she was definitely corporate — wanna come and work for me. And I knew I probably needed to give her more responsibility than just being a pet-sitter to actually work for me. And it was this perfect timing where a competitor of mine was selling out. So what I did, this was about three years into the business.

So I bought that competitor and gave it to her to run it. And said, "Listen, you run this business as is, we're gonna run two businesses. I'm gonna kind of set you up for this." Because I knew I didn't want to do this forever, and I just was kind of preparing ourselves. My ex-husband and I were supposed to move out of the town, so I was setting everything up. So what I did was I had her run this kind of leg of the business. And then when I was able to trust her, I started bringing her in to my main business, running that.

And it was this perfect transition because when I was ready to sell, everybody knew here, I was back behind the scenes, and so it was just this beautiful little like, "Just take this over for me, write me a cheque, and all is well in the world." And so it worked out great. And so I'll tell people a lot, like for small businesses, try to get somebody in there that you can kind of just pull the reigns over to eventually. Because if they're really good and do what they love, they're gonna wanna run their own business anyway. So you either, they become your competitor, or you sell them your thing and move on to something else. And that's essentially what I did.

And then the second business was I just I wanted to focus more on this business, and so I put that one up for sale and it was kind of a funny story how I found the buyer, but it wast just kind of, I knew I didn't wanna run both. I actually just wanted somebody to take care of my current clients, I wasn't looking to make a fortune on it. And I wanted somebody just to be able to walk in and not have to do the building blocks that I did. So I was just at a point where I was kind of done with that one.

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**FT:** Well good for you for just, you know what? Moving on! That's part of the hard — you get so emotionally attached sometimes I think to your business that you don't feel that even if you don't really happy it's like, "Well it's my baby, I started it. It's really hard to let go." But you're pretty good at that.

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**ES:** I had to learn. That was my first business, I did not wanna let go. And the moment I let go and could trust was, I think, one of the happiest days of my life. You gotta let go.

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**FT:** Yeah, my gosh. Well we're almost out of time here Erin, but I wanna ask you a couple more questions. One is, from your personal life experience, what is like the best financial habit you would give to someone who is starting a business on the side, maybe they've got a 9 to 5 and they're transitioning, or they've just launched and they're starting out? What's a good financial habit that you practice that you think others can benefit from?

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**ES:** Well if you have a 9 to 5 or you have some sort of — always pay yourself first. I always was in that position, not matter what, X amount went into savings and that's what has put me in a great bind. I think as you're starting your business, really think about how you can do that initially because it's going to set you — even if it's just a little bit every month, it builds over time. I know it's basic 101 stuff, but it really does work.

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**FT:** Alright, ready for some So Money fill in the blanks? Just a few!

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**ES:** Alright, go for it.

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**FT:** If I won the lottery tomorrow, let's say \$100 million, the first thing I would do is \_\_\_\_\_.

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**ES:** I would, I mean I would figure out ways to invest it. [Laughs] I know that's like a nerdy answer, but it's so true. I would!

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**FT:** Well in your business? In what ways invest it? Back into your business life or into yourself?

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**ES:** I think both. I think I'd go into some multi-family real estate, honestly. And I would buy some there and then yes, set myself up in my business a little bit more. Hire a few people in my business I think is what I would do. I would never just sit back. I'd actually buy a few vacation investments too.

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**FT:** So if I'm hearing this correctly, those are the areas that you think are kind of hot beds right now. Not to the point where you can't lose, [Laughs] but those are some opportunities that you're seeing in your area.

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**ES:** Yeah I just think those are always good places to go. I think I may sit back a little bit. At least you're not worried about your cashflow because you can pay cash for something like that, even if it dips a little bit. Like I said, I go long term. So I'm looking at buying a home in Lake Tahoe

and making \$400 million on it in a year. It's definitely long term, pay it off type of thing. So I would definitely take the money I get off of the lottery and put it into other things that will make me money other places.

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**FT:** Spoken like a true entrepreneur who has read *Rich Dad, Poor Dad*.

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**ES:** [Both laugh] Yes.

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**FT:** The one thing that I spend on that makes my life easier or better is \_\_\_\_.

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**ES:** Say that one again? The one thing I what?

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**FT:** The one thing that I spend my money on that makes my life easier or better is \_\_\_\_.

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**ES:** Help! Like we have help around the house. I'm still trying to work on the assistant thing. I haven't had — but when I had a great assistant, there's nothing great than that. But yeah definitely take off the things off your plate that yes you could do yourself, but they're just not making you money. Just take them off your plate. Like I have somebody who does my laundry. I mean that's so simple and stupid, but my gosh it saves me so much time every week.

[00:30:05]

**FT:** You're not the first entrepreneur/successful person who's told me that they don't do their own laundry, among other things that they don't do.

And last last but not least, I'm Erin Smith and I'm So Money because \_\_\_\_\_.

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**ES:** You know, I just learned at such a young age to invest versus spend. I'd rather have, if I had \$2,000 I'd rather invest it and then buy my Louis Vuitton purse later than spend it and not have anything. So it's just such a simple concept, but it really does work. Just sit back, wait, invest now, and it's gonna pay off so much more later on.

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**FT:** You know I always say, I have a little boy and you have kids, if there's two things I can teach my kids, one is delaying gratification and self-restraint. They're gonna be fine!

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**ES:** Yes! It's so true!

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**FT:** It sounds like you have those qualities. And so on that note, Erin Smith, thank you so much. Congratulations on your book release, *Master of the Start: 10 steps to get out of your own way and create your dream business*. And just really congratulations and wishing you continued success.

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**ES:** Well thank you Farnoosh. I very much appreciate it, and thank you so much for having me on today.

[END]