

EPISODE 267

[INTRODUCTION]

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FT: Hey everyone, welcome back to So Money. I'm your host Farnoosh Torabi. Thrilled to introduce today's guest. Once upon a time he was a Xerox top sales executive, then he became a music mogul and Grammy Award Winning Executive Music Producer. Oh and by the way, dad to the Queen B, yes that's right, Beyoncé and Solange.

With other 23 years of experience in the music industry, Mathew Knowles has helped artists hit targets of success and brought them to super stardom. Remember Destiny's Child? He managed them back in the day and helped bring his daughter Beyoncé solo until their mutual split back in 2011. And now he's back on the scenes and out with a book entitled *The DNA of Achievers: 10 Traits of Highly Successful Professionals*. The book is already an Amazon number one best-seller, and the release is actually on October 15th, so you can go and pre-order the book today.

Some takeaways from our conversation with Mr. Knowles: the challenges of being in business with family, growing up with entrepreneur parents in the South, what they taught him, and managing cash flow as an artist when you're making so much money and there's a lot of pressure to spend.

Here we go, here is Mathew Knowles.

[INTERVIEW]

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FT: Mathew Knowles, welcome to So Money. Congratulations on your new book, *The DNA of Achievers: 10 Traits of highly Successful Professionals*. How does it feel to be an author?

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MK: Well first of all, thank you Farnoosh. You know, I'm excited! You're always hopeful. It's like putting out your first album from one of your artists, you're hopeful, you're excited, there's a little flight and fear and all those emotions, and you hope you did a great job and people will appreciate your artistry. And so hey, I'm all of those right now. I'm just getting so much support from the media, and so much support from folks buying the book.

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FT: The book is called *The DNA of Achievers*; do you have to have it in your DNA? Or, I'm sure that helps, but can this be also self-taught?

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MK: Oh it's self-taught. You know, when I came up with the title, DNA was more of a figurative. We have a DNA that's molecules and genes and genetics, and then we look at business, there's a personality trait, there's a passion that makes up the DNA. And so DNA can be learned within business.

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FT: Well, let's talk about your start in the business. I understand that you were doing very well at Xerox way back when. You were leading over 250 marketing and sales seminars, how did you decide that you wanted to make the transition to the music industry? Was it that you just saw how much talent you had under your roof with your daughters?

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MK: Well you know, I was at Xerox and then I went on to be a top salesman at Phillips selling CT and MRI scanners. And in the early 90's this word "managed care" started and there was this one neurosurgical specialist and a neurosurgeon asked me, wanted to speak to me after the procedure and I thought, "What did I do wrong?" And then he just went on to say, "You know

what? This hospital, my surgical procedure is the highest. And if I don't get that cost down, again this managed care we all know about today, if I don't get that cost down I won't have the ability to practice at this hospital. Because your product is the highest, most expensive, I can't use it anymore."

And that just took the bubble out of my passion, and I had to do like a lot of people that might be listening right now. I had to look deep inside and define, what is my passion? Well for me it was always educating and motivating I mean I was a sales person and that's what you do. And as a manager or in the entertainment industry as an executive, isn't that really what we do? Is educate and motivate? And so that's when I looked at, "You know, I love music. And you know my kids, I have this daughter, she loves music. And so why don't I explore more this passion inside of me about music." And that's how I started.

And I went back to school, took courses in the music industry so that I could understand it more. And that's kind of how it got started for me.

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FT: And of course there's only so much studying that you can do. There's a lot of learning on the job. What did you learn maybe the hard way? Or that you learned on the job while you were in the midst of being a manager? And I can only imagine, the music industry is so competitive, what did you learn while you were in it?

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MK: Well one thing you said really, really accurate, and that is on the job you have to experience the on-the-job training aspect of the music industry. I mean we can talk about the books all day long and actually I teach at Texas Southern, but I don't teach from the books, for that reason. For eight years I've never taught out of a book. I had mentors; I had mentors who helped me understand the touring aspect. I also, I had to pull the experience I had in sales and marketing. But one of the things I talk about in *The DNA of Achievers*, one of those traits is learning from mistakes, learning from failure. And I had those. Like all of us make mistakes and I learned from those. You know I always say, mistakes are a reason to grow, not a reason to quit.

And so I kept growing, and growing, and building relationships, and thinking outside the box. All the things i'm talking about in *The DNA of Achievers*, I actually lived that in learning in the music industry. And transition from an industry that I understood fundamental marketing and sales, which gave me a head on everyone else.

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FT: What would you say, going back in time, was the big break for you with Destiny's Child? What would you say was the moment, you know the one moment — or there were probably several moments — but one that you really remember crystal clearly that all the starts alined? Or there was some kind of advantage that you had, an opportunity that really just created a ripple effect?

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MK: It was a ripple effect. You know, strategic planning, we always have a three to five year plan for Destiny's Child. It was never, "Oh, the next album." We processed carefully through, kind of like on chess board. You know, what's the next play and what's their next play? And if you thought this through and if there was strategy involved, and of course you know, let's talk about the incredible talent I had to work with. I still managed Destiny's Child, these ladies are incredibly talented and incredibly passionate, so I had that to work with initially.

But it was a [inaudible], the first single *No, no, no*, the fact that the very first single in their career went number one on all the charts and those strategy we had behind that. The second album, *Say My Name*, we had incredible hit songs on that second album, we went five singles singles deep. And the ladies beginning to tour and really, really putting together an incredible, creative show for touring and having brand partnerships in touring that enhanced it. It was all the above.

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FT: Along the way, how do you learn who to trust? The music industry, and I think in all realms of entertainment there are people who don't have your best interest at heart. How do you know, how did you become a good judge of who's a good person to work with, and who was not?

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MK: Well Farnoosh, I think you're just kind of helping me go through every chapter in my book here. Thank you!

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FT: That's my job!

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MK: [Both laugh] But you know, you talk about trust, it also starts with that talk-to-do ratio, people who do what they say they're gonna do. And if they don't do what they say, then you can't trust them. So the start of it is the talk-to-do ratio. The other is just a gut feel that we get when you experience — you know, I was fortunate. I was unlike a lot of people in the music industry and entertainment, I came with 20 years of corporate experience. So you can gauge personalities of people, you can gauge looking at [inaudible], you can gauge looking at their body language. You know, are the arms folded? Legs crossed? All of those things that I had that allowed me to kind of get a sense of a personality of a person.

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FT: And as someone who is a manager, but also a father figure and father, how did you balance being a manager and then also being the protective dad? It's always difficult to mix business with family, and I think that there's gotta be an element of protectiveness that came into play. How did you navigate that?

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MK: Well you're right, it is difficult. It's no easy task when you're family and when business become in-meshed with family, that becomes extremely difficult. And you just have to go one scenario at a time, there's no easy answer for that, there's no distance to formula for that. It's difficult. Fortunately for me, again this corporate experience allowed me to be able to separate when I had to make the decision in the business side to separate the emotional aspect of being a parent, and that's hard for some people. It was easier for me because again, I had experience in it. But that was challenging, that was difficult.

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FT: Yeah, I can only imagine. I understand that you had entrepreneurial parents, back in the 60's you were raised. What did that teach you at an early age? I often ask my guests on the show to go down memory lane and share with us a, specifically, a financial memory of their childhood. One that still today has stuck around. Can you share something like that with us? Like a money memory that you had in the context of being raised by entrepreneurial parents?

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MK: Well Farnoosh, I was born in 1952 in Gadsden, Alabama. So you have to draw a picture of what that looked like in Alabaman, George Wallace is the governor and what did Alabama look like in 1952 with desegregation. My parents, my dad made \$30 a week driving a produce truck. My mother was at that time called a "colored maid", and as a colored maid she made \$3 per day — not a lot of money. But both of them, my dad convinced the owners of the company to let him use that truck all the time, seven days a week, 24 hours a day. And he would take that truck, tear down old houses and then he'd take the metals, the copper, the brass, aluminum, and he would go and sell that. He would sell the lumber.

He would also use that truck to tow cars, he would tow them actually — instead of to the junk yard — he would tow them to our backyard. And there he would take out the transmissions and sell them, the radiator, you know any parts he could of the car and sell those. And that taught me entrepreneurship. My mother on the other, on the weekends, with her best girlfriends would make quilts in our living room. And then she would sell those quilts. So I learned at an early age

— and I never, never knew I was poor. I never knew I was poor because my parents were such entrepreneurs and they had such incredible work ethics.

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FT: That's amazing! That's a really amazing story. And I also like what it shows that they were very resourceful too. Like your dad using that truck, even though he was given that truck for one job, he said, "You know what? I've got a truck and I'm gonna use it for other things." So that was really smart and I think a great lesson.

What's a habit that you have, Mr. Knowles, a financial habit that you have that you can share with listeners that helps to either manage your money? Well help the money coming in, save well, invest well, something that you do consciously with your money that you attribute to your financial success?

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MK: Well you know, you're an entrepreneur, and I teach entrepreneurship at Texas Southern and that's one of the classes I teach along with two others in the School of Communications. You know entrepreneurship, you have to be resourceful with your money. You know, there's cash flow. And one of the things I learned since owning my own business is managing cash flow. My staff and employees really don't care about anything other than doing a great job, which they do, but they wanna get paid every 15th and 30th and they don't want excuses. And I'm fortunate, over the last 24 years I've always paid my staff on time, never had a cheque that bounced. I'm proud of that.

But learning how cash flow works and learning how to work not on the next deal, but on the next and on the next deal, being three deals out that I'm working today. I'm not just working on what's gonna happen tomorrow, but what's gonna happen six months from now and how do I start bringing that closer, and closer to fruition. And then when that happens, have three others in the future. So working on the futures, you have to do that as an entrepreneur.

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FT: When you were managing your daughter's careers, did you teach them money management as well? Is that something that a manager should do, or did in your case? Is that something that you took on as a responsibility?

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MK: Well just all in a general sense of them understanding budgets. Cause everything we do in business and the music industry, there's a tour budget, there's a promotional budget, just letting them understand. There's a recording budget. And so understanding these budgets and how budgets work, that was one of the things from a general sense. But you're right in that that team, and again one of the topics in this building is team, but in business that team is the entertainment attorney, the manager who is the person that's coordinating and working on the goal, that business manager who's managing the money, that's that business manager's role.

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FT: You know, what's interesting about the music industry in situations like Tony Braxton, I'm sure you're familiar with her career. She declared bankruptcy I believe, or she had real financial troubles. She claims that while she was building her career, she was continually indebted to her label. And it didn't even occur to her really until the debt came due. What do you have to say about that? How hard is it as an artist to arrive at a real pay day?

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MK: You know, I mean a lot of things come up in that question. Again, just because as a professor I teach entrepreneurship, you know Donald Trump declared bankruptcy before. It's interesting to me how nobody really puts energy in that. But yet you would put energy in Tony Braxton's bankruptcy. And I have to ask myself, "Why? Why do people, some people put energy about bankruptcy than others?" The second thing that comes up to me, any sophisticated business person understands that bankruptcy is not a negative, it's not a negative. It's a law...

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FT: Well it's unfortunate!

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MK: ..It's not unfortunate! What's unfortunate about it?

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FT: I would rather not declare bankruptcy. I mean, if I had the choice to declare bankruptcy or not.

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MK: Well but that's your opinion. You don't know what the economics is. You know the thing about bankruptcy, we get really you know the media wanna get all over it when we talk about \$100,000. But when somebody says \$100 million they commit bankruptcy, then nobody gets excited about that. When it's \$100 million you would think you'd get more excited about it. But nobody does — then you're smart. In \$100,000 you're not smart. "Oh I don't wanna do that." But at \$100 million, I can walk away from \$100 million, "Dang that guy's a genius!" I just find that very interesting how we look at bankruptcy. I've never declared bankruptcy, and I'm fortunate, but it's not a negative. It's not a negative.

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FT: Well Mr. Knowles.

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MK: Well I don't know — let's go back to Tony Braxton. We don't know.

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FT: Yeah I mean I think if you asked her she wishes that it never happened.

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MK: All we know is what we read and what we hear. And we do know that a large majority of what we read and what we hear from other people is hearsay and third party.

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FT: Perhaps. She has gone on the record about the bankruptcy, she's been in extensive interviews about it, but it's not really the point. I guess really my question is, that in the entertainment industry when a lot of money is getting thrown at you, it's really easy to kind of lose your bearings. Would you agree? I mean unless you have really good advice, counsel, and a good head on your shoulders.

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MK: Yeah I totally agree, and in the end it's about putting together the right team and having a business manager that that's their role. The role of the business manager is to ensure that the financial aspect is taken care of and the advice is given to the client from a financial perspective. That person's doing the taxes, that person's paying the bills, that person's bringing in the income, looking at the budgets, and giving advice financially.

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FT: To see your daughter's careers today and how they've blossomed, how proud do you feel as a dad and as a manager?

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MK: Well I tell them, folks ask me, "What's your number one thing about life that I'm most proud of?" It's not the trophies and the plaques, it's not really the success that they've had. The most important thing for me is, as a father to see my daughters, they're truly happy and they're happy for a number of reasons. They're happy wives, they're happy mothers, and they're happy with

the success of their careers. But more importantly for me what I'm proud of is that they are really good, nice people. Outside of the music industry they would treat someone no differently than inside, and they would treat a fan of theirs no differently than a homeless person. They would give respect and love to everybody and I've seen this. And that's what I'm proud of.

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FT: I have to say, it was so great to have you on the show Mr. Knowles. We're really excited for your book at So Money, and thanks for sharing these great anecdotes and stories from your life, going down memory lane with us. Everybody, the book is called *The DNA of Achievers: 10 Traits of Highly Successful Professionals*.

I have to ask you, you know, one last question which is, what made you really wanna write the book? I mean you're doing so much, you're teaching, you're managing, why a book? You've been behind the scenes for so many years, and this is really putting you out there. What was really the goal?

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MK: Well the goal is two-fold; one is my passion, I wanna live and I do live what's in the book. My passion is to educate and to motivate. And my passion is to do that in two areas right now in where I am in my life — I'm 63 years old. People often forget that I'm 63 years old.

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FT: 63 years young! [Laughs]

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MK: Educating and motivating — yeah, 63 years young! I like that. And my passion is in the areas of entertainment and entrepreneurship. And so what I'm doing is rolling out and this will be announced in the next 30 days, a whole platform for entrepreneurship and a platform for entertainment. The various books, modules, online, seminars — I'm doing a seminar October

the 24th in Houston: *The Entertainment Industry, How Do I Get In?* And I'm doing seminars like that all over the world and I have several booked right now. I'm simply gonna invest right. You can find out more about that, but that's my goal in life right now.

And as a college professor, I've taught now for 16 semesters just at Texas Southern University and another two semesters at Fisk University in Nashville. A lot of people don't know, I was an educator in the highlight of Beyoncé's career. So this is not new for me, and as an educator you write books! You wanna give back. And so for me that's one of the reasons. The other is just travel and meeting all of these successful people. And in my book I have 30 different people that talk about the chapters, just not me. Folks that I respect and look up to that is highly — presidents, chairmen's.

So those are the reasons. I hope, my goal in the next 24 months is to actually have six books — some of them classroom type, like *Artist Management*, *Intro to the Entertainment and Recording Industry*, *Intro to Entrepreneurship*. And then *Destiny's Child's Story*, autobiography, the true story. Then I have another book that I've already started, it's called *Racism From the Eyes of a Child*. That's where my passion is today.

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FT: Thank you for following your passion and inspiring the rest of us. It sounds like you've always been used to multi-tasking and this is, you know, this is you at your peak. So congratulations Mathew Knowles, and thanks for joining us on the show!

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MK: Thank you, have a good day!

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