

EPISODE 474

[INTRODUCTION]

[00:00:32.5]

FT: Welcome back to So Money everyone. I'm your host, Farnoosh Torabi. Have you fastened your seatbelts yet? Today's guest is going to take us on a super highway fast lane to success. She's going to share her rise to mogul status in the health and fitness world and you know her well.

Jillian Michaels, the foremost fitness expert in the world and a renowned life coach, she is our So Money guest today. She's built an international fitness community on countless platforms from her popular fitness DVD's, exercise streaming platform, FitFusion to eight New York Times bestselling books and award winning podcast, The Jillian Michaels Show and so on and so on, etcetera, etcetera, it's never ending.

She's not slowing down either. Jillian recently released her own iPhone app, which gives users a way to train with her with pre-set workouts. Her company, Empowered Media, which she launched with her business partner, has fast become a monumental wellness empire dedicated to providing people with accessible and very important, affordable solutions for all their wellness needs.

And Jillian is not super conventional when it comes to executing her vision for the business, so we're going to hear how she strategizes her next steps, a little MBA lesson. The worst money mistakes she made when she first encountered a great deal of wealth in her early 30's and what is she doing to make up for it today. Also, the \$8 million deal she says she would have never done.

Here is Jillian Michaels.

[INTERVIEW]

[00:02:03.5]

FT: Hi Jillian.

[00:02:04.8]

JM: Hey, how are you?

[00:02:06.5]

FT: Good. I'm so happy to connect with you. Thanks for doing the interview.

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JM: Oh God no, thank you. I have to give you a little warning I'm afraid ahead of time. I have three dogs and they are outside but...

[00:02:18.5]

FT: It's okay.

[00:02:20.2]

JM: You may hear them in the background so.

[00:02:21.5]

FT: I'm in Brooklyn with sirens and a two year old next door so.

[00:02:26.1]

JM: Oh yeah?

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FT: I consider, I think we're even on that front.

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JM: Got it, okay good.

[00:02:32.0]

FT: So great to hear your voice. You are a woman on a mission, you're everywhere these days. Tell me where am I catching you right now? What's on the top?

[00:02:42.4]

JM: I know, I am just at home at the moment and home happens to involve about three dogs, a pig, six chickens, horses, a bunch of crap. So forgive me, you're going to hear that in the background.

[00:02:59.4]

FT: To say that you like to have a full life.

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JM: Oh and a parrot because he is now chirping.

[00:03:02.4]

FT: Oh and a parrot, okay? You can't forget the parrot. What drives you Jillian? Like I said earlier, you have acquired a business, you're evolving your own existing business, you're on covers of magazines, you're going into so many aspects of wellness not just fitness videos but

food and apparel. So tell me, what is the motivation behind your ever evolving empire? What's going on behind the scenes?

[00:03:30.8]

JM: Of course. Well you know a long time ago, my business partner, Giancarlo Cherisch and I sat down and said, "Okay, what's the mission statement for the company?" And we really feel that the goal here is to provide people with what we call cost effective life solutions and that could be, "Hey, you like coffee? Well we're going to give you coffee that's better for you, tastes better and more accessible and more affordable."

And that to me it could be as simple as a food they like to eat that we're making better for them and then more affordable and more accessible or it could be a fitness solution to lose 50 pounds or a fitness solution to get into your wedding gown. And that's really the goal, it's just looking at ways in which we live our lives and how do we make that healthier and happier for people in general.

[00:04:20.8]

FT: And the two of you met at the gym no less, right?

[00:04:23.5]

JM: I know, I owned a sports medicine facility, oh my gosh like 15 years ago now and he was working out at my gym and at this facility and we ended up becoming friends and several years later, I ended up on the Biggest Loser and was feeling a bit misguided and trying to understand the public forum and the platform that I had accessible to me, how to best utilize it and Giancarlo was working at licensing and branding and we ended up becoming business partners and here is where we're at quite a few years later actually.

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FT: I've been reading in a lot of business publications because your business is actually quite remarkable in that your bucking a lot of the trends so far as where a lot of businesses these days will go to social media to try to build their audience and to engage brands like yourself, which have such equity in your name and reputation, very easy for you to say align yourself with another brand in a licensing deal. But you're very careful about maintaining control.

Could you talk about that a little bit? I think our audience would really appreciate some business strategy coming from you and specifically around the control that you and your business partner are very careful about having.

[00:05:49.7]

JM: Well, you know unfortunately I've come to learn that you can't control everything, which is a real bummer. I'm sure this harkens back to my childhood but I think the key is that you do need to control as much as you can and I don't mean micromanaging. I mean setting the course of the ship right, plotting the coordinates, getting all your people on board, explaining to everybody where we're going and then not micromanaging them, but checking in on them intermittently to make sure that everybody is still on the same page.

And with the messaging, you've got to be true to form because to have a brand that last, I write everything. Like literary I write every workout, I write every meal plan, I write every recipe and I might work with partners, a chef or a registered dietician or I just wrote a book on pregnancy and mastering your maternity and I worked with an endocrinologist, an OB-GYN, an internist, a pregnancy fitness specialist but I'm involved in everything.

Because I never want someone to go, "Wait a second, she just said don't eat that and then over here, it's in her meal plan." Or, "She told me to work out like this and then over there, she's doing something totally different. I can't trust her." And I also feel that if you want to get people results which is a huge part of being success as a brand. Because a brand makes you a sexy promise, "Hey, you know if you can adhere to these guidelines and you can pick up this lifestyle, pick up what I am laying down, you're going to get these results."

To deliver on those results you need consistency and to have consistency, you have to control the message. So in my opinion to be successful as a brand especially a lifestyle brand, you have to be consistent with your message and make sure that it delivers on its promises.

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FT: You said earlier that your mission statement involves helping people find cost effective solutions to living their best life. What are some cost effective solutions to say trying to lose weight and eating healthier? There's a misnomer out there that you need to have a lot of money to eat healthy, that having a healthy lifestyle, you have to be able to afford that. What's your take on that?

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JM: Right, of course. That's exactly what you said, a misnomer. In truth, if you think about what's at the core of losing weight? Let's just take that for example, and I remember I was sitting on this panel for the Clinton Foundation and I'm sitting there with the surgeon general of the United States, all these crazy wellness experts and this and that and they're all talking about policy and I said, "You know at the end of the day, you realize all you have to do is eat less and move more and that will save you money." You can walk for free.

[00:08:38.7]

FT: Right.

[00:08:39.5]

JM: You can get workouts online for free, you can eat less and it will cost you less. So yes, in a perfect world would I love for you to be eating all organic? Of course I would and my solution to that then becomes an investment in a company called Thrive Market. So we will look at the landscape and you've got a food desert issue, meaning many people don't have access to healthy foods or healthy products and yes, you've got a cost problem.

And there are a lot of politics and a lot of food policy that gets involved in what drives up the prices of our healthy foods, from big business issues to political issues. So you can't bog people down with things like that. You've got to just give them an answer. Well the cool thing about Thrive Market is because it's not brick and mortar, they deliver straight to your door. You can get healthy foods, clean beauty products, clean cleaning products. Things that are green and natural that literary will not kill you delivered to your door at cost and it's a \$60 membership fee.

So we will do what this guy was doing, his name is Gunnar Lovelace, I watched him for a while. Giancarlo and I watched him, we studied his business plan, we believed in him and we invested in his company, and so that's the kind of business we do. There's an organization that we think is doing good in the world. That's providing people with solutions, and we can make money doing it and that's what we look for. Is this product going to help people? Are we passionate about it? Can it be profitable? And if the answer to all three of those things is yes, then we go in on it.

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FT: I can only imagine when you were doing Biggest Loser, so many lucrative opportunities coming your way as television is such a huge platform and it raises your profile, you become very monetizable, how did you make decisions during that time period? I heard you say that it was a little bit of a tough time for you as you were trying to figure out your whole like, "who am I? What's my purpose?" So what were some of the decisions you faced?

[00:10:43.2]

JM: God, you know the one thing that I was always very good at was knowing I could never do a deal. I had a friend who did like an \$8 million deal with Pepsi Co. for oatmeal and various products and I could never do that deal. Because I've written multiple books and done various appearances and tours and speaking engagements saying, "Hey don't eat these ingredients," many of those ingredients being in Pepsi Co. products.

So that's not an option for me and I always felt that, and I think it's harder for a woman than it is for a man. People really hold your feet to the fire and then get away with murder. Women are

heavily scrutinized and I just would never feel good seeing someone, “Oh no, don’t worry. You can have this product,” and then pocket \$5 million. For what?

[00:11:39.5]

FT: “Just walk more.”

[00:11:40.4]

JM: I make a good enough living, why sell myself out? I would just miserable. I don’t need to do that. So what I did and what Giancarlo and I did to make a business out of Biggest Loser was to say, “Hey Pop Chips, hey Aqua Hydrate, hey Crave Jerky,” these little independent companies that were doing you a favorites, let’s say I like a potato chip. Is that healthy? No but it’s a much healthier version with no crap in it.

No chemicals, no trans fats, no artificial flavors etcetera, investing in that company and then turning around and selling it. It can sell to Pepsi Co. all day long because that’s a little product that we believe in, that we thought was a better for you option for snack foods that people like. So we were able to do it that way.

[00:12:30.2]

FT: So smart.

[00:12:30.9]

JM: The Biggest Loser though, one of the hardest parts about Biggest Loser and this goes back to the conversation we had about control is that I was fundamentally incapable of controlling my image and there’s a great quote it’s, “That which nourishes you also destroys you,” and while on Biggest Loser gave me my platform, it’s also been one of the greatest debilitators in growing my brand and growing my career. So looking back now, I’ve probably gotten out of it much sooner and I think that would have been the lesson.

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FT: Because it portrayed you as a person that you believe that you were not? What specifically about that was debilitating?

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JM: Gosh, so many various things. I personally think at its core, when you look at Biggest Loser, for most people it's a television show. What it was for me was a life or death intervention that existed on the ticking clock. To me, it was not a television show. You have a person that is 500 pounds, that might go home in seven days and there were very specific benchmarks that I would try to reach within that timeframe, if they had any hope or prayer of continuing to evolve and grow and transform on their own at home.

That dynamic from go is fundamentally flawed, and so you see people going, "Oh Biggest Loser contestants gained their weight back." Well yeah, some of them did and guess what? In the real world, 95% of the people that put their weight on gained it back, because it's not the diet. They're not understanding what's at the root psychologically of those issues.

Knowing that, I wish I could have put something into place where there was a therapist and there was money for a therapist after they went home. They were connected with counseling, they were given a support system. But I am not a producer on the show, I didn't have the control and I would try to help people with that on my own, and in some cases I was successful and I am still working with some of those contestant. I talk to Shay every single day.

[00:14:30.9]

FT: Wow.

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JM: Every single day she sends me her little step log, her food journal. But again, I couldn't control the messaging, I couldn't make that project what I wanted it to be and therefore, I think

there's a real negative stigma around Biggest Loser, which is such a shame because yes, it has a lot of flaws but it also did a lot of good and I think the baby definitely gets thrown out with the bath water.

[00:14:55.2]

FT: I agree. Talk about your childhood a little bit Jillian. I'd love to hear a story, specifically about money. This show is all about money and career success, so what was your first introduction to money?

[00:15:09.4]

JM: Gosh, you know, I'd love to give you a rags to riches story. I can tell you that from the age of 17, I was on my own and I wasn't given any help and I was forced to figure it out but my experience as a child with money was that it was there. My dad was a very successful attorney and what I'm grateful about that is that I'm not stingy with money. I don't have fear about money and I think that it allows me to feel like, "Hey, you know what? Money comes, money goes."

And I don't have this constant fear of losing everything which gives me freedom, freedom to make choices based upon my passion instead of my fear of not having enough. Which is why by the way, I know we're not taking an \$8 million deal with Pepsi Co. because I never had that fundamental feeling of being afraid, not having enough. So I'm grateful for not having that instilled in me.

I will say that once I was 17 and I was on my own, I started to understand that yes, money can't buy you happiness but money can provide you with freedom. Freedom, again, to make decisions that are right for you and that I think is a very important thing to appreciate. Beyond that, I do think when you start getting into real money, you do get into real money, more money, more problems and that's a very big pitfall for a person who is new to having money.

You know at 17 years old I had nothing. My parents had money but didn't spoil me and then I came into money when I was in my early 30's and made a lot of bad decisions because I just didn't understand how to manage money, how to hold onto money and that's a whole different

conversation and I remember a very rich man once said to me, “Oh you’re proud of yourself because you’re making money? Yeah, keep your money. Come back to me in 10 years, tell me what you have and I will let you know if you’ve done a good job,” and now, let me tell you at 42 I know exactly what he means.

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FT: What were some of the mistakes that you made? What was one really bad boo-boo?

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JM: Oh God, being intimidated by money, not understanding it and handing it over to various business managers throughout the years, which has cost me so dearly on so many levels and now, finally, I pay every bill myself. Everything. Every single thing. I don’t care if it takes me 10 hours a week, I will do it all. I will stay up in the middle of the night and get it done because I will never allow myself to lose control of my finances again. Huge mistake. Cost me an extraordinary amount of money

[00:18:07.7]

FT: So you’ve just given up on that, you don’t think there’s anyone worth trusting other than yourself when it comes to money?

[00:18:13.2]

JM: I would say that if you’re going to — I have a guy who manages my investments and I stay in touch with him regularly. I check the balances of every account, I ask him about every investment and every decision. I’m instrumental in guiding the direction of my investments but I will never allow somebody to sign my checks, never again or god, I mean the list goes on and on.

I had a mistake on my taxes in 2014 that was an overpayment. I don’t want to say the number because it will sound rude and obscene, but let’s just say an obscene amount of money

because this person didn't bother to understand the structure of my corporations, so she doubled paid on a percentage of my income that year and I didn't know it because I didn't understand, I didn't bother to look, I didn't question.

And recently, I started to notice some things I thought like other people I know were saying, "Why aren't you writing this off? How come you didn't set your corporation up like this? How come you didn't do it like that?" I had another accountant look at it and he caught that error and oh my God. So I think it is constantly double checking things, checking in on things, getting second opinions, I think that is just critical and having a good understanding as you can when it comes to your money.

[00:19:41.6]

FT: Hopefully you got some of that money back.

[00:19:44.1]

JM: We got to file...

[00:19:46.3]

FT: With a nice refund coming April 15th.

[00:19:47.8]

JM: I just filed an amended return for 14, believe me.

[00:19:51.1]

FT: Good, good, good. All right let's talk positive. What's your proudest financial accomplishment?

[00:19:57.0]

JM: Honestly, taking all this stuff in health and understanding it. Because it is complicated and I'm a person that had the whole ADD thing. I'm like, "I don't get it. I don't know. You deal with it," and bringing it in house and really looking at the various insurance policies and looking at my trust, looking at how much I am paying to who and that's big for me. Really, I am telling you it is. It would be like a person who has been overweight their entire life and losing a hundred pounds.

And I say that just because the money thing has always been intimidating and, "I don't want to know, just deal with it for me." And so it's really empowering once you get in there and understand it, that it gives you a great sense of control. Not that you can, again, not that you can control everything but you feel much more in control when you have a knowledge at a comprehension of your finances, in my opinion.

[00:20:55.9]

FT: I completely agree and I think that how you did feel that money is complicated, I think that there are structures and people out there it's to their benefit to make it seem to people like everyone else that it is this mystified thing, you're better off hiring professionals. Just let someone else take care of it. But once you got into it, did you realized that surely it's not that complicated.

[00:21:20.7]

JM: I definitely thought, "Okay, you know what? There are certain aspects of it that are very simple, certain aspects of it that are a little overwhelming." Like some of that insurance stuff is a little overwhelming. Some of the trust stuff is a little overwhelming. But I'm talking to experts and I'm talking to multiple experts because you will get different advice from different people and then I'm cross checking their agenda. I'm like, "All right, what is this person's agenda to give me this advice?"

[00:21:48.3]

FT: Good, yeah.

[00:21:49.1]

JM: “Does this person have an agenda? What’s his advice? Okay.” And it can be a little overwhelming but I think when you get multiple opinions and you get a good feeling about someone, you look at their track record and you can trust them that helps me make the best decisions.

[00:22:05.1]

FT: Yes, you cross reference, totally. Don’t just get a second opinion in your health world, in your financial world as well. Okay, so what’s next for you? You’ve pretty much conquered the world personally, professionally, financially, what have you yet to tackle that you’re really excited about?

[00:22:24.0]

JM: That’s such a great question. We have done a great job at building the Jillian Michaels brand, but when I look at other icons in the lifestyle and wellness space, they have been very successful in growing other brands. Again, there’s the ultimate right, there’s Oprah, Dr. Phil and Rachel Ray and Dr. Oz and Suze Orman. Well for me now, I’m not in a position where I need to compete with other professionals in my space. I’m looking to collaborate with them.

So we are effectively growing a business that we started a couple of years ago that has started to take a firm foothold with regards to distribution and production. It’s called FitFusion and we’re looking at the future of fitness and the future of content in particular and saying, “All right, how are people ingesting content? What are they paying for, what are they not paying for?”

And for us, FitFusion is taking premier fitness talent, whether it’s Hannah Bronfman or Tara Stiles or Jillian Michaels or Zeus Gallai and we’re even throwing it back to Leslie Sansone, Billy Blank, it’s like something for the 20 year old, something for the 50 year old, something for the yogis, something for the Olympic lifter and we’re curating premium content from the top trainers from the space and we’re making it available for streaming, on Demand, on AT&T, on Comcast,

in the app store, on iTunes, online and it's called fitfussion.com and that's my goal is to grow that platform and grow these other brands and build what will essentially be a network for health and wellness information down the road.

So that's the kind of stuff that we're hoping to do and we're also growing these businesses like Thrive Market like we talked about. Or a company called Lucky Jack, which is an organic nitro cold blue coffee that I fell in love with that we're building that business out.

For me personally, we're re-launching jillianmichaels.com this January with a very dynamic trainer app. So you can buy any program you want and I will literally be training you on the app. It is actually quite cool. There's nothing like it out there right now. It's very advanced technology, so that's exciting. I have a new book coming out this fall for mommies to be called *Yeah Baby* and it's about mastering your maternity so that's exciting. But that's kind of, I'm going back on, there's a lot. I could go on and I will give be doing another speaking tour this fall.

[00:25:05.5]

FT: Yeah, I'm on Fit Fusion now.

[00:25:08.2]

JM: But you can go to jillianmichaelslive.com to find out about that. But so more Jillian Michaels stuff but also bigger, the kind of birds eye view bigger picture stuff like Fit Fusion.

[00:25:19.7]

FT: Yeah, Jillian's friends, you're growing like a friend's network.

[00:25:23.4]

JM: Exactly.

[00:25:24.9]

FT: Jillian Michaels, thank you so much. I will let you get back to the chickens and the pig and your growing empire. Thank you so much.

[00:25:32.8]

JM: Thank you, I really appreciate your time.

[00:25:35.0]

FT: Absolutely, have a great one.

[00:25:36.8]

JM: You too.

[END]