

EPISODE 705

[INTRODUCTION]

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FT: Welcome back to So Money everyone. I'm your host, Farnoosh Torabi. Our guest today caught the business bug as a young child working alongside her parents in their horse business, and later her grandmother's clothing store. She's now running a fast-growing media marketing and consumer empire. She's also a recent Forbes 40 Under 40 honoree.

Katherine Power is here. She's the cofounder and CEO of Clique Media. You may be familiar with their platforms, which include; Who What Wear, Byrdie, MyDomain. Let's listen in as Katherine connects the dots from childhood to present day. Reveals the big expense she and her husband are saving up for today and that time she appeared on Project Runway.

Here's Katherine Power.

[INTERVIEW]

[0:01:23.0]

FT: Katherine Power, welcome to So Money. It's great to connect with you.

[0:01:27.9]

KP: It's so great to be on. Thank you so much for having me.

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FT: I want to learn all about your plans for the future of Clique. For people at home listening, you may not know what Clique is, but you've certainly heard about their media properties, including Who What Wear, MyDomain, which a lifestyle platform, Byrdie for beauty. A lot of my makeup

artist friends are obsessed with Byrdie, and so on. The empire just continues to grow. You and your team have raised millions of dollars from investors, including Amazon. You yourself are a thrice time author, three books, and the company has recently partnered with Target, and you're creating a new active line called Joy Labs. So much currently happening and happening in the future.

I want to start way back when, Katherine, like I did a research on you, and I found some really interesting nuggets about your past that I'd love to revisit, because I do think it's often those experiences that lead us to our paths as adults. Let's start with your upbringing. I know that your parents were in the horse business and perhaps that is not where you got your entrepreneurial spirit. It was your grandmother, actually, who really influenced you. So tell us a story about that and maybe how there was a connection to where you are now in your career.

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KP: Sure. I was born wanting to work, I think. From a very young age would put on shows inside of our garage and charge neighbors to come and watch them, \$0.50 per person, and \$0.10 if you were a child. I had sort of like a toy kitchen as kids have, and I had pretend restaurant where I put my sister to work. So, instead of sort of playing house, I always wanted to operate a business of some sort, and I was very passionate about making deals and figuring out how to make money.

When I was young my grandmother owned a retail store, and I started going to work with her at about age 9. During the summer I spent time with her and on the weekends, because she lived really close to last. I went in, I learned the cash register system, how to accept the credit cards. I would do all the gift giving around holidays. Then eventually I started dressing manikins and kind of being at a bit of a salesperson.

I remember at a certain point realizing that what I was saying to someone was causing them to purchase something. I remember thinking about the style in which I would communicate about a product and sort of testing out different ways to talk about it to see what would work. Ultimately, I kind of developed my selling style probably between the ages of 9 and 12 while working at this

store. So that was really fascinating to me as a child to realize that you could influence a purchase of somebody. It's something that has stuck with me throughout the years.

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FT: I've interviewed a lot of entrepreneurs, and I do feel as though your ability to sell, sell anything, is what's at the core of your success, that you have a passion for selling, you know how to sell. What would you say is your selling style? Something that derives from adolescence?

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KP: Right. That's a good point you bring up, because I think a good salesperson. You really believe in what you're selling, right? You really believe your own hype. I remember that I had a very honest way of delivering my opinion on products, and it was a very nonchalant, sort of matter fact and this is why it's great. For me, I'd probably want one of these and probably another one of these. You will really love this. It was just very relaxed, but I believed in the product. I believed in what I was suggesting, and it works. I think as an entrepreneur you have to believe in yourself without any reservations, because you need the courage to kind of get up every day and work against the odds to make something happen or you have to go out and you have to win business for the first time. There's a lot of firsts in being an entrepreneur, or you have to go and raise money. So it's a constant certain sales process. But the first step is really believing in what you're selling.

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FT: Speaking of first, you got your beginnings in the world of magazines. I understand that you and your cofounder works in editorial for L Magazine before launching Clique. So what was aha moment for you? Who had it first? Was it something like you just found — Sometimes you find your kindred spirit at work and you're like, "You and I are going to go places together. Let's team up and do something." What was the kind of plan initially?

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KP: Hillary and I, my cofounder, we were both at L. Hillary was actually in the New York office of L and I was the West Coast editor. So we met on a set of project runway a couple seasons in when L was involved in the show and I was filming an episode where I was a judge, and she was sent out to LA by L to cover the taping for a part of the magazine where she was interviewing the various designers and judges and whatnot.

We just started talking, and it was nice because on the West Coast, as a magazine publisher, there's not a lot of positions out here. So I didn't have an office filled with people that I could spend time with or sort of share experiences with. It was me and a couple of salespeople who were always out of the office on calls. So it was a pretty isolated experience.

So meeting someone from the New York office who had been a part of the magazine for a few years who could share a bunch of information with me about team dynamics and just what's going on there. That was really refreshing. We just sort of hit it off and we became friends first. I think when you're not ingrained in the financial aspect of a business, you sort of have this creative freedom to step back and say, "What happens if we were to start from scratch here?" We see that consumer behavior starting to shift. We see our own behavior starting to shift. What would we do differently?

Because we weren't responsible for the P&L or how anything was monetized, we sort of like — That was all out the window and it was just about the consumer and about the experience. So we kind of set out to reimagine what it would be like for women like us to consume content and shop that content on the Internet, which is where we were spending all of our time by that point, which is the early 2000s. This was way before the iPhone. Facebook had just launched. It was exclusive to college students. We were out of college so we weren't even on Facebook. MySpace was the social network de jour, and magazine really didn't even have websites. It was a splash page where you could sign up for a print subscription. I mean, it was very — I think people looked at us and thought we were crazy for leaving this print world. It's so hard to get those positions. There are so few and far between, and we left to take this risk because we saw on a white space in the market and it was something that we really needed as consumers.

So we initially launched our first brand. Who What Wear is the daily updated newsletter. We'd sent out one story a day. We did that until about 2013, and then at that point expanded into a lot more content and launched our two next brands. One is Byrdie, our beauty site, and then MyDomain.

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FT: As the brand has grown into now several properties and partnerships and you raised a ton of money, did you always have this ambition for this to grow exponentially? I mean, I think that, for me, I consider myself an entrepreneur, but I have no ambitions to raise tens of millions of dollars and be a CEO of a company managing hundreds of people or thousands of people. I do think that something that is in your DNA. I was actually just having a conversation about this with a woman this morning over a coffee, a fellow mom and journalist, and I think she is someone who definitely has the DNA because she's talking about, "Oh, I want to start something," and she has that hunger and it's something in you that it can't be given to you. It's not taught. It's just it is who you are, and I wonder if that is a good description of you or if you feel like you've been encouraged along the way at some point to step into roles that may have seemed scary, but you did it because you knew that it was right.

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KP: Well, I do think you're right and that some people are born natural entrepreneurs. I do think though through exposure and learning, you can develop a sense of yourself if you're not specifically born like that. For me, I was. I was born to build something. I have a missing part of me that does not care what people think, which is weird. So I was just never afraid to put myself out there and take a risk.

But I always knew that I wanted to build a big business, but we had no idea what we were doing. I mean, we had no concept of fundraising or what was actually going to be required to get there. I think in a lot of ways people always ask, like, "If you could have known one thing, what would it be?" and I think it was kind of our ignorance that drove us, because frankly I think you, as a business person or an entrepreneur, you tend to over think things, and that can be a roadblock.

I think that it was sort of our inexperience that made us so bullish and bold and allowed us to do what we do, and then we've learned along the way. This company has been one part business school, one part first CEO job. I mean, it represents a lot of things in my life and my career. Then I think once you've been through that once, I can see how it's much easier and much different to kind of go out and build again, because you know what's coming. But at the same time, you're much more comfortable in your shoes.

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FT: I like what you say about that, because I do think that's encouraging. You don't have to have all the answers. I think that might be my problem. I'm overthinking it. You know what's my problem? I interviewed too many entrepreneurs and I hear so many stories. I see the beginning, the middle, sometimes the end and I am overexposed. I know too much and I'm sort of like, "I think I'm good."

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KP: You kind of just have to be up for the ride, because it's a ride. There is a beginning, there is a middle, there is an end, and it's exciting and rocky and it's an experience. It's not really about, "Do you have the grit to get to the end? It's sort of like, "Are you up for that ride, and does that excite you?"

[0:14:02.1]

FT: Yes. Well, this is a show about personal finances and I'm always interested to hear about when guests make it big or they — You have so many more successes ahead of you, Katherine, but compared to where you were sitting at your desk at L to where you are now, huge growth, huge transition. Your life has changed. You're changing lives. How has your financial life changed?

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KP: Listen. Things are a lot easier with money, but at a certain point it's complicated and it's not easy to make money. I think people, especially young generation sort of look around and see these aspirational lives, and the reality is it's really hard to make over a certain amount of money, like really, really hard. So I think it's hard as an entrepreneur, especially our company. We've been building this over 12 years. So it certainly feels like a long-term process. It's not an overnight success, and I think my ability to manage money and the way I think about money has grown along with the business and with my success. I think that's something that's a blessing, frankly. But at the same time it's easy not to appreciate your wins as you go along, because you're then sort of catapulted into the next stage of this moment that you really can't get out. So it continues to be challenging as you build your success, for sure, but you can't deny that certain aspects of life getting better.

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FT: Let's spotlight a win. What would you say was a recent so money moment for you? Maybe either as the CEO of Clique or in your personal life, in your personal financial life?

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KP: I mean, we've had a lot of great wins at Clique over the years. I think our rounds of investment with amazing partners on like top venture funds, Greycroft, and then strategics like Amazon. So there've been so many wins there, our deal with Target where we have now two apparel lines. I think, personally, I've done very well in residential real estate, and that's been a fun way for me to invest money and see a great return kind of on the side of my day-to-day business. I think it was a win-win for me to be able to get into the real estate game several years ago and be able to just enter into the market. I think that's one thing that I always tell young people who are coming up in their careers, is to try and invest in real estate as soon as you possibly can just to get into the market, because I often see people wait so long and either they're waiting until they can afford a certain type of property or they're waiting for the perfect fit. So something doesn't have — It doesn't check their boxes exactly, and they wait so long that the market rises around them and then they're priced out and they can't enter the market.

So I feel fortunate that my husband and I sort of got into real estate when we did, and we've had a lot of success in buying homes, redoing them with a certain aesthetic style, making sure they are in fantastic areas and then reselling them when the time is right. I think the markets obviously shift every several years, and there are ups and downs. But for us, we focused on really prime locations. The way I look at real estate is you can always live in it if things go downhill. We've had a lot of wins through that sort of side business too and I feel very lucky that we entered the market when we did.

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FT: Yeah. A lot of it is good planning and good strategy, but timing has a lot to do with it as well and being willing, like you said, to kind of see this as a long-term approach and not a flip, so to speak, because in that case markets could go up, down, and you won't have time to recover.

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KP: I think you can flip. You just have to be really careful about not overextending yourself. Where is the property [inaudible 0:18:54.0]? How long is it going to take you to redo it? How much are the carrying cost? Like all of those things, I think if done right is — Like a lot of people are hugely successful with that. But otherwise, it's like any portfolio. You have to look at it blended. So you may have some things that are shorter-term and some properties or investments that are more —

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FT: Diversification.

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KP: Exactly.

[0:19:22.4]

FT: Yeah, diversify, and HDTV doesn't help, because every time I watch that channel I want to start an Airbnb or something.

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KP: No. It's really [inaudible 0:19:32.9].

[0:19:35.3]

FT: This question is brought to us by our awesome sponsor, Chase Slate. Katherine, what is a big ticket item that you are currently saving up for?

[0:19:45.0]

KP: Ooh! Probably just more real estate. Yeah. I don't know that there is any one thing specifically that I've got my eye on, but that's usually the first place I want to spend my money. I have very nice clothing partly because that's what I do. So I do tend to splurge on really great designers, but what if it's not there, it's typically in real estate.

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FT: Well, I would love to pick your brain as far as the trends that you're seeing right now in terms of how consumers are shopping retail, and fashion specifically. I have friends who work in buying divisions at major department stores and they're worried. They're not seeing the foot traffic or even, frankly, the online traffic at their particular stores that they used to in years past. So where are things headed?

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KP: First of all, I am very optimistic about traditional retail. I think it's just going through a market shift and in an evolution point. I think a lot about retail the way that I may have thought about movie theaters several years ago where it's not that movie theaters are done. Maybe we need

fewer movie theaters and we need the experience to change, right? So now, of course, you can watch Netflix and get things on demand and that everything is so instant.

So the moviegoing experience has had to evolve. So now when you go to the movies [inaudible 0:21:23.6] you're in a reclining chair with drinks service being brought to you or meals, dinner being served while you're eating is just a much different experience, and I think we're in a similar evolution point with retail. I think, actually, a lot of the retailers ended up having a good holiday season and we work with many of the large retailers, and I think there's a rightsizing of real estate happening which needs to happen no matter what.

I think that there's changes that need to happen even down into the in-store experience who's helping people in the stores. What kind of service are they giving? It's definitely a challenge to keep up with the consumer, changing consumer behavior, and I think every retailer has kind of something they can hang their hat on. For Nordstrom, it's their amazing customer service. For Target, it's their brands. They're specifically in the style category offering, really strong brands at affordable prices.

I think I have a lot of hope primarily because I see sales results from these retailers, and I just think you cannot argue with the foot traffic that a Target or a Macy's still has. It's just about making some changes to the experience, the business models. Like I said, know rightsizing of real estate. But I am very hopeful for traditional retail.

[0:23:14.8]

FT: Well, I guess — I don't know. I didn't know what to expect when I asked that question, but that's hopeful and that's good to know. I think you're right. I think that people, especially when you're talking about the theaters, it's all about experience and how can you shift the experience to meet the nuances and the interests of consumers today. It's an evolution, but it doesn't mean that it's an extinction.

Now, what is the future of Clique? You already have so many projects underway. Compared to when you started, now there are many other similar types of — I wouldn't say similar, but I guess platforms that are trying to combine the shopping experience with editorial and being a

one-stop place for people to — For example, goop, right? This concept of, “We’re going to give you advice. We’re also going to tell you where to shop and we’re going to give you our recommendations,” and it’s all under one umbrella.

It that kind of like the future? We’re seeing in the traditional editorial world, lots of brands consolidating, magazines consolidating, going away. Everything is moving online. So what does that mean for Clique? That’s probably good news, right?

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KP: Yeah. I mean, I think I’m super happy about our approach to content and the way we sort of have built very strong brands in different lifestyle categories. When we first started, I think a lot of our competitors were sort of aggregating all their traffic under one web domain, and we set out to build brands partly because we knew we would go outside of media with actual products. But I think that there is the consumer’s attention. I mean, there just aren’t enough hours in the day. If you look at — If we sleep for eight hours and you’re at work or school for another eight hours and you are still watching four hours of linear TV or whatever the stats are, you see there’s not a lot of time left after social media.

You have to really deliver that consumer and experience that they need. So we’re going and were delivering content where they already are or we’re providing an actual product when we give them inspiration, because at this point, the consumer demands instant gratification and convenience and. So I think that’s what publishers like us to or like goop have done and that we give products context to help convert your purchase and make things easier and faster for you. We’re also, as we inspire people, giving them the tools they can actually buy to achieve that look or trend or whatever it is.

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FT: Pretty smart. You are ahead of the curve, Katherine, and in fact you are Fortune 40 Under 40 honoree. That’s pretty impressive. What do your parents think now?

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KP: I think they're very proud. I think it's hard for people to understand sometimes what an internet-based business really does.

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FT: Does your mom still don't know what you do? Because mine does.

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KP: I think having — We've written three books. When those come out, we do book tours. You can go to the bookstore and you can see it. She can walk in Target now and see our brand. So I think it's a lot easier to wrap their head around.

[0:27:03.0]

FT: Yeah, I know. My mom is like, "Can you please publish another book?" I'm like, "Why?" She's like, "Because then I feel like I can explain what you do." Make sure, just for you, I'll slave and lose a life for two years to write a book.

Let's do some so money fill in the blanks before I let go. You've been so great. Thank you for sharing all these stories with us and insights. This is when I start a sentence and then you just finish it. First thing that comes to mind.

[0:27:33.2]

KP: Okay.

[0:27:34.1]

FT: If I won the lottery tomorrow, the first thing I would do is ___

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KP: I probably — Strangely enough, I'd probably make a movie.

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FT: Really?

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KP: Yeah, I've always wanted to produce a film since I was young, but I am frustrated by the process of filmmaking, because I think it takes too long. So I would probably, just for the experience, finance a small film and not expect my money back, of course, but just to have that experience.

[0:28:05.7]

FT: Have you gone to the extent of figuring out what kind of movie you'd like to produce or who would star in it? Is it a biography?

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KP: There has been different stories and materials and books along the years that I've had my eye on that someday I would love to try to make happen. I'm sure I could go and put money together and produce a film here, but it's just like it's so — It's like a five-year process. I'm watching my friends do it, and after working in the internet it's like it's a whole another world. That's only the reason I would say if I had money to sort of just spend [inaudible 0:28:50.2], that's probably what I would do.

[0:28:52.9]

FT: That's great. That's a first here on the show. No one has ever said I would finance a film. But I like that answer a lot.

[0:29:00.6]

KP: For the experience, yeah.

[0:29:01.7]

FT: How about this? One thing I spend my money on that makes my life easier or better is ___

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KP: Oh, my nanny.

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FT: Hell, yeah.

[0:29:10.9]

KP: Great nanny.

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FT: I see sometimes people have like one nanny per child. I mean, I feel like that's just overdoing it. But honestly, maybe not, because when you have a three-year-old and a one-year-old like I do, there's not enough help in the world.

[0:29:27.8]

KP: Well, I only have one so far, so TBD.

[0:29:31.9]

FT: TBD, all right. When I splurge, you mentioned you love to buy beautiful clothes, but maybe you can get more specific here. When I splurge, I like to spend my money on ___

[0:29:48.8]

KP: Well, I do like nice clothes, but I also like nice hotels. That's sort of my thing.

[0:29:56.1]

FT: Can you give us a tip? Like how can you tell a hotel is going to be nice? I know that they have beautiful websites and pictures, but sometimes you get there and it's like underwhelming.

[0:30:03.1]

KP: Yeah. I'm a real hotel snob, so I know all of the holding companies and the sort of quality of the hotels. So I try to stick with a certain — A few family of brands that I know will deliver on that experience.

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FT: Such as?

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KP: The Rosewood Hotels have an amazing experience. So I stay at The Rosewood in London. They also own Las Ventanas in New Mexico. There's a few hotel groups like that that I often, when we go on vacation, I just sort of look where these hotel [inaudible 0:30:46.0]

[0:30:46.0]

FT: Where is The Rosewood? Yeah.

[0:30:47.4]

KP: That sort of helps us plan. We love a company called Wimco that operates villas and hotels all over the world. We stay in a lot of their villas in St. Barts, which is one of our favorite places to go. But I would say that's definitely — I'm not a big foody. I don't do a lot of fancy dining, but I do need a nice hotel.

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FT: when I was growing up, the one thing I wish I had learned about money is ___

[0:31:20.5]

KP: Nothing. As I said, I think that it is sort of like what I didn't know that drove me, and I'm happy learning along the way and every experience I have gets better.

[0:31:32.4]

FT: When I donate, I like to give to ___ because —

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KP: Kids or animals, because they really don't have any way of helping themselves.

[0:31:44.5]

FT: Last but not least, I'm Katherine Power, I'm so money because —

[0:31:50.0]

KP: Because I found what I love to do and I figured out a way to get paid for it.

[0:31:54.5]

FT: Well, congrats on that, Katherine. Thank you so much for making time for us. I know you have a very busy, busy schedule lifework.

[0:32:03.3]

KP: Thank you so much for having me. I love your show.

[END]