

**EPISODE 894**

*“SP: My relationship with money is money comes and money goes. For me, it’s not the point of success. It’s important for me to be financially stable and it’s important for me to be making a lot of money, but it’s not what I consider personal success.”*

[INTRODUCTION]

[0:00:51.8]

**FT:** We are in conversation with Sophia Parsa. She is a tech co-founder, Forbes 30 under 30 honoree and a very accomplished entrepreneur. She co-founded the company Toot, which is an on-demand tutoring service after her tutor bailed on her the night before a big exam in college. At 11:00 at night before the test, she found a new tutor, thanks to the help of a professor, but then realized there's probably a better way to connect with tutors on-demand. The idea for Toot was born.

Later, Sophia launched a dinner club called Mountain Gate, where entrepreneurs gather for dinner. Through Mountain Gate, entrepreneurs can get advice, they can form business partnerships and just connect with people who are like-minded. Today, Sophia is the director of community at FabFitFun. You may have heard of it. It's a sponsor of this show occasionally.

FabFitFun is a subscription box that delivers a selection of full-size premium products to your front door. We discuss Sophia's transition to working for a company and why it was important for her professional development. We also dive deep into the growing pains of the early days of entrepreneurship, how to score some investment capital and what she plans to do with her money right now.

Here's Sophia Parsa.

[INTERVIEW]

[0:02:11.5]

**FT:** Sophia Parsa, welcome to So Money. How are you?

**[0:02:14.7]**

**SP:** Thanks for having me. I'm great.

**[0:02:16.5]**

**FT:** We were connected through a mutual friend, our friend Arteen. Shout out to Arteen who has been on this podcast. He's a superstar investor out in Los Angeles. Super connector and he's like, "Farnoosh, you have to talk to Sophia for a lot of reasons. I think you would just get along on a personal level, but you're both running on the same DNA engine." In so far as I found to be extremely flattering, because I see everything that you've accomplished and you're definitely someone that I would describe as motivated, ambitious in the best possible way. Forbes 30 under 30 honoree, multiple startup founder, community builder, go-getter. Where do you get your drive?

**[0:03:00.0]**

**SP:** I was going to say Arteen. I'm kidding. No, but shout out to Arteen for sure. He's really someone that I look up to and he's so accomplished so much with his age. I'm flattered that he connected us. To answer your question, I think in some ways, I'm not sure if I was born with it, but I was raised in a household that really found importance in entrepreneurship.

My father was a tech founder at a very early age and I say the story all the time, but it's really something that I think people resonate with, or they're like, "Ah, I should do this." My dad gave me a business card. I think I was five. It was the VP of his company on the card. I used to sit in a lot of his business meetings and take notes and he just – and notes would be just drawings and weird doodles. He really loved bringing me to all the conferences. I went to CES every year with him. He brought me into a lot of his meetings. I went to work with him almost every day growing up, earlier before school. I think it was wrong for now.

**[0:04:10.6]**

**FT:** That's really sweet. I'm trying to think like what a business card – today, I have a four-year-old, but back then business cards were legit. Everybody had a business card who was somebody. Now what do we do? You say Google me, or go on LinkedIn. That's such a great novelty. I'm thinking of maybe making that for my kids, because they really do look at what you're doing and try to emulate you. To bring them into that is such a natural engagement.

That was your first foray into the world of business and what do you think it was about it that you really hung on to? What do you love most about enterprising? Because you're really enterprising.

**[0:04:48.9]**

**SP:** I mean, I think the thing that made me hang on to it the most was this idea of like, “Oh, I too can be a leader.” I watched my dad. He had a team of almost 500 people in his office in Irvine in the 90s, right? I looked at this as – it was almost naïve. I thought everyone owned a business. I thought everyone doing this. Of course, that's not true, right? You have business owners, you have people who go and fight for their dream. In my mind as a child, I was like, “Oh, everyone can have a business. I can have this.” It set me up for definite success and it set me up for this idea of where even in school, in any leadership opportunity that I could see I took it. I ran for it.

**[0:05:34.5]**

**FT:** You don't have that fear, that fear variable. Even before we were recording, you're not working – you're working for FabFitFun now. We'll talk about that transition is for going from entrepreneur to employee, but you realize this is just temporary for you and that you're all – to use your words, “I'm going to probably start something on my own again.”

Not a lot of people go through life thinking that way, because I think fear stops us. There's a lot of uncertainty with starting a business. There's a lot of fear. There's a lot of conditioning that we somehow get in our heads that you're going to be set up to fail. Do have that chip in your brain?

**[0:06:12.5]**

**SP:** I think everyone has the slightest, right? I'm not delusional, right? I understand failure and I of course, in some ways have a fear of failing. Many times, I've looked at my past and say – told my thumb, “Did I fail here? Did I fail there?” I mean, get in my head a little bit. I have such a great support system and people who really cheer me on and people who reach out to me and say, “Hey, I have so much I could learn from you.” These are reminders for me that I can keep this going. I can keep doing it. In the end, what's the worst that can happen?

**[0:06:47.1]**

**FT:** Right. What's the worst can – Well, I mean, for some people who have things at stake, it could be money, it could be reputation. How do you take calculated risks? I guess, that's a good tangent to this is when you're assessing, “Okay, I'm going to start this company, or I'm going to do this,” how do you manage risk?

**[0:07:09.5]**

**SP:** That's a funny question for me, because I started my companies really young, so I don't think I did a great job at managing that. I just said, “I'm going to start this,” right? This needs to exist in the world and therefore, I need to start it. Then once you're in it, once you're in the trenches, now you've committed, right? Now I have to see this through. I'd say in anything that I've taken on, whether it's starting my dinner series, Mountain Gate, or starting to my startup, it was always like, this needs to exist. I'm going to start it. I didn't calculate the fear. Sorry, I didn't calculate the risks behind it, because I always thought, “You know what? I'm someone who can figure it out,” right? In the toughest situations I'd somehow made it out. I think I have it in me to continue to do that. It's more of a gut thing. That's how I calculate my risk and it's not really unfortunately, like I'm not very data-driven. I'm more what feels right.

**[0:08:07.9]**

**FT:** Yeah. Well, let's go through your resume. One of the first things you started was I think you were still in college, named Toot, which is a tutoring service, an on-demand tutoring service. You've taken that pretty far. Not bad for your first venture.

**[0:08:24.4]**

**SP:** Today, Toot is still running. We're based out of – it's an incubator in Santa Monica. They're best well-known for Dollar Shave Club and dog making and several other really successful businesses. We joined them about a year and a half ago. At the same time, we had our big fundraiser, which was an investment from one of the largest education funds in the US. It's actually based out of New York, called rethink education.

My co-founder today has taken over. We're trying to change the way students learn and the way students face the most difficult homework problems. That's where it is today and he's continuing to build it off. I'm honestly over these last four months had taken a large step back in focusing on what I wanted to do next. Him and I actually are scheduled to meet up next week, now that I know what I'm doing.

**[0:09:23.1]**

**FT:** Where you're going next? Right now, you're at FabFitFun, which is actually sometimes a sponsor of this podcast. Coincidence that you came on this show learning this, because this is a pretty recent development. I think we'd all be curious to know what motivated you to move from the startup life, entrepreneur life to actually working within an organization and I understand at FabFitFun, you're in charge of community building. Tell us about the new role and why you wanted to make the transition.

**[0:09:54.5]**

**SP:** The one thing that I learned towards the end of my career at Toot was I love what I'm doing, but I'm not sure that I'm adding enough value. It probably comes down to the level of passion I have for the space. At the same time, I built my dinner series Mountain Gate, which led me to actually understand that my passion was community building.

I had the opportunity to actually go and build Mountain Gate full-time. My worry was that I might ruin the authenticity, because when you build community it's really – it's a really fragile thing. If

you push too much business into it, sometimes people run in the other direction, because we all are really just looking for human connection and not necessarily another way for you to profit off me in the world of community building.

I toured at that and then I said, is probably not the right time to do this, right, as I looked at the landscape of what I've built. I looked at other opportunities and investing. I'm in the VC world. This happened to come up as I went to one of our first early investors [inaudible 0:11:01.3], who happens to be one of the founders of FabFitFun. I said, "I'm think I'm going to do this. I think I'm going to step down and I'm trying to figure out what's out there for me," and asked him for his advice. He said, "Well, what are you interested in?" The first thing that came out of my mouth was community building.

He said, "Well, that's really good to know." I think we're actually developing a role right now for someone to come to FabFitFun and direct community. I came over and I spent six hours with my boss David, who it's so crazy to say I have a boss. My boss David, who we spent close to six hours on where the community is today, the possibilities. I just got so excited, it was almost the feeling when you're about to start your own thing, your own company, which is this out-of-body experience where you're like, "Oh, then you could do this and that and we can do this."

I knew that this was the moment where I'm probably going to be best suited for now. I thought about, am I ready? Am I physically ready to just go through that process again of the fundraising and building a team and really leading properly? Actually really more than anything, the stress of making sure that everything's afloat on top of my daily business.

The answer to that was maybe not yet, right? Maybe not just right now. I didn't want to take money from people that I really care about and people who had eventually care about as they invested in me, without not being at a 100%. Decided to take the role at FabFitFun. I'm really happy that I'm here. This is my second week. My job right now is how do we take the membership base that we've built and really create an experience for them that's outside of just delivering a box, whether that's in-person or online?

**[0:13:02.4]**

**FT:** I was really surprised to hear all of the verticals that FabFitFun is going into, or has been going into. Can you go through them for us a little bit? Because it really does blow my mind. I think of them as more this just monthly subscription, wonderful way to get access to beautiful designs and fashion and all sorts of things. They've got a lot of different verticals.

**[0:13:28.0]**

**SP:** They do. I'll talk about the things that we can talk about right now, which is they have FabFitFun Style and it's their take on call it like a stitch fix. It's doing really well, such cool fashion. Kendra who runs it is really admirable. She's one of – she's like a boss lady really. She's taken that department and built it from the ground up. We have Style, we have FabFitFun TV, we have of course the boxes. The community is becoming something that's really important and how do we develop that. Then outside of that, there's in-between, we have edit sales and an opportunities for people who love FabFitFun to participate in sales in between the boxes.

**[0:14:18.7]**

**FT:** Now, I want to talk about Mountain Gate, because this is another venture that you started really more in alignment with your passion to build communities. Still a dinner series, 6,000 people wide. How did you get the idea for this? It sounds like from what I've read, it took on a life of its own, before you could even figure out what it was that you were doing.

**[0:14:43.4]**

**SP:** When they tell you that the best businesses just happen and you have no control over it, this is exactly the case for Mountain Gate. In the beginning days of Toot, I felt there were many times where I was like, “This isn't working. How do we make this work?” Whereas, Mountain Gate just had a life of its own and it went for it.

I started the dinners, because I was in the middle of pivoting Toot and I had just taken on some investment, so it was really important to me not to lose my investors' money and to really spend time with people who understand what it means to build a company, whether they're seed stage,

or they've sold their company, you name it. I just wanted to surround myself with really entrepreneurial and creative people who could help me face the challenges that I was facing. I was really looking for guidance through my pivot. I invited 20 founders to my home in Mountain Gate, which is Los Angeles. I just didn't have – They didn't really have any expectations outside of – Maybe we gather around this table and exchange challenges. Now I didn't realize this, but I made my invite on Facebook shareable. This invite got shared and 60 founders showed up to the dinner. It was clearly a need. People were obviously looking for this type of community, trusted community where they could share their challenges and not be afraid.

It also helped that I was at my home. It felt more private. It felt less networky. My mom who's Persian and almost lost it when she realized we didn't have enough catering and started cooking, started cooking for the entire group of people. The direction of dinner shifted to like, "Let's just all hang out and have a really good home-cooked meal."

People really found valuable relationships through that that they connected with later and it brought things like partnerships, investment, roommates, best friend. I mean, you name it. It's come out of the dinner. I created a Facebook forum, because I wanted everyone to stay connected and I didn't really want to be that point of connection at the time. I was like, "I'm building a company. I don't really have time to be connecting everyone."

I created this private Facebook forum called Mountain Gate, for lack of a better name. It's just the gated community that we started the dinner out of. It just went from if being in-person and everyone exchanging information, to it going online and now people are asking for services, who's the lawyer that I should be using? What management tools, softwares is everyone using? Tons of suggestions basically. Someone posted once the next dinner on there and I just kept it going and it's been three years.

**[0:17:36.3]**

**FT:** That's incredible. What's the business behind it? Is there a business behind it?

**[0:17:40.8]**

**SP:** Not right now. That goes back to what we were talking about a little bit earlier, which is was I ready to make it a business? Call it like a membership, right? I didn't want to ruin the authenticity of what we built, so it's just a ticketed event. We're looking at different things now, like sponsors and how can I make it more elevated without having to ask our members for more than they're already doing.

**[0:18:01.7]**

**FT:** Yeah, I think sponsors would love to get in front of these founders, these influential people. Seems like a no-brainer. Obviously, you have done so well as an entrepreneur. I want to now shift to money, because they're linked. I wonder how your relationship with money and your perspectives on money are in comparison to your perspectives on leadership and entrepreneurship. Did you always feel as confident about money as you did about starting big things?

**[0:18:29.5]**

**SP:** No. Money is a funny topic for me, because I grew up in LA and I'm really blessed. My dad did everything for us. I mean, he really gave us a life that I know most people dream of. Money is a funny thing to me, because I've watched it come and go, especially watching my dad as an entrepreneur. There are ups and downs and he always – I guess, until I started my first company, I didn't realize when he was going through the ups and downs while they were happening.

My relationship with money is money comes and money goes. For me, it's not the point of success. It's important for me to be financially stable and it's important for me to be making a lot of money, but it's not what I consider personal success. Just because watching it from the lens of my upbringing, I watch things go up and I watch things go down. Today, what's most important to me? Of course, saving and my 401K is really important to me, which is a nice thing.

**[0:19:33.6]**

**FT:** You have one now. That's great.

**[0:19:36.1]**

**SP:** Yeah. I had one at the end of Toot and then I realized like, “Do I really want to let that go?”

**[0:19:42.2]**

**FT:** No, you don't.

**[0:19:44.3]**

**SP:** I don't. Yeah. There's things that as an entrepreneur, I wasn't really thinking about being financially stable in the right now, because I was super focused on building the company and saying the financial success comes later, right? As you sell your company, or as whatever, however your lifeline is.

Now it's very different. Now I'm all about how do I make sure that I can continue to do what I want and feel really safe and secure in my everyday life, but still make risks that will connect this lifestyle that I'm living today.

**[0:20:21.8]**

**FT:** Do you have a memory growing up that – you had a memory about entrepreneurship as a kid, or rather business at five. That's exceptional. Did you have a memory about money and either maybe what money is, or what money represents, or how it makes you feel at a young age that has stayed with you?

**[0:20:41.6]**

**SP:** Actually, I was just talking about this with a friend of mine. We went shopping and we realized we were spending a little bit of money. She brought up to me, “Remember that time that we went to our parents and we said we need a \$100, because we really want this shirt.” At the

time, we looked at that and we were like, “Can we ask our parents for a \$100 for a shirt? That seems really crazy. It seems really ridiculous.”

Then in the end we said, “Actually, we don't want that,” and we felt really bad about paying a \$100 for a t-shirt. That to me is one of the most recent memories I have of really understand – I always understood the value of a dollar, but until I started working for it did I really understand like, “Wow, I probably – all those things that I bought when I was younger, probably shouldn't have. I probably should have laid off it.” Sometimes I even joke about my college degree. I'm like, “Did I really need that?”

**[0:21:39.2]**

**FT:** Well, so a couple of thoughts; yeah, the pain of leaving, of parting with money doesn't quite hit until it's yours, right? Until it's you're coming out of your paycheck. Then is college worth it? That's a really interesting point. I actually interviewed a guest recently. We were talking about college and he's a bit of a contrarian and I was like, “What do you think about college?” Because he doesn't think for example, homeownership is really worth it, blah, blah, blah. He's like, actually college is worth it, because they've done the studies. People with a college degree versus people without a college degree over their lifetime will earn an extra million dollars in earnings.

Now that obviously is in a vacuum without student loans and all of that, but I think net-net it's probably on average worth it. Speaking of college, when you were graduating from school, this is a question that we're asking our guests with graduation season upon us. Our sponsor is Chase and we want to know what was the one bit of financial advice, Sophia, that you wish you had gotten right out of college? What have really helped you in those early years?

**[0:22:47.8]**

**SP:** Just to put aside a \$100. Literally just –

**[0:22:52.3]**

**FT:** Yeah, just put it away.

**[0:22:54.3]**

**SP:** Literally just put – instead of taking that lunch, just put it away, right? Sometimes I go – I think the biggest – well, that's one. The second is as I got out of college, I thought, why didn't I go to a public school? Why did I choose private, right? There are a couple thoughts on that, but I think the most important was I should have started putting away money a lot earlier than I did.

**[0:23:20.1]**

**FT:** When did that really become – when did that start to hurt? Because I think we have moments where I don't know, like this year I got a pretty big tax bill, or other times when you're like, “Uh, I wish I had more money then, because then I could have afforded a down payment more readily, or whatever.” Was there a moment where you really felt the pain of not having more in the bank?

**[0:23:40.9]**

**SP:** Yeah, when I was starting Toot, because I knew that from the get-go I needed to go get 50K or so from family and friends, or whoever I could find it from, to be able to build the technology. Had I'd save some money, then I probably wouldn't have had to have done that so early on in the business and I think that's really important. I mean, even now as I'm at my role today, I'm thinking about how do I save so that in case I want to make the jump at some point to build my next business, that I don't feel I need to just raise funding, because how do I stay afloat, right? Really think about having that extra – the extra finances to say, “I'm going to give up the paycheck, but I'm not going to feel super stressed out about it.”

**[0:24:27.7]**

**FT:** Well, how do you go about raising money? What are your top tips, as someone who has done it, as someone who probably now is on the asking end. You called yourself an investor. Advice especially for women, because so few women get the VC dollars. Part of that is I think

well, you can tell me, but I think it's partly discrimination, but also women maybe not having the confidence, or even feeling supported in that world. A lot of these boardrooms are made of men, so it's intimidating, but what's your vice for women and everyone really who wants to ask for a round?

**[0:25:10.8]**

**SP:** I would say, unfortunately at a young age, I was conditioned to being in that boardroom. As I mentioned, I did go to all these meetings with my dad and they tended that they were all men, especially talk about their 90's, right? Because of that, I actually never looked at it as I'm in a room with just men. I just looked at it as I'm in a room. This is a meeting. I never had this fear of I'm the woman in this room. I just said, "I'm this person in this room and my thoughts are equally as important as the other."

I didn't have that fear of I am a female founder. I think the most important thing – my top two important things, especially with early funding, raising your first check story is really important, like the storytelling of it, because if you're really clear about your story, then you're really confident about what you're probably building. People can feel that. When your story is all over the place, or you don't have a really compelling story, you're less likely to get the interest of the person that you're talking to.

I think it's just with every conversation in general, it's like, how do you treat the conversation where you really want someone to be listening to every word that you're saying? It's creating that story that they can resonate with, or that's just compelling.

My second is building real relationships with the person that you're talking to. I know that's really hard to say, because some – it's hard to make some relationships. One of my largest checks came from just a breakfast in New York, where I almost missed this breakfast. I didn't expect it to be what it became. It was a Saturday. I was out there actually for leisure, not even for work. Someone mentioned that I should meet with this investor and the education space. I sat with him. The first 20 minutes, I felt this is not going well. We are not jiving. I know this is a waste of my Saturday and probably his too.

As we got through this hump of the first 20-30 minutes, that awkward 20, we ended up having a three-hour breakfast about our thoughts about entrepreneurship, our thoughts about the education space. We were actually really aligned in a lot of the things that we thought about. We barely even touched on the company. We only touched on the company in the last 10 minutes and then we said, "We should probably follow up on this."

About a week later, he e-mailed me and he said, "I think you're an authentic entrepreneur and I think you're going to do everything you can to make this work. We'd like to have a second conversation with you and we think you're ready for fundraising now." I also at the table told him that I'm not fundraising currently. Sometimes that seems to work.

Those are probably my two biggest advice is really the storytelling and also building the relationship. Lastly, the most important, of course, know your numbers, know that the questions that are every investor asks.

**[0:28:15.1]**

**FT:** That is really good to know. I was thinking as you were saying, I'm like, "Well, what about the deck? What about the financials?" I guess, that goes without saying, but I'm glad you said it anyway. Yeah, the first two being focused on your story and being clear around that. Then also, I cannot agree more with the power in someone just believing in you, right? Knowing your work, knowing your work ethic. Of course, the idea is strong, but it's also who's behind it. If they believe in you, that is huge. That's a huge variable.

**[0:28:51.3]**

**SP:** It is, because there's lots of ups and downs in building the company. You're doing this effectively together. You don't want that person to be like, "Uh, I doubt it." I should have looked into more of who you are as a person. Shouldn't have been blinded by the company. Because in my stage, it's super early. Who do you really have to look to? It's the person in front of you. Even in my investing, I'm really only investing in early-stage. My check is only valuable to the early-stage entrepreneur. I'm really talking about early stage investing and this is not your late stage, or even A investment. This is truly your first check.

**[0:29:32.2]**

**FT:** Yeah, friends and family.

**[0:29:33.6]**

**SP:** Right. I mean, he was not a friend or family, or it was just –

**[0:29:37.9]**

**FT:** It was just a really eager breakfast date.

**[0:29:41.4]**

**SP:** Yeah. I guess, it's institutional, but seed, right?

**[0:29:44.8]**

**FT:** What is your financial plan for the next few years, as now you're an employee, you have that 401K again, you talked earlier about maybe also wishing that you had saved more in your early years. What are some your financial goals, I guess in the coming years?

**[0:30:03.1]**

**SP:** I hope that these investments that I made actually come to fruition and I get to see some success in it. I invested in now my 10th company and I'm just looking forward to hopefully seeing some upside. Those are the risk that I'm taking right now. Then as far as personally with what I'm doing over here, my goal is how do I get to the next level? How do I really build this cushion for myself that I never really focused on in my entire life, which is a real salary with true savings and really investing those savings properly?

This is separate from my angel investments. Those are really risks. Those are gambles I would say. Those are checks that I'm risking, but with my personal finances how do I create this cushion to be able to travel as I want, to be able to help if whatever comes up. You never know. If something comes up, it's almost my emergency cash. That's what I'm focused on, building that safety net and get towards real – It's funny, I toy with the ideas like, “Should you own a house, or not as well?” I think it's important to earn some piece of property. I think that's my next major goal.

**[0:31:22.0]**

**FT:** You're in Los Angeles, right?

**[0:31:23.0]**

**SP:** Yeah, where it's not cheap.

**[0:31:24.5]**

**FT:** No. I'm heading there soon. Sophia, you've been so wonderful to chat with. I'm so glad we got a chance to have this time and for all of us to learn more about your background and your perspectives on taking risk, in starting businesses and managing money. We admire you very, very much. Thank you. Please, we'd love to reconnect as things evolve. I'm sure this time next year, lots more to talk about.

**[0:31:52.2]**

**SP:** I'd love that. Yeah, definitely. Thank you for having me.

[END]