

EPISODE 346

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[INTRODUCTION]

[0:01:35]

FT: Welcome back to So Money everyone. I'm your host, Farnoosh Torabi. Welcoming to the show today, the chief executive officer of Goop. Have you heard of Goop? Goop, I like saying Goop — Goopy, Goop. It's a lifestyle website that features fashion, travel, food, all actionable content and is the brain child of you know her, actress Gwyneth Paltrow.

Now, prior to arriving at Goop, Lisa Gersh served as president and CEO of Martha Stewart Living Omnimedia. She also co-founded Oxygen Media, serving as both the president and chief

operating officer. She and her team ultimately sold Oxygen to NBC for about a billion dollars, we talk about that in our conversation.

We also discuss as Lisa has been at the helm of many companies, the right way for someone to ask for a raise on the job. She's been on the receiving end of that for many years. She has been in charge of hiring and promotions and so from her perspective, what is a smart way, what's the strategy to ask for more money on the job?

Lisa is also very resourceful, you have to be as a CEO and a problem solver, going back all the way to college when she discovered that her parents were unable to afford college. So how did she find a way to pay her own way through college? How did she strategize? And we talk about the future of Goop.

It's a company in its infancy although it has tremendous potential and under her leadership over the last year and changed, it's transformed immensely and Lisa has even used the term world domination in their future.

So here we go, without further ado, Lisa Gersh.

[INTERVIEW]

[0:03:17]

FT: Lisa Gersh, welcome to So Money. What a privilege to have you on the show, welcome.

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LG: Thanks for having me, good to be here.

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FT: Yeah, so my audience and I are very excited to get to learn more about you, your background and your new role as CEO of Goop and you've been there for a little over a year. I

was reading up about some of your goals for Goop and you've used the term world domination. Is that your philosophy when it comes to business, go big or go home?

[0:03:49]

LG: You know I think it's become my philosophy. I am not sure I initially started out that way but I feel like all the projects I have been involved in ended up getting really big really fast, whether it was Oxygen which we started with this idea originally as being an internet site for women in 1998. It ended up being the first multi-platform brand ever really launched and a big idea or it was things I worked on in various projects.

I created a project called Education Nation which started out as a little project and then the President of the United States showed up. So I think so, I think if I have to pick my one skill set in business I would say it's taking an idea and making it really big.

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FT: You also have this very rich, very storied, very significant experience addressing women, I would say many of your experiences whether it was at Oxygen, Martha Stewart and now at Goop, that the target market women. Who is the female consumer at Goop? Can you share with us a little bit about who that is and how maybe since you've come to Goop, you've reanalyzed that?

I know that in the early days of Goop, there was some criticism that it was a little inaccessible for the average women, the price points were too high. I was just on the site, I think that there's a lot more affordability there now. How conscious are you of your female target audience and what she can afford?

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LG: Well, you know I have always loved the audience maybe because I'm part of it and interestingly when I was at Oxygen and we're building that brand, the brand was targeted at we

would say 18 to 34 year olds and I found myself as a 45 year old sitting outside what was a “target demographic”.

So I always think of demographics pretty loosely in terms of age. I always think of it more as psychographics and so who is that customer? Who is that girl that you’re catering to? Who is your audience and so Goop is very similar. I think we think of it from a straight up demographic point of view as 25 to 45 but at 57 years old, I very much feel part of the psychographic of Goop.

I’m a person who wants to go some place, read and discover really interesting topics that I might not have thought I was even thinking about and then I want to be shown interesting product and not overwhelmed by it. So if I’m looking for a pair of black leather pants, I want to be told, “These are the best black leather pants. You do not have to look at the hundreds of pairs of black leather pants on the market to find it. And by the way, they are your price point that falls in the middle of that category.”

So we think about it all the time. We think about making the site, everyone likes accessible product and it’s really so cool when we find the greatest dress that’s accessible and it’s not a well-known designer and we can put it on the site but then everyone really likes to look at those well-known designers and their beautiful product and have an opportunity.

Some of our customers buy them and some of our customers just look at them and that’s okay. What they do know when they get there is no one’s really thought about this collection of products and it’s been highly curated.

[0:07:01]

FT: And that’s how you describe Goop is that it’s this contextual commerce brand where everything is curated. The idea is that you read something then you want buy it or you want to do something with what you just learned about, that seems to be a relatively new model right? In your experience 10 years ago, did this model exist?

[0:07:21]

LG: Oh my gosh, no. There's always been this line in the media space, the church and state between actually recommending product even though that's what advertisers do in selling products. No one's ever want to do that, all though in 2000 when we launched Oxygen, we launched with a show called She Commerce.

A terrible name, not the greatest show at the time but the concept of let's talk about product because that's as women, a lot of what we do and what we need. We want to know from our friends what they're looking at, what they're buying because that's part of what we do as women and putting it into context really makes sense.

When I think about Goop today, I think about less of I think contextual commerce is taken on a weird meaning. I think of it as actionable content because not all of our content relates to products that you can buy. Some of our content is really great recipes. So it's more about doing something so it's content that I read and I can take action against.

[0:08:18]

FT: The beauty of it is, if there were to be an exit strategy for a company like this, you were saying in a previous interviews I have listened to that it may go to an edit, you might partner with an editorial company, it could be a commerce company, it could be a retail brand and that is great for a company like Goop because it seems like the possibilities, the growth possibilities are endless.

[0:08:40]

LG: Right. I think that the whole digital world has taken down that wall of church and state between content and commerce and now how those two relate to each other in a single brand is what a lot of people are trying to figure out in part because advertising has become so fragmented. It's hard for a media brand just to be supported by advertising.

It's hard for commerce brand to really get noticed. The way you can get noticed and the way you can help consumers understand what it is they're buying is through great content and that's what we do.

[0:09:11]

FT: What's it like working with Gwyneth Paltrow? Most of us know her as the lovely talented actress. Who is Gwyneth behind the scenes and as a business partner?

[0:09:23]

LG: Well from behind the scenes, she is a great friend. She's got a wicked sense of humor, she's wickedly smart, she's an amazing mom and she's an incredible person to be around. When you get to work with someone every day, I guess the idea that they're yes, also a famous movie star sort of fades into the background and who they are in reality really comes to the front.

She's an incredible person who's decided, who's an amazing acting career and she'll always have an amazing acting career. She could do whatever she wants from that realm but that she really wants to build a business and she's a fantastic collaborative partner.

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FT: I think that she has influenced other celebrities, actresses to not follow suite but to really dabble in this lifestyle space. Some of them have been successful, some have not, what makes Gwyneth's light personality and her value system successful in the commerce sense? Why would she be more successful than another actress and what do you think is going on there? Not everybody can do this, so what is different about her?

[0:10:38]

LG: I think in order or any brand that becomes successful, becomes successful because it has a set of principles and Gwyneth as a brand, people associate her with the set of values and principles and she's incredibly authentic and authoritative in the areas in which she speaks. So she can talk about food, she's a best-selling cookbook author.

So when she talks about a recipe, it's authentic, it's authoritative. She's a style icon so when she talks about fashion, she's authentic, she's authoritative and she's traveled all over the world making movies and doing other projects so she can talk about those areas. So she has an authenticity and that authoritativeness that really makes a brand have a set of values like any other brand gets started.

It doesn't have to be necessarily associated with the person but in this case, it is and then a bunch of other cases it is and Gwyneth is really generous with her time and her friends and this is not a zero sum game. There isn't only one lifestyle brand that's going to succeed so I think she's really generous with her friends and other people have been interested in starting this space and I think it's great that she's been at the forefront of it.

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FT: You've had a very busy, I guess 15 months now at Goop. You've helped stir the company to a place now where you're publishing daily, selling ads, you've launched a skin care line. I also noticed that you have a press imprint, is there anything that you haven't accomplished that you wanted to accomplish in the first year that is now a top priority in 2016?

[0:12:16]

LG: We had a great year, we got a lot done. You never think you get as much done as you want to get done. You could work 24/7 and never get it all done so you have to be really focused on the fact that you're building a business for the long term. It's a marathon, not a sprint. I think we're really focused this year on our customer service and our backend technology and really building out that experience.

So that when you come to the site, taking action is easier than it's been in the past and so really focused on 2016 and we'll also building out the other verticals in other products to making and concentrate on hiring great people and really building the business in a smart way. Just to avoid the hyper growth pressure of the VC world and we are a technology driven company but we're not an app and we're not hyper growth, we're a brand that's going to build and become more successful overtime.

[0:13:16]

FT: Is that a deliberate strategy? If someone came to your doorstep and said here's \$50 million dollars, what are the pros and cons to that? Because I think what you're saying is so true, there's a lot of frothiness right now in the VC world and these companies are getting valued at figures that I can't even count that high.

You wonder about really what's the substance there, is that really a true evaluation? As a CEO, what is your inclination to an infusion of capital? Do you want to try to do this on your own? I mean you have a first round, are you looking for more money?

[0:13:54]

LG: I think we're really successful in raising capital in our series A. They call it a series A because they will very likely be a series B. I don't know why it was just a year funding and you'd be done but you want to get it an appropriate evaluation each round that makes sense and you don't want to raise too much money at once.

You don't want your pockets to be sitting there so flush with cash, you're not precious about it. You want everyone to feel that every dollar spent has to be meaningful. So I like the idea of raising the amount of capital we need to get to a next phase which is really building at the backend launching the verticals and really proving out the business model and then you really want to take it to scale and you'd probably go out and raise another round.

[0:14:44]

FT: Well speaking of money, if we may transition now to some of my So Money questions, I ask all guests about these questions to learn more about their financial philosophies and the way that they think and act with their money. What's your financial philosophy Lisa for yourself?

[0:15:02]

LG: I believe in working really hard and having that hard work payoff. I think everyone should be compensated for the work that they do. I've worked hard my whole life from a very early age and I've always sought out a position which would compensate me well. When I was 13, I needed a job and rather than babysit for a dollar an hour — now I'm not really aging myself but I would get to be paid a dollar an hour — I took a night course and learned how to umpire girls' softball. So umpiring girls' softball who were the same age I was at the age of 13 for \$5 an hour.

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FT: How do you negotiate for yourself now? Any advice for women as they're looking to as you said, get paid for what they're worth and to make sure that they're compensated well?

[0:15:57]

LG: Women are notoriously bad at asking for raises. So one of the things that I do when I'm doing a review with someone or looking at their position in the companies, I try to say, "Okay, now ask me for a raise," because sometimes, I will come to them and say, "I want more responsibility, I want to shot," and they won't actually ask me for a raise.

I will say, "Wow, you need to ask me for a raise." I don't always give them the raise but I want to be asked and I want to teach people to ask for a raise so I think it's really important that you stick up for yourself. I also think it's really important that everyone understands that it is actually a negotiation and it is not personal. I think that's a really important thing for people to learn.

[0:16:37]

FT: And so from your perspective, what is the right way to ask for a raise? If someone is coming to you for a promotion, more money, what do you need to hear? What do you need to see? How does the meeting have to go?

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LG: So I love when someone comes and tells me what they have accomplished. “Here’s what I’ve accomplished for you and here’s what I’ve done for the company. I’m really proud of all the things that I have done.” And then generally, what I say, “Well what do you want to do next?” and then they say, “Here are the five new things I want to take on. Here is why I think I’m capable of doing it and here’s what I think the compensation for that position is.” And I want them to have some basis for it. Like, “Have you thought about it? Have you talk to other people? Do you know?” And that is usually a pretty successful conversation with me.

[0:17:20]

FT: Yeah and for women and there’s been studies on about the demeanor, right? So men can go in and go fist to the table, “I deserve this. I wanna get this, this is why I think I’m worth it.” How important is demeanor in a meeting and how does gender impact that if at all?

[0:17:40]

LG: I think demeanor is always important. I think being logical and not emotional is really important in a conversation about a raise. “This is not about emotion, this is about what I’m worth and what I can accomplish.” Now, I work so much with women in the past since basically 2000, 70% of Oxygen was female, probably 90% of Goop is female.

So I don’t often experience the male way of doing things, which is very nice but I do know it and I am always encouraging people I work with to have that sort of logical demeanor and take the emotion out of the conversation.

[0:18:18]

FT: Good advice. You talked about that softball story when you were a kid, what’s another story from childhood that was a financial moment for you that now as an adult growing up through the years, you might reflect on that as a very pivotal moment or an experience that taught you a lot about money as a kid?

[0:18:40]

LG: Sure, so when I was in high school my brother was a junior and I was a freshman in high school. My brother came to me and he said, “You know what? Mom and dad don’t have any money,” my parents didn’t go to college, “and we’re not going to college because they don’t have any money.” And I looked at him and I said, “That’s crazy.”

It was like this was in my high school class, I was a pretty smart kid, I was very studious, I loved school and I always thought I was going to college and so that doesn’t make sense. So I started doing some, and this is pre-Google obviously, pre-internet, pre-computers, trying to do some research on how kids who don’t have money go to college. My brother wanted to go to college and I ultimately was going to go to college.

So I started doing some research. I found that there are at least things called student loans. At the time, they were 1%. I found that there were these grants, one of them was called a Basic Educational Opportunity grant and I applied for my brother and I got rejected and I reapplied and I reapplied until I got enough money from my brother to go to college.

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FT: Oh my God.

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LG: And so by the time that I was ready to go to college, I knew how to get money to go to college and I was in part, I could have written a book on it. My father used to say to me, “You should write a book on this.” I said to him, “I don’t really want to write a book, I just want to go to college,” and so I went on a 1% student loan and a basic education opportunity grant.

We both went to state schools. Actually we went to City Binghamton together. We were really close and I wanted to go to school with him. And it was a great experience where in that just because you are not going to go the conventional way, the way people go, their parents send them to college, there’s a way to get things done if you really want to.

Every summer, I worked all summer so that I had spending money to go to school and I got great jobs waitressing because they made the most money but I wanted to go and I was going to go and I went and so did he.

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FT: It sounds like you've always been solutions driven and even in today, all your executive roles, do you think that's in your DNA?

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LG: I do think it's in my DNA. I think it's funny people ask me because I have a twin sister. My twin didn't go to college because she didn't want to, yeah. She didn't go to college because she didn't want to but I'm solution driven in one way and she's solutions driven in a really different way like I really do look at a problem.

I do puzzles too, I do jigsaw puzzles and crossword puzzles. I look at something and my brain just finds the answer and it's the same thing with the jigsaw puzzle. I can literally take the piece out of the box. It's just the way my brain works. She's like an emotionally driven person who solves emotional problems better than anyone I know.

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FT: So I suspect you did very well on the LSAT's because that's all like analytics.

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LG: Yeah, I did well enough having not studied for them and not knowing you were suppose to study for them and I did well enough to get into law school.

[0:21:36]

FT: I love it, "Lisa Gersh did not study for the LSAT's, look at her now."

[0:21:41]

LG: You know, it's really funny because my kids are always saying how important it is what school they go to and how well they do and I'm always saying, "You know what? I don't think that's going to be the tipping point for anyone ultimately. I think it's helpful to get your foot in the door if you go to a great school and you do really well, that's all well and good.

But at the end of the day, it's going to be about hard work and your ability to connect with people, your ability to be persuasive and your ability to stand up for yourself and get what you want. And when someone says, "No, there's not enough money for you," you know how to get the money.

[0:22:10]

FT: This is another question I ask guest, have you ever experienced a moment of financial failure? What happened and how did you work your way through that?

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LG: Well the biggest financial failure obviously when I was in high school and my parents didn't have the money for us but you know in business, when we're running Oxygen, we were very creative with our financing. In the beginning, it was such a big deal. We were launching this company, people were throwing literary throwing money at us to start the business.

This was 1998, it was a whole different world. It was really a bubble and you could raise money at almost any valuation that you wanted and we were so full of ourselves that we basically said, "No, no, no, we have enough money," and then you wake up one day and you're like, "Wow, launching a cable network is really expensive and we don't have enough money. So we're going to need to go back onto the market."

At this point the bubble head burst and so you're back in the market and the burst bubble and the down round and how you work your way around that is really interesting because not

everybody is going to be happy at the end of that rounds. You're going to be disappointing some people but at the end of the day, if you keep your eye on the price and price is building a successful cable network and you can communicate that, you can get people behind what is not as pleasant a decision as you would have hoped it would be.

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FT: So in the aftermath of that, what was the guiding light? I mean Oxygen is still around, it made it.

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LG: Yeah and we sold it to NBC for close to a \$1 billion so the guiding light was we knew we could build this cable network. We were the only independent cable network to get launched and get distribution. We knew we could do it. It was a ton of hard work and also an incredible amount of fun.

I had the greatest partner in the world, Gerry Laybourne in doing it with me and it was her brain child and it was just enormous amount of fun. And also and enormous success to get it to sell it to a big media conglomerate and have them taken on and it's still in the air and again, from the shows we launched are still in the air. So that was really fun and the guiding light was "how do you get it there?"

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FT: We haven't even talked about your time with Martha Stewart Living Omnimedia. What was the number one lesson you learned working, a business lesson you learned working at Martha Stewart's company?

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LG: Martha Stewart was an interesting job for me. It was the first time I was a public company CEO and one of the real reasons I was fascinated with her brand and fascinated with her and

what she had started, but a big part of it was my husband had said to me, “Every successful executive should at one point be a public company CEO.”

So it was that, but I was really interested in the retail world and how those two worlds could be put together. But for me, I thought a great lesson was, there was this great merchandising business there, there was this great media business there and my vision was, “Let’s put them together,” sort of what Goop is today. But that wasn’t the company’s vision and that wasn’t the company culture and trying to make that kind of massive cultural change is really hard in an existing company.

[0:25:26]

FT: I’m curious now as you are the CEO of Goop, how much of your job depends on taking what you’ve learned from all of your experiences at Martha, launching Oxygen, and how much of it is inventive? You know, like coming up with new ideas that no one’s ever tried before or there is no protocol, what’s the balance?

[0:25:49]

LG: The experience is great. Things seem to repeat themselves in business so whether it’s a question of what your engagement rates are on something versus what your rating is on a show, all of those things, the way you analyze those are the same but the problem is different. So we are trying to invent something so that’s great but learning to invent something is also something that we learned to do at Oxygen.

In 1999, there was no such thing as a multi-platform brand, as silly as that sound today. There is no such thing as a multi-platform brand so I fundamentally believe that five years from now, all content will be actionable and the idea that we invent an actionable content, people will forget about and that’s what content will look like.

It will be just like every media brand today is a multi-platform brand. So it would be good to invent and know that you’re inventing something that will ultimately become part of the norm, it’s just something I think is really valuable to have learned.

[0:26:51]

FT: What are your habits Lisa, your financial habits? Maybe just one thing that you do on a regular basis daily, weekly that helps you with your own personal finances?

[0:27:03]

LG: I have a fairly traditional marriage. So my husband who is a former CPA accountant kind of deals with the most of it.

[0:27:11]

FT: I'm sorry what was that, he was a former? I didn't hear that.

[0:27:14]

LG: He's a former accountant. My husband is now the President of iHeartMedia. He is a former accountant so I sort of giving up the household responsibilities. More of it weighs on him on the finance world than on me but it's important that you do have financial home responsibilities because you can't do everything.

But one of the things that I do, do every single month and I think that people don't do is I read every line of my credit card bill just to make sure that it reminds me of what I spent like, "Why did I buy that?" Or, "Why didn't I buy that?" Or, "Are these charges for real?" Or, "Look at what we're spending." So that's one way for us and almost everything stays on a credit card. So it's one way to really keep good tabs on what's going on.

[0:27:59]

FT: Absolutely, it's pretty basic but there are months where I may not check the line items because it's automatically getting paid. So it's very easy to fall into that habit of not checking so it's a good conscious reminder.

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LG: Yes, it is.

[0:28:16]

FT: You mentioned you not being able to do it all. I can only imagine the hours that you keep at work and you're a mom and you have a personal life, when it comes to outsourcing, how do you negotiate that in your household? How do you decide what gets to get outsourced, what should get outsourced as far as tasks and what you're willing to do?

[0:28:40]

LG: You know you do the things that you love to do if you're fortunate enough to be in that position so I love to cook. Cooking is something I'll do not generally during the week because we're usually out or busy but on the weekends, I love to cook. So that is a responsibility and food shopping. I love food shopping.

I don't know why I love food shopping. I love going into the market, I love picking out foods. I know there's Instacart and all those other things and I'll use them if I have to but I really prefer to go in myself but I've been really lucky. When my kids are little, we had the same person look after my kids from the time they were born until the last one just left for college which was 25 years, which was amazing.

I've been really fortunate in that so I had someone around to really help me because given my travel schedule and my husband's travel schedule, we really needed someone to help so that's been amazing.

[0:29:30]

FT: Well this interview has been amazing. Lisa Gersh, thank you so much for sharing all of your insights on how women can earn more, how you're balancing everything and your vision for

Goop. Very exciting to see where this brand goes. I know as a consumer myself of Goop, it's a real page turner.

I have to say, it's hard to leave the site. It's beautiful. It's well executed and I do notice that there's more variety for all sorts of consumers whether you have deep pockets or you're on a budget, there's probably something for everybody. So thank you for inspiring us and wishing you the best 2016 possible.

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LG: Thanks and thanks for taking the time.

[END]