

EPISODE 456

[INTRODUCTION]

[00:00:35.1]

FT: You're listening to So Money, welcome back. I'm your host, Farnoosh Torabi. Money can be a leading cause of divorce and even after couples split, it can continue to be a major source of fights especially when there are kids involved. Sheri Atwood, my guest today, knows all about this and so naturally, you have a problem what do you do? You start a company.

She started a company called SupportPay to help divorce parents amicably settle childcare payments and the company is the first ever automated child support payment platform. It's transforming the complex time consuming and stressful process that many families currently face and believe it or not, this problem affects 300 million parents and we're talking about \$900 billion in child support and child expenses worldwide.

SupportPay is addressing a little bit of an audience here and Sheri herself, she was a child of a bitter divorce. She also went through her own breakup several years ago and now is a single mom. She began searching for a better way to exchange and communicate about child support payments with her ex-husband and so in 2013, just a few years ago, she launched SupportPay and today, the site boasts over 40,000 members.

Sheri comes to this with some tech experience as well. She's a successful marketing and product executive with Fortune 500 companies prior to SupportPay and was named number five of 50 women in technology dominating Silicon Valley. So we have to talk about not just the business but her rise to being a female leader in the tech world, which is something that we're still striving for.

So here we go, here is Sheri Atwood.

[INTERVIEW]

[00:02:24.6]

FT: Sheri Atwood, welcome to So Money.

[00:02:27.6]

SA: Thank you so much for having me.

[00:02:29.4]

FT: Listen, necessity is the mother of invention right? And your company is a living proof of that. SupportPay was born out of something that you discovered to be a huge need in your own life as a divorced mom. Tell us a little bit about the company and how it's servicing families?

[00:02:48.1]

SA: Absolutely. So I'm a child of a divorce and I experienced as a child just a horrific nature of being put in the middle when it comes to money and not having any. So when I face my own divorce several years ago, my ex and I swore it would be amicable. We never wanted to put our daughter through what we have been through and I did the divorce myself.

It cost me \$350 bucks, we had multiple houses, cars, boat and a daughter and thought everything was going to be great and wonderful because, as many people know, everybody talks about how bad a divorce is. But after the divorce, what I didn't realize was that the tough part really started happening and that's when it came to actually sharing the finances of our daughter and child support.

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FT: What specifically is the challenge? Is it just keeping track? Is it feeling that things are "worth it"? Now that you're not a couple anymore, you're not really sharing in that conversation about what needs to be done? What's a want versus a need?

[00:03:48.4]

SA: Yeah so they say the top two reasons for divorce are money and communication, yet when you divorce or separate with kids, you have to communicate about money. So it actually doesn't get better, it gets worse. Child support is the one bill in life that you don't get a reminder for so you're just expected to remember and it causes, between the two parents, you're going to have these tough conversations when you're together.

Well now you're no longer together and you have to have these financial conversations, everything from reminding the parent to pay that base child support to sharing expenses. Parents don't realize that they have to share things like medical, education, child care, special needs, dance class and every single one of those discussions could become a conflict point between the parents because they have to share those finances or have those conversations.

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FT: It's one thing to recognize a need in your life, it's another to say, "I'm going to start a business around this." Tell us how you did it?

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SA: Yeah, so I had this idea several years ago. I was an executive in Silicon Valley, a vice-president in Symantec, I was a single mom, I was travelling the globe and I had this idea and I kept looking for a solution. Now you have to understand, I am about the most un-idealistic entrepreneur out there. I'm a woman over the age of 30, single mom, I don't have any parents, I don't have a tech degree, I live in Silicon Valley.

All of the things that are not really high key points of success from an entrepreneurship, so I was not looking to start my own business. I needed stability, especially being a single mom and having all that financial responsibility. But I kept looking for a solution and there was nothing out there and so after years and years of looking, I finally was like, "You know what? Let me take a look at this and see if this actually is just my problem or a much bigger problem that people need a solution for."

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FT: And of course, you discovered you were not alone.

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SA: Yes, absolutely. What I actually found, shockingly, was in the US alone that there was 55 million parents that live apart. So those are single, divorced, remarried parents and of those 55 million, they exchange over \$230 billion every year in child support and child expenses. Globally, that number is estimated to be about 450 million parents exchanging over \$900 billion.

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FT: Wow, it's baffling that the courts at least haven't figure out an automated payment system. I mean wouldn't it benefit everybody if they just had a way to easily get people to exchange money?

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SA: Yeah, so great point. The thing that's interesting is all of the statistics and numbers actually point to the cases that the states manage but the states are only interested in managing cases where parents have received public assistance because they are trying to get that money back from those parents. So all these other parents who are not applying or haven't applied for public assistance, get little to no assistance.

And then on top of that, you and I as tax payers spend \$6 billion every year to maintain child support systems through the states. Every state has their own system, they don't talk to each other. They're all custom built, they're 10 years or older, it's a huge waste of tax payer dollars even at the state level. So you have old systems managing a very small number of cases through the states. And then you have all these other parents who don't go through the government who need help and assistance and there's nothing or has been nothing out there until we brought out SupportPay.

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FT: SupportPay really levels that playing field for families.

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SA: Yeah, the way that it works is as I was out there talking to parents, what I found consistently was the person paying or supposed to pay consistently said, "I have no problem paying, I just want to know the money is going to my kid and not to support my ex's lifestyle or anything else," and the person receiving or trying to get reimbursed to saying, "You know what? He doesn't do the shopping. So when I say that the tennis shoes are \$120, they really are. Or Summer Camp in the Bay area averages \$400 a week. I'm not looking for any more money than is necessary to financially support the children."

But because these people are no longer together, there's that fundamental lack of trust as it is and so what happens when it comes to child support and your sharing is they immediately assume the worst in the other person. So what SupportPay does is we handle all of the billing. You register, you set up all your reoccurring expenses and then for all these additional expenses, you enter the expense and you attach a receipt. That goes over to the other parent. They can review that, see that the expense is for their child and then make a schedule of payment. What we found was parents using our platform are 90% more likely to exchange child support than without our system because we're providing that transparency.

[00:08:58.0]

FT: Yeah and everybody wins. I mean mostly the kids because they get to go to camp.

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SA: Exactly, not only that but they don't have to be witness to the parents fighting and arguing in front of them. That's what I found. Before I had SupportPay it was, my ex and I even though we had an amicable relationship, we'd go to exchange our daughter and these conversations were

turned into these financial conversation of, “You owe E\$40,” or, “You owe me \$50,” or, “Where is my check for this?” Or, “You need to pay this part of it,” rather than focusing on what actually mattered, which is the health of our child.

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FT: Right and pretty affordable. SupportPay is anywhere from zero to \$13 a month. When you began this business, you weren’t “the ideal candidate” to start a business. You weren’t say like a 20 year old with nothing to lose. You are a woman with a job, with family, with responsibilities. What was it like then going out into the venture capital world or however you went about starting your business to making a name for yourself? Was it as challenging as you thought?

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SA: Yeah, it was actually harder than I thought. I’d gone up the corporate ladder. I was the youngest vice-president ever at Symantec. Being a woman in corporate America I thought was tough. This was, I would say, 10 times harder and from that, I grew up incredibly poor and had gotten to the highest level making ridiculous sums of money from corporate America and so when I started this, I thought, “Wow, there’s so many people that tell me how necessary this solution is.”

I thought it would be fairly easy to get the financial support, and it wasn’t. I ended up being a day away from applying for food stamps, a week away from shutting down and I had liquidated all of my assets for this company because I believed that much in it and luckily that day, the day before I was about to apply for food stamps, I got some incredible investors that came in and saved me and saved the company to allow us to move forward.

[SPONSOR BREAK]

[00:11:03.4]

FT: Need a website? Why not do it yourself with Wix.com? No matter what business you’re in, Wix.com has something for you. Used by more than 84 million people worldwide, Wix.com

makes it easy to get your website live today. You need to get the word out about your business, it all starts with a stunning website.

With hundreds of designer made customizable templates to choose from, the drag and drop editor, there's no coding needed. You don't need to be a programmer or designer to create something beautiful. You can do it yourself with Wix.com. Wix.com empowers business owners to create their own professional websites every day.

When you're running your own business, you're bound to be busy, too busy. Too busy worrying about your budget, too busy scheduling appointments, too busy to build a website for your business and because you're too busy, it has to be easy and that's where Wix.com comes in. With Wix.com, it's easy and free. Go to Wix.com to create your own website today. The result is stunning!

[BACK TO INTERVIEW]

[00:12:04.0]

FT: What was the voice in your head that kept telling you this is going to be successful? Not many people would have listened to that. They would have looked at their reality, "I don't want to go on food stamps," but you stuck with it. What do you think that says about you?

[00:12:16.9]

SA: Well, me in general are just founders in general. They say that founders and entrepreneurs are the ones that believe when nobody else does and so there's this fine line between believing and just being crazy. In many days, I ask myself, "Which one is it, are you crazy?" But what kept pushing me is just the thousands of people that would reach out to me randomly leaving me voicemails or on LinkedIn or sending me e-mails saying, "Thank you so much".

Either, "I need this or I wish my parents had this or I know three people that need this," and actually delivering a solution for what I call our generation which is not the millennials but the

people who actually have day to day hard financial problems that need to be solved that unfortunately, there's just not enough solutions out there today for us.

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FT: You talked about your childhood and being witness to your parent's fighting about money through their divorce. What was your greatest money memory as a kid that impacted you as an adult still perhaps?

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SA: Yeah, my greatest memory is my parents were very well off. My mom unfortunately was not educated. We were living in what I thought as a kid was a mansion in an island in Los Angeles, Huntington Beach and my parents separated and we moved from this humongous house to a one bedroom apartment with my mom and three kids.

We all shared that apartment and only were able to last there for four months and moved every six months. So going from having everything to having nothing and going from what felt like this huge environment and all of this money to literally eating macaroni and cheese and potatoes to eat every day.

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FT: Are you still in touch with people from your childhood?

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SA: No, definitely from high school. I went to 23 schools by the time I got through high school.

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FT: What?

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SA: Yeah, we moved every six months almost or back and forth foster care, child protective services, kidnappings, you name it, it has happened and again, it fundamentally set my path of, “You know what? I want a better choice. I want a better life,” and my mom, if nothing else, taught me that the only way you’re going to be able to escape this is through education and getting educated.

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FT: What did you study in college?

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SA: So my undergrad was in political science and theater. I actually went to UC San Diego to be a doctor and quickly realized that I liked business a lot better. So I graduated three years, got married at the age of 19, graduated three years undergrad and then started working immediately and then got my MBA in the evenings and I actually finished my MBA 10 days before my daughter was born. That was my goal.

[00:15:05.1]

FT: Wow. It’s great that you took that adversity you experienced as a kid and turned it around. I think that it could be a different story for others again, what do you think that says about you? You have such a drive, do you think you were born with it or it is who you are because of your experiences?

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SA: I think it was a combination of both but probably more so it is from my experiences. My mom, as I mentioned, did not have a formal education but she was incredibly gritty and get out there and she always said, “You never can’t say you can’t. You can, you may just not know how to do it today but you can figure it out. There’s no reason why you can’t.”

And just witnessing her making things out of nothing. Or taking a tree and putting it in an egg carton and covering it to make our “Christmas tree”. So saying that the resources are out there if you’re willing to work hard enough to use them and also being able to experience seeing people who were educated or can make choices and can escape their situation, I knew that with just enough hard work, you can make anything happen. There was no excuses why something couldn’t happen.

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FT: Where is the business going to now? What are your hopes for SupportPay?

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SA: Yeah, so today we have almost 40,000 parents on the platform. We are becoming a standard in many of the child support service agencies. We have over 10,000 family law professionals in our network, they are referring us. We’re in the process of raising our series A, five to \$7 million and really right now, we are on a tremendous growth path of just scaling the business and growing, being able to deliver the solution to anybody that needs it to really end these conflicts that happen between parents.

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FT: What would you say was your greatest mistake, your financial failure of all time? What did you learn from it?

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SA: So my greatest mistake I would say is I was about to go through a divorce. I had a house and I, as a kid, as I mentioned, grew up incredibly poor and always thought that having a lot of things or big stuff would make you happy. So I went out and bought a brand new custom built 4,000 square foot, five bedroom, four bath home in the vineyards for me and my new born child and I picked up the commute from the Bay Area and had this dream home.

I just remember sitting there one day with her and me, by myself, in this humongous home thinking, “None of this matters.” It doesn’t matter how big your home is or how much stuff you have if you don’t have somebody to share it with or if you don’t enjoy it because you’re working so hard just to support it, none of it is worth it.

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FT: Wow, what would you say is your So Money moment? I’m sure there are a few as you were launching this business and maybe even just more recently as it’s grown so much.

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SA: Yeah, so I think my So Money moment was the day that Tim Draper and Marc Benioff from Salesforce said, “Yes, we’re in. We think this is a fantastic idea. We’re backing you. This is absolutely necessary and here’s the money that you need.” I had gone two years without a salary. Like I said, I liquidated everything.

I went two years without health insurance this was well before Obama Care and being able to say, “Oh my gosh, I can actually now pay my bills and not have to worry whether the electricity was going to get turned off or I hadn’t eaten and I need to go get food stamps.” So going to the lowest of lows back up but it also shows that anything can change within a day, you just have to have faith.

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FT: What did your husband say when you told him you were going to launch this website and is he enjoying the new way of managing money with you, through SupportPay?

[00:19:06.6]

SA: Yeah, so my ex-husband he’s been incredibly supportive. Obviously, as long as it didn’t impact him, he didn’t say much. The interesting thing about him is he has three ex-wives and

three children, I'm ex-wife number two and I am child number two. So this has not only benefited us but it benefits him because he can manage everybody. But most importantly, we don't fight about this stuff anymore. It's the little things and before it would be, I can probably count over \$50,000 I've walked away from because I just didn't want to argue. I never wanted it to be about money but what I found was sort of overtime, even in my daughter's school, I pay for her private school education but it's my credit card that's on the account.

So when he picks her up, we get charged \$5 for every five minutes for the first 15 minutes. Then at \$5 every minute after that, well several times he picks her up late, I'm getting charged for it and so before, it would be, "Hey you owe me \$60 because you picked her up late," and he's saying, "Well really? Are we really going to fight over \$50 or \$60?" Whereas now, I just get the bill, I take a picture of it, submit it through SupportPay, we never have to talk about it.

[00:20:25.0]

FT: It's awesome of what the visual can do. It takes that doubt like look, a picture doesn't lie you know?

[00:20:32.7]

SA: Exactly and then the emotion of not having to see my e-mail in his inbox saying that he owes me money, right? Just taking away all the emotion away from the actual dollars and cents and providing that transparency and really, I think fundamentally I believe my father unfortunately was the "dead beat" and didn't pay for his children but I fundamentally believed that 99.9% of parents want to financially support their kids. They know that children aren't free. They just want that assurance that the money is going to their kids.

[00:21:03.3]

FT: Right. What about those couples that don't agree on the expenses? Does SupportPay offer any mediation in that sense? Like, "I just don't believe in \$400 a week for summer camp"?

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SA: Absolutely. So that's one of the other big issues that isn't addressed right now in the family court is that most energy and time is spent on a separation or a divorce but little to no time is spent actually defining what child support means where the money should go. What happens when say the kid needs glasses and then the kid loses the glasses or private school versus public school? So what our solution does is one, it gives recommendations.

It helps them create an agreement ahead of time that defines the rules of the game and then as they're going through this and they run into new things as the children ages, for any expense they can actually dispute that item and mark it as disputed. In order to that, they have to provide a reason why and what the recommended solution is but then, the rest of the money can continue to flow through the system.

If they still can't agree between the two of them after they go back and forth, then we help them by referring them to a mediator or a lawyer to address that issue but again, not stopping the rest of the money that they do agree on. So that at least there's some financial situation going on and they can address these conflicts as they occur over the life of the child.

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FT: Well you must know a lot about what the pain points are, how did you do the research?

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SA: Yes, we do a combination of things. So absolutely we do case studies, we do surveys. If you go onto our website, our actual help website, help.supportpay.com, you can submit and vote on features and functionality. We try to spend a lot of time with parents, step parents, parents who pay, parents who don't, family law professionals, anybody who's in any realm of this to understand not only the problem but the emotional part of it so that we can address it.

We're very open to feedback or things that parents are looking for because at the end of the day, as I say, if you're doing this for money, don't do a startup. I'm doing this to actually help people and my dream and my vision is to end that financial conflict. They've proven that children

of divorced or separated parents are no worse off than children of nuclear families if their parents can figure out how to get along.

[00:23:38.3]

FT: That's uplifting because I think there are unfortunately too many couples that choose to stay together even though they're unhappy because of the fear that they're going to negatively impact their kids. It sounds like you're not just starting your website Sheri, but really a movement.

[00:23:51.6]

SA: I hope so. I think for me just fundamentally because of what I went through as a child, I have it in me deep in my heart. I just would never want somebody or a child to go through what I went through and there are, especially in today's day and age, we live a lot longer than we used to. We have more choices, there's no reason why you need to stay in an unhappy or miserable relationship.

But if we can use technology to help that and eliminate some of the biggest conflict points which seems in any point of your life if has to do with money. Being able to eliminate that so at the end of the day we keep what's most important at the front of our mind which should be our children and health of those children.

[00:24:37.3]

FT: Sheri, let's do some So Money fill-in-the-blanks, sound good?

[00:24:40.3]

SA: Okay.

[00:24:40.7]

FT: All right, this is when I start a sentence and then you finish it, the first thing that comes to mind. If I won the lottery tomorrow, let's say \$100 million, the first thing I would do is ____.

[00:24:50.8]

SA: Take a vacation.

[00:24:52.7]

FT: Yeah, when was the last time we took a vacation?

[00:24:54.8]

SA: It's been four years.

[00:24:55.9]

FT: Oh my goodness. Where would you go?

[00:24:58.1]

SA: I would go somewhere on a beach. I went to Turks and Caicos one time and I loved it. So somewhere in the Caribbean and just take seven days of just completely turning off.

[00:25:09.5]

FT: Sounds glorious.

[00:25:10.6]

SA: Then I'd get back to my company.

[00:25:13.6]

FT: Yeah, who would be holding down the fort?

[00:25:17.0]

SA: The rest of my team. I have an amazing team, thank goodness.

[00:25:21.6]

FT: All right, good. When I splurge, I like to buy ____?

[00:25:26.2]

SA: A massage or a spa day.

[00:25:29.5]

FT: Nice. When I spend money to make my life easier or better, I spend on ____.

[00:25:34.6]

SA: My nanny.

[00:25:36.0]

FT: Yeah, when I donate, I like to give to ____ because ____.

[00:25:40.5]

SA: I donate to children education funds. I believe our public school education and especially those in lower income areas where I grew up don't have the same opportunities as others. So being able to improve that education and getting them prepared for the real world is really what I'm passionate about.

[00:25:59.1]

FT: The one thing I wish I had learned about money growing up is _____.

[00:26:02.8]

SA: It doesn't matter how much you have, money does not buy happiness.

[00:26:07.6]

FT: No and last but not the least, I'm Sheri Atwood, I'm So Money because _____.

[00:26:12.1]

SA: I've risked it all to do something I believe in and if nothing else, that passion I believe will drive me forward.

[00:26:21.5]

FT: It's your greatest asset. Thank you so much Sheri. The site again is Supportpay.com and congratulations. I know this is not easy to start a business and you did it and you're doing it well and I look forward to see the next stage.

[00:26:34.3]

SA: Thank you so much for having me on.

[END]