

EPISODE 511

[INTRODUCTION]

[0:00:34.2]

FT: You're listening to So Money, I'm your host ,Farnoosh Torabi. Welcome to the show and welcome to our second instalment of our So Money 2016 highlights. Can you tell I've been talking a lot this year? I'm like losing my voice and I've just started this episode. Let's cross our fingers and make it to the end. Now, as I mentioned on Monday, we're ending 2016 on a high note by sharing some of the best of So Money this year. Conversations that taught us how to earn more, start businesses, invest wisely, be successful.

On Monday we covered all things negotiation. Today's topic shifts to entrepreneurship, advice for aspiring business owners or brands. I know a lot of you are eager to launch or grow your own company, to be self-employed, call your own shots, that's the dream right? For a lot of us. Many of my guest who have accomplished this admit that it's really, it comes down to the hustle, accepting failure, giving yourself some financial runway to take those risks and always being open and ready to pivot and change course.

To kick us off, we're going to go back to my interview with award winning chef and TV host, Andrew Zimmern, episode 450. Andrew is the creator, executive producer, and host of the Bizarre Foods franchise on the Travel Channel. Maybe you've caught it? It's that show where he eats what few of us would ever, ever put in our mouths. But he does and he make a lot of money doing so. He's also one of the most well-known and knowledgeable personalities in the food world.

He has a very candid personality and he got very candid on our show talking about his addiction to accomplishment. After his addiction to drugs, now he has an addiction to accomplishment and how we can, for those of us who want to ultimately maybe be our own boss, overcome feeling vulnerable in our tracks. How have maybe his own vulnerabilities and his own addiction to accomplishment impacted his climb in the culinary world, the world of TV and as the founder of his own media company.

Here is Andrew Zimmern.

[EXCERPT]

[0:02:34.2]

AZ: I mean I'm an entrepreneur-aholic. I mean, I just love ideas...

[0:02:38.9]

FT: Well of course you are, you were just saying...

[0:02:41.2]

AZ: ...and I love making ideas actionable.

[0:02:43.3]

FT: Yeah, and I think what you're doing, you're calling these companies, these brands, how forward thinking they are to partner with you, but honestly to hear this evolution of your career, I can't help but think, "Andrew Zimmern is, first and foremost an entrepreneur, and I hope that it is going to influence other people that happen to get a TV show or have the privilege of having a TV platform to think like you are."

Because that is ultimately selfishly I think security for you in some ways to have a bigger handle on your own destiny. Because I think when you work in a big medium like television where there are a lot of decisions makers, I felt very vulnerable in that role. You're one person, even though you might be carrying a show and you are what's bringing in the ratings, it's important to always think about protecting yourself in that process.

[0:03:33.9]

AZ: Well, you know, I feel the same thing but I look at it and I turn it around a little bit when I'm talking about it with people. Everybody is measured in life a different way and as a businessperson, a lot of that goes back to the nature of the work reward system that is baked into our contractual lives. Now, I happen to teach entrepreneurship at Babson College. In one of my other 75 jobs, I'm the entrepreneur in residence and have been for five years now at the Lewis Institute and in particular at project Soul, which is a group within the Lewis Institute that focuses on startup food companies.

I talk with my students a lot about this, that as you grow, and as you become more successful, regardless of what happens, you end up having more deals and contracts with more people that even if you're a plumber, you end up with more clients, if you're successful. When you start out, you have two or three clients and the next thing you know you have a hundred, right? All of those contracts have work-reward propositions baked into them.

The more complex the businesses are, the more complex those work reward systems are and you end up sometimes a creative project — and you can see where I'm going with this because we're going to start talking about TV — where everybody is rewarded a different way, has different risk, and is measured a different way. Television, when you say that when you were involved in that you felt vulnerable, I think the root cause of that is the push me and pull you between different entities that all have different work relationships and responsibilities to a given projects all of whom are measured a different way.

I'll give you an example. I make Bizarre Foods with another production company, not my own and we deliver that to travel channel. I do not have a business relationship or a contract with that other production company, the production company's responsible for delivering show on time on budget, et cetera. As the talent, I'm responsible for doing my thing. So everyone is measured a different way. The more tenuous those projects and relationships become, the more hands, that are in the pot, people have a lot of overlapping goals.

In other words, everyone on the Bizarre Foods team, network, Production Company, talent, everybody wants the show to be good and successful and for viewers to love it because if that happens — that's our biggest overlapping desire — then we're all happy and successful. But everyone's responsible for doing work and getting measured a different way and that's why TV

gets kind of so complex because you have so many different groups making so many different things together so many different ways.

I think it gets even more complex in the world away from TV, in the digital world. Right now, today, 2016, it's extremely simple. However, I think it's only going to get more complex as more and more viewers come in and more and more advertising dollars come in. Famously, when Alcoholics Anonymous was founded, the people who created it, Bill Wilson and his partner Dr. Bob, had a famous dinner with Mr. Rockefeller and they were seeking advice from him and actually asking him for I believe a loan to help get the big book published and stuff.

Rockefeller's comment to them, which has been one of the great lessons in my life, he said, "Guys, money is going to ruin this thing. You're on to something really, really special, money's going to ruin it." The AA founders decided at that moment that they were going to essentially self-publish this book, that they were not going to charge people because there were members in the early days that said, "We're going to charge people to go to these meetings," and they ended up doing it all for free, they ended up doing it all by donation, they ended up doing it where all the groups were autonomous.

They couldn't have made it more open source. They weren't using the words back then, but they made it clearly open source. It has continued to flourish and grow now for 80 years. The world of digital television, I see the same way, it started out for free and for fun, right? You and I make a funny video, we post it on YouTube, it gets thousands of hits. Then someone else does it and they get tens of thousands and then someone says to themselves, "Holy moly, that glossy city magazine," you know, every city has one, right?

"That glossy page city magazine charges \$5,000 a page but their circulation's 80,000 people or a 100,000 or 200,000 people. My videos are being watched five million times in one week or a million times in one month. Doesn't that have value? Don't those eyeballs have value?" You start to get advertising and you start to get a vastly complex, intermeshing web of, yes overlapping desire, but yes, conflict on the digital side because there are fewer rules and there's more players.

I think it's going to be fascinating over the next two or three years for entrepreneurs, for media companies, for artists, talents and other people to watch how this digital entertainment world unfolds because there is a very conventional model, for example, TV network owns a website and puts their product on it for pay or for not, right?

[END OF EXCERPT]

[0:10:10.3]

FT: Now what about when you're launching a company and you feel you're on the verge of failure? My next excerpt is from a conversation with fashion designer, Rebecca Minkoff, episode 333. Today of course her brand is a global fashion powerhouse. But, at one point, she did not think her company would survive. How did she overcome that?

[EXCERPT]

[0:10:29.7]

FT: Take us back to that point. I think so many entrepreneurs experience that crossroads and some just have to go back to their normal routine, and others thrive. What was that crossroad like for you? And your brother was ultimately a big part of taking you to the next level.

[0:10:44.5]

RM: Correct. So at that crossroads where I had a nice general starting point of a clothing business, I was doing about \$250,000 a year on my own. Unfortunately, or fortunately, it costs more to do that type of business than the actual orders are worth and for me to be able to manage that on my own and not having a very strong sense of business and finance and costing, it was very hard for me to juggle the cash flow, live and make the collection each season.

When the bag, the one style bag, the morning after bag, you could see that there was a heat around it. You could see that there was this cultural movement happening with going away from

these “it” bags that would look dated after a couple of wearings and being thousands of dollars and this was a very affordable price point.

So you could see this heat around the bag and I really was like, “I can’t keep up with the apparel and the excitement around the bag, so what am I going to do?” So at the time, I was styling to pay the bills, that wasn’t enough. So I thought, “Okay maybe I’ll style and make some good tips on the side.”

[0:11:54.0]

FT: Become a waitress on the side. Be like, “A Chinese restaurant or an Italian restaurant?”

[0:11:57.6]

RM: Well, that’s my brother always embellishing the story which is really annoying for me that that’s not actually the type of thing that I was considering but I thought like a bartender or a waitress where you can make a lot of money very quickly, was something that I was considering. I had gone to my father first and said, “Hey, can I borrow some money to make this happen?” And he said, “No,” and that’s when I called my brother actually.

[0:12:19.0]

FT: And what was his first instinct?

[0:12:21.1]

RM: His first instinct was, “Do you have an LLC? Do you have a tax ID? Are your accounts separate? Are you just living from one account?” So it was those very simple questions. I did not have an LLC, I didn’t have a tax ID, and I was living from one account. So he first went about like very slowly, almost like “how to start a company for dummies”. Step-by-step, going through the basics that we needed and then it was very much like, “How much is your first order? Okay, how much does it cost to fund that first order? Okay, here’s a check for just that, nothing else.”

We lived like that very cautiously and very slowly. There was no, “Here’s the infusion of capital and go. You can eat more than ramen now.” It was not about that at all.

[END OF EXCERPT]

[0:13:03.8]

FT: That interview by the way was Rebecca’s first podcast ever and just a little fun fact, if you’re in New York City on January 18th, she and I will be hosting a free fun event at her sort in SoHo. That’s January 18th at 6PM, you’ll get to hang out with the two of us, we’re going to share our best advice on money, career, and starting a business. There will also be some champagne and some discounted shopping if we’re not enough. I mean, I would like to think that we’re enough to get you into the store, but hey, champagne and discounted shopping always is icing on the cake.

Our next excerpt is from someone dubbed the Jim Carey of entrepreneurship. He’s got multiple personalities, I guess? I chose this conversation because he touches on the issue of time management. How do you find the time, realistically, to run like he does, multiple businesses? It’s hard enough to fit in everything you need to do to run one shop. Here’s what Clay Clark from episode 353 had to say.

[EXCERPT]

[0:14:03.9]

FT: You do actually have one theme running throughout all of the businesses that you start, can you share that with us?

[0:14:11.6]

CC: Absolutely. What I do is, one of the businesses that I’m involved in, it’s a fitness business. I guess on paper, I am the COO of that business. It’s called Boot Camp Tulsa and it’s a women’s fitness program. Well then I also work with an orthodontist where my job was to market his

company, and I'm not an orthodontist and I'm not a fitness expert and I'm not a photographer, let's say.

So in each business, I find somebody who has a lot of skill in one area whether it would be photography or PR or whether it be orthodontics or fitness and then what I do is I build the business systems. So I do the whole thing that Michael Gerber talks about, "Work on the business, not in it." I would argue, I do work a lot in it but I help build the systems that allow that skill to be scaled out over and over and over.

[0:14:59.1]

FT: Your new book, is it your newest? *Thrive*.

[0:15:01.7]

CC: Yes.

[0:15:01.6]

FT: *How to take control of your destiny and move beyond surviving, now*. How did you take control of your destiny?

[0:15:09.0]

CC: I grew up — well I wasn't homeless. I know a lot of people listening to this, we all grew up at different income levels and I'm sure there's a lot of people who grew up maybe more financially challenged than I was. But we grew up on food stamps sometimes. We struggled from time to time and I just realized that the world didn't wake up every day with a burning desire to pay me.

But I realized that the people out there who are very successful were doing things very different than I was doing them. So I didn't know a lot about everything, but I think I was smart enough to start asking the question, "what are successful people doing that I'm not doing?" I began

reaching out to mentors who pushed me and steered me towards books like *Think and Grow Rich* and the timeless classics like *Rich dad, Poor Dad* or Dave Ramsey, this kind of things.

One by one, I started acting upon those principles and those practices and the mentorship and began to kind of make it my own and now my daily schedule is very different that most people.

[0:16:08.0]

FT: Tell me about your scheduler, I'm curious now. That was quite a tease.

[0:16:10.7]

CC: Okay, I have three rules I kind of live by, okay? One of them is proximity. As an example, you're a lady who has had a lot of success, you're sharp, you're driven and I think that there's probably things everyone could learn from you and then there's a guy who maybe in our life we could all picture that guy or girl who is just negative. Everything's bad and the world's falling apart and they're upset about the newest relationship or their newest job. They're just upset, they see the world as half empty.

Well if you only have 24 hours a day and you choose to spend one of those hours every day with someone like yourself who is upwardly mobile and you're trying to be the best you that you can be, or you spend an hour with somebody who is trying to convince you that the world is bad and getting worse. At the end of the day, that hour could be used very productively or very negatively. So what I do is I make sure I focus on spending time with people in that proximity, that's kind of rule number one.

Rule number two is I ordain my destiny. So every day I make a to do list and I spend about two to three hours a day, minimum, in a thing called "meta time" where I'm not working in my current, I'm not thinking about my current reality, I'm thinking about where I want to be. I'm thinking above the word "meta", Greek meaning "above and beyond." I'm contrasting where I am right now versus where I want to be and I methodically plan out my day.

And then the third thing that I do that as I am a voracious consumer and absolute maniacal, obsessive-compulsive about learning and I block off time every single day to learn because no matter what research you read, whether it's Carol Dweck and the whole growth mindset and her Stanford studies. Or it's Dave Ramsey and his Habits of The Rich studies with Tom Corley or it's the Princeton Studies, whatever study you want to read, successful people at least three quarters of them are taking 15 to 30 minutes a day to study their career and how to become the best them that they can be, or how to get into that top 5% of their industry and that's the big three that I do every single day.

[END OF EXCERPT]

[0:18:12.6]

FT: Finally, I want to revisit my conversation with fitness guru and entrepreneur Jillian Michaels. My question to her, "How do you maintain control over the integrity and quality of your business, especially when it's built around you, a person, the face and name of the business?" Jillian at one point talked about why she would turn down million dollar deals because they just didn't align with her values. Now that's impressive, right? Others would take those deals, she wouldn't.

Here is Jillian Mchaels on keeping a grip on her brand.

[EXCERPT]

[0:18:46.6]

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

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

[0:19:31.0]

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

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

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

To deliver on those results you need consistency and to have consistency, you have to control the message. So in my opinion to be successful as a brand, especially a lifestyle brand, you have to be consistent with your message and make sure that it delivers on its promises. God, you know, the one thing that I was always very good at was knowing I could never do a deal. I had a friend who did like an \$8 million deal with Pepsi Co. for oatmeal and various products and I could never do that deal.

Because, I've written multiple books and done various appearances and tours and speaking engagements saying, "Hey don't eat these ingredients," and many of those ingredients being in Pepsi Co. products. So that's not an option for me and I always felt that — and I think it's harder for a woman than it is for a man. People really hold your feet to the fire and then get away with murder. Women are heavily scrutinized and I just would never feel good saying someone, "Oh no, don't worry. You can have this product," and then pocket \$5 million.

[END OF EXCERPT]

[0:22:17.8]

FT: Good for Jillian Michaels. Hope these were inspiring to listen to as we head into the New Year. I know for many of us, 2017 is going to be the year finally that we start that business. Thank you for tuning in guys, I'll see you back here on Friday for our regularly scheduled programming, an all new Ask Farnoosh.

Hope your day is So Money.

[END]