

**EPISODE 970**

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[INTRODUCTION]

[0:01:02.0]

**FT:** Welcome to So Money everybody, I’m your host Farnoosh Torabi. You just heard from Julie Hansen talking about growing up in her earliest money lessons, fast forward to today, she is the US CEO of Babbel, you familiar with Babbel? Maybe you’re learning a language right now, you’re using the app, it’s the top grossing language learning app in the world and Julie’s going to tell us all about how it’s helping people learn languages.

Learn how to have conversations in a foreign language within hours using the app. Julie knows how to build companies and in fact, years ago, she took a small little known online publication with just a handful of employees and within eight years, turned it into Business Insider, a site that is now a household name. She’s helped build well known websites like NCAA.com, newyorker.com, Teen Vogue and the number one website for golfers at Time Inc.

I’m happy to welcome her n ow to our show. Here’s Julie Hansen

[INTERVIEW]

[0:02:01.4]

**FT:** Julie Hansen, welcome to So Money.

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**JH:** Thanks, glad to be here.

[0:02:05.5]

**FT:** You are the US CEO of Babbel. Many of us know Babbel, it's the top grossing language learning app in the world — we gotta start with that because there's such an appetite right now, right? For learning languages, we live in a mobile world, people can travel now to places faster and quickly and the desire to learn languages, the ease to learn languages has really — has accelerated and do you think Babbel has contributed to that?

[0:02:35.5]

**JH:** Well, I hope so, I mean, we certainly are benefitting from it. It's funny, the company's about 12 years old and it was created at that time because, incredibly, one of the founders wanted to learn Spanish and found that there was no way to do that on the Internet. You think about the internet 12 years ago, it was already pretty big place and you' felt like everything was there and yet there was no opportunity to learn a language online. There were package softwares, there were books, things like that but there wasn't an online solution.

That's how Babbel was born and it's you know, since that time we have millions of subscribers and we do teach 14 different languages, although, if you break it down like probably most of our peers, we teach a whole lot of English and a whole lot of Spanish.

[0:03:28.5]

**FT:** Yeah, but also, Indonesian.

[0:03:30.5]

**JH:** Yes.

[0:03:32.0]

**FT:** I think it's really interesting that over almost three fourths of Babbel learners admit that they could have a basic conversation in their new language after just five hours of using the app, a basic conversation after just five hours, what are you guys doing that my French teacher could never do?

[0:03:52.2]

**JH:** Well, we do hope to make it fun, that's a part of it. You know, five hours breaks down to a pretty good time spent. Our recommendation is that you don't binge learn so much as do 15 minutes a day. You know, maybe that discipline of the daily use is what we did not, we all did not have in high school and it makes a big difference.

But the other thing that we do that your high school French teacher didn't do is we focus on teaching real life conversation skills. I mean, our user, our learner is someone that is learning a language for their own personal reasons, they're not studying for a grade in most cases. It's a nice support to educational efforts but really, it's for you. That motivation, I think is a key factor but also the way that an app lets you do this — we send you a daily reminder in fact, if you haven't kind of logged on at the right time to do that and that repetition is really powerful.

But you know, we don't — we teach grammar in a kind of a gradual way. We don't focus on that as a starting point. We really know that you want to learn the language so you can speak it so we focus on making that possible for you.

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**FT:** You come to Babbel from an extensive career history in media as prior to Babbel, you write Business Insider as president and COO, you have had high top management roles at places like CBS and Time Inc. and Condé Nast. You were at Penguin group where I read that you registered the domain penguin.com in 1995, you had the foresight.

You saw where the world was going, we got to buy this domain. How much did that cost by the way?

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**JH:** It was dirt cheap, I think it's probably \$10 because –

[0:05:45.1]

**FT:** Oh no.

[0:05:46.2]

**JH:** Which is funny because at the time, it shows as well how naïve I was about marketing. Because of course, the correct domain to buy which they now have is penguinbooks.com. That's the name of the company but you know, everyone internally called it Penguin so that's what I registered and in retrospect, I probably could have sold that for some money back in the hay day of domains.

[0:06:08.0]

**FT:** Well, I mean, in the grand scheme of it, you've gone on to do some pretty – a lot of heavy lifting for a lot of important companies in the realm of marketing and maybe that was like, okay, I'll let you have that hiccup but you know, you have brought companies to massive profitability and really, because you know how to leverage online marketing and you probably saw it before a lot of others saw it.

What I find really interesting is that you've transitioned industries, you know, all these media and now working for Babbel which is maybe you would characterize it as media but I'd love to learn about how you made that transition.

For a lot of people listening to the show, you know, we all have core fundamental specialties, expertise and we kind of think that maybe we're pigeon holed to a particular industry. How do

you make that leap and what are you taking with you for media that you're bringing now to Babbel?

[0:07:03.2]

**JH:** Yeah, that's a great question. There was a little bit of lucky timing involved but the connection for me was the fact that first of all, the Babbel product was something I knew and loved and really believed in the mission of everyone learning languages. But more important, it was a content based piece of software. In other words, the interactivity of the software is the core of what makes it work but there's a whole lot of teaching content that goes in there and in fact, we have a team of over 100 language experts, linguists who create that content.

There's a lot of similarity between that and what a media company does. That felt comfortable and familiar to me and it felt like I know how to sell that kind of product. And then secondly, I spent my career, a large part of it selling advertising and in a funny way, all I'm doing is walking over to the other side of the table and buying advertising because it's the same discipline of marketing. I'm just approaching it from a different perspective.

While it looks very different on the surface, there actually are a lot of similarities between Babbel and the media company with the exception that we're not ad supported. In fact, we use marketing and advertising to drive our growth but we're not selling ads and we do think that's important in our product, there's no barrier between the consumer and the learning that ads can create in an educational product.

[0:08:35.2]

**FT:** What drew you to business? You have your MBA from Columbia but prior to that, you studied English at Yale so something happened between English and MBA that I'm really curious about. What was the process or the journey there?

[0:08:49.8]

**JH:** Well, from English to publishing is a fairly natural progression but what happened pretty quickly was that I learned – I am not so much an editor. I’m definitely not a writer, but I like the business side of it. In fact, I’m forever grateful to a rather famous editor who is now at Simon and Shuster called Nan Gramham. Who is a friend of a friend and Nan met me when I was in my senior year of college and I was telling her of my dream to be a book editor and she spent some time with me and said, “No, you should work on the business side.”

[0:09:24.2]

**FT:** No offense.

[0:09:27.9]

**JH:** And she was right and I was super grateful for that. But yes, as I went along, the more I understood the business side, the more I enjoyed it and wanted to double down on that. In fact, one of the first classes I took after college, I think two or three years out of college was an accounting class because I just felt like I couldn’t understand what they were saying and it was necessary to me so —

I guess I had to recover from all those years of studying English and do something more practical.

[0:09:56.5]

**FT:** I think that chapter in your book will be called “Thanks Nan.” Thanks Nan, thanks for seeing something in me that I hadn’t yet. I’m curious, you know, you have done such incredible work bringing companies to profitability and how has that maybe translated in your personal life. Is this something that is also a strength in your personal financial life?

[0:10:19.0]

**JH:** Well, I guess there are some parallels to how we ran Businesses Insider and how I run my personal financial life, we were – especially relative to other startups, relatively careful about our

spending. Kind of proud of the fact that we never went out and went on a crazy hiring binge and then had to lay off lots of people the next year, you know, we always grew with the notion that we wanted to hire and grow responsibly.

We had a nice enough office but we never had fish tanks and basketball courts and all those kinds of crazy things that startups do here in New York and especially in the valley. So that's probably true in my personal life too. I was joking with someone today about my 12 year old Volvo station wagon and the fact that of course, I still drive it, it's a great car, why would I get rid of that?

There are definitely some parallels between personal finance and business. That said, you certainly can't confuse the two. You have to take different risks in business than you would take at home and I think we've had a good track record at Business Insider of taking good risks.

[0:11:33.7]

**FT:** Yeah, Business Insider is such a fascinating case study, I contribute there and I know Henry Blog it. I think there were a lot of head winds when it first started like, "Oh just another media company, good luck with that." It was sort of this sleeper success. At least from my perspective.

Now, I think it's getting the credit that it has been due for many years as from a sort of recognition and people really like yeah, Business Insider, they've been around for so long and didn't they just sell themselves for like lots, and lots and lots of money?

[0:12:05.3]

**JH:** Yeah, that was an incredible journey. I feel so lucky to have been there early on. I was employee number five and to have worked with Henry who is – I mean, that was a privilege and an honor, he's an exceptional talent and just a great person and we did – it was a slow build over the course of the nine, 10 years. I remember so distinctly early on, when we crossed the million monthly user threshold and thinking, wow, we've really arrived. This thing has legs.

By the time I left, we were receiving over 60 million monthly unique visits. So it really took off. Yeah, it did – we did have to invent both a company and a media as we went along. When you think about it, digital media is still in its infancy in so many ways. The format of the media itself, the format of the advertising both are still very much even the business models, all of these are very much still in a developmental phase and it was thrilling to be part of that also scary on some days but it worked out.

[0:13:19.1]

**FT:** And it did. I mean I as a contributor to Business Insider, I can say that compared to other places I contribute the exposure and the feedback that I get from readers is unparalleled. I mean people really do read Business Insider. It is not just click and leave. People sit there and they read and they devour it. So congrats and kudos to you and your old team. A few more personal financial questions Julie.

I'd love to ask guests about even going back further, you know to childhood and really capturing the essence of your financial education growing up if there was a moment or an experience that really stands out for you that might explain why you are the person you are and from a financial perspective, is there a story like that? Does it exist?

[0:14:10.8]

**JH:** Well definitely a mom story. I owe great thanks to my mom for teaching me savings like how that works and I actually do remember one time, in high school I had a few jobs I was a life guard, I did some babysitting, things like that and mom made sure that a certain amount of that went into the savings account and I remember one day going with her to the bank and checking out the savings account and being floored that I had over a \$1,000 in there.

And that is really when it really clicked for me like, "Oh, if you keep doing that it adds up that thing works," so thanks mom for that. You know I was super lucky early in my career to work at a large media company that happen to get sold to another large media company back in the year 2000 and you remember that was quite a frothy time in our economy and that company



had a broad based stock option great plan and I like many other employees had a very modest number of shares and I didn't think much about them.

But you know, you still are aware that you had all of these shares. They were mostly underwater and the company sold at a 100% premium relative to a stock price. So if the stock price was 45 bucks, it sold for \$90 a share and so suddenly all of the shares were in the money and that's when it really clicked for me that you know what? Stock options can go to zero and that happens maybe more often than not.

But on the other hand, if you are at the right place at the right time and you work hard and you get a little bit lucky, you now stock options can be the most important form of competition you have. So I think that experience really is part of what gave me the courage to go to a startup and try and taking a much greater risk, because I saw that it can pay off.

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**FT:** Yeah, I guess don't put all of your eggs in the stock option basket. These days, I mean my husband's in tech and he is really attracted to the startup phase. He likes working for startups and sometimes they dangle the whole equity carrot but it is like okay, we have a family and we need a 401(k) and we need benefits and you know it is definitely a give and take but I think the prudent thing would be to not – I mean hey, maybe from 21 and I have whatever.

I have more risk tolerance but it is definitely something to be much more thoughtful about these days because we know, now we know what can happen.

[0:16:45.0]

**JH:** Oh that is certainly true and I was able to go to a startup at a point where my husband had a good job and he had the benefits. So you know I didn't have that worry of wow, I won't have insurance but I was very aware it was a risk.

[0:17:02.7]

**FT:** Changing gears a little bit from risk to gratitude. It is November, this episode is airing in November and I have done some research, some positive research. I have found that gratitude and appreciating your riches and your financial life can lead to more wealth. The surveys show, so that is one more reason to be thankful and be grateful and some people like to keep a gratitude journal. So what is one thing in your financial life that you are especially grateful this year Julie?

This is a question that we are doing in partnership with our sponsor, Chase. We are asking guests to identify something that they are just really grateful for in their financial life this year.

[0:17:47.0]

**JH:** It is hard not to be a little bit grateful for the stock market this year. It is working pretty well at the moment still, which is an amazing –

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**FT:** Despite a lot of the downturns recently, right? Some of the scares we had.

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**JH:** For sure, I mean it is long in the tooth but we are grateful that this year has worked out, knock on wood so far pretty good. The one thing that I am really grateful that I was sort of prompted to do and was grateful to remember that this program exists meaning the 529 Program, I am huge fan of, I have always participated but this is the year that I paid some more attention to it and realized you know we weren't maximizing our contributions.

And we do have kids coming up to college age, we need to get serious about that. So I am grateful for the program in general. I think it is one of the better programs that we have here in the States and then grateful that I got my act together and started to maximize the contributions so that we are ready for college because it really does make a difference the way it accumulates a tax free.

[0:18:52.6]

**FT:** Yes and are you on the New York plan?

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**JH:** Yes.

[0:18:57.3]

**FT:** Yeah so we know the New York plan for residence. You also get the state tax deduction, which is nice.

[0:19:03.7]

**JH:** It's true.

[0:19:05.5]

**FT:** All right, a little education on 529 plans too with Julie from Babbel. I didn't think it would go there but I like it and so before we wrap, what's a financial habit that you are practicing? A daily thing that you do or a reoccurring thing that you do, that is a practice or a habit.

[0:19:23.1]

**[0:19:23.1] JH:** One thing that we try to do on a frequent or at least reoccurring basis is look at those expenses that are on autopilot that really add up. I love to question whether we really need all of those cable TV channels that hit our bill on a monthly basis and you know, do we really have to spend quite so much on our cellphone bill and we just try to make sure that the reoccurring charges don't –

Aren't delivering value to us but there are things that we really use and need. And it gets into some really interesting discussions about a true value of a TV station but none the less, I think it

is easy to let those charges sit there on your credit card and they add up. Do we have to have Apple Music and Spotify? Things like that and I think — I know there is some out there none of them have really hit the big time but someone has to figure out an awesome global subscription management platform that makes it easier for consumers to manage all of these subscriptions.

And keep track of them and you know turn them on and off, pause them that kind of thing. I would totally use a platform like that if I found one.

[0:20:43.9]

**FT:** And what you are telling me reminds me of another tidbit that a guest once shared about every year taking your budget to ground zero because you are right, we take on these expenses, a lot of them are subscriptions or they are reoccurring bills because in the moment it made sense but life goes on, your life adjusts, maybe your taste change and you realize like okay, this thing — that I adopted nine months ago is really not necessary.

Or not really as I say a need-want anymore, so kill it and it is a reoccurring charge and I would also suggest in that exercise to go to all of your insurance providers talking like home insurance, car insurance and seeing if you can get better rates.

All right Julie, I said that was going to be the last thing but we are going to do a round robin where I am just going to ask you to fill in the blank. Are you down? We have about five more minutes so I thought this would be fun. I will just start a sentence and then you finish it. If I won the lottery tomorrow, the first thing I would do is?

[0:21:47.8]

**JH:** Pay off student debts.

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**FT:** Really? Wait, you have student loans?

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**JH:** No, no like that I am assuming I am winning billions.

[0:21:55.4]

**FT:** Oh you're going to help other people pay off their student debt.

[0:21:57.4]

**JH:** I thought of that story of that billionaire who paid off an entire class' student loan was just so fantastic. I would love to do that.

[0:22:06.2]

**FT:** Oh my gosh, I know. I mean I wish I was in that audience. I think it was at Howard University?

[0:22:13.7]

**JH:** Howard University and it must have been transformative for the kids. You know the thought that you are going to face decades with dealing with this burden and suddenly, you are given this gift and it is all good. I mean I bet it was so empowering. I think that is an incredible story. I would love to do that.

[0:22:31.8]

**FT:** What a legacy too to leave. Amazing, all right how about this, one thing I spend on that makes my life easier or better or both is?

[0:22:41.3]

**JH:** Coffee. I know we are not supposed to.

[0:22:47.7]

**FT:** No, no on this show — I am all for the coffee. I am all for the little indulgences because we work hard and we need to be able to enjoy the day to day.

[0:22:57.6]

**JH:** For sure. In college I worked at a coffee shop like a real one before that was a thing and I pretty quickly realized that it is nice that you can get a coffee in the cart in the corner of New York City but that just does not suffice. You need a real coffee.

[0:23:12.8]

**FT:** Yeah, unless you are the coffee cart on Wall Street, which withstood the test of time during the recession. Do you remember that one? It's called the Good Morning America Cart. The guys are still in there, they are two brothers. I have interviewed them, they have a coffee cart right across from what was a Starbucks. So they had a lot of challenges because they got people that are just going to the Starbucks during the recession, Starbucks on Wall Street closed and they stayed in business, these two guys, these two brothers. So I mean crazier things have happened.

[0:23:47.7]

**JH:** That's awesome and by the way that is not the easiest job. It gets cold in there and then hot.

[0:23:51.7]

**FT:** Oh they were such hard workers. They were supporting like all of their immigrant family and they are about nine of them from Afghanistan in one house and then one of the brothers after he was done like 11 AM serving coffee and bagels would go and be a personal trainer.

[0:24:08.5]

**JH:** Wow.

[0:24:09.3]

**FT:** Yeah, I mean I would just at that point I would need to get someone to carry me home, but they're not built like me. I guess that is the moral of the story. Okay, one thing I wish I had learned about money growing up is?

[0:24:26.0]

**JH:** The notion of sunk cost. You know I had to go to business school to learn that one but the idea that I mean it is the same thing as don't throw a good money after bad and somehow, I didn't fully understand what that meant. When you go to business school and you are taught that at every stage, you need to keep evaluating further investment. Don't worry about the fact that you have already invested that's a sunk cost.

The investments starts afresh each evaluation point. That took a while to sink in for me but that is a really powerful lesson in your personal life, in your business life — it applies.

[0:25:08.6]

**FT:** I like that. I have not heard that on the show before so sunk cost and how to apply it applies to your personal finances as well. And last but not the least, I am Julie Hansen and I am So Money because? I am glad the reaction is laughter. Some people just look at me like a deer in headlights and I apologize but hopefully you get it right? Just fill in the blank, I am So Money because?

[0:25:36.4]

**JH:** I have been so lucky.

[0:25:38.1]

**FT:** Been so lucky, you have been such a hard worker. Let's give it credit for all of your insights and foresights and your dedication and I want to make sure everybody who wants to learn a language, trust that Babbel is the place to learn it. So check out [babbel.com](https://www.babbel.com). Julie thank you so much.

[0:26:00.2]

**JH:** Awesome Farnoosh, thanks for having me. Take care.

[END]