

EPISODE 1017

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[INTRODUCTION]

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FT: Never thought of raising your prices? This is a common question on So Money for those of you who run your own business or a side hustle. We talk often about asking your boss for a raise. But what if you are your own boss? We pay ourselves less. Even when the money comes in, we pay more for expenses and outsourcing and all the overhead. We leave much less for ourselves than a typical male entrepreneur does.

Welcome to So Money, everybody. I'm Farnoosh Torabi. I'm bringing on Kimberly Lucht to the show today. Many of us, of course, are working from home right now. If you're listening to the show, wondering how to take your online business to the next level this year with so much uncertainty too, we're talking about perhaps entering a recession, how do you actually achieve your financial goals in 2020? Kimberly's going to talk about how to actually cross that six-figure threshold. If you're still not there yet, you definitely want to stay tune and listen to her advice.

A little bit more about Kimberly, she's a business coach who focuses on helping women make their first six figures. She's degree-trained in psychology. She previously directed and tripled the growth of a woman-focused nonprofit. Now, she's helping entrepreneurs do the same through in-person workshops, online programs, and coaching. She's been featured in Money magazine, Business Insider, Well + Good, and now So Money.

Kimberly lives in New York City, and you can also go to the So Money podcast website to get the link to check out her free six-figure business roadmap. But, first, let's have a conversation

about how to make more money this year, despite some of the headwinds. Here's Kimberly Lucht.

[INTERVIEW]

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FT: Kimberly Lucht, welcome to So Money.

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KL: Thank you, Farnoosh. Super happy to be here.

[00:02:40]

FT: This is airing on Monday. A lot of us are self-quarantining. How's it going, by the way, on your end?

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KL: Yeah. Definitely self-quarantining. I actually have a live event coming up on Friday, and this is the beauty of business, right? You adapt to the situation. I'm definitely thinking of doing it all online. We'll see. We'll see what happens.

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FT: You could do your business completely online. I know you have workshops and events, and that's something that you are really looking forward to doing in 2020. Hopefully, you can still do that. But right now, obviously it's day by day but it's great. You are adapting, and I think that says a lot about you, your personality. I've gotten to know you now for about a year and you have such this – You're like a bright light bulb, like you're just really energetic. You're engaging. You're self-motivated. You came up with this idea that you want to help young women or just women

who are in a place in their professional lives where they want to up level their incomes, specifically cross that six-figure threshold.

This is something that you're very passionate about. The idea sort of dawned on you. Tell me why this is the area of life that you want to support women.

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KL: Oh, yes. Super happy to talk about this because it was almost like one of those moments where you see in movies like, "Oh, a light bulb moment." Everything changes. I was at a conference in the summer of 2019, and it just dawned on me like, "Why am I not charging a premium for my services?" At that time, I was definitely making a stable 500 a month, which like is definitely not enough to survive, let alone thrive. I just decided to quadruple my rates as a business coach. I'm like, "If I'm in business, I'm in business." I felt like I had enough credibility, I had enough results with the clients that I currently had and I just was like, "Nope, this has got to change."

I obviously had a money story that I had to flip around and I do love how your podcast speaks to your past relationship with money and how that definitely affects your current financial situation. I had to flip the script. I felt like I couldn't do great work in the world and get paid for it, and it was such like an easy switch but also like, whoa, shedding off so many layers of, "I used to work in nonprofit. I thought like to be a good person, like you can't ask for what want when it comes to finances." It's just so beyond essentially false. That is like false.

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FT: I think that is completely true and I think if we want to kind of analyze the root of that, part of it I think is that I don't think men walk on the earth, a lot of them thinking like, "If I'm thinking about money or I desire money, that makes me a bad person." I think that they've been rewarded all through life to be the earners, the providers, and so the more they make, the more sort of social currency they get, the more reward, and also currency. But like in social currency, there's more acceptance. There's more celebration of that. But for women, like that is not how we've been positioned and propped up in the world. Our "role" has been traditionally to like

support the family, not making money. All the other things that are important but, money, not your department.

Now, of course, we have more women entering the workforce. We have more women graduating from college. We are seeing more women modeling for us what it means to be bosses, but yet it's that transition to feeling like this is acceptable and allowed and not inappropriate as a woman to feel financially ambitious.

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KL: Right, absolutely. I will say too, I was surprised that I hadn't understood that sooner like to have a thriving life and business, like charge a premium, like ask for a premium. I do think that the amount of time it took for me to like essentially like 10 times my income was just a few months, and it's just like, "Why didn't anybody tell me this sooner that like, yes, if you're doing one-on-one coaching or any one-on-one service that requires your time?" Honestly, with the type of work that we both do, the depth of work that we both do, the results that we get our clients, I do think that, yeah, it is worth 2,000 a month. It's worth 10,000 a month. It's worth 100,000 a month. It's worth whatever price you put on whatever the services you provide.

Obviously, I felt like there was this massive gap between the women that I looked up to. Of course, you and everybody that I've met in the entrepreneurial sphere as like these six or seven-figure entrepreneurs, and then people just starting out that like we're like, "How the essentially F like am I supposed to get?" Right? They don't –

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FT: Is it just a mindset shift, because you tripled your rate over night and you said you had like a light bulb moment, but what else happened?

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KL: Well, here's how I looked at it and it was pretty logical if I wanted my first five-figure month. At that point, I had had my first four-figure month. It just wasn't stable. I like needed like this

long-term income stream that had consistent five-figure months coming in, and so I looked at like, "Well, I don't know if I need that many people to sign on for coaching, especially if I charge 2,000 a month for one-on-one and have five clients." If you have five clients and they're paying you 2,000 a month, you have a six-figure business, and that was the moment where I was like, "Things have got to change."

I, of course, went through this moment where, okay, how do I feel when I think about charging that much and, of course, if you're just starting out and sometimes I think even if you're not. I still have clients that are like, "Oh," and they've been doing this stuff for years. I'm like, "You have the credibility. You have the authority. You have the experience under your belt, especially if you are a service-based entrepreneur. A lot of the times, we've been doing this type of work for years. I've been a business coach for a decade. Honestly, a decade at least. It's like I was director of a nonprofit that was making six figures a year and why? Because they charged a premium for an income-generating arm service."

All around I see like the women that are making six or seven figures. They are very, very careful of what price tag they put on their time. When I say careful, I mean they go – They overshoot. It's like, "Okay. If I think that this is going to be this energetic value for this person in need, then I'm going to double that or triple that." Usually, it's worth that and more because as women, we tend to underestimate the amount that we're able to charge and what people will say yes to. I want everybody listening to this to remember that there's always going to be people that say yes and always going to be people that say no.

Especially now when people are really driven by what are the results you can get other people, it's not a question of like the price tag. It's a question of who's going to get the job done. It's like, "Who's going to get me to my first six figures? Who's going to get me to my converting website? Who's going to –" They don't want the cheapest option. They want the best option. At least you and everyone that's listening don't want to serve the people that want the cheapest option. It's not why you're here. You're here to thrive, not just to survive, and I do think that like the best option is always going to be worth it for me, at least.

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FT: Yeah. Find your market. I think it was Tim Ferriss who came on the show, and he is like, “There's always a market for premium.” It's a choice. Do I want to – I mean, obviously you need to present your value and show your qualifications and all of that has to be in place. But at that point, you have a choice. You can go mass market, low price or premium market, few clients. I like the latter personally. It's why I host these workshops with intimate groups, as opposed to these online virtual summits, which who knows, maybe the coronavirus is just going to make me do that at some point.

I always say to people, women especially who are starting out and not knowing how much to charge, I say add a zero, because often we're starting at a very low place. We're like, “Oh, a couple hundred bucks.” I'm like, “A couple hundred bucks? That's not even going to pay your bills.”

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KL: Yeah. Another –

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FT: Add a zero.

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KL: Add a zero. I love that. I love that. Another thing too here is like I hear a lot of advice from successful entrepreneurs and successful coaches too that are like, “Work for free,” and I'm so against that. I am so against it because if people won't pay for your service, a lot of times, especially if that client is doing a lot of the work on their own like it is the case for coaching, they're not going to get the results that they want. You're actually doing people a favor by charging a premium, because that shows how much they care and how much they're willing to invest in their dreams, their ideas, their goals.

This is definitely like a two-way street. The fact that you charge more, it's not like something that's like, "Oh, no," for like your clients. This is like an, "Oh, yes. Let's do this," and I think that's the energy that everybody should bring to their life and their business.

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FT: 100% agree. Tell me about the women who are coming to you. If you're listening and you're wondering, "Okay, I love everything that you're saying. I want to potentially work with you," who is your ideal target audience?

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KL: I love entrepreneurs that are pretty established that have something that's already making money, making a profit, and they want to cross the six-figure mark within the next year. That's definitely the key here for me is like I don't work with people that are like, "I want to make 50,000 this year. I want to make 75,000." I work only with people that are like, "Let's go," because I just – That's the energy that I bring to it. If you're not on that level with me, then it's really difficult to, yeah, just like get you to this state of like, "Let's get you thriving. Let's get your business thriving so that you can reinvest in the things and the trainings and all of the personal development that I think as a business owner is essential."

Typically, the clients that I have, they're – Again, there's one that comes to mind who is product-based and looking to have a service-based leg of her business. She was like so close to the six-figure mark for the year. Within a month of working with me, like crossed it and was like, "Whoa, here we go." Now, it's halfway to the next six figures in like a couple months. I do think that when things just like shift with your ability to charge the rates and the prices that feel really energizing to you, a lot of people say, "Charge what feels good." I'm like, "Well, yeah. Good can also mean comfortable." I want to like distinguish like, "If it feels good, it's like – Is it energizing?" You're like, "Okay, here we go." Or is it comfortable like, "Yeah, this is safe."

I want everyone here to really think about if they're charging what they're charging because it's safe for them and they know they're going to get an instant yes or if it's a little bossy and they're

like, "Okay. Maybe they will say yes. Maybe they won't say yes." But what's the worst that could happen? They just say no and that's it.

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FT: Yeah. Sometimes, you just need that person. We won't get very far sometimes, because the voice in our head is sometimes the naysayer, the self-critical one to have your as an advocate, as a champion, because this can be scary, right? I think that's probably the best adjective to describe what this feels like in the beginning. It's scary. It's scary to say out loud what you actually want to make that is energizing.

[00:14:35]

KL: Right, yeah. Within the next month, I've decided to double my rates again because I've gotten to the point where, yup, it's time and it's the same feeling that I had about nine months ago. I've been starting this conversation like on my emails and on Instagram, and a lot of women have been coming to me. It's like, "What do I do with current clients?" Luckily, all of the clients that I take on I love. I love them all. I don't offer anything if I don't feel like it's a good fit.

That being said, there's a few options, right? If you don't feel like you love your clients, you can always let your clients go. Because by letting someone go, you're bringing in the opportunity for someone even better who's paying you more, who is like a better fit for you to come in. There's also, of course, the opportunity for you to invite your clients to upgrade and up level with you. I just started my own mastermind and I was like, "Yo! Everybody that's ready to like go all the way. It's 2020. Let's do this. Let's upgrade."

It's interesting because raising your rates can be a joyful conversation. I think for anybody that's an established service-based entrepreneur, it's always looked at like, "Oh!" That kind of like, "Oh, I got to grow." Like, "Oh, this growing pain." I think it's a growing joy. It's actually a joyful conversation for me to have, because I know that everybody looking to me is looking for permission to charge 2,000 a month, to charge 10,000 a month. Whatever they want to charge.

I like everyone to know that I am high-fiving you no matter what you charge, as long as you now that it's energizing for you, it's helping you and your business thrive, and it's not just settling for what you think you can get, because I know that everyone can get a lot more than that.

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FT: I wonder what you say to your clients now, assuming the recession is what is next. We've been talking about that a lot. How do you raise your prices in a recession or how do you get more creative in a recession so that you can still meet your financial goals?

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KL: I love this question, and it's also something we addressed on yesterday's group coaching call with all my clients. I love to look at obstacles as opportunities and I think you're pretty much very similar to this. It's like, "Okay. Well, let's see how we can pivot." You don't have to do a total 180 here. I think like, "Okay. Let's see how we can reframe the conversation."

One of my clients is a travel coach and like I'm curious. How can you reframe this conversation to weed out the people that are full of travel now? So you're talking to the women that are not and that are fearless and still want to live abroad, move abroad, travel abroad. How are you reframing this conversation so that they see you as this kind of light at the end of the tunnel?

I almost think that this – Definitely, if you're online-based, this is an opportunity for you, because everything is shutting down around us in a physical sense. But my business is pretty much unaffected. A lot of my clients aren't really affected either because most of their business is online. If there's an opportunity that you see online that you haven't already tapped into, I really challenge you to look at that and see, "Okay. What is my market creating right now? What guidance do they need right now? What support do they need right now?"

I'm at the point right now where I've always been pretty like averse, let's say, to office culture. I've never worked in an office job, the idea that just really drains me. I'm taking this situation and just framing it into, okay, well, if you've gotten laid off, if you've been cut back on hours, if you're being asked to work from home, this is an opportunity for you to look at the current situation,

your current skill set and see where can I do a little digging and where can I fit a need right now in the online space. I do think most business is going to be online, especially as a result of this probably by like 2030. I feel like office cultures are kind of drifting away and becoming outdated as we go. Of course, that's like very futuristic thinking and like we're a long way from that. But I want everyone on the podcast to really imagine their life being totally navigable online, that their business included.

If that's the case, then whatever business idea you have or have had for years, just hit the ground running right now. This is the best time, because I promise you I am not financially fearful right now. I know my own business is going to be okay. There's other people that are in that same space that are willing to invest in your product and your services. This is, in my opinion, the best time to start an online business.

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FT: Yeah. I mean, in a recession, the barriers are very low in terms of costs. I mean, I remember the 2008, 2009 great recession. If anyone was starting a store or a restaurant or an office space even, great time because rent is low. Nobody is looking to like take a risk on during a very uncertain time like a recession. Counterintuitively, maybe it's a great time to start any kind of business. But, yeah, now, given what we know too about the how fast a health scare can spread, very smart to have at least some or all of your business shift to the Internet.

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KL: Having multiple income streams too is I think always, always lovely.

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FT: Kimberly, you mentioned that growing up you had a very unique upbringing in terms of how it prepared you to think about money. What was your background in childhood? What's one money memory that really impacted your financial mindset?

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KL: I was a natural born entrepreneur. I learned from my abuelita. She had her own like market in Mexico that I always visited. I always asked her questions and I was really curious about it. I think I got excited about these drawings I was doing in elementary school when I was – I think I was about eight years old and I would do these drawings and think to myself, “Oh, I bet a lot of people would want to buy this.” I think as children, we don’t feel a lot of shame around selling because it’s almost like – it’s sharing to us. We think we’re sharing and we are. When you’re selling, you’re sharing.

When I took these drawings to school and started asking kids like, Hey! You want this? It’s a quarter,” and people were buying my stuff. I’m like, “Yes, I am making money. This is awesome. I can pay for some candy.” I really got excited about it. Then a teacher came over and was like, “Hi, honey,” and said it in the most loving way possible. “You know, we can’t sell things on school property, like solicitation and all the things.” Obviously, that’s in place for a reason, and there’s a good reason behind it, and I 100% approve of it.

But as a kid, you don’t really understand what’s going on and you internalize that as, “Oh, selling is evil or selling is bad, because if it wasn’t bad or wasn’t evil, I wouldn’t like be asked not to do it at school, right?” It’s as if I like took my clothes off and started just running around. It was like taboo, and so I do think I internalized that for a long time of like I can’t sell my services or I can’t offer a premium, because someone’s going to come and say, “No, you can’t.” But I’m here to say, “Yo! Be as audacious as your child lemonade-selling self and put it out there. Sell because selling is sharing, and sharing is caring.”

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FT: How’s your abuelita now?

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KL: She passed away in 2012, but her market, you guys, her market stills stands. Her little shop in the market I should say. I go back there all the time and I pick up these like beautiful like artisan products and jewelry and all the things that she used to sell. It takes me back to just how

she would talk about business and money. I asked her once. I was like, "Well, abuelita. This costs three pesos to make. Why are you selling it for 10?" She always would say, "Honey, I have to pay the light bill, the rent bill, and then pay myself and the person who made it. So that's why I upsell."

Those small business lessons I think have always been a part of who I am. Of course, now my business today is largely influenced by her and just her story and how she didn't go to college. She was prohibited from going to college because she was a woman growing up in the '40s in Mexico and she was kind of funneled into this be a mom, be a housewife type archetype that I think is really easy to stay in sometimes. But she found a way to just do her own thing. She was a natural born entrepreneur as well. Her mom was actually an entrepreneur and had her own shop at the market as well.

I think it's just the one thing that I think my grandma would want to say if she were alive today is you can do this. You can do this. If I can do it, you can do it. I think that's definitely the message that's coming through right now for me as it relates to my grandma.

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FT: Oh, my god. She would be so proud, Kimberly.

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KL: Oh, thank you.

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FT: All right. Well, you have so wonderfully outlined for us the steps that we should take, the mindset shifts about believing that you're worth it to make the money, getting over the fears. Let's shift a little bit in talking about failure. You mentioned some people might say yes, some people might say no to your request for more money. If I say no, that can feel like a failure. What's your advice and what's something that you have done to overcome what you consider to be kind of financial failure, just to give us that perspective as well?

[00:25:11]

KL: Yeah. It's interesting because my biggest business failure was right at the beginning where I thought the best way to do this was an online course. Of course, most established entrepreneurs know that like, "No, build your audience. Get results for your clients first. Kind of build up your practice before launching anything." I remember sitting in the bathtub like, "No one bought my online course." I don't even remember what it was actually and I was like crying. I'm like, "Ah," ugly tears. But I also woke up the next day to so many messages from the free webinar that I did being like, "Thank you so much for all of that and for all the information you provided. I'm going to do this today. I'm so excited." It gave them just stuff to go off of, and it was great information for me to look at. It's like, "Okay. This is how I –" Again, the pivot. How I can shift my focus because this is what really resonated.

I think failures are always just lessons in disguise of like what information did I receive from this experience. How can I use it to adapt my business to the current situation, adapt my material to what my clients want, adapt my package value? Let's say no one is saying yes to 2,000 a month or no one is saying yes to whatever price you want to put on your package. It's like how can you provide – You don't have to negotiate on price. You can negotiate on value.

There's always like little micro lessons and micro information embedded into failures that I think a lot of us are conditioned to almost overlook, because maybe it is a little painful sometimes. But if you can just unearth the cold hard data of what happened here and how can I improve for the next time, that'll really set you up for not only a successful like business future but also a financial future. I mean, things are going to have their ups and downs and highs and lows, but you are in control of what you're in control of, and so navigating your actions based on what you can control is definitely something that I think is one of the best skills to have, regardless if you're a business owner or not.

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FT: Control what you can control. Wise words. Kimberly, let's do some So Money fill in the blanks.

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KL: Yeah.

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FT: This is where I start a sentence and then you just finish it, whatever first comes to mind. Here we go. If I won the lottery tomorrow, the first thing I would do is –

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KL: Move to Bali. That just came to mind, yeah.

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FT: I love that. It's impulsive reaction. Have you been to Bali?

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KL: Yes. I love Bali.

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FT: So you speak from experience?

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KL: Mm-hmm, yeah.

[00:28:02]

FT: I have not. It's on the bucket list.

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KL: Yeah, girl.

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FT: All right. One thing I spend on that makes my life easier or better is –

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KL: Massages.

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FT: How often do you get massages?

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KL: Definitely once a month for sure. But sometimes, especially now, I'm like, "Yeah, let's do three a month or such like." Also, to –

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FT: Are you a dancer or a former dancer?

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KL: Yes.

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FT: Okay. So that's where – Okay.

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KL: That's where the bodywork is 100% my advice.

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FT: I love it. I need to get – I mean, me, it's like every two years. I'm like, "I should get a massage." My body is like, "You are just realizing this?"

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KL: I actually even use it as like a celebration tool for like, "Oh, you just landed this new amazing client," or, "You just got this amazing like deal or whatever." I'll book a massage to celebrate because I think that we'll continue doing the work that we're doing if we feel good about it, and so you really want to reinforce the stuff that you want to celebrate with stuff that feels good, whether it's dinner with friends or like massage. For me, it's massage.

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FT: How about this? When I donate, I like to give to blank because –

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KL: Animal nonprofits because they're just everything to me.

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FT: Do you have pets?

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KL: I do, yeah.

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FT: What do you have?

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KL: I have one beagle and one chocolate lab. They're not in New York. They're with my parents, but we've had dogs since I was probably seven years old. So, yeah, they've been a really formative part of my life and I love them so much.

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FT: Beautiful. One thing I wish I had learned about money growing up is –

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KL: That you're meant to be a millionaire.

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FT: Yeah. Your business right now is all about supporting women reach that six-figure threshold. Do you think you'd ever change it to seven-figure a year?

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KL: Oh, yeah.

[00:29:53]

FT: Yeah? Eight-figure a year?

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KL: Definitely. Definitely. I do find that I love serving clients that are very much on a similar as me. Once I'm like, "Yup, this is where I'm going," I'm taking my clients with me. I think this is a trajectory towards like this almost like never-ending financial rainbow pot of gold type journey. I think this is a really joyful thing for me to help women do, because I just – I felt like I didn't have that guidance, and so for me to be able to provide that for people is just like beyond satisfying.

[00:30:32]

FT: All right. Last but not least, answer this. I'm Kimberly Lucht. I'm So Money because –

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KL: Oh, yes. I don't know if I'm going to censor this a little bit. I'm a boss biatch.

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FT: A boss bish.

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KL: Yeah, a bish.

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FT: A boss b.

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KL: Yeah.

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FT: I love it. Kimberly, thank you so much. I so appreciate you coming on. Keep safe. Stay online.

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KL: Yeah. You too, girlfriend. Let's self-quarantine it up.

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FT: Yeah. It's for the better. All right, thank you so much.

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KL: Thank you, Farnoosh.

[END OF INTERVIEW]

[00:31:07]

FT: Thanks so much to Kimberly for joining us. Her website is [kimberlylucht, L-U-C-H-T, .com](http://kimberlylucht.com). Remember, go to So Money podcast to get her free six-figure business roadmap and send me your questions for our Friday episodes. Each Friday, I'm going to dedicating questions to you because of so much uncertainty right now. I want to help you in real time. So go to somoneypodcast.com and click on Ask Farnoosh. Send me your questions there or hope over to Instagram and send me a direct message. Thanks for tuning in, everybody. I hope your day is So Money.

[END]