

EPISODE 1417

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1417, financial freedom for service workers, with Barbara Sloan, author of the book, *Tipped*.

BS: *I think most service industry people think that one of the metrics you can use is, 'Oh, how much do I make in a shift? How well was the shift? How well did I do this week? How did I do this month?' But that's not a good way to measure how your finances are going overall. You need to pull back and take a bigger a bigger picture. And so when I was in the service industry, I didn't understand how to take a step back and take that big picture viewpoint. And so I want to be able to teach other people in the service industry how to do that."*

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. Are you a service industry professional? Do you earn tips, and are you sick of living shift to shift or week to week? Are you ready to take control of your money and your life, and you want to get not just okay with money but great with money or feel like you finally have your money stuff together? Our guest today has some solutions.

Barbara Sloan is the author of the new book called *Tipped: the Life Changing Guide to Financial Freedom for Waitresses, Bartenders, Strippers and all Other Service Industry Professionals*. Tipped employees today make up more than four million working professionals in our country, and they age into one of the most economically disadvantaged populations in the country.

Our guest, Barbara, is a friend of the show. She has been on a couple of times in the past, talking about building her own business. But she has decade's worth of experience working in

the service industry. She started out as a homeless teen. She danced for dollars, and she's now a personal finance expert and money coach that spent two decades working in every imaginable position in the service industry all over the US.

Today, she runs a woman-owned a construction company in the heart of Manhattan, and she helps tipped workers achieve financial freedom like she did. To learn more about her book, visit tippedfinance.com, and let's get right to it with Barbara Sloan.

[INTERVIEW]

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FT: Barbara Sloan, welcome to So Money.

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BS: I'm so excited to be here, Farnoosh. Thank you so much for having me back. This feels like a very big full circle moment for me.

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FT: Yeah. We're going to – It's going to be a revelatory moment. Let's just tease that. But you were on the show. I guess it was three, four years ago, pre-pandemic. You and I did an Ask Farnoosh together, and you gave some great advice to listeners, as somebody who has like built her own business. You care deeply about personal finance, and so no surprise that you have a book now about personal finance with a very specific bend.

This is something that we did not talk about when you were on the show years ago, and it's not even something that you really talk about to clients or doesn't really like – It's not part of your brand or wasn't part of your brand, but you really want to highlight it now, and I think it's very important. Your book is called *Tipped*. It's a book that is dedicated to people who work in the service industry. Here's the subtitle, the life changing guide to financial freedom for waitresses,

bartenders, strippers, and all other service industry professionals. This is personal to you. Tell us why.

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BS: I think, well, anyone who meets me today knows me as somebody who owns a woman-owned and operated high-end renovation company in New York City. What they don't know is that I spent 20 years in the service industry, working for tips almost completely in tandem but sometimes instead of construction projects.

2013, 2014 is kind of important to my story and how we got here. In 2013, I moved to New York with my wife, \$700 in our pocket, and I got two jobs. My first job was working nights at Coyote Ugly. If you don't know what Coyote Ugly is, it's a bar where you sing and dance on top of the bar. You slightly abuse your patrons. It's a good time. The second job I got was doing accounting and finance on Wall Street for an unregulated firm. So it was part trading floor, part independent sales organization that was selling usurious various loan products. We'll just call it loan sharking.

So that was a real education for me on the markets, on financial services, on predatory lending. I was there until our third trader got shipped off to rehab. Then I was like, "You know what? I think construction and bars are much more my speed." So I went out and looked for another job, and I got a job as an employee, working for the company that I now own. While I was there, I think I was employee number four, and I was tasked with the accounting and finance department. But also because we were expanding and growing, I was tasked with employee retention and creating an HR department and creating the benefit system. So all of these benefits that I had no idea about, I was tasked with first understanding to creating and implementing.

I had never had a 401(k) before. I had to research what a 401(k) was. I had never had paid time off, sick leave, a policy. So I had to create that. I had never had – I guess I'd had health insurance once before, but I didn't know the difference between coinsurance and deductibles. So I was having to learn about all of these benefits sort of from the ground up, learning what HR was, how it supported the financial health of an employee.

Then on the other side of that, we were working for these really high-net-worth clients on one of their biggest budget items. So to be able to have those conversations on a day-to-day basis with really high-net-worth people about how they view money, what they think about in terms of decision making around their spending, realizing that everybody has a budget, even people who you think have unlimited resources. So those two pieces were sort of like big, big puzzle pieces for me.

Fast forward to 2016, I spoke about this in our previous podcast, the political climate was a lot for me, and I was like, “I’m turning off social media. I’m turning off all media. I’m just going to like listen to personal finance and finance content because that feels like low anxiety.” I started listening –

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FT: That’s how bad things were. That personal finance was the low anxiety. That’s how bad the world was.

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BS: So I found this amazing podcast called So Money, and I just started binging all of the episodes, and it was there that I was sort of like, “Oh, these systems and benefits and this information and mindset all fall under the umbrella of personal finance, and that is how that information gets pushed out.” So that was sort of an aha moment of like, “Oh, personal finance is how people learn about this.”

So I began to search, listening to podcasts, listening to all sorts of other financial media. I couldn’t find anyone else who had been in the service industry for their career. So I think 2018, you had me back on as a guest, and it was a pivotal moment as well when I was a guest on So Money because you were like, “Oh, here’s this financial expert too.” I was like, “Oh. Well, no one had ever called me a financial expert before.”

I've spent the last two years redoing my own financial systems, saving for an emergency fund, making big moves. I had started helping friends, family, old coworkers with their sort of personal finance, budgeting, money mindset stuff. I had been searching for all of this content. Like why is nobody talking to service industry professionals? Why is no one creating content for servers and bartenders and waitresses?

I came across this book called *The White Coat Investor*, which was a personal finance book that was geared towards people in healthcare, doctors. I was like, "Gosh, that's such a small group of people." In the service industry, there's more than four million people. That's more than all doctors, lawyers, and engineers put together, and there's nothing written to guide this industry.

But I had a lot of imposter syndrome, and I was like, "Oh, I've only worked in six or seven states. Who am I to talk to an entire country of people about personal finance?" Or, "I've only worked in six or seven roles within the service industry. Surely, there's somebody else out there in the service industry who's done 20 different types of jobs." Or, "I only got to financial freedom by working service industry and another job. Surely, there's somebody out there who got there just by doing service industry jobs." So I felt like, "Oh, if I couldn't speak to everyone, then I shouldn't speak to anyone."

I think on your podcast or somebody else's podcast, I had heard one of your guests say, "Write the book you wish you had had," and that's sort of how *Tipped* came to be. I want there to be resources for people in this industry. I feel strongly that this is a very underserved community. Tipped people age into the most economically disadvantaged population in our country, and it's not typically because of income. Income's not part of the problem. It's typically because there's no financial literacy, and there's no understanding about some of these systems that they need to put in place which are like financial safety nets for people.

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FT: I just want to take a minute and just kind of go over some of the tent poles in your book, the advice that you give. You talked a little bit about the disadvantages that come with working in our current service industry in America, which is that, typically, the jobs don't come with paid leave or 401(k)s, health care benefits.

I think also, the big problem is that you don't know what you're going to be making on a weekly basis. I mean, you can kind of project or average it out. But it can fluctuate. Unlike someone who works a desk job, a corporate job, that is set in stone. Your book talks about how to not just sort of get your financial, your basics together, but also how to invest, which is really important. I mean I think that anyone who feels that their financial life is a little uncertain, investing is not something that they think they're ready for.

Fluctuating income is something you talk about, how to build an emergency fund. You talked about take your financial temperature. What do you mean by that?

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BS: Yeah. So tracking your net worth, right? I think that that's an overwhelming concept for a lot of people, especially people who don't feel wealthy. So they think, "Oh. Well, I don't have anything to measure. I don't have anything that doesn't feel good to check in on that financial temperature, if it's maybe in the colder range, instead of higher up on the thermometer." But it's important to face your numbers, and it's important that – Then tracking your net worth is a really good way to get a handle on if you're moving the needle.

I think most service industry people think that one of the metrics you can use is, "Oh, how much do I make in a shift? How well was the shift? How well did I do this week? How did I do this month?" But that's not a good way to measure how your finances are going overall. You need to pull back and take a bigger picture. So when I was in the service industry, I didn't understand how to take a step back and take that big picture viewpoint. So I want to be able to teach other people in the service industry how to do that.

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FT: In the pandemic, something very interesting happened, which was on the one hand, we saw many of these jobs go away because of lockdowns, and people were scared to go out. So many restaurants had to close, unfortunately, and other sorts of service-oriented industries. Then as everyone came back from – Sort of the world was reopening. Restaurants and other places that

employ part-time employees, they were desperate to fill those positions. Those positions were really hard to fill and still are hard to fill. A lot of the jobs that are continuing to be open right now are those in the service industry.

How do you think this can work to someone's advantage, who wants to work in service industry? You're seeing more unionization, for example, at places like Starbucks. You are hearing about restaurants on your receipt. There'll be a line item that says the patron has to pay an extra four or five dollars because the restaurant's now paying for health insurance because that's what their employees have demanded.

So I don't know if this is something we can call a trend, but it's interesting what's happening is a little bit of this power shift. Tell us what you're seeing and maybe what are some of the opportunities right now for people who want to work in the service industry to basically ask for more financial security with that job.

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BS: Those are all good questions. The first two chapters in my book talk a lot about the differences between service industry jobs and typical nine-to-fivers. There's a breakdown of all of those benefits and how your work is different from a typical nine-to-five. I do that purposely to give people language and to give people an idea of what they might be missing out on.

There are things that are changing, right? There are certain states that are giving mandatory 401(k) requirements or mandatory paid sick leave, which is whole another thing because most people in the service industry, even if they have mandatory paid time off, they don't see it cash flow-wise, and most people don't understand that. So things are changing slowly.

But restaurants, as most people know, they go out of business so quickly. They're really hard businesses to run. It's not as though the owners of these businesses are like, "We don't want to give people benefits. It's just that it has not been feasible in some instances for smaller mom-and-pop restaurants to have the overhead of somebody who does HR, somebody who can manage employment benefits, to administer things like health insurance, and make sure that they're in compliance and all of those things.

The other thing is that there's so much turnover in this industry. That by the time you have the expense of setting somebody up with these benefits, they're on to the next thing maybe, and I think that's a combination and a feature of this industry. So I think of somebody who's looking to get into the industry. Y'all just back up for a second and say that I don't have a stake whether people should get into the industry or get out of the industry.

I have a coaching practice, and I've talked people into the industry, and I have talked people out of the industry. It has a lot of pros and cons, and that really depends on who you are, how well you are setting up your own boundaries, how well you are at setting up your own systems, and what you want out of life. But if you're somebody who's looking for flexibility or additional income, these are great, great career paths for you to find that flexibility.

You like a Tuesday to head to the beach. It's a great, great, great industry to get into. If you are somebody who wants to try entrepreneurship out, or you want to try out acting, these are great careers to serve in tandem with those other endeavors that you may be pursuing. The flexibility of the income with cash, that's another feature. It's quick access.

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FT: I remember eating at this nice restaurant in Portland, Oregon, with my husband. Our server, really nice woman, she told us she'd been working in the industry for like 25 years. She was a lifer and I just – It reminded me of, yeah, that's a reality for people in this industry. We think of these jobs as interim or short term, or I'm going to wait tables until something bigger or different opens up. There are people that are – They're professional servers. This is what they do, and they do it for their entire careers, and they love it.

Talk a little bit about what goes into that. Like how do you make this sustainable? Because ultimately, you got to save, and you got to invest. Like you can't just rely on the wages to support you. You have to do something with that money, I would think, to be able to continue this as like a full-time career. Or maybe I'm wrong. Tell me how this works long term.

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BS: Well, I think this industry is so interesting and that things have not changed for so long, right? There has been – I don't know if you know the history of tipping, but it's very problematic, and it came about post-slavery. There's a section of my book where I talk about how tipping came to be in the US, and it's not good. However, it is the industry that we have.

So the other industry that I know as well as service industry is construction. In construction, there used to be a lot of injuries and a lot of deaths, right? We came up with this organization called OSHA. OSHA trained and educated the workforce. Once they trained and educated the workforce, they changed the industry from the inside. That is my goal for the service industry. I want to connect with workers, and I want to change the industry from the inside.

I don't have the language, connections, or ability to change things at a state, federal, or corporate level. But I can teach people how to put these systems in place for themselves. In a nine-to-five world, someone's going to tell you how many days off a year you deserve to have. When you're in the service industry, you can design that for yourself. The thing I love about it is that you can design so much about your life for yourself. You can decide how many days off you get a year. You can decide how much you want to be putting into your – Whether it's a solo 401(k), your IRA, your brokerage account, your investment accounts, whatever that looks like, based on however your employment is set up. But I think that if you're able to set up your own systems, then it becomes a career path that you can keep long term.

There was another industry, the waste management industry. I think waste management had terrible PR. People would be like, “Oh, it's a moral failing. You grew up and you become a garbage man.” Parents were trying to protect their children from that happening. Well, I think in the same way, the service industry just has bad PR, and we need to change how we talk about it. These jobs are not moral failings. They're not ambition failures. If we set up these systems for ourselves until our employers, our corporations, our states can catch up, then we can have lifelong careers and even prosperous or early retirements.

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FT: There's something culturally. I mean, you bring up a really important point about the example of waste management workers and how they're not respected culturally and in the society. I think that's also true for other types of service industry workers. I think people use that tip as a way to kind of throw their power around a little bit as a patron.

We've spent a lot of time talking about your advice for employees, but what about the patrons who can do so much here to move the needle? It can be something as simple as like tipping more. What's your advice for those of us who – With inflation and job insecurity out there, it may feel right now is a difficult time to tip well. But what's your philosophy on this and how can you encourage those of us who may be unsure about how much to tip? It's also very confusing. It used to be like 15 to 20 percent was standard. What is the etiquette of tipping right now?

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BS: I always say this tipping should always feel good. It should always feel good. When you are standing across from somebody who's providing you a service, and you remember that that person doesn't have health insurance, that person doesn't have access to a 401(k), that person, if they are claiming their tips or if they are, right, which a lot of people do not, they won't be receiving Social Security benefits. They won't be receiving unemployment benefits. When you look at those people and realize, "Oh, they're making \$2.13 an hour," and over a dozen states still currently, right, then I think you know that you're getting to participate in their livelihood. That should be something that feels good for you as a patron and as a human to be doing.

So I always remind people, it should always feel good. Tip on service, not on product. If you're getting a packaged coffee or a packaged food item, and you're going to the counter, you don't need to tip, and people know that. They're not standing there turning that pad around to expecting you to put 30% down on some packaged item. However, if somebody carefully and creatively creates you a beverage with a foam cap face on top of your latte, and they make you smile, and it feels good, then I would encourage you to tip generously, right?

I think the pandemic has taught us a lot about community. A lot of us feel lonely. A lot of us feel like we don't have connection. When you go to a restaurant, when you go to a bar, when you go to a club, you are getting connection. You are getting community. You are getting somebody to

listen to you, to connect with. That is part of the service. People know that when they're in the service industry. They understand the risk versus reward. They understand that part of their conversation is based on their performance, and they know that they're up to that challenge. They may be – Your smile may be the only smile that they get in a day, and it's so needed.

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FT: It is. Some restaurants are moving away from a tipping policy. In New York, at least, there's – I think it's Danny Meyer's restaurants. They don't solicit tips. They say, “We include this – We give our workers a higher wage.” What do you think about that?

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BS: Yeah. I think that everyone deserves a living wage, right? I think a lot of people who work especially in not major cities sometimes don't get a living wage, if they are working in a restaurant, and everyone deserves a living wage. I made a lot of tips. I made much more than minimum wage with the jobs that I had in the service industry. So I would be sad to not have that as part of my compensation.

I liked the idea of – You know what? I think 18% is the minimum, 20% is the minimum. I guarantee all of my patrons are going to give me 30% because that is the level of service. That is the level of performance. That is the level of engagement. That is the level of listening that I'm going to give to this experience for them. So I think everyone deserves a fair living wage. Everyone deserves benefits. I hope those things are coming. But do people also deserve tips on top of it? Absolutely.

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FT: And just to correct myself, Danny Meyer, he did through his Union Square Hospitality Group, which owns a number of restaurants in the city. They had a policy which was doing away with tips. They killed it in the pandemic. So there was – I'm reading this article in The New York Times. Danny Meyer's restaurants will end their no tipping policy. I wonder what that was about, and I guess I'll have to read the article, probably something to do with the pandemic and just

losing all this money and not being able to honestly afford probably to continue to pay their employees the appropriate wages. It's risk. He's a rich restaurateur in the city. If he can't do it, I don't know.

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BS: We have not seen much disruption in this industry, which is why I think the workforce, the professionals who are in it need to take matters into their own hands as far as creating their own. I hope it gets there from an employment and estate perspective. But I think starting with not enough has changed yet.

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FT: Barbara, what's your advice? Going back to your book and some of the principles, I want to share some of that still while we have you for our audience, just more takeaways. Developing a budget when your income is not consistent, how do you do that? Considering too that everything's so expensive right now and maybe you're not making what is considered a decent wage and not getting tipped well. How do you ultimately get ahead?

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BS: Like I said, I can only speak from my experience. In my experiences, I made really great money in the service industry, and I worked for restaurants. I worked bars. I worked clubs. I worked in so many different types of positions. I was a door girl. I was a shop girl. I was a beer girl at Fenway Park. Like I've done so many different types of jobs, and I always need more than minimum wage. So I would say if you have the availability to move employers and if you're making minimum wage, then you might want to try to seek out a different opportunity for yourself.

As far as budgeting goes, I have a whole chapter on budget. It's a big, big chapter. But it talks a lot about how to build in buffers for when you are operating on a fluctuating income. So there's a couple different ways you can build in buffers, whether it's like rounding up on certain expenses

or pre-paying yourself for certain expenses. Some of this is mindset shifts, and some of this is just saving to get yourself into a system. But there's a lot of different strategies.

I love budgeting for the information that it gives you, for the discipline that it gives you. I think it's great for when you're trying to create some room and create some savings and create some big shifts. I don't think budgeting is great long term. I don't think you should be budgeting for 10 years. I do zero-based budgeting at this point. I talk about that a little bit in the book for people who are not wanting to count every single penny and add up all of their receipts. But it's an important skill to learn, and it's important to know your numbers.

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FT: The book is doing really well, Barbara. Congratulations. I'm on Amazon right now, reading all of these five-star reviews. This one caught my eye because it was written by an expert, a CPA, who admits like this book was so helpful to them. They thought they knew it all. This is what – I think it's – Let's see. Dina says, "To my absolute surprise, this book ended up being highly educational for me. And I thought as a CPA, I have all the finance-related aspects covered. It gave me a new perspective."

You're helping so many people, from freelancers. You mentioned this earlier. But this is a monstrous industry, a huge industry that supports our economy in intangible ways and tangible ways. It's just shocking how little support and infrastructure there is to ensure that these very hardworking laborers are protected and can live financially independently and have this be a sustainable career, as opposed to just sort of this thing that they're stitching together from one job to the next. I know this is not a political book, but I hope that it will reach those people who can make a real difference at that level.

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BS: I hope so too. I'm very excited about the momentum that I've received so far, and I'm excited to take it on the road. I haven't – I would love to do an old-fashioned book tour and go across to different cities. If anyone wants me to do a – I call it a dirty money talk at your

restaurant, bar, or club. Feel free to email me. I do a little personal finance talk at those locations.

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FT: I think that would be awesome. You should totally do that. Just cold call these restaurant owners and maybe start at the chains. This is very important information and I think would help them retain employees, which is what they want to do. I think you're worth every penny to bring you in and have you speak to the employees, and maybe teach everybody a little something, something about how to make this a much better system.

Barbara Sloan, thank you so much. I know that you're also running your other company while you are promoting this book. How are you doing? I want to say give us advice, but maybe you don't have advice. But how are you doing?

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BS: I don't have advice. I am failing forward. This book was an interesting process. I feel like I was tripping over myself the entire process of writing it, editing it, marketing it. I have no idea what I'm doing. But I think that that is also one of the things, one of the skills that I got while working in the service industry. You just show up and you perform.

There's a chapter or there's a section within a chapter that talks about all the skills that people in the service industry have because you are put in some strange situations, and you get some really good skills. So I credit this book my ability to manage multiple businesses. I am also doing coaching and speaking to my ability to hustle while I was in the industry.

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FT: Once a hustler, always a hustler. Barbara Sloan, thank you so much. I wrote fail forward down on my piece of notebook here. It's just a little weekend tip for myself.

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BS: Farnoosh, you are a huge inspiration behind this. I cannot thank you enough for everything you put out, for having your guests, hosts on. That was a big moment for me. So I appreciate you so much.

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FT: Well, we should tell them how we met. I mean, this is like –

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BS: We should.

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FT: The best story. So I know we're like almost a time here, but it begs repeating because I think we talked about this when you came on initially. But that was a while back. We have a lot of new listeners since. But Barbara and I, everybody, we – She was listening to the podcast and heard, this was probably 2018, that I was doing a stand-up comedy show in the city. I'd taken a stand-up comedy class. I was performing for the first time in my life. I said, "Please come support me and hope to see you."

She came with your wife, and you waited for me until I was done. You met me backstage. It was so great. We took selfies. I was so touched by that, and we stayed in touch. Of course, I had to have you on the show, and here we are again. So you're fantastic. You're just fantastic. Like that was just such an authentically genuine thing to do. You were totally a fan and like –

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BS: Still am.

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FT: Still am. Well, I'm now a big fan of you. So it's all – We're in mutual adoration society.

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BS: And I signed up for a stand-up class. I start next Tuesday. So that's why I mean like being here is so full circle for me. It's wild.

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FT: I recommend it. I recommend it. It's the scariest thing, and that's why you should do it because sometimes it's important to just dance with your fears in life. Thank you so much, Barbara. Everybody, check out *Tipped*. It's available on Amazon. Like I said, the reviews are so glowing. I'm sure everyone's going to love this. Thank you so much.

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BS: Thank you.

[END OF INTERVIEW]

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FT: To learn more about Barbara and her book, visit tippedfinance.com. Thanks so much for tuning in, and I hope your day is So Money.

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