

EPISODE 1604

FT: So Money episode, 1604. Profiting from polish, a conversation with Olive and June Founder and CEO, Sarah Gibson Tuttle.

*“**SGT:** I'm always afraid of running out of money. So, when we were fundraising for the Series A, and as we're becoming profitable, and I'm trying to raise five, seven million dollars, an advisor pulled me aside and said, do you need this funding? You're profitable right now, and you're on this path to stay profitable. How much money do you actually need?”*

[INTRODUCTION]

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[EPISODE]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. Today, we have the rare opportunity to sit down with visionary CEO, Sarah Gibson Tuttle, who is the Founder of Olive and June. Sarah is a trailblazer in the beauty industry. She's known for redefining the at-home manicure experience, so you never have to be embarrassed by your DIY nails. Sarah talks about the story behind starting Olive and June, all the way back in 2013 began as a physical location in Beverly Hills.

Today, the salons are gone, but the brand has scaled. Right before the pandemic, Olive and June introduced an at-home system and line of products, and they never looked back. Sarah talks about the astronomical growth experienced in 2020 when the company grew 1500%. The truth about funding the business and why she turned down venture capital and the importance of diversification in her business for sustainability and growth. Here's Sarah Gibson Tuttle.

Sarah Gibson Tuttle, welcome to So Money. As I said before, we were filming and taping. I'm a stocker/super fan. I think of you every time my daughter and I use our Olive and June home kit and put on our nails. Thank you so much for inventing that. Thank you for coming on So Money. I'm excited to learn about your journey and all your insights.

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SGT: I'm very excited to be here. I'm mostly excited that we are your at-home nail journey. That makes me very, very happy.

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FT: Who knew that the nail industry needed disruption, but I guess coming from the financial world and having such an eye for aesthetic and also having the brain that you do, you saw an opportunity where others didn't. I want to get into your finance background, but I'm most curious to know, like what was the aha moment for you when you were like, think this is going to be where I'm going to hang my hat. I think I'm going to go into the nail industry and reconfigure some things. Boy, did you.

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SGT: I have always been obsessed with my nails. When I was a little girl, I didn't have a parent who was like, let's take out the Olive and June mani system and do our nails. It wasn't – that didn't happen for me. My dad didn't let me paint my nails. So, I was obsessed with my nails being painted naturally. Below my bed, like underneath my bed, I had a little bag of nail polishes that every time he was on a work trip, I would paint my nails. It always made me feel a certain way, depending on the color. It just created a mani mood for me.

I've always been obsessed. Then I started working in finance on Wall Street. Every week, my indulgence was to get my nails done. It felt, it made me feel like an adult. It made me feel ready to take on the world, ready to tackle this job that admittedly I got a C-plus and entered econ and probably wasn't super prepared for. Luckily, it was more sales than fundamentals, but it always made me feel like I could do anything and put together and a real adult. So, then it became, wait a second, how do we bottle this feeling, literally? That's where this beautiful nails for everyone mission started.

Obviously, it started in the salon business, really making those nails possible at an affordable price. Really, like it's a wonderful experience, but then that mission really went back to basics of beautiful nails for everyone when we launched the product line. It's always been about I'm obsessed with nails. They make me feel a certain way. I know how they make other people feel. How do we make this actually possible for everyone everywhere to feel this way with their nails done?

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FT: The passion was there, but the pivot still requires a business savvy and an understanding of retail and sales. How did you begin to master that? I think in my audience, there are probably listeners who are like, "I want to pivot from one industry to another. I want to go from corporate to entrepreneur." But there is that learning curve. So, when you were making that transition, at least, like let's take year one. What were you consuming? What were you learning? What were the failures?

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SGT: you know what's interesting is that my parents are both entrepreneurs. I have always had a sense of, you can do it energy in my house. From my parents and definitely my dad, we have some similar personality traits. He absolutely, would reiterate that messaging to me that you can do it. You can you can do anything you put your mind to and watching them both. My dad started the works in finance and had a few firms that he started. My mom went from nursing, she's an incredible NICU nurse and she went from nursing to owning kitchen stores. So, I was able to see two people really try, like create something from nothing. So, I had that energy.

I think the – and because I was obsessed with nails, and because I had – I'd walked in a dry bar, I'd walked into other businesses that had this affordable luxury category of thing. I saw in my mind, I was like, “Oh, wait. This should be done in nails. This makes total sense.” So, I feel like I've done so many pivots. Then, so going from Wall Street to the salons, and then from the salons to Olive and June. I knew you asked for the first year, but just giving context as to how I got there, how I even opened that for, like how we even got to where we are today is I realized that, “Oh, this salon experience is only serving a certain percentage of our community. How do you actually serve everyone everywhere?” That's where, it wasn't really a pivot, but it was a layered extension to what we were already building at Olive and June in the salons.

I mean, in the first year, my problem was ranged from not being able – like not even having a washer dryer, you all, like doing it myself at my house to really managing people for the very first time that I had never managed anyone. I'd always been a producer. I was an equity sales trader. All we did was cater to clients. I had that piece in it and I understood the client side of it really, really intimately, but I mean, I've never managed anyone ever to all of the decisions that go into, I mean, I've bit off so much more than I could chew is really the answer.

Every day, as one of my manicurists to say, she was the best. She used to say, “SGT, all you ever say is we'll figure it out.” But that's how it was. It was all figured out. We'll figure it out. We'll figure it out.

[0:07:48]

FT: We'll figure it out. We'll build a plane as we're flying it. By the way, SGT is the acronym for your name, which I think is spectacular. I wish that – I don't have an old name, so I'm just FT.

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SGT: I like FT.

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FT: FT has a little – it doesn't have as much the same ring as a sergeant, but –

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SGT: That's become my LA nickname. It's funny. My New York nickname is Tuttle. It's a cooling coach situation.

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FT: Funding. How did you fund it in the beginning? You have scaled beautifully. Now, you have even more that you're working on collaborating with different brands. I see that is music to an investor's ears. They want to invest in businesses, like dry bar. You made that example – you gave that example where there is VC potential there. How did you go about funding it? Is VC a part of your financing journey?

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SGT: It's such a good question, because we have such a unique funding story versus other businesses in consumer, and definitely in beauty. I initially funded the business with my savings from working 10 years on Wall Street. Two years into the business, we had enough success that the salon business was a proven concept and we could bring in investors. Then a story that I haven't really shared much is when we were raising our series A financing, which for anyone who's just starting a business, it typically goes, this is consumer, this is not tech, right? I'm just looking at it from that lens. It typically, goes friends and families or seed. Sometimes there's a seed extension. Then you go into series A, B, C, and so on.

That's for consumer. When I was fundraising for my series A, so I had raised my friends and family, which is a tiny round, and my seed, which was a little bit bigger, but still in the world, the funding was quite small. It was right in the pandemic and we were becoming profitable. I really, I'm sure this is super relatable to a lot of people, but especially women, given we are funded about 2% of the time. It's definitely a real fear.

I'm always afraid of running out of money. So, when we were fundraising for the series A, and as we're becoming profitable, and I'm trying to raise five, seven million dollars, an advisor pulled me aside and said, "Do you need this funding? You're profitable right now. You're on this path to stay profitable. How much money do you actually need?" It was a really important question and thus lesson for me, because I was letting the fear of not having enough money. Both from growing up and my parents, just being very, very strict on budgeting, etc. Our financial picture constantly changing personally to working on Wall Street, and always making sure you're making absolutely every single dollar for your investors that you can, really gets the best of me, because that fear was my biggest challenge.

I really want to share that lesson when people ask about funding with other entrepreneurs, because as many of us know, like so little funding goes to female founders and even less for women of color, but the question is like, I was able – or the push was, I was able to go back and look at the fundamentals, something that I don't love doing. I don't love looking at the finances. I love looking at seven metrics, and that's it, but I had to look at the model, the financial model. I said, "Oh, my goodness. I mean, we barely need any money right now." If we continue as trajectory, I don't need to raise a series A. So, we ended up not taking the money, taking a very – a seed extension. That was the last time we raised money, because we are profitable. We have a line of credit when we need it for POs, etc.

Not only did I not give away this huge percentage of my business, which obviously is what everyone focuses on, but more importantly, I learned a lot more about my business than just, oh, we have money in the bank. It's fine. It's fine. I'll just be the face of the business. I really pushed myself. Then in addition, this is a whole another complicated answer, but the less money you take and the less money you take from VC back to your question, the more control you have of your company.

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FT: Oh, yeah.

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SGT: Your operating agreement, which is super in the weeds, but you get to decide who has what controls. So, that's a really big lesson for me that I want to share with others about funding.

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FT: Well, you basically took pages out of my new books, Sarah. *A Healthy State of Panic*. It's all about facing your fears and not to say to ignore them. Your fear of financial volatility, which you experienced maybe as a kid growing up or that expectation that money, you could run out of it. So, maybe that even helped you to an extent, because it got you to a point where you were being really careful with your spending and how you were building all of in June in the beginning.

Yeah. You had a point where the fear could have made you stuck or taken money that you didn't need. Then you have another problem here of like a VC on your back. Instead, you face the fear, you understood the root of it. Then you – sometimes when a fear shows up, it's like, I got to just get educated, maybe. I need to look, dig a little bit deeper and find out what I'm afraid of, the number. So, let's face it. You did. You came to a much better solution. We should mention the reason you were actually really profitable.

I think, I'm going to take a guess here. Right before the pandemic is because you did something that was very, you had the foresight to know, like we're going to go into people's homes, we're going to create systems. People can do this not having to come to the LA salons. Well, how did you have that foresight? Because everyone in the pandemic is trying to pivot to a digital option, an at home solution. You already had it. You had already hit the ground running. Where did that crystal ball come into play?

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SGT: It's so funny, because I don't think I'm a person who sees the future. There are definitely, we all know those people in our lives who just can sense the shift in the world. I do not think I'm one of those people, but this is one of those examples where we were absolutely, no one could have predicted, obviously, but we were absolutely ahead of the curve. We always have been

about, and I say this all the time, so I feel a broken record, but it's true. We've always been about letting the consumer show us what they want, what they need.

We knew that an at home mani system, which is our version of how you get a mani, a salon mani at home, a mani in a box, we had that vision in 2016, 2017. We launched in 2019 to your point that we were before the pandemic. No one could have predicted that the pandemic was going to force us into doing everything at home, but what we did understand is that we knew that the consumer across the country, essentially, you had the coast constantly getting their nails done, because there was less expensive options and more manicurists. Everywhere else, essentially, outside of three or four cities, people were really frustrated and they were frustrated with at home products and they couldn't afford to go to salon weekly, but they wanted their nails to be done.

It was really obvious to me. Okay, we need to disrupt the at home piece of this. You look at every other beauty business. There's all these options in at home and there really wasn't anything in nails. So, we really want, I think the other thing is like, in 2020 like it was so exciting to have something that was to give people some sunshine in their lives, in a very crazy time. But there was a ton of work that we had to do on the inventory side.

There was so much that we didn't anticipate. Even though we anticipated what you would need, we sold out three times. We had no idea how much inventory to have, but we've always been that brand that really thinks about the consumer, a customer, what do they want? What do they need? I don't want to sell you products you don't need. I only want to sell you stuff that you actually are going to be excited about. Then we went live every day for seven weeks, because we knew people who are like, "Okay, I'm buying these mani kits. Now, I don't have no idea how to use them."

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FT: Right. The tutorials.

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SGT: Yeah. So, for 15 days in a row, I went live. But I don't know if it was a crystal ball or more so. We were getting that information anyway. We knew we want to spread, Olive and June to everyone across the country, across the world. We also understood that there was an affordability and a time piece to the salon that wasn't going to be scalable in the mass market.

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FT: I mean, I'll be the first to say, like I don't have time for all the beautifications. I want to do all the lashes, and the nails, and the hair, and the this and that. I also want to like run a business, and see my kids, and take occasional naps, and showers, and sleep consistently. It just, I can't. But I will say that you're right. People are hesitant to do this at home, because when I do my own nails sometimes, it's not pretty, but you teach us how to do it. You also provide the back, the support, the base code, the polish on top. You thought the whole process through.

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SGT: I think the thing for me that matters the most is that people can get, like literally get salon mani's at home themselves. To your point, we have a mani system, which is our manicure in a box. It's everything you need. All the tools are there. You have the color, the top code, you have everything you need, right? Then as we continue to evolve into press-ons, both with glue and now with tabs, what I've always tried to do is make sure those mani's lasts as long as possible as well.

The products are super effective, whether it be a polish, our press-ons, our care products, cuticle serum, clippers, anything that we sell, we try to make sure that it's not only easy to get the first result, right? The salon manicure result, but then it lasts, because to your point, people don't have time and they don't want to feel like, I have to change my nails every two days.

It's something for example, I'm wearing tab press-ons, we have press-on with sticky tabs and stay 14. They haven't moved. In some ways, that's too long, you guys, because like you just, sometimes you don't want to make your products too effective, like it's like the glue is supposed to last two weeks, the tab is supposed to last a week, but like we made our tabs really, really

adhesive, super strong, because I want you to feel like you can get this at affordable price, but to last a long time – yeah, exactly. ROIs.

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FT: Cost per wear. Diminish that cost per wear.

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SGT: Exactly. Make it, so that people only are changing their manicures and pedicure when they want to be, not because it chipped or popped off.

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FT: Going back to that growth that you experienced, that astronomical growth in the pandemic. I mean, just to let listeners know. In 2020, I read that Olive and June grew 1500%.

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SGT: It's true.

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FT: Any business that experiences that, there's a lot of excitement, but then it's about how do you harness that? How do you leverage this and make quick decisions that are important, because that can be just a moment in time? How do you make it so it's not a moment in time? What were some of the changes or the decisions that you made in light of that rapid growth, so that you could create sustainable growth? Maybe that's not going to be every year 1500%, but so that you could at least milk it for as long as you can. Leverage the momentum.

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SGT: I would like it to be 1500% every year. If someone could manifest that for me, that would be incredible. We look at it in a number of different ways to make sure that we continue to be growing every year since. I think it started with inventory and like a real inventory planning, which is super unsexy of a topic, but is the backbone of what any consumer, digital consumer product business, but also obviously, retail as well. You have to have the inventory. You have to understand that demand planning. We staffed up pretty heavily in roles that were again, that were probably more on the inventory and finance side as well, as we exploded in marketing and obviously, we hired a number of people on the revenue and marketing side that were incredible talents.

I think we've always been able to shine pretty brightly as a brand, because we have a very specific vision of how we show up. But we've always wanted to make sure people know about us and understand how to use the products. So, education, content, inspiration is his own. Then we hired someone in community, right? Really be talking to our community, really be talking to our customers as they were navigating this journey. Then it was, where do you go in retail? Where do you go outside of the digital footprint that you have? Being thoughtful about which retail partners you choose and why?

I think, I honestly think it goes back to what I said. I think the first answer, which is we'll figure it out. We just did. I don't think that there's any roadmap for any business, because you'll listen to all these podcasts and people have a completely different story as to how they built it. I think that sometimes the danger of VC investors is that they believe it's a plug and play of exactly how you have to execute something, just like a refunding story, just like our retail story.

I mean, we were exclusive at Target for four years. I think that's longer than any beauty brand has ever been exclusive at Target. We did it our way. It really worked and really built the business in the right way where the consumer trusted us and understood who we were, but we built it and scaled it in a really thoughtful way. I mean, 1500% is explosive growth. We were just holding on for dear life.

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FT: I think what's notable too, is that you do have these multiple revenue streams, the systems, the polish, the press-ons, the salons are actually no longer. Do you have any goals to bring back the salon experience?

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SGT: Emotionally, yes. I say this all the time. I would love to. It's a really hard thing to do when you have just a business exploding on one side to then bring in another, just a really a different business. I think about it all the time. I wish we could. I think it's definitely not in the near term, but – we do practice all the time. We just do events. We just did an event with benefit, like we love doing events. We also do a number of appointments, atom appointments for people, but it's just not, it's really, really hard to have dual focus, because you were saying multiple revenue streams, like the polish, and the systems, and press-ons. I actually don't think of it as, I don't think of it in that way.

When I think of diversifying, I think about it not about products, but about how do we meet the diversity of all of our customers? We have four different types of customers. We have our e-commerce customer. It's obviously, the oliveandjune.com customer. We have Target. We have Walmart and Walgreens now. Those customers, like for example, the Walmart customer loves red nail polish. The Target customer isn't as into red, ironically, given their logo. The e-commerce customer s polish more than press-ons. We really catered our community in every distribution channel.

The thought of bringing on salons when they already have four, I mean, they've overlap, obviously, a ton of overlap, but like unique types of customers. I just want to make sure that we're serving everyone in the right way in a thoughtful way before we add either any other distribution channel or another product or another business, really.

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FT: I see it in your future. I think that is a –

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SGT: I would love to. I mean, I used to –

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FT: I think everybody at this point would be in a waiting list to get your nails done. Can you even imagine?

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SGT: My friends used to call it the Vortex, because like when I was in the salon, I was so into like, I loved our team. I loved front desk. I loved answering phones. I loved the – like clients when they're sitting in there, like I wouldn't respond to texts for hours. I would be like 30-minutes late to lunches. I just loved being in there. I think my friends would disagree with you. They want me, like they like that I'm at a computer and I can sometimes respond in a couple of hours, but –

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FT: More accessible. Yeah. You wouldn't limit your time there, but – more time to everybody else to go into the Vortex.

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SGT: I know. It's the best. It's really the best.

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FT: Well, this was taking us to the last question that I had for you, which is just life today as an entrepreneur at the helm of a flourishing business, which is not to say that you don't have your hard days and your failures, but how has being at the forefront of Olive and June impacted your personal life? If you were still working in equity sales at J.P. Morgan, how might your, let's just say, your day-to-day life be different? I know also you have a daughter and you have many other priorities outside of work.

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SGT: I mean, I would still be dressing like a finance, bro. No, I'm just kidding.

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FT: Really. Yeah, because –

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SGT: No. I was teasing.

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FT: You look very like Zen – the long hair. You couldn't wear that to –

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SGT: No, I'm probably kidding, although I love those TikTok that are like finance bros, where like fleece best, which is like completely –

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FT: Yeah. Yeah.

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SGT: I wore suits and much more formal attire for sure. Since I left finance, I've had a daughter named Noah, and she obviously is my highest priority and my favorite person, but it's really like I have two kids. I have Noah and the second child is Olive in June, so I work more hours than I did in finance, but I have the flexibility I need to be with my daughter. So, I can manipulate my schedule now, so I can pick up from school a few days a week, especially, since the world's

gone remote. We don't have an office that I'm in every day. That flexibility comes with having your own business, which is key difference.

I intentionally really only had one child, because I didn't want to split my time between her and her sibling, because of how demanding Olive in June is, but that those demands, I can fluctuate my schedule. I also have become like personally, I become incredibly efficient with my life. My calendar is my life. I know exactly what's happening at all times. If I have a to do, like I don't really have a to do list, it's my calendar.

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FT: Yes. I've heard that, like just make your calendar your to do list, like at 1:30, I'm doing that. At 2:00, I'm doing that. It's more likely to get done.

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SGT: Absolutely, because the things that I focus on, my priorities in the business are obviously the day-to-day priorities of the business and being a resource to team, but then also, where do we go next on innovation? Where do we go next? Where are we going to sell next for our consumers? People ask us all the time, like can you be a DIY bestie in other categories? So, those things that I'm thinking about, about pursuing, and what's next has to go on my calendar. This goes on to do list, I'll just ignore it. It has to be slotted in so there aren't seven meetings that are slotted on top.

I would say my life is completely different, much, much beyond wearing cooler clothes, but it's also, just, it's more flexible, but it's more demanding for sure. My life now is 10 times more demanding than my life was in finance.

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FT: But it's your demands, not somebody else's that you're adhering to.

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SGT: Yes, and you're creating this joy for other people. I mean, we love being joy for people. It's so exciting to make people feel like they're best selves or they feel confident, they feel pretty, they feel, like whatever the word is that they feel when their nails are done, to be a small part of people's joy, like to be a small part of their lives. By the way, it goes from everything to you just want to – you're at home and you're talking to someone or you're like washing dishes or you're doing work to wear your nails on your wedding day, right, or when you give birth to your child, like some of these biggest moments in your life that you could be part of. It's just really, it's a much better feeling for me. It fills my, what do they say? Like, it fills my bucket?

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FT: **[Inaudible 0:28:40]**

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SGT: Yeah. It's **[inaudible 0:28:41]**, but like, it fills my bucket. That's what they say of my daughters in third grade. To make people feel good about themselves. That's really what it's all about.

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FT: Well, Sergeant, thank you for spending some time with us. Sarah Gibson Tuttle, Founder and CEO of Olive in June. We're fans here. Collette and I. I think you might have found some new fans in our audience. Thank you so much. Happy New Year.

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SGT: Thank you. Happy New Year.

[OUTRO]

[0:29:09]

FT: Thanks to Sarah Gibson Tuttle for joining us. Learn more about Olive in June at oliveandjune.com. I'll see you back here on Friday for Ask Farnoosh. I hope your day is so money.

[END]