

EPISODE 204

[INTRODUCTION]

[00:00:32]

FT: Happy Monday So Money listeners! Welcome to a brand new week. I'm your host Farnoosh Torabi. Now, if you're someone who's always on the go, looking for a way to consume the day's top new stories in the fastest way possible, you may already be a subscriber to this or you've heard about it, but you have to check out theSkimm - one word. It's a free, daily email newsletter that goes out each morning, gives you all the important news across subject lines, and party lines. It is simple, and kind of a sassy roundup of the latest news stories with fresh editorial content catering mainly to a young female audience. It's fun to read, easy to understand, easy to explain to a friend after work at a happy hour, what's say going on in Greece or the latest in the electoral race.

And I'm not only a fan, I guess you could also say I'm sort of a contributor to theSkimm. In my partnership with Chase Slate, the brand partnered with theSkimm to create some cool and interesting editorial content around financial fitness that I helped create. So I'm very proud to introduce today's guests, the co-founders of theSkimm. They are friends, Danielle Weisberg and Carly Zakin and you're gonna love their story. Carly and Danielle, they originally met in Rome, they were studying abroad, it was a rainy day and they were both studying in Rome, they were in college.

Years later they reconnected in New York as they were both producers for NBC News - how about that? And they not only became fast friends again, but they also became roommates and co-founded theSkimm from their living room couch. Both of them have now been included on Forbes 30 Under 30 List this year. They were honored by Goldman Sachs Builders and Innovator Summit as one of the most 100 Intriguing Entrepreneurs in 2014. Danielle is a Tufts grad; she hails from Chicago. While Carly is a New Yorker who attended the University of Pennsylvania. And what brought them together and what really sparked theSkimm, was and is their passion for news. And so these ladies are just a force to be reckoned with, and they're also really relatable. I loved talking with them.

Several takeaways from our conversation; how they as two novice co-founders of a very, very fast growing company are learning how to successfully run a business on the go. Who do you trust? How do you learn on the go? Interesting - how they accumulated credit card debt to start the company. Carly and Danielle in fact just emerged from debt, believe it or not. And what's the future of theSkimm? The company recently received a huge round of funding, multi-million dollars. What's next?

So please welcome today's fabulous guests, Danielle and Carly, co-founders of theSkimm.

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[INTERVIEW]

FT: Danielle Weisberg and Carly Zakin, founders of theSkimm. This is a great day on So Money, we are "fan-girling" like you wouldn't believe here in our studio! So thank you so much for joining us and gracing the show. Welcome.

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DW: Thank you so much for having us!

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FT: This has been, by the way, I wanna say Happy Birthday! This is theSkimm's third anniversary, right?

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CZ: Yes, we just turned three over the weekend, so very exciting!

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FT: And to hear your story about how you both met in Rome on a study abroad trip, years later reconnected at NBC, then soon after that left NBC to start this venture. You were both frightened about the prospects, and in a relatively short period of time you have just gone bonkers! I mean just looking at the news, you've gotten millions of dollars in funding, Oprah calls you a friend, you have one and half million subscribers, and growing. Your open rate, which is really nerdy here that I'm gonna talk about this, but your email open rate - which is how many people actually open the daily email - is something like 40-45%, which is beyond what industry average is.

So to hear this story, and I just sort of fast-forwarded three years, it's kind of like a fairytale. What do you guys see it as? Are you pinching yourselves? Or obviously it's a harder story from your perspective but tell us how you feel? What are you going through right now? Do you pinch yourselves every day?

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DW: I think we see it as a work in progress, very much so. Every day is a new day, new challenges, differing amounts of sleep. So I think it's hard for us to just take a step back and really reflect over the wild ride that has been the past three years because we're still so in the weeds, day to day.

CZ: Yeah, this is Carly now, and I think we definitely take time to celebrate and have like the "pinch ourselves" moments. I think it's very, very, very surreal and that never, ever - that feeling doesn't ever get old. But we also know that we're building a business and it's not a success yet, and we just kind of keep focusing on building it.

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FT: How are you learning how to build the business? The two of you didn't come from necessarily like business backgrounds, startup backgrounds. You were journalists, you were in the news world, and your passion really led you to this venture. How now, do you find yourselves learning, and educating, and troubleshooting all the business aspects of running a

business. I mean, how do you know, what instincts led you to get to the point where you have one and half million subscribers? That's phenomenal!

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CZ: Thank you! This is Carly, you know I think for us, we ask a lot of questions. We're really good and really annoying at asking a lot of questions. I think as journalists, I think we honed a skill of being able to tell a story and I think if you were to tell our own story, is that we know what we know, and we know what we don't know. And with running a business there's so much that we didn't know three years ago that we still don't know. And I think our strongest asset as founders, honestly, is that we raise our hand whenever we don't know something and then find out who that person is that can help us know it.

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FT: It's also probably surrounding yourself with people you can trust. How do you know that you're around people that have the good ideas and are interested in seeing you grow the right way? Have you developed an instinct for that?

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DW: That's a great question. I think we've always had that instinct. I think we're very private people, personally. That's always been how we are, and I think even more so since starting a company. I think it was pretty easy to tell in the beginning because we didn't have anything but an idea, so the people that were willing to lend us time then, I think in our eyes, went a long way. Same with our first investors who were willing to believe in us when it was just the two of us, our laptops, and a couch. So I think we remember who was there in the beginning and who really dug in and helped us to get off the ground. And that's something that it's gone a long way with us.

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FT: Where were you when you both decided, we're gonna do this once and for all, and you didn't look back? Was there a moment in time? I'm sure you contemplated this for a while, but there had to have been that moment where you did the high five and you were like, "We're out. Mic drop from NBC. We're starting this, we're starting theSkimm."

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DW: You know it wasn't really a moment, believe it or not. I think it was so hard for us actually to pull the trigger because we loved NBC and we loved our old jobs and we loved our co-workers, and we loved what we did. That's not why we left. I think there were, it was building for us and I think honestly continually looking at the calendar and seeing, "Well it's the summer. If we're gonna try this we should do it now because if it doesn't work we'll get hired for the election," which this was in 2012. So it was sort of, we were being strategic from that standpoint of thinking about a fallback plan. But there really wasn't one kind of lightning bolt moment I would say.

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FT: Ad Age describes your approach to targeting millennials, particularly millennial women, as "killing it".

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CZ: That was nice of them.

[00:08:52]

FT: Yeah! And I have to say, as a subscriber, as a - I'm on the cusp of Gen X-Gen Y, but I like to consider myself a millennial cause it keeps me cool and in the trenches. I love the style, the tone, the structure of theSkimm. How do you have your pulse on this? How do you research how to properly address this target audience so well?

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DW: I think the key is that we don't research. We did research about them from an economic perspective and researched in order determine if this was the demographic that we should focus on because we saw how much money they were influencing and how badly advertisers wanted to reach them. So that kind of confirmed our thought that there should be a new source that's geared towards this audience because they're certainly not connecting with morning television in the same way, nor are they waking up and jumping out of bed to go to CNN.com, for instance.

So we wanted to create a new source that fit into their routines. But we did that because we saw first hand that our friends, who are smart and educated and went to great schools and have great jobs, would ask us pretty basic questions about what's going on in the world. So when we think about talking to this demographic, we don't think about it as necessarily talking to an average female millennial out there who likes to hear X, Y, and Z. We just think about it as having a conversation with our friends.

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FT: You mentioned they're not going to CNN.com, we're pretty sure people aren't watching TV as much these days. Is the email newsletter the future? Or in some ways people might say it was the past cause you've had Daily Candy in the past and for men it's - I forget the name of the...

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CZ: Thrillist.

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FT: Yes. Thrillist. So interesting that you took sort of an older model and refreshed it. And do you think this is gonna be the sustainable model?

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CZ: You know I think for as we are a little bit of old meets new and we like being that, I think, you know, we were told when we launched that email is dead. And people would email us that to tell us that. [FT: Laughs] So we found that pretty ironic and funny. I think, I hate to say that it's the way of the future, I think it's really just email's an incredibly strong marketing tool when it is done correctly. And when you know the audience that you wanna reach, it's the best way to reach people. So we feel really confident and grateful that we chose to launch with email. But you know of course there's obviously strengths in other platforms.

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FT: So what's next? You're celebrating three years, you just - late last year you received a big round of funding, advertisers are really interested in working with you, partnering with you. What are you working on in 2015 for theSkimm?

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DW: Yeah our focus for 2015 is to continue to grow our subscriber base. We have a value on growing not only quickly but also with an engaged user base that really enjoys the product and would tell their friends to sign up. So that's something that's very important to us. We've also doubled down on resources for our Skimmbassador Program. So now it's over 6,000 brand reps throughout the country, they're kind of our grassroots marketing machine and they have contributed to over 10% of our user growth. So we're always thinking about ways to innovate and make that a program that really returns value to them.

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FT: What has been the most - and each of you can answer this - what has been the most exciting out of body experience, perhaps, that you've had since launching this site. For me it might have been like when Oprah [Chuckles] said that you guys are great and wants to support you.

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CZ: That certainly has been a moment. I don't think there's been one single moment. I think it's been a series of a few, I think. Having - we've been doing Skimm Your Candidate and being able to interview presidential candidates has been just very surreal for us. I think having the first lady guest Skimm and knowing that she reads the product every day as well is right up there with Oprah. I think it's also seeing our Skimmbassador program, we just had our birthday last week with all of our Skimmbassadors and just literally looking around the room and seeing 100's of people who are just so devoted to the mission of theSkimm, of making it easier to be smarter. It was just so surreal and that never get's old.

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FT: Well another reason why I wanted to have you on the show, in addition to being these amazing, ingenious, female entrepreneurs with this great product that I subscribe to, you're also millennials living in New York City, had the hoods-put to start a business in your 20's, I wanna now pick your brains about money because so many of my audience, also I think, is in your psychographic and in your demographic.

If you each had to distill your financial philosophy in a sentence or two, what is it?

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DW: I think unfortunately my financial philosophy has been very reactive. I think it's been trying to pay off credit cards, trying to save enough so that we could quit our jobs. Trying to then pay off credit cards again because you rack up money - you rack up credit card debt when you're not getting a salary. And that was certainly the case for us in the first year of our business. So I think it's been reacting to a lot of different financial situations, trying my best to get a handle on them and I think one of the things we're both trying to do right now is switch our financial philosophy to be proactive and start really thinking about, "Okay, where do we wanna be 10, 20, 30 years from now and how do we start working towards that goal?"

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CZ: Yeah, and this is Carly, I would say my philosophy is that I need a philosophy [FT & CZ: Laugh] I think we haven't had the luxury to really get one yet. I think we have been really reactive in the last 10 years, I would say, and specifically in the last three years of starting the Skimm, trying to figure out how to have one that makes sense.

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FT: You're both in New York City, how has that impacted your financial goals? I mean it's hard enough starting a business anywhere, add to that the stress and the volatility of being in New York City, the financial stress. How has that been a resource, but also perhaps difficult for you two?

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DW: I think, so I grew up in Chicago and Carly grew up in New York. So I think as someone that moved to New York, I'm always struck by the energy that I see here at all times of the day. I grew up in a big city, I love the energy that comes off of being surrounded by people all the time and being able to walk out your door and hail a cab. But I think in New York it's a whole other level and I think that's really important when you're starting a company.

It's nice to know that even if you're up until four in the morning working on someone, there is someone up probably across the street that's working, or not working, but is definitely up. And I think even at odd times in the day or night, you can walk out the street and see people. So I think it's always a hustle and I think that's something that we definitely fed off of when we first started. I think that's also something that pushes you, and pushes you, and pushes you. And sometimes you just need a break.

[00:17:03]

FT: Yes, yes. Well said. Well take us back to when you were both very young, growing up in your respective towns in your families, how was money introduced to you? And if there was a particular money memory that you each had that now as young adults you feel as though it was a very defining moment, what was it and what did you learn?

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DW: For me, and I think speaking for both of us, I think we were both entrepreneurial without realizing we were entrepreneurial. Meaning that we both had internships at early ages. In my family I always had a job, whether it was an internship or whether it was scooping ice cream or waitressing during the summers. And that was something that I really liked, was having my own money and not having to depend on my parents to go buy something if I really wanted it. Now I'll caveat that by saying that my parents were paying for everything else, so it was really just pure disposable income. But I think I really liked that feeling, and that's something that I carried on with me.

I think a money memory, I was just thinking about this the other day, I used to do lemonade stands and I would only do them on big weekends. So the Air and Water Show in Chicago is like one of the biggest tourist weekends, and I would make like \$300 in a day.

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FT: Wow!

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DW: And it was something - my little sister is like nine years younger than me and she would do it, and she actually made enough to buy herself a Macbook over the weekend. So you can see how prices have inflated since I was doing it. [All laugh] That's a great memory! I had fun doing it and I really liked selling things to people.

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FT: And what a nice legacy lesson you left for you younger sister as you went off to college and she was running her own lemonade stand.

How about you Carly?

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CZ: Yeah for me, I think as Danielle said, I think we both grew up entrepreneurial without realizing it. My mom started a business literally from her bed, working from home and I started from my couch so I guess I inherited that. But I think one of the things my mom taught me really young, I would get an allowance and she would say - and it was not a big allowance - and she would say, "Just put a dollar away every day. It adds up." And so literally from like middle school I always just put a dollar aside. And at the end of the month that added up to \$28 and I was like, "Oh wow, that was so great."

Now I think where I need to get my financial philosophy down is that I would then spend that, I wouldn't save it. But I think that it was like the first time I remember really understanding, "This is how I can save," and I worked since I was 14. I started babysitting and then I tutored all of high school and all of college. And so anything that I ever wanted to buy myself that I knew my parents weren't in support of, had to come from myself. And I think I really valued that my parents taught me that I had to work at young age.

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FT: I think there's actually a study - I have to find it - that concludes that the earlier you begin to earn your own money, the more likely you will not only be financially independent as a young adult but you'll actually be the entrepreneur among your friends. The entrepreneurs, if you look back at their childhood, they were finding ways to make money at a very young age. So I think you're both absolutely right, that while you may not have been creating business so to speak, that you really enjoyed being financially independent and there's no better ticket than running your own show when you're an adult, you know, having your own business.

So yeah, the dots have connected!

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CZ: Yeah I think so.

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FT: So you're young, and to ask you now for a financial failure and a financial success you might find that you have limited [Chuckles], limited anecdotes. But if there was a financial failure that you experienced, and it doesn't have to be a calamity, but for a lot of millennials it could be that "I took on too many student loans," or "I racked up a lot of credit card debt," or "I'm repairing my credit," or anything that you might want to share as so many of our listeners here are either going through some struggles or, I dunno it's just nice to hear that you're not alone [Chuckles] in your struggles. What would be one example?

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CZ: We both learned the hardships of building, racking up credit card debt. Both with reason - good reason, sometimes without good reason. And I would say the good reason is we really took a risk in starting theSkimm. We only had two months of savings when we started, and we truly lived on our credit cards for a year. We believed in what we were doing so much, we were like, "We'll just figure out how to pay for it." And not saying that was the smartest way to think about your financial well-being, but it was a risk we took and felt comfortable taking, being 26 and not having kids or any real responsibility yet. I think, just to put it in perspective, we just both came out of the credit card debt in the last two months, and that's three years later.

So I think that in a way is the credit card debt that we took on with purpose. I think the other times that we both have taken on credit card debt is being really naive and immature, honestly, and thinking, you know, I remember one year I was like, "I just really wanna buy everyone in my family really nice Christmas presents." And it took me like two years to pay off all the credit card debt because, you know, the interest and everything like that and it was just one of the stupidest things I've ever done. So I think we've learned the good and the bad, and I think still trying to train ourselves. I would say, just trying to have more restraint and then really living off of a budget.

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FT: Were you both living together as roommates?

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CZ: We were.

DW: Yeah.

[00:23:19]

FT: So in some ways that's good because you're both in the same financial boat, there isn't one friend that's like, "Let's go out and party!" And the other one's like, "I'm gonna eat tuna fish out of a can tonight, sorry."

[00:23:30]

DW: Yeah. I mean I think the biggest financial mistakes we made definitely came to credit cards or around credit card decisions and habits. And I think that's something that a lot of it, you know as Carly said, it was with good reason. We didn't have another viable option to be able to quit our jobs and start something from our couch unless we racked up a certain amount of debt. I think though, just to my understanding of credit cards is before I started theSkimm when I graduated college and when I was first opening my credit card, I really didn't understand interest in a real way and why you need to pay things off and how that definitely racks up.

I think I'm someone that always liked to see a certain amount of cash in my bank account, so I would kind of ignore the overall balance of my credit card bill as long as I was making the minimum payments and really wasn't thinking about the interest that I was racking up.

[00:24:36]

FT: Yeah it doesn't hit you until you have that balance that's carrying over and over and over. But I do think it was helpful that you were both paired together under one roof. Cause I think in your 20's especially, as you're grappling with financial obligations like having friends that aren't

necessarily sympathetic to that or they're living off of their parents credit card [Laughs] as it may be, it can be even more challenging to get your own financial ducks in a row. So sounds like you each were each other's support system.

What would you say is a habit now that each of you has as you're trying to, as you say, be proactive about your finances as opposed to reactive? What's one habit that you're trying to incorporate into your financial life that you're hoping will support you along that goal?

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DW: We have the same habit, which Carly introduced me to, which is Digit.

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FT: [Gasp!] I just had the co-founder on the show the other day!

[00:25:44]

DW: We love Digit. I think for us, anything that takes the kind of active thinking about what we're saving and just kind of analyzes what we should be saving and takes it out for us, is amazing! It's a time-saver, and I love how they communicate with us. I love the text message alerts and it's just enough information, but not too much.

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FT: The company has actually saved Americans over \$20 million dollars in the short time frame that it's been around. And so, and like you, Ethan Bloch is - I think he's a millennial? So he's definitely another person that's on the pulse of what this generation wants and needs when it comes to consuming and saving and so my hats off to all of you!

Alright, ready for some So Money Fill in the Blanks?

[00:26:36]

CZ: Yes.

[00:26:37]

FT: Okay, this is kinda cheesy but it's also, you can make it as fun as you want. I start off a sentence, you finish it. And don't feel like you each have to answer or finish the sentence. If one of you has an impulse reaction, just blurt it out!

If I won the lottery tomorrow, let's say \$100 million, the first thing I would do is _____.

[00:26:57]

CZ: Pay back my parents for my education.

[00:27:01]

FT: And who's this? Who was that? Danielle?

[00:27:05]

DW: That was Carly.

[00:27:06]

FT: Oh that was Carly.

[00:27:07]

DW: That was Carly. And mine would be, help my parents pay for my sister's education. She's in college right now.

[00:27:15]

FT: Awe that's nice. There's a lot of money leftover, hopefully from that, [All laugh] from that lottery winning.

The one thing that makes my life easier or better, that I spend money on, the one thing that you purchase, or buy, or pay for that makes your life easier or better is _____.

[00:27:30]

CZ: I was gonna say shoes, but that's not the right answer.

[00:27:33]

FT: [Laughs] That might be the answer to the next one, which is your biggest splurge. But something that you spend on that helps make you either productive, life easier, better quality of life.

[00:27:45]

DW: Getting my nails done [Laughs] is probably not the right answer to that but it's a pretty, at least in New York, it's a pretty cheap spend for like 30 minutes of just being able to sit down and relax.

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FT: There is that aspect, yeah.

[00:28:02]

CZ: I take a taxi everyday to work. And the reason I do that is because then I can do work calls. So I actually find that it gives me like an extra 20 minutes to be productive for work, because I just am not good walking and talking on the phone. And I also wouldn't be able to do that on the

subway, so for me spending that \$7 cab ride in the morning is worth it to be able to just squeeze in a little bit of extra time of work to be more productive.

[00:28:32]

FT: I tell myself that all the time too. I have a friend who's very much a public transportation guy and he's always like sticking his nose up at me when I take the cabs because he's like, "Farnoosh, that's not So Money," and I'm like, "But I can talk on the phone, I can be accessible, I get work done," so I totally relate to that and it's nice to hear someone else justifying it for that reason.

[00:28:56]

CZ: Trying!

[00:28:57]

FT: [Laughs] My biggest guilty pleasure that I spend a lot of money on, and I wouldn't have it any other way, is _____.

[00:29:04]

CZ: I really like, I love - this is Carly - foot reflexology. I find it super relaxing and I definitely spend money on it a week, but I'm really happy doing it.

[00:29:19]

DW: It's Danielle, probably cabs. We both said, I justify it a lot, but I think that's probably because I'm not organizing my schedule in a way that would make it possible to get to work and do calls there. I think that's a big one.

[00:29:43]

FT: Uber? Or cabs?

[00:29:46]

DW: Um, both.

[00:29:47]

FT: Yeah. One thing that I wish I had known about money growing up, or I'd learned about money growing up, is _____.

[00:29:55]

CZ: Credit card interest.

[00:29:59]

FT: [Laughs]

[00:30:00]

DW: I think how to save, because I think my parents did it and didn't explain what they were doing to me or what they were doing for me. So I think that was a process that was kind of just like, "Oh we'll handle it," and I think it probably would've been helpful to understand the different ways that you can save at an earlier age.

[00:30:25]

FT: Have both of you checked your credit scores recently?

[00:30:27]

CZ: Not recently.

DW: No.

[00:30:30]

FT: Okay. Maybe you should! And as you know, I contributed to theSkimm on behalf of Chase Lead about credit health and one of the thing that millennials - actually they're the worst demographic at this - 40% of millennials, or maybe even more, have not checked their credit score recently. So my advice, everybody listening to the show, check your credit score, peel back the BandAid, learn what it is. It might actually be a good score, and it's worth just finding out.

When I donate money I like to give to ____ because _____.

[00:31:07]

CZ: Oh that's a good question. I donate to a few places. So I donate one to my Alma Mater, I went to U Penn, I donate to Goodwill all the time and I also am preparing to donate to a few different organizations related to diseases that have affected my family.

[00:31:29]

FT: That's excellent.

[00:31:30]

DW: Mine is probably the same thing, I donate to places where I have an emotional connection, whether it's a disease that's affecting my family or whether it's a place I went to school, or a family member when to school.

[00:31:42]

FT: And last but not least ladies, I'm So Money because ____ - Carly I'll start with you.

[00:31:48]

CZ: I'm So Money because I work at theSkimm!

[00:31:53]

FT: [Laughs] You founded theSkimm, you don't just work there, you co-founded theSkimm.

[00:31:57]

CZ: I co-founded theSkimm - I'm So Money because I co-founded theSkimm.

[00:32:00]

FT: Danielle?

[00:32:02]

DW: I'm So Money because I quit my job to start a company.

[00:32:07]

FT: And we're so glad you did! Thank you so much ladies. Again, big day for us at So Money here. We're huge fans of theSkimm. Everybody, subscribe, subscribe, subscribe. It is a fabulous, free, daily digest of the news you need to know in language that is fun and you'll just wanna share it with your friends. And I have to say, I'm learning like new ways to save things, I feel very cool when I read theSkimm. It keeps me young.

So for all that and more ladies, thank you and congratulations on the third year of theSkimm. Wishing you many, many more years.

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CZ: Thank you so much.

DW: Thanks so much.

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CZ: Thanks for having us.

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[END]