

EPISODE 571

[INTRODUCTION]

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FT: Welcome to So Money everyone, I'm your host Farnoosh Torabi. You know, we always say that it's very difficult to be an entrepreneur, to start your own company, especially this days with so much competition, our guest today actually received 148 rejections from investors to invest in her company. I mean, I think most people would take that as a sign that you either have to pivot or just scrap the idea all together and start fresh.

But our guest, Katheryn Minshew, who is the founder and CEO of The Muse, did not give up. In fact, not only is The Muse thriving today, she is also out with a new book that captures all of the findings, all of the perspectives that The Muse, which is a career platform has gathered on how to land that dream job, how to learn professional skills, and how to take your career to the next level. The book's called *The New Rules of Work: The modern playbook for navigating your career* and Katheryn and her business partner, Alexandra Kavalakas offer a guide for the modern workplace.

A little bit more about Katheryn, Clearly she's not a quitter, she's been named a smart CEO's future 50 and Inc.'s 35 under 35. Prior to founding The Muse, she worked in Rwanda with the Clinton Health Acts initiative and she also worked as a consultant at McKinsey & Company. In the interview we discussed not just her advice, for staying competitive in today's job market but how really she managed to launch The Muse with very little money, how she managed to pick herself up after all of those rejections, and hear how she fought adversity, and why she thinks being under estimated is one of the best ways to win when you're launching a company.

Here is Katheryn Minshew

[INTERVIEW]

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FT: Katheryn Minshew, welcome to So Money, congratulations on *The New Rules of Work*.

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KM: Thank you so much, I'm so excited to be here.

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FT: How does it feel being an author? I mean, you're a CEO, you're an entrepreneur, you wear many hats and now you're an author, how does the title feel?

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KM: I have to say, it's pretty surreal. I have wanted to write a book for a couple of years now and of course, you know, once you get it started, there's 15 million things to do in between having the idea, putting the proposal together and actually feeling your book in your hand. It's a great feeling but also a little bit terrifying putting it out in the world, getting feedback, hearing from people who love it, hearing from people who hate it, everything in between. So I'm really excited to be here today and you know, just getting used to having this out in the world.

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FT: You co-wrote this with your business partner, Alexandra. Both of you working at The Muse which many of us know and are familiar with, it's a fantastic website resource for people who are interested in advancing their careers and maybe becoming entrepreneurial and it really is on the cutting edge of what is happening in the world as the career place is evolving. I think, is that where your book kind of enters the conversation?

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KM: Yeah, it really does. We kept hearing from people that they loved the advice on The Muse but it was kind of overwhelming, right? We have 8,000 articles. Actually it's probably more like

10,000 by now but, you know, if you were thinking about picking the right career path for you or getting that next job or dealing with a difficult boss, there might be 30 articles or 300 articles depending on the topic but there was no A to Z way, there was no such person, mentor who grabbed you by the hand and said, “All right, let’s start at the beginning, I’m going to take you through this.”

We kept hearing that need and just at some point, it made sense for us to say, “Let’s turn that, everything we’ve learned, everything that The Muse is and does into a book,” and that’s really what we’ve spent a lot of last year doing.

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FT: There isn’t a shortage of career books out there right now, specifically for young professionals from *Lean In* to *Girl Boss* and everything in between. Where does your book advance the conversation or how does it differentiate?

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KM: Yeah, I think there’s two ways that we want in our book to be different. The first is it’s extremely tactical. You know, I read a lot of great career books that many of them are very inspirational but they don’t really take it one step further. They’ll say, “You can be what you want to be,” or you know, “Do XYZ,” but they don’t necessarily tell you how.

Here’s what an email that you might write to a potential mentor looks like. I find and maybe this is my personality but I used to be so frustrated when people would tell me, “Negotiate for yourself. You know, write a thank you note,” but I really like to know, well what might that look like?

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FT: What’s the script? Right.

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KM: Exactly, we wanted a book to be incredibly tactical, it's full of worksheets, it's full of email templates, both real life examples, emails people have sent us where we hire them afterwards. LinkedIn messages, cover letters but also just very kind of detailed steps to that guide so you can retreat the same thing but in your own voice and for your own personality.

Obviously we wanted it to be inspirational but, you know, to really let people go beyond that and then secondly, I felt like The Muse is steeped in the modern workplace where, you know, you're just as likely to do a Google Hangout as a telephone call, as an in person meeting. So we wanted to make sure that we've really went through the rules of work that the how to is from A to Z but updated it for today. I think there's certainly topics that you're going to find covered in other books that I'd like to think we've done in a pretty fresh way.

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FT: You said earlier that you loved getting the feedback, the good and the bad. What's been some of the criticism or what's some of the reviews that weren't so glowing?

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KM: Yeah, I think it's really a matter of what you're looking for from the book and the place that someone's in when they read it. Generally what we found is that people that are either earlier stage in their career, contemplating a career change have tended to respond incredibly positively. We've also had one of our earliest Amazon reviews was from someone who essentially wrote, "I've been in the workplace for 25 years and there's nothing new here." I wanted to say, firstly, I'd like to think there's something, you know, there's quite a bit that's new.

But the second thing, if you've been in the workplace for 25 years, you may have learned a lot of this lessons and you may have learned them in a different context and that's fine. That may not be the ideal audience for this book. I think I've been surprised by the sort of diversity and ages in types of people in backgrounds who would love the book. But when we have gotten those critical reviews, it tends to be, "I already knew the stuff," to which I generally say, "Great, you've got it under control."

But on themuse.com, we are able to cover a pretty wide range of experience levels. We have content for executives and leaders and managers with the book, we really had to narrow it and so we chose people that were either early in their career and needed the basics and again, the A to Z, the groundwork or people that were making a major career change and so they may need to hear things for the first time from a perspective of outside of the industry that they've been in for the last how many ever years.

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FT: Tell us how you got to create The Muse and what was the inspiration? Let's say, if you had to write a book about your career, your personal journey, what would the title be?

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KM: Yeah, I gave a talk once that I titled, *One Million Mistakes and a Few Things Right* and that's the words that came to mind when you asked what the title of my book would be. I hope that I would come up with a better title than that but I think that I love experimenting and trying new things and they don't always have to work, and when I look at my own career, mistakes isn't quite fair but I definitely had a winding path.

I'll give you this sort of abbreviated version which is that I grew up outside of Washington DC, I was convinced I wanted to be an ambassador, a foreign service officer, a secret agent, you know, something that related to international relations, international development, political science, et cetera.

After years and years of studying, I speak French fluently, I studied Turkish language for a while, I loved it, traveled all over, I finally had the chance to work at a US Embassy in Nicosia, Cyprus in the Mediterranean and I was in the regional security office and it was this incredible experience. But I realized pretty quickly, the idea I had at this career path is nothing like the reality, and oh my goodness, this is probably not the right 20 year career path for me.

That set me into this really tough place, which I think a lot of people go through, which is, “Oh my gosh, if what I’m doing now isn’t that dream career isn’t that right next step, then what is?” I went online, I scoured job words, during this time, I ended up taking the job at McKinsey & Company in New York, moving to the city and becoming a management consultant. That was clearly not the long term plan either but I did learn a lot.

As I was looking for my next thing and, you know, going on all the job words that are very familiar to everyone listening to this, I kept thinking like, “This is all there is? This experience is the best of what the internet has to offer?” I mean, at one point, I was literally searching for business strategy director roles on a major platform, I won’t name right now. But I type that in, I hit enter and there were 5,724 results and the top one was assistant store manager, 7/11 Secaucus, New Jersey.

I was like, “Right, okay, thank you. You know me.” It just felt like this massive missed opportunity and so without going into all the nitty-gritty details, unless you want to go there, I was sitting with my cofounder Alex and we were in the living room in Brooklyn and we started saying, “What would it look like if you built a career platform that was personalized and that put the human at the center of the process and said, what do you care about? What do you want to know and let them get advice and resources and speak to a career coach, learn a skill?”

And when they were ready to research jobs and apply to companies, whether that was now or in two years down the road or five, shouldn’t you be able to see inside of those companies before you apply? When we first rolled out jobs on The Muse, we had the photo and video office tours, you could hear from employees, there’s a lot more to go but that early idea has been fairly consistent since the beginning.

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FT: Tell us how you and Alex in your Brooklyn apartment got the financial confidence to launch such a big idea?

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KM: Yeah. So I've always thought of money as freedom if you're careful with it. Meaning that, I never wanted to be locked into a specific job or in a lifestyle or anything because of money. When I got the offer at McKinsey, which was about three years before I started The Muse, it was a lot more money than I expected to be making at that point in time.

It was \$65,000 a year, which, you know, felt — because I was not married, I didn't have any dependents that felt like a lot. Even living in New York City which is very expensive and so what I decided to do was to save every penny that I didn't need to spend. By the time that I left about two years later. I had about \$25,000 in a savings account and I was still early enough in my career that I said, you know what? I want to spend this money on myself. Not on myself but on the ability to explore.

So I took a job in Rwanda that did cover my expenses but didn't really pay anything on top of that and I felt comfortable doing it because I had the savings account and when I came back to New York, I started exploring the ideas that would eventually become The Muse, but they weren't The Muse yet. My first venture was a really small media project almost. It eventually became a startup but honestly it was a project at the beginning.

When I decided to go in full time on that, I just thought to myself, I can keep my living expenses in New York City, in Brooklyn, I'm there \$2,000 a month total and so, you know, that gives me about a year. So what I'm going to do is throw myself into this for four to six months and at the end of that period, I'm going to look up and say, "Is this a viable career decision, is this a viable lifestyle?" But I'm not going to beat myself on that every day and at least four to six months have gone by.

I felt like I had the freedom to do that because it would still have left me enough time to find that next job or that next thing. I was lucky that the worst thing that could have happened is I would have had to move home and move back on a couch and I recognize not everyone has that opportunity and that privilege.

Anyway, all that is to say, that when Alex and I started talking about starting The Muse, we were willing to take some calculated financial risks. It was terrifying, I'm not going to minimize that, especially when there was a woman, Adrian, she's still with us at The Muse but she had been

volunteering, working on our first project together and when Alex and I were starting The Muse, Adrian said, “Look, I want to come on full time.”

We had to make the decision, can we afford this? Where is it going to come from? The answer’s honestly Alex and I’s bank accounts. Because there wasn’t revenue for the company yet, there wasn’t a pathway to raising capital, some investors yet, we did eventually get there but I was very transparent with her and I said, “Look, this is how much money we have, this is how much time that gives us, if you want to join, given this parameters, we would love to have you but I believe that it will work out. I can’t promise that it will but I will always be honest with you.

I’m so grateful she took the leap and joined us in our employee and we would turn down, I got 148 investors but we did eventually raise capital maybe four months later and we’re able to eventually, after we covered our core business expenses and gave Adrian a very nice raise. Eventually we were able to pay small salaries for Alex and myself.

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FT: 148 rejections. That’s a lot of no’s.

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KM: Yeah, it was really not fun.

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FT: Oh my gosh, how soon after those rejections did an acceptance happen, or were you just ready to throw in the towel after that?

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KM: You know, it’s funny, I kept a spreadsheet at the time of all the investors I was speaking to. One of the things that helped a bit was that I didn’t fully recognize all of the no’s as no’s right

away. Probably 70 of them were flat out no's but you know, another, call it 60 to 70 were much more like, "Well, why don't you check in in three to four months, keep us posted."

Effectively, in investing, that's a no. They may still come back and say yes later. We did eventually have people who did that but for the purposes of I need to raise capital to survive an immediate term, that's a no, that's a near term no. I think the first yes that we got came actually around, I think it was around 60 to 65 no's and Thomas Lehrman who I remember he was a judge on a panel, I presented the idea for The Muse to the panel, he said, "Come see me at my office tomorrow," and I came by and he was like, "I like this, I believe in the idea and I think it needs to exist."

We talked a little bit, he asked me some questions and at the end, he offered to make an investment. He said, "You know, you got to find some other investors too so once you get around together, count me in for this amount of money." It was one of the best days of the year. It was a really incredible feeling but of course, you're not off the hook.

It's hope, it's a step in the right direction, you've got to go out and find those other people. We got another yes probably 30 no's later and then a big yes, which made a world of difference was getting into Y Combinatory and that was after the full 148 and that changed our situation a bit because once they said yes, other people started to pay attention to that and come around.

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FT: Was it that your pitch wasn't getting through, or that you weren't talking to the right people?

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KM: I think it was the former and I thought a lot looking back about why we had so much trouble, 148 is unusual, a lot of people get 30 no's, 50 no's. I think the level of rejection that we dealt with was a bit unusual. I think there were a few reasons. One is that the people were pitching didn't personally experience the pain that we solved.

When you think about the classic investor, most of them, I'm not going to broadly generalize but most of them are older men, a lot of them have lived very networked, connected, often very privileged lives and they may not have looked for a job online and they definitely haven't done it in the last decade, you know?

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FT: Peter Till is not looking for jobs online.

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KM: Exactly. You know, it's funny, there were a lot of startups that got funded in our space while we were pitching that seemed really sexy. One of them charged job seekers and you know, investors were like, "Oh, I love it. It turns the model on its head." I'm like, "It's a terrible idea." You know, those companies, a lot of them I think that that were designed to appeal to what perhaps Silicon Valley felt might be the best solution to this problem, they weren't necessarily in tuned with what people, real humans across the country needed and I think we were very lucky in that we tapped in to a trend and a feeling and that didn't have a voice.

You know, I had a lot of investors pull up monster.com and say, "What's wrong with this? It looks good to me." Then we definitely also — we also ran into some situations that were also related to gender. You know, so we did get a lot of like, "You seem so nice you know? Being a CEO is hard."

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FT: My goodness.

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KM: "Why don't you just go get a job," and yeah, you know, if anything, that stuff just motivates you to prove people wrong but I would say, maybe it was 10 to 15% explicitly where people who said things like just things that you really shouldn't say out loud in 2011, 2017, whatever year.

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FT: 21st century, how about that?

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KM: Yes, exactly. Ever. Then some other percentage, I think people just, we didn't look like your classic successful founder and especially for people that were used to dealing with a certain archetype, I think we seemed unusual and we really had to prove ourselves a lot before people were willing to jump in and give us chance.

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FT: I read that one of your bits of advice for the modern employee out there or someone who is looking to negotiate maybe even entrepreneurs is to sometimes act dumb, play dumb. What did you mean by that? I think it was in the context even of sometimes it helps women to act to not reveal their intelligence so much right away. So, explain that for us because I think it can be a little controversial to say something like that.

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KM: Yeah, if I'm remembering what I think it is that you're quoting. I feel like I was like, half of my quote was given and the other half wasn't. I actually never believe in playing dumb. I would love for the world to be the way that when I walk into a room, people automatically assume that I am at least reasonably likely to be a competent, intelligent, normal human being.

It often infuriates me that because of my age, because of the way I look, people spend a lot of time underestimating me and writing me off and at the same time, when that happens, I think what I believe is that while I don't think it's a good thing in the world, there are also times when because someone underestimates you, you're able to learn something about them that they wouldn't share if they thought you were a competent opponent or a potential business partner.

You can see how they treat people in situations in which they think they have all the power and I wouldn't trade those insights for just, I mean, rather, I would love for people to just judge others based on their accomplishments and not based on their gender, their age, their race, all of the other factors.

But, I've certainly had experiences in which an investor or a partner has estimated me and I've been able to use that to either decide this is actually not a deal or a relationship that I want to enter into. I think that can be very useful knowledge. Or to make sure that we close the deal to our advantage.

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FT: Well I have heard that being under estimated can be a great advantage in business, right? Because it's like no one sees you coming and being underestimated maybe means there's less focus on you, which allows you to then kind of sneak up and surprise everybody with your success.

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KM: Yeah, I think it depends on the context but I just remember one of the first early investors who believed in us, he said something like, "You guys can get really big and no one will take you that seriously," because at the time, we were targeting women, female consumers and he's like, "And people won't even take it that seriously, and then you can grow and grow and eat LinkedIn for lunch."

I was like, "All right, thanks," you know? I mean, I think I'm a big believer in doing your best, change the way things are, but sometimes you also play the hand that you were dealt, and do the best of what you have.

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FT: Well speaking of Linked in and I know you have a lot of more interviews to attend so we'll make this the last question, but what is the hope for The Muse as far as exit strategy or just, you

know, when you think about the ultimate point of achievement for the business, what do you envision?

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KM: Yeah, separate from the financial exit strategy, my goal is for every single person who meets what we're offering who is thinking about making a major career change, getting started in their career, looking for a job, to know what The Muse is and ideally to use us to help.

My goal that we talk about a lot inside the business is how do we build a nationally and then eventually an internationally known and loved brand. Because you don't love a lot of the existing players, they don't inspire emotion in most people. They are very transactional, they do a job, they give you instant results or help you connect and I mean, I use many of those products as well, I think there's a place for them but your careers is all, I want to build a brand, a product that people love.

How that looks from an exit strategy, I mean, it's very hard to predict at this point. We're lucky in that we were in a space in which companies are very willing to pay a substantial amounts of money if we can help them hire and help them retain great people.

I think we have a business that could go public someday. We also could end up joining forces. I would much prefer the former because I am a big believer in independence but, you know. I think internally, you got to stay focused on the next year, the next three years, and your strategy for being the best and so we don't spend a lot of time, other than occasionally answering questions from people that are interviewing at the company or people externally. We try not to let that be a distraction.

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FT: Well, I hope everybody picks up your new book that you co-wrote with Alexandra Cavoulacos, your co-CEO at The Muse, the book is called *The New Rules of Work: The modern playbook for navigating your career*, congratulations.

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KM: Thank you so much, it's been so fun to do this so thanks for having me on.

[END]