

Ep #184: The Official Money Talk with Lori Paranjape



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Tobi Fairley

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You are listening to the *Design You* podcast with Tobi Fairley, episode number 184.

Welcome to the *Design You* podcast. A show where interior designers and creatives learn to say no to busy and say yes to more health, wealth and joy, here's your host, Tobi Fairley.

Hi friends. How are you? I am back today with something I wasn't really expecting to do. But last week was so much fun I just decided to do it again this week. And that is have a conversation with Lori Paranjape. This is part two I guess of a two-parter, although we didn't record them at the same time. We did tell you last time that there was another conversation still to be had all about money.

So, we're going to call this the official money talk even though we touched on some of it last week because we really wanted to get in and I don't know, get even more clear, and more direct, and more honest about exactly what it looks like to have these money conversations with your clients and to think about what it takes to build this higher level business, a million dollar business or a multimillion dollar business. And how you fill that pipeline while still saying no to more clients than you say yes to because they're just not a fit.

So, if you liked last week, this is your chance for more. I think it was incredible, I had the joy of even having an hour or two of coffee chat before this interview with Lori. We're becoming fast friends and she is one smart lady. So, enjoy this episode, part two, the continuation of our conversation last week with Lori Paranjape.

Tobi: Hey Lori, welcome back to the Design You podcast. That's a rare statement for me. There's not a lot of people that come back for round two. And you're coming back the very next week.

Lori: Oh my gosh. Thanks for having me. We had a few things to say.

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Tobi: We did. So just kind of to tell a little secret to everybody else. We've literally just had a personal two hour phone conversation because we like each other so much now. We're like, "I've just got to pick your brain." Which is so fun. And a lot of that conversation comes back to money. And on the last episode we were like, "We've got to get together and have a money talk." So that's why we're doing this episode is we're like, "There's no time like the present to tell the truth about money", right?

Lori: Yeah. There's some real truth in there that we don't talk about.

Tobi: So, you can if you want to for a minute or two, remind everybody, or if they didn't listen last week, tell them who you are and what you do, just so they're like, "Who is this woman?" And then we're going to dig into some really direct conversation about money in the design business, both with regard to the client and how we spend money in business.

Lori: Yeah, absolutely. Well, the biggest question that I get anywhere has nothing to do with design. My last name is Paranjape. And my business is Mrs. Paranjape. And I know most people read it on Instagram as opposed to hearing it pronounced. So that one gets that out of the way. But a luxury interior design firm based in Nashville with projects all over the country. We specialize in luxury new construction and full home furnishings.

Although we have some outliers within our business that I take on for various reasons, whether it be marketing or just something that I think sounds fun and I want to say yes to. So, we say yes to it. And I'm working on building a business model that serves me, serves the client and builds community within the design business.

Tobi: Amazing. And when you say you take things on for marketing sometimes, meaning you partner with people occasionally?

Lori: No, no, I mean I say yes to something that doesn't fit my business model because I think it's a positive move for my marketing. So, I might take on a high profile client.

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Tobi: Meaning if somebody is a celebrity, yeah, that's kind of what I meant. So, you might partner in a sense with a celebrity. They still pay you but it's a budget you would walk away from except for this person was on x TV show or they're ex celebrity and you're like, "Yeah, I'll do that because that's going to be fun to drive their audience over to my page."

Lori: But there's social media value and I'm going to partner with them. And they're going to talk about it on social media. And that will be helpful for my business and if I get one client out of that then they've paid for themselves and then some.

Tobi: Yeah, amazing, so good. Okay, so on that note let's jump in to talking about money. And first before we get into how you talk to clients about money which every time you tell me I just smile and high five, and kind of laugh a little because it's so bold and amazing. And I'm like, "Hell, yes." But before we go there talk to me about your money mindset because I have a pretty, I would say solid, strong relationship with money, not a scarcity relationship. But I know that's not real common.

And you clearly have that, probably I would say yours may even be a little healthier than mine. And in a good way, you're willing to repel people, you're willing to hold the line of your value. Where did that come from? Did you always have this idea of money? Did you have to build it? Where is this, is it your personality type, where did this confidence and risk, affinity towards taking risks, come from?

Lori: Well, it's funny because I don't know that I would have said to you that my confidence is the reason why I'm profitable. But I do think that that is a thread that crosses through every bit of my life is that for whatever reason, I don't know if my mom told me that I run fast and jump high, and that I'm the prettiest girl in any room. But whatever she instilled in me exists. And I do just have, I hope it's not an overconfidence or hubris. But I just have a sort of a natural confidence in myself and my abilities. And I feel I understand where my lane is.

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And where I can operate with excellence and where I should probably pull away and either hire it out, avoid it, not allow it to diminish the things that I am good at. I think I just need to stay right where I belong and what comes naturally to me. So, my confidence in my personality and in who I am as a wife, or a mother, or a friend, or whatever exists. And then I think I just brought that to my design business as I learned and grew. In the beginning I was the girl who hung up the hire me for \$35 an hour and I'll pick your paint colors girl.

And I don't know what gave me the confidence to do that, looks silly now. But I don't know what gave me the confidence to try that. I remember saying to my husband, "I think I'm going to try this and if it fails I'd like to never talk about it again. But I think maybe I can maybe try and figure this out. And then here we are 13, 14 years later." So, it's just kind of who I am I think is the answer.

Tobi: Okay. And I may have some more questions about that as you talk more about specifically related to how you show up in your business now. And I'd love to kind of even know because obviously if you started with \$35 an hour and now you're doing work for people who are multimillionaires, if not more than that. There was some major growth that's happened and in not that long of a time. I mean a little over a decade is really not that long in business, honestly.

So, along the way as we have this conversation I might kind of stop you and be like, "When do you think that kicked in?" Or, "Where did that come from?" But let's start to talk about kind of what you described to me as the money conversation when it comes to pitching and signing luxury level clients.

Lori: Closing the deal.

Tobi: Yeah, closer, yeah, you're a closer. And that's where I think that your skillset is probably beyond what you even realize. I mean I know you know you're damn good at it. But when I work with people all the time that are not

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good at this which is most people, I think it really shows how far heads and tails above you are others with your ability to close multimillion dollar jobs.

Lori: Well, we'll get into how I get the inquiries which is more than half the struggle for most designers is to get the inquiry still. But I think I got some advice some years ago that my biggest commodity is scarcity. And what I sell is not available to all and not because I don't – some people don't deserve it or some people shouldn't have it. It's more that what I tend to deliver is a high level. And in order to get that high level and for me to be successful as their designer, that there is a price tag attached to that, that there is an investment that they need to make in the furnishings.

And an investment they need to make in me as their designer in order to accomplish that well. So, my conversation with a new design inquiry phone call sounds a little bit like this. It sounds like me. Tell me about your project. What is it that you're working on? And they tell me. And then I say, "Okay, well, let's talk about money because you probably would love to know how all of this works." So, money is the very first thing and the most often thing that will go wrong in relationships with designers, it will be about money.

If we have an argument it will be basically about money. So, let's talk about money. And I will then continue to talk to you through our relationship often and openly about money.

Tobi: I love this so much. I love this so much because you're literally – and I do this as well but I don't do it quite that boldly, I love it so much. That you're in the first inquiry, literally it's question number two or category number two after they tell you about your project. You're literally, let's go straight to money. And so many people don't even have that conversation in the inquiry at all. They're lucky if they have it before they sign a contract.

Lori: We're just the most absurd industry that could use some straightening out that, Tobi, I've never had a service person ever to my house to fix anything or work on anything who I have not clearly understood how this is going to go down. A mechanic has to call me and say, "It's going to cost \$1500 to do this on your car. Would you like for me to do it?" So why the

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hell do designers not say, “This is how much this costs. You saw me on Instagram. You love that project I did, you would like to add that to your cart, how much does it cost?” And so, I tell them.

Tobi: Well, and to that point I think maybe a lot of people don’t even know, the designers don’t even really know how much it costs.

Lori: Maybe. I don’t think I used to.

Tobi: Me either early on, I didn’t either. I’m like, “Hell, I don’t know, how much do you want to spend? It could cost 10,000, it could cost 10 million.” That’s not really the truth because we now at this level of experience we know exactly how much it costs to do what they’re asking for, yeah.

Lori: Right, that’s right. So, I tell them. So, let’s go directly to it. The reason that we’re on the phone, so by the time they’ve made contact with me and we’re on the phone they have already decided for the most part, with a couple of exceptions that they would like to hire me. So, they’re not calling to find out if they would like to hire me. They’re calling to find out if they can afford to hire me.

So, for some people that’s different, early in business that’s different because people are feeling them out to see if they would like to. So just thinking about who all of your listeners are. And there’s varying degrees of success.

Tobi: Well, yeah, when you have an established brand, you get to the point hopefully, if you’re doing your branding well and your marketing well that people aren’t just coming to you and being like, “I’m going to interview four designers.” They’re like, “I want Lori, I want her look. This is my dream designer.” I’ve asked my husband, or my wife, or whatever, if we’re going to build a house, I’m only going to do it if we have her. And then they come to you and, “Tell me how much money do I need?”

Lori: That’s right. So that’s exactly what that phone call is. I know when they say, “Okay, well, I’m talking to a few different designers, let me think about it, get back to you.” It means I’m too expensive and they’re leaving

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and that's fine. That's totally okay because if they can't pay what it is that we charge they are not my client. I cannot be successful for them if they don't meet those standards. If I said yes to them I would be promising to deliver what they see on my Instagram without the budget to execute.

Tobi: Right, totally, overpromise, underdeliver.

Lori: I'm just delaying getting in trouble. So, everything about that first conversation is my desire to not get in trouble because I spent the first 10 years of my business getting in trouble about money. And I send an invoice and somebody picks up the phone as soon as that invoice drops into their email. And they're like, "Why in the hell do you send me an invoice for \$125,000? And I thought we said that we were going to do \$75,000. And how come you're doing this? And why do you send me another design bill? I thought we were finished."

I cannot stand those phone calls. That is the worst, it gives me a tummy ache and it ruins my weekend. I don't want to have this. So, I have built an arsenal of information that I deliver in the very beginning that explains to them how this operation works and how we can be successful as partners. And how I can blow their effing minds as the designer if these criteria are met then I can do that. And this is what it costs. So, I need x amount of dollars for my design fee, if they ask to negotiate that they are probably not my client. And I need x amount of dollars.

It's a huge range. And I offer them a huge range actually, depending on the scope of their furnishings investment. So, there's a range for furnishings investment. And I say, "The reason for that range is because I don't yet know if your house is 5,000 square feet or if it's 15,000 square feet. I don't know if you wish to have a stack of books, a framed photograph, a glass of water on the nightstand in guest bedroom four. If that's what you're looking for it's going to be the top number.

If what you're looking for is that the downstairs looks really great and your primary bedroom looks great then we're going to be more like that lower number." So, I'm going to tell them what it costs. I know how much it costs.

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I know, I know how much it costs, I've done it. So, here's how much it costs. And if you'd like to buy that and you want to put it in your cart and go straight to checkout, here's the number.

Tobi: So good. It is so freaking good. And it's so simple and it's so commonsense. And it's not how our industry typically works. It is just not. Imagine if we tried to go buy a luxury car, and we had no idea how much it cost ever and no one told us anything and we were thinking, surely it only costs 70,000. And then we drive it home and it's in our garage and they send over the bill and it's 150,000. And I'm like, "What the eff, I thought I got a \$70,000 car, and they sent me a bill for 150."

And they're like, "Well, you wanted the car, I didn't." That's double the cash I have in the bank. I've got to bring the car back.

Lori: It's the most bonkers setup, it is the most ridiculous setup to allow someone to purchase something and enter into a business relationship with you and they not understand the financials. You may think that you won when that client said yes. And you landed them and you text your best friend, and you tell God and everybody, "I just got this new client."

Tobi: And you're like, I already see this on the cover of fill in, high end Shelter Magazine.

Lori: Yes, it's going to be amazing. All you have done is gotten yourself into future trouble. That is the only thing that you have won is you will either compromise in order to keep that client and keep them from being angry and upset with you or you will lose them. Those are the only two ways this goes. So yes, you've landed them, congratulations. Now it's going to fall apart. And there's only two ways it'll go but you won't win.

Tobi: But the real conversation should be, "Oh my gosh honey, I just landed a client that is about to ruin our life emotionally or at some point in the next 12 months I'm literally going to have my hair on fire. I'm going to want to quit my entire business and we're going to be lucky if we don't get

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sued. But for today we're going to have a glass of champagne because this is really exciting."

Lori: That is precisely, absolutely that they are going to break your heart. They're going to break your heart, but congratulations. But here's the magic though, Tobi. You don't have to do that. Tell them how much it costs. So, they came to you, I said this in our private convo earlier. The glory of what we need to remember, I don't care if you're a designer who makes \$30,000 a year, or six figures, or seven figures. If you are on the phone with a design inquiry they called you. So, they have entered into my space.

And consider it to be my home. And they have come into my phone. And I have rules inside my house. Maybe I'm a person who requires you to take off your shoes. Maybe I'm a person who allows you to pet my dog. Or maybe I'm a person who whatever is rude to you and doesn't offer you a seat, but all of these things, I have my rules. So, I have my system for design. It's successful. I know that my system works, that I can execute, I can onboard, I can execute a beautiful home for my clients. I know that I can do that. So, I have confidence in my product.

Now I need to communicate how much it costs for me to accomplish that for them. That's really the only point of that initial conversation. Now, my style and my process may not be for everyone. So, I say that most people turn us down based on money. But there's also a process. So, I say, "We're pretty full service. So, I ask to understand your design vision and what it is that you're looking for. I'm most interested in how you live. That's what's most interesting for me so I can create an environment for you to live in the way that you like to live." And then we kind of take it from there.

So, if you are the type of person who wants to look at the linen in the sunlight and in the interior light of your home I'm probably not your designer.

Tobi: If you want me to bring you six more shades of white for the trim because you're not quite sure about the one I showed you, hell no.

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Lori: I'm not your girl. If you need to sit on every cushion I'm probably not your designer. What I can tell you is that I have spent years sitting on cushions for you. I have spent years understanding durable fabrics. I have spent years understanding how lighting affects a room. I'm going to handle that for you. I'm going to make sure that your most comfy seat when you curl up and you tuck one foot underneath you and then you reach your other foot for an ottoman, I'm going to nail that for you. You don't need to sit on the cushion, I got you.

Tobi: And it's so funny to me because I mean we've heard these analogies before. But we don't go in with our lawyer, or a doctor, or an accountant and say, "Now, I hear the plan you have for my legal. But I'm not going to need to look at that and see if wouldn't handle it a different way." Or, "Yeah, I realize you want to remove this tumor but I'm not sure that's exactly the path I want to take. So let me tell you how I'd like you to do that. Could you show me some more invasive options of how you're going to remove this tumor?" You're like, "No, get that shit out of there now."

Lori: Get your hand off my scalpel. Get your hand off my scalpel. I got this, I got it. So now that first conversation shares that. So, then they might say to me, "Oh, I'm very hands-on. I like to be very hands-on when I'm working with a designer." I'm like, "Well, I might frustrate you. I will probably frustrate you. I really like to understand you, it's a very personal process for me. I'd really like to know you, and who your family is and how you like to function. And then I can help you bring that environment. But if you like to be hands-on in a project then there's probably a designer who's better suited for you."

Tobi: God, that is so good. It is so good.

Lori: Because they're going to make me miserable.

Tobi: Yeah. And they're going to be miserable too honestly. So, it's not a lie that you're going to frustrate them but you know equally you're going to want to literally pull your hair out.

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Lori: Well, again we're just delaying misery. I'd rather not participate and never have the misery than have great joy and crushing sadness. I would just rather...

Tobi: Yeah. Well, I mean there's enough misery that's going to come from the things that are just out of both of your hands as we know in design because there's so many unknowns. There is enough opportunity to get upset. If we already know that we don't communicate, we're not on the same page, our styles aren't the same, not meaning design style but our style of working, our expectations, number one, aren't the same. Then we've really set ourselves up for failure. Yeah.

Lori: That's right. And sharing my process is as important as sharing my design fees. And my financial commitments required in order for us to take on your project and execute it with excellence. But they need to understand my process. If someone begins to question process or try to change process, then we have either, if it's after that phone call then we have, what I call a family meeting.

Where I'm, Look, we need eyeballs on eyeballs. We're going to call a family meeting. And I feel like you are sending me images of retail websites with sofas. And I'm pretty sure in our relationship that I'm the sofa picker. But somehow you are feeling that you can't trust this process or you're feeling like you need to begin to look for things or the budget is bothering you. What's going on? Why did you send me a picture from Restoration Hardware?"

Tobi: What I love so much about this description though is, I think when in general if you were to just say, "I share my process." And you didn't say all the rest, there's people would be like, "Yeah, I share my process." I'm like, "First we meet then we have a contract." But what I love about what you're saying is, yeah, you share your process but you also share, it's like you're talking from just not IQ but EQ. You're like saying, "Here's the emotions that are involved in that. Here's where you're going to be frustrated. Here's where I'm going to be frustrated. So, here's what we're not going to do."

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Lori: You're not going to send me some mall furniture and ask me if we're putting that mall furniture in your house. We are not going to do that, no. No, no, no, you've got the wrong girl. I'm sure there's a designer out there who would love to help you spend your Restoration Hardware money but it aint me.

Tobi: Yeah. And nothing against those people, if that's their niche, go for it. But you're so clear that that's not you. Okay, so very good. I love it. And when you were talking about they were the ones who came to you, you didn't cold call them and say, "Can I sell you some furniture?" They came to you. I was thinking about how often, I mean not often but regularly, a few times a year, a realtor calls me and asks me if I want to sell my house because I'm in a really desirable part of Littlerock and there's no more lots or properties in this area. Everybody wants to live here.

And they'll call me and say, "Do you want to sell your house?" And most of the time I'm just like, "No, because I'm not in the mood to move right now, maybe someday." But I think about the fact, kind of what you were saying, if they called me and said, "My client wants to buy your house, how much is it?" If I didn't want to move or I didn't want to be inconvenienced or you called me, I'm for sure not giving you a low ball offer on my house. I'd be like, it appraises for a million but I wouldn't move for less than two. If they write me a check for two I might get out of here.

Lori: If they make me a move number, that's to make me move.

Tobi: That's a good deal for me.

Lori: You're talking about value. You're talking about value in a home.

Tobi: Yeah. I'm not going say, "Oh, I don't know the actual cost we put in five years ago, counting renovation. I'd take 800." No, hell no, I'm not moving for that. And so that's kind of what you're saying here is you're like, "What is the value to them for me to take care at this level because they called me. And they saw my work and they want this experience. Or if they want to work with me they want this experience because it's the only one

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we give. And we don't do the low ball price and we don't negotiate. It's what it costs."

Lori: Well, I don't know if I said this the last time. It ages me because it's way too old now. But the movie, *Pretty Woman*, Julia Roberts, Richard Gere pulls up in his Lotus and he said, "How do I get here?" She said, "That's 20 bucks." And he said, "You can't charge me for directions." And her answer has stuck with me my whole career. She said, "I can do anything I want to baby, I aint lost." So that's a jerky way of seeing it and it's a smartass sort of response. But it is what I hold within myself during the design call is I did not call you.

So, you called me and you asked me how much it costs. And then I answer you and then if you would like to negotiate that my response is I can charge anything I want because I aint lost. This is how much it costs. You do not have to buy it. I didn't come over, I did not peek into your bank account.

Tobi: And of course, you're not being rude to the customer. You're just using that information to hold your boundary of what you absolutely know or you're non-negotiable because you're not willing to be miserable in the work that you do every day.

Lori: Well, only because I have been miserable in the work that I do every day. I have undervalued. I'll be honest, I undervalued myself. I have a change that I decided to make yesterday in my business. I have billed based on the pace of a new construction. And I learned yesterday that I have underbilled because of delays that are out of my control. I should bill based on calendar, how long they park on my calendar. I'm just talking about yesterday.

Tobi: That's amazing. And that's the thing about business though and people think you can get there and set it and forget it. It's always evolving.

Lori: Right, I turned around.

Tobi: And the industry's always changing and the consumer's changing and the supply chain is changing and everything.

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Lori: I turned around and realized that we were in preconstruction for more than a year. So, I had one payment because we never got to groundbreaking which should have been payment number two and we never got to framing which was payment number three.

Tobi: Amazing, yeah, amazing awareness that you can solve that problem and be here forward that's not how we...

Lori: I'm never going to do that again. So now the new structure says the payment is based on calendar, delays are not on my end, they're on your builder's end or your end, or codes end, or permit end or whatever. And here's how billing works outside this scope. So, if we run over on calendar, here's how I bill you. That's happening right now. That happened yesterday.

Tobi: It's so good. Okay, so let's talk about how you get your clients because here's the other part of this equation. So, it's one thing when you're trying to run a business to be like, "Okay, this is how I work, super expensive. It's how I charge." I'm going to repel 99% of the people that come to me because they have an idea. And when they find out, they're like, "Whoa, I can't afford that." I'm totally good with that, totally fine with that. But the problem from a marketing standpoint and a financial standpoint is that it's a numbers game.

And if you're only getting 10 people a year and you repel 9.9 of them you don't have a business. You don't have cash flow. And you're sitting there and you're like, "I guess I've got to lower my price because I don't have enough money coming in." But what people don't understand, it's not the price, it's the number of leads, it's a numbers game. If you want 10 clients a year you may have to have 100 inquiries, 100 leads to get 10.

And people aren't doing that volume of lead generation, of traffic, of eyeballs on their business. And clearly if you've got what, I think you told me it right now, about 20 clients at least going on at once. That could be 200 inquiries to land those 20 clients. And so, 200 legit, not 200 baby inquiries that never had a chance but 200 legit inquiries, that still aren't a fit.

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What is that process or what are you doing to get in front of that many high net worth eyeballs so that you have the amount of traffic to generate enough conversions to run a multimillion dollar design business?

Lori: Yeah. So, I mean, people who are listening to this and heard my money pitch are probably like, “What in the Salem hell is she doing chasing these people away? I’d kill for a design inquiry.” Which I get, and I’ve been there and I did it.

Tobi: Yeah, me too.

Lori: And I did it wrong and I underbilled and I put ottomans in the back of my car and I did it all, all of it.

Tobi: Slept, worked 24/7, burned out, killed yourself, missed your family.

Lori: Paid no money and bought ottomans that were the wrong size. I owned it all, yes. I did all that. So, go learn and you have to go do those things in order to learn, unless you’re straight out of school and you go work for a success firm who teaches you the methods and you learn from someone else. If you go out on your own which is how I learned, then I had to learn those mistakes on my own. I had to go to my own business school of hard knocks on my own.

So, the answer to how I got to where I am now is I have been successful at Instagram. And there is a method to my pretty Instagram feed. And that is that when, as soon as I was able to I started to pay for photography. So, the work I was doing did not match the images that I had. And then I realized that I needed to pay for the photography and that’s what made my projects look professional. But that had to click for me.

That was an investment in my business that I didn’t know I had to make. But I had to make it. So, I probably that first year invested maybe \$5,000 in photography for that year. And then the next year I probably invested \$10,000 in photography.

Tobi: I was going to say, it’s probably \$50,000 at some point or 60, yeah.

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Lori: Right. So, then it becomes a much bigger and bigger budget as the clients get bigger and the projects look better. But I need to look like the product that I'm trying to sell. So, who is my target? What do I want for my business? So now I have the larger projects which gets me larger projects. So, I'm not confused about that, we talked last time, people say, "Oh, I wish I had big clients with a big budget. But everybody I work with wants whatever."

Tobi: You said yes to those people.

Lori: Right. You said yes to those people. It's also what you're showing. Now, how do you get there? You have to build. No one is entitled to these clients. No one is entitled to content on their Instagram page. If you don't have the projects to show you just don't have them. That's a whole other topic I won't go into.

Tobi: You have to create it or do a show. You have to do something to your own house. You've got to invest some money because you've got to have something, right?

Lori: That's right. And the answer by the way is not using someone else's products and images on your own Instagram to sell your own business. Please do not do that. That's a whole other podcast. Show your own work.

Tobi: You could become my co-host. Literally the Lori and Tobi show.

Lori: Oh my gosh. Right. So, okay, so for me where I am now is I'm successful on Instagram. I have a good following on Instagram. I show projects that I would like to do again. So, I show you the things that I am good at. I show process in stories when we go on an installation so people understand that we coordinate the trucks, that we bring an art installer. Did you know that we make sure that the sheets are laundered on the beds? Here's how we make a bed and put it together. Here's how I style a bookcase.

Look at the fresh silverware inside the drawers. Did you know that the home edit comes with us? I'm showing my followers what level of work we

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are doing so then the next person who calls me understands what they're asking for. And they just need to understand how much that costs. So that's a scalable notion. So, if you are doing a refresh on someone's living room as a young designer, show how well you can do a refresh on a living room, show a before and after, always show the after first. Don't put ugly pictures on your Instagram, for crying out loud, please.

Show what you can do. Do a vignette. Do a before and after on your own living room and change all the pillows in your house so you have a fresh set in your living room. Trade the lamps for your bedside, put in the living room. Restore the bookcase, take a photo of it. And show people you can do that for them too and tell them what the budget was. You'll get a client that's just like that because what you're showing is what they're buying. So, what I'm showing is six figure design budgets, seven figure furnishing budgets. That's why that's what inquiries are.

Tobi: Absolutely, yeah.

Lori: So, in every level show what it is that you want. Now, how can you show seven figure furnishings budgets if you don't have them? You can't but you're also not entitled to it. You'll work your way toward that if that's what you want.

Tobi: But you can absolutely do a one room version of that level of exquisite services for a lot less than seven figures to start getting closer to that seven figure designer. Because it's a whole other...

Lori: And put wherever you are.

Tobi: Yeah. It's a whole other thing to be like, well, we just did this room and the before and after is amazing, which is great. Or you're like, "We just did this room and here's how I did all of it. And here's still the silverware drawer open and here's still the home edit coming into this one room." And you may have to invest some money in that experience and the photography. You have to be gutsy enough to sell the client that the only

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way I'm doing this project is we're bringing in the home edit or we're bringing in this organizer. We're bringing in this art installer.

That's you coordinating and building those relationships and then having the courage to sell it to the customer and they pay for it. You're not doing that on your dime. But you're doing the legwork, the relationship building, the marketing piece. You're thinking from a marketing brain. I always say thinking in editorial, it's a difference. And just going like, "What would this look like?" Or you're thinking like you're in a magazine. What's the story here? What's the angle here? And without having said that, that's exactly what you're talking about.

Lori: That's right and it's scalable between the refresh of someone's living room when someone gives you \$2,000 through the level of work that we're doing. There is a scale in there. So, whether it's a one room and you get the whole room. You get all your furniture, you get to do everything. And then you need to understand how much that costs. You can sell that when they call you, "I want to start with my dining room."

Tobi: So that's what you mean by scalable. So, you do it and then you document it and it basically becomes a case study so that you're like, "This is exactly how much this thing costs." And I won't sell the same design again. It's not going to be a purple drape and a whatever, grey this or navy that. But it's going to be this level of quality, this size of space, this level of detail and finish. And if we do that we will land again at \$75,000 for this living room. And we can repeat that and we can sell that. And we can tell people how much it costs.

It wasn't a \$30,000 living room, it was a \$75,000 living room and we know that. And we can repeat that and we can sell it over and over again.

Lori: And that's learning. That's you examining your business and seeing what you spend and examining those costs and doing your research. In the beginning, someone comes and says, "What can I do for \$20,000?" And you don't know the answer to the question. So, you need to educate yourself on what that is. And now you know what \$20,000 looks like. And

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now you know what \$100,000 looks like. Now let's talk about what 400 looks like. Let's talk about what 1.6 looks like.

Tobi: And the reason that you also know is because you aren't all over the map like I hear people charging different prices for different people. You're like, "I have a way of always deciding what my design fee is whether that's an hourly thing or a square foot. And I do it the same way every time. And I know exactly what our markup is on furnishings. And we do it the same way every time." Because for so many people they're like, "But they were an old grandfathered in client so they're still on this price. And that person, I lowered the rate to get the job."

That doesn't help you create a scalable model because you don't really know the truth because you're not charging the same way over and over again.

Lori: Well, here's actually a really good case study. So, I did a furnishings project here in town which is rare for us. And we did their living room, bedroom, breakfast room. And then we dabbled in a couple of other spots in the house. And without going back to look, and it was years ago. I would say we were probably in the low six figures to do those things. She's been following on Instagram since before then. She hired me because of Instagram. But she's been with me through Instagram.

Now they sent an inquiry a few months ago and said, "We're building a beach house. And we'd like for you to design it." And I said, "Things have changed in my business since we worked together as you know and I have a new fee structure. I have a new process for how we accomplish things. We are exceptionally organized. We are exceptionally well prepared to handle the magnitude of your new project. This is our new price and how it works." So, when she came to me initially I was right for her. And when she came back to me I'm still right for her. The scale of those two things is very different.

Tobi: Yeah, but it's totally possible that you could have outgrown her if she didn't grow with you, or her mindset, or her finances didn't grow in that time

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period. It's very much a reality and it's happened to me a ton of times that I outgrew people that were my really wonderful clients early on. And I love them. It's not that I'm being mean to them. But this is not what they're looking for anymore. And they're not willing to pay the price.

Lori: That's right and we had this really honest conversation upfront and I explained what it was. And it did work for her. And then almost everyone else has not progressed with my business. But it was actually sort of a refreshing look at things and I felt really proud of myself after our first conversation that I was able to not do the 'grandfathering' and take on a project that would have been incredibly disruptive to my business. To take something that undervalues us and not communicated to her the budget necessary. It would have crumbled.

But I did and I kind of stood in my space and explained to her. And she still wanted what we were offering because she's watched the growth. And she expected the new information. And respected that I stood there in it. And it was a success for my business to look back at that and say, "Okay, she grew with me, she appreciated it and she values what it is that we offer now."

Tobi: It's so good. Well, before we wrap up let's touch on the backend behind the scenes conversation of the cost and the money as well because I just finished teaching a two day retreat to my Millionaire Mentorship Mastermind. And we talked specifically about what I call million dollar systems and a million dollar team. Because if you're going to do million dollar interiors literally you cannot have an understaffed, paying people the minimum, people not really in the right seat in your company because they can't handle the workload or the expectations.

You can't underspend on the backend. You've already mentioned photography. It is not cheap to build the infrastructure that supports the level of service you're talking about. And this is where I think people get it wrong too because they're still in money scarcity, although maybe somehow they've worked their way up to a better and better client. The client's still mad at them all the time and they're still just delaying being in

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trouble because they're dropping balls and missing things, and people are not getting it right because they're not spending enough money on the backend.

And I see this happen all the time. And I'm like when you grow your firm, you grow your revenues, you're also growing significantly your expenses. It's not a fixed cost like a scalable product that you make once, intellectual property and sell over and over again. This is high touch, expensive team, especially if you want to keep your team because we know there's so much turnover for people being overworked and underpaid in our industry. So, what are your thoughts? Do you have any kind of wisdom to share on that?

Because they have to match up. The frontend and the backend have to match or you're just constantly overpromising and underdelivering.

Lori: Well, I mean that's what I'm working on right now. My business is growing quickly. We are offering higher, and higher, a higher level of customer service to our clients which requires more touch, which requires more hands to do that. So, I'm hiring. I'm hiring a junior. I need a project manager. We talked about this. Or I need somebody minding the whole chessboard as opposed to doing selections. My expenses run for number one is I pay my employees.

And number two I pay photographers. Those are my two biggest expenses far and away more than anything else is those two items. And those two items are the two most valuable things to the advancement of my business is the people that I work with and the social proof of our ability to be a designer.

Tobi: Yeah. Well, and when you're talking about a million dollar business or more, million dollar revenues or more, even multimillion dollar revenues. What I think people don't understand is not including how much you make or take out of the business. You're talking multiple hundreds of thousands of dollars for your payroll, for your staff. You're talking about two, or three, or \$400,000 depending on where you are around that million, million and a half, two million dollar range of revenues to take care of that level of client.

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And that blows people's mind and it terrifies them. You've got to build the machine to service what you're going out and telling people you can deliver. And they don't understand.

Lori: That's right. Well, you could only bear the weight for so long. I do it myself. You said earlier that I'm not risk averse. And it's interesting to hear your perspective on that. I'm not risk averse to losing a client. I'm exceptionally risk averse to taking on the wrong client. I'll tell you that. I'm very averse for that.

Tobi: Exactly. Which risk are we talking about here exactly? Pick your risk.

Lori: That's right. But it is scary for me and I tend to grow until we are bursting before I make a hire.

Tobi: Yeah, overcapacity and that really takes a toll. It can take a real toll on people.

Lori: It does. And right now, I am working on it. And I am relying on smart people to help me.

Tobi: It's amazing. It's amazing, yeah.

Lori: Guide how to do that but I want to grow well and I want to just grow.

Tobi: Right. But you have to get a comfort zone in not waiting till you're overcapacity, building some capacity that's free a little bit, there's some space in there because if you're always overcapacity every time you take on another client that comes and says yes, you're just adding, you know, you're going to break at some point. You're going to break the business because you're just adding more and more pressure onto this already overcapacity team. And I watch designers that do this all the time.

I have multiple, as I told you earlier, multiple people work I with in one-on-one coaching, capacity. And I'll see them with two million dollar businesses, three million dollar businesses and their staff is so overworked. Right now, it's a struggle because people can't find people to hire. But a lot of times it's just that fear of hiring more people. And when you're overcapacity, I always

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talk about the risk of being overcapacity is that if you have a team member burn out or leave because they're tired of being overworked then you're really overcapacity, you're really in trouble.

And so that's something that you have to really manage and understand the expense of. I'd rather have a little bit of kind of idle or open capacity at any given moment than to work ourselves into that other position where we are, in other words, screwed if someone leaves, if someone gets sick, if someone gets pregnant and wants to be on maternity leave for a long time. Any number of things could happen and it's the straw that breaks the camel's back because we haven't invested in capacity of people.

Lori: That's right. And I'm a working progress right there.

Tobi: Well, you can't get everything fixed all at once. And I mean if I was going to do one or the other I'd rather do it the way you did. I'd rather bring in the revenues first and then be able to have the funds to start to build the capacity, if you have funds, if you're able to put money when you start the business and build the capacity, fine, but most people aren't. And so, it is chicken and the egg, you kind of a lot of times have to do it the way you've done it. But you just don't want to go too far I don't think, out of whack.

You don't want to build a three million dollar business and your capacity is still for a one million dollar business because everybody's miserable there too, right?

Lori: That's right. And I think in a way talking to designers, if that's the audience is most designers are a one man show or a two man, one man show. So, we're talking about after success, operating in the category of success. I think for the younger designers I think the answer is work and work and learn and examine every failure and examine every mistake. And what was your profit in that? How many hours did you put in? How much did you spend on that? Write it down.

Tobi: Don't be afraid to know the math and talk about the math. People think math is so scary, it's so beautiful because it's just really clear. It's data

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and what's not clear is our thoughts, and our emotions, and our drama about it. But what is clear and true, like you said, is the data, is the math. And people are afraid to use it and it's right there available to them.

Lori: Right. Quoting my "governerd" teacher Miss Sharon Says So, that I follow on Instagram, she talks straight politics.

Tobi: Yeah, I love her too, yeah.

Lori: She says facts don't have feelings. And that's so, so true. And the same thing for your business, look at your business. If you made \$15,000 a year last year, what did you make it on? How much did your clients spend and how much did you accomplish? What could you have done better to serve them with their \$1500 or \$150,000? How could you have better served them? And look at it, examine it. When someone gets mad at you don't call them an asshole. Wonder what you did wrong. What did you do wrong?

Tobi: Exactly. We're at least probably 50% of this problem if not more.

Lori: That's right. Well, let me tell you something, if we're walking away I'm walking away with some knowledge at least. If this is over, what am I taking with me? I never want to be here again. I never want to get in trouble for this particular thing again. So, what am I learning?

Tobi: So good. Well, I think the moral of this story and we touched on it in the last episode but we went so deep in this one. It's just that you have to get so comfortable with money, with the conversations about money, not being afraid of it, to earn it, to spend it. There's so many people I think and it can get into a whole woo woo conversation. But there's a lot with money mindset. You can have a lot of baggage and worthiness issues around it or feel uncomfortable, why me? And feeling like you're putting the price on your own head.

And I think what's so amazing and I feel like you feel this way too is yes, you're a personal brand and they want you. But at the end of the day what you're selling is not you, you're selling your process. And the value is in the

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process because if we have to value ourselves we're never going to feel comfortable probably. I mean some of us might that are super confident, Enneagram eights or whatever might. But for most people you're not going to be comfortable saying, "Yes, I'm worth millions."

But you're like, the process, the value, the deliverable, the outcome, the result we create for you, that's what we're talking about. And that thing cost x and it's worth five times that.

Lori: That's right. And if you're looking to gain confidence in one particular area, gain confidence in understanding what it is that you can deliver. And if you can be confident in what you can deliver, you can be confident in selling that, which is part of what I'm saying.

Tobi: Right. And that's so great, yes.

Lori: We will, if you agree to this, and you agree to that, and you accept that this is a successful way of executing that, I will blow your mind.

Tobi: Yes. And what people don't understand, just to kind of say it a little different way just so they understand what you just said because 100% you said, "Be clear on what you can deliver." So, in other words if you're sort of faking it till you make it, and saying, "Oh, sure we can do that. And absolutely we can do that. And yes, we can do that." But you know you can't because you don't have either the skillset, or the people, or the capacity, or any of the contacts, or the vendors, or the workrooms, or some level of it.

That's why people are so freaking nervous to stand behind the prices that people like you and I are telling them to charge, that they really should be charging. Because they aren't confident that they can deliver it. And they do feel like a fraud because they know, I hope they don't find out that we're kind of like safety pinned together in the backend. And hopefully we can deliver that but I'm just not real sure we can. You're 100% right, that's where the insecurities come in because they kind of know they're sort of lying.

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And not that you can't fudge a little bit if you're willing to spend money or you're willing to grow. But if you're on the fake it till you make it approach, you're going to be insecure about it.

Lori: And you're going to get caught and you're going trip over it.

Tobi: You're going to get caught.

Lori: And you're going to get in trouble, have a tummy ache.

Tobi: But you're also probably going to discount. You're probably going to discount because you know you don't believe in what you can deliver. Okay, that's a beautiful place to land. I'm sure you will be back. I'm sure you will be back. I know you'll be back.

Lori: Or at least be back privately for sure.

Tobi: I was going to say, I was just going to say because we're going to keep having these conversations together because we have found that we are like kindred spirits here and we have so much to talk about.

Lori: That's right.

Tobi: So, you will be back I know. But in the meantime, just remind everybody where they can find you, they want to come to your Instagram and see what you're talking about of how you show what you do. Where do they find you?

Lori: So, you can find me at Mrs. Paranjape, so it's M-R-S P-A-R-A-N-J-A-P-E @mrsparanjape on Instagram. I float a little on Facebook and I just repeat things and send them over there. That's not my audience. My audience is young and finding us on Instagram. And we are just putting a toe in and dabbling on TikTok @mrsparanjape as well.

Tobi: Awesome. I love it. Okay, well, thank you for truly giving me three hours of your day. My gosh, well, of course I gave you three hours of mine too. So hopefully we're of equal value.

Lori: If they can see us Tobi, I'm still in my PJ's with my hair in a bun.

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Tobi: Both of us, both of us are in PJ's with no make-up, my hair's slicked back, a coffee, this was so fun. Thank you and I know it's so valuable to people on the other end and I will talk to you really soon.

Lori: Thank you.

Tobi: Thank you.

Lori: Thanks so much.

Okay, friends, I hope you loved it. I know you loved it. If you're an interior designer or another creative who really needs to create this sort of an approach, a direct approach to really charging what you need to, to grow your business, I don't even like to say charge what you're worth anymore, because you may be worth 10 times that. But at least charging what you need to, to effectively run your business then I hope you took notes.

I hope you wrote down every word and I hope you'll start practicing this sort of structure in the work that you do so that you can really, really create a business that you truly love. And I will see you back here next week with another great episode of the *Design You* podcast. Bye for now.

Thank you so much for listening to the *Design You* podcast, and if you are ready to dig deep and do the important work we talk about here on the podcast of transforming your mindset and creating a scalable online business model, there has never been a more important time than right now. So join me and the incredible creative entrepreneurs in my *Design You* coaching program today. You can get all the details at TobiFairley.com.