

Ep #73: The Business Empire Mindset with Sandra Funk



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You are listening to The Design You Podcast with Tobi Fairley, episode number 73.

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 is your host, Tobi Fairley.

Hey, Design You listeners. I'm so happy you're here today. It's been a little bit since I did an interview. We kind of got off track with summer, and vacations, and people traveling, but I'm so excited to bring you an amazing interview today, and if you are an interior designer you are going to love this podcast. I have for you interior designer, Sandra Funk, and I've known who Sandra was for a long time, and she says the same thing about me, but we haven't ever really gotten to know each other so this one was a really fun one for me. A little bit of prep work before the interview really helped me know more about her, and she's just amazing, and transparent, and she has really an abundant mindset of sharing and being open, and I really share that same kind of mindset.

So, I really loved digging in with her to all of the major mega challenges of an interior design business, and really we're talking about a specific kind of design business, a big ... if you want to call it celebrity, or luxury, but a high level interior design business where you have those luxury clients, or as what we'll call in the episode whales. So, if you want to know more about building a design business around whales then this is your episode. So, sit back and enjoy my conversation with Sandra Funk.

Tobi Fairley: Hey, Sandra. Welcome to The Design You Podcast.

Sandra Funk: Thank you, Tobi. I'm so excited to be here.

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Tobi Fairley: It's so fun, because we've known who each other are for a long time, but we haven't really ever gotten to know each other. So, when we started talking about having you on the podcast it's really exciting for me, and I know you said the same for you, because we sort of get to have a new friendship, and a new connection over this content as well.

Sandra Funk: Oh, absolutely. I am a massive Tobi Fairley fan. You know when you really follow someone so long you say their whole name? So yeah, I'm in that place.

Tobi Fairley: Oh, thank you. Well, I have learned a lot about you, and of course I've heard so many good things about you from LuAnn Nigara, so just really fun to get to know you better. But, we're kindred spirits in a lot of ways, and one of the things I absolutely love that you told me when I was just asking you about you, and what you would want people to know about you is really a philosophy you have on abundance. I want you to just start us off with that, because I'm such a huge believer in abundance mindset and sharing. So, kind of tell us that, because you said it's really your why, right?

Sandra Funk: Absolutely. So, I came into this industry ... I'm a second career person. So, I have a finance degree, and I switched to design later in life. I came into this industry just wanting to devour information, and I'm so happy to share and talk, and finally be in a position, 20 years later where I have figured a few things out on my own. So, I just believe that the more we share what we've learned with each other, interior designers with one another, business owners, I think we all ... we literally all do better, we run better businesses, we get more respected, the whole industry is more respected. So, the idea of there's plenty of work out there, and that we are all ... we're on industry together, so the more that we communicate and help one another the better we all do. I just feel like by sharing what I've learned takes nothing away from me whatsoever and only helps me at the end of the day.

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Tobi Fairley: Yeah, I love that, and I agree. It hasn't always been an industry like that, I don't think. Thankfully social media has helped that, things like podcasts, and blogging, but it's so refreshing to me that we can sort of be truth tellers, is how I like to think about it. That's what I was telling you when we were preparing for what to talk about. I said, "I just don't like to bring the same old conversation. If we're not going to really dig in and peel back the curtain, and be honest about what we're dealing with, then I don't know that it really adds that much to the conversation." So, that's definitely what we're going to do today in this abundance mindset.

Tobi Fairley: I do love though that you have a finance degree, because you have an accounting degree and an MBA. So, there's not that many of us, especially women, that have that kind of background in our industry, and I think it's one of the most challenging parts of our business when you don't have that kind of information and confidence, really, around finances. So, before we dig into the design challenges, how has that really helped you? I know it's a million ways, but what comes to mind as some of the top reasons that having that finance background has really been a game changer for your business?

Sandra Funk: I think you hit on it when you said confidence, because I have been able to look at my numbers, look at my pipeline, analyze my data, look back over 10 years of collected data, because that's just something I do, I think in Excel. So, I'm able to say confidently I can set a flat fee for a project, I can decide that I can now afford to hire a PR rep. It's the confidence to look at data, and to say with confidence that I can make a decision to move forward with growth.

Tobi Fairley: Yeah, I think so many people don't even know what part of what they're doing is making them money, or if they're really making money, and it's so confusing. So, I love hearing that, because it really does matter. That's amazing, and I feel the same way. So, let's dig into, besides the whole financial conversation, which is probably a podcast into itself, let's just start to talk about some of the ... really the challenges you've seen

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for running your design business, because you're in the New York City, New Jersey area, which is a big market.

Tobi Fairley: So, you have that going for your business, which I think is very helpful, and we can even talk about that, but we all, no matter where we are, big or small, we all run into some of the same challenges. You and I had talked about a few things around growing a team, and ideal clients, and even the pricing model between serious businesses, and maybe hobbyists. So, let's dig into those starting with ... Which one do you want to talk about first? Ideal clients, or ... really, it's kind of ideal budget. We hear ideal client way too much, I think-

Sandra Funk: Correct.

Tobi Fairley: ... but what we're talking about is ideal budget, right?

Sandra Funk: Yes.

Tobi Fairley: You want to start with that one?

Sandra Funk: Sure, sure, sure. So, we talked about it's one thing to build a firm, and be ready, and have been to market and you can't wait to use all these amazing sources, but you really need to find, and pair with, and get hired by, an ideal client, and often what that means is we say, "A kind human with a big budget."

Tobi Fairley: I love it. That should be everyone's avatar, right?

Sandra Funk: I know. I'm looking for kind humans with large budgets. So, I think we've all probably had that bad client that just kept you up all night, and it was a terrible experience. So, it has to be kind, but then to really execute amazing, layered, detailed design with high quality goods that are going to knock your socks off, you need some budget there, because it costs a lot of money to execute ... especially where we live in the northeast, it costs a ton of money, the labor alone ... So, you really do need to go find and go put yourself in front of what we call whales, lovingly.

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Tobi Fairley: Yeah, and I love this conversation, because so often we're not being this straightforward. One of my mentors that I learned life coaching from Brooke Castillo always says, "I love money.", and she's like, "I'm not ashamed to say I love money. Money's not bad.", and I think we need to have some more loving of money in this industry, and in other creative industries that are similar to ours, and I don't think we do that that often.

Tobi Fairley: I wanted to dig into this just like you're doing this very straightforward conversation, because yeah, we all want whales and in some of our markets, and some of our businesses we're not either attracting the whales, or there's not that many where we live. So, then that becomes a whole other conversation about how you make money, but just this straightforward conversation of how much money does it really take to do the level of design that we all dream of doing, and do it profitability?

Tobi Fairley: You and I were having a conversation recently about how it's kind of really ... the bar has been raised for you, and it has for me too, because we both have had many clients that are more people who maybe have a million dollar home, but that's really not enough anymore, you were saying, and I agree that those people that maybe have a million dollar home by the time they have privates schools, and cars, and kids, and colleges, and stuff, that money is really not available for a design project.

Tobi Fairley: So, speak to that a little bit about what you're seeing, and what type of projects you're going after, because I think this is so important, and so ... I mean, it might blow some people's minds, but let's just get real. What does that really look like to have the budget that allows us to do the work we see on the pages of national magazines?

Sandra Funk: Sure, and I think ... It's funny, I was speaking with a contractor one time, and he said to me, and it was so simple, and it was just so simple, he's like, "Listen, it costs \$50,000 minimum to fully furnish a room from drywall to wallpaper, light fixtures, flooring, rugs, tiles.", duh-duh-duh. \$50,000 minimum, right-

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Tobi Fairley: Mm-hmm (affirmative).

Sandra Funk: ... you get into these 750 square foot spaces we're going up from that, and it just blew my mind the way that maybe your listeners are having their minds blown, it's a simple number, but it's not a small one, right?

Tobi Fairley: Right.

Sandra Funk: It is a big number that layer up, all custom upholstery, beautiful window treatments, and down to everything throw and beautiful pillow detail. So, it's not inexpensive at all to do what we do. So, what I found was I've been swimming in this very comfortable \$750,000 to \$1.5 million pool for probably the last eight to 10 years, and my tastes have gone to where I only want to work with original art, I only want to work with hand knotted gorgeous rugs. So, my tastes are becoming more sophisticated, hopefully, I'll get there, and I'm finding that I need to swim in the next pool.

Sandra Funk: I really need to pop my world from \$1.5 million to, you know, and up houses, because that, again, there's a message on my board, it says, "Now accepting kind whales." It's a mantra in our team meetings, we have a weekly team meeting and one day we were just saying, "Okay, we need to put it out to the universe, we are now accepting kind whales." Not all whales, we need kind ones, but we're really trying to go after that next market, and just the way that the amazing designers that you coach are trying to just break into that \$500,000 market, we're now trying to game, and figure out, and strategize, and market really strategically that \$1.5 million and up market, and it's a lot of work. It's a ton of legwork to try to elevate to that next level.

Tobi Fairley: Yeah, and that's where I want to go with this conversation, because I think that we're an industry that's famous for the smoke and mirrors sort of not really telling the full story, and only putting the pretty stuff out on the front, and I think we're not clear about this, because I do work with a lot of people, and you're thinking about, or

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working on, some things that work with business to business also. When we get in that conversation we've got to be so, I think, straightforward about what it really takes including how much money it takes, because I have a belief, and I don't know if you totally share the belief.

Tobi Fairley: I think you said you may, but we definitely had a conversation that I've noticed over the last 10 years in my business coaching, I've been coaching other designers for probably about 12ish years now, that the middle class of interior design projects has evaporated just kind of like the middle class has evaporated, because the people that are at that level like you're talking about, even a \$750,000 home or a \$1 million, that's way above the middle class, and even that customer just doesn't have the resources to set aside to interior design so often.

Tobi Fairley: There's so many other things that are clamoring for our money. We're all like that, I mean, and we try to live a certain lifestyle, and be a member of the country club, and put our kids in a certain school, and all of that stuff it takes so much money. So, I think it's really important that we do talk about if the middle class is gone away in design, and so many people are trying to survive right now with those kind of clients, and they're hearing this message and they're like, "Okay, I got to elevate my business.", it's not just a matter of us telling them where to go find the whales.

Tobi Fairley: We don't have the secret pool. You and I don't have a map to the pool, and so I think so often people want to say to me, "Tobi, just tell me where to get bigger and better clients.", and what I always say is, "Well, how much are you willing to do, because you're going to have to build a very extensive digital marketing process, you're going to have to put yourself out in the world personally for some old fashioned marketing ...", which I know you're a big fan of, "... and you're going to have to spend a lot of money, and really kind of even know how much money you can spend to acquire a customer."

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Tobi Fairley: That's maybe not scary for you and I as finance people, but it's scary for everybody else, because I would say our industry doesn't do a lot of marketing. I mean, we might do a little social media, but how many people are spending \$100,000 a year on their marketing budget? I'd say almost none, but you and I are potentially spending six figures in some of those endeavors. So, speak to that a little bit, not only maybe if you want to talk about the middle class of design at all, and elevating, but I really want to help people see we're talking about some serious time investment, money investment, to get a firm to the level we're talking about, like a celebrity branded, or even if you're not that celebrity, but just a firm that gets this level of client.

Sandra Funk: It's no small task, frankly, and I wouldn't say I'm at the celebrity level. I am in ... we're in build mode. I feel like we're always going to be in build mode. I have one full-time and one part-time person on staff in-house that helps me with all of my web content, SEO keyworded blog posts, which are my secret weapon to getting found by everybody on Google, my social media everything that leaves this office, and we are wild mass producers of content.

Sandra Funk: If you go to any of our channels it looks like we've been outsourcing it. Frankly, because we don't, it all comes from in-house, and then this last year we hired a PR firm, Andrew Joseph, who's niched in interior design, and it has been instrumental in introducing us to people such as your lovely self. He's wonderful connector, and really someone who sees where this industry is going from a different perspective. It's been incredible. That is not inexpensive whatsoever.

Sandra Funk: So yeah, I would say I'm at the ... between the in-house staff, my web developer who's always working on something for us, traveling around to design markets, traveling ... going to galas, supporting the local fundraiser, being involved in doing good works, and getting out in the community ... P.S., that's where the whales are. Doing all of that is also a huge part of the marketing budget, and it takes a ton of time, and it

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takes ... On the flip side of those in-person ones it takes a ton of down time to rejuvenate.

Sandra Funk: It is a six figure undertaking, and I go after it with that gusto, and that willingness, because I love designing at that level where it is the custom window treatments, and the beautiful custom upholstery, that is where the je ne sais quoi joy comes for me, it's this really beautiful high end detailed design, and I think that's where my joy comes from, and that's where I want to be designing. That's why we go after it so hard.

Tobi Fairley: Yeah, and I love that, because there's not a lot of drama around the money, there's not ... For one thing, you already told us you had an abundance mindset, which you definitely have to have if you're going to play in the whale pool, because if you've got to bring six figures or more to the table to get a seat you can't be living in scarcity land. So many people that get in the design industry, and other creative industries like ours, there's just hardly any barrier to entry, I think, on the front end, so you can sort of just set up shop, and maybe get a website, or maybe create your own.

Tobi Fairley: We're not talking about that kind of business when we're talking about what you're talking about, and talking about a lot of the stuff I've built. When people come and say, "Tobi, I just want a brand like yours." I'm like, "Okay, well do you have a spare \$1 million sitting around?", because I've spent far more than that over the last 10, 20 years of building this, and I don't think anybody really talks about that. So, I'm really glad that we're talking about it, and I love that we're just ... I think it's so much more helpful to be straightforward.

Tobi Fairley: It's not to squelch any dreams, because I think you even mentioned that you love indulging in people helping people build their dreams, and you can speak to that too, but I want us to just be real. It doesn't mean that you can't learn how to create that kind of money so you can play at this level, but I just think that the disconnect is, "Oh, if you just do this thing, or if you just do this marketing thing, or if you do this social

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media thing, or if you just charge this way then you'll absolutely become one of these level of professionals.", and I absolutely don't think that's true.

Sandra Funk: I agree. I think it's ... it feels like that old adage of all the plates spinning, right-

Tobi Fairley: Yes.

Sandra Funk: ... and you have to be working it from every angle for a long time to finally get there. I was away with some designers at a design event, and one of the designers said, blah blah blah ... this was years ago, and they were meeting each other, getting to know each other, she said, "How come I haven't heard of you? We're like one or two towns away.", and it was a very big head smack moment for me.

Sandra Funk: It was before I rebranded and relaunched my website, it was before I had in-house social media, marketing, PR people, and it was like, "Oh, I kind of need to be shouting from the rooftops. I can't be whispering, 'Hey, I'm a designer.'" I need to be shouting it, and I either need to own this, and go for it, and drop the hesitation or whatever that is that makes me not want to shout it from the rooftops and go for it, or I need to get a grip and go work for somebody else, because you're either building your brand, and for me, I think of the word empire, you know?

Tobi Fairley: Yeah, yeah.

Sandra Funk: I'm going to be building something significant, or I should go ... I could go make six figures somewhere, I'm not a dingdong. It's that idea of, "Am I doing this, because then I've got to stop pretending that they're just going to somehow find me. I've got to start telling people about myself, and that's the marketing, and the PR, and-

Tobi Fairley: Yeah, and I think we ... Yeah, we come from also that ... almost like we're not as talented if we have to self-promote. That's how it used to feel to me, and you wanted to be discovered. I learned a long time ago that there is no shame in buying your own publicity. There's no shame

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in buying your own name recognition. That is all part of the path to building, through marketing and other things. I think, again, that's one of the ... I like to call them dirty little secrets, but I think that's one of the dirty little secrets is we pretend like this just happens for people, we pretend like people if they just work long enough, or their work's good enough then they'll get tapped sort of to be ... get a book, or do a licensing thing, and it is none of that. It is like go out and make that stuff happen, or it's never going to happen, right?

Sandra Funk: Correct, and it is such a shift, because I was in that same mindset of the designer who's in response to all their glory was like, "Oh, it just sort of happened naturally, it's all word of mouth.", duh-duh-duh, and you're right, it's the dirty little secret like, no, you go out and you create your own reality, right?

Tobi Fairley: Yes.

Sandra Funk: And you make a decision about what you want your reality to look like, and that's it. I'm sure there are the unicorns that plopped out of the sky, but the day-in the day-out is get down to it, open the checkbook, make the plan, earn the money, and execute.

Tobi Fairley: Yeah, and if you don't have time to do it all yourself you've got to pay somebody else to do it, too, so-

Sandra Funk: Well exactly, and that's why when we were talking about the challenges of building a design business, building a team is my number one, and it's not because it's not going well, I knock on wood, I fall to my knees, my team is everything right now. They are so tight, they're so good, but it is a long-term, over many years, constantly developing, and making sure that you are not only finding the great people, but then keeping them happy, keeping them enthused, keeping them excited. So, that is huge, because if you're going to try to build a big brand like this, and try to go big, it is with help, it is not a one woman show.

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Tobi Fairley: Right, and you have to pay them well, and sometimes we want to think, "Well, just because they get to work at such an amazing place, and do amazing things.", but heck, they got to pay their bills. They're thinking about themselves too, not just us. So, there's got to be money there, they've got to be paid well, and then as I was hearing you talk about the things you're doing, which are the same things I do in my business like create a ton of content, and do a ton of marketing, and speaking engagements, and now you're building another scalable product or program. I mean, that stuff takes so much time. I think people also don't understand it is a lot of times 50% of your weeks, your months, your days are spent anything things that have nothing to do with design if you're building this type of business. So, the team has to really step in and do-

Sandra Funk: Absolutely.

Tobi Fairley: ... one or both of those things, and deciding where you, Sandra, where's your sweet spot, where's your zone of genius, and I'm sure that you've figured a lot of that out, but it's not that you're doing every part and piece of the design project I'm sure, you're doing the parts that only can be done by you and really matter, but then there's all the other stuff.

Sandra Funk: Absolutely, and there's ... I feel like I'm an editor, right?

Tobi Fairley: Yeah.

Sandra Funk: We have a concept conversation where we talk about direction, we obviously get a ton of input from our clients, and send the lead designer off and running, same thing, I have a concept conversation between my PR crew, admin crew, finance crew-

Tobi Fairley: Exactly.

Sandra Funk: ... whoever it is that I'm working with, concept, where we're going, what the direction is, and then I get ... bring it back in for editing, bring it back in for questions or concerns, but I am spending a lot of

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time in these 10 minute meetings, 10 minute meetings, 10 minute meetings with all the different facets, and then you have to make time to sit down and have a beautiful presentation with your whales, right?

Tobi Fairley: Right.

Sandra Funk: Those are always going to be there, yep. Then there's these huge ... I'm totally obsessed with your time chunking program.

Tobi Fairley: Thank you.

Sandra Funk: There's all that time chunked out for creating new things, new endeavors, too.

Tobi Fairley: Yeah, and what I love that you just essentially said in a nutshell is you have to become a leader of your firm, and I think I see so many artists that are trying to run businesses and they're not willing to let go of a lot of the parts and pieces, and you can never scale to this level, and work with this level of client if you're not willing to. So, I hear it called all kinds of things from perfectionist to control freak, call it whatever you want, that mentality, that mindset is never going to open a business up to be able to run what you're talking about, because you do have to elevate yourself to really that CEO or that leadership role, and you got to have a bunch of other people doing a lot of parts, and there's no way for your finger to be in every pie, or for everything to get your approval, right?

Sandra Funk: That's right. I think, when you were saying that, "Call it perfectionist, call it whatever.", call it limiting, right?

Tobi Fairley: Yeah.

Sandra Funk: Because if everything single thing has to go back across my desk or has to come from me, then I need to go back to the old school model of like three clients at a time, working for-

Tobi Fairley: Yes.

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Sandra Funk: ... That's fine, that's a model, and it's a great one if that brings you joy, and that's where you want to be, that's great. But like you said, when you get those ... I love what you said, I was listening to the episode, just episodes, and it was like you get these designers who want to make six figures, and then it becomes, okay, now we need to get some scale in here, and we need to get some pricing model that's really robust in here, and got to get marketing, because we got to keep that pipeline full. If you're serious about this it's going to take some serious peddling.

Tobi Fairley: Exactly. My marketing guy that I'm working with right now, he's been doing some new branding stuff, and one of his phrases that he wrote about me, which I loved was, "Don't tell Tobi that you want to do something if you don't really want to do it.", and that's kind of what you're saying, if you want to grow to have this level of design firm, and I think you feel the same way, we've got the finance background, we understand how it works, we can make that happen, but you've got to be willing to let go of a lot of attachment to a lot of things.

Tobi Fairley: It doesn't mean that the level of work you do is dumbed down, or that ... A lot of us, I think, falsely believe that so many parts of our business can only be done by us, and I know we love that validation to think we're that important, but at the end of the day we can't be ... if we think we're that important we're only gone be the kink in the pipe for every process, every client, every anything that tries to run through our business, right?

Sandra Funk: Yes, and I still go through those breakthroughs. I still go through ... It's funny, I get to that point in my world where every Asana is due three days ago, and everybody needs to talk to me when I walk into the office, and I'm like, "Okay, okay, I have become ... I am the black hole of editing, everyone. I don't need to see it unless you need me to see it. Let's reroute. Reroute.", and we get that way because when I'm not totally jammed I love to put my personal touch on every social media post, and my personal touch on every little nuance of every design we do, but we also got to get out of our way to grow.

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Tobi Fairley: Yes, me too. So similar, and yeah, there are going to be times you get it all running smoothly, and before you know it just the timing of something, or you travel and you do get backed up, and you have to go, "Okay." I just had this conversation with my team today, and I'm teaching some of the people below me to do the same thing and pass down to the people under them, because it's so easy to fall back into the old habits of hanging onto things. So, not only do we have to be keeping all these plates spinning, as you said, we have to constantly be checking back into ourself, and like, "Where am I falling back into these old habits? Where am I now getting in the way of my team? Where am I preventing us from going to the next level?"

Tobi Fairley: So, it is not for the faint of heart to ... I mean, it is serious stuff to build a business this way, and it's a completely different animal, I think, is what we're saying, than building more of a very small scale, or even more of a hobby business, and I'm not bashing any of those. As you said, I agree, if you love what you do, and you don't need to make a lot of money, or you love just having two or three clients at a time, I mean, I love a whole lot of stuff about that too, sometimes I really think I'd love to go back to only that kind of business, but I just think it's ... the point here is we have to make a conscious decision of which camp are we in, because you really ... one doesn't grow into the other-

Sandra Funk: Correct.

Tobi Fairley: ... and I think that's interesting.

Sandra Funk: It's so funny you say that, because we literally have a quiz that's like, are you ... I think it's ... I can't remember what the wording is actually, but it's like, "are you a one woman wonder woman, or the head of your future empire?", and it's that exact concept. You're either running a very personal high touch, high service, one-on-one kind of one woman show ... It doesn't have to be one woman, but you know-

Tobi Fairley: Yes.

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Sandra Funk: ... the idea of that small boutique, niche-y thing, or you have future head of an empire mindset, and I do think it's a mindset, and it's-

Tobi Fairley: Yes.

Sandra Funk: ... Yeah. It's so funny, literally-

Tobi Fairley: Yeah, I'm just agreeing, I'm nodding my head, I'm agreeing, I agree completely. It is a mindset. Speak to that a little bit, because I love this concept that I use a lot of, the \$100,000, or kind of six figure mindset will never turn into the million-dollar mindset. They're two completely different paths. It's like you're over here on a street, or you're over here on the highway, but they're not the same road, and you don't just do more of the \$100,000 thing and end up at the million or multi-million dollar thing, but you're right, it's a complete mental shift. So, what does that look like for you, were you always in that mindset, or did you have to really, I think you said earlier you did have to make a shift in some ways?

Sandra Funk: Yes, I think it's like peeling back the onion, it's like any good therapeutic experience, it's like layers and layers of peeling it back. I grew up thinking that I was going to be the third generation in the family business, and it was large truck tire retreading in Detroit. So, I thought I was stepping into a seven figure, million-dollar mindset. I thought that's what was coming down the pipe, it was going to be my turn. It all worked out best that my junior year of college my father sold the business. My aunt and my father owned it together, and he sold the business.

Sandra Funk: It was like, "Oh, okay, so I'm not going to be a tire heiress? Okay, I'll figure something out.", and off we go. But the idea was always entrepreneurial, the idea was always I was going to run a big business, they had five shops and hundreds of employees at the time. So, my mindset and how I grew up was thinking that I was going to be running something big, and then I shimmy and shayed, and found my way into design. I think it was when my kids were finally in school full days, I definitely was happy running a home-based business when they were little,

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little, little, and always had a nanny or an au pair helping, but still was ear to the ground on that front.

Sandra Funk: When they were finally off to school, and feeling a little bit more settled, those entrepreneurial juices started to flow again, and I started to get like, "Oh yeah, I need to ramp this up again." So, I think it is a shifting. I work with a coach as well who's very, very helpful in really bouncing that back and forth and saying, "Well, what do you want?", and I was like ... the idea was like, "Are we talking first class?", and I was like, "No, we're talking like private jet.", and he was like, "Oh, oh, oh." It's that, right-

Tobi Fairley: Yes.

Sandra Funk: ... that's a different kind of animal.

Tobi Fairley: Yeah, and I think, with me, I love to hear that you come from that background. I come from the same. My dad runs a 102-year-old telecom business, so I agree, I come from the same mindset. It's just what we know, who we are. Maybe that makes it easier or less scary for us to take risk, which is not by any fault of what we did, it just kind of who we were born to, I guess.

Tobi Fairley: But even at that, I have to, and I'm sure you do too, consistently revisit the what I want, and push myself again to another level, because just like we were saying with our to-do list, it's so easy ... you start down a path, and you're like, "Okay, now we're going bigger. Now we're going seven figure. Now we're going eight figure.", or whatever that number looks like.

Tobi Fairley: You get back in the trenches, and before you know it you're like, "Oh, we've gone six months, and we're not on track with our financial goals.", and you have to pull back, and consistently go back to that drawing board, I think, and again, not what a lot of small business creatives are typically used to putting themselves through. Do you find that as well with your goals, and with pushing to that next level?

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Sandra Funk: Yes, we have to constantly mindset check, have that double check-in. I love to do a strategic offsite with my team. My sister is part of my strategy team who I was going to be a tire heiress with, and run that business. Anyway, she went and did her thing, I did my thing, but she comes in and does strategy with us. So, for instance, we did a long weekend in Michigan in the middle of the winter, went up to the cottage, lit the fireplace, and sat around the table, and had with my two main people here and my sister, and we got in the middle of the woods in Michigan and just think tanked this business for that next echelon shift. It takes that level of getting out of your own way, and getting out of it a little bit, to really get strategic. It's a full throttle review, and it's a lot ... and then I do a lot of mindset work with my coach. I meet with my coach once a week.

Tobi Fairley: Yeah, me too.

Tobi Fairley: I mean, every ... Yeah, I don't know how any business person runs a high-level business without a coach. I mean, it's just ... You just have to have that sounding board, and I do the same. So, let's talk a little bit about pricing, because I think we're really, people are starting to understand that we're talking about a different level of business, but I think that the pricing all gets very muddled in our industry. The customer, the consumer doesn't know that these businesses are necessarily apples to oranges, they're just lumping that all together.

Tobi Fairley: So, a lot of times I think we struggle with, and you've said the same to me that to charge what we need to charge to run a business at this level and be really profitable, and then still not be undercut by someone who's a one woman show who doesn't need to make a lot of money, that's gets really tricky. What are some of the biggest things you think people really need to understand about pricing if you're going after this level of business, you've got to fund maybe the six figures that go into the marketing and growth. What does that look like?

Sandra Funk: Yes. So, pricing for us, I have done it every which way since ... it just banged my head on the ground. I finally got to the point,

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Tobi, where I was like, "Okay ...", I'm curled up in a small ball under my desk going, "... I'm done. I can't do it. I can't send one more time bill."

Tobi Fairley: I know.

Sandra Funk: Just at the end of my wit, right?

Tobi Fairley: Yes.

Sandra Funk: So, I spent a lot of time figuring out what works for us, and for me it's a flat fee plus purchasing through our firm. So, and I think different areas of the country might be different, and all these different things, but for me, people really value design to a certain point, and then it's hard to pay too much money for ideas. So then it does become something to say for purchasing products that ... I do a really thorough job working with incredible vendors, and making sure I'm buying at the deepest possible discount so that my clients are not getting dinged, but I'm getting a wider spread, right?

Tobi Fairley: Yeah.

Sandra Funk: So, I'm getting better but the clients aren't getting ... they're never being charged more than they were being charged before, it's just I'm deepening my profits by having deeper vendor relationships. So, it's all those strategic things that really, in combination, pull it all together. It's about knocking their socks off so they keep adding rooms, and that's a big circle back, because it's about having clients that have the money, the deeper pockets that can add rooms, right?

Tobi Fairley: Yeah.

Sandra Funk: That don't have to wait for a bonus, don't have to wait another year, don't have to wait, wait, wait, wait, wait.

Tobi Fairley: Yeah, and aren't interested in doing it themselves, because their time's valuable, or they have enough money that they don't have to be the people doing it themselves, and they're not wanting to do it

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themselves. I think also, there's such a ... I'm sure for you, because you've talked so much about mindset, I mean, really, at the end of the day, a lot of this is just confidence and mindset, because so many times I see designers, they buy into the concept.

Tobi Fairley: I charge the exact same way that you do when I'm doing luxury design projects, and I think that we as the designer, we become afraid to do that, and if you're not doing enough marketing and you're just waiting for the phone to ring, of course you're going to panic and lower your price, because you feel like you need to get every job that comes by. So, that's what takes us to another level is we're talking about, we've got this marketing machine happening, keeping us in front of people all the time, and then you've got to have the guts to charge your worth, and not panic and freak out when someone's not a fit, right?

Sandra Funk: Yes, and I truly believe that there is the right fit out there for everyone. I had a really interesting experience recently with a potential client came back to me, we totally jived, and we're getting good vibes all around, and she was getting a few quotes. Of course, I didn't know that, because I really don't compete on price, it's just a losing battle. So, I didn't know that, and she came back and called, and scheduled a call with me, and was very, very giving, I felt, in that she told me, I have to tell you, I love your process, I love your marketing, I love your look, I love how you did it all.", she said, "You're five and 10 times more than the other two bids I got.", and I was like, "Bless you, good luck to you, holy moly, see you later."

Tobi Fairley: Exactly, yes.

Sandra Funk: Yeah, I mean it's like ... but I was so thankful and appreciative, and then wished her luck, because who knows, but good luck, and then I got off the phone, and I wasn't upset I didn't get that gig, and I wasn't mad at the other designers. I put the phone down and I sat back, and I said, "We have got to start talking to one another." This industry has got to start talking, because somebody just pitched chump change to do that ... it was like gut renovation of a 5,000 square foot house from top to

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bottom. From architecture, landscaping, interiors, the whole thing, and somebody just pitched ... if the calculations of five and 10 times were right, somebody just pitched doing that whole thing, easily an 18 month if not longer project, for \$15,000. I was like, "I'm sorry, what?"

Tobi Fairley: Exactly, and it happens all the time, yeah.

Sandra Funk: It happens all the time, and again, I wasn't mad that I didn't get the job, I was like, "Oh, these poor designers. What are they thinking? What are they charging?" I don't care if you don't have big overhead, you are in front of a luxury client in a luxury market looking to do a luxury service, I mean, can I say it enough times? You need to be charging in a way that's reflective of what you're going after as a designer.

Tobi Fairley: That's some like black market prices. That's like you saw a Maserati that somebody stole, and they're ... I mean, because it's not like you can just go out for other luxury goods and find the exact ... I mean, not that it would be the exact same thing as your quality, but close, at that difference, that huge disparity between prices. I think that it's just mind bending how that happens in something like a service business, and it can. Especially on that's a creative business, it's more like artistry, and people have a hard time putting a price on them, and it feels like putting a price on your own head, your own work, it's difficult, but it's just ... it's mind boggling. We don't see that same thing happening when we're talking about a lot of other luxury goods, and we're working in a luxury business.

Sandra Funk: That's right, and the reason that we don't see that in other luxury goods markets is because there are very, very few services out there that are as wild west in their pricing as interior design.

Tobi Fairley: Exactly.

Sandra Funk: I mean, I always say, "The interior design client who interviews a few designers knows so much more about our local pricing market than any designer ever will.", right? Because we don't talk about it.

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Tobi Fairley: Yeah, and a lot of-

Sandra Funk: ... we just don't, and so that's -

Tobi Fairley: ... Well, and it's not only that we don't talk about it because we don't want anybody to know ... like we're trying to keep it a secret, but I think ... I mean, meaning we don't want them to undercut us or whatever, I think so much of it comes from what we started this conversation with is people would be embarrassed. They don't have their books together, they don't know what's making them money, they're just sort of charging the going rate, because somebody else did, or they worked for someone who charged that price, and not only is there no rhyme or reason there's no system, and there's no information really backing up. There's no numbers, the math is missing to back up why people are charging what they're charging, and then everybody's confused of why we're so burned out and exhausted, and why we can't make any money all the time.

Tobi Fairley: It's just really fascinating to me. If I weren't in it, it's a fascinating industry to look at. I sometimes think, "Gosh, I wouldn't send anybody I love into this business without really teaching them what I know about it, because it's so confusing, and it takes years to wade through all of that, and if you ever make it, and have the confidence to step out of it, like you've done, and really charge ... I mean, we talk all the time, charge your worth, charge your worth, but nobody even really knows what that even means.

Sandra Funk: That's exactly it. They don't ... It's like an artist trying to charge for their painting.

Tobi Fairley: Right.

Sandra Funk: They go to a gallery, not ... Nowadays social media, internet, blah blah blah, they go to a gallery because they need help, right?

Tobi Fairley: Yeah.

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Sandra Funk: They need help figuring out what to charge, and it's really interesting because you can google this until the cows come home, you will not find information on what is an appropriate amount of money to charge for interior design, it is just locked down, there's like one article from Art Digest from 2007 that only interviews the crème de la crème, 1% of the 1% in Manhattan. So, that's not a great reference.

Tobi Fairley: Well yeah, and those of us who are charging what I would consider appropriately, but at least let's say charging for profit, like we get our numbers, we see what we have to charge to make a profit, we would never lower our prices to some pricing standard that would be set by the majority of the industry. So, that's why I think we keep going in circles about this, because most people aren't going to have the courage to charge what you need to charge to be profitable. So, I mean, it's kind of like just America itself, the land of opportunity. That's why we like to live here, because those who really do the work, do the research, have the confidence, they will rise and charge what they need to, and everybody else will stay in that middle ground, and probably not make very much money.

Sandra Funk: Right, and it's the self-fulfilling prophecy, you charge a decent profitable amount for your designs, you can now breathe and execute really amazing design. You can be on-site once a week, you can put eyes on those contractors, you can make sure that the quality level is top-notch, because you've given yourself, you've paid yourself to do it to that level, but if you are just scrambling for the next job and running around for these tiny fees, which again, this poor client who gave me this information, just that idea that you are getting the job, but then you've cut your nose off to spite your face because you can't afford to put the time into it that it deserves.

Tobi Fairley: Yeah, and the client gets the short end of the stick, and you're lucky if you even finish the whole project, and you don't have a falling out and part ways, because there's no way that you can have the

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stamina, the time, the freedom to do a really good job on a shoestring budget like that. It just can't ... it's not even possible.

Sandra Funk: Right, and it's just going to build resentment.

Tobi Fairley: Yes, wow, and there's so many people in our industry that are running their businesses that way every single day. That's what I want to avoid with everybody I work with, I'm like, "I want to make millionaires out of everybody.", because it's too hard of a business to work for nothing. It's just exhausting.

Sandra Funk: It's just detail, after detail, right?

Tobi Fairley: Yes.

Sandra Funk: And what could go wrong does go wrong. I mean, it's just an industry of freight, we are shipping things all over the country all the time, and we're dealing with contractors, humans are involved. So, we need to be on it all the time. So, if you're not getting really, really well compensated I think ... I meet a lot of designers that just are angry at their clients, and I have to think it's because they're not charging enough.

Tobi Fairley: Exactly, because think of how resentful you are in general in life, if you're a mom and you're having to do all the work, and you feel like nobody appreciates you, and you're not getting paid because that's a free job, that's kind of how you feel when you're really undercharging in a design business, because it's the same number or more of details and responsibility, but you don't have any of the benefits of the financial, not even freedom, but just a little bit of comfort, an ability to spend some money to do things well, to be proud of things. So yeah, it is definitely a very vicious cycle.

Tobi Fairley: Well, first of all, appreciate you for being so, so frank. That's exactly what I wanted, and I knew ... I could tell from the minute we started chatting that you would be on the same page as me about a lot of these concepts, and I just think it's so helpful to people that are going to be

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listening, but is there anything else with just some of the topics we've talked about, or anything that you would want people to know if they're going to try to grow their business to this level, or if they're just kind of really assessing where they are, or even thinking about getting in the industry, what else do they need to know that we haven't covered?

Sandra Funk: I think finding your support network is crazy important. Finding that you can connect with and get the inside scoop into what's really going on. I think LuAnn Nigara has blown the cover off the open conversation and the community that this industry has potential for. So, I think it's aligning yourself with someone who's been there, done that, and can truly give you those shortcuts, because it is a very lonely, not profitable uphill battle if you're going to go and fight all those fights by yourself, and for yourself. I think, thank God, this industry's shifting, and people are willing to mentor, people are willing to share, and I think that is huge, and I think it's a wonderful shift and I'm just thrilled to be a part of it in any way, shape, or form

Tobi Fairley: Yeah, I totally agree. Just any last thing for those people who they want this, they feel it, they see the vision in their head, but there's that disconnect, maybe even the abundance mindset of like, "How do I get from ... I can't even pay myself how do I ever get to the place where I can spend \$100,000 in marketing and have a team of five, or 10, or whatever that number is. Any one piece of advice for them to really shift to grow to that kind of business?

Sandra Funk: So, I think the first step is the hardest one, and that's getting your pricing right so that you give yourself the freedom to hire some staff, to look into getting help with your marketing. So, I think, getting your pricing right ... My whole thing is like, "Don't sign one more client maybe making profit." You need to figure that out, and you need to figure out what that number is, and if that's hiring a coach, or hiring a finance person, but you need to figure out what it would take for the next project to be profitable.

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Sandra Funk: I highly recommend flat fees, because I think you have that negotiation once, and you're going to be shaking in your boots the first couple times you do it, but trust me after a while it becomes like second nature. I think getting that structure right, and getting that profitable flat fee upfront will just settle everything else so that you can actually work on this business in a decent way, because if you keep doing this little hourly charging, and this little rate, and running around like a chicken with your head cut off, you don't even have the time and the space to start to dream and create.

Tobi Fairley: I just couldn't agree more. I mean, I remember the moment ... I did this same thing, and that is the best advice, I agree. Again, I think people want to say, "Well, you can charge anyway that you want. It doesn't really matter." It matters. If you're going to this level it totally matters, and I remember just like you, the first time I came back from a coach and charged a big flat fee, and the very first one was like \$29,000 for a partial, not even a whole house, and I was scared to death, and they said yes, and then I immediately was like, "Oh my gosh, I left money on the table."

Tobi Fairley: So, the next time I was like, "Okay, \$42,000.", and they said, "Yes.", and then I was like, "\$56,000.", and it really ... and of course, I'm giving them far more than their money's worth, just as you are, it's just building that confidence muscle around understanding the value of what you're providing and having the confidence, because like you said, the mind you get that kind of cashflow then you do have some room to start to get help, to start to hire other people, to start to get a coach. I agree, so many people are just locked in that place, the chicken and the egg, there's no money, but they need to make money, but they don't have money, and they can't get any money, and it's a terrible place to be.

Sandra Funk: Yeah, it's terrible. It feels like a never-ending downward spiral. I'll tell you what, the day I decided I was never charging an hourly rate again and I was going to flat fee, I sent an email out to all my existing clients saying, "We're going to wrap this project on the terms of the

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agreement that we signed, but the next time we work together, or the next room we do, I've been listening to my clients, I've heard you, and I am going to be flat fee from here on out, and I can't wait to give you a single number that you can put into the budget and make a decision about once, and one time only, and moving forward."

Sandra Funk: I'm telling you, the phone was ringing off the hook. They were like, "Oh, this is so great. Let's bid out the rest of the house so I can just start to think about when I'm ready to do it." You can be in their pipeline now. It's not this scary question mark on their budget. They can figure out when they can hire you next, or they can make a plan. It empowers them, and they appreciate it.

Tobi Fairley: Yeah, and I love that you have the confidence to not grandfather in these other ... I hear so many people are like, "Well, I charge \$150 an hour, except for all of the people that hired me when I still charged like \$85 an hour.", and I'm like, "No, no, no. You do not get to walk into a dealership and buy a brand-new car for three years ago's prices." If your prices changed, your prices changed, and I love that that's exactly what you did.

Tobi Fairley: So, it's amazing, and I just ... I think, in general, so much of what you've talked about really comes from, again, where we started, that abundance mindset, confidence comes from that, and I just appreciate that so much, and again, thank you for being so abundant with your information, your ideas, real numbers, encouragement. It's just ... it's so helpful, and I'm just so grateful you were here today.

Sandra Funk: Thank you, Tobi. Again, I learned so much from you over the years, and you are an inspiration. Thank you.

Tobi Fairley: Thank you, thank you.

So, I wasn't kidding, was I? We got into some nitty gritty. I loved so much just pulling back the curtain, and being real about what it takes. How much money it takes, how much time it takes, how you have to charge, and the

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ins and outs of building these types of businesses, because I think so many people, whether you're an interior designer or not, you aspire to go to that top level of your industry, you dream about it, but you may not really know what it takes.

So, I hope this episode gave you so much insight on what it really takes if that's the kind of dream you have. If you're going to create a big amazing, very well-known profitable business then take these tips from this episode, and put it to work. Thank you so much for listening, and I'll be back here again really, really soon with another great episode of The Design You Podcast. Bye for now.

Thank you so much for joining me for this episode of The Design You Podcast. If you'd like even more support for designing a business and a life that you love, then check out my exclusive monthly coaching program, Design You, at tobifairley.com.