Ep #216: Dirty Little Secrets of Interior Design Part 2

Full Episode Transcript

With Your Host

Tobi Fairley

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You are listening to the *Design You* podcast with Tobi Fairley, episode number 216.

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.

Hey friends. I hope you are doing well. I am just great. I am really enjoying life right now. I'm spending kind of a lot of time doing reels and TikToks which is hilarious to me. But I'm having a good time laughing my head off, enjoying learning this from my daughter, my 16 year old daughter who of course is the one who knows all the tech and all the stuff. And she gets so impatient with me which is also hilarious. But just feeling physically and emotionally well right now.

And as you all can probably relate to with all the ups and downs we've had in the last two years. When you have a period of feeling great that's definitely something to cherish. Okay, so that reminds me first of all before we get into the episode that I think if I'm right, May is Mental Health Awareness month. So, I do hope that you are all taking good care of yourself. I hope you are spending some time laughing. That's what's so great about TikToks and reels as I mean laughter is truly medicine for the soul.

So, there's a lot of laughing out loud even when I'm watching other people's videos which is so fun. And I hope that you're not only taking care of yourself but if you need help, if you're not feeling supported, if you need someone to talk to I really hope that you're reaching out.

I know it can be hard to ask for help or support but there really are so many good friends, and family members, and coaches, and therapists, and doctors, and others who love us and are there for us. And we are not a burden to them. So please don't forget that as you're checking in on your own mental health not only this month but every month.

Okay, so today I want to talk about something that's actually related to our mental health in a lot of ways because our businesses can take a big toll on

our mental and emotional health. And this episode is called Dirty Little Secrets of Interior Design part two. Now, this is not a series like I've been doing lately in the way that last week would have been part one. Because part one of Dirty Little Secrets was way back on episode number 58. I think it was 2019 when I recorded it. And so, I really never knew there was going to be a part two.

It was recorded way before the pandemic, I mean it was almost three years ago probably. So, feel free to go back and listen to that episode because all of it still applies. Because here's the thing, I listened back to that episode in preparation for this one and almost nothing has changed or been remedied about those dirty little secrets that I mentioned in that episode. And I talk about things in that episode like the smoking mirrors of the design industry, just showing our highlight reels for the world but behind the scenes things are a wreck and we're stressed out, and we're not making much money.

We're working from shoestring budgets, we're wearing all the hats, again not making much money, that's the big throughline. We're constantly struggling to manage our teams, and put out fires, and continuing to operate from broken business models that require more and more of us with less and less money or freedom in return.

And what I also talk about in that episode is that ultimately for some reason we think that getting published, or getting product lines, or getting a book deal, or some other kind of fancy dreamy visibility is what we need. And what we desire and what we assume will be the thing that finally starts bringing us the success we dream of and that's just not true.

In fact, as I say in that episode, many of the people who have even things like books are paying for those books to be published. And there's no shame in the game of paying for your book to be published. But let's just not assume that if we work hard enough somebody will see us and discover us. And then just bestow upon us all of these publishing opportunities, and book deals and product lines because it's just not the way it actually works.

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Okay, so again I would say that there has been very little change to any of the things I talked about in episode 58 in the past three years or so since I recorded it, in the past two years that we've been going through a pandemic. Almost nothing has changed if anything, the compare and despair to other people's highlight reels seems to have actually gotten worse. And we can imagine that to be true when we've been stuck in our homes for a good bit of this last two years, we've been online and on Instagram, and TikTok, and all the places more than ever.

So, I would venture to say that we're really no better off in some of these ways than we were in 2019 for the most part. And maybe we're even worse off especially with our mental and our physical health. So, thinking about this made me want to come back and do a part two of the Dirty Little Secrets first to say we aren't really making a lot of progress as a whole.

Now, thankfully I see a lot of individuals, a lot of people, especially people in our Design You program making a lot of individual progress and that's where it has to start, with us starting on our own to change. Because it's when enough people start changing that we do hit a tipping point that we see a different result. So, I am thankfully seeing individual progress, people having progress with their financial success, getting off the hustle bus, taking better care of themselves, taking better care of their team, hiring teams to begin with to help them.

Shifting their business models to a combination of services that are more sustainable, and easier to deliver, and were successful. So, I'm hopeful that over in our little corner of the world at least, my little corner of the world and the people we work with that at least we are having some impact on these dirty little secrets along with doing the work, with the people in our programs. They're the ones willing to do the work. I've done a lot of this work, continue to do it for myself but it takes these incredible people, possibly you, all the people in my programs that are doing the hard work to change.

And I've said this so many times. We don't have a business brain and a personal brain. So, most of the time it is my experience that to fix the things

that are broken in our business starts with going into our own minds and seeing what's in the way of our progress. So, bravo, bravo to all of our members that are making such a difference in their own lives in businesses, the lives of their customers, their families, influencing their peers because really creating a better life and a better business is not easy and it takes this level of commitment.

Okay, so all of that to take me to this very important point. And that is that I will say that I have never heard as many people or let me really qualify that, as many designers and creatives. I have never heard as many designers and creatives say they are burned out as I have heard in the last 6 to 12 months. And I try to think back even to the recession of 08 and 09 and I still think this feels different. Just everybody I talk to is exhausted, is tired, is burned out with a few exceptions.

And of course, it would make sense because we've been through a lot in the last two years, a lot of trauma, a lot of fear, a lot of change, a lot of uncertainty and the pandemic, and everything else that has happened. And we are pretty much all emotionally spent already before we even get to work every day. Our emotions are really just kind of a wreck. But then about a year or so ago after we had been in the pandemic for maybe a year, and we thought it was going to kind of go away, we saw a boom, just a huge increase in construction and design projects.

So, the industry started to boom again because, and it makes sense, people were at home, they were locked in their homes, they were looking at everything they hated. They were thinking, we can't spend money on a vacation, we might as well spend it on our home because it looks like we're going to be here for a while. And so really they were looking at what wasn't working about their homes and spaces and moving into design projects which is beautiful in general for us in our industry, that it's a booming time.

But we didn't exactly show up in a way that served us. So, there was a boom of business in the middle of this weird and wild time that we were navigating and still are. But what I saw most designers do as a response is go back to some old and bad habits that weren't really serving you to begin

with. A lot of overworking and a lot of undercharging. So, this is where the Dirty Little Secrets part two comes in. There are so many things that we do in our businesses that perpetuate the hustle and prevents financial success.

And I remember early in the pandemic one morning when we were just listening to everything and trying to figure out what was going on. I was listening to a PR agent and a magazine editor doing Instagram Live. And I'll never forget it, I even know where I was, standing in my bathroom. I'll never forget this PR person said, "And be sure to give your clients a better price at this time so you can get business. This is not the time to be making money on them, you just want the work. So, I would consider discounting your prices."

And I will tell you all, I was literally screaming, "No", from my bathroom in slow motion as I listened that morning to this person, this PR agent, not a business consultant, not a designer running their own business but a PR agent saying, "You should discount your prices." I wanted to scream so I did. Just a day prior to that or so I had been coaching on the exact opposite of this in my programs. Not meaning to raise your prices, the opposite, but the opposite as in for sure do not start discounting.

And I was very clear to say that we had just recovered finally back to some better fees and profits, it had taken almost 10 years, eight or nine years to recover from the damage we did to our industry in the 08 or 09 recession by discounting all our services. And even the biggest names in the business that I was talking to back then in 08 and 09, names that are your idols were discounting their services in an effort to stay in business. And it took a tremendous toll on our industry.

And I believe that it played really a big part in the devaluing of design that we have seen happen over these last 10 years or so. Because if we are willing to say that our own expertise is not that valuable and we'll discount it, then why would anybody else believe it's that valuable? So, it's not only that we devalued design in that process, that happened which was about us and our fees which was very hard to overcome.

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And then also things were happening in the world back in 08 and 09, like the availability of product online, on the internet and that didn't help in the information age, the learning age that I'm a part of. I teach a lot. You're listening to me right now, where customers can learn just about anything, about being their own designers. So, I'm not really knocking that product is available online or that designers can learn things online. I think that there's a lot of beauty in that. I think innovation and technology can be great.

But what I am not okay with is us devaluing our own expertise. And we did that in 08 and 09 a lot of us as an industry. I did not. I came up with other ways to make money and hence was born all my consulting programs. And back then they were called Design Camps and my Designer MBA seminars, which then later turned into Design You. So, I was being innovative, not tooting my own horn, I guess. Well, maybe I am. I think we all should toot our own horns more often.

But what I am showing you is there are other things you can do besides discounting the value and the price of your expertise. So, a couple of years ago, hearing this PR agent saying that, worst possible thing that I could imagine. I was on the other side contacting everyone I knew including all of our members in Design You and saying, "Do not do this for any reason. Come to me, I'll help you come up with other ways to make money." But we don't want to ever devalue our own expertise.

So, I'm really never for discounting our fees. But here's one of the really dirty little secrets of our industry because there's a reason I don't want you to devalue or discount your fees, that's your true value, your expertise. That's the one thing that the clients need that they don't have. Yeah, fine, if you have to discount a lamp or furniture to compete with online pricing, okay. But never ever, ever discount the one thing that our customers really need and don't know on their own and that is our expertise in design. Don't do it. But many did when the pandemic hit, you may have.

But the bigger truth, the bigger truth you all and the dirty little secret for this episode, the first one for this episode is that you've been doing it all along really. It wasn't just the recession and it wasn't just the pandemic. You have

been constantly discounting your fees and your services in the form of consistently lopping off hours from your invoices. You know what I mean.

You see an invoice and you see all those hours added up and you freak out and get worried that your client is going to freak out. And it scares you. And you decide ahead of time before you even let your clients see it, to try to please them, to keep them from being upset. And you don't even know if they will be. But you're afraid they will be so you lop hours off your bills and I know you're doing it, almost all of you and have been for years.

And besides that, you are discounting product, again without even seeing if the client thinks it's too expensive. And I don't even recommend discounting product after you've already presented it to the client. Decide ahead of time how you're going to price all your product. But if the client says, "That sideboard is too expensive", the pick a less expensive one. But don't just sacrifice your profits because they don't want to pay for it.

The only reason you're lopping off hours and discounting product is because you are uncomfortable with the price. And you are uncomfortable with the fact that the customer might have a response to it that's something besides positive. They may say something that feels like rejection to you and you don't want to feel it. This lopping off hours thing has been an epidemic in the design industry for as long as I've been in it. And for me that's about 23 or 24 years. And here's the thing.

At least back then there was still not a lot of availability for products online. So, we could still make most of our money through selling product and that's not the case anymore. So, changing your hours is the one thing that I think you should never ever do and that you have complete control of. And if I have coached one designer on this, I've coached hundreds because they consistently don't really charge for all of their time and believe that they can't, that it's not possible. But I promise you it's possible.

Now, the behavior that's happening here is really people pleasing if we're being honest because we're afraid our clients will be upset so we sacrifice our own business and our own profits so as not to feel the discomfort that

comes to us if they question us on an invoice or unhappy that design's taking as much time as it does and costs as much as it does.

In a couple of weeks, I have a really interesting episode coming about codependency with one of my friends and mentors. And there's codependency in the business of design and that's really showing up in a codependent way, when you're pleasing, when you're sacrificing self for someone else but we do it all the time.

And if there is one thing that we can count on as designers and creatives it's that the bulk of the public, the population has no idea how long it really takes to do design, or event planning projects, or landscape projects. They have no idea how long it really takes and they have no idea how much it really cost. They underestimate both greatly. And we know a lot of people are trying to stretch their money as far as they can and live outside their means. And hope that they can find something cheaper and a lot of times they can.

So, it is our job to hold firm boundaries as designers and creatives on our pricing. And educate our clients about both how long it takes to do projects and how much it really costs. But instead, we don't do that, we react from a place of fear, and people pleasing, and perfectionism, and all those emotions, negative emotions. And so, we constantly and consistently reduce our own fees and profits. So not a total secret here but sort of one because I mean we know we do it.

But we're not really saying that's the prime problem with our industry. We're not like, "Well, if I would just charge for all my hours I could probably already be making the money I want." I'll tell you that's likely true. But we definitely think there's something else that's the problem with our industry. It's always the client's problem, or the internet's problem or the pandemic's problem. But let's just charge for all our freaking hours. It's definitely something we pretend we aren't doing but more people than not seem to be guilty of this behavior.

So, if you want one sure way to hit burnout as we were talking about at the beginning of this episode, it's working yourself to death while also not

making as much money as you need for the time that you've spent, underearning, overworking. And that makes so much sense. You couldn't possibly work more hours in the day, there aren't any more in the day for you to work. Yet you are coming up short in the finances that you need which means you just need to be making more money for the time you're spending.

The way to remedy that is to charge what you need to charge, even higher fees, higher rates but for sure charging all of them all the time you spend. You have to be able to provide design and services that are worth it to you for the money you charge. So, I'm not saying charge your worth. I used to say that all the time and I really changed my tune about saying it as charge your worth because I think we're all inherently worthy as humans. And I think we're all capable of making millions, and millions, and millions of dollars.

And not every person right now needs to go out and charge millions, and millions, and millions of dollars. But you do need to charge what you need to run your business, and to not feel stressed out all the time, and to help you pay for help. So, it's on you to charge more as needed. Now, if you're going to charge more you do have to deliver a wonderful experience. It's not like we can just jack up our prices. And I hear a lot of people just saying, "Double your rates, triple your rates, jack up your prices."

And a lot of you probably do need to double and triple your rates because you probably already are overdelivering and way undercharging. So, some of you that's true. Others of you, you still probably want to and need to raise your rates so you have the money you need to run your business. But you need to make sure that the experience for the client is something that is equivalent to the price you're charging.

Now, you can even be expensive. I mean we all know that a Chanel bag is really expensive and we could get one from Walmart that's not expensive. And they go through the same process, there's still handles, there's still zippers, they're still made in a factory. And the cost of both of those are probably not as different as you think. But one person, one company

decided to charge a premium but they also deliver a premium experience when you interact with them.

So, it's absolutely okay to be expensive. But you want to be worth the expense and if you're not, people won't consistently pay you the fees that you want. So, it's not about just everybody willy nilly doubling or tripling their rates. But again, take a hard look. Do you need to raise your rates? Probably. If you're not making ends meet the answer is absolutely yes. And then the second question is, do I need to elevate the experience I'm delivering to match those fees? But guess what? When you make more money you can deliver a better experience.

And it's not easy to do all of this. It's not easy to raise your rates. It's not easy to deliver a wonderful experience. But I will tell you, it is far more easy even though the initial pitch of those higher fees can feel uncomfortable. Once you get the money for the right clients and don't take the clients that aren't willing to pay for it, in the end it is far easier to do a good job and to deliver that wonderful experience. And to hire people to help you execute the work and the experience if you're charging enough to be able to pay yourself well and pay other people that work with you well.

Because the way you avoid burnout is you don't overwork long hours for a fraction of the money you need. And this is true for team members too. When we're paying people nothing they can't afford to deliver at the level that we want them to and they're emotionally taxed too. So, it's the underearning and the overworking for us and our team in combination together that creates the burnout.

And again, notice that burnout doesn't typically come from physical exhaustion. You may be tired physically sometimes but it's the mental exhaustion, the mental gymnastics, the constant worrying how you're going to make ends meet. Or how you're going to save your company or keep it afloat that are spinning through your head all the time, that are keeping you awake at night, that are distracting you all during the day, that are sending you into panic and scarcity mode. Those are the things that really take a toll on us. It's those thoughts that create the feeling of burnout.

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And though money doesn't buy happiness, let's just be honest, money can fix a lot of things in a business. We are not necessarily going to be happier just because we're paying ourselves a higher salary. But it does take a lot of problems away when you have money, including helping you hire the right people, not just the cheapest people but the right people who really make a difference in delivery and fulfilment of the work you do.

And even the right people that could be monetized themselves, they could take their own clients or play a big role in servicing clients so that there are multiple people, not just you responsible for bringing money into your firm. That is a big deal you all. So that sort of leads us to the second dirty little secret of design. So, this first one in this episode is stop devaluing, and discounting, and lopping off hours especially the fees.

Discounting product I'm not a fan of but if you have to, to be competitive, you're going to have to make that call. But please never ever, ever again, don't charge for all of the work that you're doing from your design expertise and the labor that you put into projects.

Okay, so the second one now is that most designers really don't understand business, or business models, or why things aren't working in their business. So, you may be thinking, I'm just killing myself working, why don't I have any money? Why is the money not here? When is it going to show up? Is it just a matter of time? And this goes back to a secret that we don't really want to admit, is that we don't really understand a lot about business and that's okay, you can totally learn it. I'm here to teach you.

So, most of us don't understand business but especially and in particular we don't really understand revenue streams. And we especially don't understand the concept of scalable revenue streams or even scalable products, the same thing sort of, or scaling your business. And those are not the same thing. So scalable products and services are one thing, scaling your business is another thing. So let me break this down for you now.

So, there's a few really important things you should know about revenue streams starting with, if your main service which for most of you is your

one-on-one high end creative service. Might be interior design, full service design, or full service event planning, or full service landscape architecture where you provide the plants and all the labor, and the design, the whole thing.

So, if that one-on-one service is not truly and adequately profitable for you to continue to offer it and really to run your business in a thriving way it simply means you are either not charging enough or your expenses are too high, which still means you're not charging enough. Because they're too high in relation to what you're charging. Your margins are too low, your profit margins are too low. And this happens for a lot of people.

And so, here's the big thing that you should know, creating a second revenue stream, one that is cheaper, a cheaper offer because you're like, "Yeah, my clients, all the ones that don't want to pay for this other stuff, they're going to totally love this." Creating a second revenue stream that is cheaper to your clients is not the way to fix the broken original revenue stream of your one-on-one service. Because then you're going to just be spinning your wheels, offering the broken one that you're still selling and not making money on it.

You're going in the hole on that one but still putting out a lot of energy, especially a ton of energy if it's a big interior design project or a big event project that has a tight deadline, or new construction, or any of that stuff, really stressful. Lots of ways to lose money. You're going in a hole there. And then you've offered this other thing that's cheaper that you have to find time to do around the fringes which is just going to exhaust you more. So, I never ever, ever recommend introducing a second service to save or prop up a fledgling one-on-one service or a fledgling business.

This will just have you working twice as hard for less money. And most of you make the mistake of trying to shove all the benefits of your high end one-on-one thing into this cheaper offer which is the worst thing you can do. But people are like, "Well, I made this", what they think is a scalable product and it's not and I'll tell you why it's not scalable in a second. They're like, "I made my scalable product which is a strategy day except I

pick out all the design stuff, every single item in just four hours and I also sell them product."

Well, no, that's just your full service design crammed into a cheaper thing. So now you're giving them everything they want for a fraction of the price. And this is not a good idea, you all. Because we are guaranteed to be losing money. There was a reason we needed to charge the higher fees for our one-on-one service. And if they aren't willing to pay for it it's not our job to lose money delivering it.

So just introducing this cheaper offer undermines your more expensive offer. Because why would anyone ever buy the expensive offer to get all the things if they can still get all the things or almost all the things for a fraction of the price? You are your own competition and you're killing your higher end, higher dollar service because you offered the wrong thing at the lower price. So, here's what you need to do.

First you need to get your top offer, your one-on-one service cleaned up and priced effectively. So, when anyone does buy it you're making enough money to make it worth your while and to allow you to run your business effectively, including with other team members and all the things you need to do to deliver great service, which may very well include for a lot of you, raising the price but also probably raising the level of the experience. So that's first or you need to get rid of that service altogether and do something different.

But if you're going to keep your one-on-one high end service you need to charge enough, and get it really cleaned up, and have really strong boundaries for who you'll take and who you won't take in that level of service. Designers think that if you're getting a lot of no's that it must mean your pricing is the problem and you need to lower the price but this is rarely a good idea on your one-on-one service. If you're getting mostly no's, a lot of no's and a few yeses or even almost no yeses, you don't have a pricing problem. You just need to get your offer in front of a lot more people.

And you likely also don't have a pricing problem. You have either a traffic problem which is getting it in front of those people or you're not matching

up your offer with the people who actually want it and are willing to pay for it. So, you're putting this high end offer, full service offer with a high price in front of people that would never pay that much, that don't really value design, that may not even have that much money. And then you're counting it as a no when they say no and thinking you should lower your price. Wrong.

Just get in front of a lot more people and make sure those people are qualified, they're the right people for your actual service. So that makes it sort of an ideal client problem. And it may even be that you're not explaining the offer or the value of what you do well either, even to your ideal clients. Because I see this a lot where people are like, "We can just do anything, whatever you want. What's the budget? Whatever you want to spend." Well, no, we don't do whatever you want.

But for sure if we're going to do everything including the kitchen sink as they say, it's very time and labor intensive so it's going to be expensive. So, there are a lot of tweaks that you likely need to make to your one-on-one offer that does not include lowering the price as we were talking about earlier. And does not include just introducing a second revenue stream yet to try to help your company.

But if your one-on-one full service offer is doing really, really well, and it's really profitable and you think you're charging enough. And you would like to create a second offer that brings in money from a slightly different customer need, or that maybe other people on your team could help deliver, or that you could do in a scalable way which I'm still going to explain what that is in a minute. Then absolutely yes, that is the time to create a second offer.

Okay, so this is what gets confusing. Most people try to create a second offer because their first offer is not working and they think they're going to fix their first offer by filling in the gap with a second. No. Clean up your first offer, get it really tight, get it at the right price even if only a handful of people buy it a year which is what's true for my highest end offer, full service interior design. I know that I'm getting paid well and I know I'm

delivering an exceptional experience so the client feels like they really get their money's worth from that experience. So, it's a win, win for everybody.

So yeah, I get tons of no's but I expect those no's because I'm very clear every time why those people are not a fit. And I'm willing to wait for the people who are the right fit and not lower my price. So that's dialed in. Then and only then if it's working well and it's profitable and you want to create another offer that brings in more money like I said from a slightly different customer need, or someone else on your team can do it then absolutely that is the time to consider a second revenue stream.

So, here's the thing. For most people I work with they are confused at least at first on what we mean by scaling your business and creating a scalable offer or product. So, scaling your business essentially means growing your business. But scaling specifically refers to the ability to grow your sales without having to grow your infrastructure or your resources, including human resources which means people, by an equal amount. So, for example we can sell more of what we're already doing but we don't have to have more people to do it.

So, this for sure does not mean a highly custom one-on-one service because every time you get a new full service one-on-one job you've got to have yourself or a lot of other people to deliver it. And there's only so many you can do in a day. Scaling your business, you grow the total revenues without having to add a ton of people or resources. And then you may slightly, remember back in college if you had a college economics class, or some of you may have had it in high school, this concept of economies of scale and that's what scaling really is.

And so, you can create the benefit of an economy of scale when you say hire a new employee and they help more than double your revenue. So, it's not just that they brought an equal amount, you're delivering this amount and they brought an equal amount. But by bringing this person or this resource in, maybe it's a software, some kind of computer thing, whatever it is. When you bring in the resource it frees up so much of your time and

adds so much capacity to the company that you're able to take projects on, like in that instance with one team member.

Maybe you and that person are both able to take more on and you also can get even more than double what you would have been doing on your own. That's getting an economy of scale. We definitely see this with things like software, something that will cut out just a ton of labor intensive jobs that we used to do by hand. And now they're all done on a computer so it's a fraction of the time so we can do way more work. But maybe this software wasn't very expensive, likely not even nearly as expensive as a human. That's why we see machines and software replacing humans at times.

That's what scaling looks like, so whether you're adding people or software or something else, you're getting more than double the benefit when you add resources. So, when you create this economy of scale like I'm currently doing in my business here's what it could look like. So, my team and I are generating right now around a million and a half in revenues. It's what we did last year, mostly on our consulting business. I'm not even counting the design business in that right now. We're mostly trying to scale and grow our consulting business.

We do still take design projects, a handful of them as you probably know. And I have a design team that handles those. But I'm not trying to scale the design side of my business right now. I like keeping it small, it's by choice. So, no one ever has to scale their business unless you want to. But I am scaling the consulting side, the program side of our business. So, in that side of our business, we're at about one and a half million dollars in revenue right now. And we know that without adding a single other member, in fact we reduced one of our contract members recently.

So, we have a little smaller of a team and we're actually becoming more efficient and we could likely go to two and a half or three million in sales with this current team without adding anyone else at all to our team. So, this shows that we have available capacity, the capacity to scale, economies of scale available to us right now if we leverage our people and our sales systems. And so, we would be creating that economy of scale if

we moved up to two and a half or three million dollars with this exact same team that also was able to do 1.5 million dollars.

So, you see that's scaling my business. And yeah, that's maybe not quite more than double there, 1.5 to 3 is. But in general, the fact that we don't have to add a single other person to greatly increase our revenues, that's what scaling looks like. Now, I want to be clear, this is completely different than a thing that I talk about often which is creating a scalable product or service. And this is where people mostly get confused.

So, I mostly see people creating a second revenue stream that is still one-on-one from them, the principal of the firm or the owner in a custom or semi-custom way. But it's less expensive, maybe quicker to deliver, maybe something like offering a strategy day. And the person thinks that is a scalable offer. It's not a scalable offer if it's custom one-on-one by you. It may be quicker, you maybe could do more in a day, you might get a tiny little bit of scale there.

But in general, any time we're still doing something that we create once and only sell it to one person, that's not really a way to scale for us in a service business. So, this offer may be a good offer for you, it may be less expensive, it may be less expensive for the client. Most of the time when I see people charging strategy days, they're less than $3,000. A lot of times they're between one and two. And you're only giving several hours of your time for that experience. All good, it does give you an additional way to make money but it's not scalable and here's why.

Any time that one-on-one custom design service, even if you're pulling it off in less than a day, any time it's still custom it's going to require you or someone else on your team to make those individual selections every time a client buys that service. So, you're getting the money in and then you have to still produce work in the future. So, you're going to sell them that, a strategy day or whatever it is and then you're going to turn around and you're going to create it for them.

But you're never going to sell that exact same thing you created to 10 other design clients. Now, if you did, that's starting to get scalable. But if

someone buys a strategy day and you're starting from scratch every time, and making their own unique selections, or consulting them, or whatever, that is not scalable. It's just a second revenue stream.

Now, if you get a lot of these strategy days sold you can imagine, especially if you already have quite a bit of one-on-one business, that you are going to have to deliver those kind of in the fringes, or on weekends, or at nights, or squeeze stuff in. Or you're going to have to have someone else on your team be able to execute them. Or you're going to have to hire someone to execute them. And again, that goes against that idea of scaling if you have to add a lot of expense and a lot of resources.

So, a new revenue stream but not a new scalable revenue stream because you are creating them individually and you're not selling them over and over again. So, I hope that then makes more clear the opposite of that which is a scalable product or service. So let me give you an example of that. My Design You program is a scalable service because it takes us almost the exact same amount of time to run that program, deliver the weekly coaching calls, fulfil all the promises of the program.

And we do overdeliver, it's amazing but it takes us about the same time amount of time if we have 10 people, or if we have 200 people, or if we have 500 people in the program. Now, there are a few features of the program that we do one-on-one like giving critique feedback on things that you turn in to submit, or giving one-on-one coaching calls. But we have the program designed where those coaching calls are only quarterly. And that most people aren't all taking advantage of the critique feedback, at least not at the same time.

So rarely is the whole membership trying to get on a call or get feedback at the same time. So right now the two success coaches that we have are able to handle the size of group we have. So that is mostly scalable. We could even add a few more people and they can still handle delivering everything we've promised. And for me every week my time is exactly the same in the program. I coach for 90 minutes every week in the program, in

both of our programs honestly, I'm in there every single week for the coaching calls.

And whether there's two people that show up to those calls or 20 people to show up to those calls I'm still going to be there for 90 minutes every single week on those calls. Sometimes we stay for two hours depending on what's happening. If we're on a roll I stay longer. But I can guarantee that I will be there for two hours. Again, whether there's two people, or 20 people, or 200 people on the call, that's how long I'm going to commit.

So again, scalable because I know exactly and only what I have to give to the program yet we're still able to give really amazing service in all the things we provide. A lot of that because a lot of the programs I have pre-made, all of my amazing coaching courses are in there. And we do update those a lot. We're updating them all right now. But I update it once and all two or three hundred people can listen to the new update. I don't have to make two or three hundred individual courses for all those two or three hundred people, that would be not scalable.

So, I hope you're getting the point. If it's make it once sell it to many, we call it one to many, that is scalable. If it's one-on-one usually not very scalable. And we can if we want to grow our programs, we can for sure add say a third success coach but if we do she won't or he won't just serve one client or they won't serve just one client like in a one-on-one non-scalable service. If we add a new success coach they can also take on about 50 new clients at a time just like our other coaches, so probably 50 to 75.

So, for every one success coach we can sell 50 to 75 memberships, that's great economy of scale. If we have to have one person for every one coach, not very good economy of scale for us in this program that we intend to be scalable. So, I hope that helps you understand that it's selling to people in comparison to how much resource or resources it takes is what really defines if it's scalable or not scalable.

And you just yourself as a one person show or with just a virtual assistant or something, just offering a second revenue stream, unless you make a course or something that you can sell many, many times, and maybe you

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just show up once a week for a coaching call, that's absolutely scalable. But if it's a strategy day that you do custom every time, not scalable. Now, why is this important? Because it is true again for an online course, or a class, or anything I've created, I can create it once, sell it to hundreds or even thousands of people that can go through.

And I know what the additional support is and I can really, really leverage or monetize that. So why is this important to know and why do we want to think about having scalable products? Well, it doesn't necessarily when you have a scalable product mean you're going to scale your business really big. You might just want to use it to free up more of your time. You want more quality of life. You may not want to go to a million dollar business or a two million dollar business. But you may want to do your work in a fraction of the time.

You may only want to work 20 or 30 hours a week. You may want to do something else, go back to college, spend time with your kids, just relax, any of that's fine. And when you can create a one to many product it frees up a lot of time if you were used to using that time to do a one-on-one service. So, it leverages your time in a much better and in a scalable way.

Sometimes you hear this called making money while you sleep because if you have something like a program or a course out for sale you could literally have someone buy it while you were sleeping and wake up in the morning and you could have new buyers or new members. And you wouldn't have to do anything than what you were already going to do like maybe come to that coaching call that you provide every week in your course or in your program. You just have a new member on the call but you don't have to add an additional call or anything else.

So, I hope that's making sense. I hope that's getting that cleared up for you. So, the goal is to decide who do I want to get access to my one-on-one service and what do they have to pay to get me at that level? And hopefully it's a pretty high fee. And then if that is working really well and it's really profitable what else would I want to provide? Is it an additional

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revenue stream where I can also do some semi-scalable things like a strategy day?

Or do I want to go ahead and do something that can make me money while I sleep that I know I have a very set amount of time to provide it every week and that I can sell it to many, many people? So, this is one of the dirty little secrets that so many creative business owners don't understand these different types of revenue streams, don't understand scalable offers.

And that a lot of you are continuing with an offer that's really broken essentially. It's not making you money but you're just trying to introduce additional services to make up the difference instead of fixing it or getting rid of the one that is broken and not profitable. Okay, so I have just a few more dirty secrets for you for this episode. Let's get to those.

The next one is most designers are afraid to hire. You want to look like a legit business. You want people to think you're successful but you are terrified of who to hire, when to hire, how much to pay them. You're afraid you won't have enough work to keep them or enough money to keep them. And what if you had to lay them off or let them go? That seems like the worst possible thing that you can imagine. Plus, you don't trust yourself to be a good manager and really help develop a great team and team members.

And you also want to pay the least amount possible for help instead of investing in a really great team member that helps grow, or that heads resources like we talked about, that you could monetize and paying them well for that role. You're like, "I don't have that much money, let's get a cheap body in here and have them do some stuff." And that doesn't really ever pay off. So, it kind of skews your beliefs about hiring because you're like, "I tried it and they were terrible."

Well, yeah, but how did you try it? Who did you hire? How much did you pay them? What were their skillsets? What were you having them do? But because of all these fears you just don't hire. And you continue to wear all the hats in your business or even if you do hire, you hire someone that you don't let do anything really, at least anything that matters because you're

also afraid to let go of control of anything in your business. So even when you do hire you're still mostly wearing all the hats, the ones that you think matter anyway.

And this keeps you in a belief that you have to keep hustling until, I've got to keep hustling myself until I get all this running smoothly and we're making a profit. And then I will get out of the way. And then I will let people help me. And that really isn't true. It never happens because since you won't get out of the way and let people help you, you keep yourself, and your business, and your profits small and you keep struggling, hence the burnout again.

So that dirty little secret, I think it's number three for this episode is that most designers are afraid to hire and so they keep themselves firmly planted on that proverbial hustle bus or treadmill hustling to try and succeed. And do you notice that all these secrets are related?

Because if you were charging enough for your one-on-one service and if you were creating successful scalable offers or both of those things, they could help you pay for better team members, and better salaries, and pay yourself more, which could also take so much pressure off of everybody on your team. But you see this as a chicken and an egg situation that you mostly feel like you're in. And you never end up making money or hiring the person, you stay stuck wearing all the hats and cycling in and out of burnout because you think, surely in time this will change and it doesn't.

And then there is the last dirty little secret I want to address in today's episode and this is the number of designers I hear from regularly especially in our programs asking me, "How do I get back in charge of my clients?" And the scenario is always some version of, "Well, my client is shopping me, or they're wanting to cherry pick some things from one design scheme and other parts from another scheme. And I showed them both but they can't mix and match but they think they're the designer.

"And, Tobi, how do I get them out of the way and let me back in the driver's seat so I can do my job? How do I take back control of the job from my clients?" And I always laugh and say, "Well, God forbid a client actually

have an opinion about their own house that they're going to live in." And there's several answers to this question including setting firmer boundaries, charging high enough fees so it's not worth it to them to go be shopping you or doing the work on your own, why would they? Because they've already paid you a big fat retainer. They'd be losing money.

So those two things can help but why in the world also why are you showing people multiple design schemes that they can cherry pick from instead of just one incredible design scheme? These solutions really are just fixing problems though because the bigger problem. And maybe we call it a secret, secret number four is the lack of confidence and belief in yourself and your offers that has you not standing firm and leading your clients through the process of designing their space, or their event, or their garden, whatever it is you're working on.

And I don't think this means that you need the clients to 'just get out of the way'. I mean I hear so many people say, "I just want clients with big budgets who just get out of the way and let me do my job." But I don't think you want that as much as you think you do because it's not even that fun or that easy to do if they don't have an opinion. What you want I think is a collaborative ideal client but you don't want to feel uncomfortable having to lead the project and set boundaries.

The best projects are when confident designers set good boundaries and expectations and then collaborate with their clients in ways that best serve you both. So, clients can totally have an opinion and it's not threatening to you. They're not taking over the job because you feel totally in control. They start cherry picking things even if you aren't showing two schemes. You're like, "Okay, let's just be clear, if you pick from here and move it over here they're not going to go together. So, we really need to stay within one scheme or the other, or we need to reselect."

That's all it takes but you're uncomfortable because we're prone to perfectionism, and people pleasing, and needing our clients to like us which is called external validation. And this type of relationship is going to be very difficult for us 'staying in control of the job'. So, as you can see in this

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episode, all of these dirty little secrets just like in episode 58 are really all within our control if we're willing to do the work to solve them. And that work is always mostly thought work, mindset work, confidence work, all the personal development work.

And it's our willingness to do the work and to even do the feelings and emotional work to get comfortable being uncomfortable. Because I don't think it ever gets comfortable to charge high fees. But you know that's what you need to deliver what they're asking you for, so it's fair and it's an integrity. It may still be high but you can get comfortable that that's what it costs to work with you.

And so, if we're willing to feel uncomfortable to be transparent about those fees, and be honest about them, and to not discount them, and if we're willing to set good boundaries and stop people pleasing and perfectionism. And if we're willing to do whatever it takes to make sure that our offers are working and profitable, they're not broken, and that we absolutely believe in them, then everything's going to change. But if we don't believe in our own offers we likely don't believe in ourselves.

And if we don't believe in ourselves we likely don't have confidence to charge high fees, or set boundaries, or create scalable products, or stop people pleasing. So, it's all so interrelated. That's it friends. Those are our dirty little secrets for part two. And I think you probably found a lot of stuff that you might have already known but it's hard to hide from now that you're seeing about your business. But this is good news. It's not something to get depressed about. It's something to be excited about because these things are all fixable.

They're the very things that are in Design You, they're the very reason I created Design You. And so, on another note, come join us in Design You if you're ready to get started. But if you're not quite ready then you should come to a free masterclass, or webinar, or whatever you prefer to call it, that I'm having. So, if you're listening to this podcast right when it comes in May of 2022, I'm doing a free live masterclass called From Burnout to Back

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In Charge. And I'll be teaching you everything from how to be expensive and believe you're worth it and have the services to support it.

And also, how to fall totally in love with your offers and confidently sell them. And you can register for that masterclass or webinar by going to tobifairley.com/webinar to get signed up. I cannot wait to see you there. I cannot wait to see a bunch of you in Design You. I have so much to tell you on that webinar. We are doing stuff in Design You, this time, in fact I'll probably even tell you next week on the podcast.

But the next six months in Design You, if you've ever thought about joining us, or if you've never thought about joining us this is the time. Because between now and the end of this year 2022, we are doing something that is going to be so lifechanging for designers and creatives. And it will create so much capacity and so much learning, and just so much simplicity in your business, and clarity in so many ways.

That if you've ever thought about joining, really get serious about thinking about it now. Because I'm going to be telling you all about why this is probably the most important six months we've ever had in our programs. Okay, so I'll tell you all about that soon.

In fact, I'll be back next week and I'm going to be joined by our two success coaches, Summer and Lauren from Design You. They're going to be here. It's going to be so much fun so see you then. Head over and register for the webinar if you want to, tobifairley.com/webinar and I'll see you back really, really soon. 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.

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