

## 008 How to Make Financial Decisions like a 7-Figure CEO



### **Full Episode Transcript**

**With Your Host**

**Rachel Rodgers**

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Dave Ramsey says never-ever go into debt and never use credit cards. He says people who use credit cards are idiots. Well, let me tell you something: If I put \$5000 on a credit card and turn that \$5000 investment into \$250,000 in revenue because I've learned how to build a business that makes me \$250,000 in a year... Well then, I'm a very wealthy idiot, Dave.

Welcome to *The Million Dollar Badass Podcast*. I'm your host, Rachel Rodgers, wife, mother to four children, lover of Beyoncé, coffee drinker, and afro wearer, and I just happen to be the CEO of a seven-figure business. I am on a mission to help every woman I meet become a millionaire. If you want to make more money, you are in the right place. Let's get it going.

Hey y'all. It's your girl Rachel, and *The Million Dollar Badass Podcast* is back and I am so excited to be back with you. And today we're going to talk about a really important topic, which is how to make better financial decisions. We women entrepreneurs, we need to really focus on our money, pay attention to it, track it, love it, rub it all over ourselves.

Whatever you need to do to feel excited and focused on your funds. #focusonyourfunds. So today I want to start by talking about this concept of loss aversion because I think this is a concept that really trips us up when we're making financial decisions.

So in cognitive psychology and decision theory, there is this concept called loss aversion, which refers to people's tendency to prefer avoiding losses to acquiring gains. It's better to not lose five dollars than it is to gain five dollars, right? It's a very prominent theory in economics, and I think it is something that works into our decision-making when it comes to financial decisions every single day.

And I want to tell a story to illustrate this point. So someone on my team - I'm not going to name names - and she is brilliant and amazing and I love

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having her on my team, but I'm going to share this story about a decision that she made because I think it really illustrates the point. And then I'll also share a story about a decision I made because I'm not immune to this either.

So, this member of my team, I asked them to pull transcripts from trainings that I've done recently. And the reason why I'm doing that is because I am doing a new version of this same training and I wanted to have a transcript of each of those previous training videos so that I could see what I taught before and what I want to edit and improve.

And it's a way to sort of speed up the process. So I could totally watch the old videos and take notes while watching them, but I'm like, it's better to just have a transcript and speed up my process, right? And so I said, "Hey team, could you guys go and get the transcripts for these specific videos by this specific date so I can use them to create the new versions of this training?"

So I am making that decision to spend some money on these transcripts to save myself time. So I want you to notice that I am valuing my time over funds. I am valuing my time over money, and that's how you have to think in order to be a million-dollar CEO. You have to value your time more than you value money.

And so, a lot of times we will spend money to buy time, right? So by buying these transcripts, I was buying time, I was going to be able to prepare for these new versions of the trainings a lot faster. Instead of taking three hours to prepare, I could probably prepare in 90 minutes, maybe 60 minutes. So now I've gained one and a half to two hours of my time back that I can use for other money-generating activities.

So that's how that works. So this team member, I asked her to go on Rev.com. So if you're not familiar with Rev.com, it's an online resource that

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you can use to have transcripts created and transcripts are one of my favorite timesaving strategies. So even when I'm creating a new program or any time I'm creating something new and I've talked about it before, I don't care if I've talked about it on the podcast, at a speaking gig, in a former training, I will grab the transcript of that so that I'm not starting from scratch.

Let me use what I've already created in the past. Work hard once is one of the principles that I teach in my Million Dollar Badass mastermind, and so I also apply that principle to my life. So rev.com is something we use every now and then to pull transcripts. So I had this team member go and do that, and I got the transcript.

So it's the day before that I need to deliver this training and I said, "Hey, do you have those transcripts?" And she said, "Yes I do, here you go," and she sent them to me. And I took one look at it and I wanted to set it on fire. And let me explain why. Because it had so many ums and ahs and you know, the way we talk, we don't speak the way that we write.

So I say things like right, and you know, and um, and ah, and all those ums and ahs and you knows were in the transcript. And there was so many of them in certain sections that I could barely get to the point. It was so distracting that it was actually doing the opposite of saving me time. Now it was taking up more time than it would take if I was just to watch the video.

And so I decided to just go ahead and watch the video and I wasn't able to use the transcripts to my benefit. So what happened there? Let's break down what happened there. So what she was trying to do was get these transcripts for under \$100. That was her goal because I talked to her about it afterwards and she said, "I was trying to get the transcripts for under \$100. I felt like we shouldn't spend a whole bunch of money on it."

And so she was trying to save me money, and I love when my team members try to save me money, but not when it costs me time. So never

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ever trade my time for a couple dollars, ever. That is definitely not something we ever want to do. And so that's exactly what wound up happening.

So my time got traded for a couple of dollars because if she would have spent a little bit more and maybe spent \$150, I don't even know what the cost difference was but it wasn't really huge, it wasn't really significant. If she would have spent that additional money, then we would have gotten a transcript that removes all of the ums and the ahs, which means that I would have had a really clean, clear transcript of what I taught and then I would have been able to use that to save a bunch of time when I was prepping for teaching this class again.

So what is the lesson there? The lesson is like, we saved a couple dollars but it actually wound up saving me nothing. It actually wound up costing me more money because not only did we spend the money for the Rev.com transcripts that were completely useless to me because they were so riddled with ums and ahs, but we also didn't save my time. So I still have to spend that three hours prepping for that training.

And that is the perfect example of this idea of loss aversion. Trying to save a couple dollars but not really looking to the future to see how saving that couple of dollars is actually costing you more. And that comes up a ton when we think about investing in ourselves as women entrepreneurs and investing in training programs, or Facebook ads. Any kind of business development activities. Going to an event where we could meet certain people that might be great connections for us to have, that might refer clients to us.

What we think about is, oh, it's going to be a thousand dollars for two nights of hotel and the flight to get to that event. It's going to cost me \$1500 a month to be a part of that mastermind community. That course is \$2000 in order to learn how to do that thing. So we focus on the dollars. Exactly how

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much is coming out of our bank account right now in order to acquire that information or learn that thing or meet those people.

What we don't think about is the hundreds of thousands of dollars that we are going to earn. Some of the events I have been to have been as much as \$10,000 and I spent \$10,000 on an event and I go to that event and I meet a person there who teaches me something that is absolutely life-changing for me and for my business. And so then I go home, apply that model, and it allows me to make \$10,000 more every single month.

So I spent \$10,000 to gain \$10,000 a month. Was it worth it? Of course it was, right? But I have to see that on the day that I'm spending that \$10,000 in order to make that move. And these are the kinds of financial decisions that women entrepreneurs who want to be the CEO of a million-dollar business need to be making.

You want to make these kinds of decisions that are going to be big investments in your future and give you a big return on that investment. Not necessarily thinking about how can I save, save, save, save, save. And that is what typical personal financial advice is. If you pick up any common personal finance book or listen to Dave Ramsey - yes, I'm getting on Dave Ramsey. I know some of y'all going to be mad at me but stick with me here.

If you follow the advice of a lot of these personal finance gurus, they're actually really gearing that advice towards employees. They're gearing that advice towards people who make their money with a paycheck every week and that paycheck is the same amount every week.

And so they're really talking about how do you divide that paycheck once you get it. How do you manage the money that you already have and really from the expense point of view? But I want you as an entrepreneur to really think about earning more and really be making decisions based on earning rather than expenses.

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And I'll give you another story here. A couple of years ago, and this was when my business was still on the rise, I was definitely not making seven figures yet. I was making over six figures for sure, probably around the \$300,000 a year mark but I still had a family. I was living in the New York area, which is a really expensive place to live and I had lawyers working for me because I was running a law firm - one lawyer I think at the time probably.

And I wanted to go on this retreat to Italy, and I just felt like called to go on this retreat. I read about it and I was like, I really want to go, I think it's going to be really good for me to clear my head, to get some new ideas about taking my business to the next level, to meet some women who may become potential clients, like, I really feel drawn to this event and I really want to go.

And so I thought about okay, what would it take for me to go? And the retreat was \$6000. And I'm not saying that you should do this, but I impulsively put down \$1000 on this retreat because I just knew I wanted to do it and I was like, I'm going to figure out how to come up with the other 5K. And you know why I felt comfortable doing that is because I already had a habit of earning money to pay for the things that I wanted, to think from a perspective of not how much is going to come out of my bank account and how much am I going to lose, but I really like to think about how much am I going to gain.

And specifically, at the time, one of the things that I sold was Small Business Bodyguard, which is a digital product that I created many years ago. That product has generated over a million dollars over like, a four-year period, and it continues to sell every month to this day and it's a legal guide for entrepreneurs.

And so that product is a thousand-dollar product approximately. I can't remember, maybe it's \$1100. But let's say it's a thousand dollars for ease sake. So I would think, okay I just need to sell five more SBBs in order to

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go on this retreat in Italy. So what am I going to do, what are some ideas that I have to sell five SBBs this month?

And so I would just sit and brainstorm and write down at least 20 different ideas about how I can sell an extra five. Not the usual number of Small Business Bodyguard products that we sell every week because that's my usual revenue that I need to pay other bills and I wanted this event to not affect those other expenses and my usual business life.

And so I thought about what could I do to sell an extra five Small Business Bodyguard products. And so, I just brainstorm like, 20 different ideas and some of those ideas are terrible ideas and I definitely shouldn't act on them, and some of them are really great ideas. And so it may be do a Facebook Live about a particular topic that SBB addresses and then invite people to join for \$100 off.

It could be send an email to my list, it could be send an email to people who have emailed us inquiring about SBB over the last year. It could be email a partner who might be interested in offering SBB to their clients at a discounted rate, so somebody who could be in an affiliate for SBB.

So there are any number of ways. I could host a webinar, which I had done many times. And to be honest, I don't remember what in particular I did but I do remember that I did sell those five additional SBBs so that I could go on this event. And in fact, I think it was more than that because I was including not only the cost of the retreat but also the flight, which was probably like, \$800 and any other expenses that I might have related to this retreat.

And I earned all that money and I used it to go on this retreat. And it was life changing and I wound up becoming super close friends with the host of that retreat, and that friendship, I mean, first of all, we've been affiliates for

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each other, we have supported each other, we have a group chat that we're on every single day supporting each other.

So that friendship has, first of all, just enriched my life in so many non-financial ways, it's not even funny, but also that friendship has enriched both of our lives financially where we have both benefitted from being business besties. And there were a lot of other takeaways and things that happened at that retreat.

One of the biggest ones that happened is I sort of came out of hiding because I was scared to really show my full personality even then. I know it's hard to imagine me not being the completely obnoxious human being that I am right now, but believe it or not, I wasn't always this way. I mean, I guess I was always this way but I was scared to be this way in public.

And going on that retreat really helped me to come out of my shell and when I came back, the first thing that I did was revive this video series that I used to do. So I started doing vlogging. A new video every single week on legal topics because I was still practicing law at the time and that's what I was selling was legal services and Small Business Bodyguard.

And it was great for my business and we had an epic year and continued to make money. And so that was an incredible investment that I made in myself and in my business, and when I thought about it, I thought about how many of this service or product do I need to sell to make this thing happen.

So if you're thinking about joining a mastermind or going to a conference that you really want to go to, or decorating your office, or getting a physical office outside of your home, or hiring an assistant, start thinking in terms of how many of my product or service do I need to sell in order to make that happen. I want you to think that way, and when you start thinking that way, trust me, you are going to get amazing, creative ideas and you'll start

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thinking that way every single day even when you don't have a new added expense.

And so what I'm trying to train your brain to do is to think in terms of what additional money can I earn, instead of thinking in terms of how can I save what I have. Because really, if we think about what we have as the last money we're ever going to have, if we treat it that way, that's a scarcity mindset, and what that's doing is saying like, oh, I've got \$10,000 in the bank, that's probably the last \$10,000 I'm ever going to have. I need to treat it as precious and never spend it and save it and pet it and never let anyone take it away.

You could do that, or you could turn that \$10,000 into \$100,000 or into a million, which is what I did with my little bit of money that I had when I started my practice. So I want you to change the way that you're thinking and maybe stop following some of these personal finance gurus that are really, really focused on saving money.

And by the way, just so you know, I'm all about saving as well. So I'm not saying that you should never save money. You should absolutely save money. You should invest not only in things that are training and business development and growth opportunities for your business, but you should also invest in the stock market or invest in real estate, or put your money in other places besides just your business to diversify.

And maybe when you're just starting and your business hasn't hit 100K yet or is just past 100K, maybe you're not ready to do all that and that's fine, but know that that's something you can do in the future. And I am a fan of saving, so I do think that you should put a little bit of money away every month. But I also think it is a top priority to be thinking in terms of what additional money can I earn rather than how can I save what I have.

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I want you to shift that thinking in your head and that is going to lead to a lot more revenue for you in your business and in your future. And I have one more story to share with you. I held an event last year and this was our sixth event that we've done in a year. And running six events in a year is an enormous amount of work, especially for a small team.

And we pulled it off and they were amazing, and every time we did an event, within 30 days of that event, we had at least 15 people join our programs each time. At least 15. At one of the events we had 21 people join our programs literally within the week from the event. So the event was a great way to let our tribe know how we work and what are the benefits of being a part of our community, what are the benefits of learning from me and getting coaching from me and my coaching team.

And so when people have that experience and see that it's a good fit for them, then they are ready to move forward and decide to work with us. So doing these events is a great marketing tool and it's also a great way to connect and just unite our tribe, which is amazing and I love it and it's exciting. And it is also very, very profitable.

So even though it's a lot of work, it totally makes sense profit-wise. And so I decided towards the end of the year, I was feeling a little beat down and just exhausted and I still had a brand-new baby, and so I decided, you know what, we're not going to bring the whole team to the event. We're going to bring less people, we're going to cut a couple corners with this event. Let's see if we can save some money on the expenses of this event and still get the same results.

And boy, was that a mistake. The event was absolutely a struggle to pull off without having the full team there, and you know, even though our clients reported to us that they had an amazing experience and they loved it, I'm still getting emails from people saying this event was so incredible, I don't know what you're talking about, but behind the scenes it was a hot mess.

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I mean, I can't tell you how disastrous it felt from behind the scenes. And of course, you know, if I'm on the stage teaching, knowing that there's looming disaster and other people like my friends and the one team member that I did bring were trying to fix it in the background, that's a little bit distracting. So I feel like yes, I showed up and I did my best at the time, but was it 100%? I'm not sure, and probably not.

And so what does that mean? That meant that we only had eight people join our programs after that event. And so that means that we missed out on another seven at least potential clients that would have joined us based on the various other events that we did that year and even the previous year. We've never had less than 15 people join our programs after hosting an event.

And maybe it's not always on the day of the event but within 30 days of the event. And so those seven people represent over \$100,000 in revenue from clients that we would have worked with, and a lot of times our clients renew and work with us a second year and maybe work with us a third year. And so not only did we miss out on a years' worth of revenue from each of those clients but maybe three years' worth of revenue with each of those clients.

So if you think about the hundreds of thousands of dollars lost, it was not worth whatever the \$10,000 was that we were going to save by not bringing all of our team out there and by cutting other corners. So this is a lesson that I am still learning and that was an especially painful lesson but when we have those painful financial lessons, let's make sure that we're learning from them.

Let's not just say, well that sucked, and throw our head under the covers and cry about it. But let's really extract the lessons from those things that don't go the way that we want them to because that's how we learn and that's how we shift our behavior to start thinking like a million-dollar badass. I want you to think like the CEO of a seven-figure business. You have to

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start making the kinds of decisions that the CEO of a seven-figure business would make if you ever want to have that kind of business.

And right now, I have a seven-figure business. I want to have an eight-figure business. And so now I'm thinking about what would an eight-figure business owner do in this situation every time I'm making an important decision in my business. And it's usually scary and it's usually uncomfortable, but let me tell you something; growth is not comfortable. It doesn't come from being cozy. Growth happens when you are uncomfortable.

And so you have to get comfortable with being uncomfortable because that is part of the journey that we are on as ambitious women entrepreneurs. So take that. That is how to make better financial decisions and I'm hoping that this helps you and that it inspires you and that you use this strategy and this shift in your thinking to help you become a million-dollar badass.

And now I have a quick little homework item for you. So here's what I want you to do. I want you to take a moment to calculate what your dream life costs. I want you to actually crunch the numbers. So if there's a home that you really want to buy in a particular neighborhood, then calculate what would a monthly mortgage on that home be.

I want you to think about what are the vacations that you dream about going on, what private school do you think about sending your kids to and what is the monthly tuition at that private school. I want you to think about the investments that you want to make, the luxury car that you want to buy. Whether you want to buy your mom a home or pay off her debt, or pay off your own debt. Maybe you have educational loans that you still haven't tackled yet.

Whatever it is, I want you to add up what does your dream life look like. All of the things that you want to have, I want you to break it down into a

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monthly cost and come up with a monthly number. So maybe when you add everything that you want up, it comes up to \$30,000 a month. I want you to know what that number is. Maybe it's \$12,000. Maybe it's \$100,000. Doesn't matter. I'm not here to judge.

But I want you to get the hard numbers and actually know how much it's going to cost to live the way that you want to live and to have the business that you want to have. And then once you've added those numbers up, I want you to use that as your inspiration. Put in on your corkboard, look at it every day, and that way you will know when you reach success.

The other benefit of that is that you will see it every single day and it will motivate you. It will motivate you to be uncomfortable, to do those tough things, to make those challenging decisions, to make better financial decisions so that you can get yourself to that place of earning whatever that number is on a monthly basis so that you can have the business and the life you love.

Guess what you guys, I have exciting news. Enrollment is now open for my Million Dollar Badass mastermind. The MDB mastermind is for women entrepreneurs running a service business who are already generating 100K or more, and want to scale to a million dollars. So if you are on track to make six figures this year but you want to be on track to make seven, then this program is for you.

This is all about taking your business from 100K to a million. And go to [helloseven.co/mdb](http://helloseven.co/mdb) to get all of the details. This program included one-on-one coaching, group coaching, monthly training, a member site full of sales scripts, cheat sheets, templates, Facebook ad strategies, email copies, all of it.

We get together three times a year for a retreat and we also include the Million Dollar Badass 12-step roadmap. So this is a step-by-step process to

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get you from 100K to a million. If you are a woman entrepreneur who is ready to scale, go to [helloseven.co/mdb](https://helloseven.co/mdb) to get all of the details and apply now. Apply by March 1st to get preferred pricing and a bonus VIP day with me.