



008: Taking Risks and Making Extra Money with Kyle Taylor, The Penny Hoarder (Transcript)

Philip: Kyle, welcome to the show.

Kyle: Thank you for having me.

Philip: Yeah, I'm excited to talk to you today. First question is this, what's the one thing you do that maybe others don't, that you feel has been the biggest contributor to your financial success so far?

Kyle: Well, I like to take risks. One of things that I learned early on in my business was I had built up all these fears that were sort of holding me back. I remember the first time I got to a month where I made more than \$5,000. I told myself, "That's awesome. Let's do that again next month." I started to realize I was bringing some doubt on myself in that all I was worth next month was earning \$5,000. So, really, over the last 5 years I've changed my mindset and learned to take a little bit more risk—to push myself a little bit farther and expect more of myself. Now it's, "No, I'm not going to earn \$5,000 a month." Now it's, "Maybe I'll earn \$100,000 next month." Well, maybe I won't reach that but it's certainly helps changing my mind with some big gain there.

Philip: Yeah, yeah. And that's a beautiful thing about the income side of the equation, is it doesn't have a natural limitation, right?

Kyle: Exactly.

Philip: Are you risky as well with traditional investing and/or just handling your money in general or is it strictly on the business side?

Kyle: I like to protect what I've already brought in, so, on that side it's safe and sound. But, I like to take risks when it comes to new opportunities. Business is a great example of that. I had built the Penny Hoarder to a place where I was earning seven figures a year on my own. I'm putting that aside and putting it in safe keeping. But the risk was to take a chance and go out and hire a bunch of folks and open an office and see if I could do even more.

Philip: That is scary, being I'm pretty close to that point myself. When you say, keep it safe, what does that mean? Where did you put it if you don't mind sharing?

Kyle: Well, I have a pretty conservative portfolio. I'm actually at about 50 percent cash right now and then the other 50 percent is a mixture of, I would say, 20 percent U.S. equities, 20 percent emerging market and 10 percent bonds.

Philip: Okay, and the equities in emerged markets, are those in index funds or single stocks? How do you do that?

Kyle: ETFs.

Philip: ETFs, so, chopped up funds.

Kyle: Exactly.

Philip: Cool. And as far as the cash goes, is that something where you're earning a lot of interest? Or have you just conceded that one percent's kind of maxing out there? What are you doing with that?

Kyle: Right, about one percent. That's right. And it's important for me, not only from a protection standpoint, but I want to have cash available to put to work when I see an opportunity. It's not that it will always be in cash but I'm waiting for—maybe someday I'll find another business or invest in something else I care about.

Philip: Outside of the business and equities and stuff, do you do any real estate investing or any other type of investing?

Kyle: Not yet. I'm at a place right now with the business where it requires a lot of hands-on—a lot of time. That part has made it difficult for me to really be an active partner in something else, including real estate.

Philip: In terms of getting over the entrepreneurial risk of trying to grow what you're doing there, was there any sort of “magic pill” that you took to kind of get over that hump? Was it being around certain people? What was it that kind of helped you move past that point?

Kyle: I think there are two things that I do. One is that I love to read. It doesn't have to just be books but I just love to read about what other entrepreneurs are doing. For example, I read Sheryl Sandberg's book, Lean In, this past week. It came out several years ago. It was fascinating, her thoughts on being a woman a workplace, but also got all these interesting anecdotes of what it's like to be her, and be around Mark Zuckerberg. Those little anecdotes are—in some weird ways gave me confidence because I could see how other people were thinking about different situations and turns out they're just regular people too. That's another part of it. I think about how Mark Zuckerberg didn't know how to take a company public or how to run a company with tens of thousands of employees. It's just a matter of doing it. You just have to start doing it and you'll figure it out along the way. I think that's given me a lot of

confidence, knowing that when I get in a situation I don't necessarily have to know exactly what I'm doing. I've learned that I can figure it out. A great example of that is, we're getting ready to move so, for the last 6 months I've been negotiating a new lease for our office and that's a terrifying experience. They want anywhere from 5 to 10 years for you to commit to. I don't mind sharing—over a lifetime, that commitment is going to be in the millions. I never negotiated a lease of that size and I definitely had a moment where I was like, “Should I be doing this?” And, I'm glad I told myself to push through it because I know that next time I'll be better prepared.

Philip: Yeah. Back to your point about the impostor syndrome commentary there, one thing my dad always used to tell me when I got my first jobs out of college was that it's intimidating, but no one in the room is any smarter than you by 10-X degree. It's just that they've had a little more experience or they've been there longer. So, don't carry this burden thinking they're smarter or wondering, “Who am I to be in this position?” That helped me out in my life. I love the anecdote there. You could have a virtual team though, right? You don't need space, necessarily? Talk us through that decision to have an office building, and how, now you're considering a bigger office space (it sounds like). Why do that? Why not stay virtual?

Kyle: It's funny because some of the most popular content on the Penny Hoarder is about telecommuting and working from home but I definitely share some more traditional beliefs there in that it's important for people to be near each other for collaboration purposes. I see it all the time where you have an idea or a quick question and you walk over to somebody's desk and get an instant answer or all the sudden an impromptu conversation happens and something amazing happens. You don't do that when you're remote. You feel like you need to have something really substantive in order to fire off an email or even send a message on Skype. That only happens in person so it's important to me that folks are here. I do see the benefits of working from home. Our folks are allowed to work on one day a week, and that's a good time to get caught up and be free from interruptions. We do have 5 remote employees that live out-of-state, but we've bought a condo one block from the office and they rotate. They come for one week, every 5 weeks. That way, they at least have some time to be with their teams.

Philip: Fascinating. Do you think there's a P.R. benefit to having an office?

Kyle: Absolutely. There is certainly a local P.R. benefit. I don't know how well that does for us with our readership. But it's helped introduce me to a lot of folks locally that have been a real asset. I'll give you an example... Being active with our local chamber, we're now working on a hiring tax credit with the state. Well, nothing gone through yet. It could be hundreds of thousands of dollars if they were to prove it and that's something I might not have had in a remote scenario.

Philip: Well, I could pick your brain about this business stuff all day long but this is a personal finance show so I want to drill down into some of that. Take us back... Was there a moment before all this business ownership stuff was going on that you decided to become a “master of my money” and improve my financial life?

Kyle: Yeah, there were a couple. Money was a big topic of my childhood. It was something that

we shared openly and honestly in our family. My mom created a budget, and I'm talking—like, at 6 or 7 years old, I knew exactly how much (money) my parents made, and we knew how much money was in each category.

Philip: Awesome.

Kyle: We tracked it together and it made it really fun. One of my favorite stories to tell is my mom used to have us go read the meters on the side of the house to see how much electricity we had spent the day before. I know that sounds like we were trying to hold something back by being really frugal but, we were kids. It was fun. It was— like, we'd challenge ourselves. We'd turn off all the lights to see if we could beat the reading from the day before. That was a big part of my childhood. And my parents really encouraged entrepreneurship. I had a million little side businesses throughout middle school and high school. But, despite all that wonderful financial upbringing, I started my early 20's making some really bad financial decisions. Some of them being—I signed up for school 3 different times and dropped out all 3 times. I made a lot of purchases that I shouldn't have made. When it came to electronics and clothes—I got to 24, 25 years old with almost \$50,000 in student loans and credit card debt and no degree to show for it. It always amazes me to reflect on the fact I had all this knowledge and wasn't able to apply it because I was still making these impulse purchases. I remember the wakeup call very clearly because I had completely run out of money. I was down to my last few cents and my bank account was negative. I was lucky enough that I had just got a new job that had taken me to a new state and they were paying to put me up in an efficiency unit. So, I was lucky enough to have a place to stay. My parents have always been very helpful and they had been supporting me throughout my early 20's giving me money. I had gotten to a point where I thought I just couldn't go back to well. And so I found myself in a situation where I was waiting for my first paycheck for three weeks and having to look for money on the side of the road to try and buy Ramen noodles or sneak into the hotel next door to get a free breakfast. It was a tough time. Mentally, I just felt like I really failed myself. When I got that first check... that was a moment where I declared, out loud, never again. And that's when things really started to turn around for me.

Philip: Wow. Wow. How old were you then?

Kyle: I was 25 years old.

Philip: Was there a specific financial goal you made for yourself at that point? Or, was it just kind of about starting to move forward and clean up?

Kyle: Yeah, my first goal was to save \$1,000.

Philip: Okay.

Kyle: I know a lot of finance experts have different advice on this because I had a lot of debt that was at a pretty long interest rate but for me I needed that mental security that there was a \$1,000 in funds I could access because those credit cards were long maxed-out or long

overdue. So that was my first goal. And it took me—again, I was in a situation where I was very lucky with my job paying for my housing so it didn't take me more than a couple of months to save \$1,000. But, that was my first financial goal.

Philip: What kind of job did you have?

Kyle: I used to work on campaigns. That campaign, actually, was the Affordable Care Act. I paid to go to Louisiana and drum up support.

Philip: Very cool. And so I'm assuming campaigns can't afford necessarily to do a high-rolling salary so I'm pretty sure it was minimal?

Kyle: Yeah, I was probably only making \$10 or \$12 an hour.

Philip: Yeah, but a free place to stay. I get it. And maybe some meals picked up here and there?

Kyle: Exactly.

Philip: Cool. Did you ever go back and finish school or anything?

Kyle: I didn't, nope.

Philip: Okay. How soon after making that decision did you reach that \$1,000 point? Do you remember?

Kyle: Well, it took me a couple of months to get that \$1,000 and then my next goal became paying off this debt. I made a huge chart—that comes from back in my childhood. We always had a ton of charts. My mom had one in her room when we were saving for a new house. Every Sunday we would look at how much money we had saved that week. We kids would take turns coloring in the road on the way up to the house.

Philip: Nice.

Kyle: I've always been a fan of making these charts so I made a chart of every debt I ever had with a little bar graph and put it in order of how I wanted to pay them off. It took me close to 3 years to pay off \$50,000 but that chart kind of stayed with me all 3 years.

Philip: Okay. And during that timeframe were you still just working campaign type jobs?

Kyle: Part of that were campaign jobs, for the first year, I'd say. And that's really when I started blogging. I wanted a way to hold myself accountable to this debt and I was looking for all these side jobs so I thought it would be fun to write about it. Also, during the last two years I think that some of that credit card debt was paid off on blogging income and the side jobs I was doing.

Philip: Talk about that. How do you make money off a blog just for folks who may not know?

Kyle: Very, very slowly. We all have an article on our sites—that classic, "blogger article," about

how to make money blogging. But the truth is, it's going to be a long time before that happens.

Philip: Yeah.

Kyle: I probably went 6 months before I made my first dollar and that dollar it was a Google AdSense check for \$100 which, at the time, was sort of the minimum payout that you'd get. I remember thinking, "Okay, this is—it's free money." Forget the fact that I put in 300 hours of work to get there but I thought, "If I could just multiply that!" That's really how my entrepreneurial brain started turning. Display was a big part of what I did then, but I also started getting sponsored posts where I would write about a brand and would charge between \$75 and \$100. Those checks were small and pretty infrequent for the first year. But, by year or two, I think I had made \$15,000 to \$20,000 on my blog, mainly from those sponsorships.

Philip: How did that compare to what you were making in your day job?

Kyle: I was still making more in my day job. One of the ways I'm a lot of money is, "beer auditing." I've told this story before where I got paid to go to grocery stores to see if they would card me. I don't know why, but they had a hard time finding auditors. And to this day it's one of my favorite jobs I've ever had. I got paid pretty well for doing that. I got anywhere from \$30 to \$50 per store. And, I would travel all over the southeastern United States with my dog in the back seat and I could do 20 to 25 stores in a day. So, you do the math. At one point I was making \$4,000 to \$5,000 a month from beer audits. That helped pay off a big part of my debt.

Philip: How do you tie in with that organization? Who did that?

Kyle: As a kid, we did a lot of mystery shopping.

Philip: Okay.

Kyle: That was how my folks made some extra money at night because we could all come along—go to dinner together and stuff. So, I was already a member of those kinds of sites and that sort of led me down that rabbit hole.

Philip: Okay, very good. What happens when you when you get rid of the debt? What is that like?

Kyle: You throw a party. I know a lot of people can probably relate to this. It's like you can finally breathe again, you can finally take a deep breath all of a sudden. It's a very freeing feeling. I would say the moment I paid it off things really started to turn around for me and the business started to do very well. I started to set my sights pretty high. In the last 6 months of that debt payoff, I knew it was on its way and my goal started to shift around to, "Okay, how can I save my first \$1million." But, no doubt, the day I wrote that last check (and it was a check) it was pretty awesome.

Philip: Who is that to? Was it to one of the student loans?

Kyle: That was Nelnet, a student loan company. And I'm grateful I'll never have to send them money again.

Philip: Very good, man. So, your mind shifted from getting rid of the debt snowball, turning it into a saving snowball (as I like to say) and a shift toward wealth building. Before we leave the debt part of it, I like the idea of the visuals that you were creating for yourself. Were there any tools you were using to manage your money and keep track of things?

Kyle: Well, to this day, I use Quicken. I know that's kind of old-school but I actually started to fall in love with balancing my check-book. It became a fun thing to do and was something I did every morning over a cup of coffee. I know that sounds a little obsessive but because I was making so many poor decisions and wasn't that great with saying, no, I needed those frequent check-ins with myself in order to keep myself on track. I no longer balance on a day basis but as I started getting a little bit more successful with money, I created what I call, financial Sundays. It's just a once-a-week check-in where I would take a look at the budgeting goals I had set for the prior week to see what changes I needed to make for the following week.

Philip: What were your living expenses like at the time when the blog was starting to take off?

Kyle: My biggest expenses were the debts. So, on a monthly basis—my rent was probably around \$700 so all-tolled, I could live on less than \$2,000 a month.

Philip: So living lean... Did things change when you got rid of the debt in terms of spending? Did you loosen up a little bit with the budget?

Kyle: A little bit. I definitely bought a couple of rewards for myself, including my first house which is a big deal. And I kind of have a little bit nicer stuff now. But, as the business got bigger and I became more financially successful—it's weird, you don't really desire those things at the same rate that you once did. In fact, oftentimes I think just the cash security feels better than actually having stuff.

Philip: Yeah. So you did go out and buy a house. Do you still own that house?

Kyle: I do, yes. I've been there for almost 3 years.

Philip: Okay. And is that something you financed?

Kyle: I did yes. Rates are so cheap so why not?

Philip: I'm assuming you put something down on that house?

Kyle: Yes, buying it was not an easy task because even though I had the money to really buy it outright, I had a really crummy credit score. It had started to improve. But, because of all the bad decisions I had made... I mean, I had late payments from 3, 4 and 5 years prior so it definitely took a lot of work to find a bank that would work with me. And, they required me to put down a 40 percent down payment which is quite large.

Philip: Right. In my mind I see you as the, “make extra money guru.” You mentioned the beer auditing job. Were there any other kind of jobs you had early on while you were in this “hustling” mode to get rid of the debt?

Kyle: Yeah, well, I knew I wasn't making a ton of money yet. Like I mentioned, I was only making about \$12 an hour for campaigns. There's only so much you can cut from that budget. It's not like I was buying lattes and that kind of stuff. And I think that's true for a lot of people. You can't just think about what you're going to buy. You have to think about what you can add to the income side. So side jobs have been a big part of my life. And yes, it's a big part of the blog. One of many other favorite jobs is, I was a movie preview auditor. I got paid to go to the movies, write down all the previews I saw, count the audience size and I'd tell that to advertisers. I also got really into your retail arbitrage. I was buying lots of things from retailers, then using coupons and stacking— all the things that we love, then reselling them on Amazon and eBay. In fact, even up until 3 Christmases ago this was still part of my budget. I had over 1,000 Furbies in the basement—

Philip: Ready for the hype of Christmas.

Kyle: Yes.

Philip: Did you get rid of them all?

Kyle: I did, I did.

Philip: What's the markup on Furbies?

Kyle: With arbitrage, margins are the thing. You're making 10, 15 percent on a product. Because, you're buying it at retail and trying to sell it for retail. So I probably was making \$6 or \$7 per Furby. But, it was a lot of fun. It was like trying to find—I just loved the gain-aspect of it.

Philip: Sure, sure.

Kyle: But, I also started doing Amazon as an affiliate which was way easier because you just send them the stuff and they take care of the customers and I got to focus on the hunt.

Philip: Cool. So you're doing some of this as well as building the site up. Just an all-around hustler— once a hustler, always a hustler...

Kyle: Exactly.

Philip: ... Finding that leverage. How do you find some of these jobs? Where would people start to look for this stuff?

Kyle: I already knew about mystery shopping as a kid so that was something I could grow from. But, at the time there weren't a lot of personal finance blogs yet. And so I was kind of in the dark. I remember using Craig's List a lot as a resource and it's not always a good resource. I've got myself in a couple of situations. I remember one time I signed up to deliver flyers for a

company. I got there and... Well, I don't think I quite understood the economics flyer delivering because I was out there for 5 hours and when I got back, I got \$20 and a free slice of pizza.

Philip: Oh, no!

Kyle: I think I walked 12 miles!

Philip: Well, you got a pretty good workout.

Kyle: Exactly.

Philip: But then you ruined it with the pizza.

Kyle: I think it's important for folks to use sites like ours to really listen to people who have done it before. I recommend staying away from those kinds of sites now.

Philip: Yeah. So go to thepennyhoarder.com to find all your—Oh, what about the campaign side of things? Some people may be interested in doing something like that. How would they find a job like that?

Kyle: The first job I got was actually from the newspaper when job listings were still listed there. It was for \$8 an hour to, “knock-on-doors for working families.” It was to get out and vote in 2004. I was a political junkie and I didn't care what it was, it's— it was awesome. Then I started volunteering for the local campaign and then they asked me one day, they said, “Do you want to be a motorcade driver?” And I said, “Sure what does that entail?” I had to submit all this information to get a background check done. I got these instructions to come to this airport hangar in the middle of the afternoon. I had no idea who I was picking up. So I showed up with 4 or 5 other volunteers. They gave you your little Secret Service pin and they told us there were only 2 rules to being a motorcade driver— don't stop at any stop lights or stop signs and drive as fast as you can. I thought, “Wow, this is a pretty good gig! Finally there's someone who appreciates my speeding.” I didn't know who I was picking up but it ended up being John Edwards.

Philip: Wow!

Kyle: I got to drive Senator Nelson's to an event. That really ignited my passion and started getting me networking with the local political clubs and that helped me find jobs in the future. If it's something folks want to do, interest groups, in particular, are always hiring around 6 months prior to an election season. So, find the interest that matches your passions and send them an email. I guarantee you, they're looking for help.

Philip: Cool. That's neat. What about investing during this time your life? It sounds like you were just doing various jobs, you had goals of paying off debt but did you do any investing at all?

Kyle: Well, like I mentioned, I have a little bit in the stock market but my feeling on this is that

most of my net worth is tied up in my business. I own 100 percent of The Penny Hoarder. While we've been very successful and I'm happy with the growth, any digital company is inherently risky so it's important for me that as I take cash off the table, I'm putting that aside into something that's really safe and not doubling up on my leverage.

Philip: Right.

Kyle: I imagine—I'm loving what I'm doing and part of me thinks I might do this for the rest of my life, but if there is life for me after The Penny Hoarder, I'm sure I would get more aggressive with that cash.

Philip: So when did you open up your first investment or brokerage account?

Kyle: I would say pretty young, 18, 19. Again, I didn't keep the money in there for very long. I probably blew it on something silly but, like I said, my parents taught us well and that was something I knew was important. I was also fascinated by that stuff when I was a kid. I remember I was, maybe 21 years old, I thought I could day-trade my way, and quickly lost almost \$5,000. That sort of scared me away from that, thankfully. But, I had investing accounts for a long time. I'm just now starting to use them appropriately.

Philip: Is there any part of your personal finances that you're just not good at?

Kyle: I'd say that finances have become a lot more complicated for me now in terms of protecting what I have. For the first time a life, I find myself having to rely more on experts, especially on the insurance side. That's something I never really learned about. I just signed up for the cheapest car insurance I possibly could. I find I've got a little bit smarter about that and rely on some professionals.

Philip: So how do you get comfortable working with the right people?

Kyle: I have the same theory with hiring employees. You first have to test the relationship. On the employee side, it's not uncommon for us work with somebody a freelancer basis first. Or, we have a pretty intensive interview process. Trust is earned and built. I feel the same way about lawyers and accountants. I usually start with a small project, maybe look over something that the previous accountant has done and then build up trust beforehand with new people, so to speak.

Philip: Okay. Let's talk about now, going forward. Obviously, you've got a successful business and brand. How many employees now at the company?

Kyle: We are at about 60 now.

Philip: Sixty employees, lots of good revenue coming in. On the personal finance side do you have any financial goals? You sort of told us about your portfolio and how it's made up, but did you have any personal finance goals you are trying to achieve right now? Whether that's paying

off the house you own or saving for a specific goal? Anything like that?

Kyle: Well, I have made a slight shift here recently. It's been really important to me from the very beginning to reinvest the profits from The Penny Hoarder, back into the company, and I still do that but I'm now taking between 10 to 20 percent of the profits in cash each month to sort of put aside. That's really my personal finance goal for this year, is to do more of that. I want to be able to diversify risk just a little bit more.

Philip: Right, just move some of it out of the business?

Kyle: Yeah, and it's not—I don't have any less commitment to the business. But, the business has grown to a size where even just from a risk perspective, or from an insurance perspective, it's smart for me to have some cash on the side.

Philip: Do you do any investing with some of the excess cash in the business?

Kyle: Not yet, but I'd say that's something that we're hopefully looking to do more of this year.

Philip: Do you have a C.F.O?

Kyle: We don't, actually. And this surprises a lot of folks but our business is relatively simple in nature. I have a part-time bookkeeper and it doesn't take very long for us to process our invoices or payroll.

Philip: Yeah, put the books together.

Kyle: Yet, I do have a Financial Advisor that advises the company but that's an advisory role and not an employee.

Philip: What do they tell you?

Kyle: Well, they—for example, helping out with tax credit. That's the big thing we've been working on. Even just setting up things like cash flow forecasting has been part of their role. And hopefully, this year they start to look strategically about how to spend some of this cash. I think that will be a bigger part of their role too.

Philip: Cool. Is there anything else I didn't ask about that we should talk about?

Kyle: We're hiring! That's become my job now. Ninety-five percent of my time is spent recruiting so we're hiring and hoping to fill another 50 roles this year. So, if any of you listeners are interested, please check us out.

Philip: Fifty roles?

Kyle: Yeah. We want to be over 100 by the end of this year.

Philip: Wow, that's cool. Well, congratulations on the success of the business.

Kyle: Thank you very much. I appreciate it very much.

Philip: Looking back... Let's take a look back to the moment in that efficiency apartment where you made the decision to change things up for yourself and become a master of your money. With the ups and downs between now and that point, how do you feel about it all now?

Kyle: I'm just proud more than anything. I'm proud of the changes I was able to make in my own life and proud of what we've been able to build here and I hope that we can pass that on. That's really an important part of it. It means we can take what we've done and hopefully help others do the same.

Philip: It's certainly doing that. You've done that here with this interview with me today so I appreciate you doing this. How can folks learn more about you and what all you have going on?

Kyle: You should check out thepennyhoarder.com or if you wish to connect with me personally, I'm very active on Linked In. Just search for Kyle Taylor.

Philip: Very good, Kyle. Thanks for being on the show.

Kyle: Thank you. I appreciate it.