

How to Start a Side Gig: Pam Slim

Business coach and speaker. Author of *Escape from Cubicle Nation* and *Body of Work*.

JD Roth: Hey everybody, it's JD Roth again and today I am talking to Pam Slim. Pam is the author of *Escape from Cubicle Nation*. That's also the name of her website, escapefromcubicle.com and her most recent book is *Body of Work* which did that come out at the end of 2013 or beginning of 2014?

Pam Slim: The last day of 2013 actually, December 31st.

JD Roth: There you go. And that book kind of expands on some of the points that you've been covering over the last couple years. So Pam, I was wondering if you could give a little bit of background about yourself and your philosophy I guess.

Pam Slim: Yeah, well I've worked in just about every work mode possible. As I was writing my latest book I realized that. I've been in the nonprofit world and I've worked in large corporations. I've been a consultant to small, medium and large companies, I've coached people in startup and really what has been a thread all through my own work life has just been fascinated about the world of work and a relationship to work and especially how it is that we can find the kind of work situation at different stages of life that allows us to feel really excited and engaged. So you know what's interesting is a lot of people know me from my work online at *Escape from Cubicle Nation* as being somebody who is absolutely passionate and encouraging about people starting a business. But for my own perspective of looking at my life, I mean that is one area of passion and interest but actually anybody who is excited and engaged in the work that they do and who's creating really cool things whether they work for themselves or for somebody else, is really what is of interest to me and that's really kind of the frame of body of work.

JD Roth: And I think that's interesting because you said you've been involved with all sorts of different work modes, consulting, working for other people, working for yourself. Is this something that you've planned out or is it something that's just happened just the way life has taken you?

Pam Slim: Yeah it really is how life has taken me but it's also because I realize as opposed to my very organized and responsible siblings who always were got better grades than I did and you know have had, my brother's a isotope geochemist. He's a professor at University of Pittsburgh and has a post doctorate from Cal-Tech and I love my brother. He's amazing and very passionate about science. And my sister is amazing and she's a writer and an editor. And you know they've always had this deep passion and

interest within their particular field and the way that I'm wired is I'm always encouraged and interested in adventure, in learning, in jumping into new arenas and being helpful and so that has really taken me through many different work situations.

And being a coach for so many years I hear so many different stories and different narratives about what drives people. There can be folks who never really knew what they were interested in so they just started one career and didn't really like it and jumped into the next one. That's not really been my story. I've always been actually quite happy where I am. I like to be in a situation when I start to feel like it's not really interesting anymore I think about what's next. Often with little research and I just jump into the field because it sounds cool. And so far that whole jumping has been wonderful and I've learned really interesting things at each step of the way.

JD Roth:

Right and I think this is interesting because you, if you looked back say 10, 15 years ago you might not have guessed that you would be where you are today. And the same is true for me. A lot of times people, I talk to people on my blog or in person and I say you know, I don't really know what I want to do with my life. How can you know what it is that's going to make you happy or what job's going to be fulfilling? And some people want to start businesses and they don't know what kind of businesses to start.

And for me, my path, right now I write about money. People consider me a personal finance expert which is, that seems odd to me but when I look back at my past, I never would've guessed 20 years ago that I would be where I am today because it's kind of like what you described in Body of Work. My body of work has led me to where I am today but it's a bunch of individual threads that combine to weave a greater tapestry I guess.

Pam Slim:

Yeah well I think that's true for many people. Part of what I want to do in my work is to make all of us feel like we do have more options. I know that a lot of the context of the conversations that you've been having in the series have been around finance and having that financial stability and it's such a core ingredient. You know I've had money, I've not had money. I've been in similar situations you know within my life and we can have as individuals different values about whether accumulating a lot of money is really a value to us.

Everybody's a little bit different on that in terms of what motivates us but having a really solid foundation, being able to not only do work that you really enjoy but have it be where you're able to have the financial return that you want given your own definition of success is really a critical thing. And if you don't have that, that's the kind of thing I think that tends to make people feel anxious and insecure. Or what I see a lot within our entrepreneurial world, and especially within the bootstrap do it yourself kind of great really fun, adventurous environment is a lot

of time people consider careful, thoughtful financial planning is something that's just related to the environment if you work for somebody else. You know and it's kind of the thought of like who cares and I'm not going to put any agreements in place or I'll just figure it out when I go through time. And that can actually end up really biting people and I think that it also means it doesn't have to be this ominous kind of thing where you know all your money you're putting towards retirement or you can't have any fun or adventure.

And you're so much better versed at talking about this than I am but one of the things I've learned through my own journey, both my personal journey and also working with clients is that really attending to your finances, thinking about it, thinking about what your needs are, being proactive, being on top of what's happening in your business financially leads to much greater sense of just peace and satisfaction and freedom ultimately where you don't have to worry about what's going on.

JD Roth:

Exactly. And I think that's true not just with business finances but with personal finances as well. And I think that's another example of how you can take something that works for business and apply it to your personal life. And I look around, I look at people who are trying to start businesses. I'm looking at – I'm thinking of my own brother in this case. And a lot of times they – I don't know, it's almost as if they have faith or they want to wish that things will turn out for the best and often they do turn out for the best.

But I think that you've got to take some proactive measures to manage risk and I'm thinking especially in partnerships. You've gotta have partnership agreements in place and you've gotta just go through the motions legally and financially so that you've created a structure that does provide peace of mind and the same is true in your person life.

Pam Slim:

It's so true. I've had so many conversations about this. One of my dear friends is Kyle Durant who's a tax attorney and we've done a lot of work together around partnerships. We've done programs and projects together and he has really helped me to see exactly what you said that often it can seem like you're a paranoid person. You and I are like, "Hey let's do something together," and I call it let's put on a show you know like the old Broadway shows. You know let's do it and like two days later we're all tap dancing in unison, you know downtown square.

And when you, actually when you do value the people that you want to partner with and you do really want to see your intellectual property that you create together have a life and you do want to feel like you are open and honest with each other, when you do have certain agreements in place that's actually what allows it to happen. It's like the ultimate amount of trust when you can say "You know what JD, right now like everything

seems great. I think we're going to create this wonderful program or eBook or thing together but let's plan it and jump six months ahead. Maybe you're going to have a total change of heart. Maybe we decide that we're not the best partners. How can we right now lay out very specific terms so that if you want to buy me out or I want to buy you out or any of us want to leave, we've defined exactly what's going to happen with our work so we can actually depart as good of friends as we are today when we start.

JD Roth:

Exactly. And I think this is interesting because to me when I look at some of the people that I encounter it's as if they view entrepreneurship as some sort of panacea as if they're going to be able to quit their job and start their own business and everything is going to be all roses and butterflies. But from my experience it's not a panacea. Entrepreneurship is hard work. It's just as hard work, usually much harder work in fact to work for yourself than it is to work for somebody else. There's a lot that can go wrong.

And so I feel like it's important to take proper preparations before you make the leap and start out on your own. Do you have any thoughts about are there right ways or wrong ways to start a side gig? What are some things people can do to I guess maximize the chances that things will go right?

Pam Slim:

Yeah I think there's a few steps and one of them is really having a clear understanding about what your own situation is. Right, kind of what's your financial situation, what's going on, what do you have in savings. What's really common for people that are in full-time jobs is you don't maybe even realize. Maybe you joined the firm a few years ago. You're not exactly sure like what percentage of your income is going to your 401K or health care, all that.

So when you can begin to deconstruct the numbers and really have a sense of like what actually is your total compensation package as they say in the HR world. Not just your salary but what are all the other benefits that you're getting that are relating to insurance and life insurance and 401K. That can give you kind of a planning perspective. The same thing is true as you look at your own person debt and obligations and all of that. I feel so strongly that whatever your situation is is okay.

I mean we've all made good choices, horrible choices, I've probably made more bad choices than most of you. So it's not about feeling bad about what choices or that you have to be in an absolutely perfect financial situation in order to start. It's more about having an awareness of where you and then what is your play range. Right this is especially important for people that might be in partnerships or marriages.

JD Roth:

Your what range?

Pam Slim: Your play, your play range. Like what's the range that you can mess around and like lose money and not worry about it and not be cutting –

JD Roth: Oh, like a margin of error.

Pam Slim: Exactly, kind of cutting down to the bone. There can be a case where maybe let's say somebody has a savings account that's really more related to being an emergency fund for their family. What's common these days is the work environment is so unstable is that you don't – you're not necessarily guaranteed that your partner is going to stay in their job. So what sometimes people will do is an example is say you know I'm going to start a business. I'm going to use my emergency fund to invest in you know spending a whole bunch of money to get a website done and all these things. But without really assessing if that actually is the working capital that you should be using, right? It's kind of defining what is your business funding, being your own venture capitalist practice, you know what's that fund as opposed to really the kinds of funds that you need to have in place, you know your retirement funds or things like that to work with.

Now everybody is going to make a different decision about it so there's not one right or wrong. I mean somebody might say, "You know what, I'm willing to pull money out of my 401K because I believe in this business." I mean I'm not one to judge but you want to really think about how much risk are you taking on and what could be some alternative ways of financing your side hustle.

JD Roth: Sure. I think ideally you'd use what I call targeted savings accounts and the idea behind those is you intentionally save for specific purposes. So if you were going to start a side hustle and you knew you wanted some working capital to get that started, you would save for a period of time until you had the amount of money that you thought you needed in order to pursue that. You wouldn't draw from your 401K, you would not draw from your emergency savings but you would actually spend the time necessary to channel whatever your savings is to this specific goal.

Pam Slim: Exactly and I think that you know part of what's good about that, I get kind of old school martial artist around this because part of what that develops is that good practice, you know that good discipline of really looking at how are you actually working with your money? Do you have an awareness and it's almost like fog eating. Have you ever had that moment where you I like there's an empty pack of Oreos and you have no idea how it actually happened and you inhaled the whole thing.

JD Roth: Fog eating, I like that.

Pam Slim: Yeah. Its' a simpler kind of thing that can happen sometimes with money where if we're not really clearly looking at it – and this happens actually a lot for folks who are in our space who accept payments via PayPal and PayPal just becomes this kind of weird just big open slush fund. So money comes in and money comes out. You just kind of pay stuff from it and money comes in, you're not really aware. And without looking closely at it you may not know exactly what's happening in your business. Right, how much profitability do you have? How much are you really spending?

So I know that this can – having spoken with so many clients about it, for some people this just kind of touches a raw nerve and it could be hard to deal with but the part of it that I just want to encourage folks around is that you know this will make you a better, stronger business person. It doesn't have to take tons of your time especially when you look at things to set up for your side hustle if in the beginning you take time to make sure you have a business license, to get a separate business account. You know to put basic accounting procedures in place. This will mean from the very beginning of your business it won't get away from you and it's like a way of respecting your home. You know when you spend time cleaning your house and just enjoying sweeping it out and cleaning the windows and like your home enjoys it and you enjoy it. It's a way of setting a certain level of respect for your business.

JD Roth: Right and the physical cleanliness I find provides sort of mental cleanliness. So every Monday morning before I sit down to start work on this eBook, I make sure my condominium is clean because I want this clean space to work in. It just makes everything else so much easier. And I think it's interesting for this eBook I'm writing about how to be the chief financial officer of your own life. I'm trying to take this metaphor that imagine you are a CFO for a large corporation and apply those same skills to your own personal life. And in a way it sounds as if what you're saying is if you were to start a side gig or small business you also want to create the same sort of discipline that a CFO of a large corporation would have and apply it to your small business.

Pam Slim: That's exactly right. And it's so funny 'cause I joke with Kyle, my friend who's a lawyer that I can't even believe myself when I hear myself getting totally excited talking about life insurance and financial plans and being proactive. Because I'm a liberal arts major who was like never interested in any of that and I used to tell myself all kinds of stories about how I wasn't good with finances and I didn't understand it and it's just too much of a hassle. And I have found the exact opposite like when I've really begun to understand it and put certain things in place then – and really look at any kind of past decisions without any shame at all but just from a kind of a learning perspective. It just makes me feel like more strong and clear and secure. And that's, it's really what I want.

It's why I kind of feel passionate about bringing this message to new and existing business owners. You know it's not some horrible thing the IRS is making you do. It's really something that's going to make you feel stronger and better in your business.

JD Roth: Right. And I think you just made a great point Pam about looking at past mistakes and not letting them weight you down emotionally but using them as ways to learn how to do things better in the future. I think it's very true in personal finance that we can let things that we've done wrong in the past getting into debt or spending foolishly on something. It's easy to let those mistakes weigh us down and make us think we'll never be good with money but that's not the case. We can learn from those past mistakes and make better decisions moving forward and even if we continue to make mistakes now and then, that doesn't mean it's the end of the world. I make mistakes financially all the time even though I've been reading and writing about money for almost ten years. But I've learned not to let those mistakes get me down but instead to okay, yeah I messed up and just move on.

Pam Slim: Exactly 'cause there's something I think from a societal and a cultural perspective that equates a different kind of weight. Right, imagine if we were to beat ourselves up about relationship decisions or about our eating habits or exercise or any other part of ourself. It's just a practice. Its' a behavior. It's a part of our life in which we're you know, making good choices or not and it doesn't, I don't think it should have the kind of weight that it has but here it has this very strong financial score or credit score attached to it so that's – that can be a really distinguishing factor in having access to resources or opportunities or all of that.

So like it's kind of taking the power back of saying this is one of many things in my life that I want to understand and it's really to my benefit. But Kyle's been really good about saying that. You know whatever happened in the past is the past, it's okay. What you want to focus on is what choices can I make for the future so that I feel better and I get in better practices. And there's so much shame within the personal finance world, not you but you know a lot of people who talk about money do it in a way that's just amazing to me, it's so shaming just really you know, sometimes the kind of articles that are written is just absolutely berating people for choices that they've made. And I've never found that to be a motivating behavior changing practice for most people.

JD Roth: Right. And you know one of the things that you continue to touch on, not directly but indirectly in this conversation is that you're talking about actions and choices as being part of a larger picture, a bigger picture I guess. And I mentioned earlier about a single thread and a larger tapestry and I think this goes again to a Body

of Work. It's a – the things we do – wait I'm going to have to figure out how to phrase this because I see it in my head but I don't know how to express it. I think a lot of times we focus on just the immediate moment. We focus on quick wins. We focus on just one thing at a time when in reality our life is a much bigger thing and we are building a body of work and that body of work is extensive and covers a lot of different areas. And I think that it's often important to just take a step back and say okay, let me look at the big picture and not get overwhelmed by boy, see I'm losing my train of thought Pam.

Pam Slim: Well you know what, I think I might have a concrete metaphor 'cause I know what you're saying and it is more –

JD Roth: Okay let's hear it.

Pam Slim: It's more of a conceptual kind of idea but if you were to imagine you know anything any of us do, if we're creating software code or writing books or whatever, we work in service industries, we're all craftspeople right? And you were to consider if we had a workshop in which maybe we were making a beautiful piece of furniture right, there's certain things, tools that you need to have in order to build that. You have to have the certain kind of environment, the right kind of saw. You know sandpaper, the right tint for doing the piece of furniture.

And if you were look at just what are the components that would allow you to create great work, there are concrete things when we're building something concrete but if you look at it throughout the course of our lives, often what happens in business is we only focus on an incomplete part of the picture. You know we're just selling, selling, selling and we don't realize that having financial infrastructures, looking at the big picture of what we're creating is actually a very necessary part in order to have the sustained impact with our work. It's like building the piece of furniture and not having the right saw and not having the right stain. It's not going to come out the way it's intended to come out. There are certain – and that includes the bigger picture about taking care of our health, taking care of our relationships.

Right so when you do zoom out and look at the big picture it's really saying what are all these different parts of my life that I really want to make sure that I have in place so when I do go to create these things that are important to me, whatever your individual body of work is, you're really able to do it and do it well and have it be lasting. And it's you know to further belabor the metaphor of furniture; it's what we often do. It's like building you know building a cabinet with just – or a table with three legs. Right? If you're like you see people who are just – its about sell, sell, sell, sell, sell and then they realize they don't really have the infrastructure to deliver the service and everything totally falls apart. Or you know they get a bunch of money and they forget to pay taxes and all of a sudden they have all of this burden you

know when they're audited. And those are the kinds of things we need to think about more holistically is what do we need to support that body of work we want to create so we can continue to create you know freely and well.

JD Roth: Thank you for saving my lost train of thought. And I think this gets to a point I try to make in the book and that is money does not exist in a vacuum. Nobody, no business goes into business for the purpose of creating a profit. Profit is absolutely necessary to run a business but it's not the reason businesses are in business.

And it's the same way that food and water are not the purpose of life. Yes they help fuel life and we need food and water in order to live, but they are not the reason we live. And the same thing with business. Businesses exist for other purposes but they need profits in order to survive. And so I think that by taking control of your financial life, by saying I'm going to become chief financial officer, what I'm trying to encourage people to do is develop a mission and say okay, what is it that I want to accomplish in life and set down a few goals and say okay, here's what I want to get done and then try to look for ways to make that happen. And my argument is that the best way to make that happen is to manage your personal life like a business so that you can accomplish these objectives.

Pam Slim: I am so with you and I'm so glad that you're bringing this message forward and helping folks because it's just going to make all of us feel stronger and more secure and happier. I really do believe that. And believe me, you know five years ago you may not have heard me say it so resoundingly but I really know it to be true.

JD Roth: Well thanks so much for talking with us today Pam. I appreciate it and again if people want to find out more about you and your body of work, they can first of all find your book *Body of Work* on Amazon or in bookstores and of course they can visit your website, escapefromcubiclenation.com.

Pam Slim: that is exactly right.

JD Roth: Thanks so much.

Pam Slim: Thank you

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