

Angie Hicks on Perseverance – the Key to Being an Entrepreneur



Gene Marks

CPA, Columnist, and Host



Angie Hicks

Founder of Angie's List

Full transcript

Gene Marks:

Hey everybody. Welcome to the Paychex Business Series Podcast. I'm your host, Gene Marks. I'm a certified public accountant and regular business columnist for a bunch of publications, including *Forbes* and *Entrepreneur*. But more importantly, I'm a small business owner of a financial and technology management services company. I've teamed up with Paychex, the leading provider of human resources, payroll, benefits, and insurance services, to bring you real-life advice from real-life business owners and industry experts.

In this podcast, we'll talk about the complexities of running a small business and how these real-life people are handling the challenges that they face. Today, my special guest is Angie Hicks, who is the founder of Angie's List. Angie's List is an American home services website, founded in 1995. It's an online directory that allows users to read and publish crowdsource reviews of local businesses and contractors. Angie, thank you and welcome to the show.

Angie Hicks:

Thank you, glad to be here.

Gene Marks:

You founded the business back in 1995. How did that happen?

Angie Hicks:

Sure. I started Angie's List right out of college. I had interned with my co-founder actually at a venture capital firm while I was in school. He had renovated a house in Indianapolis using a service called Unified Neighbors, which was basically a crowdsourcing service, and had a lot of luck: who is the best plumber or electrician in town? He just thought that was the way home ownership was really supposed to be. He moved to Ohio and bought a fixer upper, because he loves old houses, and realized that there was nothing like Unified Neighbors anywhere else in the country. Unfortunately, he had some bad experiences hiring pros on his own.

When I was getting ready to graduate, he said, "Hey, let's start our own version of Unified Neighbors over here in Ohio." I packed up my worldly possessions, moved to Ohio, and started what would become Angie's List. To give you a sense, this was 1995, pre-internet days. We were a call-in service and a newsletter, but we knew there was value in having good content around the people that we use to hire to take care of our homes. For most of us, our homes are our biggest asset.

Gene Marks:

Sure.

Angie Hicks:

I like to call these services high cost to failure. Not only do they cost a decent amount of money when you hire someone to work around your house, but they also are protecting that asset. You don't want those jobs to go wrong, so how do you make sure you're getting the best pro to take care of your home? We started collecting reviews, and we copied it off of journalists, to be quite honest. It's an interesting thing because a lot of times people will ask me, "Why do you not allow anonymous reviews?" I was like, "Because we didn't think there was any other option in pre-internet days."

Gene Marks:

Right.

Angie Hicks:

You always have a source for your information. It really created a differentiator and an accountability to the site that led it to be the trusted source that it is, because people know that they're getting quality information.

Gene Marks:

How big is the site now?

Angie Hicks:

We help millions of consumers find pros across the country, so we're all across the U.S. To give you some perspective, in the early days, we were opening like one office a year. We thought that rating local pros required you to be local, so we opened offices in every city.

Gene Marks:

Right.

Angie Hicks:

We realized that we couldn't scale a website or do anything like that without consolidating. We did that, and we were marketing. We were local marketers when we first opened. You would hear us on your local NPR station or saw our ad in the daily newspaper. But then when we got to about, I'm trying to think, like 20 markets, we realized we had enough of the big markets in our pool that we were buying advertising for, that we could start to afford national advertising. When we could, that really turned the business. It really allowed us to scale because marketing was really our biggest cost to opening a market. We went from those 20 markets to 100 markets in about 18 months.

Gene Marks:

What about now? As far as the size of the company, how many people do you have employed? About what size are you?

Angie Hicks:

Yeah. Now, Angie's List is a part of ANGI Homeservices, which also owns other brands like HomeAdvisor and Handy. We've got about 3500 employees across the country, multiple brands, and have offices in I think like six or seven different cities across the country.

Gene Marks:

During all of this time that you were growing the business, I mean, you're no longer a small business—3500 employees means you cannot really apply for a Paycheck Protection Program loan.

Angie Hicks:

Right, correct.

Gene Marks:

How did you balance that, Angie, with your personal life and your own just keeping your sanity, over the past 20 years, as you built this business.

Angie Hicks:

Sure. I think one of the things is, I had the opportunity. It's not that I chose it, but I started the business when I was 22 and single, and I could be all in on starting the business. Because people will ask me from time to time, "Would you start another business?" My instant reaction is, "No."

Gene Marks:

Right.

Angie Hicks:

I've got a family, I've got three kids. I know how much hard work is involved. It's hard to do if you've got more responsibilities. I think you have to constantly make choices. I've been known to say that there is no such thing as work-life balance, there's work-life choices. No one is going to come to you at work and say, "Hey, Gene, aren't you supposed to be at your son's soccer game right now?"

Gene Marks:

Right.

Angie Hicks:

No matter how great your boss is, right?

Gene Marks:

Right, you've got to make those choices.

Angie Hicks:

Right, right. Then on the flip side, I always made sure that I was home for dinner at 6:00 every night, to have dinner with the family. Didn't mean that we were having good food or that I cooked it. It might have been carryout on the way home, or as my kids like to say, we eat a lot of Crock-Pot food in my house because I put it on in the morning. The point being is, it was my decision. If I wasn't traveling, we were going to all have dinner together. You've got to make those choices. It didn't mean there weren't things that I didn't need to get back to later in the evening, but that time was their time.

Gene Marks:

You built this company from nothing to a large company over 20 years' time. As a woman and as a woman in business, what challenges did you have as a female that you think are unique to women as they try to build businesses into big business and big brands?

Angie Hicks:

Yeah. It's interesting because I get this question relatively often.

Gene Marks:

I'm sure you do.

Angie Hicks:

For me, I actually got more challenges based on age than I did on gender in the early years, because I was 22. Let's be honest, I didn't know a lot about home improvement. Whether it was I was trying to sell an advertising contract to a contractor, or ... It was a challenge of being taken seriously. I more often likened it to being age versus gender.

Gene Marks:

Let me interrupt you there. Putting aside even the gender issue, there are a lot of smart kids in their 20s that are ... they're still not grown-ups, they're young adults.

Angie Hicks:

Right.

Gene Marks:

They start up companies. Very, very few manage to grow it to a certain level.

Angie Hicks:

Right.

Gene Marks:

You just said you weren't taken seriously because you were a kid. You were 22 years old. How did you deal with that? What advice would you have for people that age to overcome that challenge?

Angie Hicks:

I think part of it is making sure you would prepare more than your counterpart might. Make sure you're going to know the answer. Even if someone walks into the situation and judges, "She doesn't know what she's talking about," have your facts. Be smart and be able to answer and have the comebacks for the questions that they have. Because I've always been a firm believer in: It doesn't matter what people perceive of me when they first see me. What matters is whether I can handle what they throw my way. It's an element of knowing. I don't need to tell you that I'm smart; I just need to prove it when given the chance.

Gene Marks:

How well did you know business back then?

Angie Hicks:

I didn't, I didn't.

Gene Marks:

What about any background in accounting? Did you have any financial knowledge?

Angie Hicks:

I was an economics major at a liberal arts school.

Gene Marks:

That's kind of useless; so was I. That does not do anything to help you.

Angie Hicks:

I'm a good thinker, right? I'm a good thinker.

Gene Marks:

Right.

Angie Hicks:

I did it. I grew up in a family where I was the first in my immediate family to go to college. My dad was a UPS driver, my mom was a bank teller. I did not grow up around business.

Gene Marks:

You had to have learned from somebody though.

Angie Hicks:

Yeah. Part of it was I believed in working really hard and doing what .. and kind of figuring things out. Up until probably even 20 years into the business, I had a hard time envisioning that I was an entrepreneur. I did not think I had the traits of an entrepreneur. I'm not a big risk taker, I'm not a big idea person. I would just be like, "No, I'm just a good executer."

Gene Marks:

Right.

Angie Hicks:

What oftentimes people forget is that a very important trait of being an entrepreneur is perseverance. That was something that I had. It was something that I grew up with. It was something I learned from watching my parents, and it was an element of never being willing to give up. For those of your listeners that are starting businesses right now, that are in the midst of it, there are some very lonely, hard times. I do not fault anyone who says, "You know what? I'm not going to get through this," because it is miserable.

Having a really good support network when you're starting a business is so incredibly important. Because there are going to be days where you need someone to tell you, "You can do this. Making one sale was good enough today," to help keep it in perspective. Because that's usually what it is. It's not about, how do I grow to \$1 million in revenue? It's like, how do I sell one customer?

Gene Marks:

Right, and how do I get out of bed in the morning after failing?

Angie Hicks:

After I sold zero yesterday.

Gene Marks:

Right, I got it. Angie, to grow the company the way you did and as relatively quickly as you did, you had to have gotten capital and financing, right?

Angie Hicks:

Yeah.

Gene Marks:

About how old were you when you did get your first ... First of all, what kind of financing was it? Was it a loan? Did you have family money? Did you have investors?

Angie Hicks:

Yeah.

Gene Marks:

Then the second part to that question is, how as a young woman did you convince people to give you money to fund the business?

Angie Hicks:

Sure. At the very beginning, Bill, my co-founder, was not working at the business. He was still at his venture capital firm. Basically, he agreed to help raise money for the business.

Gene Marks:

Got it.

Angie Hicks:

He went to friends of his from business schools, et cetera. We raised about \$50,000 to start the business, and we figured we could run it for a year with that. I remember going to one of his friends who was going to give us money. He was giving us \$10,000. Bill was like, "Look, this is very risky. It's a startup, we have no proof. We know what the business can be, but we don't have our first customer. You should really view this money as gone." He looked at Bill after he met me and he's like, "I already have." To this day ...

Gene Marks:

... upping my confidence.

Angie Hicks:

I know, exactly. I remember shortly after we IPO'd, and Henry ended up—he obviously had an opportunity to get his money back. It was just like, "Okay, Henry. I'll always remember that conversation." It was a sobering moment. It reminded me, hey, this is people's money.

Gene Marks:

Of course.

Angie Hicks:

It's serious, and I got to go prove how I'm going to do this.

Gene Marks:

What is it do you think that they saw in you or in the business that they took a shot with you? I mean, \$50,000 is still a lot of money.

Angie Hicks:

Right, absolutely. One, better for Bill to say it than I. He was the one that asked me to do this. For him, I was his intern that he would give anything to. I just would go figure out how to do it.

Gene Marks:

Right.

Angie Hicks:

It became a game for him. He'd go give me harder things, make me go figure out how to do it. For the business, when you're raising capital, one of the most important things—people—when you're first starting a business, they're investing in you as people. Whoever the people are in your business, whoever your co-founders are, more than even the idea, they're investing in you as people. I've always said that an A team with a B idea is going to beat the B team with the A idea. Because a lot of times, it comes down to execution. It's really about selling how you're going to tackle problems, how you're going to figure this out, and what you're going to do. It's even more important than the idea itself, because that might evolve over time.

Gene Marks:

We only have a few minutes left. I have 1000 more questions to ask you, but I'll end it on this. I'm trying to end these things on a down note. I don't mean this question in a down way, but Angie, you've really succeeded. The business is great, it's a great brand. But come on, you've still got headaches and you've still got problems, and you've still got stresses today, even running a company of this size. What are some of the things that stress you out today about running this company? What can I look forward to if I was able to grow my business to the size of yours that I'd be like, "I guess just more Xanax and Jack Daniel's."

Angie Hicks:

It's a lot of times some of the similar kinds of questions, similar kinds of challenges, but on a larger scale.

Gene Marks:

Right.

Angie Hicks:

One of the things that over the years I've been most proud of in this business is how we've created a business that has supported so many families. Whether it's our direct employees, whether it's the pros on our platform, is really creating an opportunity for growth for them. If you think about that, as the business gets bigger, there's more people depending on you. While the decisions might be similar in nature, sometimes the gravity of them is up.

Gene Marks:

The impact, yeah, is much more serious.

Angie Hicks:

Exactly.

Gene Marks:

It's really the people that are relying on you and your decisions.

Angie Hicks:

Right.

Gene Marks:

It's funny because I have a lot of clients that run businesses. More than a few have said to me, "I would be a lot less stressed out if I just shut the whole thing down and sold paper and film product out of my business."

Angie Hicks:

Right. That was Bill, in my point, for many years. It's like, "Maybe we should have just had Columbus, Ohio, where we started, and Indianapolis. We could have each had one of them. It would have turned into a nice little lifestyle business." But we don't like dull, and we'd be bored.

Gene Marks:

Fair enough. Let me end it on this. I'm not going to ask your age, but I will ask, where do you think you'll be 10 years from now?

Angie Hicks:

I don't know. My view is, as long as I am having fun with what I'm working on and being challenged, I love this business. I think there's a lot more that we can solve. I think it's going to change a lot over the coming decade.

Gene Marks:

That's great. Angie, thank you. This was Angie Hicks, the founder of Angie's List. My name is Gene Marks. For more information about what we discussed today and other coronavirus questions you might have and topics, please visit the Paychex COVID-19 help center. The address is paychex.com/coronavirus-resources. Everyone, thanks for listening. Angie, thank you very much. A great conversation.

Angie Hicks:

Thanks, Gene.

Gene Marks:

Yeah, I would love to continue this, because again, I've got 1000 more questions for you. But you've been very generous with your time. Thanks everyone for listening, and we'll see you next time.