



Casey Graham

CEO, Gravy

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<https://predictablesuccess.com/casey-graham/>

Note: *This transcript has been lightly edited for clarity and understanding. There may still be grammatical and spelling errors,*

Les McKeown: Hi everybody, and welcome back to Scale! with Predictable Success. And today I am absolutely delighted to be talking to an incredible entrepreneur, a great friend over the years, and somebody who's well known to many in the Predictable Success tribe for reasons that will become clear. And that's Casey Graham. Casey. Welcome back.

Casey Graham: Yeah. Thanks for having me.

Les McKeown: Casey, you were last on this show in 2013 and back then you were running a company called the Rocket Company; you had just been nominated to Inc 5000; you were Infusionsoft Marketer Of The Year, and you came on this show and told us all about how you were battling through Whitewater and you could just see Predictable Success in the horizon and you left us all on tenterhooks, but you promised you would come back and tell us what happened. So what happened?

Casey Graham: Well, first of all, I found out, and again, I don't know where this fits in your books and principles. If your revenue runs out every 12 months, it's hard to create a Predictable Success business.

And so, you know, we were in a business that sold payment plans that were mostly 12 months and memberships and this, that, and the other. And so, one of the hardest lessons I learned was no matter how bad you want to scale something, if the revenue is going away constantly, and you're constantly having to backfill it, you can try as hard as you want to have all the systems you want, but at the end of the day if something's not stacking, it's hard to create scale, over time. And so one of our biggest takeaways was, it doesn't matter - you can't market yourself and you can't sell yourself to a better business model.

Casey Graham: Your business model is what it is and you've got to change it and that's what happened with me. I ended up selling that business. It wasn't even because it was a good business if I'm being completely frank. It was a very profitable cashflow and growing business, but it was because, there was a roll up that happened in that community, that we were in, which



was actually the Church space. And there was a company that bought 38 companies in 36 months. And then they rolled all these companies together and so we were just part of that big tidal wave, but I exited because they gave me an unreasonable amount of money for the worth of the business if I'm being completely honest.

Les McKeown: Unreasonably high I'm assuming, not unreasonably low.

Casey Graham: Well, it was five X their initial offer.

Les McKeown: Oh my word.

Casey Graham: Yeah. Five X initial offer and it was a cash deal. And, you know, it was one of those things where I had come to the realization that we're not going to build something out of this, that it was the end and it was the end for me. I didn't enjoy that market anymore and then what it did is it gave us some gunpowder to get an exit, to then figure out what was next. And so, we sold that business.

Les McKeown: Was that difficult for you or are you just happy to be out?

Casey Graham: It put me into 14 months of the deepest, darkest depression of my life if I'm being completely frank.

Les McKeown: Because you felt that you had somehow failed or let yourself down?

Casey Graham: You know, there's not much written about Post Exit Founders. And so I went in and I started looking and I found that really, there are three things you lose when you sell a business just for money. People would say, this is stupid, but for me it wasn't stupid, I'd lost a structure of time.

Two weeks later, I'm sitting in Starbucks going alright you know, what are we going to do today? And then you just start doing stupid stuff and making up stuff and now I'm going to be a Real Estate investor. Now I'm going to be this or that. So structure of time is something you lose that you don't think about. And everybody says, I want freedom.

Casey Graham: Very few people want nothing to do, nowhere to be and nobody to be accountable to. Very, very few people want that. You think you want it until you get it. And then you're like this basically hell. So that's Number one.

Number two is Purpose. I believe in meaningful work, so something to work toward. And then Number three, was your Community. Like when you're an entrepreneur, essentially, you're letting people in that are core value fits, they're closer than family, a lot of time, they fit and they're the right people and you're doing this thing and then I handed over the keys, they kept



going and I found myself sitting in Starbucks, two miles down the road, going, you know, what the hell; what's happening. And so with no purpose, no structure of time and all that.

My wife's looking at me saying, 'Hey, you need to figure out something'. And so there's my wife doesn't like me. I don't like me. I've got a pile of money. And the number one prevailing thought for me at that time period was I got lucky. Like, I'll never be able to do anything again. Like I literally just got lucky. They gave me a pile of money, and then now I just need to survive somehow for the next, you know, 30 or 40 years of my life. And so, that's what happened in between Rocket Company and starting the next company.

Les McKeown: So they hadn't made you sign anything that you would stay on and continue to work for a year or three years? You were just finished and out and you go into that 14 months. What happens next? I mean, I know the end game, but in the moment, what happens next? You start just thinking, what could I do? Did somebody come to you with an idea? Did you read another book?

Casey Graham: I tried 12 ideas in 14 months. My most famous idea... can't you see me in this business... I go into a college female fashion.

[laughter]

Les McKeown: Okay.

Casey Graham: So, I am going to create college female fashion. It's called Game Day Every Day. And I was going to create this clothing line for females or whatever. And so it actually worked. We actually sold some shirts and got it up. And then the first thing was they sent one back and it came back to my house and it said, this is a slinky V not a something V. And I was like, I can't deal with this, whatever.

So I was trying stuff. I bought some real estate, did some transactions like that, some cashflow properties and this, that, and the other. And then, over a period of time, the best thing that I did was I built a criteria. I kept trying all these different things, but I kept saying, I don't want to have to be Mickey Mouse anymore because the last business I was Mickey Mouse... I had to show up and get on camera and wave and, you know, do the parades to get money. And sell.

Casey Graham: And I was like, I'm tired of that. I don't want to be the face anymore. I want to build a company. And then Renee was like, Okay, well, that's helpful. What else? And so we started building a criteria and we actually built on a criteria of everything I didn't want and everything I did want in building a next idea. And so inside of that criteria was a monthly recurring revenue. I wanted a high Average Customer Value. I didn't want to do the \$49 \$79, \$19. I wanted a ACV over a thousand dollars a month. I wanted a business that it didn't take me



to sell or Renee to do. In Renee, if you don't know, she's been my co-founder and with me for 18 years. She's my Operator.

Les McKeown: The wonderful Renee Weber.

Casey Graham: Yeah. anyway, this may be too deep, but we built that criteria. And then out of the criteria, one of the ladies who worked for us at the Rocket Company got fired by the private equity group via email one day. They just sent her an email and fired her and said, your job is not there.

And what we did with her was we had a failed credit card payment problem at the Rocket Company, before we sold. And so we put her in charge of that and we built leadership, some technology and process around it. She got fired and said, 'Hey, do you have anything?' And then something hit that clicked in my mind and I was going like, I wonder what other businesses are doing with what she's doing?

And so then I called my friend, Amy Porterfield, she's in the online marketing space. I said, 'Amy, what do you do about this?'

Casey Graham: She's like, I don't know. I think somebody in Finance does it. And I was like, well, what if we just took a look. And we went and did some forensic and just looked at how much was going out the back door due to failed credit card payments. And I said, Amy, so if you gave me half of the first month, you know if I recover these payments that you're losing anyway, would you give me half of it and you keep half AND you keep all of the LTV of that. She said, sure. And so that was the beginning. It started and we're like, Oh My God, Founders don't pay attention to this thing. And that was the Genesis of Gravy.

Les McKeown: Right. So just for some of the listeners who may not be familiar with this particular problem with online e-commerce, just very quickly give us a 30-second summary. What's a failed credit card payment? I guess we can intuitively work out what that is. And what does Gravy do about it?

Casey Graham: Yeah. Failed credit card payment is insufficient funds. It may be your traveling and the bank puts a hold on your credit card. There's two hundred and something reasons that a credit card will not process on a subscription. And when that credit card does not process, that's called a credit card failure.

And what most companies do is they try to use automated retries, or like you've gotten before, I'm sure an automated email, 'Hey, update your credit card'. But if you don't do it, they just cancel you. And so most companies send out one or two of them, try your card a couple of times, and then they just cancel you.



But what we found is that if you had a metric based leadership process and you created a system around it, because most of them try to treat it like a project, not a process. And so, we're the consistent process. So we're basically a business process outsourcing, where they give us this one thing and we focus on it all the time and we keep their subscriptions alive.

Les McKeown: Hmm. And totally mundane, nitty gritty question, but I gotta ask, where did you get the name and when did you just know that it was right?

Casey Graham: Well, I suck at naming stuff. So the official first name was Payment Saver LLC - and it's still the name of our LLC.

Les McKeown: Right. Okay. That's really snappy.

Casey Graham: Yeah. We went to our first, Advisory Board. I always have an Advisory Board. We meet twice a year and, I told him about it and this next new idea, and they loved the idea, but they said, the name is terrible. You need to figure it out. And so we hired a friend of mine who does like brain ending or whatever. And he took us through a process and I thought he was super clever. He just said, 'Hey, let's go look online at everything that says money, but it doesn't say money.'

And so we're looking for synonyms of money and all this stuff - Chatter, Dough, blah, blah, blah. And one was Gravy - actually Renee found it. And then we ended up going, Oh, we liked that one because this is pure Gravy back to the business. And it's Gravy to us if it's Gravy to them. And that's where it came from.

Les McKeown: That's brilliant. And so how's it gone? Share with us what you feel comfortable sharing in terms of growth and size.

Casey Graham: Oh, sure. So we're about to go past 10 Million ARR. We are, primarily, bootstrapped. I still own 86%, you know, Renee owns 10%. and then there's some incentive shares inside of there. We've raised a little bit of capital, a \$1.5 Million Convertible Note. Err, I'm very conservative fiscally. But our LTV to CAC right now is eleven and a half to one. And so, our return on ad spend is six to one and we're moving.

So we've got about 72 people on staff full time and we're pushing and our mission, what we're set up on target to do is to return \$1 billion back to businesses by the end of 2023. So we set that in 2017. We've currently returned about \$136 million back to our customers. And so, we've got about 10X to go to get to that billion dollars back. That equals about 300 team members. And it equals about a \$50 million ARR. So that's what we're shooting into 2023.

Les McKeown: Right. I'd love to just reflect with you a little bit - you're one of the most, dedicated, sort of lifetime learners that I know. I mean, you're always, you know, doing something



to enhance your already wonderful leadership skills. I'd just like to talk a little bit about the difference between, you know, Casey Graham now and Casey Graham back in the Rocket Company days. But before we do that, there's sort of an unavoidable, partly an elephant in the room. 2020 is 2020, right? It's just been unbelievable. How has the COVID crisis and everything that's going on alongside it impacted the business, if it all?

Casey Graham: Erm. I hate to say it cause I don't want to be sounding rude or cocky. It actually helped us. And the reason why is, all of our industries that we serve are online businesses. And so we don't serve any physical locations.

Most of our stuff is online. Subscription-based. Like everything that has gone up in the stock market, those kind of businesses are the kinds of businesses that we serve. But when it hit, obviously we didn't know. We didn't know if we were going to lose half our customer base. We didn't know what was going to happen. And so, frankly, when it hit we had an internal mantra, called Built For This and we rallied our entire company around six levers.

Casey Graham: And we gave them six levers that we would keep in public. And we would let them know every single week on a team meeting, because we have a team meeting every week with all team every Tuesday from 10:00 AM to 10:45 AM and it's for inspiration, not information.

And we lay out the levers for them to know where we were. So there wouldn't be any ambiguity about where we were. And one of the levers was creating a Green, Yellow, and Red system so that we would say we're on Green and we would put thermometer or Yellow or Red based upon risk level of where we are with the business. We're seeing with churn, cash in the bank, all that stuff. And so, we led through that and, it was probably one of the proudest moments for our business. I think our group now looks back and say, well, if we went through that, you know, and the fear of it that we can, we can get through most anything.

Les McKeown: And were your people all virtual?

Casey Graham: Always. From the beginning. So again, another total luck is that we started and we say, Slack is our Headquarters. We've put tons and tons of effort into virtual culture for the last three years. And so when this hit, people were calling us, asking us how to do virtual culture - our customers. Again, I'm not saying we're perfect, please don't hear that, please don't. We just were fortunate. We were lucky in that way.

Les McKeown: Well one of the things that as you well know that's being endlessly debated right now is what shape is this recovery, if it is a recovery, is it a 'W', is it a 'V' and you know that everybody's talking at the moment about a 'K' recovery where, you know, you've got not just businesses, but organizations that are, that are just decimated and this whole industry is wiped out. You've seen, as I have just the pain that has caused and it's easy to feel really uncomfortable if you're on the other part of the K and the truth is, and I struggle with it emotionally. I'm the



busiest I've ever been by a long chalk. The busiest year I've ever had. And I have client after client, after client who are in exactly the same position and many of them feeling guilty about it.

Les McKeown: And it's, you know, I can sort of understand it, but the other aspect of it is that, you know, if it means that you and the other clients that I have can continue to grow and give employment, that's nothing but a good thing. And so congratulations on that. And it's a horrible thing to have happened to all of us, but, I'm just delighted to see that many great organizations like yours aren't just, you know, existing, they're thriving. And, may that happen to everybody.

Let's just maybe reflect a little bit on these last number of years. First of all, have you got what you wanted in terms of not needing to be Mickey Mouse? And if so, who are you now? What sort of a leader do you view yourself as?

Casey Graham: Yeah, definitely not Mickey Mouse. I would say I'm Mickey Mouse to our team.

Les McKeown: Okay. You're internally that way.

Casey Graham: I'm internally that way. I've taken all the vision and communication skills and our team meeting every week. People say, it feels like the Tony Robbins Conference meets a great church service or something, you know. There's that, all of that internally, but, externally, no, I mean, I haven't sold a contract since early 2018. I'm the worst marketer on the team. I have no functional responsibility, at all.

So, I'm completely replaced myself in all of those ways. and you helped me with that by allowing me - you told me that as a visionary leader to keep a 20% sandbox for me. And so I have a 20% fund sandbox that I play in that has nothing to do with Gravy. I have these stupid little venture things on the side or whatever, but when I do not have a little visionary magic voodoo things, but at Gravy I've become a different, Renee would tell you, just a different, CEO.

Casey Graham: It's how would I view myself. I think if you had to boil it down is that I actually know why I own this business, and I actually know what I want out of the business and I never did before.

And so I'm confident in confidence, stepping into the unknown and bigger future and pushing the limits and all of that stuff without living in crazy fear all the time, because I'm doing it, which is my owners intent.

So before I started this business, I created what's called an owner's intent, which was to create a business that I would want my adult children to work in someday if they so chose to. And it doesn't mean that I'll even own the business, but it means that I would build the business in such a way that the way that we do team meetings, the way that we give benefits, the way that we do pay the way that we did is that if they came home to me, when they're 30 years old, said, dad,



listen to what our company did, listen to what our company offers, listen to how our company does, you know, paternity or maternity leave or listen to how our company does this. I want to build that company now.

And so that's the number one filter through which we're building this, which is way different than you know, I want to build some cashflow machine. So I make the least amount of money I've ever made my wife right now.

[Laughter]

Casey Graham: Does this make sense?

Les McKeown: It does. Just on the sandbox comment that you made, I just want to share with the listeners, for those of you that are aware of our Visionary, Operator, Processor, Synergist model, Casey's a classic synergist.

Well, you're not a classic anything, but your classic in the sense of, of being a Visionary to the point where it can actually become problematic, and you can flip into what I call an Arsonist, which is not a judgmental statement, it's just, you're so full of ideas that they come cascading out.

And, the principle that Casey's referring to is that if you're like that, and if you're resonating with that, what you really need to do for the good of your business, if you genuinely want to grow it and scale it is you got to go get us a sandbox, get a playbox where you can go do all of that crazy stuff.

Les McKeown: And that doesn't make it easy, but it makes it easier to just stay focused and disciplined in the core business. Now, I want to play off of that to ask you about something else.

I recall you were grappling with all of that and watching with admiration as you really did become self-aware and you decided you were going to try to fix that. And at that time, Renee was and I'm maybe slightly understating it, but she was much more of your assistant. You're talking about her now as your Co-Founder. It's clear to me that over the years, you've mentored her and coached her and her role in her leadership abilities have changed over time.

How does that play out between the two of you and what did you see in her that really meant that you presumably went to some length to ensure she came with you at out of Rocket Company and in to Gravy?

Casey Graham: Yeah, so that was one of the things I wrote in the contract of the Purchase Sale Agreement is that Renee would be able to come with me.



Les McKeown: Right. And that was why?

Casey Graham: I have no idea how I would ever create anything without Renee.

[Laughter]

Casey Graham: We've been doing this now for 18 years of working in this symbiotic relationship, but a move from, 'Oh, you're helping me' to 'no, actually you're half of me'. If we could draw up a CEO in one circle and say... Visionary can get all this kind of stuff, but at the same time, there's somebody with soft skills that can nurture and can manage and all this kind of stuff, so together we're just better as a Co-Founder as a unit.

So she's Chief of Staff. I don't have any direct reports. I'm terrible at management. I have a dotted line to everybody. Right? And so I'll buzz in and I'll buzz out, but I'm not going to get in there and do weekly meetings and figure all that kind of stuff out. And so we are basically one CEO if you had to really break it up.

Our company, when they talk about stuff, they'll say, I'm so glad Casey and Renee. It's not Casey. Both. And she's a wonderful leader. She does it in her own way. She's completely patient, nurturing, loving, and, she loves it, but at the same time she likes having me for 'let's go and bitch'. She doesn't have a Visionary skill at all. So she doesn't really see into the future very well. And so together, that's why we're symbiotic.

Les McKeown: And that's a perfect combination.

Casey Graham: Everywhere we go, people will go like, Oh, your sister, your spouse, or, Oh, you know, whatever, always. It's very rare to have a male/female co-founders that are not married. Right? Very rare. And so I think there needs to be more of it. And I think that there's a benefit in doing that. Anyway, that's a secondary thing, but, but it's really helped us because 80% of our staff is female as well. And so it's just there's something to it and it works.

Les McKeown: Yeah. You're quite right. It is very relevant. I've only, I think seen it successfully one other time. but, it's not a common thing at all. And it's wonderful that you both had the self-awareness of recognizing that the symbiosis there absolutely produces much more than the sum of the parts.

What are the big challenges moving forward? You've got your billion dollar give-back goal. What milestones are there on the way? What are the big moving parts for you?

Casey Graham: Yeah, so we just went from about 50 staff and we'll be at a hundred by the end of January. So in a period of let's say 120 days. We have three strategic initiatives. One is technology



led growth, meaning for the first time, the more things that we plug into, into the future, the bigger our team becomes. So that's number one.

Number two is that we want to revenue velocity, like we've been like this, and we just tilted, like the first time I've ever been in a hockey stick situation, it just tilted. How do we pour even more gas on that at a sustainable rate to where we're not bringing on bad business. So revenue velocity is number two.

And then number three, which is my priority, which is the number one thing I'm thinking about is multiplying culture at scale.

Casey Graham: How do you do that? I've had three years with people that are all bought in and values and alignment. Now, all of a sudden we have more new people than we have older people.

How do you do that? And so I even would like to flip the question back to say, that's the number one thing on our mind and obviously the hiring process and this, that, and the other, but still at the everything changes. So is it possible to create culture at scale? Is it possible or does everything morph and change? So that's my question back to you.

Les McKeown: There's a break point at about 75 people. That's the point of which, no matter how hard you try, you can't pretend that this has got any of that family element, you know, in the sense of we're all family and we know each other and we know who each other's pets are and where everybody goes on vacation. That becomes impossible to do.

So what that means is that you can maintain culture, and you can maintain a really healthy culture, but you can't maintain the same culture. It can't be exactly the same. And, and those organizations that I see who are Founder Owner or Funder Owners, try to keep the same culture. There becomes an inner circle, which are those people who historically have the knowledge of the old stories and not just the knowledge of the old stories, but were involved in it.

Les McKeown: And then everybody else ends up being no matter how hard you try, they become lookers on, on that. So you've got to build new stories. That's what it's all about. Just build new stories. Don't keep re-upping the old stories because it alienates people. And if anybody can do that, it's you.

A lot of presence, you know, just stomping around doing what obviously you are doing, which is getting out there and not closeting yourself away and working on spreadsheets. Just be with the people all the time, find other culture, find other storytellers who are aligned within the organization and give them a spotlight, put them up from time to time. And, I'm quite sure you'll be able to make a remarkable success out of it.



Casey, it's been just wonderful to have you come back and update us. I'm so excited for you. The listeners can't see this, of course, but you look younger than you were here in 2013, but maybe just slightly, because you were ploughing through so much Whitewater back then. I don't know what the next stage has got for you, man, but I'm excited to watch it. Thank you for coming by.

Casey Graham: Thank you for your help and for everybody to listen and I know you won't take the credit, but, I'll always give you the credit for the awareness and your tough love was really good for me. And I appreciate it. So thank you for helping me.

Renee tells all the new people 'Hey, y'all better be glad y'all caught Casey in this company and not the last one'. And we tell all the Processors about you, because you took us to marriage counseling, basically with me and all the Processors. And now it's funny, but I will say the Processors are my favorite people now.

Les McKeown: Well, as my mother would have said 'that is new light out of old windows', because we did have some interesting marriage counseling, I do remember back in the day. Just before you do go Casey, for the folks who were listening to what Gravy do and are thinking, 'Hey, I need that', where do they go find out about that?

Casey Graham: Yeah. Gravysolutions.io and all the pricing and all the stuff's there. So check it out there, everybody.

Les McKeown: Everyone. Check it out.