Backstage Capital founder and managing partner Arlan Hamilton built a venture capital fund from the ground up, while homeless. Her fund is dedicated to minimizing funding disparities in tech by investing in high-potential founders who are people of color, women, and/or LGBT. Hamilton herself identifies as all three. Started in 2015, Backstage has invested nearly $7 million into 120 startups led by underestimated founders. In this talk, Hamilton describes how and why she created her unique fund, and why she views underrepresented, underestimated founders as a category with massive potential.

Transcript

- [Narrator] Who you are defines how you build.. (audience applauding) - [Arlan] Thank you.. - There is, I would say, oftentimes, two narratives that get told about founders.. There's a narrative about founders as vision holders, where you have a founder who can see into the future more clearly than anybody else and uses that vision to trumpet the resources they need.. Think about Elon Musk saying, I wanna go to Mars and we're all gonna get there.. And then there's another narrative that says that actually, entrepreneurship is not about knowing the end, but it's about managing the process.. And that the end can be far bigger than you ever even expected and the great founders are ones that can manage the risks along the way.. And there are process-driven methodologies, the design school at Stanford is probably the most famous here, with the d.school methodology.. And so I wanna start out with this question.. Did you know when you were a child that you wanted to be a venture capitalist? Did you have the vision of being a venture capitalist when you were younger? - Ah no, when I was younger, I shaved one of my eyebrows off, when I, and that tells you something.. - Yeah.. (laughs) (audience laugh) - That's the story.. (audience laugh) And I had to pencil, my mom had to pencil it in for weeks with her eyeliner, so no, I wasn't sitting around.. (laugh) - And did you know what venture capital was? - No, I didn't know until my 30s what venture capital really was.. I heard the term in the ether, but I did not know what it was, I also didn't care what it was.. And it was my early 30s that I started to understand what venture capital was.. And so, when I was a child, since in was very little though, I was definitely a founder.. And so, I feel like this is definitely full circle.. - Because you had that spirit inside of you.. And so, can you just, I don't wanna summarize your whole life up, but can you then mark the salient moments in your life and paint a picture for what it was like as a child, what you were like as a child..

- Yeah.. (laughs) (audience laugh) And I had to pencil, my mom had to pencil it in for weeks with her eyeliner, so no, I wasn't sitting around.. (laugh) - And did you know what venture capital was? - No, I didn't know until my 30s what venture capital really was.. I heard the term in the ether, but I did not know what it was, I also didn't care what it was.. And it was my early 30s that I started to understand what venture capital was.. And so, when I was a child, since in was very little though, I was definitely a founder.. And so, I feel like this is definitely full circle.. - Because you had that spirit inside of you.. And so, can you just, I don't wanna summarize your whole life up, but can you then mark the salient moments in your life and paint a picture for what it was like as a child, what you were like as a child..

- And how you went from that to being the starter and founder of a venture capital fund today? - I'd love to.. Can I get a little understanding though, of who has heard of Backstage Capital just so I can understand? Okay, great.. I was an adorable child, as you can probably imagine.. I was very precocious as they say.. I was very, once my mother told me it was okay to speak up, I spoke up.. As soon as, I only had to learn that lesson once.. So I asked a lot of questions when I was a child.. I was also very tall and what we like to call big boned as a child, so I was kind of you know, intimidating to some, including teachers, for whatever reason, even though I was goofy and very good student.. And I asked every question I could.. I remember back in the fifth grade, I think it was, or fourth grade, they asked that question about if a tree falls in the woods..

- Does it make a sound.. - Does it make a sound if no one hears it? And I remember still to this day, I thought, my answer was, it makes a vibration that causes sound.. And like, the fourth grade, you know, and I was thinking about that sort of thing.. And I remember being sort of dismissed when I said by the teacher because it was just like, it wasn't something that she was expecting to hear from.. But I was, at the same time, I was like obsessed with the lemonade stand type of thing.. So I had a little candy shop going in the third grade.. I also wore six watches in the third grade, 'cause I was a little odd.. But it was because I was like totally odd, it's gonna be a great foreseen of the lifetime one day.. But it was because I found out from an encyclopedia, which I could read very early, I found out that there are people in other parts of the world who had, it was different time for them.. And for some people, it was dark, while it was light where I was..

- And that blew my mind and so, from the very early age, I felt a deep connection to people from all over the world.. Even though I didn't quite understand the scope of what that really meant.. So everything from that moment on, I can trace back to
But I also remember early on, understanding what money was and what lack of money was and what it meant and that it made my mom cry not having it. And that if I could find a way to get it, that would change things or I thought it would. So it was a little bit of both, I do think it was, because it started kind of in the third grade, I think it was really intrinsic. I also think superpower-wise, I think I call myself like the Simon Cowell, which is like, probably not a good reference for this crowd 'cause you're, you could all be my children... I think at this point, I'm 39, yes you could, wow, that's crazy. But I can see potential very early and I think I have good taste in people and things and I can see around corners a little bit. And you've always been a founder, would you say? Like, even when you were a kid, you were doing entrepreneur-- Oh yeah, I was... I had my candy shop and then I had my paint by number, I painted on the sidewalks, on the curb of people's houses so that the pizza delivery, person could find them easier at night. And I did all this from very early age-- And what's the difference though? There's difference from when you were a candy shop and being an entrepreneur in that way and then building a venture capital fund from scratch.

- Not really, I mean. - Is there a difference between a side hustle. - Have the same ego as both. - Well, maybe there's not. But do you think there's a difference between a side hustle and a viable business that you can commit your life to? Or to you, it's all the same form of entrepreneurship? - I mean, one can become the other. I think it's very legitimate to start as a side hustle and turn it into something. I interview people on my, your first million Podcast all the time, who start at something that was away from what their day job was. They started it on the weekend, they started it as something that, they start in their kitchen or something and it went on to make millions of dollars and be their life's work so far. So I think both, yeah. - I just have to say, we have many people in the entrepreneur thought seminar who are founders of startups.

And they talk about that journey to be a founder of a startup. I personally come from a venture capital background and I know how much harder it is to actually start a fund. Can you educate people on what the difference is in being a founder of a fund versus being a founder of a startup? And why that is, why, I would consider that, why it's more challenging in some ways? - It's like riding a unicycle on fire underwater. - (laughs) on the sun. - (audience laugh) So I've done both and I mean, definitely, you know, I haven't built, like I built a lot of little companies and a lot of little projects and things and then I built this massive kind of movement starter thingy with this fund and firm. But I have seen 6,000 plus companies in the last five or so years, invested in 130 of them. And in a lot of cases, we are with them in the trenches, side by side. And even as, you know, I don't want it be like oppression Olympics, it's like, oh you're more difficult. But I can say, even comparing it to anything I've done in the past, or anything that I would do, like if I wanted to have a break, I would start a company that I was passionate about. Because this is, raising a fund is really difficult, I think the way that I did it and chose to do it and put myself out there is on a whole new level so I would even say raising a fund is harder than raising, like raising for a company or starting a company but that anyone can debate about that if you're a founder.

And I would say raising it the way that we have is more difficult than your average fund. - Yeah, let me just double emphasize that because that is say, people probably don't realize this, but when you raise money for a startup, you have to get maybe one investor, one institutional investor, maybe a handful of angel investors, but one investor can make all the difference and then you're off. When you raise money for a fund, you typically need to get at least 10 investors because nobody wants to own more than a certain percentage of that fund. So it's like hurting a ton of cats. And many people would say that you can't do that unless you work at a venture fund for a while and so, what I think is just the holy thing that you've done is raise a fund from a lateral move. And I want people to really understand this, the definition of entrepreneurship that we often uses from this Harvard professor Howard Stevenson, who talks about entrepreneurship as a pursuit of opportunity without regard for resources controlled. And that usually, we can talk about that in this class but it comes more in stark relief when you really come from a place where you have no advantages in that domain. And I want people just to understand the grit that it takes to do what you did. Can you walk us through how many emails you had to send and how many meetings you had to have, and other hustles to get to your first cheque in the fund and how big that first cheque was? - Yeah, so, approximately three years of nulls. So, nothing.

At least half of that, if not more, without a permanent resident and a lot of cases just really not knowing where I was gonna sleep that night. And a lot of cases having like one meal, understood? Like actually, I'll break for a second to tell you that I went to course here at Stanford in this same hallway, like around the corner for two weeks. That kind of, that's where I met my first LP Susan. And it was a lot of million. - Susan Kimberlyn. - Susan Kimber, I say her name every time. It was a lot of millionaires in this course 'cause it was like how do you spend your money better sort of thing, and I was the only one, that I know of, who was like broke broke. And so, they didn't know I knew this in the class, but I would like figure out how to put
And I probably, I don’t know the exact number but when I was featured on Gimlet’s Startup Podcast series last year, and they recorded me for months before it came out. And they had me just go back and do all this crazy vetting of diligence on me for me to say that you really do that thing that you said you did four months ago on tape. So I’d have to go find the proof, the evidence and an email which thankfully, I still had, because I had those emails. So I was able to look and I see, just searching for a word or a phrase, I was like, oh my God. Like, I talk about how much outreach I did, but my goodness, seeing them, I mean, I’m talking, hundreds of emails, maybe more than that, maybe even thousands over those three years. And how many nos do you think before your first yes? - Hundreds. And how big was that first yes after three years and hundreds of nos. - Approximately $50,000. - $50,000. - In a world where, which was amazing and I will always be grateful to Susan for that because no one was doing anything.

But this is in a world where I had to compete with people that millions out the gate. - And can you walk me through what’s that like to, so, you, I can’t fathom this, and I wanna just make this really clear for people. So, you’re going to these meetings, you’re pitching these people, you’re going to the Stanford class to hub-nob with the millionaires. And you don’t know-- - So I was hub-nobbing, and that is a good word for. - And where are you waking up, where are you going to sleep, how are you dealing with the bifurcation of that world? Are you pretending you’re one thing and then or-- - Absolutely not. - Okay, so can you walk us through just what it’s like-- - Okay, it was different at different times. - So I started out in Perlin Texas near, part of Houston. And Perlin, when I first started learning about VC and the disparities and capital between white men and everyone else getting capital from venture capital, I was in Perlin, I was in an apartment with my mom. I had my bedroom, I had a blow up bed and I had a whiteboard that I was teaching myself about cap tables on and reading Bradfield books. And we got kicked out of that because we couldn’t pay their rent so then we moved into a comfort inn.

And we shared a room every night, or every morning, we’d figure out how to pay for the next night. And sometimes, we’d go down and talk to the owner and he would see us coming and he’d be like. And we’d be like hey man, hey, you’re looking good, man. How are you doin’? Yeah, can we get like a week, just you know. And we just ended up, I mean, for like two years, it was the address to my driver’s license because we live there and we just made our way. And my mom would go out and get a gig and I would, she’s on her 60s at that time. I would go out and get a gig. I was trying to get a car so I could work for Uber ‘cause it was like the early days of that. Couldn’t get a car. All of that.

And then, couldn’t afford that anymore. Moved to Pflugerville in Austin, north of Austin ‘cause I wanna be closer to startups. - If I couldn’t be in Silicon Valley, I wanted to at least be closer in Texas to startup world at that time and it wasn’t at that time. - So Pflugerville in Houston. And got a kind of a lifeline in the form of a small personal loan from Sam Oltlin, which is whole another story. And that helped us have an Airbnb for few months. - And like, ‘cause he understood. But while I was at the Airbnb is when I got the word that I was gonna be able to come here for this 500 startups program that you will have. And I didn’t have any money and it cost a lot of money. Even though I was getting a scholarship, it cost a lot of money.

So, made my way here. And I had about 10 days worth of Airbnb. - And in fact, there’s a guy here who had his own company that was venture funded and I was staying at his place in East (mumbles). And I couldn’t pay him at the end of it. - And like, he let me, there’s these people that have come and gone back to and thanked because he let me stay for a few days but I was in these classes. - So, to answer your question about what was I portraying myself as. I was never ashamed of any of this. I was actually proud that I was surviving, but I wasn’t going to put my whole sad sad story to anybody, that wasn’t important. I tried that a couple of times and I’m like, wait a minute, that’s not really what this is about. Because what this is about is getting more funding to under-represented founders.

It’s about missing a great deal flow. It’s about a fund that needs to exist. And all of this is gonna be temporary and we’ll get to the business side of it. So I did end up sleeping at the airport, and I don’t recommended it. And I’m not joking, I say and people start laughing but what I’m saying is, there have been people who have started staying at the airport to try and impress me, and I find it really insulting and painful when they do that because I didn’t do that for fun or giggles and they’re trying to do it, so I’m just really saying don’t cross that line and don’t do that. Don’t put yourself in that position ‘cause I was there ‘cause it was the safest place I could be without any place to live. - Well, let me shift now then to talk about identity and the thesis for Backstage. - Backstage. - So, you talked about how less than 10% of venture capital dollars go to people of color, LGBT or women, and that is the focus of the fund. - Can you, what does the world not still appreciate or understand about underestimated minorities that you would like to shine the light on? - I mean, a lot.
We did. We saw him, we saw him years ago. It was the reason that these things are happening because we don't sit around, if you're a woman, you know this already, you know that you're a master multi-tasks. And sometimes, you'll be sitting, and I'm talking to the ladies there, you'll be sitting with the guy and he'll say something that he did and how difficult it was and you'll just be like, man. I did that before I even got here. You know what I mean? And it's like, so everybody in this room, even straight, white men, have something that they're underestimated about. Because everybody, no matter how good of a person they are, prejudices. So when you walk in to a room or you're in a room and someone's judging you, like, I'll give a quick example because I think it's important to think about privilege in all cases. So, I can have this whole conversation, say all this and I could say, white guys did this and this and that. And then we can all get up to leave and they can notice that one of the white men that I was talking about is in a wheelchair.

And I made the assumption that he had it easier than I did because he's a white. So, it's everywhere. And I just think people are still sleeping. And that's better for me, for making me even more wealthy, faster, but they need to wake up. And then, do you espouse, I think there are some of two schools of thought when it comes to identity. There was this school of thought that talks about how difference is an advantage. And you should trump it, your difference. And it's also because you're looking at the world differently. And so trumpet the differences. And then there's another school of thought that says, no, what we really need to espouse is to transcend differences or identities and realize that it's really superficial.

How do you reconcile those two or-- I mean, I don't necessarily agree when, I know sometimes it's coming from a good place when someone says, I don't look at color... I don't see color. But that's like your privilege talking... You get not to look at color but people who are of color or black, or however you wanna call it, Latinx of whatever, we have to think about color everyday of our lives if we're living around in this country. And today, I was at an event and I went to go get a little snack at the hotel snack place and I was like looking at it with my little VC card, you know, I'm gonna pay for this expensive almonds. 'cause a can, 6.99. And nice little friendly Caucasian lady just ran up to me, we're gonna pay for this... And I'm like, I don't know, you should ask one who works here, maybe you should do that... And she's just, you know, right? And it happens all the time and I'm always mistaken for the help and this and that... So, we have to, I think you have to, I think it's disingenuous to say that we're not different...

I think it's just not realistic and it's not mature. I think we say, yes, we are different in this way. My difference, everybody, the cool thing is that every single human being is different than everyone else, no matter what... Even if you're a twin... So you use the strengths of your differences... And talk about it openly, that's my opinion... - Now you shifted, so you have this headline fund that you're pursuing I call the, It's About Damn Time fund... - Yes... - And, I'm like-- - So the name of my book that you can pre-order right now... (audience laugh) You can open up, go ahead and open up your phones.

It's prh.com/itsaboutdamntime... Go ahead and click that pre-order button... - There's the founder, there's the founder... - If you have the means, go for it... - But you shifted (laughs). The headline of fund, It's About Damn Time fund is specifically focused on black women... So you decided to narrow the focus down more... Can you explain why focus just on black woman and how is that decision made? - I sure can... So we invest in women, people of color, LGBTQ, which is a lot of people, it's more than half the population even just the women, right? And we invested in 100 of those in that thesis. Then, I looked at the stats and it said that women, well, there's two, some people say we get .2% of all venture funding...

Which if you do the math last year, 130 billion dollars was deployed, so we shared, as black women, in startups, shared the equivalent of birds last round of funding... Some people say it's even less than that... And I looked at that and I said, and I also understood that that for every million dollars that a white man raises, a black woman raises 28,000 when she is able to raise... Not if you're doing apples to apples 'cause it would be minuscule... So, I said, then only reason you could have a problem with me starting a fund that just puts her on level ground is if you're afraid that she will beat you when she gets there... And so, to me, it was just a, it's one more part of the thesis... It's one more vertical... Just like if I had been out for three years and I realized, you know what? AI is where I'm gonna focus this next fund, that's the same way I look at it... - And don't you think there's a power in focus and in simplicity? Cause I think some people would argue that those same claims to differing degrees can be made about the other communities that you were... - They can, and there's nothing to say that we won't do other funds, but we're starting there... - And how do you respond to people that say that you are responding to an injustice with an injustice... That there's, your fund itself is biased... - It would depend on how they're saying it. If they're saying it on Twitter in their basement with their thumbs, they can go fly somewhere because honestly, that doesn't mean anything to me... If they honestly see a problem with this and they're willing to talk to me about it like a mature person, I'd love to have the conversation... When you have, I don't know if you heard, but I said .2% is the high version of the number that black women get in venture funding... And we make up nearly 10% of the population... Seven or 8% of the population... Doesn't make any sense already... That should be what people are worried about and upset about... They should not be upset about someone coming in and saying, you know what? I'm just gonna slightly try to change that to .1%.

- So I wanna, and on focusing on a little bit around principle-driven entrepreneurship, and then we'll open it up for questions... But I wanna sort of double click on two specific scenarios to really dive deep into understanding how to be a
principle-driver founder.. And this is one of the core new focuses for us to VP, is thinking about principle-driven entrepreneur.. There was a situation where you were offered a 250k cheque as an investment to Backstage capital from Peter Thiel.. - Nope.. It was someone associated with him.. - Oh I'm sorry.. - He doesn't probably know I exist.. - Okay, but that 250k cheque is 25k Susan Kimberlyn cheque.. That's 10 25k cheques that you could give to black women..

That would actually make their business potentially survive when they otherwise would fail.. You said no to that 250k cheque.. - Correct.. - Can you walk through you principle-driven process on how you made that decision? - So it was physical lifetime ago.. But it was in October of 2016 and what happened was, for a couple of months, someone had been talking to me about this like closing out this fund.. The first fund.. So our first fund was ended up being 1.2 million.. And I mean, it was so hard-earned.. It was brick by brick by brick.. And we needed that last bit of it to close it out because we had companies in queue that we had chosen..

That's 2% of what we have seen.. So we really needed it just to keep going too.. And, so this person who's very wealthy came in, their people got in touch with me and said we're interested in doing this, they wanna be anonymous publicly so you wouldn't say who it was.. This doesn't, so I know who it was, and the stuff started happening with Trump getting, he's gonna be the nominee and he was the nominee and he was gonna do all this.. And then these tapes come out of him saying the things about grabbing women and sexual assault, him admitting of that.. And the same kind of time period, Peter was a partner or like a vision partner like commentator.. Now, I just told you earlier that Sam Oltlin was a friend of mine and helped me before.. That did not stop the fact that I felt it was wrong for Peter to still be there and enjoy that privilege of being there so I called that out on Twitter.. I said, I'm no longer gonna be sending companies that where they, I'm not stopping them form going there, I'm not saying you're bad if you go there, I personally will not continue to send the deal flow that I have been helping what I see with.. Until he's gone..

That was just my personal decision.. And when I sent that out later became this whole thing, it was picked up on all of these, all this press and Sam got in touch with me and Michael got in touch with me and there's this whole thing.. And at the same time, I was like, wait a minute.. I know that this other person is so entrenched in that Peter Thiel world.. Let's just see what they're saying online about it.. Like, doesn't mean that they're a bad person 'cause Sam is not a bad person, right? They were good friends.. Let's just see what they're saying.. And I go over to their social media and they are just defending Thiel.. I shouldn't that Thiel, I'm sorry, I forgot to make the connection.. He, during that same time, announced or it was announced that he put another million dollars behind Trump..

Let me tell you this.. If Thiel had run for president himself, like a conservative or libertarian or conservative ticket, I wouldn't have agree with him for a moment but I would've respected the hell lot of him.. What I did not respect was him saying, you know what? He's saying this about people of color, he's saying this about, like he's very specifically about Mexican people, he's saying this about immigrants, he's saying this about women, he's done these things to women, some of it he's admitted to.. Some of it he's been accused of that's horrible.. He's also doing all of these things that are gonna affect his, it's not like we're talking about freedom of speech to say what you wanna say on Fox, we're talking about someone who could become the president.. And you're speaking with your dollars that you want this in office.. And I said, how could I, in good faith, say this thing on Twitter about not sending people and about really almost losing a friendship with Sam and then go behind anonymously and take the money? I just felt like I couldn't live with myself.. No one would've ever known but I would've known.. And it just didn't make any sense to me so I said to the people that were vetting it, I said, this is a really hard decision.. And I thank them for doing this, and that the thing was, it was actually half a million because they were gonna have someone else in their portfolio come in as well..

I said, I just can't take the money.. - Thank you for sharing that.. I wanna dive into one other situation just to understand about resilience.. So, there was a lot of attention a little while ago when you announced the It's About Damn Time fund.. And you announced it as a 36-million-dollar fund.. And then, it didn't close.. And so what I wanna first ask is, when you announced, what I wanna really understand is how you have gone through that process from a resilience perspective, but first, just so that people understand the facts, when you made the announcement, was it legally signed? Did they sign the documents for the commitments or did you make the announcements with a verbal commitment? - What I announced was, and for months, we would've known.. And it just didn't make any sense to me so I said to the people that were vetting it, I said, this is a really hard decision.. And I thank them for doing this, and that the thing was, it was actually half a million because they were gonna have someone else in their portfolio come in as well..

Usually, you can't talk about fund raising while it's happening.. That's the first thing we did.. So we're general solicitation so I can talk about it here, I can talk about it anywhere.. The second thing that happened was, I was speaking at an event May 2018.. And on that panel, I announced that we were raising a 36-million-dollar fund that was going to be deployed a million dollars at a time.. We had an anchor, and we had some commitments.. It was not fully raised like 80% of funds.. And you know this as a fund manager.. Most funds don't get raised overnight.. Because we had the general solicitation, I was able to talk about it sooner than most people would..

I did it because I want the people to hear about it.. I want the people to want to invest in it.. So I made the announcement
that we're doing that.. In the room, I think people understood what I was saying, 'cause there's a re-raising it.. The first, when I get off stage and my phone blew up, it was a different world when I get off-stage.. The first people to write the story about it were Recode Peter Kafka.. He wrote, Backstage has 36 million dollars to.. I immediately wrote to him and I said it's we're raising it.. He immediately retracted and said, Backstage is seeking 36 million dollars.. Some people took that headline and said it correctly and some people didn't..

I went on Twitter and I said, we're raising it.. I had a little picture of Cardi B.. And so we were raising it the same day.. All of that, anytime, anybody ask me, I said we're raising it 'cause I wanna people to invest in it.. We already had 20% of it committed.. Throughout the year, a lot of things happened.. Really good things happened, but one of the bad things that happened was the anchor that we had, where so it's a little bit sensitive because that anchor was a black person himself, and I really wanted them to be the anchor, they backed out.. - Can you walk us through that? So how did you feel when you, how did you find that out and how did you-- - That they backed out? - Yeah, and how did you feel at that moment and then how did you-- - I, you know what? It was going to be their first investment out of a very large fund, and they had lot of experience in the past, and they're finding out that they were not gonna be able to close their first close.. So to me, I was like, and this has happened many times where I thought, as bad as this sucks, this is the least to their worries right now because they have to now, I thought, I really thought, at least it's not me, I don't have to worry about this amount, this crazy amount.. And I thought, I just spend the last three, four years raising brick by brick, I'll do the same thing here..

So our plan was, we had two companies that were lined up and our diligence, we were gonna invest in those two companies.. This isn't fund that's going to be deployed over three, four, five years.. A little bit at a time, as long as we do it, as long as we do it in some way, we can do it.. So I wasn't concerned, that's why I didn't panic or say anything.. I was disappointed and it felt like I had taken two steps forward to take 10 steps back, but this happens all the time to us.. All the time, we have billionaires who pull out the last minute.. All the time.. Who go on Twitter, get their Forbes article and then take from us.. So I've been used as the example in a new, in adaptability cushions.. So there is EQ, IQ and AQ now..

I am used as a baseline example of AQ because my adaptability, the level's so high.. Because we've had so, I've had so many disappointments.. It was devastating, but it wasn't the first time.. - It wasn't the first time and you knew that you had the long-term vision to just-- - I look at things in decades, I don't look at them in quarters.. - I think that's the key.. - It was one foot in the front of the other.. - That's a great talk too.. - And I should say that a few weeks ago, I led a three-million-dollar round for money, I brought in Mark Cuban for another million.. And I brought Serena Williams to join the round as well.. So we're doing okay..

- Awesome.. (audience applauding) well.. With that, I wanna open it up to the crowd.. So, you can-- -- Everybody calm down.. - You can play teacher, Arlan.. So you get to call whoever you want.. - Okay.. - [Woman] I kinda wanna know about how you plan to work with your portfolio companies and then It's About Damn Time, what type of interaction you used between (mumbles).. - How do we plan to work with the portfolio companies in our new It's About Damn Time fund like as compared to what we do now? 'Cause what we do now, is we have a total of about 130 companies across these different funds.. We're very hands on in a lot of them..

I would say 20 to 30%, we talk to on a monthly basis.. It's probably 10% that we might as well be co-founders.. And then the rest, we just have like this scalable way of talking to them, so they can come to us if they need it.. One thing here or there, we don't take any credit of course for building the companies they're building.. But it's very much a tribe and a community.. We try to get them together either virtually or in person as often as possible because that's when the real magic happens.. And then I think what we're best at is finding follow on funding for companies.. And also, just being there for them.. A lot of times, where their smallest cheque and their first car.. And so, with the new fund, the thing that will be different is that we will invest, like right now, it's about an average of 2% that we invest in..

We'll probably invest in the .2%. We'll invest in a lot fewer companies because it's going to be a larger cheque for us.. And then over in the next two years from then, where there's a bigger fund and we'll do this and that but I think, if we're able to invest in three to four of these companies per year, that are this million dollars at a time, they're more likely gonna get an extra bit of my time.. Which is right now, pretty difficult to do.. Yes, I'm just going like it.. - [Audience] I'm just worried for the type of companies you're looking for, are you looking for companies that's gonna make everybody billionaires, or do you also.. - Just me.. (audience applauding) - [Audience] Or do you also consider the social impact of companies, or the double bottom line, it'll make money but it might also do a lot of social good.. Is that part of your-- - Yeah, do we look at companies that are only about.. - Can you read the question..

- I'm doing that right now.. - Oh, thank you, sorry.. - Doing that right now.. Do we look for companies that are only about the bottom line and they have to be outsize unicorns, or do we look at social impact? And it's a combination? So, I personally will look at any of it, the first few funds that we have have a limited partner agreement, which is our agreement with our investors, it's very specific, and it's more traditional.. It's like we're looking for companies that can scale at a certain place and we're trying to just fund the managers, bring them back, three plus X, I've heard 10x before.. Which means that because so many companies will die out, the winners have to be big big winners financially.. I think they can be both though.. There are a lot of companies, some of the companies that are doing the best in our portfolio are social impact companies.. So I'm just kinda blush there anyway.. So I guess the way to answer is to say that if I were to start a fund from scratch from my own
I don't think about anything when it comes to trends or what other people are gonna do, I have no idea what they're gonna do... I now what I like and what I like is things that have to do with renewable energy and with health... And then anything that's like really, something that's really been interesting recently is how do we handle what's coming with drones and managing them and how do we handle what's coming with autonomous vehicles and managing them... Like the infrastructure for those types of things, not just the things themselves. It's just interesting to me personally and the good thing is that we have many people on a team who can write cheques... And they have each of their individual preferences... I've got someone further back... Yes... - [Audience] Can you talk about the early days when you're getting rejected a lot. How you persevered and got through that.

Yeah, I did a lot of crying... - Can you repeat the question? - Yes I can, thank you... Can I talk about the early days, how I persevered through the hard parts, the hard times... I cried a lot, I believe... I am a cry baby... - [Audience laugh] I cried a lot and I also did a lot, it was very lonely, not to make you sad for me, but it just was... It was, we know a lot of people who understood for any world that was in, right? They didn't quite understand what I was doing... So I would, I had that whiteboard, the old place and the new place, I had the words Keep Going written in red with an exclamation point and I would like look up at it and I would say, you, you were clever a few days ago... You told me that a month ago, I'm gonna do it... So I would just tell myself to keep going... I would, you know, let myself feel the pain of it and not be ashamed by it...

I would let myself go through that 'cause like the wave of it is probably important... But then, I would think about what if this works? What if that person that you know is just an amazing founder who is just, inexplicably being overlooked, gets a chance at this? And does well, and you had some small part in that, you have to keep going... And I would just kinda talk myself out of despair... That was a lot of it... And then, music... Music helped me a lot... It's weird, I never say this, but I should say this... So when I would be feeling down and I need to kinda get myself psyched to go down like this power meeting, I would listen to Walk the Moon's Shut up and Dance... I don't know why, but it just got me hyped... Of course, I listened to like Cardi B, back like a little bit and I listen to Lil' Kim and Rihanna and Beyonce, I did all that...

But that one song was like my good luck song... There was a question right here... Yes, in the back, yes... - [Audience] So, you said you (mumbles) that makes fund on black women... Is that black women majority in the US, or you're also looking at other countries? - So, is the black women-led companies in the US only or other countries? It's global... The fund, yeah... Sorry, the fund, are we looking only in the US or globally... One of our accelerators is in London... So while he started there... So we have a lot of British and African, Diaspora companies, led companies and then, I thought you're gonna ask what I get asked a lot which why black men, which is like, have you forgotten about us? The most, the biggest group in our current portfolio is black men, just as a side for anyone who's questioning that...

Yes... - [Audience] I'm sure you're (mumbles) with pitches from (mumbles) so I just, out of curiosity, how would you advise an entrepreneur to actually get in front of you and (mumbles)... - Right... What's why advise to, you get in front of me as a founder since I get inundated with investments... My true advise, and a lot of times, I say this to people in person, and they kind of like, you see them sort of sink back and they're just like, oh, you're blowing me off... This is my true advise... Especially, not necessarily today 'cause I didn't come here with anybody but usually, I'm here in person with you with someone on my team... And if I'm seeing a thousand pitches a year... They're maybe seeing a hundred... I would just, don't even, just bypass me... Just go to them...

'Cause a lot of people in our team can write cheques and they can do that virtually too... I don't think the answer is to find me... There are, Christie Pitts is my investment partner... You can reach her at her first name at Backstage Capital... Brittany Davis is our head of deal flow, you can reach her at brittany@backstagecapital.com... We have Anastasia, we have Chacho, we have many venture partners... Like Le Lude, Dell all over the country... Go to our website, look up our team... And look at something like find someone in there that you think oh, they went to this school, maybe I can talk to them about that or they like to have this hobby, I can talk to them about that... Maybe I could just ask on what it's like to be on the road with Arlan, because I can see they're on there...

I would just be hack... If it were me, that's what I would be doing... I wouldn't be going to the person who's like just... I get pitched so often that honestly when I, especially right now, I woke up at 3:45 this morning... Somebody tried to pitch early today... I honestly just, I couldn't tell you what they said... I couldn't tell you 'cause I was just like, ah... But I say like, you know me... I'm at arlan@backstagecapital.com... A lot of our founders, it took them like a year or six months to get an investment from us...
And it's not, I'll tell you what not to do.. Don't send a message and then a month later send like, I'm only gonna ask you one more time.. We get that passive-aggressive stuff and I'm like, oh, let me get my checkbook.. (audience laugh) I'm so sorry, no! Like, be real, think about it.. Let's be cool, I'm not gonna reach everybody.. And also, I would say listen to the Podcast, Your First Million because I talk a lot about these hacks in that, and you'll learn about me.. The last thing I'll say is if you're on Twitter, don't just look at what people Tweet, go to their page and see what they like.. And it doesn't always mean they agree with the things that they're liking but it tells you kind of what they're doing with their free time or with their time.. And it's actually can learn a lot.. I learned about our investors that way and found investors that way..

- So with that, I have to draw this part of ETL to a close, please join me in welcoming, thanking Arlan Hamilton.. - [Arlan] Thank you...