

## Cam Houser of Actionworks

[00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode.

[00:00:23] Hello, this is Hall Martin with Investor Connect, they were here with Cam Houser, founder of Action Works, actually works, is located in Austin, Texas, and mixes humans from companies, universities and governments with algorithms trained on interesting products or topics like business books to psychology books, to everything Paul Graham ever wrote to create a process that helps organizations innovate can. Thank you for joining us.

[00:00:47] Oh, it's a pleasure to be here. Thanks for having me.

[00:00:50] Great. So tell us about your background. What did you do before you worked at actual works?

[00:00:55] Sure. So I moved to Austin 20 years ago to play in indie rock bands and do tech startups. I was not as good at the music as I would have been. So I found myself doing startups and really loving that world started a few companies that went nowhere.

[00:01:11] And then while I was in grad school, I met some other graduate students at the University of Texas who we just thought that universities needed to change how they taught startups. And so we started this company called a three day startup, which the short format entrepreneurship program based on learning by doing. And our timing was good. And we had learned a little bit from the startups we tried before. So it's really sort of kind of scaled and blew up. And so I spent 10 years thinking that that company all over the world so now functioned in about 50 different countries. And after a decade, it was time to do the next thing. I really had a blast with a startup. It was we had a Google and Etsy bought some of the companies that came out of that program. The alumni raised around one hundred eighty seven million. We had a lot of startups get into Austin accelerators like Capital Factory, but also national incubators like TechStars and Y Combinator. So did that and actually works to my next challenge, which is we do a lot of corporate innovation work and a lot of online learning work

as well. So what excites you right now? I'm most excited about is going to, as you mentioned in the introduction of a company, we do some machine learning work with natural language processing, some language files. But the thing I'm just really, really excited about these days is a course called minimum viable video that we put out. Action works.

[00:02:30] And a lot of what we do is build curriculums for governments and universities trying to build startup programs. But there's this really interesting kind of revolution in online learning happening outside of institutions, namely through court based courses. And what we mean by that is we're basically in the third phase of online education. There was very much the first iterations of online learning. We're kind of boring. And if you could think about massively open online courseware where Harvard and MIT and all of these groups made their their curriculums available to everyone, the completion rates were really low. Well, the answer to this is basically we found and it basically means doing cohort based learning where you're in a cohort and it's live courses where you're being part of this community. And so this whole world of learning has been just blowing up on the Internet, blowing up on Twitter. And we launched a course called Minimum Viral Video, which is kind of our entry into that world, which teaches people how to use smartphone video in a really powerful way. So it's really not about becoming a videographer or a cinematographer, anything like that. It's more for people who are knowledge workers, who are entrepreneurs, who want to learn how to tell stories through video and use it as a medium to build audience, connect with people and basically continue to grow when we live in this time where being in person isn't as realistic, given pandemics and globalization and so on and so on.

[00:03:49] Well, you see a lot of startups pitch through three day startup and other places. Tell us more about how minimum viable video would have helped them tell their story to an investor.

[00:03:58] Yeah. So the thing is, is that an investor prospectus is a text based document and it doesn't convey a lot of those intangibles about the founder.

[00:04:10] And, you know, obviously having an in-person conversation is really desirable. But when you're doing it in person, you're limited. And so what's really powerful about video is it has the four Vytas, right? It has the visual of the graphics and images. It has the verbal meaning,

the words you say, it has your voice, you know, the tone and tenor of your voice and the video itself, the moving pictures piece of it. So it just can convey a lot about founders and the three day startup and a lot of the entrepreneurship programs they work in. Yeah, you're betting on the market, but at the end of the day, it's the founder and their ability to deal with problems. And so if you can get to know the founder really well, you're not betting on them to know everything as an investor. You're betting on them to be able to manage the roadblocks and the challenges that come their way. Well, good founders who can tell their story through video can help you identify them that much better. So founders being able to reach investors in a better way, being able to tell better stories and just being able to use it as the medium to advance what they're doing.

[00:05:05] Well, that's great. And from the investor side, what do you think they would get out of that? What would be the advantage to them?

[00:05:12] What's so interesting about the investment world is there's just a lot of startups out there. And if you are trying to sort through all of them, that can be tough. And also standing out being unique, right? It's a lot of investors, a lot of their complaints is, hey, unless you're in in the right channels, how do you distinguish yourself and separate yourself from others so you can get the attention and the deal flow that you want? And in some sense, it depends on which communities you're in. But in some some communities, there's more money flowing around and there are startups to receive it. And so what that means is that you need to be unique and be different. And so investors who share content regularly through video about their pieces, about how they approach investing and showing that they're smart money and that they're not going to make decisions that can turn the founder off when they do get access to great opportunities to be the Landos because they've done a good job of telling your story. It's also a chance for founders just to again see and understand investors in a better way, understand culturally if they're a good fit.

[00:06:12] Do you think in the future we're just going to be looking at videos that were done by smartphones rather than looking at business plans or what have you? And when do you think that day will come?

[00:06:20] So I definitely think that's going to happen in the long term. In the short term, I think it's not going to happen that way at all. I think in the short term, they'll be complementary. It'll be business plans to tell the the numbers. But I don't want to read paragraphs about the story of a business. I want to hear the founder tell that story. Something thing about the founder telling that story on a video is I get to see how passionately, how emphatically, how convincingly they can talk about their doing so that I know that's what they're going to bring to their customers. That's going to bring to when they're raising their next round of money. And it just makes it easier for me to gauge their qualities and know what they're going to be able to do. So I think it'll be a long time before we get rid of business plans. But I'm as someone who deals so deeply in the early stage with most entrepreneurs, I work with pretty anti business plan to begin with. In fact, one of the things I train a lot of my founders on is before they even started interviewing customers, I, I teach them how to build content and how to build newsletters. And instead of having to go solicit investor attention, if they can produce great content that has a thesis for what their company is going to do and where they're going to go, all what time the investors will come to them because they'll see their thoughts. Right. And I this is part of that cohort based learning that I've been a part of in the last few years, just sharing knowledge online and sharing your perspective and your views on things like the people who resonate with you, find you and come to you. And having that those opportunities come inbound is really powerful compared to being outbound all the time, which as an entrepreneur and I'm sure all the entrepreneurs listening, that's a part of the grind. Right?

[00:07:53] That's great. I mean, when I started, we wrote a 50 page business plan books, but people stop writing books and just started using PowerPoint slides and executive summaries. And it's certainly progressing in that direction where you shrink it down and put it online in a video format. So I think the day may come sooner rather than later for sure.

[00:08:13] And certainly from the perspective of investors who aren't local, if you want to invest in someone on the other side of the country and also the world, it's really tough to get in front of them and actually meet them. So in that case, you can be really powerful. That and at a minimum level video, we do a lot of Zoome education as well about how do you present and pitch a resume and what are the differences there. And if that's something that you think would be interesting to the audience, I'd be happy to hear some of the high points on that, if that would be useful.

[00:08:41] Sure. Tell us more about that. What your advice for making a video attractive to an investor through Zoome?

[00:08:47] Yes. So if you're doing live video on Zoome, there's obviously the kind of tech set up and your background, which is the equivalent of wearing the right attire in the same way that you're not going to be compelling in an investor pitch. If you're wearing flip flops and a tee shirt, you don't want to have your Spuds Mackenzie post Budweiser poster on the wall behind you. When you're giving your entrepreneurship pitch, that sort of thing. You also want to focus pretty heavily on audio. What's funny is that if we had really garbled audio but great visuals and great lighting, that is much more difficult and much more annoying for the viewer to take in versus having stellar audio. But maybe the image quality isn't as clean as you'd like. So certainly emphasize the audio is a big thing. Another thing is to actually recommend wired equipment. So stick away from wireless microphones and bios headsets just because if those things run out of batteries or you have some connectivity issues in the middle of the pitch, it's one more reason to lose the investors attention. Another thing is that when you are pitching in, Zoome, you don't have the richness of the in-person experience. So you want to really make sure you're telling a good story and you want to tell a good story anyway. But it's not uncommon in an investor pitch with the investors getting to sleep from your pitch, they're going to open up another tab and scrolling around, whereas of course, they would never do that in person. So really think about engagement, really think about how you can prevent that. And then there's some other things about just how you structure a slide deck. You can you can basically where you want to be careful where you put data on that slide because the default placement of. The zoom avatar, zoom thumbnails of the people who are in their default by default cover the right side of the screen. And so knowing that you might not want to put crucial information about your venture, where it would be covered by the heads in the zoom, it was good advice.

[00:10:41] And certainly things are moving online with Zoom in many ways.

[00:10:44] So certainly people need to be aware of that. So you deal a lot with startups and with investors over the years. What's your advice for people investing in startups? What do you tell that investor to do before they write that check if you're new to the world of investing?

[00:10:59] I recommend just approaching things very, very, very slowly.

[00:11:03] Start investing is so different than so many other types of investing, just so many more variables. And I think it's incredibly helpful if you've been an entrepreneur yourself and kind of gone through that process of understanding how you have to manage chaos and that sort of thing. I would also like strongly encourage you to diversify and try to make lots of bets so you can be appropriately diversified in your risk just because risk is greater there. I certainly recommend sticking, at least in the beginning, trying to stay within your domain so you can add if you have any industry experience and particular field, you can offer that to the folks that you're working with. I also, if you're approaching it from this will be fun kind of standpoint, then really make sure that mentally it stays in the fun category, because, again, it's just in many ways SARP investing, if you don't know what you're doing is the Wild West. I'm also just a strong proponent of asking, so what are your customers saying? So I as much as I love the entrepreneurs, it is their job to tell me a great story. And so I discount those stories a little bit, but I'm incredibly interested in hearing about is what other customers and other customers are saying glowing praise about what they're up to or not. And from there, that is kind of my North Star. I certainly don't bring a lot of expertise in the mechanics of how you structure those notes and kind of deal mechanics in that perspective. So for me, I'm always gravitating towards are we solving the real customer problem and is there growth there? And if I can be true to those things, that's where the opportunities really seem to lie.

[00:12:32] Right. And then on the other side of the table, what do you tell startups to do before they go out to raise funding from investors?

[00:12:39] My advice to startups is to put off fundraising as long as you can and to cover as much ground as you can. If you can maintain the power structure such that you are making money and you are as self-sufficient as possible, you control the leverage in those conversations with investors. So a lot of my advice to startup founders is to stop trying to seek capital, go grow your business in a way that is becoming successful, such that capital reaches out to you so that you can control the terms of that conversation just because your customers, again, following your customers is what allows you to do that. And their advice is the incidents are correctly aligned. So I advise them to usually put off funding as much as possible and keep their burn rates very, very low. That's kind of the general advice I give that and trying to make

sure that you find investors who have deep, deep connections in the world that you're operating at just because that is something that is so hard to replicate. And if you can get that from your investors, you're in great shape.

[00:13:38] And so you see a lot of startups out there. What is the main challenge you find startups face today in launching their business?

[00:13:45] Talent and team is always a big one. I have this problem and I think most entrepreneurs do as well. As we have shiny object syndrome, we get attracted to things that seem exciting but may not be the most important thing for us to do. I definitely think that competition is an incredibly stupid use of your time, and worrying about your competitors is not a good way to think about this. There's that saying startups die by suicide, not by murder. And what that means, of course, is that its competitors aren't just laying hurt on you. It's a much bigger problem that you are missing the mark of satisfying customer needs, that you'll make your own mistakes. It will do you in. So I almost advise ignoring competitors. I mean, if only like think of them as a source of knowledge and learning and maybe look at from the decisions they made and why they've made strategic choices. But there's not a lot of value in thinking they're coming after you or even adjusting your strategy for them. As long as you are listening to customers, you're in good shape. And so that's that's kind of how I take that.

[00:14:45] And so what's the main challenge investors face in funding startups? What do you see them struggle with?

[00:14:51] It depends on who the investor is and what they're bringing. It's tough if you're an investor and you are one of thirty other voices on the cap table, that's a tough one to manage and to understand how that is. I also I feel like most entrepreneurs do not do a good job of communicating to our investors. I think that investor letters, shareholder updates can be done a hell of a lot better than they are. And I think that's a simple thing, that if entrepreneurs do really, really well, your investors know how. To help you, which is, again, good advice for a start, maybe helpable, be able to concretely state what you need help with so that your investors can help you if your investors don't know these things, because you as an entrepreneur are communicating needs and challenges and updates, and it makes it hard for your investors to help.

[00:15:39] Right. So I think that's that's definitely a piece of it. And I think what else comes to mind, it's it just being active, being active in the sense of trying to broker introductions, source telling them be as helpful as you can if the startup seems amenable to that.

[00:15:54] Right now, you see a lot of different applications out there in sectors. If you had to pick one or two that are good opportunities for investors to pursue today, what would you put at the top of the list?

[00:16:04] Well, I'm extremely biased and I'll admit it, but the online learning category is thrilling to me right now. I have seen things happen in online learning just completely flipped. My lady, I'm a professor on the side at the University of Texas and I love doing that work and it's really exciting to do. But the innovation happening outside of institutions is incredible. The rise of premium courses, where is it taking cost two, three, four or five thousand dollars for a course that lasts four or five weeks? It's done all online. And these courses are so wonderful that students pay to take the exact same course they get because they've nailed the student experience, the network access.

[00:16:44] You meet wonderful people, the types of people who are willing to pay two or three grand for a course. These are people who work at amazing companies and they're impressive entrepreneurs in your own right. So in a sense, you're paying to get access to them, which is just beautiful and wonderful. So the idea of taking a course again is completely at odds with what we think of in university education. Right. You take a course in marketing. There you go. In theory, you've learned marketing, which I think the thing that online learning outside of institutions has really cracked that. So that's really powerful. And I think it's really exciting is that the in the corporate training world is where I live. I teach organizations how to be more innovative, but basically I'm teaching companies how to do what startups do because startups can be really innovative. I charge if I've got 50 or 100 people in that room, it's sometimes that can impact the experience, but it's not as rich. If I was only teaching 10 or 20 people. What's amazing about these online courses is that there's two hundred students. The experience is actually richer and better than if it was ten. And the reason is because this particular set of folks has cracked the code on how to facilitate good interactions. There's a heavy emphasis on Zoom breakout rooms, which are again, I think, the killer app of this kind of whole world. So

yeah, all my learning is what I think is really interesting. There's companies like Teachable, there's companies like Circle that if any of this stuff is interesting to pick that up and you should certainly check out minimum viable video. We run on a lot of those platforms to teach people how to use video and we swim in a lot of these waters. And the growth has been amazing and we're just really excited to see it and be part of it.

[00:18:19] So how best for listeners to get back in touch with you?

[00:18:22] So there's probably the two best ways are I'm very active on Twitter. Twitter is where a lot of opportunities are and what to stay. Way to hear a lot of smart people talk and a lot of time there. My Twitter account is at Seet Helzer, CHL USTR. And then I also do a weekly newsletter called Learn from Rule Breakers. And basically I look at people who really found non-traditional solutions to problems and talk about them as they relate to our lives as entrepreneurs and as knowledge workers. So Kobe Bryant once got a hold of the referees handbook in the NBA and studied it to figure out how that can translate to an advantage for him on the basketball court. I talk about El Chapo, who broke out of prison by digging tunnels. These are people that we're not really looking at as sources for innovation. But I think the most innovation comes from outsiders, people going into weird places. And so that's what I talk about in my newsletter. And if you like that, the weekly newsletter, I send it out every Monday. You can reach it as Bitly, so be it, like Kam Howser, CAMH or US or both. Those places are great. Great to reach me and hear about all the waters I'm swimming in and what I'm up to.

[00:19:30] Right. We'll put those in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

[00:19:36] Always a pleasure. Thank you so much.

[00:19:38] Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at Investor Connect, Doug.

[00:19:56] Alti Martin is the director of Envestra Connect, which is a viable one C3 nonprofit dedicated to the education of investors for early stage funding of opinions expressed by Hall

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