

Adam Haber of Trellis Same Day Delivery and Marketplace

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity and many other investors for early stage and growth companies. I hope you enjoy this episode. The. Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website.

Speaker2: [00:00:39] Hello, this is Hall Martin with Investor Connect. Today, we're here with Adam Haber, Angel investor and CEO and co-founder of Trellis Same Day Delivery and Marketplace Trellises, the same day delivery service and marketplace company to help. Long Island small businesses compete against e-commerce. Adam, thank you for joining us.

Speaker3: [00:00:56] Well, thanks for having me. I'm excited to speak to you.

Speaker2: [00:00:58] Great. Thanks. So. Tell us more about your background. What did you do before you started investing in early stage companies?

Speaker3: [00:01:04] So I had a career in Wall Street for over 20 years. I was a commodity hit trader where they used to yell and scream and spit on each other. If you ever saw the movie Trading Places, I worked there and that's what I did for a very long time. I had my own firm. I backed traders. I like the riskier investment versus stocks and bonds, which I find boring. And fortunately, that whole thing went electronic, so I left in two thousand nine. I bought into a commercial real estate firm in the Pacific Northwest. But I really started doing venture investing maybe about twenty five years ago because I'm fascinated by all the different ways that are to make a living. And on the trading floor, with two thousand people surrounding you, I became a conduit where people give me their deals, where their uncle had an idea or a cousin. Charlie knew how to do something, and most of it wasn't great. But it really got me see a lot of pitch decks and and taught me a lot about what not to do. If you ever want to lose money, talk to me from nineteen eighty five to nineteen ninety eight. I'll tell you what not to invest in, but that's how I got to where I am now. I love the venture space. I love starting companies exciting. I've

been in the restaurant business. I think that there's no better place to work and put your money than small businesses.

Speaker2: [00:02:20] Great, well, tell us more about your angel network.

Speaker3: [00:02:23] So I have two separate groups of guys that I deal with, half a half of them like, say, six or eight of them or people I worked in the trading floor with. Where are you on the trading floor? All your contracts were verbal. There were no written contracts. So if you lied once you were basically blackballed, no one do business with you. So all the guys I work with for over 30 years, we all say something and do something, so we all form as many group and share deals back and forth. We're probably about a dozen deals together, and it's an interesting network. We all bring things together and we're all very blatant and honest with each other. But when they say I'm in for twenty five or 50 or 100, you can count on that check and nobody flakes on it. And the other group I'm with is long on Angel Network, based in Long Island, where I live, and a group of 15 different guys from different walks of life who hear deals. Once a once a month, we have a we have meeting this morning and I put money into two or three of those deals. But the deal flow is really not as good as I get from my commodity trading group. I live in the north shore of Long Island. There's a great network of investors and entrepreneurs here, and we get to see a lot of good stuff.

Speaker2: [00:03:34] Great. So how do you see the industry evolving for angel groups these days?

We're coming out of COVID. A lot of groups are going hybrid models and the dinner club model. I wonder what the future of that is. What do you see happening there?

Speaker3: [00:03:48] Well, see happening relative to going back to an office or working from your home or see people changing their mindset. They don't want to work for a company for 20 years and then be fired on a whim by somebody versus creating their own destiny and becoming an entrepreneur. The latter, I know many people who who got disenfranchised by the world during COVID and realize that they've got to create their own security and put their fate in their own hands have started businesses and it's exciting to see I'm very engaged in commercial real estate. I wouldn't want to be an owner of a downtown New York City office

building right now, but people are reticent to go back. They want to work from anywhere. They realize that there's only so many years is going to be enjoying their lives, and the commute on the railroad to go to New York City is kind of an old model that's not really exciting for anybody anymore.

Speaker2: [00:04:44] Great. And what do you think is the biggest change? We'll see and say the next 12 twenty four months?

Speaker3: [00:04:48] And I think that they'll the suburban area will will be clusters of like minded people coming together. I mean, we were had a great idea. Unfortunately, it was run by a nutty guy. But there'll be a lot, a lot more in my mind, growth of small clusters of startups who work together, not so much working together in the same business, but sharing resources and and ideas to help themselves grow. And I don't think that will be far from their homes. It would be, you know, closer to where they live versus, in my opinion, the regular commercial centers that we're used to like New York, L.A., Chicago, Dallas, that kind of thing. It's fun to live in a city, but I don't think it's fun to work in a city, especially if you're an entrepreneur.

Speaker2: [00:05:34] So in this new mode that we're in, what's the biggest challenge you face?

Speaker3: [00:05:39] The biggest challenge I faced with the business I'm in right now is getting is getting people that are the customers that I'm trying to sign up to change the way they've always done things right. I started a business called Trellises to same day delivery and marketplace. That's only for small businesses. We don't do food where in between DoorDash and Uber and ups, we'll get you toys, hardware, flowers, liquor same day within a couple of hours. And a lot of the smaller entrepreneurs don't even have websites. They've always done it this way, and they're afraid to change. And Amazon's coming in and eating their lunch. And the challenge we have and why I think there's a barrier to entry in this particular segment is because getting a small shop owner who's had a florist in the corner of Maine and Maine and downtown Smallville doesn't like the internet and likes to know their customers, wants to come in and shop and buy something else. But that's just not how the world works anymore. So we focused a lot of our time on education, and we see we see once we get one or two people in a downtown chamber of Commerce, we get many more.

Speaker2: [00:06:44] Great. Well, tell us more about the investment thesis for your angel groups. What do they look for and what's their criteria?

Speaker3: [00:06:51] The angel groups I'm part of through many painful bad investments. The number one, two and three thing you want is the operator. You want to have somebody that you know is going to have skin in the game, who's going to be extremely hardworking, who makes this their only job. It's not like I have a part time gig. I'm trying to figure this out. And if it works, I'll go all in or I'm putting in sweat equity and not any of my own money. You want someone who is honest, hardworking, knows the industry will put their full effort in. I like to make the analogy of football. You know, at the extra point is you have that guy coming around the end and stretching out as far as they possibly can to block that kick. You want the mentality of that person running your business. So for me, the thing we all look for is the operator. And a lot of times the first business they're in isn't the business they work it out and they figure out through trial and error that there might be another aspect of that same business that works. But as long as they have good people, I have no problem taking risks and losing money.

Speaker2: [00:07:58] Ray, can you mention one or two portfolio companies you've invested in and why you like them?

Speaker3: [00:08:03] Yeah. Actually, there's this great company, this is a great story, actually. I was out in L.A., I invested in a drink called Mama Chia. It's a if you're a health nut, it's a health drink for people who are into yoga. It's Chia based. It's a niche market. They do 15 million a year in sales. I visit them every now and then, and I think they're wonderful and they're growing and they're a great company. The attorney for Mama Chi has said, You've got to check out these guys. These three kids dropped out of college like five years ago, and they had an idea that they wanted to figure out if you wanted to go to get pizza and your cousin wanted to have a hamburger and your wife wanted to have Chinese food, you're all going out to dinner. What's the closest restaurant that you guys can go to? And that was a bad idea, but they were really good guys. And then they thought they could. That morphed into becoming a like a Priceline or Orbitz for food delivery. What's the cheapest and fastest food delivery service that can get food to your house quicker or better than anybody else? And that didn't work out? And I go to their garage about three years ago. They're working out of their parents' garage and my guys, how's it going? I'm in L.A.

Speaker3: [00:09:19] visiting some of the businesses and like, well, it's not really working out, but we have this one other idea. We've scanned a million menus. We have all this data. We think we've become a recommendation engine for grocery. This is before COVID, before, you know, shopping in stores was a big deal. And what do you mean? And they said, Well, we think if you go to buy a bagel that you want peanut butter and jelly, you don't want nail clippers. And right now, all the things out there don't really have good algorithms. We have all this data from menus, and we know if you're going to make a certain recipe, what you can get, we know if you bought something in the past, a line might be different for me versus something somebody else, and they figured it out and they're killing it. They're in talks with six of the top 10 largest grocers in America. Are they doing pilots with them? These guys were great to invest in more their model, and because they were honest and hardworking, we stuck with them and it's paying dividends. They're just they're just raise money, you know, at a very high valuation. About 15 of my original investment. Couldn't be happier, which all my deals are like that?

Speaker2: [00:10:30] Yeah, that'd be great. So do you guys have a fund?

Speaker3: [00:10:35] We don't have a fund per se, say, the six or eight guys I work with. We invest like a small family office. We probably collectively put in between two hundred and fifty thousand and a million dollars a deal, depending on how much we like something. And then we each of us then refers it to other friends. So it gives us the ability to negotiate fair terms, not like we were like putting in a few thousand. But we sometimes are lead investors in seed stage investments, and some of us get on the board and get very engaged. So it's not a fund per se, but it's a loose conglomerate conglomerate of guys who are like minded who all work together.

Speaker2: [00:11:16] Great. Well, so what excites you right now?

Speaker3: [00:11:20] Jealous, my my startup, I'm putting in tremendous amount of time and effort and energy, and seeing it grow is in the referrals and getting people who are happy that they got their products quickly and helping small businesses compete against big box stores and seeing satisfied customers. It's extremely rewarding and we're creating a marketplace that does delivery. We're not a delivery service and we believe we're going to have thousands of vendors. We have about one hundred now, but we will have thousands of vendors on there in the next

year or two. And there's tons of services small businesses need could be credit card processing, cloud storage. It could be web services that they don't have access to. And with economies of scale, we could provide a suite of services these businesses and we think this model is different and exciting. And you know, I'm a chief cook and bottle washer. I'll do delivery. I'll clean the bathroom if it's dirty. We think that this is working and we're growing. We're very excited.

Speaker2: [00:12:19] Great. Well, you see a lot of startups and a lot of investors out there. What's your advice for people investing in start ups say in the marketplace sector?

Speaker3: [00:12:27] So if you have a great idea, unless there's great management, in my opinion, it's going to fail. I've lost a lot of money and great ideas that had horrible managers invest in people, invest in people who are all in do your background checks and make sure that the people you are dealing with is who they say they are and they're not misrepresenting themselves. A couple of hundred other background check and save you a lot of money in a bad investment and constantly ask questions. And we want to invest in people to communicate. So we expect an email once a month. The quarterly report every quarter, a returned phone call within 48 hours or email. If we reach out, if we don't get that feedback, not only won't we invest in another round, we'll pull back and we won't add our value in time if we're not getting that back. So that's kind of a quick elevator pitch about how I look at the investing world.

Speaker2: [00:13:23] Great. And then what's your advice for people running startups in the marketplace sector? Anything specific there you would coach them on.

Speaker3: [00:13:30] I spend as little as possible developing the product, make sure that you can that there's a market for it. Get feedback not from your closest friends who love you will tell you it's great no matter what. Get at least one hundred interviews or a feedback from people who you've never met, especially those people who think they know more than you who have experience in a certain field. You want to hear what's bad about the product, not what's good, because you know what's good you want to see? What's the worst case scenario that this doesn't work? The good thing is you'll spend time working on, but don't focus on perfecting your model. Focus on getting a decent model and getting out there and getting the capital. You need to bring it to market and then the market will tell you what is really needed and that from experience, that's the best way to to lower your failure rate and increase your success rate.

Speaker2: [00:14:23] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker3: [00:14:28] Just that, you know, if you're on the fence about starting your own business and you're afraid there's nothing worse than in my mind laying on your deathbed, hopefully many years from now, looking back at your life and saying you didn't take that chance. You want to leave no stone unturned if there's something that you think will work. It's better to have tried and failed and never tried it at all. You'll have people who will tell you that it won't work, and they'll say that because they're jealous that you're going out of your way and going after your dream. But if you don't, if you listen to the naysayers and don't come out of your room, if I listen to the naysayers, I'd still be living in my parents basement. But it's really worth if you want to lead a meaningful life and you have that drive in spirit and personality and are can make mistakes quickly and learn from them. There's nothing more rewarding than trying to start a business. You'll lay lay awake at night staring at the ceiling, saying What the heck did I do? And his ups and downs. But as far as doing things that you think you'll be proud of in your final days, this is one of them.

Speaker2: [00:15:44] Well, great. So how best for listeners to get back in touch with you?

Speaker3: [00:15:48] I if you want to reach out, I love mentoring people and talking to them about their ideas and giving them feedback and share you with my network. You could email me at Adam at by Trellis B y tr e 'UNESCO I respond to an e-mail within twenty four hours. If I don't, I've either died or I'm in a coma, so please call my wife and tell her that something's wrong. I'm very big at communication and I love to hear your thoughts and ideas.

Speaker2: [00:16:18] Great. Well, I appreciate your sharing that with us today, and thank you for your time. I hope to have you back for a follow up soon.

Speaker3: [00:16:25] I love it all. Thanks for the opportunity. Great talking to you and I love what you're doing in your mind.

Speaker1: [00:16:35] 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 Canaccord](#). Paul T. Martin is the director of Investor Connect, which is a 501c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by host and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.