

Carolyn Lowe (book review)

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, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups? Launching a new startup need to raise funding. The start of funding espresso as a daily podcast in a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding. To subscribe, go to Investor Connect. Org and put your email into the pop up box.

Speaker2: [00:00:46] Well, hello, this is Hall Martin with Investor Connect today, I'm here with Carolyn Lowe, author of Business Growth Do's and Absolute Don'ts. Carolyn, thank you for joining us again.

Speaker3: [00:00:56] Thanks for having me.

Speaker2: [00:00:56] All right. Can you tell us the audience a little bit about your background before writing this book? What were you doing?

Speaker3: [00:01:03] Sure. So I won't go back to you for I'll only go back 20 years to start it out here in Austin with Dell in nineteen ninety nine. And I have the opportunity to work for Big Corporate for six years, which was phenomenal. And then I had a couple of kids and did some consulting again, still in big corporate. And then I took a smaller role with a smaller company in Austin, a mom and baby brand, and found that that really was my passion was growing things and helping these amazing founders grow through marketing and e-commerce and marketplaces like Amazon and now Walmart. And so about six years ago, I started Roy Swift, so I could help more than one of these amazing emerging brands. I love working with founders and CEOs and CMO's and seeing them go from, you know, a little warehouse in their garage to, you know, 50 \$100 million business.

Speaker2: [00:02:01] Great, so what inspired you to write this book and this time?

Speaker3: [00:02:05] Good question. I think what had inspired me is I had been on some podcasts talking about e-commerce and Amazon, and every time I finished one, someone would say you should write a book. And I decided that having the same conversation over and over with CEOs and founders and CMO's, I figured I could help more people just by writing it all down, rather than having one off conversations with a thousand brands.

Speaker2: [00:02:32] Right. So tell us more about the book and what it what it describes.

Speaker3: [00:02:37] Well, I like to take some time and talk about failures. I think, you know, you always say you learn more from your failures than from your successes, and you know, if life was easy wouldn't be worth living it. And so over the last 20 years, I've seen some epic failures and some epic successes. So there's everything from my work with Dell, and I started the Dell and Costco consumer relationship and then did some work with their amazing culture and then also did some, some work with some other not so amazing cultures. And so I learned a lot during that time, and when I started my business, the thing that I was pretty sure of is that I wanted to take all the good stuff I had learned and not replicate any of the bad stuff. So believe it or not, the beginning of the book talks about building the right team and having the right values. And I've seen so many companies right now have to go through this almost metamorphosis as they're trying to change values when they realize they've got a bunch of jerks working at the company. So, so, so really, the first part of any successful business is just who's on your team. And so I talk a little bit about about that, about culture, about what companies reward and what companies reward and value. A lot of times, you know, determines that behavior.

Speaker2: [00:04:04] Great, and so who is the primary audience for it? Who are you targeting with this?

Speaker3: [00:04:10] Oh, great question. So most of the folks that will get a lot of value out of this, there are anybody in the zero to 50 million dollar annual revenue space. You know, these are companies that have built up. It's really hard to, as you can imagine, and, you know, to go back and change corporate culture. You know, you see the airlines trying to do it right there. They're not necessarily the best values, right? There are some airlines that I've flown over a million miles away that treat me worse than other airlines who don't even know who I am. So I

really think it's hard to go back and change corporate culture when they're that big, you know, the Fortune five hundreds. So this book is really intended for people to get it right from the get go, so it's really intended for those less than one hundred dollars small, medium emerging businesses.

Speaker2: [00:05:03] You can't anybody else benefit from it, the corporation or others?

Speaker3: [00:05:09] Yes, definitely. I think one of the things that I did that I had the pleasure of, of meeting the executives at Costco, the CEO and the C and the CEO at the time, and I was so impressed with their culture. So I think big companies can still learn a lot. I just think it takes a longer time to turn their ship around than it does a more nimble, smaller company. But. Absolutely. I love Costco's values. It's amazing that taking care of their customers and taking care of their employees is above shareholder value and their values. And so that means a lot. And I love their mentality that if we take care of our customers and we take care of our employees, we will deliver shareholder value. And a lot of companies really focus on shareholders first and everything else below that. So I think that's a great lesson that big companies can learn from another big company like Costco.

Speaker2: [00:06:10] And great, and so when you wrote the book, what surprised you the most?

Speaker3: [00:06:14] What surprised me the most is that I could actually do it. I'm not, I'm really great at sprints, you know, writing a book is a little bit of a marathon. So I hope it came out OK, but I have heard feedback from folks that I was really impressed with who have worked in big, big companies and they said, I can't believe I didn't think of this. I've already gotten some feedback saying, Oh wow, this is so great. I immediately put this to use in my business. So that was what the book was intended to do. So it's nice that, you know, if I even help one person, it's like a conference. I feel like a book is like a conference. If you go to a conference and you get one good thing out of that, you can take away, then it's worthwhile. Right?

Speaker2: [00:06:58] And then what was the most important takeaway you found in the book?

Speaker3: [00:07:03] I think the most important takeaway is really for people to know their numbers, you know, I've worked with 40 50 million dollar companies that were running channels or segments or products that were unprofitable. And so I would say, if you can't answer those five or six questions, if you're selling on e-commerce, you know, what's my average order value? What's my lifetime value? What's my repeat customer rate? What is my if you're a subscription model, what is my monthly recurring revenue? You'd be amazed how many people can't answer that, how much they could charge or can they afford to acquire a customer? So those are usually the first six or seven questions we ask a brand. And if they don't know those answers, we immediately put them on our analytics platform that plugs in and tells them all of those things right away.

Speaker2: [00:07:56] And so how did the book change the way you think about startups in general?

Speaker3: [00:08:02] It really made me conscious of. Prioritization, I think that's one thing that I've learned where a fairly small business, where just a couple million for we're at 11 12 percent agency. And what I realized is that there's so many things that you could go focus on, and there's a wellness brand I'm advising right now. And what I found is that there's a hundred things they could go do. And I feel like ruthless prioritization on the highest impact and lowest effort are going to be the things that you should go do. And so many times I see people chasing things that are time consuming and they're like all these little pebbles and don't chase the little pebbles. Go chase the Big Rock.

Speaker2: [00:08:49] Right. And so based on this experience with this book, what are you considered to right next?

Speaker3: [00:08:56] I think next book, I don't know if I have another book in me, but but if I did, I think it would probably be a parenting book because I've had plenty of those successes and failures over the last 15 years.

Speaker2: [00:09:10] Great, and so in the last few minutes that we have here, what else should we cover that we haven't?

Speaker3: [00:09:16] You know, I have a question for you. What are some of your favorite business books that you've read? You're very successful businessman and leader and what do you like to read or what are some of your favorite books?

Speaker2: [00:09:30] Originally, my favorite books were anything written by Peter Drucker, I really liked soccer, I thought he was a forward thinker. I thought it was a clear thinker, and I thought he had the right perspective on business, which is not just about profit and losses, but I think he took a more insightful view of the business as to how it's set up and what we can learn from it, how to be a good entrepreneur, how to be a good manager, and I learned a great deal from those books as well. And then I looked at other books around the startup funding world and found I liked the view of funding because it's a journey just like the, you know, just a startup as a journey. But I also found that fundraising is a journey unto itself. You know, you can do a whole movie on just raising funding, and I get to hear those stories every day, and I find them fascinating to hear the stories that people have because it's really part of life and it's filled with great things and sad things and challenging things and perplexing things and fundraising with investors and financials and so forth. There's always a little bit of mystery behind why investors chooses one deal over another. So there's a little bit of intrigue comes with it as well. So I enjoyed the startup stories that I read about every day. I find that interesting as well. So some of those things are what I look at and what I read.

Speaker3: [00:10:55] Yeah, that's great. I actually listened to a panel the other day, it was a bunch of different ways to to raise, so there were people from like circle up. There was a couple of founders. One of our clients was on the panel and I was amazed at how scrappy and how much money you can get before having to give away a chunk of equity. So I was real impressed with some of the different strategies and and republic, right? Is that the name of the sort of crowd funding? That's so I'm blown away by how many ways there are to raise money now that there weren't even 10 years ago?

Speaker2: [00:11:31] Oh, it's just exploded dramatically, anybody can invest now using the title three public Wi-Fi during the others that do that there. It's a great opportunity to come into it. That's a bit of a wild west these days, I'm afraid. You know, I remember the nineties when I was an angel investor and started investing. The VCs will look at angels and say, You don't know what you're doing, you're going to lose your money. And then here today, I hear the angels telling the

crowd funders, you don't know what you're doing, you're going to lose your money. And but at the same time, I see a lot of crowd funders learning the same lessons that angels learned, such as valuations is important. You know, getting the number right is the difference between making a return and not making your return. And and it's interesting in this startup world is where all the time relearning what we already know. When I started Angel Networks, I asked the previous leader, What what would you wish you had done differently? And she said, I wish I put in more institutional knowledge because I saw angel investors coming in. They were new and they were just learning, and after a while they would figure it out. By the time they had it kind of figured out they were retiring and moving on. And then here comes the next guru of doing the same cycle all over again. So it's not about learning, it's just about relearning is what we end up doing in the startup world, I think.

Speaker3: [00:12:45] Yes, definitely thank you. That's really helpful.

Speaker2: [00:12:50] Great. And so enjoy. I think the book is a great product for anybody that wants to run a business, start a business, and I like what you had to say about knowing your numbers. I see many companies coming in and they don't quite know their numbers and the kiss of death for a CEO and says, I don't know, but just ask my CFO, they'll tell you, Well, that's that's that's not the right answer in the startup world, for sure. You have to really know your numbers and own them too as well. And we see a lot of companies now coming in as impact companies. We did a panel the other day where it's every year. There's more and more a greater, greater percentage of startups are impact companies. They're going to do more than just returned money to the investor. They're going to also provide some environmental, social and governance impact. And the question I always ask him is What's your number? And they say, What do you mean? Well, you have an impact. What what your impact metric? How much good are you doing for each dollar invested or each dollar of revenue? Or what have you? How many students are graduating, how many bottles of water being pulled out of the waste stream? You're doing some great things here, but if you can put a number on it, you know you get credit for it. If you can't put a number on it, investors don't quite know what to do with that. And I think the that's one of the importance of numbers that you are talking about is people have a hard time figuring out what that is until you can actually quantify it in some way or shape or form. What's your take on that?

Speaker3: [00:14:16] I agree one hundred percent, and I also think that you can get a lot of bad publicity from it. I look back at the Tom Shoes debacle, you know where they found out they weren't really giving away shoes for every pair that you bought. And so I also think if you're going to be an impact company, like you said, that's just as important as your for profit side is your non profit side or what good you're doing. There's a baby company I just spoke with yesterday and they were fantastic. They're a B Corp baby brand. And what I love is that the founder realized how many starving kids there were in our country. And we, if you just walk around, you don't, you don't see it, you don't think about it, you don't think how much hunger there is in the United States. And the first thing that she led with was, here's what we've done. Here's how many meals we have given to children. Here's how many basically lives we have saved. So she she knew and rattled off all of those numbers, and I was so impressed.

Speaker3: [00:15:17] And I also think, you know, you're talking about impact is it's no longer, you know, tied versus all in terms of detergent. You know, we work with a great natural cleaning company in the past and especially now younger millennial folks really want to have a connection to a brand and they want to know that that brand is doing good. I listened today to NPR and I heard that the Patagonia CEO pulled out of Jackson Hole Jackson Hole Ski Resort and won't allow them to sell any of their products. So and that was because of some, you know, very hateful things that the owner of the ski mountain did. And they said, you know, we have a we have an opportunity to use our business for good and use our voice. And so we're going to do that. So I was I was real impressed with that. The more be corpse and the more companies I run into that have a mission like that, the more I love that we donate about 10 percent of our time to nonprofits. And so that's our sort of pro bono work that we do.

Speaker2: [00:16:17] All right. Well, when I was growing up, you were either a for profit or a non-profit. And then over time, the impact company came into focus and a lot of resources shifted from the nonprofit into the impact company. And then you, you had impact, but nobody quite knew what that was. And we're coming to an age now where people really are going to want to know what your impact is in order to invest. And I think in three to five years, every company will have to be an impact business the way it's going. They're not going to let you just raise money and return to the investors. You have to many other stakeholders. How are you going to help the other stakeholders? What your impact metric is going to turn from a nice to have to a must have to a regulatory requirement? And in the financial world, what we're seeing

now is there's interest in standardizing the impact metrics so they can actually adjust investments and interest rates and returns. So for example, if you get your impact, metric will make your interest rate two percent lower. You only hit your metric will make your interest rate two percent higher if you have a negative impact. We're going to cut you, but cut everything in half and we're going to do everything we can to put you out of business because you have a negative impact. And that's the other side of impact is there's the positive impact we're talking about. But then what about the negative impact those who are polluting the the environment and those who are putting up carbon and so forth? It's going to get very expensive for them fairly soon, and there's methods underway to try to quantify those things at some level.

Speaker3: [00:17:53] Yeah, I agree a wholeheartedly when you see huge corporations like Amazon saying we're going to be carbon neutral by X date, you know that it's not just somebody's pet peeve, this is something that has both. You know, they're sort of I think it's corporate responsibility. One of the best people with that, I think, was Marc Benioff. I saw him years ago. Gosh, I want to say it was almost 20 years ago, and I was really encouraged by the fact that he started it almost as an impact company. The one one, one, one percent of our time, one percent of our profits. And you know, employees go off and do non-profit work during paid hours as part of that one percent. And I think that's that's the way you have to do it and you have to start from the beginning again, back to the book and core values that's going to be part of who you are from the beginning. You can't just go back and try to retrofit caring.

Speaker2: [00:18:48] Absolutely, it's going to be baked into our system, you know, people are going to want to have everything put together, so the business is actually helping grow, not turning against the community, just for profit or what have you. So I think the tides are turning in that direction pretty fast these days. Yeah.

Speaker3: [00:19:08] Which is great.

Speaker2: [00:19:09] Oh, well, how best will listeners get back in touch with you

Speaker3: [00:19:13] So you can find Carolyn? You can find me on LinkedIn. You can also find Roy Swift at Roy Swift. Don't judge us by our website is that you may have heard in the past we spend all our time working on our clients instead of on ourselves, so. But yeah, definitely get in

touch. And if there's any way that I or the company can help you as a founder or as someone who's struggling to know their numbers or may not know the right questions to ask. So we are happy to point you in the right direction, right?

Speaker2: [00:19:46] We'll put that in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker3: [00:19:51] Thanks for having me.

Speaker1: [00:19:54] Investor Connect helps investors interested in startup funding in this podcast series experience investors share their experience and advice. You can learn more at Investor Connect. Talk to 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 hall 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.