

Mark H. Goldstein of Advisors.Fund

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. Hello, this is Paul Marchant with Investor Connect. Today, we're here with Mark Goldstein, managing partner at Advisors Fund Advisors Fund invests in hyper focused entrepreneurs that are disrupting entrenched legacy incumbents and an accepted status quo. Mark, thank you for joining us.

Speaker2: [00:00:53] Great. Great to be here, Paul.

Speaker1: [00:00:55] So tell us about your background. What did you do before you got into early stage investing?

Speaker2: [00:00:59] Well, I'm one of these guys that got kicked upstairs and I've been where I was an entrepreneur, started a dozen or so companies and across all different industries. I loved being an entrepreneur. That's all I really knew. You know, I'm sort of a one trick pony. And then I woke up and my wife said, You're not starting anymore, companies. And so you're, you know, it's time to rethink your your career. And so in rethinking it, I said, great, I'm going to start spending all my time helping younger entrepreneurs with their companies do everything I can throw myself, you know, throw myself at the on the on the tracks and hopefully prevent them from getting all those arrows in the back that I have.

Speaker1: [00:01:36] Great, and so how did you help start up and growth companies do their thing?

Speaker2: [00:01:41] I guess the most important thing is sort of is looking into the sort of the eyes of the CEO and who's the founder and the founding team and you know, when I say the type of help that I try to provide, I try to help that found herself actualize. Who are you? Why

are you great? How are you going to basically change the world? And if they need to know that, that needs to be sort of sort of really, really core to their DNA. And my job is to really help them tease that out and tease that out and help them on the edges and then help them think about the the the people they don't have or the resources they need they might need. And so that when they take that next turn and they look around the corner, they have a better idea that what might, might, might be their.

Speaker1: [00:02:24] And so what is the challenge for a startup and growth stage company in today's market?

Speaker2: [00:02:30] Well, it's changed, you know, the it's this is no better time to be an entrepreneur than today. I mean, all you know that oh my God, you know, I think about what I had to do in the day to start companies and scratch around for a few pennies. And, you know, set up my own systems and sign, you know, 20 page real estate deals to sort of get a one month lease. All of that stuff is, you know, we love it's safe notes and the world and Carta. It's a great day to be an entrepreneur. Not only that, there's so much more money out there and there's so much more appreciation for the entrepreneur and everyone gets what entrepreneurship is about and they want to support you.

Speaker1: [00:03:11] Right, and so how does it start prepare for the challenge of running a business? It seems like that's a shock to some people that you have to actually run a business, but what do you find out there?

Speaker2: [00:03:21] Well, the most important thing is like you better come to the opportunity with some perspective and some context, like if you don't come from the market that you're trying to displace where you don't know who the legacy players are in your market space, you're an incredible disadvantage. So when I think about what the entrepreneur has to do, the entrepreneur has to know the business that they're in, what's the business of the business? And then they have to have somebody else who basically is going to complement them, who is either incredibly awesome at operations or just an incredible creative who has a new idea or a new invention that's going to be brought to market. And really, so it's again self actualizing. Who are you as the entrepreneur? What do you bring to the party and then what do you need to basically put around the table?

Speaker1: [00:04:10] So who should the startup recruit to help with that challenge?

Speaker2: [00:04:14] Well, first of all, someone you trust. Right, so if you're a founder and entrepreneur, the worst man, do we have God knows, I know you've got the stories. I got them too of mistakes. You will make mistakes and you will make a lot of mistakes. And it's, you know, again, it's OK to fail, right? You only learn by failing. I mean, that's the best way to learn my opinion. But you don't want to make too many mistakes. And if you can avoid them, that's good news. So it's really understanding who you are having someone with you that you can trust and basically help you think about, what are the things you need to do over the next three months? And having a really good V to mom having a really good vision 2.0 month over month of what your future is going to be so that, you know, over the next three, six, nine months what your goals, what your objectives, what culturally you want to accomplish and where do you want to end up?

Speaker1: [00:05:07] And so for those that are in the growth stage, what are the must dos for them to run and grow their business?

Speaker2: [00:05:13] The positive, you know, if you're not positive, you're screwed. So I think the most important thing is to realize every morning you're going to wake up and things are not going to be exactly the way you think it's going to be. And you are not going to have all of those people there to help you that day that you think are going to be there. They might quit, they might take another job, they might get sick or you might have new opportunities and there just might be overwhelmed or you basic where there, Peter principle, the stuff just happens. And so that's every day. The key thing is wake up, be positive and basically approach the day like you're going to win it.

Speaker1: [00:05:48] And so where do you see companies under invest? You see a lot of them out there. What is the biggest mistake they make in not investing?

Speaker2: [00:05:55] Um, I think that one of the best things an entrepreneur can do is to be naive and getting into his market because most people don't have the guts to be an entrepreneur, to get into a market and to basically try and change things. They basically will say,

Oh, well, there's already so and so companies out there, they're already people providing that product or service. So when I think about this, it has to be this. You have to. The entrepreneur has to almost blindly run into a market, not knowing everything, because if they know everything, then probably someone's already there's probably someone else has already done it at the same time. You better sort of know what you're getting into. Don't get don't start a business where you don't have any context that you don't have any experience that you don't know. You don't have any idea where you're going to end up the day after tomorrow.

Speaker1: [00:06:45] Great. And then on the other side of that table, where do you see companies over invest? What do you see is the most common mistake there?

Speaker2: [00:06:53] Finance don't overinvest in finance. There are so many, I believe, that people are like, Oh, I brought in my accountant and he's really, you know, he or she is really helping me figure this stuff up and I'm building out really sophisticated systems because she or he told me that QuickBooks doesn't work. And what happens is the entrepreneur spends a disproportionate amount of time thinking about all this stuff and not thinking about the core product or service that they're trying to bring to market. So there's always an amazing time for finance and operations, but it doesn't necessarily have to be the first inning of the game.

Speaker1: [00:07:30] What's your take on technology and investing in technology? Do you think people over or under invest in that space?

Speaker2: [00:07:37] I don't think you can under invest. I think especially in this environment we're living in where, you know, call it the great resignation or call it labor shortage or whatever you want to call it. Great people. We have a shortage of great people that are willing to work for you. And so the whole point of using and leveraging technology is to basically minimize the number of great people that you have to hire right now. So I would say it's almost OK to overinvest in. Some of that don't go completely and utterly crazy if you're basically doing it so that you don't have to hire thousands of people or hundreds of people to do a job that a robot can do.

Speaker1: [00:08:18] And so let's talk about fundraising. What do you do when you're short on the fundraising? Who takes the haircut and by how much?

Speaker2: [00:08:26] Well, first person to take the haircut is the founder and CEO, and he, by the way, don't tell anyone you are. That doesn't help anyone's psyche to know that you're not getting paid. That's your problem. Keep it to yourself. You're your business is basically having everyone being super positive about the business and not hearing about the the sacrifices and haircuts you have to make. You want everyone feeling like this is a great business and forward to do what it needs to do. At some point in time, you might have to basically share the fact that, oh, by the way, you're not getting salary but don't bring that up too quickly. So it starts with number one. You're the first one to take a cut, then it's number two, it's walking around the table who can afford to. A lot of people just simply can't afford because of a lifestyle, because of their family commitments and everything else to take a haircut in salary. Don't even ask them if you already know that it's not possible. It's just it's almost like being unfair and you're not going to like the answer, and the answer is going to be great, I understand it, but I'm going to look for another job tomorrow, so really understand. So that's really to understand who your team is, what your team's all about, what they come from and what their what their capacity is to do to help you out in that situation.

Speaker1: [00:09:37] Great. And continuing on with the fundraise, how does a startup choose the investor they want to go after? What's the role there? Do you just take money as it comes or do you try to find the right investor? Or do you look for alternative funding in some cases? What's your coaching there?

Speaker2: [00:09:55] Um, well, I think a lot of it comes down to sort of stage of financing early on, you really, really need to have people around the table that support you and recognize that everything that you say isn't going to happen and they're OK with that. And you have to be able to trust them and they have to live through a few pivots, live through a few not perfect pieces of information. And those are your first investors. Your first investors have to be completely on your side of the fence all the time as your company evolves. And as you have leveraged as an entrepreneur and as you're the newer investors come in and they're more financial investors as opposed to basically investing in your idea or investing in you. You can be a little more flexible, but always make sure whoever comes in, they better have your back, or at least you think they do.

Speaker1: [00:10:41] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:10:46] Well, look, this is an amazing time to be an entrepreneur. So this is no better time to get going than now. No, there's been no more. There's no time in history where there's been an excess of capital like there is today. There's been no time in history where there's been basically the desire of the public to support the entrepreneur. There's been no time in history where there hasn't been a sort of a better way to reach customers than what we have today on across the internet. So it's a great time to go and and don't regret. Do it now, so you don't have to regret it tomorrow.

Speaker1: [00:11:24] That's good advice, so how best for listeners to get back in touch with you?

Speaker2: [00:11:28] If you've got an amazing idea, I love investing in health care, specifically in digital health. That's been my latest. I'm a huge fan of what I think is going on in health care is exactly what happened in in retail, with e-commerce, in health care. We call it remote remote patient monitoring and telehealth. And basically, it's the whole idea is you can basically get cured or you can find out about your maladies at home without having to walk into a hospital. And anyone who's building out technologies around those lines, I'm interested in taking a look. That's my latest thing. You can reach me. Market Adviser Resort Fund. I also love that crazy idea and that crazy entrepreneur that basically says, Damn, I know how to disrupt this market, and it's a billion dollar opportunity.

Speaker1: [00:12:16] Right. Well, appreciate you sharing that with us today. We'll include those details in our show notes and hope to have you back for a follow up soon.

[00:12:24] Oh my pleasure.

Speaker1: [00:12:29] 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 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

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