

## Jeff Erickson of Startup StackForecastr

**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 nonprofit dedicated to the education of investors and startups for fund raising. 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:** [00:00:38] Well, this is Hall Martin with Investor Connect. Today we're here with Jeff Erickson, founder of Startup Stack, Angel Investor and director of partnerships at Forecastr. The startup stack was created to help early stage companies build a successful foundation by making the best operational tech offers available in one place and forecast. It provides a software platform to help early stage startups easily create, track and manage the financial projections you're preparing for raising capital. Jeff, thank you for joining us.

**Speaker3:** [00:01:04] Paul. Thanks for having me.

**Speaker2:** [00:01:06] Well, tell us more about your background before investing in early stage companies. What did you do before this?

**Speaker3:** [00:01:12] Yeah. So actually I coming out of MBA school, I actually ended up at a finance company where we are making some investments. And one of the partners left to go to a startup. And he took me with him. And so I was number 15 at this early stage startup early on, and that was my introduction to startups and I absolutely loved it. Fast forward a few years later, my wife started a company. I helped her raise some capital and ended up running that company for about ten years. We sold it. I had to stay on for another three years, which was two years too long. And and then I ended up joining Carta. So I was at Cardiff for four, four years and, and that put me right in the middle of the startup ecosystem, saw a lot of great companies and that kind of kicked off my, my entry into angel investing as well.

**Speaker2:** [00:02:16] Great. So what excites you right now?

**Speaker3:** [00:02:20] You know, I, I actually just joined another company, a new company called Forecaster. So that obviously excites me. Super excited about the space that they're in. Fintech Company, Early Stage. I love working with early stage companies also. I mean, I'm dabbling in the NFT space and the Web3 space kind of cautiously optimistic, but that's a that's an interesting one. I think there will probably be a lot of winners and losers coming out of out of that space. And then just software in general. I mean, there's there's so much capital out there to be deployed and software continues to eat the world, so to speak.

**Speaker2:** [00:03:04] Well, great. Well, you've seen a lot of startups and a lot of investors in this space. What's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker3:** [00:03:14] You know, like I said, my focus has been on early stage start ups. And when you're when you're kind of in that precedes seed, even series A, to some extent, you're really betting on the founder or the founding team because they can put a plan together and you know that the plan is not going to go exactly as as laid out. And so you're really betting on a founding team that one has the grit and the passion to continue no matter what. But then also the founding team that is humble enough and flexible enough to pivot. And and those are the things that I think I really look for are the the founders that have those qualities. And also a maniacal focus on delighting the customer, I think is another thing I look for before I'm writing a check.

**Speaker2:** [00:04:14] Great. Well, let's talk about the state of startup investing. How do you see the industry evolving from here?

**Speaker3:** [00:04:20] You know, it's an interesting time for venture investing because you're seeing a ton of capital in the markets. And with that, you're seeing a lot of new entrants into the venture capital space as well with some of these large PE hedge fund groups coming in and writing some big checks. And so you're seeing a lot of big players make earlier, earlier and earlier bets in this space. And quite honestly, it scares me a little bit because when you're when you're seeing that, I mean, you're taking these bets and it becomes kind of this all or nothing mentality that either this is going to return our fund or we're going to cut it off, especially in

those early stages. And so it's a little concerning in that regard. And and again, it's it's why I tend to focus on the founders and I'm not in the the big deals that are are obviously doing a \$100 million series A or even seed round these days. But but those are out there.

**Speaker2:** [00:05:26] So what do you think is the biggest change you'll see in, say, the next couple of years?

**Speaker3:** [00:05:31] You know, I. I don't know that that can continue forever. I think you're going to see some some fallout from even some of the big players probably licking their wounds at times. I mean, I think the other thing is just the broader economy. I mean, looking at the things that could slow down the deployment of capital, things like inflation and whatnot, definitely keep an eye on on things. But at the same time, I'm I'm optimistic in terms of there's there's really never been a better time to start a business. And so entrepreneurs that have a good, solid business plan that they can execute on. I'm very bullish and optimistic in general.

**Speaker2:** [00:06:20] Great. Well, let's talk about your investment thesis for your startup investing. What exactly is it and what's your criteria for making an investment?

**Speaker3:** [00:06:29] Yeah, that's a great question. I'm actually probably not the best at coming up with a thesis. I've been very opportunistic. I see a lot of deals and I could probably do a better job at saying I'm going to focus on one industry or whatever. But at the same time, that's kind of an advantage of being an angel investor is you're not tied to a specific thesis that prevents you from investing in some really good companies that you might otherwise invest in. So I think as a thesis, like I said before, it's probably focusing on really good founders and founders that will look at the customer experience and and provide that delightful customer experience again, having that grit and the humility at the same time. So it's really an opportunistic thesis based on really good founders, I think I can bet on.

**Speaker2:** [00:07:32] Can you talk about one or two starters that fit that thesis of being a good founder?

**Speaker3:** [00:07:37] Oh, man, yeah. There's there's obviously I think that all of them are that that I do. But, you know, you can always be proven wrong. One that I really like is is plain ahead

and fantastic founder and just has the grit, the background everything trying to to do something really big in terms of disrupting the travel industry and making travel more accessible to the masses. But plane heads one another great founder out there as clout chain Tim Nielsen very experienced in the the blockchain NFT space so where I don't know a ton about that space it's again betting on the founder that does and looking for some of those qualities. Man, I hate to leave any out, but one that I'm actually just committed to is a company called Nevada. And again, I phenomenal female founder that actually had a business that was really impacted, basically taken to zero because of the pandemic. She pivoted and created Nevada as a mental well or mental health platform to for companies to provide to their employees. And I mean, just doing phenomenal things, wrapping up a round with her right now and really, really impressed by Amelia Wilcox. So so that's another one that obviously forecasters want. I'm taking a big bet on as I'm joining their team. And again, they're in a great space that's got a ton of potential. But those are those are a few. And again, forecaster fits that same model, a fantastic founding group coming out of Techstars and very maniacal when it comes to taking care of customers.

**Speaker2:** [00:09:48] Great. Well, the startup world is filled with challenges. What do you think is the main challenge startups face in today's market?

**Speaker3:** [00:09:55] You know, I think one of them is is kind of filtering out all the noise. I mean, you hear you know, you see these huge rounds raised by all these startups. And it seems like everybody is raising capital and everybody's doing great. But what a lot of times founders don't realize is that it's typically like, you know, seven, ten years before you actually see that. And there's a lot of work that goes into it before you you start to get that traction and that. And so I think one of the challenges, again, is filtering out the noise that can be out there and not getting discouraged because startups are hard. But again, I think one thing to kind of help founders through that is to have a good mentor and folks that have been through it and can kind of encourage and keep you going and also help you bounce ideas off of and off of them and and, you know, assess when to know, when to pivot and when to know when to persevere.

**Speaker2:** [00:11:04] Then what are the challenges in the space for the investor that you find?

**Speaker3:** [00:11:09] Yeah, that's yeah, that's a good question. From the investor standpoint, I think one of the challenges is that the valuations that you're seeing today, I'm a little worried

that some of these valuations, if you're kind of betting on the company, is going to grow into a valuation in some cases. And if they don't and you have a down round, one of the big things for investors is it's been such a founder friendly environment that you don't have these protective provisions in place. And so, I mean, you could see down rounds where, you know, especially at early stage, angel investors get diluted and hurt in some of these deals. So that's something I think is challenging right now. And on the flip side, I think on the on the company side, I think you could also point to that and say, you know, balancing when do I when do I take capital at a very aggressive valuation? I mean, you're putting your your company at a significant risk if you're kind of overvaluing it and and you have to hit these milestones or just you're going to start running into some down rounds and some challenging times.

**Speaker2:** [00:12:29] Great. We see a lot of different applications and sectors out there. If you had to pick one or two that you think are really good opportunities for investors to pursue today, what would you put at the top of the list?

**Speaker3:** [00:12:40] In terms of sectors.

**Speaker2:** [00:12:41] That's right.

**Speaker3:** [00:12:43] You know, I really I continue to like the fintech space, even though, again, I think the valuations are crazy. Some of the ones I've had to pass on just it's it's just crazy out there right now. But I think that's a great space. There's room for a lot a lot more growth software just in general, I think, continues to be very appealing. You know, I dabble a little bit in in consumer products. It's a different different space, different world. But, you know, you find some I do have some experience in that space. So I kind of get get it. But I think you also have to be pretty selective when it gets into to all of those spaces.

**Speaker2:** [00:13:29] Really great. Well, of the last few minutes that we have here, what should we cover that we haven't?

**Speaker3:** [00:13:35] You know, I mean, like you all, I, I love to support entrepreneurs. I love mentoring and helping out wherever I can. You know, I would say, you know, just. I would encourage all of the entrepreneurs out there to realize that right now is a fantastic time to be

starting and running a business. You have so many advantages. There's so much opportunity. And, you know, I just encourage that. Find somebody that can mentor you and and go for it. So anyways, I don't know if there's anything else you wanted to talk about, but. But this is super fun. Just chatting with you.

**Speaker2:** [00:14:22] Yeah, it's good catching up and learning more about the world you're in. Sound like a great one. It's going well. So how best for listeners to get back in touch with you?

**Speaker3:** [00:14:32] You can always find me on LinkedIn. Just Jeff Ericson on on LinkedIn at forecaster. Feel free to email me as well at Jeff at Forecaster dot co. So yeah. Either way that works.

**Speaker2:** [00:14:48] Good. We'll put that in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker3:** [00:14:54] Great. Thanks so much, all.

**Speaker1:** [00:14:59] 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 dot org. Hall Tim Martin is the director of Investor Connect, which is a 500 1c3 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.