Kupfer of DealQuest, DealQuest podcast & Kupfer & Associates, PLLC

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. Hello, this is Hall Martin with Investor Connect. Today we're here with Corey Kupfer, founder at DealQuest, host of the DealQuest podcast, founder and managing principal at Kupfer & Associates and author of Authentic Negotiating. Corey, thank you for having me on your show, and thank you for joining us today.

Speaker2: [00:00:54] Oh, it's great to be with you.

Speaker1: [00:00:55] Great. So where does this podcast find you?

Speaker2: [00:00:58] So I'm actually at my place in Marina del Rey, California. I split time between the New York area and Southern California in terms of living. And I'm on the West Coast, right? Right.

Speaker1: [00:01:10] And so tell us a bit about your background. What did you do before this?

Speaker2: [00:01:15] Yeah, so I was my main business has been a law firm for a long time. I mean, it was for 35 years. I came out and did the New York City big firm thing doing leveraged buyouts and public securities work and private placements. And so I've been in the entrepreneurial sort of deal, you know, fund raising, M&A, leveraged buyout world for a long time. And then I've had my own I have a speaking training consulting company that's deal. Quest We do negotiating trainings and and the podcast and we do deal consulting. And then I've done my own stuff. I've had a couple of funds where we've done real estate investment with some of our own money and other folks. So, you know, I'm in and around this world a lot.

Speaker1: [00:02:00] Well, that's great. Well, what's happening in the startup world these days? What do you see as the driving trend that is top of mind for you these days?

Speaker2: [00:02:09] Well, I mean, certainly access to capital right now is huge. I mean, you know, I can honestly, I say this to folks and, you know, this is generally true. But this is it's it's so true now that there's not a single good deal that can't get funded. You know, there's just so much money, you know, at all levels, you know? And I say good deal, right? Not every deal. But, you know, not a single good deal can get funded. And then, you know, it's interesting. I mean, there's, you know, there's like tech and things like that, whereas there's typically a lot of innovation and you know, and startups going on obviously continue. But then there are other, other spaces. I mean, I do I did some stuff in financial services and and certainly in fintech, there's been a lot of development. But then also just straight, like in the investment advisor world, we work with a lot of teams that leave banks, warehouses, trust companies and form independent firms, and there's a lot of startups in that area. And what's different from what was ten, ten years ago, there was no money in that space and now there's a lot of money in that space funding these startups because they have books of business, right? They're leaving Merrill Lynch and Logan Stanley at UBS, Goldman Sachs with what could be $1,000,000,000 under management. And so there's a cash flow stream there. So there's funding for these startups and for acquisitions in that space now.

Speaker1: [00:03:27] So it seems like there's the great resignation continues and people are leaving the big firms to start their own. What do you see out there in that direction?

Speaker2: [00:03:35] Yeah, listen, I mean, you know, the term big resignation these days is as come from the trigger of people reevaluating under the pandemic or maybe, you know, having different challenges or opportunities. But, you know, listen, in certain industries, there's I've been an advocate of entrepreneurship my entire career. There's a reason why I stopped six years out of school, stopped working at big firms and started my own. And I think I think when you have disruptions like we've had now with the pandemic, as people reevaluate, you know, and they and they and they want to have more control over their lives. They want to have more freedom. They want to build something in their vision. You know, I always talk about the fact that I think that there are one entrepreneurs and there's not there's no judgment on this, by the way. Right. There are people who really should be a key executive or some other place, some other role in a big company. Right. But they're just made for that. Just knowing yourself. But there are folks that will always work for someone else, probably. And then there are entrepreneurs who can't help but start businesses. But then there's a bunch of people that are in the middle, you know, that are situational entrepreneurs.

Speaker2: [00:04:42] Right. And when when things I remember the trend when big companies stopped providing guaranteed employment and and huge benefits and all these other things that supposedly made the big companies great did for a while. You know, then you had a trend of people saying, well, if I'm in this middle group, why should I stay here? Everything that I thought, you know, they've taken away all this stuff. I might as well do something more interesting. And I think you have another time now with the pandemic and everything where people are evaluating, whether it's companies that are requiring them to come back to the office, and they've started to like being able to work remotely, you know, or they've become digital nomads or whatever. The circumstances are changing where the cost benefit analysis, if they're taking the risk of of startup versus versus what seems to be a most secure path. You know, I think what people are making that evaluation that, hey, I think it's the time to try something different and build something in my vision and my image and the way I want it to be.

Speaker1: [00:05:39] So we're at the beginning of a brand new startup cycle here coming out of the pandemic. We have a whole new set of care outs in the marketplace. We have a workforce that's wanting to do something new and different and better. And so we've seen this movie before kicking off, I guess, after the dot com bust and then in many other times in the past. What's the most important lesson you've learned when we kick off a whole new cycle like this for the startup and for the early stage investor?

Speaker2: [00:06:10] Yeah. So I think, listen, from the startup point of view, obviously when you have more folks that are coming into the startup world, there's more risk, obviously. Listen, you know, I mean, you know this your listeners know this for sure, that from the investor side, they're always looking for established management teams. Right. People who have success before. That's that's the highest predictor of success in a startup, more than more than the idea, whatever. So when you have some of these new folks, you know, there's a learning curve. So this is where you get some of the stats about companies that don't make it. But at the same time, you get new blood, you get new ideas, you get people that are coming from a different place. And I think in these cycles, some of the best companies are are definitely started from from an investor's side. I mean, we've seen a lot of pressure to deploy capital because they have a lot of it, which and so when you have new people coming in to the space and new ideas, that's great, right? Because there's more opportunity to, you know, to vet. I mean, I think I spoke to a couple of people recently who were in that classic position where they were successful executives and the pandemic changed things for them. When one was laid off, one one just re-evaluated the circumstances. And there are more of these situational entrepreneurs, but at the same time, they have connections, right? They've got they can build a management team. They've got they actually have some of their own money, right. To be able to kick things off or access to friends and family money to get to the point where they'll be investable. So I think when you have some of these corporate folks that come out, obviously they're starting at a different place. And and there's big opportunities. I mean, a couple of the ones we spoke to, I think they have they have great concepts and I think they have the resources and industry knowledge to pull it off and they're going to be fundable.

Speaker1: [00:07:54] Great. And what's your advice for startups are kicking off in this timeframe? What do you tell them to do before they go out to raise funding?

Speaker2: [00:08:01] Yes. So, listen, the first thing is, listen, we all know that it's not necessarily going to be locked in stone and whatever. But, you know, you want to be clear on what what your business model is, what you're looking to do. Yes, you can pivot all that kind of good stuff. But also, you know, you want to get some sort of people who've never done this before. They don't understand that. No, not everybody is getting funded because they happen to be in tech. And when they're getting eyeballs. Right, you know, creates some sort of sustainable either revenue or, you know, if you are somebody who is building a platform, at least show show that you're getting getting traction. You've got to be able to do that to some degree, organically, right. Show that there's some traction there. And then, you know, the big thing for me from the point of view of because a lot of times I'm representing the companies, is you really want to do one of the biggest mistakes they make. Right, is not to really estimate what they're going to need for growth. Right. And that's where when you hear horror stories, you hear, you know, that's what happens, right? They underestimate the need for capital and then they get in a position where they're stuck. So I always say, hey, listen, don't just look at what you need for this round.

Speaker2: [00:09:12] Let's let's really project out what you're going to what you're going to think you need for the entire runway to get to where you want to be, whether that's exit or critical mass and continued operations, and try to work backwards. And then time the time you go out to the market because if you're going out too early and giving away too much equity, you can get on this pad where you're going to run into trouble. So, you know, and also, listen, frankly, I love funded companies. Funding companies are the ones that are going to do have the highest growth, often have the biggest innovation, whatever. But we all know that that could be a trap. And, you know, and if you get too much money too early, it creates a lack of creativity sometimes in discipline up front to try to figure things out in a way where you've got to be scrappy when you don't have money. So I think timing to market in doing it at the appropriate time, I think is the biggest thing that I work with folks on because I think it's the place where the biggest opportunity to do it right and also the biggest downside of doing wrong.

Speaker1: [00:10:11] What's the biggest misconception startups have about timing? What are you coaching them against? Mostly.

Speaker2: [00:10:17] Yeah. I mean, so, you know, what I caution against, frankly, too often is raising looking to raise too much money, too early. Right. And that's from two points of view. One, there's a certain segment of them that's going to waste a lot of time trying to raise money and they're not ready for it. Right. So now you've you could have put that energy and time into building the business. Right. To be to become more fundable. But you're out running around trying to get capital when you when you're really not at a stage where you're investable yet. Or on the flip side, maybe you are investable, but you think that your plans are are super ambitious and you're raising now looking to raise more capital than you really need at this stage, which means that you're going to give away more equity at a lower valuation. And why not and why not stage it in a way that's more appropriate? So I think those are the two things that I say. A lot of wasted time and energy on companies that are not yet fundable within which they could spend into becoming fundable. And then, you know, just the anxiousness of raising too much capital, too early. You know, on.

Speaker1: [00:11:20] The other side of that table, what is your coaching to investors who are investing at this stage in this cycle?

Speaker2: [00:11:27] Yeah. So I mean, you know, it's it's interesting because. Depends on who we're talking about. Right. I mean, obviously, if we're talking about angels and I and I represent a number of folks, individual investor angels, we don't represent a lot of funds and and or VC firms or that side. We're more on the company side or the individual investor or small or angel side. And, you know, and for those folks, you know, a lot of them, you know, especially the folks who have made a lot of money doing something else and just either are bored or want to deploy it or whatever, you know, they, you know, their risk sometimes that they just invest on passion, right. Until they learn the lesson, you know, after a couple of. So how do they vet deals? How did you deal with due diligence? I actually think it's a great thing to invest in things that you love. I mean, you know, I mean, that's I encourage that, but it can't be the only criteria. Right. So that's that's number one. And then, you know, and then in those early stages, also, they tend to maybe initially invest in people they know. And that can be a great thing or it could be a not so great thing because, you know, they're known, they're vetted. You can argue that's good due diligence and sometimes it is, but sometimes they're not.

Speaker2: [00:12:39] They don't have a clear view and doing a clear evaluation because it's it's a relationship. But I think that develops over time. What I find is sometimes it takes making a bad investment or getting burned, you know, once or twice. And then people get smarter, you know, with their money because none of these folks, you know, none of these folks like to like to lose money. And then also, you know, the key is to, in my mind, either to one of two things to invest at what you know, right? Because that next hot thing is not necessarily or if you're going to invest in things you know, less of than invest with somebody, follow somebody who you trust. Right. So, you know, one of the great things about Angel Networks, right, is that you can you know, you could be somebody who is a successful investor that you admire, who's involved. And you can piggyback, right. If they're leaving the deal, you're like, okay, maybe, I don't know a huge amount about this, but I've done enough due diligence on the lead investors that I'll throw some money into this deal and get to piggyback and learn and see how they're evaluating the deal. That's a great way to do it, to get your foot in the door.

Speaker1: [00:13:42] Great. So what line, what online information source do you find most helpful in your work?

Speaker2: [00:13:49] In terms of well, see, it's interesting for us because we certainly send people to some of the some of the online angel networks, which, since you and I have met, you know, attitudes to the list. And and and that's that's some of the biggest thing. And then the other thing that's obviously come up in terms of online stuff, although we don't personally do a lot of it but I have some of the other people do is is crowdfunding. I mean, it's interesting what's what's happened with that? And the people who know that space have leverage that at times I mean, there are pitfalls to that as well. But I've seen actually some people do some good stuff with early crowdfunding. I'm.

Speaker1: [00:14:35] Well, great. Well, you run a successful podcast. What do you attribute your show success to?

Speaker2: [00:14:40] Well, so, one, I would say that I don't start anything without studying a business model. So when I started my podcast three and a half years ago, I spent like a year honestly figuring out like, All right, what is this whole podcast thing successful? I was fortunate enough to know some folks that that had successful podcasts and then also what is my definition of success, right? I have a deals podcast. It's very niche, it's very specific. It's for companies that want to do deals and not just investment deals and sort of capital deals. Like like you talk about M&A and joint ventures and strategic alliances and licensing deals, you name it. And the whole purpose of it is that is to have folks who look at it, who spend a lot of time trying to grow organically, see that this is other way to help them grow as well through deals and growth. So I studied niche podcasts, I studied the model. I knew I'd never get millions and millions of downloads, although we've gotten many more than I thought we would. And I said, okay, what's the model? So one consistency to get out of head, getting great guests and I put a marketing team together and an admin team that helps me do all that so I can show up and do this right on the other side and just interview people and then we promote it out a lot. And, and we also have kept to, I think it's easy to become a general entrepreneurial podcast and then you're in the mix with a lot of them out there, right? We've kept to our niche. We've done that really, really well. We always make sure there's a deal angle for any of our guests. They'll talk about some other stuff as well, but people know what they're getting with the podcast, right? They're coming to hear about deals. So I think that between that understanding the model up front, putting a great team in place that promote it well and keeping focused on our on what we do, on our value proposition, about being about deals is what's made us successful.

Speaker1: [00:16:29] Great. And so any tips for the other podcasters who are listening? What do you coach them to do?

Speaker2: [00:16:35] Yeah, I mean, so so one, do those things right, you know, figure out, you know, and then to I think one of the biggest underutilized things because, you know, the typical model is, oh, you're supposed to get all these downloads, maybe get somebody to sponsor or advertise and make money that way. There's very few podcasts that do that right. But what's what's really on the estimate is what I call is the guest strategy. I mean, you I had you on my podcast just to use you use example, now you're having me on your podcast. We travel in similar circles. We didn't know each other before. Right? I mean, this is a start of a relationship for us and this is what I do with my guests. It gets me access to folks that I would not otherwise necessarily get access to. We're not going to go pitch them business or anything, but we're going to build relationships with folks that are interested. I mean, they wouldn't be guest on my podcast if they weren't interested in deals. Whatever your podcast, your listeners podcast is about, you know, you're going to get people on who are in that field and interested in, well, don't just have them on podcast, have a way you get to know them. I mean, I do a pre call, right? We get to know folks and then, you know, keep them on your radar, do follow up, look for opportunities for them. I mean, it's just a great way to build your network. And in terms of actual dollars, that's been the biggest hundreds of thousands of dollars in benefit have come from the guests that I've had on the podcast, much more so than suddenly a listener calling in and wanting to do a deal for them, although we've had some of that as well.

Speaker1: [00:18:02] Right. Well, that's great advice in the last few minutes that we have here. What else should we cover that we haven't?

Speaker2: [00:18:09] Well, listen, I think I think learning for me, like I said, I studied the podcast model. It's the same thing. If you want to if you want to become an investor, don't just go out there and throw money at something, right? Study the model. Figure out who the successful people on it right. Are. There's so many reasons out there now online and otherwise or whatever to do it. So whether it's whether it's a company that's looking to raise capital or are you're an investor or you're starting a podcast. I did the same thing when I wrote my book, right? Most people don't realize that most books sell under 300 copies. Right? So they run out and run and write a book. No, I had a model around my book. So my biggest thing would I have people do anything and I do folks with deals. I have a ten step process with my clients where we go from why to. Before we get even to y. You've been doing the deal. So my biggest tip on anything you're going to do is spend some time, figure out the model, study it, figure out where you fit in it. And then when you're in, you're in like I'm a I'm a zero or a hundreds of podcast guy. I'm not going to be that pod feed guy who has ten podcast episodes, right? So say to the model and then go all in.

Speaker1: [00:19:18] Well, it's great. Appreciate you sharing that with us today. How best for listeners to get back in touch with you?

Speaker2: [00:19:24] Yeah. Thanks. Also. The best thing is. So I have a website. Corey Kupfer. That's Corey y. Kewpie. F e r dot com. And that is where you can find out about my book and the podcast and my workshops and also link you back to my law firm site, which happens to be up for law.com. If you want to get there as well so you can find out anything about me on Corey.

Speaker1: [00:19:50] Great. Well, appreciate you sharing that and giving us those contact details. 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.

Speaker2: [00:19:59] Well, thanks so much for having you having me on the show. I really appreciate it.

Speaker1: [00:20:07] 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.