

Transcript of Kristina Chaple of 11 Tribes VC

Hall T. Martin: Well, hello, this is Hall Martin with Investor Connect. Today I'm here with Christina Chapel, director of 11 Tribe Ventures. 11 Tribes Ventures is an early stage venture fund that proactively invests in the wellbeing of entrepreneurs. The company provides innovative founder focused venture capital investment to early stage technology companies in non-traditional technology hubs across the country.

Christina, thank you for joining us.

Kristina Chaple: Hall, it is so great to be here. Thank you for having me.

Hall T. Martin: So tell us more about your background before joining 11 Tribe Venture. [00:18:00]

Kristina Chaple: Yes, so 11 Tribes is based in Chicago, and I drove up here six months ago from the south without a friend or family member in sight because I was so compelled by the thesis of what we're building here.

I have a background in city planning and entrepreneurship back home in Atlanta. I launched two community engagement initiatives, one at my school and one in the Greater Atlanta community, which both scaled up. Brought me to U N C Chapel Hill on scholarship, with a program called Morehead Cain, which punted me into a number of different environments, giving me experience in teaching and consulting.

, one of my summer internships, I ended up at a private equity firm, and that was my first experience into the world of finance and loved that, but wanted to move earlier stage and so, Found 11 tribes. I really appreciated our thesis and really how we were able to integrate our values with our work. And [00:19:00] that's what made me, , decide to move to Chicago to join full-time as employee number one to the managing partner, Mark Phillips.

Hall T. Martin: Great. So what excites you right now?

Kristina Chaple: You know, something that have, I've found very exciting, Paul, is just the rise of remote and hybrid work. We're finding entrepreneurs who are tucked away in what we call competitive geographies, so non-traditional tech hubs. So, Not San Francisco or New York, more like Chattanooga and Cincinnati and Indianapolis who are building great businesses.

And also given just our current macroeconomic environment here in February of 2023, we're seeing tons of. Big tech layoffs. So I think that some great companies are gonna be formed in these days. And I'm also just personally excited to be placed here in Chicago. there are several funds here who are working to activate more early stage capital, , and more [00:20:00] LPs from.

the women and wealthy individuals in the area who have not had exposure to venture capital as an asset class before. So I'm excited to be investing in this time.

Hall T. Martin: Great. Well, you see a lot of startups and a lot of investors out there. What's your advice for people investing in early stage venture funds?

What do you tell them to do before they write that check?

Kristina Chaple: Yes. For our LPs, I think the first, and that's top of mind, is just finding a firm that you are aligned with from a values perspective. and . If you're able to find a team deploying capital in a way that you think are advancing good outside of just financial returns, , I think that that is really special, especially if you.

you know, like writing checks into early stage funds, possibly for the first time. And I also would give advice of finding teams who will be transparent with you. I know here at 11 Tribes we are [00:21:00] committed to full transparency with our LPs. And so what that looks like is we have quarterly LP reports and.

Quarterly calls with our LPs to give them status updates on each of the companies our, in our portfolio and sort of where our fund is presently and where we're going. Well, great.

Hall T. Martin: So what's your advice for people running venture funds? What do you tell them to do before they, they launch that new fund?

Hmm.

Kristina Chaple: Well, you know what they say, venture is bully your relationships business. Um, so I think it's important to just get your boots on the ground, especially in those underfinanced geographies as we see more and more people spread out from SF in New York and Boston. And so if people are able to establish relationships with operators in those areas or other early stage investors, Seeing that's how you're gonna get access to the best deals, and ultimately add the most value to founders as well.

So, . [00:22:00] The other piece of advice I would give is founders are looking for more than just financial capital these days. So as an emerging fund, we had to be really clear of what's our value add and our niche alongside of the check that we're writing, and how can we get access to the best cap tables and the best co-investors.

Hall T. Martin: Great. Well, well tell us more about that. How do you see the industry evolving from here with that in mind?

Kristina Chaple: Yeah, I mean, I think one of the large things I'm seeing is just who are the players in the industry and I, in Chicago at least, I'm seeing more and more access to that. So who are we investing in? I mean, our founders look different in.

For 11 tribes, 38% of our portfolio from Fund one has a female in the founding team. and 40% of our fund, one portfolio are also from minority backgrounds. And so who is getting a. The checks [00:23:00] written and then who are the LPs? and these funds think that I'm seeing evolution there. And, I mean, for fund two at 11 tribes, we're doing a parallel unstructured that allows more people to participate by giving flexibility on minimums too.

So we're seeing more and more creative ways for funds to establish themselves and engage more people who've maybe not had exposure to the acid class.

Hall T. Martin: And what do you think is the biggest change we're gonna see in the the VC fund world in the next few years? Hmm.

Kristina Chaple: I think what we have seen is that there's more and more competition with just the number of emerging funds and smaller.

Players, raising first time funds or second funds, and I think that raises the bar and elevates the industry as a whole. So that's something that's very exciting to me. and I also think that that is actually breeding more collaboration in the industry. , I know we have gotten sharper on [00:24:00] who do we wanna

invest alongside, and that's going to what we believe increase the pie for everyone, and, venture as a whole . Too.

Hall T. Martin: Great. Well, so let's talk about your investment thesis. What exactly is it and how did you arrive at it?

Kristina Chaple: Yeah. We do take a thesis driven approach here at 11 Tribes, and we have three main components to that, one of which I've spoken to, which is we target competitive geographies, and so we are a Midwest based fund.

We lean into that and we have a strong Midwest presence in our fund, one portfolio. but we also are looking for the best builders in Atlanta, Georgia, in Columbia, South Carolina, um, in Texas. And so, , that's one angle. The next is that we are a seed stage fund, so we are some of the first checks in, typically following on with a lead investor to close that round.

and the other piece that really sets [00:25:00] us apart and the reason why, I came to join the firm is just the amount of support that we assemble around our founding teams. Every check that we write, we have made a commitment to invest 2% on top of that check directly to the founding teams for them to invest in their wellbeing and development.

And so usually that looks like we're writing 250 K to 300 K checks, which means those founders are getting five to \$6,000. And a bank account for them to use, either on an executive coach geared specifically for founders or for a therapist. , I think I know my managing partner, mark, has sat across the table from countless founders who have said, If only you were here five years ago when I was raising my round, then maybe I would still be married or I would still have a relationship with my children.

and so we think want to help our founders build great businesses, that have the potential to affect cultures and change, but not at the expense of the things that are most important [00:26:00] in their lives. And the other piece of what we surround our founding teams with is what we call our venture partner platform.

And so we have identified industry. and really operators who have started and exited companies scattered all around the country. I mean, most of our venture partners are located in these competitive geographies and they come on to be a mentor and coach to that founder, getting in the trench with them and we compensate them with JP Carey here at 11 Tribes.

So we are trying to. The traditional business model of venture and how we allocate resources to allocate more around our founders, that will increase the pie for all people

Hall T. Martin: touching. Well, great. Well, what stirs your portfolio are you most excited about?

Kristina Chaple: Yeah. Two come to mind, Paul. , the first is a Chicago-based company called Ki Wises ai, and they are a consumer healthcare company.

[00:27:00] we say Kiwis is Fitbit for your brain. Basically through a five-year N NIH funded grant. The Kiwis team built in AI platform that tracks brain function. Objectively and precisely So, the QI system uses keystrokes on your smartphone measure things like processing speed, attention, impulse control, and mood stability.

And their patent protected system is currently live on the app store. I'd encourage everyone to go download it and give it a try. The team is focused on B2B to C growth strategy in 23. They're targeting hospital systems, clinics, and outpatient, entities that will use the platform to help track patient health, and adherence post-hospitalization.

And the other company in our portfolio that we are really excited about is a Cincinnati based company called Get Together. they play in the future of workspace and get together is building the fastest, easiest way to schedule meetings by embedding AI [00:28:00] directly into any messaging platform. So think texts, slack teams, and even email and fundamentally get together believes that any human connection today starts with a message and they want to be the platform that makes connecting frictionless.

They just received follow on capital from Drive Capital, which is one of the largest funds in the Midwest, and they just closed a patent application, for their cross channel. Chat AI scheduling feature making get together the only centralized scheduling AI that can be used across multiple communication channels.

So we're very excited for both of those teams.

Hall T. Martin: Sound like great startups. Congratulations on those. , so what do you think are the main challenges, uh, early stage venture funds face today? Hmm.

Kristina Chaple: You know, venture is an industry where there can be a lot of hype and a lot of noise. And so I think for funds who.

Maybe have less access to good deal flow. it can be difficult to [00:29:00] remain disciplined and cut through that noise. I mean, we see chat, G B T being on, , every news article today. And any startup that is now touching AI or generative ai, it's easy for those valuations to become inflated. here at 11 tribes, we really do remain disciplined.

our average valuation cap in our fund one portfolio. Just under 8 million. We made the bulk of our investments in 2021 and early 22. So, . That was a time when valuations were very inflated and we were able to stay anchored. So I think that that is, a challenge for an early stage fund. And then also just making sure that you have a comprehensive due diligence process.

I know here we have, quite a hefty process. I run point on that. And, we're not just, Going with even what our co-investors, have to say. But we have a lot of framework on how we vet companies, and not even just the financial [00:30:00] side or industry trends, but we also administer personality assessments to our founders with the Colby Index and Strengths Finder to ensure that our founding teams are the best people to build.

Are equipped well with teammates, with complimentary skill sets, , that allow them to, what we say, ride a lion and live, which is basically what our founders are doing here.

Hall T. Martin: Well, great. Well, you see a lot of new businesses and business models and technologies out there. If you could start a business tomorrow, what would that business be?

Kristina Chaple: I love this question hall. you know, I toyed around with starting a Pokemon Go for intentional acts of kindness. Um, I was gonna call it the Love Challenge. And you know, I think for my generation, gen Z, it's easy to kinda live for these mountaintop moments in life and discount, , the beauty amidst our mundane daily rhythms, I.

even with, possibly a downside of remote work is just people are not being as [00:31:00] neighborly, , or tethered in communities. And so I think if we are able to shift our perspective and build habits, to be on the lookout for other people and make small differences, or build a small amount of margin into our day, , to more meaningfully connect with the people around us, that that will.

A massive impact on communities as a whole and our own lives as individuals.

Hall T. Martin: Well, great. Well, in the last few minutes that we have here today, what else should we cover that we haven't

Kristina Chaple: now? Language that we use here at 11 Tribe is we wanna help our founders build without burnout. And I know for entrepreneurs particularly, I mean this is a population of people who really deal with mental health issues.

so I think. Making sure that you are a healthy founder, which will then hopefully lead to a healthy company and healthy employees and helping returns for LPs. it's just really important to not compromise on, those most [00:32:00] important things in life by being head down, trying to make something from nothing.

So, and then also I think it's important to note that venture as an asset class, , performed particularly well in recessions. I know Cambridge Associates has some really strong data out there that, , I'd encourage everybody listening to this podcast to go and check out. even for a median venture fund, median performance is 2.4 x, so you're doubling your money.

And then some, you know, 11 trumps were setting out to be a top decile fund, so hopefully we are returning much more than 2.4. But, I think typically people see venture as this boomer bust area, when in reality, those numbers actually are quite different. So doing research is,

Hall T. Martin: All right, so, so how best for listeners to get back in touch with you.

Kristina Chaple: Listeners can find me on LinkedIn and find 11 shrubs on LinkedIn and Twitter. That's the best way.

Hall T. Martin: Great. We'll put that in the show notes. Wanna thank you for join us today and hope to, I'll be back for follow up soon.

Kristina Chaple: [00:33:00] Thanks, hall, pleasure to be here.