

Transcript Hayden Blackburn of TechFW & Cowtown Angels

Hall T. Martin: [00:00:00] Well, hello, this is Hall Martin with Investor Connect. Today I'm here with Hayden Blackburn, executive Director of Tech Fort Worth, and director of Cowtown Angels. Cowtown Angels is an angel network that connects entrepreneurs seeking early stage funding with local investors in an environment that accelerates growth and reward strategic risk taking.

Tech Fort Worth is a 501 nonprofit organization that has been helping entrepreneurs launch and grow emerging technology companies since 1998. Hayden, thank you for joining. Paul, it's an absolute pleasure. Great. Well, tell us more about your background before joining Tech Fort Worth and Cowtown Angels.

Hayden Blackburn: Yeah. My journey started in economic development in helping founder launch their journey. I, I got the whole spectrum of economic development. , but there was always something lacking even after launching a mixed industry incubator and going forward, I had never really honed in on specifically working with the investor community.

And so when Tech Fort Worth came knocking on my door to come and run Count Town Angels and also be the assistant director, ~~Uh~~, back in [00:01:00] 2016, I was really excited about adding that into the mix and working in and rounding out that whole spectrum of economic development, whether that be recruitment, retention, workforce development, launching and getting investment into high growth companies.

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

Hayden Blackburn: What I'm excited about is that there is no short supply of new innovations and innovators that need help and guidance to get started so that they are in a position that capital makes sense. , they're launching high growth companies and working with them and being a steward of helping them unlock that knowledge.

Because even if you go to business school like myself, you don't come out ready bake to understand the language of capital raising and all those skills that are

needed to develop that, to stand out from the others that are looking to raise that capital. .

Hall T. Martin: Well, that's great. Well, you see a lot of, ~~um~~, startups and investors out there, what's your advice for people investing in startups in, ~~uh~~, uh, your area?

Hayden Blackburn: [00:02:00] Ooh, for the investor is to really go beyond the first impression, dig and really look at what at its core are those founders really trying to do, and to take a moment to look at it from. A few different angles, not just one specific angle.

Hall T. Martin: Great. And then on the founder side, what's your advice for people running startups?

What do you tell them to do before they go out? To raise funding?

Hayden Blackburn: Reduce the ego, and learn, learn, learn. Because to assume that you have the answer is when you are going to kick yourself. The moment that you are called out for having that assumption, validate.

Hall T. Martin: That's a good point. You know, the more we can make these collaborative events, the, the further we get with them.

For sure. So you've been doing this for some time now, and you've seen the, the industry change here, the startup industry. How do you see it evolving from here? Where do you think we're going?

Hayden Blackburn: Well, I think [00:03:00] there's been a, a big reality check of where valuations were and where they are now and where they're headed.

Both sides of the equation of the entrepreneur and investor. Learning and being up to date with the current trends of where things lie and kind of where that's being established. So I'm always promoting people to look at sources like the Halo Report or the Angel Capital Association. Anything that can be as recent of data as possible to set expectations prior to that engagement so that you can find the win-win.

I mean, everybody's trying to win. Launching a company, bringing in the capital if that capital is needed, ~~uh~~, for that growth stage. And what does a win-win look like when you are at the earliest stages of gaining traction or later? ~~Uh~~, and how to be best positioned for mo future rounds. ,

Hall T. Martin: well, you mentioned the pandemic and it, it seems like we've, ~~uh~~, gone through quite a few changes with that.

[00:04:00] How do you see that impacting Angel groups going forward? We used to be on, in person then we were all online for two years and then we're now back in hybrid. What do you think the impact is gonna be on Angel groups

Hayden Blackburn: with that? Well, I've actually seen it be a positive, this is an n of one of our group, that they were hesitant to.

Have a purely virtual experience with a founder. I mean, in-person is always preferable and having that connection point, but the pandemic showed that you know, those first touch points, you can get a really strong assessment of who the founders are, what their journeys are looking like, what's the vision and plans that they have for their ventures, and it really reduced the barrier to entry for so many that were flying across the country looking for housing, getting those flight.

They could have those first touch points of 10 minute presentation, 10 minute q and a, and that the investors were completely bought in because of that shift [00:05:00] that the pandemic caused in needing the virtual touchpoint. We were lucky we converted to virtual, didn't slow down, had all of our investment cycles over that period of time, and have remained as a hybrid setup when it comes to our events today.

Hall T. Martin: For startups that are pitching to your group, do you recommend they come in person or you think Zoom is

Hayden Blackburn: just as good if possible, make it work and make the the trip, especially if you're in the region or in that same state. That is a signal in a positive, but if it doesn't work, we're not bullying them or pressuring them to make that.

It's the follow up steps , if you get to the deep dive, prioritize that being a in-person and making that something because of the length of the relationship development opportunity, that that is something to really prioritize if possible, to be in person.

Hall T. Martin: That's a good point. ~~Uh~~, so tell us more about the group, the [00:06:00] Cowtown Angels, and what is your investment thesis?

What exactly are you looking for in a startup? ,

Hayden Blackburn: yes, we're, ~~uh~~, individuals investing through and through, although having a nice evolution and forming more SPVs and evolving into those areas, but 10 years of operations and agnostic to industry and to geography, but favorable to kind of biotech health. That actually represents 47% of the portfolio that's been invested over the last 10.

and the, the region and the state as a priority, but not a determinant. We have deal flow from across the United States, even international and investments ranging from coast to coast and even into Canada. The, the things that we're really looking at in our screening committee that are all volunteers, are really honing in on, because the screening committee is trying to make the best assessment and selections that have the greatest probability of investment.

A [00:07:00] cycle where they invite four companies and none of them move forward is a failed cycle. They want to see that companies resonate with the members. So a lot of it is adaptive from the current profile of members where they are in the development of their portfolios and where their prioritizing their lens on review of companies traction.

Whether that be intellectual property that's been awarded sales, non-dilutive funding, those are the things that really stand out in the application pool. But then the foundational elements of a leadership team that if you're not experienced in seasoned in high growth companies, that you've been able to recruit somebody to your advisory board with that skillset to de-risk it and show that you can have that kind.

Insights gained along that journey in the new territory that they're facing in launching these companies [00:08:00] and really looking at, cuz our group invest in four to eight companies a year, rarely being the lead. Is the, the terms make sense for them in the balance of their portfolio.

Hall T. Martin: Well, great. Well, you funded a number of deals out there.

Can you talk about one or two startups uh, you funded?

Hayden Blackburn: Oh, yes. ~~Uh~~, I was actually talking to, ~~uh~~, a new contact at the University of Houston this morning, and we were reminiscing on a deal, veno stint. From here in Texas Medical Device Company, we got first connected, and this is the power of an ecosystem.

They were days before their demo day with Health Wildcatters, they had put in an application. We're friends with Hubert and the team over at Health

Wildcatters. and it really came to be that this was a good fit for a subset of our members and they ended up investing years ago. And that relationship continued with follow on rounds and, a little bit of syndication in those first years, with other angel groups [00:09:00] and, ~~uh~~, been a, a big support of those.

there's others that definitely stand out. Our first exit in 2016 with Encore Vision that was. Excellent story of a local community, a Fort Worth deal that was backed by Fort Worth investors, and there's a big exit associated with this that yes, the founder. Did very, very well on this, but one of the major outcomes of this was Countdown Angels had launched, this was in the first years of the group, and one major outcome was Fort Worth's first VC firm.

BIOS Partners was born from the encore Vision, exit, and Activity. When business and Science got connected and discovered that, hey, they've got something and put together a new V vc.

Hall T. Martin: Great. I'm glad. Sound like a great exit there for the Cowtown Angels. So you, you see a [00:10:00] lot of startups out there. What do you think is the biggest challenge your startups faced in today's market?

Hayden Blackburn: I would say storytelling. They're so close to their own story. You lose sight of what. Is going to resonate with an audience and stand out in the sea of other companies. So what I find in a lot of instances, this is both as a coach to entrepreneurs and the director of Countdown Angels, is that some of the most important things are usually buried or in subscript, tiny written, and you're like, pull that out, make that more prominent.

So the speed of information consumption that investors that are looking at your deal first look need is making sure that the entrepreneur knows what does make them stand out. And I think that's why [00:11:00] entrepreneur support organizations are a good outlet for entrepreneurs, whether short-term or long-term, to get that additional perspective.

and get the feedback on what clicks, what's not clicking, what's not. The dots aren't connecting in the way that they are hoping, and sum it down to storytelling.

Hall T. Martin: That's a good point. I used to sit in business plan competitions and I would time it from the start to when I can actually figure out exactly what they sold, because they rarely actually told you upfront what they sold.

The curse of knowledge, basically. They just assumed everybody knew and sometimes you had to ask in the end, Hey, this is great, what do you guys do?, and so it's a good point that they, they need to put that out there in a better way.

Hayden Blackburn: Well, and I'll give you a little bit of my insight. Coaching is during a Q and a I coach entrepreneurs to count the questions and the types of questions of how many are clarifying of what I just presented.

If half or more are clarifying questions, then I [00:12:00] have opportunity to improve what I just presented. So, get probing in hypothetical questions.

Hall T. Martin: That's a good one. And so, you know, on the other side of that table, what, what do you think is a challenge your angel investors face in today's market?

Hayden Blackburn: gosh, I'm gonna think about that one from a investor, because I don't want anybody to think that I am the investor. I am the facilitator and guide and director for activating all the investors. I think it's some of the same things is nobody has the magic eight ball, and even once you start investing in your building your portfolio and you improve your lens of most likely, your showstoppers of why a deal is not a fit, more so than why a deal could be a fit.

That Trusting yourself that you're a yes. Looking for a no. When it comes down to deals that really [00:13:00] resonate and fit into your portfolio. I think it's, there are definitely other challenges, market conditions, macroeconomic and everything, but I think it's still, if you are actively investing as an angel investor, it still becomes difficult to.

Place that bet and understand why you are placing it on this one and not the thousands of others that you've come in contact with. And believing in that, knowing that one of the likely outcomes is that it fails.

Hall T. Martin: That's a good point. Well, you, you see a lot of new technologies out there and new business models every day.

If you could start a business tomorrow, what would that business be based on your knowledge of these new technologies and models out there?

Hayden Blackburn: Oh, putting the pressure on, as much as I work in and with biotech companies, I probably am not choosing that pathway, ~~um~~, just based on my [00:14:00] skillsets and everything.

Gosh, if I had a place system on my personal biases, it would be in sustainability, consumer products, other areas that are influencing wellness. So I think of like, The Southwest Angel network there, those that are funding impact, I'm gonna be starting something with, ~~uh~~, social impact

Hall T. Martin: tied to it. That's a good one.

Well, in the last few minutes that we have here today, what else should we cover

Hayden Blackburn: that we haven't? I think it's good to let listeners and, and people know, like the process of. What is it kind of like to engage with an angel network? And one of the things that we do is we provide feedback to applicants. So for any entrepreneur listening that applies, that completes a full application that gets it in front of screening.

No matter if you are invited to present, [00:15:00] invited back from meeting a milestone or past, we offer a 15 minute feedback. To share one subjective or objective lens on areas that could be strengthened, improved to articulate and tell that story. We offer that up and it's one of my actually favorite things to do now when they're five back in a row, 15 minutes each.

That's a sprint for sure. ~~Uh~~, but it can really unlock when the founder has an open mindset to learning, they will unlock. So much feedback. I don't remember where I got this years ago, but I use it all the time. I really need to figure out where I got, get the credit, ~~uh~~, rightfully due, but ask for funds, get advice, ask for advice, get funds.

, that's a great

Hall T. Martin: angel. Angel saying. It's always opposite of what you think you're gonna get, but that's good advice for sure. ~~Uh~~, so how best for listeners to get back in touch with you.

Hayden Blackburn: Easiest pathway is we [00:16:00] have contactability on both of our websites, tech fort worth.org and countdown angels.org.

But just my email address at hayden h ay d e n tech fort worth.org. It is a quick and efficient way.

Hall T. Martin: Great. We'll include those in the show notes. Wanna thank you for joining us today and we hope have you back for a follow up soon.

Hayden Blackburn: Paul, this was excellent. Love what you're doing and glad to be.