

# Transcript of Merom Klein & Louis Klein of Courage Growth Partners

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**Hall T. Martin:** Well, hello, this is Hall Martin with Investor Connect. Today we're here with Louise Yochi Klein and Marone Klein of Courage Growth Partners, a sponsor and strategic advisor to a number of angel groups and early stage VCs. Louise and Marone, thank you for joining us.

**Merom Klein:** Hey, thanks all.

Appreciate it. Appreciate being here with you.

**Louise Klein:** Great

**Hall T. Martin:** to be here with you. [00:00:20] We were all at the Angel Capital Association Summit about a month ago in Columbus, Ohio, and wanted to go through and get your impressions of that event. And it's changed over the years and not everybody can make it, but for those who couldn't, I thought we might hit the highlights and talk about what we found there.

And so, uh, let's go ahead and kick off. Talk [00:00:40] about some of them, uh, some of the key elements that I found interesting, for example, was the NECA has actually commissioned a group to create a model convertible note. I didn't realize it, but, uh, the NVCA of course has a set of model documents for equity term sheets, safe notes and the like, but they don't have anything for convertible notes.[00:01:00]

And I found that was quite interesting because convertible notes, I guess many investors don't know this, but most startups are just downloading those off the website. And without any oversight from an attorney, they're grafting up the terms and they're putting that out to investors and many angel investors just want to be in the deal.

They're not really looking at it, but you know, the standard convertible note out there is missing [00:01:20] a lot of key components. And I thought that was really helpful to have things like information, rights, IP assignment agreements. And my, my. My best one I thought was the most favored nation clause in there,

which gives the holder the rights of getting the best deal of any investors in the round.

So I thought that was a really cool thing. So I thought they did a really good job with it and [00:01:40] thought this is a great move forward for the industry. What did you guys think?

**Merom Klein:** Well, our focus, Paul, is more on leadership and human capital as business psychologists than on the financial engineering. And I think the thing that's [00:02:00] attractive about convertible notes is that before you commit to an equity round, you have an opportunity to kind of test drive a little bit and see how, see how the company is going to perform.

See what they're going to need, see what the collaboration looks like, and [00:02:20] yeah, adding in those rights that give investors some real say so, and some real ability to have some clout and some rights in that are, it, it's important if you're coming in as an influencer, as a partner [00:02:40] in contributing to the success of an early stage company.

**Hall T. Martin:** I think that's a good point. Um, there's a new world coming up with angel investors and, uh, convertible notes are still a part of that, but it's great to see people coming out with tools that can help us with [00:03:00] this as well. You know, the, the second thing I noticed there was the. The rise of the university based angel network.

And I sat at the table with the group from the university of North Carolina at Charlotte, and they were talking about starting an angel network at their university. And I started one at Baylor university, uh, back in 2007. [00:03:20] And one of the things I learned is that there are big differences between a standard angel network and a university one.

Uh, the first is that the, the reason people do that is for the student engagement And job placement is number one and number two, uh, making money for the investor is a distant second. And I [00:03:40] remember when I started the Central Texas Angel Network here in Austin, I actually went to the University of Texas and I went into the Alumni association by myself.

That was a mistake and said, I think we can help you guys make money. And they looked at me and said, we have all the money in the world. We don't need your money. And what I didn't realize was that they're not judged by money at the university. They're [00:04:00] judged by the student outcomes. And so that's, that's where the angel group really has to align with the university mission.

And I was happy to see this. Cause when we started the Baylor one, there was about four of them around the country at that time. The Notre Dame group, the Irish angels were the biggest ones that we saw, but there were a couple of others and we interviewed them on how to do it and so forth [00:04:20] and came out with a good model that we figured out at Baylor.

We needed a business school professor to be our sponsor. Last thing a university wants is a bunch of alumni running around the campus, not knowing how the system works. And then there's also having faculty that would actually work with the students to make that. And Build that into the curriculum and the [00:04:40] program that they have at the university was really the key element, but it was a great opportunity for the students because they got real world, uh, experience with real deals, real investors, real money.

And, uh, they get the best jobs, of course, of anybody coming out of there. And I was glad to see that that model is becoming more of a standard at many universities for sure. What [00:05:00] did you think about that, Louise?

**Louise Klein:** So I've done a lot of work with tech transfer in several different countries, and I think there's some real advantages to partnering early with an angel investor network that's within a university because it's not only does it just help [00:05:20] them understand I'm going to show you how to get something adopted because without that, you're not going to understand more about the actual ecosystem and what it's going to take, but it also gets to a very key point that Robe and I talk a lot about, which is the difference between launching and adopting, and that's where angel investors can come in, work with the students to understand here, [00:05:40] we can help shape your company, we can help grow this, we can help show you how to get something adopted, because without that, It's just a cool idea.

And I also think that you mentioned the alumni association. I think it's another way that alumni can engage with the students back at their [00:06:00] alma mater to really help them understand what's it going to take to get you launched in the world today. And to, you know, you talked, you mentioned about, well, this is, you know, they were interested in this or the, the, you know, potential job creation.

This is actually where it can really fit in, that the angels can [00:06:20] help prepare them for real jobs that are out there to understand the business side of things, not just the tech. Dev or the scientific side, but what it's going to take out there, it also addresses another point about entrepreneurship and the millennials and the Gen Z's by introducing them to this world and [00:06:40] helping keep a really active innovation network going, starting with their

**Hall T. Martin:** university careers.

Which is a great experience for the students. Marom, what were your thoughts?

**Merom Klein:** Well, you're, you and Yochi focused on the students and I would also add that it's a great growth [00:07:00] opportunity for the faculty as well. And a great opportunity for them to get exposure beyond an academic. setting of how their discoveries can get used and what it's going to take for their discoveries to get adopted in, in the commercial [00:07:20] world as well.

And, you know, many faculty, even tenured faculty are really looking for a next growth step, a next learning, vistas. And these kinds of angel groups are great, great way for them to be able to do that. [00:07:40]

**Hall T. Martin:** That's a good point. Um, they, there was also a AI fireside chat there that I thought was quite interesting.

Uh, what were some of the more exciting potential capabilities that you found there, uh, Louise?

**Louise Klein:** Well, this is one of the most provocative sessions I think we attended. And I [00:08:00] think it's one that, that a thesis that a lot of IP specialists

Mm,

**Louise Klein:** we'll want to hear, but I think it could also be kind of scary for other folks.

They said it's almost impossible to achieve a lasting technology advantage. Given all the what's possible with open [00:08:20] source AI and proprietary AI platforms and with how hard it is to protect IP that's been developed with the new AI tools. So it gets back to what's the value you're delivering? How much adoption can you generate?

How solid are your collaborations with the champions who use [00:08:40] and proselytize your AI innovations? Which means that your partnering skills and adoption accelerating skills are going to be just as important, if not more so than your technology and engineering skills.

**Merom Klein:** Rom, what are your thoughts? [00:09:00] Oh, I'm going to build on what Yogi just said.

It's, you know, if, if as investors, we're focused on what creates value for an exit, it really is looking at the network multiplier effect. It's looking at the traction that you've generated. It's looking at the strength [00:09:20] of your customer partnerships. And are they, are you really embedded where you're almost irreplaceable?

For your customers, or are you kind of a kicky piece of technology? Interesting technology that can be swept up and and and replaced with the next new [00:09:40] thing that comes along. And that's where adoption becomes really key. It it's really looking at the partnership that you've created, looking at, um, your ability to land and expand your ability to retain your ability to, to increase the profitability of your offering.

[00:10:00] And that's what acquirers are going to be looking for more so than the next big invention that may or not be protectable by conventional IP protections.

**Hall T. Martin:** That was what I took away. The, the IP implications are, [00:10:20] are, you know, very interesting. You don't necessarily own your IP anymore because it's subsumed inside a bigger network.

And how do you control that? How do you control your future through it? So AI is more than an enabling technology. It's now become a controlling one.

**Merom Klein:** But you do own your customer. I guess that's [00:10:40] a good point. Yeah. And

that's where the strengths of those partnerships and the skills that Yoki referenced about building those partnerships, building those collaborations, driving adoption, landing and expanding [00:11:00] adoption, um, being, when the budget cut comes, that someone goes, well, we can cut a bunch of things, but man, we can't cut that much.

You know, that technology provider, that's really key to our competitive advantage, and those are the things you [00:11:20] can own. Um, above and beyond the I. T.

**Hall T. Martin:** So have you seen that with any of your customers and your companies?

**Louise Klein:** Definitely. Absolutely. So you work with that health insurance company in Israel. [00:11:40] Why don't you tell a little bit about that? Because I think it's a really good illustration.

**Merom Klein:** Yeah, we, we're working with a, um, with an incredible AI solution that allows health insurance companies to target their messages to micro audiences.

And, and think about it, if it's a [00:12:00] micro audience, that's an underserved patient population. And really has, um, can be impacted by health education that drives them to wellness. This IA can, this AI can improve what health insurers are doing to reach that [00:12:20] audience and drive them to wellness. What they've understood is it really is the strength of their collaboration, the strength of their partnership, how they're looked at as trusted advisors.

By the health equity people, the quality [00:12:40] people, the marketing people inside their key customers, they'll try it on one patient population and look, go, wow, look at the impact. Let's, let's expand this outward. To other groups, and then and then they've got to deploy experts within a large, [00:13:00] complex health insurance system to drive adoption with other audiences in the company.

So they've invested. Yes, they've invested in the technology. Yes, they've invested in the pilots. Yes, they've invested in the marketing, but they've also invested in customer success. They've [00:13:20] invested in data operations. They've, they've invested in a number of other functions that are really about driving adoption.

And making the user who goes out on a limb and says, Hey, let's try this and see how it works, making them heroes and making them [00:13:40] successful, and then showcasing that in the rest of the company. And, and that's a huge part of their product offering in addition to the technology. And, and it's given them a big advantage over other competitors that will come in because [00:14:00] they understand the disease states, they understand the patients, they understand the influence systems, they understand the networks in those, in those companies, and they know how to pull those levers to drive success and make heroes out of the people that are buying from them.

**Louise Klein:** There's another point [00:14:20] that I'd like to build on here that from Marom's discussion It gets back to what we keep saying. There's a thread through here about building a culture to launch or culture to drive adoption and there. It's a fundamental question that entrepreneurs need to answer [00:14:40] if they're really just about launching.

That's their goal. They're going to need less capital up front, and their metric's going to be easier to achieve. But, along with that, smart investors know your success will be lower, and if you expect to deliver an exit, your competitive value to the acquirer [00:15:00] will be lower. On the other hand, if you're building an adoption culture, your competitive value to an acquirer, it's going to be higher, but to get there, you need a much more sophisticated, multidimensional go to market team.

You're going to need people with commercialization experience. [00:15:20] experience and background. You're going to need product managers who can look at the system of care you've built as part of the product, like Apple does with its AppleCare, its Genius Bars, not as an add on that you would cut if you're short on funding, but as fundamental to your service offering.

And that's [00:15:40] often something that we see entrepreneurs lacking. You know, they're, they're brilliant, but they've got a blind spot for people who don't have that same degree of knowledge or experience. And what's the customer experience going to be like? What are the glitches that are going to happen or the training up curve that you need to be there?

If [00:16:00] you want your product to be successful, you have to consider that just as seriously.

**Merom Klein:** You know, Jochi, and what you just said, I mean, that's why we talk about courage as a core competence that leaders need to not just have, but they need to [00:16:20] build in teams around them. You attract a diverse team with multidimensional understanding.

You're going to want them to be Not just agreeing with one another and compromising to go, Oh, isn't this a nice cushy place to work? You're going to want them sharpening and [00:16:40] challenging and debating and arguing and disagreeing and, and, and having a creative process that comes out of that. Well, you've got to have some thick skin.

You've got to have some courage to kind of jump in and be part of that. And as a leader, you, [00:17:00] you can't be afraid when you see a couple of people kind of argue and go at it with one another. You got to get a smile on your face and go, wow, this is really cool. Let's see what they come up with. And, and so the whole thing is about how do you as a leader generate that kind of courage to [00:17:20] make that happen?

And the same thing is true with a customer collaboration. If a customer gets uncomfortable, if they feel challenged, if, if you disagree with them, you know, how does that become a trusted advisor dialogue that people hang in with [00:17:40] you and welcome it and come out on the other side of that with something better?

Well, as an account executive, you better be able to make courage contagious and build a level of courage for that kind of dialogue, or people aren't going to go the distance on that with you. [00:18:00]

**Hall T. Martin:** Well, we had Kwame Onkwu, you know, talk about the emphasis of making courage contagious and leadership. How do investors and mentors effectively nurture high potential leaders, especially those from disadvantaged backgrounds?

What's your take on that?

**Louise Klein:** So I'd like to kick that one off because I really think first we have to [00:18:20] do a reframing on what is courage? You know, if, if you're saying, well, this person didn't go to the best schools and they didn't this and they didn't that, if you're looking at the didn'ts, at the nots, you know, you're going to look at them in a one down.

But on the other hand, if you look at. where they've come from, what they've [00:18:40] been able to achieve, what they're striving to achieve, what they've had to do to, to overcome adversity. You're going to see a lot of guts and resilience and just a way of challenging the world, challenging the status quo. They've built skills and strengths that actually [00:19:00] People who've come from more privileged backgrounds haven't really had to need to develop.

That's something I actually look for when I'm working with companies because if somebody comes to me with that and I think, oh good, they're not going to get scared the first time there's a challenge thrown at them. them. They're going to be like, [00:19:20] okay, yep. Great. What do we have to do? Let's dig in. And they're going to do what we call arouse.

They're actually going to lift people's energy and to, to tackle this, to come forward with something even better. Do

you want to build on that?

**Merom Klein:** Yeah. You know, I'll, I'll give, [00:19:40] I You're absolutely right that, that term disadvantaged. Um, I, I think that was his comment was we need to shift the vocabulary and kind of reframe, and if we change our thinking, then we change the world. And, and you think [00:20:00] about what does triumph mean?

What does adversity mean? What does resilience mean? What does success mean? It, it, yeah. And, and, and, and people who've been tested come to their entrepreneurial ventures. With [00:20:20] some one up skills that it's it's it's not about charity for disadvantaged It's about tapping into some superpowers That can really take you further faster than where you might go and In our other country.

Yeah [00:20:40]

**Louise Klein:** Yeah, I was going to say this is a perfect point to talk about startup nation a book that came out a few years ago about israeli entrepreneurs And they, you know, the, the kind of the secret sauce. Is going through the army, that, that time that they spend from 18 to [00:21:00] 21, they get incredible training, great skills development, great leadership development.

We had a friend's son sit there and tell us, where else in the world can a 20 year old guy be in charge of. Of platoon of 40 men and be responsible and I would just also like to say he's a [00:21:20] really incredible entrepreneur now in his mid thirties and it's. You know, it's the problem solving is encouraged.

Ingenuity is encouraged. Strict no excuses accountability. This is, these are the core skills that they come away with. Now, when the book was published, it actually [00:21:40] developed a really interesting core following, and that was Military families in the U. S., people that were moving on from a military career, and it really emboldened them.

Because what can happen here when someone's not familiar with a military CV and resume and experience, [00:22:00] look at it and kind of go, well, you haven't had a real job, have you? But instead, in Israel, when a smart HR manager there takes a look at a CV, she can tell immediately, like, were you in a tank unit?

Were you in an elite cyber security unit? Were you in a submarine unit in the [00:22:20] Navy? Because all of these have really great skill sets and they're very different. So you can look at that and go, yes, this person will bring a lot to

our company and really succeed well in here. Cause I know by what experiences that they had.

The,

**Merom Klein:** the one other thing that I would add to that [00:22:40] is, one of the things that's really different between the Israeli military and the American military, there are a ton of junior officers in the Israeli military, there are very, very, very, very few senior officers. And so even in the [00:23:00] deployment that's going on now.

You, you have a lot of junior officers that are in key decision making roles. In the American army, they would go, they would radio to headquarters and go, Hey, what are we supposed to do here? Here's what's happening. Tell us what we should [00:23:20] do. In the Israeli army, there's no one to radio to. You make a decision and then on the news, as well as on the field, you're accountable For what happens.

And so, that is, that is the shaping experience, and, and [00:23:40] again, I think that the perspective that, um, Kwame brought is, he said, we have tons of Of really talented people who've been thrown into adverse conditions through no fault of their own And they've had to wing it. They've had to problem [00:24:00] solve.

They've had to be ingenious. They've had to figure out On a multi dimensional level of thinking morally and ethically and financially and practically what do I need to do and then take the feedback and learn from that and You Oh my Lord, does that make people [00:24:20] talented?

**Hall T. Martin:** Nice. That's a great description there comparing the Israeli army to the U S army and the, the different structures and how they make you a better person for sure.

I also noticed that Howard Lubert and Brianna McDonald were there from Koretsu and they were, they highlighted the value of the K Force [00:24:40] global network and ecosystem. Uh, how can an entrepreneur maximize the benefits of a network? They're doing a lot of research and they're doing some really great work beyond just attending events and presentations.

What's your take

**Louise Klein:** there, Louise? So, it again, it starts if I look at the five courage activators, the five dimensions that we talk about. [00:25:00] We take a look at first, does the person have a transactional mentality or a partnership mentality? When they're moving forward, when they're seeking investment, because again, It gets back to, are they approaching an angel in person?

network like Koretsu with the [00:25:20] idea of, I'm going to work with this angel community. I'm really going to, I'm going to take mentoring. I'm going to partner with them, really see what I can get. We see those folks be very successful. In, in getting the funding and getting to the next stages, if the mindset is more transactional and you're treating [00:25:40] the angel network as an ATM, that it's like, well, when I need capital, capital will go back to you, but I don't really need your advice or your mentorship.

I know what I'm doing out here. They'll actually find that it's harder and harder to raise capital because Thoughtful, intelligent [00:26:00] angel, angel networks really want to help. They really, that's what they're there for. And they really want to see somebody become successful. And what's important is, Is this person coachable?

Are they willing to listen? How clear are they in their aim of the company? One of the first [00:26:20] dimensions we look at. Are they able to build alignment? How are they doing at adhere? Do they have the right processes, plans, procedures, regulatory, all those things in place to measure what they're doing and when to help bring it forward?

Arouse. Are they're good at keeping their own [00:26:40] energy up? Because there are always setbacks, and it's no, no mistake that we put ask in the middle of that, because the ask is about your curiosity, your ability to give feedback in a way that can be heard, but also as a leader, take feedback on board, because you don't know everything, [00:27:00] and that loops back into, are you willing to listen to the angel network, because You know, if you look around a Koretsu meeting and you look at the level of experience at any one of those meetings, there's so much there that entrepreneurs can tap into.

**Merom Klein:** You know, Paul, um, can I, [00:27:20] can I add a plug for you and for 10 capital?

**Hall T. Martin:** Sure. Go ahead.

**Merom Klein:** I mean, cause you know, cause one of the things that I've noticed about the way you work with companies is you ask for a three or four

month commitment to a process, [00:27:40] and that's really key to. You know, to getting people out of that transactional mindset and having them think about the relationships that they're building, what they're putting into place, the fact that the folks that they're pitching to are going to need to get [00:28:00] comfortable with them and have confidence in them.

And you can't do that in like two or three weeks. quick meeting, now make a decision, here are the financial terms, and so you're mentoring companies through that, and [00:28:20] you're, you having the rigor with that to say, Hey guys, this is going to take some time, and we're going to need to work with you for a period of several months to do that.

It's, it's really important, and it, and And I applaud you for being disciplined enough that if [00:28:40] somebody is so transactional that they won't make that commitment, that they're probably not a company that you're going to be very successful in getting them funded. So I, I think that when I heard Brianna talk and I heard Howard talk about the value of the network, [00:29:00] I think the message for entrepreneurs is, um, you know, think about this as a group that you're connecting yourself to and getting yourself embedded with and be willing to make that commitment.

To build the relationships and make that work [00:29:20] for you,

**Hall T. Martin:** right? And that's what I always found about angel investing that most founders first time founders don't often get is that you have to build a little bit of a relationship with the investor before You're going to raise money and to your point transaction is not going to work It has to be much more longer term strategic before that happens.

So I thought that was a [00:29:40] great point you guys made but You know, considering the feedback from Barry Etra, you know, he was talking about improvements for the future conferences to make this a better experience for the attendees and more engagement. What were your thoughts there, Morone?

**Merom Klein:** Well, I would build on that same thing.

I mean, one of the things that I've [00:30:00] appreciated about ACA is the They're really open. They want feedback. They do experiments. Some of them work, some of them don't work. And I would say that if you're a member of ACA or you're leading an angel group, rather than thinking about what can they do [00:30:20] for you in making the next conference a success, Think about what can you do for them?

Where are there places where you could step up and get involved as a volunteer? Where could you make your feedback known? How could, how could you recruit other people to come with you to next [00:30:40] year's conference and enrich the experience out of that? Are there, are there thought leaders that you've heard that you'd go?

Wow, they really have some wisdom that would be useful for this conversation. Group of angel network leaders to hear and bring them forward and so I mean, I think Barry had some good feedback, [00:31:00] but my my reply back is Okay. Now think about how you're going to use that and how you're going to drive adoption Of the ideas that you have that can make the next conference better.

**Hall T. Martin:** Louise, what were your thoughts there?

**Louise Klein:** So [00:31:20] the other part that I would say about this too, and it's again, a message true entrepreneurs come prepared to work. And if something didn't work for you there, if you didn't, you know, you wish you'd had more time with this, or if something worked really well, either way.

Give [00:31:40] feedback. Take the time. Come on, it's just an email. Take the time to write to them and tell them what worked really well, what you'd like to see more of, because they're not going to magically read your mind, and they're not going to know, planning next year's event, what people are thinking, unless we all reach out and say, hey, more [00:32:00] of this, please.

And if you're, and if something didn't work for you. Give constructive feedback. Give them some suggestions of what better would look like. To just come in and complain isn't going to change the status quo.

**Hall T. Martin:** Right. Well, I always found the ACA was open [00:32:20] enough that you could always participate. You know, there's always a place for you, a format or forum for you to advocate for your view and make changes the way you want.

Uh, you do have a lot of headroom. But still, it is an open place for you to be a part of in a meaningful way. [00:32:40]

**Merom Klein:** I mean, that's what I've found with them as well. And so I, I think if you're frustrated with something, and I think this is a, I mean, this is a basic leadership principle that we teach in our classes.

In our courage coaching and, and online courage workshops is if you're frustrated with [00:33:00] something, how do you turn that into a glass half full rather than a glass half empty and create an uplifting and ennobling kind of presence and energy? To be making things better, rather than sitting with a frustration of what didn't work [00:33:20] for you.

They're really good people at ACA. They really want to make a difference. They don't bat a thousand on the experiments that they try, but they really try hard.

**Hall T. Martin:** Right. Well, you know, there was one presentation where they talked about, you know, there's a perception that angel investors are seen as tourists in the venture capital world.

Uh, [00:33:40] you know, how can angel investors shift that perception, Louise, and demonstrate the commitment to achieving better financial returns?

**Louise Klein:** So, I think the nature of this is that angel investors have a double relationship or dual relationship with portfolio companies. First, [00:34:00] we're investors who put money in because we expect a return.

Two, we're angels because we put money into people and opportunities that are just too risky for VCs or too early and unproven. And largely based on our assessment, the talent and whether we have confidence in them to [00:34:20] deliver with our capital and our advice, we're tourists when we veer too much in the side of being angels and not enough in the side of being investors.

And when VCs can see risk that we've been too biased or short sighted to take seriously, they see us as tourists and don't take our [00:34:40] input and perspective seriously.

**Hall T. Martin:** Vroom.

**Merom Klein:** Yeah, I, I. I would add, I mean, I think Louise is absolutely right on that of, you know, it really is getting out of the way of [00:35:00] our biases.

I mean, angels invest because we fall in love with something and we want to be angels and, and take care of the people that we're investing in. And that doesn't necessarily make us objective. And so it's [00:35:20] the ability to step back and be more detached from that, to be more critical in our thinking, and then to, again, to uplift and ennoble, to practice the very things that we would want a really good management team to do with one another in [00:35:40] sharpening thinking is, is to do that With the company that we're investing in of you know

something like hey I think this clinical trial could get you to FDA approval But you know what?

It's not going to get you the [00:36:00] data that you need to drive adoption And you're going to have to rethink what your clinical trial is because the, the FDA approval is, is simply a step on the way to value creation. It's not the end of the race. In [00:36:20] many respects, it's the beginning of the race. And so the ability to be sharp about that and challenge the thinking and risk that someone, they could get offended and, hey, that's okay, you'll bring them back from the brink of being offended and, you know, and have a [00:36:40] smile on your face and come out of the discussion, you know, still being friends, but having learning as a result of that.

And that's something that I, I think the lesson. Of being investors and not being tourists is we really need to be [00:37:00] able to, you know, to have the kinds of hard conversations that VCs would have with companies and, and sharpen them up because otherwise we're going to lose our investment along the way.

**Hall T. Martin:** Right. Yeah. I, I think it's part of the territory that angels live in that they [00:37:20] have to work in very early stage where you're still shaping and forming the team as well as the startup and there are a lot of things you have to do to make that work with people and with the processes that they have that it sometimes looks like we're, we're not rigorous, uh, investors, but we're still shaping the company so [00:37:40] we can apply rigorous investing to it at some point.

**Louise Klein:** Remember when I said what I said about ask earlier to be able to give feedback and, and in a way that can be heard, this would be my advice to angel investors. Don't make it feel [00:38:00] like a gotcha. Game with when invest when you're in front of investors, like, oh, you didn't think about that. Gotcha. And, you know, that does nothing to, to raise their courage level, to raise their awareness and their knowledge level.

Most of these folks [00:38:20] don't know what they don't know. And so we have to come in as angel investors in a way that uplifts them. That educates them, that shows us that we are investing in this partnership. Again, from our side, it's not transactional. I'm investing in you. I want a long [00:38:40] term, successful partnership.

Yes, I want a return, and this is one of the ways we can drive towards that. Yeah,

**Merom Klein:** you know, Hall, if I could challenge one of the things that you just said, um, you know, you're right in early stage companies. We don't have as [00:39:00] much historical data to go on, but we do have forward looking logic and forward looking thinking and, uh, and.

Many of us as angel investors, um, [00:39:20] have perspective. If, if, if we think through the, the logic of where is this leading, how many more years are you going to need? What is the, what is the next three milestones going to be beyond the one that you're [00:39:40] raising money for now? And, and you may be asking things that the entrepreneur.

Hasn't yet thought of yet, hasn't yet built their advisory team for yet, and, but the, the more we can shape that in a forward looking [00:40:00] way, I, I think the more we can really take more control of our fate of what's going to happen with our capital.

**Hall T. Martin:** That's a good point. I think that says it very well. There's, you know, a changing demographic of angel investors and, you know, the work life balance of the new generation [00:40:20] and the work from home and all the changes that have gone on in the past few years.

Where do you think the angel model is going to come up and align with those new models of, of work life balance and remote work and so forth? Louise, what's your thought there?

**Louise Klein:** Well, the biggest sign of [00:40:40] health that we see, not just in the younger entrepreneurs, but in more mature ones, is understanding that time is your most precious commodity.

You can always raise more capital, you can always, you know, find a different angel group, or this or that, but your own time. [00:41:00] Every week you've got to be very intentional. You've got to say, what am I using my time? Am I being strategic enough? Am I delegating these other tasks to someone else? So I can focus where I most need it.

And. To your point, Paul, [00:41:20] if you're working from home, if you're working, you know, what used to be considered odd hours, which is now just normal, everyday life, you know, hopping on your email at all hours, the day and night and everything again, be intentional. And if you're feeling completely [00:41:40] overrun, overworked, can't think it's time to really question where are you spending your time?

**Merom Klein:** Yeah, I'm going to add, uh, again, a other side of the border perspective to this as well. Um, [00:42:00] you know, the, the, the CEOs that we're seeing in Israel since October 7th. are being stretched in ways that, um, it's almost unthinkable. Um, they're on reserve duty. They're mobilized [00:42:20] to, to be on, um, like town watch patrol in their communities.

They're covering for other employees that are out this point as well. And, and they've had to be way more intentional. [00:42:40] About using their time and way better at setting priorities. And yet, as we're looking at it, um, delivery deadlines are not getting pushed back, customer deadlines are being met, delivery schedules are being met, and people [00:43:00] understand that it, it's not just about, I have a job.

It's, this is national security that if my company falters and other companies falter, Um, we don't have a viable economy and a viable country anymore. And so people are coming together with [00:43:20] a sense of purpose that is, it's spectacular to watch. And so the challenge that I would raise, I mean, in this land of comfort and plenty and abundance.

Is really how do we as entrepreneurs, how do we as [00:43:40] investors and board members create a sense of purpose, a sense of we're all in this together, a sense of, you know, I haven't done this job before, but it's what needs to be done and I better just strap on my learning suit and figure it out. And, you know, there [00:44:00] is that kind of energy that we see from this generation as well.

And much less patience with, you know, what my nine to five stay in my lane, don't veer beyond that. And so I, I, I [00:44:20] think as leaders, as, as executive coaches, as board members, as investors, we have an ability to tap into some incredible skill sets. In this generation of investors and this generation of entrepreneurs that [00:44:40] is, is really a dream.

**Hall T. Martin:** That's a great point. It's a new generation, but it's very promising one as well. See a lot of great examples coming out of it. And so in one sense, the future does look bright from the talent we see coming up in that [00:45:00] direction. Um, the last point we had today was we had Brianna McDonald's talk about the importance of educating entrepreneurs about complexities of raising money.

What are the key steps entrepreneurs should take to prepare for a successful fundraising, Louise?

**Louise Klein:** So, above everything else, you've got to take a long [00:45:20] time, long term perspective and understand how much money you're going to need in the long run. You know, too often we have investors that come in, or sorry, angels, sorry, entrepreneurs that come in front of us and they say, Oh, we just need 250, 000.

[00:45:40] And you go, uh. What's that going to get you? Yeah, that'll get me to the next time. I have to go out and raise money. Oh, awesome. Let's rethink this, you know, it's like, no, tell me, let's look ahead. [00:46:00] Because

**Hall T. Martin:** that's important point. You know, one thing about entrepreneurs is that they're first timers. And so they, They're usually off by an order of magnitude on most major decisions anyway.

How long will it take? How much should I raise? What should I do with the money? It's just, uh, unbelievably how, how far off they are. But I guess we should expect that at this stage. But that's the

**Louise Klein:** thing, [00:46:20] Paul. We've got to expect that. And so, you know, again, you can either make that a gotcha moment and put them down, or you can say to them, you know what, let, let's take an hour, let's talk this through.

And, Take them through the phase. It's okay. If you're going to go to a launch, you're going to need this amount of money [00:46:40] and the platform along the way is going to look like this. You're going to take it to adoption. You're going to need this amount of money. And here are the steps to get there. You're right, a lot of it is they just don't know and then, or they have, you know, they've got a small, small skill set in [00:47:00] their company.

So the other thing you want to point out to them is, okay, here's how you can tap into regulatory or here's how you can do this, here's, you know, we could bring people to you that can help with this. And then. When they go out and actually get in front of somebody to raise money, now they're much more [00:47:20] educated and they're putting forward a plan.

It's going to be much more attractive to angel investors because it's going to look thought through. Room want to add to that?

**Merom Klein:** Yeah, I mean, I'm, I'm thinking of one extreme case, um, entrepreneur who presented to Koretsu and Yochi [00:47:40] asked the question, you know, how long and at what multiple is this investment going to pay back?

And the entrepreneur looked her dead in the eye and said, you all froze. You mean we have to pay this back?

And, and it's. [00:48:00] You know, that was an extreme example, but we see an awful lot of entrepreneurs that they're not thinking about how long is it going to take and what is the multiple that they're going to need to pay back. And, and again, it's not just launch, it's adoption. [00:48:20] How much adoption are they going to get?

To need to drive because you could get to a year and a half and two years and be ready to launch. It can take you three or four years beyond that to get to adoption at a level that's going to deliver a [00:48:40] return back to the investors. And it's really your ability to show that you understand that and map that out.

And that was really what Brianna, I think, was talking about as she was talking with entrepreneurs about being more sophisticated [00:49:00] about how we need to be looking at things so that we aren't tourists. We are investors that are in this, um, for return. And, you know, and, and the point that Louise just made is, how do we [00:49:20] then take someone who has potential, who has raw talent,

who's been

**Merom Klein:** through adversity, maybe they haven't had an exit before, which can actually make them even hungrier and more humble than somebody who has, and, and how do we lift [00:49:40] their level of thinking and ennoble them?

To be able to look at things from a, an, an eye of what's going to create a win, win, win for us as investors, for them as entrepreneurs. And then the third part of the win is for the customers, patients and public that's [00:50:00] actually going to benefit from what they're bringing to the market.

**Louise Klein:** I want to add to that that it's about, you know, so often I'll see, well, okay, how are you going to sell this?

You know, well, someone's going to buy this and then we'll sell to someone else and then we'll sell it. And I'm like, whoa, whoa, wait a [00:50:20] minute. So, you know, if you're chasing each one of these one offs and it's like, here's the package you paid for it. And now. You know, even if we have good customer support, we're not offering, we're not growing it beyond that.

So how, you know, get really clear in your target market. It also just [00:50:40] amazes me when some of these folks will come in, they'll say, well, there's a, a two billion, Dollar market for this and I'm like, yeah, and you're three people. How are you going to tackle this? You know come in and let's let's hone it down to your target market.

How are you going to reach them? How are you going to [00:51:00] multiply your value to them? So that They're not just not just a one and done, but you're getting the repeat sales, the repeat business, the growing within that client. So you're offering more options, more service, more things to them. That's all part of it.[00:51:20]

**Hall T. Martin:** One thing I find interesting looking at most startups budget is that they always budget for sales. They always budget for marketing and they always budget for product development, but they almost never budget for the fundraise as far as time and dollars go. They just, for some reason, assume that, uh, everything's going to be free and.

Uh, they're going to have infinite time to do this. And of course, these, [00:51:40] those are both very limited resources. You have only so many dollars and only so much time, but you have to raise funding for it. But that's the one thing they never budget for. And I always found that interesting that they kind of assumed, well, it was going to be free.

And I think maybe from a family and friends perspective, it was free. You just ask your family and friends. They gave you money. [00:52:00] What's not to like about that? Well, as you draw the circle wider, it changes dramatically. And we see that a lot with people coming to us. They just raised their family and friends.

Now they come to our investors. And then suddenly they start getting hard questions like, how are we going to get paid back? How are we going to reach more people? So these are things that come up a lot. What's your take, Marom? [00:52:20]

**Merom Klein:** Well, I mean, the other thing that they don't, you know, Budget money for is their own growth and development and learning.

And so how many companies do you see that budget for an executive coach? that budget for recruitment of defining the positions that they're going [00:52:40] to need and adding to them, budget for building their team and, and

getting that more cohesive. And again, the assumption is, well, we'll figure it out where smart people will make it happen.

And then they run up against their own biases and their [00:53:00] own thought constraints. And they may have some gifted board members that can mentor them through that, but that's not the same as having a coach. And so we've seen some really sophisticated investors. We've, we're blessed that we're partnered with a [00:53:20] number of not only angel groups, but VCs as well.

That go, wow, we want you in this game. We want you working with this CEO and this executive team. And, and we know that this is an investment that's going to be worthwhile. [00:53:40] That it it's going to pay off in what they're able to do and what they're able to achieve down the road. And it's, you know, we've talked with Koretsu about.

Offering a leadership forum for portfolio companies that Koretsu has invested in, and they've been very supportive about [00:54:00] saying to entrepreneurs, we think that you should invest in that. And, and you're right, Paul. I mean, it, it, it takes an investment to make that happen. It takes an investment to continually upskill yourself and, um, and build onto your team.[00:54:20]

And that's something that really sophisticated entrepreneurs understand that they need to do.

**Hall T. Martin:** Great. Well, I think we're coming to the end of our time. I want to thank you, Maroma Lees, for sharing your thoughts on the ACA conference. It's been a lot of fun. How best for listeners to get back in touch with you? [00:54:40]

**Merom Klein:** Um, through LinkedIn, we're You know, there, there are not many Louise Yogi clients on LinkedIn. There are not many maroon clients on LinkedIn. And so, you know, just put in a search and there we are. We'll pop up and [00:55:00] we'd love to have a dialogue with you. Or

**Louise Klein:** we can be reached at marome at courage growth partners dot com or louise at courage growth partners dot com thanks so much hall for this opportunity to be with you today

**Hall T. Martin:** well thank you guys we'll include your contact details in the show notes and [00:55:20] looking forward to catching up with you again in future conferences and other activities but thanks so much for taking time today and we wish you success

**Merom Klein:** sounds

**Hall T. Martin:** good man thanks Thanks.