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POWDERKEG PODCAST TRANSCRIPT: KARA NORTMAN

INTRO: Kara Nortman is the co-founder of Seedling and partner at Upfront Ventures. In this interview she recounts her evolution as a creative child from an adventurous family, to her role as a partner in the largest and most tenured venture capital fund in Los Angeles.

Armed with an AB in Politics and an MBA from Stanford, Kara Nortman found herself the only person from business school attending a C++ class when she interned at Microsoft more than a decade ago. Before that, she delved deep into esoteric stuff, sailing across uncharted waters (talk DSL and IP switches) just to make her job as telecoms industry analyst at Morgan Stanley more fulfilling and meaningful.

To Kara, so much lies beyond our comfort zones. For her, true entrepreneurs need to “dig past their limitations” to make the impossible possible. But for this to happen, entrepreneurs must have resilience, self-awareness, and passion for what they do.

Join Kara as she walks us through her formative years, from family trips that gave her a broader perspective, to her role as a VC evaluating the business viability of startups. Find out what makes a good pitch, and which traits differentiate successful entrepreneurs from those who won't make the cut.

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Matt: Kara, we're here at Upfront Ventures and I want to say thank you first of all for taking the time to talk a little bit about one, what's going on here but also your personal story which is fascinating to me from the blogging to even your education before you got going down the high growth venture route.

Kara: Sure.

Matt: And I was wondering if maybe you could take us back to the early days of your very first inklings for entrepreneurial tendencies.



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Kara: Yeah. It's funny. I don't necessarily have the story of "I was a 7-year-old and I created my first, you know, strawberry lemonade stand and tried to scale it to the universe," but we were a pretty creative family and my dad's a doctor, my mom is a teacher of the deaf, they've retired for a while but we were very much about experiences as a family. My parents, the money they had they always wanted to spend on going places and seeing new things and being exposed to the world and any moment we were home, my brother and I, I mean, to the extent you call them business, you really can't but we would find sticks and [inaudible] and try to go sell them as kind of artifacts in our neighborhood and things of that nature but a lot of what we did was just travel a lot as a family and it was the Motel 6 on the side of the Grand Canyon when we were younger and then as we got older, my father figured out a way to go for free, take our family for free on these crazy adventures as he would train his medical services for the adventure. So, we went to Leningrad back when it was Leningrad and just all over the place. And my grandmother was a demographer. So, she traveled the world to countries that a lot of people did not have access to. So, he took me to China in '86 when I was a small child, Indonesia and places where I was a red head back then, people had never seen who looked like me.

Matt: At the risk of sounding ignorant, what is a demographer?

Kara: A demographer is somebody who basically studies population growth and tries to be helpful to countries in figuring out how to manage their population growth. So, she was in Iran and China and Mexico at times when other people weren't. So, I think that kind of exposed me to just this love of discovery and realizing there's kind of so much out there beyond myopic world that we live in and [inaudible] is like that for me. It's sort of constantly digging and digging past any one of our individual limitations of how we see the world to kind of conceive of the impossible and where the impossible becomes the possible. And then I got also a little bit of exposure. My uncle graduated high school young and went to Caltech, his best friend was a guy named Vince Cerf who is one of the fathers of the internet, and he invented the TCP/IP protocol. And then my uncle went up and worked on his darker projects in Stanford which became the underpinnings for the internet. So, I had exposure and I heard about it. We were down here in Los Angeles but I heard a lot about evil VCs and kind of commercializing the stuff. So, when I finally got out into the work world, I was just always interested in ... By the way, he found some good ones too. They weren't all evil.

Matt: So, you saw some potential there for a career path.

Kara: It was a little bit like we [inaudible] from him that I was a VC for a while because he had a bad early experience but instructs a lot of kind of my understanding of the entrepreneurial mentality, I guess, but anyway, then he went off to build a company that he took public. Anyway, it was just a thought from afar that what he did was pretty interesting.

Matt: Did you absorb a lot of what was going on while that company was being built?

Kara: I had lived in different cities. So, I just kind of heard the stories and was intrigued and when I had my first job out of college, they said "What are you interested in?" and everyone else was interested in the industry so they could make money really fast and I said "Technology, telecom" – he did more telecom and stuff. They said "Great. Take the new woman in, stick her in that new room called



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'telecom'." So, that's honestly in a lot of ways how I ended up kind of getting my foot in the door straight out of college.

Matt: Interesting. So, in that first role in the telecom department, what were your day-to-day tasks?

Kara: Well, I wasn't really in the telecom department. So, straight out of college I went and worked at Morgan Stanley in what was then their private equity group. It's called merchant banking. Again, telecom was kind of like newish industry. It had been dominated by the regional bell companies and AT&T for years and years and was highly regulated and I graduated college in '97 and there's this big deregulation act that came out in '96 that allowed kind of basically the infrastructure to be unbundled and new companies which were then called C-Lax to start. So, [inaudible] I was involved in sort of building business plans and looking at new models around how to first deliver voice and then deliver data to small business, to consumer, etc. So, yeah, I mean, a lot of what I did ended up being more industry oriented and research oriented than that group was accustomed to. So, I started reading books called like 'Optical Engineering for Non-Optical Engineers' and things like that and I just found that the financial engineering piece of it was like a wonderful skill set to have but what I was most interested in was "What is this DSL thing?" which in a sense is crazy now but it was the cutting edge technology back then and "What are IP switches versus circuit switches?" and "When are they going to be deployed?" and "What is this going to mean for 100-year-old copper infrastructure sitting in place?" So, that's where the innovation to a large extent was going on back then which was almost 20 years ago which to some extent right now is such a fun time because it's all stuff we can touch and feel and it's like you can rise up the stack and actually really invest in companies and build companies that change these massive end markets now whereas then it was the infrastructure.

Matt: Yeah that makes a lot of sense. I have a mentor of mine, actually the last fun startup I worked at was founded by this Scott Jones who's the guy who invented voicemail. So, he talks a lot about the early days where he was basically locking himself in a room and people were sliding pizzas under the door to him and his team and he was just kind of immersing himself much the same way that sounds like your optical engineering for non-optical engineers. Were you pulling a lot of late nights and working round the clock at Morgan Stanley?

Kara: Yeah there were some nights that weren't even nights. I am in LA. I love to learn as many of us do and I love to learn when there is a goal in sight. So, I always try to kind of get to the fundamental building blocks of whatever it is I was learning, go down that rat hole. So, I did a lot of that. I entered Microsoft later on in life and I was like the only business school person to have a C++ class and "What are you doing here?" I just need to understand how this is going to work.

Matt: Do you think it's important for entrepreneurs if they're at tech world to understand the basics of coding?

Kara: I don't think there's one right model. I think there are entrepreneurs that fit very different profiles and if it's a company where it's fundamentally about tech innovation and that tech innovation, if you're inventing wireless energy or you're trying to scale data for enterprises like it's fundamentally about technology, then it probably helps to just have kind of a solid understanding of why you're hiring certain kinds of engineers versus not and least stuff architecturally but for a whole lot of companies and



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most of the companies I invested, great, tech is a huge positive but the entrepreneur doesn't necessarily need to be technical.

Matt: Right, they don't need to be building the ...

Kara: I was actually just in a meeting where somebody kind of classified entrepreneurs as having one of three super powers. It's deep in tech, deep in industry, or the magic touch.

Matt: The magic touch. Can you define what that person meant?

Kara: I thought that was a great way to describe it because you'd fund an incredible tailor who could revolutionize fit in some kind of specific way, potentially – I am just coming up with this ad hoc – but you can see deep industry experience in certain areas – toy making, apparel, certain elements of brand, supply chain, etc., food – all of these different areas, you have industry experts and tech is obviously well defined. Magic touch, I don't know. You know when you see it but the way I describe it is big thinkers who inspire to want to follow them and who really aren't limited by what they're doing right now and have this ability to kind of constantly trying to challenge the status quo and frequently those people really need to be complimented with a very process, very detail-oriented day-to-day person but people who are like that tend to build the biggest companies in the world.

Matt: And do you kind of put that model up against your own personal skill set and say "Which one do I categorize myself into?"

Kara: Yeah. I mean, no.

Matt: If you did, which one do you think you would fall into?

Kara: I think it's sort of like applying it retrospectively and any one of them I choose, I will sound not like the person I think I want to be.

Matt: Right, right but if someone twisted your arm and said ...

Kara: I don't know. I mean, I think I had a lot of deep industry knowledge in digital and transactional models and kind of news ways and forms of building brand and I am sort of very, very wired how to play the long game and you got to complement that in VC with how do you play the short game because fundraising has become such a sport but I think you have to very carefully bring those two together in building something that ... I am inspired to build things that can be around for decades and sometimes that doesn't overnight but you have to really understand what do I have to do the next 6 months, 12 months, 18 months to make sure you can recognize that. I mean, I love ideas and synthesizing new information and human beings and figuring out how to get the best version of their selves. So, I don't know, I guess maybe some magic on a good day.

Matt: Yeah. I'm getting a couple glimpses of magic just in a conversation. I didn't mean to have us jump all over the place but I think the conversation's really interesting and I want to point out that I brought up my mentor because I think that in a lot of interviews that we have, a common theme has



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been sort of that if not mentor, then guide or people that have really inspired the direction of someone's career. In those early days and some of those roles that you were in, did you find some people that you were kind of like "I'd kind of like to be like this person someday?"

Kara: Yeah. I would say for sure I had mentors, I had wonderful mentors at every role I've ever had and I still in a strange way feel like even almost 20 years into my career I more actively look for mentors now than I did kind of back then because I think you're just more deliberate and overt in understanding the limitations more so and in the last few years I've probably grown more professionally than I have at any other point in my life but yeah, for sure. I mean, everywhere I worked I had a mentor. I didn't always have a role model. There just weren't that many women to look at I guess back then and there have been so many now that have emerged over the last 10 or 15 years. I mean, I was fortunate to have spent time with a woman MD at Morgan Stanley who was the first female partner at Morgan Stanley ever had but I always had wonderful people who beat me up and supported me and those sorts of things. And then when I got to IAC, I had a wonderful female colleague who was a mentor to me as well. Again, always the person I reported then to I think is always somebody I really respected, maybe not always but for the most part, somebody I really respected.

Matt: Everyone has two sides of the coin.

Kara: Yeah, yeah, yeah but I've worked with and for some of excellent people and I still do and I still learn every day from my partners in ways that continue to challenge me to be better and think about kind of the way we make decisions and spend our time and kind of why we do all this stuff.

Matt: Yeah. Can you talk to me about that IAC mentor and maybe even how you got the role at IAC because we talked a little bit about that before we turned the mics on?

Kara: Yeah. The way I got the role at IAC was a departure from the way I got every other role in my career. So, I was working at Battery Ventures at the time although I was working remotely for Battery, I met my now husband and they were kind enough to support me moving to New York City even though I was working out of the Bay Area office and I had always wanted to get into an operating role and had nearly joined an operating company a couple of times and I just wanted to do and it was kind of sitting heavy on me and it's literally the only headhunter call I've ever taken then to now that actually led to going and meeting with a company and I went in and I met with the Vice-Chairman who ended up becoming my boss and very much a mentor and taught me so much about deals and structuring and negotiations. Anyway, I went in and I sat with him and we had a 50-minute interview and when he was clearly done with the interview and I was very concerned because he didn't ask me any substantive questions and I said to him "You didn't really grill me on my background or any details, etc. This is a job that requires a lot of intense skill sets and I just want to make sure you're comfortable" and he said "Oh, yeah, the recruiter sent me your blog. So, I read it and I know how you think and I was very satisfied with the way you think." He basically said "I want to make sure you're not a sociopath." And then he said "I am going to introduce you to the other folks in kind of what at IAC is called the office of the chairman and if that goes well, I think we're going to be able to do something." Yeah, it was an interesting story, I guess, because back then not that many people had blogs, it was sixth that I was interviewing and I started blogging when I was at Battery as a senior associate kind of because nobody



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else really wanted to and we sort of felt like it was a good idea and I had always kept a journal since I was 7 or 8 years old. So, I started doing it and it kind of changed the course of my career.

Matt: That's great. Do you think that's an important habit, journaling, whether it's online or private?

Kara: I think for me it is. I stopped doing it because IAC forced me to shut it down at the time because it was ...

Matt: Doing it publicly.

Kara: Doing it publicly, yeah. And actually I write letters all the time. I write a letter every year to my kids on their birthday, I write if I have a very meaningful experience. I most now write letters to my kids but, yeah, I guess what I'd say is ... So, I had to shut it down and I've just restarted blogging in the last six months and it's brought me back to a place of kind of joy and it's daunting to get back into it. One of my partners has one of the largest blog followings around and sort of like think about why am I doing this and what am I looking to get out of it. So, I've gone back into it sort of looking to get personal joy out of it. So, in that regard it weighs on me. I haven't posted in like over a month now and I've got a post that's almost done but haven't gotten out but it's really, really helpful for me to just remove the noise in my head and I find when I'm thinking about writing something, I go deeper into my learning cycle and I'm able to sort through the noise in my head more clearly and it makes me feel I am in the flow. So, for me it is – I think everyone has their creative flow – so I would say is figuring out what that is to get you out of the back-to-back constant interruptions, mobile devices which I have a hard time doing personally. If there's something that does that for you – and for me it's writing and running – but it may be sitting around or dancing or listening to music but I find we all have creative activities. Even if we don't think of ourselves as creative, I find those to be really valuable.

Matt: Yeah, definitely, definitely and I really enjoy reading your writing. I read some of the ones in the last six months in preparation for these interviews. I may have to go back into the archives back to the early or mid 2000s.

Kara: I moved some of them over. Moving platforms was the tricky thing, getting everything into Squarespace but, yeah, I moved some of it and thank you. Coming from you, that means a lot.

Matt: Oh absolutely, you're far better at it than I am. I have to point that out for sure but I would love to hear a little bit about your early career or your early exposure to vetting deals and picking where to place the bets while you were at Battery.

Kara: Sure, sure, sure. It changed really dramatically over the years and part of it is me kind of evolving and a lot of it is also the world evolving. So, at Battery in some ways in my early days I learned how to be a very credible inside sales rep. So, I was responsible for deal sourcing and then Battery was wonderful at giving me and a lot of people in my role the opportunity to go far beyond that sort of like they let you go as far as you think that you could go but a lot of what I did literally was like dialing for dollars and back then I was reading magazines. I mean, there weren't websites like Techcrunch and Recode. I mean, they were not media brands like that they were accessible online. So, I'd sit in my cold dark office in Boston in 1999 and pull out Mass Hi-Tech and Storage World and Red Herring and I'd go



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through and I always had to be sort of interested in what the company was doing but I circled the CEO's name, I'd see if they had a website, if I could figure out their email address, I'd A/B test of different emails to get them to want to get on the phone. Sometimes I'd literally just call them up and ask for the CEO. So, to a large extent I think just getting to companies early in that proactive way was an advantage back then. It's not anymore but back then it was. And then Battery ended up giving me board seats pretty soon thereafter. So, I've got a lot of experience kind of through the height of the bubble and the bust. So, I joined in '99, Battery was an investor in Akamai, went public maybe in my second month there. So, I had one of those experiences as a 23-year-old kid "This is how it works, right?" I worked with people and one person in particular who said "Kara, go find me a deal but I'm not going to do a deal that can exit for less than a billion dollars" which at the time was crazy because it was just beginnings of those things happening now and maybe sounds less crazy and we won't get into that hole. That hole [inaudible] because that's a whole another thing but in my mind I thought "Oh, if an investment gets done, it will be a billion-dollar company because my job is to find them. Their job in diligence then would be supporting the process but if a partner does this deal, it's going to be very valuable clearly. Why else would we do it?" So, I got that whole experience though then the world falling apart, getting a couple of board seats because everyone was triaging and I had to do things like going and help restructure companies and cut cash flow. I had to let a CEO go and kind of lose him through that when I was like very, very young. So, I think that informed a lot of my view on VC, sort of being in my first wave of VC from '99 [inaudible] seeing the full boom and the full kind of bust cycle and having to move with a lot of that. And it continued to inform me because a number of companies that I was a part of as, again, associate getting going that were either in trouble or questionable or just okay before I left to go to business school and came back to Battery, some of them weren't around and some of them went public and it was sort of like this very interesting perspective on how variable the kind of process of building and starting a company is, how much the macro environment can impact it but also kind of like the types of entrepreneurs who are resilient and can bob and weave and can cut and can recover and we had one company that was in bankruptcy and they gave it to me, which is never a good sign like if a company is being given to an associate or a senior associate and things aren't going very well, probably it's never a good sign for the company. So, I was just babysitting from like a reporting standpoint and I came back after business school and it was a high-growth company and went on to become a public company and was recently acquired.

Matt: Wow! That's cool! Do you follow a lot of your past deals you were involved with?

Kara: Yes and no. I mean, yes and no. I mean, certainly the entrepreneurs I was close to, I try to follow them, I do.

Matt: Very cool. Very cool. Well, there's so many things I can ask you about.

Kara: And, by the way, Venture Now and the way we do venture and even the way I did venture at Battery after business school very much then evolved into much more of really be thoughtful about particular areas and build meaningful relationships and understand the psychology of entrepreneurs and it became a much different thing over time but that training I got in the early years was really helpful to all sorts of things I did later in my career including running a sales team.



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Matt: Yeah. Oh my Gosh! We should definitely talk about that because that's a beast in and of itself. The foundation that you got there clearly has led to a very successful career in the investment world. I would love to almost fast forward to today and what you're doing at Upfront. I guess I would be sad if we didn't get a chance to talk about what you're doing now because you're clearly very excited about it.

Kara: Sure but I should say the really 10 years between the two investing kind of pieces where I was operating and I started the company, the company I co-founded which is called Seedling, so I am the Chairman of it, I am very proud of it, which is in kind of revolutionizing play world, so toys but really experiential toys that are pretty unique and we now sell them in 20 countries around the world. So, anyway, that was like the very big defining moment before I went back into VC 10 years later.

Matt: Oh absolutely, absolutely and I could probably do an entire podcast on your experience at Seedling. I'd be curious to know were there one or two things in that experience of being an operator that really helped you level up as ambassador.

Kara: Yeah. I mean, it's been completely instrumental to why I'm back. Instrumental and very much kind of the impetus for coming back into VC has so many things to do with my experience range from Mark Schuster who is now my partner was my board member and through all the ups and downs of starting a company, working with him kind of exposed me to a model in a city where I was born and where my family lives and I had lived for 15 years, that was really exciting to me but I think from like the substance of doing the VC job, so much of what we do is psychological. I mean, I developed a real appreciation for that when I was an entrepreneur. I mean, sometimes it's actually relieving pressure from the entrepreneur. It's sort of yeah, you're a sparring partner around the product and the right financing strategy and how to fund things and when to bring in what hire but a lot of what I learned through my experience was sort of partnering with somebody who I just had a great chemistry with and who psychologically understood what I was going through and to help relieve pressure for me personally was really instrumental in kind of helping me get around some of my worst personality traits.

Matt: interesting.

Kara: So, those are all things I think about. I mean, again, the domain experience is certainly very useful but how can I be a great partner to my portfolio companies because at times, I mean, you're going to be the harshest critic to the company and the biggest cheerleader and that honestly might happen in the same meeting and it's not about you, it's about them and it's about how to make them do their best work. So, those are things I definitely developed appreciation for.

Matt: Yeah, absolutely. That's really interesting. You almost get a chance to zoom in and then zoom back out with the different perspectives.

Kara: Yeah. Again, I believe in life. There's no one right path to doing anything and I definitely – and I tell my kids this every day and I see it in some of our entrepreneurs – very, very much believe if you think you can do it, you can do it. You definitely need to have some sort of base skill set but it's very frequently not the skill set you think you need to have, right? You don't need to have a degree in computer science to be a coder. Really in anything, the power of information and networks, if you want



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to figure out how to solve a problem and learn something and you dedicate yourself to it, it's like you can do it. So, for me, I feel like my path has been very helpful but I feel like there are 18 different paths into VC and there's a whole lot of different models that can work for people and I end up working with a particular kind of entrepreneur that I have chemistry with who appreciates my path.

Matt: Yeah, that's great. I mean, it's great to be able to do business with people you like and resonate with.

Kara: That's right.

Matt: That's kind of a dream, right?

Kara: Yes, yes hopefully, yeah. If there's one thing I've learned with each wave of kind of going in and out of investing, it's on this wave, you spend time with people you enjoy spending time with and the corollary to that, there's some great advice I got from one of our kind of LA entrepreneurial heroes, a guy named Ted Meisel who started Overture, he is a VC, he advice to me when I went back into VC is he said "Invest in things that you're fundamentally passionate about, not because they're great businesses." So, you may see the best bitcoin business in the world but if you're not passionate about bitcoin, you're going to spend the next 7 to 10 years of your life kind of with that company and you're not doing anyone a service by doing it. So, that's probably the second big thing that I really keep in mind where I can't just love something from a business opportunity standpoint, like I really have to be passionate about, talking about it, learning about it, reading about it, talking to partners about it. Otherwise it just feels like working and if you're not, then it doesn't feel like working. If you're passionate about it, it doesn't feel like working. It feels like something you really enjoy doing.

Matt: That's great. I am really glad to hear that you do the work that you enjoy doing. When you're looking at these startups – and I want to make sure that we get you out of here on time – but you mentioned some of the people that were into LA startups and I want to finish with that with kind of what's going on here in LA but in all the deals you see here upfront, are there two or three qualities in entrepreneurs or even in the way that they pitch their startup that you immediately pick up on and say "Yes, this is who we want to invest in?"

Kara: Yeah. I mean, look, I think that the qualities and the pitch kind of little bit go hand in hand. I mean, you're looking for resilience. That's I think the number one. Well, a combination of resilience and self awareness, those two things together, I feel like things are going to be hard, things are going to go differently than you think they're going to go and do you have that kind of personality that's going to just kind of run through him and be at your lowest of your low and pick yourself up the next day and try to figure out how that problem that yesterday felt like the world was ending. And then self awareness is sort of what do I need to do to make sure I can figure that out and am I being realistic about what I am capable of doing right this second and where I may need to bring in others to help me. Those two things, I think, are important. Then there's all the other things kind of around it in terms of all the other characteristics to look for. Pitching is interesting because it's often your very first time you meet an entrepreneur and often if they're in the middle of a fundraising, you don't have very long to get to know them which is one of the reasons I always tell people if it's a fantastic team, I much prefer to get to know them early even if it's a seed round or pre-seed round if they're a great team because we can get to



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know each other over six months or a year and I can get to know what they're saying in the meeting and what they're doing outside the meeting, how those two things relate. You're going to get a million things wrong in the early days of a company. So, it's less about what exactly happened and it's much more about who they are, what they thought they were going to do, what they ended up doing and why they ended up doing it. It also just helps you understand that you're building a long-term relationship again. One thing I think entrepreneurs don't think enough about is when you take an investor like us where we have a board seat, you're stuck with that investor usually for seven to ten years. So, they should want to diligence you as much as you want to diligence them would you actually join working with them sort of thing. And then in terms of the pitches, I think a lot of things like really understanding what the business is about as quickly as possible, so what's the problem or the new opportunity you're creating, how are you doing it, and then not to really get all information in the first meeting but being responsive to that first meeting and understanding ... I always say – and this is something I learned when I was an entrepreneur – I would study for pitches the way I would study for a test in college. I kept Google Doc and I had all my data points around the different ways I thought about market and every meeting I come out of, if there is a question I felt like I didn't do as well as I would like to do or I needed to research some more, I go do it and I write it up, so I study for it. And then hardest thing to do is to not want to share all that information. So, I always tell entrepreneurs if you walk out of your first meeting and you shared 50% of what you wanted to share, that's good – 100%, not good, 50%, good. And then a lot of it is just like not overselling what you don't know and being comfortable with showing where your vulnerabilities are. A lot of what I try to figure out if I am really excited about a company is sort of like what make this person tick, what's their dynamic with their co-founder if they have one because the personnel stuff is a stuff that ultimately ends up kind of being the biggest determining factor whether a company does really well or doesn't, not always the case but it's definitely an important one.

Matt: That's really a great perspective and I want to make sure that entrepreneurs have a chance to kind of digest that. So, we'll add some notes to that and some of the blog posts that you have done in the past so they can dive deeper into some of your thoughts on that.

Kara: Thank you.

Matt: And before we get you out of here on time, I was wondering if you might have one sentence on sort of why people might want to check out the LA Startups.

Kara: Oh yeah, totally, totally. I wrote a good post on this one. So, I am probably not going to do it justice but I grew up in Los Angeles and then I lived in lots of other cities for 15 years – New York, Boston, San Francisco, Seattle for a short period of time – and they're all great, they all have a lot to offer but I think Los Angeles ... I should say also I came back to Los Angeles a little bit begrudgingly. I came back because I was pregnant with my first child and I wanted to be near my family who I am really, really close to. So, begrudgingly, I'd say professionally but on a personal level I knew that that was something that was really important to me. And in my first few years back I would say I had a little bit of a chip on my shoulder and I would periodically come home to my husband and I would say "Maybe I should think about taking this job up in the Bay Area, it's super interesting and crazy, we have a newborn" and I was being crazy over time I've gotten to a place where I feel so proud of kind of the opportunity we have, the things we are doing here in Los Angeles and the uniqueness of the experience



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that now I feel sometimes like my Bay Area friends are jealous that we're down here in LA but I would say it's a combination of things. We're the largest economy in terms of kind of city. We're very large for a lot of end markets that are fundamentally being changed by technology right now, right? So, largest contiguous port in the western hemisphere, so anything to do with logistic, shipping, etc. Automotive capital of the world. We pass New York as ... I don't know if they tell us the fashion capital, but we have more fashion jobs in Los Angeles in the last couple of years. We've surpassed the number of fashion jobs in New York.

Matt: Wow! I didn't even realize that.

Kara: So, fashion and apparel is huge here. We have aerospace and defense. We have a ton of toy, consumer products. We're the world's creative capital. One in seven professionals here consider themselves a creative professional. So, in a world of storytelling and brand building and content and media which is not just a part of like the pure digital media like "I'm going to consume video of our new platform play," but it's a core piece of anyone who's trying to build a product that touches an end user, particularly consumers but in some cases even businesses or small businesses. So, we've got that going for us. We graduate more engineering students every year than any region in the United States. Historically we've lost a lot of them to other parts of the country but, yeah, I mean we graduate, I think, 11,000 engineering undergrads every year and our goal is to train them and keep them, etc. And then I was going to say a lot of marketplace businesses which is kind of an interesting moment of innovation obviously in that particular part of the universe start here or come here as one of the their first markets because we have such a tremendous amount of ethnic diversity, geographic diversity. LA, Orange County is sort of like 10 cities in other parts of the country. So, you can build a really, really big business here in the Greater Los Angeles Area. We have a fantastic mayor who's really focused on kind of various different data initiatives and bringing the tech community together and incentives and things of that nature and some of the software side stuff. As a city we come together in a way that's very supportive. We root for all of our big companies to win and that feels good, it feels like LA as a city is trying to prove something. We have incredible weather.

Matt: I've noticed that.

Kara: Yeah. It's a wonderful lifestyle.

Matt: It was -5 when I left Indianapolis two days ago.

Kara: Yes. And cost of living is significantly lower than certain other cities like San Francisco and New York. Now, we still have a lot to learn. We need kind of companies like Snapchat and Honest and Justfab and SpaceX and a lot of the kind of the others that have gone public, Cornerstone OnDemand, [inaudible], etc. We need companies who are independent companies that stay independent to train and mentor the next generation of entrepreneurs to keep talent here as opposed to like Beats, big acquisition to Apple or Oculus, big acquisition to Facebook build companies in southern California but a lot of that talent has moved up north. So, it's a good win financially for Los Angeles when these sort of big companies were created but to create the generational situation that Silicon Valley has and will likely always have in a greater way than I think any other part of the world can aspire to, we need to do more and more of that. And we just need more experience, more mentorship. We need, I think as my



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partner Mark or Fred Wilson calls, recycled capital. It's still not easy to get your earliest, earliest round. The irony is we have a lot of wealth in southern California. So, you do find companies that are raised from family offices and private individuals and Hollywood and those sorts of things. You just have to make sure when you do that you structure it in a way where the VCs can come in down the road but, yeah, we need all of those things but it's really a wonderful time and place to be here in Los Angeles and we're thrilled that lots of Bay Area VCs are investing and coming down and spending time down here and we have got a really wonderful crop of entrepreneurs.

Matt: I am very impressed by the caliber of entrepreneurs I've met up here and I am impressed by the people who're sort of the leaders in the community like yourself that are involved and care whether or not there's monetary outcome in the immediate future. It's really good to see. I want to acknowledge you for taking the time to do this interview and continue to share what you're learning along the way.

Kara: No, thank you for capturing other parts of America. So, please come to Los Angeles. We have lots of companies that relocate here for all the reasons I mentioned but thanks for highlighting us down here in the provincial parts of Los Angeles. We're sitting in Santa Monica.

Matt: Yeah, Santa Monica, it's great. It's great to be here. Thank you, Kara.

Kara: Wonderful. Alright, Matt, thank you so much. Thanks for having me.

Matt: Of course. Thank you.