

Karen Zelnick:

If you've ever wondered whether that passion project really is entrepreneurial gold worth fighting for, or a hobby that should just stay in your garage, this episode is for you. Today, we talk with CEO and founder, Mark Frank of SonderMind and investor Curt Roberts to give you both sides of a Perfect Pitch. What is Perfect Pitch you ask? Well, it's a podcast from Kickstart that reveals the minds of both investors and entrepreneurs throughout a startup's journey. Whether it's uncovering what everyone's thinking during a startup pitch or digging into exactly how entrepreneurs have managed their first major roadblock, Perfect Pitch is an honest, quick and tactical guide to help you on your startup journey. I'm your host, Karen Zelnick. And I'm excited to introduce you to today's guests. First, our investor, Curt Roberts from Kickstart, he's a former CEO and Nike exec. And Curt, how many pairs of shoes do you have at this point?

Curt Roberts:

Oh 200 and something, two closets plus a good portion of the garage.

Karen Zelnick:

I personally disagree, I think you can't have too many shoes, Curt, just like you can't have too many hobbies. Besides his investment focus on consumer products, health tech, ed tech, and general B2B SAS in the West, Curt is also crazy about cycling, skiing, photography, and collecting rare antiquarian books.

Curt Roberts:

That's true. Thank you.

Karen Zelnick:

Yeah. And I've seen his photography. His photography's amazing. So I think he should have a website up, but that's just me.

Curt Roberts:

(laughs).

Mark Frank:

And then our CEO is Mark Frank. He's the CEO and Co-Founder of SonderMind, which is redesigning behavioral health to be more accessible, approachable, and utilized. You were an army officer for five years, is that correct? And you earned the bronze-

Mark Frank:

That's right.

Karen Zelnick:

... star during your time in Iraq?

Mark Frank:

Yes.

Karen Zelnick:

That's amazing. Anything else that I missed or that you'd like to cover?

Mark Frank:

Uh, I suffered through a couple of years of investment banking with Morgan Stanley.

Karen Zelnick:

Oh, (laughs). Okay. Nice. (laughs).

Mark Frank:

And, uh-

Curt Roberts:

That's suffering all right.

Mark Frank:

And so I- I have a tour of duty in the army and then the tour of duty post business school.

Karen Zelnick:

Thank you. Well, thanks for joining us, both of you.

Mark Frank:

Yeah.

Karen Zelnick:

And if you wanna know more about Curt or Mark or SonderMind, we'll have more info on our show notes at kickstartfund.com. So let's just dive right into the discussion. Um, Mark, I'd love to know what inspired the passion behind SonderMind. Like why did you start the company?

Mark Frank:

Yeah, so, um, the founding story is an interesting one. My, uh, I was running my first, my first start up, my first company, which was a radiation oncology company, treating patients of brain tumor, lung cancer, prostate cancer. And we were a management service organization as well called Next Oncology. And in the midst of that, the ACA the Affordable CARE Act had been passed, Uh, and, uh, and as there was a lot of change going on in healthcare, but besides that, I was viewing my younger sister, uh, as a mental health provider go into private practice. while she brought with her some clients, she was ultimately really dismayed at how difficult it was for her to start her practice, to continue to grow it and build her client base and deal with all the administrative hurdles and things like that. So I had this nugget in the back of my head. I had, um, like I mentioned, I was running Next Oncology. I had started Safe Image MD, which was the second company on the side, uh, at the time and so I didn't have the bandwidth to sort of, um-

Karen Zelnick:

Mm-hmm (affirmative)

Mark Frank:

...try another thing, but I had this sort of nugget of an idea. Fast forward a few years, and I was in the space of needing to find a therapist and went on the insurance directory, looked for a- a provider and put it in my zip code and put in behavioral health provider and checked the box 'cause there was a little box that says accepting new patients and I'll [inaudible 00:03:41] the list. I go, great. I'll just go with the first one and call her. She doesn't answer. I leave a message. I wait a few days, I don't get a call back. And so I called again and leave another message. Wait a couple more days, don't get a call back. Call the next person on the list. Same thing.

Karen Zelnick:

Yeah. (laughs)

Mark Frank:

Finally somebody I'm talking to.

Karen Zelnick:

Yeah.

Mark Frank:

But the answer is actually, I'm not taking clients anymore. And you know, the next one, I was like, I don't deal with those issues or whatever. I'm not in that office space anymore. I'm now, I'm now in another part of town and just on and on it went, and it was so frustrating.

Karen Zelnick:

Mm-hmm (affirmative)

Mark Frank:

And I remember thinking at the time, like, thank God, I'm not, you know, in a place where it's like crisis. And I just remember thinking, this is, this was just so challenging. And Oh, by the way, I knew the insurance system.

Karen Zelnick:

Yeah

Mark Frank:

Like we were a contracted provider. I had a billing manager and people in my company that dealt with insurance. I mean, I knew this.

Karen Zelnick:

Yeah, yeah.

Mark Frank:

Better than the average there and it was still difficult for me. And even beyond that, you know, when we finally, uh, started seeing a therapist, the therapist was great, the clinical care was amazing, but the

experience around it was still challenging. And I just kept thinking, why is this so hard for this really, really important facet of our health healthcare system? And then I started thinking more about my sister's side and well, wow, they're struggling too. You know, it's like you peel the onion and you peel the onion is they're going wow. Like this really is a problem. And that's where it was like, there's a structural inefficiency in how we've been dealing with mental health and behavioral health for the past 30 years where ultimately there's- there's opportunity to kind of solve both sides of the, of the equation.

Karen Zelnick:

Yeah. I love that you can just sense how passionate you are about solving this issue. Curt as an investor, Was that passion clearly evident when you first met Mark. And is that one of the reasons that you were interested in the company and interested in looking at investing in it?

Curt Roberts:

Yeah. We really love entrepreneurs that have some sense of a cause behind what they're doing. And there are some times where those causes are things that most people wouldn't particularly care about, where the cause is interesting to the individual starting the company, but it wouldn't be interesting to most people. This was a case where not only was it a cause for Mark, but it's something that everybody should care that it works better. And that organizations do a good job of making healthcare in a, in a behavioral health setting, more accessible, more approachable, better utilized and higher quality. And these were things that- that we saw in Mark and Mark's team that really drew us to the company.

Karen Zelnick:

And there might be people listening who want to start a company, but they don't feel as much passion around their startup. So is that necessary?

Curt Roberts:

I- I can go first if you want Karen. I think it is, I may have a different feeling about this than some investors, but I think it's a given that an entrepreneur is going to be someone who has a very high work ethic that, uh, is willing to work through obstacles, is willing to fight through difficulties, you know, not take no for an answer. Those kinds of characteristics are a given. What's different about someone who has a- a significant passion about their startup is that, that person ultimately defines himself or herself by the problem they're trying to solve.

Curt Roberts:

And I think in the worst of times, that's what gets that person through. I remember an experience when Mark and I were getting close to finishing our funding round. We weren't quite ready to close yet and I- I remember Mark telling me, and he's an extremely open person, which is something that I really admire. I remember him telling me that he was basically asking all of his staff to skip pay periods and to cut salaries so that the company could make it through to the time when- when we would actually fund. That's the kind of thing I think that- that differentiates between someone who really cares about the thing they're trying to solve versus the person who just wants to be an entrepreneur. That's a difference that matters.

Karen Zelnick:

I think that's very insightful. Mark, do you have thoughts on that too?

Mark Frank:

I do. I- I think, uh, so I would agree with everything Curt said, and I would say that it's not necessarily the case in my opinion, that you'd be passionate about the specific problem. I believe you have to have a- a real reason of why you're oriented towards solving the problem you're solving. But I also think that you can, you can create your own passion from a kernel of- of initial passion, so you can build upon it. I used to have this idea that entrepreneurs always had this, you know, the- the light bulb kind of idea. And it was like, and then that just became their driving force for at least for me more often it's been this, like it builds and builds. And then at a certain point you're like, Oh my God, like, this is just, it's just the light bulb is more of the building into, in your face. And for me, that happened in, you know, kind of 2013, 2014.

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

Yeah, I- I just want to maybe expand on that though Mark, there, there's an investor that I worked with significantly earlier in my career when I was just investing my own personal money and I wasn't part of kickstart. So this was not my profession and I didn't really know what I was doing. And I was, I was talking to this guy, who's done a lot of investing before and he said to me, once something that's- that's never left my mind. He said, every startup goes through at a minimum, two near-death experiences. When I heard him say that, I thought, okay, what gives an entrepreneur, the drive to get past the first one and pass the second one and possibly pass the additional ones that might go beyond that point. And if you're someone who just has three to four great ideas of companies that might be started, you might decide, "Hey, this one, honestly, we gave it our best shot, let's move on. I've got another one that's really great." Right?

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

And what intrigued me about your story in this one, um, is that you had very, very personal experiences in your own family life. That- that spoke to me in a way that said, Mark will not give up until this is done. That made a big difference in my interest in kickstart investing in your company. Especially given that when we started, at least there were some complications in how the company was set up and some things we had to solve. And so I knew it was going to be a longer, more involved process to finish an investment that it might be with some companies. And- and that kind of gave me the drive to want to do that with you.

Mark Frank:

I think that's fair. Now I- I'm, I'm a, a non-professional angel investor as well. And I- I haven't done much angel investing in the past three- three or four years. Um, but for a little bit, I have, you know, probably making two or three [inaudible 00:10:22] a year and the ones that have been successful Mary with what you're saying, that where there's, where there's some level of personal passion.

Karen Zelnick:

I love that, I loved that back and forth. And I think that was a really insightful discussion for those that are listening. And I think the next question I have then is what is the litmus test or is there even a litmus test run, passion will work to build a great company, or if it should just stay a hobby or a- a garage project, 'cause Curt, I'm sure that there have been people that come, have come and pitched to you. And it's like, they're not gonna give up on this, but it's also not a great startup idea. So what's the litmus test.

Curt Roberts:

Well, what I would say is that every company that we wish to invest in has to pass certain tests of being an attractive opportunity. The market has to be big enough. The solution has to be significantly better than anything currently available. There are all those things that you could read in any book or in any blog that would say this is a company worth investing in. There's something about listening to that founder tell their story that gives you a sense that the person has some larger idea in mind on the assumption that it passes all the rest of the test, right?

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

We see probably 500 startups per year and we fund less than 1% of those.

Karen Zelnick:

Mm-hmm (affirmative)

Curt Roberts:

And so for us, those small differences on the margin, um, make all the difference in whether we want to join that- that entrepreneur for the journey.

Karen Zelnick:

Mm-hmm (affirmative). Yeah, [inaudible 00:11:55] so passion, isn't always enough.

Curt Roberts:

It's not always enough. Everything else is a given, for me it's that, it's that passion that cause element is that, is that small thing on the margin that says, okay, I am more willing to take this risk than I would be if that were not there.

Karen Zelnick:

Mm-hmm (affirmative). And now I- I want to segue a little bit, 'cause Curt, you mentioned something earlier about like the- the initial journey with SonderMind being a little bit rough in the beginning.

Curt Roberts:

Yeah

Karen Zelnick:

So it's not like it was like you found your passion and we knew it was a good idea. And then it was like smooth sailing. Could you both talk a little bit about what that was like for each of you on the beginning of- of the relationship there?

Curt Roberts:

From my perspective, Mark had immediate credibility coming into pitch Kickstart because he was a classmate of Gavin Christianson who's the founder, the founder of our fund. And so there, he had an advantage walking in the door. There were two things I saw after hearing the pitch besides the fact that I thought it was a really interesting opportunity that were two things that I knew we would have to deal with. One is the pitch itself was not great. Um, Ma- Ma- Mark did a great job [crosstalk 00:13:06].

Mark Frank:

[crosstalk 00:13:06].

Karen Zelnick:

But you were very passionate, (laughs).

Curt Roberts:

But- but honestly the pitch itself had way too much content in it and there was no clear story and it was kinda muddled and it meandered around and you know, most of the time for me, that's- that's a sign that says, hey, this person might have trouble raising money. And maybe that's enough of a sign alone that we shouldn't fund. In Mark's case I- I suspected there was more to the story. And so it di- it didn't feel to me is like something that should be, that- that I should ignore. The second thing was that, uh, SonderMind had started as both a real estate and a software company. And we had no interest in being part of a real estate company. So I had a decision to make early, do I want to start a conversation with Mark about the difficult process of separating these two companies and figuring out how the ownership of those two will put us in a position where we can align our interests behind the software company.

Curt Roberts:

SonderMind understood that therapists oftentimes practice out of their living rooms. They don't have places where they can, where they can do private practices. So the idea was to create a we work or mental health therapists. Great idea, right? I think it's a brilliant idea. We didn't want to fund that idea. We wanted to be behind the software company. Since those two were- were in a single organization, we had to make the decision of whether we wanted to invest the time to work with Mark, to figure out whether those two could be separated. And if Mark was willing to go there and go through the hard steps to get to that outcome.

Karen Zelnick:

Mm-hmm (affirmative). Mark what was that like for you?

Mark Frank:

Yeah. So similarly, my co-founder Sean and I had- had started the business with, again, addressing this- this bigger problem. And the way we started to Curt's plan was this kind of, we work for therapy model and actually to add another complication around making it less VC-backable. Uh, we structured it as a

franchisor, (laughs). Meaning, uh, specific locations generally speaking would be owned by franchisees, which is-

Curt Roberts:

Yeah

Mark Frank:

... I st- I still believe is a great way to fund a capital intensive business-

Curt Roberts:

It is! It's true.

Mark Frank:

... uh, but one that almost to a T venture capitals do not back. Um, and so Curt and I started really engaging in the time when, you know, we were just before we had legally separated, but we hadn't started the operational separation. And that took, you know, that took a, that took about a year, a little less than a year. Um, you know, half of that time was- was post Kickstart's initial investment.

Mark Frank:

And so it was, it was a step-by-step process, but it was this realization that, you know, while these two problems, they- they are definitely synergistic. They are also, uh, very different in terms of the type of capital that's needed, the a- the ability to scale. And then just the- the people. I mean, that's one of the most important things in building a company is bringing the right people on board. And so the type of people you would recruit and hire for, you know, building a- a mental health marketplace, that's focusing on, you know, working with insurance companies and things like that and health systems, those are very different people, generally speaking than who you'd naturally want to hire for a franchise or [inaudible 00:16:21] that we work with therapists kind of offering.

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

[crosstalk 00:16:24]

Mark Frank:

That was one of the areas where it's super helpful to have Curt involved in that because there was, you know, an outsider point of view that was able to say, Hey, have you thought about this? Have you thought about that in terms of how are you going to operationally, if operationalize is- is splitting of the company.

Karen Zelnick:

Thank you. So this has been really enlightening. And now what I wanna ask both of you, because I think the people listening would love to know, what is something you wish you'd understood and known at

the beginning of this pitch process. Like what do you wish you could go back and tell your earlier self Mark?

Mark Frank:

One of the things was to do a better job painting the picture. I was raising money in the midst of a transition. You're always in transition to the startup, but when you're literally in transition, like completely changing the organization, it wasn't a pivot, but it was just like, hey, we have, you know, 3% of our revenue is the business that Kickstart ended up backing and, you know, 97% of the revenues were the thing we're getting rid of.

Karen Zelnick:

Yeah

Mark Frank:

But now we were like so it's like separating out. And so trying to speak to that, what I could've done a better job I was really painting the vision of this is what it will look like. This is what, you know, as opposed to focusing on here's what it looks like now is like, what- what would you, what you're going to invest in is the thing that it's going to look like in six months in a year, in a year and a half. I think I could've done a better, better job of that.

Karen Zelnick:

Yeah. Curt, do you agree?

Curt Roberts:

Yeah, I do. I- I would say entrepreneurs are always put in a, in a difficult spot in the sense that they oftentimes get conflicting advice.

Karen Zelnick:

Mm-hmm (affirmative)

Curt Roberts:

I was on the phone with, uh, an entrepreneur this morning who's pitched us on his idea and it's a really interesting idea. And- and I talked to him about the size of the investment round he was trying to raise, and I gave him some thoughts about how I would think about that. He, his commented to me as soon as I talked to him was that's exactly the opposite of what others told me. This is not an uncommon problem. And I- I think, um, here's what each person, uh, that starting a company and building a company has to decide. At some point, that person decides that he or she wants to cast their watt with- with someone that they feel can help them build the company together.

Karen Zelnick:

Mm-hmm (affirmative)

Curt Roberts:

And in Mark's case, that was a non-trivial choice because not only was he separating this real estate company from the software company, but I was asking him to make some very significant changes in the ownership structure of both of those that with this co-founder, that they would shift stock between each other. And I knew those conversations would be incredibly sensitive and that those would have to happen before we actually closed the investment. So I knew Mark was really placing a lot of faith in me that we weren't going to just ask him to do all these hard things and then bail, you know, at the last minute.

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

That kind of a sense of your partner from an investor to the entrepreneur and from the entrepreneur to the investor is something that I think gets established relatively early in the relationship. And it shapes everything that happens thereafter. And I think once that trust is established, really great things can happen, but lacking that trust, it's incredibly difficult to navigate that journey.

Karen Zelnick:

You both, I think those are some really amazing insights and for those of you are listening and hopefully you're taking notes. Um, and then you'll come back to this episode and listen to it on repeat. Mark, I did wanna close with a- a question to you. And again, for those listening, take some notes because Curt has often described Mark as like one of the best CEOs out there. I so Mark, I would love to know if you could go back to your first yourself, like back to your first startup. Now that you've done four. What is something you would tell yourself about the process of entrepreneurship?

Mark Frank:

Wow. Uh, listening to your gut, particularly around people, especially around hires. So hire the right person. You have to spend the appropriate time to define what it is you're really looking for and if, you know, there's a great book, um, called the A Method of Hiring or something to that effect, uh, that actually lays that, lays it out pretty well. But just in summary, it's make sure that you know exactly what the problem is you're trying to solve. And I often coach some of my team members around, hey, it's great to think about what's the problem we need to solve. Now when you're in a startup, it's like there's a million problems to solve. So you can think of, I didn't hire somebody to do X, Y, and Z, 'cause we need that done in the next three to six months. But typically when you're hiring somebody, you're not thinking about that they're only going to be there for three to six months.

Mark Frank:

You're thinking they're gonna be there in the more senior the- the more important this is, but you're thinking they're gonna be there for, you know, two, three, four, five years. And so it's defining what does success in this role look like a year and a half out and not just success, not just meeting the bar. What's if I could just come up with the- the best, the absolute best person to- to fill this role and how would they be the best at it, and then work backwards from that and shoot- shoot for that goal that's gonna, that's gonna do a lot for you in- in the hiring process. And then once you've hired somebody, the- the adage is often hire slow, fire fast, right? And- and that's something that, you know, I- I think you got to really, as an entrepreneur and a fascinating organization, you have to take to heart, fi- firing doesn't necessarily mean firing from the company I do wanna make that clear.

Mark Frank:

Sometimes you could hire the right person that could be a great cultural fit and you put them in the wrong job. You put them in the wrong spot. So it's on you as the leader to make sure that you find the right role for them. So fire them from their current job, find another job for them in your company. We've done that with a number of very successful mid-level people in our company. We just didn't put them in the right place for success, but it boils down to, for the entrepreneur. This is your vision and you know, better than anybody else, especially in the early days, what success looks like. And just trust that if you're pretty certain that somebody is not the right fit, you have to make that call because it's- it's really, really hard. But if you don't do that, the organization is going to suffer just materially and you- you can't be afraid of making those hard decisions.

Karen Zelnick:

Yeah. I love that. I love that this speaks so much to your passion. Like we're talking about earlier that it- it permeates every aspect of, it's not just the vision of the company, but it's your vision for the people in the company and hiring from the gut. And I- I love that and thank you. And Curt, did you have any thoughts on that?

Curt Roberts:

It's funny to- to what Mark said. You know, early in my career, I made the transition, he made the c-transition from army to investment banking, back to managing teams and people. You know, I went from- from essentially nothing to a consulting position where you have responsibility for nothing other than trying to prove your smart, uh, into managing a bunch of people. And in my case, it was hundreds of people and- and I was scared out of my wits.

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

And what I learned fairly quickly was that more than anything else, the key to my success in doing that was going to be in the people that were one layer below me, that if I got those people, right, so many other things would take care of themselves. Um, and I think Mark has done that very, very much at SonderMind. I- I don't just love great CEOs, I love great CEOs that hire for strengths underneath them.

Karen Zelnick:

Mm-hmm (affirmative).

Curt Roberts:

And I think the 90 plus companies that we have supported at kickstart the balance of the quality of people at one layer below Mark is among the best we have top five easily. And you know, that solves so many problems underneath because great people figure out the solutions to big problems so much can be solved by doing that right. I totally agree with Mark

Karen Zelnick:

Well Curt I think there's no better way to sum up this whole podcast on passion and coming together. And I know it's been something that I'm gonna be thinking of and I wasn't even joking, I will listen to this

This transcript was exported on Mar 12, 2021 - view latest version [here](#).

episode on repeat, even though it was part of recording this episode, there were a lot of great takeaways for me. So thank you both so much for being here and joining us today and sharing your insights.

Curt Roberts:

Thank you, Karen.

Mark Frank:

Thank you.

Karen Zelnick:

And of course, thank you for listening as we dive deep into what it takes to create a Perfect Pitch. If you wanna learn more about our investor, Curt Roberts from kickstart or our CEO, Mark Frank, and what he and his incredible team are doing at SonderMind to make mental healthcare more functional, we'll have a link to the company and a longer bio in our show notes at kickstartfunders.com/perfectpitch. We'll be back next time with more insights from entrepreneurs and the investors who fund them so be sure to subscribe so you don't miss a thing.