

Karen Zelnick:

There is no shortage of advice out there for founders. Just do a quick Google search and you'll find list after list of things every entrepreneur should do or 10 rules of being a founder. But what if you know doing things the way everyone else does isn't right for you and how do you decide what is right for you and your company? To answer that, we're talking with founder Lee Mayer of Havenly and investor, Curt Roberts, to bring you both sides of a perfect pitch.

Karen Zelnick:

What is Perfect Pitch? It's a podcast from Kickstart that reveals the minds of both investors and entrepreneurs throughout a startup's journey. Whether that's uncovering what everyone's really thinking during a startup pitch or learning how entrepreneurs, like you, have managed their first major roadblocks, Perfect Pitch offers an honest, quick and tactical guide to help you on your startup journey.

Karen Zelnick:

I'm your host, Karen Zelnick. Lee and Curt, thank you so much for being here today.

Lee Mayer:

Thanks for having us.

Curt Roberts:

Thank you, Karen.

Karen Zelnick:

I'm so excited. It's so hard for me not to just jump right into the content because I am so excited about it, but I'd be doing our listeners a huge disservice if I didn't introduce you. So Lee, I'll start with you. You're the co-founder and CEO of Havenly, an online interior design service. The thing that makes Havenly unique is that it's really built to make the interior design process accessible, which I personally need. Because I think I can do it, but then you go to do it and you're like, "This is so much more nuanced and complicated than I would ever think that it is."

Lee Mayer:

Well, we are here to help.

Karen Zelnick:

Thank you. Just because that it's fun to know this, you did your undergrad at Columbia and have an MBA from Harvard.

Lee Mayer:

Well, it's funny. I don't know that that's super fun, but it's on my top 10 most fun facts about me. Although, these days I don't really do that much, but I'm a first-time entrepreneur. This is my first time going through this, starting a company, certainly my first time fundraising for a company. It's been a blast. Lots of ups and downs, but it's been a blast.

Karen Zelnick:

Which means you have a lot of wisdom to share with everyone listening. Again, can't wait to dive into it.

Karen Zelnick:

Curt, anytime you're part of the discussion, we just know that they're going to be tons of amazing insights. Thank you so much. I'm excited to have you back today. For those who might be listening for the first time, Curt's one of the partners at Kickstart with an investment focus on consumer products, health tech, marketplaces, and general B2B SaaS in the West. Curt, you sit on Havenly's board and I'd love to know one thing return listeners don't yet know about you.

Curt Roberts:

I love McDonald's. I absolutely love McDonald's. I love McDonald's so much that every year when the Shamrock Shake is released in March, I have the date on my calendar.

Lee Mayer:

Curt, I have to know, what's your favorite menu item?

Curt Roberts:

The Shamrock Shake. It's only here for a month. Then, otherwise, I do the Big Mac on a routine basis, which is delightful. It's like one of humankind's most amazing inventions if you ask me.

Lee Mayer:

That's amazing.

Karen Zelnick:

We should all get McDonald's after this. It's going to be amazing. I love it.

Karen Zelnick:

Lee, I want to talk about your fundraising experience. You had no product, no traction, just basically a deck and a dream. How did you determine that it was the right time to start raising venture capital?

Lee Mayer:

The reality is we actually had a product. We just didn't have a lot of traction to speak of.

Karen Zelnick:

Okay, okay, I stand corrected.

Lee Mayer:

The product wasn't very good, because I had coded and built it myself, which was an unfortunate decision I think in retrospect. One of the things that I realized about raising venture capital is I hadn't really spent a lot of time thinking about why I wanted to raise venture capital before I raised venture capital. Sometimes there's a little bit of a preordained formula that a lot of us founders subscribe to. We subscribe to it because we don't know exactly how to approach things if we don't subscribe to it. While I continue to believe that taking venture capital dollars was the right thing to do for Havenly, I think I got

a little lucky considering I hadn't necessarily put in as much time or thought as I think I would say in my next company.

Lee Mayer:

Fundamentally, it was sort of like one of these things. You start a business, it's starting to get off the ground, you need to hire some people, you need money. I didn't have money. You start to think about how you can bring in other money. I wish I could say there was a lovely thought out process here, but it was a little bit of a process that was as simple as that. I needed money and I didn't have it.

Karen Zelnick:

You mentioned that you might do things differently with your next company. What would you do differently?

Lee Mayer:

There are some companies that make sense to be venture-backed. There are some companies where I actually think the right thing to do is to not take on other people's capital and the expectations that come with it if you're unable to meet those things.

Curt Roberts:

I would totally agree with that.

Lee Mayer:

Yeah, right? I think there's some incredible companies that maybe aren't the right candidates for venture capital money. Again, I think we lucked into the right model. I do think in this space it makes sense, but everything comes with strings attached. There's no free lunch. I think the reality is when you take venture dollars, you're really subscribing to a pattern of growth, the necessity of an exit, a lot of these things that you might not necessarily want attached to your business. I think in some instances taking on both venture capital and the expectations that come with it can really start to do a disservice to certain types of companies.

Curt Roberts:

Yeah. I think that's absolutely true. One of the questions we try to ask early when we're hearing a pitch from a company is what the founder's desires and motivations are regarding building the company and ultimately selling it. If we hear some indications that the founder may want to do a quick flip in two or three years or that the person thinks they could see this still running it for 15 to 20 years, we try to make clear as early as possible in the conversation that it wouldn't make sense for us to start on that journey together potentially being misaligned.

Curt Roberts:

It is really important to what you're saying here, Lee, that the founder and their lead investor talk that through and really understand each other right from the beginning.

Karen Zelnick:

Curt, just a follow-up to that, are there any other indicators apart from exit strategies that are indicators of whether or not a founder should consider taking venture capital?

Curt Roberts:

Certainly, timeline is a piece of it. I do think as well some founders are very, very sensitive to control over their business. Oftentimes early in the conversations, particularly when a draft of documents is circulated, the founder will see provisions that are in those documents that relate to decisions the investor has to either approve or can veto. Oftentimes for founders, that raises a number of questions.

Curt Roberts:

What founders need to understand is that most professional investors are using templates for documents that are completely standard, meaning any company that has raised venture capital funding has crossed exactly the same bridges. That said, if they create significant concerns about someone else having a say in the direction of the business or being able to approve certain decisions, that's a possible risk of misalignment from the outset.

Karen Zelnick:

Lee's been nodding her head. Lee, I'd love your thoughts on that.

Lee Mayer:

The control question has definitely been one that I've heard a lot of founders think about. I took it a different way. Where, again, first-time founder, my perspective has always been bring people around the table to have skin in the game that can help you out. Then the flip side of it is, yeah, they also get the chance to sort of advise you on other things. That might mean that you give up a little bit of control, but I've actually found that to be pretty helpful.

Lee Mayer:

I think the key there is to invest in your company where that equation makes sense, where you get the upside of expertise and the downside of giving away control is not risky, because you know they're going to make the right decisions for the company.

Curt Roberts:

You know what I would also say to that, Lee? Is that founders that we have backed, and ones that I've gotten to know personally because of being on the boards, I don't think I would hear any one of those founders say if asked the question, "Do you feel like your investor is controlling you," none would say, "Yes". It's just not the reality of the experience, except in possible real outlier cases with a possibly dysfunctional investor, but I don't know of any founder that would flag this as an issue post-investment.

Karen Zelnick:

I think that's a really great insight and takeaway is that the terms and stuff that you see in the sheet might be a little daunting and might cause you to pause, but as you're stating, Curt and Lee, it's actually a very beneficial, helpful relationship and nothing to be afraid of, which I think is a great takeaway.

Karen Zelnick:

Transitioning a little bit, Curt, this episode is all about approaching things differently. My understanding is that the situations surrounding you taking a board seat were a little bit different than normal. Could you speak to that a little bit?

Curt Roberts:

Lee's circumstances were unique, let's say. She had had a round led by a fund that got into some very turbulent times. I was not aware of this at the time, but we started to do due diligence on writing what for us would be a very, very bold check into the company, and in the process of doing that, discovered that Lee had made the decision based upon some of the dynamics around that relationship to ask that investor to resign from her board.

Curt Roberts:

While I didn't witness that conversation or hear anything about how it went, what for me it did was create a tremendous sense of admiration that somebody who had negotiated the right to a board seat with an investor had the willingness to take on what must have been a very, very hard conversation and make a change that was ultimately positive for the company.

Karen Zelnick:

Lee, tell us about that conversation.

Lee Mayer:

Sure. Just to give you a little bit of background, two things you should know. First, I am a woman. My team is majority women and we sell to majority women. I should also let you know this board member had been accused in 2017 of pretty flagrantly disrespectful things towards women. If you remember, 2017 was sort of the opening of Me Too. Well, this was actually right before that had happened. Look, it was challenging, but it was actually a very simple decision. Even disregarding my personal sort of feelings around the subject, it was the right thing to do and the right thing to do for the business and the right thing to do for the team.

Lee Mayer:

I was very lucky at the time, Curt wasn't on our board yet, but I was very lucky that the rest of my board was incredibly supportive of that decision. They really moved Heaven and Earth to make it happen, because extricating someone from the board has a lot of legal implications. I was very, very lucky to have a lot of support on my side.

Karen Zelnick:

I think it was really cool that we're able to just have that conversation, because a lot of CEOs, a lot of founders are going to deal with situations that they have to make a call where it's not easy, but it's the right thing to do. When you're doing that and when you're acting on that, you're going to receive support from your investors, from other employees. That's such a good reminder.

Karen Zelnick:

With that, we're just going to segue into the next topic, which is another mountain that you had to climb. A lot of startups just have to work on modifying consumer behavior, but Lee, you had to change and teach consumers a completely new behavior. Instead of being like, "Hey, shop for your furniture online instead of in-person," you were teaching them how to design and incorporating that practice in their life. How did you tackle that?

Lee Mayer:

We sort of fell into a few tailwinds around this category. If you think about HGTV, the zeitgeist around the home and sort of home design, did not exist, for example, prior to sort of the ascent of HGTV or even the rise of services like Pinterest or House. Frankly, this would have been a category that probably if we had started it a few years before we had, would not have quite gotten to the success or at least the level that we have so far. It's largely because we're drafting off of things that other people have done. I think that's a big thing and I definitely want to give credit to what I call is my most powerful co-founder sometimes and that's luck.

Lee Mayer:

The second-

Karen Zelnick:

I love that.

Lee Mayer:

... I think the second thing though is when you're creating a category, you have to think a little bit bigger than the competition. You have to think about the competition actually not being the immediate companies that sort of exist in your space, but the competition is everyone doing it themselves for free. That completely changes how you think about go-to-market. It changes your messaging, your branding, how you price, how you explain your service. It also changes who you target. I think having that focus on what we're trying to do is create this category, let's forget about sort of the immediate competitors in the space and try and go after the 80 million American households that don't use design, has really sort of kept our focus in a very, very good and I think constructive way.

Karen Zelnick:

Okay. Lee, so another, yet another thing you had to tackle differently than a lot of startups is hiring. Havenly is headquartered in Denver, not Silicon Valley or another prominent sort of startup hub. Although, one could argue that Denver is becoming a prominent startup hub, which is so exciting. But you're competing against the coasts to bring talent to the Mountain West, how do you approach hiring?

Lee Mayer:

Yeah, great question. It's funny, just when I was fundraising, I had a number of people talking about how they would give me a term sheet if I would commit to moving to the Bay Area. By the way, one of those people is now the most predominant voice for moving out of the Bay Area and is currently I think either in Austin or Miami. I find that a little-

Karen Zelnick:

That's amazing.

Lee Mayer:

... a little funny.

Karen Zelnick:

That should be one of those where we started, where we ended memes, right?

Lee Mayer:

That's exactly right. I mean, look, the reality is yes, I do think acquiring talent is difficult. Do I think it's more difficult in Denver than in Silicon Valley? I don't know. I've certainly never tried to acquire talent in Silicon Valley, but from what I understand, it's pretty darn hard there too.

Lee Mayer:

The one thing I will say is I actually think I've been able to acquire outsized talent in Denver, Colorado. The reason for that is fairly simple. There aren't that many other competing companies. If you want to work for a growth-stage consumer company and you want to live in Denver, Colorado, I'm your gal. There are just really-

Karen Zelnick:

That's amazing.

Lee Mayer:

... very little, there are very few other options. As a result of that, I have a pretty incredible team. I'm optimistic that the city and its talent will continue to grow with us. But yeah, it's a funny thing. The community here, as I'm sure it is in a lot of these cities like Denver, very small, very, very tight knit, very supportive. I actually think Denver has had a lot to contribute to our growth.

Karen Zelnick:

Curt, you work with a number of companies in Denver and Utah and other areas of the country. What's your perspective on this?

Curt Roberts:

I agree with Lee. I think there was certainly a time where both investors, certainly investors were biasing high-potential founders and companies to move to where investors were more comfortable doing business. I don't see that anymore. I don't think it's true in virtually any of the markets in which we put significant focus as an investor. Whether we're talking about the greater Salt Lake City area or Denver-Boulder, the Phoenix Metro, we see each of these markets as being desirable enough places now for people to live and want to be. That, as Lee said, you may not have as deep of a pool to draw from, but those that are there and want to be there will come with enthusiasm.

Karen Zelnick:

I love it. All right, Lee, now that we all want to move to Denver, I have one final question for you. That is, what's the most effective practice that you've implemented in your personal or professional life that's had the greatest impact on your success?

Lee Mayer:

You know, great question. I think for me, and I think maybe a lot of your listeners may be feeling this way, but I suffer from what I call imposter syndrome. I suffer from that both professionally and personally. One of the more interesting manifestations of imposter syndrome, at least for me, is that I would be afraid to ask for things. Why is that a problem? Because as a CEO of a company, that's all you're doing. You're asking your people to work a little bit harder or do something, you're asking your investors to put some more faith in you, you're asking partners and sales channels to sell your product. I

would always sort of avoid it, not because I didn't think I'd be successful, but because I couldn't even imagine that people would find anything about me of value. By the way, this extends to my personal life as well.

Lee Mayer:

What I learned is, so actually it's a simple practice. Every day if I have something to ask from someone, I do that either first thing in the morning or last thing at night before I get to go off and do other things. The reason for doing that way is because I just kind of get it out of the way, because otherwise I put it off until tomorrow.

Lee Mayer:

My favorite story about this is I actually was negotiating a line of venture debt with Silicon Valley Bank. I kept putting off the negotiation to the point where I actually went on a honeymoon. I got married last year, so I went on a honeymoon. As I went on the honeymoon, if you remember what happened in late February, the markets tanked. Everyone was pulling terms, because no one knew what was going on. The marketing tanked by 35% and then we went into lockdown. It was a nice reminder to never put off for tomorrow what you can do today.

Lee Mayer:

The reason for that is not because I'm lazy, it's actually because I'm scared. I think, for me, forcing myself to have that practice has actually been very, very effective despite some of the blips here and there, including that venture debt life. It all worked out, by the way.

Karen Zelnick:

I'm so glad, and also, congrats on getting married. That's amazing.

Lee Mayer:

Thank you.

Karen Zelnick:

Congratulations.

Lee Mayer:

Thank you so much.

Karen Zelnick:

Curt, I'd love to know what you think about that.

Curt Roberts:

I completely resonate with what Lee just shared. Imposter syndrome has plagued me my entire life. I'll never forget even going back to first going to graduate school, I was coming straight out of undergraduate. In contrast with going to Princeton, I decided to go to Weber State, a significantly better undergraduate school. Anyway, I finished there and have the temerity to apply to go to Harvard

Business School, where Lee also went, and they accepted me, straight out of school. I'm thinking, "Okay, mistake."

Curt Roberts:

I show up back there assuming it's a mistake. That kind of thought from that point forward through several chapters in my professional career has been something I've had to fight consistently. I don't know that I've been as successful as Lee at putting specific practices in place. I think when you've had the kinds of experiences that Lee has had, it's even more problematic, because you get these very affirming things that are done for you over the course of your life. Where the world is telling you in so many ways, you're good and you're making a difference and you're getting responsibility and opportunity. That never seems to matter. No matter how much of that happens, it almost makes it worse. It almost makes you take a step back and say, "Boy, I've got them fooled." Right?

Lee Mayer:

Oh, my God. Totally. I feel like there's like [crosstalk 00:20:23]-

Curt Roberts:

... such a problem.

Lee Mayer:

... they're going to find out about me."

Karen Zelnick:

Yes. I'm always waiting. I'm always convinced like, "Oh, tomorrow's the day I get fired. Tomorrow's the day this happens. It's happening tomorrow." Yes.

Lee Mayer:

It's a pretty persistent thing, but it is a very common human thing, which does actually make me feel a lot better.

Karen Zelnick:

Thank you. That also really resonates with me. It's like a daily struggle for me. I actually down these advice. Another thing that I'm taking away with me is not shying away from doing the hard things when they're the right things like you did with your board member. I really appreciate you sharing that.

Karen Zelnick:

Lee and Curt, thank you so much for being with us today. I've really enjoyed having you on the show. I think there have been some amazing insights and I'm immensely grateful.

Lee Mayer:

Thanks for having us.

Curt Roberts:

Thank you, Karen.

Karen Zelnick:

And of course, thank you for listening as we dive deep into what it takes to create the perfect pitch. If you want to learn more about our investor, Curt Roberts, from Kickstart or our founder, Lee Mayer, and her incredible team at Havenly, we'll have a link to the company and a longer bio in our show notes at kickstartfund.com/perfectpitch. You can listen to more episodes of Perfect Pitch wherever you listen to your podcasts. If you like what you're learning, leave us a review or a rating. We'll catch you next time.

Lee Mayer:

Curt, by the way, on your McDonald's comment, I am a huge McDonald's fan.

Curt Roberts:

Shamrock Shake?

Lee Mayer:

No. Actually, I have a St. Patty's Day birthday. I don't think I've ever had the Shamrock Shake though.

Karen Zelnick:

Lee, okay-

Lee Mayer:

I need to.

Karen Zelnick:

... is there a Havenly board meeting in March at all-

Curt Roberts:

We're doing a-

Karen Zelnick:

... because you've got to get that Shamrock Shake?

Lee Mayer:

I would, actually, very much love that. My favorite would be the Chicken Fajitas, which was on the \$.99 cent menu.

Karen Zelnick:

Never had the one. The Chicken Nuggets though, so good.

Curt Roberts:

Just please don't tell me you like the McRib. I will lose all respect for you-

Lee Mayer:

No, no, no, no.

Curt Roberts:

... if you tell you like the McRib.

Lee Mayer:

I was never-

Curt Roberts:

Oh, thank you.

Lee Mayer:

... a McRib person. No, no, no, no, no. I'm also a Quarter Pounder gal-

Curt Roberts:

Yes!

Lee Mayer:

... on the regular.

Curt Roberts:

Yes. Now, we're good.

Lee Mayer:

But, yeah. The Big Mac was always like, I don't know, it was like a little too tall for my mouth.

Curt Roberts:

Too tall. You have to smash it.

Lee Mayer:

Yeah.

Curt Roberts:

You do. You have to smash it.

Lee Mayer:

That's kind of, anyway.