

Karen Zelnick:

They say that one of the keys to success in startup land where predicting the future can seem nearly impossible is to have the right people with you on the bus, key people who can adapt and perform well despite the chaos and uncertainty. But there's no saying to guide us when the bus has two drivers who disagree about which directions to follow or who should even be taking the wheel. Today, we'll examine what it takes to stay the course when internal leadership strife threatens to off-road you and your company as we talk with Bret Larsen, founder of eVisit, and investor Curt Roberts of Kickstart 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. So whether that's uncovering what everyone's really thinking during a startup pitch or learning how entrepreneurs, like you, have managed your first major roadblock, Perfect Pitch offers an honest, quick and tactical guide to help you on your startup journey. I'm your host, Karen Zelnick. Bret and Curt, thank you so much for being here today.

Curt Roberts:

Thank you, Karen.

Bret Larsen:

Yeah, thanks Karen.

Karen Zelnick:

It's going to be an exciting discussion, but before we jump into more bus driving analogies, I just want to introduce you a little bit. Bret, you're the CEO and founder of eVisit which is transforming the way healthcare providers deliver care to their patients. Such an exciting time to be doing that by the way, and before that you've worked in B2B SaaS organizations and adtech, health tech and EdTech. What else should we know about you?

Bret Larsen:

Yeah. Before starting eVisit I also worked in venture capital. I was on the op side of a small boutique firm here in Phoenix, and really focused on helping their portfolio, identify their category of one and strategically operate their go-to-market strategies. So I've seen a lot on the venture side and now I'm running a venture-backed company.

Karen Zelnick:

That's amazing, can't wait to dive in to all your learnings and everything we've got to talk about today. And Curt, always love having you on the podcast. For those listening there's going to be a link to Curt's bio in our show notes and as is our tradition, I'd love to know one thing that returned listeners don't yet know about you, Curt.

Curt Roberts:

Okay. So I keep struggling to come up with this, but here's the new one.

Karen Zelnick:

But you always come up with gray ones. So-

Curt Roberts:

Yeah. Fast food sometimes but on one occasion for some very strange reasons, I was on Larry King Live twice in the same week.

Karen Zelnick:

Being on Larry King once is amazing, but twice in the same week? That's something that only Curt would ever be able to say and I love it. Thank you, Curt. Let's just jump right into the discussion. Bret, there are a lot of really cool things about eVisit story that are interesting to talk about and I want to dive into, but the most interesting thing might actually be something that happened with your co-founder and a rift that happened there. So I want to dive into that if you're comfortable talking about that, and I'd ask Curt to provide some detail on the situation and the subsequent rift, if that's okay with you.

Bret Larsen:

Yeah, let's do it.

Karen Zelnick:

Okay. Curt, over to you.

Curt Roberts:

We invested in eVisit originally in December of 2016. The company had shown some very significant promise selling telemedicine software to small to medium-sized practices. The challenge is I think both the company and we, as investors, learned the hard way, was small to medium practices were really not well-equipped to understand what to do with the software once they purchased it. And eVisit had taken the investment dollars and invested in team and marketing, all of the things that startups do with resources to build the business, and the business was taking two steps back for every step forward. We hit some fairly rocky times where some hard decisions might have to be made, and Bret's co-founder was feeling some very significant stress around where the company was and how it was going to proceed, and that led to some really challenging circumstances that we had to deal with together.

Karen Zelnick:

Okay. Bret, what's the story? What happened?

Bret Larsen:

My background, like I mentioned, is in accounting and marketing, and oddly enough there were two industries I said I'd never work in coming out of school. The first was healthcare and the second was education. I've done both of them now, but I've found they're laggard when it comes to adopting technology and advancing the way they do things and so, it was really compelling to jump into a market where we can have a big impact. And so I took a position with an organization that was called Stat Doctors, it was a telemedicine company but they are running the same business model as Teladoc. I realized an opportunity that hospitals are going to need a solution to accelerate their virtual care strategy and it needed to be a solution that didn't have a physician network attached to it that ultimately ends up being competitive. And so I recruited a team member from Stat Doctors to do it with me and I left.

Bret Larsen:

I gave notice, I had a non-compete, I waited out my time, I spent about a year on the op side of a VC firm and then moved into another startup called CampusLogic. And then I left my full-time job in November of 2014. My wife was nine months pregnant with our second child, which... Just side note, anyone who is thinking about starting a business, there's no better time than when your wife is expecting. I think she told me, "Can I buy Christmas presents first and then you can do whatever you want to do?" She's incredibly supportive. So I left and we started the business in early 2015. We got our first customers in midway through that year, July 15, give or take, and scaled really quickly from zero to \$2 million run rate over the course of 24 months. And then I got introduced to Curt at Kickstart and we raised our seed round, close that in December of 2016.

Bret Larsen:

So zero to two million in about 24-month period, and had a CFO join, the first thing he did was do a core analysis and realize that these small customers, they churn at a very high level, retention was not great. And in recognizing this, we made some pretty swift changes in the business. Talking with Curt, we decided to do a layoff to make sure that we could right-size our burn. And in that transition, our growth slowed pretty substantially. End of 2019, we ended up doing another layoff. We grew from about two million to two and a half million by the end of 2019 and recognizing the need to be a little... Even more focused, we moved further upstream, we did another layoff and then 2020 has been truly an explosive year from a growth perspective.

Karen Zelnick:

Bret, thank you so much. That's some really great background. Curt, Bret mentioned having you guiding him through some layoffs. I'd love your perspective on that going in, guiding him through that, what was that situation like, and what was your perspective?

Curt Roberts:

I was actually on vacation in Oregon for a weekend and I got a call from Bret, and Bret doesn't usually call on weekends and so I knew it was either really amazing news or not so good news, and as it turns out, it was not so good news. Not only was the cash position in the company very tenuous, but there were some significant disagreement that was developing on the leadership team including with Bret's co-founder that was creating quite a bit of tension. And so I made the decision after we returned home from Oregon that I'd fly down to Arizona and spend a couple of days with Bret and his team. And as it turns out, my visit was coinciding with a board meeting we were preparing to have, and so it was a 48 hours all hands on deck exercise of figuring out not only what we would need to do for the company to make it through some tough times financially, but also how we were going to deal with the tension on the team.

Karen Zelnick:

Okay. That sounds really intense. How did you deal with the tension?

Curt Roberts:

Well, as the situation played out, it became clear that it was tension that probably couldn't be resolved by simply getting everyone together and talking things through, and agreeing on a plan forward. Unfortunately, it ended up being a circumstance where we had to make one of two choices about how

the company would be run going forward which was an extremely difficult decision to make in the moment. But it was one that we had no choice collectively, but to make together. It ended up being not a consensus point of view, but as an investor, this is one of those circumstances where when you're not in the day-to-day sometimes the benefit of being slightly distant from the detail can put you in a position to inform those kinds of decisions. That can be somewhat beneficial although hard in their own ways because you don't get to see everything that went into a circumstance as you find it.

Karen Zelnick:

Thank you. And Bret, for you, really tense situation. Was it helpful to have someone from the outside there?

Bret Larsen:

That's a great question. In hindsight, it was necessary. The reality is up until the night I called Curt this individual and I had never had a disagreement which is a problem, right? When you think about when you're working through something, when you're building something conflict arises and if you don't address it, it bubbles up and so I'm sure there were things that I had done or was doing that were frustrating, but it reached an impasse where it had bubbled up to a level where this other individual is done communicating. They didn't want to have any interactions from that point forward. So having Curt come in to help navigate through that was invaluable, frankly. It ultimately made the difference between the company being a going concern and not.

Karen Zelnick:

And Curt, Bret referenced some difficult conversations and things you had to guide them through. I'm assuming some of those happened around the rift. Can you talk about some of the consequences for the company of that breakup and that situation?

Curt Roberts:

All members of any team develop relationships across the company, and so when anyone leaves it can be difficult and painful. When it's a co-founder, it can be that much more painful. Bret always knew that I fundamentally cared about him, and that when I told him something difficult that I thought he needed to hear and act upon, that it was not a personal attack, it was not about trying to demean him or tear him down, it was about trying to help. And I actually believe that having gone through those incredibly difficult times together, we're actually significantly closer now than we were before.

Curt Roberts:

It's kind of a trope to say that, but I believe in our case, it's absolutely true, and I believe for the members of the eVisit team that went through the entire experience and are still there, the same thing is true. Hard times cause people to either come together or to fracture, and the team at eVisit is very united. And fortunately, we're now in times where it's also quite successful. As Bret said, that was far from a certainty. But I think the company is quite strong now, and the conversations that Bret and I had that helped navigate through those hard times, I think we're successful and hopefully strengthened it.

Karen Zelnick:

Yeah. Thank you, Curt. And I know you've often describe that experience as it felt you were going to war together. And Bret, I'd love to know, is that how you felt and how do you feel that this experience impacted your founder-investor relationship?

Bret Larsen:

I think what he said was an understatement. I don't want to say it was 18 months, but it very likely was 18 months where Curt and I spoke every single day, right? And some days it was just him reaching out to be, "Hey, how you doing? What's on your mind? What's going on? Where are you at?" Finding the right capital partner early on, and Curt's become so much more than that, is important.

Bret Larsen:

We had competitors in the market and it was thin ice all around and being able to have a sounding board and someone who you could go to and just get things off your chest. It's difficult to open up like that because on the one hand, Curt invest and he's a partner, on the other hand, I had a board and Curt was my boss, and he created an environment. It was just very easy to be able to approach him and ask for advice to someone who'd been in my shoes before, who'd joined an organization as a young CEO, who'd helped to navigate through some tenuous times in those organizations, and really give a feedback that a CEO needs to hear, but it was pretty rocky time for a couple of years there.

Karen Zelnick:

Bret, so obviously great to have someone there to help you, but I'd also just love to know, and for everyone listening, what could they take away from that? What were things you did well? What were things you wish you had handled differently leading up to the situation so that we can use them as takeaways?

Bret Larsen:

I think one of the things that highlighted for me most was the importance of identifying what co-founders goals are. I've always been focused on building something that changes the world and I don't mean for that to sound trite, but to create a massive impact in a market that needs it. But I strongly believe the financial outcome comes with that, if I do it successfully, but I think we just had diverging goals. They wanted to build a meaningful company but just different goals.

Karen Zelnick:

Curt, I'd love your perspective as an investor. When you're looking at early leadership teams, what advice do you have for them in setting that up because often you see people who want to found a company with their best friend. Good idea, bad idea?

Curt Roberts:

I would say founding a company with your best friend is generally a bad idea. It is difficult with the hard decisions that will have to be made inevitably throughout the course of a company's development to not potentially sacrifice a friendship or at least stress it significantly. And it's unfair, honestly, to either party in that relationship for what might be the most important thing in their association which is the friendship to be put at risk by starting a company.

Curt Roberts:

So I wouldn't say that it's a hard and fast rule, that it shouldn't happen. But I do believe it reinforces a larger point which is knowing that the co-founders of the company and the early management team are aligned on what they're trying to build, how quickly they want to build it, how much resource they feel it's going to take in orders of magnitude to do so, what types of skills will need to be added to the team. Do they want a quick sale? Do they want to run it to something large? General alignment on those points matters especially at our stage because we are investing so early that it's a very significant bet on the team and the team's ability to do it together.

Karen Zelnick:

Bret, you had some early indicators that you weren't aligned. You mentioned maybe that you didn't have any disagreements, you didn't really have certain conversations. Looking back, what would you do differently?

Bret Larsen:

There needs to be a CEO who's setting the vision. That CEO needs to be collaborative. They need to have the skills to bring people together. It's important to be able to advance the vision and to let it evolve. A CEO isn't there to have an iron fist, but it's to bring people together around a common goal. And to Curt's point, I feel at some point you're bound to have differing opinions and someone needs to be able to say, "Yep, one of the values is that we agree or disagree and then we unite and commit." And if you can't unite and commit, it's time to put your badge on the table. That's a hard thing to do, but it really is about finding someone who can bring people together and push the vision forward.

Karen Zelnick:

I think that's really great and I also want to know what are things you did correctly. What would you do again next time?

Curt Roberts:

You choose me again, Bret.

Bret Larsen:

Yeah.

Curt Roberts:

Come on.

Karen Zelnick:

I mean, I set that right up for you, Bret. That should have been an easy one, correct?

Bret Larsen:

I'm thinking pre-Curt. As I think about the things that we did right, we established vision, mission, values very early on in the company. Those are the operating rules, how you attract talent, how you decide which talent stays and which talent goes. It's always very difficult when talent has to go and team members have to leave and they are aligned to those things and those are really hard decisions to make. We did focus a lot on the team and when we went to raise capital, that was a big decision. We had a

couple of different options and ultimately, when we sat around the table as a team to discuss it, Kickstart and Curt specifically, there were a few things that stood out.

Bret Larsen:

One, he had a background in healthcare. He had run a health system in Eugene. Two, he had been an operator which was important to me because I started the company when I was 28 so I had big dreams and big aspirations but there was a lot I didn't know, there's still a lot I don't know. And three, and most importantly, was the person because through everything that's happened, Curt and I had some very difficult conversations but it's been done in a way that's been extremely supportive. And so I think just choosing the right partners, the right team members, at some points, I think Curt and I both probably thought, is this going to work out? And ultimately, it was going to be up to the team and the people to make it happen or not and then to pivot if it wasn't the right market or product or whatever that might be. And so you ultimately do need to rely on the people who are around the table.

Karen Zelnick:

I love the reinforcement of the message of just being really careful about who you surround yourself with, making sure you have mentors and advisors who are helpful and also your willingness to be vulnerable and transparent. That is so important. And we just cannot reiterate that enough on this podcast or in any sort of medium or thing where we're able to talk about it, but thank you for sharing that. But fast forward, we've made it through 2020. The company is thriving and we have a lot of good things that have come out of this. I'd love to know something that you're just really proud of and really excited about.

Bret Larsen:

I'm proud of the team. We're at a spot now where last year we grew 600%. We're on target to more than double growth again this year, and for the team members that have navigated through that, for me, it's most rewarding that they've been able to see the benefit of the time and energy spent because there was a period of two, two and a half years there where we were working our butts off. There were no nights or weekends or days, it was just a continuous grind where we weren't seeing the results. And so it's been a really interesting journey and the sick part is I'll do it again. Knowing the pain that's coming at me, knowing something always happens. There was a period of a couple of weeks there where I didn't sleep, just night terrors but you pushed through it and you become a better human being because of it. And 2021 is set to be another incredible year for eVisit with a lot of interesting growth. But without the other experiences, it's hard to fully appreciate what it takes to get there.

Karen Zelnick:

Well, I am thrilled for you and I'm thrilled for your team. That is so exciting. Curt, what are you excited about?

Curt Roberts:

I'm excited that healthcare is finally figuring out what eVisit has to offer and that people don't have to go into offices and go through the bureaucracy of having to be seen in person for simple things. The technology that's been available for a long time is now going to make healthcare so much easier to access and better in quality. So it's fun to see the mission that we started on together years ago, finally, beginning to really take in a market. You'd never wish for a pandemic to make something like that

happen, but I think the result will be permanent change in the way we all receive healthcare for the better.

Karen Zelnick:

Thank you. Just like you'd never wish for a rift or the tension that Bret went through to make an amazing company happened, but here we are and there are amazing things coming from it. I've said amazing 50 times already, but it really is so amazing and I'm so excited. And Bret, I have one final question for you and that is, I would love to know what's an effective practice you've implemented in your work or personal life that you think has had a great impact on your success.

Bret Larsen:

My wife and I do date night every Saturday night and I think I'm always surprised actually, when we go through capital raise processes that venture firms and capital partners don't ask more about the relationship you have with your significant other. If you don't have the support at home, it's really hard, really hard to dive in at work. And so for me, I can't fully show up at work if things in my personal life aren't on track. So there's really two things. One, we try to make sure that we do family dinner every night except for date night. And then the second is my wife and I get a babysitter every Saturday night and we leave the kids and we go out and just spend time just one-on-one.

Karen Zelnick:

I overused also, speaking of amazing, I also overused the phrase I love that, but I really love that. I mean, that's so great. Curt, do you have anything to add?

Curt Roberts:

I don't. Bret, I think, has very nicely stated how stressful it can be to build a company. We've talked about this on multiple podcasts in the past, the odds are so stacked against your success that things that will be outside of the purview of the company that could make things more difficult are things that you want to avoid for sure. So if your relationships are healthy and you've got support from those that love you and care about you, you will have to rely upon it over and over and over again. So it's invaluable when it's there.

Karen Zelnick:

I really appreciate that. We've had some really great insights throughout this whole conversation. Thank you both so much for spending the time with us today. It's been wonderful to talk with you and of course thank you for listening as we dive deep into what it takes to create a perfect pitch. If you want to learn more about our investor, Curt Roberts from Kickstart or our founder, Bret Larsen and his team at eVisit, we'll have a link to the company and a longer bio in our show notes @kickstartfund.com. You can listen to more episodes of Perfect Pitch wherever you listen to your podcasts. And if you like what you're learning, leave us a review or rating. 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.