



# Agenda

- Welcome, Objectives, Ground Rules
- Presentation
  - The Current Moment
  - How Bias Shows Up
    - Leaky Tech Pipeline
    - Investment Decision-Making Research
  - Kapor Capital's Experience
- Case Study
- Stepping Up and Speaking Out
  - Allyship and Leadership
  - Becoming Anti-Racist

# Objectives



## Increase understanding of:

- Current state of diversity in VC
- How bias unintentionally seeps into how we hire as well as source and evaluate deals
- Practical steps to mitigate individual and firm-level biases
- Successful strategies



# Ground Rules

- Respect each others' perspectives and experiences
- Please use Chat channel for Questions / Comments
- We will also have time for live discussion in each section
- Agreement on tweeting, use of social media



# The Current Moment

“If there is a place where  
bias doesn’t exist,  
I have not found it”

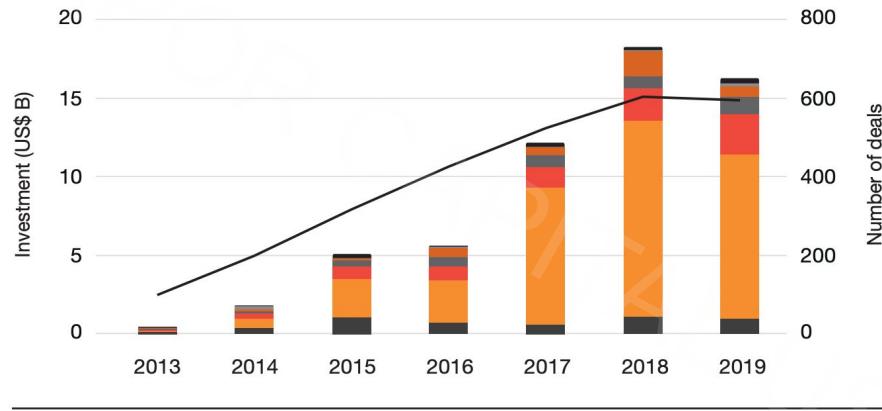
Rosalind “Roz” Brewer, CEO of Walgreens  
Only African-American woman CEO of a Fortune 500 company

# Venture Data on Diversity



- Black and Latinx women combined received just 0.64% of total venture capital investment between 2018 and 2019, for a total of \$3.1 billion
- 77% of all Seed and Series A rounds were raised by startups with zero ethnically diverse founders.
- More women became VC partners in 2019 than ever before but 65% of venture firms still have 0 female partners
- 80% of investment partners at venture capital firms are White, compared with only 3% Latinx and 3% Black.
- Only 3.8% of all U.S. private equity firms had minority ownership (holding >50% of the firm's equity).

# VC Investment in climate tech grew 3750% from 2013 to 2019

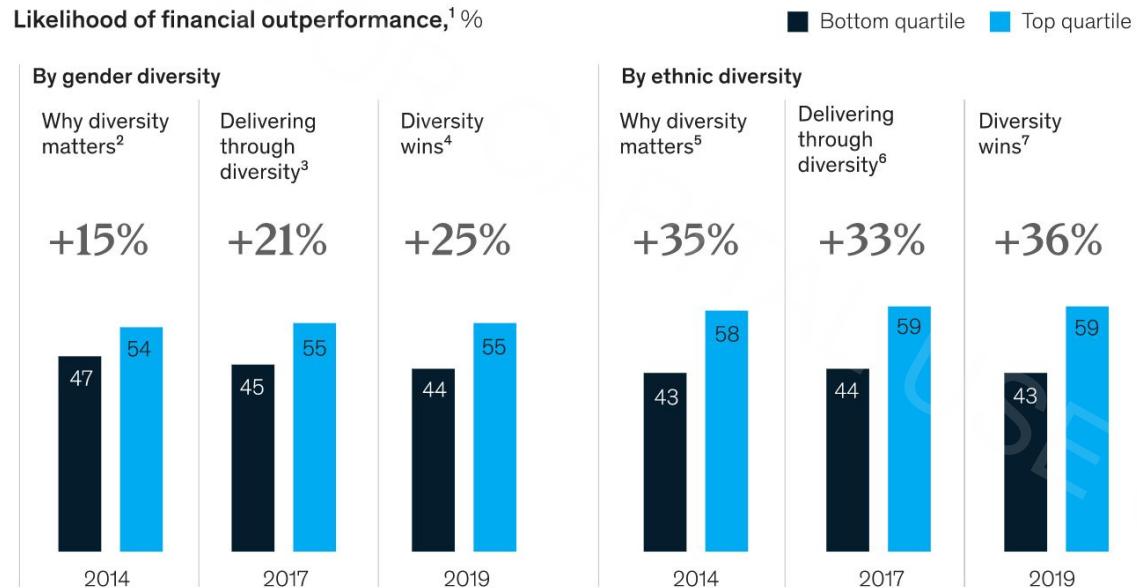


Source: PwC analysis on Dealroom data

VC funding raised by founders of color ***below 5%***.

Source: State of Climate Tech 2020

# Gender and racial/ethnic diversity amongst executive teams leads to 25% & 36% financial outperformance



Source: McKinsey & Company 2020

## DIFFERENCES OF OPINION ON FACTORS HINDERING DIVERSIFICATION



“  
Climate action without equity  
and justice will fail.

Barriers to equity are barriers to  
growth and innovation.

”

Donnel Baird, CEO of BlocPower  
Davida Herzl, CEO of Aclima

The Washington Post  
*Democracy Dies in Darkness*

Climate Curious

Climate change is also a racial justice problem

The  
Guardian

From Africa to the US to Haiti, climate  
change is a race issue

wbur

'Racial Justice Is Climate Justice':  
Why The Climate Movement  
Needs To Be Anti-Racist

The New York Times

Links Between  
Racism and the  
Environment

**Yale Environment 360**

Published at the Yale School of the Environment

INTERVIEW

Unequal Impact: The Deep Links  
Between Racism and Climate  
Change

“  
There is no path to addressing  
climate change without unlocking  
the talent, energy, and genius in  
underserved communities of color.

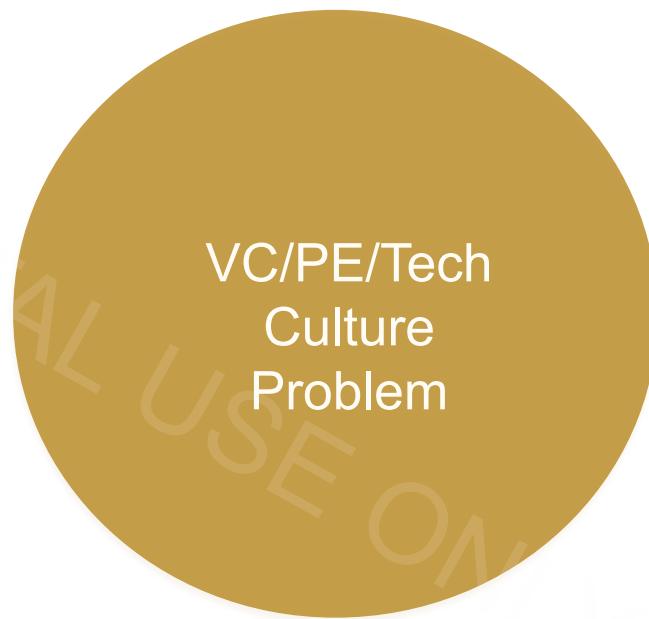
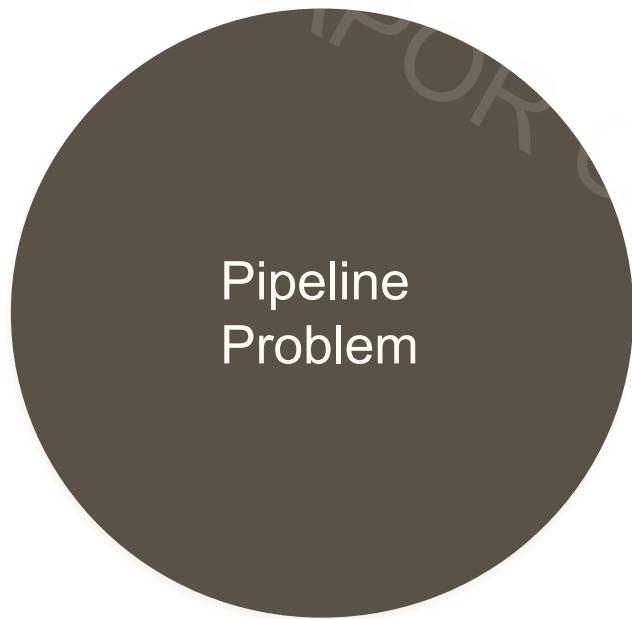
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Donnel Baird, CEO of BlocPower  
Davida Herzl, CEO of Aclima

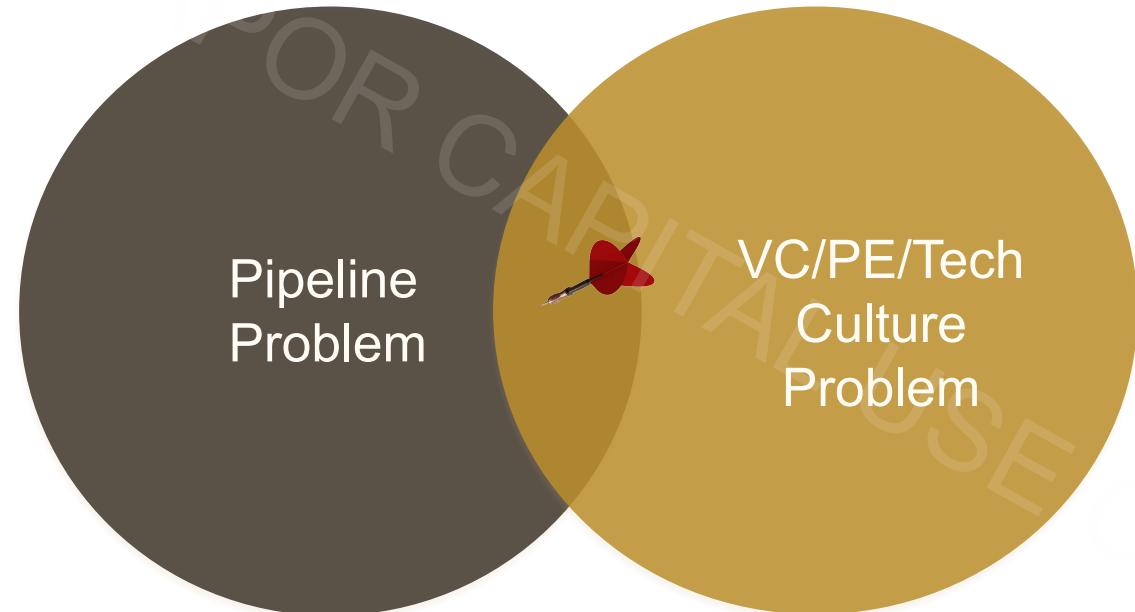


# How Bias Shows Up

# The “Either-Or” View of Diversity & Inclusion



The Alternative: Bias underlies **BOTH** the tech pipeline problem **AND** the VC/PE/tech culture problem



# THE LEAKY TECH PIPELINE

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ABOUT THE PIPELINE >



PRE K-12



HIGHER EDUCATION



TECH WORKFORCE



ENTREPRENEURSHIP

# Both graduate with HS diploma and 3.5 GPA

Expected to succeed  
by teachers

High tech  
computer labs

Full range of AP  
courses offered

After school  
STEM programs

Hires SAT  
coach

Applies to  
top colleges

Applies to  
local colleges



No AP STEM  
courses offered

Low teacher  
expectations

No science or  
computer labs



Works after  
school

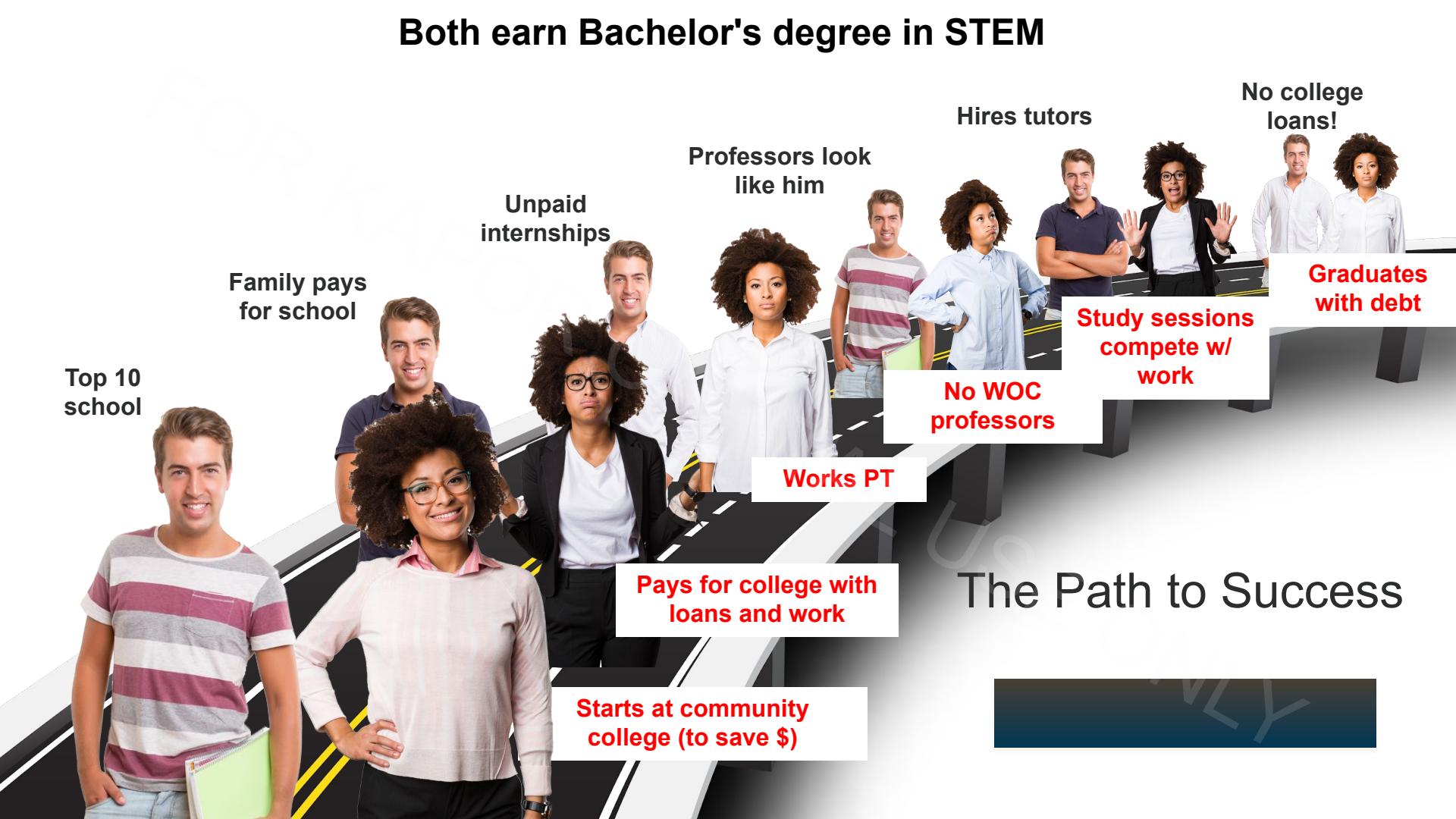


Can't afford  
SAT prep



## The Path to Success

# Both earn Bachelor's degree in STEM



Top 10 school

Family pays for school

Unpaid internships



Starts at community college (to save \$)

Pays for college with loans and work

Works PT

Hires tutors

Professors look like him



Study sessions compete w/ work

No WOC professors

No college loans!

Graduates with debt

## The Path to Success

# Brandon is a “success.” Juanita is a “leaver.”





# How Bias Shows Up in VC Practices



- Requiring a warm intro
- Focusing on pedigrees rather than skills & distance traveled
- Asking familiar founders questions about potential while asking unfamiliar founders questions about mitigating risks
- Passing on companies led by unfamiliar founders for being ‘too early’--i.e. unproven, at much greater rate



# Diversify Your Team

- **Start** increasing diversity on your own team and create an inclusive culture.
- **Publicize** job openings and write descriptions with a focus on competencies not pedigrees.
- **Build** a diverse pipeline of future talent.
- **Add** diverse investors at your firm to bring more diverse deal flow and perspectives.
- **Create** safe channels to hear from employees, portfolio companies about inappropriate conduct and toxic culture.

# Hold Your Firm Accountable



- **Educate** yourselves on how systemic racism--subtle and blatant--is infused in day-to-day practices, assumptions.
- **Identify** potential biases in decision making and take steps to mitigate them.
- **Set** diversity metrics for investment team, portfolio, board members.
- **Connect** underrepresented founders with other investors, ecosystem resources.
- **Fund** businesses that help disenfranchised communities.



# Kapor Capital's Experience

# Kapor Capital Overview



Kapor Capital is an early-stage venture fund investing in startups ***that address urgent social needs as they transform sectors.***

- 10 years of social impact investing
- 178 investments
- 59% of portfolio founders identify as women and/or UPOCs

# Kapor Capital Investment Thesis



- Early stage tech startups
- Core business closes gaps of:
  - **Access** and/or
  - **Opportunity** and/or
  - **Outcomes**
- For low-income communities and/or communities of color within the United States

# Founders' Commitment



- Implemented January 2016
- Requested by founders to help in recruiting talent
- To close investment, founders commit to building diverse team & inclusive culture
- Follow on funding & intros to investors contingent on progress

# Founders' Commitment



## Goals

*Establish diversity and inclusion goals that are appropriate for your company's funding stage, employee size, customer base, and core business. Share progress quarterly.*

## Invest

*Invest in people ops technology (POT), training programs, and/or resources that assist with mitigating bias in the employment life cycle.*

## Volunteer

*Organize volunteer opportunities for your employees to engage with underrepresented communities, especially those that reflect the company's customer base.*

## Educate

*Participate in Kapor Capital hosted diversity and inclusion sessions to learn best practices.*

# Summer Associates

In 2011, Kapor Capital created the Summer Associates program to demystify the venture capital process and provide a pathway for individuals typically underrepresented in venture to enter investing.



Gerald Pambo-Awich

INVESTMENTS OFFICER, MISSION  
INVESTMENTS, FORD FOUNDATION



Mario Ruiz

INVESTOR,  
PAYPAL VENTURES



Elena Castañeda

HEAD OF PRACTICE  
OPERATIONS, CHENMED



Andrea French

INNOVATION AND ENTREPRENEURSHIP,  
UNIVERSITY OF CALIFORNIA OFFICE  
OF THE PRESIDENT



Sidney McLaurin

GENERAL PARTNER, MATERIAL  
IMPACT FUND



Veronica Parks

ASSOCIATE, MAVERON

# Energy & Infrastructure

Aclima  
BlocPower  
Uncharted Power  
Compology  
Revivn  
Blokable  
Via



# Food & Agriculture

Good Eggs  
Group Raise  
Mercaris  
Planet FWD  
Red Rabbit  
Thrive Market  
Zero Grocery  
ZeroStorefront  
Kiverdi





**BlocPower** leverages Artificial Intelligence to help efficiently determine what building retrofits are required to produce energy savings at scale.

***More than 800 buildings have been upgraded***, and 1200 projects initiated, with a focus on buildings in the urban core, including churches, schools and community centers. These retrofits have ***saved over 358 tons of Co2***.



Donnel Baird, CEO BlocPower



**Aclima** is addressing the urgent global need for hyperlocal and actionable data about air pollution and climate emissions to protect public health and the environment.

Aclima's mapping in California will be measuring air breathed by more than **10 million people** and they are on track to reach over **1 billion people** around the world within five years.



Davida Herzl, CEO Aclima



KAPOR CENTER

SMASH =

Kapor  
CAPITAL





# Case Study

Kapor  
CAPITAL

FOR KAPOR CAPITAL USE ONLY

# Meeting New Diversity Requirements



Nasdaq to Advance Diversity  
through New Proposed  
Listing Requirements

# New California Law on Board Diversity

<b>Number of Directors on Board</b>	<b>Minimum Number of Directors from Underrepresented Communities</b>
Nine or more	Three
Five to Eight	Two
Four or fewer	One

“an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.”

# Create a Plan to Build an Ecosystem



- Long-term goal: flywheel that brings top diverse talent to your firm, as entrepreneurs, as board members
- Consider how all partners own this
- What programs/initiatives do you launch?
- Outreach to those with diverse members & credibility in communities of color:
  - Non-profits
  - HBCUs, HSIs
  - Accelerators
  - Impact funds



# Stepping Up

Kapor  
CAPITAL

FOR KAPOR CAPITAL USE ONLY

# What is an Ally?

*“The use of power and privilege to achieve equity and inclusion while holding oneself accountable to the needs of others without those advantages”*

# Becoming an Ally



- Understand your own advantages
  - Accidents of birth, having a safety net
  - Benefit of the doubt
- Take time to listen and learn
- Recognize that you are responsible for the impact of your actions and inactions; impact is far more important than intent
- Ask how to be helpful
- Interrupt inappropriate comments, jokes, stereotypes, exclusion
- Model inclusive behavior
  - In your language
  - Give up your seat at the table
  - Put yourself in the position of being an 'only'



# What is an Active Bystander?

A Bystander is a person who observes a conflict or unacceptable behavior. It might be something serious or minor, one-time or repeated, but *the Bystander knows that the behavior is destructive or likely to make a bad situation worse.*

**Everybody** is a Bystander at some time.

An **active bystander** takes steps that can make a difference--e.g. Interrupt the behavior, name the situation, help people find support/resources



# White Privilege

- The inherent advantages that come with white skin
- Things you never worry about and can afford to be unaware of
- “invisible package of unearned assets”

THEY RARELY SHOOT  
OLD WHITE GUYS  
LIKE ME  
#WHITE PRIVILEGE



# The Power of Acknowledging Privilege

Bryce Roberts



**Story: It starts with no one ever handing me anything and ends with me in the position I am today.**

- Family was not notable
- I never asked my parents for anything after age 22
- Lived on \$1,000/mo when started company
- Success came from hustle

# The Power of Acknowledging Privilege



## Holes:

- Upper middle class family
- Well-paying summer jobs from friends and family
- No student debt because parents helped with tuition
- Got free used cars from parents
- Parents offered to pay rent
- Success came from family's financial support



# The Power of Acknowledging Privilege

*For those of us who firmly believe that anyone can do anything with hard work and pulling themselves up by the bootstraps, we need to recognize that there were other hands*

# Becoming Anti-Racist

*“The beauty of anti-racism is that you don't have to pretend to be free of racism to be an anti-racist.*

*Anti-racism is the commitment to fight racism wherever you find it, including in yourself. And it's the only way forward.”*

# Hopeful Trends:

- Apprenticeship Programs
- SMASH
- Gap-closing startups



# Summary



- Commit to the marathon
- Examine all practices for bias
- Build a diverse ecosystem--non-profits, accelerators, co-investors--that will become a virtuous circle for hiring, sourcing deals, board candidates
- Sponsor ecosystem-building activities--pitch competitions, summer internships
- Be open to uncomfortable conversations



# Q&A



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# THANK YOU!