

# Innovation For All



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### Startup Leaders of Color Roundtable: What We Heard

*In March of 2024, Engine hosted leaders from across the U.S. startup ecosystem as part of our Innovation for All project. The one-hour roundtable was a free-flowing conversation where participants had a chance to highlight barriers they've faced as founders & leaders of color. This document highlights some of the key quotes from that conversation. Quotes have been lightly edited for grammar and clarity. Participants included Keith Fix - [Retail Aware](#), Vanessa Roanhorse - [Roanhorse Consulting](#), Eric Tao - [MegaMinds](#), Shanntera Hardy - [Plural Policy](#), Richard Munassi - [Medzoomer](#), Dr. Christy Fernandez-Cull, PhD - [DaVinci Wearables](#), Roydon Jeffrey - [ListedB](#), Zach Ben, [Bidii Baby Foods, LLC](#)*

#### On accessing capital:

- Christy Fernandez-Cull: “I am a full time founder, and I have had the opportunity to also play a role in venture capital as a venture partner in a Latinx-specific fund. The call to action is funding for multi-hyphenated individuals who receive less than a fraction of a percent of VC funding, female and minority, in particular for my case. It's also important to drive home the conversation - is women's health traditionally considered to be a big enough market to invest in?”
- Richard Munassi: “The biggest issue I see is access to capital for diverse founders, whether military veteran, LGBTQ+, minority, or women founders, but also access to capital for diverse and emerging fund managers, as well as those looking to fund diverse funders... I'm just not seeing enough diversity that truly reflects our country, and our founders that I run into and talk to every single day. It's a two-fold problem.”
- Christy Fernandez-Cull: “With respect to government grants, there are definitely a lot of resources out there—but it's how you navigate them, and how you apply and how you curate those applications. Normally, you need a champion or you have to cold apply. Then, there is the friction of the application process, the friction of the keywords that you need to understand, the friction of the certifications that you might have to get in order to even be looked at. And then, if you don't actually get through that red tape, you have to reapply in another three to six months. So there's also the timing, and it's a process.”
- Christy Fernandez-Cull: “I'm not saying that you can change [the grant process] overnight. But for example, if it were similar to non-dilutive opportunities associated with some accelerators, you apply, and in less than three months (sometimes weeks), you get feedback. Then, the burden of entry is minimized. But this is assuming that you even know about these opportunities to begin with.”
- Vanessa Roanhorse: “My body of work for the last seven years has been working to create indigenous led entrepreneurial ecosystems. I've launched multiple funds, and we've created apprenticeship programs to get more indigenous women into VC and investing... But one of the things I'm consistently hearing from our community isn't about venture. Venture is just one pathway. And it's pretty narrow, let's just be honest, it's not going to serve the majority of entrepreneurs that are out

there. And what I see is the need for the kind of flexible product development that sits between traditional bank lending and even CDFIs, and venture.”

- Vanessa Roanhorse: “I see the opportunity for the federal government to really consider hybrid types of fund building and/or creative strategies. For one, getting rid of the credit score would be a great conversation. Banks aren't required to use a credit score, it's best practice. It's not even regulatory.”
- Zach Ben: “For us and what we've experienced, with respect to tribal trust lands people need to understand that the land that we reside on cannot be leveraged for grants or access to capital in terms of loans. So because of that, we become victims to predatory loan companies that offer high interest rate loans towards us as small businesses that are starting up.”
- Richard Munassi: “Without the understanding that [capital access programs] even exist, we do run into a significant issue.”
- Richard Munassi: “Funding for these programs, especially with the economic turn that's happened with COVID and whatnot, from financial institutions, from large corporations, etc, is simply just going away. So understanding how can the government support these programs that help these founders who can help drive the economic engines and job creation, or help them understand how to better leverage the grant processes and grant cycles.”
- Richard Munassi: “One of the things that I've noticed historically, whether I'm engaging with VC funds, or I'm raising money myself, is the investors don't look like me, right?”
- Richard Munassi: “Statistics show that women founders do better. When you look at the return profile over male founders, a lot of people don't realize that.”

#### **On the need for more diverse investors:**

- Richard Munassi: “When I talk to the founders that have come through my program, or founders that I have funded myself, that are of diverse backgrounds, they feel like they aren't being heard. If they don't come from Harvard, or Penn, or Yale, or Stanford, or MIT or wherever, that they are not even getting to that first meeting. While people with worse products have been funded simply because they're able to check a box that derisks them, that then the VC will take as having gravitas... We need the VCs to change how they think and overcome their biases inherent or not. We need to really fund people from diverse backgrounds that will then go out and look at things from the lens of relative equality.”
- Vanessa Roanhorse: “We had to start our own apprenticeship program. Because today, in the United States, in Canada, there are less than four Indigenous women in venture in the country. And so through our program, we've graduated 10 Indigenous women to move into venture. If we do that successfully, which we're working towards now, we will have tripled the number of Indigenous women and venture capital.”
- Vanessa Roanhorse: “The numbers are egregious. We are so far from being able to have what I like to call Indigenous women check writers that are able to make these types of investments [in founders].”
- Vanessa Roanhorse: “When we talk about emerging fund managers, I really want us to be clear —when roughly 98 percent of the funds are managed by white men it leaves 2% of all venture capital to be managed by the rest of us. This is such a large issue and has everything to do with the gatekeeping.”
- Vanessa Roanhorse: “We only have 2 percent [of lead investors] for people of color and women. And we're not even inclusive of folks that are disabled gender, non binary, queer, trans, you know what I

mean? We're just talking about the unfortunate POC that we get sucked into, and then we're talking about women. So in that 2 percent, there has to be a push at a policy level. Because on our side, we are trying to triple the number of Indigenous women in venture with 10 Indigenous women graduates—that is an egregious, terrifying statistic. And in 2023, less than .004 percent of venture funds went to indigenous people. So we're not getting funded.”

- Richard Munassi: “One of the things I think that could be impactful is, I see pension funds putting money into emerging managers all the time. But their definition of emerging manager and how they're looking at emerging managers is off—the pension funds of these even different state organizations are only looking at emerging managers that are on fund 3 or higher or that have had deep experience in the space.”

### **On accessing talent:**

- Keith Fix: “I've been personally frustrated with policies around retainment and recruitment of talent, especially out of universities. We've had some amazing engineers, but the H1B process, as well as the sponsorship process is complicated. It's very difficult to navigate as an early stage company.”
- Richard Munassi: “A lot of the technologies that we've seen come to our accelerator from Tampa Bay Wave—and our companies in the last few years have actually brought in about \$40 to \$50 million from government grant programs, SIBRs, etc. But we have a lot of foreign founders who are building out their companies and relocating them to the US from South America, for example, from Europe, etc. And they don't have access to those potential contracts and opportunities as well.”
- Richard Munassi: “Understanding pathways for high growth, innovative companies to come to the US and utilize funds to create new jobs specifically here in the US and drive that economic engine, whether regionally or nationally, I think it'd be a really interesting thing to press on.”
- Richard Munassi: “Where could policy allow for removal of friction, to allow higher speed of growth for those [immigrant founded] companies and allow strong founders to relocate here to the US and bring their families.”
- Keith Fix: “We've had to be very intentional about recruiting engineering talent and showing them that this is a viable path—an opportunity for them to join an early stage company.”
- Keith Fix: “I think we do see a shortage of the talent needed to really push through this next generation of AI initiatives. And a lot of that talent is international students.”
- Keith Fix: “We've been super fortunate that we've been able to recruit a handful of interns, and we've gone through the process, but it's a heavy burden for an early stage company to do.”
- Keith Fix: “We fall in the category of hard tech, we're between IoT and there's machine learning on the back end. And so it's really important that we have that talent, and that we're able to access some of the earliest and brightest folks out of these classes.”

### **On building a network:**

- Vanessa Roanhorse: “One thing I think is really hard to find is access to networks, particularly in legal and around taxation for small businesses.”
- Eric: “This is my first go at starting a business, I didn't go to business school where they are ready to go. I had to learn all of this myself. I didn't know how venture worked. I've had to seek out ways to find mentors, people who could help guide this approach. I live in New Jersey, and there's an organization called the New Jersey tech council where I found my first mentor during the pandemic.”

And that was how he was incredibly helpful... So for me, access to mentorship is a big barrier—finding folks that could help guide wayward souls like myself.”

- Zach Ben: “How do we build up these numbers of Indigenous entrepreneurs in tribal, rural areas? In order to do this, we have to provide mentorship, we have to create our own programming, create our own funds. And, you know, we have to travel in order to gain access to resources...where we can then access Wi Fi and networks.”
- Roydon Jeffrey: “Sometimes, it's really challenging to get them [talent] to want to be a part of an early stage startup—that's very risky. But then they might not be getting opportunities at the bigger tech firms.”
- Roydon Jeffrey: “I'm a portfolio company for New York City Economic Development Corporation. They just launched a program with CUNY, to provide college students as interns over the summer, and they'll pay the students... I was just curious to see if something similar can be done on a federal level where they can provide talent.”
- Christy Fernandez-Cull: “At Davinci Wearables, we collaborate with universities such as MIT Martin Trust Center, and work with interns when possible. There's a wealth of talent in Indiana, and we have benefited from programs such as Techpoint Xtern, a full-time paid internship program that places 200+ students with Indiana tech employers. We actively seek opportunities to engage the academic communities within our network to find engineering talent, data scientists, and product designers just to name a few. We actively seek out interns, and we build them up and we grow them.”
- Christy Fernandez-Cull: “From an access to skilled workforce policy perspective, the debate revolves around the accessibility of talent domestically versus internationally, driven by the cost efficiency and talent pool advantages associated with overseas operations. Many startup founders and even large corporations are increasingly opting for contractor support abroad. This trend raises concerns about talent retention, particularly in retaining graduates (both domestic and international) from local universities and preventing the exodus of startup founders seeking opportunities abroad. It underscores an imbalance that requires attention. There's a pressing need to implement measures to retain talent locally while ensuring equitable opportunities for startups, especially given the growing competition from larger companies engaging in outsourcing or utilizing contractors overseas.”

#### **Other:**

- Zach Ben: “In terms of what is most challenging, it's access to resources as a rural business—knowing what those outside resources look like and how can we get in touch with them?”
- Vanessa Roanhorse: “Getting rid of affirmative action is a strategy, just as they tried to take away ICWA, which is the Indian Child Welfare Act, because it undermines sovereignty. So if we, as indigenous people, don't have sovereignty, you can come for all of it.”
- Shawntera Hardy: “One of the things that I think is very important, in addition to building relationships, is making sure that you are a supplier within the ecosystem of that government jurisdiction. Many government agencies have a threshold to be able to do business with you and purchase your product or service off the shelf, if it's under a certain dollar amount. But you don't know that if you don't build those relationships, and you're not in the system as a supplier.”
- Zach Ben: “I also am with the University of New Mexico Rainforest Innovations. I have a tribal liaison where I am a boots on the ground to be able to identify those barriers and challenges of what creates an entrepreneurial cliff. Is it because of a lack of resources? Is it because of a lack of internet

infrastructure? Schools? And some of the data that we pulled out shows second is access to capital. Number one is financial literacy.”

- Zach Ben: “Because we come from an impoverished mindset, as indigenous communities, with potential disenfranchisement of first contact with colonial initiatives. Being able to work out of that and shift to start rebuilding generational wealth.”
- Zach Ben: “We have to build up these social determinants of health, which will in turn create these entrepreneurial thriving ecosystems, where we'd have access to quality housing, to education, access to health care and better quality of health care.”
- Christy Fernandez-Cull: “Leaving a prestigious position at a Fortune 500 company to embark on a startup venture was driven by two primary factors. Firstly, a desire to address the perceived lack of attention and innovation in women's health, wellness, and performance. Secondly, having the security of a safety net provided by my partner and son. Access to health insurance, typically unavailable and very expensive for early startup founders, is crucial, and I'm fortunate to have it through my husband. Without this support, my risk assessment for pursuing entrepreneurship would be significantly different. I recognize the privilege of this security net, as without it, I would face significant challenges.”
- Shawntera Hardy: “In Minnesota, we have a program called Launch Minnesota, where we figured out how to utilize our funding to pay for childcare to pay for capacity building.”
- Zach Ben: “As a rural reservation based business, it's hard to gain access to those resources. Some funders won't fund tribal organizations - and this is what really propelled us into the direction of creating this hybrid business model of having an LLC registered domestically with the Navajo Nation as well as a 501(c)(3) that's registered with our state. The reason why we went that route instead of registering both with the Navajo Nation is because now the nation lacks that credibility to receive grants due to mishandled funds from the past.”