

This is Digital Podcast

Episode 3 Transcript

Arlan (00:00):

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Professional Intro (00:25):

Welcome to This Is Digital, a podcast brought to you by West Monroe. Join us as we talk to leading experts about bringing the digital mindset to your organization.

Rissa (00:41):

Welcome to This Is Digital, a podcast about leading with digital to win in the marketplace. I'm your host, Rissa Redden, partner and chief marketing officer at West Monroe. West Monroe is a digital services firm. We are thinkers and makers who bring hands on experience and technical know how to get things done and to deliver lasting value. On this is digital. We'll be talking to experts about how to go about not just doing digital, but being digital. We'll be sharing stories of digital successes and digital failures. This podcast is for business leaders like you who don't want to miss out on the opportunities digital holds.

Rissa (01:20):

To start our episode, we wanted to share a recent news story that relates to being digital. The article headline is JC Penney Beauty's AI and Inclusivity Driven Expansion. The story was written by Sophie Pitt and featured in Beauty Matter. Almost all of us have heard of American Retail Company, JC Penney, a department store that operates more than 800 stores across the country. Last year, JC Penney announced expansion plans for JC Penney Beauty, which initially debuted in October. Continuing their journey into inclusive beauty, JC Penney announced their expansion plans for the beauty department. The retail industry is no stranger to being digital. One of the most important aspects of the industry facilitating high quality online consumer experiences. While digital transformation is a not so new concept, the retail industry has been revolutionized more than ever during the pandemic. You might be curious how a story about JC Penney's beauty efforts could have anything to do with being digital, but just wait.

Rissa (02:19):

Let's take a deep dive into how they're advancing beauty and taking a step up in the retail industry through digital. Makeup may be one of the hardest items to buy online for good reason. Consumers may not know what shade to buy for foundation or how that certain eyeshadow color fares on their skin. But the help of AI, JC Penney is offering consumers the opportunity to have an online skincare experience. Particularly through the pandemic, this is one of the most important shifts a retail company could make. AI is being utilized across the retail industry to personalize and improve the shopping journey for a consumer. By launching this service, JC Penney is tapping into the opportunity to gain customer insights while also learning more about their shopping habits, their likes, and their dislikes, et cetera. At West Monroe we understand and preach the importance of having a multi-prong approach to being digital. The ability to glean more than one piece of data to gain better insight into your customer is so important. As we wrap this up, it's important to keep in mind that even if something is an industry norm, it could still add unique value to customers like bringing online makeup to life in your own home. With that being said, let's jump into our guest segment

Rissa (03:32):

Today I'm delighted to be joined by Arlan Hamilton. Arlan is an incredible entrepreneur and leader known for breaking into venture capital, a predominantly white male sector to launch Backstage Capital. In her lifetime, she has demonstrated incredible resilience, agility, persistence, grit, determination. She has faced systemic challenges including being homeless and living on food stamps, but yet triumph to make her vision for the future, a reality, which includes running 20 million in venture capital funds. And she's just getting started. In addition to helping entrepreneurs get funded, Arlan recently published her book, *It's About Damn Time*, and launched a new company called Runner. With that being said, I'm thrilled to welcome Arlan Hamilton.

Arlan (04:15):

Thank you for having me.

Rissa (04:16):

It is a delight to have you with us. Could you tell us Arlan, a little bit of your background and your path to founding Backstage Capital?

Arlan (04:24):

Sure. It was about, about a decade ago actually, and I was in Texas where I grew up and didn't have any connection to Silicon Valley or any startup land. All I knew about startups was that Twitter and my iPhone came from startups. But around that time I wanted to launch my own company and I had heard different things. It was mostly celebrities having stickers on their laptops that kind of got me interested in, you know, digging deeper. And I wanted to learn how to raise capital for my own company. And it was in that research that I learned that less than 10% of all venture capital goes to anyone who is not a white male in the US where they make up

a third of the entrepreneurs or even less in some cases. They were getting 90% of funding if you're, if you're a white male. And so many of my friends who were white men didn't think that was fair or just either. And so we all worked together to build a fund that would invest in other,

Rissa (05:35):

Which I think is incredibly important. You know, if you think about the US gdp, it's largely small businesses and access to capital is critical. In order to help these businesses stand up and get started. Could you talk a little bit about how you determine which business or which founder to invest in?

Arlan (05:56):

Well, so that has changed over the years. It still comes from a place of a gut feeling an instinct. I'm still pattern matching for grit. I'm still looking across the table for someone who reminds me of myself, much like other investors, but with a different pallet to start from. But more and more these days, as I'm in my early forties now, I'm looking for founders who, what they're working on, what they're tackling in the world would take me more than a decade myself to figure out how to do on my own. If I can back founders who are doing transformational things, wanting to change the world or changed the livelihoods of multiple people, then I can live vicariously through them.

Rissa (06:41):

In your book, it's about time. You talk about the difference between being underrepresented and underestimated. Can you talk a little bit more about that and how that has played out for you? They're

Arlan (06:54):

Both accurate descriptions of a gay woman who is black, for instance, like myself, but underrepresented is just sort of what you are as compared to others in the room. I think underestimated is what you are to yourself and, and how the view is from someone else's point of view, which means unfortunately sometimes women, people of color, et cetera, sometimes we're viewed as not as good as the next person, not as capable, not as smart not as viable for investment, et cetera. But if you look at it from the lens of you're missing out, you have not seen our full potential, you're underestimating what we might become or who we are today that turns things into more of a competition and it makes things more interesting in my view. And I've had a lot of investors, their ears perk up when you use that term rather than underrepresented. It also helps the founder themselves feel emboldened and, you know, stand up a little taller to understand that this isn't the end of their journey. It's, it's quite the beginning.

Rissa (07:57):

Backstage has invested in more than 200 companies and offers advice to countless other founders and entrepreneurs. How do you assess digital capabilities in, in some of the businesses that you're looking at?

Arlan (08:09):

We're fortunate enough at my fund, Backstage Capital to have more than 500 mentors and experts. Some of them are investors in the fund and some of them are community members. Some of the biggest names you can think of in in tech. So that allows me personally to have the best seat in the house and looking for innovation. I take it from a, a little bit of a different lens. I look at it more as the consumer from the consumer's point of view and as someone who, since my, I guess since I was in the third grade, has been looking to an audience and, and thinking about sales and thinking about how you reach people. And since my early twenties thinking about how you reach people in a digital world. And so I think what we do is we add to the conversation with founders and we help them understand how they can use their digital presence for whatever they're working on, even if they hadn't already thought about that. So it's more of additive than necessarily always looking to judge it.

Rissa (09:07):

And with digital, do you see digital capability or digital presence as helping to address some issues of equity and access that we're seeing?

Arlan (09:17):

Absolutely. I mean you think about Covid, what the pandemic has done at the beginning of the pandemic, it certainly showed us the disparities even more so between different groups of people and what they had access to. But then I think it started to level the lack of ability to be in the same room with people and to move and about the country. I think started to level the playing ground a little bit. And I think that's when founders, a lot of founders found their footing and and figured out what they were made of. You could no longer have just the camaraderie that some investors have with founders that tells them, Oh, this is a good investment because we can have a beer together now. You had to have substance behind it and you were comparing apples to apples. And I think that's why a lot of founders from underrepresented underestimated backgrounds were able to shine and they too were able to use different tools and processes to, in some cases bypass investors altogether and reach their customer faster and better and stronger and therefore their customer became their greatest investor.

Rissa (10:30):

We're seeing more crowd funding over time to raise capital. You've had some experience with crowdfunding for your own fund, haven't you?

Arlan (10:39):

I've had incredible experience with Crowdfund in 2021, Backstage Capital made history. We became the first venture fund in the United States to raise from the retail crowd for our management company. And we also became the first fund to raise the, the maximum amount you can raise. We raised more than 6 million actually at the end of the day on through crowd funding. So we have nearly 7,000 co-owners essentially of Backstage Capital, the management company. And that has been, you can imagine so many people have been in touch with us to learn companies and funds have to learn how we did it, how we did it in eight days. That's another important metric. I try to tell them it didn't happen in eight days, it happened in the 20 years that I spent building an online presence.

Rissa (11:26):

Well, and it's the adage right about the overnight success that really is 20 years in the making, right? Yeah,

Arlan (11:32):

Exactly. Well,

Rissa (11:34):

And I'm, I'm so curious, I mean you seem to be very good at getting attention on this platform and I think there's, it's very different to be on the platform than to attract that level of attention on the platform. How do you think about that? How did you create Buzz? How did you create interest in in what you were doing?

Arlan (11:48):

As corny as it might sound, it has to do with authenticity. I, I let people see me through the great and the not so great. I let them see me in all different manner, in all different manner. So when things are on an upswing and when things are doing really well, you, you root for me and you're excited. And when things are not going well, you can relate and hopefully both inspire because I, I did, as you said at the top of this, I did start off my venture career as someone who was homeless. I was sleeping at the San Francisco airport when I got my first check. Have written 200 checks since then, plus for companies. So I think everyone likes a hero's journey and at Tale and that narrative, but I think anyone ha I think everyone has that story doesn't have to be as drastic as mine.

Arlan (12:37):

I think though the key is making sure that you're not just giving everyone the highlight, the highlight reel because they don't have much to root for in that case. So if you're running a company bigger, small, if the app was late, talk, talk to the audience about why it was late. Cuz I would guarantee you people were going to relate to that. You may think you're alienating them or you may think I can't be that vulnerable. I can't tell them that, you know, we're a big company, I can't tell them that we we got it wrong. No, no, no. That that's, that's when you

endear them, that's when you have them as part of your family and they want to see you win. Cuz that's, I think that's the innate where people start. I think people start with wanting you to win by and large.

Rissa (13:21):

I think that's exactly right and I think you create points of connection or relatability as you stated. And if you aren't able to offer somebody something that they can connect to you about, then they're I think less likely to root for you or less likely to want to be a part of your team. Your book is called, It's About Time. And I would like to note for our audience that you came out with this book in 2018 and Lizzo came out with the song in 2022. So clearly she has taken the name of your book for her hit song. Am I right?

Arlan (13:59):

Well yes and the, so the book was published and came out in 2020 and I started writing it in 2018. I named it before I even wrote it. So I have to wonder, I wasn't the very first person to ever say the term, but I think Lizzo caught a glimpse of it at the airport and doesn't realize it <laugh>. So I definitely want to talk to her and ask her.

Rissa (14:20):

Absolutely. Well, and you also have spent time in the music industry and could connect on that level as well. What types of roles did you have when you were focused on music or do you still continue with music?

Arlan (14:32):

Oh well I continue as a consumer. I just went to an amazing concert and I love going to concerts still to this day. But I've done everything from being a production assistant bottom of the rung, fetching water to the tour manager for a mid-level artist on Atlantic and everything between. I think the bulk of what I did though was as a production coordinator on larger scale concerts and, and one-off shows in different countries.

Rissa (15:04):

I'd love to turn to your latest Venture runner is also using digital to create a more even playing field for startup companies and workers alike. Can you tell us a little bit more about Runner?

Arlan (15:14):

So after seeing 10,000 companies pitch me over the past seven years or so, investing in more than 200 of them, but still a small amount of what we saw at Backstage, the number one thing people ask founders and and others ask is Can you help us raise more money? Can you help us? Usually the word money is in the sentence, right? But then second very close question is, can you help us hire great people? And so I was looking at almost a decade at the time of, of working on Backstage and I thought, what's the next thing I can do? While's still working with

Backstage but something that kind of is fresh and new cuz I'm an entrepreneur at heart, I've always been, it started out this way, what can I do that has similar impact to what I've done with Backstage because that has been such an incredible journey.

Arlan (16:01):

It would have to be something really exciting to get me interested. And Runner had just been in my, on my mind since 2017 after a couple of things came into play. One is searching for executive assistant to help me cuz I know how amazing assistants can be. And the second is having been an assistant to someone for most of my adult life and being really good at it, by the way, in my view, right? And so I know just how Clutch that person can be. And so what Runner does is we find and match talented and trustworthy fractional operations help to companies of all sizes from the solo entrepreneur or a company that has fewer than 10 people working for it to Fortune 500 companies. And we are there compli to their HR department and to their people ops department. Yeah. So it's just been a really wonderful first year.

Rissa (16:59):

That's fantastic. And how do you match people?

Arlan (17:02):

Yeah, so we have a an internal algorithm called Tasha that helps us match people. We do ex a very extensive interview process that across multiple people within our team, background checks, et cetera. And then we're having that same energy for the customers themselves. So we're interviewing the customers to see who's a great fit and we're able to move people around as needed, but we've honestly not had to do a lot of moving around because we're able to make this fit. And then our algorithm on the back end helps us with so many data points and we're building out the next 12 months is going to be where we build out the full app, the web application and that'll be more akin to where you can order a car, that driver that comes to your door with in 10 minutes or food that's delivered. That's the, the vision is to be able to push a button and have an amazing vetted and rated executive assistant or head of operations, et cetera, fractionally start the following Monday. So that's what we're pouring all of our human hours into today. And

Rissa (18:07):

Do you see digital as a catalyst?

Arlan (18:08):

Absolutely. I mean it's everything that has been good in my life and I call myself a catalyst, A venture catalyst is what Fast Company called me. So I've been using that love,

Rissa (18:19):

That venture catalyst.

Arlan (18:20):

Yeah, everything that has been good and all, all of it has been involved, you know, connection has been involved in that has been through digital platform. You'll never be able to fully replace what it's like to be in a room with someone. And as someone, I can't remember who said this, but they said it until you can print a t-shirt, you know, concerts will still be great in person, but here we are. You probably do, I mean print a t-shirt at home. But if you think about how you met the person, more than likely you met them first, digital first. More than likely you had your first interaction with most of the people you know who aren't your family. Digital first in 2022,

Rissa (19:05):

Arlan, did you have a Red Lobster story that you wanted to share with us?

Arlan (19:08):

<Laugh>? Yes. And now I'm hungry. <Laugh> Well, Red Lobster story actually comes from the runner story. So Higher runner.co is our, our website. And when you talk about impact and you talk about what it means, it's incredibly impactful. The company is incredibly impactful to the customer because we're helping them transform their companies with very little expense on their part and very little effort on their part. We handle almost everything. But then the runners themselves who, what we call the talent, the operations talent, they're making an average of today \$40,000 a year in additional income by working Parttime. That's why it's fractional. And there's just incredible stories that we hear every week from people who are, their lives are changed as runners. And one of them is this woman, she's a, she's a black woman, believe she's in her thirties and she worked at the restaurant Red Lobster during the day as a bartender and she started noticing the same amount of money that she would make and tips is the same amount. She would pay her babysitter to watch her child who she, they were watching because she was working. So it, it was just, it was even, she wasn't getting anything out of it and she saw our runner videos and information she signed up and with within a couple of week she was working at Runner and she was making more money than she'd ever made at home with her child part-time. So that's transformational. That's

Rissa (20:38):

Got to feel good.

Arlan (20:39):

It really does.

Rissa (20:40):

Arlan, one question that we like to ask all of our guests is this, What does digital mean to you?

Arlan (20:45):

Digital is access to everyone at any time. Digital is, it's a state of being and it's, it's being able to reach your target customer, being able to reach perhaps your soulmate, <laugh>, just about anyone. I was just thinking about in general, cuz I, I tend to wander, you know, when I was thinking about what would be like the, the most, one of the most important transformations in our lifetime or you know, and in the last 100 years or who, who might be one of the most important people and I thought just very well may be Steve Jobs because he and his team connected us in a way that would be completely different. We would be a completely different society. Every single human being that's living would be completely different were it not for that invention. So yeah, I think about it as something that helps you reach people and connect

Rissa (21:38):

Arlin. If people want to stay in touch with what you're up to, where's the best place for them to find you?

Arlan (21:42):

I would love for people to find me on Instagram. Arlan was here. I'm on LinkedIn, Arlan Hamilton, and our websites backstagecapital.com and higherrunner.co.

Rissa (21:57):

Well, Arlan, thank you so much for joining us today. It was a pleasure to chat with you.

Arlan (22:00):

Thank you so much for having me.

Speaker 2 (22:03):

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