Beyond The Bottom Line - Claudia Reuter

Speaker 1: This episode of Beyond The Bottom Line is brought to you by the program on entrepreneurship at the Yale School of Management, where we're educating students for business and society.

Jen McFadden: Welcome to this edition of Beyond The Bottom Line. Today we are super excited to have in the studio with us, Claudia Reuter. Claudia is managing director of the Stanley Techstars Additive Manufacturing Accelerator up in Hartford and the general manager of Techstars East, which is a new role. She has been recognized by the Boston business journal as a 216 women to watch in science and technology and as a change maker in hub week. She is an experienced entrepreneur, has been on both sides of the table and prior to joining Techstars she served as SVP of digital services in labs for Houghton Mifflin Harcourt and was the co-founder and CEO of School Chapters. Welcome, Claudia.

Claudia Reuter: Thanks for having me.

Jen McFadden: Tell us a little bit about the work that you do at Techstars that you've been doing for the past couple of years and that shift to your new role.

Claudia Reuter: Sure, yeah. I feel really fortunate to be a part of Techstars. Techstars is the worldwide network designed to help entrepreneurs succeed. And we do that by investing in companies that are ... We're stage agnostic, we have accelerators around the world. And for the last two years I've had an opportunity to be working up here in Hartford as the managing director for the Stanley Techstars Accelerator. Of our accelerators, about half are run in cities and our subject matter agnostic. The other half are run with corporations and those tend to have a vertical focus. So I've had a really great opportunity to work with as part of Techstars, but in partnership with Stanley Black and Decker. Looking to make investments 10 a year and companies focus on making advances in manufacturing and in particular additive manufacturing or 3D printing and sustainable tech.

Claudia Reuter: So it's been an exciting ride and I just recently took on an expanded role as general manager for Techstars, America's East. So now I get to work more closely with accelerators up and down the coast from Montreal to Alabama. So super exciting.

Jen McFadden: Very exciting. They're lucky to have you covering the East Coast. So after spending some time to raise your children at home, you launched School Chapters and worked as CEO of the Venture for about eight years. Can you talk a little bit about that experience and how that helps inform some of the work that you're doing Techstars now?

Claudia Reuter: I have a liberal arts background and then I entered the world of tech in my 20s. So doing everything from some front end web development work to backend systems work. And then I actually stepped away from the workforce when I had my first child and who is now 16. And quickly realized that, that was the right
decision for me and for my family at that point for a number of reasons. And also that I wanted to be with my child at that point. Have a second son who I also enjoyed spending some time with in the beginning as a full time stay at home mom and then really started to look at different ways. I knew I was going to have to contribute more financially to my family at some point and started to look at different options and ways back in so to speak.

Claudia Reuter: I was volunteering as a board member at a public library in the town we lived in at the time and doing a number of different activities to try to keep my skill set up. But didn't actually see a ton of simple ways back in and certainly ones that wouldn't address some of the logistical issues that go along with trying to be an engaged parent and trying to build a career. And ended up with the support of my partner and husband building a company. And so built a software company focused on helping others track development and milestones. Found an opportunity in the education space and really work to deliver solutions that could add value there.

Claudia Reuter: And went through the the messiness and excitement of trying to build a business. And then we were ultimately acquired in 2014 by Houghton Mifflin Harcourt. And that's where I work to lead like an internal innovation team, a digital services team for a few years there before joining Techstars.

Jen McFadden: So how do you think that gives you, I would say empathy, deep empathy maybe for the founders who are part of the Techstars accelerator.

Claudia Reuter: Oh, huge empathy for founders. Starting a company is one of the most exciting things you can do. It's also, I think one of the lonelier things that you can do. And there really is this balance of trying to maintain a vision of where you're going, keeping your team engaged, managing the operational side of the business. And putting up this front to the world that everything's amazing all the time. And so it can be a lonely endeavor. And so when I learned about the opportunity to join Techstars, I really did jump on it because I thought it was a really great opportunity to give back. And to try to be who I wish I had had access to when I was a little bit younger and there's a lot of things I know now that I didn't know then. So.

Jen McFadden: In addition to the work that you do at Techstars and the fact that you're raising a family, you've somehow found the time to write a new book titled, Yes, You Can Do This. How Women Start Up, Scale Up and Build The Life That They Want. A manifesto, and how to guide. Why were you motivated to write this book?

Claudia Reuter: Yeah, so I actually really like writing. I'm a lifelong learner and one of the things that I like to do is explore new activities. And even when I was working on my company, I was taking some courses at Trinity at night on rhetoric and writing. Like, I just actually like writing, but I really felt and I continue to feel a binary discussion happening. And several years ago, Cheryl Sandberg wrote a book called Lean In, which basically is a manifesto encouraging women to double
down on their careers and that by doing this will by default start to have more women in leadership positions.

Claudia Reuter: Her book actually came out after I decided to start a company and it really did actually inspire me to keep going and doubling down as I was trying to stay engaged with my kids and get my business off the ground. And I was even put up on her website as an example of like taking risks. But what's happened is there's been a backlash in the last few years where there's been another group of conversations starting on leaning out. Which I also understand and the idea is that, it doesn't necessarily work, just doubling down, doubling down, doubling down. Wen you're trying to actually build your family at the same time. And so, I think it was last year and Michelle Obama made a passing comment about how lean in doesn't always work and it just, there was like this firestorm of attention in the media basically driving the discussion towards see you can't have it all. See you can't ... And it wasn't Michelle Obama saying that it was the media taking a hold of a comment she had made to say this is the conversation lean in early now.

Claudia Reuter: And I really started thinking about the idea that like, well why is this all so hard? It's so hard because all the corporate structures that are here today, exist with the idea of a single earner, male homogenous workforce with someone at home behind the scenes making sure things work okay. And as women I feel like, or at least I felt like that there was a need to compartmentalize. That when you do go back into the workforce or if you're working and you just stay in the workforce, that you don't really talk about the fact that you've got family activities. Or that you have things going on because you want to appear to be present in that job.

Claudia Reuter: And I felt like we have an opportunity to change a lot of this. And I started thinking about the idea of well what if you leaned in by starting up and started your own company. And I was originally going to call the book You Can Change The Rules. But after discussions with the publisher we went with the new title, which I also, I'm good with at this point. But yeah, the idea being that if you start your own company, you're automatically in a leadership position and you also have an opportunity to change the playing field for other people.

Jen McFadden: Yeah. I like to think because I've read the book now that you wrote the book that I wanted to write but was too lazy to do so. So I'm very glad that you spent the time to do it and happy to support you to get the word out about it. Because I think it's a great book. So I do want to read some of the stats from the book. And these are just in general about women in the workplace.

Jen McFadden: So more than 70% of high school valedictorians are females and more than 50% of college graduates are women. Yet only five percent of Fortune 500 CEOs are. While women in the United States are starting businesses at higher rates than ever of all venture capital, which is one form of financing obviously. By firms to small, early stage emerging companies with high growth potential. In 2019 only 2.2% went to women. This is up a percentage point from 10 years ago, but still
represents just an incredibly small piece of the total venture pie that's out there. Only 17% of corporate board seats are held by women. Women are 21% more likely to be considered top performers in corporations that those under the age of 40 are less likely to receive a promotion than men.

Jen McFadden: Going to keep going just for a little bit more impact. Forty-three percent of women continue to leave the workforce when they have children, and 85% of women actually become mothers. And only 70% of companies offer paid maternity leave, which is just an abysmal, terrible statistic. So there's a lot of academic research out there that really details the difference between male and female founders. And some of the outcomes because of those differences. In your experience and through the research that you did for this book, why do you think women make great founders?

Claudia Reuter: Entrepreneurs are everywhere and I think men and women are equally capable of starting amazing companies. Well, there's kind of two different ways to look at it. I think with some of the stats you can see, you can see it's so much harder for women to actually get ahead right now. From a funding perspective, that kind of by default we’re actually seeing some really the people, the women who do make it are just incredibly exceptional. Right? Because they had to get through all these hurdles. In my program this year we had some really amazing founders like the founders of OCO and Womp and TRIDITIVE and Accelerate 3D. But I think that there are some ... One of the things I was researching is the idea that we are dealing with things that we're conditioned with when we're actually much younger that come into play in the workforce and in career development later.

Claudia Reuter: We tend to condition women and girls for compliant behavior and compliant behavior actually doesn't help you do things like start a company. So that's one of the things I’m trying to help people see as they're working through things that sometimes some of the behaviors that we exhibit that normally would have been rewarded at younger ages. Don't necessarily serve us as we're rising through the ranks so to speak. But I think some of the other reasons you see that the stats that you pointed out are what they are is if you look at the timing of it. The average timeframe for when people are kind of up for that next big jump in their career is right around the same time that you have kids. And then right around the time that you're maybe at a later stage in your career and you're thinking about board seats. That's also where elder care sometimes comes in. So, it's like women are jumping off in the caregiver on both sides of the family tree, so to speak. So there's different challenges along the way.

Jen McFadden: So then when you're kind of looking at, say that set of characteristics, the stereotypes, et cetera, though. There are certain characteristics that many women have that do make them much more successful entrepreneurs. So can you talk about what you think some of those are? Or maybe talk about how you think women can position themselves when they're entering into or trying to start something?
Claudia Reuter: Yeah, yeah. So I think, some of the things that maybe get labeled as a weakness are actually a strength. So some of the things that we tend to view or categorize as a weakness actually can be a strength. And I've tried to weave that into the book and I also try to talk to founders about that as they're coming through program or wherever they are on their journey. For example, sometimes when we think about, oh well women tend to be more empathetic. Now, I think the stats actually show that people across the population are genuinely equally empathetic. But women who end up in leadership roles tend to be more empathetic than men. But if you think of empathy as a skill set that is really actually important for founders, not just because you're able to empathize with your teams and understand what's happening with your group. You're actually really able to empathize with customers and in the age of digital delivery and trying to figure out how your offering is going to be differentiated in a world with infinite and possibilities.

Claudia Reuter: Being able to empathize with your customers is something that I think we should really look at as a really strong strength in leaders. There's also a tendency to label more likely and so I should say like these are stereotypes, right? There's a stereotype out there that maybe women tend to be more of a perfectionist and perfectionism is actually not a strength, right? If you're delaying finishing something because you want it to be perfect. But if you can take that attribute, if you possess it and convert it into something that allows you to actually demonstrate how detail oriented you are. You can flip it on its head. So one of the examples I've given is, as you're thinking about your financial models, sometimes it's easy to get caught up in the perfect state of how big it can look and that's important. But you also have an opportunity to play out in real time all the mistakes you could make and show someone that you've thought that through. So there's a lot of different ways to kind of re rethink things. I think.

Jen McFadden: So I just want to read another quote from the book because I think this is the piece particularly for me that I've been talking about a lot on campus and with friends and in other places. About the importance of women starting companies so that they are in leadership roles in organizations, particularly high tech, high growth organizations that allow them to gain economic power but also have control over the culture. So the beauty of a startup is that you create value in the economy and you also control your day. When you start a business, you are automatically in a leadership position. You don't need to wait in line and you get to make the decisions that are best for the company. Including structures such as office hours, location and other policies. You have the freedom to create the business you want and to build the life you want at the same time. So can you talk a little bit about that?

Claudia Reuter: Yeah, I think that one of the things, and I don't pretend to say that I have this all figured out from day one. This is something that I've realized now as I'm further along in my career and had more experiences. But we talk about starting companies because there's a big opportunity out there and you can go build
something and you can deliver this amazing new solution. But you also have this really unique opportunity to really rethink not just what your culture looks like but what the day looks like for everyone. And for women or caregivers in particular. This is incredibly meaningful because the very things that prevent a lot of caregivers from getting back into the workforce are logistics and the fact that the school day doesn't match the workday. And that pickup is at three, but meetings might be at four and just so many of these things that are logistic items.

Claudia Reuter: Startups are really where people started thinking about casual dress. I mean, I'm old enough to remember when Friday was like, you get to wear jeans on Friday.

Jen McFadden: It's such a big deal.

Claudia Reuter: I know. And now, startups have really led the way on things like, unlimited vacation, working remotely. Tech obviously allows us to do that. Bringing dogs to work, having food options. And I think childcare is one of the pieces that hasn't been talked about enough. And I think we have a real opportunity to think more about and what that could look like in the course of a work day or for a company. But more generally, whether you have kids or not, starting a company is about ... All a company is, is a collection of people working on a shared goal. And when you're building your own business, you really ... Like I hope that people really realize how much they really can impact what their life looks like and what that company looks like. It's not just build a company that looks like the old company that's been there for 10 years. You really can do something that none of us have ever seen before.

Jen McFadden: Yeah, and I think that's one of the biggest things is when you're thinking about going out and launching a venture, whether you're a male or female. This idea that you are creating this culture, you have the ability to make those decisions and it doesn't have to be done in exactly the same way that it's been done for the past 40 years. You have examples of successful companies like Patagonia for instance, that have had these very clear childcare elements integrated into their core strategy from not necessarily from the beginning, but for a very long time and are still running sustainable, profitable, growing businesses.

Jen McFadden: So one of my favorite entrepreneurs is Sarah Holoubek, who runs Luminary Labs and she talks a lot about this in the work that she did with her company and a couple of other startups called the Human Company Playbook. So it's this idea of really making the new corporate environment work for everybody, not just women, but men as well. So that we can all actually have some balance because it is achievable. She leaves the office at six o'clock and she runs a very successful company. So.

Claudia Reuter: Yeah, and that's the idea too is that right now we have access to ... I mean, literally we could be working all the time, right? Like it's never ... If we wanted to, we can never shut down. And I certainly sometimes struggle with that
myself, but like, because of our access to the internet and technology. But that also sets up a new stage to really empower everyone to think about, well, what does it look like? Why are we all working with a nine to five mindset when we're trying to run a global operation or if you're trying to sell the customers in another country or to who knows, right? If you're thinking big about what you're delivering, take a minute to think big about how you're setting up your office and what your life looks like.

Jen McFadden: So one of the things that you do or the tools that you use in the book is you kind of integrate fictional narratives into the intro of each chapter. And I find that to be so incredibly relatable and just the style in general is very relatable. I think unlike existing narratives that you see out in the press about founders who go out and raise tens of millions of dollars and work 20 hour days to get their ventures off the ground. You're telling a very different story that is both messy, but at the same time, very real. Can you talk about the early days of your venture when you were balancing your life as a mother and a parent and a spouse and all of these others with your life as a founder?

Claudia Reuter: Yeah, and it's funny my kids are now teenagers and I still feel like it's messy and I'm pulling it all in and sometimes we're all in the living room together and I'm like, "Hey, I'm working on this thing. What do you think?" And they're sharing what they're working on. So I have a very integrated home work life, but when they were really little and not able to talk to me the way they talk to me now. But I was with them all the time. I mean I was bringing them with me. So like when I opened up my first business account, my kids were in tow with me and it was actually here in New Haven. So then I would talk to them. I'd be like, "Okay, I have to go do this business thing. You guys are going to have to be chill, here's a lollipop at the bank." Whatever were trying to do. "And then we're going to go to Ikea afterwards and there's like ice cream cones there."

Jen McFadden: Negotiation skills. You wonder where women get it from. Our parents.

Claudia Reuter: So like they were always in there and I also compartmentalized in some different ways. I think I shared in the book and I've shared on my podcast, like one of the first times I was negotiating a term sheet, I was doing it from my son's closet and just to have a moment where it was quiet and just the contrast of the situation I was in and then imagining where they were. I was trying not to psych myself out of my own negotiation realizing that. But yeah, I really do think that there's ... I think there's also an opportunity ... I really worked to integrate my family into what I was doing and even to this day, like they're part of the conversation and I hope that ultimately it's been a positive experience for them.

Claudia Reuter: But I think that in the normal working world, obviously I can never have done that. Right? Like, I could never have brought them anywhere or had any of the experiences I had with them. And starting my own company, especially in the early days, they were just part of it with me. If they were in nap time, that's when I was dealing with like a customer call and we'd all then go to the
playground and maybe I'd take a phone call. It was ridiculous amount of multitasking in hindsight, but it worked.

Jen McFadden: I have brought my older daughter who's now a freshman in college to several pitch competitions and she's now working for the newspaper and just covered a bunch of hackathons.

Claudia Reuter: See that's great.

Jen McFadden: But she's the most judgemental person now because of it. So it's very funny, if you want to do a pitch practice, do it in front of Grace.

Claudia Reuter: I bet. Because she's probably seen it all right.

Jen McFadden: She knows which questions to ask. So you talk in the book about building for scale. How should entrepreneurs think about this? I know this is something that's a big topic of conversation for you at Techstars as well. So.

Claudia Reuter: Yeah, I mean I think, if I've ever seen like a thematic conversation that's come up with founders at different points. I think sometimes where people get stuck is when they get focused on what they have today and how they can move ahead with what they have today. And hey, if I just get a little more money, I'll be able to do more. And so really helping people think through at scale, not only how many more salespeople do you need or how many marketing people do you need? But how many new products are you going to launch a year? And then what's behind that? How many support people are there? And just helping people really think through it's not just a matter of saying, "I just need a little more capital to get my business off the ground." It's really, I need to think about what I ... I try to always bring it back with folks to, let's go back to the basics of where are you trying to go? And then we'll fill in all the lines on how you get there. And there's a million different ways to get there.

Claudia Reuter: But when we think about scale, it's organizational scale, it's scale needed to sell it scale. It's moving beyond what is today and what could you do with the limited resources you have today, but what could you do with a much bigger opportunity in front of you.

Jen McFadden: Was that all included in your binder?

Claudia Reuter: I don't even remember what was in that at this point. But the fact that I made one is ... Yeah, I wish I could-

Jen McFadden: Find it.

Claudia Reuter: Yeah.
Jen McFadden: So for context. When Claudia first started her company, she had a binder that she put together. It was probably a pretty standard-

Claudia Reuter: It was actually really nice looking, but I had no idea what I was doing. Right. And I remember thinking, I'll just, yeah, someone will be impressed by this. Look how organized I am and nobody wants that. Nobody wants-

Jen McFadden: I do like in the book though that you include, because I think this is something that I encourage the entrepreneurs that I work with here to do. That you do talk about anchoring some of these strategic decisions to an actual spreadsheet, which is not going to be a perfect spreadsheet, but at least helps you think through and tie what does that revenue potential based upon. The inputs that you have, whether they're cost of goods, whether they're human beings, et cetera. And like what does that timeframe look like? What does your sales cycle look like? How many sales people do you need to have? And mapping that out. So I love that you included that in the book.

Claudia Reuter: Yeah. And I included it too because I sometimes I think, especially with women, I've encountered folks who worry so much about getting it exactly perfect. Like somehow when someone's like trying to put a number in a sheet, they're very worried like, "Oh, it has to be exactly right." And this is across Techstars, we try to work with founders on how do you think about this as a model, not as a final state. And the idea being you have multiple assumptions, multiple inputs and any of them could change and therefore your outcome's going to change. And one of the examples I've tried to give to folks is, think about it like you're planning a trip. There might be a detour, there might be construction, eventually you'll still get there. It might take you longer. You might break down and decide you don't want to get there anymore, whatever. Any number of things will happen. But try to put together an initial list of assumptions. Like, I'm going to take this road, I'm going to go X number of miles an hour and I'll probably get there.

Jen McFadden: And it's signals to potential investors that you actually know some of the unknowns or at least have a sense that the unknowns are out there and you've thought a little bit about them.

Claudia Reuter: Yeah, and that you're thinking it through. It doesn't have to be, we don't assume it's right. Just that you've thought it through.

Jen McFadden: What is the one piece of advice that you give to all Techstars founders?

Claudia Reuter: Well, it's a little different for everyone, but one of the things I've really been trying to talk to folks a little bit more recently about is besides the basic stuff, like making sure you have a goal that you're working towards. You know your vision and where you're headed, that this isn't all of you. That this is a project, this is a business that you're working on and it is really important and the stakes are really high and all of these things. But don't lose yourself in it. That at the
end of the day you are still you. Whether this company becomes the next big
ing or disappears.

Claudia Reuter: And so I try to remind people that this is something they're working on, even
though it feels so personal sometimes and it feels so high stakes and it's so
visible. So there's just so much to starting a company, but trying to remind
people that this isn't you. This is just one thing you're working on.

Jen McFadden: Other favorite resources that you have that you typically share with people,
whether it's ... I know we talked about it a little bit in class Brad Feld's book on
venture deals, other things that you kind of give out as key resources along the
way?

Claudia Reuter: Yeah, I mean obviously Techstars is just this never ending supply of amazing
resources for founders. And certainly the books that people have written, like
Brad Feld has Venture Deals. There's a new book out, a new version of Do More
Faster, which as other Techstars in print and then a latest book in the series Sell
More Faster, which is from another managing director Amos. And that's focused
on the sales process and development. So obviously there's some really great
Techstars staples, Techstars also has a toolkit for founders to help through video
instruction on a whole bunch of different topics that are standard.

Claudia Reuter: And I also really encourage people, beyond obviously all the tactical items of
how to build your business, how to do all these things. Also, keeping your
creative side going. I actually try to remind people, if you're like focused on your
health, make sure you keep doing that. Like keep going. If you're focused on the
arts, like keep going to museums. Like don't let this become your singular focus
because you'll actually be more innovative if you expose yourself to other
things.

Jen McFadden: So last question that we always ask is what is one book that you have given out
this year as a gift or you intend to give in the upcoming holiday season?

Claudia Reuter: One that I gave recently to someone, because it just sort of stuck out to me in
the last year is a book by David Bohm. It's an older book called On Dialogue and
I guess he was a physicist who worked on the Manhattan Project and got into
cell deconstruction, all this very interesting stuff. But ultimately later in his
career, got into a human connection and interaction and basically wrote a book
talking about the differences between discussion and communication. And
really predicted where we are in the world right now with the internet
promoting discourse and people doubling down on their side versus actually
coming together and communicating. So it was a book I handed out this year
and hopefully people will think about to commune a bit more on things.

Jen McFadden: Excellent. Well, Claudia, thank you again for joining us today and for spending
time with students and we look forward to reading the book when it comes out,
when?
Claudia Reuter: It's coming. It's on pre-order now on Amazon, but it'll be out in bookshelves in February 2020.

Jen McFadden: Excellent. Thank you so much for coming.

Claudia Reuter: Thank you so much for having me.