

Womens Venture Capital Fund's Edith Dorsen on stripping away bias in investing

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In 2009, Edith Dorsen stumbled onto a startling statistic: Less than 5 percent of venture capital went to companies with women on the leadership team. The revelation came as Dorsen was gathering with classmates for a Harvard Business School reunion.

So Dorsen and some of those classmates assembled a roundtable at the event to talk about it.

“At that point in time nobody seemed to be paying attention to it,” she said. “We were really very surprised and couldn’t comprehend it.”

The roundtable was a last minute add to the agenda, but even with an 8:30 a.m. start time, it was standing room only. Clearly, Dorsen and her classmates had struck a nerve.

The group came up with an idea: What if there was a fund that only invested in companies that included women in leadership roles. Dorsen and classmate Monica Dodi left the event and researched whether there would be enough deal flow to justify such a fund.



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The Women's Venture Capital Fund, which Edith Dorsen helped launch in late 2011, raised \$10 million for its first fund, capital that is now fully invested in eight companies. It's now working to raise its second fund.

The answer was yes. By late 2011, the Women's Venture Capital Fund was launched.

The group's first fund was \$10 million and it is fully invested in eight companies. Fund Two is underway. We chatted with Dorsen about her work in venture capital. The interview has been edited for length and clarity.

Your work history spans investment banking and business development leadership and consulting, is there a common thread in the work you do? Most of my work was in what I would say, was strategic advisory or business development. Starting with McKinsey and even when I moved to Wall Street and it was transactional. I gravitate to the equity and sales side of the business, which is a high-strategic component. There hasn't been a grand plan. I'm still not sure there is. Venture capital wasn't in the plan per say, but venture capital is taking advantage of and capitalizing on those experiences.

Tell me about the Women's Venture Capital Fund II? We have had a couple of closes on Fund Two. The target is \$20 million, and we have raised the majority of it. We are investing out of Fund Two. The first investment was earlier this year, and we are actively in deep diligence on several companies now.

What was the first investment? HopSkipDrive, it's caregiver on wheels to help get kids around. We've been watching the company for a couple years. The critical decision point came when they developed an enterprise business. They are transporting foster care children in California. There is a mandate that foster care children should be enabled to attend the same school when they move, but there was no practical way to do that until now. Los Angeles County took a contract with HopSkipDrive and that has been successful. Other agencies and the state of Colorado have also contracted.

What was your experience fundraising for the fund? I have raised substantial amounts of money over the course of my career in public markets, private markets and philanthropically. Raising the money for our first venture fund was without a doubt the hardest thing I had ever done. Coming out of the (2008) bad economy, VC as an asset class performed poorly. It was hard for any venture fund to sell against that. Over and above that there was a high degree of skepticism both on the extent of the pipeline and an unstated (skepticism) of the ability of female founders to perform.

Did it get any easier with the second fund? With the second fund there is more research and more data (about diversity in senior leadership) and we don't have to do as much basic education when we speak to investors. We are an in between (fund) given our size, large institutions don't invest in our size.

Who are your limited partners? Today we have about 80 investors across the two funds. Overwhelmingly it's individuals and couples. The state of Oregon through the Growth Board and Meyer Memorial Trust stepped up as investors (in the first fund) and they have continued to be investors. The state made a larger commitment to the second fund. We also have family offices from across the country.

There have been any number of headlines about the lack of funding going to women founders. Is the attention making a difference? Has there been progress? Yes. Has it been slower than I would like it to be? Also, yes. There has been recognition there is something amiss here. And I think whether they like it or not, established venture capital funds have to start to think about this seriously. There is more openness from established VCs to recruit women, or at least think about recruiting women, into investment roles.

What do you think needs to change in venture capital to materially affect the amounts of money going to women? The real answer, I believe, lies with investors themselves — the men and women individually as well as institutional investors — that place their money into venture capital funds. Those individuals and institutional investors need to focus on the gender capital gap and require that VC funds open up capital access to all venture-worthy entrepreneurs regardless of gender.

What is your take on Portland tech and startup activity? I think it's a world of difference from where we were five years ago. I think we are seeing it nicely mature. We still have a long, long way to go. The deal flow we can seriously consider, there are many more companies than there were.

Edith Dorsen

Hometown: New York City

Education: Bachelor's American politics and economics, University of Pennsylvania; Master's in public administration, Harvard Kennedy School; MBA, Harvard Business School

Currently reading: "The Reluctant Fundamentalist," by Mohsin Hamid; and "The Longboat," by Dennis Vaughn

Favorite Portland restaurant: Shalom Y'all

Portfolio: Nvoicepay, Newsela, HopSkipDrive, Proxio, EdSurge, Vow to be Chic, Decorist, OMNI Retail

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