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EPISODE 92:

Unlocking Early-Stage Venture Capital

with Screendoor



Robert Morier: Welcome to the Dakota Live Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind the investment decisions. We introduce you to chief investment officers, manager research professionals, investment consultants, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and our Dakota Live content, please check out dakota.com to learn more about our services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates, nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Well, I am thrilled to introduce our audience to Lisa Cawley and Jamie Rhode from Screendoor. Lisa, Jamie, welcome to our studio here in Philadelphia. Thanks for being here.

Lisa Cawley: Thank you for having us.

Jamie Rhode: Love being here.

Robert Morier: Yeah, it's good to have you both in Philadelphia here downtown, or Center City, Philadelphia. Classes haven't started for me yet, so it's nice. I'm still in this limbo, which you might remember from your days at Drexel.

Jamie Rhode: Yes, from Drexel days.

Robert Morier: So, it's nice. My summer gets to last a little bit longer. Well, we have a lot of questions to ask you both. But before we do, I'm going to share your backgrounds for our audience. Lisa, Jamie, and Layne Johnson represent Screendoor, an investment platform that invests in new managers driving the next wave of innovation and new perspectives in VC. They provide limited partners with access to highly competitive managers driving alpha that would be challenging for them to otherwise identify, access, and underwrite. Screendoor uniquely integrates robust LP frameworks with the strategic

expertise of accomplished GPs, enabling them to underwrite the nonobvious in their manager selection and support process. Screendoor is a strategic partner that offers not only returns-driven portfolio exposure but also direct relationships for LPs' portfolios so that through their tight-knit community, allocators have early visibility into the next generation of leading VC firms as they scale. Lisa Cawley leads the firm as the Managing Director. With a deep understanding of venture capital across various stages sectors, geographies, and levels of firm sophistication, Lisa quickly recognized the unique challenges faced by both limited partners, LPs, and emerging general partners, GPs. She saw Screendoor as the missing puzzle piece for allocators and GPs that could help capitalize on the significant returns' potential within the venture capital ecosystem. Prior to Screendoor, Lisa worked with a private multi-billion-dollar global investment firm where she was involved in all aspects of managing the firm's private market portfolio, including sourcing and manager due diligence, asset allocation, and forecasting and creating and implementing the firm's investment data tools and analytics. Lisa started her career at Ernst & Young where she served on private equity, venture capital, and publicly traded CPG clients. Lisa earned an MBA and MSF from Loyola University, Maryland. And she obtained a BBA in accounting with a double minor in information systems in Spanish from Loyola University, Maryland. She is a CFA charter holder and holds a CPA.

Jamie Rhode is a partner at Screendoor. Previously, she spent 8 and 1/2 years at Verdis Investment Management, a generation 7 through 10 single-family office, where she focused on emerging venture managers, private equity, and hedge fund investments, including sourcing and due diligence. During that time, she played a pivotal role in building an emerging manager early-stage fund portfolio using a data-driven approach, investing in a significant number of funds that were often considered too small or uninvestable by conventional LP standards. She joined Verdis from Bloomberg where she held roles in both equity research and credit analysis, grounding her in using data to drive investment decisions. Jamie is a CFA charter holder with a bachelor's degree in finance and marketing from Drexel University.

Finally, Layne Johnson, who was unable to join us on the podcast, is also a partner at Screendoor. Prior to Screendoor, Layne was at the Teacher Retirement System of Texas, where she led the venture and growth equity manager selection. During her time there, she was involved in setting the venture capital funds strategy, including portfolio construction and new manager sourcing and diligence, as well as finding ways to increase the pensions exposure to emerging VC managers. Before Texas Retirement System, Layne was at Goldman Sachs in the external investing group covering both established and emerging VC, growth equity, buyout, secondaries, and hedge funds. There, she helped lead the Launch With GS program, including sourcing, investing in, and building portfolios of diverse private equity managers, which was when she gained conviction in the high-return opportunity in emerging VCs bringing new perspectives to the venture ecosystem. Layne holds a BA in history from Yale University and currently serves on the St David's Foundation investment committee.

Lisa, and, Jamie, thank you for being here today. It really is a pleasure. We're looking forward to asking you about everything that Screendoor has been up to. As we think about the beginning of this conversation, it's clear that you both share a passion for fostering the new in venture capital. So how did you first realize that your visions were aligned, and how has that shared vision influenced the culture at Screendoor?

Jamie Rhode: I think it goes back to meeting each other before COVID, which feels like forever ago. But when I met Lisa, she was at the tail end of studying for the CFA, which I had gotten when I was at Bloomberg. Also realizing she was a woman on the investment team in family office world, which I think at the time I could count the number of women on an investment team in the family office world on one hand. And so there was an automatic connection because I realized that there was just this endurance and grit that we both embodied. That I had gotten my CFA because I just wanted to have a seat at the table and someone to respect me and recognize I was on the investment team. And Lisa was really pushing through, and I saw it immediately. And I was like you need to join these speaking engagements with me. Can we team up and do these things together? We're both on the family office side of things, but we both have such a passion for finding great managers. And so, it felt like such an immediate connection that we both had this passion for finding what I would call the unconventional opportunities out there just given how hard we had been working in our respective careers. And we just bonded together. And I'd say the only negative about leaving family office world is now, there's two less women on the investment team in family office world.

Robert Morier: So, Lisa, when you were building out Screendoor, how did you think about the culture that you wanted to employ?

Lisa Cawley: I think the most important thing when we think about finding the new is that you're always challenging what's already out there in the market. And I always say in truly academic and maybe even leaning on our CFA background in this education crash course that we got in portfolio management, traditional academics always teach you that it's about diversification and diversification, right? You diversify your portfolio. You diversify in asset classes. You want to diversify underneath. But for some reason in venture, you also then revert to pattern matching. And it's such an interesting dynamic because if you invest in venture and you're only doing so based on pattern matching, arguably, you're always going to be investing in what's already been proven and what's consensus. And so, I think for both of us, we always like to lean in and say we like to hear somebody's story. And what really piques our interest is when somebody has a different story, a different background, a different perspective. Or as even coming to us and saying, here's what I see in the market, and here's why this is totally wrong, and here's why I'm going to build a firm that capitalizes on these chances that are out there. So, I think that's what we always look for. And how that tails into our culture is that we're always sitting there, and I'd like

to say have a culture of yes, where we don't default, no, we don't default to this is the way it's always been done before.

I think of it more as white space. And we just are constantly, probably even every day, hitting these forks in the roads where it's like, well, we could do it that way, which has been proven, but why don't we test the bounds and really push the limit for this other opportunity that we see. So, for me, it always comes back to this culture of yes. And I think that's how if you're looking at new venture capital managers, you have to look at it with that mindset, otherwise, you'll never make the case, perhaps for a new venture capital firm.

Jamie Rhode: I would say too just working with Lisa in that prior life, essentially, having been investors in the same funds, being in different speaking engagements, doing different opportunities, she was really good at getting the story out of someone. And I would say I was really good at stress-testing that story. Just being so data driven, I was like, this is a wonderful story, but how many times have you told this, and how many people have told this story? And so, my mindset is, is there data or is there actual identifiable facts or indications as to why now? Why does this opportunity make sense today? Because pets.com was a wonderful opportunity, just wrong time, so why does it work today? And so just seeing that pairing when we were in different environments together was a lot of fun and gave me the utmost confidence that we could actually work together.

Robert Morier: That's so interesting, especially the stress-testing the story. Because I think a lot of asset managers, even early-stage asset managers, are being trained how to tell their story. They're being trained how to tell their narrative. So, finding the truth or the pattern of what the reality is, is a great combination. So, thanks for sharing that.

Lisa Cawley: I think too some of it goes back to I came from a portfolio culture where it was always let's find a way to do this, like let's find a way to make it happen. Yes, it breaks certain maybe portfolio construction things we were adhering to. Maybe it breaks certain sectors that we were originally focused on. But you can't help when an incredible opportunity comes up, and you can't say, well, it doesn't fit in my little boxes exactly as I would like them to. So, I have a real appreciation for just coming through that culture and for the folks that I worked with that always had this mindset of like let's find a way to do it if it's really that special and compelling.

Robert Morier: Before we go ahead, I did want to ask you if we wouldn't mind taking a 30,000-foot view of Screendoor. So, who is Screendoor? What are you looking to accomplish? We've talked a little bit about how the team works together. But ultimately, when you're sitting in front of a potential allocator, how do you describe yourself?

Lisa Cawley: So Screendoor, we think of ourselves as an investment platform. We are investing in the new in venture because we believe that the new is always going to be a source of innovation and a source of competition that has the potential to fuel outsized venture-like returns. And so, what we do is we consider ourselves an LP of GPs. So, we're a team of allocators. So, we all come from very different LP backgrounds, and we marry that up with GPs who have all built their own firms over time. So, we're not only backing a manager because we believe in their ability to be an enduring firm over time, but we do that by integrating these GP advisors into our process, into our diligence process, into our post-investment support. And then it's actually our goal to help our LPs build relationships with them for the long run so that whether through us or down the line directly off of their own portfolio, they can build relationships and have that direct exposure over time...

Jamie Rhode: Especially with Screendoor, it's a very much community-focused environment. And it's such a small, funny world because I met Lisa and realized there was significant overlap in both of the venture books that we were part of. And now that I'm at Screendoor, I work with Charles Hudson and Eva Ho constantly, yet I met them back in my prior life in 2016 when building out the venture early-stage portfolio. And it's so funny to come full circle and realize that I was engaging with them looking to make investments and using them to build out my venture network. Because in the beginning, as an allocator, I had to do so much market mapping just to identify what the opportunity set was. If I wanted to do pre-seed and seed, who were the players? And how many managers did I need to do to build a steady-state book? And so, I leaned on them and now I get to work with them. And they help on the sourcing. They help on the underwriting due diligence side, seeing them conduct reference calls with founders, seeing them stress-test the managers. We can stress-test from an allocator side, but with Screendoor, we have GPs that have been there, done that, stress-test these Fund I, II's, and III's, and say, OK, I had to deal with this. Have you even thought about this? How are you going to scale up your operations if this is your value-add and now you want to do three times the amount of portfolio companies? So, it's really, really interesting to see that. And then also have our LPs come to us and say, hey, I'm taking a look at this manager, not a fit for Screendoor, but do you know them? And so, then I can tap into a GP advisor, and they can say I have a long-standing relationship with this opportunity. I backed their startup 10 years ago. Now they're starting a new fund. I can tell you who they know, are they truly a firm-builder, do they have the grit and endurance that is needed to be a successful firm-builder.

Robert Morier: How does a culture of yes translate to the way that you, Jamie, you, Lisa, and Layne work together? So, I understand it from an external perspective when you're looking at outside partners or managers that you're investing in. But when you bring that culture of yes in-house, how does that dynamic work?

Lisa Cawley: I think the number one thing is that if there's something that's important to Jamie or Layne, then by default, it's important to me. And I think that if there's something that they see, even if I don't see it right away, the best possible thing that I can do is make sure that they have the space and runway to be able to explore that. And so that manifests itself in our diligence process. If Jamie or Layne finds a manager that they just cannot stop gushing about, they should have the space to make the case for why that should be a potential investment in our portfolio. It comes with ideas that we have for working with our portfolio, for working with our GP advisors. To me, it's not, well, these are the five things we're going to focus on, and these are the only things we're going to focus on. I think that's the beauty of even building Screendoor is that like every day we're seeing something new and so we don't have to fit into these prehistoric boxes. And if they have an idea, then we should run with that because that's a different perspective. And I think having multiple perspectives around the table and multiple backgrounds... like we all come from very different allocator backgrounds... I think that actually only makes us stronger and helps us make potentially better decisions.

Robert Morier: Lisa, you've spoken about how Screendoor addresses a critical gap in the venture capital ecosystem by providing competitive capital that many allocators structurally can't deploy. So, what unique gaps or needs do you still see in the market today and how is Screendoor evolving to meet them?

Lisa Cawley: So, I think all of this comes down to thinking about an LP profile. And when you say a category like, oh, there's limited partners out there, I think what a lot of folks fail to think about is that next level of what is each LP's fiduciary requirements, who are their stakeholders, how do they manage their asset allocation. And so, LPs come in all shapes and sizes. And even within the buckets and the categories, right?

Jamie Rhode: Even within family office world.

Lisa Cawley: Yeah.

Jamie Rhode: We were two very different types of family office LPs.

Lisa Cawley: So different. And like you can have some overlapping, right? That like magical Venn diagram in your head. But even within endowments, you have folks that have widely different asset allocations, widely different team structures. So, you end up having, for example, you can have an LP who has a relatively speaking smaller AUM, they have a smaller team, but they are still covering multiple asset classes. If they're a smaller team, then they may not have the time or the bandwidth to be able to go and be building these really deeply intensive relationships, which is something that arguably, you really need in venture capital to be able to continue to build a portfolio. On the flip side, you might have, whether it's within endowments or foundations or even other types of institutional

investors, you can have a portfolio that's so large... and still is also covering multiple asset classes... but it's so large, that mathematically, the check sizes that you need to write in order to be able to move the needle in your portfolio, they just fundamentally put you out of being able to invest in certain-sized funds and certain-sized opportunities. And so, I think that really is the gap where you see a lot of institutional LPs who either have been investing in venture for a long time or want to start investing in venture, they really have this size problem. They know that Fund I's and Fund II's, there's data out there available that supports that that's an area of high potential performance and returns. But size-wise, they can't actually participate in that directly. Even if they can engage and interface with the manager, at the end of the day, the math doesn't work in their portfolio. And then for smaller LPs, you end up having, again, what I call the size problem and the bandwidth problem where you really need a strategic partner to help you build out that allocation.

Robert Morier: Talking about stories, you mentioned how your investments, so the stories that they're telling, that you're having to support those through data analytics and research. So can you share how your stories... usually, I ask this as your background. So, we go through your background because we have a lot of students and educators who listen in to the show, so they want to get a good sense of how you came into this industry. But when you think about your respective stories, how do and did they complement each other as it related to your day-to-day?

Jamie Rhode: So, for my background... and you mentioned it earlier, I started my career off at Bloomberg and it really grounded me in data and not using data for prediction purposes. Because I think that's really, really challenging to do in the investment-management world, especially on the private-market side, and especially in early-stage venture where the time horizon is very, very long, and it's actually a feature, not a bug in the asset class. And so then working at a family office and using data on the public-market side, the buyout side, and the venture-capital side really led me to experiment and try different things on how data can guide my decision-making process. And so now that I've joined Screendoor, I would say I am the data geek in the office. I tend to be the person at the table being like, hold on, this does not make sense. There hasn't been data out here to prove that this type of fund model or this sector actually produces venture-like outcomes. This looks more like a buyout return. And we do have these discussions here... can this actually have enough behind it or are we making a market-timing bet and a sector bet and a person bet? Because you're making people bets all the time in early-stage venture. So, I come in with that lens where our partner, Layne Johnson, she really comes in with the lens of having underwritten established and emerging managers. And so, her background is more on the team and the process and more on the qualitative side. So, when her and I take intro meetings together, we come out of it and our initial reactions tend to be different, just more from what I pull on and what she pulls on. So, they tend to be very, very complimentary when it comes to the underwriting side of things. And I would say, Lisa, having the operational experience, she's able to look at zero-to-one firm-building

right away. And so, the three things that we look at right away are very different, but also, very, very important to making investment decisions.

Lisa Cawley: Yeah, and I spent a lot of time when I was at Ernst & Young, I was actually auditing venture funds and private equity funds and their management companies. And I always joke that there is a lot of interesting stuff that can be found in those financial statements and the footnotes. I used to write them, so I know where it's buried. But it's a lot of fun. And you get to see really the legal structure behind things. I do always say in venture that if you are looking at something and governing it from a legal document, that's pretty far away from a relationship, so there's probably a lot of friction with that. When it comes to the managers that we work with, they're raising their first institutional funds. They are trying to not only build the investment practice of their business, but they need to build arguably, three other businesses alongside of it. They're building a support business for those founders of varying levels of depth. They are founding a stakeholder business where they're a fiduciary of external capital. And so, there's requirements both informally from just a relationship nuance, but also structurally for those folks when they're managing capital. And then they also are putting together their internal teams. So, whether they are a solo GP or a team, all of those things still matter. And so, when you think about it, to be trying to raise capital, make the best possible investment decisions, also, manage three plus the investment side, so four businesses, that's a lot of operational complexity. So, I find that I never could have predicted it in that moment back when I was in my auditing days and working through SEC reporting and internal controls. But I think a lot of that has come to bear in terms of where you can have efficiencies and what's worth it to invest the time and resource up front to make sure that these new managers are setting up their structure across all four facets of their business and setting it up now properly with the right level of depth as opposed to it being an afterthought. Because I think a lot of times, we sometimes see new venture managers, they do have it as an afterthought. And then, at the end of the day, I always like to say that those are the quiet things that should hum in the background. And if there's not a problem, then you never actually are probably talking about them. But when there is an issue, oh man, do they come up quick?

Robert Morier: And it's loud.

Lisa Cawley: And it's loud and it's prominent and it is very, very complex to have to deal with. And so, you really have to have a handle on those things. So I love being able to take a lot of what I've done and learned and picked up through those audit experiences to be able to apply that to folks that are in that, again, zero-to-one, so that, again, when you're trying to go from, arguably, your one-to-ten, you already have that all ironed out. And hopefully, it's more just on autopilot.

Robert Morier: Yeah, it's so interesting because I think a lot of times, especially with established managers, operational due diligence tends to come at the end of the process. I don't want to call it an afterthought, but it's that rubber stamp to make sure that things are humming because you expect it is because there have been nine funds before it. But that one through three is so interesting because they're flying the plane, they're building the plane, and they're air traffic control. So, they have to do all of those things and not crash.

Lisa Cawley: Exactly.

Robert Morier: So, thank you for sharing that. One last question just on the team and the team dynamic. We've talked about the attributes that you look for in other managers and your skills as it relates to what complements each other, but what are some of those things that you admire in each other that really get you excited about coming to work every day?

Lisa Cawley: We probably need an entire session if I was going to talk about all the things I admire across Jamie and Layne. I think it's so funny because the two of them, like we were quite intentional in how we built the team. But I always say that Jamie talks in spreadsheets and data. Like that is actually how she just articulates things as you've probably already figured out. And Layne talks in like prose and investment memos. And Layne, in particular, has this just like absolutely uncanny way that I have rarely ever seen in anybody. She has this ability to dive deeper into conversations in somebody's background, not in a way that you feel like you're being interrogated, but in a way that you feel like you're actually getting to know somebody at their deeper level because you want to know somebody at their deeper level, not because you're trying to transact business with them, which in venture, which always comes back to relationships for me. It always comes back to the people. Like you just can't actually teach that. That is just something that I think is like so deep in her that I admire so much. I think she also has a really great eye for asking that next question to be able to get somebody's full complete why this strategy, why this firm, why this decision. And I think that's actually really rare in our industry to be able to hold those conversations and do so where we're in a business of passing on 99% of what we see. So, you have to have that level of respect and empathy and relationship-build, I think, in order to make that be a successful endeavor. Jamie, on the other hand... Jamie will debate you fiercely, but always based on data and fact, never based on emotion, never based on ego, which I think it's so easy to get caught up in a business-like venture where you are thinking about, oh, well, my relationship. And you start to have this bias of, well, it is my relationship and I've known it longer, so I believe I have more data points. But Jamie will always come back to the data, but then she will be the first to tell you strong opinions loosely held. It's like, this is what the data is telling me, but we're also in the business of, at times, not listening to the data and making a very calculated decision on when we're not going to listen to the data. And so, I think, for me,

it's very rare that you come across somebody that you can have really fierce debates, but that doesn't trickle over into the rest of a totally unrelated conversation. And I love that because it's like we're going to have debate time now, and then we're going to move on to the next thing. And I think it's just like a beautiful... it's so fun. It doesn't feel like work.

Robert Morier: Jamie, you've discussed the importance of investing in managers with unconventional backgrounds. So, can you share how Screendoor evaluates the non-consensus qualities of potential GPs and why these qualities might lead to outsized returns?

Jamie Rhode: When it comes to early-stage venture, the outliers come out of the tails or the edges. And so, Lisa would be like, what does that actually mean? You're talking in spreadsheets again. But it's really the right tail of the distribution that's driving that venture return. There's only 2% of startups that turn into the outliers. Only 20% of fund managers really make up the bulk of the venture return. So, you have to be seeking out managers that are thinking and investing differently than it's been done historically. So, at Screendoor, we really, really look at what has been your journey to today on a personal and professional-level basis. Because I think being at Screendoor, talking to Lisa, talking to Layne, part of our personal journeys to today have really shaped who we are. So, I think it's really important to reflect on the personal side and not just the professional side, but understanding what that journey has been up until today. Also, understanding does your portfolio construction match that of your fund size and strategy and is there a track record. That track record could be investing, or it could be being an early operator at 10 different startups, four of them failed miserably... which is a wonderful learning experience, three of them were pretty successful, and the rest were huge exits. So that is a track record because you've made decisions in your career to go work at these types of companies. Or has it been that you were an operator at eBay and PayPal and then Yelp, and it really gave you the experience to be that true value-add on the cap table, and you have an angel track record of 15 deals? And so, you can show that you can invest... you can write a check... but your experience as being an operator is really, really value-add, and people are calling you to get on the cap table. And so, it's really important to understand what those managers can access. Because at the end of the day... and unfortunately, venture is such an access asset class, and it's unfortunate that that's the way it is... but it's really important for us as allocators to be picking managers that can give us access to the top 1% of founders, so understanding what that journey has been. And it's important to be in the networks and geographies that are producing consistent outlier production, but also the ones where they're emerging. And so that's where emerging managers really come into play. They're identifying new sectors. They're identifying new opportunities. When you go back to 2012, Coinbase got its early-stage funding. There was no blockchain fund. There was no Web3 really at the time. But to be able to identify that investment opportunity means you had to be thinking differently than the rest of the crowd that was probably still investing in enterprise SaaS-focused, even though that's still

a great sector. But to find the next generation of outliers, you need to find the next generation of GPs that are finding the next generation of founders. And so, understanding the GP market fit is really, really important. But also understanding given more institutional allocators, are they building a firm? Are they going from an investor to a fund manager, or are they just being a founder magnet and investor? Which is level-set required in this business, but you need to be a firm-builder, and you need to be an institutional fund manager to make it.

Lisa Cawley: I think, too, so often we find that when if you're a multi-asset class allocator and you want to invest in new venture capital funds, you typically expect to be able to take your existing. I've backed however many established managers. They're on Fund X through XV. That's wonderful because if they've made it that far, that obviously means that the returns potential has been persistent. You can't necessarily take a new manager who's raising some of their first institutional funds and take their track record and put it in the same model. It doesn't work. And I think a lot of allocators if they can't take the track record and put it in the model that they're used to looking at venture, and that lens that they've always looked at that part of the asset class with, to them, it doesn't pass go. And so, when you're looking at these first institutional funds, you have to be able to think instead of this Excel sheet, like, what am I really underwriting in this person? And I think we always come back to somebody's greatest asset is actually their time, not necessarily their capital, because capital will always be fleeting. It will come and go. Hopefully, it will come more than it will go. But your time, it's the only thing that we all have the same of. And you never, ever, ever get it back. And so, we think a lot about how somebody voted with their time, where did they spend their attention as they were building that. And I consider that absolutely part of somebody's track record because, to me, it's like you're voting with your feet. Like if you can't vote with your dollars, then vote with your feet. And I actually find that even more compelling.

Jamie Rhode: But it comes down to the decision, I think, that was made with voting with your feet, not the outcome, which is something that Annie Duke taught me. It is really important to understand the structure and process you implemented when making that decision. And that's something we focus on when looking at these managers because if you're basing it off outcomes, you're going to be waiting 10, 15 years at this point to make that decision. And then that's just one fund. So, it's really important when chatting with these managers... and this goes back to stress-testing them, do you have an investment framework? Do you have a structured investment framework that's going to help you build that enduring firm, help you achieve superior venture returns? Do you have a framework that will survive multiple market cycles since we're signing up for a 15-year marriage and you're investing for an exit 10 years from now? So, it's really important to stress-test those decisions, but not judge someone based totally on the outcome.

Lisa Cawley: And this is where Layne comes in and I think is just so powerful because she's building those conversations and having just like next-level depth, not hitting a checklist of questions, like truly learning about the person to say, what is this person's background. What new perspectives are they actually bringing that are going to be attractive to the best founders out there? So, it runs out our process in a pretty robust way.

Robert Morier: What's the response been like from the emerging managers? So, they're getting access to this advisor network. It's obviously very differentiated. But when they get that call, what's that response been like? So how have you seen that interaction actually play?

Lisa Cawley: I think that most of the prospective GPs when we're going through our diligence process, they probably are the most excited about a lot of the conversations that they're having, and this is just in diligence. This is managers that we haven't come to an investment decision on them yet. And so, what we end up doing in our diligence is we bring in... very strategically too in terms of how we make that match work, but we bring them into the process. And I think as any allocator knows, an LP-to-GP conversation or an LP-to-founder conversation has just such a different dynamic than two GPs sitting and talking to one another. You have a different set of topics that you probably focus on because you have a different lens on the venture ecosystem. And so, I think most, I would have to say, probably walk away from that conversation learning something... both the GP advisor and the prospective manager. But then they also feel like they can take that and actually take that as tangible feedback that they can then either build into their next pitch, take in as feedback for how they're building their firm, how they're building their team, how they're messaging themselves to the broader market. And so, it's really, I always say the sky's the limit. There's no question that is off-limits. And there's no question that probably is too detailed or too silly or trivial sounding for them to ask. Because at the end of the day, any new manager, if you have that question, you're not the first and you won't be the last. And so, what we want to do is make sure that we're helping these managers with these guardrails. But at the end of the day, there's so much uncertainty and so much that if you're only focused on investing, you just don't around the other aspects of building the business. And so that's where we can help give additional perspective and advice. I think when you see a lot of different structures out there in the market, everybody has a slide of advisors. I almost wish we could call them something other than GP advisors, but that is like factually and definitionally what they are doing. Everybody has their slide of advisors, and they may make a five-minute phone call every year, or they may just be a logo or a picture on a page. That's not what Screendoor is. So Screendoor, our GP advisors are the DNA of the firm. They are part of our founding story and is so critical because that's why we think of ourselves as an LP of GPs where we are a limited partner. We will make LP commitments into new managers on behalf of our investors, but post-investment, what we end up doing is bringing those GP advisors into the portfolio to help navigate through managing the extremely long-duration nature of a venture fund.

So, we pair two GP advisors with every manager in our portfolio and that's their go-to person... or two people I should say, for both tactical questions that come up probably daily, but also more strategic questions. I want to bring in a new partner and I'm thinking about that over the arc of a multiple-fund cycle. I am thinking about how I might position platform opportunities for my portfolio companies. How should I be thinking about augmenting that in my work? And so, it's really powerful because otherwise, in the absence of that, what I like to always think about is that a new manager without that support has a much tighter funnel of which they're picking and making decisions off of.

Jamie Rhode: There hasn't been a firm to date that makes investment decisions not just based off of experienced allocators, but also experienced GPs that have been through market cycles and have seen what success is and failure and dealt with the challenges that you're ultimately going to incur when it comes to building a firm. So, to me, that's what's really unique about Screendoor is it's not just allocators making the decision, it's allocators that are augmented with experienced GPs. So, I just think it brings very diverse perspectives and fun conversations in deal meetings where there may be some dissent there but that's healthy. And that's the way you make decisions that lead to success is when there is conversation and there are disagreements, and you have those debates. Because personally, I don't think the best outcomes will be based off 100% consensus.

Robert Morier: Can we talk a little bit about sourcing and sourcing managers? And we have a lot of our audience who are GPs themselves and they're interested in how to access Screendoor. What you're looking for, we've touched on. But when you think about sourcing these underlying relationships, what does that process look like?

Lisa Cawley: There are three main ways that we come across new managers. The first is just by way of us being LPs for, however—

Jamie Rhode: A long time.

Lisa Cawley: -- a long time. So, through our LP networks, we're always trying to find folks. And we want managers to be able to find us too. I think it's always like chronically so difficult to find the LPs that are spending time in emerging managers. So, we're not shy about that. That's really important. The second thing, and this is, again, I think a difference-maker, this is where the GP advisors come in. They're out there in the market. They're active investors. They know who's involved in deals. And they may who is considering building the next firm and who's considering building a new brand. And so, they send those managers to us so that we can have a conversation with them and start to hear their stories. And then the final way is we actually in the spirit of wanting to be in touch with people, we don't want people to need a warm introduction to talk with us and have to spend the time and energy to go and track down and triage. And so, we have an open website submission where GPs can go in and submit, share their information with

us, share what they're building, and then that way that can be a catalyst for a conversation with us.

Jamie Rhode: I'd say that GP submission form, I love because we are able to track data on it. And so that really helps when it comes to the decision on an intro call, because as Lisa would say, time is really, really important and it's your most valuable resource. As we all know pre-seed, seed, early Series A provides the most opportunities to compound capital and provide a potential great multiple return. And so that's where Screendoor plays. The second piece is sectors. I can control what sector I invest in or what sector I don't invest in. When it comes to venture, the outliers create brand-new sectors. So, for us, we really want to be focusing on managers that are giving us broad enough coverage of all the sectors that exist today, but also all the sectors that exist tomorrow. So sometimes that may mean a sector specialist because I don't have coverage of that particular area. But if we do go sector specialist, it's really important that sector has the potential to produce venture-like outcomes because we are in it for the winners. The third piece is geography. Does that geography have the venture network, the venture mindset? I think it's so interesting having been in the venture space for a while and working with these GPs advisors, which I don't want to date them, but they've been here a very long time and can say there's a certain mindset that you need to have where you can't be afraid of risk. And I think the New York geography has started to really emerge as an outlier-producing ecosystem. But 10 years ago, it didn't have the venture mindset. It had more of a financial, publicly traded mindset which doesn't lend itself to producing venture-like outcomes, because in venture, 98% of the startups are not winners. That means 2% are successful. So, you need to have a proper mindset. And so, I think understanding geographies... can they produce venture outcomes? Do they have the venture-talent networks? Do they have the venture mindset? Do they have the talent? And then lastly, does this GP... and, yes, it's through a deck or through a paragraph that we give them to tell us why they're the best and what their experience has been... give us the indication that they have the right to be that founder magnet and the best at sourcing, selecting, and winning for their strategy? So that's really the key things that we're looking for when the top of funnel comes in to make that decision on where to spend my time.

Lisa Cawley: Data. What did I tell you?

Robert Morier: It's all about data, yeah. But when you look beyond data and you have to look at some of those soft skills of the founders that are being invested in by your GP partners, how do you assess those characteristics like integrity, resilience, grit, things that you've talked about quite a bit? How do you get to the core of that? Because that's tough to get through on a deck.

Lisa Cawley: Totally. And I think this is where—

Robert Morier: And in the data.

Jamie Rhode: Agreed. It's an art, not a science.

Lisa Cawley: I think this is where Layne's background in her ability to drive at that next question really comes through. When you can learn about how somebody grew up, what their lived life experiences are, I think that really is just really powerful. Like we love to see when folks can draw on their backgrounds and the ways they've grown up either in their family life or throughout their career and the career experiences they've had. I always like to see how that's embedded in the DNA of this firm that they're bringing to market. Because arguably that is what is going to make them competitive, and that is what's going to make them, again, attract the best founders. Like I always say, source, pick, win, support, and, oh, by the way, exit. If you're not sourcing from the best and the best talent pools, then arguably the rest of that chain of events is already going to be operating from a point of being mediocre. So, you have to be able to attract the best founders. And you have to be able to have this story and have this opening that I don't think you can get that from a new manager in a singular instance. It is quite hard, but you can get it by having multiple instances and multiple interactions with them. Like I love, actually, that's why the reinvention of in-person post-pandemic I think has been really important for the ecosystem. I think it will take some time for that to really start to pick up steam still, but I think it can be a really powerful way. You just get to know somebody so much better by sitting across from them, having a meal with them. And those are things that we all try to make a pretty significant effort to do.

Robert Morier: Or doing a podcast.

Lisa Cawley: Yeah, a live podcast.

Robert Morier: Yeah, live exactly.

Jamie Rhode: I'd say it's really important, for me, once I get through the quantitative part and feel comfortable that this can produce the venture-like outcomes I'm looking for, going on to that qualitative side that Layne definitely taps into is really important. Because having endured hardship or having endured 1,000 no's and significant challenges is really important to be able to survive the ups and downs of what it's like to be a venture manager. And this question triggered something in my head from something you asked earlier. When meeting Lisa, both of us on our personal side had dealt with so many challenges up until this point of Screendoor. And if it wasn't for Lisa, I don't know if I would have survived some of those challenges. But I know that I did and I'm here today and super happy to be next to her. But having endured all of that, now being here working with her side-by-side wearing the same jersey, except in sports—

Lisa Cawley: Except in sports.

Jamie Rhode: Go Birds. I mean, let's be honest.

Lisa Cawley: Go Ravens. Go Orioles.

Jamie Rhode: Go Bills. It gives me the confidence knowing that we were there for each other during really hard personal times, and we leaned on each other and survived because of that. And so, to do this in a professional sense, we got this. I'm not scared of anything just because I have Lisa and now Layne by my side.

Lisa Cawley: I think too, it's just a framework of rather than sitting every time there's a no or a tough obstacle that you're trying to work through, whether it's in the portfolio, whether it's in a relationship, whether it's in your personal life, it always comes back to rather than the mindset of why is this happening, it's what am I learning from this and what can I take from this to then make the next instance that much better. So, some of it is a mindset shift and that's the best I think we can do.

Jamie Rhode: Yes.

Robert Morier: And it sounds like you're doing it pretty well. So how do you define success for Screendoor in the future?

Jamie Rhode: Returns-driven. We are out there finding emerging managers that are building firms and producing venture returns. I would say for myself, especially coming from an organization where I had helped revamp the asset allocation investing in public markets, buyout, and venture, looking to prior CIOs who had done this before and really changed the world, for me, when it comes to Screendoor, there's so much friction and complexity when it comes to investing in emerging managers, I want to reduce that. I actually want to get rid of all of that. And that aligns so much when chatting with the team here. And so, what David Swensen did for the asset allocation industry, we want to do here at Screendoor. We want to make it so that our investors find it so much easier to invest in this space and so it's not as much of an access game. I think relationships and networks are always going to be integral to investing in innovation, but finding a way to make these investments should be easier. And that's what we're going to do here at Screendoor.

Lisa Cawley: Yeah, I think, I mean, the number one far and away is always to have the chance to build a benchmark-beating portfolio and drive returns for our investors. They all have stakeholders. And we think deeply not just about the LP and the line-item name on a page, but the people and the organizations and the communities that will benefit from that capital. That is always at the forefront of my mind in terms of when we're making our

decisions on the portfolio and how we build this firm over time. I think in terms of the immediate ecosystem and industry, I always come back to this feeling of you don't want to be just a limited partner in the industry. You want to just be a partner. And that, I think, is something that I've learned throughout my career and is so deep in my core that whether it's to our GPs success, to me, is that they look at Screendoor as just an exceptional LP and an exceptional partner. I think I would hope the same from our investors that they look at us as a strategic extension of their team, and as a real partner that they have a relationship with and can trust and can build their own portfolios around. And success in a very specific way for us is that we want our LPs to invest in the subsequent funds of our managers when they're either sized in the right way, it's maybe the right fund size, or when it perhaps hits the right fund number. Some LPs are restricted in terms of it must be a Fund V in order for them to invest directly in that manager regardless of fund size. So, all of those things, I think are paramount to how we think about success. It's returns that benefit the community. It's being a good partner to our GPs. It's being a good partner to the allocators that we work with. And those are all pretty symbiotic goals.

Robert Morier: Great, thank you for sharing that. Thank you for all of these insights today. Maybe some parting advice for our emerging managers who are listening in. What advice do you have for them as they think about their own growth, and they think about this environment that they're currently operating in?

Lisa Cawley: If it was easy, everybody would be doing it. And it's not supposed to be easy. In order to be competitive, it has to be difficult. And I think that's where the grit and the hustle and the endurance come to play. And I would always actually go back to the framework of if you walk out of a bad conversation and you're like, gosh, I just totally missed the mark in that meeting, or I wish I had said something differently, every single person in every conversation has been through that. Everybody has their first day. Everybody always has a place that they're starting from. So, to keep that in mind and go back to the mindset of what can I take from this meeting. What can I take from this conversation? What can I take from this and learn from it and immediately put into action and continue to iterate on? And I think the best managers, they're always trying to iterate. They're not trying to stand still.

Robert Morier: How about from a data perspective? How do you give them advice on that data?

Jamie Rhode: So, I'd say of two answers on the advice, the first is not data driven. It's being humble and kind. Having made a significant number of investments in many managers across multiple asset classes, one key theme that I've seen in managers that have been successful is being humble and kind. It goes a really long way. And this is a very, very small world. You don't know who you're going to meet, especially if you have a

meeting with someone that's junior at the team. Two years from now, they may be at another firm running that firm. So, it's really important to be humble and kind. From a data perspective, I think having the data in your deck or in your materials to back up your thesis, to back up the inflection point, what have you identified in the market that is going to lead to exponential growth and being able to explain that. And even if there aren't historical exits to date in your sector is there are market comps out there that you can explain to investors because in short, fundraising is an educational exercise. You're sitting on one side of the table educating the other person on why this opportunity is going to be better than anything else that's in their portfolio today. So, coming in with the mindset that you have to educate them and coming in with a prepared mind to do that is really, really important.

Robert Morier: Thank you so much for being here today. It was really an insightful conversation. We learned a lot about Screendoor. We learned a lot about your approach. Congratulations on all your success. And we wish you nothing but good luck going forward. So, thank you for being here today. If you want to learn more about Screendoor, please visit their website at www.screendoor.com. You can find this episode and past episodes on [Spotify](#), [Apple](#), or your favorite podcast platform. We are also available on [YouTube](#) if you prefer to watch while you listen. If you'd like to catch up on past episodes, check out our website at dakota.com. And finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Jamie and Lisa, thank you again for joining me today. And to our audience, thank you for investing your time with Dakota.