# Introducing non sibi ventures

Sid Smith and Kent Lucas, co-founding GPs, non sibi ventures

*non sibi ventures seeks leading venture returns by applying value investing principles to our sourcing and selection process to invest in category defining U.S. based technology companies. The fund targets seed and series A investments in underrepresented founders (67%) and women (50%).*

We met over forty years ago as high school students at Phillips Academy, Andover where we formed a special bond as teammates and roommates. It was there we learned the concept of ***non sibi*** (the Latin phrase and school motto, "not for self"), which we put into practice as team captains and student leaders.

Kent majored in economics at Harvard, deferring his dreams of being an architect. After several years on Wall Street, he attended Stanford Graduate School of Business where he took investment classes with the legendary professor, Jack McDonald. Sid attended Yale, majored in English, and played on the basketball team. After a two-year stint in politics, Sid went to the University of Virginia School of Law. We both pursued careers in the financial world—Kent worked at Capital Group where he invested public equities in the automotive, industrial, and machinery sectors and Sid practiced corporate law at K&L Gates and Cooley LLP where he worked on public offerings, venture financings as well as mergers and acquisitions. Our friendship has remained strong over the years, and we've shared an entrepreneurial spirit, a commitment to lifelong learning, and a strong belief in *non sibi*.

Over his career, Kent has served as Research Director for a top Brazilian financial institution, launched a hedge fund, found and grew his own venture advisory firm which included designing and running a startup accelerator. And for the four years prior to launching *non sibi* ventures, Kent served as a venture partner for an Israeli early-stage venture fund. Meanwhile, Sid managed his own law firm and served as general counsel to Syncom Venture Partners (the largest ($400+ AUM) early-stage black-owned venture firm), co-founded several companies, chaired and served on boards, and regularly strategized with investors and founders to scale businesses. While we know there is more to learn, we like to joke that our team is quite "seasoned" bringing 80+ years of relevant experience to *non sibi* ventures.

Fast forward to summer 2020, when numerous and senseless murders of innocent black people underscored the need to take immediate action to address persistent racial injustice and inequality in this country. For us, it was the catalyst to launch *non sibi* ventures to invest in overlooked and underrepresented founders whose talent and technologies can generate leading venture returns and transform our future. From day one, we have been passionate about building *non sibi* into a venerable venture capital firm, and are fortunate to be able to leverage our forty-year relationship and complementary skills, experience, and networks to achieve that goal.

**Defining the Value Gap: Underrepresented Founder Challenges and Opportunities**

Despite efforts to provide capital and support to underrepresented minority (URM) and women founders and fund managers, tremendous gaps persist—the numbers still lag in all areas as highlighted below. This is our opportunity—**finding value in our sourcing and selection** to produce leading venture returns.

1. According to Crunchbase, startups with at least one Black founder represent only 1.9% of deals and have received only 1.2% of overall venture dollars invested in the U.S. These numbers are woefully disproportionate compared to the overall Black population (13%) and given the fact that Blacks hold ~ 6% of computing and engineering jobs. There is a tremendous amount of work to be done.

2. Women-owned businesses represent a compelling misvalued opportunity given the number of companies being founded by women and the similarly dismal level of investment in these entities. Crunchbase figures for 2021 demonstrate that all-female founding teams dramatically trail their male counterparts, as they received 2.1% of all VC investment while mixed-gender teams received 14%.

Meanwhile, according to [Project Diane] and their tracking database, the number of Latinx and Black women founders doubled from 2018 to 2020, while the two-year combined failure rate for these groups is 27% versus 40% average for all funded startups—all while receiving approximately 90% less seed capital.

3. When considering outcomes and performance—surely the most important factor for our limited partners, there are ever-increasing amounts of data to justify investment in entities owned by diverse individuals: diverse teams produce better outcomes—in the boardroom, in the C-suite, as investors, and as diverse founders. Harvard Business Review research showed that diverse VC funds' IPOs performed 26% to 32% better than the VC funds overall. Additionally, McKinsey's studies show that return on equity (ROE) is 28% and 43% higher with gender diverse and ethnically or culturally diverse boards, respectively. According to a [Knight Foundation study], teams of diverse founders produce 30% higher multiples on invested capital (MOIC) upon exit compared to homogenous teams.

### Why *non sibi*?

### *non sibi*'s Value Approach to Venture and Closing the Value Gap

VALUE: the *non sibi* difference

Invest in **overlooked, underrepresented** founders

Target **underserved** markets, consumers or enterprises

Be highly **disciplined** in our approach

Diligence using extensive **fundamental research** and analysis

Back founders aligned with our "**Values**"

We created *non sibi* ventures to unlock the tremendous value that these missed opportunities present. We spent months defining our strategy and advantages, and realized that by combining our unique personal and professional experiences, we could build a differentiated investment firm that takes advantage of the persistent blind spots and pattern recognition voids often engrained in traditional venture firms. We expect to generate top venture returns by primarily sourcing and selecting investments that fit the Value Gap—underrepresented minority (URM) and women founders that tend to be overlooked and undercapitalized or technology-driven solutions that focus on less obvious markets and customers.

Our portfolio companies illustrate great examples. A woman founded Fitz Frames manufactures 3D printed custom fit eyewear for kids 3+ and their parents. Nectar, led by a Black man and woman team out of Atlanta, provides a financing marketplace for real estate entrepreneurs to access non-dilutive growth capital and for investors to diversify with low risk & high yield passive income. And then there's Idenati, whose digital information productivity platform declutters the Internet and people's lives by organizing and enabling easy access to personal and professional applications.

Finding these types of high-potential companies that are off the typical VC radar should allow us to invest at relatively lower valuations which improves our upside return on investment (ROI).

When we find these undervalued companies, our team's extensive experience with **fundamental research and analysis is at the cornerstone of our diligence and investment decision-making**. By using fundamental analysis, we attempt to gain an accurate picture of potential growth, prospective longevity, and the intrinsic value of founders and their startups. For example, Kent's decades of experience in mobility and the digitization of industrial technologies (industry 4.0) was critical in assessing the potential of our portfolio company, ChargerHelp!, which is leveraging software, data, and workforce development to offer Reliability as a Service (RaaS): on-demand repair and maintenance for electric vehicle (EV) charging networks.

**In Search of "Category-Defining" Investments**

Category-defining solutions provide a better chance of a homerun or unicorn outcome. Therefore, we look to invest in disruptive technologies or the application of existing technologies and solutions to a new or less obvious market. For example, our portfolio company Moodify is applying artificial intelligence and software to affect humans' perception of scent to, among other things, drastically improve R&D time and expense for the fragrance and perfume industries. Moreover, Planet FWD has the largest database of "farm to shelf" lifecycle carbon assessment helping to define "sustainability as a service" for global food, beverage, and consumer goods sectors that are facing mounting pressure to reduce their carbon footprint. Volan Technology is applying highly effective technologies more commonly used for asset tracking and logistics to analytics for warehouse and factory workers. **Each of our investments to date offers a first or near-first solution and is instrumental in defining or shaping a new market**.

***non sibi*** **Leadership: Differentiated Talent Development**

Providing capital and connections to our portfolio companies is not enough. We want to make our founders better leaders to improve their odds of success. So, we're developing a leadership program that builds upon the capabilities of our already A+ founders and company leaders. The centerpiece of our leadership program will be our annual leadership retreat which will bolster leadership excellence through shared best practices, differentiated learning sets, and the creation of a community for our invested entrepreneurs and other promising diverse entrepreneurs.

**Strong Foundation—Built for the Long-term**

We knew the importance of being an institutionalized firm based on our past experiences and firms where we've worked. That's why we quickly built a strong foundation premised upon an experienced team, robust processes, and a roster of top third-party service providers. We are 100% committed to establishing an institutionalized, reputable firm for the long term.

We've invested billions of dollars, and have advised company leaders during good and bad economic periods going back to the dot.com bubble and bust of the late 1990's and early 2000's. Our experience, discipline, and commitment to being institutionalized from day-one set us apart from other first-time or emerging managers.

***non sibi*: Venturing Beyond Self**

In conversations with investors, we repeatedly emphasize the fact that generating top venture returns and having an impact are not mutually exclusive—in fact, it's exactly the opposite. **We believe the best way to achieve leading returns for our partners is to focus on Value Gaps often found in disregarded, underrepresented founders who are offering disruptive technologies and driving new markets.**

While we're early in our journey, we're excited to be part of a growing network that is truly committed to making a difference for underrepresented founders and investors and finding the most innovative and impactful technologies of the future. As we've done since we met at Andover and throughout our careers, we're bringing the same team-driven fierceness we had as competitive college athletes and an unwavering belief in *non sibi* to generate top returns and drive transformational change.

You can find out more about *non sibi* and our portfolio companies here.

Sid Smith & Kent Lucas

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