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## VentureForward Blog Series: Time's Up – We Need to Fix This



**January 16th, 2018 by Kate Mitchell (<https://nvca.org/author/kmitchell/>) & filed under NVCA Blog (<https://nvca.org/blog/>), VentureForward (<https://nvca.org/blog/ventureforward/>).**

*Note from NVCA: In September of 2017, NVCA announced (<https://nvca.org/blog/diversity/path-forward-address-sexual-harassment-vc/>) our path forward to address harassment, diversity, and inclusion in VC. With the help of our Members and Industry Partners, we're currently primarily focused on updating our sample HR policies and developing HR best practices, but we know policies and best practices can only go so far. To that end, we launched this VentureForward blog series for industry leaders to share their perspectives on why diversity and inclusion (D&I) are important for the future of VC, their firm's activities and approach to D&I, and guidance for how we—as an industry—can drive meaningful change.*

**Kate Mitchell, Co-Founder & Partner at Scale Venture Partners (<https://www.scalevp.com/>), continues the series with her post below:**

### Time's Up – We Need to Fix This

Caring about inclusion and diversity is no longer just the good or smart thing to do. It's an urgent issue our industry simply can't afford to tiptoe around any longer.

I recently came across Emily Chang's devastating piece in Vanity Fair (<https://www.vanityfair.com/news/2018/01/brotopia-silicon-valley-secretive-orgiastic-inner-sanctum>). In an excerpt from her upcoming book, *Brotopia*, she describes drug-fueled sex parties in Silicon Valley hosted by successful VCs and entrepreneurs. I was blown away, revolted by the facts, ashamed of my

industry, and angry at the perpetrators. Learning of this latest exposé, I questioned whether this trend was unstoppable. Could our efforts to make venture more diverse (<https://nvca.org/ecosystem/ventureforward/>) ever make a difference?

At that moment, it felt naïve to try. Naïve until I stood back and looked at the dynamics of the venture industry. We are an industry rooted in the belief that change is possible. Naïve until I thought about the many conversations I have had with men and women, with people of color and with so many who really care about making a difference.

Building an inclusive and diverse team is no longer like the sensible diet that we know we should go on but can easily put off until tomorrow. It's now an urgent issue that can cost violators their reputations and leave scars on victims that may take a lifetime to heal. We have moved from working to make our industry stronger to waiting for the next embarrassing public announcement. Binary Capital's quick fall from grace after Justin Caldbeck's (<https://www.theinformation.com/silicon-valley-women-tell-of-vcs-unwanted-advances>) predatory behavior became public was just one early example.

But the cost of these transgressions goes far beyond just those directly involved. It hurts all of us—our employees, our companies, our institutional investors, and our industry. The value destruction has been real and swift. Uber's value is down 30% from its peak after the fallout from Susan Fowler's blog (<https://www.susanjowler.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber>) sharing her horrific experience working as an Uber engineer. Early Uber (<https://www.recode.net/2017/11/28/16713378/uber-secondary-benchmark-menlo-softbank-stock-sale>) investors took a big discount to sell their shares. The value of having SoFi (<https://www.forbes.com/sites/clareoconnor/2017/09/12/sofi-ceo-mike-cagney-resigns-following-sexual-harassment-lawsuit/#7de758465be6>) on a résumé has been tarnished for many great employees due to the bad behavior of company leaders. Binary Capital's (<https://www.mercurynews.com/2017/07/09/binary-capital-chaos-can-the-vc-firm-survive-sexual-harassment-scandal/>) limited partners took a significant reduction in the potential value of their investments.

We are known in Silicon Valley for being intelligent risk-takers. We have attracted the best human and financial capital based on our track record of success. But the institutional investors, the entrepreneurs, and the employees who have staked their belief on our ability to underwrite the “next big thing” did not underwrite this kind of risk. Technology, market, and execution risks are a given, while basic principles of considerate and legal workplace behavior are not.

The harassment and sex parties are the extreme but are also the tip of an iceberg – the iceberg being an industry which lacks diversity (<https://nvca.org/pressreleases/new-survey-reflects-lack-women-minorities-senior-investment-roles-venture-capital-firms/>), creating a fertile ground for bad behavior and keeping us from performing at our best. Discriminatory, disrespectful and dismissive behavior is more common than we want to admit. Women and people of color don't get funded, and it's not just a

pipeline problem. Women and people of color are not equally represented at senior levels across the venture ecosystem. Many women have characterized their experiences with VCs as inappropriate at the least. Does characterizing the problem as “the behavior of the few” let us off too easily? While most of us can say “I’m not one of those few bad actors,” we can be more intentional about making our industry more diverse.



*Kate and other VC investors at the White House Demo Day*

The good news is that while this bad behavior clearly has systemic roots, it doesn't represent the attitudes and behavior of the majority of venture capitalists. I have been heartened by the men and women of diverse backgrounds who have worked hard to pioneer needed evolution of the industry. The NVCA board (<https://nvca.org/about-nvca/board-directors/>) has led by example – our makeup is more diverse than the industry. White male VCs in the industry including Greg Sands (<https://nvca.org/blog/kick-off-nvca-ventureforward-blog-series-focus-progress-not-perfection/>), Brad Feld (<https://www.feld.com/archives/2017/06/go-culture-add-not-culture-fit.html>), Mark Suster (<https://insights.upfront.com/tagged/diversity>) and Hunter Walk (<https://hunterwalk.com/2016/03/02/the-importance-of-addressing-diversity-early-in-a-companys->

life/) have been as honest, passionate, and involved as the women and people of color working alongside them. NVCA has established a valuable partnership with the Toigo Foundation (<http://toigofoundation.org/>) and has supported the efforts of Project Include (<http://projectinclude.org/>). Campaigns like the Israeli initiative PowerInDiversity (<http://powerindiversityisrael.com/>) and the Kauffman Fellows Stewardship Pledge (<https://www.kauffmanfellows.org/our-pledge/>) have sprung up across the world. NVCA's VentureForward (<https://nvca.org/ecosystem/ventureforward/>) initiative will continue to provide resources and measure the industry's progress. The transgressions of the few have gotten in the way of the silent majority who are learning and working hard to make a difference.



Kate at NVCA/SBA Diversity Event

So, let's take advantage of our strengths. First, venture capitalists have always worked in syndicates and, therefore, know how to work together more than any other asset class. Second, we believe in change. These are the building blocks we can use to sow the seeds of change and help the industry reach its full potential. Let's seriously ask ourselves, *how do we foster healthy cultures, build inclusive environments and be intentional about building diverse teams?* What does that look like, and how do we create accountability? Here are just a few ideas, and I welcome hearing more:

1. **Be intentional every day.** Take notice of all those around you. Find ways to make space for others. Speak up when you see something that is wrong – small or large. Reach out and offer advice to a young firm or a first-time entrepreneur. Sponsor someone who could use your help.

2. **Take advantage of ready-made resources** including the NVCA's HR Policies (<https://nvca.org/ecosystem/ventureforward/>), Toigo Fellows (<http://toigofoundation.org/toigopro/employers/>) job board, and Project Include (<http://projectinclude.org/>) with resources for VCs and entrepreneurs. Take the Parity Pledge (<http://parity.org/>) to interview senior women and minorities when hiring. Learn from your peers, e.g., the 45 firms who took the White House Diversity Demo Day (<https://nvca.org/pressreleases/leaders-of-the-venture-capital-industry-commit-to-actions-to-advance-inclusion-in-the-entrepreneurial-ecosystem/>) pledge, and look for new ideas that will be shared via the VentureForward blog (<https://nvca.org/ecosystem/ventureforward/>).
3. **Expand your network.** Offer to teach at local schools or culturally diverse incubators. Host a summer intern in your office or take on a mentor. Attend the Stanford/NVCA VC Symposium (<https://nvca.org/event/stanford-nvca-vc-symposium/>) in March which will help young and emerging managers become successful venture capitalists. Not only will you help them, you will be diversifying your social network.

It is important that we all stand up and link arms. The silent majority needs to become vocal industry upstanders rather than bystanders. Our time is up. It is now more urgent than ever for us to prioritize fostering healthy cultures, building inclusive environments, and being intentional about building diverse teams. Only then will this tide of destructive behavior change. Only then will our industry reach its full potential.

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*Read the other posts from this series:*

*Greg Sands – Focus on Progress, Not Perfection (<https://nvca.org/blog/kick-off-nvca-ventureforward-blog-series-focus-progress-not-perfection/>)*

*Lisa Lambert – Diversity & Inclusion is a Growth Story (<https://nvca.org/blog/ventureforward-blog-series-diversity-inclusion-growth-story/>)*

*Maha Ibrahim – Canaan Forward: Diversity as an Asset (<https://nvca.org/blog/ventureforward-blog-series-canaan-forward-diversity-asset/>)*

*Carmichael Roberts – Being Different (<https://nvca.org/blog/ventureforward-blog-series-different/>)*

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