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## SPEAKERS

Mike Asem, Matt Hunckler



Mike Asem 00:00

When you want to attribute success to yourself, the best way to do it is in a small team in a company that's looking to get high potential targets.



Matt Hunckler 00:22

Welcome to the powderkeg podcast, the show that plugs you into the massive opportunities in startups and tech hubs beyond Silicon Valley that are exploding with potential. I'm your host Matt Hunckler. And in today's episode, I'm talking with Mike Asem, partner at venture capital firm M25. As a partner at M25, Mike has participated in nearly 100 investments in early stage companies across the Midwest. Outside of his responsibilities and 25, Mike is also a Kauffman fellow, and a board member of BLCK VC. I'm not sure if that's pronounced black VC, but it's BLCK VC leading initiatives in the Midwest to connect engage empower and advance black venture investors. Before joining M25, Mike founded the anvil a co working space and startup incubator on Purdue University's campus where you helped launch the first produce startup to be accepted to Y Combinator. He and I actually grew up together in West Lafayette, Indiana. And so you'll hear a little bit about that. I hope you enjoyed this conversation as much as I did. Here's Mike Asem. Mike, thanks for being here today. Man. Where are you now in front? I know that that's a rhetorical question for those that are watching the video version of this podcast. But where are you dialing in from?



Mike Asem 01:33

Yeah, I'm coming in hot from bucktown. neighborhood in Chicago.



Matt Hunckler 01:37

Nice. Well, and for those who don't know, the our context unit kind of grew up together at least part of our childhoods going as far back to Mrs. Thompson's class and kindergarten. And what the heck was the name of our high school? Cumberland?



Mike Asem 01:55

Yeah, Elementary. They don't do Cumberland Crusaders anymore. They don't No they're now the Cumberland bucket fillers



Matt Hunckler 02:03

bucket fillers. This is a fact



Mike Asem 02:06

I knew I was shocked not that this is said in fact



Matt Hunckler 02:11

I like the alliteration of Cumberland Crusaders more than the Cumberland bucket fillers.



Mike Asem 02:16

Yeah, well for another day,



Matt Hunckler 02:19

I guess. I guess I'm a proud bucket filling alum but I actually kind of wanted to take it take it back to those days because I think you and I shared a similar passion for technology back into those days I remember your your bedroom as a kid being filled with like the coolest like hardware tech. At least of all my friend group at the time. Do you remember when you first got into tech and like what it was about technology that kind of sparked your interest?



Mike Asem 02:51

Yeah, I mean, that's a that's a great story put back like not many people know about me, but to be To this day, my dad is thoroughly disappointed. I'm not an engineer. And still doesn't understand or believe that I have any transferable skills. So yeah, I had Lego Mindstorms I had all the connects and all the awesome stuff and I just loved building stuff. I mean I just thought like, things that like creating building innovating was just super fun and making things work figuring out how things work is super cool so



Matt Hunckler 03:21

well and you kind of caught the entrepreneurial bug early too because I remember at one point you were the competition in school when we were making those like beaded lizard Gecko thing I don't even know what you would call those. What did you call it? Yeah.



Mike Asem 03:35

Oh, I don't know. I yeah, they were just beating things.



Matt Hunckler 03:42

They're beating things that kids were willing to pay money for.



Mike Asem 03:45

My flagship product was the Mr. Hankey. Like no one had designed a Mr. Hankey, there is no blueprint for Mr. Hankey. That's right. I had the Mr. Hankey. That was my that's my secret sauce.



Matt Hunckler 03:56

Yeah, I think that's when you really pulled ahead in the competition there. And just You created your own category of beaded Christmas poos



04:06

as as one does,



Matt Hunckler 04:08

what was it? Do you remember what got you into entrepreneurship and even like thinking in that way of like, Hey, I could make money doing this, like, how did you come about with that? Do you remember?



Mike Asem 04:20

Yeah, you know, I don't know, I think it's just something that I always had an itch for. Just the idea of one plus one can equal three figuring out how to, you know, make create, you know, create value, right, I think was a was a best fascinating thing for me. I shared a story recently where you probably don't notice because you weren't close enough in my territory at the time but there was actually a story to be told of me as a neighborhood. Not toddler but not preteen yet where all our neighborhood kids I got us together and said, Hey, I bet we could increase our buying power. We just pulled our cap, hold our money, build our capital. allowance capital. And, and then just you know, kind of fun two things together. You know, when my parents found out because due to my sister told him that we had cash buried in our backyard from other neighborhoods, kids, that didn't last very long, and I can totally understand why. But yeah, just something something about the way my brain works, I guess.



Matt Hunckler 05:19

Well, it's definitely interesting to know that context. I didn't know that about you, which is hilarious because I don't think you were more than a mile away living on Linda lane. But you know, that's that's like may as well be in a different city when you're a kid and don't have a



Mike Asem 05:34

right. I'll have a car. I wasn't allowed to bike that for you.



Matt Hunckler 05:37

Yeah, same same. We had we had more productive parents. I think. That's really cool, man. I didn't know that. That that's interesting context for what you're doing now. And 25 group investing in startups. And I know, that was something you were drawn to very early on, when startups became more of a quote unquote, thing, and even ran a chapter of what eventually became Powder Keg, or at least the community that kind of is the power

behind Powder Keg back in probably, I don't know, 2009 or 10, even back in the day when you're at Purdue. Tell me a little bit about your environment then and what was going on for you. That kind of led to I know some of the things of where you are today at m 25. Group.

 Mike Asem 06:22

Yeah, no, absolutely. So it's interesting. I, at the time at Purdue, when I was there, the entrepreneurial community was wasn't what it is today. Right. I think that's changed a lot over the past several years. And there really wasn't a ton of community as you know, like I kind of jumped at the chance to like help out with Virgin in West Lafayette at the time. And also I happen to be working on something called the anvil which became a co working space and incubator at Purdue. But even prior to that, I was trying to figure out community and I actually spent time in a program called the gold Academy, which ran I think once since then, Francisco and was basically like, is a real world where they're in the house, right? Like, or we're in the house. Yeah, of all people who were interested in social and tech entrepreneurship. And at the time, you know, I really wanted really believe I wanted to be just to start a company and build a tech company. And just being able to spend, you know, 10 days with a bunch of really inspiring other people from very different paths, and be mentored by, you know, Steve Jobs, former private chef, and the guy who used to fly Warren Buffett around in his private plane all the time. And Justin Rosenstein is the founder of Asana, which at the time, we didn't know was, you know, the unicorn that it is right. I mean, that was all really fascinating for me and continued to kind of enforce something in my mind, which is the power of relationships and the power of people, right. And, you know, say this to the ends of the earth, VC tech, it's a people driven business, and we talked about like a finance but for me, it's a cluster of human behavior.

 Matt Hunckler 07:59

Yeah. 100 percent. What was the culture of bolt Academy? Like? Like, what are the some of the things that you think made that? micro community? Yeah. Magical.

 Mike Asem 08:12

Absolutely. I mean, first of all, it's like a curiosity, like a passion for curiosity, passion for learning, seeking to understand truth seeking fulfillment. I mean, one of the best examples I could think of from a cultural standpoint is I knew at the time in Lafayette, West Lafayette, Indiana, there could be a very different experience. If I was sitting in a coffee shop with someone and I told them, you know, if I'm in San Francisco and Alamo Square

Park, I might say, hey, I've got this awesome idea. I'm going to chase it. I'm gonna raise VC dollars. And then six months later, nine months later, I come back to you, I'm like, Yeah, I failed. You know, in normal Square Park, you're probably gonna, the person's probably gonna get back to me. Oh, cool. Would you learn what you're gonna do next, right. And in West Lafayette, it's like Oh, so you're still unemployed and a failure. Okay, yeah, but But that's real that that was like a very real thing. And one of the very first things I wanted to be an influencer on or impactful within my community at Purdue and in West Lafayette was just that tolerance for failure. And you know, I wasn't the only one right I would I've surrounded myself by folks like Christian Anderson there's I often at the time k in a studio science, etc. Right, you know, folks like Christian and others, yourself included, right? Where have already caught that bug and understood, like, you know, tolerance for failure is a key foundational point to being able to explore enough to find and build things that are truly disruptive in the marketplace.



Matt Hunckler 09:35

Yeah, that's that's a great thing to call out. And I even just you bringing up that story had brought so many flashbacks of those kinds of conversations early on in my own career. And I feel like the culture in the Midwest in a lot of ways has shifted for the better. Those like small little groups of you know, individually Jools who are more comfortable with failure has now become more of a community and bigger clusters, whether that's in West Lafayette, Indiana, Indianapolis or Chicago, even, obviously bigger cluster in Chicago. It's been really cool to see that, that kind of evolve. And I want to get into some of the trends that you're seeing, because I know you get to see a lot of that you talk to a lot of founders all over the Midwest. But I do want to come back to sort of that time at at Purdue and kind of how you made that leap into venture. What did that part of your career journey look like? And were there any key individuals that kind of helped you along that path?



10:41

Yeah.



Mike Asem 10:44

Well, that's a great question. I mean, I think it really stemmed from the work at the anvil that I was doing and in the community I surrounded myself with so mentors, like a gentleman in rusty roof, who is originally from the Midwest and now resides And the West Coast.



Matt Hunckler 11:02

Would you learn from rusty?



Mike Asem 11:04

So rusty is a phenomenally successful person in a very eclectic, he's a liberal artist like myself. But he's done extremely well in technology worked for Electronic Arts. Pepsi is an executive started and sold companies. He's on the board of companies like glass door previous board chairman for the grand Mesa foundation. So, I mean, Rusty's resumes long and eclectic and super fascinating, including working on the cousin Obama campaign, right. So, Rusty really taught me the importance of personal life fulfillment and understanding that if you can look at life as a portfolio of time and, and allocating that time to buckets that are fulfilling in a holistic life skill, rather than just like a work loop trajectory. You're going to you're going to have a whole lot of different decisions, you can probably make a longer journey. Guys like Richard else, who's also pretty alone and former partner at foundation capital, you know, same same thing rich was, has been a mentor to me for years and as someone who particularly as I've thought about navigating between my passions as an operator and a VC like what actually makes me tick and how to be the best version of myself in that growth direction trajectory to so these are relationships that I formed through Purdue but also through my work, building the anvil to do the annual for example, my my customer discovery process started with talking at home and then literally visiting co working spaces and incubators, all the way from 1776 in DC all the way to plug and play and, and skydeck and Starbucks and, you know, Cupertino and sun and Sunnyvale and Berkeley. So, going from there, right, working with founders, building my relationships, understanding envel allowed me to get known for something because one of our first companies mimir. Wood became the first company to go to Y Combinator and Amir has now been acquired by hacker rank at an awesome tech company now still based in Indianapolis. And you know when that happened, people assumed I knew some about tech and that helped me out a lot. And Chicago ventures a gentleman named Ezra Dalston offered me a chance to be a student Fellow at Chicago ventures and, and that was fascinating for me just seeing that side of the table. And throughout my career as I continued as an operator for a venture backed company and continued as a director for three Research Foundation. My ability to understand what was happening in the, you know, VC startup environment as well as flesh out my network and have what became a very proprietary and valuable network for sourcing deals, helping companies etc. Made me put me in a great path to enter the VC space.



Matt Hunckler 14:00

When you're looking at all those kinds of different patterns, I'm sure you're seeing lots of failures because you're in the startup space. And you're seeing the ones like mimir. And praz. been on the podcast, of course in the past. And I think you actually initially connected me with prod when he was going through one of your virtual virtual access accelerators. Yeah. And I, I'm wondering what kind of patterns that you saw with startups that you still use today when, you know, vetting companies to invest in for em 25 group? Or if you were to refer a friend to work at a startup, you know, what is it that people should be looking out for what which kinds of patterns or traits or cultural attributes Do you tend to look for in companies or founders?



14:53

Yeah, I mean,



Mike Asem 14:54

it's interesting, like I think anyone who has to build I believe they can build a startup company has to have at least something amount of ego. I mean, to be completely it sounds weird, but it I believe it to be completely true because if you want to believe you can do something that's according to the marketplace is to this point nearly impossible, because that's what it takes to build a, you know, venture returning outcome tech company, you've got to have at least some sort of like outsized confidence now, if that's not matched with an appropriate amount of humility, we've got problems right. And so you this is this weird, you know, special balance of I think, like, just enough ego, and a lot of humility is paramount for me. But in addition to that, I think maybe more important than that is, for me, great founders are those that are phenomenal truth seekers, like they can't handle like, if it's not the truth, they don't want it inconvenient or not, right. Like, if they find out the truth about the market is this and that's not great. They're fine with that because at least you know the truth and now they know what to knock down or What not to chase? Right What not to waste time on? Hmm. I mentioned this Tell me a story or give me an example of like, how you might be able to identify truth seeking? Yeah, I mean, I think, you know, in a pitch with a founder, you know, we can ask some pretty, real questions about, okay, what's happening here? Yeah. And the just the way they respond to that, you know, it could be like, Well, you know, we think you might be this or if you point out something that's clearly a vanity metric, and they are disagreeing or maybe, or maybe trying to point it at something that, you know, isn't what it is. That's the case. I think when founders are pretty clearly able to come and say, like, Look, we get that there's a lot to validate here. And unfortunately, this is, you know, show me where you've learned, right? I think that's, that's a huge plus i, I love seeing the you know, the chart



that's got a couple squiggles but it's basically that and I love that chart.



Matt Hunckler 17:00

Overall, but is Yeah, really up into the right.



Mike Asem 17:03

Right, but but I like seeing these squiggles where it's like, you can point to the inflection point and tell me what happened and why it happened and what you learned. And it's not some sugar coated or like, oh, like all of a sudden our customers figured it out. It's like, no, it's like, actually, we did this because we, our customers didn't actually want this. Like, we spent a bunch of time on it. They didn't care. And we were forcing something down their throats didn't want but then when we pulled this out, and blah, blah, blah, and our customers are here. I think just actual, like thoughtful, genuine insight that doesn't necessarily always paint you in the best light is your best way to show me that. You're, you're about the truth. You're not you're not wasting your time on anything else. What about



Matt Hunckler 17:47

people who are maybe looking to join a tech company like maybe they're already in the Midwest? And they're like, Hey, I hear I want to jump into tech. Tech still hiring like crazy, despite there being I don't know if the fact that there's a recession is a political topic or not. I'm not trying to create any bipartisan convos here necessarily. But you know, despite what's going on with a pandemic, we can all agree that there's a pandemic going on. tech companies are still hiring. And so you've got a lot of people that are looking to get into tech who weren't in tech previously. Meanwhile, at least what we're seeing here powderkeg is you've got people in the Bay Area in New York City who are like, man, the Midwest is on fire and like, wait, what kind of house can you get for a million dollars? That's insane. Yeah, I've got a one bedroom apartment for a million dollars here. Maybe Maybe I want to be close to mom and dad again. Or maybe I just want a better quality of life. What would you say to those people who are looking to find the right company to work for? Whether it's a startup or a scale up?



Mike Asem 18:55

Yeah, I mean, I would ask yourself really like are you a long term incentivized person or short term incentivized person. And I would ask yourself, you know, how much of your like

life equity Do you have to kind of give up right now in exchange for potential value you could extract from a startup role? Yeah. Because it's, it's real. I mean, if you're one of the first five or first 10 buckle up, if you're one of the first 500 cool, like, you're probably gonna get pretty good benefits, or even benefits. Yeah, um, and I think like, it's just a realist, like, you know, gut check thing. I mean, startup startups are very romantic. But most of them fail, some influence of glory, sometimes in some in less glory. And I would just think like, you as as an individual need to think about what you're passionate about. And hey, if you're ready for a challenge, and in Look, I would also say this if you want to advance yourself in your career and prove yourself In a way that could set you up not just like financially for life, but career trajectory. Think about it. Because guess what you when you want to attribute success to yourself, the best way to do it is in a small team and a company that's looking to, you know, get high potential targets.



**Matt Hunckler** 20:16

Yeah, absolutely. That's cool, man. And I, I think that's a really good gut check for people. There are a lot of people are just like, ooh, startups, and they go in and, you know, startups a lot of times is getting punched in the face repeatedly. And like, why is why is this happening? Why did everyone say this was exciting? And that's not their DNA.



**Mike Asem** 20:39

Yeah, I mean, look, it's it's not just getting punched in the mouth. It's getting like, you go up and down the roller coaster. And in a startup you don't have the benefit of adjust to like apathetic okay week, like or day. You have highs and lows. I talked about like emotional nutrition because that volatility volatility does get to you. Yeah. I can speak for myself when we when the writing's on the wall for a company that I was a part of as a as a first employee. And we as as we wound down as I want to kind of my my day to day with that I just unplugged for I think it was I gave myself three months where I was like, I need to recharge and like I can let people know I'm a free agent but like, my my heart, my mind, my body, my soul, my spirit. Like it was in it was on fire for the entirety of that time period. And, you know, it can be incredibly rewarding. Like I can't think of a more rewarding work experience, but you just have to be ready for it and but not everyone needs to do that.



**Matt Hunckler** 21:50

So absolutely. I can totally relate to that. I there are a couple different startups I was involved with where I took three months off afterwards Yeah, I can definitely relate to that. Well, you mentioned the sort of like ups and downs and the emotional toll. You've

published some awesome articles recently, and and you've got an awesome stub substack going, as well, and I want to get into that. But I just saw recently that article that you published on VentureBeat that was trending and lots of great chatter about it on social etc. Talk to me a little bit about why founder wellness is something that right now you're deciding to write about, and why you think that's important for the health of a company as a whole.

M

Mike Asem 22:33

Yeah, absolutely. I'm happy to touch on both those. So as far as I'm touching on it right now, it's primarily because, you know, I'm looking at the macro environment, we're all in the same this is an insane time where everyone on planet earth is going through some, some some hot garbage moments together. Right? And it's tough. The uncertainty alone is draining and stressful. So you talk about it. The whole world, everyone equal, anxiety baseline is higher. And then you go to founders of companies or executives, companies, even just employees and companies. And you you think about you're also peaking stress already. So now is a time where I felt called to write more proactively and talk more practically about this particular issue. But it's something I've always cared about an employee five has always cared about, too. We are not super unlike a lot of VCs and that we believe the team is the most valuable asset of a company, especially at the early stage, which is when we get involved. I think we're really serious about this. And to the point where I've said it multiple times, there's no better way to add risk to your seed stage investment, then overly disincentivize A team from the beginning when you believe that team is the most valued asset of your business, right. So in other words like that can take the form of predatory terms and a term sheet or simply put, you know, taking too much equity too early on having a board kins and governance structure that adds unnecessary stress to the team, anything that's not blocking and tackling for someone who's literally trying to do what's impossible. Can can be tough. And I think as investors, it's important to understand that if you do believe that your team, just thinking about it purely objectively, if you do believe that your team, the team of that company is the most valuable asset of that business, and the most important pillar of driving likelihood of success, then you should be a good steward of that asset. You should be finding ways to make sure that that thing is those people are, are as protected and taken care of and the best versions of themselves as they possibly can, just like you would with Ming should have a healthy balance sheet. Yes. I mean, it's something that and I could go, you know, I could talk more about just from a values perspective, why I feel that way. And as someone who you know, I think generally I really care for people and One of my favorite parts of my job is I get to choose who I work with, on all aspects. But yeah, I mean, I think fundamentally, that's, that's something that I hope more investors and founders can hear and take hard on.



Matt Hunckler 25:15

That's awesome. And I think that's really good advice. If you were to say like, one thing that you've repeated the most to founders is their one or two pieces of advice that is relevant to them. And that may be relevant to people working at a startup as well.



25:32

Get some sleep.



Mike Asem 25:35

And, and that's, that's a that's somewhat joking, but mostly serious. Get some sleep. I myself, one of the worst breakers of this, I spent most of my, you know, up until a couple years, you know, a couple of years ago I would where I would sleep maybe for four to six hours a night for two weeks straight and then I would crash for like 14 hours on a Saturday. And that just isn't was not healthy long term now. Now my wife is you know, Eric is like, way more weight way better at life than I am and so she's, you know, got me on this seven at least seven hours of sleep thing and I'm literally a better person. I'm



Matt Hunckler 26:12

guessing. I agree with that man. I read the book. Why we sleep last year that was probably my number one read. Yeah, most recommended and it's I mean, it's basically a book with like all the evidence of why you should sleep more. So that plus the purchase of this the crap,



26:32

man awesome,



Matt Hunckler 26:33

dude, it's it's great because it's just like, you need this much sleep. I'm like really? Do I really need that much sleep? And it's like, sure enough, I started like taking the advice of, you know, technology. It's like, Oh, yeah, I guess I was tired. I like just didn't even it didn't register, right because I too was the four to six hour person and even prided myself on that when it was really a much, much bigger part of tech and startup. Culture of this like hustle

and grind, you know, sleep when you're dead kind of mentality. I was very much a part of that system and I still fight it. So definitely not say not professing to be cured by a book and a bootstrap. But

M

Mike Asem 27:19

oh yeah, I just used to be like, I'd rather sleep for a quarter of my life instead of a third. Yeah. And now it makes sense. But then I think about everything else I care about, which is like quality over quantity. I'm like,

o

27:30

shoot, that's conflicting values there. Yeah.

M

Mike Asem 27:36

But yeah, the other piece of advice I would give them give people is really, really, really be intense about a partner. And it doesn't, you know, it can be on all different levels. It's very clearly important as investors, because you know, even asking yourself, hey, do I want that face on my phone at four o'clock in the morning calling me when either we're celebrating or we're doing the opposite. And do I trust them? To honor me and protect me as I trust them with my life's work? Right? Something I'm literally so passionate about, I've probably gone into serious debt with a foregone salary with I probably had to, like, spend all my currency with my partner's bounce with right? Like, do I trust them? Like, can I trust them like that? Like, like a writer die, co founder. Right? And I think just founders really should think about that. And it's really important too. Because, look, if you're, if you're cooking with gas, like you're gonna have a lot of top tier VCs ruin the reputation check you on, right but you're also the same VCs that might likely forget about you the moment that you're not going to be a deca corn right just that that piece and and even just not with the VCs, you know, the co founders too, right. And the employees. Most founders don't realize that when they build their next Google or Facebook or whatever unicorn there is their favorite. Most people don't know standards on Think about all the people that have to fire on the way to that success and all the heartbreak of betrayal potentially on that path to success. And look, don't you can go the completely wrong way just hire your friends, which I would not do. But make sure you're working with people of high integrity that also like their pedigree and integrity should be line in line with being top class for what you're working with.



Matt Hunckler 29:24

It's good advice, man. I heard you say just how important it is. Not just because it startups but given the macro environment, which of course is not just the pandemic, but everything else going on socially around that it's an election year. There's huge police violence issues, which is, of course flaming racial issues. Not just in the Midwest but around the country around the globe. And I'm I'm glad that this topic is getting The oxygen that it needs to talk more about it. And before I really do open up that topic, I do want to just fully and vulnerably say, I don't know the right way to talk about this topic, but I know that the wrong way is to not talk about it. And so I'm just curious if you'd be willing to share a little bit of your experience because I know you've written a series of of really powerful articles and candidly, I learned things about your experience growing up black in the Midwest that I just even though you're my friend as a kid growing up I wasn't exposed to and and then I will never fully understand because I grew up definitely not black for this thing from black. Like



Mike Asem 30:46

DJing back then. So I don't I don't know what for this thing, but



Matt Hunckler 30:49

now you're just lying. I was not a good teacher at all.



Mike Asem 30:56

No, thanks, man. I really appreciate that and every time The way you brought brought us into this topic. I mean, the The fact is that, you know, racism is an issue. And it has always been an issue. And, you know, you know, the first piece that the piece that kind of broke my silence with recently, at least, optically on the internet was the tide of racism won't die in 2020. And, you know, it's, you know, a lot of people read that piece and, and left feeling a lot more positive than they might have thought they would have to read the title, but it's just a very, you know, clear point of like, Hey, what's going to be different this time around? That actually didn't call just for like, a quick bandaid, potentially to appease a perceived riding crowd or whatever. But what could be driving long term impact to where our kids or our kids kids aren't going through a similar issue and I think One of the things that's worth exploring here is that we've been talking a lot about implicit bias, which is a term I think a lot of us have been familiar with for a long time. But some people, it's still new term and just kind of this, you know, maybe less than conscious bias you might have against a certain people or group and the note there is bias against, I think it's important

to acknowledge that there's bias for as well that people might not quite quickly understand. And in InVenture, I think about it as this, you know, I'm looking at, you know, hundred and 50 deals, potentially potential deals a month, right? And I'm going to do maybe one, maybe two of those, invest one or two of those. And so if I'm, and I don't have data, these aren't publicly traded companies, right? There's no like, you know, five years of historicals, right? Sure. There's a pitch and business plan, whatever, but I didn't say you have to be like, a bunch of subjective things waived into like a couple objective things. Do I believe it? I'm excited Am I gonna do it? Do I believe in that person, again, team's most valuable part of this business. So, if I have whittled it down from 150 to five, and one of them is, and they're all, you know, objectively at this point equal, I'm probably going to lean with my gut of who I vibe with, right? I mean, I mean, that's, that's the path of least resistance that most people naturally drive themselves to. And guess what, like, culturally, you're going to vibe with people that are culturally similar to you, and whether you acknowledge it as racial or not like, I mean, race and culture are obviously separate. But, you know, it's just a thing. So understanding that there's bias for and bias against as well. And I think, though, the one thing I'd like to add to maybe the post I did before, recently, the VentureBeat posts about being good stewards are founders is that if you're meeting or working with someone doesn't have to be a founder of investment could be a coworker it could be, you know, another founder in your ecosystem. Understanding that even though that you might be treating them as a good steward, and aspiring to do so in that moment, that they probably haven't been treated that way by some other people in their past, present and future. And seeing what type of an ally you can be to write those wrongs preemptively. If possible, right, so I'll stop there. And



Matt Hunckler 34:27

you know, what, what are some? What are some ways



34:34

to



Matt Hunckler 34:36

be more proactive to help? Help founders, black founders, black VCs, which there are not a whole lot of. I mean, there's not as many founders as well that are getting VC investment right? In what you just illustrated, I know is a big part of that dynamic, right? Because if the He's predominantly white. And it comes down to who do you vibe with? And what's your culture? Like? It's it's not, wow, that person might not see that as racist. That is, in essence,

what racism is, at least to my understand I'm not trying to speak as an expert here. But like at least and see my own bias, right of Who are we going to put on the powderkeg? stage? And I'm using air quotes because it's a virtual stage now. Or who do we cover in terms of the spark newsletter that we send out every week? You know, it's



35:39

to me.



**Matt Hunckler** 35:43

Some of that work is around just being more intentional to say, Hey, have I gone outside my circle of friends? That may look a lot like me, right? And by nature of being in the Midwest by nature of That's where my network has grown from maybe predominantly white, and may not break into some of those other circles. And then how else can I get into those circles, or at least have connections into those circles to be pulling more founders. And I'm more. One of the things I tried to catch myself doing there is asking you to do the work of coming up and telling me how I should be more. be less racist, I guess, is a better way of saying that. And I'm trying to be conscious of that to have not not necessarily putting all of the work on someone else to say, Hey, tell me what to do. Tell me what to do. And I'll do it right.



**Mike Asem** 36:43

Yeah, no, I hear you. I mean, look, I can't tell you what to do. But I can give you some frameworks, maybe think around right and that'd be great thing, anything. That's really the best I can offer. I believe the power of suggestion is more powerful here than a mandate right. So the I think an opportunity for a thought exercise is, you know, and you met you're great if you actually like one of the best people to be in a meeting with like, you're, you know, super fun, regardless of who's in the meeting with you. But, you know, think you know, whether it's you or somebody else, it's thinking about this. Think about yourself in the context of being interacting with someone that you like, really vibe with. Like, how does that person how does that version of you look feel talk offer, and nothing of yourself with someone that you don't really vibe with? Like, they didn't piss you off? Like, they're not bad people. Like, maybe you're tired. Maybe it's the last meeting of the day, maybe like, they're fine, but like, we wouldn't hang out. And think about yourself and the way you act offer give of yourself, interact with that person. And those two different versions of yourself are two different versions, right? And how do you allow that first version To be more and more that time, that version that you live in, lean into being with



people who look like you, right, and I think that can be a foundational piece and thought exercise that leads you to saying like, well, maybe I would offer this intro or maybe I would have said, I'll give them a shot, you know, going to the next stage in my, you know, maybe it maybe I'll have a follow up meeting with them, right, or, you know, something right. I don't think, you know, I don't think diverse founders or co you know, a colleagues are looking to be gifted anything. I think it's, it's really just truly to actually have the same opportunity and the same access. Right. And, and, and that's what we're talking about here. Yeah. equity. Yeah, exactly.



**Matt Hunckler** 38:47

Yeah. That's, that's really helpful, man. Are there any you know, you mentioned the title of that post. You know, being that racism is alive and Well, our racism will not die. But that the end was a little bit more positive. Yeah. What is your hope for racism in America or racism in tech? What do you hope to see in terms of behavior change in terms of cultural change? here over the next few years?



**Mike Asem** 39:24

Right, yeah, I mean, my hope is that it's more than a moment, right? My hope is that the discussion we're having around the horrific murder of George Floyd and Briana Taylor and others, right, that it's not just a momentary like, you know, this happened, and now three months from now, we're not talking about it and nothing's really changed, right? Or there's a bunch of reactive decisions made and appeasement, right. But at the end of the day, that looks a lot more like theater than realistic, you know, you know, impact, right. And so, you know, towards the end of that post, I mean, I think like, you know, I challenge people to think about If this matters to you today, how is that going to be reflected by you in three months? Six months, a year, two years? 10 years, right? If you're if you're a police officer, and this matters to you, but in five years, you're not going to uphold your fellow police officer accountable. When you see them acting wrongly, then did it really matter to you? Right? If you know if you're anyone, right? If you're anyone, if you're a VC, and, you know three years from now, you are having your candidate pool for who you hire next into your firm, and it's 99.9% white men. But what did you really do write in hold, everyone has their own role to play and their own versions of themselves down the line from now to hold themselves accountable to and I believe that there's opportunity here because I think enough people have sat and thought about it, to say they like you know, I actually want to be a different person or make a different decision or be making decisions that are impacted. on this issue, not just now, but on an ongoing basis. Yeah.



Matt Hunckler 41:07

I 100% agree with that. I hope we see that change as well. And I think I think that's a huge opportunity. Not just in the Midwest, not just in tech outside of the coast, but just globally as a whole. appreciate you sharing that.



Mike Asem 41:26

Yeah. I mean, I did my sub header was that, although it races more die this year, this could be the year we get a terminal illness, right. Yeah. And that terminal illness is everyone acting today and deciding today to be that version of themselves on an ongoing basis and holding themselves accountable to it.



Matt Hunckler 41:48

Well, I certainly am going to do my part. At least try to control the thing that I can control the most, which is myself. And I know I'm not going to do it perfectly, but I want to make I'm sure that this is more than a moment. And we've done a lot to kind of change some things internally here at powderkeg. It is something that we've really tried to be intentional about at least last several years. And it's been a big part of the conversation. But I think it's clear that it needs to be a bigger part of the conversation. And there's just so much more work to be done. And just a huge opportunity that as we make these changes, it's just going to be a better, it's going to be a better world, it's going to be a better tech environment, it's gonna be a better Midwest. And I look forward to that. And, and I look forward to doing the work to make it happen, too, cuz it's going to take all of us doing something. What other big, I'd like to close on? What are some of the other big opportunities that you've seen in Midwest tech right now and what are you most excited about?



Mike Asem 42:52

Yeah, I mean, look, the the world we're living in right now has impacted a lot of businesses right? Anything in the future of doing business and work is forever going to change. I think a fascinating thought exercise is that so many of the traditional venture folks that said, I need to do a deal that's in my backyard, so I can walk into a board meeting or I need to have, you know, multiple important meetings before betting on a founder. A lot of them have written checks now, virtually never meeting someone face to face in person. Right? That's crazy. A lot of the people who said this is not possible have said, Now wait, worked out pretty great. So the fact that like, not only can you do a company anywhere, but you can fund the company anywhere, that's a very interesting dynamic, I would say also, the

fact that the Midwest has always had companies that are more capital efficient, and resilient to this type of, you know, cycle or whatever you want to call it, right? I don't want to, I don't wanna be politically there. But I think we'd be joking ourselves getting out something. Um, you know, you know, as valuations have gone down in the market, You know, by 30%, or whatever the latest number is, guess what Midwestern companies are already more conservatively valued as much as 30 to 40%. Anyway, so you do that math right, I think, I think now is a really interesting moment where in my partner Victor has written a really interesting series on why the Midwest, it's a four part series talking about culture, talking about costuming, business, talking about resources, talking about talent, right? I mean, now's a really interesting time, especially as you know, you, you mentioned coastal employees, saying like, well, I could buy way more for a third of the price, living experience. Those same companies are allowed remote work, those same employees may decide to relocate to the Midwest, and who knows, maybe when they're bored of that larger budget company, they want to go and start their own or are joining a tech startup here. So I think I think, you know, being bullish on the Midwest has never been a better position to have



Matt Hunckler 44:54

100% agree, man. How can people in the community support you and what you're doing



Mike Asem 45:00

Yeah, look, I love talking to founders, I love being helpful even when we don't invest. And 25 prides itself on being as founder friendly as we can whether or not you're part of our portfolio or not. So, you know, please reach out. We'd love to, we'd love to talk to any founders listening and open to, to connect with us. And, and yeah, be good stewards of each other. Right? I mean, we're all in this together. I tell people that if you're in the conversation broadly, anyway, like, you're probably pretty talented, and you're going to be successful. So don't worry, don't worry too much. But just just let's be good people. We're doing it. Awesome, man.



Matt Hunckler 45:37

Well, I hope a lot more people do get in touch with them. 25 you all are prolific. I know. crunchbase came out recently with like most active VCs, by state and I think you were the only VC maybe that had multiple states. Yeah. So you're you're active and prolific not just in, you know, the bigger tech hub. like Chicago or?



Mike Asem 46:03

I don't know. I mean, we're super proud that most portfolio is not in Chicago. We love Chicago. Yeah. But yeah, we've always seen it as a hub and spoke model and we're, we're deep on our spokes, right. So you look at our summer best companies they are. They're all over the Midwest, so



Matt Hunckler 46:19

yeah, 100%, man. Cool. Thanks. This was great. Absolutely. Thanks, man. Always, always good time. You bet. Anything. All right. That's it for today's show. Thank you so much for listening. Also, huge thanks to Mike SM of M 25. Go check him out at [m 25 vc.com](https://m25vc.com). And for links to Mike's social profiles and the other people, companies and resources mentioned in this episode, head on over to [powder keg calm](https://powderkeg.com) and check out the show notes. If you'd like to discover even more exciting companies stories and strategies to help you reach your full potential Get the inside scoop with powder kegs hand curated newsletter the spark delivered to your inbox each week with the tech news and opportunities outside of Silicon Valley. That you really need to know. Just go to [powder keg.com](https://powderkeg.com) sign up right on the homepage, and each Thursday, you'll get an email directly from me with the most important stories, trends and companies in tech. This newsletter is curated by some of the most connected people in tech hubs between the coasts with insights you're not going to find anywhere else. So again, that's [powderkeg.com](https://powderkeg.com) POW DRK, Eg powderkeg, all one word.com. And to be among the first to hear the stories about entrepreneurs, investors and other tech leaders, outside of Silicon Valley, subscribe to us on iTunes at [powderkeg comm slash iTunes](https://powderkeg.com/iTunes), if you'd left us a review while you're there, I would be forever grateful and if you already have thank you so so much. We'll catch you next time on the powder keg podcast.