



# A Lived Experience of the Underrepresentation of Latinas in Tech

Carolina Huaranca Mendoza, 1504 Ventures

Twitter: @carohuaranca

## Experiences I can share

### **Spriggle Wants To Let Parents Shop For Science-Friendly Kids' Toys Through Tupperware-Type Parties**

Colleen Taylor @loyalelectron / 2:05 pm PST • November 6, 2012

 Comment



- Former Product Marketer at SchoolNet which sold for \$230.0MM
- Former CEO and Cofounder of Spriggle
- Former Founding National Director of Clubs Division of Girls Who Code that served 2,000 girls in year 1
- Former Entrepreneur-in-Residence, Principal & Director of LP Investments at Kapor Capital, seed stage venture capital fund
- Founder of 1504 Ventures



# Agenda

- State of Latinx Today
- Landscape of Programming Offerings
- Observations in
  - Entrepreneurship
  - Ecosystem Building
  - VC investing
  - LP investing
- Recommendations

## Latinx are severely impacted by COVID19, with 18.9%\* unemployed.

### More Latinos than U.S. adults overall say someone in their household has had pay cut or lost a job due to COVID-19

% who say they, or someone in their household, have \_\_\_\_ because of the coronavirus outbreak

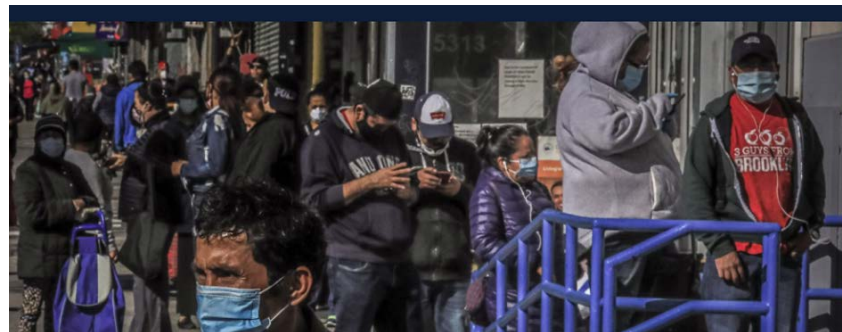
	Had to take a pay cut	Been laid off or lost job	NET either/both
Latinos	40	29	49
All U.S.	27	20	33

Notes: Hispanics are of any race. Share of respondents who didn't provide an answer not shown.

Source: Survey of U.S. adults conducted March 19-24, 2020

PEW RESEARCH CENTER

- Great Recession led to 66% of wealth lost by Latinx
- Only 16%\*\* could work from home compared to 31.4% of nonLatinx.



\*Source: Bureau of Labor Statistics, May 8th. Unemployment rate is 16.7% 14.5%, 14.2% for Black, Asians, and White respectively

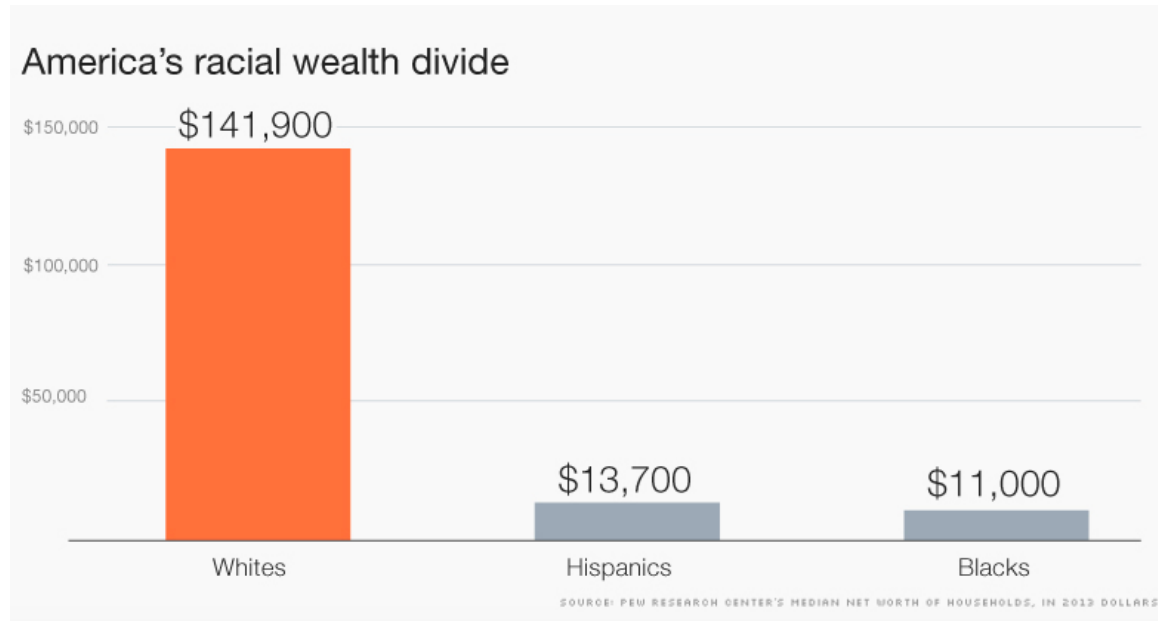
\*\*Source: Economic Policy Institute Study, March 2020

Top that off with the fact that Latinas were already hard hit with the wage gap.



- More than half of Latinas are breadwinners shouldering cost and care for their families.
- Latinas are making \$0.54 for every dollar a non-Latinx White male makes.
- For some Latinas, like Honduran women, Guatemalan women, and Salvadoran women, the road to equality is even steeper as they earn just 42.1%, 43.1%, and 46.6% respectively.

## The Wealth Gap also Persists.



Source: Pew Research



Yet, Latinx are also starting businesses faster than other demographic groups.

- Latinx owner companies remain smaller than white-owned firms, averaging only \$1.2MM in revenue compared to \$2.3MM brought in by a white-owned company.
- Latinx Small Business Owners are the fastest growing group of entrepreneurs in the US.



Source: Stanford Study, State of Latino Entrepreneurship.



## Generational Wealth will be Created in Tech Entrepreneurship

Of the 10 Richest Americans 8 are Tech Entrepreneurs

- Jeff Bezos, Amazon
- Bill Gates, Microsoft
- Warren Buffett, Berkshire Hathaway
- Mark Zuckerberg, Facebook
- Larry Ellison, Oracle
- Larry Page, Google
- Sergey Brin, Google
- Michael Bloomberg, Bloomberg,
- Steve Ballmer, Microsoft
- Jim Walton, Walmart





## Latinx are not well represented in tech.

- 4% of tech founders are Latinx(*HBS 2017*)
- 1% are venture capitalists investing in tech companies (*Rich Kerby, Racial Breakdown of VCs*)
- 8% of the total US workforce are Latinx
- 6% of the total Silicon Valley workforce are Latinx
- 3% of leadership positions are held by Latinx

# Landscape of Program Categories

## Exposure



Latinx  
Startup  
Weekends  
and LTX  
Summit

## Transformational

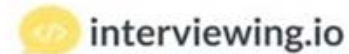


A PROGRAM OF THE  KAPOR CENTER

## Persistence



strive



*Note: Programs and/or companies categorized based on core offering.*



# Landscape of Workforce Offerings

## Pathways

- Apprentices Programs
  - Twilio
- Non-coding bootcamps
  - SV Academy

## Entrepreneurship

- Black and Brown Founders
- Founder Gym
  - Perfecting the Pitch
- Apps without Code
- Programming here is focused on those already working on a startup idea

## Capital Access

- VC Fellow Programs
- Black VC
- Latinx VC



# 1540 Ventures Offering

## Mindset

### Exposure

Course: Idea Selection and Evaluation

We empower the next generation of entrepreneurs by providing group coaching, community, and a mentor network

### Transformational

Course: Idea to Prototype

We empower the next generation of entrepreneurs by providing group coaching support to take their idea to MVP and ready to pitch investors

### Persistence

Course: Prototype to Scale

We continue to support entrepreneurs after they have raised seed financing



# Observations as an Ecosystem Builder

- What is effective:
  - Focus on developing confidence
  - Not focusing on scale over quality
    - Foundations put too much emphasis on this
  - Feeder programs into advanced programs
  - Creating environments at young age where girls from different socioeconomic and racial / ethnic groups can bond authentically
  - Mission aligned for-profits can help to create a level playing field too (Interviewing.io, Strive, Genius Plaza)
- What limits effectiveness in industry:
  - Heavy use of volunteers for programming
  - Well intentioned technical people may not be great teachers
  - Free is not always free for some families
  - English only literature so not every parent can engage
  - Not promoting tech entrepreneurship as a career pathway
  - Too much focus on coding without focusing on product management



# Observations as a Latina Entrepreneur

- What is effective:
  - Managing my mindset
  - Community I created for myself to support me on entrepreneurial journey
- What limits effectiveness in industry:
  - Lack of VCs that are Latinx and this becomes challenging if you are solving a problem specific to the community
  - Accelerators gave descriptions of who to apply that were exclusionary so you opt out
  - Accelerators are now like universities so VCs use it as a signal
  - Lots of assumed knowledge
  - Closed networks of founders
  - MBA did not prepare me to launch a company
  - Poorly run accelerators targeting underrepresented communities managed by people that never raised money from VCs. Hard to teach something you have never done yourself. Unlike other industries this skill matters most.
  - Accelerators heavily recruiting LatAm female entrepreneurs and less so US Latinas



# Observations as a Venture Capitalist

- What is effective?
  - No warm intros so no network required to get access to fund
  - Office hours with investors
  - Going to where community is at
  - Hosting events for a particular community
  - Well executed internship / apprentice programs so someone can gain VC skills
    - Focusing on those outside of MBAs
  - Replying and giving feedback to all in bound
  - Influencing D&I practices through pledge
- What limits effectiveness in industry?
  - Team that lacks diversity
  - Focus on hiring underrepresented woman, but lacking strategy to retain and advance her
  - Unclear pathway to advance
  - Culture of no mentorship
  - Pattern matching for a specific profile of “founder”
  - Not addressing mindset



# Observations as a Limited Partner Investor

- What is effective?
  - Creating mandate for diverse fund managers to create pipeline
- What limits effectiveness?
  - Lack of transparency of how someone invests
  - Not focusing on emerging managers because LPs are risk averse
  - Lack of risk taking in new models
  - A GP commitment that is 1-10% based on total funds raised
    - It should be based on networth
  - Secret programmings only offered to someone people by banks





# Recommendations

- Companies:
  - Create pipeline programs to increase retention
  - Create rotational product management programs that are not just for entry level, MBA, and technical people
- Foundations:
  - Invest in mission driven for profits as well as for profits
  - Those that invest in VC funds should create a mandate to identify underrepresented female GPs and focus on emerging managers. Those LPs should also host open office hours.
  - Invest in Black and Latina only programming run by people who lived what they are promoting