

*diffusetap*  
Virtual Event Series

# How Do You Spot the Next Big Investment Trend?

*Guest Speaker:*



**Jennifer Byrne**  
General Partner  
Grit Capital Partners

*Hosts:*



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## DiffuseTap: How Do You Spot the Next Big Investment Trend?

Last time on DiffuseTap, Jennifer Byrne, General Partner at Grit Capital Partners, talked to us about the need for underdog founders, what Grit looks for in the startups they invest in, and how important word of mouth is in the VC space.

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### DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

### Meet the Speaker



JENNIFER BYRNE is an entrepreneur and investor with 20+ years of experience in financial services, insurance, and telecom. Jennifer has started and ran multiple global accelerators, creating an ecosystem of 500+ women-led startups, and 500+ mentors, judges, and ambassadors. She is general partner at [Grit Capital Partners](#).

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**KENNY ESTES:** Miss Byrne, do you want to tell the good folks a little bit about your background and what you're up to over at Grit?

**JENNIFER BYRNE:** Thank you so much, Kenny. Really nice to see everyone. I am currently general partner at Grit Capital Partners, an early stage fund focused on applied AI in the industries we helped create, which includes media, financial services, and commerce.

Prior to becoming general partner, I started and ran my own strategy innovation and consulting firm, as well as a female founder global accelerator for fintech and insurtech startups led by women. I took that global, reaching 78 countries, and I'm very proud to say that most of those female founders have continued to thrive and persevere despite the lack of funding that they have received over these years.

Prior to founding that company, I was part of a startup within American Express to serve the less banked, digital-native, mobile-first potential card members. Prior to that, I was at Verizon leading innovation, including the 4g launch partnerships, business development, and doing really cool things like being the first carrier to put YouTube on a mobile phone, and a few other exciting things. Prior to that, I was at several mobile and content startups as well as CBS Television and a satellite TV company in Rome, Italy.

**KENNY:** Okay, that is super cool. You've taken the whole intrapreneur to entrepreneur to venture capitalist route, which is not the most common. Let's pick up one of the things you touched on in your intro there. Females in venture and tech in general. I was under the impression that it was getting significantly better in recent decades or so, but what are your thoughts on that? Is that an incorrect understanding?

**JENNIFER:** Yeah, unfortunately incorrect. I was pulling up a few research pieces. And unfortunately, for the past 30 years, all-female founder teams are still just 2.4% of venture capital on average. So, we're not really moving the needle much. You can see anywhere between different reports saying 2.3 to 2.9. But unfortunately, the availability of funding to female led startups does not seem to be moving in the right direction.

When I started the female founder and fintech and insurtech accelerator in 2017, my goal was "well, we won't need to run this. We'll run it for five years, but all the problems will be solved. We won't have bias in venture and in tech in particular, and that women would start to see the same amount of funding at the same valuations with the same equity ownership."

But sadly, it's 2024, and I would say, I should restart that program because I need to support more women founders. I decided at the height of COVID, in addition to moving from New York to LA, that I thought, "Okay, well, how else can I really support women?" I realized I really needed to pivot into the money side.



So, I really started to find my way into learning ventures, going beyond angel investing and really spending time as a venture partner to understand how decision making is made, how funds are allocated, and how funds are raised. Hence, my pivot into the money side of VC.

Sadly, in the US, anywhere you read only about 9 to 11% of investing partners are women in the US and venture, which is shocking I think for most people when they hear that. Because some of the numbers have increased in terms of women at venture funds, but they're actually not investing partners.

There's a quote that goes "where the money flows, opportunity goes." In the end, that's where we need diverse teams allocating capital, with more openness to the profile of entrepreneurs and the problems that they're solving.

**KENNY:** Okay, so are you walking the walk? Of your portfolio right now, how much is all-female founder teams?

**JENNIFER:** That's actually a good question. I have become a general partner as of January 1 of this year. Credit to the prior partners, there is a nice range of diversity in the portfolio. Several female teams, one of which is Karen Kahn, who runs [ifundwomen.com](http://ifundwomen.com). That's one of the more interesting investments. Part of what I am motivated to do is to ensure that we continue to diversify our portfolio across women, people of color, immigrant founders, etc.

It's not just because it's a nice thing to do. I don't know if everyone has seen the recent stats around that unicorn study, if people are aware of that, but Defiance Capital put together this study for the US and UK to take a look at what's the DNA of a unicorn founder. A unicorn, obviously, being a company that's worth over a billion dollars. As it turns out, 70% of unicorn founders are "underdog" founders. And the way that they define that is women, immigrants, and people of color.

They really dig into the DNA, the hustle, the mindset, the values, and the work ethic. And that really resonated with us, because obviously, there's a reason we call our fund Grit Capital Partners. We're investing in the grittiness of founders. And a lot of that, as it turns out, is from this cohort of women, immigrants, and people of color. It's a study worth checking out. I found it in TechCrunch, but it was conducted by Defiance Capital.

**KENNY:** Okay, I'll check that out. Do you want to expand a little bit on what you're looking for? Obviously, sure, minority, immigrants, and women probably will have more grit if they succeed. I always go back to the example of surgeons. You always want to go with the ugliest surgeon in the room because obviously, it's just a lot harder to become a surgeon if you're ugly, just because nobody expects it to happen.



I feel like that's part of what's going on. Nobody expects you to be a VC. If you actually manage to get into that, you're probably going to be a lot better at it than the average VC who just lucks into it. So, outside of that demographic filter, what are you looking for when you're looking at entrepreneurial teams?

**JENNIFER:** Yeah. We spend some time on it. Especially being an early stage investor, you really are betting on the founders. You're betting on their ability to overcome obstacles, on their willingness to really dig in and run through walls to get things done. At the same time, they have the ability to take feedback, or not listen to any and all feedback, but at least listen and learn from a diverse set of voices that want to see them succeed.

There is this weird balance of being super passionate, visionary, and almost stubborn, which can be good traits in an early stage company. But on the other hand, you have to have this balance of, well, you can't stay if the market changes, a pandemic arrives, or whatever might happen. You can't just dig in your heels and say, "But no, I have the most beautiful product. I have the best solution to this problem." Fundamentally, if it's a nice to have versus a real, tangible problem to solve, I'm not going to spend as much time on that.

So, are they solving a big problem? Do they know how to solve problems within the company? Can they overcome obstacles? Are they demonstrating the skill set of a great leader? A lot of companies will fail either for the inability to raise money or the lack of leadership, and the cofounder in-fighting.

Those are things we take a close look at early on. And it's not just evaluating them, but also seeing how we can help them. We're all founder operators. We're probably not going to look at a founder who doesn't want our help.

Because we really want to be shoulder to shoulder with that founder from the get-go, helping them with hiring, helping them get customer validation before they just assume that they've solved everything because it's in PowerPoint, etc. We really do bet on founders that want to partner with us.

**KENNY:** That makes sense. Let's expand on that. I know that in the zeitgeist, there is this narrative that VCs who try to be active are generally just annoying. They're not actually adding a ton of value. It's more of an ego play than anything else, to make them feel important in the boardroom. And the entrepreneur just kind of has to grin and bear it. Otherwise, we're not getting money. So, what do you think about that in general, and then as it pertains to Grit in particular?

**JENNIFER:** Yeah. I think the reason I chose the team that I chose is because we're real. We're authentic. We're founder operators, and it's not just lip service saying, "Oh, we're value add investors" or "Yeah, we want to be the first phone call when you have a prop." I hear that a lot. And the reality is, you have to know



what your value is as a firm, as a team, and be very clear about that value-tangible actions that you're saying you are going to take, and you do take.

I'm very fortunate to be on the team because I see what my partners are doing to help these founders. It's talent placement. It's literally business development, customer acceleration, and helping the founders raise their next round. We're really digging in. It's not just a tagline of being a value add investor. And in some cases, one of my partners has a very, very well-regarded talent placement executive recruitment agency that he ran for 20 plus years.

He knows talent. He knows how to help them find talent. He's going to open up his network to help that founder get the right skill sets and leadership in place. I'm very happy with what I've seen so far, and I'm so glad that our founders want our help and they want to take money from us, because word gets out.

One founder says to another founder, very publicly, "You do want to take money from the Grit team, because here's how they helped me." I think some of it's on our website. You can take a look at [grit.vc](https://grit.vc). This is real. And part of how you attract that great deal flow and founders is that flywheel of that one founder referring the next.

That's a great thing. We've seen that with a repeat founder we've reinvested in and known for some time. We invested in one of their prior startups, so understanding their ability to execute and lead is great. They've stayed in touch and they said, "When I start my next company, I'm coming to you first for the first check."

**KENNY:** Cool. Picking up a softball question from the chat. What is your thesis? Where are you investing? How much are you investing in what verticals?

**JENNIFER:** We are investing at the seed stage in the industries where we operate ourselves. That includes media, financial services, and commerce. And we take it one level deeper. It's really about those industries, but from a deep technical perspective. Obviously, with AI being foundational to running businesses in those sectors. Those are the sectors we know we've operated in our whole career. Seed stage in Grit fund to the average check size is 250k.

**KENNY:** Okay, love it. We'll come back to something you said earlier. You mentioned that you went from operator to the investing side of the house. What did that journey look like? And not necessarily for you, but more for people who are looking into doing that. What worked well, and what didn't work?

**JENNIFER:** Yeah. For me, I was very closely working with the corporate VC leaders when I was at Verizon and AmEx. Right out of the gate, I started to learn how a corporate VC allocates money. I was the



commercial person. Basically, I learned how a CVC worked, and thought, "Wow, they're really slow. I would have invested in these other companies, but there is no traction in a big corporate with a CVC." It's a different model. Often, you're investing off the balance sheet, and you need a commercial deal. You can't just invest out of a fund portfolio strategy.

I got exposed early on. And then once I left, once I had my last corporate rodeo at AmEx and launched my own company, I was freed up to independently start to look at angel investing. Once you write that first check, that's when you really start to pay attention, dig in, network, and learn from other investors.

And then from there, I became an LP in two venture funds, and then became a venture partner. And then, I made my way into general partner as of January 1 this year. I think the big difference now, advice-wise, is that there's so much material and accessibility. I feel like VC has really been demystified. In a lot of ways, there are seminars, training, books, networking sessions, and I would say more openness to sharing and learning. There are endless ways that you can learn now.

But when I got started, it was a very black box, closed, mysterious thing. There just wasn't as much access to information like there is now. One of the things that I started here in LA, again, to help other women start their journey or expand their learning, is Kate and I launched the Female Founders Club here in LA.

Part of that mission is to educate, support, inspire, share your deal flow, and help women who might be at a family office, or maybe they're an angel, and they're asking questions like, "How did you go from angel to GP?" We created this community to really demystify it even further, and frankly, to open more doors for more women that might be starting their journey or looking to move from family office to start their own fund.

**KENNY:** Okay, that makes sense. I think the theme I picked up a little bit there is generally that networking can be useful.

**JENNIFER:** And reading, and seminars as well. There's just a wealth of information that just wasn't accessible years ago.



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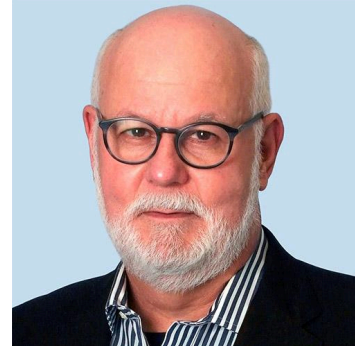


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