

# Ep.48 - Eric Roberts

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## SUMMARY KEYWORDS

michigan, startup, people, ed, midwest, tech, business, incubator, silicon valley, traverse city, job, company, moved, area, state, years, angels, technology, couple, hear

## SPEAKERS

Announcer, Ed Clemente, Eric Roberts

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**A** Announcer 00:01  
Welcome to The Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.

**E** Ed Clemente 00:28  
Hello, I'm Ed Clemente, I'm your host today for the podcast and we're fortunate to have Eric Roberts. He is the Executive Director for 20fathoms. Welcome to the show, Eric.

**E** Eric Roberts 00:39  
Hi Ed, thanks much, thanks a lot for having me.

**E** Ed Clemente 00:41  
Well, you came to us through a good source through our CEO Quinton Messer, and he doesn't recommend lightly so he must really be impressed with you. So we want to thank you for taking time out of your busy schedule to jump on the show today.

**E** Eric Roberts 00:55  
Well, I appreciate that when when Quentin came up to visit us he commented on this and it was it was a compliment I took at that time as well. And it's it's great to be really great to be with you.

E

Ed Clemente 01:03

And you know, 20fathoms really doesn't mean anything directly to me. So explain to people what it is when you first meet them?

E

Eric Roberts 01:11

Sure. Sure. 20fathoms is a technology and innovation startup incubator in Traverse City, we're also a co working space so you don't have to be a startup business to be a member here. We we cater, we sort of aim our presence to technology, but you know, I know that MEDC for example, has talked this past year about getting more into rec tech into recreational technology. Obviously sitting here in Traverse City that's of great interest to us. So so we we, if you're a startup business and you're interested in coming up north, we're a great resource for you.

E

Ed Clemente 01:47

And your journey is interesting because you're actually a yoooper right?

E

Eric Roberts 01:51

I am I am I was I was born in Ironwood. I lived there till I was five I was reminded this morning that I'm a fourth generation Yoooper my my dad's grandfather, a Finnish guy came over on a boat and found his way to Marquette, Michigan. And believe it or not added I'm not kidding. He carved his own axe handle. He actually he wanted a job in the lumber camp and and at that time, if you want to do that you had to carve your own axe handle. So if you ever wonder where the the Michigan grit comes from, it's guys like that. So anyway, yeah, I was born in Ironwood. I lived there till I was about five. As I said, my dad was a forester. And so he we moved down to a paper mill town when I was six down in Wisconsin, and then back up to Michigan, to Michigan Tech to get my engineering degree. And then my career took me out to the east coast for a couple of years in Connecticut. Most of my career, good share my career in Chicago, much of that was with Motorola, and then out to the West Coast to Silicon Valley for the last eight years, and then boomeranged my way back to the Midwest to Traverse City about six months ago and joined 20fathoms about three months ago. So relatively, I'll say new to the area, but a Michigan native and it is absolutely awesome to be back. It is good to have that the urban living behind me, I'll say.

E

Ed Clemente 03:13

Yes. And you do have one of the more charming cities in the state to be living in too, that's great. Yeah. It's interesting, too, when people come back to Michigan, especially people like yourself, we've lived on both the East Coast West Coast, and sort of like, what's the downtown kind of for the Midwest? Chicago, right? And, and then you come back, I think that's what sort of interested our CEO a little bit is. Why did you want to come back?

E

Eric Roberts 03:41

You know, when when, so we didn't mind living in the Chicago area in the outskirts of Chicago, and didn't mind it. But when, when my family headed out to Silicon Valley, we knew that would be a somewhat temporary move. My daughter just started college this past fall, up at Michigan Tech as matter of fact, and so so we knew we'd be coming back. And we thought it would be you know, maybe another two to three years out there. Between COVID and her heading back to the Midwest to school, we my wife and I looked at each other and said, Why in the world are we? Why would we stay out here and so we started the process of coming back a number of years ago, we just didn't really know when it would happen. And came to visit Traverse City couple years ago, spent a week and a half in the summer here and of course it was Sunny and beautiful so we absolutely fell in love with it. We didn't come to visit in January. We anyway so we fell in love with it that time instead set our sights on coming here for our into our late working years and semi-early retirement. And that whole calendar just moved up with with COVID and my daughter heading off to school so we knew we'd be back in the Midwest. And it's been it's been a phenomenal career journey for both of us. But we're Midwest kids and we knew we'd be back.

E

Ed Clemente 04:58

You also mentioned a couple of words that I think people take for granted, but probably wouldn't help with a little definition. But could you kind of explain a little bit sort of like venture capital, incubator, tech startups, angels, we'll get to Angels some more with you later to

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Eric Roberts 05:14

Sure, sure, and I laugh all the time when when those terms are, it's a little bit like like boat boating words, right that the people in the boating world did it, they want you to think they're, they're smarter than everybody else. So it's, it's a line, it's not a rope, and it's starboard. It's not right. And so I kind of make fun of him all the time. And I think I think we've got a little bit of that in the startup space, too. So if you think about an incubator, in the real world, all it is, is when the when the baby chick is born, and maybe can't completely sustain itself. It's put in an environment where it can, it can actually grow up and thrive to a point where it can sustain life on its own. And a tech incubator is just exactly that. So a startup business think a guy is in his basement, and he's got three to four employees. And he's growing pretty fast. And it's time to go get an office, but his own office space with his own broadband, and his own heating bill and his own electricity. And all that stuff is a little bit too much. Not quite ready for that yet. But that same guy, he might know, he might know his product and his innovation and his technology really well. He may not know how to deal with intellectual property rights, or what a cap table looks like, or HR issues. So you know, when when somebody comes into a startup incubator, he or she is surrounded by those services and other folks who have those skills. So, so the the CEO comes in, and he might meet a woman who's also a startup CEO, and get advice from her. I always say that the loneliest job on the planet, as being an entrepreneur startup CEO, because when you screw something up, it's really hard to go to your board and say, I screwed up, and I need help and you can't, but having a buddy sitting right next to you, who has been through that before has experienced something like that before and getting

advice is free and easy. So this think that if you think incubator think environment that helps those small startups thrive. From a venture capital investment perspective, when you're a small private company, it's sometimes difficult to get your hands on capital, a large company can simply sell more stock in dollars come in, and they can invest those dollars in the business. When you're a small startup, that's a lot harder. And so you hear things like, you know, that first very beginning is probably it's your own money, it's your own time, it's your own, it's your baby, you're, you know, you're working your butt off trying to get this thing off the ground, you hire a couple of employees, you have to pay them. And so sometimes startup entrepreneurs will look to their friends and family. So you hear somebody go, I raised \$20,000 from Uncle Ned and \$10,000 over here. And then there's a phase after that, where your business is starting to get kind of real. And there's a sort of a world of angel investment where, you know, accredited investors, you have to have a certain amount of individual wealth to be able to participate in that can invest in startups. And they're the ones who are allowed to do that. And those dollars are typically Ed in the \$100,000, range, maybe to \$400,000 to \$500,000. And then if your business gets past that, and it's time to really grow, really, you're seeing some amazing success, you're really seeing a lot of potential a lot of growth, you can enter into the venture capital space. And that's typically just a much bigger number. And there are large funds involved where there's a fund manager who says yes, I will give a million dollars to this startup over here to fund their growth, that's usually an exchange for some ownership in the company. That's how the venture capitalist does his investment, is he he puts gives you a million dollars in hopes that you grow like crazy and return \$5 million back to him someday. So that those that's those terms are really just about different phases of investment for a startup, for a startup company. Did that help Ed, did that kind of did that hit it?

E

Ed Clemente 08:49

Yeah. And one other thing, I think, because we use the term tech startup, so like liberally, is it not necessarily always just tech? Is it?

E

Eric Roberts 08:59

I'd say it's not I'd say it's not it. But an observation I'd have is just about every company on the planet has a tech element to it. The guy in downtown Traverse City is selling T shirts has a website, right? So you know that really being a resource to the Traverse City area for anything related to technology is very important to us. So even if you're not a member here, you don't know what you're doing with it, stop by and see us as sort of a culture, an environment we're trying to build. So the company itself doesn't have to be high tech, certainly we aim our programming offering and we have training classes once every week or so, we try to aim them towards technology. But boy, we find a very wide a wide net there. Folks who are interested in we one of our real success stories. The guy came into our space from Microsoft, and just got the bug just saw the innovation around him and started his own company. He just graduated this past summer with his startup business. So So there's lots of different paths to, that we can help you through. Tech is certainly something we aim for. But boy, there's, there's a, there's an element of tech I find in just about every company out here.

E

Ed Clemente 10:10

Yeah, and I really believe the last couple of years, in the weird era we've been in is people have

had to really depend more and more on tech for every industry. And it's accelerated that process. And I don't think there's going back really, in some of those areas. It's a very good position for almost a lot of things.

**E** Eric Roberts 10:29

I agree. In addition to being good at your business, you have to become better at tech, right? It's like it's almost like QuickBooks right? Your finances, you kind of can't run the business without some finances. It's feeling that way about tech too, isn't it?

**E** Ed Clemente 10:40

Or you third party it out, which is becoming a growing field for people with web pages, and every, you know, just all that digital platform, social media is becoming third party. People doing that for a lot of your companies? Probably too. [Yep. You bet.] Yeah. And we should also touch on this real quick, but you're, are you head of are you involved with the are they called the Northern Angels

**E** Eric Roberts 11:04

Northern Michigan Angels, I'm certainly not certainly not the head of it, no, I joined, in fact, I got involved with them while I was still living in California when we knew we were going to be moving to this area. I've been very interested in this tech and startup space for a long time, when we knew we were coming to Traverse City, I decided the very best way to get involved with it and really get exposed to the people who were were doing the work the people who were involved. In fact, funny story. I reached out to Lauren Bigelow, who was the Executive Director of 20fathoms before me, a year and a half ago, just to ask her what was going on in the space. And what's it like, and I had no idea this would ever come to be. So I just been interested in this space for a long time. And that was a vehicle Ed that I got involved with while I was in California. They like to have their meetings at 7:30 in the morning, that's Eastern time, so that made it 4:30 In the morning for me, but but it's a great way to meet a bunch, and quite frankly, make a bunch of new friends as well. But really get in touch with what that that that ecosystems like here.

**A** Announcer 12:00

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**E** Ed Clemente 12:17

What was it like living in Silicon Valley? I mean, we you know, we see the HBO series or whatever, and I never see all the craziness of like Steve Jobs and all that. But what's it really like? I mean, did you live actually in the valley? Or did you just work there?

E

Eric Roberts 12:32

Yeah, we were in San Jose. And I you know, that could probably be its entire own episode on its own. But a couple observations I'll share with you. One. Yes, the weather's phenomenal. It's better than they say it is. So especially as we head into December, January, here, it the weather's pretty phenomenal. You know what, you know, what I noticed Ed, it's that the conversation is just different there. I remember walking, but we were going for a hike out in the mountains and walk by a coffee shop on our way to the back end of town where the trail was and the conversation at the coffee shop is about the next M&A, or did you hear these guys are IPO-ing in next week, and what's going on here, and people's conversation was about their company about what's happening with Google about what's happening. And hear it's your job is very fascinating. People want to learn about it, they want to talk about it. But they also want to talk about your kids like, and they really care about your life and how things are going. And I found that out there, you know, the the entire culture is built around Yahoo and Google and Facebook and they're all right there. And and it just made it, there's good and bad that comes out of it to be honest with there's real positives and negatives. But but one of the results is over the course of many years, you have an entire generation from that area, thriving in technology. And so the talent level is phenomenal there. And and I'll tell you, I noticed that the kids there, they expect to work at Facebook and Google and they expect to be high tech, they expect like whereas you know, in the Midwest, it's man I sure hope someday I could I could go out and work for one of them. It's it's more it's less aspirational. They expect to go to Stanford someday. Sadly, most of them are disappointed when they get the answer but there's just a different a different conversation at across the whole thing that I found to be very fascinating. I I knew, again, great experience. I wouldn't trade it for anything, but it wasn't necessarily a fit for me. For example, one of the downsides is it because when when running a company there, it becomes all about it becomes more about the next transaction than it does about long term business results. For example, are we about to acquire someone? Are we about to get acquired? Are we going to go public? Not, how do I set up a business that does drives economic development for the next 15 to 20 years? Right? There's a much shorter horizon. And again, great experience, it's great to understand the value of a business that comes from that, that process. But if you're if you're fundamentally a finance operations guy like I am, it can be very frustrating because the only thing on your mind is three, three months later, one one quarter, what's going to happen in the next quarter? So a little bit of a little bit of a side for your Ed Clemente question, but but very fascinating place?

E

Ed Clemente 15:28

Well, you know, it is interesting, because I don't think as Americans, you know, that sense of entitlement maybe in the Valley that they have, you know, because they're just so used to it, is that it's a very exceptional place in general. I mean, there might be some places in China and South Korea, or here and there, but it's just the it's just amazing that that ecosystem has done this well, for so long. [Yeah, yeah.] And we're fortunate, I guess, in America, you know, I know, it's easy to be critical of Silicon Valley. But at the same time, it's really what's made America move well, too. And, you know, in some instances that have, obviously helped the auto industry and many other factors, even though it's there, it has a major ripple effect around the country.



**E** Eric Roberts 16:16

And I will say, from an economic development perspective, the pace that is set there, that that what I just talked about, sets up an extraordinarily aggressive pace. It's, it's a, you know, there's no such thing as a 40 hour workweek out there. There is a pace to it, that drives business results that like to your point, our country has moved forward as a result of that culture that I just talked about. So So 100% agree, there's positives and negatives that come out of that.

**E** Ed Clemente 16:44

Yeah, and one other thing, too, and this maybe ties into the, one of your future questions here. But for talent, when you say talent, you know, you got the people that grew up organically in that community. But it's also a beacon, you know, not to be critical of any other countries in the world. But it's still a major beacon for, you know, exceptional talent from around the world to still want to come to the United States. Because of that image, I think, and, you know, I don't know what the reality is, but that is still a big huge driver for this country is entrepreneurs, innovation, you know, those kind of, like non-born American people coming here still.

**E** Eric Roberts 17:27

It's the dream, isn't it? That's the dream. Come here and when you come here, there's, there's so much of that venture money I talked about is so much of that investment capital that's on the coast, and particularly the one on the west. It is it is absolutely the dream.

**E** Ed Clemente 17:38

Yeah, that's why my folks came from another country to here too, not go to Silicon Valley, but the green is still there, and hopefully, your how to make it work for them. Um, the couple other things, too, and I know that you're in a unique space, I don't know. Are there other angel firms or is there other incubators in the state? Are you in a weird space on your own? Or?

**E** Eric Roberts 18:04

Yeah, there's quite a few other incubators. So, I think all of the Smart Zones would consider themselves incubators. So there's a number of smart zones, obviously, associated with MEDC. There are a number of other angel organizations as well, I want to say ours is one of the newer ones, maybe about 10 years old. So there's there's considerable precedents, if you will, around the state, Grand Angels isn't too far south of us. And there's a number of other ones downstate, too. So yeah, there's a number around the state and, and it it really does speak to that, that entrepreneurial spirit that frankly, has existed in Michigan for a very, very long time. We're happy, we're the stewards, maybe currently, of that but it's been around for a long time in Michigan. So yeah, there's a very excellent presence of that.

**E** Ed Clemente 18:49

Yeah, and it's a great model to have to see that and the model is there. But one of

You know, and it's funny, you turned me on to something and I'm working on it now. But one of your people you follow, Dr. Parag Khanna. He's the one that talked about Michigan in sort of 2050, you know, being a place to be, and, yeah, and but anyway, yeah, because I think that, you know, we as a state got to figure out, you know, even though it looks like our population has been sort of stagnant. We know a lot of digital nomads have been moving here, too. [Yeah. Yeah.] And I know Traverse City probably has quite a healthy population up there of people who probably worked for companies that aren't even near where their companies are located.

E

Eric Roberts 19:29

Yeah. A couple weeks ago, I met two software developers that work for Google. They're able to work remote and here they are in Traverse City living where they want to live. So yeah, we see quite a bit of that up here. [Yeah] if I'm going to suffer out if I'm going to suffer out this work from home and can't leave and go do anything. I might as well do it where I got a kayak right next to me, that that brought a lot of folks to the area here too.

E

Ed Clemente 19:50

Yeah, yeah. Um, so just a couple more things beyond anymore do you see any like future disrupters of things on the horizon that, you know, as MEDC, or the state of Michigan should be paying attention to.

E

Eric Roberts 20:08

So I love, I love that, that studying and looking into the trends in talent, you know, we're seeing a very near term challenge Ed of, you know, working remote and and that's driven as I said, that's driven people up here. My wife and I came here and she does her job exclusively remote, she travels occasionally, but, but she does her job from from a home office. And she was, we were in San Jose, California, and now she's doing her job from here. So so that's a, I think, a really short term trend in this, remember, you know, it wasn't that long ago that there was this aura of wow, you get to work from home, you know, once a week, one day a week, you get to dial into your calls from home, you know, and, and now, everybody's sick of being at home, we get people coming, a guy came in the other day said, I just want to buy a three month Christmas membership for my wife for Christmas present to get her out of the house where the twins and the dogs are so she could, she could be out of the house. So now there's this, that's just stirs that entire thing up. Right? And where that lands? I think none of us know right now. But but it certainly is, it's it's changing, it's changing that remote worker, and where does he or she sit? And, and And wow, I think it's a it's a, it's an advantage to Traverse City because I actually might get to, you know, work where I actually want to live, which is, which is new again, you know, when we were kids Ed, at least Generation Xer, wherever the job was, that's where you went. You didn't live where you wanted to live, you live where the job was. And, you know, medium to long term, I think the millennials have really helped to shape this. And they began shaping it long before COVID and COVID is accelerating it, but enough of that, let's let's be happy with where we live, and and choose where we want to live. And so I think you know, that, that those trends in the labor market, and the shifts for, you know, how do you do workforce development, I saw something the other day that, um, that Gen Xers stay in their job, something like a little over five years on average, and millennials are a little over two. And so if you think about that, when we started our jobs, however, many years ago, the company



could take its time, making us productive, they could invest slowly, they ramp up slowly. And now you can't do that, because that that guy or gal might leave in two years, so you better make them productive as fast as you can. That changes the skill sets you look for when they come in the door to begin with. That changes how you ramp employees up. So I find it fascinating. I think that we're watching kind of the beginning of a fairly massive change to the workforce. Certainly, that's something I think MEDC is aware of, and I know, would love to have have partners in them and figuring it out. I think it's fantastic for rural areas like ourselves up here in Traverse City. Because I think, you know, there's there's an awful lot to love about the area up here recreation wise, balance wise, this is the first time I've actually been a part of a what I call a true community since I graduated college. I was in the East Coast, Chicago, San Jose, and you just kind of live where you live. And then you drive to work every day, you get home at eight o'clock at night and you go to sleep, get up the next day. And you know, being part of a small community like this, that's so phenomenal for outdoor recreation and people care about each other. They ask ya how your kids are doing, they actually want to know how your kids are doing. So, I love that about it. I think that we that's really a place we can shine in is that, as that workforce and talent changes. I think whether anybody likes it, they're coming. I think this would become a very popular area.

E

Ed Clemente 23:36

So you already answered a couple of my questions, very good, you anticipated them but the last one is, what would you tell, you might have kids of this age, I don't know, but like what advice would you give maybe to yourself even in the past if you could tell yourself what to do and your daughter starting at Tech, right? So what would you be if you, what would you ,what quick little couple things would you say to people to motivate them

E

Eric Roberts 24:03

You know, should you ever meet her, ed, someday ask my daughter because it's probably how I've parented for the last 18 years. I would I would tell her to set, set your bar high, set your your bar of expectations high. I saw a video I won't tell you what university it was it was at Michigan University and it was an interview with this girl who said man until I went out to Silicon Valley I I didn't really think you know that I could ever I could ever compete with those folks and actually get a job at Facebook and I went out there and you know what, that's a pretty cool place, and man what a dream it would be to be out there. And I would tell them you absolutely can compete with everybody out there I that the the Michigan there's Michigan nice, which is totally legit. I can't believe how welcomed people have been here. And then there's Michigan grit and and I talked about the talent that's out in Silicon Valley. They don't have the grit that Midwest people have. There is there is a there is a, and it's a hiring trait. I don't care what anybody tells you, that's, that's right up at the top. And it especially to kids in the Midwest who go get that degree to get that that advanced their education. You can compete with anybody and set the bar don't set the bar low set the bar really high Ed, that that would probably be my number one advice and then and then if you don't reach it, it's okay. Fight again tomorrow. Like it's okay to fail. I know we've made I think we Xers. I think we've made it very difficult for ourselves to fail and for our kids to fail. You know, letting them know that it's okay to come up short. Get up the next day and go fight again. That's what I'd say.



E

Ed Clemente 25:38

Well, that's sound advice. And hopefully some people are going to listen to this and implement it for their own. Anyway, I want to thank again. Eric Roberts, Executive Director, 20fathoms, I know you've got a busy job and I appreciate you taking time out to talk to us today, Eric, and welcome back to Michigan.

E

Eric Roberts 25:57

Thanks. Thanks so much Ed. The welcome has been incredible from you as well. So thank you so much for having me.

E

Ed Clemente 26:02

We'll look forward to meeting you in person someday. Awesome. Join us next week where guests will be Menaka Able, she's the Chief Financial Officer for Request Foods. Learn a little bit about lasagna, soups, mac and cheese, and this unique West Michigan headquartered Food Company.

A

Announcer 26:19

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