

# Ep.2.21 - Dawn Batts

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## SPEAKERS

Announcer, Ed Clemente, Dawn Batts

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### A Announcer 00:02

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 your host, Ed Clemente today, and we appreciate you being here at the podcast. And we're very fortunate to have Dawn Batts, she's the Capital Strategist at TechTown, Detroit. Welcome to the show Dawn.

### D Dawn Batts 00:39

Thank you, it's good to be here.

### E Ed Clemente 00:40

Yeah, I'm really excited because what you're doing is pretty exciting, but your title is unique, that I've never heard it before. But can you explain to people if you go to a party or something or you run into someone and you tell them what you do?

### D Dawn Batts 00:55

You're probably not familiar with it because we made it out. [That helps] Yes, so it's not a

You're probably not familiar with it, because we made it out. [That helps.] Yes, so it's not a common title, but it's one that we thought was very relevant for the work that I do at TechTown. And we thought that because I look at how do we help entrepreneurs, specifically, early startup companies understand capital, and understand how do I get money? And at the same time, how do they align their milestones to get that money? You know, I always say all money is not the right money at the right time. So we're looking at capital, but we looking at it very strategically.

E

Ed Clemente 01:33

Could you sort of give also a little brief explanation of what TechTown is?

D

Dawn Batts 01:38

Yes, TechTown is the entrepreneur hub of the city of Detroit. We've been around for almost 20 years now. So we have our footprint there. We support small businesses in the retail space, as well as tech companies. And we support them in various ways. We have programs where we help companies on the tech side from idea, just wrote it down on a napkin, all the way through revenue generating. And as well, on the small business side, we help companies establish their presence in the community.

E

Ed Clemente 02:09

Yeah, in fact, I'm on a board that's located in your building, Global Ties Detroit. And but you have quite a few interesting and you're getting more tenants lately, I think, as probably as COVID made people change their perspectives, but I know you, I've read a couple things and Crain's where more people have located to.

D

Dawn Batts 02:27

Yes, we, in fact, it's been it's increased over this year, we've seen an increase in the number of people coming back to those spaces. So we're very happy about that.

E

Ed Clemente 02:36

Yeah. And how did you get into this field? I know you've got a I'm gonna put you on the spot with your original I think it's your Bachelor's degrees in Anthropology, right?

D

Dawn Batts 02:48

Actually, my PhD is in Anthropology.

E

Ed Clemente 02:53

That's even better! So I'm gonna go off track a little bit, but so you had to do a thesis and a dissertation in anthropology?

**D** Dawn Batts 03:03

I did my dissertation in anthropology, yes. [What was it?] It was, it was around how urban professional Chinese women, procure gender equality in China. So I actually did my research in China.

**E** Ed Clemente 03:17

We're at, what city?

**D** Dawn Batts 03:19

You won't believe this Ed, Wuhan.

**E** Ed Clemente 03:21

Oh, you're kidding me. Wow. [I am not, yeah.] Luckily, you're out of there in time. [Yeah, right?] That's good. Wuhan is a huge city, though. People don't even know in America, how big it is. How many people? [About 10 million people.] Yeah, I'm like that's the size of Michigan, the entire state population. And can you just tell us where you got all your degrees from? Because I think it's always interesting.

**D** Dawn Batts 03:49

Yes, it is. I am actually a product of the Detroit Public Schools, first and foremost, let me say that. [What high school?] Renaissance High School. [Very good, very good. Yeah.] And I also attended Michigan State, that was my first stop. And then I went to the University of Michigan, and I ended at Wayne State with my PhD.

**E** Ed Clemente 04:08

You know, I, I, we had other guests on, but we always talk and you'll get a question on this a little bit later, but how important to like a liberal arts degree sometimes is to actually help you in a more specialist field, or to be more open minded too I think.

**D** Dawn Batts 04:24

You you just hit it, I get the question often, why anthropology? So my undergrad was in accounting, my Masters is in Business Administration, and then I rounded it with anthropology and the reason why I was really interested in understanding how people make sense of their

and the reason why, I was really interested in understanding how people make sense of their lives, right? And when you think about that in a business context, it usually ends up in one or two buckets. And that would be marketing, like how do we sell more to people or in a human resource type of way where we're looking at how do we, how do we help work with people? And I was interested in a little bit deeper on this then you know how people move about, you know how they not so much make decisions that make sense out of their lives and anthropology was the answer.

**E** Ed Clemente 05:08

Yeah, in fact, we should use that to dovetail into the big project you're working on with angels, because obviously, the first thing you learn in any marketing class has who's your target market, right? So I imagine a lot of your anthropology degree would help identify folks who you're trying to make them make them understand. Why don't you tell us what an angel is because you belong to an angel group, or you started one, right?

**D** Dawn Batts 05:34

Yep, I am the co-founder of Commune Angles, which is based out of Detroit.

**E** Ed Clemente 05:38

And tell people what angels do, say versus venture capital?

**D** Dawn Batts 05:43

That's another common question. So Angel investors use their own money to invest in early startup companies, whereas a venture capitalist uses other people's money to invest in early startup companies. Angels are typically, after family and friends, angels are typically the first money in.

**E** Ed Clemente 06:02

So I always tell people, like some people might have had a spouse pass away from cancer or something, and then they've got extra capital, and they just care so much about that issue, that they'll support it. Maybe differently, but I imagine there's also pure business people angels, too, I guess?

**D** Dawn Batts 06:22

For sure. So angels come in different ways. Some of them were founders themselves. And then they may have had an exit, maybe their company was acquired for a sum of money that allowed them to be able to invest in other companies. But angels also come from people who

may have high paying jobs like high net worth people who have been able to accumulate wealth over time, and they invest that money into early startup companies. And hopefully, if they do well, they will earn a lot of money from their investments as well.

**E** Ed Clemente 06:53

So why don't you mentioned what your target is through, and we shall put a plug in for Ned Stabler too, right? I don't know off the top of my head, what's his title?

**D** Dawn Batts 07:03

He's the CEO of TechTown. Yes, and very supportive of this. So to Ned's credit, and some of our other team members Paul Ider comes to mind as well as Marlo Rencher. They saw the need and the ecosystem. So our program, the Catalyst Angel program is an EDA funded program, federal dollars.

**E** Ed Clemente 07:24

Yeah, EDA is the Economic Development Administration. Right?

**D** Dawn Batts 07:28

Thank you. Yes, all of these acronyms we have MEDC, EDA yes, thank you for that. And it was a federal grant that we received to train 200 underrepresented angels in the Great Lakes region over a three year period. That's a tall order, but it's one that will have tremendous impact in our ecosystem if we do it well.

**E** Ed Clemente 07:48

I want to emphasize you said Great Lakes so people need to understand and how many states are in your catch basin kinda?

**D** Dawn Batts 07:54

We're talking six states here. So Michigan, Wisconsin, Minnesota, Indiana, Illinois, and Ohio are the six states that we're including in the Great Lakes region.

**E** Ed Clemente 08:04

So when you got the grant that was written in the grant that they wanted you to do that big of a basin?

**D** Dawn Batts 08:10

Yeah, actually, we wrote it because we understood 200 is a large number. And to do that in Michigan alone, we want to make sure that we had, you know enough ground to cover but also it's a regional play, right? So when you start talking about early startup companies, the more we have the region involved, and the more successful we will be.

**E** Ed Clemente 08:29

And is there sort of like you've formed this association, you said of angels? Is that the way it usually works? Like do they all know each other or are there little like clubs? Like, you know, I know there's, we had one guest on was the Northern Angels or something?

**D** Dawn Batts 08:43

Yeah. So there are two different pieces for me. I am a co-founding member of Commune Angels, which then that's a separate organization, then there's TechTown who received the EDA grant itself. So the 200 individuals that we're looking to train, there's are three parts of the grant that I'll talk about shortly. But the 200 individuals will not may or may not be part of any angel group. These are relatively new individuals that we are looking who may be interested in Angel investing, and never heard of it. You know, is it it's an asset class does not, may not be talked about everybody's dinner table often, you know, so we, we want to make sure that it is the asset class that people know about, and that they have the training behind it.

**E** Ed Clemente 09:27

I would also imagine this is I'm naive on this, so you're helping me, but if people have money, they probably sometimes don't want to let people know they have money too, right? So I mean, they don't mind being an investor, but they might also they don't want to get hit on by a bunch of other groups, right? If they say they got money. So how do you kind of identify people?

**D** Dawn Batts 09:49

That that is that is something that we every day we think about, you know, I always say angels don't have wings or at least not outside where you can see them. So understanding that journey is extremely important. And this is where anthropology comes in again, right? Understanding the nuances of the journey, particularly for underrepresented angels, is very, very helpful. When it comes down to it a lot of it comes down to one on one conversation. So once you start a conversation with a group of people or a person, then just having that one on one conversation, so we look in spaces in places that we think, you know, they would naturally be like existing angel groups, you know, like a Commune, like you mentioned, Northern, we have probably over a dozen angel groups in Michigan alone. You know, so we can even start there. Yeah, we can start we have about 1,500 angel that have been identified in Michigan.

**E** Ed Clemente 10:13

E Ed Clemente 10:43  
Say that number again, 1,500?

D Dawn Batts 10:45  
About 1,500 that's been identified in Michigan. Yes out of about 340,000 they did identify nationwide. So, but yeah, we have about 1,500 in Michigan. And so we started with those because they know other people. We started with that group, and we see if they can recommend people. We start with people we know. Might be an angel next door, you know, someone that may be, you know, an executive at a company or just have worked at a company for a long period of time and in a management-type position. So we're looking for those people who meet the first meet the SEC definition of accredited investor because that is an important part of identifying people.

E Ed Clemente 11:30  
Securities Exchange Commission, correct?

D Dawn Batts 11:32  
Securities and Exchange. Yeah.

E Ed Clemente 11:35  
We get all the alphabet soup even here at the MEDC, but I mean, everyone has alphabet soup, so whatever field they're in. But I would imagine too, if you identify now, I don't know, how long have you been doing this project? Now? How long has it been? It has been that new?

D Dawn Batts 11:50  
Not long at all. We received the grant October one of 2021. And we kicked it off earlier this year.

E Ed Clemente 11:58  
And so as you identify people, do you do mainly like one on ones, or is it like a classroom setting? Or what do you do?

D Dawn Batts 12:06  
It's a combination. We do it through info sessions on a quarterly basis. We also do it through, sometimes people reach out or recommend people, and then like the angel groups, we may reach out to them and they may recommend people and then we're going to one on one

conversation. So it's a process.

**E** Ed Clemente 12:24

I would imagine that your accounting degree helps a little bit too, because you can also talk them through the math side of it, right?

**D** Dawn Batts 12:30

Yeah, a little bit of money. Yes, a little bit of the risk part. I spent some time in the investment industry as well. So that helps tremendously, because I spent over a decade with institutional investors, where we manage institutional funds. So I have an understanding from a compliance or regulatory perspective that I can talk through from an operations perspective and then just being in the space on an almost daily basis. So I can just kind of help them through that understanding.

**E** Ed Clemente 13:02

And you've been at TechTown, longer than Ned. So you and I had a previous friend, Randall Charlton, right?

**D** Dawn Batts 13:11

Yeah, interesting. I love TechTown. I was there early on as the interim CFO or Chief Financial Officer, and then left and spent some time consulting, spent some time in the investment industry, as I mentioned. And then I came back two years ago, at the height of the pandemic to help solve one of the challenges that we saw the ecosystem which was giving money to, you know, to some early stage entrepreneurs, particularly in the Detroit area.

**E** Ed Clemente 13:37

You also with this, if I remember hearing you correctly when we talked before, but you also have some target, like groups you sort of want to make sure that get identified right, too a little bit?

**D** Dawn Batts 13:49

Yeah, so we, when we, this grant is specifically for underrepresented angel investors. So we're defining that as Black Angel investors or new investors, women, you know, angel investors, as well as Latin x.

**E** Ed Clemente 14:05



So just, you don't have to give me an actual number, but it's like the vast majority, probably not those three groups, right?

**D** Dawn Batts 14:13

Oh, by far not.

**E** Ed Clemente 14:15

I didn't know if maybe, I didn't know that group, at least.

**D** Dawn Batts 14:18

No, actually, about 30% of angel investors are women and you know, nationally, so that number is has increased over the last year or so which is good, but it's still by far, a low number when you look at the percent of you know, women, just in the country in general.

**A** Announcer 14:36

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**E** Ed Clemente 14:52

Do you have any other partners or any other stakeholders you wanted to mention too?

**D** Dawn Batts 14:58

Well, yes, they are very important in this project, so we have three and one is very local, which is the Ann Arbor Spark, you know, with Skip Simms, you know, so he helps out with that recruitment. He's, he's a, he's an icon and this industry, so he's been around for a while, and he can help make some of those connections. We also have the Angel Capital Association and they are the National Association for angel investors. And the Angel Capital Association is bringing the training, they have Angel University. So we don't have to recreate the content, we can just connect the new investors to that particular content, and we work with them closely, you know, to make sure that investors have access to that. And then the third is Venture Well, and they're very known on the the founder side of things. And what we do with them is connect angels to become mentor residents for founders. So we demystify angel investing for new founders. And at the same time, we have angel investors understand the founders journey so that they can learn more, learn more about due diligence and be able to make confident investment decisions.

E

Ed Clemente 16:03

You know, I mean, just, I didn't know anything about it until you guys approached me, and I'm so glad you guys did. And I think that it's just such a great project that sounds like and I'm hoping it really takes off for you guys. And you really can do well. And you know, maybe maybe we'll hear more about this hopefully, soon, you know, in your near future. What about you, though, individually, like if you could go back and sort of like, is there any other, like, before I get to that, let me ask, is there anything else on the horizon you think that might be a disruptive for this industry too?

D

Dawn Batts 16:36

Yeah, yeah, actually, I think so. Detroit and Michigan has garnered a lot of attention lately. You have Amazon, you know, you have Plug and Play that's here. You have Apple, you know Apple Developer Academy is in Detroit, its the only one in the country to my knowledge. So we're getting a lot of play from technology-type organizations. I think we're poised to become a place for tech. In the last five years, from 2015 to 2020. I think there was an 800% increase in investment, venture capital investment and startup companies. So I think we're poised well, and we need to lean into that. And I think we will, you know, began to see a lot of innovation in this area. And we need the capital to support that innovation. So I think there's something for us to look out and embrace and see what happens.

E

Ed Clemente 17:32

Well, not only that, I think, you know, I listened to a lot of podcasts myself. And but I mean, it was funny, I heard one about Bangladesh where, like, maybe 20 30 years ago, 10% of the women were even educated, right or literate. And now it's like 90%. And that's really changing, because look how many more people you're adding to the market, or to that kind of pool of people can do stuff. And I mean you can say the same thing about Detroit, because a lot of people are getting exposed to things that never was on the radar before, right?

D

Dawn Batts 18:04

Yeah, exactly. I mean, it's time, it's time for us to embrace it, which is why this project becomes even more important. If you have more innovation, you know TechStars just came back to Detroit, right? You have more innovations, you need more capital to support that innovation, in order for it to really take off.

E

Ed Clemente 18:22

So that kind of blended into the next question, which is what advice would you give your 17 year old self ro any mini commencement speech at Renaissance High?

D

Dawn Batts 18:32

Yeah, that's a good one. I, you know, I think is to create an innovate, you know, don't be afraid

mean, that's a good one. I, you know, I think is to create an innovate, you know, don't be afraid to fail. I think oftentimes, we need permission to fail. But innovation comes to failure oftentimes. So I would, I would tell my 17 year old self to try to come up with something. Solve a problem that's usually right in front of you, and see where it goes.

**E** Ed Clemente 18:54

So you weren't always an innovator?

**D** Dawn Batts 18:56

I was not quite, remember, I started with accounting, right?

**E** Ed Clemente 19:00

Right, that's the other side of the brain, right.

**D** Dawn Batts 19:05

So I started with accounting but since then I've become much more innovative and taking many more risks.

**E** Ed Clemente 19:11

Is there one person too, because you you're in a leadership position, but is there anyone historical you've admired in leadership sort of situation? Like you had like, kind of follow their path a little bit?

**D** Dawn Batts 19:23

Historical, well, they're still living.

**E** Ed Clemente 19:26

I like historical better. Because not everybody, you know, the jury's not out on everybody around.

**D** Dawn Batts 19:33

That is very true. That is very true. But I would have to say, you know, a Warren Buffett is someone, and then Michelle Obama, you know, if I had to meet two people, if I could meet two people, those might be the top of my list.

**E** Ed Clemente 19:50

Yeah, those are both good choices. So the last question I have for you is your simplest one. But I would imagine you probably have some favorite things you'd like to do in Michigan or so would you, is there someplace you like to go, or is there some festivals you like or anything like that?

**D** Dawn Batts 20:06

Wow, it's so many things. That's the great thing about Michigan because of our different seasons we have inside outside, you know, we have all sorts of things to do. And two things that come to mind, I love riding horses, so, yeah, so I just started looking for a stable to, you know, to ride again. So that's one of the things I love to do around this time. And then recently, I went to a jazz concert in the neighborhood of Palmer Park, which I thought was super cool. And a lot, you know, where we had a tent, and just doing some the old school jams as they call it, but that was just really nice to have that as a evening, a nice evening out.

**E** Ed Clemente 20:45

Yeah, it's there's so many different answers we get with that question all the time, because a lot of it is, you know, something that you need to your personality, obviously. Those are two things we've never had combined, I think jazz and horse riding. So we do appreciate you having an open mind today. I appreciate that. Well, anyway, I just want to say thanks again to our guest today, Dawn Batts, she's the Capital Strategist at TechTown Detroit. And you were a fascinating guest and I really enjoyed talking with you. And I hope you great luck on that and hopefully we'll hear more about it in the future and with your project.

**D** Dawn Batts 21:23

Yeah, thank you for having me and I look forward to give you an update in the near future.

**E** Ed Clemente 21:28

Join us next week where our guest is Christopher Girdwood, he's the Executive Director for the Detroit Region Aerotropolis. 4000 acres of development-ready land around two large busy airports.

**A** Announcer 21:41

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