

Talks at GS
With Melissa Bradley, founder of 1863 Ventures
And Margaret Anadu, Global head of Sustainability and Impact, Asset Management
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Margaret Anadu: Hello, everyone, and welcome to talks@GS in person. I'm so happy to be joined here today by Melissa Bradley, who is the founder of 1863 Ventures[?], co-founder of start-up accelerator Eureka[?] and a professor at Georgetown University. She's also an advisory council member of Goldman Sachs's initiative, 1 Million Black Women. Today, we're going to talk to Melissa about her varied professional activities, her outlook on investing, especially with diverse and inclusive businesses, and her thoughts on how these issues specifically pertain to black women. Melissa, thank you for joining us today

Melissa Bradley: Thank you. Thanks for coming. Are you excited to be outside? That's why you're at work, isn't it, really?

Margaret Anadu: Okay. So, as I just mentioned, your career has spanned several definitions – some that you've actually created along the way. You're a professor, you're a co-founder, you're a friend, you're a mentor, you're a coach. But take us back a little bit further in time. Tell us about your childhood.

Melissa Bradley So, I originally started here in New York. When I was born, my father died of a massive heart attack when I was three months old. And so, my mom was 40 years old and a single parent. And she was – had dropped out of college to take care of her grandmother. And so, she didn't finish. And so, she decided – either she knew better or she didn't think I was going to be strong enough, so we went across the bridge, so we would commute. So, we lived in Jersey, so I could go to school and be relatively safe, and then we'd come back to New York on the weekends. And she didn't have any money, so we lived in a one-bedroom apartment in New Jersey. And she

worked during the week and she cleaned houses on the weekends that I could go to private. So I was there for my junior and senior year, so when I graduated I was 17. And I wrote my senior thesis on how I was going to solve the racial wealth gap.

Margaret Anadu: Wow.

Melissa Bradley: And my mom was like, 'I don't know whose kid you are, but good for you.' And I had applied to Georgetown – early decision. It was the only school I wanted to go to. My mom said, 'I sure hope you get financial aid, because otherwise you can't go.' I'll never forget, this guy named Gordon Chavez[?] came to my school. He said, 'I have seen your materials and I will make sure that, if you get accepted, you can go.' And, by the grace of God, I did. And everything after that was – first it was like, how do I make money? And then it was, how do I help other people who not just look like me, but who had my experience, be able to make money?

Margaret Anadu: Wow. Okay. So, focused on the racial wealth gap since you were 17 –

Melissa Bradley: Because it's real. When you show up and you, like, walk in on the short blue bus [inaudible] –

Margaret Anadu: [Inaudible]. Did you use that language? Like, did you – 'the racial wealth gap'. That's how you even spoke about it?

Melissa Bradley: I think I said – I didn't use those words, but my dissertation said, 'Understanding the class differences and its impact and delineation by race'.

Margaret Anadu: The racial wealth gap. Okay.

Melissa Bradley: [Inaudible].

Margaret Anadu: Okay. All right. You were on it. She was hip to this.

Melissa Bradley: Well, it was my experience. It wasn't like an academic thing. It was like –

Margaret Anadu: Your life.

Melissa Bradley: There's something that's – that I am standing in the grocery store, in the wealthy neighborhood, praying my friends don't see me, because my mom is using food stamps.

Margaret Anadu: Mm. So that brought you to 1863 Ventures.

Melissa Bradley: Yeah [inaudible].

Margaret Anadu: [inaudible] some steps along the way.

Melissa Bradley: Absolutely.

Margaret Anadu: But tying back to your original thesis, you didn't originally think that you would be in the capital game. Like, investing wasn't where you started, but then you start 1863.

Melissa Bradley: Yeah.

Margaret Anadu: – fund. Tell us about that. How did you get into it?

Melissa Bradley: So, it was interesting. When I graduated from Georgetown, I was coming to Wall Street.

[0:06:03]

I didn't have a job, by the way, but I was just – and I was like, 'I'm coming here'. And –

Margaret Anadu: [Inaudible].

Melissa Bradley: I'm just – I'm going to –

Margaret Anadu: I don't know what building I'm going to be in –

Melissa Bradley: [Inaudible] –

Margaret Anadu: – [inaudible].

Melissa Bradley: – those cool blue bags. I'm a have some swag. I am coming here.' And there was a market dip, and a lot of my friends who had graduated before me came back. And I was like, 'Well, darn. Now I can't go to Wall Street. What the heck am I going to do?' So luckily, my junior year, Sallie Mae[?] – anybody know of it?

Margaret Anadu: Of course.

Melissa Bradley: Oh. That's a universal experience. They offered me a job, because I had been a summer intern there. And they offered me a job and I was like, 'Sure, I'll take it.' And so, I sold \$19 billion worth of student loans, and woke up one day and said, '[Inaudible] what the heck [inaudible] what the heck am I doing? Like, I'm selling my people down the river.' And so, I played golf –

Margaret Anadu: Wait, more on that. How so?

Melissa Bradley: Because I was selling – so we were a new division. So, we were the partnership division. So, like, I wasn't buying student loans from banks. I was selling student loan packages to, like, partners, like the National Association of Self-employed. I remember going to Chicago and meeting with the AKAs[?]. And I'm like, 'I just sold my folks down the river.' And it just hit me one day, like, 'I just came from a school where I said I wasn't going to do this, and now I'm saddling people with more debt.' And it just bothered me. It just bothered me. And so, I knew I wanted to leave, but I couldn't afford it. I went to the SBA and I asked for a loan. Now, I'm a finance major. I know Georgetown's not Harvard, but we're pretty darn good, I think. And I printed it out – you know, Kinko's, and I found – and the woman says, 'I liked your business plan, but I can't give you a loan.' I said, 'Why not?' [inaudible] three strikes against you. I said, 'I got this.' She says, 'You're black.' I said 'Darn'. That's not what I really said, but I promised I wouldn't curse today. And I said, 'I can't do anything about that.' She goes, 'And you're a woman.' I said, 'Well, I could change that, but not really up for that.' And then she said, 'I don't know any successful black women in financial services.' And I couldn't combat that at the moment. I was like, [inaudible] –

Margaret Anadu: This is a – this is a loan officer –

Melissa Bradley: This is a loan officer at the SBA. And I was starting a financial services company targeted to parents, because there was a certain president office and kids couldn't afford to go to school. And I was like, 'That's all you got?' She's like, 'Yeah, [inaudible].' And my mom [inaudible]. She said, 'Get your butt up and get out.' And when I got to the bottom of the building – I was on the seventh floor – I said, 'If there is ever, ever anything I can do to never have this happen to another person who looks like me, I will do that.' So fast forward to everything I've done since then, and now a fund to make sure that there is never a black woman, a black man, a brown woman, a brown man who wants to start a business, and they cannot.

Margaret Anadu: Wow. For two people who look like you, which you describe, and there's obviously tons of data to support this for new majority hassles minority. And you talk about this a lot. You talk about what a great market opportunity is. Again, there's tons of data around this. Why do you think it's taken so long or still taking so long for the venture community, for the investment community more broadly too, to see this powerful new trends to see it as the option?

Melissa Bradley: I think they see it. They just don't want to own it. I mean, I mean, there'll be invited back, but if you think about the history of capitalism, it was never meant to include people like me as asset holders. I was an asset. And so it is not just flipping the paradigm like, oh, demographically black and brown people are about to outpace everybody else globally. People of color already do. It is not just about black women are starting the fastest businesses. And there's a 40% decline of white male entrepreneurs. It is okay. I can't, oh, you are about to screw up the system by which I benefit. And so I don't, I mean, you, can't not, I mean, you, can't not say it like we're everywhere. Like we dominate commercials. Everybody's always robbing our culture.

Like you, you have to know, like we clearly are culturally, the majority and people have accepted that. But when you see people like Prince trying to get his masters where you're shifting it from being the assets to the asset holder, the breaks come. So, I believe that part of how we use language is a form of oppression. And so, if you say minority and you say marginalized, then I will be perceived and I will feel less than. And so, I'm like, no, I am part of the new majority. You, you, ain't got to be comfortable with it, but that's who I am. And I think we need to be realistic because I'm not –

Margaret Anadu: He is comfortable with it.

Melissa Bradley: I was just picking on you, to be clear. It was either you or him. And I was looking right at you. It's not personal, but, but, but I, as a, as a proxy, but I, I think what's fascinating is don't say it to be, to create fear. I say it as an investment in market opportunity. If you continue, if you just believe the numbers, I'm going to put climate change, I get that. But y'all should just be able to see the data. We will be the new majority. Do you really want to live in a country where you have historically marginalized the new majority that we have cost the economy, \$16 trillion of Ms. Revenue. That's the personal, but I don't think my alumni friends from MKA want to give up their Bentley because they don't like me. I think they want to figure out how to make it work. So, I have intentionally picked that frame to say, you don't have to like me. I don't really give a hoot. I'm very comfortable in my skin, but oddly enough, I care about this country because I'm here. And I think that we owe it to the betterment of society to say, can we use data to figure out how do we economically prosper? I mean, to me, racism is like a political issue. Because if you keep putting us aside, we're never going to compete with other countries. We're never going to have a GDP that we could.

Margaret Anadu: I just want to get tactical and more detailed with it. You talked about your experience trying to get the lumpy. If you've obviously been working with these new majority entrepreneurs in many different facets in your government work and you're in your private sector work, what are some of the challenges you see them facing every day as they're building their businesses, fulfilling their dreams out there trying to do right?

Melissa Bradley: How much time we got? I'll pick three. I think personally, the biggest challenge we have is syndrome the lack of belief in ourselves because we still don't see ourselves. Things. The second thing is access to capital. Getting a friends and family round. I remember when I graduated from college, my white peers, their friends and family round was like \$250,000. My friends has got me round with \$750 and my cousins, I need it back next Thursday. And I was like, never mind, I can't even build a business, but we can have. So, I think access to capital is real. I

think digging under that, going to a bank credit score is a real bias and credit scores are real become dividing decisions and real. So that's the second one.

And I think the third one is just; I would say a general lack of understanding of what entrepreneurship is. And that's a more recent phenomenon there. Less than 20% of my business are tech company. So, he was like, I texted him like, what about the other 80% of the businesses until age 33? We take tech, but they're about 10%. The rest of our portfolio are CPG retail, health, beauty, wellness, supplier, diversity firms, like construction paper, it services, those are million dollar plus businesses already at people forget about them. And so, I think one of our biggest challenges from a capital perspective and a role model perspective is nothing – I mean, I guess I'm a tech founder now, but nothing against tech companies, but like we cannot lose the history of black businesses. Right? When you think about Tulsa, there were no tech companies, we ran banks, we ran insurance company. If you think about Bob Johnson[?], we ran publishing. And so, I'm not saying tech is bad, but I think we have to recognize that there is a history of non-tech firms that have been amazing and successful and creating jobs.

Margaret Anadu: Where do you see the government doing a good job on diversity on diverse entrepreneurship and what do you think they could be doing?

Melissa Bradley: So, I think they all try. So just for clarity purposes, I served clearly, I mean, you, I worked for the two-black president, so I worked for Clinton in Treasury, and I worked for Obama. I started at CNCS. I was department education and ended up in the White House, running the social innovation fund. So, I shared that first acronym O corporation for national community service. I was a chief strategy officer. They might did AmeriCorps. I had to leave because I did not know that AmeriCorps members live off of food stamps. And I was embarrassed that the federal government was letting these kids live on food stamps.

There was a, I got detailed somewhere else. I, you know, I think, I think what I learned about the government particularly working in the White House with Obama, I'm not always sure it's created implementation, but I know it's probably an understatement. Right. But I think it is great at creating a signal effect. I think it's great as a bully pulpit. And I think it's great as an incentive creator, particularly most industries that are regulated. Cause when I worked for treasury under Clinton, I was the regulator for black banks and I was like, wow, this is how I, this is where you can do stuff. So, I think that's the, you know, does government need to be in the grant business? Probably not. Cause I'm not sure we know what we're doing. I mean, I'll be honest. I administered one of the largest grade program. Sounds like not really sure. We know. And partly because there are so many guard rails and we, I just believe that probably 50% of the dollars did not get to the groups it needed to get to.

Margaret Anadu: Uh-huh. Well, actually, maybe one question that, 'cause you said that, you know, there's research that shows it causes a cost diverse businesses, \$250,000 more to start a business, if not the government grants who should pay for that, like who should bear that?

Melissa Bradley: See, but I, instead of grants, like I think give me a tax credit.

Margaret Anadu: Okay.

Melissa Bradley: Right. And that's what I worry about with the grants. And then some hypercritical based on what I do, I worry about the grants is, you know, it starts at this number and then it goes to some intermediary and it goes to the other intermediaries. Then by the time it gets to the entrepreneur, you didn't last like a 15 to 20% margin. That's a lot of money just caught up in administration 'cause you found me. And so, I think if there was a way that the government could stop using some intermediaries because a lot of slush there and figure out how to leverage universal basic income as a means to deliver those dollars.

Margaret Anadu: All right. 1 Million Black Women were only a couple of months in, but –

Melissa Bradley: Yes. Thank god. I'm so excited about it. You know why.

Margaret Anadu: Yeah.

Melissa Bradley: Okay. So, when Margaret called me and told me about this, I'm not an emotional person, but I almost could have cried. And I was jumping up and down. And let me tell you why, because once COVID happened, it was like, what the hell? And then George Floyd happened. I was like, oh my God, it's Armageddon. And this be clear. We all know black people killed every day on day, but it was like, this is either going to go really, really well. And people are going to just meet different or people can be like, we are totally like, we're used to it. It's not a big deal. And some people know who I am. So, I got a lot of calls from people. I did some TV shows and I was like, man, these commitments are whack. Like if people do half of them, maybe, but if anybody is cracking less than 10% of all commitments had been fulfilled so far.

And so, when you called them, I was like, okay, well I guess Goldman should have initiative. And I trusted cause you were there. And then I said, well, what's the amount. And then you said \$10 billion and investing in a hundred-million-dollar investment. And I have never been more serious in my life because it is the only commitment to date where there is a significant, more dollars on the investment side from the charitable side. And this signal effect around that thing. Goldman Sachs of all places actually believes there is an economic return in these historically marginalized communities.

And so, you want this on tape. I think it's the best thing I've heard so far. And I really, I tell people all the time, I think it's the best thing I've heard so far. And I think it's best because of the

number and the signal what's that I think it's best now that I have the chance to see the integrity of the process

Margaret Anadu: Thank you so much for –

Melissa Bradley: My pleasure.

Margaret Anadu: – for coming.

Melissa Bradley: I get dressed up for you

Margaret Anadu: For being so open and –

Melissa Bradley: [Inaudible]. Margaret knows I'll be on a Zoom call with a black t-shirt with some radical saying, my wife was like, could you please get dressed up? Then I got here. I'm like, Goldman, doesn't have a dress calc shoot. I could have had my kicks on. So I just hope y'all appreciate the outfit for y'all.

Margaret Anadu: Yeah. Well, next time when we have you here again, black t-shirts with practical things and thinkers. Thank you so much.

Melissa Bradley: Thank you.

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