

Nurturing a Baby and a Start-Up Business



Michael Falco for The New York Times

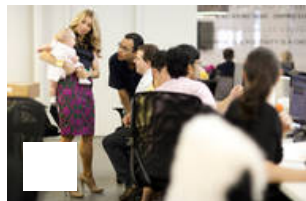
Co-founder of the Knot, Carley Roney, with her sons, Cairo, 8, and Dublin, 4, at the Knot offices in downtown Manhattan.

By HANNAH SELIGSON
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FLEDGLING companies are like sticky-fingered toddlers. You've got to watch them every single minute.

And yet a small group of women is proving that it's possible to start a high-growth technology company and have children at the same time. They are dispelling the image of the tech entrepreneur as a single, usually male, wunderkind. Consider Jennifer Fleiss, 28, co-founder of [Rent the Runway](#), an online dress and accessories rental site with 2.5 million members. She gave birth to a daughter, Daniella, in December.

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And there's Carley Roney, 43, co-founder of the [XO Group](#), a publicly traded media company valued at \$300 million. Her three children range in age from 4 to 14.

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Divya Gugnani, meanwhile, is the founder and chief executive of [Send the Trend](#), an e-commerce site for accessories and beauty items that was bought by QVC in February. In May, Ms. Gugnani, 35, gave birth to her son, Ashvin. And the list goes on.

The average age of a first-time founder of a company is 39 — meaning that start-up life for some entrepreneurs is less about video game marathons on Saturdays and more about balancing parental responsibilities.

Ms. Fleiss, Ms. Roney and Ms. Gugnani all have husbands with high-powered jobs, so there are no stay-at-home fathers to take charge of their households. On the other hand, financial resources for child care are ample.

Yet much of the investment world, heavily dominated by men, remains skeptical about a woman's ability to combine running a fast-growing tech start-up and motherhood, Ms. Gugnani says. She raised \$3 million from investors before becoming pregnant.

“All of the women I know who went to raise money did it when they didn't have kids,” she says. “There is total discrimination in the start-up world against women who are pregnant.”

Making pregnancy and motherhood a focal point of the investment process is an outdated way of thinking, she adds.

Female entrepreneurs are less numerous and raise less money than their male counterparts. Women make up 10 percent of the founders at high-growth tech companies, “and they raise 70 percent less money than men do because of their lack of access to capital,” says Lesa Mitchell of the [Ewing Marion Kauffman Foundation](#), where she is vice president for initiatives on advancing innovation.

Ms. Roney says venture capitalists will assert that a female entrepreneur's pregnancy and motherhood aren't factors in deciding whether to invest in a firm — that it's all about good ideas and the management team. “But I can pretty much guarantee you, behind closed doors it is a factor,” she says.

That is why, Ms. Roney says, “in those first moments of having a business and having a baby, the baby was a complete and total secret.”

At a start-up, which lacks much corporate infrastructure, founders typically do the jobs of at least five people. “The expectation of the devotion of your time, particularly if you are a founder, is that you should be doing this and nothing else — if you aren't, you are not giving everything you have to the company,” Ms. Roney explains.

Ms. Fleiss was able to secure \$15 million in Series B venture funding last year, shortly before she gave birth. If she had been pregnant as she pitched the company in the first round of financing, when it was still an unproved entity, she says she would have talked to mentors and advisers about how to present that fact.

Investors do need a full picture of a founder's other life commitments, Ms. Fleiss contends.

“I don't agree that men should be considered in the same exact context as women around aspects of raising a family,” she says. Certain factors like breast-feeding and body recovery require a women to take more time off, she notes. Ms. Fleiss took 10 weeks of maternity leave, she says, while her husband, Andrew M. P. Fleiss, a principal at the [private equity](#) firm Liberty Partners in Manhattan, took a week off.

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Aileen Lee, a partner at Kleiner Perkins Caufield & Byers, the venture capital firm in Menlo Park, Calif., put it this way: “If someone was having some surgery that was going to put them out for three months, it’s something you should consider, with a man or a woman. What is the impact of having the C.E.O. or visionary out for three months?”

Ms. Lee stresses that pregnancy is not a red flag for her, and that she backs companies for the long run. Of her 11 portfolio companies, three are run by women with children, including Rent the Runway, Ms. Fleiss’s company.

LAST year, Paige Craig, an angel investor in 61 tech companies, said on the Business Insider site that “I’m probably going to get myself in a bit of trouble here” before he stated that “a pregnant founder/C.E.O. is going to fail her company.” He [wrote the post](#) after deciding to invest in a crowdsourced financing company called ProFounder, started in 2009. One of the founders, Jessica Jackley, he discovered before making his decision, was pregnant with twins.

Mr. Craig says he was confident in Ms. Jackley and wrote the post not as a rallying cry against investing in women with children, but to raise the question: “So I have this bias, let me dig in, and is it justified?”

If investors meet a male founder of a company, they don’t care whether he has two or three children because they assume that his wife will take care of them, Mr. Craig says. “But with a female founder,” he adds, “it’s a whole different story.”

(ProFounder shut down its operations earlier this year, citing the regulatory environment for crowdfunding. Ms. Jackley, who is also a co-founder of the online lending site Kiva, is now a venture partner at the [Collaborative Fund](#).)

The issue of children, it seems, plays differently for male founders.

Neil Blumenthal, 31, co-founder of [Warby Parker](#), an eyewear seller, says his family responsibilities never came up with investors, though his wife, Rachel, is also an entrepreneur and was pregnant at the time he and his co-founders sought investments. Their son, Griffin, is now 14 months old.

He says his wife, who runs [Rachel Leigh](#), a jewelry company, deals with more of the child care — about a 60-40 split — because his company is younger and in a more intense stage of growth.

David Liu is C.E.O. of the XO Group, which he founded with his wife, Ms. Roney. He says that they “co-parent,” but that the division of labor sometimes means that he travels more for work so that Ms. Roney can be at home.

Like others, Mr. Liu sees a double standard in the start-up investment world. “I think there are a lot of challenges for women because V.C.’s are thinking: ‘Uh-oh. When are those women going to get pregnant? When are they going to get distracted?’ I think that kind of stuff is pervasive, and it’s unfortunate.”

But some investors say they truly don’t factor motherhood into the equation. “Whether a female founder is pregnant, has children or is planning to have children is not a concern of mine, and frankly none of my business,” said Brad Feld, who has done early-stage investing for 20 years and is managing director of the [Foundry Group](#), an investment firm based in Boulder, Colo.

Mr. Feld says those issues have never been discussed at the firm. Of the 43 companies in which it has invested, however, only two were started by women, one of whom has

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children.

Ms. Fleiss, Ms. Roney and Ms. Gugnani are hardly alone in finding ways to start companies while caring for young children.

Jessica Herrin, 39, has two daughters and is the founder and chief executive of [Stella & Dot](#), a social sales company based in San Francisco that generates more than \$100 million in revenue a year. She says she “didn’t want to be on some venture capital firm’s timeline about how fast and when I should grow my company when I had two young kids and was still nursing.”

Instead, she approached a few individual investors who had backed her previous company, [WeddingChannel.com](#), and raised \$350,000. (WeddingChannel was acquired by the XO Group in 2006.)

Before she accepted a check, Ms. Herrin says, she told Doug Mackenzie, her investor at Radar Partners: “This company is going to have an initial slower pace of growth than it otherwise would because I want to go to swim class with my daughter on Friday afternoon.”

Alexandra Wilkis Wilson, 35, is a co-founder of the [Gilt Groupe](#), the shopping Web site. In 2010, two and half years after the company started, Ms. Wilson had her first child, a son. Her co-founder, Alexis Maybank, 37, has two children, one born in February this year and the other in September 2010.

Ms. Wilson, who is also head of national sales for the Gilt City site, says that it’s possible to have children and run a start-up, but that timing is everything. “Back in 2007, when we had eight employees, it would have been hard to balance with the pace I was working.” Now, the company has 900 employees, and it’s possible to delegate more of her responsibilities, she says.

These women say it takes a village — a community that includes nannies, in-laws, friends, supportive spouses and baby sitters — to make it all work. Living within walking distance of the office also helps. (Ms. Fleiss often goes home for quick visits during the day.)

And there is no sleeping in. Ms. Herrin’s day starts between 4 and 5 a.m. She works until 6:30 a.m., goes for a run and returns home to have breakfast with her daughters and to see them off to school. From 9 a.m. to 6 p.m., it’s a mixture of meetings, Skype sessions and strategizing. She is home by 6:30 p.m. to have dinner with her family.

Ms. Herrin says her husband, Chad, vice president of a software company, is a big help. He makes breakfast and often walks the girls to school. “He’s usually plowed through the older one’s homework by the time I get home,” she says. And he picks up each daughter from school at least once a week and goes to watch them at ballet class.

MS. FLEISS is up at 6:30 a.m. to feed Daniella. Then she goes for a run. “I run faster now that I have less time and try to cram in the same mileage,” she says. She gets to the office about 9 a.m. for meetings. Later in the morning, her nanny brings Daniella to the office for a quick visit. Meetings and calls fill the rest of the day. (This is between pumping breast milk every three hours.)

In the evenings, Ms. Fleiss often has a speaking engagement or a work-related event. By 8 p.m. she is home to feed Daniella, have dinner with her husband, go through e-mail and watch some reality TV.

Ms. Fleiss’s husband took care of Daniella for three days while she was in Los Angeles for work. They alternate doing the morning feeding. At night, he often puts the baby to sleep while his wife reads and replies to e-mail.

Outside help is essential. Ms. Roney says: “I barely have time to put on lip gloss. Luckily my assistant fills my work closet with makeup and dresses so I can attempt to look presentable for the potential meetings and TV segments I may have that day.”

To be sure, juggling at this intensity is not for the faint of heart. “I can’t say I would recommend this life for a new mom,” Ms. Herrin said. Keep in mind, she says, that “having a newborn is such a precious time that goes by so fast.”

Looking ahead, investors may find themselves at a disadvantage if they don’t invest in companies run by women, including those with children. That’s because “women are going to be a huge force in developing Web and mobile companies,” says Ms. Lee at Kleiner Perkins.

Or as Ms. Roney put it, “Women are going to come up with the best ideas for women, who are driving our economy.”

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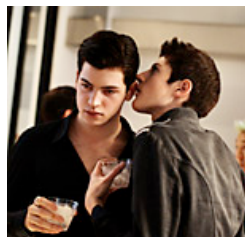


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