

Innovative Management

**An Interview with James D. Robinson III,
General Partner and Co-Founder, RRE Ventures**

EDITORS' NOTE Jim Robinson also serves as a director of OnDeck Capital, and sits on the private boards of a number of portfolio companies, including Avant, Chain, CoverHound, K2 Intelligence, and NerdWallet. Additionally, he serves as President of J. D. Robinson, Inc. He was Chairman and Chief Executive Officer of American Express Company from 1977 to 1993 and Non-Executive Chairman of Bristol-Myers Squibb from 2005 to 2008, where he sat on the board from 1979 to 2008. Previously,



James D. Robinson III

Robinson held several executive positions within American Express, was a general partner with White, Weld & Co., and served as Assistant to the Chairman and President of Morgan Guaranty Trust Company. He also served from 1975 to 2015 as a director of The Coca-Cola Company. He is the Honorary Chairman of Memorial Sloan-Kettering Cancer Center and Chairman Emeritus of the Partnership for New York City. Robinson holds an M.B.A. from Harvard Business School and a B.S. from Georgia Institute of Technology.

COMPANY BRIEF Since its founding in 1994, RRE Ventures (rre.com) has worked alongside talented management teams and has helped to build industry-leading companies. The firm now manages \$1.5 billion in assets dedicated to investment in early-stage technology companies. RRE's investment professionals focus on rapidly growing markets in the information technology, software, communications, and financial services industries, and back entrepreneurs and management teams that possess industry knowledge, discipline, and vision.

How would you describe the U.S. economy?

I see the current economic climate as one of slow, but sustained growth. While there is not big, job-creating sort of growth in most industries, there are exceptions. Of course, tech companies are an exception. In New York City, for instance, tech represents about 5 percent of the economy but almost 60 percent of job growth.

That said, there remain barriers to more systemic economic growth. We need clarity on the general election, and we need some streamlining of the legislative burdens that are put on big banks and big business. Once these hurdles are overcome, we'll be poised for more explosive economic growth.

In New York City, with 5 percent of the companies now being in tech, will that growth continue and will tech become more of the city's makeup?

I believe so, particularly when we remember that tech is not only the small start-up companies but also the technology within the financial services industry and beyond. The data supports this; tech is becoming an increasingly important part of New York City's economy.

Are you looking for innovative or disruptive companies for your portfolio?

There is indeed a difference between innovative and disruptive companies. We're looking for innovative management teams with great ideas who also have a track record of executing. Disruptive ideas can often yield innovative businesses, but our main focus is on innovation and execution.

What career advice would you give to young people, particularly regarding large, traditional companies?

The opportunity to join a large firm is still attractive because large firms offer good, solid jobs, structured training programs, and a measure of safety and security that certain individuals covet early in their careers.

That said, many large companies don't offer the excitement that comes with going to work for an early stage startup where the company is on the line each and every day. Of course, companies like Google, Facebook, or Apple provide some of the start-up culture alongside the benefits of working for a large corporation, but that's not the same as being involved as an entrepreneur in early-stage companies, especially given that rules and regulations are changing as the government moves to more intensely regulate larger companies.

Is there sufficient dialogue between the business community and policy makers on regulatory issues so that their effect on economic growth is well understood?

Business leaders are mostly trying to deal at the federal and state levels to resist unnecessary expansion of regulation and, hopefully, to eliminate or change some long-standing regulations that are out of date. Individual institutions, through their associations and by speaking up individually and collectively, have the ability to contribute to the national political discourse, and have the right to be heard.

The fact is, the economy cannot be strong and healthy unless the financial system is strong and healthy. Those who want to destroy Wall Street often overlook the fact that without the capacity to mobilize capital and to provide it to different segments of the economy, we will not have the kind of growth this country deserves. Above all, we must recognize that our biggest opportunity ahead is investment in infrastructure. That takes banks, start-ups, capital markets, public/private partnerships, and an enlightened government to provide and generate financing.

There's an important place for regulation and government intervention in the economy, but in my view, the regulators have at times overstepped to the detriment of economic growth and national prosperity.

You are very clear when discussing the importance of an innovative management team. Is that at the top of your list when considering an investment?

People always assume that the most important thing to look at when evaluating an early stage company is the idea or the product. The fact is, ideas in a vacuum have little value. Great products still need to be refined, evolved, marketed, built, and sold. Moreover, with early stage companies, ideas and products evolve constantly.

We believe that a great manager or team has the ability to pivot away from bad ideas and towards great ones. We look for people who can operate with leadership no matter how big or small the company is, and execute on that. As early-stage investors, we invest primarily in people, and when we believe in a team's ability to execute against a vision, we move forward.

Are you optimistic about future economic growth?

I am a pragmatic optimist, and we live in a world rife with uncertainty. Competition from abroad, an uncertain political climate at home, changes in the dynamics of the global economy, and the myriad risks always present in the markets present challenges to prolonged economic growth. All that said, America is an incredible country.

All that said, America is an incredible country. We have the unparalleled resources of a diverse population with a diversity of skills, a unique ability to respond to challenges and change, and a competitive spirit. All this creates a determination to take risks and to win which is uniquely American and which gives me great confidence in this country's future. ●