



HARLEM CAPITAL: SEEKING RETURNS IN THE DIVERSE MARKETPLACE

By the National Association of Investment Companies

The Largest Network of Diverse- Owned
Private Equity Firms and Hedge Funds

While other business school students were working internships, getting their careers off the ground or preparing for their final year of studies, Henri Pierre-Jacques and Jarrid Tingle were busy raising capital and laying the groundwork to launch their own VC firm. Having cut their teeth at ICV Partners, an NAIC member firm, the two went on to launch Harlem Capital Partners, one of the very few black-owned VC firms in the US.

While they roomed together at Harvard Business School, the idea of creating an early-stage venture capital firm struck the entrepreneurial duo. "It was definitely a risky proposition, but we did have some downside protections since we were still students in business school," recalls Tingle. Pierre-Jacques and Tingle managed to raise \$3 million over the summer, \$5 million by that autumn, and when they graduated the following spring, they had amassed \$12.5 million in assets.

What started out as a side venture would result in the 2016 formation of Harlem Capital, whose mission is to invest in 1,000 diverse founders over the next 20 years. With about \$40 million in assets and 15 investments spanning nine cities, Harlem Capital focuses on investment opportunities in ethnically diverse and woman-owned US-based businesses. "This started as something that we were doing for fun and it took on a life of its own," says Tingle.

It was during their tenure at ICV Partners where Tingle and Pierre-Jacques gained valuable insight into the world of finance. "Seeing people of color manage \$1 billion-plus in assets empowered us," says Pierre-Jacques, who met Tingle in 2011 while participating in Management Leadership for Tomorrow, a program designed to prepare African American, Latinx, and Native American women and men to secure high-trajectory post-college jobs and provide the social capital to become senior executives. "We saw the deal and fundraising side, worked with third parties, learned the more fulsome fund process and developed the key processes for decision-making."

Willie E. Woods, President & Managing Director at ICV, speaks highly of the duo's talent and acumen. "They were both great young investment professionals while at ICV as they exhibited the intellectual curiosity, strong work ethic and entrepreneurialism that it takes to be a successful fund investor," he says. "We are proud of this ICV alumni group of young investment professionals who spent a few years with us and who have gone on to elite business schools and successful leadership roles. Henri and Jarrid exemplify the best of this group."

Though neither of the two founders are native New Yorkers (Pierre-Jacques is a Detroit native and Tingle's roots are in Lawnside, NJ), they wanted to make a statement by including the iconic neighborhood in the firm's name. "Harlem represents black excellence, the black renaissance and we think that there's a new movement of diverse founders who are coming forward," says Pierre-Jacques. "We really liked what it stood for and what it represented, and it felt like it had a much bigger meaning than just our firm itself."

A GIG ECONOMY PLAY

Harlem Capital is currently focused on investing in its first 30 companies. "We're industry agnostic. We don't invest in high-tech like biotech or cryptocurrency and we don't invest in capital-intensive industries like energy or infrastructure," explains Pierre-Jacques.

Investment size ranges from \$500,000-\$1 million and is largely focused on the seed stage in exchange for a 5-10% ownership interest. “We will invest in Series A if we see a really good founder behind the business and the brand. Besides that, we’re pretty agnostic.”

Harlem Capital then adds value to its portfolio companies in three primary ways:

- **Access to Capital:** Harlem Capital leverages its network of GPs and LPs to help diverse founders – who often struggle to find investment capital – get in front of the people that can help close a financing round.
- **Financial Analysis:** Because of the Harlem Capital principals’ investment banking and private equity backgrounds, they are able to assist in this critical area where many entrepreneurs’ skills are lacking.
- **Media:** With roughly 500,000 followers across various social media platforms, Harlem Capital can leverage that network to help direct-to-consumer companies build their brand and acquire customers.

Among the firm’s recent transactions was an investment in Jobble, a Boston-based startup that runs a platform for on-demand workers in a gig economy play. Headed by an African American entrepreneur, Jobble boasts 500,000 workers on its platform. In July 2019, Jobble closed an \$11 million Series A round in which Harlem Capital participated. “Revenues are strong, gross margins are high and they have a presence in all 50 states,” Tingle explains. “They’re providing gig economy solutions to any kind of company – from sourcing talent to executing payroll and are going to expand into tax and benefits.”

The gig economy – a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs – has exploded in recent years as more individuals look for flexible work arrangements or supplemental work. “They help companies that use on-demand talent, like Uber, DoorDash and Postmates source new talent, which is huge because these industries tend to have a lot of churn. But they’re also really providing gig economy solutions to any kind of company,” Tingle explains.

Harlem Capital plans to start raising Fund II in early 2021. As the young firm matures, Pierre-Jacques and Tingle have set a goal of amassing \$1 billion in assets within the next 10 years. “We want to be a multi-asset class firm,” says Pierre-Jacques. “You see a number of women and people of color take companies public now and that pipeline continues to grow, so we fundamentally don’t believe that this can’t be a multibillion-dollar strategy given how many people around the US and the world are represented in this group.”