Pivots, sunsets and growing the brands of the future, a profile of Delarki

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Adrian Clarke, Chairman of Delarki.

Temps de lecture : minute

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Delarki is an investment company focusing on early-stage businesses in the food and beverage (F&B), cannabinoid, and consumer technology industries. Every company we invest in works alongside Mustard Venture Studio, our branding and marketing division that provides our portfolio businesses with the experience and expertise needed to support growth and maximise value for the next funding event. We are particularly interested in businesses that target millennials and Generation Z.

What do you look for in a founder?

Perhaps counter-intuitively, I look for founders that have a sense of detachment from their projects. They should be willing to pivot their idea if it is not working, or even sunset it completely. It is the nature of entrepreneurism that far more ventures fail than succeed. Demonstrating a consistent and pragmatic approach to new ventures is what any good investor should look for.

Can you talk about your current portfolio?

Axia, one of the current portfolio, is a spirit distilled from the sap from the Mastic tree. This is a great example of a company doing something completely new in the alcoholic drinks space, and not just reinventing a new gin or rum. Three Spirit is another portfolio company in the F&B category – an alcohol-free spirits company that uses plant-based methods in production. Most recently, we invested in Tenacious Labs - a CBD vehicle that launched earlier this month with a US acquisition.

How has COVID-19 changed the way you operate?

Historically, Delarki's approach has been portfolio-led, similar to a traditional VC or PE fund. We are now focusing on fewer opportunities – through capital and operational resources – to businesses we believe can become category leaders. What the pandemic taught us is that there's a competitive advantage in being bilingual between operator and investor. This is what makes Delarki different from other early stage investors, so we decided to double down on it.

Traditional blue-chip investors typically take a more passive approach to their portfolio. These investors rely entirely on closing high-quality deals first. Since closing a deal almost always requires face-to-face meetings, there were much fewer deals being done. In addition to this lack of face-to-face meetings, portfolio companies had to make do with less support from their investors. Those investors that could truly offer hands-on operational support, in addition to capital have thrived.

Beyond the business model itself, we learnt that we had our remote working policy about right before the pandemic hit. Our policy was that employees would work three days a week in the office and two days remote. If you wanted to work remotely for longer, we would accommodate that on the basis that you manage your time effectively. We realised that the office wasn't going away, because most employees enjoy and learn from an office-based environment. Post-pandemic the key for us was formalising Tuesdays and Thursday as client days, or strategic days, depending on what division you are in. Then Mondays, Wednesdays, and Fridays are execution days – dedicated time to get your head down on projects free from distraction.

What does the future look like? New trends/technologies, changes in the global/local economic landscape?

I believe there will be a significant shift in how new technologies are built, and where innovation is concentrated. There is already a clear trend amongst tech founders and investors trading in a life of high rents and taxes in New York or San Francisco, for new locations such as Miami and Austin. We could start to see this happening in other countries as cities compete to attract the best talent.

Regarding relevant sectors to us, I expect the pharma industry will go through substantial change in the future. As recreational drugs such as cannabis become deregulated, and the medical properties are greater understood, it is likely that larger pharmaceutical companies will begin to invest heavily into this sector.

What makes Delarki different?

Delarki is an investment company rather than a fund with a closed end. We differ in that this flexibility allows us to be very operational in style, and slot in expertise from Delarki and Mustard Venture Studio - our in-house branding and marketing division - to service the business needs.

This focus on operations gives us a much stronger platform to grow brands that can succeed in new markets.

What one piece of advice would you give founders?

I think it is important that founders remember that the role of the founder is not the same as that of a CEO. Founders are not always best placed to run the operations of a business. Understand what you are qualified to do, and surround yourself with experts as soon as it’s financially viable to do so. Accepting this is the best way to ensure your company will succeed.

Article by Adrian Clarke