

Silicon Valley reeling in wake of sexual harassment storm

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It started with a few women speaking up, reporting a suggestive text message, an invitation to a hotel room, an unwanted touch under a table.

Soon more women came forward. Allegations of sexual harassment multiplied, sweeping through Silicon Valley like a powerful storm that in a few short weeks has cost multiple high-level tech investors and CEOs their jobs, and shaken the industry to its core.

The allegations from more than a dozen women are a harsh wake-up call to the harassment and sexism still apparently ubiquitous in the world's capital of innovation and progress. But a massive shift in how the testosterone-dominated tech and [venture capital](#) industries handle sexual harassment may be underway, as more women are willing to speak publicly and retribution for the accused men is swift, experts say. The recent scandals have unfolded in Silicon Valley as the country pays closer attention to claims of misconduct, with Fox News founder Roger Ailes resigning over sexual harassment allegations, Bill Cosby going to trial on sexual assault charges, and continued pressure to crack down on college campus rapes.

"This entire year has just been an awakening," said female founder Shruti Merchant, who runs area housing startup HubHaus. "People are realizing that it's not OK."

Uber investors at the end of June ousted CEO Travis Kalanick after months of controversy, including claims that sexual harassment and

sexism within the company went unchecked by management. Less than a week later, Binary Capital co-founder Justin Caldbeck quit and the VC firm he launched was thrown into chaos after six women publicly accused him of making unwelcome advances ranging from late-night text messages to groping. And earlier this month, Dave McClure, CEO of prominent Bay Area startup accelerator 500 Startups, resigned following a report that he hit on a job candidate during the recruiting process. After he stepped down, a woman whose startup he'd invested in published a blog post accusing McClure of pushing her into a corner and trying to kiss her after a work-related gathering in her apartment.

Other powerful men in the venture capital industry were publicly called out, including big-name investor and "Shark Tank" personality Chris Sacca, who penned an open letter of apology.

"Listening to these stories, and being reminded of my past, I now understand I personally contributed to the problem," he wrote in a blog post.

Now investors and entrepreneurs alike are scrambling for solutions. Insiders say sexual harassment is a rampant problem in an industry dominated by male investors and founders. Just 7 percent of partners at the top venture capital firms are women, and only 17 percent of startups have a female founder, according to Crunchbase studies.

Sixty percent of those women report experiencing sexual harassment, according to "Elephant in the Valley," a 2015 survey by venture capitalist Trae Vassallo and others of more than 200 female tech executives, founders and investors.

"It's reached epidemic proportions in Silicon Valley, and there's so much more that needs to be done," said San Francisco-based angel investor Karen Bairley Kruger, who founded Wingpact to support female

entrepreneurs and investors.

Female founders can be especially susceptible to [sexual harassment](#) from male investors, experts say, because of the power imbalance between their roles - an entrepreneur who needs a check to get her business off the ground may feel obligated to laugh awkwardly and shrug it off when the VC with the checkbook makes a sexual remark.

That's exactly what Rachel Renock, founder and CEO of New York-based freelancing platform Wethos, did when trying to raise her first round of funding. In an interview with The Mercury News, she described multiple meetings with an angel investor who made constant sexual references, including comments about threesomes. A feminist, Renock had always thought of herself as someone who wouldn't stand for that kind of behavior - but there was half a million dollars at stake, and she and her co-founders, who hadn't paid themselves a salary in more than a year, were bartending and working at coffee shops to make ends meet.

"We were in a vulnerable position," Renock said. "We were desperate for cash."

Renock, who declined to name that investor, ultimately raised \$600,000 from someone else and is still adding to that round. She wrote a blog post about the harassment right after it happened but never posted it, worried it would hurt her startup's fundraising prospects.

Contact between entrepreneurs and investors is especially difficult to police because the female founders have no human resources department to report the harassment to, and employment laws don't directly address the relationship between an entrepreneur and an [investor](#), said Bay Area employment attorney Sonya Smallets.

And sometimes the thin line between work and social interactions in the

tech industry can be problematic - founders and investors have a propensity to work nights and weekends, and may end up talking business at bars or in one another's homes.

Nevertheless, experts say things are changing, if only because women are feeling more comfortable about speaking out. For example, more women are coming to San Francisco-based employment attorney Kelly Armstrong to pursue legal action against their harassers.

"We're seeing significant numbers as compared to, say, five years ago," Armstrong said.

The flood of women's stories over the past few weeks also has prompted public apologies from many of the accused men, and inspired several venture capitalists to promise to follow a "decency pledge" drafted by Greylock partner and LinkedIn co-founder Reid Hoffman.

But many women in the industry say that's not enough.

To fix the problem, Silicon Valley needs more female investors, said Aileen Lee, who founded Cowboy Ventures after leaving Kleiner Perkins Caufield & Byers in 2012.

"We have to figure out how to double the number of women partners at VC firms from 5 percent to 10 percent," she said. "That means a lot more women have to enter the industry, and 50 to 100 more [women](#) have to become general partner level - that's sadly not a thing that can happen overnight."

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