



Stanford eCorner

Creating a Company Out of a Founder and a Great Idea

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The paradox in starting a company is trying to get funding without any team while trying to get a team without any funding, says Mandelbaum. She also emphasizes that the solution to the paradox is to find a way just get to that next step, where there will be different opportunities and different risks.



Transcript

Half the companies that I get involved with start out like that. I won't work with one unless there's a great CEO and partly because I don't want to be the CEO and in that case, what would happen is I would become the CEO. I think to raise angel money you could do it at that stage, depending on how developed the idea is. Obviously, the more developed, the more likely you are to raise the money. Also, the more developed the idea, the easier it is to attract a great CEO. A working product, so the whole fundraising game and attracting a great management team game is you're always pushing things along a little bit and trying to get to the next step to get that great person that helps you get to the next step. And if I were you right now, I would just talk to as many people as possible and try to find a great CEO. I think venture people, that is what without a doubt they're looking for. Now, there are a lot of venture firms that will help you find that person. There are great people out on the street, whatever you want to call it, who are looking for a great opportunity.

So going to them, showing them what you're working on but really focusing on the fact that you want their input as opposed to this is a done deal, and I'll take a step back. I think the more people can watch your progress, the more successful you'll be. People tend to not want to see someone until it's ready. You probably won't raise funding for that first round when you're not ready because you sound a little naive and you don't really know. However, when you're raising your B round and they see how much progress you've made, it's always incredible. The more they see your progress, the product's progress, you as a management team, who you've attracted, the better off you're going to be. So you might not raise the money from them. It's going to help you in the long run.