



Stanford eCorner

Attracting People in the Early Stages

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May 19, 2004

Video URL: <http://ecorner.stanford.edu/videos/856/Attracting-People-in-the-Early-Stages>

Even without money for salaries, people are often attracted to companies with equity, says Mandelbaum. Obviously, equity is more attractive for people early on in their careers without a family to support and mortgage payments to make, she adds. However, there is angel money available right now from people looking for great ideas, so equity doesn't have to be the only compensation option.



Transcript

I'm not saying that all startups don't get paid. When I first meet with a team, I try to prepare them for the worst although I'm a huge optimist, but just the reality is what happens if we don't get the product out on time or what happens if this market that you thought was going to buy it doesn't buy it? It's really hard to get big companies to buy new software these days, particularly when they bought a lot of software from companies that blew up. Are you prepared to deal with those things? I still believe that you can attract great people as a startup because they're getting a piece of the company. I mean that's really incredible. I think the hardest people to attract are people mid career, have a family, haven't had a bunch of successes, need a very stable salary. That's like a hard one to get just because they couldn't forego the salary which is why you'll often see people who are 20 or 30 joining the company. But you can raise money. There is a lot of angel money out there right now if you have a good idea and that's how I funded eight companies. Those first rounds are between \$2 million and \$5 million angel rounds. All the time, I talk to people who are looking for great new ideas, angels.

Monitor is a great example of an early stage venture firm. That's what we want to do, seed deals, early stage deals. So there is money out there. There's a lot more money for B rounds but you can't get to your B without getting an A and everyone knows that so the money is there.