



Stanford eCorner

Work with the Right VC

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Video URL: <http://ecorner.stanford.edu/videos/1213/Work-with-the-Right-VC>

Amidst all of the bad stories circulating about venture capital funding, Randy insists that there are many VCs who are truly interested in the success of a company and will treat entrepreneurs fairly and with respect.



Transcript

Hey, you know, when things go well and the company is taking off and everything is positive, the venture capitalists, they leave you alone. They usually just let you go but it's only when things don't go so well that you share the bad stories about the venture capitalist and you end up with the company that you bought to get the Venture Capital firm and they ended up after the first round owning 30% of the company but gee after the down round, after they exercise some of the provisions of the contract, they now own 90% or 80% of the company. Everybody's diluted out. Then it gets swapped with some other property that they have when bad things happen. But I guess if had to pick one characteristic or one thing about getting VCs, venture capital that will ensure that you'll probably be treated as fairly as possible is just work with the right VC. There are a bunch of them out there, they're straight shooters and actually if you talk to me after the presentation, I'll be right there to tell you names of a few. If you had the right partner working with you, they are not going to do bad things to you. I mean they will have to make sure that they are protecting the interest of their own partners that's their job. But I'm sure you've heard the horror stories, amongst the good VCs it really doesn't happen that much.