



## Stanford eCorner

### How to Negotiate Valuations

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Video URL: <http://ecorner.stanford.edu/videos/1283/How-to-Negotiate-Valuations>

Doerr offers advice on pursuing initial VC funding, including how many firms to approach, how to evaluate the firms, and what kinds of questions to ask. He also reminds us to treat all negotiations with respect and fairness.



#### Transcript

Valuations and how to negotiation them? I think the best thing to do is to talk to two or three venture capital groups at once same time, not 10 but three. And early in the process of interacting with the venture group, I think it's your right, indeed your obligation to say, OK give me an estimate right now about how we're doing. How interested are you in this project? And by the way while they're checking references on you, I think you should check references on them by talking to entrepreneurs and others that they've worked with. And I think if you approach that interaction with that kind of respect and conviction, I think you're going to be well regarded by the venture group and you'll get the right outcome for you. And the great danger of dealing with venture capitalist is the slow maybe. You always much rather have a quick yes or a quick no. So if they seem sort of indecisive, say, what are the next set of questions you want to have answered to decide if you're going to do this or not and what's your temperature right now in a scale of 0 to 100 or 1 to 10. What do you like about this? It's also a great opportunity for learning. Would they invest if such and such is true? What do I need to add to my team?