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## Size of VC Firms

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**Video URL:** http://ecorner.stanford.edu/videos/1304/Size-of-VC-Firms

Byers discusses the different ways in which venture capital firms size themselves and makes recommendations on how they should go about investing.

**Transcript**

There is no typical size actually. And Tom and I talked about what I wanted to do today with this talk and it was to try to do something very different from what's normally discussed which is a person discussing their firm as a commercial pitch or saying things you could read or see else where. So I want to get behind that a bit and that's the decoding word. So how venture capital firms size themselves are several ways. A good way is to say how many investing professionals are there and multiply that times 50 million. And that number actually is a pretty good size because you want the act of an investment period of a venture plan to be about three years, four years, something like that and so the rate at which their investing kind of works out to a good number. An act of venture capitalist is only -- probably should only do two new companies a year; two new start-ups a year. Why is that? There's certainly more opportunity than that. It's because the commitment of time to work with those entrepreneurs and to coach them is huge. And then over a five-year period, if someone does two a year, then there are ten awards or ten commitments, that's full.

And so one always has to be kind of measuring the on-off rate as well after you've been in this business for a long time. You've got to get off to a year to go on to a year so that's kind of a rate-limiting factor.