



Stanford eCorner

Working with Your Investor

Stephanie Keller-Bottom, *Nokia Innovent*

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Video URL: <http://ecorner.stanford.edu/videos/1497/Working-with-Your-Investor>

Keller-Bottom advises that while working with investors it is important to pay attention to the valuation methodology, as that will determine the amount of money an entrepreneur will make.



Transcript

Understand, when you have an investor, the two of you need to agree what your valuation methodology is going to be. Because that's going to determine the amount of money that you make, all right? And it's cyclical. It's not 'it is what people will pay for it'. It is what people will pay for it today but tomorrow it might be less. So try not to get caught up in the internet bubble thinking even though investors will move you in that direction, because that is not sustainable. And we coach our companies to make sure that they understand what the valuation is going to be of their investors.