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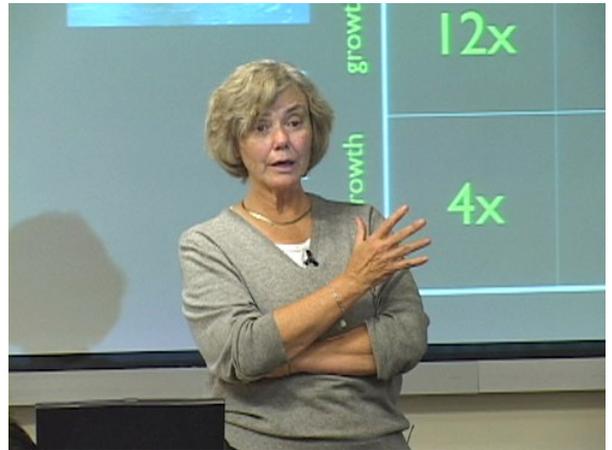
The Art of Fundraising (Part 2)

Kathleen Eisenhardt, *Stanford Technology Ventures Program*

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Video URL: <http://ecorner.stanford.edu/videos/1586/The-Art-of-Fundraising-Part-2>

Eisenhardt stresses the importance of researching regional VCs and understanding the true motives behind their interests.



Transcript

The only thing that can be tricky about this and deceptive is that people tend to think that just because you gave a pitch it means that VC is interested in you. That is really not true. Those venture capitals might be interested in kind of figuring out that segment. Those venture capitals might want have all sorts of agenda, items on their mind but funding you may not be one of them. So one of the traps that inexperienced investors or entrepreneurs fall into is believing that doing a pitch is really about interest. It is really not maybe it is but maybe it is not. Do not be fooled that just because they are looking at your slides does not mean much of anything. It is rather when they start doing diligence, when they start talking to other partners and so forth are the real signals. Another one of the keys is if you are not getting those signals, if you are still seeing that associate or that junior partner you can pretty much figure you are not going anywhere with them. You may as well cut your losses and move on to more realistic funding sources.

Another thing by the way, if you are going to start your company and it is not in Silicon Valley, if you are going to start your company in Atlanta, in Austin, in somewhere else. Be reminded that it is really tough to get Silicon Valley money. They will look at you and they will often bring you along, but whether or not they will fund you is a lot different story. You are much better off to go with regional investors than with the so called big time investors. It is very hard to get that kind of money. Again, think real about how good your product is and who is really going to realistically invest in you and who is investing now.