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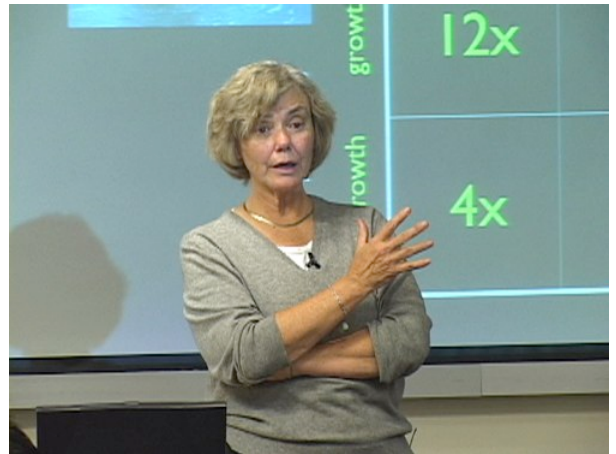
Closing the Deal

Kathleen Eisenhardt, *Stanford Technology Ventures Program*

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Video URL: <http://ecorner.stanford.edu/videos/1587/Closing-the-Deal>

Eisenhardt discusses how to negotiate with an investor and the importance of closing a deal. She stresses the need for having a credible alternative, which can be leveraged to speed up the process.



Transcript

What's the toughest challenge? Closing the deal. There is nothing harder than closing the deal and we've seen in a whole lot of cases entrepreneurs who are constantly talking to the same VCs over and over and over and over again. They want to do a little more due diligence here, a little more due diligence here, we've got to talk to this partner, we've got to check with that partner and it goes on and on and on and on and on. It's hard - what you need to be able to do is close the deal. And that usually involves having some sort of a credible alternative either another investor, personal money, perhaps family money that you might have, bootstrap opportunities, but something that where you can say, "If I don't get the money in a month, I'm going on this other thing and it's real." And you can do that. Otherwise, you'll get strung out, on and on and on and on and you'll be giving that pitch, you'll be talking to people and you'll going - and you'll think it'll never end. The interesting thing though is once you get one investor to fall that will follow up or many of them will follow up. So, you need that first one and then once you get that first one, they'll start to be cascading, you'll start to get it. But you've got to get that first one and you've got to have - you've got to have time frame and a credible alternative that let's you say, "You have to invest or else I'll move on." So, it's really all about getting the, "yes" or raising money. It's not about having the best PowerPoint or even the best business plan - although a good business plan, a good PowerPoint may matter, it's really about understanding that it is a negotiation.

You've got to go when you're not desperate. You got to have alternatives and so forth.