



## Stanford eCorner

### Managing the Tradeoff between Venture Partner and Financial Terms

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Video URL: <http://ecorner.stanford.edu/videos/1830/Managing-the-Tradeoff-between-Venture-Partner-and-Financial-Terms>

Michael Cline, Founding Partner at Accretive Technology Partners, suggests that when fundraising, the venture partner is much more important than the financial terms. However, Cline qualifies this advice by suggesting that you pick a venture partner much like you would want your daughter to pick a husband. Not only does the commitment, capability and integrity of the investing partner matter but so does your importance to and relationship with the larger venture firm.



#### Transcript

The right view, I think, is that you ought to think about it like how you would want your daughter to pick a husband, which is it's a totally different thing. Basically, who the person is is really important. Can you build something with them? Are they competent? Are they trustworthy? How do they handle adversity? Do they understand you? Do they know what they're really getting, the good and the bad, the risks? Do they understand the risks? If they come from a great name or a great family, terrific. But if you are not important to them, that's bad. You could go marry a great family. You're a step child within the family - that's no good. I do have to give you though a piece of advice, which is most likely you're going to end up with a young partner which is good. The bad news is that the managing partner of the firm is the mother-in-law. First, you cannot piss them off. Secondly, you could get an agreement with the partner you're working with and if they go back to the mother-in-law, it will change their mind and they will renege on you, okay? Finally, no matter how hard you try, they are probably are going to grow up to be a lot like the mother-in-law.

So, let me summarize. My view of about how you manage these trade offs is your company is like your daughter. Choose her partner very carefully for the long term.