



## Stanford eCorner

### Who Makes the Best VC?

Marc Andreessen, *Serial Entrepreneur*

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Is an operations background a mandatory prerequisite for running a start-up? Not necessarily, but it helps, says serial entrepreneur Marc Andreessen. While nearly anyone with any experience can manage a successful enterprise, it helps to have had hands-on experience in the event of layoffs, restructuring, and the like.



#### Transcript

So first of all I would say that if you look at the folks who are the best venture capitalists over time, some of them have very deep operating backgrounds and have been entrepreneurs themselves. And actually some of them have not. So some of the very best venture capitalists, as an example, Mike Moritz had a background as a journalist before he became a VC. John Doerr had a background and worked in engineering and sales at Intel. Monsanto before that, actually, when Monsanto had a chip business back in the early '80s. And so he had experience in business but had not himself started a company. Actually interestingly, Tom Perkins had, one of the original co-founders of Kleiner-Perkins, but John had not. And in contrast, of course, Vinod Khosla had been himself a very successful entrepreneur as another example. And then Don Valentine, another great VC, had been a very experienced operator in the chip business. So you get this very interesting cross-section of success cases.

And so one of the things I try to do is not say upfront. I don't think there is necessarily a predictor that just because somebody has an operating background or has been an entrepreneur that they're going to be a good VC or conversely that if you don't you're not going to be a good VC. That said, part of the reason we became venture capitalists, my business partner Ben Horowitz and I became venture capitalists after starting and running companies ourselves, was because we think it can be quite helpful and additive to a startup when their investors and board members have actually done it before and have actually been through the experiences. And of course we go on to say that this is completely irrelevant in the case where your company just instantaneously succeeds when everything is up and to the right and everything is glorious. Then anybody can be a good board member. It's when the times get tough and things get difficult. It helps a lot to have been through a layoff or a restructuring or a forced sale or a recap, all the other things that you'll restart in and all the other things you are going to go through as an entrepreneur. And so I do think that's helpful and important.