



Stanford eCorner

The Entrepreneurship of Venture Capital

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Video URL: <http://ecorner.stanford.edu/videos/2555/The-Entrepreneurship-of-Venture-Capital>

Ann Miura-Ko shares the origin story of FLOODGATE Fund, where she is a co-founding partner with angel investor Mike Maples. In this poignant clip, Miura-Ko shares how she decided to step into investing when she saw that FLOODGATE could make a meaningful and innovative impact on the venture capital industry. Miura-Ko also shares some important value-driven moments from her career, and her ingrained need to be world class at every possible turn.



Transcript

So the question is if I believe that entrepreneurs have all the power then why am I investing? I actually believe--when I actually joined Floodgate I was on a search for the next big business idea. And so I was in the midst of getting my PhD and this is part of the untold story. I was in the midst of getting my PhD and I asked for advice to a bunch of different people and people kept on pointing me back to Mike Maples. They said he's a great angel investor, he is great deal flow, and you should go and see what he's doing. So I went and talk to him and I was looking at his deal flow to get a sense whether or not I should start my own company. I was totally on this path for a while, I would go in every week and he would have these what he called "un-partner meetings" and all these angels would come and we'd look at his deals and we tell him what we thought about it. One day as I am driving up to Lake Tahoe with my husband I get a call and it's Mike on the line and he says, "I have this great idea, you should drop out of your PhD program and come join maples investments" and I said well I think that's a terrible idea, I want to be an entrepreneur and what he said to me was "Think of it not as a venture back startup but it's a back venture start up." And I was like, "Now this is marketing guy I'm clearly dealing with not an engineer" that made no sense to me but it was so true in a lot of ways. So as Steve mentioned before I came back for my PhD I had worked for two years in venture capital. My second day of work was 9/11 and I was recently meeting with a partner that I work with at Charles River Ventures and he said that his proudest moment in his career had taken place actually when I was there at Charles River Ventures. I spend my first year doing analysis on the venture capital industry and I realized that there was this huge capital overhead.

All these people had invested in venture capital firms and all these venture capital firms are totally bloated and all of a sudden the market had come crashing down, there are no exists in sight. And yet you're sitting on a bond that's over a billion dollars, what do you do? The proudest moment for this partner Ted Dintersmith was that they made a decision to return 750 million dollars of their fund now anyone who knows the economics of a venture capital firm that's incredible. You're leaving so much money on the table because you're giving it back proactively to the limited partners; money that's been legally required for them to handover to Charles River Ventures and to their partners. That was really an impactful moment for me and I will always remember that as sort of a career defining moment watching people really live by their values but it also told me something about the venture capital industry. And when I came back from my PhD I think that was the whole reason I was not going back into venture capital, I was going to do something deeply technical so that I can emerge and be a technical entrepreneur. The call of Floodgate was that it had the capacity to really change and innovate the way we do investing. And I just believe that there was a way in which we could be entrepreneurial in this setting and we're really starting to change things from the moment I walked in we're discussing what the culture of our firm is going to be and it's just the two of us right? What's culture when it's just two people? And yet were talking about what are values are and how we want to work with entrepreneurs and to me that's actually very entrepreneurial. I want to do something that's meaningful and I believe that I could change things

by being in this seat. The one piece of advice that I've always followed from my parents, my father in particular was he always said, "Be world class at whatever you do" and I remember this because when I was taking my first job in college I was a photocopy person for the dean of engineering at Yale and I was leaving for my first day of work and my dad said, "Be world class" and I remember walking in and I was like, "How do you be world class at photocopying" Well I photocopy so that there was no errors and i was the fastest photocopier that that dean had ever seen and it actually ended up having a tremendous impact on my career and I've always believed that that's sort of how you make a difference. You try to be with world class people in world class organizations and you build world class organizations and this is an opportunity I couldn't pass up because I believe that that's what we're doing.