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Finding the Right Early-Stage Investor

Hemant Taneja, *General Catalyst*

17-03-2021

URL: https://ecorner.stanford.edu/clips/finding-the-right-early-stage-investor/

Founders and early-stage investors should be true partners in building a startup, insists General Catalyst managing director Hemant Taneja. He advises founders to screen for investors who are more interested in building than judging, and argues against focusing heavily on governance at young companies.

Transcript

- I can tell you when I raised capital for my own company 00:00:06,640 I was 23 years old and it was a very intimidating cause here's these folks I show up and they've got millions of dollars.. And that number was just daunting to even think about.. And you start to immediately think about this subservient relationship to them.. And that's clearly not the model that leads to success.. I think the thing I've learned over the years is the relationship.. And I'm speaking about early stage of an early stage investor with their founders truly has to be a partnership where they're not investing with a mindset of judging.. They're investing with the mindset of building.. When a company is really raw it's actually not about governance.. (indistinct) you can have more meetings, but what governance is there to do because there's problems everywhere.. Everything has to be figured out in the early days..

So, the mindset has to be.... What are the key decisions that need to be made? How do we help you make them? How do we help eliminate failure modes? So it really needs to be a builder's mindset early on and if I'm starting a company, if I'm, you know.... Somebody in the audience doing that I would really be screening for that.. I would really be looking for exactly how you would work with the capital investor.. And if you're not gonna get that then you want somebody passive.. So you can decouple capital from advice and go seek advisors in the market that maybe it can help you build a business.. So it's gotta be one of those as opposed to necessarily adding too much governance tax in the early days...