7 Tips for Startup Founders From an Entrepreneur Who Turned VC

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Building a tech startup is a long journey full of ups and downs, and every founder needs to take some crucial decisions along the way. Here are some tips on pitching to venture capitalists, understanding their motivation and the main “don’ts” that make an entrepreneur’s path smoother.

1. Invest in your team

The biggest asset any startup has is its team. The product may change, the market and the regulations as well, but if your team members are able to adjust to new circumstances, if they don’t panic and can work in situations of ambiguity, that means your startup is sustainable. Invest your time, money and expertise in building up strong relationships with talented professionals around you. No matter what crisis happens, your team of like-minded people will be there for you. That means a little give and take. Do not forget to be open to criticism. It is hard, but the people you work with need to feel valued and listened to. That is why they want to be able to be open and sincere with you. VCs will challenge your leadership qualities as well as pay close attention to the atmosphere between the team members.

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2. Don’t look for your investor at the meet-ups

You don’t need to waste time attending dozens of events, as a speaker or listener, actually. In the first case, it mainly feeds your ego. In the second, you’re essentially fearing missing out. None are useful to a startup founder, quite the contrary. Covid has taught us to engage in all kinds of social interactions online, so try to spend your time with reason and arrange first meetings via the internet. Attend only a limited amount of offline events, where you can learn something new from real experts or meet people who might become a solid part of your network.

3. Burn bridges

This might sound scary, but for a venture capitalist, the fact that a founder is focused only on their startup is a must. Of course, there have been cases where successful founders ran two to three projects simultaneously, even cases where they had a full-time job while building their startup on the side. These are rare exceptions. Do not consider these examples or rules, because VCs do not. You should decide whether you are “all in” if you want others to give you money and trust in your willingness to create a huge company.

4. Understand the VC logic

VCs will only consider those investment opportunities which can likely meet their target to make a 10x return on investment. The timeframe for that return must be realistic as well. It should not exceed 5 to 7 years of post-investment. Good deal terms equally matter, thus we need to take into account a combination of the investment amount, the pre-money valuation, the equity ownership, the potential dilution, the acquisition purchase price, etc. The founder and the investor

will be in the same boat for quite a long time. Hence, it is crucial for them to understand each other's motivation from the very beginning.

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5. Inspire with your long-term vision

You have to learn how to inspire people with your long-term vision. Actually, this is the main point of difference between a great fundraiser and one of many. Such founders can sell the feeling of exclusiveness and participation in shaping history. Do you believe that the NASA janitor helped scientists in sending a man to the moon? The same logic applies here. Do not sell only the state of the company as of today, convince VCs you are a game changer and produce the proof that you are able to execute your vision.

6. Ask for feedback at every meeting with a VC

Working 24/7 on your project, you are likely to fall into the trap of misconceptions. Venture capitalists are a great grounding source for you. They are experts that look over hundreds of startups a month. They are there to provide you with a fresh perspective. Use it to your advantage and ask questions. And absolutely for free, so take that bargain. Sometimes it can bring you new ideas and insights for your business. Sometimes it can help you to understand how to improve the pitch and make meetings with other VCs more efficient. Create a list of questions before the meeting, be as curious as you can. You'll be surprised how people love to share their thoughts and provide you with the feedback if they see that you listen to them! Try to catch at least one idea, one new contact or some little changes to the way you answer

the questions.

7. Be aware that your company is a product

Always remember that from the VC perspective, the product is not what the company produces or sells, but the company itself. Investors are the clients who buy that product with the intention to find another customer and get multiple times more than they invested. The founder’s job is to sell that product and to use all the tools and advice available to make this deal happen.

These are the seven tips that have really shaped my years of entrepreneurship and investment. They are simple. They are logical. And trust me, if you are successful with your startup, you will sooner or later come to these very same conclusions. I have always been thankful for the invaluable advice I have gotten along my path. They have led me to these tips. I hope that these tips will be that similar advice that makes a key difference in your path as an entrepreneur and leads you to the success you aspire to and deserve.

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