How To Raise $$ If You Didn't Go to Stanford or Have Rich Friends:

An Intuitive Primer for Raising Startup Capital

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Disclaimer

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ZERO - Financing The Startup Game

Let me tell you a little about my story and why I can help you. While I have lived in the SF Bay Area for many years, as of a few years ago I knew little about Silicon Valley or the business of technology beyond what anyone could read in the news and the blogs. Today, a few years later, I am far from being a noteworthy name in Silicon Valley, but I do understand its entrepreneurial milieu (and the template for that milieu, Stanford University) pretty well. I also have more than a passing connection with some of the top investors and founders here (the kind you read about in the news and the blogs).

Mine is not the story of a rags-to-riches entrepreneurial legend, which would not be that useful to you, because it would be the story of an inimitable outlier. It is instead the story of someone who understands the Silicon Valley system but can relate to the outsider point. This is why I wrote this short startup capital "for dummies" document. I aim to make my advice generally useful, that is, of use whether you are targeting a one-off angel investor from your hometown, or a brand name Silicon Valley venture capital firm.

I also aim to explain how to think about raising startup capital from an intuitively simple point of view, without the presumption that you have any great network or advantages of privilege. I also presume, quite reasonably, that you might acquire one or two of these advantages along the way, so I can also explain to you how to leverage them when you acquire them, and how to do this from a position of security so that you don't compromise your integrity, values, or peace of mind.

ONE - What Kind of Business Are You Building & Should You Get Investors For It?

These are two very big topics, so I will address them very briefly here. I will only discuss them to the extent necessary to form a basic framework for understanding the art of fundraising. Realize also that these choices involve fundamental issues of personal values and lifestyle, so generic advice is hard to give. But I think two fundamental aspects are worth discussing in this chapter.

The first issue is whether you should be aiming to build a real business, i.e., a company with profit and revenue, or at the very least a plausible business model, as opposed to a mere platform or product. Business writers and advisors will often tell you that building a real business is the better way to go, and there certainly is wisdom in this advice. If you build a real business, you are not dependent on anyone else for money to stay alive. If you instead create a mere product, someone else ultimately will have to value the product enough to buy it before you run out of runway. They might do this because they see it as part of a bigger business play, or because they think they can derive profit from that product even though you are not currently doing so. If you don't have an actual moneymaking business, you will soon run out of money, and this ticking clock limits your strategic options, no matter how awesome your product might be.

However, living in the 21st century, you are fortunate enough to be in an era where mere products, or even mere features, sometimes sell for large sums of money. This still tends to be the exception more than the rule, but not that long ago, such an exit was almost unheard of. While you are in a more sustainable position if you choose to build an actual business, I can't tell you, as an absolute rule, that you shouldn't aim to build solely a product or a feature. The latter can also have the advantage that it plays to your sweet spot, or your core competency (see C. K. Prahalad and Gary Hamel).

The second issue is whether you want to seek money from outside investors at all. If you are reading this document, you probably have some inclination towards this. But don't make such a choice by default. There are of course startups that cannot be built without external funding, due to the complexity of the product or industry. However, often times, the question of scale and funding is a matter of personal values and risk tolerance. You could start one café with your own money and wait till you have enough profit to start a second and a third, or you could raise money from the outset to start a dozen or a hundred cafes. The latter is generally riskier because of the complexity of the venture and also because investors can spread their risk over multiple enterprises and also leaves you with a small piece of the ultimate pie because of the stake you must sell to the investors.

If you have decided that you are willing to court outside investors, don't underestimate the time and effort it will take to land such funding. One common mistake I see is for people to allocate too little money to starting their company. Allocating a small amount of capital to pay for initial costs such as incorporation, trademarks, web development, etc., is almost always worthwhile to overcome the friction of getting your startup going. Stated another way, people have an irrational bias towards a low capital-to-labor ratio — that is, they will put time and effort, but not money, into their business, even if they have a steady income. This can be a crippling mistake, since a small amount of money can often save an enormous amount of time. I will sometimes see a couple of founders quit their full-time jobs, at an opportunity cost of $250K or more, but fail to allocate even a few thousand dollars to getting such basics taken care of, because they think they will quickly get funding. Not only does raising money take time and effort (and usually more than one would anticipate), but also the equity you need to sell off at this stage will dilute your company significantly. Simultaneously they may be wasting too much time trying to get things done for free or cheap, rather than focusing on what they need to focus on.

TWO - The Market for Deals and the Market for Love: Raising Money ~ Dating

The reason I felt this document would be of value comes from my experience of working with hundreds of entrepreneurs over the past several years. While there is a wealth of free information available online about raising angel and VC money, I find that many new entrepreneurs have trouble interpreting such information. They can read and understand what is being written in a formalistic way, but they have little context for interpreting and applying what they read. Sometimes I find people grasping for formal rules about abstract situations that require a lot of personal context to interpret. Mind you, these questions weren't coming from dumb people — they were just coming from an inexperienced perspective. I often found myself thinking, if I were to reframe your question in a more familiar social context such as dating or making friends, you might be able to answer the question yourself.

The seemingly obvious insight, but one that needs to be said, is that raising money, like many other forms of deal making, is fundamentally a social process. In other words, there are general patterns and dynamics that are worth considering, but ultimately, there are no hard and fast rules because every person and situation is different. And when I say general patterns, I am referring more to the dynamics of relationships, trust, and social capital than I am to rules about how certain financial instruments should work, what type of corporate entity you should create, or what the latest financing trend in your field is.

Regarding the last point, consider the following analogy. If you were to read in a fashion magazine that handlebar mustaches or spirit-animal brooches were the latest trend, would you immediately change your look based on this advice? Of course not — first you would be skeptical of the advice, and even if you gave it some credence, you would realize that this macro-trend would have very little actual impact on your social life. And you certainly wouldn't be willing to instantly pivot your look and identity based upon it. Think of these as the equivalent of the latest trends in VC or the technical nuances of fundraising instruments. Far more relevant are things like building an identity and reputation in your community, and developing trust and rapport with individuals from whom you are trying to raise money.

I think new entrepreneurs asking questions about the fundraising process sometimes take on the mindset of pre-teens asking for dating advice. In both cases, they are a little intimidated and have no personal experience to rely on. Therefore, they ask general, abstract questions and try to apply rules and guidelines in a formalistic and un-nuanced manner. There are rules in the fundraising game, no doubt, but they are far from universal and absolute and memorizing them won't get you very far.

THREE - Starting Is Hard Because It Requires Actual, Not Imagined, Risk

There are two reasons why I think the above tends to happen. The first is that when you are new to something, you don't know where to start, and you don't have a trusted friend or advisor to coach you. So naturally, you start investigating guidelines and rules and start applying them without any nuance. This is sort of like trying to learn about the game of chess by poring over the rules. The rules are a starting point, but obsessing over them is not going to teach you about chess. Playing the game, making mistakes, recognizing patterns, and getting advice from people with experience <u>will</u> teach you about chess.

The second, related reason is that it is <u>emotionally safer</u> to focus on such formalities. If you spend an hour searching and reading about a particular technical topic, after that hour you can say to yourself, "Now I understand how a convertible note works," or, "Now I know the top 10 things not to say to a VC." You feel like you have learned something, but you really haven't. The really hard and important things involve truly putting yourself on the line, and we all tend to avoid such emotionally risky things. These are the things that involve developing your identity, your message, and your network, so that you can truly connect with your audience (in this case, potential investors).

Raising money is kind of like dating, but it is also like doing sales. You can read books about selling techniques and philosophies, but the process ultimately is highly personal. And it is a <u>process</u>, so if you have never run a sales process before, you should tutor yourself on that. Or at least sign up for a sales management platform such as Salesforce, which works pretty much as well for fundraising as it does for sales. This is also a big topic, so I won't say much more.

Note that I will briefly discuss some of the more technical details of fundraising, because while I think that new entrepreneurs focus on them too much, I am very well versed in them, and I do help people with them all the time. So we will discuss fundraising instruments, corporate entities, and other technical legal and financial topics. And if you want to learn more about these topics, you can always contact me. And before we go on, I want to repeat that this document does not focus on the <u>substance</u> of your idea or business, and whether it is angel or VC-fundable. This quick and dirty primer will focus on the <u>soft skills</u> of fundraising.

FOUR - Almost All Investment Is Local: Trust Doesn't Scale or Travel

You have probably read somewhere that Silicon Valley VCs (and other investors for that matter) are notoriously biased towards their own backyard. And since Silicon Valley has such a surfeit of capital compared to anywhere else on Earth, this fact works against startups trying to raise capital elsewhere. VCs on Sand Hill Road will invest the vast majority of their capital in businesses within an hour of where they work. Is this an absolute rule? As with a lot of things, it depends. If you are dealing with a large firm that officially states that they only invest locally, you can probably take it as an absolute rule. But for a solo investor, group of investors, or even a small firm, it helps to think about this in a more intuitive way.

A friend of mine recently asked me why so many tech startups are in Silicon Valley and San Francisco, despite the cost of doing business here. There are many reasons, including the technical talent of Stanford and Berkeley, the ecosystem of service providers and investors, and a culture that encourages entrepreneurship. Ultimately, this friend summarized by saying, “So you’re saying the deals still get done at the bar.” And this summary is pretty accurate in form, if not detail. Looking at this through the lens of startup fundraising, I would put it more this way — if you need a hundred introductions to get 10 quality investor meetings to ultimately get two investors checks, you are going to have a much easier time doing this in San Francisco or New York than you are in Cleveland. And it would be hard to substitute for this by flying from Cleveland to SF twice a month, because you’re not going to be able to network in the way that you can by actually living in SF.

In other words, trust doesn’t scale. The initial touch point almost always must be based on an in-person meeting. Once I have built a certain level of rapport with you (and it often doesn’t take long), then I might be willing to introduce you, by email, to a valuable contact such as an investor. I often have the experience of new acquaintances asking for investor introductions related to their newly chosen industry. And frequently, my immediate, unstated reaction is simply, “That was too soon”.

Sometimes, a new acquaintance might impress me enough so that I am willing to make an introduction after a chance meeting at a cafe, but this is usually not the case. There is no formal rule, so think of it again, like dating. After that quick chat, I might be impressed enough to want to set you up on a date with a friend of mine, but probably not. You should reach a certain level of rapport with me before asking for an introduction. Otherwise, I am unlikely to do so, and I might even be turned off. I don’t need objectively strong evidence that you and your business are worth introducing to another person; this may be based on a rough social and emotional heuristic. Similarly, trust doesn’t easily travel. Emails and tweets don’t easily build trust. Videoconferencing, with the proper intention and effort, can be somewhat effective and is getting better as technology and adoption advance. As of 2017, I find that video conferencing can work for introductions and starting a relationship at a knee-deep level (as well as maintaining already developed relationships, such as with family), but it still has limitations and generally will not take a relationship from 1 to 100 (closing a deal).

Another intuitive analogy will help here. Put on an investor hat for a moment, and I don't mean a VC hat, because most of us don't know what being a VC is like. What I mean is that imagine you are an ordinary person with a little extra cash, living in a city such as Buffalo. Imagine that you really like coffee and that you want to invest $5K in a coffee shop to build coffee culture and hopefully make a little profit. What are the odds you are going to invest in a coffee shop in Buffalo versus, say, Denver?

I think the answer is pretty obvious, but let's parse some of the reasons why. First of all, you know many people in Buffalo. Remember, trust comes from personal relationships and personal introductions. Second, you understand the local culture and the neighborhoods, so when someone describes his or her proposed coffee shop, you can imagine and evaluate it based on personal experience. Third, you can easily meet with this person before the investment and also check in on him or her after the coffee shop opens. I could go on, but I think the point is clear. It is, of course, not out of the question that you will invest in a coffee shop elsewhere. In particular, if you have a close college friend or family member opening a coffee shop in Denver you might invest in her coffee shop. But without such relatively exceptional circumstances, the odds are highly in favor of Buffalo.

FIVE - Are You The Exception Or Do You Need to Follow "The Rules"?

As I will repeat many times throughout this document, there are no absolutes, but there are general rules about how the game is played, so I will speak to you as if you are not the exception. To analogize with dating again, I am not going to tell you that you can't hook up with a Taylor Swift or Chris Hemsworth if you happen to meet one of them at an event. Who knows, you might find you have an instant, magical rapport with that person. Or perhaps you are exceptional, a person of preternatural personality and charm. Similarly, if you are a Cleveland-based startup, I'm not going to tell you that you absolutely can't raise capital from an investor on Sand Hill Road. But you had better be exceptional, particularly if that investor has never invested outside of Silicon Valley before.

I am not telling you that you should move to San Francisco, New York, or London, to pursue your startup dreams, because that is a deeply personal choice. But such localization will help. On the other end of the spectrum from Silicon Valley-type institutional funding, if your main goal is to raise money from angel investors, my advice is generally pretty simple and intuitive.

Every person is different, so there are no absolute rules. Your investor may believe that it is advantageous to run her or his investments like a Silicon Valley VC fund. She or he may adopt some or all of the conventions of how such funds operate and maybe have explicit firm-wide policies. Conversely, she or he may be a lone wolf that plays by her or his rules, in which case I can't give you advice without knowing the specific person. Just as some things don't scale, some things remain bespoke, including, likely, the mindset of your investor.

I once met a bright young man who was visiting Silicon Valley, who told me he was going to drop off his pitch deck at the desks of some VC firms to try to raise money. Not surprisingly, I was pretty pessimistic about this plan, but I didn't absolutely discourage him. He remarked to me that my pessimism seemed out of line with the notion that capital flows freely and seeks out merit in our modern world. I replied that these notions were not inconsistent at all. For almost all of human history (and still today in most places) an outsider would have zero chance of raising money from prominent financiers. Today, his chances were small and he would have to work hard at it, but at least he had a chance. Marc Andreesen, among other VCs, has said that he is comfortable with the heuristic of the warm introduction (as opposed to a cold call) because it is a good initial test of your ability to navigate social networks, which is key to doing enterprise sales and other deals requiring enterprise partners. In other words, if you can't get an intro to Marc, how are you going to get an intro to a key decision maker at a company you are trying to sell to?

Another question I am often asked is whether industry domain experience and entrepreneurial track record matter to an investor. Again, the answer is that it depends on the investor. Some investors highly value such signals as predictors of success, particularly in industries that are complex in terms of regulations and sales channels (e.g., medicine). On the other hand, novices sometimes succeed, both at raising money and building successful businesses, and some investors embrace this notion. In the latter case, other signals (such as having a 4.0 in CS from Stanford or Carnegie Mellon) certainly do help.

Not only are analogies to other domains of social interaction here, but also as Silicon Valley becomes more of a privilege and star system, that other California notable star system, Hollywood, provides some useful analogies. You may have read that VCs don't sign non-disclosure agreements (NDAs). This is almost universally true. For one, they just don't want to deal with this friction. On a related note, one of the biggest red flags to investors is an overly officious reliance on NDAs and related secrecy mechanisms. In general, being open about what you are doing and seeking collaboration is far more effective than keeping your idea inside of a black box, where it remains all potential and never actualized. When entrepreneurs embrace the secretive mindset, it is often a sign of naiveté, self-absorption, and a difficult personality.

The other reason that VCs don't sign NDAs is similar to the reason that Hollywood studios don't take unsolicited movie scripts. They don't want to expose themselves to any potential accusation of intellectual property theft, in particular because they see so many similar ideas. It's all too easy to accuse a power player of stealing your brilliant idea, when in most cases dozens of other companies are working on something very similar.

SIX - Valuation Is A Formalistic Exercise: The Market Determines Your Value

Since valuation is another technicality of startup fundraising, people are often obsessive about this topic. There are many methodologies that are used to value a startup, none of which, in my opinion, have much merit because valuing a startup is inherently speculative and small differences in the inputs result in large differences in output (in other words, startups are chaotic systems). You can research this topic to your heart's content or pay an investment banker or a startup lawyer (including me, I am a lawyer) to explain these methods to you, but even people who rely on these methods pretty much throw them out the window when it comes time to negotiate. In other words, a startup is simply worth what people are willing to pay for it. When you are selling a piece of your startup, there is a price for that piece, and that price is up for negotiation. If you have one interested investor, that investor will probably set the price, although you can always walk away (being able to walk away is of course bargaining power). If you have a dozen interested investors, you will probably set the price.

Once you agree on this price, the terms of the agreement will affect the actual valuation of the company and what ownership you can retain. As a gross simplification, if an investor pays $1M for 10% of your company, your company is worth about $9M without the money (implied pre-money) and $10M with the money (post-money). There are many details of the terms that will affect your ownership rights and ultimate proceeds upon sale, including preferred stock rights, anti-dilution provisions, and a host of other technicalities. I am not saying these details are not important, but they are relatively formalistic, so you can read about them on your own, or pay an expert to tutor you. In general, however, at a seed stage, you can, and probably should, avoid these complications by using one of the seed stage instruments discussed in the next chapter.

SEVEN - The Seed Stage: Convertible Notes and SAFEs

If you are running a tech startup, you have probably heard of convertible notes and SAFEs. In any case, there is good documentation on these documents on Y-Combinator's site and elsewhere. The convertible note is basically a loan that converts to equity at the same time that the first true equity investment round happens in the future. The loan is usually a bit of a fiction in the sense that it generally will never be paid back— if the company doesn't get another financing round, it is typically because it has gone bankrupt. There are some situations where the company anticipates profitability or exit without another financing round, in which case the terms of the loan are more important, because it might be paid off.

The SAFE was developed by Y-Combinator a few years ago, and it entirely dispenses with the fiction that a loan is being made. I know the lawyer who invented the SAFE, which is a "Simple Agreement for Future Equity." Both the convertible note and the SAFE are pseudo-equity instruments in that no equity is being sold at the time, just rights for future equity. There are two reasons why a startup should choose to use one of these seed financing instruments. One is that they greatly reduce the complexity of the deal and the legal costs involved. Selling equity in a company is a complicated process that is highly regulated by the SEC. Doing one of these pseudo-equity instruments is simpler, though not without regulation.

The second reason is that these instruments avoid an explicit valuation of the company at the time they are created. In other words, the investor is not buying shares at a certain price. Instead the investor is agreeing that the price will be determined at the time of the future financing rounds, based on the terms of that deal. This is generally advantageous to the entrepreneur, because at early stages, the entrepreneur will likely believe that the company is worth much more than the investor does (the investor will often believe, quite reasonably, that the valuation should be near zero). These instruments obviate that disagreement by pushing off the valuation till later, subject to certain constraints (typically the valuation cap and discount of the instruments).

When Andy Bechtolsheim and David Cheriton each wrote the first $100K checks to fund Google, it is part of Silicon Valley lore that the company Google, Inc. did not yet exist. Neither, likely, did they insist on any particular funding terms (term sheet) with the two young Stanford graduate students. They probably assumed the instrument would be a convertible note (which I too am assuming, I've never asked one of them), and that Larry and Sergey would draw up the note on fair and standard terms.

The 2016 JOBS Act allows non-accredited investors, in limited circumstances, to invest in startups, thus enabling the Kickstarter-like trend of "equity crowd funding", which allows a company to raise (typically small amounts of) money from non-accredited investors, which hopefully adds up to a decent amount of money when pooled together. We won't discuss this topic in detail here, but equity crowd funding sites such as Seed Invest have information about the laws and the process. In almost all cases, you will want to raise money using a convertible note or SAFE. Aside from this JOBS Act exception, all of your investors must be accredited investors as defined by the SEC, and you may not make a general solicitation to sell your equity (securities) with the involvement of broker dealers.

EIGHT - Do I Need A Business Plan (or an Exit Strategy)?

Earlier in this century, and certainly in the second half of the last, a carefully crafted business plan was almost *de rigeur* as part of the fundraising process. But since much of the content of a business plan was largely a calculated fiction (understood to be a fiction on both sides - revenue hockey sticks, etc.) people began dispensing with the fiction. Thus business plans became shorter and shorter, and eventually just became "pitch decks." Further, the modern "Lean Startup" mentality preaches that circumstances quickly change due to customer feedback and other exigencies, so that the content of any business plan becomes very quickly outdated (side note, I am advisor to LTSE, the company described in Eric Ries's book The Lean Startup and have also spoken at his conference).

As I discussed above, not every company should seek VC funding. In fact the vast majority should not. One of the reasons for this is that VCs and similarly minded investors require an exit, that is, a discrete event that marks the end of the investment period and the return of capital. Thus the company must be sold, either to another company or to the public (an initial public offering, IPO). You might think that an ongoing share of profits might be a desirable way of realizing return on investment, but in most cases with outside investors, you'd be wrong. I'm not saying this can't be done — any sort of deal can be done with willing parties and enough patience. But these arrangements are more typical of lifestyle businesses and small family-owned entities.

This being said, do you need an exit strategy, that is, an actual plan for selling your business, even if you haven't made a first dime? Just as with the business plan, the answer used to be an unqualified yes, and it needed to be detailed. Today, at the very least, you should probably be able to intelligently discuss what the exit options for your company are, if not having a detailed, written exit strategy.

NINE - Your Corporate Entity Matters, Usually

Startups that contemplate VC funding are usually told to incorporate as a Delaware C Corporation, as the corporate laws and regulations surrounding these corporate entities are widely known. Entrepreneurs are warned that if they don't follow this form, a funding event could be nixed due to some technical glitch, or even the perceived risk of one. So the Delaware

C Corporation is the path of least resistance, the path of least friction, and almost all tech startups follow this convention. This is true despite the fact that limited liability corporations (LLCs) are generally easier to set up and present distinct tax advantages early on in the life of a company.

But a few don't. And such counterexamples again illustrate the fact that there are no hard and fast rules to fundraising. If you are a first-time entrepreneur seeking funding from Kleiner Perkins, you probably want to go with the Delaware C Corporation flow. But if, for whatever reason, you have many investors clamoring to invest in you, not only can you set your price, but you also can likely get them to accept your form of entity, even if it is an LLC. Your choice of corporate entity is kind of like the dress code at an event. Can you wear sneakers to a formal event? Some people can pull it off, some people can't, and this largely has to do with the person's confidence and how desirable she or he is. Once again, no situation is the same, and it's all in the details.

The S (or closely held) Corporation is a common alternative to either of the above, but it is very uncommon for VC-funded businesses. The S Corporation is kind of in between the C Corporation and the LLC in terms of its formalities. This can be useful for small businesses, but it can be problematic for companies trying to raise VC-funding. For example, S Corporations are strictly limited to 75 shareholders, which is a huge barrier to building a business with multiple investors and employee stockholders. More than 99% of the startups I see in Silicon Valley are C Corporations, less than 1% are LLCs, and I almost never see S Corporations.

Even before choosing your corporate entity, you need to think about how to fairly and cleanly divide your company among the contributors to the venture, especially the founders. This is most straightforward when two or three founders have been contributing full-time, effectively equal effort, where you just split the founders stock evenly among them. In many cases splitting the company won't be such a simple affair. This process it typically called "slicing the pie," and you can search for online resources using this phrase or "slicing pie" to help you think about this.

Investors generally will want you to earn your equity over time (vesting), which, as you may have heard, is typically done over four years with a one-year cliff for the first 25% of the equity. And independent of any outside investment, vesting is generally a good practice between founders so that sweat equity is earned, rather than granted outright. Founders typically receive their equity as actual stock. Later, employees and other contributors typically get stock options, for reasons I won't elaborate upon here.

TEN - Why Is This Sort of Advice Hard to Find?

Likely everything that I have preached above can be found somewhere online. But personal advice or "coaching" on this topic is quite hard to find. Early-stage entrepreneurs who have raised money can of course give great advice, but they are generally too busy running their businesses. Successful entrepreneurs would be great resources, but they are so successful that they would never get into the business of giving advice, they would simply give it away for free over cocktail conversation (should you be fortunate enough to meet one), or sometimes auction a consulting lunch for a charity at a huge price. They are also not likely to turn their advice into any sort of product. Investors can of course give you advice, but they are in the business of investing. Bankers and lawyers who deal with fundraising transactions can also help you, but typically charge per the hour or transaction, e.g., $600-$1000 an hour.

ELEVEN - Play The Long Game, Your Reputation and Your Integrity Are Everything

I leave you with one final train of thought. One of the most egregious mistakes I see young entrepreneurs make is to treat people as mere transactions. And by people I mean pretty much anyone, including investors, partners, and service providers. Investors and potential investors are people that you think every entrepreneur would treat well, if no one else, but I have seen counterexamples to this. And some entrepreneurs, in their desire to be seen as a bad-ass, take no prisoners, alpha male or female, in an attempt to wring every last advantage out of every transaction, even if it means going back on her or his word, to the detriment of her or his reputation and ability to develop long-term relationships. Remember, though, that your first attempt might not work out, for all sorts of reasons beyond your control. And even if it does, this approach will not leave you in a good place, even if you imagine that place to be sitting on a huge pile of cash. It is possible for an entrepreneur to burn every bridge and have no personal capital left at the end of an endeavor. It is also possible for an entrepreneur to fail spectacularly and lose all of her or his investors' money, but to do so with such earnestness and good intention that the same investors will be the first in line to invest in that person's next business.

Along those lines, realize that I have made significant efforts to help entrepreneurs even when I have nothing to gain personally. In other words, it typically takes significant time and a great fit between an advisor such as myself and a company so that I am compensated with stock and/or cash. Far more often we part without establishing any sort of formal relationship. But if that entrepreneur leaves me with the impression that she or he is an honorable person who will do good in the world and wear her or his success well, then I keep that person in mind in the future. I will make the phone call or introduction that may lead to a partnership, hire, or investment, regardless of any potential personal interest. So my last piece of advice, if I don't connect with you again, is to be that person.

Some Useful Links

Founder Equity

http://slicingpie.com

YC

https://www.ycombinator.com

Crowdfunding

https://www.seedinvest.com

Legal Handbook for Startups (focused on DE C Corporations)

https://handbook.clerky.com

Incorporation

http://siliconhillslawyer.com/2015/09/07/converting-startup-delaware-corporation-correctly/

http://www.inc.com/ryan-feit/don-t-let-venture-capitalists-force-you-to-convert-to-a-c-corporation.html

https://www.entrepreneur.com/encyclopedia/subchapter-s-corporation

Startup Speaker Series

https://www.mofo.com/resources/events/

Legal self-help, especially good for Intellectual Property

http://www.nolo.com

Venture Capital Reference

http://vcvtools.com/

Venture Capital Investment Theses and Articles

https://www.usv.com/blog/usv-thesis-20

https://trueventures.com/strategy/

http://foundersfund.com/the-future/

https://thoughts.siliconguild.com/how-andreessen-horowitz-is-disrupting-silicon-valley-208041d6375d

Incubators & Other Programs

http://lsvp.com/summer-fellowships/

http://www.pear.vc/dorm

http://startx.com/

http://500.co/

http://www.techstars.com/

http://gsvlabs.com/

http://highway1.io/

https://su.org/programs/startup-accelerator/

Term Sheets:

https://www.amazon.com/dp/1587620685/ref=dra_a_rv_bb_ho_xx_P1700_1000

Marc Andreesen on Warm Introductions:

http://blog.ycombinator.com/marc-andreessen-at-startup-school/