Stanford eCorner

Alternatives to Going Public?

28-09-2010

URL: https://stvp.stanford.edu/clips/alternatives-to-going-public

Don’t build a company to flip it; build it to last, says Amit Chatterjee, CEO and Founder of Hara. His preferred method for startup financing is to initially take venture funding, and then to take the company public. While a startup can take additional rounds of funding, Chatterjee believes going public is a less trade-off intensive way to finance a high-growth global enterprise.

Transcript

The question was, "What does it mean to go public and what's the alternative?" To go public means that you actually sell some of your shares to the public markets so they can invest in the company and then it becomes a tradable commodity on either the NYSE or NASDAQ, or one of the myriads of other trading exchanges that have opened up.. You know, I'm a big believer in "you don't build to flip, you build to last".. So I've always looked at it as that becomes the next necessary financing vehicle for a startup that has been build the right way.. At some point, the trade off cost of going to venture capital becomes very intensive.. Going to the public markets provides you a much cheaper way to actually be able to accomplish international scaling, quadrupling the size of your company, expanding and doing acquisitions.. So I would look at it as there is one direction, but there are many alternative financing mechanisms.. Beyond going public, you could continue to go to venture out, you could continue to go private equity, but ultimately I think that that's just one mechanism of a financing strategy for a company that's being built to last...