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Can You Convince One Institutional Investor?

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Serial entrepreneur Matthew Rabinowitz shares an approach to fundraising and spending that he feels runs counter to common wisdom. Rabinowitz also notes, “If you can’t convince one institutional investor that you have something suited for the market, you’ve got the wrong plan.”

Transcript

A lot of people will say don't take a ton of venture money upfront or any venture money.. Do it with friends and family.. Keep it tight until you have increased your valuation.. I actually have seen very different evidence.. I would say raise institutional money as fast as you can and then spend as little of it as possible.. And the reason for that is twofold.. Firstly, VCs can be very bright and they can be very dumb.. I would say an equal split, but it's not quite.. And I'm not going to say where the split lies, but if you can't convince one institutional investor that you have something which is suited for the market, you've got the wrong plan.. And Silicon Valley has two great things..

It's got a lot of capital, a lot of investors, and it's also got these folks whose job it is to work out what the market needs and what can work in the market and that's incredibly helpful for you as an entrepreneur, because it's often your blind spot especially when you come out of Stanford.. So raise money, not that Stanford is used to having blind spots, most universities - all universities have way bigger blind spots I would say than Stanford.. But coming out of an academic environment it's difficult to work out what really connects to the market.. So convince somebody at an institutional level to put money into your project.. If you can't do that keep working on what the plan should be...