

URL: <https://stvp.stanford.edu/blog/videos/differences-between-a-vc-and-an-entrepreneur>

Donna Novitsky illuminates the operational differences between a Venture Capitalist (VC) and an entrepreneur. She contrasts them from her personal experiences. She broadly talks about three differentiating operating nodes - strategy versus execution, technology versus team building and diversity versus singular focus. Novitsky mentions that VCs judge markets, people and technology. An entrepreneur is an expert in a field and has to dive deep into operational aspects of the field and focus a lot of energy on building a strong team.



## Transcript

Yes.. OK.. So the best VC.. So how many of you are thinking about potentially a career in venture some day? Be honest.. Yes.. It is an awesome career.. The best VCs are former entrepreneurs and operating executives.. So at the heart, there are a lot of similarities between what it takes to be a great VC.. So I would advise all of you who want to eventually get into venture capital to go out and get a job at a startup or in an operating company where you're going to learn how to do it right, and learn from some strong executives.. At that point, if you think about what a VC does day in and day out, they look at all kinds of different market opportunities..

They primarily judge markets, people and technology.. Once you've kind of been out in the trenches like that, you'll have a much better perspective on what is a good potential market opportunity or technology.. Even more, so they pick deals and then they sit on boards of directors and they advise those deals.. So once you've been out there doing it, you have a lot more credibility with those entrepreneurs as a board member and you can be of a lot more help to them.. So there's a lot in common.. That said, the day-to-day jobs are night and day different.. So let me give you just three kind of parallels.. Strategy versus execution.. I would say the VCs work primarily at a strategic level advising companies, providing input to strategy.. They do not and should not be getting their hands dirty in terms of execution..

That's the job of the entrepreneur and the team that's in place.. If you see a VC jumping into an operating role with the exception of the particular kind of role that I had at MDV, that's probably not a good sign.. So that's one.. Second is technology versus team building.. VCs are very focused on what's the next wave of technology, what's coming out next, and building a portfolio of different technologies and different opportunities.. The entrepreneur definitely needs to be up on technology but he or she is going to make that choice, and then it's all about building a team and executing on the strategy that he or she has chosen.. So the focus is really on, as I was saying before, you can't do it alone.. You've got to build the best team you can possibly build.. You got to believe in your team and nurture that team to grow the business.. So technology versus team building..

The third one is diversity versus singular focus.. So if you're in venture, you're building a portfolio.. You need to believe that all those deals have a possibility of being home runs, right? But in the end, you have a mixed portfolio and you're going to fly at the 30,000-foot level advising on strategy and making contacts and helping them versus singular focus that the entrepreneur is going to be the expert on whatever particular field their business is in.. So drill down.. Go deep.. Know everything.. Know everyone in that field.. So those three things.. So strategy versus execution, technology versus team building, diversity versus singular focus.. Those are three really different modes of operation that you'll see kind of in the day-to-day life of a VC or an entrepreneur..

I would ask yourself as you're thinking about your career, "Which ones am I passionate about?"...