

URL: <https://stvp.stanford.edu/clips/going-to-seed>

Cowboy Ventures founder and managing partner Aileen Lee describes starting her own VC firm, and also switching focus to seed-round funding. She explains how understanding the logic of subsequent funding rounds helped her advise her founders on scaling and fundraising strategies, and emphasizes that gut instinct is an inevitable and important part of seed-stage investing.



## Transcript

So I'll move to starting Cowboy Ventures.. So in 2012, I started a seed fund called Cowboy Ventures.. Kleiner Perkins had grown pretty big over the years that I had been there, the 12 years, and we had different practices and I was a senior partner at the firm, so all of the senior partners were getting pulled into lot of internal meetings just to try and make sure that we were making good decisions for the venture practice, for the growth practice, for the green tech practice, for the life sciences practice, for China, for things we were doing in India, a lot.. And the venture environment was changing where this new category of seed was starting and a few of us at Kleiner were advocating that we should be doing some seeds, but we had a very big fund, we had a very big team, it's kind of, sometimes it's hard to justify making small investments when you're in a big fund.. So my husband and I were at dinner with a couple that are both entrepreneurs and one of them knew Kleiner very well and she asked me how things were going and I was like, "Well, you know, sometimes it's hard to navigate.. 'We've gotten bigger." And she and he both said, "When are you going to leave "and start your own firm?" And I have to admit, even though I had been working with founders for 20 years, and working with entrepreneurs for 20 years, it had not crossed my mind to start my own firm.. And I think some of it was like, "Really? "You guys think I could start my own firm?" And they're like, "Yes, we definitely think "you could start your own firm." And I think this is actually apparently very consistent with research on gender differences, that a lot of times women have to be told that they should run for office.. Men, if someone's running for office, he's like, "Oh yeah, where do I sign up," right? But a lot of women, the studies show, have to be told, "You should do this." And they do a great job when they do it.. And I'm sure a lot of it how we're brought up and how society does treat different genders differently as they're growing up.. And so I went back home and I talked to my husband, and I was like, "Do you really think I could do that?" And he said, "Yes, you should totally, "you should think about it, you should try it." And so I spent three months working on basically, a deck, describing what we would do at Cowboy Ventures and how we might be different..

And the things that I wrote about how we would be different.. Well one is I actually am a woman and that's just different in venture capital, sadly.. By definition then you are definitely, you bring a different perspective to the table.. That I had operating experience both as a venture back founder and also, and kind of in corporate America.. I also have some marketing and consumer experience, which is also a little bit different.. And that I think over the years, because I had been in venture and as a series A and series B investor for 12 years before starting Cowboy, I've just gotten to know a ton of people in the venture ecosystem.. And I've also helped and worked with a lot of companies that have scaled past seed.. And so the ability to actually work with feed companies and be able to work with the founders and explain to them how is a series A investor gonna think about this company? How is a series B investor gonna think about this company? How is a series C investor gonna think about this company? And being able to coach the founders both for helping scale themselves and their teams, but also making sure that they can survive and don't run out of money is pretty unique 'cause there are not a lot of people who have been traditional venture investors who moved into seed.. I think personality-wise at Cowboy Ventures, we're a small shop.. We're not a giant firm with lots of people..

Two of my awesome colleagues, Amanda and Jimarah are here today.. And my partner Ted is not here today but we're a small shop so when you work with Cowboy Ventures, you really just get us.. So it's really about personal relationships and personal chemistry.. And that we are risk takers and we, half the time when we make a seed investment, there is no product.. It's a founder with ideas, maybe slides.. But they haven't shipped it.. They need the money to actually build it.. And so that takes a considerable amount of gut and taking a leap on people.. And I think that's pretty unique versus being very metrics-

driven and making sure that all the numbers pencil out during an investment...