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More Money, Less Hunger

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One Kings Lane Co-Founder Susan Feldman reflects on the downside of raising excess capital for the home-decor startup: It led to a false sense of security and made fiscal responsibility less of a priority. In conversation with Tina Seelig, faculty co-director at the Stanford Technology Ventures Program, Feldman discusses how a startup's valuation is a fleeting figure that only signals the beginning of a new chapter.

Transcript

- I think I wish we didn't raise as much money as we raised.. I think raising the money I think was fine.. I think I just would have used the money differently.. You know, thought about how to extend, you know, having that money and not have to go out and raise money five times which is what we ended up doing.. - So would you not have raised as much money? - Well I think by raising, I think there's a couple things.. I think when you have that much money in the bank, there's this false sense of security within the organization that I just think it's human nature.. I think it's really hard to be fiscally responsible.. It's not because anyone is bad or doing anything wrong-- - [Interviewer] You should just be hungry.. - Exactly, I think being a little hungry is a good thing.. I know how we felt and obviously it was the extreme when we bootstrapped the business, but I think that having, and there's lots of different theories about this..

I mean I know people that say you should take all the money you can and have it sitting in the bank, but I think it does something, it just makes it hard to get to that bottom line number.. Yeah, so, you know.. - So would you do it again? - And I think the other thing, sorry, is that as you start to raise money in your success, there are these valuations, which maybe for a moment in time, feel really good.. You know, you're like, woah, wow.. That's an amazing number, our company is worth that, but that's really just the beginning.. Then all the hard work starts, you know, because at the end of the day you get big valuations, perhaps they're inflated and then I think your options become fewer and fewer because there's less and less people out there that maybe can afford your company if there's way of acquisition or something like that.. So it's a little bit of a double-edged sword I think the big valuations...