

URL: <https://stvp.stanford.edu/clips/trust-in-the-person-youve-invested-in>

Puneet Agarwal, partner at True Ventures, talks about trusting an entrepreneur with a new idea after they've spent capital on a failed venture. Building a relationship based on trust allows you to look beyond the investment to actualize an innovative idea.



Transcript

- This is a really cool one, it's one of my favorite ones, which is a founder admits that the idea is not working after spending most of your money, but has a new idea and wants money.. That needs money, doesn't necessarily want money.. So luckily it was a smaller check, it was a seed check, so like I said before, it's okay we can lose money in some of these situations.. But in this case the founder had gone through it, what I liked about it was that because we had a trusting relationship, which I talked about earlier, that trust piece is part of EQ, he told us like I don't think this is gonna work.. Right, he didn't try to hide the ball, he wasn't afraid, he just said I don't think this is gonna work.. But, I have this other idea.. And you know it's interesting because when we met him we're like, you know that other idea is actually really good and actually fits your background extremely well it's kind of what we wished you did all along.. So what we did was, we said fine, we lost that money there and we actually invested in a new company of his.. So we put more money into his new company, that company is actually thriving today.. But I sort of added this interlude, so we've had 23 repeat counters now in our history, and a lot of them actually didn't necessarily succeed the first time..

Because there are a lot of factors that are, frankly, completely out of your control when you invest all the time, but we actually believed in the person.. So sometimes you have to, you can't just form a judgment early on, you have to have that trust so you can actually talk to each other openly about it, and if you have that sometimes you can make magic right? Which is what happened in this company.. If we didn't have that kind of relationship right, we wouldn't be able to do what we wanted to do...