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# Venture Deals: Be Smarter Than Your Lawyer And Venture Capitalist



## Synopsis

As each new generation of entrepreneurs emerges, there is a renewed interest in how venture capital deals come together. Yet there is little reliable information focused on venture capital deals. Nobody understands this better than authors Brad Feld and Jason Mendelson. For more than twenty years, they've been involved in hundreds of venture capital financings, and now, with the Second Edition of *Venture Deals*, they continue to share their experiences in this field with you. Engaging and informative, this reliable resource skillfully outlines the essential elements of the venture capital term sheet--from terms related to economics to terms related to control. It strives to give a balanced view of the particular terms along with the strategies to getting to a fair deal. In addition to examining the nuts and bolts of the term sheet, *Venture Deals, Second Edition* also introduces you to the various participants in the process and discusses how fundraising works. Fully updated to reflect the intricacies of startups and entrepreneurship in today's dynamic economic environment. Offers valuable insights into venture capital deal structure and strategies. Brings a level of transparency to a process that is rarely well understood. Whether you're an experienced or aspiring entrepreneur, venture capitalist, or lawyer who partakes in these particular types of deals, you will benefit from the insights found throughout this new book.

## Book Information

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## Customer Reviews

I am a 2x entrepreneur who has raised over \$20M in VC funding, so when i say this is a must-read IF you want to raise money I am speaking out of experience. I wish I had this book in 2007, when I

was trying to raise money. Terms like "double ratchet anti-dilution", "preferred", "participation", "vesting pool" or "liquidation events" were all terms that I was completely ignorant about. Worst yet, our attorneys had to explain these to me, and at \$750/hr it was a costly lesson. \$30 for this book would have saved me \$1,000's in legal fees, and hundreds of thousands in earnings. Well, but now that I have read this book my long-held view about VCs is further perpetuated. VCs are in the business to accomplish two things: (1) preserve their LP capital (i.e. don't lose money). and (2) earn outsized earnings to make up for all the duds (i.e. take everything you can). Note, "make the entrepreneur lots of money" is not on the list. This is something that the authors and most VCs, including Mark Suster on his talks/blogs will confirm this. As an entrepreneur you end up working for the VCs and will get wealthy if your company ends up being one of the 0.01% of VC companies that have very successful exits. If your company does just "great", or "OK" then expect to earn nothing from the exit - while the VC will walk away with 2x to 5x of the investment. This is not a bad thing if you expect to be in the 0.01%, but as that number indicates - it's not likely. So let's look at the main two things covered in this book that describe how VCs make money: VCs get their money from pension funds, alternative asset funds, government organizations, and basically any large sources of capital that is looking for risk-adjusted better-than-average returns.

This is the second time in my life I find myself doing the rounds to collect proper money from investors. First time, more than fifteen years ago, I used the Bagley and Dauchy classic "Entrepreneur's Guide to Business Law" and I thought it was pretty good. This book is quite simply in a different league. The authors, seasoned VC entrepreneurs, have a gift for writing and that's what carries you through the book. It's all very serious, of course, but the writing style is as far from dry as you can imagine. So I'm reading this and the only thing that keeps me from saying "OK, boys and girls, this covers everything, it's the gospel" is the simple fact that if I was a VC I'd write a book that makes the case for the VC's interests rather than the entrepreneur's. So from where I stand, and I'm an entrepreneur, I'd want an entrepreneur to have written the book. The authors actually go a long way toward addressing this concern: the summary for every section has actually been written by entrepreneur Matt Blumberg and rather often it's hardly a summary; it emphasizes different points from Brad Feld's, lending credibility to the book and making the reader more comfortable. So this is basically a tremendous book and if you're raising money you need to buy it and read it.

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