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Should You Take Your Startup To Silicon Valley?

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I've advised many flyover country entrepreneurs that if their sole goal in life is to raise the most money for their startup, at the best price and in the shortest period of time, they should move to Silicon Valley. That is where good entrepreneurs raise the most money in the shortest order and at the best price on a pretty consistent basis.

Lately, I've been thinking more about that advice, and while I generally stand by it, I've come to the conclusion that there is an important exception: a class of startup entrepreneur that, in fact, is usually better off launching in flyover country than Silicon Valley. The idea of an exception to the "move to Silicon Valley to get the best deal" advice came to me as I started thinking more closely about a corollary to that advice, to wit that if, having moved to Silicon Valley you can't raise capital, at least you will have found out faster that your startup is not VC-worthy.

It's that last word, "worthy," that hit me as needing more thought. Over the last couple of days, it gelled that some entrepreneurs might fail to raise capital in Silicon Valley - not because their startup is not worthy of investment, but because they are not ready to play on that particular stage. In which case, going to Silicon Valley may result in failing to get a startup financed not because it was a bad idea, but because venture capital's Broadway was not where it should have started out.

Here's the deal. For entrepreneurs that know how the venture capital business works (in reality, not just in theory); have a track record that suggests real knowledge of what makes the best startups tick; and have meaningful entrepreneur, investor, and service provider networks that include a few solid Silicon Valley contacts, taking their startup to Silicon Valley makes sense. (Again, with the qualification that getting the best deal as fast as possible is the only factor in the decision.) For other flyover country entrepreneurs, maybe not so much.

My thinking in this area was kick started a couple of weeks back when I met with a 20 years-old-ish Northeast Wisconsin

entrepreneur who had what seemed like a pretty good idea for an app. With less than \$50k, he had taken it as far as 10,000+ users and some very good press. He had pretty much everything you look for in an entrepreneur: vision, passion, integrity, flexibility, an ability to make things happen with minimal resources, and a desire to learn. But, when we talked about the possibility that he should pick up and move to Silicon Valley, it occurred to me that if he did he would most likely be eaten alive.

What this entrepreneur lacks that would be a huge problem for him in Silicon Valley won't be hard for him to learn here in Wisconsin if (as I am sure he will) he puts his mind to it. He doesn't know either the substance of the venture capital business or the lingo (which is surprisingly important, particularly when a VC knows you are from the sticks). While he has great entrepreneurial instincts, he has not lived, even vicariously, in the high impact entrepreneurship world. Right now, the number of folks in his network who do have that knowledge and experience, and those connections, can be counted on the fingers of one hand.

These may seem like small things, but they are important things and things that pretty much every entrepreneur who gets funded in Silicon Valley has. They are things that folks like gener8tor have made a business out of providing to their portfolio entrepreneurs (and in fact lots of other entrepreneurs). And things that a small but real cadre of Badger folks with that kind of experience and those kinds of networks are eager to share with folks who are otherwise as compelling as the young man I met with several weeks back.

So, if you are an otherwise Silicon Valley-worthy high impact entrepreneur in flyover country, but don't have a solid understanding of the ways and lingo of the venture capital business, a well-grounded understanding of what separates the startup winners from the losers, and a decent network of folks that have those things that you can leverage all the way to Silicon Valley – don't go to Silicon Valley. At least not yet. Learn what you need to learn here, connect with the right folks, and when you are ready to play on the Silicon Valley stage, well, decide what your priorities are then.

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