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The Serial Entrepreneur Advantage

Another day, another insightful report from PitchBook. The news today is that entrepreneurs who have been around the startup financing block already raise more money, on better terms, and faster than newbies. Who'd have thought?

Seriously, though, it's good to see some hard data to back up one of the more common tidbits of conventional startup wisdom. It got me thinking: why is the conventional wisdom right here? And that got me thinking about another piece of conventional startup wisdom: to wit, that most venture investors credit the team as the most important criteria for evaluating a startup investment opportunity—not the market; not the secret sauce; not even the financing risk. The team.

My own guess is that the serial entrepreneur's advantage in the startup fundraising race is rooted in the evidence prior startup experience – particularly (but not exclusively) successful experience – suggests about the quality of the team. Put simply, a team that has played the startup game before, and at least survived to fight again, has done something a newbie team can only talk about. And while that doesn't make the team a sure winner, it sure makes for a safer bet. Because it's just plain hard to think of a single factor that reduces startup's risk profile more than a team that has played the game well before.

For those first-timers out there, look at it this way. It is what it is. So put your best team on the funding trail, and be relentless. And realistic. And someday, with a little luck and a lot of perseverance, you'll be on the other side of the experience divide.

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