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This Too Shall Pass: Thoughts on High Risk/Reward Entrepreneurship in These Troubled Times

The world is in crisis. We can argue about how serious the present crisis is relative to its predecessors, but it is, in living memory at least, of an unprecedented nature. And if it is not yet impacting pretty much everyone everywhere, give it a few days or weeks and it will be.

For those of us in the high-impact entrepreneurship and investing space, the crisis will have a huge impact. That said, probably a lesser impact, across the sector, than many other sectors will experience. Most airlines, and at least a healthy minority of small businesses, for example, are facing an existential and immediate threat of financial catastrophe. While there are certainly venture-backed start-ups out there on very shaky financial ground, there are more with sufficient cash to survive the rest of the year, even if doing so seriously crimps their growth and exit plans. Ditto for most venture investors, with the industry as a whole sitting on near record piles of dry powder.

The bottom line is that most entrepreneurs, and most of their investors, will live to remember how they survived through, rather than how they cratered during, the Great 2020 Pandemic. And I say that as a venture investor who didn't survive the dotcom bubble crisis: I know well what it means to be in the wrong place, at the wrong time, with the wrong portfolio.

Survival, though, will be hard work for most entrepreneurs and most investors. Investors will be thinking more about triaging their existing portfolios than making new investments or even full-speed ahead investments in all but the most pandemic-immune portfolio companies. That means that entrepreneurs, in turn, will need to be thinking more about making cash last longer than barreling ahead for bigger exits, sooner rather than later. For investors and entrepreneurs alike, what will separate the winners from the mere survivors,

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and the survivors from the losers, will be not so much a continuing drive to win, but rather a steely-eyed focus on living to fight another day.

Focusing on surviving and positioning for the rebound will not be easy for investors or entrepreneurs. It's not in their nature, and it's certainly not much fun. There will be hard decisions about life support for investors – which companies to inject with more capital and which to let founder (and there will be some of the latter, for sure). And even harder decisions for entrepreneurs – which team members and other resources to double-down on and which to cast off, like so much precious cargo that now weighs too much to carry. Those decisions will be harder for investors and entrepreneurs with less cash in the bank rather than more. No one ever said life is fair, and in the high risk/reward entrepreneurship space, if history tells us anything, it's that luck is a big part of what separates the wheat from the chaff (something the survivors would be well advised to remember, too).

But this too shall pass, and for those who have the foresight, the guts, and at least the minimally viable bank balances, what follows will be new opportunities in the post-pandemic world. A place that, with a bit of luck, will be manifest by the end of the year. A world ready for a new generation of survivors – as dotcom survivors like Amazon, eBay, and others did – to conquer.

Just my two cents. No charge.

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