

Index

- Accountants, role of, 14–15
- Accredited investors, 11, 139–140, 265–266
- Acquisitions
- convertible debt in, 122
 - defined, 221–222
 - improving bad deals during, 207
 - investment bankers for, 243–247
 - negotiations in, 195
 - no-shop agreements and, 108–109
 - protective provisions and, 85, 87
 - rights of first refusal on, 182
 - shareholder representatives in, 241–242
 - warrants and, 123–124
 - See also* Letters of intent
- Advantages in negotiations, 189–190
- Adverse change redemption clauses, 94, 95
- Advisers
- confidentiality, IP, and, 21
 - mentors compared to, 15–16
 - spam emails and, 210–211
 - See also* Bankers
- Affirmative covenants and venture debt, 157–158
- Agency costs, 256–257
- Ambiguity, elimination of, 84–85
- American Research and Development Corporation, 1–2
- Amortization terms and venture debt, 151–152, 154–156
- Analysts, 6
- Anchoring on terms, 202
- Anderson, Harlan, 1
- Angel investors
- convertible debt and, 113
 - crowdfunding and, 142
 - micro VC funds and, 9
 - pay-to-play provisions and, 66
 - role of, 10–11
- AngelList, 139, 141
- Antidilution provisions, 71–75
- Applicable federal rates, 119
- “Approval by investors’ partnerships” terms, 96
- Arguments in negotiations, 204–205
- As-converted basis, 56
- Asset-based loans, 149
- Asset deals, 225–227
- Assignment agreements/clauses, 20–21, 110–111
- Associates, 6, 36
- Attitude for success, 23–24
- Audience for presentations, 28
- Automatic conversions
- of debt, 120
 - of stock, 89–90
- Automatic dividends, 93
- Bad deals, improving, 206–208
- Bankers
- acquisitions and, 243–245
 - choosing, 245–247
 - engagement letters for, 247–251

- Bankers (*continued*)
 maximization of outcomes of, 251–252
 PPMs and, 30
 role of, 15
- Banks
 MAC clauses and, 161
 venture debt and, 147, 156
 venture debt funds compared to, 148
See also Bankers
- Barter element, 231
- Basis of stock options, 231
- Bernthal, Brad, 140, 254
- Best alternative to negotiated agreement (BATNA), 52, 199–200
- Betabrand, 138
- Blended preferences, 61
- Bluffing in negotiations, 200
- Boards of directors
 consensus on M&A process of, 251
 control and, 77–81
 departing VCs and, 181
 indemnification of, 110
 insolvency, personal liability, and, 127
 lead investors sitting on, 217–218
- Breakup fees, 239–240
- Bridge loans, 51, 125–126
- Broad-based weighted average
 antidilution, 73
- Bullies in negotiations, 196
- Burn rate, 24, 30
- Business descriptions, 26–27
- Business Development Company, 147
- Business plans, 26, 29
- Bylaws and restriction on sales clauses, 102
- Capital calls, 170
- Capitalization (cap) tables
 associates and, 6
 dollars-invested method of
 converting notes, 133–135
 overview, 19, 129–131
 percentage-ownership method of
 converting notes, 133
 pre-money method of converting
 notes, 132–133
 price per share with convertible
 notes, 131–135
- Capped participation preferred stock, 56–60
- Carried interest (carry), 172–174
- Carve-outs
 for acquisitions, 109
 antidilution, 74
 to escrow caps, 234
 to indemnity agreements, 223
 management, 62
- Cash flow forecasts, 30
- Cash flow for VC funds, 179
- C Corporations, 18, 263
- CEOs, founders vs. board members as, 79–80
- Clawback, 174
- Collaborative negotiations, 199–200
- Commitment periods, 171, 175
- Common and preferred voting by
 board members, 78
- Common stock, 42
- Common stock outstanding, 73
- Communication
 crisis management and, 163
 crowdfunding and, 142
 by email, 27–28, 210–211
See also Transparency
- Companies
 conflicts between entrepreneurs
 and, 88
 enterprise value of, 134
 software, 29, 213
 stages of, 8–9
 structure of, 18–19, 264–265
 walking dead portfolio, 256–257
See also Acquisitions; Sales of
 companies; Valuation
- Compensation
 for board members, 80
 for CVCs, 183
 for service providers, 270–271
 for venture capital funds, 171–175
See also Fees
- Competition
 financing rounds and, 23
 multiple VCs to create, 38–39, 200–202
 valuation and, 52
 for venture debt deals, 162
- Conditions precedent to financing, 95–97
- Conditions to close in LOIs, 237–238

- Confidentiality agreements/clauses
 - information rights and, 98
 - IP and, 20, 21
 - LOIs and, 235–236
- Constraints on bad behavior, 254–255
- Consultants, 269–270
- Control provisions of deals
 - acceleration on change of, 68–69
 - antidilution provisions and, 75
 - boards of directors, 77–81
 - concept of, 42–43
 - conversion provisions, 88–90
 - drag-along agreements, 85–88
 - overview, 77
 - protective provisions, 81–85
- Control terms for venture debt, 157–161
- Conversion mechanics, 119–121
- Conversion of stock, 55–56, 63–66, 88–90
- Conversion price adjustments, 73, 75
- Conversion ratios and antidilution provisions, 71–75
- Convertible debt
 - alternatives to, 127–128
 - bridge loans and, 51
 - conversion mechanics, 119–121
 - discounted price approach to, 116–117
 - early- vs. late-stage dynamics in, 125–126
 - interest rates and, 119
 - legal issues of, 126–127
 - overview, 42, 113
 - pros and cons of, 114–116
 - in sales of companies, 121–122
 - valuation caps and, 117–119
 - warrants and, 122–124
- Convertible notes
 - dollars-invested method of converting, 133–135
 - percentage-ownership method of converting, 133
 - pre-money method of converting, 132–133
 - price per share with, 131–132
- Cooley LLP and Cooley GO, 17, 131
- Copyrights, 20
- Corporate structure, 18–19, 264–265
- Corporate venture capital (CVC)
 - groups, 181–183
- Co-sale agreements, 104
- Cross-fund investing, 179–180
- Crowdfunding
 - equity, 139–142
 - product, 137–138
 - token, 143
- Cryptocurrency, 143
- Cultural fit of bankers, 247
- Cumulative dividends, 93
- Curmudgeons in negotiations, 197–198
- CVC (corporate venture capital)
 - groups, 181–183
- Data sites, 19
- Deals
 - for acquisition, 222–225
 - asset vs. stock, 225–227
 - bad, improving, 206–208
 - banker experience with closing, 246
 - closing, 39–40
 - no-shop agreements and, 107–109
 - walking away from, 199–200
 - See also* Control provisions of deals; Economics of deals
- Debt, role of, vs. equity, 145–146
 - See also* Convertible debt; Venture debt
- Decisions to invest, 35–38
- Definitive agreements, drafting, 40
- Delaware, C Corporations registered in, 18
- Demos, 31–32
- Departure of founders, 4, 87, 181, 194–195
- Digital Equipment Corporation, 1–2
- Directors, 5
- Directors and officers' insurance, 110
- Discounted cash flow, 53
- Discounted price approach, 116–117, 124
- Dividends, 91–93
- Documents
 - definitive agreements, 40
 - for due diligence, 32
 - for fundraising, 26–32
 - investor access to, 19
 - properly drafted, 253–254
 - See also specific documents*
- Dollars-invested method of converting
 - notes, 133–135
- Doriot, Georges, 1

- Double-trigger acceleration, 68–69, 70, 269
- Down rounds, 51, 63–66
- Drag-along agreements, 85–88
- Drag-along rights, 10
- Draw period for venture debt, 155
- Due diligence process
 - materials for, 32
 - preparation for, 19
 - by VC firms, 36–37
- Early-stage funds, 9, 15, 216–217
- Earn-outs, 224
- Economic climate and valuation, 53
- Economics of deals
 - antidilution provisions, 71–75
 - concept of, 42–43
 - determination of valuation, 52–53
 - employee option pools, 47–50
 - exercise periods, 70–71
 - liquidation preferences, 54–63
 - pay-to-play provisions, 63–66
 - terminology for, 45
 - vesting, 66–70
 - warrants, 50–51
- Economic terms for venture debt, 151–154
- Egos, feeding in negotiations, 202
- 83(b) elections, 267–268
- Elevator pitches, 26–27
- Emails, 27–28, 210–211
- Employee option pools, 47–50, 131
- Employees
 - acquisitions and, 229–230, 232, 236–237
 - at-will, 264
 - consultants compared to, 269–270
 - liquidation preferences and, 62
 - Proprietary Information and Inventions Agreements for, 20–21, 103–104
 - stock options and retention of, 66, 69, 71
 - vesting for, 66–70
- Employers, primary, and intellectual property, 20–21
- “Employment agreements signed by founders as acceptable to investors” terms, 96–97
- Employment issues, 263–264
- Engagement letters for investment bankers, 247–251
- Enterprise value of companies, 134
- Entrepreneurs
 - common stock issued to, 268–269
 - conflicts between companies and, 88
 - departing, 4, 87, 181, 194–195
 - outside board members and, 80
 - Proprietary Information and Inventions Agreements for, 103–104
 - role of, 3–4
 - team needed for, 212–213
 - vesting of stock options for, 66–70
- Entrepreneurs in residence, 6
- Entry points for VC firms, 53
- Equity, role of debt vs., 145–146
- Equity crowdfunding, 139–142
- Equity financing
 - convertible debt compared to, 114–116
 - equity crowdfunding compared to, 141–142
 - overview, 42
- Equity incentive plans, 270
- Escrow arrangements, 223, 233–235
- Escrow caps, 234
- Ethical codes and negotiations, 205
- Executive summaries, 26, 27–28
- Exercise periods, 70–71
- Exercise price, 271
- Expectations of investors, 18–19
- Expenses, reimbursement for, 175, 249
- Experience and valuation, 52
- Fair market value, 266–267
- Fairness opinions, 250–251
- Family and friends, as investors, 11
- Feedback, asking for, 38
- Fees
 - for bankers, 248–249
 - for convertible debt, 114, 126
 - for lawyers, 14, 18
 - LOIs and, 239–240
 - for management, 171–172
 - for mentors, 16
 - for patents, 262
 - for trademarks, 263
 - for venture debt, 152
- Feld Thoughts blog, 41
- Fiduciary duties, 84, 184–185

- Final payments on venture debt, 154
- Financial covenants and venture debt, 157–159
- Financial models, 24, 30–31
- Financing rounds, 7–9, 23
- 500 Startups, 127–128
- Flat rounds, 51
- Form of consideration
 - of acquisitions, 227–228
 - of escrow, 235
- Founders. *See* Entrepreneurs
- Founders' activities clauses, 105–106
- Foundry Group
 - employees of, 5, 6–7
 - forms on website of, 253
 - investment stages and, 10
 - as management company, 168
- Full disclosure, 32, 105
- Full participation preferred stock, 56–60
- Full ratchet antidilution, 72–73
- Full-stack VC firms, 5
- Fully diluted, 47
- Fundamental reps, 234
- Fundraising. *See* Raising money
- Game theory, 191–194
- Gender and negotiations, 195
- General partners (GPs), 5, 7, 36–37
- General partnership entities, 168
- General solicitations, 139, 140
- Global economic crisis of 2008, 170
- Glowforge, 138
- Golding, Rex, 243
- Google IPO, 89
- GP commitment, 174
- Growth capital term loans, 149, 157
- Growth investors, 9
- Harassment, 213–214
- Holdback, 223, 233–235
- Incentives, alignment of, 254–255, 256–257
- Indemnification clauses, 110, 232–233, 250
- Independent contractor agreements, 21
- Indications of interest. *See* Letters of intent
- Indiegogo, 137, 138
- Industry expertise of bankers, 245–246
- Information rights, 97–98
- Initial coin offerings (ICOs), 143
- Initial public offerings, automatic conversion at time of, 89–90
- Initial public offering shares purchases, 106
- Inquiries to VCs, 33–34
- Insolvency, 126–127, 226
- Intellectual property (IP)
 - control of, 103–104
 - fundraising and, 20–21
 - as legal issue, 259–261
 - perfected liens on, 161
- Interactions with VC firms, 36, 38–39
See also Relationships with VCs
- Interest-only (I/O) periods for venture debt, 155–156
- Interest rates, 119, 152
- Internet bubble, 181–182
- Investment bankers. *See* Bankers
- Investment committees, 40
- Investment periods, 175
- Investment terms, 176
- Investor presentations, 26, 28
- Investors
 - expectations of, 18–19
 - family and friends as, 11
 - growth, 9
 - major, 101
 - preferred, 86, 87–88
 - strategic, 183–184
 - See also* Accredited investors; Angel investors; Lead investors
- JOBES (Jumpstart Our Business Startups) Act (2012), 11, 139, 140–141
- Key man/person clauses, 181, 250
- Kick-outs, 63
- Kickstarter, 137, 138
- KISS (Keep It Simple Security), 127–128
- Late-stage funds, 9, 217–219
- Lawyers
 - cap tables and, 131
 - drag-along agreements and, 88

- Lawyers (*continued*)
- letters of intent and, 228–229
 - in negotiations, 188
 - registration rights and, 100
 - relationships between, 40
 - role of, 3–4, 13–14
 - selecting, 17–18, 206, 264
- Lead investors
- board seats for, 217–218
 - in seed rounds, importance of, 216
 - selection of and negotiations with, 107–109
 - in syndicates, 12
- Lead venture capitalists, 34–35
- Lean Startup methodology, 29
- Legal issues
- accredited investors, 265–266
 - compensation of service providers, 270–271
 - consultant vs. employee status, 269–270
 - for convertible debt, 126–127
 - corporate structure, 264–265
 - for crowdfunding, 139–141
 - 83(b) elections, 267–268
 - employment, 263–264
 - founders' stock, 268–269
 - for ICOs, 143
 - intellectual property, 259–261
 - patents, 261–262
 - Section 409A valuation, 266–267
 - trademarks, 262–263
 - See also* Lawyers
- Letters of intent (LOIs)
- asset vs. stock deals, 225–227
 - assumption of stock options, 228–231
 - conditions to close in, 237–238
 - confidentiality/nondisclosure agreements in, 235–236
 - employee matters in, 236–237
 - escrow arrangements in, 233–235
 - fees and, 239–240
 - form of consideration and, 227–228
 - indemnification in, 232–233
 - negotiation of, 256
 - no-shop agreements in, 238–239
 - overview, 221–222
 - registration rights in, 240–241
 - representations and warranties in, 232, 233
 - shareholder representatives and, 241–242
 - structure of deals and, 222–225
- Leverage in negotiations, 200–203
- Life span of venture funds and redemption rights, 94
- Limited liability companies, 265
- Limited partnership agreements, 170
- Limited partnership entities, 168
- Liquidation events, 62–63
- Liquidation preference overhang, 58
- Liquidation preferences
- bridge loans and, 126
 - convertible debt and, 125
 - in early-stage deals, 216
 - overview, 54–63
 - transactions occurring below, 86
- Liquidity events, 62
- Listening in negotiations, 203–204
- Loans. *See* Debt
- LOIs. *See* Letters of intent
- Major investors, definition of, 101
- Management carve-outs, 62
- Management companies, 168, 169
- Management fees, 171–172
- Managing directors
- due diligence process and, 36–37
 - role of, 5, 7
 - salaries of, 172
- Market, size and trendiness of, and valuation, 53
- Market argument in negotiations, 204–205
- Material Adverse Change (MAC) clause in venture debt, 159–161
- Materiality qualifiers to protective provisions, 82–83, 85
- Memoranda of understanding. *See* Letters of intent
- Mentors, role of, 15–16
- Mergers. *See* Acquisitions
- MFN (most favored nation) clauses, 128
- Micro VCs, 9, 11
- Mid-stage funds, 9, 217–219
- Miller's Law, 204
- Mind-set for success, 23–24
- Minimum-viable product (MVP), 137–138
- Monday partner meetings, 37

- Money, raising. *See* Raising money
- Motivations
 - of CVCs, 182, 183
 - for ethical behavior, 205
 - of strategic investors, 183–184
 - of VCs, 168, 180, 185
- Multiplay games, 192, 193
- Multiple VCs to create competition, 38–39, 200–202
- Mutual consent by board members, 78
- Mutual interests in negotiation outcomes, 194–195

- Narrow-based weighted average antilution, 73
- NDA (nondisclosure agreement), 210, 235–236, 261
- Negative covenants and venture debt, 158–159
- Negative pledge and intellectual property, 161
- Negotiation tactics
 - acquisition outcomes, 195
 - collaborative vs. walk-away threats, 199–200
 - game theory and, 191–192
 - important matters in, 187–188, 193
 - improving bad deals, 206–208
 - lawyers in, 205–206
 - leverage in, 200–203
 - mutual interests outcomes, 194–195
 - preparation, 188–193
 - styles and approaches, 195–198
 - tactics to avoid, 203–205
 - transparency, 198–199
 - venture debt and, 161–162
 - winner-takes-all outcomes, 194
 - win-win outcomes, 193–194
- Nice guys in negotiations, 196–197
- “No” means “no,” 211
- Nomenclature of financing rounds, 7–9
- Noncumulative dividends, 93
- Nondilutive funding, 138
- Nondisclosure agreements (NDAs), 210, 235–236, 261
- Nonparticipating preferred stock, 55–60
- No-shop agreements, 96–97, 107–109, 238–239
- The note, 128

- Observers of boards of directors, 79, 80
- Occipital, 138
- Oculus Rift, 138
- Offering first, 203
- Olson, Ken, 1
- Operating partners, 6
- Optics and redemption rights, 94
- Option budgets, 50
- Option grants, 271
- Option pools, 47–50, 131
- Order of points in negotiations, 202–203, 204
- Original issue discount, 124
- Outside directors, 78, 79–80
- Over-reserving, 178
- Oversubscribed rounds, 25
- Ownership
 - cap tables and, 129
 - securities and, 139
 - by VCs, 2
 - venture debt and, 151

- Part passu, 61
- Participating stock, 55–63
- Partners, 5
- Party rounds, 12, 216
- Patents, 20, 213, 261–262
- Pay-to-play provisions
 - angels and, 10
 - in bridge loans, 126
 - down round financing and, 63–66
- Pebble Watch, 138
- Percentage-ownership method of converting notes, 133
- Perfected liens on intellectual property, 161
- Performance warrants, 184
- Plan B, having, 52, 96, 190, 201
- Plan for negotiations, 189, 199–200
- Post-money valuation, 45–46, 130–135
- Preferred investors in drag-along agreements, 86, 87–88
- Preferred stock
 - conversion of, 55–56
 - holders of, 42
 - price per share of, 45–47
 - redeemable, 94
- Pre-money method of converting notes, 132–133

- Pre-money valuation, 45–46
- Preorder campaigns, 138
- Preparation
 - to meet expectations of investors, 18–19
 - for negotiations, 188–190
- Prepayments on venture debt, 154
- Pre-Seed Rounds, 8–9
- Presentations, 26, 28
- Price and letters of intent, 222–224
- Price per share
 - calculating with convertible notes, 131–135
 - valuation and, 45–47
- Primary source of repayment for loans (PSOR), 149, 164
- Principals, 5
- Prisoner's dilemma, 191
- Private placement memoranda (PPMs), 26, 29–30
- Product crowdfunding, 137–138
- Proprietary Information and Inventions Agreements, 20–21, 103–104
- Pro rata rights, 100–101, 125
- Protective provisions, 81–85, 217
- Prototypes, 31–32
- Purchase price of stock. *See* Price per share

- Raising money
 - avoiding rookie mistakes when, 209–214
 - closing deals, 35–40
 - creating competition, 38–39, 200–202
 - decisions to invest and, 35–38
 - determining amount needed, 24–25
 - evaluating and selecting VCs, 33–35
 - materials for, 26–32
 - stages of deals and paradigms for, 219
 - success mind-set for, 23–24
 - by VCs, 169–171
- Ratchet-based antidilution, 72–73
- Records. *See* Documents
- Recurring revenue loans, 149–150
- Recycling management fees, 173
- Redemption rights, 93–95
- References, asking for, 37
- Referrals, asking for, 211–212, 246
- Registration rights, 98–100, 189, 240–241
- Reimbursement for expenses, 175, 249
- Reinvesting stock options, 230
- Relationship-focused decision process
 - on venture debt, 162
- Relationships with VCs
 - contractual, 253–257
 - development of, 33–34
 - as “first date” or “beer test,” 209–213
 - negotiation tactics and, 161–162, 187–188
- Repayment, sources of, 148–149, 150–151
- Representations and warranties in LOIs, 232, 233
- Reputation
 - lawyers and, 13, 18
 - negotiations and, 193, 194–195
- Reputation constraints, 257
- Research prior to negotiations, 189–190
- Reserves, 177–179
- Restrictions on sales, 102–103
- Restructuring venture debt, 163–165
- Retainers for bankers, 249
- Retention and stock options, 66, 69, 71
- Revenue forecasts, 30
- Reverse dilution, 68
- Right of rescission, 266
- “Rights offering to be completed by company” terms, 96
- Rights of first refusal, 100–101, 182
- Rights of first refusal on sales of
 - common stock, 102–103
- Risk ratings for venture debt, 163–164
- Rules 506(b) and 506(c)/Title II of JOBS Act, 140–141
- Rules of engagement, clarification of, 84–85
- Runway, 151

- The safe (Simple Agreement for Future Equity), 127–128
- Safe harbors, 266–267
- Sales of companies
 - acceleration on, 269
 - convertible debt in, 121–122
 - investment bankers for, 244–245

- venture debt in, 165
- Scope of work of bankers, 247–248
- S Corporations, 264
- Secondary sales, 176–177
- Secondary shares, 103
- Section 409A valuations, 266–267
- Securities, 139
- Securities and Exchange Commission (SEC)
 - accredited investors and, 11, 265–266
 - equity crowdfunding and, 139–141
 - ICOs and, 143
 - registration rights and, 240
- Seed rounds, 8–9, 215–216
- Seed-stage funds, 9
- Sell-side process and bankers, 244–245
- Series A rounds, 8–9, 43
- Series B rounds, 8, 83–84
- Series Seed rounds, 8–9, 43
- Service providers, 269–271
- Sexual harassment, 213–214
- Shareholder representatives in acquisitions, 241–242
- Sharing term sheets, 201, 203
- Silicon Valley Bank, 145, 147
- Simple preferred stock, 55–56
- Single class, investors voting as, 73, 83, 84
- Single-play games, 192, 194
- Single-trigger acceleration, 68, 69, 70, 269
- “Slow no” VCs, 35, 37–38, 39
- Small Business Investment Company (SBIC), 147–148
- Smooth, steady, and smart negotiators, 198
- Social media and finding VCs, 33
- Soft landing, search for, 164–165
- Software companies, 29, 213
- Solvency and convertible debt, 126–127
- Spam emails, 210–211
- Speaking up about bad behavior, 213–214
- SRS Acquiom, 242
- Stacked preferences, 60–61
- Stage of company and valuation, 52
- State registrations, 19
- Stock deals, 225–227
- Stock grants, 270–271
- Stock options
 - employee option pools, 47–50, 131
 - LOIs and assumption of, 228–231
 - retention and, 66, 69, 71
 - vesting of, 66–70
- Straight-line amortization, 156
- Strategic investors, 183–184
- Strike price, 153, 231
- Structure, 218
- Success fees for bankers, 248–249
- Success mind-set, 23–24
- Super angels, 11
- Super pro rata rights, 101
- Syndicates, role of, 12
- Tail provisions, 250
- Teams, importance of, 212–213
- Technocrats in negotiations, 197
- Termination for convenience with bankers, 249–250
- Term loans, 149
- Term sheets
 - as blueprints, 41
 - description of, 1–2
 - economics, control, and, 42–43
 - as nonbinding, 95
 - purpose of, 253–257
 - sharing, 201, 203
 - signing of, 39–40
 - See also* Control provisions of deals; Economics of deals; Letters of intent
- “This is nonnegotiable” phrases, 88
- Time, impact of, on VC fund activity, 175–177
- Time periods for funding, 24–25
- Time to exit and vesting, 70
- Timing of term sheet delivery, 201
- Tit-for-tat in games, 192
- Title, chain of, to intellectual property, 20
- Title III of JOBS Act, 140–141
- Token crowdfunding, 143
- TrackR, 138
- Trademarks, 20, 262–263
- Trade secrets, 20
- Transaction costs, 255–256
- Transparency, 32, 98, 198–199

- Unicorns, 218
- U.S. Patent and Trademark Office, 263
- Valuation
 - determination of, 52–53
 - employee option pools and, 47–50
 - in mid- and late-stage rounds, 218
 - overview, 45–47
 - Section 409A of tax code and, 266–267
 - taking personally, 54
 - warrants and, 50–51
- Valuation caps, 113, 115–116, 117–119
- Venture capital equity term sheets. *See* Term sheets
- Venture capital (VC) firms
 - carried interest and, 172–174
 - cash flow for, 179
 - compensation for, 171–175
 - corporate, 181–183
 - cross-fund investing by, 179–180
 - departing partners and, 181
 - fiduciary duties of, 184–185
 - financing rounds and, 7–9
 - full-stack, 5
 - fundraising by, 169–171
 - hierarchies within, 4–7
 - ICOs and, 143
 - impact of time on activity of, 175–177
 - management fees for, 171–172
 - motivations of, 167
 - reimbursement for expenses of, 175
 - reserves of, 177–179
 - sources of information on, 7
 - types of, 9–10
 - typical structure for, 168–169
- Venture capitalists (VCs)
 - lead, 34–35
 - ownership and control by, 2
 - researching and selecting, 33–34
 - role of, 4–7
 - See also* Relationships with VCs
- Venture debt
 - amortization terms for, 154–156
 - availability of and terms for, 146, 150
 - control terms for, 157–161
 - economic terms for, 151–154
 - equity compared to, 145–146
 - negotiation tactics for, 161–162
 - other loans compared to, 148–151
 - players in, 147–148
 - restructuring, 163–165
- Venture debt funds, 147–148, 156, 161
- Venture partners, 6
- Vesting, 66–70, 270–271
- Vesting cliff, 67, 268–269
- Voting rights, 102
- Walking away from deals, 199–200
- Walking dead portfolio companies, 256–257
- Warrants
 - convertible debt and, 122–124
 - overview, 50–51
 - performance, 184
 - venture debt and, 152–154
- Weighted average antidilution, 73–74
- White, Alex, 190
- Wimps in negotiations, 197
- Wind-down, venture debt in, 165
- Winner-takes-all outcomes, 194, 195
- Win-win outcomes, 187–188, 193, 195
- “Work for hire,” 260–261
- Working capital, 223–224
- Y Combinator, 127
- Zombie VCs, 175–176
- Zone of insolvency, 93