



Virginia Business Lawyers

Point Number 9 on How To Pursue Venture Capital

By: Thomas L. Bowden, Sr. *On Friday, March 18th, 2011*

[Build your team](#) early. In our [last post](#), we covered normal deal terms that affect how ownership is divided and risk shared. This time, let's talk about dividing up the responsibility for work and success.

No matter how smart, committed, persistent, motivated, talented, indomitable and attractive you may believe yourself to be, no one can do it all. And even if you could – what if you get hit by a bus? VC's are said to be risk takers, but in a larger sense they are risk managers. Risk is a given in start-ups and high-tech – it's just table stakes. It's how the VC manages the inevitable risk that matters.

One way they manage risk is by investing in a portfolio or “team” of companies. Before there was such a thing as [modern portfolio theory](#) – even [squirrels](#) knew it wasn't smart to put all your acorns in one tree. Pretty good for a rodent with a [knack for getting run](#) over because it can't make up its mind which way to run...but I digress.

So if you are a VC and you like the product, the market, the timing and the “space” as they like to call it – you really don't want to put all your chips on [Red 21](#). Not even [Reggie Jackson](#) could win the World Series alone. Successful companies are companies first, then they are successful. Any endeavor that progresses beyond the “[Eureka](#)” moment in the shower quickly becomes a multi-dimensional enterprise.

It stands to reason that the same person who thinks up the idea may not be the best person to make it cheaper, better, faster, or to sell it, let alone to sell it into markets the inventor didn't even know existed. And then there is the boring stuff and sometimes the ugly stuff – the blocking and tackling, ordering parts, returning parts, re-ordering parts, negotiating prices, hiring people (and firing them), buying furniture, negotiating leases and on and on ad infinitum.

Say you've got a real game changing, paradigm shifting idea – do you really want to spend your time trolling used office furniture stores and placing employment ads? Maybe not – but somebody has to. When I was the VP of Corporate Development for a start-up, we had some extremely talented engineers we hired from the likes of Motorola and EG&G. But we were on a really tight budget – still in the angel finance mode. The COO and I had offices that overlooked a parking lot, and on the other side was an old motel that was being remodeled. We

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each kept an eye out for furniture that was set out by the dumpsters, and when we saw something usable – we went and got it.

But you can bet we didn't pull the engineers away from their \$30K Broadcom development kits to help us – we did it because it allowed those wizards to keep working. So in a way, the more that you believe you really are the reincarnation of [Thomas Edison](#) or the next [Steve Jobs](#), the more you should want a team around you so you can focus on the amazing things that only you can do.

Venture capitalists, as our [Virginia business lawyers](#) know, want you to have a robust team of talent. What are you doing to start building your team, before your competition drafts all the best players?

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