

April 18, 2007

Making a VC Partnership Work

I'm often asked by entrepreneurs what it takes to make a partnership with a venture capitalist work. To them it often seems like all VCs want is results, results, results. And yes, while that is always a great way to put a smile on your VC's face, building a real, lasting partnership requires a lot more than just "putting up the numbers."

To get started, think of three "Ts" when building your VC relationship: transparency, trust, and time.

Transparency. Tell it like it is, as it happens. A VC is there to help entrepreneurs through tough situations, but in order to find solutions they need to know about problems up front. There's nothing worse than being blindsided with bad news that's already old news to the entrepreneur.

Trust. Build trust by first being transparent, and openly discussing your thoughts and concerns. Even the best CEOs face uncertainty and doubt in their own minds. Share those thoughts with your VC; they will not only help you think through solutions, but will likely trust your future decisions even more, since they know you're collaborating with them at critical junctures of uncertainty.

Time. Combining transparency and trust with time is the final component to building a strong partnership with your VC. Once you've been through good and bad times together, and demonstrated transparency and trust by working collaboratively, the seeds of a strong partnership will be planted and grow in time.

Dave Welsh

Partner

Partech International

San Francisco