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Inside Secrets to Venture Capital

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304 pages

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Inside Secrets to Venture Capital, written in 2001, is primarily for entrepreneurs and is a good read for those people just or recently beginning to learn about the venture capital industry, its players and the general process of finding, accessing and working with venture investors. While not highly technical, the book will allow readers to understand the basics on venture capital, get acquainted with key terms and definitions such as “burn rate, and tranches”, while also providing insight through the quotes, or “Advice from” a venture capitalist, entrepreneurs, angel investor or others spread throughout the book. Below are only some sample take-aways from reading the book (there are many):

Basic Information

- The book defines the typical profile of a venture capitalist, and what they can provide.
- Inside Secrets provides the venture capitalist point of view on working with entrepreneurs as well as the entrepreneurs’ point of view in working with the VCs.
- Comprehend how to find VCs and learn how they prefer to be contacted

Definitions

- Learn the different stages of financing (start-up, first stage, second stage, established and turnaround)
- Understand what a business plan looks like (the book provides the elements or table of contents in a business plan)
- Comprehend how angel investors work

Insight

- Entrepreneurs should know that when competing for capital they are competing against the venture fund’s entire deal flow.
- VC provide critiques and criticisms of different elements of the business plans they have received
- Learn the critical factors that influence venture capitalists decision on funding a start-up (and why they pass on deals).
- Understand what VCs look for in management teams

- Where to find or locate VCs, venture capital clubs or organizations and all other related resources.
- Understand some basics on venture capital valuation

“Advice From...”

- David Cowen, Managing Partner, Bessemer Venture Partners
- Mike Carusi, General Partner, Advanced Technology Ventures
- Patrick Sheehan, Partner, 3i Group
- Shanda Bahles, General Partner, El Dorado Ventures

In all, the book is helpful and resourceful, and especially worth the time if you are relatively new to understanding the venture capital industry (or you are a first time entrepreneur). For those more advanced or more knowledgeable on venture capital, you might find the read a bit repetitive, but still probably worth your time.