

## **Free Your Mind**

### ***Dispelling Myths About Startups and Venture Capital***

**S**ome people ease into starting up their own business by bootstrapping. Nights. Weekends. No outside pressure. No headlines.

Side hustles and lifestyle businesses are the cat ownership of the startup world. It takes real work—shots, toys, the carrier—but the cat doesn't care when you leave for your day job.

A simple piece of software in a niche area can be worked on when you have free time. You can answer customer emails when you get home from work. This approach will proliferate as artificial intelligence (AI) gets better.

Finding a co-founder, raising investor money, and hiring for growth now all goes beyond fluffy pet ownership. It's like having an actual child.

The most important and fulfilling job I've ever had in my life is being a parent. There is nothing better than having a three-year-old spread her arms out wide and say, "I love you this much" or jump in a pool for the first time without someone catching her and say, "I did it!"

There's also nothing more difficult than that same three-year-old thrashing wildly on the floor covered in tears because she doesn't want to go to bed, or even worse, because you gave her a piece of toilet paper to blow her nose instead of the tissue that she asked for.

Being a startup founder often feels the same way. Everybody tells you it's the most meaningful thing you'll ever do—until you're in it, exhausted, overwhelmed, and wondering if you've made a terrible mistake.

In a recent conversation with Na'ama Moran, a founder friend and a parent, we both admitted what few founders will say out loud: you can love the thing you created and still hate what it's doing to you. You can be proud and burned out at the same time.

You can win on paper and feel like you're losing your mind.

Na'ama co-founded Cheetah, a VC-backed wholesale restaurant supply business, and scaled it into a \$150 million multistate operation. On paper, she did everything right. But after years of pushing through, she stepped down. Not because the company failed—but because she was burned out, emotionally wrecked, and questioning the entire system she had been operating inside.

The startup mythology doesn't leave room for that. It tells you this is what greatness feels like: stretched thin, emotionally fried, sleep-deprived, but still smiling for TechCrunch. Founders don't get to say “this sucks” without sounding ungrateful or weak.

But let's be real—sometimes it does suck. Pretending otherwise isn't strength.

It's denial.

One of the reasons why I think it sucks is because it doesn't get you the main benefit you were looking for when you started—agency. People start companies to be their own boss. They want control. Impact. A seat at the table.

Yet, when you're out begging investors for capital, have no full-time employees, and have a product struggling to get users, you don't feel like you're in the driver's seat.

I think Bane described it best in the *Dark Knight Rises*:

“Do you *feel* in charge?”

I'm not saying you shouldn't start a company—but we should all be honest about what you're signing up for when you do, particularly when you seek investor capital to fund it. What you're doing is adding risk. You're on an otherwise predictable career path and taking a sharp detour. It could be a shortcut to wealth, fame, and influence, but it could also be a dead end that requires you to double back. You might have to start all over to rebuild the savings you burned and to restart the steady, upward career trajectory you traded in for a chance at something much bigger.

Years ago, I led an investment into a local ice cream shop called Ample Hills. It was started by a Brooklyn couple, Brian and Jackie—people who seemed to be put on this earth to create the kind of joy that one uniquely experiences in an ice cream shop.

It had become a Cinderella story, selling out of all their ice cream just days after opening. Bob Iger himself, CEO of Disney, was one of the shop's biggest fans. They wound up opening a big factory and a shop right on the boardwalk in Disney World.

I could write a book about what happened over the next six years—someone should—but the short story is that the company ran into some cash flow issues caused by cost overruns, delayed shop openings, and some incredibly difficult investors. They were forced into bankruptcy—losing the business entirely while being saddled with a ton of personal debt.

They had two kids, a mortgage, and no easy path back into the workforce.

As one of their venture capital investors, I always knew this was a possibility—but I've always regretted not making sure they sat with that idea.

We never had a serious conversation about it.

I should have had them acknowledge it—to say it to me—that the chance of taking this national is more important than avoiding failure.

That's how you must think when you take outside capital—that having a shot at making it big is so important that you're okay with also increasing the chance at losing at all. Any founder who takes outside capital should sit with the idea of what would happen if they did go out of business. They should picture it—what would you do the morning after, when you wake up and you don't have your business to run. You have no income—you've taken money from some of your closest relationships and lost it. You've announced to the world that your business has gone under.

How would you feel?

What would you do?

If that sounds like the worst day of your life, good. Picture it. Sit with it.

If you still want to do this . . . now you're ready.

## **Should I Raise or Should I Go?**

A surprising number of founders start with the assumption that raising money is the first step. They'll say, "I can't build this without capital," as if VC is the default price of admission. Raising venture capital isn't just a financial choice—it's an agreement to operate inside a very specific system: speed, scrutiny, dilution, expectations, a binary outcome curve, and a company trajectory that often looks nothing like the calm, profitable business many people actually want to run.

Needing money *cannot* be the only reason to raise. Saving the company is not the same thing as scaling it. Venture capital is not life support. If anything, it's an accelerant—and accelerants only work when there's already something burning.

This section exists to help you pause and ask a more fundamental question:

**Does your business—and do *you*—actually fit what the venture system demands?**

If not, that's not a failure. It's clarity.

Plenty of great companies are not venture-backed companies.

Here's a checklist founders should walk through *before* deciding on taking outside equity investment:

**1. The market supports a billion-dollar outcome.**

Most exits won't be that large, but acquirers rarely pay a few hundred million dollars unless they believe they can *triple the size of the business* once they own it. If the ceiling is lower than that, the venture model becomes misaligned quickly.

**2. Winning the market actually matters.**

Some markets reward being "one of many." Venture-backed markets usually don't. You don't want to be *a* coffee chain—you want to be *the* coffee chain. Value tends to concentrate in the top one or two players.

**3. Now is the right time to start this specific business.**

Founders often raise because they're afraid someone else will. The better question is whether *this is the right moment*: a regulatory shift, technological inflection, or behavioral change that creates an opening.

**4. There's a believable path to compounding growth.**

Venture capital is gas on a fire. It doesn't create the flame. Compounding growth means that each new customer makes the next one easier to acquire—growth accelerates because the business itself reinforces it. If growth remains linear, adding capital won't change the trajectory.

**5. Unit economics improve with scale.**

In venture-scale businesses, the one thousandth customer should be cheaper and more profitable to serve than the tenth. If costs rise faster than revenue, or margins collapse as you grow, the model doesn't bend toward venture outcomes.

**6. Customer acquisition can be repeated by a team, not just the founder.**

Founder hustle can get the first few customers. But venture-backed companies need acquisition methods that can be taught, repeated, and improved with budget. If growth depends entirely on founder charisma or personal relationships, it won't scale.

**7. Raising capital unlocks something meaningful—not just survival.**

If the only pitch is “we're out of money,” that's not a venture case. Funding should accelerate progress that's already happening, not act as a temporary life raft for something that isn't working.

**8. The business becomes stronger as it gets bigger.**

Network effects, switching costs, accumulated data, brand—something should make the next customer *easier* to win. Venture scale requires momentum that compounds as the company grows.

**9. There is a real moat, or at least a plausible path to one.**

A moat is anything that makes the business hard to copy: proprietary data, a unique distribution advantage, switching costs, genuine technology, or a reinforcing network effect. Venture-backed companies need meaningful defensibility eventually, even if not immediately.

**10. Competition will intensify as you succeed—and speed matters.**

If you prove there's real value in a market, larger or better-capitalized players will enter. Venture capital makes sense when *moving faster than competitors* is part of how you win.

**11. You actually want to run a big, fast-moving company.**

This seems obvious, but it isn't. The venture path means rapid hiring, more people to manage, bigger budgets, and less calm. Many founders want a profitable, steady business—and that is absolutely valid, but it's not the venture path.

**12. You're ready for the scrutiny that comes with investor money.**

Boards, reporting, metrics, questions, expectations. You can't take venture capital and then be surprised when people expect visibility and accountability. It's part of the deal.

**13. You're comfortable with dilution.**

Every dollar raised trades ownership for the possibility of a much larger outcome later. Some founders struggle with this emotionally. Venture only works if you're okay owning a smaller slice of a much bigger pie.

**14. The upside is limited unless you raise capital.**

Some companies can scale by reinvesting profits. Others hit a ceiling—they need capital to hire, build, or enter the market before the opportunity closes. Venture fits when outside money is required to capture the real upside.

**15. You're okay with the binary nature of venture outcomes.**

Venture is not designed for modest wins. It's designed for companies that either become very large or don't work at all. Founders need to be comfortable taking that kind of swing.

If you check most of these boxes, the venture model is likely aligned with your ambitions and your business.

If you don't, the takeaway is not “your idea isn't good.”

It's "your idea might belong to a different, and often better, funding path."

This is the myth worth dispelling early:

**Venture capital is not the default path for ambitious founders.**

**It's a specialized tool for a specific kind of company—and a specific kind of founder.**

## Famously Irrelevant

Whenever you read the advice of successful founders on how they raised or grew their companies, you must keep in mind the context about how they started.

Back in 2009, a founder swiped my credit card for a \$2 charge while we sat on a park bench in Manhattan's West Village—using his phone. That might seem uneventful, and a little random, but back then you couldn't do that without an expensive credit card reader plugged into a wall. Those \$2 were #477 and #478 to pass through the very first prototype of the Square—a tiny mobile credit card reader that plugged into the audio jack of a cell phone. You might think that's not much traction for a startup, but the company soon raised millions of dollars at a high valuation, including from the firm I worked for at the time, First Round Capital.

It helped that it was Jack Dorsey, the co-founder of Twitter, sitting next to me on that bench.

Someone could distill the moves he made into a "fundraising tips" post, but how much of it would be relevant to you if you didn't previously start a company that went public?

Plus, Jack never raised capital for Twitter, *per se*. Twitter was a pivot from a podcasting platform called Odeo that was founded by Ev Williams after he sold Blogger to Google. Jack was a contract engineer who had the idea for Twitter while working at Odeo but never raised the first round for it.

Most of the time you hear fundraising advice from exited founders, a lot of it won't apply to you directly. For one, those people raised their first funding years ago—before the current level of competition existed. It was easier to pitch LinkedIn, for example, when professional networking online didn't exist at all. Today's version of that, pitching LinkedIn for GenZ, is much more difficult because LinkedIn already exists—not to mention that technology has changed a ton since then.

My former boss Josh Kopelman, founder of First Round Capital, used to say that people always thought of him as the e-commerce expert having founded Half.com and sold it to eBay for \$350 million. Yet, by his own admission, he founded the company before anyone had ever bought anything from their phones and before Facebook ads ever existed. The e-commerce landscape is so different today that he admits today's founders teach him more about e-commerce than he had ever learned.

If you can't just use the templates and tips of famously successful founders, how are you supposed to know how to do it?

## **Choose Your Character**

There's a saying that history doesn't repeat itself, it rhymes.

That's true in fundraising too. You can't just lift someone else's game plan directly, but there are themes and personas that you can latch onto, or avoid. They each come with their upsides and downsides.

By no means is this an exhaustive list of personas of people who try raise but see if you find yourself in one or more of these.

### ***Green Light***

These are people who tend to raise money easily.

## **The Hacker-Pivoter**

This is the fast builder—the one who can spin up products overnight, experiment with the newest tech, and quickly abandon what doesn't work. The most fundable version of this founder isn't just a great coder—they're already plugged into the community. They show up at events, comment on VC posts, and are known for their skills. That visibility makes it easy to get a first meeting.

Sometimes, these founders don't need a massive hit to validate themselves. Selling a small but meaningful product to a larger company can be enough to prove they can ship, execute, and deliver value. Kareem Amin, before founding Clay, started a company called Frame that was acquired by Sailthru in 2012. It wasn't a blockbuster exit, but it demonstrated that he could build something real that a venture-backed acquirer wanted. That kind of outcome establishes credibility and makes investors more willing to bet on whatever you decide to build next. For hacker-pivoters, reputation and proof points often matter more than any one idea.

## **The Industry Insider**

Other founders come straight out of the industries they're serving. They know the customers, the lingo, and the influential people who can write checks. A real estate founder might raise from a network of real estate families. A recruiter might get money from top search executives in their space.

The big question here is, "How much of an insider are you?" Did you just work at Macys on the floor or did you own all merchandizing for menswear?

The upside is obvious: raising that first million or two can be relatively straightforward, and VCs love seeing customers double as investors—it's a built-in validation that the product matters. The risk is that these investors aren't always savvy about venture terms. Deals

can end up with inflated valuations or messy cap tables. Arch, a platform for family offices, was backed by family offices themselves—a neat flywheel for customer adoption, but those deals aren't always aligned with broader venture norms. That can create friction when you eventually need institutional capital. Industry insiders can raise quickly, but they need to be careful about how those early deals set the stage for later rounds.

### **The Junior Staffer**

Think startup employees from breakout companies or junior VC staffers. They don't have blank-check credibility, but they've seen the process up close. They know what a good deck looks like, what terms are standard, and which investors to approach. Their networks—former founders, bosses, and peers—often provide warm introductions.

These founders usually put together respectable pitches and avoid rookie mistakes. They can raise small rounds quickly, often with support from their former employers. But there's a risk: if their early career was all “rocket ship” growth, they may underestimate how brutal the grind can be.

It's like Derek Jeter winning four championships in his first five years—it sets up the belief that success is automatic. When the next idea isn't a rocket ship, reality hits harder. For junior staffers, fundraising skill comes naturally, but staying power must be earned.

### **Yellow Light**

Fundraising success for these founders is a mixed bag.

### **The Executive**

Some founders come straight out of senior roles in big companies. They carry impressive titles, deep networks, and years of management

experience. On paper, that makes them look fundable—and often, they are. Investors figure their connections will open doors and their polish will make the company look credible.

But there's a catch. Many of these executives are motivated less by a burning problem and more by the idea of breaking out of the corporate grind. And most of them have never actually seen products get built well. Fortune 1,000 companies don't ship at startup speed or startup quality, and executives rarely get close to the trenches. That lack of scrappiness shows up quickly when they're expected to operate without layers of support, and it can leave them unprepared for the realities of building from zero.

### **The Credentialed Academic**

Some founders come out of labs or research institutions with deep technical credibility. They bring patents, intellectual property, or expertise in fields like biotech, materials, or AI. But academic pedigree alone isn't enough. The DNA of the team has to include startup experience—either by pairing the academic with a business co-founder or by spinning out of an institution that already has a track record of launching companies.

The strongest examples are when the academic isn't just a technologist hunting for someone else to commercialize their work, but when they've built their own industry ties—consulting, collaborating with companies, or otherwise staying close to the market. That combination of technical depth and market connectivity makes them fundable. Without it, investors worry they'll get stuck at the lab bench.

### **The Missionary Founder**

Some founders are driven by a personal mission. They've lived the problem themselves or seen it up close—parents of a child with a medical condition, educators fed up with broken systems, immigrants

navigating costly remittances. That authenticity makes them compelling storytellers and often draws in early believers.

When the mission overlaps with a lucrative market, this works beautifully. Investors love backing founders who clearly care and who bring real insight into customer pain. But it becomes a problem when the passion doesn't translate into profit. Missionary founders can struggle to understand why VCs care about margins and scale, and why "saving the world" isn't enough on its own. Without a path to making money, the mission alone won't sustain a venture-backed business.

### **The Celebrity or Influencer Founder**

Some startups are built around the reach of a celebrity or influencer. The pitch is simple: millions of fans translate into millions of potential customers. That story can get investors interested, but the reality is riskier. Most of the time, the startup is just another side project. Celebrities often spread their attention across multiple ventures, and their teams lean on outsourced development shops that balloon in cost. Like an entourage, they attract people who see it more as a fame-and-money play than a disciplined company.

There are exceptions. Kim Kardashian was deeply involved in the creation of *Kim Kardashian: Hollywood*, the mobile role-playing game developed by Glu Mobile. She approved every outfit used in the game, participated in discussions around features and in-game events, and reviewed milestones from early alpha builds through to the final gold master. That level of attention made her involvement a genuine asset. But that's the rare case. For most celebrity-led startups, unless the star commits their time and influence at full strength, the company never escapes being just a vanity project.

### **Red Light**

These founders will struggle to raise.

## **The Wealthy Hobbyist**

Every so often you meet a founder who doesn't need outside money. They might come from family wealth, a lucrative professional career, or other sources outside the startup world. They can fund the early stages themselves, which on the surface seems like an advantage. But VCs usually keep their distance.

The problem isn't the money—it's the mindset. Wealthy hobbyists often feel like they don't need to be told anything, and they're not eager to grind through the hard parts of building. Without urgency or coachability, they struggle to build momentum. From the outside, it can look less like a company in the making and more like a side project with unlimited runway.

## **The Outsider**

This is the founder who shows up with a product but no community presence, no warm intros, and no sense of how fundraising works. They're the type you might see pitching on *Shark Tank*—earnest, heads-down, but disconnected from the networks where capital flows.

The truth is that outsider status today is often self-inflicted. VCs aren't hiding. They publish thought leadership, show up at conferences, sit on panels, and post constantly on social media. In a world where there are free events every week with investors on stage, staying invisible is a choice. If you've been too inwardly focused on your business to engage at all, it's going to be almost impossible to get funded.

On top of that, outsiders often get the basics of fundraising wrong. They'll say their seed round should take them to a \$2 million Series A—when in today's market that would be the world's tiniest A round. These kinds of mismatched expectations flag inexperience immediately and make VCs check out.

## **The Beggar**

Another red flag is the founder who acts like a supplicant instead of a peer. They're so overwhelmed and intimidated by successful people that they can't bring themselves to make real asks. Instead, they hover on the sidelines, hoping someone with money or influence will notice them and offer help on their own time.

This posture undermines credibility immediately. Investors want to back leaders who see themselves as equals in the room, not petitioners waiting to be chosen. A founder who can't own their ask comes across as someone who doesn't truly believe they belong—and if they don't believe it, no one else will either.

Fundraising isn't about copying Jack Dorsey, or Kim Kardashian, or anyone else. It's about knowing the hand you're holding—the starting point you bring into the room—and playing it with clarity. Investors respond differently depending on whether you're a hacker, an insider, an academic, or a hobbyist.

That doesn't mean you're stuck in one lane forever. Hacker-pivoters can become insiders, missionaries can learn the business side, outsiders can choose to engage. But pretending you're something you're not only leads to frustration. The key is to recognize where you're starting, be honest about the advantages and disadvantages that come with it and raise money on terms that fit your persona—not someone else's mythology.

## **Winning Mindsets**

Who you are matters, but your mindset counts just as much. You could have the best background on paper, but your approach, confidence, and character are the fuel in the engine.

Starting any kind of project—be it a company, a charity, or even a community garden—will be a series of ups and downs. Not everything

will go your way. Every time you make some progress with one thing, something else goes off the rails.

Welcome to startup life.

In my experience, there are two categories of mindsets people have when setting out to raise for the first time. You can divide them up by combinations of the advantages they start out with and their mental and emotional approach.

Some of these “startup life” circumstances are beyond your control. There’s nothing “anyone” can do about them. Others are solvable problems.

The thing about solvable problems is that not everyone has equal resources to solve them. This is a completely unfair fact of life. If you were born into money, for example, you can probably put more things into the “Things I can change or solve” group than someone who never had any money. If you come from a well-connected family with a big network, you undoubtedly have more ability to solve problems than someone who isn’t connected to anyone or whose family just arrived in this country.

Let’s call these two general categories of people “resourced” and “underresourced,” which obviously gives you a different mindset going in. It can be a great help to know that you’ve got a big network and proximity to successful people.

Your assumptions around the influence you have on your own life matters as well. That’s another category. Lots of people start with nothing and make it big. Some people also start with a lot and never really level up or make something of all the advantages they started out with. In my experience, people tend to either feel responsible for everything that happens to them, looking inward all the time for answers (or blame), or they feel like their life is mostly influenced by forces on the outside—by other people or systems.

We'll call the people who feel like most things are in their control “drivers” and the people who feel like the world is just taking them for a ride “passengers.”

When you combine all the possibilities of which of the two groupings you're in, you wind up with the four mindsets in Figures 1.1 and 1.2.

Type	Belief & Locus	Attributes	Pros/Cons
<b>The Inside Track</b>	<b>Driver—internal locus</b> “I shape my outcomes.”	Confident, well-networked, often white/male; seen as “default fundable.” Pitch big visions, assume success, and leverage strong support systems.	<b>Pro:</b> Clear, bold pitch; knows how to “work the game.” <b>Con:</b> May be untested, entitled, or skip hard work.
<b>The Drifters</b>	<b>Passenger—external locus</b> “Things happen to me.”	Credentialed and steady but risk-averse. Favor safe ideas and blame setbacks on external forces.	<b>Pro:</b> Appear fundable on paper. <b>Con:</b> Lack urgency or breakout thinking; hard to get excited about.

**Figure 1.1** Resourced Mindsets (Those with Financial Security, Network, Education)

Type	Belief & Locus	Attributes	Pros/Cons
<b>The Fighters</b>	<b>Driver—internal locus</b> “I shape my outcomes.”	Scrappy and determined, they grind for every inch. Often overlooked at first, but impress with persistence and clarity of purpose.	<b>Pro:</b> Hustle, grit, self-awareness, purpose. <b>Con:</b> Lack networks, confidence, and momentum.
<b>The Stranded</b>	<b>Passenger—external locus</b> “Things happen to me.”	Idealistic but disconnected. Often doubt themselves, don't ask for enough, and feel “lucky to be in the room.” Wait for someone to discover them rather than driving their own story.	<b>Pro:</b> Sincere and thoughtful. <b>Con:</b> Lack networks, confidence, and momentum.

**Figure 1.2** Underresourced Mindsets (Those Facing Financial, Systemic, or Network Barriers)

What you hear about fundraising depends a lot on whether you're talking to Resourced Drivers (Inside Track), Underresourced Drivers (Fighters), Resourced Passengers (Drifters), or Underresourced Passengers (The Stranded).

## ***Resourced Drivers***

Many of the most successful founders—the ones we are told we should look up to—have two things going for them. First, they're in the mindset of being a driver. That's pretty obvious. They act as if they can affect the world around them more than the world affects them. If they encounter a problem, they feel like they can do something about it.

Sometimes, you'll see this referred to as the “entrepreneurial mindset.”

It's hard to separate having this kind of mindset from the fact that they're also likely to be well-resourced at the start. While they might not feel “privileged,” they may have had a certain level of financial stability, housing stability and educational support that not everyone gets.

This doesn't necessarily mean “rich.”

We tend to forget how difficult it can be for some people in “wealthy” countries and cities given how unevenly wealth can be distributed. Even in the United States, if you had stable housing, two parents with stable incomes, family stability, and a good education, you grew up in a fairly well-resourced environment compared to the average.

And, statistically, you are more likely to be white if you have all of those things.

I wish more entrepreneurial influencers acknowledged this. You often hear successful people say, “My family wasn't rich. My parents owned a small local business and they hustled. I learned that hustle from them and grew my fortune all on my own through hard work!”

What you're not hearing them say, even though they should, is, "I was really fortunate. I never had to choose between working on my business and having a roof over my head. My parents didn't need me to make money for them. I was able to bootstrap because they had the space for me to live at home and I wasn't obligated to pay my share of the food that I ate, or for rent or utilities."

That kind of thing makes all the hustling a little easier.

Combine that advantage with the feeling like they're driving and able to impact the world—and now they're basically Avengers. Having the means "and" the motivation can feel like a cloak of invincibility in a video game.

This, of course, assumes that they're comfortable with some level of risk. Not everyone is. Some people who grow up in successful environments don't want to do anything to mess that up. There's a lot of fear of failure for people who have never experienced it.

Resourced drivers might face a lot of pressure not to squander the opportunity to do something more traditionally successful, like becoming a well-respected doctor or lawyer. I might argue that these people aren't really drivers. They don't feel like they actually have the power to choose for themselves what they want to do. These folks are pushed into the passenger seat by their risk aversion—excelling in an otherwise "safe" field.

When they are willing to take a risk, resourced drivers tend to feel like their ideas are a train leaving the station—that they're pitching something that investors are lucky to get an opportunity to see. The results in an incredibly confident pitch that investors will feel compelled to lean into. When these folks talk about fundraising in podcasts or other interviews, you might feel like they're just cut from a different cloth than you—and that you'll never have that level of confidence no matter how convinced you are about an idea.

One place where initial confidence makes a huge difference is that the best fundraisers are also using their networks to leave no stone unturned in their own due diligence process for an idea. Their belief in an idea compounds because they were confident enough to put themselves out there to some incredibly successful and important people. When they build software for banks, they don't just ask a bank teller how they use software—they network their way to the CEO to get feedback.

When you get bank CEOs getting excited about your idea—selling investors on it is going to be a piece of cake.

On the other hand, being well-resourced sometimes leaves founders a bit lazy. They skip the grunt work of testing their assumptions by putting their idea up to discerning customers. While they have no problem sharing a vision with investors, but direct questions about competition or go to market are met with dismissal. They haven't quite done all the homework needed to properly vet their idea or hammer out a plan, nor have they considered the possibility that they're not right.

Some of these founders are going to be able to raise a first round of capital based on the strength of their networks and their unbridled confidence. Not to worry. They're very quickly going to have to learn some hard lessons. They might need to pivot or go through some really difficult periods in their startup when things aren't working (to their surprise). Some will recover—and it will all be a tremendous lesson for them. They'll learn not to make those bad assumptions ahead of time and learn a hard lesson on the amount of work it will take to succeed. While things might be easy for them upfront, it's not going to be smooth sailing for them all the way.

When they fail, they'll be back at it again with another idea—because they don't fear the scrutiny of failing and its impact on their trajectory.

These folks will make you feel like fundraising is a bit of an insider's club—because you can't figure out how they raised in the first

place. They didn't have more traction than you did and it feels like their story is a bit of smoke and mirrors. Yet, both things can be true—that they did sell a big vision and vaporware to start, thanks to a big leg up, but they made that work and have turned it into something real.

You'll feel like you could have done the same with their kind of start, but you won't appreciate how much they've learned along the way and how good they've gotten as founders.

When you hear about fundraising from them, the way they say to pitch all these investors a big vision feels like lying to those who don't have the cushion they have to fail while losing other people's money.

## ***Underresourced Drivers***

Some people cannot be stopped.

Nothing can get in the way of their success.

These are the people who some will put up as examples when they say, "But look at this person. They did it, despite their disadvantages."

Sure, no matter what level of hardship, hard work does pay off for some people, especially with a lot of luck. It just doesn't happen for nearly enough people who come from underresourced backgrounds.

This is another piece of bad data that I really hate—that because *some* people break out of structural inequity that all it takes for everyone to do so is hard work.

That's BS.

For example, high post-incarceration rates of unemployment aren't the fault of those who were formally incarcerated who can't find work just because "some" people who were incarcerated found jobs and turned their life around.

Feeling like a driver no matter your circumstances can put a lot of pressure on yourself. If you've had the odds stacked overwhelmingly against you, your "no excuses" approach might be too much weight to bare.

Sometimes, pride makes it hard for you to accept help. The hesitance to rely on others, especially from those who are better resourced than you, can be extremely shortsighted. Everyone needs a little help once in a while. Starting a company is all about building up a team and a network of resources that you can leverage to get ahead.

A CEO can't do everything themselves.

The best underresourced drivers move heaven and earth to make it work, impressing the hell out of investors, busting through the myths about who gets funded. Others crash under the pressure of trying to do it all on their own.

When these folks succeed, they'll make you feel like anything is possible, but when they end up underperforming, you'll feel even more like the system is broken, because all their hustle and grit should have gotten them a better outcome.

### ***Resourced Passengers***

For some people, starting a company feels inevitable. They do all the things they feel like they're supposed to do—go to top schools, take consulting or banking jobs, and then decide, often when getting an MBA, that starting a company and being an entrepreneur is the thing to do.

They often settle on an idea that feels a bit like a 7 out of 10—something solid but not particularly risky. There's nothing wrong with it, but it's not anything anyone gets excited about—because how could it? Their path isn't so different than anyone else's, so why would their idea be special?

Because they're well resourced, they have a nice résumé and sound smart, but they're not breaking any eggs along the way. They follow a lot of rules and things go okay, but not great. At some point, they'll run into the fact that their company just doesn't make the cut because it never breaks out—even after a small round of funding, which didn't come easy either.

They won't be able to figure out why investors aren't excited and because they feel like life happens to them. They'll inevitably blame investors for being shortsighted, or biased, or the cycle, or customers for taking too long, or anyone else but themselves.

They often have the kind of network to land on their feet—often joining the other side as investors, or in some kind of visible leadership position where they're aiming to help new founders. Inevitably, those who aren't straight white guys end up parroting the same statistics about who the system works for and who doesn't, when in reality, their idea was never top tier nor was their ability to raise.

### ***Underresourced Passengers***

You've got an idea, but you're waiting for investors to tell you whether it's good or not—and you feel lucky that they even made time for you given what you hear about who gets capital. You haven't strived to build your network among really accomplished folks because you always get caught up in “Why would they ever want to meet with me? What could I possibly offer them?”

How is it possible that you even decided to be a founder? You probably found your current career to be a bit of a dead end and you have an idealistic view of what it would be like if you got “chosen”—like the winners on *Shark Tank*. You'd like to be your own boss, if only someone would give you a shot.

Over time, because you're going through the typical channels, filling out forms on investor websites, applying to angel groups, trying business plan competitions, you're feeling like it's not going to happen. Similar to your well-resourced passenger counterparts, you'll feel like it's the fault of investors and the system—because of their bias or unfamiliarity with the area you were building in.

You'll feel bitter about the experience and a bit hopeless—and it will probably be the only thing you try to start.

I've seen founders in every quadrant succeed—and fail.

What makes the difference usually isn't the idea. It's self-awareness, clarity, and the willingness to do the unglamorous work of building relationships, asking for help, and getting back up when the world says no.

You may not control the rules of the game, but you can control how well you play your hand.

## **Level Setting and the Fundability Scorecard**

Before we dive into Chapter 2, I think it's good context for you to level set where you are.

That's one of the hardest things to do in fundraising. VCs don't give you much feedback, so when you get passed on, you don't know if you're a solid 7 or a “can't get you out of the room fast enough” 2.

The truth is, there's no single objective way to measure the “fundability” of your startup. The decision to fund a company is a combination of a lot of human factors—an assessment of one group of humans by another group of humans, fraught with apples-to-oranges comparisons.

Yet, everyone has an opinion about how a company measures up—especially the founder. So how do you know what truth is?

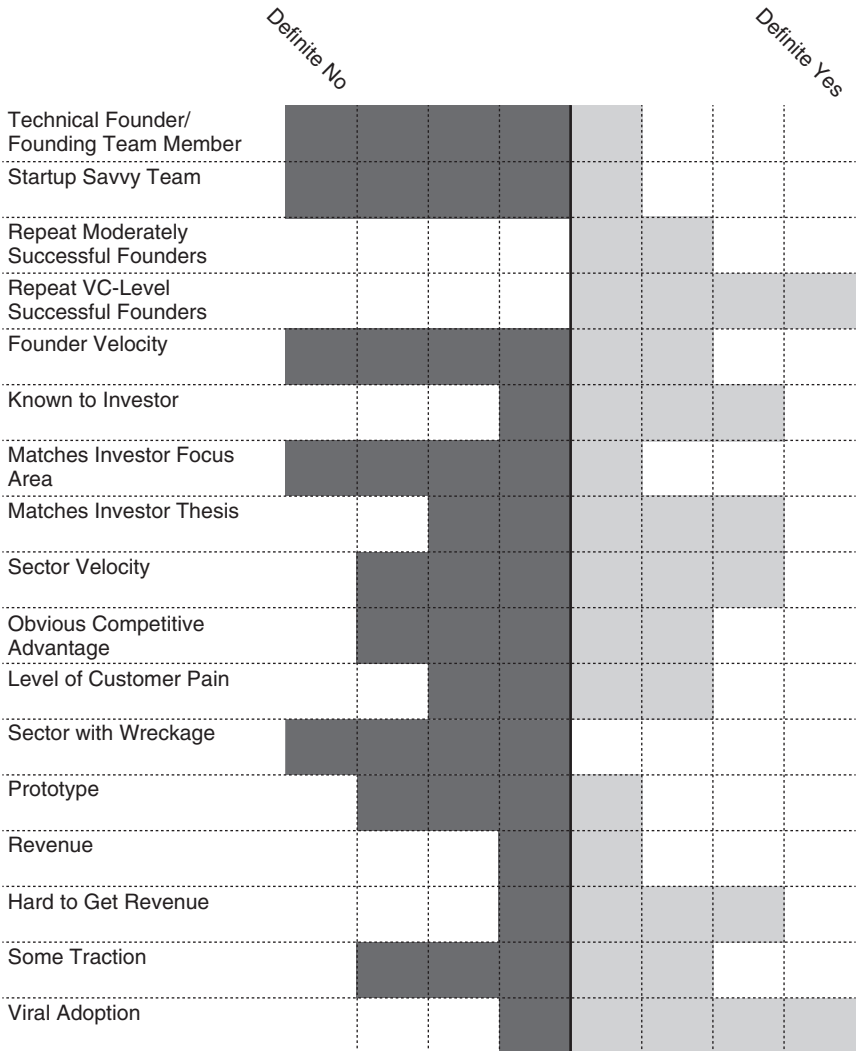
Think of it like proving your identity. You need some from column A, some from column B. A driver's license counts for two points. A passport counts for four. A utility bill only counts for one. No single piece does the job on its own, but stack enough together and you pass the check.

The same is true in fundraising. Certain attributes don't buy you much upside, but their absence really hurts you. Others can tip the scales dramatically. Some are just unfair advantages—like being a known quantity to the investor.

Not all attributes carry the same weight. Some have heavy downside if you're missing them but don't add much upside if you have

them. Others are rocket boosters when you've got them but don't count against you if you don't. A few are only downside, or only upside.

Figure 1.3 shows how they tend to impact your chances of raising.



**Figure 1.3** Startup Fundability Chart

If you're looking at Figure 1.3, you'll notice that every attribute sits on a horizontal bar ranging from Definite No on the left to Definite Yes on the right. But unlike a symmetric scorecard, the bars aren't all centered. Some stretch much farther in one direction than the other. That's intentional.

The length of each side tells you how much that factor helps or hurts you in a fundraising process. Some have steep penalties when missing but almost no reward when present—others have massive upside potential but barely count against you if absent. That imbalance is the reality of how investors think.

For example, having a technical co-founder barely moves you to the right—it's table stakes because *someone* has to build your product and most tech companies seeking capital have one. Not having one drags you way to the left. Yet, you can still get funded without one by scoring high in other categories. Maybe you built and sold your last company without one.

The same goes for basic startup fluency: knowing what a SAFE is (a Simple Agreement for Future Equity) doesn't earn applause, but fumbling the vocabulary signals you're not ready.

On the other hand, certain attributes extend far toward the Definite Yes side with almost no left-hand penalty. A repeat founder who's already sold a company, or someone personally known to the investor, gets a disproportionate boost. However, since most founders don't have that, it's hard to take points away for it from the majority of your deal flow that are first-time founders.

How squarely something fits with what an investor is looking for requires some specificity. Just because I focus on Insurtech doesn't mean I'm willing to do "every" Insurtech deal, but if you specifically are building in a way that aligns with my thesis that governments are going to have to start backstopping certain risks, then I'm leaning in already.

Velocity is an interesting one. The speed of the space you're in counts as equally positive or negative—but the speed you're moving

as a team counts double on the downside. In other words, it's good that you're moving fast, but it's kind of expected.

If you're moving too cautiously, you're toast.

Having a prototype has become table stakes these days—especially in a world where you can vibe code (using AI) your way to almost any basic app. Not having anything to show is a lot of points off.

Revenue is a tricky one—having some of it doesn't buy you nearly as many points as you would assume. Having difficult-to-get revenue, however, like a contract with a school district if you're an edtech company, counts for a lot.

A “sector with wreckage” lives deep in the gray toward No territory, with little chance to earn its way out. Conversely, “viral adoption” lives on the opposite end—pure upside. Nobody expects you to have it, but if you do, it outweighs almost everything else.

What the grayscale makes clear is that fundability isn't binary. You're not building one perfect résumé of checkboxes. You're assembling a pattern of strengths that outweigh the inevitable weaknesses. Your job isn't to fill the whole chart in dark gray on the right—it's to understand which parts matter most, which ones you can fix, and which you simply need to offset somewhere else.

The point isn't to tally up a numeric score—it's to understand where you're strong, where you're weak, and how you should talk about each.

- ☑ Fix what you can (e.g., hire the missing technical founder).
- ☑ Frame weaknesses in context (e.g., small revenue, but from the hardest customers).
- ☑ Acknowledge the unfair ones (e.g., tough sector history) and overcompensate elsewhere.

You don't need to pick up all the possible points to get funded, but you do need enough points in the end to clear the bar.

