

# Winning Lessons for Venture Capitalists in the Conceptual Economy

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Venture capitalists continue to play an integral role in a changing economy. Google, Facebook, and eBay are results of venture capitalists taking chances during evolutionary stages of these companies. Venture capital is a type of private equity that possesses high degree of risk, but in return offers an opportunity for potentially high returns. Until recently, the idea of venture capital and venture capitalists investing millions of dollars in companies with a viable risk of losing it all - was limited to mature economies. Venture capitalists enjoyed the luxury of hand-picking the ideas that they wanted to invest in.

We are witnessing a new trend of micro venture capitalists emerging in the United States and elsewhere. This has stiffened the competition within the investment community for venture capitalists to be creative - to find good deals.

## **Organize Curated Events:**

Gone are the days, when a venture capitalist could run a sustainable venture capital firm from his or her office. These days, leading venture capital firms are organizing curated events, opening events to the public and keeping the knowledge transparent. Kleiner Perkins Caufield Byers (KPCB), one of the leading firms based out of Silicon Valley organizes KPCB 12 - 200 curated events open to both KPCB portfolio and non-portfolio companies.

Sequoia Capital, another prominent name in the venture capital community, organizes DRINKUPS, regular events that bring Sequoia partners and portfolio founders.

In the conceptual economy, collaboration and transparency triumph over strict competition and a closed culture. By inviting non-portfolio companies and the public to these events, the venture capitalists get an opportunity to learn as much if not more from entrepreneurs and startups, which attend these sessions.

## **Leverage Organizations Dedicated to Fostering Entrepreneurship:**

Startup Weekend is a popular enterprise building weekend activity for business novices and aspiring entrepreneurs. It is a 54 hour marathon, where participants share ideas, find complementing co-founders, go through a process of validating their ideas and eventually present ideas in front of judges - to get advice and win prizes. Venture capitalists have started to take a notice and started visiting these events to find entrepreneurs to invest in.

This is a great example of the way that venture capitalists can find entrepreneurs and startups - at their best. I was one of the panelists on the venture capital forum at the International CES event. All on the panel agreed that the most important factor when it comes to investment is betting on the right founders. And, it is extremely important to find out more about the founder entrepreneurs beyond what is highlighted in cookie-cutter business plans.

### **Explore Hard Science**

We are entering a new era - the era that demands strong competence in the areas of science and technology. Venture capitalists need to expand their portfolio, by including early-stage startups that focus on hard science. Nanotechnology is the potential exponential growth area that we can not ignore as a society. Peter Thiel, a successful venture capitalist said it best,

“We’ve seen innovation in Bits, but not enough in atoms.”

What sets venture capitalists apart from safe investors is the belief that massive risk yields massive return. For every Facebook, prominent venture capitalists fail with many other investments miserably. While emerging micro venture capitalists like 500 Startups, Y Combinator and Techstars offer opportunity for mostly eCommerce early stage startups, it is

that time again for traditional venture capitalists (and forward thinking relatively smaller newcomers like the Vegas Tech Fund) to take risk and invest in game changing, paradigm shifting technologies such as Nanotechnology.

Venture Capitalists in the early knowledge era took chances on Intel Corporation’s hastily typewritten one page business summary - the type of early venture capital that proved to have paved the path for an exponential growth within the computer industry.

It is once again time for forward thinking venture capitalists - to embrace collaboration, innovation and to take enormous risks on entrepreneurial optimism and start investing in mere ideas.