Twitter Thread by Elizabeth Yin



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Some wed night thoughts on investor “value add”:

1) At the end of the day, money is a commodity. That mere fact should make every vc shudder.

It is amazing how many ppl (incl myself) clamor to get into a commodity business!

2) As such, to differentiate, different investors provide other things beyond money. Sometimes it’s community. Sometimes hiring help. Sometimes expertise or sector-focused networks. Etc

3) And some VCs are truly value add! For example, if I had an edtech co, I would hands down raise from @jwdanner - he has been there as an entrepreneur, built schools, and invested in so many hit edtech companies.

4) But at the end of the day, regardless of who invested in you, it’s the founders + team who are doing all the work.

5) when I think about what I’ve done for my own founders, it’s ranged from doing intros (mostly to other investors) to cust acq advice to feedback etc

But the reality is - all of my founders would’ve figured out how to get that intro or that piece of advice w out me

6) if I’m going to be honest w myself, probably the biggest value add I’ve provided is being a shoulder to cry on.

Entrepreneurship is such a lonely road. And often as ceo or the founders you hit so many rough patches and you can’t / don’t really tell anyone

7) We all hit rough patches in the road. Even some of my best companies were not all roses and butterflies and those founders really cried - either out loud or in their heads - a lot!

8) as a matter-of-fact personality, I’m not an inspirational person who can make you feel like $1m bucks (go to @ericbahn for that!). But I can be a lending ear, a shoulder to cry on, & sometimes have a few encouraging words so you walk out feeling a bit better.

9) That’s probably how I’ve been the biggest value-add - to just be that friend who is there when the world seems to be falling apart.

10) Ultimately, doing a startup is all about morale control. In the beginning morale is so high! It’s not because you have money or anything - it’s sheer excitement.

Later, you make progress, but morale often drops. And you have more than you started. Why?

11) Clearly ppl’s spirits are not always correlated w absolute progress in the business. It’s correlated w how *they feel*.

And that is what investors can impact the most - for better or worse!

12) this is why the things I care most about are 1) how my founders are doing *as ppl* (you can’t even think about building a great co if you’re falling apart yourself), 2) how can I help make a situation *more* positive even if it’s crappy.

At least this is what I try to do