# Twitter Thread by Anand Sanwal

**Anand Sanwal**
@asanwal

## 1/ Some signs to look for that suggest your startup equity won't be worth shit

## (note: there are probably exceptions but generally, these will steer you right)

2/ Companies who talk about innovation in HR and other functions more than they talk about innovating on the product

Gimmicky isht like this is never a good sign

3/ Billion dollar valuation pre-product

4/ Mid- to later-stage company and the about us page is all about their investors

That's ok at the early stages but eventually you gotta build some shit for customers

If you're bragging about your investors at Series B, C, the actual biz model is fundraising

5/ Where the revenue/raised ratio is totally f^cked aka low

This is co revenue / total raised

Esp problematic as companies get more mature

The best companies are machines at turning $ raised into revenue at some point

Bit more here https://t.co/xo0rNZ631n

> Some SaaS revenue/raise ratios of cos (anonymized) who've raised in last 3 months.
>
> Collaboration software = 0.25-0.37x
> Research & data analytics = 0.28x
> Biz Intelligence = 0.12x
>
> Some comparison points

> Domo pre-IPO = 0.16x
> Tableau (at IPO) = 8.51x
>
> Frothy out there or rational?
>
> — Anand Sanwal (@asanwal) November 30, 2018

6/ Media articles where the co's revenue projections keep changing

In 2020, they said they'd do $25M in revenue to a journalist

In 2021, tell other journo they did $15M in 2020 and are expecting $50M in 2021

Beware of team good at storytelling but who stink at actual delivery

7/ Early stage founders (Seed/Series A) lecturing others on how to build a business vs actually talking about their business

Personal brand building founders trying to be 'gurus' are almost always a total dumpster fire

8/ Founders that rush into raising $ to build a co in a hot space to become player no 10

These folks aren't actually motivated by the problem they're solving. They just see an opportunity for a quick flip

They'll get bored when the momentum dies and then they'll pivot to web3

9/ Related - worth understanding this also when evaluating a startup offer

https://t.co/46NzVF6Gu5

> 10000%
>
> There are going to be a ton of folks whose options are dead money cuz the 409a is very close to preferred share price AND the preferred share price is just too damn high
>
> If joining a startup, heed this advice https://t.co/tuKcwGEvm8
>
> — Anand Sanwal (@asanwal) January 28, 2022

10/ Related - more tips on how to ruin your startup

https://t.co/VF2ySmZb7k

> Your startup has more than 5 people
>
> Here's 18 things you can do in 2022 to screw it up

Want your startup to end 2022 weaker than when you started?

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\U0001f9f5 (ya, I know)

— Anand Sanwal (@asanwal) December 12, 2021