

A white unicorn with a single, spiraling horn is shown from the chest up, wearing a grey hoodie. The unicorn is looking slightly to the right. The background is a solid, dark blue color. The text is overlaid on the unicorn's face and neck area.

**THE MAGIC AND FLAWS BEHIND
BIG THINKING**

YOU KNEW ABOUT

DREAMING BIG, AND THINKING DIFFERENTLY



YOU KNEW ABOUT

THE TRADEOFFS

| | Startups | Big Tech |
|----------|--------------------------|-------------------------------------|
| The good | Learning Impact | Specializing Financial stability |
| The bad | Financial risk Stress | Lack of purpose Bureaucracy |
| The ugly | Failure | Misaligned incentives |

YOU KNEW ABOUT

MANAGING RISK, AND BENDING THE RULES



YOU KNEW ABOUT

GOALS, OKRs, and KPIs



YOU KNEW ABOUT

**GETTING TRIBAL, TEAM SIZE,
AND LUDICROUS MODE**



YOU KNEW ABOUT

MATCH QUALITY AND SUPERPOWERS



- CREATIVE THINKING
- CRITICAL THINKING
- SYSTEM THINKING
- EXPERIMENTATION
- PATTERN MAPPING
- SITUATIONAL AWARENESS
- NEGOTIATION SKILLS
- RADICAL CANDOR
- DECISIVENESS

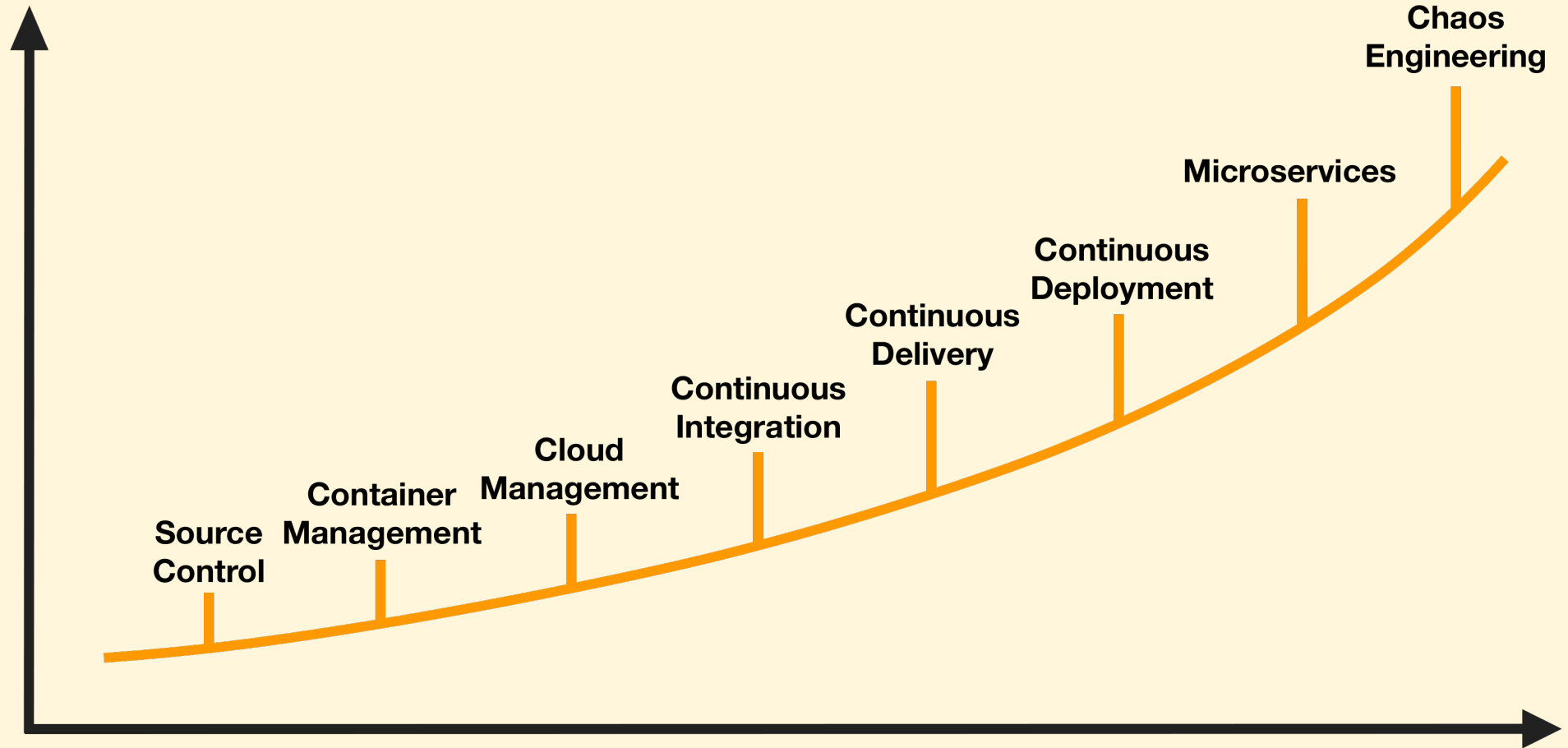
YOU KNEW ABOUT

LEAN, MVPs, AND PRODUCT MARKET FIT



YOU KNEW ABOUT

ENGINEERING AND DEVOPS

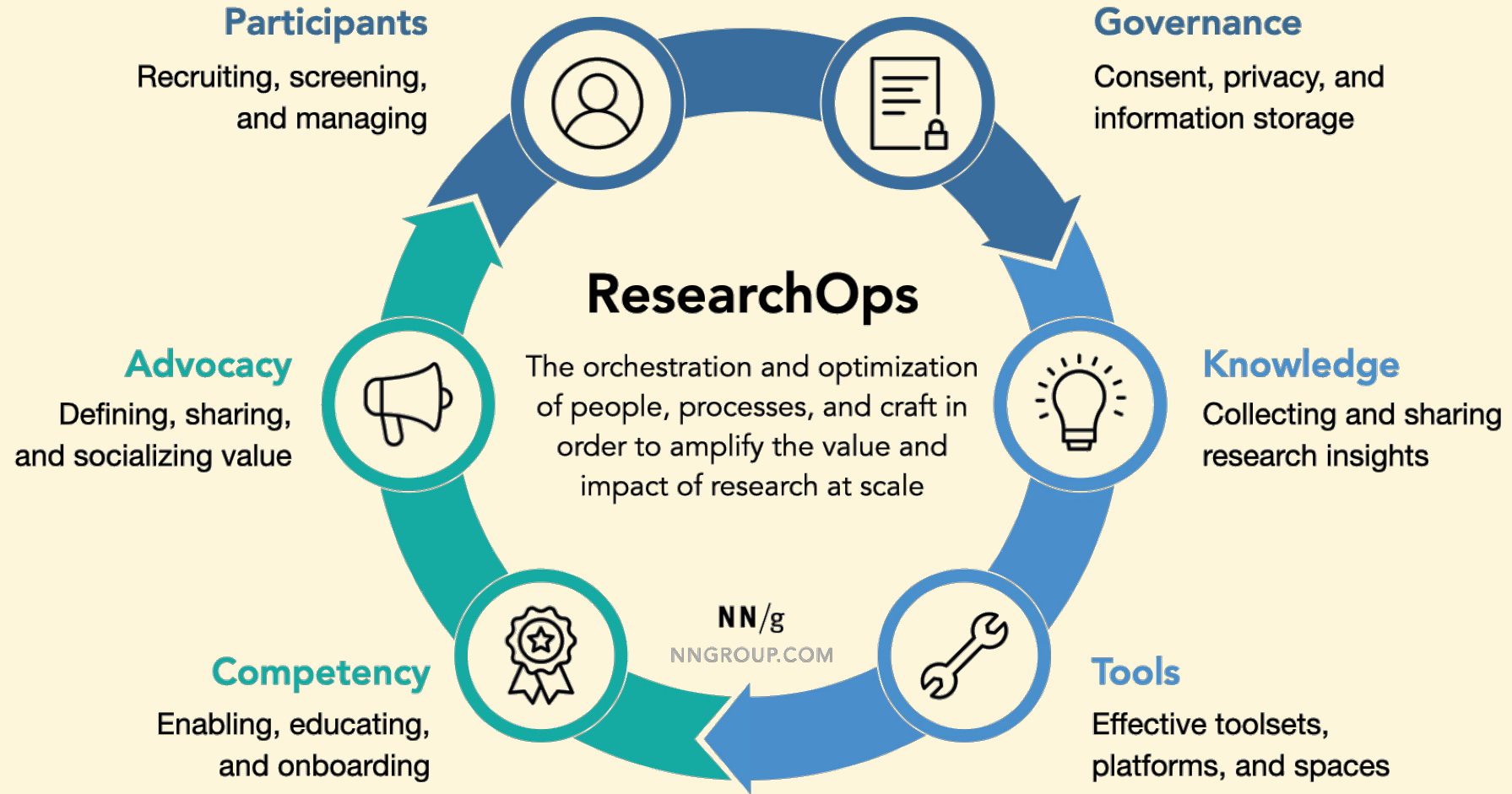


YOU KNEW ABOUT

DESIGN THINKING AND JOBS-TO-BE-DONE



YOU KNEW ABOUT USER RESEARCH



YOU KNEW ABOUT
CUSTOMER OBSESSION



YOU KNEW ABOUT

INNOVATIVE CAPACITY

p_t = **practice** (cumulative sum of the team)

e_t = **team empathy** (as a function of team dynamics and motivation)

e_s = **self empathy** (as a function of self awareness and reflection)

e_u = **user empathy** (as a function of engagement, observation and immersion)

t_c = **team composition** (as a function of diversity in experience and personality)

i_o = **number of original ideas generated**

i_d = **number of divergent additions on original ideas**

d_e = **domain expertise**

d_b = **domain perceived need/solution bias**

d_c = **domain contribution quotient**

I_n = **innovation capacity**

$$I_n = p_t(2e_t + e_s + e_u + t_c) + d_c$$

Source: Matt Rothe



YOU KNEW ABOUT
PRICING, PACKAGING, AND POSITIONING



YOU KNEW ABOUT

ACQUISITION, ENGAGEMENT, AND RETENTION



YOU KNEW ABOUT

TOP DOWN AND BOTTOM-UP SELLING



YOU KNEW ABOUT

SUPPLY CHAINS, CHANNELS, LOGISTICS, AND FULLFILMENT



YOU KNEW ABOUT

ECONOMIC CASTLES AND UNBREACHABLE MOATS

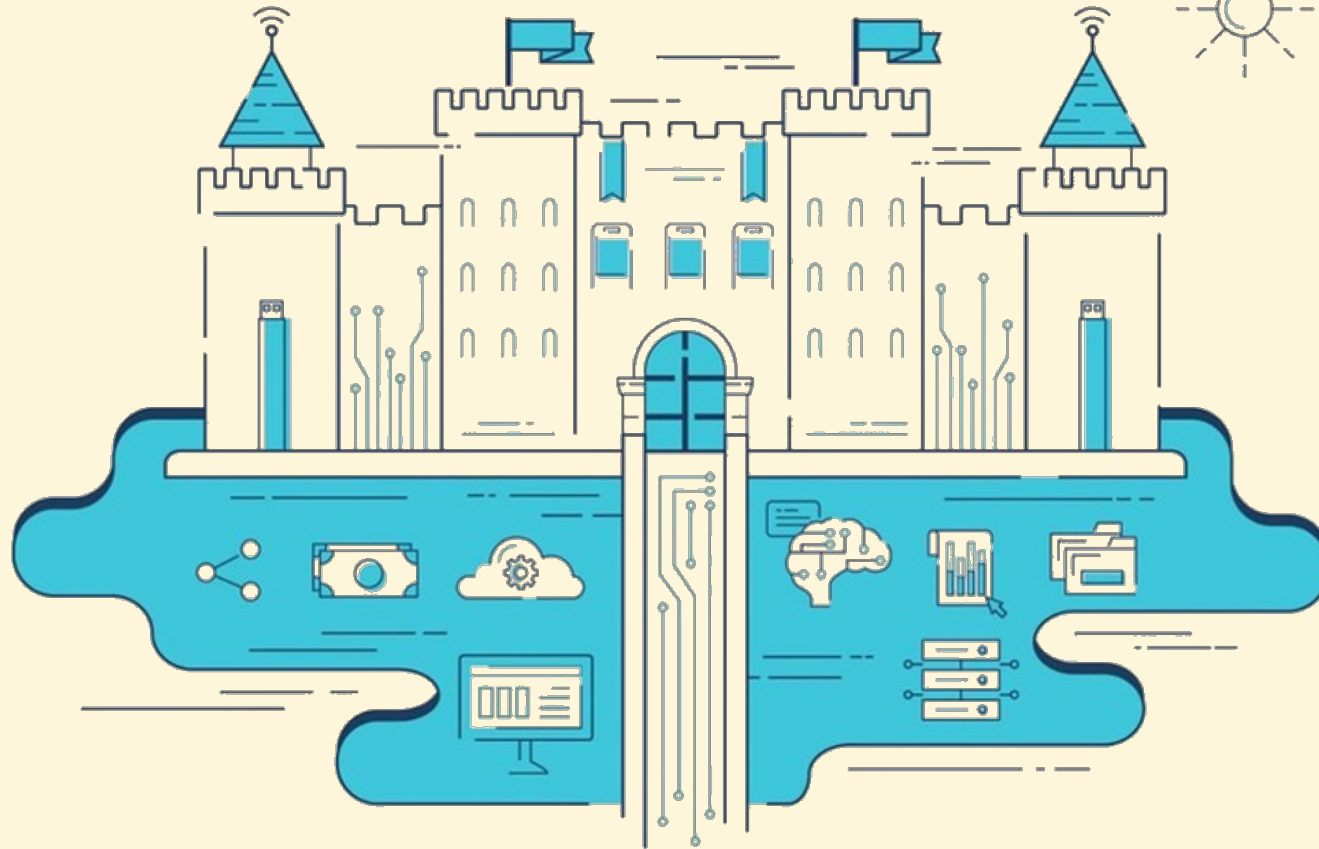
Intangible
Assets

High Switching
Costs

Network
Effects

Cost
Advantages

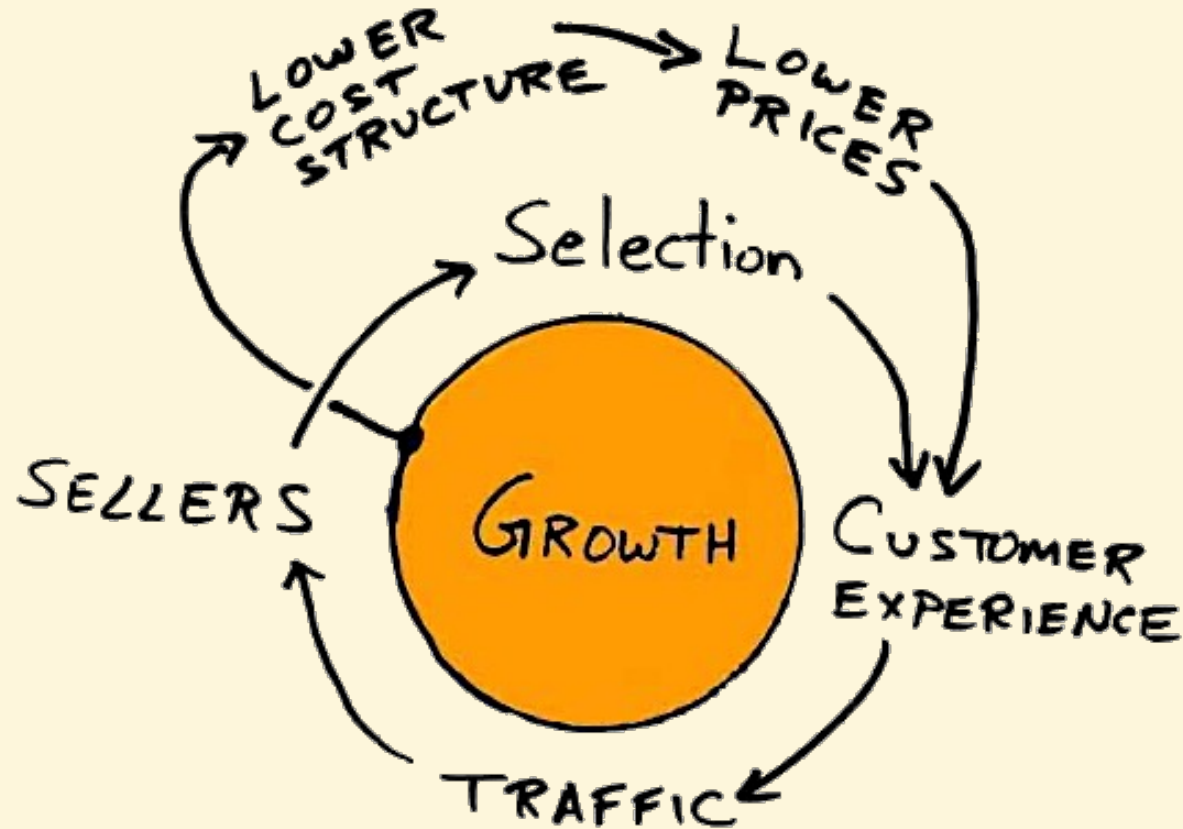
Scaling
Efficiency



https://www.morningstar.com/investing-definitions/economic_moat

YOU KNEW ABOUT

FLYWHEELS AND MARKETPLACES



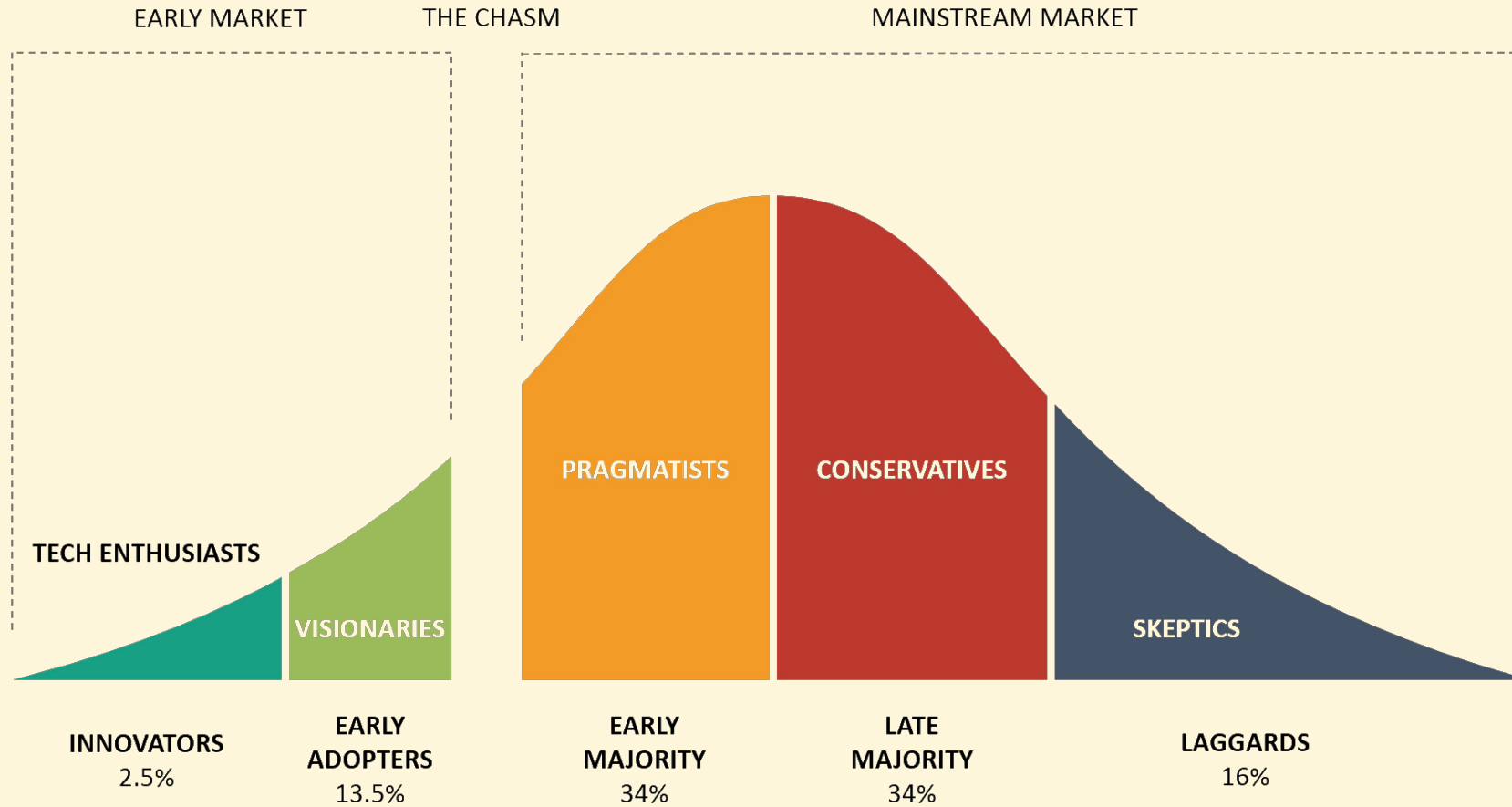
<https://aws.amazon.com/executive-insights/content/the-imperatives-of-customer-centric-innovation/>

YOU KNEW ABOUT

**NEW CATEGORY CREATION,
FIRST MOVER ADVANTAGE,
AND BLITZSCALING**

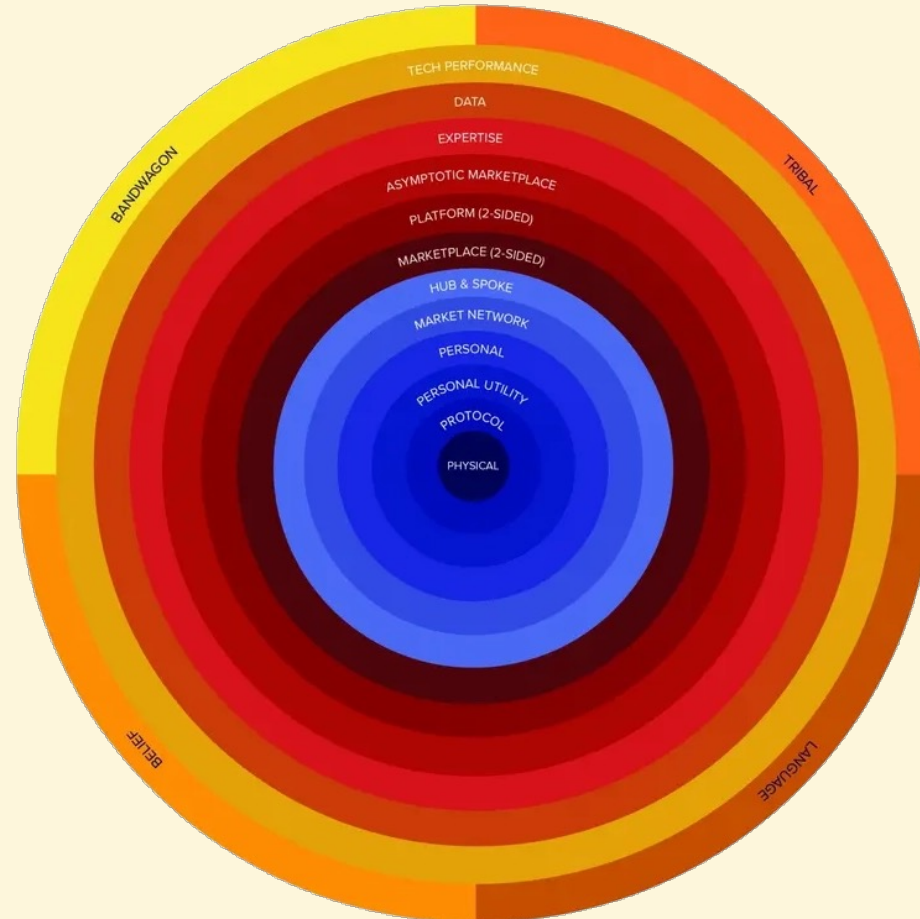


YOU KNEW ABOUT TECHNOLOGY ADOPTION AND OBSOLESCENCE CYCLES



WE KNEW ABOUT NETWORK EFFECTS, AND ECOSYSTEMS

Direct
Marketplace
Platform
Data
Technology
Social Graph



BRAND

EMBED

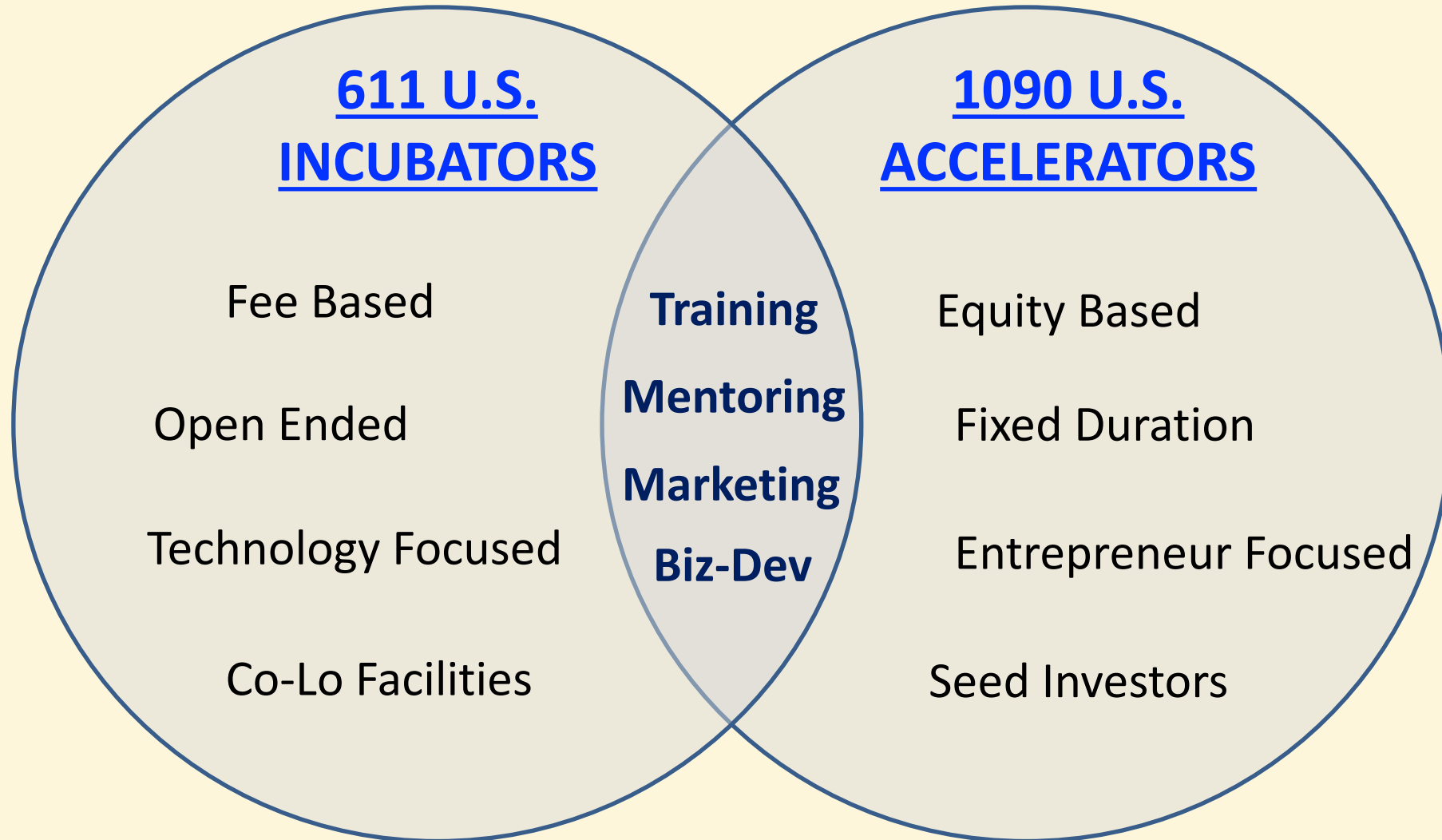
SCALE

YOU KNEW ABOUT

BRAND STRATEGY



YOU STUDIED THE FARM SYSTEMS



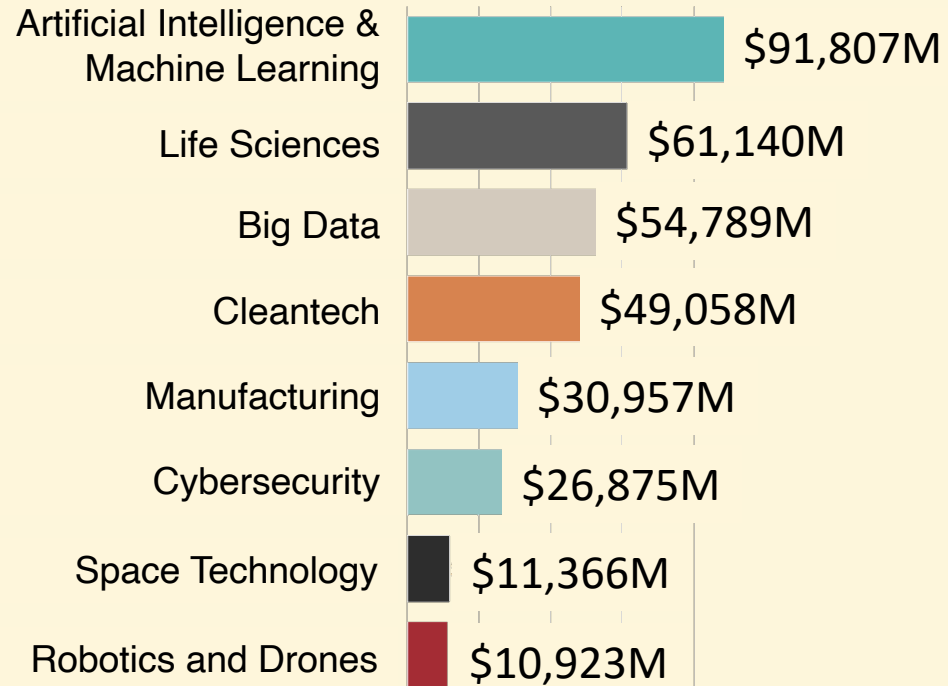
YOU KNEW WHAT WAS SEXY

NFT, DAO's, WEB3, AND GENERATIVE AI



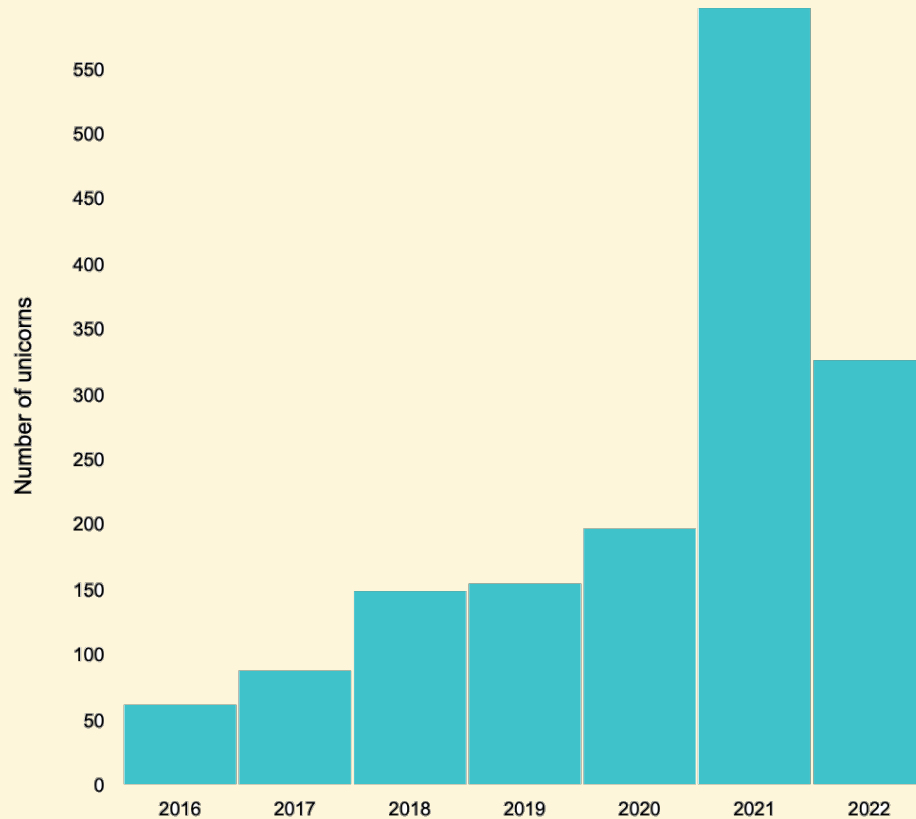
YOU KNEW WHAT WAS HOT

U.S. VC INVESTMENT IN EMERGING INDUSTRIES, 2020-2022



https://nvca.org/wp-content/uploads/2023/03/NVCA-2023-Yearbook_FINALFINAL.pdf

YOU RESEARCHED ALL 1447 ACTIVE UNICORNS



254 Fintech
229 Internet software & services
109 E-commerce & direct-to-consumer
96 Health
90 Artificial intelligence
67 Supply chain, logistics, & delivery
58 Cybersecurity
45 Data Management & analytics
40 Mobile and telecommunications
37 Auto & transportation
32 Edtech
31 Consumer & retail
40 Hardware
14 Travel
68 other

<https://www.cbinsights.com/research-unicorn-companies>
<https://news.crunchbase.com/unicorn-company-list>
<https://pitchbook.com/news/articles/unicorn-startups-list-trends>
<https://www.startus-insights.com>
<https://www.startupranking.com>
<https://dealroom.co>



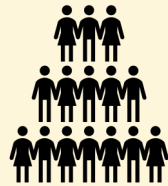
YOU KNEW WHO WAS BANKING THEM

| | Investor | | Typical first round | Unicorns at seed | Unicorns at Series A | Unicorns at Series B+ | Future unicorns |
|----|---|--|---------------------|------------------|----------------------|-----------------------|-----------------|
| 1 | Sequoia Capital | | SERIES A | 33 | 90 | 196 | 213 |
| 2 | Tiger Global Management | | SERIES B | 4 | 25 | 251 | 175 |
| 3 | Plug and Play | | SEED | 10 | 6 | 62 | 156 |
| 4 | Insight Partners | | SERIES B | 2 | 27 | 129 | 141 |
| 5 | GV | | SERIES A | 2 | 10 | 95 | 136 |
| 6 | Andreessen Horowitz | | SERIES A | 19 | 58 | 67 | 129 |
| 8 | Lightspeed Venture Partners | | SERIES A | 7 | 44 | 80 | 114 |
| 9 | Alumni Ventures Group | | SEED | 1 | 2 | 38 | 111 |
| 11 | Accel | | SERIES A | 25 | 75 | 72 | 106 |
| 12 | FJ Labs | | SEED | 3 | 7 | 68 | 97 |
| 13 | New Enterprise Associates | | SERIES B | 15 | 37 | 61 | 94 |
| 14 | General Catalyst Partners | | SERIES A | 14 | 25 | 65 | 92 |
| 15 | GGV Capital | | SERIES B | 0 | 15 | 71 | 92 |
| 16 | Small Business Innovation Research (SBIR) | | GRANT | 0 | 0 | 48 | 90 |
| 18 | Alexandria Venture Investments | | SERIES A | 0 | 0 | 7 | 78 |

**YOU KNEW HOW THEY
CONVERTED \$861.7 BILLION OF CAPITAL
INTO \$4.9 TRILLION OF MARKET VALUATION**



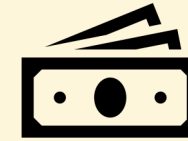
Social



Human



Intellectual



Financial

CAPITAL

YOU CHECKED ALL THE BOXES

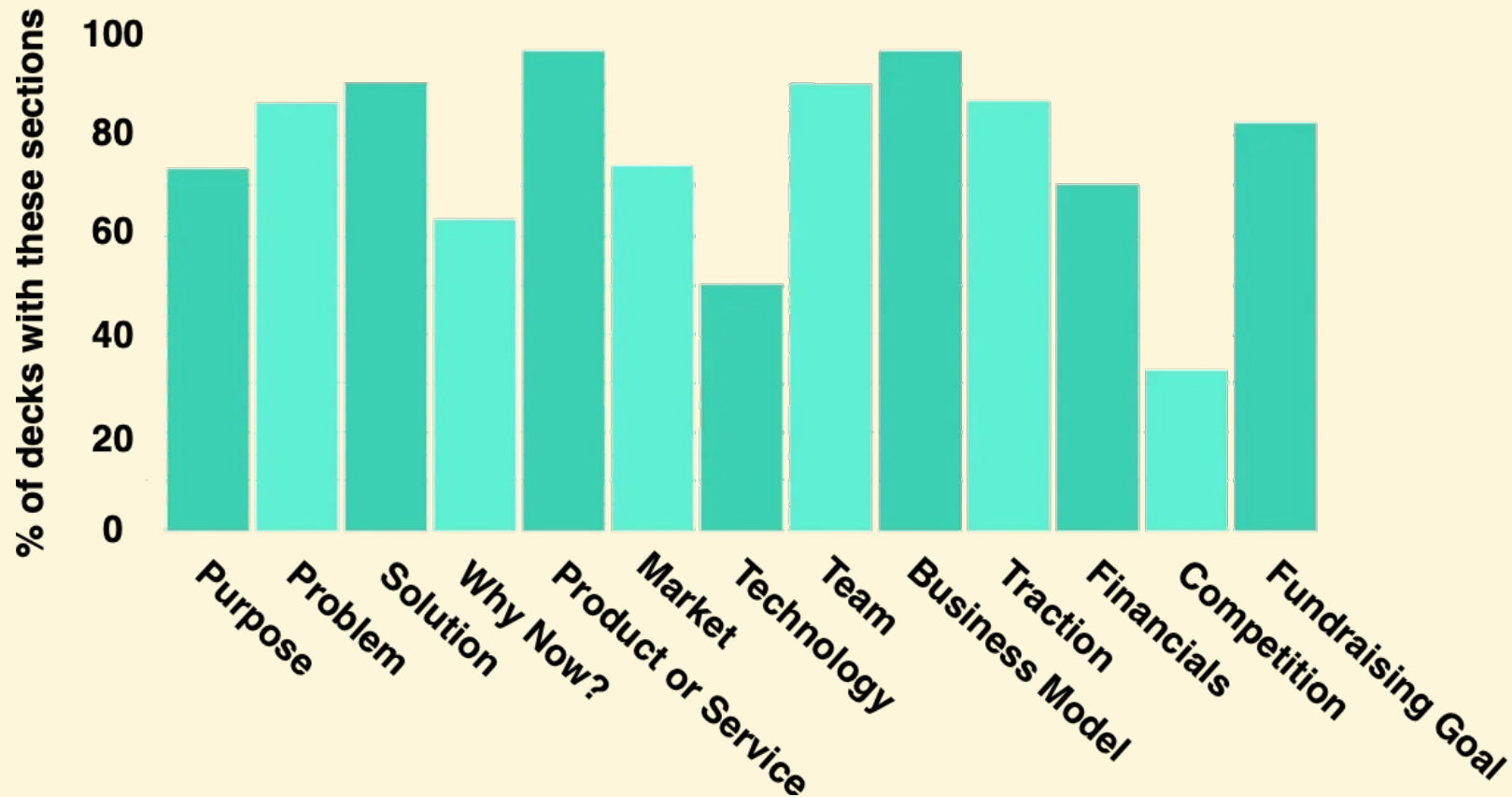
| | Pre-Seed | Seed | Series A | Series B |
|--------------------|---|--|---|--|
| Product/Market Fit | Independently sourced prospects validate compellingly lucrative value proposition | Enthusiastic endorsement of paying customers in target market; credible fcst for > 100% growth | Demonstrated ability to fill and manage funnel with compelling close rates and reasonable churn; gross margins > 70% | Multiple products with repeating sales motions |
| GTM | Clearly articulated, compellingly effective distribution insight | Demonstrated acquisition execution with ~\$3M pipeline | Demonstrated repeatability in selling motions; clear analysis & presentation of CAC, LTV, Churn | CS & expansion motions; quota systems and sales rep onramping; healthy pipeline coverage ratios, CaC payback, NRR, GRR |
| Vision | Clear articulation of a solution for a big problem | Compelling path to \$100M | Clear plans for second product or market expansion | Clear articulation and initial execution of steps to become a leader in their space |
| Roadmap | Demonstration of technical advantage | Production deployments driving feature priorities | Demonstrated 1st product completeness; 2nd product definition | Well-managed roadmaps for multiple products |
| Leadership Team | Multiple founders; compelling accomplishments; at least one in Oregon; GTM exp; | CEO, Technical, and Commercial leaders; excellent references; evidence of positive culture | CEO, Product, Engineering, Marketing, Sales, Finance scalable to \$10M+; demonstrated ability to hire and retain top talent | Complete exec suite + some director level talent; systems for talent development, compensation, hiring |
| Customer Traction | Target users providing valuable input | ~4 enterprise or >10 SMB paying customers representative of target mkt | 100% annual growth in both customers and revenue; consistent reasons for buying | Evidence of admiration by outsiders; > two years sustained customer/revenue growth > 50% |
| Annual Revenue | None / minimal | \$500K+ | > \$1M, growth > 100% | \$5M+ and > 100% growth |

YOUR INVESTOR PLAN WAS SPOT ON

- ✓ Targeted list of investors from a Portfolio Investment Tracker
- ✓ Investor outreach Email template
- ✓ Request for introduction Email template
- ✓ 60 second Elevator Pitch
- ✓ 5 and 15 minute pitch decks with talking points
- ✓ Monthly newsletter to potential investors
- ✓ 3-5 minute videos for social media channels

YOU STUDIED THE ART OF THE PITCH

[The Strategic Framing of Novel Ideas across Different Audiences.](#)
[Understanding the Effects and Acts of Receptiveness in Persuasion.](#)



YOUR TALKING POINTS WERE PERFECT

THE IMPORTANCE OF THE PROBLEM, TO WHOM AND WHY

MARKET SIZE, DRIVERS, FRICTION AND DYNAMICS

COMPETITORS, SUBSTITUTES OR ALTERNATIVES

WHY WE ARE GOING TO WIN

CRITICAL DESIGN, DEVELOPMENT AND DELIVERY CAPABILITIES

PROOF OF CONCEPT AND DEMONSTRATED TRACTION

VALIDATION OF THE PRICING, PACKAGING AND POSITIONING

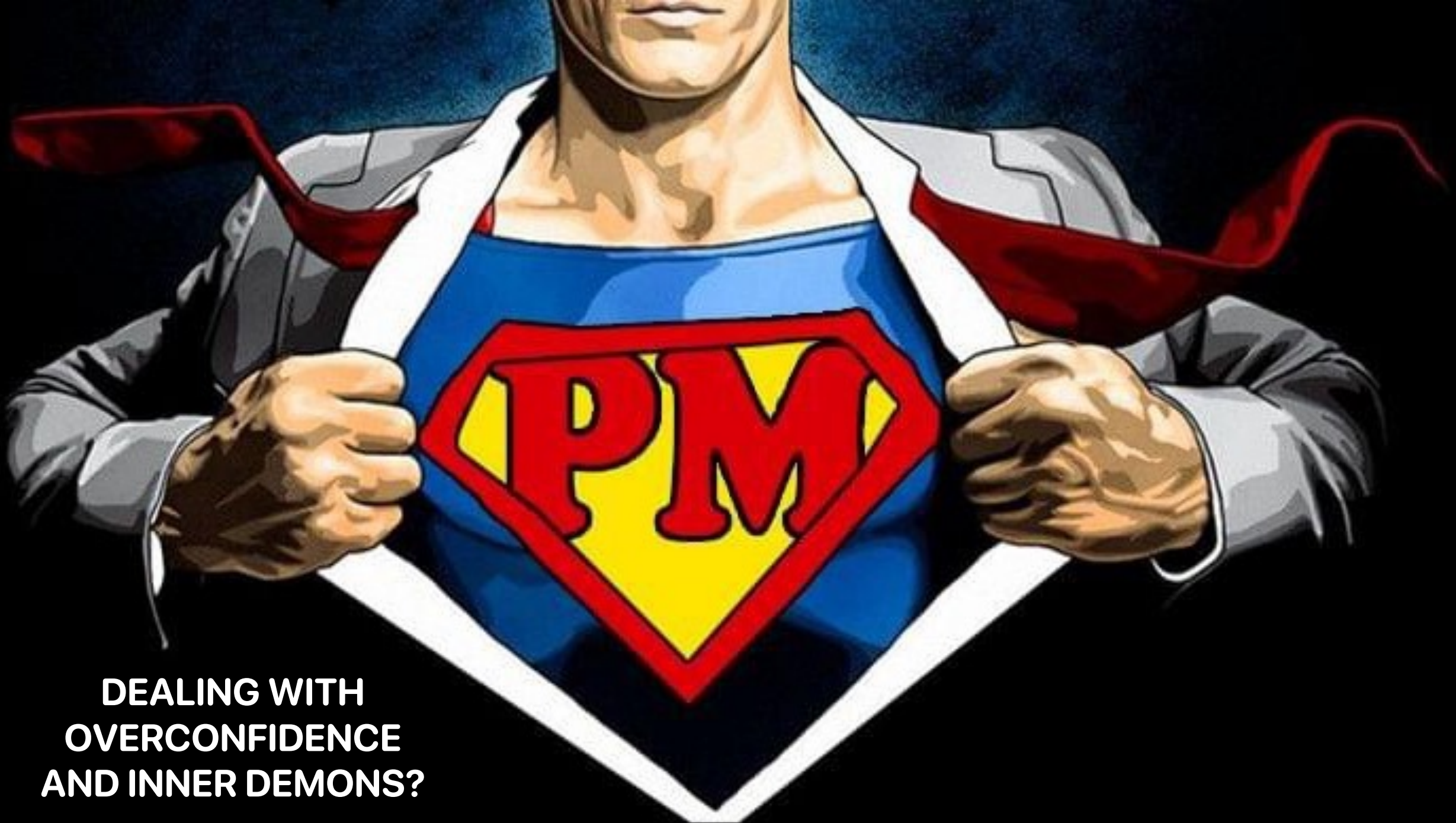
SCALABILITY OF CHANNELS, SYSTEM AND BUSINESS MODEL

THIS WAS GOING TO BE YOUR BIGGEST PROBLEM





WHAT ABOUT



**DEALING WITH
OVERCONFIDENCE
AND INNER DEMONS?**

BUILDING TRUST, AND TEAMWORK INTO SOCIAL CAPITAL?



A group of people in a meeting room looking at a whiteboard with sticky notes. The scene is dimly lit with blue and purple tones. A man in a blue shirt is pointing at a sticky note on the whiteboard. A woman in a plaid shirt is looking at the board. Another man is visible in the background. The whiteboard is covered with various colored sticky notes (yellow, green, orange, purple).

**MOVING BEYOND
SHORT TERM GOALS
AND HYPERBOLIC DISCOUNTING?**

MANAGING COMPOUNDING DEBT?



TECHNICAL DEBT

REWORK
REFACTORS
ROLLBACKS
BOTTLENECKS
BAD ESTIMATES
UNNEEDED HANDOFFS
SINGLE POINTS OF FAILURE
NOT INVENTED HERE MINDSETS
UNNECESSARY COMPLEXITY
MANUAL PROCESSING REDUNDANT TASK

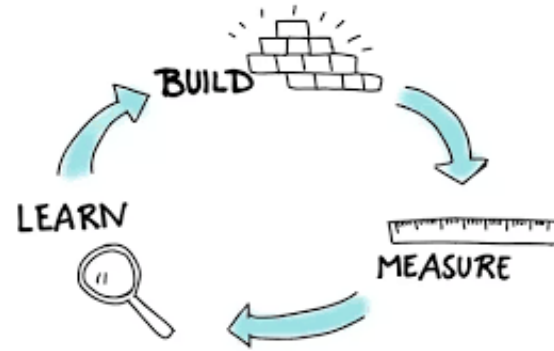
CULTURAL DEBT

REORGS
POLITICS
BUREAUCRACY
GROUP THINK
LACK OF AUTONOMY
REOCCURRING MEETINGS
LACK OF TRANSPARENCY
MOVEMENT OF INFORMATION
UNNECESSARY STRUCTURE
WAITING FOR DECISIONS

ANSWERING CRITICAL QUESTIONS?



**WHAT'S
BURNING OUR
RESOURCES?**



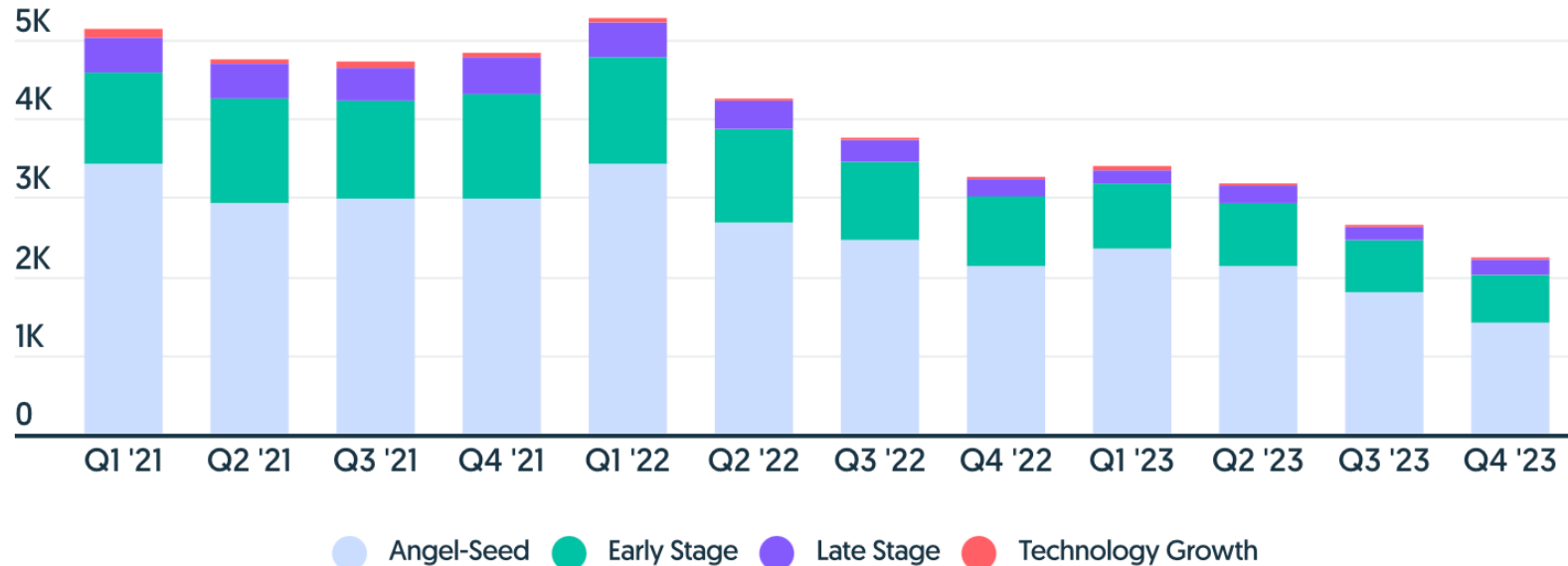
**HOW
GOOD WAS OUR
LAST RELEASE?**



**WHAT'S
THREATENING
OUR PROFITS?**

GETTING THE BEST FUNDING IN A TOUGH MARKET?

North America Venture Deal Volume Through Q4 2023



QoQ Change [%]

YoY Change [%]

Overall Deal Volume

-16%

-31%

UNDERSTANDING VALUATION METHODS?

- **Discounted Cash Flow Method**
- **Berkus Method**
- **Venture Capital Method**
- **Scorecard Valuation Method**
- **First Chicago Method**
- **Risk Factor Summation Method**
- **Cost-to-Duplicate Method**
- **Valuation By Stage Method**
- **The Book Value Method**
- **Comparable Method**

UNDERSTANDING YOUR BURNDOWN, CAC, QUICK RATIO AND MAGIC NUMBER?

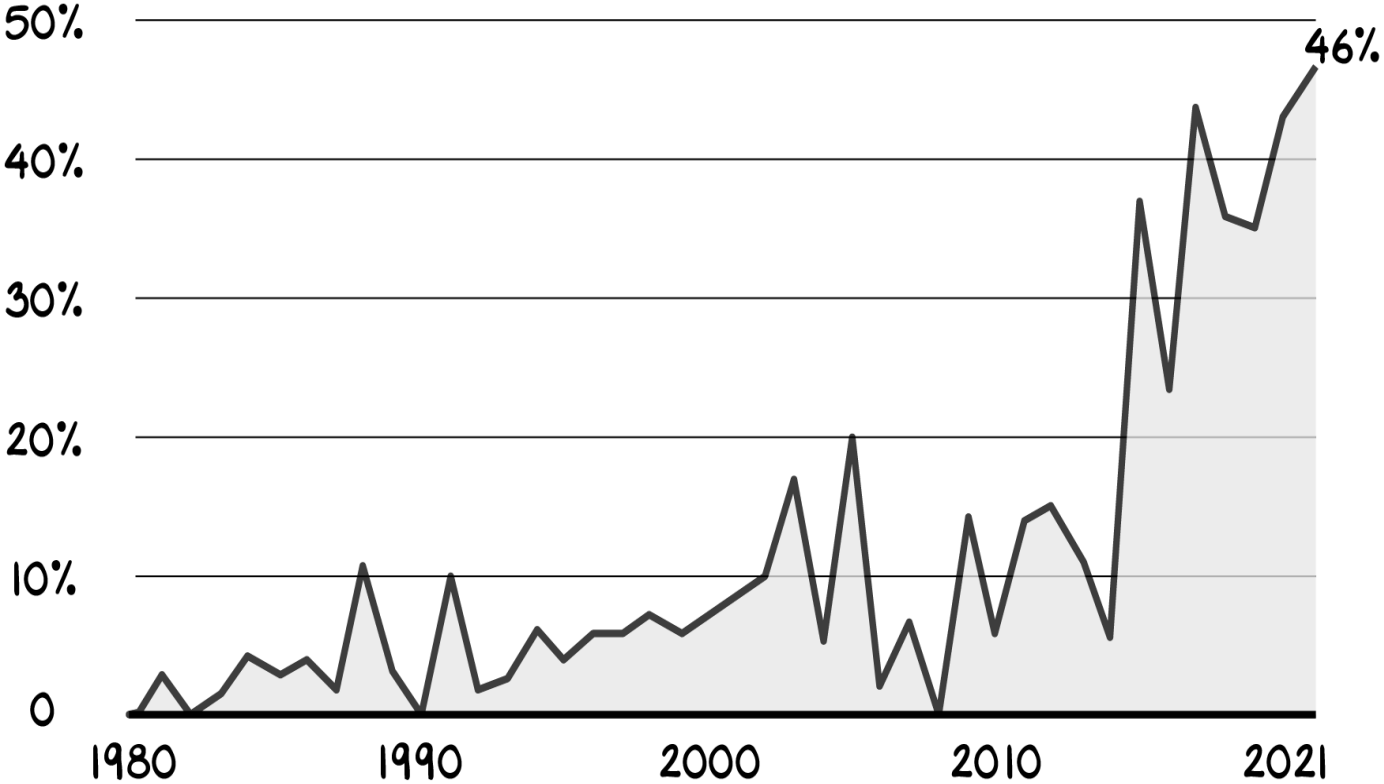


UNDERSTANDING YOUR LEVERAGE ECONOMICS AND CONTROL?

| | | Friendly | | Standard | | Tough | | |
|-----------------|--------------------|-------------------|--------|-----------------------|--------------------------|----------|---------------------------------|----|
| | | | Impact | | Impact | | Impact | |
| ECONOMIC TERMS | Vesting | No vesting | +1 | 4 years from founding | 0 | 0 | Re-vest over 4 years | -1 |
| | Preference | None | +2 | 2 | 1x Preference | 0 | Participating or Higher | -2 |
| | Dividends | None | +1 | 1 | None | 0 | 8% accumulating | -1 |
| | Anti-Dilution | None | +2 | 2 | Weighted Average | 0 | Full ratchet | -2 |
| | Pre-emptive Rights | None | +1 | 1 | Pro-rata | 0 | Super pro-rata | -1 |
| CONTROL TERMS | Change of Control | Full acceleration | +1 | Double trigger | 0 | 0 | No acceleration | -1 |
| | Redemption rights | None | +1 | 1 | None | 0 | Starting at year 5 over 3 years | -1 |
| | Voting Controls | None | +1 | 1 | Consent to raise or sell | 0 | Consent to raise or sell | -1 |
| | Board Control | None | +1 | 1 seat | 0 | 0 | 2 or more seats | -1 |
| SUBTOTAL | | 8 of 11 | | 0 | | 0 of -11 | | |
| ALIGNMENT SCORE | | 8 | | | | | | |

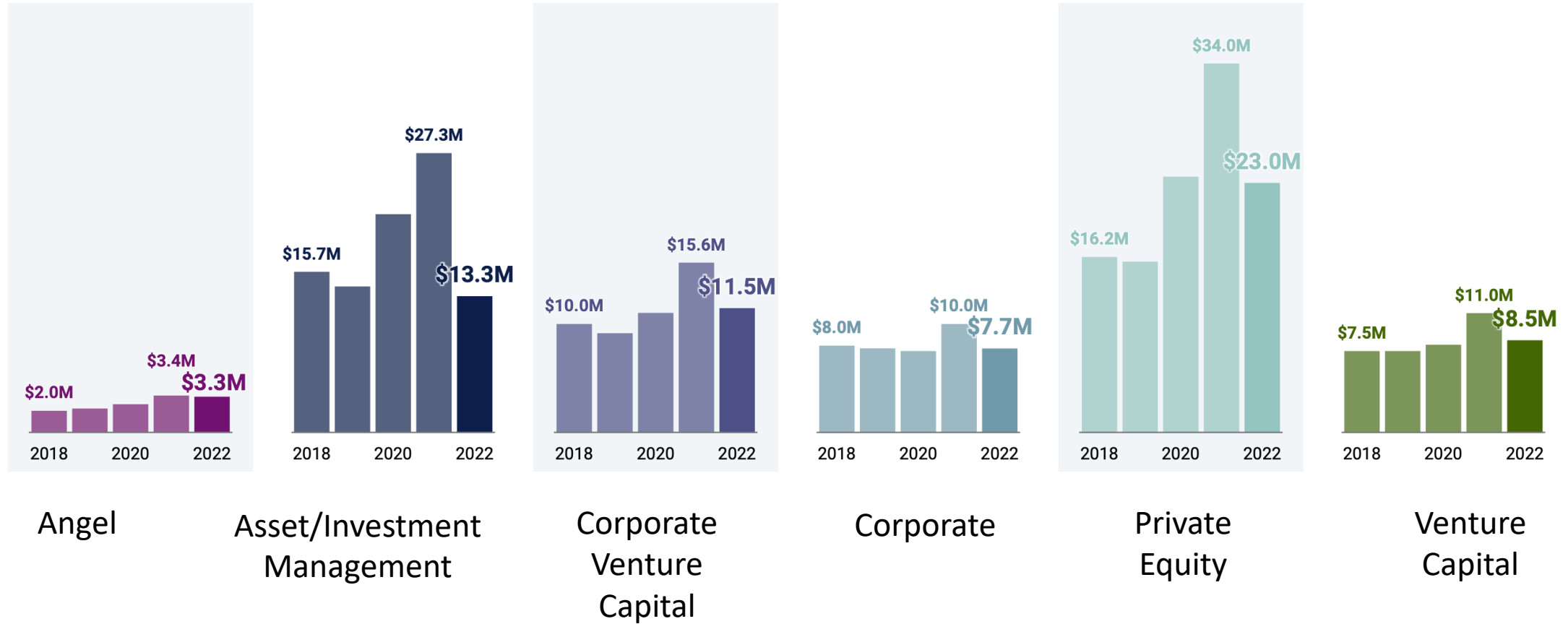
SECURING DUAL CLASS VOTING RIGHTS?

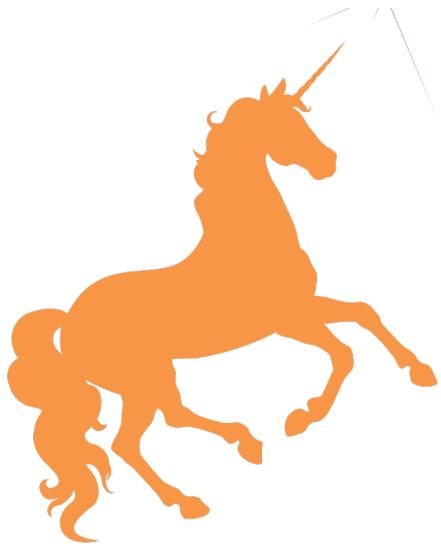
PERCENTAGE OF TECH IPOs WITH DUAL-CLASS SHAREHOLDER STRUCTURE



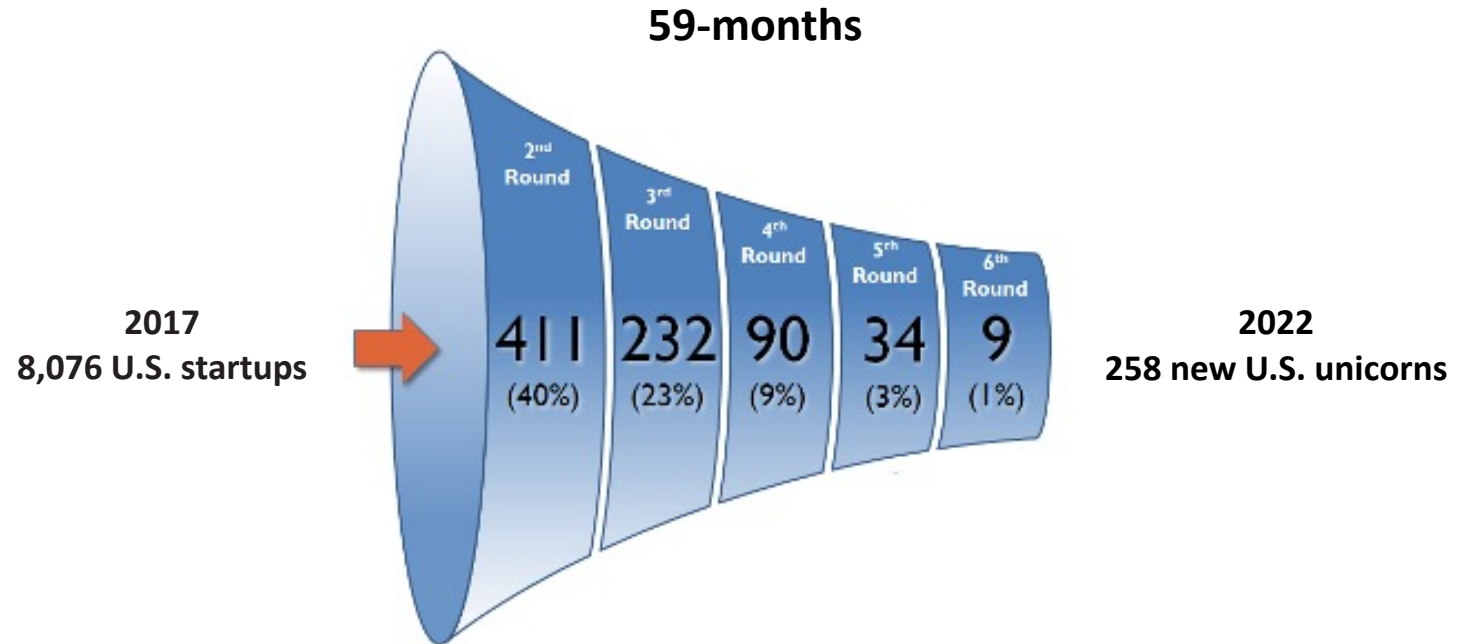
SOURCES: JAY RITTER, UNIVERSITY OF FLORIDA

UNDERSTANDING THE IMPORTANCE OF DEAL SIZE AND RACHETS?



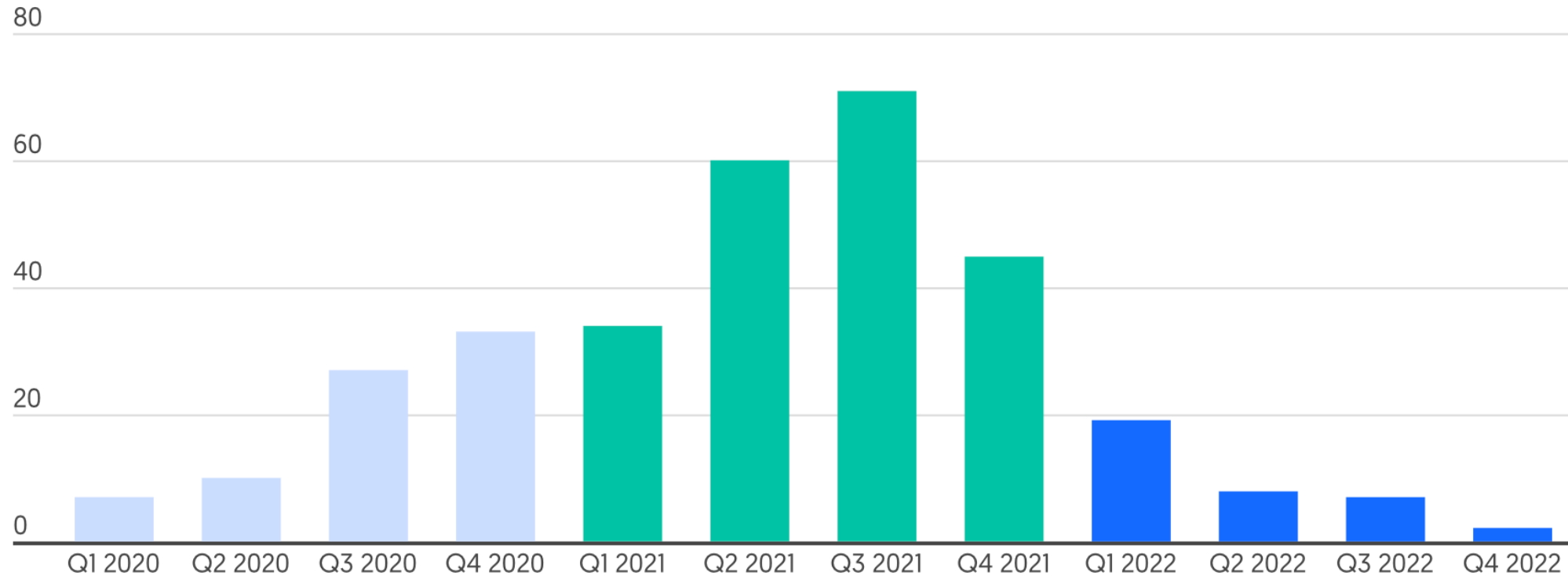


KNOWING THE ODDS AND HOW LONG IT SHOULD TAKE?



UNDERSTANDING THE TIMING OF BILLION DOLLAR EXITS

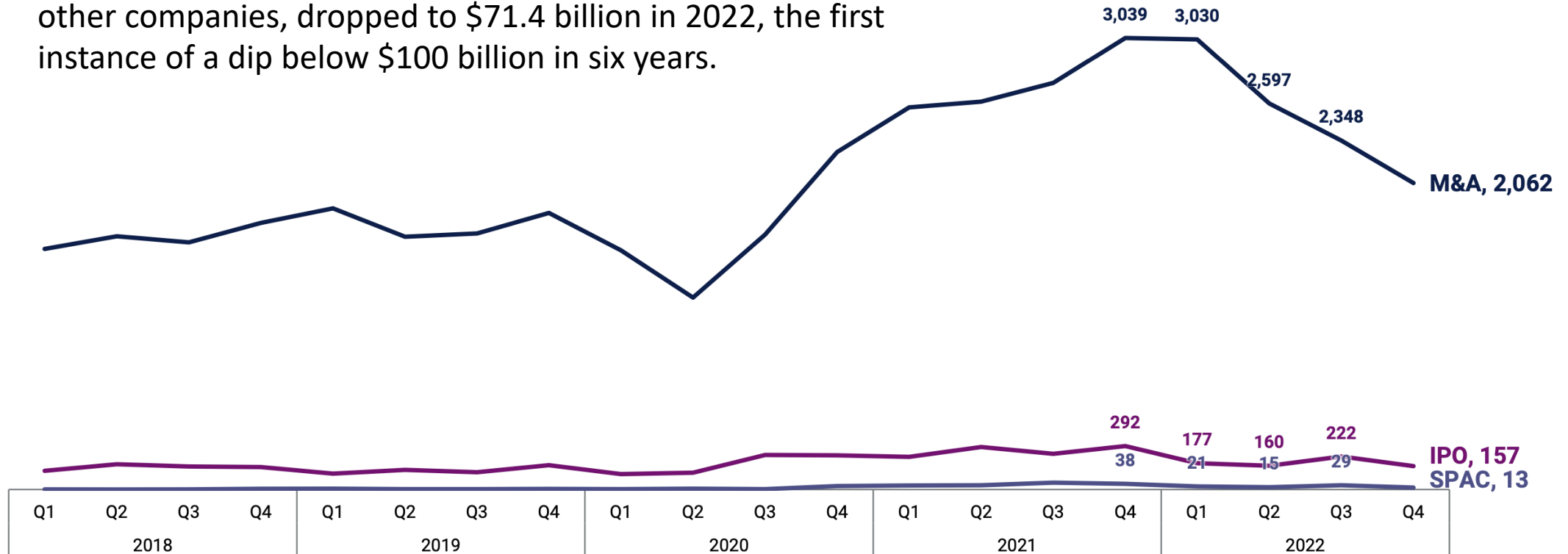
Billion-dollar exits by quarter for U.S.-based companies



<https://news.crunchbase.com/venture/unicorn-exits-billion-large-ipos-ma-spac/>

FINDING AN EXIT WITH ALL THE OTHERS?

Exits decreased with a 36% drop in exit count from 2021 to 2022 and a 90% drop in exit values over the same period. Exit activity, comprising initial public offerings and sales to other companies, dropped to \$71.4 billion in 2022, the first instance of a dip below \$100 billion in six years.



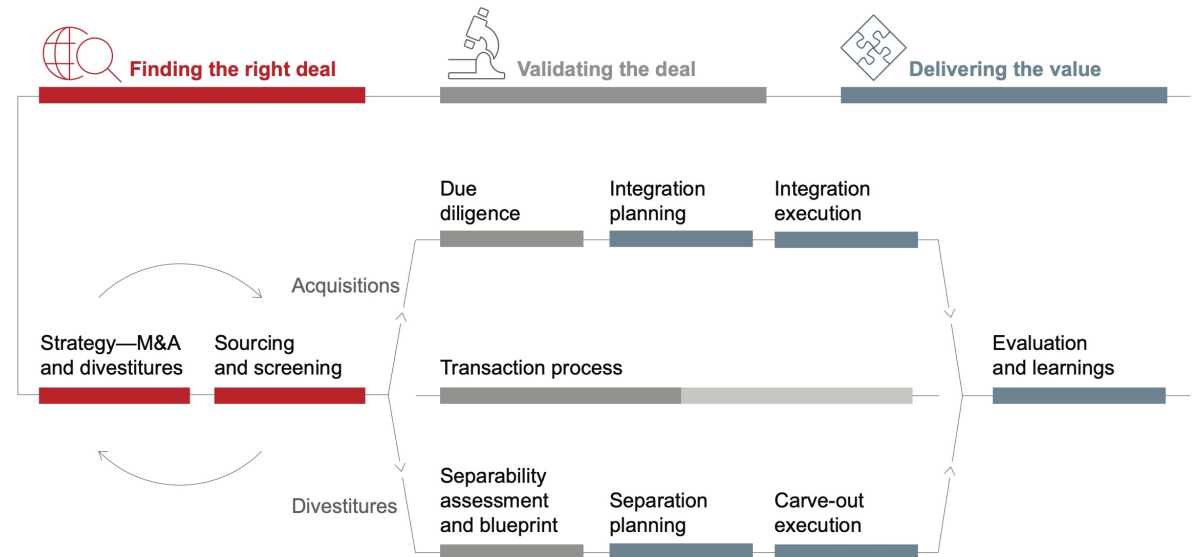


EXPLORING ALTERNATIVES

Reasons for M&A

- 22% Expand / diversify products or services
- 19% Buy market share
- 19% Acquire technology or intellectual property
- 14% Enter new geographic markets
- 9% Pursue cost synergies or scale efficiencies
- 8% Obtain bargain-priced assets
- 8% Talent acquisition

M&A integrations



Source: Bain & Company

<https://www.bain.com/insights/10-steps-to-successful-ma-integration/>



UNDERSTANDING THE BEST CAPITAL BAILOUT OPTION?

PIPE

Private investment in public equity deals (PIPE) is when a private investor, like a mutual fund or large institution, buys a chunk of shares at a below-market price. PIPE deals are a way for companies to raise a large amount of money quickly. This financing technique is more efficient due to fewer regulatory issues with the (SEC).

Convertible Debt Offering

A convertible bond is a fixed-income corporate debt security that yields interest payments but can be converted into a predetermined number of common stock or equity shares. The conversion from the bond to stock can be done at certain times during the bond's life and is usually at the discretion of the bondholder.

Bridge Loan

A bridge loan is a type of short-term loan, typically taken out for a period of 2 weeks to 3 years pending the arrangement of larger or longer-term financing.

Just over \$27 billion in venture funding was raised by the 3,200 startups that failed in 2023.

WHAT'S MY POINT?

Perhaps we have this whole Unicorn thing all wrong!

[Unicorniphobia](#)

Harvard Business Law Review, 2022



RECOGNIZE WHEN INVESTORS GIVE YOU FALSE HOPE

“No bandwidth, come back in 6 months.”

“Come back when you hit [arbitrary metric].”

“Keep working at it, You might have something!”



ONLY 0.05% OF STARTUPS RAISE VENTURE CAPITAL

CONSIDER ALTERNATIVES

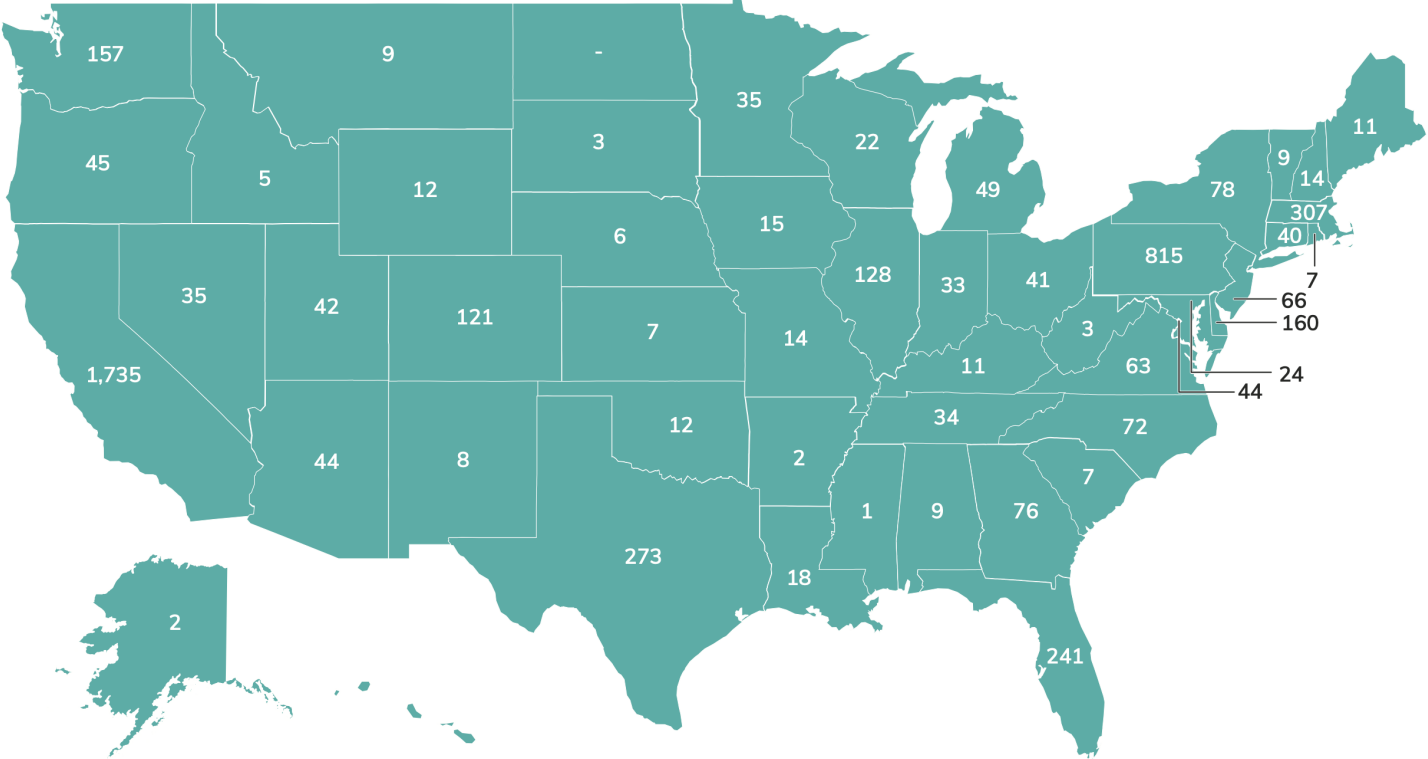
Startup funding for small businesses is particularly tough as most lenders require prior entrepreneur experience, but that doesn't mean it's impossible. You've got *15* funding options to choose from:

- 1.[SBA microloans](#)
- 2.[Business lines of credit](#)
- 3.[Equipment financing](#)
- 4.[Invoice financing](#)
- 5.[Personal loans for business](#)
- 6.[Friends and family loans](#)
- 7.[Blue Business Plus credit card](#)
- 8.[Blue Business Cash credit card](#)
- 9.[Ink Business Cash credit card](#)
- 10.[Ink Unlimited credit card](#)
- 11.[Personal savings](#)
- 12.[Crowdfunding](#)
- 13.[Grants](#)

SPEND MORE OF YOUR EFFORTS FINDING CUSTOMERS AND PRODUCT MARKET FIT THAN RAISING CAPITAL

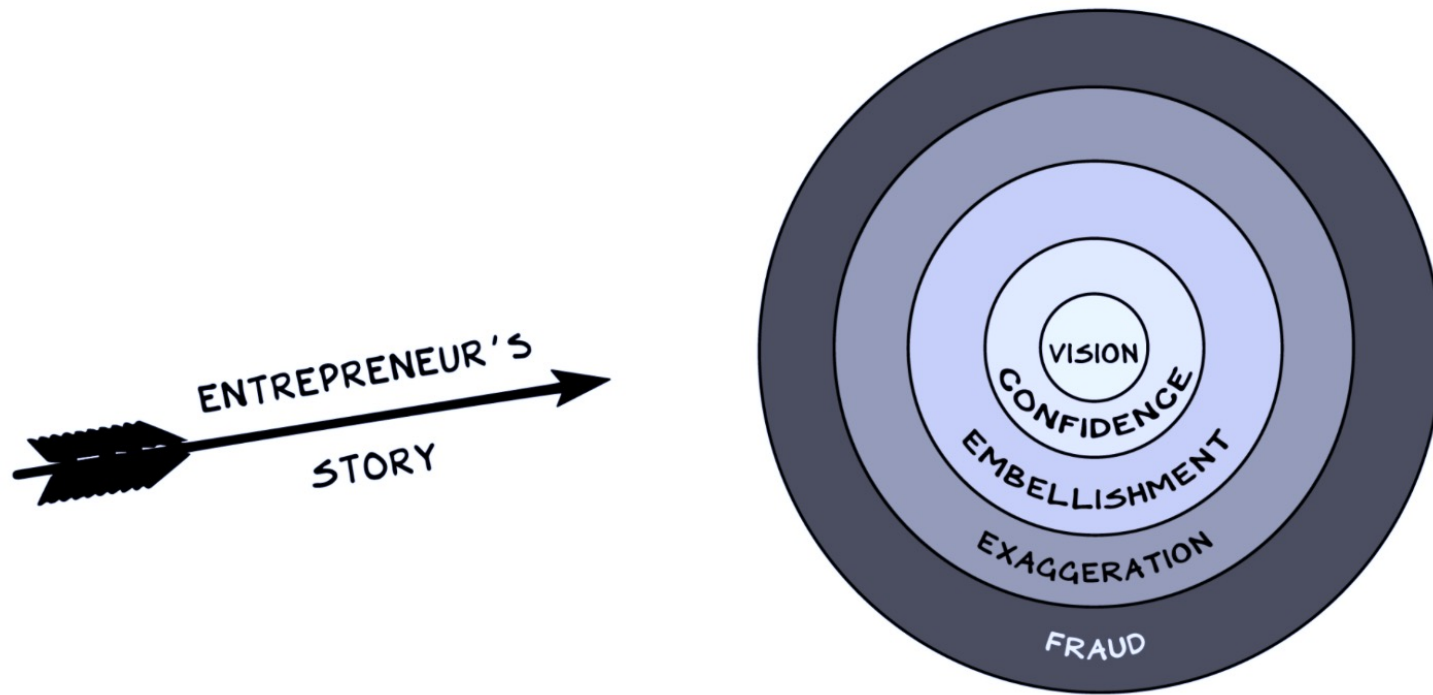
UNLESS YOU LIVE WHERE 69.9% OF ALL VC INVESTMENTS ARE MADE

2022 Active Investor Deal Counts



| Metropolitan area | Venture capital investment (in billions) | Share of venture capital investment |
|-------------------|--|-------------------------------------|
| San Francisco | \$93.80 | 28.20% |
| New York | \$53.10 | 15.90% |
| Boston | \$35.20 | 10.60% |
| San Jose | \$26.70 | 8.00% |
| Los Angeles | \$23.90 | 7.20% |
| San Diego | \$9.70 | 2.90% |
| Seattle | \$8.10 | 2.40% |
| Philadelphia | \$7.70 | 2.30% |
| Chicago | \$7.20 | 2.20% |
| Washington DC | \$5.10 | 1.50% |
| Austin | \$5.00 | 1.50% |
| Miami | \$4.60 | 1.40% |
| Denver | \$4.50 | 1.30% |
| Atlanta | \$4.20 | 1.30% |
| Salt Lake City | \$2.50 | 0.80% |
| Houston | \$2.00 | 0.60% |
| Boulder | \$1.90 | 0.60% |
| Phoenix | \$1.90 | 0.60% |
| Dallas | \$1.80 | 0.50% |
| Raleigh-Cary | \$1.60 | 0.50% |

<https://pitchbook.com/venture-capital-database>



STAY LEGIT

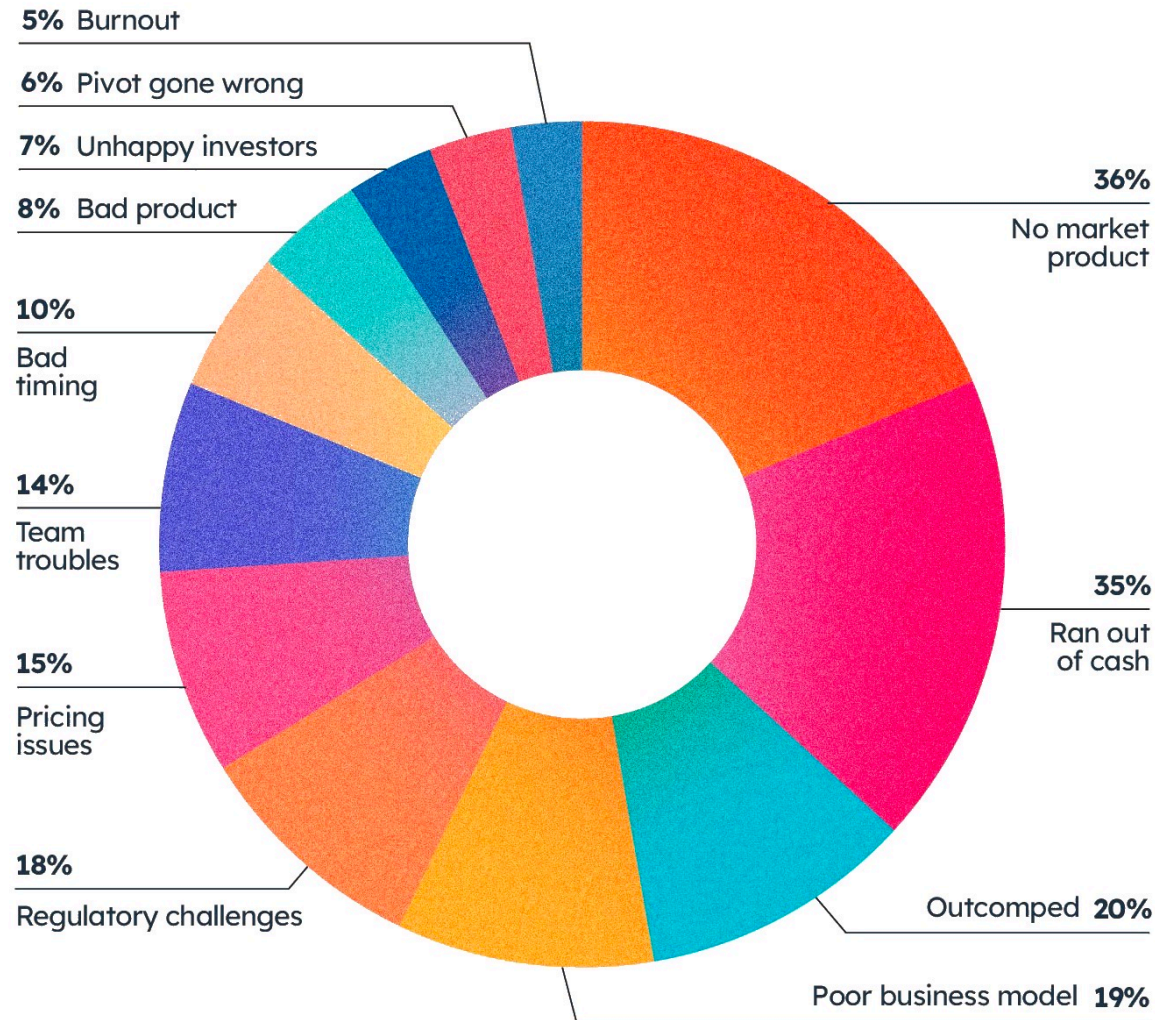
EVERYBODY DOES IT ←

GETTING SHADY

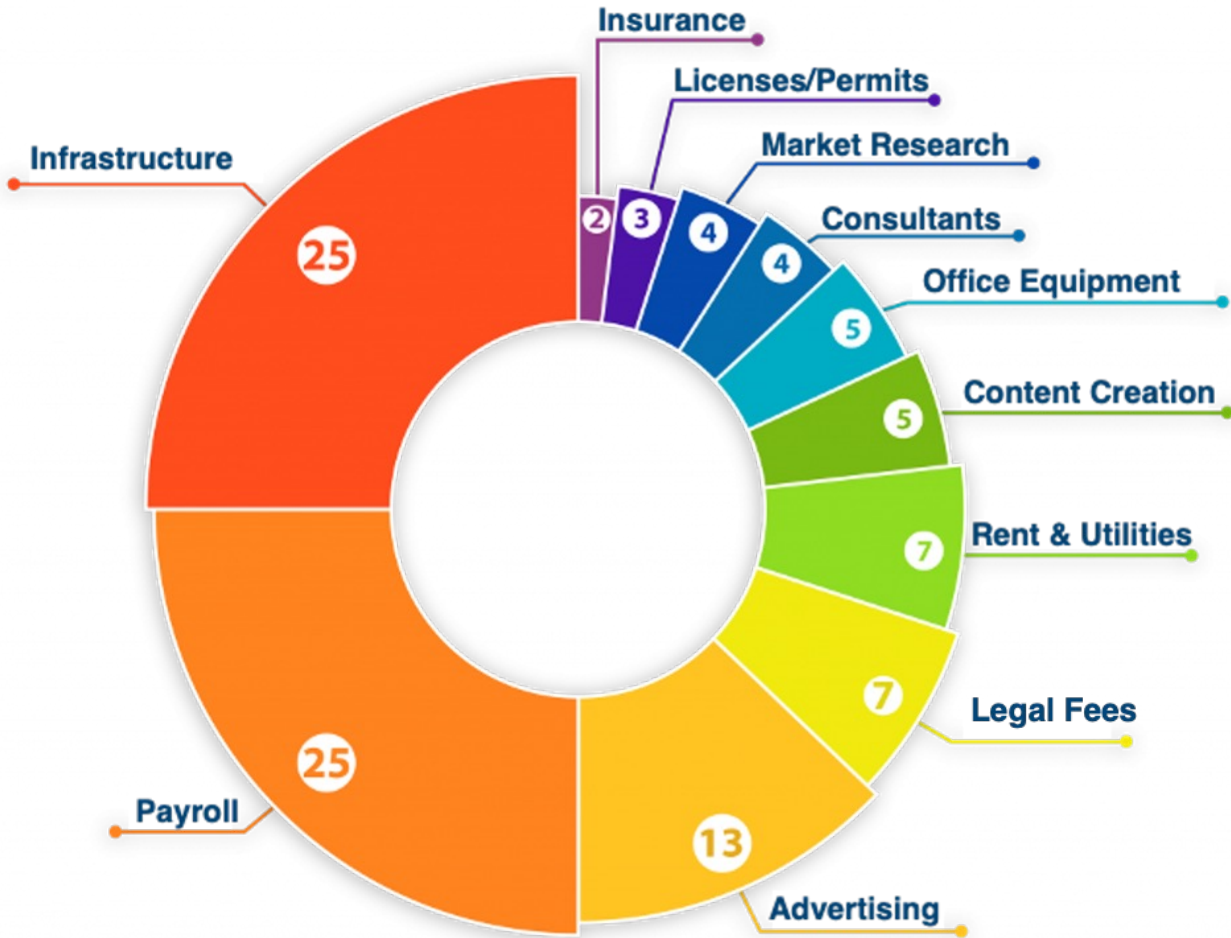
→ TIME TO HIRE MORE LAWYERS

STAY VIGILANT

70% OF STARTUP TECH COMPANIES FAIL 20 MONTHS AFTER FIRST RAISING FINANCING.



FORGET ABOUT BLITZSCALING, BECOME CASH FLOW POSITIVE ASAP



FOCUS TEAMS ON WHAT THEY CAN CONTROL

| Startup 0-200 Employees | | | | | |
|----------------------------|---------------------------------------|---------|----------|------------|-------------------|
| Category | Metric | Elite | Good | Fair | Needs Improvement |
| Efficiency | Merge Frequency (per dev/week) | > 2 | 2 - 1.35 | 1.35 - .85 | < .85 |
| | Coding Time (hours) | < .35 | .35 - 3 | 3 - 26 | > 26 |
| | PR Pickup Time (hours) | < 1 | 1 - 3 | 3 - 15 | > 15 |
| | PR Review Time (hours) | < 0.5 | 0.5 - 3 | 3 - 20 | > 20 |
| | Deploy Time (hours) | < 3 | 3 - 70 | 70 - 194 | > 194 |
| DORA | Cycle Time (hours) | < 21 | 21 - 71 | 71 - 233 | > 233 |
| | Deployment Frequency (per service) | > 1/day | > 2/week | 1 - 2/week | < 1/week |
| | Change Failure Rate (%) | < .75% | .75 - 5% | 5 - 20% | > 20% |
| | MTTR (hours) | < 8 | 8 - 9 | 9 - 10 | > 10 |
| Quality and Predictability | PR Size (code changes) | < 98 | 98 - 150 | 150 - 218 | > 218 |
| | Rework Rate (%) | < 2% | 2 - 4% | 4 - 7% | > 7% |
| | Refactor Rate (%) | < 10% | 10 - 15% | 15 - 20% | > 20% |

2022 Orgs | 3,694,690 Pull Requests | 103,807 Active Contributors | Time Frame 08/01/22 - 08/01/23 | At Least 400 Branches In Org

https://assets.linearb.io/image/upload/v1695652563/resources/LinearB-Engineering-Benchmarks-Report-v2_uwa6np.pdf

SCENARIO PLAN FOR EVERYTHING ELSE



Uncertain, probable, high impact threats.

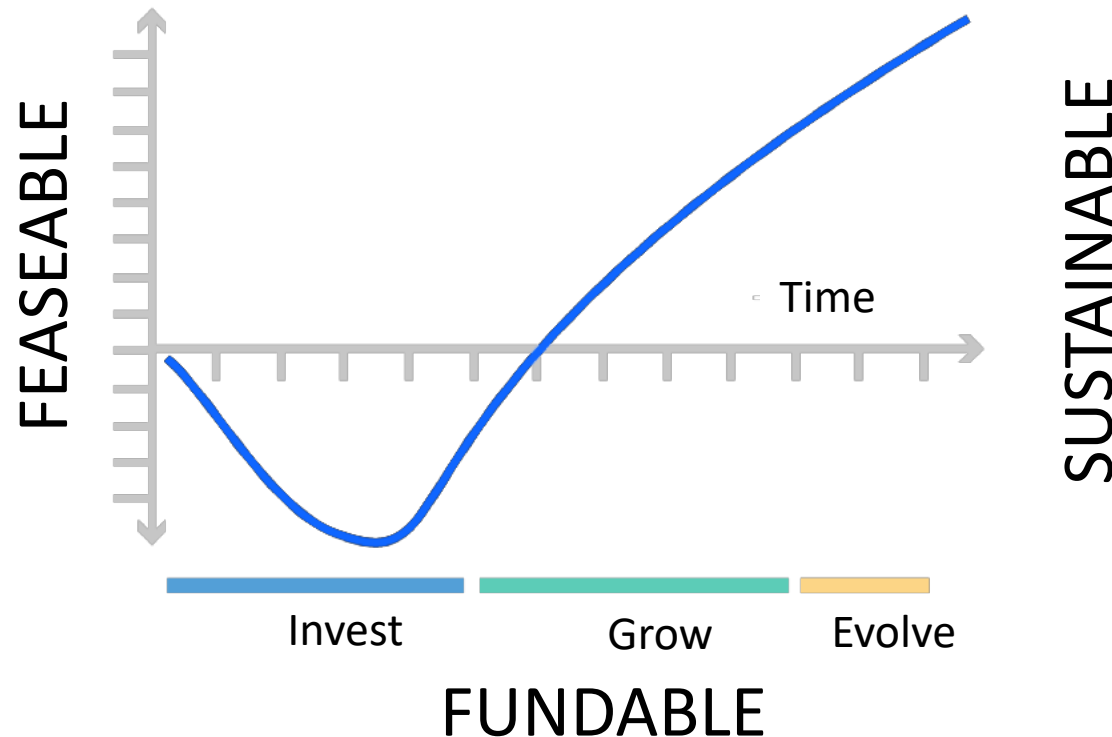


Unpredictable, extremely rare, often rationalized.

KNOW WHO TO CONSULT WHEN MAKING NON-REVERSABLE DECISIONS OF CONSEQUENCE



KNOW WHEN TO PRIORITIZE GROSS MARGINS, PROFITABILITY, CUSTOMER RETENTION, AND MULTIPLE REVENUE STREAMS



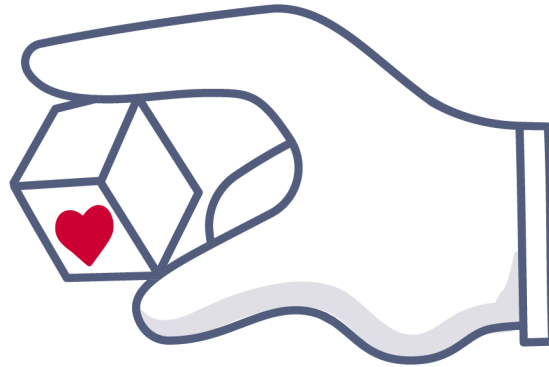
**IT'S NOT JUST ABOUT LOVING YOUR
FOUNDER'S INSIGHTS, BIG IDEA, AND
ABILITY TO RAISE CAPITAL**



**IT'S ABOUT LOVING WHAT YOU ARE
MAKING AND THE PEOPLE YOU'RE MAKING
IT WITH AND FOR**



**ALONG WITH YOUR
GRIT + HARD WORK + LUCK**





Thingsters.com

Rethinking everything