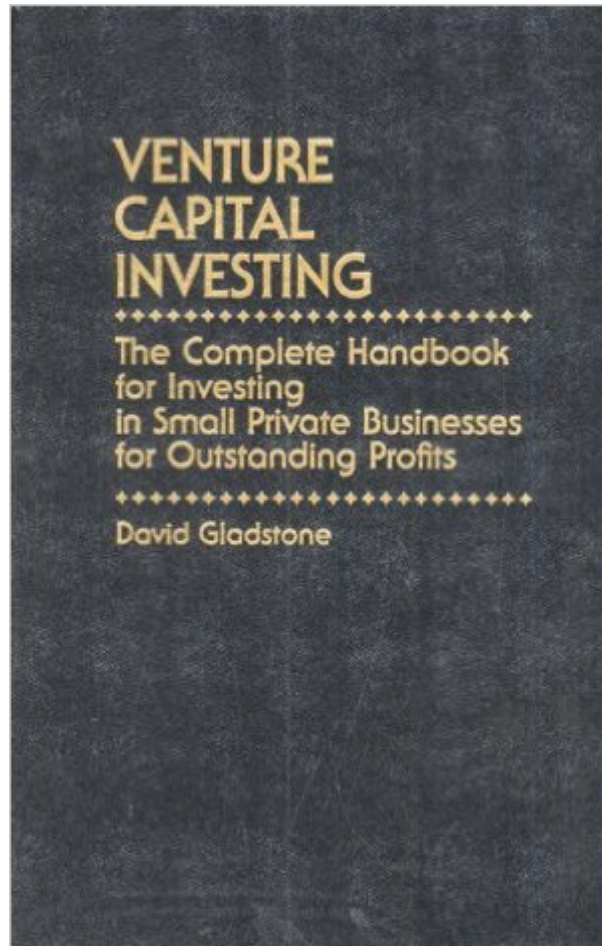


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# Venture Capital Investing



## Synopsis

In his classic bestseller *Venture Capital Handbook*, leading venture capitalist David Gladstone showed thousands of companies how to get funding and work with early stage investors. Now, in his revision of the classic, *Venture Capital Investing*, he looks at venture capital through the eyes of the investor. Gladstone shows all of you VC investors and angels exactly how to weed through scores of business proposals and find the gem that will deliver outstanding returns, especially in these soft economic times. You will learn what to look for in a business proposition; how to assess entrepreneurs and their management teams; how to evaluate financial statements, market niches, competitive environments, and product innovations; how to investigate a business that's already operating; and how to build effective partnerships with existing portfolio companies. --This text refers to the Paperback edition.

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## Customer Reviews

You might not expect a book published 12 years ago to be all that useful in creating your zippy new high-tech Internet-based business plan. But because it describes the perspective of the investor who is considering the commitment of other people's money into a small business, this book is indeed extraordinarily useful and well worth the price. The book does not tell you how to create a sure-fire business plan -- that kind of information needs to come from a source that relates to your industry and type of business. What this book does do, and very successfully, is compile the enduring fundamentals: including 80 pages of questions used in due diligence, 40 pages of sample investment documents, to name two examples. And these are just the appendices that follow 250

pages of investor-to-investor discussion of what to look for and what works on the front lines of venture capital investing. This book is not written for the entrepreneur, which is exactly why it is so useful if you are writing a business plan. If you are an entrepreneur who is good at thinking through both sides of business deals, this book gives you a lot to work with in trying to understand how you and your proposals will be considered by a venture capital investor.

This book is not geared toward modern, big-ticket, ultra-risky venture capitalists. You won't find any eBay case studies here, nor any advice on how to finance such. Instead, the author's focus has a small-time, mezzanine debt flavor. Think lower-risk, low to mid-tech deals; smallish companies, such as printers, with existing business models and revenue streams, in search of expansion capital. The proposed structures are safe (secured, convertible debt) and the bulk of the book consists of due diligence checklists. The writer's conservatism is both the virtue and the limit of this book. Depending on your needs and beliefs, you'll find it either reassuring and methodical, or stodgy and old-fashioned.

This book is good for beginners who want to know more about the VC process, but it needs to be updated for modern practices. It also needs to be edited for grammatical errors, which I found unacceptable given the price of the book. If you are truly interested in private equity either as a student, angel investor, or professional, then I recommend a book by Josh Lerner: "Venture Capital & Private Equity - a Casebook". It is very thorough and modern.

Much updated from previous editions, David Gladstone's useful text provides a very cursory survey of deal and investment techniques, albeit for slightly later than "sexy" stage deals. However, as this book is designed for the novice, and as Lipper's text has fallen out of print, this sadly remains the only general text on VC investing for the inexperienced, and is useful in context of the level which it is designed to educate. While the many checklists may be somewhat annoying to seasoned VCs, they are probably indispensable to the novice investor, since they provide a summary framework when working through deal and business terms. And while the book is designed more for later stage (through certainly not LATE stage, as some have alluded to) deals, the book is, again, designed to educate the novice venture investor, who really shouldn't be doing high tech start-ups anyway. Irrespective of that, anyone who presumes to write a text on investing in high tech start ups would likely find his text applicable only for the next few months after printing. Ours is an industry that evolves very quickly, and changes rapidly in accordance to the latest trends. No one can teach you

how to pick the winners in the trend that hasn't happened yet. Getting the basics from a text like Gladstone's, however, can give you the fundamentals on which to build that "knack".

I was impressed with the thoroughness that Mr. Gladstone gave to the due diligence process, arguably the key to closing a successful VC deal. Particularly useful are the 80 pages of 'must ask' questions he provides. If anything, these are worth the price of the book.

This book is a thorough, practical guide to the nitty-gritty of venture capital investing. This comprehensive, well-organized instruction manual summarizes the homework you should do before you make a venture capital investment, the paperwork needed to carry out the investment and the ongoing work you will have to undertake to have a prayer of seeing your investment pay off. If it is a little plodding, you can understand why. It covers a lot of ground. The authors compare venture capital investing to a partnership at one point, to a marriage at another. They don't attempt to sell you on venture investing. In fact, by telling you how difficult and labor intensive it is, they may even drive you away. We believe this book definitely belongs in the library of anyone who has ever taken a serious interest in venture investing. It will also help entrepreneurs who need venture capital financing by showing them how to evaluate their companies according to the criteria that serious investors are apt to use.

Investing in a small private business is difficult. There is not enough information and it is almost impossible to find a buyer for your investment if you need to sell your investment. This book provides the investor with a detailed approach to investing in private businesses. The book discusses the process one should go through before investing in a private business. It is detailed and directly to the point of what an investor should look for and what things the investor should do. If you are thinking of investing in small private businesses then this book is for you. If you are seeking to raise money then purchase my other book "Venture Capital Handbook" that is for business owners who want to raise money.

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