

PART IV

Negotiating and Structuring the Deal

CHAPTER 20. Selecting and Meeting the VC

CHAPTER 21. Preparing to Negotiate with the VC

CHAPTER 22. Negotiating the Term Sheet

CHAPTER 23. Managing the Due Diligence

CHAPTER 24. Closing the Deal

You are now sufficiently equipped to start meeting VCs. The financial and legal negotiations kick off once the VC agrees to fund the venture. This section provides you with the tools, strategies and insights to help you negotiate and close a win-win deal with the VC.

This part also includes guidance on how to understand the VC's motivations and negotiate with him. Slang and phrases used by VCs are listed to smoothen the negotiations. A detailed description and explanation of terms used in the term sheet as well as the tools and strategies for managing the post-term sheet sign-off due diligence are provided. The legal documentation that you will have to sign before getting the VC money in your business is then explained to enable you to close the deal successfully.

“My father said: You must never try to make all the money that's in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won't have many deals.” J. Paul Getty

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“The fellow who says he'll meet you halfway usually thinks he's standing on the dividing line.” Orlando A. Batista

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Grouch Marx as Otis B. Driftwood negotiating in “A Night at the Opera” (1935):

Otis B. Driftwood: Do they allow tipping on the boat?

Steward: Yes, sir.

Otis B. Driftwood: Have you got two fives?

Steward: Yes, sir!

Otis B. Driftwood: Well, then you won't need the ten cents I was gonna give you.