

NEW SILICON VALLEY  
NEW INVESTORS

# *The* NEW SAND HILL ROAD *Dictionary of* INVESTORS

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Turning Coffee Meetings into Million-Dollar Failures, One Pitch at a Time.

2

Investors: Making Simple Ideas Complicated Since the Dawn of Capitalism.



The Most Confused Founders in History

**Founder Friendly (foun'dər frënd'lē) adj. –**

foun'dər frënd'lē [<VC Speak]

1. We'll let you lead, as long as we agree with you.
2. The façade of empowerment before the control freak emerges.
3. A term used to lull you into a false sense of security.

## Angel Investor (ān'jəl ĩn-vĕs'tər) n.

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ān'jəl ĩn-vĕs'tərz [<VC Speak]

1. The early believer who writes you a check before reality hits.
2. A generous soul who gambles on your dream, hoping for wings.
3. The person who will be your best friend until the next round.

**Cap Table (kăp tā'bəl) n. –**  
kăp tā'bəlz [<VC Speak]

1. A complicated spreadsheet that determines who gets rich and who doesn't.
2. The chart that shows everyone's piece of the pie.
3. The document that causes founders sleepless nights.

## **Pro-Rata Rights (prō-răt'ə rīts) n.**

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prō-răt'ə rīts [<VC Speak]

1. Our way of getting first dibs on more equity.
2. The investor's right to keep their slice of the pie.
3. A protection mechanism for greedy investors.



**Term Sheet (tûrm shēt') n. –**  
tûrm shēt's [<VC Speak]

1. The document that pretends to be founder-friendly.
2. The terms and conditions before we take over.
3. The VC's formal offer, with lots of small print.

**Bridge Round (brīj round) n. –**  
brīj roundz [<VC Speak]

1. The emergency funding to keep the dream alive.
2. The cash infusion to delay the inevitable.
3. A lifeline between optimism and reality.

**Cliff Vesting (klĭf vĕst'ing) n. –**  
klĭf vĕst'ing [<VC Speak]

1. The period you must endure before any of your equity becomes yours.
2. The time we make you wait to see if you're really committed.
3. The reason founders stick around, even when the going gets tough.



## **Hockey Stick Growth (hők'ē stīk grōth) n. —**

hők'ē stīk grōthz [<VC Speak]

1. The mythical growth curve that shoots up dramatically—at least in the pitch deck.
2. The chart you show investors when you're trying to impress them.
3. A graph that only exists in fantasy land.

**Capped Note (kǎpt nōt) n. –**  
kǎpt nōt's [<VC Speak]

1. A convertible note with a ceiling on the valuation, because we don't want you getting too rich.
2. The limit on how much equity you'll lose—before the dilution gets worse.
3. The VC's insurance policy against your sudden success.

**Smart Money (smärt mŭn'ē) n. –**  
smärt mŭn'ē [<VC Speak]

1. Cash from investors who claim to bring more than just money.
2. The money that comes with a side of unsolicited advice.
3. The VC's way of saying, "We know better than you."