

[podcastnotes.org /2020/01/02/jordan-harbinger-jason-calacanis-angel-investing-startup-entrepreneur/](https://podcastnotes.org/2020/01/02/jordan-harbinger-jason-calacanis-angel-investing-startup-entrepreneur/)

Advice from the Most Successful Angel Investor - Jason Calacanis on The Jordan Harbinger show - Podcast Notes

About The Author TD

9-11 minutes

[Home](#)[Jordan Harbinger Show](#) Advice from the Most Successful Angel Investor – Jason Calacanis on The Jordan Harbinger show

January 2, 2020

Check out the Jordan Harbinger Show [Episode Page & Show Notes](#)

Key Takeaways

- Jason invests in people, not companies
- “You have to rewire your brain to be a great investor and to be a great founder to say, ‘F*ck it, I’m taking the risk.’” – Jason Calacanis
 - A 1% chance to become a billionaire or save the world is a calculated risk worth taking
- **A founder must be delusional and highly skilled; here’s why:**
 - A delusional founder is too wrapped up in their vision to pay attention to naysayers or give up
 - A high degree of skill is necessary to compete against the best
- You’re either raising money or running your business; you don’t want to be doing both at the same time
- The quality of a leader is determined by the quality of people they’re able to recruit
- The most valuable skill is the ability to learn quickly and independently

Books Mentioned

- [Angel: How to Invest in Technology Startups — Timeless Advice from an Angel Investor Who Turned \\$100,000 into \\$100,000,000](#) by Jason Calacanis

Products Mentioned

- Jason doesn’t specify which Neumann microphone he uses to record his podcast, but based on the given price, it’s probably the [Neumann U 87 Ai](#)
 - For a more affordable option, the [Shure SM58](#) microphone is also popular amongst podcasters

Intro

- Jason Calacanis (T: [@Jason](#), IG: [@jason](#)) is the host of the [This Week in Startups](#) podcast (check out the [Podcast Notes](#))
 - He’s also an investor in quite a few companies (including Calm and Uber)
 - Check out Jason’s [website](#)
 - For more Jason, check out these [Podcast Notes](#) from Jason’s appearance on the 2 Cent Dad Podcast
- Host – Jordan Harbinger (T: [@JordanHarbinger](#), IG: [@jordanharbinger](#))

Before Angel Investing

- Jason was applying to work for the FBI when he realized the opportunity the birth of the internet presented
 - Thus, he decided to take more of an entrepreneurial route

- Jason founded the [Silicon Alley Reporter](#) in 1996 and turned down a \$20 million buyout right before the dot-com crash
 - “We went literally from \$12 million in revenue one year to \$500,000 the next. It was really brutal. I had to lay off 80 people; people cried.” – *Jason Calacanis*
- Later on, Jason noticed some people he respected were finding success blogging, so he founded [Weblogs, Inc.](#) in 2006, which he eventually sold to AOL for \$30 million

Why Angel Investing?

- Jason loves supporting those who are changing the world, and angel investing is one of the best ways to do so
 - “I’ve organized my life around this premise of meeting founders, trying to figure out which ones are under-recognized, and being the person who writes the check when nobody else believes in them because that’s the most exciting check to write.” – *Jason Calacanis*
- **Jason invests in people, not companies**
 - Why? – **When the right person fails, they always improve on their mistakes, but when a company fails, it can’t try again**

Investing Mindset

- Imagine a game where someone pays \$1,000 to pick a card out a standard deck. If they choose the ace of spades, they receive \$100,000. Otherwise, they receive nothing.
 - “Most people would be like, ‘Well that’s stupid, there’s only one ace of spades.’ But, once you realize 1/52 is about a 2% chance, you’d say, ‘How many times can we do this bet?’” – *Jason Calacanis*
 - **Each individual attempt is unlikely to pan out, but in the long run, you’re favored to come out ahead**
 - “Our minds are not designed for that. Evolution has made us conservative, scared creatures” – *Jason Calacanis*
 - Risk-averse people were more likely to survive in prehistoric times
- **“You have to rewire your brain to be a great investor and founder to say, ‘F*ck it, I’m taking the risk.’”** – *Jason Calacanis*
 - **A 1% chance to become a billionaire or save the world is a calculated risk worth taking**
- Angel investing requires gut decision-making with little information, making it very easy to talk yourself out of a good investment

What Jason Looks for in a Founder

- “I look in people’s eyes, and while they’re talking I can tell – and it might be from poker – if they actually believe what they’re saying” – *Jason Calacanis*
- **A founder must be delusional and highly skilled**; here’s why:
 - **A delusional founder is too wrapped up in their vision to pay attention to naysayers or give up**
 - **A high degree of skill is necessary to compete against the best**
- Other good indicators of capable founders:
 - They have detail-oriented focus
 - They have a list of actionable things they plan to do to improve the business
- On assessing startups with multiple founders:
 - At least one founder should be a great leader
 - If the company has three founders, Jason assumes one won’t be with the company in the future
 - **All founders should have been vesting their equity monthly for 48 months with a one year cliff (at least)**

Assessing VC Firms

- As a founder, don’t feel forced to have meetings with investors
 - **You’re the one with the leverage, the investors are the ones seeking you out**
- **Talk to other founders that have worked with the firm you’re talking with in the past**
 - Use the internet to find out which companies a VC firm has dropped – then, call the founders of those companies and ask them what happened
- Jason’s power move response to potential investors: “Really don’t have time for a meeting, we’re executing against an aggressive plan. If you wanna come by for a quick coffee one morning, and

you happen to be in Santa Monica, I'd love to have a quick coffee with you, but I have to hit these numbers." – *Jason Calacanis*

The Rules of Raising Money

- "When you're oversubscribed, everybody wants to invest, and when you don't have a lead, nobody wants to invest" – *Jason Calacanis*
 - If you want to raise \$1.5 million, aim for \$750k – in your documents, set a minimum of \$500k and a max of \$1.5 million
 - Doing so will make you a more appealing investment psychologically
- **You're either raising money or running your business; you don't want to be doing both at the same time**
 - **Having a co-founder is very powerful in this situation because raising money and running the business are each full-time jobs**

Jason's Must-Ask Founder Questions

- How do you know (person who introduced you)?
- What are you working on?
 - The people Jason is looking for will pounce on these questions as much as possible. Otherwise, they don't have it in them.
- Why are you doing this?
 - **One-fourth of the time, someone will say, "I want to make a lot of money" which automatically disqualifies them**
 - There are much easier ways to make money than starting a company (which tends to have a 70-80% failure rate)
- Why now?

Advice for Founders

- "Individual performance can get you to a unicorn status, but to be a legendary company that's worth hundreds of millions, Jeff Bezos just hires maniacal people who want to change the world" – *Jason Calacanis*
 - **The quality of a leader is determined by the quality of people they're able to recruit**
 - "If you're a great leader, you will hire people better than you" – Jason Calacanis
 - Just because a founder is high-performing doesn't mean they can attract other high-performing people
- **"When you strike oil, keep drilling"** – *Jason Calacanis*
 - Pivoting after finding success means less energy will be devoted to what's already working (along with introducing new risks)
- **Startups fail because the founder gives up, not because they run out of money**
 - Jason has seen companies run on fumes for months with zero revenue before finally hitting oil
- Using fear to motivate your employees will only work to a certain point

The Greatest Skill of All

- **The ability to learn quickly and independently**
 - Quick learning ensures adaptability in a changing economy and provides opportunities unavailable to slow learners
 - The capability to learn independently differentiates you because most people don't have the discipline to spend a Saturday learning a new skill

Finding Employees and Partners with Drive

- Be candid and upfront about your work expectations at the beginning of your relationship
- As a founder, you have the most skin in the game, so you'll naturally be more driven than those you recruit
 - **"You can demand a lot of people, but maybe not as much as yourself as the founder"** – *Jason Calacanis*

Startups and Rockets

- **Building a startup is like launching a rocket: it's difficult and many attempts end in failure**
 - But, if you succeed, you can blast through the stratosphere
- Unlike a rocket, if your startup fails, you won't die or lose billions of dollars – you can just try again, but with the knowledge gained from failure

Money and Happiness

- **Each additional dollar above a \$70,000 income will increase a person's happiness by less and less**
- “99% of the best things in life really are not correlated with capital” – *Jason Calacanis*
 - No matter how much money you have – **You can't buy a hug from your mom or the satisfaction of having accomplished something difficult**