Would one learn more about running a business from working for a year at a VC firm (for breadth) or a startup (for depth)?

3-4 minutes

This question previously had details. They are now in a comment.

One interesting thing about venture capital firms is that they rarely take their own advice when it comes to their own business.

Most VCs will tell companies to own a market and be the very best at what they do. They generally tell companies to find a niche and exploit it — and do not enter a super competitive space. But VCs themselves are generally crazy competitive — often competing with 100 firms (that are usually staffed with super-smart people).

Most VCs will tell companies that they need to have one CEO. In the rare case, maybe there is a co-CEO. But many VC firms are run as a partnership with 4–10 equal partners (though some partners may be more equal than others). They'd never invest in a company run by committee.

Most VCs will tell companies they should invest in the future and take very low salaries for equity upside. But VCs do not usually trade some of their short-term salaries for long-term upside. Most VCs pay themselves salaries out of their typical 2% management fees. If VCs took their own advice, they would be using most of that 2% fee to build systems and invest in the future. Or they would trade the bulk of the management fee for greater carry.

Most VCs suggest companies should be unprofitable for a long time and focus on growth. But VCs themselves are usually very profitable.

Most VCs focus their portfolio companies on growth. They want these companies to hire great people and continually level-up the management team. Yet the VCs grow their own businesses very slowly and do not take risks. VCs rarely move into adjacent markets, expand their brand, etc.

Many VCs want their portfolio companies to keep expenses low — spend less on rent, fly economy, and generally be frugal. Yet most VCs do the opposite with their own expenses — often spending lavishly on rent, travel & entertainment, and more.

Most VCs stress that companies should be long-term focused and should be doing things that outlast the founders. But many VCs set up their firms in short-term oriented way. VCs often have much bigger key-man risks than the companies they invest in.

Most VCs focus on governance of their portfolio companies — thinking it is wise to have investors and independents on a company's board. But VCs themselves often have much less oversight.

Most VCs believe companies should go public and that being a public company is very good for the long-term. But VCs themselves rarely go public.

Most VCs often help their portfolio companies see opportunities to acquire other firms and grow the firm. The growth of a synergistic merger often can outweigh the dilution that comes from growing the firm. VCs rarely acquire other firms.

Summation: Venture Capital firms rarely take their own advice when running their own firm. Private Equity firms (like Blackstone, KKR, Hellman & Friedman, Vista Equity Partners, etc.) are actually much more like venture portfolio companies than VCs are.

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