Cash flow isn't just important to your business. It's really important to venture capitalists. If our cash flow is screwed up I guarantee yours is as well.

Clint: Under what circumstances do VC's have cash flow problems?

Jason: VC's need to do two things with their money. They need to invest it in companies and they need to pay salaries for the management fee. The only two ways they can generate that cash is either to call capital from the investors or to sell companies or have companies go public. Liquidate those assets and use those assets to recycle.

If you have $100 million fund, you can call $100 million in capital. You would be an idiot to call $100 million in capital because you always want to save some in case something unexpected happens. You figure maybe you call 85% or 90% of that.

Now if you think about it, we're actually talking about $75 million or $78 million that I actually have to invest, to invest a full $100 million and put all the management fees on top of that. When you start thinking about it that way you're suddenly like, "Oh my gosh, we have to generate a lot of money in order to do these things."

It's our job. Obviously, even if you're a break-even fund you have no problem doing this. This gets quite interesting if your fund is not successful. You could have serious cash flow issues, which then of course trickle down to the companies.