

When venture capitalists invest in a company, we want to make sure the founders are solely focused on the company, and for that reason, there is a term called founders activities in term sheets.

Clint: As an entrepreneur, I get that when you give me money, you want me focused on the business. But so long as I'm performing in the business, why can't I do a few things on the side?

Jason: Actually, I would say that VCs wouldn't argue if you are doing a few things on the side, but we want to know about that. What we do is we put a section in the term sheet that eventually gets in the financing documents that say, "Look, you are only allowed to work on this company and if you are going to do anything else, at a minimum you need to surface it to the board."

Founders, by nature, are very outgoing, interested people who have got their hands in a whole bunch of things. We have seen situations in the past where people do get distracted.

Clint: What kinds of activities would you consider okay things to do. What kind of activities would you say, "No, that's completely out"?

Jason: I can't speak for all venture firms. I think that we are very strong on anything that is community involvement, charitable involvement or anything regarding education. Anything like that, that's very different from your life, we think can be healthy. We also think that sitting on boards of other companies can be healthy. You never learn so much as you do sitting on other people's companies and seeing the issues that they are going through.

I wouldn't be happy to see a founder spending a day a week helping out another startup in the area. That would be inappropriate.