

I'm not a huge fan of Silicon Valley. It reminds me so much of Hollywood and the movie and TV industry.

In Hollywood every one will talk and listen to you about your project. But while they are standing there, right in front of you, they are not looking at you. They are looking past you to the next project where they can raise/sell more. Where they can be a bigger star. There is always a bigger fish. Who ever is standing in front of them is hopefully just the bait.

Silicon Valley has become the exact same thing these days. No one wants to literally start from scratch in a garage and build something. No one wants to bootstrap a business to profitability. Those are such archaic notions these days.

Like Hollywood, today's nouveau entrepreneurs are looking past the pitch right in front of them to the next source of capital who will pay a higher valuation. Or if they are discussing a job, they are looking past the interviewer in front of them, already contemplating whether or not the stock options they get in this company will match the value on exit of the next gig they could get.

In essence start up employees are marking to market the stock options they haven't earned yet against the options they haven't yet received in companies they haven't yet heard of . It's the Back to the Future arbitrage. Welcome to Silicon Valley.

In silicon valley it seems like anyone who went to Cal or Stanford feels like they deserve a minimum startup valuation of 8mm dollars or more. Why ? Seriously ? Why ? Because they went to Cal or Stanford. That's why. It is one of the key reasons many folks feel like there is a bubble in Silicon Valley. The starting points of valuations are crazy.

I too was of the opinion that valuations were in a bubble. I am no longer of that opinion ? Because I was slow it took me a bit to come around to fully understanding what Silicon Valley does best.

Silicon Valley as a source of capital is no better or worse than any other big city. There are plenty of sources of capital everywhere. Yes, they may be better at writing 40mm dollar checks to startups ([Color anyone](#) ?). But start up capital is not their secret sauce.

What Silicon Valley does better than anyone is create exits. They know how to get people who they have made money for to turn over a lot of that money to buy the companies they have invested in. They know how to put on a show to get a company to an IPO. They know how to go out and get hundreds of millions of dollars to bridge companies with 10s of millions in revenues to their IPO and more importantly to make sure the IPO happens.

So if you want your new tech corridor to play in the big leagues with Silicon Valley and its VCs , don't stress about capital for entrepreneurs to create companies. Stress about capital that will buy provide exits for companies or that can get them to a liquidity creating IPO.

And it doesn't have to be billion dollar exits. Millions. Tens of Millions. Small IPOs. If you can help enough companies get to capital that takes them to the big leagues or gives them an exit, it will be like financial gravity. It will pull entrepreneurs to you.

So if you want to be the next Silicon Valley, don't promote the startups you have in your city/state. Many of them are going to go out of business before the ads hit or the conferences happen. Brag about the exits and how there is capital waiting for amazing entrepreneurs to reach their goals.

What changed ? First of all the IPO market is finally starting to open up a tiny bit for tech deals that raise under 50mm dollars and are not "hot" companies or household names. 8mm vs any IPO is still a good thing.