



## Stanford eCorner

### What Do You Look For in a Company?

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May 19, 2004

Video URL: <http://ecorner.stanford.edu/videos/843/What-Do-You-Look-For-in-a-Company>

When deciding what companies to invest in, Mandelbaum spends a lot of time with the prospective company. She considers what skills the founders have and what positions they could fill in the company through time. She wants only the companies that have great aspirations, not just the ones that want to be good. Finally, she considers the IPO scenarios available to the company.



#### Transcript

Well, I love the fact that you created a niche for yourself as a coach for startup companies. And I know that lots and lots of companies came to you looking for your guidance. And you were very selective about the type of companies that you decided to get engaged with. What were you looking for? What were the key things, you know if I came to you I actually thought about doing this today I was going to come up here and pitch an idea to Fern and kind of get some real-time coaching but decided that we would pass on that. But let's imagine I had. Let's say I came here and I pitched an idea, what would be the things that you would be looking for? You know first of all, I spend a lot of time with the company before I decide to do anything with them. And I have to really believe that you are going to make it successful, you as a CEO. Now that doesn't mean that you're necessarily going to be the CEO and there are 5,000 people there. As a matter of fact, that's probably better if you understand that you're not that person. And I will spend a lot of time focusing on what are your skills, you know, what do you bring to the party.

Frankly, I'm always a little concerned when four people come who have been friends for couple of years and they're all singing "Kumbaya" and they split it up 25-25-25-25. And they're going to be the team that takes it to an IPO because, you know, I always ask the question what's everyone going to be doing in three months? Six months? One year? Three years? And we just go through a whole series of questions on why is this going to be a sustainable, great company. And I don't help companies that want to become a good company, even though that's a great thing, but I want companies that want to believe that they're going to be a hundred million, five-hundred million, and a billion. And we sit down and really map it out How will they get there? What are the key things they need to do? The other thing though is I don't believe that all companies are going to have an IPO. So, one of my key screens is "Are they a potential acquisition candidate". And not one company, not two companies, but ten companies. What ten companies would want to acquire them across a broad spectrum that they could go down a lot of different verticals. Because things change, every company kind of goes like that and I'm going to help them kind of narrow that but, you know, that acquire could be way up there. Very interesting. Now, how long do you typically stay involved with these companies that you are coaching? Is there a point of which you sort of throw them out of the nest where they're on their own or is this a very long-term relationship over many years? You know I always joke with the CEOs when I first get involved that in a year or two they're going to forget my name.

And they just completely disagree because we're talking ten times a day and everything's critical and I need to be involved in every decision that if I do a good job, I bring in great advisers, great board members, great team members. I get rid of myself, you know, I'm onto the next one. So it's really the first year that's really intense and then by the end of year two you know we're talking once a week. But you get invited to their holiday parties? I do. I do get invited to all the weddings and baby

showers and holiday parties.