

Does a VCs Culture Really Matter? The Upfront Story



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I'm often asked about the differences between being at a VC and being an entrepreneur and whether I prefer one or the other.



The biggest difference I cite is that Venture Capital often feels like an “individual sport” while startups are a “team sport.” The reason is that at a VC you have a group of partners who often have different focus areas of excellence, each pursues deals in their respective field, each makes investments and sits on boards and each spends their most difficult hours tackling problems at portfolio companies vs. solving the challenges at the VC itself. You come together as a team one day per week (the “Partner Meeting,” which for most firms is on Mondays) and mostly share the news & information from your portfolio companies or evaluate new deals.

Startups are team sports because you’re all working on the same shared objective of the company. Startups often have mission statements, goals

& objectives and the best roll out company wide processes to align the CEO's goals with the executive management goals with the next level staff goals all the way down the organization. The top-line results are shared because every member of the org ought to be contributing to the same goal.

As a result many VCs feel like amalgamations of individual contributors and don't necessarily have a shared "core." This isn't a criticism, just an observation. The best firms I have interacted with over the years seem to have more of a sense of shared mission & values. The truth is that the newer the firm the easier that shared mission is. When you're on Fund I or Fund II it is often a founding team that all started together, knew each other before and went through the trenches together to get a fund raised.

When it's an older firm (say Fund X or XII) it is often the 3rd generation of leadership, it has historic rules & norms that haven't been fixed, it has skewed economics and an unclear mission. Again, to be clear, I'm not saying every 30-year-old firm is like this and certainly the likes of Sequoia, Greylock, Accel, Bessemer and so forth are some of the best firms that exist.

Funds like First Round Capital, True Ventures, Foundry Group, HomeBrew, USV and many others are still run by the founders and are still on the mission they started.

I mention all of this because this has been a journey that we at Upfront Ventures have thought a lot about over the years. What kind of firm do we want to be, how do we instill shared values, how do we handle generational changes, how do we onboard new partners, how does our strategy need to change given changes in market dynamics, etc. I think the best firms try to continue to reinvent themselves as markets change as we would encourage startups to do. That's what we're trying to do at Upfront.

Branding & Shared Values

The first step we took was to choose a brand name that we felt represented our shared values and that we felt helped force us to live our values. We thought about what we wanted to stand for:

- Direct, blunt, real feedback

- Transparent
- Early Stage
- WYSIWYG (what you see is what you get)

And Upfront seemed to represent these values. As I'm fond of saying, "It's pretty hard to call yourself 'Upfront' and then seem like you're playing games with entrepreneurs." We won't be the right cultural fit for every entrepreneur but if we're truly WYSIWYG then it helps entrepreneurs decide if we're aligned.

So we put in place a brand that we hope represents this.

Community

We also believe it's important to be strong pillars of our community. This started with being located at ground zero of where many startups are actually created. Historically we were near Beverly Hills in Los Angeles and throughout the 1990s and early 2000s this was fine since there was not strong locus in LA with some great deals in Pasadena, downtown, San Fernando Valley as well as on the Westside in Santa Monica. Also, many of our deals were in NYC, Chicago, San Francisco or London.

But as LA as a tech community grew massively the percentage of our LA deals went from 15% to 50% from 1996 to 2010 and it has remained solid since then. And as tech founders have skewed younger over the years due to the need to raise less capital and the fact that startups are often more technology-based at their cores—the shifts to areas where younger founders want to live has happened all over the world. So Silicon Valley massively shifted to San Francisco. Waltham shifted to Cambridge. Thames Valley shifted to East London. And LA shifted to Santa Monica and Venice.

And we had to shift to be with our customers and prospects.

So Dana Kibler, our CFO, and I set out to find new offices (after 16 years in one office) in Santa Monica. We previewed 55 office buildings, considered where we thought the market would be going and thought again about our values. At the time I was 44. I visited 100 Wilshire, which is the tallest building in Santa Monica and sits adjacent to Ocean

Avenue. The penultimate floor was vacant (I think it's like floor 26 or so) and from there I felt atop the world. You literally feel like you're perching over the most beautiful beaches in the world and you see all the way up the coastline from Ranchos Palos Verdes in the south to Malibu in the North. Being up there one felt like king of the mountain.

Yet.

While at 44 that felt like a chest-pounding moment—it didn't feel like our brand or our shared values with our customers. It was more hedge fund than venture capital. It was stunning but sterile.

We wandered 6 blocks East. We visited a concrete building from the 1920s called "The Telephone Building." It was an Art Deco style building and we were able to design an office that kept the concrete and the wood. Most importantly it has an outdoor deck that allows us to build small work pods outdoors. We will have couches, work tables and lounge areas. We immediately fell in love and although it's not right by the beach or even a modern building it actually ended up costing more than the grandiose 100 Wilshire.

We took it anyways. We took it because we want to provide a work space for our portfolio companies or people considering working with us. We wanted to be able to have regular educational meetings, breakfast gatherings, seminars or even just cocktail parties. We want our employees to have a place to invite friends and colleagues to hang out and we want EIRs or people just starting their companies to be able to apply to be our partners and share our office space.

We obviously can't offer this to everybody because we still have limited space. But we do have great working spaces for our portfolio companies to entertain clients or hold board meetings or executive retreats. We have space for VCs visiting from out of town to have meetings without crowding in the local Starbucks or Philz Coffee (which is a block away!).

We wanted to live our brand. We wanted to continue to open up. We wanted to be more accessible. We can't take 1-1 coffee or lunch meetings with everybody who wants "just 30 minutes" but by building an indoor-outdoor office in Santa Monica where we regularly invite others to hang out and break bread (or gluten-free, Paleo-style whatever!) we hope to be even more accessible to many more people.

In short: We want to be pillars of our community.

Authenticity

We're not for everybody. We can be blunt. We tend to roll up our sleeves and do shit and sometimes that feels great for entrepreneurs. Others prefer to be left on their own. We won't win every deal. We won't be perfect for everyone raising money. But we hope that by living our brand and our values and remaining authentic to who we are—we ended up working with people who see us as true partners rather than just another check.

Not right. Not wrong. Not better. But we hope to be aligned.

And I hope this gives you a better sense of us. And our journey. We're a work in progress. But the milestone of moving into our new offices in Santa Monica last week is an important step in creating the right environment to continue to live our brand.



Finally, I wanted to express my deepest thank you to Dana Kibler, who has spent the past 3.5 years of her life on this office project journey with me. She has put in 100x the hours, has owned all of the details on construction problems, city planning, building owner negotiations, regulations, ADA compliance and has even had to endure more discussions about men's urinals than I'm sure anybody would ever care to do.

Dana, thank you for seeing us through this big project, for leading it and for enduring the pain-in-the-ass that I can be when things don't go to plan. I know we thought we'd be in > 2 years ago but I also know that in 5 years from now we'll look back at this achievement as a major step forward in Upfront.

The photo is Dana on the first day with Jordan Hudson who has also helped tremendously with design, furniture and layout. And helping be our cultural ambassador. Thank you, Jordan.

