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Endmoor Faunce

My Business Model (v0)
This is a brief piece outlining my business model as an investor and fund manager.

Core Skillset
I do not have a competitive advantage in the traditional venture knowhows such as product, hiring, or engineering, but if there's one thing I can claim to be an expert on, it's venture capital. My business model is monetizing this via a venture fund. There are three phases in my strategy.

Venture Advisory
The first phase of my business model has been as a venture advisory. Just like how Blackstone's first three years was as a M&A advisory shop, and raised the first buyout fund after it has already helped clients go through acquisitions, I've been serving as an advisor to startup founders on all things fundraising for the past three years. This model allows me to have an inside look at the founder and their business because I need complete information to guide founders through a fundraising process. I've been monetizing this information asymmetry by getting minority allocations in the rounds that I help construct, but I learned recently that I also need to update my charging model accordingly. After a few cases where I help the founder successfully close a venture round, I've found myself in a position of no leverage where I need to rely on goodwill from the founders to reciprocate me with allocation. This is unnecessary - now I tend to "charge" a portion of my allocation upfront via an uncapped SAFE (sometimes with discount) so that I'm financially aligned with the founder before kicking off the round. However, there are a few problems with this business model. First, this venture advisory value add loses significance after the first round of financing since the founder will have learned how to approach the process at the next round. Second, this model limits me to certain ideal customer profiles where I have product market fit, such as young dropouts or defecting PhDs. I cannot, for example, compete in the repeat unicorn founder market with this business model.

Venture Agency
Thus, the next phase of my business model is as a venture agency. In this model, I zoom in on my ICP where my venture advisory services have asymmetric PMF. These founders are usually outsiders or very early in their journeys, and I "sign" them onto my venture agency by being the first Silicon Valley in-crowd investor who leads the inception or preseed round. To the founder, I serve as an "API to the network" of the SV in-crowd, where I can put them in the room with every relevant tier one investor with a default level of trust, stemming from my past track record coinvesting with these tier one investors. For example, every single one of my investments from the fund at the time of this writing have been coinvested with Benchmark, Khosla, Lux, or GC; I've coinvested with Sequoia and FF as an angel; the funds or founders of a16z, Valor, and Lux are my LPs. At least within deep tech, I have working relationships with every major institution, not to mention seed specialists. After I invest in the founders, I can approach my frequent coinvestors at the follow on rounds already understanding what matches their taste, increasing the likelihood of investment.

Venture Index
After a few such coinvestments with these tier one firms, I gain an information advantage on how each investor at each platform think about founders, markets, and deals. I can understand not just which firm will like which deal at a high level, but also what the internal dynamics at those firms are like, what their process is, what can go wrong, and who has more sway at a ground level. My role as a seed manager who surfaces a specific type of founders (the out-of-distribution) to these institutions that consistently fits their taste incentivizes the GPs at those firms to maintain a working relationship with me, which further allows me to build a mental model of the supply and demand dynamics at the venture seed-to-A market. A fund is a function that approximates a group of founders and the enterprise value they'll generate. My fund doesn't need to understand markets, technologies, or products the best; I just need to understand the founders the best and which tier one firm will want to invest in the founders at the next round. Instead of trying to understand markets better than Sequoia, products better than Benchmark, or technologies better than Khosla, I can simply understand their appetites on each deal to approximate their level of confidence in the vector that they're best at. This is a slight of hand that allows me to outsource all parts of the diligence process so that I can only focus on underwriting the founder. On a long enough time horizon, I believe that out-of-distribution input correlates with out-of-distribution output. My business model is ultimately building a portfolio of OOD founders who are all backed by tier one investors, where I have a cheaper buy in cost from investing earlier than the large platforms.

Signal Value
My approach to poker is that I only play statistically favorable hands (AA, AK, etc), and default to folding if I don't have a hand with great bones. The effect of this strategy is that whenever I choose to play a hand, the other plays around the table know that I probably have a great hand and will be more cautious. The same analogy holds in venture: I only invest in statistically OOD founders, and every time I find one I'm willing to deploy 5-10% of my entire fund. Over time, this strategy should accrue signal value where whenever I make a core investment, my coinvestors know what type of founder they're getting.

Core Insight
As a seed fund, I don't need to understand which businesses, products, or markets will be the most successful; I just need to understand 1) which founders will be the most successful and 2) which tier one investor will want to lead their next round. My fund is a function that inputs OOD founders who raise from tier one investors and outputs OOD returns. I will write more about my founder profiles in a different piece.