How to Raise a Few Billion Dollars

51 MIN · YOUTUBE · HTTPS://WWW.YOUTUBE.COM/WATCH?V=ZHVY9WZHJPA
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SUMMARY

Fundraising is fundamentally about building trust, which is the key to moving money effectively. The speaker emphasizes that successful fundraising involves understanding the desires and fears of potential investors, positioning them at the center of the conversation, and fostering genuine relationships. The inner game of fundraising requires a focus on empathy, persuasion, and the ability to create a compelling narrative that resonates with investors.

- *Trust is the magic key in fundraising; money moves at the speed of trust.*
- *Successful fundraising requires understanding the desires and fears of investors, not just presenting logical arguments.*
- *The inner game of fundraising is about making the person in the room the center of the conversation.*
- *The importance of starting with those who already trust you, such as friends and family, to build initial capital.*
- *Persuasion can be simplified to the equation: desire minus fear.*
- *Building consensus is crucial, especially in later fundraising stages, as it reduces perceived risk.*
- *Differentiation, track record, and simplicity are critical factors in successful fundraising.*
- *The drama triangle concept helps identify and address the emotional states of potential investors during meetings.*

Money moves at the speed of trust. Most people know how to get people's attention and get get interest moving in the direction. That last unlock of trust actually is the magic key. The inner game of fundraising is really about >> >> putting the person in the room as the center of all conversation. Mentalists do this. They get inside your head. Hypnotists do this. Psychologists do this. If they have no fear, in other words, is riskless, they will do it.

>> We were chatting before and you said if you were to rename your book, you had an idea what you'd call it. How would you rename it? >> As I wrote the book The Dao of Fundraising, I had this idea that I wanted to put something philosophical out in the world because fundraising isn't just a idea of persuasion. It's actually a way of life. That that the actual interacting with people through the lens of them as the center of your conversation is a way of life. And that way of life requires a certain level of responsibility. when you start to get good at understanding how people work and how people react and how they will react to me or to you or to other personas, you know, you can actually use that for your own selfish needs or you can use it for good. So, I called it The Dao of Fundraising. But, in the end, you know, I don't know how many people actually care about that philosophy. What most people want to know is how do you get money?

And and so, I think I probably would have just renamed it, you know, money moves at the speed of trust because the entire book really is about that. the entire book is about, you know, how money pools and areas and and people hold on to it and resources. We can put a lot of words around what actually motivates people to move in a direction. And that's really important in making sure you say, "Hey, I want the money to move in this direction, not that direction." The real trick is that most people know how to get people's attention and they get get interest moving in the direction. That last unlock of trust actually is the magic key. So many people do such a good job of using logos or logic to actually get somebody to a yes.

And they still say no because it's the difference between between belief and trust. I didn't write this in my book and I wish it was the first chapter. Belief is like I believe you. Yes, what you're saying makes sense. I believe you. Trust is very different. But I don't have faith in it. I don't trust it. People say, "Wolf, how can you believe something and not trust it?" Have you ever gone skydiving? You know, or people who are terribly afraid of of flying. You know, do you believe that the pilot is qualified? Of course you do. And so, trust, you can get people and people unfortunately just don't get to that last piece where they get people to believe that this is going to work. They believe it is the right thing, but they still trust that you're going to actually fulfill what they need.

And that's very complicated. I want to go to the situation where I'm a person, I have an idea, something I want to do, it requires capital or resources of some kind. What people should understand about that starting state that you've learned? And where people then tend to fall down. Like I think one of the interesting messages that you and I have talked about before is of course a a good idea is important, a good product, a good whatever, the thing you're trying to build or sell or or what have you.

But that people maybe underestimate the role that capital can play in making that thing happen. And therefore this skill that that you've learned a lot about and done a lot of is just unbelievably valuable, but no one really knows how to do it beyond the idea. So just maybe just like at the very beginning orient us around that combination of idea plus capital and the importance of the relationship. >> First you have to look and say, "Okay, who are the people who trust you?" This is why they call it friends and family.

What is friends and family? >> I trust. >> I trust. >> I don't think it's totally true. Friends and family are people who will give you money that are they're not afraid to lose it. Their tolerance for loss actually may be much much worse than and it's just So that's that's I think kind of a urban myth that oh, go to friends and family cuz they'll give you the money as charity. I think the most expensive money is borrowing money from your friends cuz you don't give the money back, your friendship is not the same anymore. But they trust you. And they want to see you do well. And their desire minus fear, which is we talked about persuasion, their fear of losing money is subordinate to their desire for you to do well.

And they know that in order for you to do well you need resources you don't have. So as an individual first you need to find out who trusts you. Who are the people who desire your success more than they fear or they trust you're going to make money for them. They desire to make money and they trust that you actually are going to and they don't fear that you're going to lose it cuz they've seen you in action in other places. That's where you have to start. Politicians call this the hard reelect number. The hard reelect number is some base number where no matter what you do, they still will vote for you. So you first have to figure out naturally who would give me money. And then from there you sort of multiply it. You say, "Well, if I think that my friends and family going to give me let's say a million dollars, then maybe my goal sure is two or three million dollars because from their trust I can leverage their trust to see. Now, maybe you could do better than that, but you have to start from there. You're not going to raise a hundred million dollars off of friends and family of a million.

But, you should do better than 500,000. And by the way, that tends to be my experience. Or if your your first close is a billion dollars, you tend to tap out at two billion. because your first close almost always is your hard real life number. that has been my experience. How much money do I really think trusts me already? And then from there, let's build on it with a campaign. And then we can talk about the actual mechanics of of doing a campaign. But, before we do that, I'd love you to dig deeper into this very simple idea of persuasion equals desire minus fear. Like, it's incredibly simplifying elegant way of thinking about this.

Why is that the reduction that you've arrived at versus some other one? This is like a decade ago, I was talking to one of the masters of the universe. I talked about it. I think it's desire minus fear. And they said, "Hey, thanks, Mr. Obvious. Everything's, you know, greed, you know, greed and fear." And I looked and I said, "Wow, that's actually not true. The simplicity of it isn't the wisdom of the phrase. It's the nature of desire. It's the nature of the positive side.

It's the invitation to say that that that people can be inspired by something that is not just self-serving. Greed is self-serving. This human condition has so many things it desires. The ego has so many things it desires. Otherwise, we would never give money away. Otherwise, we would never do things that are are generous for people. Otherwise, we wouldn't care about the environment, care about our children, care about desire. So, when you're talking to somebody and try to persuade them, too many people and this is maybe one of the most important lessons that people seldom get right when they first start fundraising. In the alternatives world, an investing professional talks to somebody on the other side of they call limited partners.

And they just are so passionate how much money they're going to make for them. And the returns because the more money they make, the bigger the plane or whatever it is cuz they're motivated that way. And of course, as a fiduciary, you're saying, "Well, this has to be what you care about." But the dirty secret to the relationship is that very few, some do, very few limited partners are actually compensated on the returns that the general partner makes. A very few are. Some are. Some are compensated on IRR.

And it's hard, right? Because the alternatives business, you have to wait for 10 years to see if it's something good or bad. So, it's really kind of an an awkward alignment of interest. They'll say, "Okay, I'm going to pay you on an IRR, but we don't really know if this is really good. So, I could pay you ton of money. General partner could be tricking up the IRR and there are lots of great tools to to do that these days.

And that's a misalignment of interest if I'm giving you my money to actually manage. So, therefore, there are a lot of people who just simply don't make money if you make money. And so, in other words, there is no greed. So, there's got to be some other motivation. So, when you're trying to raise money, look for that motivation that they have cuz they're in that spot for some reason. The fear piece is also really important. And fear might as well be another word of saying trust. You know, it's the anti-trust. The way to inoculate yourself against fear is trust. In fact, the more fearful somebody is and the more trust you can develop, the less desire they need. Well, if they just trust me absolutely, then everything else will pale in comparison. If they have no fear, in other words, it's riskless, they will do it. This is one of the things that that ties into the so many hedge fund professionals that appear on your podcast as well will talk about risk loving risk aversion.

I think that's kind of I don't really think there's such thing as risk loving risk aversion. I think that there only people who actually perceive there's no risk. I think that no one actually really invests with a lot of risk. I think that that people actually convince themselves that the risk is far less than than what it really is in order to justify the risk they're taking so they can receive the reward. And where do we see this? Gambling.

All right, the casino. It's a It's part of the human condition that we rationalize away the risk. And so if somebody says I'm risk loving, no you're not. You're just really good at rationalizing away the risk. Like and not to zero but did you know your outcome is gigantic? You just have to rationalize the risk to half of what it really is and you'll say yes. And that's where a lot of cognitive mistakes are made in investing for sure.

>> A lot of the of this equation is applied You've talked about applying it early to get going. I'm also very curious about applying some of these ideas much later on. So, if I think about your time at General Catalyst or something, you're on fund eight or or whatever. You're established. People know who you are. There's somewhere in the book you said the path of least resistance is often the money goes to stuff already in motion.

So, you know, fund eight let's say or you know, series D or whatever. You like you're already in motion. Yeah. What have you learned about doing a really great job at that stage? What happens there that's distinct from just like the early stuff of total uncertainty. We don't even know if you're any good. Like how would you do that even? Like I'm even thinking literally about you sitting down like okay, we're going to go raise this this thing.

>> So, we basically set out on a campaign of consensus. Well, one of the ways to get rid of fear is consensus. Consensus by the way, is the hardest maybe one of the most powerful things to move entire markets because consensus is a macro view and by definition you have a macro view you've influenced the macro world. You'll see this why propaganda in its best and worst forms creates a consensus. There are a couple ways to go about it. you can argue that there's the classic innovator early adopter early majority late majority laggard in which case you know you have to close the gap and lots of people written wonderful books about early adopter to early majority.

Once you cross after that all sudden consensus starts to happen, okay? That is a really powerful framing. So I go, "Okay, great. So we know that the winner on the other side of that gap is actually winner take all." So therefore it's worth it. The second way you can get at it is that big money tends to hide behind committees. It's because if you've got a committee of eight or nine people and you have to vote what then by definition is happening?

You have a consensus decision. I have never seen a committee a consensus decision-making process make a contrarian bet. Unless the group is designed to make contrarian bets. That's very hard to do and that's why it's very hard to find good venture capital firms because they tend to be contrarian firms. So how do you build consensus? You build it with consistency. Find people who you can do things for that are actually part of the the group that you want consensus around. State pension plans, let's say. Consultants, sovereign wealth. Do they care about co-investment? Do they care about fees?

Do they care about access, transparency? Do they care about intellectual property? Do they care about just being entertained? Find it. Give it to them. They come back to you. Build. Now you've got a sovereign wealth plan. Now you've got a pension plan. From there you you start to meet people and they say, "Hey, you realize that this state pension fund has invested in this." Next thing you know, the next round, you end up doubling it. And that round, you end up doubling it.

And so, if you take a look at the the experience, all of a sudden, General Catalyst and others are starting to become consensus. And this is true for any of the other folks who have amassed capital. There's a consensus that they're the winners of the class. and General Catalyst created a consensus. and so, that was the whole goal. But, you had to do it You didn't do it right away. You had to do it fund by fund by fund, but it was very intentional. By the way, here's the thing. You have to have the courage then to lose the people who actually were the people who invest with you cuz you were contrarian. In other words, you have to have the courage to get past the innovator's dilemma. And so, if you there's a set of folks hiding out with family offices, endowments, or whatever it is, or small fund of funds that say, "Hey, you're now too big for me." You're going to lose them. You have to have the courage to do that.

The only way you're not going to succeed is if you actually want to have your cake and eat it, too. Now, there is a truth to if your performance is so dynamic, you're so differentiated, then you'll be able to run the table. And there are firms that do that. and they're you know, you can't get into the fund. You can't cuz their performance, their track record is so absurdly strong relative to the industry that you trust that they're going to actually develop the these certain returns again.

>> Ramp is the only platform built to make your finance team leaner, faster, and better, saving businesses 5% annually on average, so you can stay focused on growth. Ramp customers grew revenue 3.2 times faster than the average American business. Visa, Foursell, Cursor, Stripe, Notion, Eleven Labs, Shopify, and 70,000 other businesses all run on Ramp. Mine does, too, and so should yours. Learn more at ramp.com/invest. Felix by Rogo is a personal finance agent that turns a single prompt into finished, client-ready work using your firm's own templates, context, and standards. Send Felix an email like, "Take these comments and turn them for me." or "Update my tracker with the context of these emails." or "Run the ability to pay math on this buyer." and Felix sends back finished PowerPoint decks, Excel models, and sourced research. Felix works the way your team already does, delivering work quickly and accurately around the clock.

Learn more at rogo.ai/felix. The best AI and software companies from OpenAI to Cursor to Perplexity use WorkOS to become enterprise ready overnight, not in months. Visit workos.com to skip the unglamorous infrastructure work and focus on your product. >> I remember one of the one of the partners at Benchmark, I asked them, "How do you fundraise?" And they said, "Well, we send an email on a Tuesday night and the fund is closed on Wednesday morning." >> Right, right, right. So, in that case, let's talk about trust. So, so the consistency, right? So, cuz they they consistently perform exceptionally well.

Consensus is they're actually one of the best funds in the world. And there's scarcity. You don't have to have experts like a consultant say, "Well, that's the best from like, look, I already know consensus is is there." They don't have to do anything for you. There's no reciprocity but returns. And by say but returns, again, that that isn't everybody's desire. It's most people's desire cuz it makes them look good. But it's really it's about the consensus and the scarcity that allows them to have the advantage and the privilege of of keeping their funds small and and keeping their fund raising energy and calories very, very low.

>> You mentioned the word differentiation before. Can you explain your law of differentiation? >> If if anybody wants to learn sort of three like three laws of physics that are the most important in fundraising. Law of differentiation, law of tradeoffs, and law of pipeline. Let's talk about law of differentiation. This is This is like the law, all right? This is your track record plus your differentiation and you divide all that by the complexity of your story.

So, track record. That isn't just your returns, but is is how do you behave? So, if you're an official if you're an elected official, your track record is your voting record, right? Or it's the way you show up in the media. It's your consistency. Differentiation can be anything. Like it can be I can take contrarian bets. It can be I only do one or two things, but when I do them I'm highly operationally intense. It can be I access this part of the market that no one else does. It can be my GP commit is is abnormally large.

So, let's take those two positive features when you're trying to build a portfolio cuz almost everybody at the institutional like the big money, not the small money, the big money has a portfolio. So, you have a portfolio of diversified assets and you try to have those assets not replicate what they're each other's doing because if they're auto correlated, then you know, you didn't do a great job. So, you kind of want people who are differentiated. And so, you're trying to add something that I is is additive to your portfolio somehow some way. All right. Then the complications. Complications are usually the enemy of trust.

The more I have to explain, well, my my kid my daughter comes back late at night and I said, "Look, you know, you're supposed to be back at midnight, but gosh, it's 2:00 a.m. and explain yourself." And there's this long story of this and that. Like I don't trust this. My daughter's pretty smart. She knows, "Oh, Dad, you know what? I just blew past it. I was having fun." >> >> Sorry. >> Sorry. Like well, I trust her. Complications got you.

They got you for two reasons. First, they got you because it ruins or it just dilutes trust. But the second is is really much more commercial. Which is I've seen with my own eyes many times where people trust and want to do something but they can't explain it to somebody else that is making the decision. You better give them that phrase that they can repeat to somebody else because that's how somebody else will then trust what they're saying.

And that is the true one of the most famous examples of this is is of course the OJ Simpson trial. If the glove doesn't fit, you must acquit. One of the most famous lines in the history of the world. Well, do you really think that if you didn't have that, these folks would have actually been okay walking out of the courtroom finding him not guilty or being hung as a jury and having to explain to the media why they did that? No way. But he was smart enough to say, "Okay, guys, you're going to have to defend yourself to everybody."

Very complicated why. How they going to and you're they're not going to want to hear about your civic duty to to adjudicate the law. You say, "Look, I had no choice. The glove didn't fit. I had to acquit." Changed my life when I saw that, by the way. I looked at it wow, that's what it that's what persuasion looks like. So, if you have complications, make sure you give them that phrase that allows you to cut through those complications even if you have complications. And so, when you were doing a fundraiser, would you literally go through these three variables and try to improve each one systematically? Very much so. Very very much so.

Religiously. Track record plus differentiation divided by complexity of thought, you're constantly trying to make the track record look better in their eyes. You're constantly trying to make your differentiation look better and you're constantly trying to reduce your your your your complications. And the differentiation piece is back to the the question you asked me about General Catalyst. What do people do when they get to that level? There are two kinds of people who sustain. there are those who find their why. Why are we this big? Why do we exist? And there are those who just say, "Now I've got the money. I'm now big and I'm going to continue to push forward. Those who do that actually get small again. Those who find their why, like why do we need to be this big? Why is this size helping us? And why is this helping you?

And the why can't be a branding. Because every why has a cost. Every differentiation has a cost. Great differentiation requires great sacrifice. And if you're willing to say, "I am never going to to invest in weapons." Well, then you're going to miss this out on a generational amount of of of investing that's happening right now in the venture community. Take a look. You can go back to 2019 and the vast majority of venture capital firms say, "We will never invest in weapons." It's the hottest area right now. The same people who said they would never invest in weapons are actually now leading the weapons charge. It's unbelievable.

Great differentiation requires great sacrifice. They will never be differentiated for what they say. They've lost their consistency. So, in the long run, if they but everybody remembers, they'll remember, "Hey, you said you're never going to do this. Now you are doing it." And that's you lost your why. You lost your why you're doing it because it was just branding. As a great advisor, as a fundraiser, you're always trying to say, "Hey, you got to have the courage to stay disciplined in your differentiation." Because if you don't, that's not differentiation. And people will see through it ultimately. Then the other two laws, just really quickly, is the law of trade-offs. Size, speed, and terms. I cannot tell you how obvious it is and how no one believes this. That if you want to raise a fund or you want to raise an investment, your trade-off is how much money you want to raise, how fast you want to raise it, what kind of terms you're going to get.

>> And is it as simple as like you hear this about quality, cost, and speed in building a house or something? Like you get to pick two. Is it kind of the same? >> Yeah, you get to pick two. Right. I mean, like the difference here, though, Patrick, is that it gets back to money moves at the speed of trust. Size and terms really trade off for each other. Speed actually is trust. And that's the part where it drives me crazy when I try to explain to somebody like, "No, no, this isn't just a discussion of mechanics." Okay, let's use scarcity. I take my size, I shrink it up to the scarcity. A real scarcity.

People will move faster. Let's say I don't have scarcity. Now, geometrically they're going to move slower. That's straightforward. So, back to your your your example of a venture capital firm saying, "Look, I just sent it out and the next week they bring it in." Scarcity, that's very scarce. Money moves fast. Okay, great. But let's say you don't have scarcity. Now, money's going to move very, very slowly. It's going to mean move at the speed of trust.

Then there's the terms. Well, the terms lowering the terms actually may make the person move a little faster, but they're going to move faster because they think that you won't have capacity for them now that you've actually come to this tipping point where "Oh my god, if I don't move, I'm going to miss out and I was here early." That's how it moves faster. It doesn't move faster because well, I lowered the terms. Why are they coming in faster?

No, they're the state pension plan still has to go through its four months of diligence and this and that. And people miss that that trade off versus quality, speed, and cost. They actually truly do trade off for each other. You can have speed if you have scarcity. but very few people I know will actually legitimately use scarcity. Benchmark does, wonderful. Most people like to their way through scarcity. Oh, well, if we have room. And the investor 100% knows that they're lying and you immediately lose credibility. So, I I never let my my my candidates, the people I represent, I never let them play that game because they see through it and you lose trust. And as you lose trust, you lost the velocity of money. And if you take a look at just the law pipeline, you need to run a campaign where you have a pipeline and you have to shove it through a conversion ratio and there's a bite size. The only thing you care about is your conversion ratio. Only thing. Why?

Because if you know your conversion ratio is 20% then you know it's just a matter of effort. You know your bite size is going to be a certain amount just plus or minus on a bell curve and you know your conversion ratio is this then all you do is say, "Okay, cancel Christmas, cancel Easter, cancel Valentine's. I'm just going on the road and I'm going to meet people." And by the way, who figured this out? Just the largest asset managers in the world.

They're just like, "Look, we're just pushing our product through a conversion ratio and our levers that we get to pull are how do we improve that that conversion ratio?" You can do it by having better performance, you can do it by having better differentiation, you can do it by reducing the complexity of your story. Now all of it ties together. Now I appreciate you have to get past the hard real life number because that conversion ratio is artificially high.

But once you get past your your hard real life number and you start getting in the market and you're like, "Wow, one in 10 people are saying yes." Then it's just really a matter of, "Hey, how much do you want it? What do you want to get to?" And so it's literally just pipeline times conversion ratio times bite size. That literally is the only math that is important for a fund raise. >> I really like the simplicity of thinking through you're raising money for a company or for a fund or whatever, starting with the law of differentiation, then thinking about these trade-offs like being deliberate and intentional about what you're going to care about. And then it's just the actual motion of like going to do it where conversion ratio is the thing that allows us to come all the way back now to this idea of the drama triangle. So you're you're in meetings now. So like we we've gotten through the Okay, here's my value proposition, here's how I'm thinking about what I want, and like here's the equation that's going to determine if I'm successful. They actually literally just go sit and do meetings. Describe this idea of the drama triangle and personas cuz I think it's a really useful frame on if you're doing 100 meetings, it's a helpful thing to know.

>> There is a psychological framework called the Karpman drama triangle. The idea is that we as people have a hard time accepting that we have agency in our lives. So therefore, we have a victim consciousness. So when something bad happens, it happened to us. Life happens to us. When life happens to you, you're a victim. But when bad things happen, you're a victim. you're not responsible for it happening. And then when you're a victim, you're looking for a villain.

And usually, you're also looking for a hero. In a sales pitch when if you already know that this person is feeling victimized or feeling something somehow some ways happening to them. If you can find out what that is it is very easy then to craft a story that allows you to alleviate that pain. And if you can do that then you become heroic. So for instance somebody's complaining about the fees.

You can rather than saying, "Well you know, hate the game, not the player." which isn't so useful. You can talk about how you can mitigate fees if that will help them say yes. It's your choice. You can do that. And that allows them to say, "Okay, I've found a hero for my problem. I found a solution for my problem." Right? That's really what they're looking for, a solution. That's a heroic idea. If you can't be a solution, then you look at the villain and you just have deep empathy for the villain that exists.

And then you're just moving into therapist therapist mode. I've never met somebody who isn't better off by being empathetic to that problem. Like I've never met the person who has been shunned because they're overly empathetic to somebody's real problem that they've discovered. In fact, it's quite the opposite. You learn to trust them. And it is a very simple way to manage a meeting is to find out what is the drama. Is there drama in this person or these people?

Do I have the ability to be a solution to that drama? If I cannot be a solution to that drama, can I empathize with that drama so they're listening to my solution as something that is useful? And in its own way, that's almost as much as you need to actually make sure that almost every sales call goes well if you can find a a wavelength to the person where they they actually feel comfortable with you. When I ask you like who are the great masters that you've encountered of building real trust?

Who comes to mind and what is it that they're doing so effectively? Oprah Winfrey. And and I would call Oprah's game a promotion of goodness. And people wanted that in society at that time and frankly, I think people want it today. So, what I mean by goodness? Goodness is the combination of kindness plus conviction. you can be kind but not have any conviction. you can have conviction and not be kind. I think that whenever you saw Oprah open her mouth or whenever she presented something, there was a kindness to her.

But there was a conviction that she stood for something, that she meant something. In some ways, she preceded the podcaster in that she had a conviction of what she wanted to get out of the person for the rest of the world to hear. Sometimes it was about pain. Sometimes it was about inspiration. Usually, it was about inspiration. And so in terms of engendering trust, she did a wonderful wonderful job of engendering trust with bigger audience. She exhibited more institutional trust-building like reciprocity that she would give gifts to the audience.

>> Yeah, you get a car. >> You get a car, right. But she also created consensus. I mean, she had the Oprah's Book Club. That was the mother of all consensus like hey, the idea that this book club or these books are the best books for people to read. She became as powerful or I would argue more powerful than any of the best seller lists. the consensus idea. Like who wants to read these things? authority. She was able to use and recruit people with authority to talk about issues of our society that otherwise wouldn't have a stage. That's the podcasters the sort of zone of of of influence today and she was able to create liking which is a way of creating trust. I like you, you like me. And imagine how incredible this is in a population that she is an African-American woman. That she's able to sit and she is a beloved individual in the Midwest which tends to skew different demographically.

But she's able to engender liking and she's incredibly empathetic. She's very consistent with the way she actually brings people on stage and what she says and what she believes and how she was always able to give somebody something inspirational in in a conversation. You never left a conversation with Oprah thinking well, that was a downer. It just never happened. So if you know consistently I'm going to turn on the channel, I'm going to see Oprah and I'm going to be inspired.

then that's her brand. And then the last one is scarcity. She had a scarcity about her in that she really didn't show up anywhere else but Oprah. Like you didn't you didn't see her you know, in a lot of advertisements. You didn't see her on doing other talk shows. You didn't see her doing anything else. She just was Oprah and that's all she did. So if you want to see Oprah, you had to tune in to that. And that creates trust.

>> that we've laid out, what are the most common mistakes that you see people make? >> Most common mistake is super easy. Is that people over-index on logic. It blows me away. You know, logos, ethos, pathos, right? Logic, emotions, and and values. Simon Sinek talks about, you know, the question why, which is actually your emotional and your value or your intuitive engine that actually makes you make decisions, and that the frontal lobe actually is is what actually just puts meaning to all of the feelings.

Well, as it turns out, that's generally true. There are two ways I get people to remember this. I don't get confused with a here's the logic of why you need to do it. And usually the logic is, my returns are so great, I do such a great job. It's it's table stakes. But, I always remind people two things. First, I say, well, back to the the the difference between belief and trust. Like, you can win the beliefs. Like, yes, this plane is not going to crash.

I'm still scared. Money's not going to move. So, in other words, you got to get them past the fear. And people don't don't address the fear. Biggest mistake, is they stay on logic. They don't address the person in the room. They address the the fiduciary objectives in the room. Second the way that I get them to remember it is the phrase -ization, right? Literally means to create a condition. So, if you think of civilization, means to take something that is hedonistic or brutish and do make it civilized. So, you create civilization, but it does not start out as civil.

To create organization. Something that's chaotic and is is dispersed and you are creating that from something that's not naturally in its state into something that is now organized. Well, then what is a rationalization? Rationalization is you're taking something that is not rational and you're actually forcing it into becoming something that it is not, which is rational. In other words, rationalization is just the thing that we make up in our head to explain why we feel the way we feel. The most important thing to remember is that if you want to get to yes, it's desire minus fear.

But desire and fear are both emotional states. They're both ethical states. And you have to win the hearts and bodies of the people and get them to a place where they are not instinctively scared to trust you and they have an emotional desire or ethical desire to do this. Then the logic will follow and the logic just helps define or helps justify the decision they want to make. So, the first mistake that everybody makes is that they think that the logic is where you're winning it. The logic actually is an output of a successful sales pitch, not the input.

>> If I try to take that very helpful insight and put it in terms of what you said earlier, is it fair to say that in your equation of differentiation that fear is complications, that track record is rationalization and that differentiation is really the remainder, is like all this desire stuff? >> Well, that's pretty good, actually. I think that that that actually gets you to quite a quite a great description. I love this. I had you know, I've spent maybe 15, 20 years talking about tracker plus appreciation divided by complexity of thought.

And it's a trinity. It's just like any other trinity, size speed and terms, logos ethos pathos. And yeah, yeah, it does fit in that. >> After doing this in so many different interesting ways, is there anything we've left on the table about the process and purpose of really good fundraising in a business that I haven't asked about? >> The tactical part is what kind of person are you and what kind of person do you want to represent you? Oh, are you looking for a salesman, a service provider? Are you looking for a secretary of state? And what's a secretary of state? Secretary of state is one of the most powerful people in the cabinet who actually is the one department where you actually don't have control over the constituents. You have control as a president over the treasury. You do have control over energy. You do have control over health and human services. You do have control over national security. Because you have control budgets, you control influence.

You do not have control over China. You do not have control over the UK. So therefore you have to have a secretary of state that actually allows you to interact with them and helps you create that and it can represent you when you're not there. That's what a great fundraiser is. When you can send that person in and say, " this person's here. I know you you speak for the president." And that's really hard to do and it's fascinating how many people get this wrong.

It's fascinating how when somebody asks me, "Well, what kind of secretary of state am I looking for?" I always say to them, "Well, what is the first impression you want people to make when you're not in the room?" So if you think about presidents of the United States, President Nixon, he had Kissinger. And kind of that kind of look and feel of realpolitik. You take a look at President Clinton, he had Madeleine Albright, policy wonk of the highest order, United Nations ambassador, incredible reputation of having the deepest international policy experience ever. Exactly the image that that President Clinton wanted. And then you take a look at at Barack

Obama. Barack Obama, he's looks and says, "Well, you know what? I want to be change that you can believe in. I want to be inspirational." And he also had in very little foreign experience. So, he hires his opponent to show that he can cross the bridge and also happens to be one of the most experienced people to ever sit in that chair, Hillary Clinton. It's just a hard sell who do I want you to see? Who do I want you to see? And And that person has to be of industry. So, when I meet somebody who says, "Well, the reason why I could be such a great fundraiser as an investment banker as an ex-deal partner is because I understand the the system."

I look and go, "That's exactly the wrong person." The person that you want as Secretary of State is someone who actually understands the language and what's going on. If you do not understand what's going on in the Middle East as Secretary of State, but you understand policy on the president's things, that's not so helpful. If you don't understand what's going on in Asia and how all that dynamic works in the culture and the politics, it's not so helpful to the president.

But, you understand what the president wants, great. But, you have to understand what they want. And that intersection of what they, who they are and what you are is the intersection of of what a great investor relations professional is. >> Vanta automates security and compliance for over 16,000 fast-moving companies like Ramp, Cursor, and Harvey, keeping them audit ready around the clock. It's the number one agent of trust platform and it now helps companies like yours watch for the risks that show up between audits across your vendors, your AI tools, and your whole environment.

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>> So now speaking to the people that want to go be the Secretary of State, not the people that want to hire them, but the people that could be that representative. What should they look for in a leader to go work for you? >> It It depends on what your ambition is. In the end, the easy way to think about it is what kind of candidate do

you want to support? There are people in the world, and I'm not judgmental about this, who say, "Look, I just want to be on a winning team."

And there are candidates who are really strong candidates who aren't necessarily people that giving them substantial sums of resources are going to do great in this world. But, they're great candidates, and great candidates allow you to get elected, and when you're elected, there are benefits to the Secretary of State. Period. I mean, you In other words, the more powerful your candidate, the more powerful the Secretary of State. And in some ways, many people who have these fundraising jobs, myself included, one of the humiliations that we need to commit to is that we really are only as great as the people we we represent.

That I, when I was at my peak as a fundraiser, still am representing somebody else's greatness. And that's really important. So, you have to then say, is it worth it to make the sacrifice and the ego deprivation for this candidate? And at different stages of your career, and at different stages of your life, and different stages of your egoic development, you'll make different decisions. You'll say, look, I want to make a lot of money for me and my family, so I'm going to find the best candidate who I can monetize. I yeah I I want to be in a powerful place.

There are other places to say, look, I really actually want to try to attract resources to this individual cuz this individual is a candidate who I really believe in. And I'm okay if we only have a small amount of resources cuz I'm doing something that I believe in. And if you can find both, then you hit the jackpot. It's a little bit like marriage or or careers in general. Why does everybody get married when 50% or more of people don't stay married? And actually, maybe 75% people shouldn't be.

It's because when it works out, it's one of the most magnificent things that life can possibly give you. So, the payout's great. And so, it's a little bit like jobs. When you find that candidate who is magnificent in their ability to attract capital and develop relationships, and they happen to be somebody who also is somebody who who you ethically and emotionally just a adore and want to see do well.

That's like winning the lottery. But unlike a bad marriage, it's not a binary experience. You know, my my experience is that to be a Secretary of State can have many powerful the head of investor relations, can have many powerful benefits and and great intrinsic joys because the flip side of it is is that if you enjoy the job, you do like your job, you enjoy the job of curiosity and meeting people and learning. Well, if you like traveling a lot, frankly, if you like interacting with people and playing the game of discovery of the person, this is about as good a job as exists because you get to play the exploration of people every minute of every day. So, when you're a Secretary of State or you're head of investor relations and you're meeting all these people, you sometimes get some great intellectual stimulation, but you always get a a opportunity to actually engage at the coal face of the human condition.

And it's amazing what you get to experience. And you know, I'd say that this is true for anybody who's done this job for a long time or the job that I used to do for a long time is that you make some incredible friendships. And because by definition, you spent all this time trying to get to the other side of trust, well, what is the other dividend? It's not the money that you actually were able to to attract. It's that you actually became friends with the person.

It cannot be any other way. If you're authentically developing trust, you then you're authentically creating a friendship. >> If you think about your whole set of experience doing stuff like this, you were talking about this idea of inner games before we started recording. And you're you're being interested in the inner game of interesting exceptional people. How do you describe your own version of that? Like what is the inner game been like for you across this period?

>> The inner game of fundraising is really about putting the person in the room as the center of all conversation. That I actually don't exist but for the fact that I'm in your mind at this moment in time. I actually am just an object in your mind. And that object in your mind is being processed by all the stuff that is Patrick O'Shaughnessy.

And so now that I'm living in your mind, what can I do to in this case make myself interesting, make myself compelling, make myself somebody you want to meet again, make myself somebody that you are satisfied that you actually invited on to your podcast because I'm inside your mind and what is going on inside of there and when I look at you I see such a deep curiosity. I see incredible patience as well. You're allowing me to have these long-form explanations. So when I'm talking to you I really myself don't even exist over here as much as I exist inside your head.

And that's the inner game of most I think of the most or the highest level of persuasion. Mentalists do this. They get inside your head. Hypnotists do this. Psychologists do this. Anybody who is engaged in a mental discussion. If they're really good, they're not just saying here's what I am. Who are you? And how do I address you in a way that actually is satisfying to you? And I hope I've done that in today's podcast.

>> I think you know my traditional closing question for everyone. What is the kindest thing that anyone's ever done for you? >> First of all, thank you for asking it because it opens up such a cornucopia of gratitude in my life. Because there's no way I'd be where I am today without the charity of others. And so, the hardest part was finding that one moment. When I thought about the nicest thing, I thought, you know what? It's actually the body of work of niceness.

That has to be my wife. The body of work of things that she does for me that is kind and nice. So, the nicest thing she's done for me is is support me in all of the lunacy that actually is connected to being a fundraiser and how hard it is and physically I difficult it is. but I'll tell you that the one story that about my wife, so I'm 58 years old and so 8 years ago I had my 50th birthday and I was born 1967 and so I grew up loving 80s and 70s rock bands and my favorite rock band is band called Styx. And so, on my 50th birthday and I happen to play guitar. And so, she got a band to play and I happen to be able to play a several Styx songs on my guitar. And so, they called me up on stage and said, well, your 50th birthday, you know, why don't we have John come up and play one of his favorite Styx songs. And so, I'm like, great. They opened up the guitar case and my wife got me an autograph guitar from every band member of Styx.

And then inside there was actually tickets to the next show and I got and she got me backstage passes so I can meet the band. >> Amazing. >> Oh, amazing. And it's the nicest thing to this day that anybody's ever done for me. that was It was incredible because not only was it such a rare gift to give somebody, but she had to go figure this out and she had to have the resources to go do this. And by the way, just so you know, not only did she get me on stage to play a sticks song with this band but my brother my younger brother who's 5 years older than me plays piano she got him to learn the song on piano was come sail away and so my brother gets on stage starts playing the piano and I'm laughing like oh my God my brother's a very busy guy like wow I'm sorry that you had to learn this and so the whole thing was an expression of love but it was it was an identity of me it was a celebration of me and that was you can't ever take that away.

>> Beautiful wonderful place to close you've taught us a lot today thanks so much for your time. >> Well thank you it was great to be here. >> You know how small advantages compound over time that's true in investing and just as true in how you run your company your spending system is your capital allocation strategy ramp makes it smarter by default better data better decisions better economics over time see how at ramp.com/invest as your business grows vantages scales with you automating compliance and giving you a single source of truth for security and risk learn more at vantages.com/invest the best AI and software companies from open AI to cursor to perplexity use work OS to become enterprise ready overnight not in months. Visit work OS.com to skip the unglamorous infrastructure work and focus on your product Ridgeline is redefining asset management technology as a true partner not just a software vendor they've helped firms 5x in scale enabling faster growth smarter operations and a competitive edge visit ridgelineapps.com to see what they can unlock for your firm.

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