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STARTUP LOTTERY

**Your Guide to Navigating
Risk and Reward**

by

Gus Bessalel

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Narrated by Gus Bessalel

Foreword

In 1991, an experienced management consultant helped a nervous recent college graduate transition into a new career. Eager and motivated but lacking the confidence and knowledge to be successful, the young man needed not just a manager but a caring guide who would take an interest in his development, offer critical advice and information, and set a high bar for his performance. I was that new hire. My manager and mentor was Gus Bessalel.

It is no exaggeration that I would not have survived and thrived in consulting without that early guidance from Gus. His mentorship helped lay the foundation for my business career. I learned to focus on what matters and tackle issues from the highest level to the most minor details. This is why I was so thrilled when Gus told me he was writing *The Startup Lottery*. After more than thirty years of experience as an entrepreneur, start-up executive, advisor, and investor, Gus' decision to share his wisdom through this book with anyone considering joining a start-up is a true public good. Full stop.

Our startup system provides structural and informational advantages on every aspect of company building and financing to those in charge—founders, executives, and investors. Many resources exist to help them understand how to leverage these advantages. But until now, there has not been a comprehensive guide to help the employees. Without a resource such as *The Startup*

Lottery, navigating startup life has been akin to sailing the oceans before the invention of the astrolabe.

Basking in the glow of an offer to join an exciting new company, potential employees may not think about the intricacies of startup risk and the complexity of options, RSUs, or at-will employment. They may not realize the impact of the equity waterfall, dilution, or investors' liquidation preferences on the value of their opportunity. But understanding these concepts is critical to assessing a company's prospects and the long-term consequences for the employee's career and compensation.

The Startup Lottery makes an essential distinction between the risks that investors and employees take. Venture capitalists spread their risk through multiple investments and increase the probability of a "hit" through a portfolio approach. On the other hand, employees suffer from concentration risk—they can't diversify by taking multiple startup jobs at once and are disproportionately affected if their employer fails. With the stakes so high, those considering startup careers require the best insight and counsel possible. This simple fact alone makes *The Startup Lottery* an essential resource.

Gus is not a cheerleader for risk or adventure for its own sake. Rather, he systematically lays out the pros and cons of startup life to help the reader make better decisions about their careers. *The Startup Lottery* takes the reader through a comprehensive journey that begins with an introspective approach to determining whether a startup career makes sense. It then delves into the levers and financial elements that can help make the startup experience more valuable and profitable and addresses when to leave a job. *The Startup Lottery* can be read cover to cover, but also will serve as a handy reference over time.

While no one has yet invented a foolproof predictive mechanism to determine the chances of success of a startup, *The Startup Lottery* provides a comprehensive, deeply reasoned, and accessible companion to address the informational disadvantage potential employees face. This book will help readers make informed decisions

that benefit them, the companies they choose to help build, and the rest of us who value a fairer startup ecosystem.

As someone who has worked in two startups (one that worked out and the other that did not), I wish I had had this book when I joined my first new venture in 1999. It would have helped me be more clear-eyed in navigating the dot-com boom and bust and armed me with an understanding of the challenges I would face in the startup world.

Over the last fifteen years, as part of the team that has grown LinkedIn into the world's most successful professional network, I have had the privilege of coaching and advising many young people contemplating startup life. Going forward, for anyone considering such a move, my first piece of counsel will be "Read *The Startup Lottery*."

Enjoy!

Ariel Eckstein,
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