Episode 21:

# Vet the Deal, or Trust Your Friend?

How Families Approach
Venture Capital Investing

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**One-Sheet Snapshot**

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Most families of multigenerational wealth will be offered venture capital opportunities, usually through a friend. The questions that matter come before the check: what the odds are, where the deal came from, and what a loss would change. Venture capital can have a place in a family's plan, but only with eyes wide open and sized to the plan rather than to the pitch.

**Mark Meyerdirk,** co-founder of Collaborative Capital, joins us as we discuss how deals reach families, how valuations are tested, why **patient capital is a requirement** rather than a virtue, and how to size each position so that a loss leaves the plan intact.




**Featuring:**
John Christensen, JD CFP®
Cameron Bond, CFP®

**Guest:**
Mark Meyerdirk
Co-Founder
Collaborative Capital

## The Odds

### Most Deals Lose

In a Harvard Business School study of more than 2,000 companies that raised at least $1 million in venture funding from 2004 to 2010, Shikhar Ghosh found that about 75 percent never returned investors' capital. There are few winners.[1]

### The Wait is Long

Carta reports that the median 2017-vintage venture fund had returned $0.27 for every dollar contributed by early 2025. Liquidity is often projected at five to seven years, but plan for ten or more.[2]

### The Premium is Not Automatic

Over the fifteen years through 2025, the Cambridge Associates US Venture Capital Index returned 15 percent a year net of fees, against 14.3 percent for the Nasdaq Composite under the same cash-flow timing. A low-cost Nasdaq-100 index fund returned about 15.8 percent a year from 2008 through 2025, with daily liquidity. The return comes from selection and patience, not from the label.[3]

## The Source

### Ask Who Else is In

The club in this episode presents a company only if a member has already invested, the company has revenue or contracts in hand, and the member who brings the deal answers on the record for their own stake and the valuation. A filter like that improves what reaches the table, but it does not remove the risk.

### Deal Flow is the Problem

Once a family is known to invest, private opportunities turn from a trickle to a flood, and most come through friends. The first invitation feels like an honor. The discipline is in how many the family declines.

### The Diligence is Still Yours

Even a disciplined group expects each family to do its own work. A friend's investment is a filter, not a substitute for your own review.



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## The Balance Sheet

**Size It to a Total Loss**
Each deal should be small enough that, if it goes to zero, nothing about the family's lifestyle, giving, or plan for the next generation changes. The allocation as a whole should meet the same standard.

**Ten-Year Money Only**
Commit only capital the family will not need for a decade, including for estate taxes, a sibling buyout, or a fund's capital calls, which can arrive on short notice.

**Plan For the Winners Early**
Shares in a young company can move to a grantor trust at today's value. Appreciated shares given to charity before a sale is locked in avoid the capital gain. Gifts of qualified small business stock to family members or non-grantor trusts can multiply the federal gain exclusion. However, each window narrows as an exit becomes more likely.[4]

**Application**
*Before the next invitation arrives, write down how much of the balance sheet private investments may hold and what a total loss of any one deal would change. Measure every opportunity against those limits, not against the pitch.*

**References**

[1]Shikhar Ghosh, Harvard Business School, research on venture-backed company failure rates, discussed in *Why Most Venture-Backed Companies Fail*, Fast Company, 2012.
[2]Carta, VC Fund Performance Q1 2025, June 17, 2025.
[3]Cambridge Associates, US PE/VC Benchmark Commentary: Calendar Year 2025, July 31, 2026.
[4]Internal Revenue Code §1202, qualified small business stock gain exclusion and treatment of certain transfers by gift.



## Notable Quotes

**"Venture takes a little longer. You have to have patient capital."**
-Mark Meyerdirk

**"Some deals look great and bomb. Some deals you never would have thought would go anywhere because the founders were not as impressive as some of the fast talkers, have done really well."**
-Mark Meyerdirk



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story-one.com hello@story-one.com (913) 544-0600

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