A New VC Idea

The legacy steps in the VC process follow a certain order. This new idea seeks to change that order and greatly accelerate returns for the entrepreneur. Consider the following truths:

Knowledge is power **C**ompetence is power **R**esearch is power **A**gency is power **E**xperiment is power **S**ignal is power **C**apital is power **I**nfluence is power **A**ccess is power **T**iming is power **C**losing is power **C**harisma is power **L**uck is power

Consider an entrepreneur with a startup based on a **great new idea**, patented, with obvious benefits to society, no need for new technology, a TAM in the billions. With legacy VC, he/she has a hard road to hoe over years with prototypes, proof of principle, just seed rounds to start.

Now imagine a new VC business model, a dream Newco, with founders invited by our entrepreneur: one or more large powerful business companies, the **B(n);** the best companies in the world able to develop and market the product or service enabled by the entrepreneur's idea, e.g. *Amazon, Alphabet.* They **work with** one or more of the top financial institutions, e.g. *Morgan Stanley, J P Morgan, Goldman, Citibank, Blackstone and a VC*, e.g. *Andreessen Horowitz*, the **F(n),** underwriter firms who can best find big institutional investors. The starting capital structure of of this Newco would be **B+F(n) 35%,** Newco Board **5%**, Entrepreneur(s) **10%**, Philanthropy **50%**. The new idea is to achieve enormous instant **gain of value** for Newco begfore any operations; fund operations with first sale of Newco shares at a very high price.

A **50%** share of the returns for philanthropy is key because of the strong incentive to help that it creates will intrigue all the players. It is an opportunity for the founders to do an immense amount of good in the world based on their high standing without using any of their own equity – infinite leverage, infinite ROI.

These founder companies, **B(n)** and **F(y),** i.e. the **B+F(n)**, are chosen due to their sheer size, commercial and financial power, fit with the new idea, and their absolute ability to achieve awesome **gain of value** for Newco shares instantly. Once the **B(n)** announce that they will develop the entrepreneur's new idea and project **$multibillions** in profits, the underwriter firms, **F(n)**, will have big institutional investors clambering to buy Newco shares at an instant **$multibillion** company valuation. Since **B(n)** will own **~28%** of Newco shares, they will sell a **small %** of their now valuable Newco shares to fully fund future product development, marketing and sales of the Newco product or service upfront, **infinite ROI**.

The entrepreneur will select specific **B+F(n)** companies to invite as founders of Newco because they are the **top companies in the world** most able to achieve extreme **gain of value** for Newco shares based on the present value (PV) of the future Newco cash of flow over 20 years. Their combined high finance and commercial strength means Newco will become worth **$multimillions** instantly once **B+F(n)** announce their intent. The **F(n)** companies will make **1000x** more fees for themselves from this deal than any other deal ever, more than plenty to interest even such big financial firms. The entrepreneurs will enjoy an immediate liquid **10%** of TCRA worth billions. Something that would take years of effort and a lot of luck to achieve.

These big **F(n)** companies will develop a prospectus and test it before large institutional investors. Only once funds are committed will they proceed. The enterprise thus becomes risk free for **B+F(n)** and **ROI becomes infinite**.

The entrepreneur chooses **10%** of a certain immediate large asset rather than **90%** of a long-in-the-future uncertain larger asset.

Here's the grist. The entrepreneur has little **agency**, i.e., "possesses the capacity to influence and control outcomes through assertive individual action". He/she lacks access to **B(n)** and **F(n)**, so he/she must find a way to inform them of their huge opportunity. The entrepreneur must find highly influential people to do this informing of **B(n)** and **F(n)**, chosen for their **access** to **B(n)** and **F(n)** Invite them to the board of Newco and offer them Newco shares as appropriate.

This is where venture capital comes in. VCs have access to and can recruit influential people to the board. As Newco board members they will visit with each chosen **B(n)** company and each **F(n)** underwriter firm and inform them how they can make Newco valuable and themselves a fast return. **B+F(n)** will make enormous amounts of money for themselves while they generate **$billions** in cash flow for philanthropic causes.

There is an alternative to Venture capital, a story in the financial press detailing this script. Influential people read the financial press avidly. Just one influential needs to 'catch it' to start the ball rolling.

Stock Market Innovations since 1970

Nasdaq Launched (2/8/71)
Decimalization of stock prices
Mutual funds
Vanguard ETFS (2001)
The LBO (1971)
Private equity (1970s)
Independent Venture Capital Firms (1972)
Morningstar Style Boxes Box Jumping
General Partners Limited Partners
Modern Portfolio Theory (1970s)
Quants and STEM (Late 1980s)
Hedge funds (1990s)
HFT High Frequency Trading
Option exchanges
Bond Trading
Bond Rating Firms
Convertible Securities
Derivatives
Trading desks
Tokenization of Private Assets
Glass-Steagall Act
IBD Investment Banking Division
Investment Banks
Underwriter firms
M&A
Wealth Management Teams
IPOs

Firm Commitments Best Efforts
Private Placement
Tender offers
Activist shareholders
Swaps
CDOs
Credit Default swaps
Virtual CDOs
Derivatives
Blockchain Cryptocurrency Bitcoin
Digital currency
ILBOW