

Reading List
Thinking like a VC
by

[Ashmeet Sidana, Engineering Capital](#)

1. Creative Capital: Georges Doriot and the Birth of Venture Capital, by Spencer Ante

Meet the man who started it all: a French immigrant, Harvard professor, US Army General, Founder of INSEAD and the founder of the **world's first venture capital firm**: American Research & Development. Learn why Georges created a new asset class. Learn how he made investments with a 1000x return like Digital Equipment and yet his firm did not survive. For those considering running a venture firm there are also some insights on the dangers of running a venture firm as an operating company.

2. Pioneering Portfolio Management: An Unconventional Approach to Institutional Investment, by David Swensen

Most venture capitalists work for LPs and David Swensen is one of the best. As the Chief Investment Officer of Yale, David pioneered **the "endowment model"**, and has helped create over \$20 billion of gains for Yale. From this comprehensive book you can get a great LP's perspective.

3. The Masters of Private Equity and Venture Capital: Management Lessons from the Pioneers of Private Investing, by Robert Finkel

A light and easy read of stories from the pioneers of Private Equity, a close cousin of Venture Capital, and of Venture Capital itself: Franklin **"Pitch" Johnson**, founder of Asset Management, **Dick Kramlich**, founder, NEA and **Steve Lazarus**, founder ARCH.

4. The Intelligent Investor, by Benjamin Graham

Warren Buffet worked for Benjamin Graham and from him he learned how to value a company. From this book you can too, and learn why Buffet calls this "his Bible". The journey started by Venture Capital ends here and from Benjamin Graham you can learn the key to long term returns in the market and the **difference between an investor and a speculator**.

5. Ship of Gold, by Gary Kinder

Think venture capitalists only invest in Technology? Take a break after the serious work by Swensen and read the riveting story of a **real ship of Gold**. This is the true story of one man's mission to find the SS Central America, lost in 1849 with over a billion dollars of actual gold from California. Learn how a true entrepreneur, yes backed by capital, tried to find this gold.

6. Twelve Angry Men, starring Henry Fonda, Directed by: Sidney Lurnet

You can't read this book because it is a movie, but it is a classic! Venture capitalists often make **critical decisions by committees** – on Boards and in their Partnerships. This fifty year old black & white movie captures the essence of this dynamic. This movie depicts a jury where nobody should have a personal agenda, while participants often have differing agendas in the committee's a VC works in, yet the essential human interaction is still the same.

7. “The Buffett Partnership” letters before Berkshire: (http://www.rbcpa.com/WEB_letters/WEB_Letters_pre_berkshire.html)

Before Berkshire Hathaway, Warren Buffett was the sole General Partner in the Buffett Partnership. In these letters to his LP’s he shares what he is thinking. While a lot is now out-of-date details, sprinkled in them are some jewels. Buffett shares some of the timeless principles of how a great investor can apply his analysis – the difference between a “control” and a “general”. Ignore most of the details you will learn when it’s **better for the price of the stock you just bought to go down.**

8. How Venture Capital works, by Bob Zider, Harvard Business Review.

http://wire.cs.nctu.edu.tw/ICT-lecture/lecture/Dennis%20Punjabi_Venture%20Capital_Overview_Havard.pdf

Somewhat dated, but this HBR article gives a nice **bottoms-up view** of where venture fits in the innovation/investment cycle.

9. Alan Turing: The Enigma, by Andrew Hodges and Doug Hofstadter

Before Fairchild Semiconductor (1957), before the transistor was invented (Bell Labs - 1947), and even before Hewlett-Packard was started (1939) there was a man who single handedly figured out the limits of computing. Read this book, and with no prior mathematical training, you will understand **why every computing device is simply a Turing machine** - whether it uses gears, tubes, transistors, IC's or as Turing imagined "postal workers sorting mail into boxes." This is the fascinating biography of the man who broke the "unbreakable" Enigma code used by the Germans during WW-II, his ascent to knighthood and death through persecution by the British establishment.

10. The Prince, by Niccolo Machiavelli

Jailed and tortured due to the vicissitudes of Italian politics, Machiavelli wrote a letter as a gift to his patron. What a letter! Usually misunderstood, often vilified, but never contradicted, in a few short pages Machiavelli laid bare the **essential principles of statecraft** - the same principles your “prince” (CEO) must live by if your investment will be successful.

11. The Four Steps to the Epiphany, by Steve Blank

General Dwight “Ike” Eisenhower (supreme commander of all Allied forces in World War II, and later President) told his commanders to throw away their plans after the first shot was fired explaining that *“plans are nothing, but planning is everything.”* This is the book that **launched the Lean Startup movement.** From this book you can learn why the same rule applies to the business plans of startups – and why the plan should be to keep learning and (re-)planning.

12. “You and your research” Colloquium, Richard Hamming <http://www.cs.virginia.edu/~robins/YouAndYourResearch.html>

Richard Hamming made seminal contributions to Computer Science at Bell Labs, but in this colloquium he addressed **how to work to create great research** – and identified many counterintuitive work habits from which comes great and not just good work. This may help you identify a great entrepreneur compared to “merely” an intelligent or hard-working one.

Please make a suggestion: Have a suggestion for another book or feedback on this list? Please send me email at: sidana@engineeringcapital.com

Other interesting reads:

- 1) Internal Sequoia emails and investment memo on YouTube (attached after the affidavit):
<http://www.scribd.com/doc/214802896/Botha-on-YouTube>
- 2) The Elements of Enduring companies, Sequoia capital(<http://www.sequoiacap.com/grove/posts/yal6/elements-of-enduring-companies>)
- 3) Early history of Silicon in Silicon Valley:
<http://www.stanford.edu/class/e140/e140a/content/noyce.html>