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Context to the nugget

Transitioning from one industry to another are always fraught with uncertainty and risk. Leaders are straddling several sub-transitions - settling into a new organization, flourishing in a new space which requires a different set of skills and mind-sets. Karthik talks about the common derailer that could come into play when Consultants or Bankers are transitioning into Venture Investing.

Transcription

Deepak Jayaraman (DJ): If we look at the failure modes when people move from consulting to VC investing, and then if you could subsequently talk about banking to investing, are there two or three failure modes that people should watch out for?

Karthik Reddy (KR): I think, it depends how deep rooted your behaviour is in your prior industry and how married to that behaviour you are. And, I think, that will make you a poorer VC investor. I don't think it's that much about failure mode. Actually, I am an advocate that everything teaches you something. So, if you are able to take that as learning and apply, it's actually going to be very powerful; if you take that as baggage and say nothing else will work as well, it's a problem. So, let's take those examples that you brought up.

So, if you take consulting, usually most people apply very well-established frameworks and venture is all about destroying them. So, if you come and say my skill is to apply the framework and build a new one and know where the world is headed and I am going to be the innovator of that framework. And it's not like they have to be a genius, they just have to learn from the market. They see six new different types of marketplaces working, you become an advocate. So, you will see a lot of guys who, like in the US, their blogs are followed by 100,000 people, and that's because they are thought leaders in this classic consulting mindset, consulting frame. Some of these are journalists, some of them are consultants, but they have gone and applied that core skill to venture in the way they should. It can easily be a trap in the other direction and say, oh this doesn't work. That's precisely the point. Nine out of 10 great businesses in using tech happen only because they have disrupted an existing framework. So, that again is the consulting trap.

Banking, my sense, again, I might be wrong. The best bankers, who have probably moved to venture truly, truly believe in very, very long-term relationships. I think banking is conventionally a deal-making/transactional deal. There are some who will espouse that they are relationship oriented, there are some who maintain them. It's very tough when you have a year-end goal and you have a year-end bonus...

DJ: You need to keep the momentum...

KR: No, even if you worked with a great guy last year, we can't contribute to your bonus for the next three. We sold this company, let's say. What you are going to do with it? Your wealth arm might talk to him but you have no reason to. So that's much tougher. They profess that but how many actually practice it is the challenge. And in our business, you have to see the same guy for 8–10 years. My first fund guys are still thriving. Some are dead, but they still come back. So, it is only a relationship business. So, I might be reading too much into it but I feel like their transactional DNA might get in the way, especially in early stage, because it's all about nurturing not dealing with. And we did touch upon the entrepreneur pitfalls.

Reflections from Deepak Jayaraman

DJ: The key takeaway for me was the importance of the right mindset as you get into a profession. People often focus on the skills dimension but the derailers often happen due to the divergence between the mindset people bring and what is expected of them by that profession. Like Karthik talks about Consultants willingness to think about frameworks from first principles or Bankers ability to nurture long term relationship. Tuning into that and flexing in the new environment is critical. People often focus on what new skills they not to pick up. They pay much less attention to what mind-sets they need to shelve for them to succeed in a new career. That can move the needle much more if done thoughtfully.

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End of nugget transcription

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Karthik Reddy - Nuggets

- 13.00 Karthik Reddy - The Full Conversation
- 13.01 Karthik Reddy - IIM-B, Wharton, and path to venture investing
- 13.02 Karthik Reddy - Articulating culture and hiring for it
- 13.03 Karthik Reddy - Pie-chart of time in venture investing
- 13.04 Karthik Reddy - Venture investing — What does it take
- 13.05 Karthik Reddy - Transition pitfalls — Banking, consulting to VC
- 13.06 Karthik Reddy - Settling effectively into venture investing
- 13.07 Karthik Reddy - Picking founders effectively
- 13.08 Karthik Reddy - Dealing with hyper-growth and scale-up
- 13.09 Karthik Reddy - Scaling up the leadership muscle
- 13.10 Karthik Reddy - What they don't teach you at B-school
- 13.11 Karthik Reddy - In Summary - Playing to Potential

About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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Podcast Transcript [13.05 Karthik Reddy - Transition pitfalls — Banking, consulting to VC](#)

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