Nell's Fair Share



FundOpsHQ

A story about pre-money and post-money



This book belongs to



Nell the fox made kites in a tiny workshop at the top of a windy hill. Every kite she made was sold by the end of the week.



She wanted to make many more. But a bigger workshop, a loom for sail-cloth and two more helpers would cost 20 gold coins, and she had 3.



Bram the bear ran a venture capital fund. Its money came from pension funds and savers, and it put that money into young companies for a share of each one.



"Your kites are wonderful," said Bram. "My fund will put in 20 coins in return for a share of your company. So first: what is it worth today?"



Nell had never thought about it. Together they looked at what she sold, the orders still waiting and how fast she was growing. They agreed on 80 coins.



"80 is the pre-money valuation," said Bram. "What the company is worth before we put money in. Add our 20, and it is worth 100. That is the post-money."



"So your fund owns 20 out of 100," said Nell slowly. "One fifth. And I keep four fifths." Bram nodded. "Our money, divided by the post-money."



That night Nell could not sleep. The company had always been all hers. Soon one fifth of it would belong to the fund. Was that a good trade?



In the morning she walked to see Mabel the tortoise, who had built boats for fifty years. "Can you make all those kites without the money?" Mabel asked.



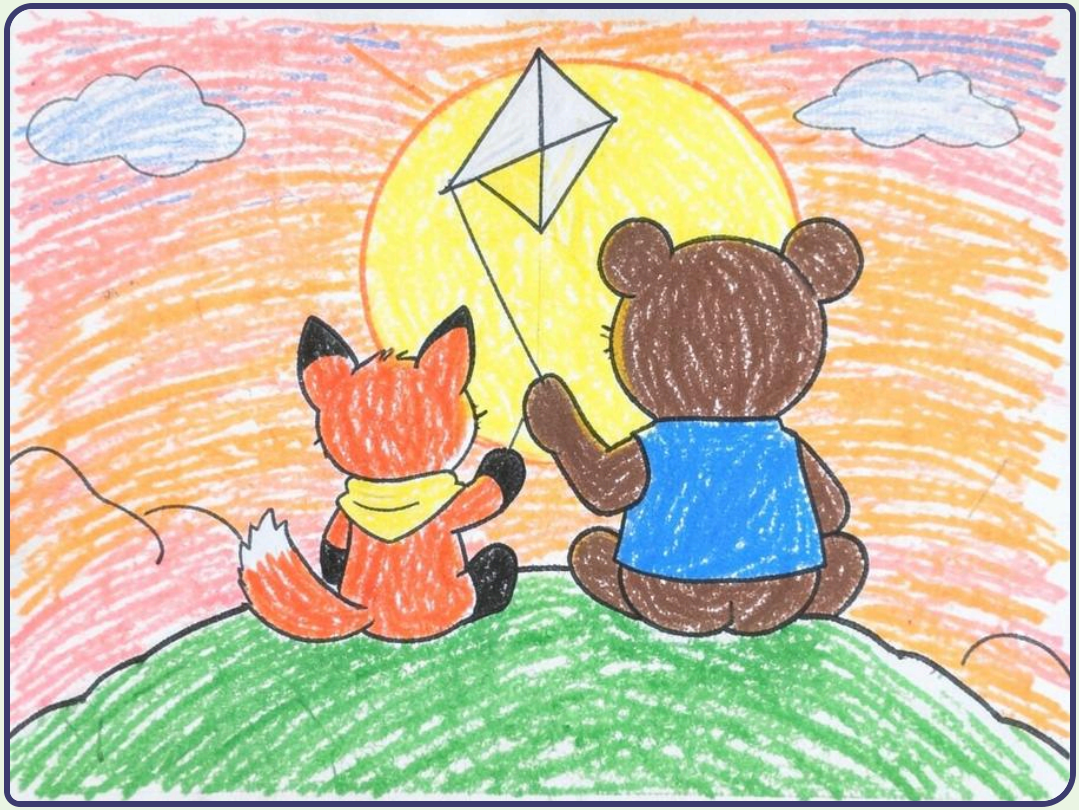
"No," said Nell. Mabel smiled. "Then a smaller share of a bigger company may be worth more than all of a small one. If the money truly helps it grow."



Nell said yes. With Bram's 20 coins she built the bigger workshop and took on two helpers. Soon she made thirty kites a week instead of five.



Two years on, a bigger fund wanted to invest. It valued the company at 400 before its new money: a new pre-money. Nell's four fifths were worth 320 coins.



Those coins were only on paper until the company was sold. Bram's fifth had grown too, to 80. "A fair share," said Nell, "is one we both understand."



A note

The words in this book are real ones, explained simply. The animals and examples are made up, and real terms vary from fund to fund. It is not advice. The pictures were drawn with an AI image model and checked by hand.

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