

# FOUNDERS ISSUE #56: CARTA'S SHINING MOMENT

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### What's Below in Issue #56:

- A dive into Carta's response and building trust
- Data behind the perfect number of VC meetings to have
- Free startup resources
- Premium startup resources

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### Carta's Quick Decision That Teaches How to Build Trust

Carta has been all over the news for an allegation by the founder of Linear that Carta started "doing cold outreach to our angel investors about selling Linear shares to their non-disclosed buyers." Carta is the largest cap-table software company used by both startups and VCs to track investments.

However, **my interest is NOT around what happened, but the response Carta had to this newsbreak.**

Within a day, Carta's CEO and co-founder, Henry Ward, created a post on Medium titled "Should Carta Facilitate Secondary Trading?", which he answers:

"No. Not anymore. Because we have the data, if we are trading secondaries, people will always worry that we are using the data, even if we are not. So we have decided to prioritize trust, and exit the secondary trading business."

For context, Carta had been planning to create a secondary market for startup shares since their first fundraising pitches to VCs. It was part of the plan when Carta was conceived. Yet, the CEO tossed it out the window within hours to maintain customer trust. While there are still many upset voices around Carta's breach of trust, their actions spoke quite loudly, and most customers appreciated the fast and far-reaching response.

Nothing is more valuable to a startup than building customers' trust and maintaining it. People make decisions about purchases when they see others using and benefiting from them as well. If others are unhappy, people will avoid it since there are usually enough alternatives. This is why people check reviews before purchasing a product.

Building trust for early-stage startups is difficult since people want others to have tried it first, and finding those early adopters is like finding a needle in the haystack – and even they need a level of trust.

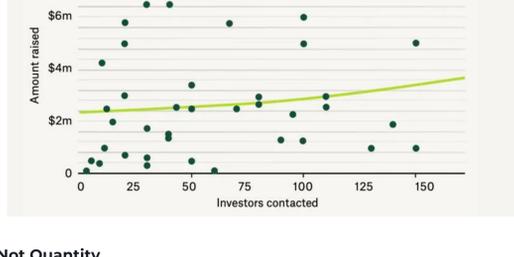
So how can startups build trust with their potential customers?

- **Be transparent and honest.** Don't hide or exaggerate the facts about your product or service. Ensure your product or service solves a real problem for your customers and meets their expectations. Provide clear and accurate information about your product or service's features, benefits, and pricing. Don't overpromise or underdeliver. Customers will trust you more if you provide them with value and quality, and they will be more likely to recommend you to others. It is OK to have an MVP – just make sure that customers' expectations match the experience.
- **Admit your mistakes.** Carta's brightest moment during the allegation was the quick acceptance of blame and correcting the course publicly. People want to feel heard when they are hurt, and an apology meets that need. If you have limitations, acknowledge them and explain how you are working to overcome them. Customers appreciate honesty and openness, and they will trust you more if you show them respect and integrity.
- **Engage and listen.** Communicate with your customers regularly and solicit their feedback. Respond to their questions, comments, and complaints promptly and courteously. Show them that you care about their needs and opinions and that you are willing to improve your product or service based on their input. Customers will trust you more if you engage and listen to them, and they will feel more connected to your brand.
- **Build a community.** Create a platform where your customers can interact with you and each other. Encourage them to share their stories, experiences, and testimonials. Showcase your happy and loyal customers and reward them for their referrals. Create a sense of belonging and loyalty among your customers, and they will trust you more and become your advocates.

### Relevant Articles to Building Trust

- How Can Your Startup Build Trust Before You're Really Popular - [Startups Magazine](#)
- How to Fuel Startup Growth by Building Trust with Phin Founder Doug Lessing - [Founders Network](#)
- How Technology Startups Can Develop Meaningful Customer Relationships - [Forbes](#)

### Data Corner



### Focus on Quality, Not Quantity

DocSend conducted an elaborate study of thousands of decks to correlate the number of meetings with the amount of money raised. It is NOT a numbers game. More meetings do not correlate with more money raised. It is more important to focus on pitching the right investors through the right channels than chasing the wrong ones. You save time and get results faster.

Quick plug...if you haven't got your list of recommended VCs through Thunder yet, you should. You can sign up [here](#).

### Free Fundraising Resources

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### Let's stay in touch:

Written by Jason Kirby - <https://www.linkedin.com/in/jasonkirby>

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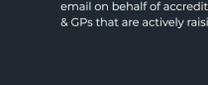
Jason Kirby

## Read On

**Founders Issue #55: The Data Room Strategy**

**Founders Issue #45: Family Offices - The Hidden Investors**

**Founders Issue #47: What Are Venture Term Loans?**



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