



If You Are **Reading This**

THE FINANCIAL CRISIS PLAYBOOK FOR VC FUND MANAGERS AND THEIR INVESTORS

*PREPARE WHILE YOU STILL HAVE CHOICES. THE FIRST 90 DAYS MAY DECIDE WHICH FIRMS FAIL,
WHICH SURVIVE, AND WHICH ONES GET TO BUY THE RECOVERY.*

Mike Moradi, General Partner, Cortado Ventures (KF29)
Kauffman Fellowship: Thought Leadership Project
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Shown on the left edge of every page.



Foreword

Want to build a VC franchise? Survive 20+ years in The Hunger Games

People build a career in venture to change the world. The Kauffman Fellowship has spent three decades testing that ambition: founded in 1995 at the bottom of a venture winter, our first Fellows were running funds when the dot-com bubble burst. Then the global financial crisis. Then COVID. Then SoftBank and SVB. The drama today is “a16z is eating the VC world”.

The headlines are identical every time: venture is over, the model is broken, the math is not mathing. And every time, the asset class comes back stronger, led by the people who keep calm, adapt, and keep underwriting the future.

Winter cycles will continue to happen. They are a feature, not a bug: the VC industry’s core belief is that abnormal returns come from brutal Schumpeterian dynamics. Never discard venture capitalists. We adapt.

That is why this playbook matters. Mike Moradi (Class 29) has written the manual we all wish we had been handed before 2000, 2008, or 2022: unsentimental about the risks, specific about the moves, and optimistic about what follows, because the best vintages are built in the worst years.

Read it now, while it is theory. Keep it bookmarked for the future. The week the bell rings, you will be glad you did.

FERNANDO FABRE (KF 14)

Chief Executive Officer, Kauffman Fellows

01

The Diagnosis

What breaks, what the record shows about concentration, and how to make sense of the chaos around you.

Crisis Is a Recurring Feature of the Ecosystem

Crises recur, each with its own cause and policy response. Nobody will hand you the date, so prepare for the exposure.



1987

2000-02

2008

2020

Black Monday

CRASH + S&L CRISIS

The Dot-Com Bust

NASDAQ ↓ 78% PEAK-TO-TROUGH

Global Financial Crisis

LEHMAN, AIG, TARP

The COVID Shock

FASTEST BEAR MARKET IN HISTORY

IMAGES: THE WALL STREET JOURNAL, OCT. 20, 1987; OCT. 10, 2002; SEP. 16, 2008; MAR. 12, 2020. © DOW JONES & COMPANY, INC. HISTORICAL COMMENTARY.

The Boom Is Real. So Is the Fragility.

Are we in a melt-up, or a golden age? It is your call. Either way, this much concentration is new.

THE HEADLINE

\$412.7B

U.S. VC deal value in H1 2026, already above every prior full year.

WHERE THE MONEY WENT (STARTUPS)

86% AI



87.5% megadeals $\geq$ \$100M



The “rest of venture” fought over 12.5% of the dollars.

THE FUNDRAISING MARKET

48.1% of H1 2026 fundraising went to just 3 VC firms.

89% went to experienced VC firms (“emerging managers” have generally raised 3 or fewer funds)

0.05% of VC deals raised HALF of all VC dollars in 2025

A RECORD-SIZED, HIGHLY CONCENTRATED VC MARKET

[SOURCES: PITCHBOOK–NVCA VENTURE MONITOR, Q2 2026 \(H1 DATA\) AND Q4 2025 \(2025 CONCENTRATION\).](#)

Record Exits. Uneven Cash Returns*

H1 2026 U.S. VC exit value reached \$2.19T. IPOs valued at \$1B+ accounted for 81.2%. None of it is LP cash until someone distributes it.

01

92 Companies Generated Over Half of Realized U.S. VC Profits

Correlation Ventures reports that 92 companies generated over half of realized U.S. VC profits over the past decade. A small number of outcomes can dominate industry returns.

02

When You Invest Matters. So Does Fund Size.

Kauffman Fellows reports an average realized multiple of 5.8x for its investors, against an industry average near 2.6x. Fund size shapes the math: smaller funds need fewer and smaller exits to return capital.

03

The Rise of Secondaries, SPVs and Concentration in Top Companies

By mid-2025, trailing-12-month U.S. venture secondary sales (~\$61B) had overtaken VC-backed IPO exit value (~\$59B), and PitchBook puts 2025 U.S. venture secondaries near \$106B. Secondaries and SPVs let companies stay private longer, and the liquidity is concentrated: the top 20 names drove 86% of secondary trading value on Hiive in Q4 2025.

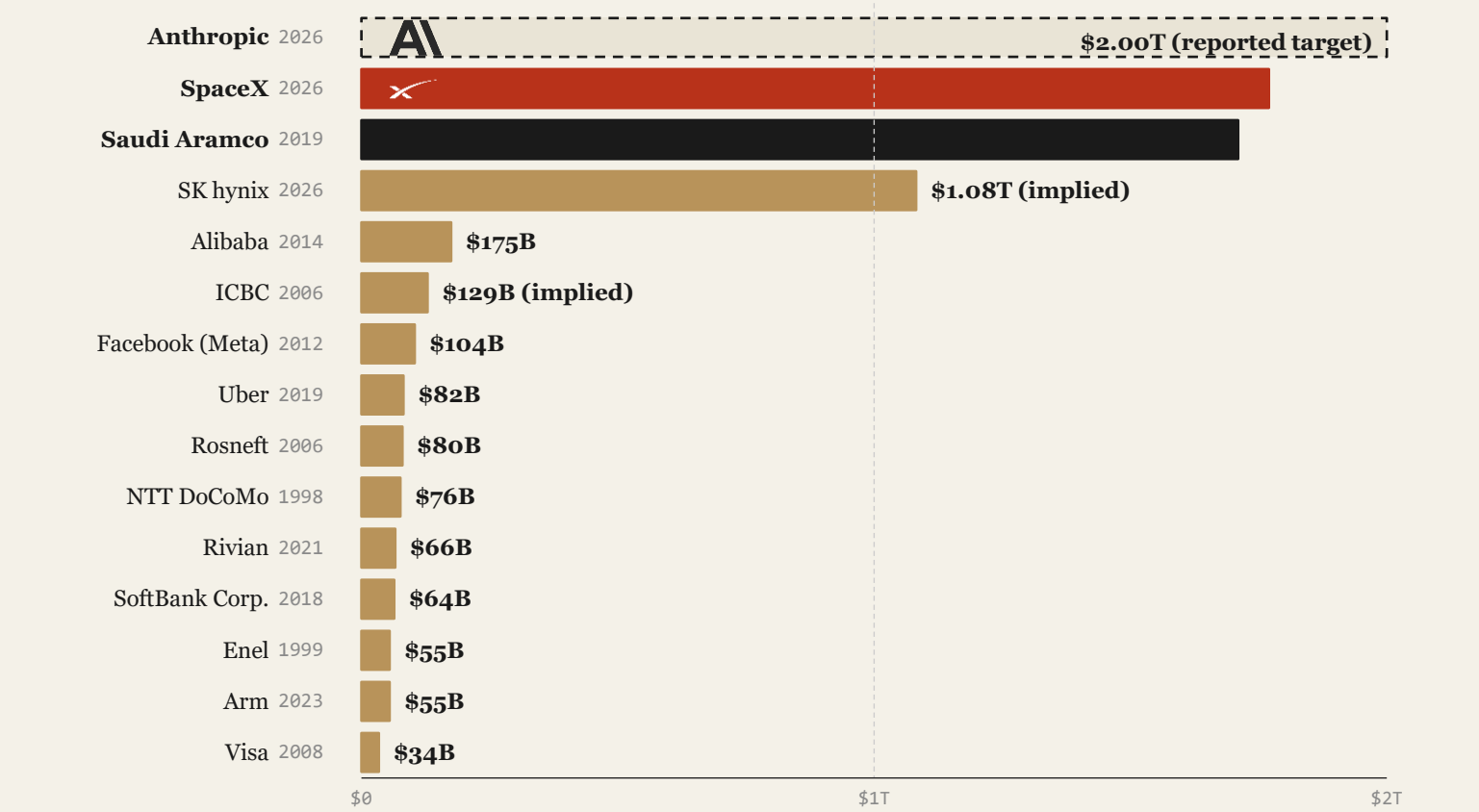
***BROADER, SUSTAINED IPO AND M&A ACTIVITY COULD IMPROVE DISTRIBUTIONS.
WATCH ACTUAL LP CASH RETURNS AS WELL AS HEADLINE EXIT VALUE.**

[SOURCES: PITCHBOOK-NVCA Q2 2026; CORRELATION VENTURES \(COATS, AUG. 2026\); KAUFFMAN FELLOWS \(SELF-REPORTED\); PITCHBOOK SECONDARIES \(SEP. 2025, APR. 2026\).](#)

Trillion-Dollar IPOs: Aramco, SpaceX, SK hynix & Anthropic

Offer-price equity value. Aramco crossed \$1T in 2019; SpaceX followed in June, SK hynix in July; Anthropic’s reported target would top all three.

EQUITY VALUE AT THE IPO OFFER PRICE, \$B • SELECTED LANDMARK LISTINGS



THE VALUATION RECORD, DEAL BY DEAL

1998	NTT DoCoMo	\$76B	
2006	ICBC	\$129B	+70%
2014	Alibaba	\$175B	+36%
2019	Saudi Aramco	\$1.71T	+877%
2026	SpaceX	\$1.77T	+4%
2026	Anthropic (target)	\$2.0T	+13%

THE READ

The leap came in 2019 from a state oil monopoly with \$355.9B in 2018 revenue and \$111B in net income.

What is new this cycle: SpaceX became the first venture-backed company to list at that scale; SK hynix joined the trillion-dollar IPO club weeks later; and Anthropic, founded in 2021, is reportedly aiming to top them.

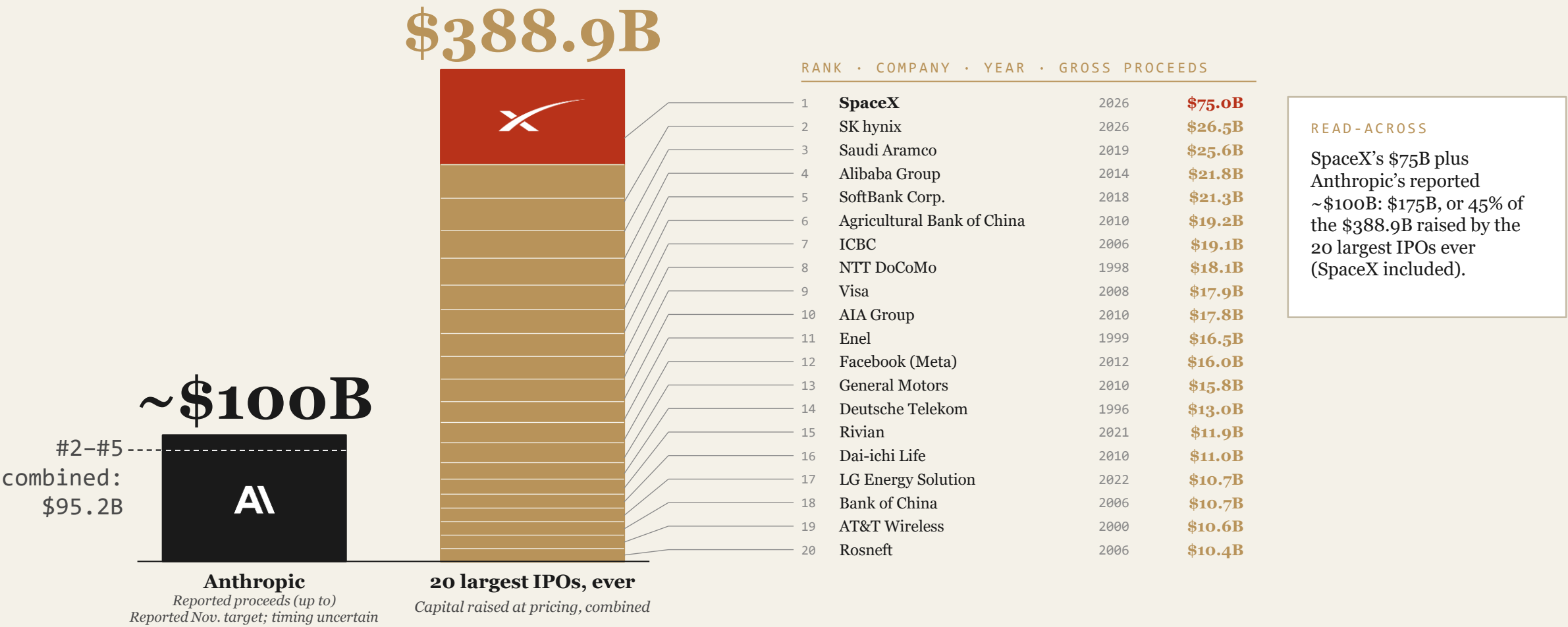
If Anthropic prices near its target, venture-backed issuers would hold the top two slots. That is the power law in action.

(Anthropic and OpenAI S-1s both remain confidential.)

SOURCES: RENAISSANCE CAPITAL; SPACEX & SK HYNIX 424(B)(4); REUTERS, JUN.-SEP. 2026; WSJ, SEP. 19. ANTHROPIC = REPORTED TARGET.

Anthropic's ~\$100B Raise Would Be the Largest IPO Ever

Gross proceeds at pricing. A reported ~\$100B would still exceed IPOs #2 through #5 in history combined; SpaceX's \$75B in June remains the record.



SOURCES: RENAISSANCE CAPITAL; SPACEX & SK HYNIX 424(B)(4); REUTERS, JUL.-SEP. 2026; WSJ, SEP. 19. ANTHROPIC TERMS/TIMING ARE REPORTED.

A Deeper Dive: Who Actually Receives the Cash

Exit value becomes LP cash only after shares are sold and proceeds paid out. Below: who owns what, which differs from who gets paid.

SHARE OF U.S. VC EXIT VALUE FROM IPOs OF \$1B OR MORE

FY 2025

34.8%

H1 2026

81.2%

IPOs valued at \$1B+ accounted for 81.2% of H1 2026 exit value, versus 34.8% for full-year 2025. The reporting periods differ.

OWNERSHIP CONTEXT: ONE PUBLIC COMPANY AND TWO PRIVATE IPO CANDIDATES

SPACEX

Public since June 12, 2026

Musk ~42% of equity, over 80% of the vote

Alphabet ~4.2%

Valor ~3.8%

Founders Fund ~3.2%

Fidelity ~2.3%

ANTHROPIC

S-1 confidential; reported Nov. target; timing uncertain

Amazon is the largest investor, ~\$8B invested
Google 14%, the only court-verified outside stake

Also Microsoft, Nvidia, GIC

OPENAI

Confidentially filed June 8; no IPO in 2026 (Altman)

Microsoft ~27%

OpenAI Foundation ~26%

Employees and other investors ~47% combined
(SoftBank ~11% is included within that 47%)

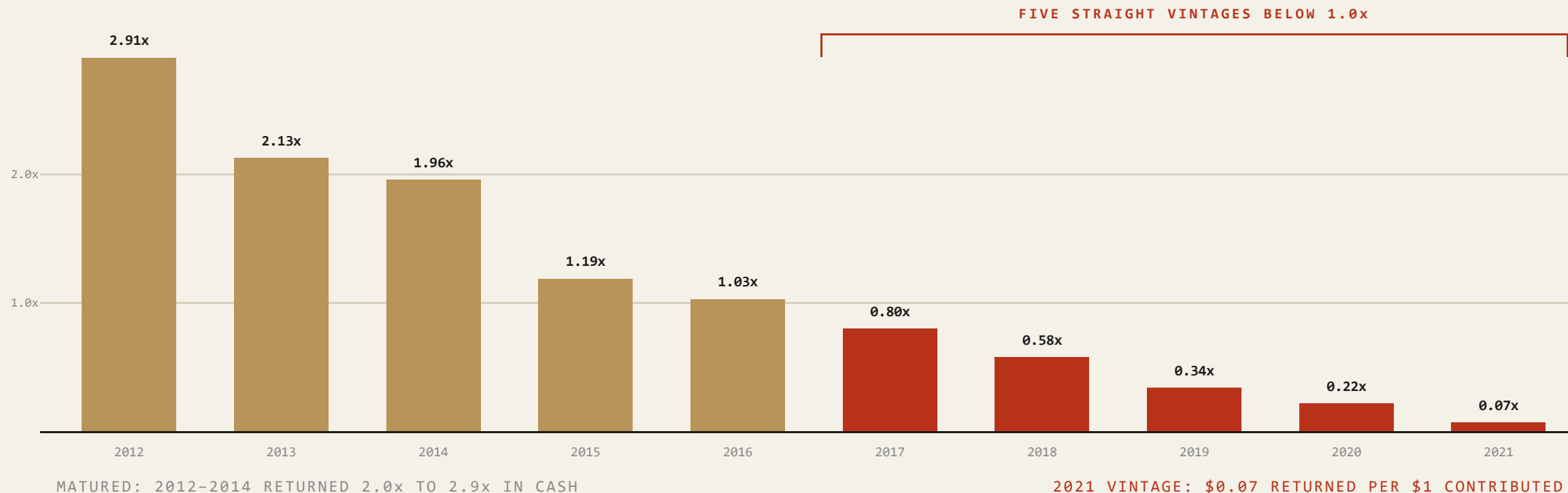
A RECORD EXIT YEAR CAN LEAVE YOUR DPI UNCHANGED. UNDERWRITE YOUR OWN PATH TO DISTRIBUTIONS.

[SOURCES: PITCHBOOK-NVCA Q2 2026; SPACEX S-1; REUTERS, TECHCRUNCH & WSJ, SEP. 2026. ANTHROPIC IPO TIMING REMAINS REPORTED/UNCERTAIN; STAKES ARE ESTIMATES.](#)

J Curves and Distribution Deficits

Pooled net DPI by U.S. venture vintage, as of March 31, 2026. DPI is cash distributed to LPs per dollar contributed.

POOLED NET DPI TO LPs BY VINTAGE YEAR // CASH RETURNED PER \$1.00 CONTRIBUTED



YOUNGER FUNDS HAVE RETURNED LESS CASH. FUND AGE AND REMAINING FINANCING NEEDS MATTER.

[SOURCE: CAMBRIDGE ASSOCIATES LLC, US VENTURE CAPITAL BENCHMARK STATISTICS, AS OF MAR. 31, 2026. DATA PROVIDED "AS IS" AND AT NO COST. FUND AGES DIFFER.](#)

How Will I Know When a Crisis Starts?

Markets can swing from greed to fear in a week. These are the warning signs worth watching. Your own cash position outranks all of them.

WARNING SIGN	THRESHOLD	WHY IT MATTERS
Equity Drawdown	S&P 500 ≥20% below its available 10-year closing high.	MARKET • Recheck allocation and valuation math.
Credit Repricing	HY OAS >500 bps, or +200 bps over 60 calendar days.	CREDIT • Recheck lenders, maturities and bridges.
Persistent Volatility	VIX ≥30 for five consecutive trading observations.	MARKET • Model a prolonged financing delay.
Bank Lending	Net small-firm C&I tightening ≥40% (quarterly survey).	CREDIT • Verify credit lines; not venture-debt-specific.
Financial Conditions	NFCI >0 for two consecutive weekly observations.	SYSTEM • Recheck banks, cash access and counterparties.
Demand Weakness	4-week claims average ≥25% above its prior 52-week low.	ECONOMY • Stress-test bookings, collections and runway.

YOU WILL KNOW IT WHEN YOU SEE IT. BY THEN, THE PREP SHOULD BE DONE.

02

The GP Playbook

The essential GP decisions, in sequence: triage, stabilize, re-arm, deploy. Expanded checklists follow in the appendix.

The Crisis Clock: Let Conditions Set the Pace

Sequence the decisions. Cash visibility, reserves and underwriting determine when to move.

I.

First: Triage

POSTURE

Convene quickly. Pause commitments that cannot yet be underwritten.

THE MOVES

Audit runway and cash access. Reassess fair value using current evidence. Tell LPs what changed. Review firm expenses. Do not expect a policy rescue.

III.

Then: Re-Arm

POSTURE

Patient offense. Valuations settle; talent shakes loose.

THE MOVES

Build the target list. Re-approach dormant LPs and raise opportunity funds if you can. Recruit re-priced talent. Close when prices have actually cleared.

II.

Next: Stabilize

POSTURE

Defense. Protect the winners; tell mid-tier companies the truth, with dignity, and wind down where you must.

THE MOVES

Reserve follow-ons for companies whose survival or upside can materially change fund outcome. Continue to manage cash at the firm level.

IV.

When Ready: Deploy

POSTURE

Selective offense. Proceed when reserves, price and downside are underwritten.

THE MOVES

Invest on clean terms with a credible path to value creation. A lower price is useful only if the business and the financing plan work.

Portfolio Triage: Mercy Requires a Decision*

Stop funding by habit. Ask what the next dollar buys, how long it lasts, & whether it changes the fund. The default answer is “re-underwrite.”

1. CAN THIS COMPANY REACH A FINANCING-INDEPENDENT MILESTONE WITH 24-30 MONTHS OF RUNWAY?

2. IF IT WORKS, DOES THE UPSIDE MATERIALLY CHANGE THE FUND?

CONCENTRATE

Fund the winners. Protect ownership. Staff the board.

HIBERNATE / PARTNER

Cut to the minimum viable burn. Seek non-dilutive, strategic or M&A paths.

WIND DOWN / SELL

Preserve residual value. Protect people. Stop throwing good money after bad.

“Rule one: survive. Cut once, do it deeply, and then move on.”

- KAREN KERR • EXPOSITION VENTURES // KAUFFMAN FELLOWS CLASS 1

* STARTUPS ARE BUILT BY PEOPLE WHO GIVE EVERYTHING. TRIAGE DONE EARLY AND HONESTLY IS A MERCY.

During Triage, Follow-On Capital Will Be Scarce

Pause broad new-company deployment while you re-underwrite the portfolio. Reserve follow-ons for companies where the next dollar materially changes expected fund value.

THE DIRECTIVE

01

Prioritize alternative financing

02

Drive aggressive M&A if cash < 12 months

03

Survive: protect the assets that can change the fund

THE POWER LAW



FOLLOW-ON CAPITAL GOES HERE

THE OPPORTUNITY

01

Be first. Be smarter.

Recognize and recalibrate quickly.

02

Be the clean counterparty.

Let others soften unrealistic valuations. Then step in with simple terms founders can trust.

03

Buy the recovery.

Once prices clear, crisis-born companies and clean recaps can be extraordinary entries. Survival earns you the right to buy them.

“Tell the CEO to cut their OpEx by 35%. They will never cut that much, but the point is to get them to take it seriously.”

- RAVI MOHAN, SHASTA VENTURES / BATTERY VENTURES // KAUFFMAN FELLOWS CLASS 2

When Capital Resumes: What to Look For

Three filters for the first deals after the reset.

01

Product-Market Fit You Can Verify

Downturn standouts have real PMF. Favor products that replace spend or cut costs (Ramp quadrupled revenue in 2022 selling spend control) and capital-efficient teams. If the growth comes from the story instead of from customers, pass.

02

Let Price Discovery Start Before You Declare a Bargain

Start the target list in the first weeks of a shock and watch clearing prices. The first markdown is rarely the bottom, and “cheaper than the last round” does not make a thesis.

03

Demand a Cap Table You Can Underwrite

Complex preference stacks can destroy common and new-money economics. Favor clean companies or recaps where old preferences, pay-to-play and governance are explicitly reset.

“Once the markdowns start, take 180 days and let the cream rise to the top. Don’t go into diligence for a bit: values won’t have settled.”

- RAVI MOHAN, SHASTA VENTURES / BATTERY VENTURES // KAUFFMAN FELLOWS CLASS 2

Manage Co-Investor Risk

Map every syndicate partner's willingness, ability and authority before the next inside round. In a crisis, "supportive" is a mood. Ask for a commitment.

I.

The Predatory Partner

BEHAVIOR

Forces punitive, dirty terms on "pay to play" inside rounds.

COUNTER-MANEUVER

Model the pay-to-play before you need it. Negotiate clean recap terms, pro-rata rights and governance while multiple parties still have choices.

III.

The Missing Decision-Maker

BEHAVIOR

Deals are handed to team members who lack the authority to approve inside rounds.

COUNTER-MANEUVER

Escalate early to the actual decision-maker. Convert verbal support into a dated, binary financing decision.

II.

The Orphaned Company

BEHAVIOR

Funds cut costs and lay off the partners who championed your shared deal.

COUNTER-MANEUVER

Document board succession, observer rights and escalation paths so the company is not orphaned when another fund cuts staff.

IV.

The Denominator Victim

BEHAVIOR

LPs breach policy limits, shrink re-ups, seek transfers or pause new commitments (even while existing capital calls remain contractual).

COUNTER-MANEUVER

Assume some syndicate partners lose access to fresh fund capital. Build alternative financing and buyer paths before the bridge is due.

LP Communication: Be the Lightning Rod for Reality

Bad news travels anyway. Make sure your LPs hear it from you first.

I. PHASE 1

REASSESS FAIR VALUE

Re-underwrite fair value before LPs ask. Pair every mark with the operating facts that changed: revenue, runway, financing risk and exit timing.

II. PHASE 2

THE LIGHTNING ROD

Do not coordinate your honesty to the slowest mark in the syndicate. Explain methodology, uncertainty and downside cases plainly.

III. PHASE 3

STABILIZATION

Report operating changes, reserve decisions and the next decision date. Distinguish what is known from what remains uncertain.

“You can build incredibly strong relationships communicating effectively, and by providing assistance to people when they are most in need. At the end of the day, it’s people.”

– STEVEN KAN, ALPHABET / OTHER BETS // KAUFFMAN FELLOWS CLASS 11

Fundraising in a Downturn

Fundraising is already bifurcated: in H1 2026, experienced firms captured 89% of capital. A crisis can widen that gap.

01

Lead with Transparency

LPs in a crisis can smell a pitch. Open with the markdowns you took, the companies you shut down and the calls you made early. Plenty of GPs will go quiet, which makes the candid ones stand out.

02

Close Small, Close Stretched

Be willing to close smaller and stretch the process if that protects momentum and strategy. A credible first close is more valuable than defending an obsolete target.

03

Expand the LP Base

Re-approach prior “no” LPs and diversify the base: family offices, RIAs, strategics, pensions and sovereigns. Crisis reallocations open doors, mostly for GPs who were candid before they asked for money.

03

The LP Playbook

For the allocators. The denominator math, the evidence, and the toolkit to build before the bell rings.

The Denominator Effect: Same Holdings, New Constraints

Illustrative assumptions: 60% public equities, 30% bonds and 10% private assets; a 12% private-market cap; bonds unchanged after the shock.

BEFORE THE SHOCK

\$100M PORTFOLIO



Private markets = 10.0% of total assets. Policy cap = 12%. Plenty of room, until the denominator moves.

AFTER PUBLICS -40%; PRIVATE MARKS -5%

\$75.5M PORTFOLIO



12.6%

**PRIVATE ALLOCATION
above the 12% cap**

CAPITAL CALLS CAN CONTINUE WHILE DISTRIBUTIONS STOP.
PRE-APPROVE ALLOCATION RANGES, LIQUIDITY BUFFERS AND SECONDARY AUTHORITY.

“Some of the pensions had triggers on maximum concentration in illiquid investments. When the denominator decreased rapidly, the numerator suddenly looked very different.”

– SUZANNE KING, NEA // KAUFFMAN FELLOWS CHARTER CLASS

Pacing Beats Prediction

Nobody in this research recommends calling the bottom. The consistent advice: stay liquid, keep pacing and avoid being forced out of the vintages that matter.

01

Recency Bias Pushes Capital Toward Peak Performance

StepStone documents investors allocating most aggressively after strong recent performance; 2021 paired record fundraising with record entry valuations. The 2021 vintage has years left to run, but its entry prices are already on the record.

02

Recession-Year Vintages Have Often Had Better Mature Multiples

CAIS/Preqin found mature recession-year VC vintages outperformed the prior three years by +0.21x at the median and +0.26x at the 75th percentile. History makes no promises, but it is a good reason not to freeze.

03

You Cannot Know the Power-Law Vintage in Advance

StepStone found 95% of returns came from only 6–10 of 23 vintages, and warns that this makes market timing difficult. Preserve pacing; cut check size before you cut the relationship to zero.

The LP Crisis Toolkit: Four Approvals to Get Now

The crisis is the wrong time to discover your board cannot move quickly. Put authority, liquidity and pacing rules in writing now.

I.

Ranges, Not Hard Caps

THE PROBLEM

Hard allocation caps can force selling during a drawdown.

THE FIX

Adopt rebalancing ranges (e.g., 8–14%) with a board-pre-approved denominator exception. Set the policy in peacetime.

III.

The Liquidity Ladder

THE PROBLEM

Unfunded commitments keep calling while distributions go to zero.

THE FIX

Stress-test zero distributions for eight quarters and every scheduled capital call. Pre-negotiate liquidity facilities; read transfer provisions before you need them.

II.

A Standing Secondary Mandate

THE PROBLEM

Crisis-priced secondaries appear fast and clear fast. Committees move slowly. Talk to your IC now.

THE FIX

Pre-approve who can buy LP stakes and GP-led stakes, within explicit size and price bands, without waiting for the next quarterly meeting.

IV.

Keep Committing

THE PROBLEM

Pausing re-ups can leave a portfolio underexposed to later vintages.

THE FIX

Cut check sizes before you cut relationships. Preserve access to crisis-tested managers; the re-up you skip may not be available once the vintage proves itself.

What Experienced Investors Remember

The same practitioners on pacing, LP behavior, fundraising and what crises leave behind.

“You want the 2004–05 funds, when things seem bleakest. But to get there you have to invest in the dud vintages as well, like fine wines, or you won’t get into the good ones.”

SUZANNE KING • NEA // KAUFFMAN FELLOWS CHARTER CLASS

“During crises you can’t always count on your existing LPs. We re-approached groups that previously did not invest, and got two of our largest LPs from that group.”

SUZANNE KING • NEA // KAUFFMAN FELLOWS CHARTER CLASS

“We pushed out fundraising for two years after getting some traction. It nearly killed the fund.”

JAN ADAMS • APOLLO HEALTH VENTURES // KAUFFMAN FELLOWS CLASS 11

“Sophisticated LPs know that the best companies are started in crises, and they adapt accordingly.”

ANNETTE FINSTERBUSCH • APPLIED MATERIALS / APPLIED VENTURES // KAUFFMAN FELLOWS CLASS 11

“The rules of VC investing haven’t changed in 30 years. We went through a period when VCs were portfolio managers and not value-added operators.”

KAREN KERR • EXPOSITION VENTURES // KAUFFMAN FELLOWS CLASS 1

04

The Takeaways

The regret ledger, and the short list of decisions for GPs and LPs.

Decisions Now (and the Ones You’ll Regret)

The recurring practitioner refrain: the first cut is usually too small, the first runway target too short, and the first mark too optimistic.

	WHAT YOU PLAN TO DO	WHAT YOU WILL WISH YOU HAD DONE
Burn	Cut 15%. Keep the team mostly intact.	Cut once to the operating plan that actually survives. Protect the roles that create the next milestone.
Runway	Extend to 18 months. Hope for a funding environment reset.	Build 24–30 months where possible, and stress-test a multi-year drought beyond that.
Markdowns	Mark to recent comparables. Wait for auditors.	Use defensible fair value; explain the downside. Document everything, and keep your existing valuation policy (any change will be suspect).
Portco Triage	Give struggling companies another bridge round.	Stop automatic bridges. Concentrate capital and partner time where the expected value can change the fund.
LP Communication	Quarterly letter. Upbeat tone. Highlight the few wins.	Increase cadence when facts are changing. Open with what changed, what you did and what remains uncertain.

THE GAP BETWEEN THESE TWO COLUMNS IS THE LESSON OF EVERY CRISIS

Final Takeaways: Both Sides of the Table

Three moves each. Prepare now; escalate when evidence and your own exposure warrant it.

FOR FUND MANAGERS

01 Triage Decisively

Re-underwrite every company. Concentrate capital and partner time on outcomes that can still change the fund; hibernate, sell or wind down the rest with dignity.

02 Communicate Transparently

Re-underwrite fair value before LPs ask. Tell them what changed, what you did and what would change your mind. Raise the cadence while the facts are moving.

03 Preserve the Ability to Invest

Protect essential reserves. Resume investing when price, ownership, financing and downside justify it, whatever the calendar says.

FOR ALLOCATORS

01 Demand Radical Transparency

Reward managers who re-underwrite early, explain their marks and show the operating facts. A stale, optimistic mark is a governance problem. Treat it as one.

02 Stress-Test Your Managers

Ask for the reserve map, runway distribution, triage logic, key-person risk and syndicate support. Treat uncommitted support as an assumption.

03 Keep the Authority to Act

Pre-approve pacing ranges, secondary authority and an eight-quarter no-distribution case. Liquidity buys you choices, which is exactly what a crisis takes away.

THE TWO COLUMNS ARE THE SAME PROBLEM, ONE LEVEL APART. NEITHER PLAYBOOK WORKS IF THE OTHER SIDE HAS NOT PRE-AGREED.

Why We Wrote This

Where this came from, who stands behind it, and where the current edition lives.

WHY US

I.

We Lived It

Our partners have founded companies, made payroll through 2000, 2008 and 2020, and sat on both sides of the cap table when the music stopped. We wrote the manual we wished we had.

II.

For our Kauffman Fellows, Future Fellows, and VCs/LPs everywhere

The world needed a Kauffman Fellowship Thought Leadership Project (Class 29), shaped by interviews with Fellows who managed funds through 2000, 2008 and 2020.

III.

One Level Up the Capital Stack

Sequoia's 2008 deck closed with prescriptions for founders and operators. This project carries that discipline one level up the capital stack, to fund managers and the LPs who back them.

WHERE IT LIVES

I.

A Living Document

Every figure carries a source and an as-of date. We will update the evidence as it changes, log each revision on the landing page and credit corrections.

II.

The Checklists

Two one-page field cards (GP Edition and LP Edition) built to print, pin, and forward. Free at the same link.

III.

Optional Playbook Updates

No email required to download. Subscribe for future playbook and research updates; unsubscribe any time.

MIKE MORADI, GP (KF29) • NATHANIEL HARDING, MANAGING PARTNER (KF28) • SUSAN MORING, GP (KF30)

PLAYBOOK + FIELD CARDS: [CORTADO.VENTURES/CRISISPLAYBOOK](https://cortado.ventures/crisisplaybook)

About the Kauffman Fellowship

The institution behind this playbook, and why the playbook lives here.

01

Born at the Bottom

Conceived inside the Ewing Marion Kauffman Foundation during the early-1990s venture winter and launched in 1995. One detractor called funding venture education “investing in the enemy.” The board funded it anyway. The first class graduated in 1997 as the internet-era expansion accelerated.

02

A Global Network of Venture Investors

Now independent, Kauffman Fellows reports 1,060 Fellows, 680 VC firms represented and members across 62 countries. The network spans GPs, LPs, operators and ecosystem builders: the people who have to coordinate when a cycle turns.

03

Why This Playbook Lives Here

Thought Leadership Projects are how Fellows give research back to the industry. Counter-cyclical discipline is the program’s founding DNA: it was conceived at the bottom of one cycle to professionalize the top of the next. This playbook, a Class 29 project, applies that founding mandate to the next bell.

Acknowledgements

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KAUFFMAN FELLOWS

Fernando Fabre	CEO, Kauffman Fellows // KF 14
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Ravi Mohan	Shasta / Battery // KF 2
Jan Adams	Apollo Health Ventures // KF 11
Annette Finsterbusch	Applied Materials / Applied Ventures // KF 11
Steven Kan	Alphabet / Other Bets // KF 11
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Ryan Sanders	Mercato Capital // KF 26
Nathaniel Harding	Cortado Ventures // KF 28
Kavita Gupta	Delta Blockchain Fund // KF 29
Susan Moring	Cortado Ventures // KF 30

INDUSTRY RESEARCH & ORGANIZATIONS

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Original “R.I.P. Good Times” deck: venturebeat.com/business/sequoia-rip-good-times

A Note for Founders, from the Author

I've been on both sides of this table.

I've started six deep tech companies as a founder & CEO. All of them faced difficult decisions under pressure. The situations were all different, yet strangely familiar.

Two of these companies were acquired. Two did not survive. Two are still works in progress. Maybe that's par for the course. Interestingly, the companies built in financial crises did the best.

This deck represents the clarity I wish someone had handed me in 2000, 2008 and 2020. The language is direct because delays reduce choices.

Every line here is written with empathy for the founders and GPs who will live through the next cycle. The experience behind it is personal: Because I have been a founder, and I will be one again.

Don't forget that a VC fund is also a startup, at least until they are on their 3rd or 4th fund. It's easy to cast stones when things go wrong. Remember that your VCs are also human, they are also working incredibly hard, and they want you to win.

If you read this as a founder, know that it was written to serve you. The decisions it describes should be made with you, with honest information and respect for what is at stake.

If you find yourself abandoned during a crisis, as I did, it is crunch time. You can do this. May you and your company defy the odds.

Don't be afraid to ask for help, protect your team's dignity, and do not neglect your own health. And if things don't work out, remember that a company's outcome is not a verdict on its founder. You can always start another one.

Also, do yourself a favor and read Sequoia's "R.I.P. Good Times" next. Yes, things are never as good as they seem. But, they are never as bad as they seem either.

MIKE MORADI (KF29)

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A

Evidence & Operating Detail

Supporting evidence and expanded operating detail.

The Private Tape: Repricing, Delays and Deal Counts

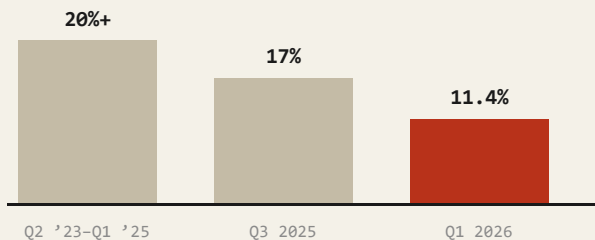
The repricing cycle has cooled, but the plumbing underneath has yet to restart. These dials say more than the headlines.

THE REPRICING DIAL

11.4%

of new rounds were down rounds in Q1 2026, vs. 20%+ in most quarters of 2023–25.

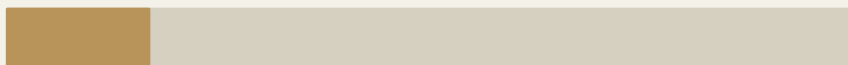
DOWN ROUNDS, % OF NEW ROUNDS



THE STALL BETWEEN ROUNDS

1.9 years

16.6%

 of cash raised via bridges

Median gap between primary rounds (696 days, Q2 2025). Companies are waiting longer and bridging more.

THE SHRINKING FUNNEL

4,859

 rounds closed on Carta in 2025, the lowest annual count in over six years.

-41%

 round count versus the 2021 peak.

FEWER DOWN ROUNDS ALONE DO NOT MAKE A BROAD FUNDING RECOVERY.

SOURCES: CARTA STATE OF PRIVATE MARKETS: Q2 2025, Q3 2025, 2025 IN REVIEW, Q1 2026

The Forgotten Crisis: 1987–1992

The lesson is duration. The early-1990s venture winter dragged on for years.

01

What Happened

The 1987 crash, S&L crisis and early-1990s recession produced a prolonged fundraising and return drought. No single trigger explains it. What matters is that the reset lasted years.

02

What Emerged

Kauffman Fellows launched in 1995 as venture activity began to re-accelerate. The internet boom that followed rewarded managers who had preserved teams, LP trust, capital and the ability to act when conditions changed.

03

What It Means Now

Do not build a playbook that only works if recovery arrives in six quarters. Stress the management company, reserves and LP liquidity for a multi-year drought, and enjoy the surprise if it ends sooner.

Portfolio Company Ops Audit

Once a company passes triage, here’s how they cut. Run this checklist with every surviving founder.

DEPARTMENT	CENTRAL QUESTION	SIGNAL TO WATCH
Engineering	Do we need the full headcount for the next version, or can we ship with less?	Feature velocity per engineer; infra cost per active user.
Product	What features are absolutely essential? What can be paused w/o losing customers?	Usage heatmap. Drop the bottom quartile, and focus.
Marketing	Are we measuring and cutting what’s not working, weekly?	CAC payback >24 months is a red flag. Kill it.
Sales & Bus Dev	Are we getting ROI on every incremental dollar of sales spend?	Rep-level quota attainment. If bottom half is <60%, restructure.
Pipeline	Do deal probabilities reflect reality, or founder optimism?	Close rate on 70%+ stage deals. If <50%, discount the whole pipeline.
Finance	Where can payments be deferred? Which G&A departments are truly essential? Can you automate and/or outsource non-core functions?	Cash runway counted in weeks. Weekly burn variance <5%.

ZERO-BASED BUDGETING: SPEND EVERY DOLLAR AS IF IT WERE YOUR LAST

GP Ops: Hoard Talent, Focus, Respect the Power Law

In a downturn the job changes. You will have very little bandwidth, so spend it only where it changes outcomes.

BOOM TIMES

Portfolio Manager

Thinly spread. Ineffective. Burnout.

WARTIME

Value-Added Operator

Focused. Chaos is manageable.

Abandon Sprinkle & Sprout

You cannot actively save 30 companies. Concentrate partner time where governance, financing or customer access can change outcomes.

Reverse-Engineer the Fund

Model the ownership and exit values required for your target net return. Do not translate MOIC into IRR with a single horizon; timing matters as much as the multiple.

Operate Leanly

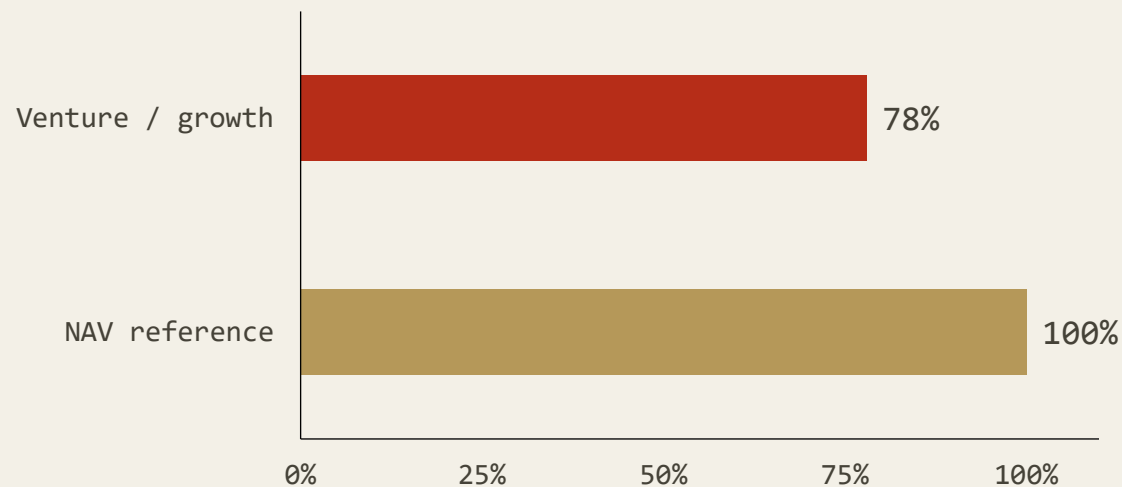
Find efficiencies. Preserve bandwidth for value-add work on your best companies. Cut fund expenses deeply.

Cash Is King. NAV Is an Opinion Until Someone Trades It.

“Just because you haven’t gotten on a scale recently doesn’t mean that your weight hasn’t changed.”

– Ravi Gupta, Sequoia, as quoted by Roelof Botha (Fortune, Leadership Next, Feb. 7, 2024)

2025 secondary pricing (% of NAV)



THE SECONDARY VALVE

The global secondary market cleared a record \$240B in 2025 and \$118B in H1 2026. Venture LP stakes priced at 78% of NAV in 2025 and 79% in H1 2026. The valve works, and the price tells you what buyers believe.

Do not confuse a stale mark with liquidity. Stress-test 50–70% of NAV cases now, while you still have time to decide what you would sell, and what you would buy.

Re-underwrite fair value, runway and preference economics under a higher cost of capital.

Preference protection is worthless if the company cannot finance survival.

SURVIVAL BEATS VALUATION EGO.

SOURCES: JEFFERIES GLOBAL SECONDARY MARKET REVIEW, FEB. 2026 AND JULY 2026; QUOTE: FORTUNE, LEADERSHIP NEXT, FEB. 7, 2024

Recession Vintages: Better Entry Points, No Free Lunch

The mature data supports the intuition, but the spread depends on the manager. Keep pacing, and keep your timing ambitions modest.

CAIS / PREQIN: MATURE VC VINTAGES

RECESSION-YEAR VC VINTAGES

+0.21X

MEDIAN NET MULTIPLE

vs. the average of the prior three
vintages

WHAT THE DATA ACTUALLY SAYS

- 01** Recession-year VC funds averaged stronger mature multiples at median and upper quartile in the CAIS sample.
- 02** The 25th percentile also improved, but still returned only 0.97x. A bad manager does not become good because the macro is bad.
- 03** Both CAIS and StepStone warn against trying to time vintages. Liquidity + pacing + manager selection is the repeatable strategy.

BAD MARKETS IMPROVE ENTRY PRICES. MANAGER SELECTION STILL DECIDES THE OUTCOME.

[SOURCE: CAIS, "GOLDEN VINTAGES" \(PREQIN DATA, 2023\)](#)

The Repeatable Edge: Liquidity, Pacing and Selection

Three bodies of evidence point to the same discipline: pacing, selection and liquidity beat heroic macro timing.

STEPSTONE

POWER-LAW VINTAGES

80%

of returns came from only 22–30% of vintages. 95% came from 6–10 of 23.

Inference: you cannot reliably time your way into the few years that matter.

CAIS / PREQIN

RECESSION ENTRY POINTS

+0.21X

median net multiple for mature recession-year VC vintages vs. prior 3 years.

Inference: bad macro can improve entry conditions, though not evenly.

NBER

MANAGER SKILL STILL MATTERS

1975–98

period examined in the classic NBER study of venture investment cycles.

Inference: experienced investors respond to opportunity without surrendering selection discipline.

THE REPEATABLE EDGE: LIQUIDITY + PACING + MANAGER SELECTION.

[SOURCES: STEPSTONE 2023; CAIS 2023; NBER W11385](#)

Sources

Every figure in this playbook, by slide, with its source and as-of date. Underlined text links to the primary sources.

SLIDE 05 The Wall Street Journal front pages, Oct. 20, 1987; Oct. 10, 2002; Sep. 16, 2008; Mar. 12, 2020 (© Dow Jones & Company, Inc.). Nasdaq Composite closes of 5,048.62 (Mar. 10, 2000) and 1,114.11 (Oct. 9, 2002). 2020 bear market: S&P Dow Jones Indices.

SLIDE 06 PitchBook-NVCA Venture Monitor, Q2 2026 (July 2026) and Q4 2025; nvca.org. AI and megadeal shares overlap.

SLIDE 07 PitchBook-NVCA Q2 2026. David Coats, Correlation Ventures, LinkedIn, Aug. 12, 2026. Kauffman Fellows Journal, “The VC Framework for Optimizing Success: The Kauffman Fellows Four Pillars” (self-reported). PitchBook secondaries reporting, Sep. 2025 and Apr. 22, 2026 (Hiive data).

SLIDE 08-09 Renaissance Capital, largest global IPOs (valuation at offer; gross proceeds). SpaceX Rule 424(b)(4), June 2026. SK hynix Rule 424(b)(4), July 2026 (U.S. ADR debut; \$26.507B; ~\$1.08T implied offer value). Reuters, June 11, July 9–10, Sep. 11 and Sep. 19, 2026. The Wall Street Journal, Sep. 19, 2026. Saudi Aramco IPO prospectus. Anthropic figures and timing are reported targets, not priced terms. Nominal USD.

SLIDE 10 PitchBook-NVCA Q2 2026. SpaceX S-1 and 424(b)(4). Court filings (Google’s 14% of Anthropic). Reuters, TechCrunch and WSJ reporting, Sep. 2026; Anthropic IPO timing remains reported/uncertain; other stakes are estimates.

SLIDE 11 Cambridge Associates LLC, US Venture Capital benchmark statistics, as of Mar. 31, 2026, pp. 24 and 28; data provided “AS IS” and at no cost. Cross-check: Carta, VC Fund Performance Q1 2026.

SLIDE 12 FRED series SP500, BAMLHoAoHYM2, VIXCLS, DRTSCIS, NFCI and ICSA (fred.stlouisfed.org). Thresholds are author-selected review triggers, not crisis probabilities.

SLIDE 17 Ramp company blog (2022 revenue 4x the prior year).

SLIDE 20 PitchBook-NVCA Q2 2026, p. 32.

SLIDE 22 Illustrative arithmetic: $60 \times 0.60 = 36$; $10 \times 0.95 = 9.5$; $9.5 / 75.5 = 12.6\%$.

SLIDE 23, 39-40 StepStone, “The Vintage Year Power Law,” Nov. 2023. CAIS / Preqin, “When Might Golden Vintages Appear in Private Markets,” Jan. 2023 (recession vintages 2001, 2008, 2009). Gompers, Kovner, Lerner and Scharfstein, “Venture Capital Investment Cycles: The Impact of Public Markets,” NBER Working Paper 11385.

SLIDE 30 Kauffman Fellows website, accessed Sep. 18, 2026. Kauffman Fellows Journal, “Retrospective on the Mission of the Kauffman Fellows Program.”

SLIDE 32 Sequoia Capital, “R.I.P. Good Times,” Oct. 2008, as published by VentureBeat.

SLIDE 34 Carta, State of Private Markets: Q2 2025, Q3 2025, 2025 in Review and Q1 2026; Carta, bridge rounds, Q2 2025 (carta.com/data).

SLIDE 38 Jefferies, 2025 Global Secondary Market Review (Feb. 2026) and Global Secondary Market Review (July 2026); global private-capital secondaries. Quote: Ravi Gupta, as quoted by Roelof Botha, Fortune, Leadership Next, Feb. 7, 2024. 50–70% of NAV is an author stress case.

QUOTES Author interviews with Kauffman Fellows, April–May 2025, edited for length.

METHOD Operating thresholds and recommended actions reflect the author’s judgment; they are not forecasts. Figures are as of the dates shown. Revisions are logged at cortado.ventures/crisisplaybook.