Zach Miller (00:05):

Hey, guys. Welcome back to the NFL Players Podcast. I'm Zach Miller. This week, we're going to explore venture capital. What is it? Why does it matter to you? Should you allocate to it? Are you wealthy enough to really be able to go after those outsized returns, and what makes those returns outsized? What's the risk that comes along with it? And so whether you're you're investing in a new company, whether you're trying to get an allocation to some of the best funds that are out there, this is why it matters to NFL players.

Zach Miller ([00:38](https://www.rev.com/transcript-editor/Edit?token=L2ByMS_k188kOXl1gFhRKdC6bdoDV4Q74SG9HnqAXCYFf654buNReClvYDOdkPKR3wVIltssFFD1SV8ctySL5XE3tJs&loadFrom=DocumentDeeplink&ts=108.35)):

And what you can do in the venture capital space is you can get those sweet, sweet returns. But along with those returns comes the possible risk of going to zero. We'll cover kind of the two things that I think are really important for every NFL player to know when it comes to venture capital. And before we do that, I just have to talk about the Dak Prescott contract he signed yesterday with the Cowboys. Four years, $160 million is what I was seeing on Twitter. $75 million in the first year alone.

Zach Miller ([01:09](https://www.rev.com/transcript-editor/Edit?token=MuzAS7w52BWI1MHspCwANTqT4DwwEk182A32bX2gzwEvioLUI3hvsQrSR1EWE1_WtIYwwcdm9nGb9kFgoycBDB2LWlk&loadFrom=DocumentDeeplink&ts=139.71)):

And I think that's just so big to understand is if you can get that money front-loaded, you can save so much of it. You can invest it. And with tax rates likely to go up in the future, it's a great deal for Dak. If the deal was created by his performance, how well he played, playing through his rookie deal as a late-round pick, and then playing under the franchise tag ... that allowed him to get the free agency, or get to the franchise tag, and then possible for agencies. So, then he could maximize his value.

Zach Miller ([01:40](https://www.rev.com/transcript-editor/Edit?token=kCPD7HMjTRYQ5P0PVDvx7kjnC29wRywODsFOKGhYNdg3KDMEr9xWxv8e9FapShELf247hPLNdvKQatJ-QrG0cL8GhGk&loadFrom=DocumentDeeplink&ts=171.25)):

He took all the risks there, and so he was rewarded for it at the end. A lot of people see the headline deal and don't realize the amount risk that player took by not taking a team-friendly deal early. So, great to see him sign such a good contract for him, and to realize so much of that money early in the deal rather than having it back-loaded is just something that ... if you're ever talking with your agent, it's an important thing to understand is that time value of money. That more money upfront is better than money later in the deal, and then as much as you can get guaranteed. Dak got a ton in a signing bonus. That money is gold when it's in a signing bonus, because you're getting it right now. It's able to be invested, and start working for you, and allocated properly. So, as much money as you can get upfront is great for any NFL guy.

Zach Miller ([02:34](https://www.rev.com/transcript-editor/Edit?token=CHadW1deULH2WZTCaeUaX1BR_WJof4G5mamuaodCm_mlvSyhtwpykFFbgzJhEN0Q18f070msByaM57rBYra_MCTMIRI&loadFrom=DocumentDeeplink&ts=225.53)):

Let's talk about venture capital. So, matters to NFL players. Why even invest in venture capital? Well, it's historically had some of the best returns. Really the best you can get out there. And along with returns comes risk. Those two are attached, risk and return. You cannot separate them. You cannot have one without the other. There is no free lunch here. What venture capital is, it's early stage companies. They need money to grow because they're amazing businesses. They have great business models, they have great ideas, great people running them usually, and so all of them sound good.

Zach Miller ([03:12](https://www.rev.com/transcript-editor/Edit?token=341IuRSYVwPNl3RqyAVGlxJUWkSpHdmQtKqjigwlL0-qBZiGW6ZH_FaFvY_NcPTFN9ixk2CLTXHrKtDWnuaMn44KoDI&loadFrom=DocumentDeeplink&ts=261.85)):

If you're doing direct investments and you're not having anyone look at the deal besides yourself, or even someone that's not experienced looking at the deal, I really suggest have at least another set of eyes on it. It's always good to have kind of an investment team. But if you're doing it personally, you really need a professional or someone with experience in the space to at least look at the deal and vet it a little bit rather than just putting your own money at risk. Because a lot of venture capital does go to zero. A lot of times it's an execution. It can be a great idea, but the execution is what matters. So, really surround yourself with a team that that does it.

Zach Miller ([03:44](https://www.rev.com/transcript-editor/Edit?token=2KvAEi6iihQfADb4I994s2GQnB2HGqPaCBdhxH2YhvKhFYAvgC_jPn4zCTRpfYdqnawv4pG6d90oauDrIRY2vTgnt-g&loadFrom=DocumentDeeplink&ts=294.71)):

And one of the best comparisons I've ever heard of venture capital is think about an up and coming athlete. A future NFL player, but he's 15 years old. He needs to grow into an NFL player, so you want to get in early. You're going to allocate money to him. Give him money. But it turns out that he doesn't make it. He goes to zero. He doesn't become a Hall of Famer. He doesn't become the best of all time in the NFL. You have to understand that there's not ... And really, I encourage you to understand that there's a ton of risk involved. Allocating money to an early athlete has so many risks because they could be great. They could not. They could end up never playing football again. They could get hurt.

Zach Miller ([04:25](https://www.rev.com/transcript-editor/Edit?token=KsvcnJ2YUTB3TMrrRxROikOGLEW3WEBQ7qvGcNOzwBCU4epsFL98OosUjSOfbFs4NohbuOMTqcEetT9aVyeF1Fek64M&loadFrom=DocumentDeeplink&ts=336.38)):

So, there's all kinds of things that are good parallels to the early stage investments like venture capital. And then there's certain ... Once you have enough wealth ... definitely, we recommend that there's an allocation to venture capital because you can get those big returns. But that has to fit within your entire financial structure, your entire financial life, and your personal balance sheet. Your personal assets and liabilities. You really have to coordinate that in there.

Zach Miller ([05:01](https://www.rev.com/transcript-editor/Edit?token=vC_vD-gqqbGdAhaI0giDzQHhCMj9HwZok1vJlBbrGQV-WxSGudFoOlmW6aUgCG3MDxuB2bjWYbHAc_FelcZ19E2WTcw&loadFrom=DocumentDeeplink&ts=370.11)):

The other thing that ... If you don't take away anything else from this video, from this podcast, is I just recommend that ... know that the kind of access you're getting to private equity and venture capital in particular, because there's some companies out there ... And the comparison I'm stealing actually from Ryan Nece over at Next Play Capital is it's like college football playoff. You see the same teams in there. Whether it's Clemson, whether it's Alabama, whether it's Notre Dame, whether it's Ohio State.

Zach Miller ([05:37](https://www.rev.com/transcript-editor/Edit?token=gOhmNFiHfcIscHwrSPzA2t6DLAULxYl9Rl9xikznHDfibl_33476Tn8rc4ReCJFVJ-ZkNvWitd9sb3_cNeluL13PA2I&loadFrom=DocumentDeeplink&ts=403.84)):

It's the same teams ending up in the college football playoff because they keep getting the best talent. They keep getting the best players from high school. They keep getting the best talent to go to their school. Then they develop that talent, and they have an ecosystem where they keep producing, and they keep ... They're good over, and over, and over. And it's the same thing in venture capital. The same firms. The Sequoia Capitals, they excel. They attract the best talent. They're able to keep reproducing the same awesome venture capital returns.

Zach Miller ([06:03](https://www.rev.com/transcript-editor/Edit?token=TvBi_dNeb1NpcmSgNStRbmbQAvEVI5fViLULi9NtCFeghgjmonnvBYkbzrvW9VcANoqbY9NBQi0vZHfCg0DMVzNOQak&loadFrom=DocumentDeeplink&ts=434.67)):

And so if you're not getting an allocation to these top performers, then a lot of times it's not worth it to even even do any venture capital. You really want access to the best funds, the best managers. Because they are able to reproduce those returns year in and year out. And you want to make sure you're diversified. You can't just put all your money in venture capital. We were talking to a possible prospect not too long ago. We just said like, "If venture capital is the best return, why wouldn't you just put all your money in it?" It seems like a silly question, but it's because it's so risky.

Zach Miller ([06:40](https://www.rev.com/transcript-editor/Edit?token=rm7MQ2aDY10N9WwZe1-0DqKEgYpjDB1vtGnjQN3WKW3ZlJzoVEsZLwz9NE7pP6O7rSF6M2wYkLtY4SOgEFRQ-D3jr1Q&loadFrom=DocumentDeeplink&ts=471.51)):

The money is in a venture capital fund. You allocate to it, and get a capital call when there's a good investment. And that money's locked up for 10 years, and possibly extended more than that based on what kind of sheet you're signing. I just encourage everyone to understand and educate yourself on the venture capital space. Private investments can be sexy, but they can also lose you a lot of money. Having the right process, having the right team to give you a second opinion is just vitally important in the space.

Zach Miller ([07:15](https://www.rev.com/transcript-editor/Edit?token=1OjyHE7K08iLmeh6E_bvy6B3fhPWNIpFP4S9RHCwatMkg_hkxWEiMxsqcufEcvQAD3eMIeD4nf7qLkcto5PM65XEzOU&loadFrom=DocumentDeeplink&ts=506.95)):

I encourage you to go and watch some of my other videos on this subject, and then really do your due diligence. Have the right type of financial team that can smartly advise you on these types of investments.

Zach Miller ([07:35](https://www.rev.com/transcript-editor/Edit?token=VdwcBNK5J8LBjRUjs7SbjKkw6MjCFVhW8DnRXPo-LLbsky6n4IAaxmKLhU35C92nff7Ip9Kspzdm2yh9K3kwT-lR_Ak&loadFrom=DocumentDeeplink&ts=777.93)):

And so when it comes to venture capital, you really have to do your due diligence. Full disclosure, we are allocated ... our clients are allocated to the venture capital space through Next Play Capital with Ryan Nece. He's a former player like myself. Played around the same time I did. And he's doing great things in this space. Bringing athletes up to Silicon Valley, and really is ... like myself, into the education component of it. It's a great thing to see. I encourage you to check out Ryan Nece's podcast with Hunter Hillenmeyer actually, who I played against many times also. He runs that podcast. I encourage you to check that out. And then as always, like the podcast, rate it, give me some feedback, and I will see everyone next week. Remember to own your wealth. And when it comes to investments, always be a pro.