

Confidence is Not Conviction, in Venture Investing

What feels like decisiveness is not the presence of judgment, but the absence of process.

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Confidence is not Conviction
Delayed feedback weakens intuition in venture investing

1 Minutes
Firefighter
Fast Feedback

2 Hours
Chess Grandmaster

3 7-10 Years
Venture Investor
Slow • Noisy • Uncertain
Very Delayed Feedback

Fast Feedback → Very Delayed Feedback

Slow feedback makes confidence unreliable.

A firefighter knows within minutes.

A chess grandmaster knows within hours whether a move was good.

A venture capitalist knows in seven to ten years.

That gap is the central problem in how VCs build judgment, and it explains more about the industry's collective decision-making than almost anything else.

A confident IC meeting and a high-conviction IC meeting can look similar from the outside.

Both produce a yes.

Both produce a memo.

Both produce wire instructions.

The difference between them does not become visible until the deal either compounds or unwinds, sometimes years after the room has forgotten what was said in it.

I have come to believe that the most useful question an investment team can ask before saying yes is NOT “are we confident?”

It is: “*What would have to be true for our confidence to be wrong?*”

What’s the difference between the two?

Confidence and conviction are not opposites. But they are not synonyms either.

They are often built from the same raw materials:

- pattern recognition
- founder narrative
- partner alignment
- deep market familiarity

The difference is what happens to those materials before the team calls the result a decision.

Confidence is what you have when those materials have been used. Conviction is what you have when those materials have been tested.

Confidence can make a deal feel ready. Conviction shows whether the decision has been earned

Pattern recognition is not a failure mode. Founder narrative is not a failure mode. A senior partner trusting an experienced partner's instinct is not a failure mode. These are legitimate, hard-earned inputs into a high-stakes decision under uncertainty.

They become failure modes when they are allowed to operate as *substitutes* for the harder work of testing rather than as inputs to it.

Why this is 20x harder than it sounds

Behavioral economist Daniel Kahneman and research psychologist Gary Klein spent their careers disagreeing about expert intuition.

But in 2009 they jointly published the '**conditions under which intuition can be trusted at all**'.

There are two.

1. The environment must provide valid cues.
2. The expert must have had the opportunity to learn those cues through rapid, unambiguous feedback.

Venture investing fails both tests.

Feedback in venture takes seven to ten years. Cues are noisy enough that the same founder archetype produces one breakout for every ten failures. By the time an investor learns that a 2021 pattern was specific to a zero-rate environment, the pattern has already shaped a decade of decisions.

Intuition is not worthless in this environment. But Kahneman and Klein's framework is unambiguous: intuition in venture cannot stand alone. It has to be paired with something that pressure-tests it. That something is a process.

This is the gap process that is supposed to close.

Four ways IC meetings produce confidence rather than conviction

Narrative smoothing.

A well-narrated founder story papers over the evidentiary holes. The thesis becomes a narrative, the narrative becomes the memo, and the memo becomes the decision.

Counter-move: identify the single sentence in the memo doing the most work, and ask what happens to the investment thesis if that sentence is wrong.

Pattern matching without disconfirmation.

"This founder reminds me of Brian Chesky" substitutes for first-principles testing. Marc Andreessen has written about this failure mode in his own firm.

The risk is not pattern recognition itself but pattern recognition that no one in the room is willing to challenge.

Counter-move: Require the pattern to be named in components, not in resemblances. Not "he reminds me of Chesky" but "he demonstrates A, B, and C, which I believe were the load-bearing traits in Chesky's case."

Once the pattern is specified, the team can disagree about whether the traits are actually present in this founder, instead of disagreeing about whether the resemblance is accurate. Disagreement becomes about evidence, not about taste.

Confirmation seeking.

Due diligence can drift toward gathering evidence that supports the thesis rather than evidence that would kill it. Philip Tetlock's twenty-year study of forecasters found that the best investors updated on disconfirming evidence faster and more substantially than confident experts did.

Counter-move: before the IC, name the evidence that would kill the deal, and ask whether the team has looked for it as seriously as it has looked for support.

Consensus drift.

The room tends to move toward agreement to preserve relationships rather than to resolve disagreements. Andy Rachleff, co-founder and Executive Chairman of Wealthfront, published a formulation that captures the cost: to be non-consensus and right requires deep domain knowledge, and consensus is often the enemy of returns.

Counter-move: treat dissent as a deliberate input. Surface it, document it, and require the deal's champion to argue against it on its own terms.

These four mechanisms have one thing in common. They are not failures of judgment. They are failures of a process that left judgment unsupervised.

What this looks like when it goes wrong

In 2021, Sequoia led FTX's \$214 million Series B. A pair of bankrupt cryptocurrency exchanges was founded and mismanaged by Sam Bankman-Fried.

After FTX collapsed, Sequoia, the storied firm, wrote to its limited partners: *"We reviewed financial statements and asked on multiple occasions about the relationship between FTX and Alameda Research."*

Two things about that sentence matter.

First, it is honest. The diligence happened. The questions were asked. This was not random, lazy investing by a careless firm.

Second, it is exactly what confirmation seeking sounds like. The team asked. They received reassurance. They accepted it. The diligence was structured to gather support for the thesis, not to test what would have to be true for the reassurance to be misleading.

Which is exactly why the process has to be designed to resist them, not merely accommodate them.

What this looks like when it goes right



Same firm. Different decision-making fingerprint.

In December 2025, Pat Grady described Sequoia's voting system publicly on the Uncapped podcast:

Every investment team member votes on a 1-to-10 scale before the decision.

A 6 or higher is positive.

A 4 or below is negative.

Sequoia has been recording these votes for more than a decade and analyzing them against outcomes.

Grady's published finding from that data:

"Our internal data shows that consensus versus non-consensus does not matter at all. Presence of conviction is what matters.

If everybody's a 6, we probably shouldn't make the investment. If three people are nines and three people are ones, we should probably make the investment."

This is what a process designed against the four mechanisms looks like in practice.

A room that is uniformly a 6 has mild positivity but no conviction, and Sequoia's decade of data tells them that the room produces worse outcomes than a room that is sharply split. A room of nines and ones has surfaced its real disagreement instead of smoothing it. Dissent has become data.

What I have come to believe

Conviction is not the absence of doubt. It is what survives when narrative, pattern, and consensus have all been tested against the possibility of being wrong.

The next advantage in venture, as I have written before, will come from how well firms build conviction.

This essay is one step further into what that actually looks like in practice. It looks less like decisiveness in the room and more like the discipline of asking, before every yes:

What would have to be true for our confidence to be wrong?

Then doing the work to find out.

Confidence ends a meeting. Conviction ends a question.
