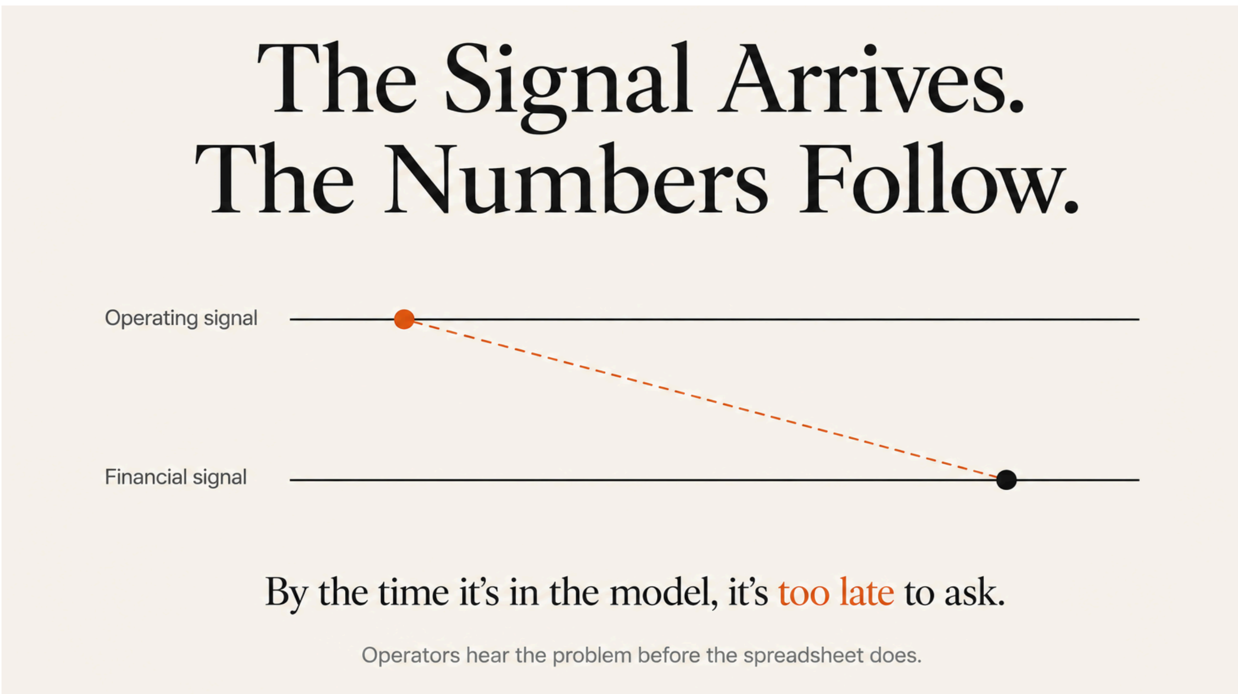
What Operators See That Venture Investors Miss

By Ravi Chalaka, Founder and CEO, Knoh.AI



Startups are funded in one language but broken in another.

This is what I mean by funding language that can be summarized into five Ts—TAM, Team, Technology, Traction and Timing. Venture investors study the total addressable market, founding team quality, technology differentiation, revenue traction and category timing.

These are real claims about real things. They are also, in almost every case, the last things to fail.

What fails first is operational.

A sales cycle that extends beyond what the model assumes.

A pricing conversation that always requires an exception to close.

A customer success team that is quietly doing what the product should be doing on its own.

A founder who cannot be absent from a single enterprise call because the go-to-market motion has not yet been transferred to anyone else.

None of these signals appear in an IC memo written in strategic language. All of them are visible to someone who has run a revenue organization, managed a customer success team, or sat across the table from a budget owner who is interested but not urgent.

The operator's frame is different from the investor's frame. And it surfaces evidence that cannot be reached through financial frameworks.

Five Signals Operators Read That Financials Cannot

1. **Pricing exceptions.** A client deal closes. But only after a substantial discount, a custom term, or a structural exception to the standard contract. This is expected occasionally. But observe the pattern. When the exception becomes the standard negotiation, the model price is almost never the closing price. It is a product-market fit problem disguised as a sales execution problem. The product is not commanding the price the model assumes. The ARR is real. The **exception rate is the signal** investors are not tracking.

2. **Founder-dependent sales:** The distinction between a company's revenue and a founder's revenue is invisible in the growth chart and visible in the pipeline. If the founder must be present to close. If enterprise prospects routinely request founder involvement to proceed, the go-to-market motion has not yet transferred.

3. **Customer success burden.** Andy Rachleff, co-founder of Benchmark and Wealthfront, put the most precise formulation on record: at the end of a free trial, pull the trial. "If the customer does not scream, you do not have product-market fit. Because if they are not going to buy it at the end of the 30 days, they are not desperate. And **if they are not desperate, you do not have PMF**."

   A large, busy customer success team in an early-stage company is not a hiring success. It is often a product gap. Customers are staying, but the product is not yet delivering on its promises without significant human support. That **burden precedes churn** in the financials by 30 to 90 days. Sometimes longer.

4. **Enthusiasm that does not convert to budget.** The market thesis is correct. The prospects are interested. The demos generate excitement. And then: "We love this, but it is not in this year's budget. Let us revisit in Q3." **Market enthusiasm and customer urgency are not the same** thing. An operator who has managed a sales pipeline recognizes the difference in the first conversation. A financial model cannot distinguish them. Both look like pipelines until the quarter closes.

The Pattern I Observed

As a senior executive at a startup building what I believed was an innovative networking technology for the emerging internet market, I watched this failure mode unfold from the inside.

The technology was real. The market thesis was real. These were not invented claims. Then, a competitor was acquired for a substantial sum, the kind of number that sends a signal to an entire sector. What followed was fast.

A $40 million funding round closed for our company, led by four major Silicon Valley institutions, built on three things: a compelling narrative in a hot technology category, a polished pitch deck, and an experienced team. The acquisition had validated the space. We were the logical parallel bet.

I watched the investment process closely. And I found it puzzling. Not that investors were interested, that made sense. What puzzled me was that they were not asking a specific question that any operator would have asked immediately: Are customers actually deploying this technology at scale, or are they evaluating it?

The distinction matters enormously in a market driven by anticipated infrastructure demand. Customer enthusiasm was real. Purchase orders were not keeping pace. The sales motion required escalation to senior leadership on every deal. Pilots were extending. Budget conversations were deferred. They were the operating reality of the organization, I could see from the inside.

The investors were asking about the market. The market was hot for an innovative networking technology due to the rapid advancement of the Internet. They were asking about the team. The team was experienced. They were not asking whether customer urgency had been confirmed yet, or whether the product had moved from interesting to required for the people who would actually be writing checks.

I saw the trend. I left the company.

A year later, the competitor that had been acquired failed. The substantial investment made in our company yielded nothing.

Why This Failure Mode Persists

I have thought about this many times since. It was not a story about bad investors. They were not unsophisticated people. It was a story about a diligence process that was well calibrated to evaluate the category based on market enthusiasm for innovation, but not at all calibrated to assess whether the company's operations matched the category's promise. The narrative was right. The operating signals were different. No one asked.

Operators are not immune to the narrative premium. But they have a different set of instincts in the room because they have experienced the specific failure modes firsthand. They have managed the customer success team that was masking a product gap. Most of the initial revenue was generated with a substitute product. They have run the sales motion entirely on founder dependence. They have seen the pricing exception become the pricing norm. These are not abstract risks to them. They are recognizable patterns from Tuesday afternoons in a previous role.

What the Right Questions Look Like

The five signals in the section above share a structural feature: they are all visible before the financials, and they are all available through conversations that most diligence processes do not prioritize.

The exception rate is not in the data room. These leading indicators are in a conversation with the VP of Sales about the last five deals.

The customer success burden is not in the NPS score. It is in a conversation with a customer who was not on the reference list, asking how the onboarding went, whether the product delivered on its own, and what would happen if the implementation team were no longer available.

The founder dependency question is not in the pitch. It is in asking what the close rate looks like when the founder is not in the room.

None of these are hostile questions. They are operating questions—the kind asked by investors who have been inside this reality themselves and **know what the leading indicators look like before the lagging ones arrive**.

This data is not in the financial statements, pitch decks or GTM strategies, it will be call notes when the right questions are asked.

When I assess GTM quality, I look for customer urgency, sales repeatability, pricing discipline, an expansion path, and founder clarity about what drives conversion. None of those appear on the first page of a pitch deck. All of them appear in the first conversation with a customer reference who was not curated by the company.

The Signal Arrives Before the Numbers Do

Companies reveal their problems in operating language long before they reveal them in financial language. A pricing problem shows up as a discount conversation before it shows up in margin compression. A product problem shows up as a customer success escalation before it shows up in churn. A go-to-market problem shows up as a lengthening sales cycle before it shows up in missed revenue targets.

The investors who close the conviction gap are not always the ones who run more diligence. Sometimes they are the ones who have sat on the operating side of these decisions long enough to know which questions the model cannot answer and who to call to find the evidence that does.