



# Beyond money, what are entrepreneurs looking for in Venture Capital funds?

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As investors, our job is often reduced strictly to its financial dimension. But shouldn't we strive to provide more than fuel? Many people like to draw a comparison between what food is to humans and what cash is to companies. During a hike there are many times when we run out of food and need to refill our provision: isn't it what VC funds are for? If the hiker is the company, one can think of VC funds as the inns where you make stops along the way. Food is never the only thing you look for in an inn. Which leads us to the question: **beyond money, what are entrepreneurs looking for in Venture Capital funds?**



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## Connections and Expertise

When hiking, exchanging with guides or experienced hikers can truly change the course of your journey. Beyond financial support, network and exposition to knowledgeable advice is essential to the success of a company. By choosing an investor, entrepreneurs gain access to a diverse gallery of contacts, whether they are other founders, business contacts, or series of experts that populate their ecosystem. Also related to the network are contacts to founders in the same industry. KPIs benchmarks and learning from similar peers can be crucial to prevent mistakes.

Having someone at your board who has experience scaling start-ups and enough knowledge in the relevant industry can offer guidance and advice and that's a game changer. Some venture capital firms are experts on certain sectors. Other funds are sector agnostic, while prioritizing other factors (company stage, geography, business model etc.). Start-ups should be approaching venture capitalists that are experts in their domain of expertise or have the capacity / connections to open doors to far larger sales channels.

Renowned venture capital firms backing a company also brings credibility. It can have a huge impact on business, from attracting the highest-calibre talent in an insanely competitive market, to generating confidence with potential customers who might not have otherwise considered working with the start-up.

Venture Capital is also a close-knit ecosystem, which can be very convenient for the next fundraising rounds. A well-connected board member can be a catalyser for raising funds.

## Services and Supports

When we go on a hike we need energy, but other tools can also come in handy: maps, walking sticks, water purifiers, specialized footwear, and sometimes a donkey. All these tools can be compared to the services that funds provide to their portfolio companies.

Supporting portfolio companies beyond the initial capital investment with dedicated support teams, has become increasingly common amongst funds. Need to recruit someone for an important position? Need help on marketing or operational support? Need some insights before launching a new country? Business development is here to help!

Many funds claim to have a business development team dedicated entirely on those topics. In reality, the situation varies from fund to fund. Some cover all aspects of the value chain from talent sourcing to operations, communication and marketing, sales,

etc. That's the approach of Accel, Balderton or Index, whereas others specialize in differentiating segments: focus on a specific region (Cathay or Korelya in Asia) or a domain of expertise (Sapphire Ventures with B2B software). We like to think at AVP that our true value added resides in the strength and scope of our corporate network, our ability to accompany our portfolio companies in their transatlantic development, and an investment team with both financial and operational experiences.

VC business development encompasses a wealth of different offers amongst which:

- **Content/Communication:** assist on brand building, marketing, and media support.
- **Events:** organise workshops, social events with the VC ecosystem, conferences on specific topics, webinars.
- **Expert advisor networks:** give access to experienced executives on specific topics including recruitment, legal matters, fundraising, accounting, tax, IT, coaching, etc.
- **Corporate relations:** bring the best solutions and connections to accelerate top-line growth, it can be done for example via corporate relations which can become potential customers or strategic partners.
- **International expansion:** accompany portfolio companies abroad via helping them build a new network locally, sharing market data, insights on regulations, etc.
- **Operational support:** tools and systems to systematize and scale platform support, via for instance, existing portfolio companies.
- **Recruitment and talent organisational support:** efforts to help recruit top profiles to join the company, i.e., publishing job offers on the funds website or actively connecting the right profiles with the company.
- **Internal expertise:** support on topics not directly related to a board member position, it can be as broad as assistance to build a Business Plan to helping on the design of the new logo of the company.

Depending on the needs of the start-up, what type of support does the entrepreneur want to add to the board? This brings us to the next question: besides the fund, which person will be seated at the board?



## Relationship alchemy and vision alignment

Who would stay in an inn with an inhospitable manager? In the end, the most important aspect of founders/investors relationships is simply human contact.

Entrepreneurs are looking for venture capitalists who respect their vision but who can at the same time give them a fresh look on their operations and their growth strategy. Investing in a start-up should not be a cold transaction based on the data. Finding a board member that really believes in the mission of the company can truly make a difference.

Vision is not the only thing required to support a company, but you also need the right balance between availability of the investor and autonomy of the founder. Let's not forget that founders are the stars of the show!

The relationship with the investor is key: he will be the one sitting at the board for (many) years and with whom entrepreneurs navigate uncertainty and the challenges that come with scaling a young company. Are you on the same page regarding where you are headed? Do you feel confident enough in their vision and track record to take their advice? There is no straight line in business, venture capitalist should have empathy, and be a proactive problem-solving partner and not a nightmare to deal with. Moreover, for the inevitable less glorious times when the company develops slower than expected, a long-term vision investor will be much more supportive.

Chemistry really matters and has impact on the business itself. In the end, it comes down to one simple question: when your phone rings and you see the name of your partner, would you rather ignore the call or pick up the phone?

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