

Understanding venture capitalists ethnographically – investment decisions and value-add

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Project Abstract:

VCs – equity investors in new companies – are understood to have a crucial impact on the commercialisation of technological innovation and new economic actors. Building on earlier work in economics, I want to understand how exactly early stage venture capitalists make investment decisions and add value to the companies they invest in by conducting ethnographic fieldwork in San Francisco and New York. By adding both an anthropological and a comparative perspective – between Europe (DE, UK) where I have already conducted fieldwork with 100+ VC partners and the US – I will provide detailed cases to fill the gaps left open by many quantitative approaches. Activities and Achievement: The (ethnographic) data collection phase has been finished with a last field trip to New York City in December 2021 after a big delay due to Covid-19. I conducted an additional set of interviews with investors during my recent trip adding to the four months I spent in San Francisco (May-July 2019) and New York (August 2019) as well as several months in Berlin (2019 and 2020). Altogether, I have conducted more than five hundred interviews with VC partners (and some junior investor), people running accelerators and angel investors and asset owners (LPs) between San Francisco, Palo Alto, New York, London and Berlin. A proportion of the interviews has already been transcribed (by myself and my research assistants) while I have detailed notes for the others. My data analysis phase is progressing and I have submitted first peer-reviewed papers (see below).

Dissemination: A first book chapter partly based on my CERF research has been published last year (in an edited volume with Berghahn, see below) and together with a colleague I was successful in receiving approval for a Special Issue collection of the Journal for Cultural Economy; my own article is currently being revised for resubmission (RR) and we are preparing our introduction as the editors. I have also received an offer for a monograph (from Columbia University Press) which I will develop into the main output of this (overall) project until the end of the year. Furthermore, since inception, I have presented preliminary findings at different conferences (e.g. at the Finance and Society Network in May 2021, at SIEF and SASE in June/July 2021) and will continue to engage in academic conversations in this way (e.g. at SEA in Copenhagen in May 2022, EGOS in July 2022). My (trade press) book on diversity and inclusion, partly based and informed by my CERF research will be published later this year as the interviews have been finalised. Lastly, I have written various journalistic pieces (see below) and have been invited to contribute to / give keynotes at industry conferences in Italy, Poland, Germany and the UK (e.g. SuperVenture, Techstars, Slush).

Outputs: Book chapter:

- Lenhard, J (2021) 'Unicorn-Makers Working for Freedom (and Monopolies): The Work of Venture Capital Investors', in: Hann, C (ed) (2021) WORK, SOCIETY, AND THE ETHICAL SELF - Chimeras of Freedom in the Neoliberal Era, Oxford and New York: Berghahn.

Peer-reviewed:

- Lenhard, J, Winterberg, S (2021) 'How Venture Capital Can Join the ESG Revolution', Stanford Social Innovation Review,

https://ssir.org/articles/entry/how_venture_capital_can_join_the_esg_revolution#.

- Lenhard, J (2021) 'Towards fully automated investing? How venture capitalists are making the economic future old-fashioned', Anthropology Today, 37(6), 25-27.

- Lenhard, J (forthcoming 2022) 'Good stewards of capital? How elite networks and warm introductions drive venture capital investing, between fiduciary duty and ethical vetos' for Journal of

Cultural Economy + editor of Special Issue

Journalism:

- Lenhard, J (2022) 'PPT series' (4 articles), Tech.EU, accessible: <https://tech.eu/2022/04/08/what-is-the-future-of-ppt-a-conversation-with-lyel-resner-and-tanya-filer>
- Lenhard, J (2022) 'VC is still a boys' club. Here is how to end it', Sifted, accessible: <https://sifted.eu/articles/sex-vc-harassment-women/>
- Lenhard, J (2021) 'VCs are financing a servant economy', Sifted, accessible: <https://sifted.eu/articles/servant-economy/>.
- Lenhard, J (2021) 'European VC funds are building community around ESG initiatives', TechCrunch, accessible: <https://techcrunch.com/2021/02/11/european-vc-funds-are-building-community-around-esg-initiatives/>.
- Lenhard, J (2021) 'Stop hunting for unicorns, start looking for green zebras', Sifted, accessible: <https://sifted.eu/articles/venture-capital-green-zebras/>.
- Lenhard, J (2020) 'How a decade of ESG in venture is ahead of us', Venture Capital Journal, accessible: <https://www.venturecapitaljournal.com/how-a-decade-of-esg-in-venture-is-ahead-of-us/>.
- Lenhard, J, Brodnock, E (2020) 'Time to stop using the term BAME', Sifted, accessible: <https://sifted.eu/articles/stop-using-the-term-bame/>.
- Lenhard, J (2020) 'Nothing Ventured', The Mint, accessible: <https://www.themintmagazine.com/nothing-ventured>.
- Lenhard, J (2020) 'Luck in Venture World', Anthropology News, accessible: <https://www.anthropology-news.org/index.php/2020/09/10/luck-in-venture-land/>.

Major Difficulties and Any Other Issues:

Covid-19 has had a major impact on my (ethnographic) research; this has caused problems to travel to some of the places I wanted to visit (for longer) with the CERF grant. I instead shifted a lot of my research to interviews (which unfortunately do not provide the same depth of insights I am used to). Overall, it was also challenging to use the CERF money as productively as possible given its constraints (e.g. having to negotiate to be able to use a car in San Francisco); much of 'studying up' (fieldwork with elites) requires a different set of practices (e.g. driving from interview to interview, from office to office), so that traditional fieldwork rules have to be adopted.

Web Links: see above - all embedded