

Report Type

Mid Term Award Report

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Faculty/Department

Social Anthropology / Max Cam

Project Title

Understanding venture capitalists ethnographically – investment decisions and value-add

Project Start Date

Feb 01, 2019

Project End Date

Oct 30, 2019

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 70+ VC partners and the US – I will provide detailed cases to fill the gaps left open by many quantitative approaches.

Activities and Achievement

I am in the data collection phase of my research and am currently in the last phase of conducting interviews and visiting industry events (demo days, social events, conferences) in San Francisco before continuing my data collection in New York City during the month of August until September 13. Since my arrival in San Francisco in late April, I have conducted more than forty interviews with VC partners (and some juniors), people running accelerators and angel investors between Berkeley, San Francisco, Palo Alto and San Jose. A proportion of the interviews will be transcribed (by myself and my research assistant) while I have detailed notes for the others. At this time, I have not yet started to analyse the data as I am occupied with between 5-10 interviews per week. Hence, I don't have significant research results to report on yet but am making fantastic progress towards fulfilling my goal of altogether conducting ~70 interviews in the US before returning to the UK in mid-September.

Dissemination

Firstly, I am in the process of starting a (non-academic) blog called 'The Ethics of Venture Capital'. Targeting particularly VCs (and other people working in the industry) themselves, I am keen to start a conversation about the topics I have been thinking about since the beginning of the overall project about 1.5 years ago. It will serve as a platform to both disseminate ideas and procure feedback from around mid-August onwards. Secondly, I have had several conversations with academics in the Bay Area (mostly at Stanford, but also at Santa Clara University's Ethics Centre). Some of them are very keen on extending the conversation with me and collaborating on further research. Particularly an exchange with Ilya Strebulaev has led to a first starting point for a new project (on impact investing) which might result in my return to Stanford next year. Thirdly, I have given my first lecture on the topic at a quasi VC-trade school called Venture University in San Francisco. This also allowed me to test some of my ideas, discuss some of the case studies I am looking at and get valuable feedback. This engagement will hopefully also continue into the next academic year (I was invited to return twice a year to give a similar lecture to the incoming cohorts). Lastly, I am in conversation with the NVCA (National Venture Capital Association) (specifically their

head of research) to write several pieces for their online outlet. These will be centred around their recently published report on (the lack of) diversity in the VC industry. The research for and publication of these pieces will start later this summer.

#### Outputs

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#### Major Difficulties and Any Other Issues

I have encountered difficulties on two major fronts, both administratively.

First of all, it has proven complicated to access some of the more prominent VC firms (specifically the ones on the famous Sand Hill Road). While the network is very tight-knit, some of the senior VCs have been hard to interview (due to time pressure, not seeing the benefit for them etc). I hope that over the coming months - and even more so should I be able to return to California next year - I can break further into these high-profile funds to complete my research.

Secondly, 'studying up' has also proven complicated for the simple reason of not being able to easily afford living close to my research participants. Particularly rent in California is very expensive and conducting interviews all over the Bay Area also involved me driving a car every day. It would have been very helpful to receive more flexible (financial) support. (I am aware that it is in some senses rules of the university, of course).