

# 5 things I learned about VC investing from being on the other side of the table

Before becoming a VC, I was Head of Partnerships at Paris-based insurtech startup Luko, experiencing the challenges and scaling a startup firsthand.

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Starting at *Dawn* was a chance to take everything I'd learnt growing a startup – as well as advising businesses at McKinsey before that – and put it into practice, helping founders grow and succeed from the other side.

Here are five things I learned that inform my role as a VC today.

## Pressure creates diamonds

Hiring top profiles is a must, but the real foundation of a great team is a culture of ownership and creative freedom – and that starts with the recruitment process.

Ping pong tables and free beer never hurt, but the thing that actually gets you the best talent and allows them to thrive is having a process that reflects your company's culture and ambition. Your interview process should be thorough and challenging, yet achievable. You're not looking to trip them up, but rather encourage them to think and engage with the sorts of challenges they're going to tackle in the role, giving them the opportunity to get excited or realise it's

not for them.

A process like this gives candidates a sense of the mission and challenge of the job and leaves them with the certainty that their potential future boss is going to teach them and give ownership and scope.

This approach needs to continue after the contract has been signed. Once you've got the smartest people in the room, don't micromanage; give them the responsibility to own their scope and the space to be creative. Founders and leads should act as coaches, not minders. If your people have high expectations for themselves and feel responsible for their work, they'll have the opportunity to grow, realising their and the business's potential.

## Your second Chief of Staff

VCS mean more than just money and introductions. Your VC is a valuable and often untapped resource that can act like your second brain – a standby Chief of Staff or Chief Strategy Officer.

I've seen startups only think about their investors during board meetings or for big strategic decisions. Instead, the relationship should be proactive and collaborative. You can bounce ideas off each other and ask for help – everything from a reading of the market to SaaS pricing or potential acquisitions.

VCS are packed with specialists who bring former experiences from consulting, banking and startups, and it's our job to become experts on new topics. For example, I frequently used a benchmark analysis provided by a VC when I was pitching Luko, and we also leveraged our VC to accelerate due diligence on some businesses we were looking to acquire. I'm always looking to provide that kind of help to add more value to and better support Dawn's family of founders.

## No more rose-tinted spectacles

At Luko, I had to pitch the business to potential partners hundreds of times. After a while, you find yourself starting to emphasise some bits and glossing over others as lines can start to blur – “we hope to” becomes “we will” and then “we are”.

Now that I'm on the other side of the table, inflated truths stick out like a sore thumb. Be honest about where you are today as a business and where it's going. Investors, especially those that have experience in startups, know how difficult it is running and scaling a business. And if you're upfront about both

the successes and shortfalls, you will get more respect from your investors, who may well be part of the solution to the challenges you face. Give them everything they need to understand the opportunity and risks, ask the right questions and bring their own experience to the table.

## Networked due diligence

Coming from a startup, I have a network of operators and experts to draw from as a VC. Whenever I look at a new tool for developers, marketers or finance teams, I can ask my former colleagues what they think: have you seen this? Are you using it? What are you using at the moment? Would you switch? I have a network of people on the ground, putting new B2B SaaS tools and applications through their paces and cutting through the hype.

These sorts of relationships allow you to work faster because you can quickly vet a business or tool by hearing from actual users you know and trust and potentially saving yourself a week of initial due diligence. That's true whether you're a VC or a founder. If you don't yet have a network like this yourself, it's another way you can leverage your VC.

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## A rule of thumb

The last thing I took from my time scaling a startup was a personal benchmark. My own experiences and performance give me a rough rule with which I can quickly measure founders' success in sales and growth.

You always want to work with people smarter than you, so if I see a startup and they say, 'we managed to close this deal in three weeks', and I previously worked on a similar deal that took six months, I know how impressive that is. I've experienced the difficulties, so I can get a sense of what was achieved without just taking their word for it. This also allows me to dig deeper and ask useful questions. Was it just luck, or have they actually pulled off something amazing? I can recognise what, if anything, gave them the edge, and start to

see what promise others see in the business as well.

All of us – founders and VCs – can benefit from this sort of cross-pollination. With the increase in second-time founders and operators becoming VCs, both worlds are strengthened. Lessons from one are applied to another as networks and the wealth of available resources grow.

I now get to spend everyday looking for, and supporting, new European software champions. And my time spent on the other side of the table push me to be a better investor.

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