

Role Descriptions in Venture Capital (VC)

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People working in VC firms are called "venture capitalists". The background of venture capitalists varies broadly, but generally speaking, venture capitalists either come from corporate or consulting backgrounds (they know how to run operations), entrepreneurial backgrounds (they' know how to start companies), or finance background (they know about managing investments). Titles in VC firms vary but there are five broad categories:

Analyst

Those are the most junior professionals in the company, and usually have one to two years' prior work experience, either with a startup, an investment bank (very often focusing on technology sectors), or a strategy consulting firm. The key role of the analyst is to network, take part in industry and VC events, keep an eye on latest industry trends, and cold-call potential target companies to learn more about their business and obtain a meeting with the founders. They also might have some degree of involvement into the deal process (i.e. due diligence, market analysis, some valuation work) but their focus is largely on "origination". This is a very entrepreneurial role, and analysts in VCs are often very well connected and aware of the latest happenings in the industry. Analysts can be promoted to the associate level after a few years, but many of them choose to do an MBA or go the entrepreneurship route, founding their own businesses.

Associate

Associates reach the next level in the hierarchy, and are on the "partner track", which means that they are expected to stay until they make it to partner. Associates are usually ex-bankers, consultants, investment professionals (i.e. private equity, other VC funds) or operational leaders with three to five years' experience, sometimes with an MBA or a PhD. The role is more focused on due diligence, business plan analysis, executing transactions, analysing interesting industry subsectors, and helping out portfolio companies. It is the more analytical and deal-making role within the VC fund. Associates usually get promoted to principal after a few years of successfully executing deals. Some of them also leave to create their own businesses.

Principal

Principals are in charge of making portfolio companies run smoothly and will be on the board of a few portfolio companies. In addition, their role is to network and identify interesting opportunities for the fund to negotiate terms of acquisitions, and also to exit portfolio companies successfully. Principals tend to stay until they are promoted to partner level, which happens once they have proven their ability to generate good deal for the firms and generate returns.

Partner

Partners and principals have very similar roles in the firm. However, partners tend to be less involved in the daily deal-making and are more focused on high-level tasks such as identifying key sectors to invest in, giving the green light for investments and exits, sitting on the board of some portfolio companies, networking at a high level, representing the overall firm, as well as raising money for the firm (every five to seven years) and communicating performance to investors.

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