Getting that Venture Capital
Part 6: Working in a VC firm

Part 6: Working in a VC firm is part of the book **Getting that Venture Capital.** This is Mousuf Zaman.C's **Knowledge series**.

This is the conclusion of industry research, allowing the reader to gain knowledge on venture capital which is possessed by the top 20% of the population.

This book will be regularly updated to reflect industry change.

How to read this book

If going chapter by chapter and want to quickly finish… This will be a long read! I believe that you should implement what you learn, rather than try to collect information for "just in case" situation.

My hope is that you will pick up the book, start the chapter which you would like to learn about. That you will accumulate in your daily practice.

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Part 6 – Working in a VC firm

Working in a VC firm

An example how someone may get into the VC industry for a career:

> I work with the investment team to look for companies that have potential to grow into large-scale businesses with the help of an investment from our firm. I meet with entrepreneurs to learn about what the company has accomplished so far, their visions for the future, and how they plan to achieve their goals, analyzing their financial models and advising them.
>
> Don't be afraid to email and update people you've reached out to before, for advice. You're not bothering me at all by sending me a short note on how your job search is going. I'm always interested to hear back from people who have connected with me in the past, and I genuinely enjoy hearing the thought process behind any job hunt.
>
> In an industry like venture capital, where many internships and jobs aren't disclosed to the general public, it also helps to stay at the top of a connection's mind. If I remember you and your objectives, I won't hesitate to reach out if I see something that may be a fit.
>
> Often you will be sourcing and due diligence on prospective investments in the technology sector, as well as support portfolio companies on market research and business development initiatives.
>
> I love investing because it's challenging and requires preparation and discipline. I chose venture capital because I am more interested in investing in people than making investments solely based on numbers and financial information, as is done in public market investing. In this field, I have the opportunity to meet, invest in, and be inspired by interesting entrepreneurs every day.
>
> Be resourceful! There is so much information on venture capital and the early stage startup world on the internet, and there are so many people in this industry that are willing to talk to you via email and Twitter. You need to be thoughtful in how you go about connecting with people, but if you spend the time and are truly interested in the stuff, I don't think it's too difficult to make your own connections. Show that you have good ideas and can add value, and you will be well on your way.
>
> I was amazed at how many top tier VCs responded to my emails when I first was learning about the industry. I don't think the CEOs of major banks or consulting firms

answer emails from random young people who have an idea or a question, but partners at top-tier VC firms did.

This is not the type of industry that you can break into by sending a bunch of resumes out and hoping something sticks; you need to bring lots of knowledge and insight to the table and make real connections.

I started acquiring knowledge by frequenting blogs like AVC (Fred Wilson's blog), FeldThoughts (Brad Feld's blog), and Both Sides of the Table (Mark Suster's blog). In addition to learning about how great VCs think, you also must be knowledgeable about current trends—publications like TechCrunch, PandoDaily, Techmeme, and Mashable are great for doing this if you're interested in the tech startup scene. Do your research with these tools, make connections, reach out to experienced entrepreneurship career coaches, and the jobs in this space will find you.

There is no "exact" specification for what would constitute the successful candidate because it could be somebody from a wide variety of backgrounds. At the highest level, we're looking for somebody really intelligent, digitally native, financially numerate and interested in startups.

This person was almost certainly graduated from a top 20 university and probably with excellent grades & test scores.

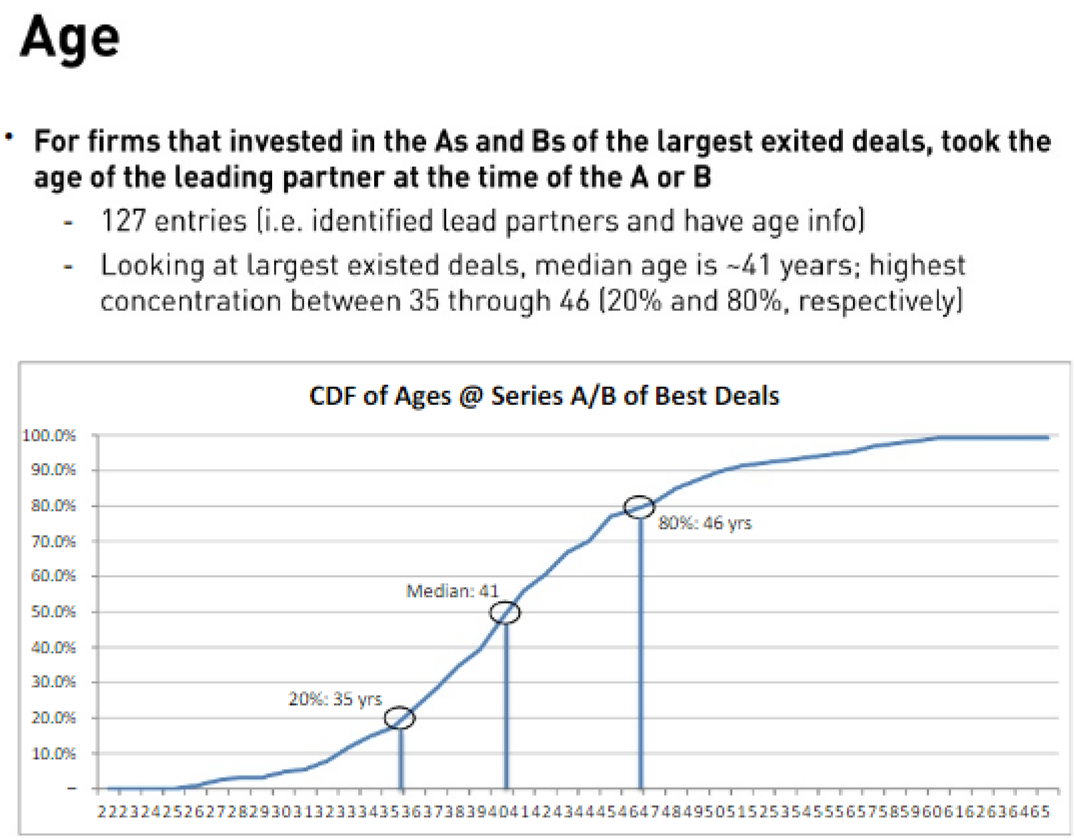
Why? Well, aside from it showing discipline and intelligence — we always get flooded with emails when we recruit and when you have to manage volume you need to go for obvious filters.

If this isn't you, we'd probably still have a look if you did something truly exceptional — probably at startup or tech firm.

The chosen candidate will probably have worked for a very reputable firm that is either in technology, consulting, investment banking, media or a startup. If you worked for firms like McKinsey, Bain, BCG, Goldman Sachs, Google and the like you're probably more likely to rise to the top of the stack. Or if you did something really interesting/innovative in a startup company.

Are VCs elitist? No, we're pretty down to earth people here. And none of our partners actually worked for any of these firms. So it's not a "non-starter" if you didn't. When they usually recruit, they do receive so many applicants that don't come close to the spec that some filters are put in place to avoid people unlikely to be hired.

The likely candidate will probably have graduated with an undergraduate degree in the past 5 years. We're willing to accept people who have graduated only 2 years ago and would maybe consider somebody who was graduated around 7 years ago. But we're not likely looking for somebody who has too much experience, like 10+ years.



That wouldn't be a fit for what the role is and you wouldn't be happy. Every time I do recruiting, I get somebody who says, "I'm willing to take a step back in my career to work in VC." This isn't likely to appeal to us. But I would never take any option completely off the table. We're open.

We want somebody who is ready, willing and able to debate tech with us. Where do you think things are heading? What is the future of social media, digital television or mobile computing? We also have a very strong financial services practice so we welcome people with this interest area, too.

Some key skills and expectation of an investment team

1. ABS — Always Be Selling

One of the most important aspects of Venture Capital is deal sourcing. VCs have one goal — and that is to get in on the best deals. While partners at VC firms rely mostly on their networks to get deals, there is always an opportunity to expand a firm's network and reach.

A less conventional approach is applying the Rothenberg Ventures strategy, throwing crazy lavish parties and becoming best friends with entrepreneurs. The more typical approach is to attend startup events; however, this is less effective given a large number of investors you are competing with at these events. If you plan on doing that, I recommend researching the companies that will be at the event ahead of time and creating a hit-list of the top 10 companies that you would like to talk to.

The most practical approach for me was ploughing through my own network and mentioning that I work at a VC around acquaintances — that almost always lead to referrals to people working on their startups.

Deal sourcing is an art, and I believe that you should experiment with different approaches until you figure out what works best for you. You need to always be in selling mode, as you never know where the next great lead will come from.

2. Know Your Pitch

In addition to always having the sourcing hat on, it is critical to know what is unique about your firm. The Venture Capital world is full of VCs claiming entrepreneurial/operational expertise and access to networks of potential customers and experts.

Given the large number of venture capitalists that entrepreneurs talk to, they need to clearly understand what sets your VC apart from the rest. For this reason, it is critical to understand how your firm can actually help a startup (whether it is through a network of customers and experts, deep functional expertise in a certain industry, or entrepreneur-friendly terms) —

Entrepreneurs expect more from their investors and strategic partners, and only those who are able to show a real value-add can get in on the good deals.

3. Research Your Leads

Once a company has entered your deal pipeline, you will have an initial introductory call with them. These calls are generally informational and exploratory; however, they are still very important. It is critical to spend a good amount of time thinking about the businesses/markets/industries that these startups are in.

Make sure you understand the general trends of that industry and that you have a perspective/point of view on it. When talking about your firm and its value proposition to the entrepreneur, they might decide to ask "what are your thoughts on our industry?" — and you will need to be ready for that if you want to leave a good impression and follow up on your call.

4. Size the Market

Everyone has seen this — a startup presentation sizing the market at Billions of dollars, with the startup targeting a small percentage of that market. What that is supposed to show is the total number of customers willing to purchase that product, what they are willing to pay, and how much total revenue that sums up to.

While a product with traction in a market of 1 Mn users is attractive to investors, investors prefer a product that targets 40 or 50 Mn potential users.

I would just like to note that granularity is very important when coming up with market sizes, and understanding the assumptions behind these estimates is crucial — especially when presented in an Investment Committee setting.

5. Identify Real Traction

One major component in the decision-making process for VCs is traction (revenue and/or customers). However, it is important to be able to identify the source of the traction: paying customers, referrals, acquired customers, friends and family, beta-testers, etc.

Doing diligence on the overall sales cycle and the sales pipeline is probably the most important part of diligence, as it will enable you to uncover the source of the traction. While there is no “bad” traction, this diligence is imperative to assessing the company’s prospects and evaluating the overall cash need of the business over the next 16–24 months.

6. Spot Potential

It is very easy for VCs to invest in a repeat entrepreneur who has had a successful $50M+ exit. True venture capitalists are those who are able to identify a first-time entrepreneur with potential. While there isn’t a scientific methodology to identify potential, there are several tactics that are indicative of entrepreneurial potential.

Detailed conversations about target markets, customer acquisition, and scaling are considered to be one signal. Another signal is spending a day or two in the company’s offices, understanding how the entrepreneur is spending his/her time, and observing team dynamics.

Spotting potential is not accomplished through a formal process; rather, it is the culmination of all interactions with the management team — from the introduction, all the way to diligence and negotiation.

VCs want to invest in entrepreneurs who know the ins-and-outs of their industry and are able to present a realistic yet ambitious plan for their business. If an entrepreneur does not exhibit a passion for the business, does not realize what his company’s weaknesses are, and does not know how to address them; then maybe it is not wise to invest in them.

7. Build Your Network

There is nothing more important than a network in Venture Capital. Whether you leverage your network to source a deal or to conduct diligence on a company, your network is your number one asset.

Make sure that you start networking before you need it, have a plan for how to grow and use it, and never dismiss someone as unimportant. Being someone who people remember, as well as someone who is resourceful and has access to professionals from different backgrounds is a key component to differentiating yourself in the VC world.

8. Negotiate Term Sheets

While security type, liquidation preference, and valuation are the key components of any term sheet, there are many intricacies in term sheets that require time and experience to be fully learned — which is why involving legal counsel in the deconstruction/construction and negotiation of a term sheet is critical.

Moreover, no two term sheets look alike, and even if they do — different parties perceive terms differently. While one entrepreneur might be concerned about liquidation preference, another could be concerned about the impact that a certain deal has on his cap table and early-stage investors.

Term sheets are negotiated heavily and hearing that terms are being discussed amongst lawyers is nothing to fret about — closing deals take time, and both parties need to be happy about the terms if the relationship is ever going to be successful.

9. Understand Firm/Fund Dynamics

The same way that tech companies such as Apple, Google, and Facebook are different from one another — so are Venture Capital firms. Venture Capital firms range from small funds trying to establish their brands, to large funds with billions of dollars in assets.

This has a significant impact on the type of work you do — a smaller fund might give you the opportunity to take on significant responsibility in making deals happen, while a larger fund might have you focus on conducting diligence and researching investment theses. Moreover, firms vary greatly based on where they stand in their fund life cycle — a firm raising a new fund will be very busy contacting LPs and analyzing previous returns, while a firm 1 or 2 years in its fund is focused on deploying the cash.

All that is to say those firm dynamics vary greatly, and that each of those offers a different value proposition from an experience perspective — making sure that your short to medium term goals are aligned with the firm's goals will increase utility for all parties.

10. Meetings get done during the day, "actual" work gets done at night and on weekends

I stack my pitches, coffee chats, investor catch-ups and (obviously) conferences throughout the working day (9-5), get dinner or drinks with business contacts once or twice a week, then get home in the evening (7-8) to actually churn through analysis work.

You could take a less tiring approach and just carve out workdays to work quietly at your desk, but the aforementioned pressures of points 1-2 may grate on you. In today's highly competitive environment, scheduling a pitch two weeks from now might mean that you have no shot at the deal, so I try to work around entrepreneurs' schedules and make meetings possible during the workday as soon as possible.

As such, deal diligence, investment memos, and my own market research primarily get done at night and often on weekends. Oftentimes on Friday nights, I find myself feeling relieved that I have all of Saturday to actually sit down and do what the rest of the world would consider work. If you hate taking your work home with you, you'd find this demanding. Personally, I find the evening work kind of relaxing; I put on Netflix, make tea, and work leisurely through the memo/research/model/emails.

I think the FOMO resulting from not scheduling a pitch sooner for an actively fundraising company feels worse than not having a bit more time for fun in the evenings.

11. The vast majority of VC associates will not make partner

What you want to do with your career impacts how demanding your associate experience will be. Common exits after 2-3 years are business school, operating roles at a portfolio company, founding a startup or corporate development at a large technology company.

If you and your partners already know that you plan on taking one of these paths, you will feel less pressure to "earn your keep" via deal flow and can allow yourself to focus more on picking up relevant skillsets for the future.

For example, if you're interested in joining a portfolio company, typically the partners will be supportive of you allocating more time to portfolio projects, and the pressure to the source will lessen.

If you desperately want to stay on the investor path, the odds are against you and the clarity on whether or not you'll make it extremely scarce, so you may naturally find yourself working long hours to simultaneously source, lead competent diligence, add value to portfolio companies, network relentlessly and find time to build a personal brand (all the points cited above).

Keeping up this momentum is hard, esp. when you're uncertain if the partners are open to promoting someone.

As you consider a career in Venture Capital, be aware that VC is an industry that requires a broad range of skills. To succeed, you have to be willing to wear as many hats as possible. You have been a marketing/product/SEO/technology expert, a highly-skilled networker, an expert problem solver, a fearless salesperson, a wonderful negotiator, and most importantly — a risk-taker.

One of the hardest points to assess when you're recruiting is cultural fit – you can chat with Partners all day long, but it's hard to say how well you'll fit until you actually work there.

VC firms are more like family businesses than rigid conglomerates – sometimes they treat you like a temp, and other times they treat you as a peer. But it's difficult to ask them about this directly and get good answers – so joining any VC firm is riskier than moving to a bank, where there are lots of people and many sources of information.

You work alone 90% of the time, and you're going out there and making things happen on your own. That gives you a sense of empowerment, but it's also lonelier than banking because you're always meeting new people but rarely getting to know anyone well – and you don't hang out with your co-workers. It's like how you pointed out before that the buy-side and entrepreneurship are both lonelier than working on the sell-side.

VC is similar to being a "mini-entrepreneur" because you have to make decisions without following specific orders – completely the opposite of banking.

Salary

Your base salary in VC will be higher than what you earn as an investment banking analyst – similar to how your base salary generally increases when you move into private equity.

Bonuses are lower at early-stage firms because there's not as much money to go around and the fees are not high enough to pay everyone millions of dollars. At late-stage VCs and more PE-like firms, bonuses are higher and are closer to what you'd make in banking or traditional PE.

Pre-MBA Associates usually won't get a carry, whereas post-MBA Associates may or may not depending on the firm.

There are 3 ways you make money as a venture capitalist:

- Base Salary
- Year-End Bonus
- Carry

"Carry" refers to money you invest alongside the firm when they invest in a company.

Let's say that your firm is making a $5 million investment in an early-stage company – if you have to carry, you might be allowed to invest $50,000 of your own money along with the firm.

Then when they exit, you'd also reap the profits – or losses – on your investment.

Carry is seen as a big perk because of the potential to make a lot of money, but it's quite rare to find the next YouTube that gets you a 41x return on investment.

More often than not you'll get a small bonus but you won't become a billionaire with these investments – to benefit from carrying, you need to be at the firm a long time and invest in dozens of companies.

Common economics of VC firms. Let's say the firm has $100 million under management – they might charge investors a 2% management fee each year and 20% of their return on investment (the carry).

That 2% management fee – $2 million each year – is used to pay base salaries and bonuses. So a fund like this with $100 million under management would not be able to hire that many people – maybe 1-2 Partners and a few Associates.

Everyone wants to make millions, but if you have less than $2 million to go around that's not possible unless you consistently find winning investments.

That's why larger firms pay bigger bonuses: if you have $1 billion under management rather than $100 million, 2% now represents $20 million each year. And just because they have 10x as much capital doesn't mean they'll hire 10x the number of people – so there's more bonus money to go around.

Smaller firms don't want people who are in it only for the money. It's not "Work 100 hours a week for me right now and you'll be rich at the end of the year" – it's more about long-term incentives and being genuinely excited about what you do.

Pitfalls of working in a VC firm

1) Most of your deal flow isn't that good, so 99% of the time, you're crawling through a Shawkshank river. Since there's no way to both make yourself accessible and not get a fire hose of inbound, most of the pitches you're going to have are from perfectly nice, smart people who have perfectly horrific, unworkable ideas. Sometimes, you get contacted by certifiably crazy people who have perfectly legitimate ideas. Neither of these types of companies are backable and much of your job is spent trudging through automatic passes.

2) People pitch you... ALL OF THE TIME. The other day I was talking to my friend about a film shoot he was on with Keanu Reeves. It was a long day, and all Keanu wanted was to get a bucket of wings--only he couldn't because there was a hockey game on and all the local wings places were going to be packed with fans.

You can't just be Keanu Reeves and walk into an off the beaten path sports bar incognito and hope no one notices you. He had to order them out and have them alone in his hotel room. Sad Keanu! Sure it's nice to feel wanted once in a while, but you absolutely feel like a jerk (at least I do) if you have to get somewhere and you're trying to leave a pitch panel.

There's nothing I hate worse than having to say "No" when someone asks you if you have a minute as you're on your way to an elevator. I know what it's like being an entrepreneur trying to get people to care about what I cared about--you feel so desperate and as if you were just one big break or random intro away from success. It's hard to say no to someone in that mindset, but eventually, you have to leave.

3) You're responsible for other people's money. When my companies report good news, I'm excited about the possibility of a big win for my investors. When they struggle, I feel hugely responsible for being a good shepherd of their capital.

I know I'm paid to take a risk and to make a commensurate return for taking that risk, but every moment of struggle from any one of my portfolio companies is like death by 1000 cuts multiplied by all of the individual investors in my fund.

When you're out on the road pitching and getting people to believe in you, you feel a deep sense of responsibility to your limited partners--and there isn't a day when you don't wonder why you didn't just take some easy corporate job where no one would notice if you weren't working productively.

4) Most of the job isn't in the picking, it's in the struggling. Ever watch an animal get hit by a car and limp around afterwards? That's kind of like what it's like being on board with these companies after you make an early stage investment. They're all dealing with super limited resources and they'll never be able to move as fast as you'd like them to--and there's no laying on of the hands that you can do to make it all better.

You just have to hope they regain their footing slowly and get on their way. You can try and alert them to other traffic, slow it down, ease the pain by being calm and present, but ultimately, it's up to them to get stronger and stronger with every step and continue on down the road. Even the best and most active board members can still feel pretty helpless.

Bottom line is that you're not the CEO and you're not at the company every day--and you have to live with that. Anyone can pick, but sticking around after the company gets funded is where the real work starts.

5) It takes a long time to be successful. If you work in trading, you can have a big win on your first day. In VC, no one's investment gets bought on the first day, or the second day, or the third day.

It wasn't until my seventh year in venture capital for me to start leading deals. Fred Wilson took about the same amount of time before he became a partner.

If you don't start out with your own cash, the process takes a long time and it can take even longer to see your first win. I got mine just a year after starting to lead investments, but even that felt like forever--and that's not the norm. If you're the kind of person that needs immediate and constant feedback, this isn't the right asset class for you.

6) As private equity goes, early-stage venture is the most work for the least amount of money. Don't get me wrong, VCs do quite well and are definitely in the top 1%, but the money that most VCs will see over a decade, partners at Blackstone probably made last year.

If you're looking to optimize for wealth or own a majority stake in a professional sports team, you're better off doing buyouts, distressed debt, or hedge funds. VC funds just don't scale and so you don't get the huge management fees and otherworldly carry that you do from funds with big Bs.

7) Having to raise money every 3-4 years means your time horizon limits what you can do. Given enough time, technology and human creativity can solve just about every problem we have. Given four years, we can build a better e-mail marketing tool.

VC funds have to go back into the market every four years to explain to their investors what they did and how well it's doing--which means crazy long bets are pretty much off the table. If you're self-funding, like Elon Musk, you can create an electric car company, but most early stage VCs wouldn't have been able to help get that off the ground in the beginning because it sounded too crazy, would take too long, and would require too much cash.

8) You're trying to be smart in a market with a lot of dumb money. Every year, a lot of new investors join the fray and a lot of beaten-down investors give up. Few firms persist. Given that, you're trying to negotiate deals with entrepreneurs when some newbie comes along and offers them ridiculous terms or way more money than they need.

The best entrepreneurs pick from among who they believe will help them build their business, but it isn't always easy to tell. Getting a reasonable deal in this market means having to work twice as hard to be early, be really value added, and build relationships and reputation.

9) Sometimes, it's just luck. Over the long term, I'd pick a manager that backs good teams, makes smart decisions, and managers risk well over someone who is lucky--but luck can create a lot of distraction.

If your company gets bought for a billion dollars when it's not even doing double-digit millions in revenues, you can't really deny that luck was a factor--but that luck will enable a firm to raise another fund, while you're trudging along. The nice thing about luck is that it doesn't persist and it can usually be accounted for--no one is really going to believe your company building story when it was obvious that your acquirer just had way too much money to play with or did the deal for ridiculous reasons.

10) Raising a fund is a completely inefficient process--especially a small one. There's no Angellist for funds that every family office or endowment is watching. You can't crowdfund a fund. There's no shortcut to doing a roadshow--and what's worst about funds versus companies is that the sources of capital aren't easily findable.

I've got three family offices invested in my fund--one came in via Twitter, one came through the press and one through a random introduction made via a co-ed touch football team. I've also got a bunch of individual angels who see a fund as diversification and a source of co-investment opportunities--but not every angel wants to do a fund. There's no filter for that on Crunchbase. All in all, not exactly a predictable lead sourcing strategy.

Still, what I do love about being in venture capital is, well most of it. All of the above stuff doesn't really bother me--which matches my personality. I don't mind taking on responsibility because I believe I have something to offer.

So before you ask how to get into the venture, think hard about whether you understand what it really means--it's not just trying to understand whether or not lots of people will use something or whether it's a "good idea". Everyone thinks they saw a trend earlier than they really did and everyone things they understand people a lot more than they do.

Common interview questions

If you have the requisite background, preparing yourself for common questions will help you shine in your venture capital job interview. Many of the questions you can expect during a VC job interview are general in nature, but others are unique to the venture capital industry. Below, we'll explore nine important industry-specific questions and how you should answer them.

1. Why do you want a job in venture capital? And, specifically, why did you want a job with our firm?
Before the interview, conduct extensive research on the firm to gain an intimate knowledge of the company and the industry that will distinguish you from other candidates. Your answer to this interview question should showcase this knowledge along with your general enthusiasm for investing in young companies (but do not mention the significant compensation associated with it).

This is your opportunity to convey your passion for early-stage company activities. If your answer focuses on a love of spreadsheets, you can forget about getting to the next stage. Instead, think of what about seedling companies gets you fired up. A project that energy and those points and you will connect with the interviewer. In addition, point out how the particular firm you're interviewing with fits into your desired career path and why your background would be ideal for this firm.

2. What are some recent developments in our industry?
Venture capital firms seek employees with proven expertise, often in a particular industry in which the firm focuses. You should not only showcase your knowledge of the overall developments and trends in the industry, but also elaborate on the specific influences currently affecting the market.

Demonstrate knowledge that only an experienced industry insider would have. Discussing a particular company's product release or strategic decision would be a great method to do exactly that.

3. What has been the most interesting IPO or acquisition in our industry in the past year?
This question provides ample opportunity for you to shine. Study the ins and outs of an initial public offering (IPO) that relates to the venture capital firm's niche interests and prepare your analysis.

Discuss the potential you see for the company and how it could strengthen its market position. Treat this question as a test of your industry knowledge and an opportunity to impress your interviewer with thoughtful analysis.

This research will also help you later when proving to clients you understand their field and where they can go post-acquisition.

4. What columns/blogs do you read?
The venture capital world is a highly connected one where networking is key – especially if you are trying to bring new deals to the table. Some prominent venture capitalists publish personal blogs or columns highlighting their perspectives on recent deals, upcoming IPOs and general industry commentary.

Reading such material can give you insight into the current thinking and new developments in the industry. Staying in tune with such conversations shows the interviewer that you are highly connected and have your finger on the industry pulse.

5. Where do you see yourself in five years?
While this is a question that an interviewer in any industry would ask, at a venture capital job interview, you should answer this question by stating your intention to eventually become a general partner of the firm.

You want to give the impression that you are a dedicated individual who seeks long-term commitments. Explain that you will earn your promotions by letting the results of your work speak for themselves, and be ready to answer this follow-up question: "What results can we expect from you?"

You can also use a professional success story to illustrate what you bring to the table.

6. How would you evaluate a possible portfolio company and its business plan?
Emphasize your ability to look beyond the numbers and read between the lines.

Evaluating financial facts is much different than forecasting revenue potential. In an early-stage investment, two things will make the difference between success and failure: seasoned management and sales potential. Understanding how to effectively evaluate the leadership of the company and the reality of its market demand is crucial. The key to any venture capital investment is the prospects of the market.

This understanding should be central to your response. Tailor your answer to showcase how your experience and successes have developed your ability to project demand and forecast sales. If you have accomplishments where you developed a nascent concept into a market success, make sure to discuss how those experiences lend well to a venture capital career.

7. Tell me about your most challenging professional experience.
This is a great opportunity to make a lasting impression – take advantage of it. Choose an experience from your resume that showcases exactly how your skills would help you overcome the obstacles and challenges that arise in a venture capital career.

If you were involved with a start-up organization that floundered, use that experience to showcase how your leadership turned the situation around, or explain the lessons you learned from that experience. (Remember, we tend to learn more from our mistakes than from our successes.)

Discuss how your company released a product or service that did not perform well in initial market testing – and how you used that information to create alternative uses or features that drove an eventual success.

8. What industries are of greatest interest to you?
Venture capital firms tend to be highly specialized, and your answer must reflect that specialization. One way to distinguish yourself is to propose complementary niches to the firm.

The company may disagree with your suggestions, but if you can provide compelling reasons for your proposals, you will have demonstrated industry insight and creativity that will go a long way toward impressing your interviewer.

9. What have you personally invested in?
A venture capitalist makes a living putting his money where his mouth is, so the interviewer will expect that you should, too. Taking calculated risks for the potential long-term reward is an important characteristic to demonstrate.

Show that your brokerage account shines with holdings in the industry's best and brightest companies and that you placed them into your stock portfolio long before the general investing public got caught up in the hype. The venture capital industry is focused on startups and adding value to early-stage development companies, so give special emphasis to your investments in companies related to the particular specialities of the firm you are interviewing with.

The Parting Shot.

The end of the interview represents the final opportunity to differentiate yourself from the competition. Focus on asking questions about the current activities of the firm not previously brought up in the interview process. Demonstrate your understanding of the firm's specialities and be sure to ask what they are looking for in a candidate and how well you measure up to that standard. This is known as "closing the deal," and you should never leave an interview without a strong close.

If you've landed a venture capital job interview, be prepared for these questions should put you on solid ground. Do your homework, and you'll be one step closer to the offer you're looking for.