

Top Interview Questions for VC

Venture Capital › Interview Preparation



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Interviews at venture capital firms are much more informal than the type you would expect to encounter at investment banks or private equity firms. The questions are less technical, and much more oriented toward motivation and fitness. However, just because these interviews are simply a chat between two people, that doesn't mean they're easier. There is no typical venture capital interview process, and the only common point is that you will have to meet every member of the firm and be subjected to a 45-minute to one-hour chat. We have classified typical interview questions into several buckets to give you an idea of what to expect:

1 - Why do you want a job in Venture Capital?

Prepare for this question well, as it will likely be the opening question of your every interview. Good reasons include the love of the technology / science, excitement for investing in companies, enjoying communication with interesting people, the thrill of looking at new ideas and chasing the next Google, etc.

2 - Why do you want to work for our firm?

Simply do your research about the company – find out its unique points and how it matches your skills and ambitions. You can mention the company track record, any favourable press articles or friends' recommendations, great investments they have made, a specific focus they have, etc.

3 - What is happening in the industry at the moment?

Make sure to read specialised press articles and are able to talk about key sector trends. You need to be able to clearly articulate the key drivers of a specific sector, explain why this is interesting, and use clear facts and statistics. You don't need to be an expert in the area, but you should be able to demonstrate awareness of the big trends.

4 - Which sector do you follow?

Pick two or three sub-sectors (i.e. renewable energy, software as a service [SaaS], online education, medical services, etc.) and do in-depth research. You should be able to explain the trends in great detail and know the key

players in the sector. Very likely, this question will also be followed by "who should we buy in that sector, then?" There is no secret formula. The best way to prepare for this question is to keep reading blogs/articles within a sector - prominent venture capitalists often maintain blogs and those should be your starting point.

5 - Which companies do you follow? Should we invest in them?

Prepare a list of two to three interesting companies that should include a description (of three or four sentences maximum) why the sector in which it operates is interesting, and why the company itself is interesting.

6 - Which of our investments do you like most and why?

Simply read up on their portfolio companies, and prepare to answer on two or three companies to be on the safe side.

7 - Which recent deal do you like most?

Read up on two or three interesting deals that have happened in the industry (either acquisitions, IPOs, or sales), then make sure you understand what has happened and know some details about the company itself.

8 - How are the IPO markets at the moment?

Talk about whether the IPO markets are doing well or not, whether you think there is a bubble, etc. The state of IPO markets is critical to venture capital firms because this is one of the most common way for them to realise their investments, so you need to be able to demonstrate whether the markets are doing well (lots of high-profile IPOs, high valuations) or not (stocks going down, IPOs postponed, etc).

9 - Which blogs/newspapers do you read?

Pick your favourite venture capitalist blog and be prepared for follow-up questions such as, "So what was the latest post?"

10 - What are the top three VC firms in the industry? Who are our competitors?

A simple question that you should be able to answer with some research.

11 - Where do you see yourself in five years?

With this open question, there are no real answers - it is perfectly fine to mention that you may want to be an entrepreneur someday, or that you want to stay in venture capital and become a partner, or focus on a specific niche.

12 - Why not become an entrepreneur?

Good answers include these: you prefer to look at a large diversity of companies, you want to focus on investment and strategy, or you don't have a great idea yet.

13 - Why not go into private equity?

Private equity and venture capital are two very different worlds. Good answers include these: you prefer to invest in early stage companies, you do not like the use of leverage by private equity, you feel that there is more potential in venture capital, etc.

14 - How do you evaluate a business plan? What makes a good investment?

See our post about VC investments.

15 - Tell me about something you are proud of - about your greatest challenge.

Ideally, you need to show that you have one or more of these four assets: great communication skills, an interesting dynamic, a driven personality, and/or an entrepreneurial attitude. Good examples could be that you tried to start a company, you worked on a very interesting but difficult transaction, or even that you achieved something extraordinary on a personal level (i.e. sports, extracurricular activities).

16 - How many cans of Coca-Cola are drunk in London each day (or any other market-sizing questions)?

You may sometime come across mini-case studies that test the way you think about problems. The way to answer them is to always break down the problem into various drivers. In the Coca-Cola case, estimate the population in London, allocate the number of soft drinks they may drink every day, then estimate the percentage (%) market share of Coca-Cola to get an answer.

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