



# The Importance of Executive Search for Venture Capital Funds

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Among 400 active French investment funds, 14% are venture capital (VC) funds whose role is to finance emerging high-potential startups in innovative sectors.

The significant increase in unallocated liquidity in recent years, (USD 1,476 billion worldwide at the end of 2019), means a substantial choice of investors for startups looking to raise funds.

Thus, VC funds are now focusing on non-financial aspects in order to stand out and attract promising startups, and are turning to executive search firms to improve returns throughout the life cycle of an investment.

## Talent recruitment for the fund

In the field of VC, a candidate's 'soft skills' are not valued in the same way as they are in other investment professions. Historically, VC funds have focused on personality, empathy, intuition, and entrepreneurship. They have also attached significantly more weight to the candidate's knowledge of the fundraising industry or new technologies, rather than their technical financial skills.

However, we have found that the increased competition within VC markets has resulted in the best recruiters identifying those candidates that have a broader, multidisciplinary skill set. Top-performing candidates have an ability to assume multiple roles and can intervene in several areas including strategic marketing, planning, finance, teams, products, growth models, operations, and business development.

Finding quality candidates with these multiple skills can be challenging as such people are rare. It is therefore recommended that an executive search methodology be employed for such an assignment, to ensure all suitable candidates are identified and engaged.

## **Talent assessment of a target startup before providing the capital**

Before deciding to invest in a startup, the VC fund must conduct due diligence in order to estimate the target company's chances of success. While it is necessary to assess the soundness of the financial plan and the business strategy, misreading the target's human capital component can be extremely dangerous.

It is a well-known fact that 90% of startups end in failure. This is mostly due to poor leadership, poor communication and the lack of a shared vision. Thus, assessing the leadership competencies of existing team members is key.

The best executive search firms offer assessments (leadership advisory services) to highlight the strengths and weaknesses of the existing team and how well they align with each other. This includes identifying any development needs and whether people have the necessary skills, competencies and motivations for the position they occupy in order to execute the growth strategy set for them.

## **Recruitment for the "scale-up" of the startup**

Roxanne Varza, director of Station F and identified by Forbes as one of the 40 most influential French women, believes that "the top 10 employees are really the most important".

It's therefore vital to undertake a more comprehensive recruitment process for the senior leadership team of a startup through an executive search methodology. This will ensure that those appointed possess the appropriate leadership skills, experience and expertise as well as personal motives that are closely aligned to the job.

## **Leadership Pipelines**

Some funds appoint executive search firms to provide consulting services around their and their portfolio companies' leadership pipeline. This involves the regular assessment of the leadership team, at all levels, aimed at identifying each individual's career concepts and motives, decision styles, complexity motives and emotional behaviors. This process allows top management to understand which managers are currently suitably positioned, ready for promotion to the next level, or are currently not well positioned, and needing development or redeployment.

## **Coaching leaders**

Finally, once the investment has been made, the ambition of accelerated development may make it necessary to involve a coach or mentor to support the leaders of the business. Engaging an external professional coach will help develop any shortfall in leadership skills to enable growth, clear vision and strong organizational objectives. In addition, such coaching can help identify and overcome any conflict amongst the senior team that might impede the success of the business.

# Author



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Capucine graduated with a Master's degree in Management from Paris Dauphine University, after which she completed a Master's degree in International Finance. Capucine passed the third level of the Chartered Financial Analyst (CFA) examination in 2015.

After a 12 year experience in the Investment Banking industry as a Financial Engineer and then an originator within different departments such as Equity derivatives, Commodities, Energy and Structured Financing where she covered various geographical areas including Spain, Russia, Middle East, Eastern Europe, Turkey and South-Africa. She then decided to give a new direction to her career and joined EMA Partners France in September, 2016 as a Senior Consultant.

She was recruited to develop the Banking, Finance and Private Equity practice but also intervenes as a consultant for other sectors including Software, Luxury Industry, Telecommunication, FMCG, etc. She is fluent in English and Spanish. Capucine graduated with a Master's degree in Management from Paris Dauphine University, after which she completed a Master's degree in International Finance. Capucine is certified OPO 32.

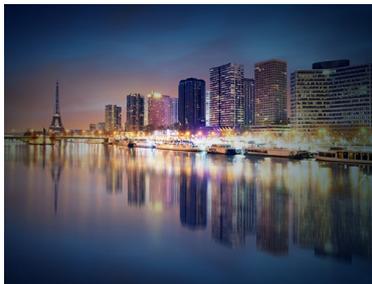


Capucine Elkaim

Since 1988, EMA Partners has been serving local and international businesses across multiple industry sectors. The firm has been instrumental in helping its clients recruit numerous leaders who have made a significant impact in their organizations.

With access to intellectual property through our association with Decision Dynamics AB, EMA Partners is a provider of leadership assessments and other advisory services to our clients.

Our expertise lies in assessing, hiring and developing leaders at the Board, C-Suite and Senior Executive level across industries. Our clients include global corporations, local companies and not for profit organizations.



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