

Inclusive VC

BVCA, Diversity in PE & VC Forum

23rd of May 2018

What is the British Business Bank (BBB)?



An economic development bank

A plc – 100% owned by UK Government



 Delivered by British Business Bank



 Part of the British Business Bank



 Delivered by British Business Bank

BBB helps UK entrepreneurs get finance by making the market work better



Female partners in funds in programmes

16 partners / 11%

Investment in firms with at least one female founder

£52m / 13%



Loan recipients living in 20% most deprived UK localities

21,000 / 38%

Black, Asian, and minority ethnic loan recipients

11,500 / 21%

BBB seeks to support more inclusion in the UK venture capital ecosystem, through our day-to-day work...

4 new questions introduced to the VC Catalyst due diligence questionnaire :

- Please describe **your team's culture**. Please give examples of how this culture leads to optimal decision-making within your firm
- (With regards to your fund's resourcing plan, please give) an overview of how you consider diversity and inclusion **when recruiting new members of the team**
- Please describe the **development pathway** for junior members of the team
- Please describe how you consider diversity and inclusion **when sourcing deals**

...as well as via research commissioned by the Chancellor at Autumn Budget 2017

VC and female
founders

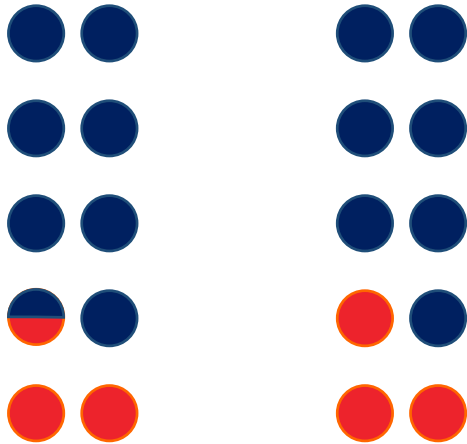
Identifying ways to overcome the specific barriers faced by **female-led firms** in accessing venture capital

Talent in VC

Assessing how to support the **next generation of high potential fund managers** to develop their knowledge, skills and networks and to raise their first or next fund

Early research on VC and female founders is sobering

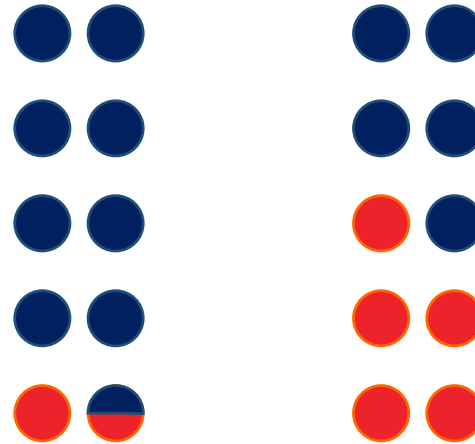
The ideas...



24% of UK STEM graduates are female

27% of UK digital industries employees are female

The investors...



13% of UK VC partners are female

48% of UK VCs have no women in their investment teams

The funding...

2% of US VC funding to female-only founding teams

17% of US VC funding to teams with at least one female founder

1-in-50 US all-female founder teams gets follow-on funding

1-in-3 US all-male founder teams gets follow-on funding

This research is intended to better understand both the situation and its drivers to develop impactful solutions...

Part 1: Diversity post-investment

- Measure gender diversity at initial investment, follow-on and exit
- Control for vintage effects across the investment stages
- With the help of Pitchbook



...The data VCs themselves hold is vital to getting to the heart of the issues

Part 2: Diversity in pipelines and investment decisions

- Build a common, data-driven view of the challenges
- Work with VCs to create and combine anonymous diversity data
- Collaboration of BVCA, BBB and Diversity VC

Vanguard participants are:



Our approach is designed to get the most useful data for the industry, while maintaining anonymity

The options...

- 1 We provide a template** and data coding table, your fund fills it in and submits
- 2 We complete the template for you in your offices using pre-anonymised docs**
- 3 We complete the template working with someone in your firm** (best for IC records / NDAs)
- 4 Another viable approach you suggest**

The data...

For each fund:

- **Age** (<5 years, 5-10 years, 10+ years)
- **Size** (<£25m, <£50m, <£100m, <£250m, £250m+)
- **Focus** (Seed, early VC, later VC, PE growth/expansion)

For each company / founder team:

- Apparent gender / ethnicity (e.g. 'all male', 'mixed ethnicity')
- Warm or cold introduction?
- Funded or not?

1-4 months of received
pitchdecks (dependent on stage)

1 year of **IC records**

We need your help: Participation is essential

If you are a **VC investment decision maker**:

Contact us to discuss the easiest way for you to contribute your anonymous data

If **you know VC partners** and professionals:

Spread the word about this research and ask your contacts to get in touch



Nick Shuttleworth

[nick.shuttleworth@
british-business-bank.co.uk](mailto:nick.shuttleworth@british-business-bank.co.uk)



Alice Hu Wagner

[alice.hu-wagner@
british-business-bank.co.uk](mailto:alice.hu-wagner@british-business-bank.co.uk)