

SURVEY WITH ENTREPRENEURS



HIGHLIGHTS



The most important characteristics for classifying a venture capital firm as most respected, according to entrepreneurs, are reputation/brand; a manager who is entrepreneur-friendly; quality of the team; entrepreneurial experience of the managers; and track record.

Surprisingly, the manager's day-to-day support and expertise in the startup sector are two characteristics that are of little relevance to entrepreneurs.



There is a temporal shift in the preferences of founders. Entrepreneurs of startups founded between 2015 and 2019 value the manager's reputation/brand, track record, and entrepreneur-friendly investment terms.

Entrepreneurs of startups founded during the investment boom (2020-2021) appreciate the quality of the team and the entrepreneurial experience, but reputation continues to be the most important characteristic.

Entrepreneurs of startups founded in 2022-2023 are looking for more friendly investment terms, managers with entrepreneurial experience, and quality of the team. Reputation and track record have lost some importance compared to older founders.



First-time founders have different preferences than experienced entrepreneurs and founders with experience in other startups (Mafia Tech). The 1st-time founder ranks the manager's track record as a very important characteristic and

values the managers' entrepreneurial experience less compared to Mafia Tech entrepreneurs and experienced entrepreneurs.



The most relevant characteristic for the entrepreneur to choose a venture capital manager as a partner is negotiating more friendly investment terms, while alignment with the manager and the quality of the investment team complete the top three most important factors.

Reputation/brand is only the fourth factor, and the manager's track record is the eighth. Day-to-day support, usually touted by managers as a strong point to attract deal flow, ranked second to last.



The three most respected local managers in the ecosystem are Kaszek, Monashees, and Astella. Reputation is the common characteristic among the three managers, while track record, entrepreneurial experience of the managers, strategic vision, quality of the team, and entrepreneur-friendly investment terms are the other characteristics listed for the top-ranked managers.



New firms founded in the last two/three years appear well-placed in the ranking, such as EquitasVC (6th position), while Upload (8th) and Headline (10th) were able to inherit the reputation of Redpoint eVentures.



The managers that stand out in supporting their invested companies are Atlântico (1st in all criteria), Igah, Upload, and Valor.

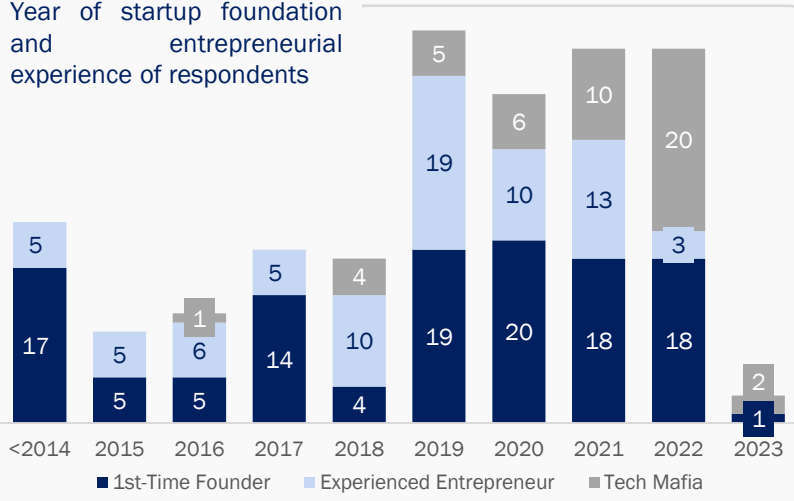
I. ENTREPRENEUR PROFILE

Graph 1 shows the distribution of the 246 respondents by the year of their startup's foundation. The respondents were divided into:

- 1) entrepreneurs in their first startup (1st-time founder);
- 2) experienced entrepreneurs who are in at least their second entrepreneurial journey;
- 3) entrepreneurs who have worked in other recognized startups (Tech Mafia).

1st-time founders represent 49% of the sample, experienced entrepreneurs are 31%, and Tech Mafia represents 20%.

Graph 1
Year of startup foundation and entrepreneurial experience of respondents



II. CHARACTERISTICS OF THE MOST RESPECTED MANAGERS

Table 1

The most important characteristics to be the most respected manager

Position	Characteristics
1	Reputation/Brand
2	Entrepreneur friendly
3	Team quality
4	Entrepreneurial experience of managers
5	Track record
6	Strategic vision
7	Networking
8	Hands-on/ Day-to-day support
9	Fast investment
10	Expertise in the industry/sector
11	Support for international expansion
12	Others

Entrepreneurs selected the three most important characteristics for a venture capital manager to be the most respected (**Table 1**). The most cited characteristic was the reputation/brand of the manager, followed by entrepreneur friendly, team quality, entrepreneurial experience of the managers,

manager's track record, and strategic vision. Surprisingly, day-to-day support only appears in 8th position. Expertise in the startup sector and support in international expansion are also the least valued characteristics.

Table 2

Most important characteristics according to the year of the startup's foundation

	2022-2023	2020-2021	2015-2019
①	Entrepreneur friendly	Reputation / Brand	Reputation / Brand
②	Entrepreneurial experience	Team quality	Entrepreneur friendly
③	Team quality	Entrepreneurial experience	Track record
④	Reputation / Brand	Track record	Networking
⑤	Track record	Entrepreneur friendly	Strategic vision

The founders' preference depends on the company's founding stage (**Table 2**). Entrepreneurs from the latest generation (startups founded between 2022-2023) prefer more attractive contractual terms, managers who understand the challenges of entrepreneurship, and a qualified team that can support them. Track record and reputation continue to be important factors but have lost relevance.

Table 3 presents the preferences of the three types of entrepreneurs (1st-time founder, experienced entrepreneur, and tech mafia) from companies

founded from 2018 when all three coexist in our sample. The experienced entrepreneur and mafia tech founder have the same top five characteristics, with the main difference being the mafia tech founder's emphasis on team quality, while the experienced entrepreneur values more attractive terms (entrepreneur-friendly) and entrepreneurial experience. The 1st-time founder is the only one who classifies track record as one of the top five characteristics of a respected manager and values less the managers' entrepreneurial experience.

Table 3

Main characteristics by type of entrepreneur

	1 st -time Founder	Experienced Entrepreneur	Tech Mafia
①	Reputation / Brand	Reputation / Brand	Reputation / Brand
②	Entrepreneur friendly	Entrepreneur friendly	Team quality
③	Track record	Entrepreneurial experience	Entrepreneur friendly
④	Team quality	Team quality	Entrepreneurial experience
⑤	Strategic vision	Strategic vision	Strategic vision

Table 4 presents the relevance of each characteristic in the process of choosing a venture capital manager as an investor, where founders gave a score of 5 for a very relevant factor and 1 for a not very relevant factor. The most relevant characteristic is the entrepreneur-friendly manager, followed by alignment with the manager and the investment team's quality, which complete the top three most important factors. Surprisingly, reputation is the fourth factor, and the manager's track record is eighth. Day-to-day support, usually touted by managers as a strong point, ranked second to last.

Table 4Ranking of characteristics for choosing a VC as an investor¹

Position	Characteristics	Ranking
1	Entrepreneur friendly	4,36
2	Alignment and world view	4,10
3	Team quality	4,09
4	Reputation / Brand	3,97
5	Networking	3,85
6	Entrepreneurial experience	3,84
7	Fast investment	3,81
8	Track record	3,77
9	Strategic vision and quality of analysis	3,54
10	Expertise in the industry/sector	3,50
11	Deep pocket	3,17
12	Hands-on / day-to-day support	3,03
13	Support for international expansion	2,62



III. VENTURE CAPITAL FIRMS AND THEIR CHARACTERISTICS

Table 5

Managers that received the most votes as most respected and their main attributes

Most cited characteristics for each investor

VC Firm	Position	1° attribute	2° attribute	3° attribute
KASZEK	1	Reputation / Brand	Track Record	Entrepreneurial experience
 monashees+	2	Reputation / Brand	Track Record	Entrepreneur friendly
 ASTELLA	3	Strategic vision	Team quality	Reputation / Brand
VALOR	4	Reputation / Brand	Entrepreneur friendly	Track Record
 ONEVC	5	Team quality	Entrepreneurial experience	Hands-on
EQUITASVC	6	Entrepreneurial experience	Hands-on	Networking
 CANARY	7	Reputation / Brand	Fast investment	Entrepreneur friendly
 uplad	8	Strategic vision	Reputation / Brand	Team quality
ATLANTICO	9	Entrepreneurial experience	Networking	Strategic vision
Headline	10	Entrepreneurial experience	Strategic vision	Entrepreneur friendly

Entrepreneurs chose the three most respected local venture capital managers, and we excluded founders' votes in firms that backed their startups to remove possible selection bias. Kaszek, Monashees, and Astella took the top three positions. In addition, we present the three most mentioned characteristics for the ten most cited managers (**Table 5**). The top four

funds list reputation as one of the three most important characteristics, and three of them list track record. Entrepreneurial experience, entrepreneur-friendly approach, and strategic vision are other characteristics mentioned for the ten managers who received the most votes as the most respected.

1. Characteristics were evaluated with scores from 1 to 5.

Table 6

Evaluation of backed companies for support in each area

Position	Support in business relationships	Support in fundraising new rounds	Support in day-to-day activities	Business model support
1				
2				
3				
4				
5				

Table 6 presents the evaluation of invested companies according to the support for four different areas: commercial relations, fundraising, day-to-day activities, and business model support. Founders rated the managers on a scale from 1 (manager offers little support) to 5 (manager offers a lot of support) for each of the four areas, and we

evaluated managers with at least eight respondent invested companies. Atlantico stood out as the manager with the highest rating in all four areas, while Igah, Upload, and Valor were well-ranked in three areas of support.

IV. CONCLUSION

The Brazilian entrepreneurial ecosystem has evolved rapidly in recent years, with available investment capital growing more than fourfold, while the number of invested companies and successful cases has also multiplied. The industry's success depends on the increasing number of local managers, which jumped from just 16 in 2010 to more than 80 in 2022. Managers seek to differentiate themselves to attract deal flow and invest with the best entrepreneurs.

The survey had the voluntary participation of 246 entrepreneurs who illustrated their perception of the characteristics that make a manager respected in the ecosystem, the characteristics of managers that founders consider most important, and which managers are the most respected.

Entrepreneurs selected reputation, entrepreneur-friendly, and team quality as the three most important characteristics for a more respected manager. However, the evaluation of characteristics depends on the type of entrepreneur and the year/market moment the company was founded.

We present the top ten voted managers as the most respected and the three main characteristics associated with each one. Reputation and track record are two important characteristics for the highest-ranked managers, while other characteristics include entrepreneurial experience, entrepreneur-friendly, and strategic vision. Finally, entrepreneurs evaluated the manager invested in their company according to the support given.

CONTACT

If you are a founder/entrepreneur and would like to participate in the next survey, please send an email to estudos@spectrainvest.com