

The Need to Teach: Only 6% people confident they know what Venture Capital is

A new survey has revealed that less than 10% of the British public are very familiar with the concept of venture capital (VC), with just 6% feeling confident enough to describe it.

Temps de lecture : minute

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False consensus effect: The tendency for people to overestimate the degree to which others agree with them.

Not only does this bias apply to opinions, but also to knowledge. What is crystal clear for us might not be, and in most cases definitely isn't, perceived the same way for others.

Being trained, skilled and good at a specific thing tends to make us think that basic knowledge regarding this sector is... basic. Needless to say, you are more unique than you think you are.

Does this make people incompetent? No. It's hard to imagine Van Gogh resolving $E = mc^2$, and for Einstein to paint *The Starry Night*. These weaknesses do not take anything away from the respective genius.

When growing into the entrepreneurial and investment world, all the knowledge we take for granted is not spread to the public. For newcomers, terms like "VC" itself make as much sense as hieroglyphs,

and by fear of asking, might keep their lack of awareness in the shadows like the writings inside the pyramids.

But they, you, are not the only one. A new survey from *Newton Venture Program* has revealed that less than 10% of the British public are very familiar with the concept of venture capital (VC), with just 6% feeling confident enough to describe it.

The Desired Definition

The findings highlight a crucial lack of access to education around the multi-billion dollar industry which has made the success of brands such as Deliveroo, Stripe and Oatly possible.

Venture capital is a form of private finance designed to help start-up businesses get off the ground and scale-up. VCs provide cash to businesses they believe have high growth potential, in exchange for part ownership in the company.

The survey was commissioned by *Newton Venture Program* - a training and development initiative which works to level up the world of venture capital - and comes as the organisation launches a free course called *Newton Foundations* which is designed to help people from all walks of life understand VC and the role it plays in our economy.

"We're launching the course for anyone who is curious about careers in venture capital, for people in roles that intersect with the sector, such as technology and innovation, and for those who simply want to understand how startups and ideas get funded and where that money comes from." says *Eleanor Kaye*, Executive Director at Newton Venture Program.

"If we can boost the foundational understanding of

the industry, we can hopefully attract a whole new cohort of people into roles in the space and, as a result, redress the lack of diversity in venture capital.” adds Eleanor

You're not alone

The new survey has found that a majority of the public is ‘not familiar’ with venture capital

- Only 9% of the British public are very familiar with the term venture capital
- 34% of respondents said they were only somewhat familiar with the term
- And a huge 56% said they were either not very familiar or completely unfamiliar with the term

Those who have heard of the term lack confidence to describe it

- Of those who said they were very or somewhat familiar with the term, only 15% said they would be very confident in describing it
- This means just 6% of the population would feel very confident in describing what venture capital is

The research also showcases a gender and regional dimension to the knowledge gap:

- Men were much more likely than women to say they were familiar with the term venture capital - only 5% of women said they were very familiar with the term, compared to 12% of men
- And twice as many women - 36% - said they were not at all familiar with the term, compared to just 18% of men
- People living in London are far more likely to be familiar with VC as a concept; 18% of Londoners are very familiar with the term, compared to a UK average of 9%
- The lowest familiarity was found in Wales, where only 3% of people were very familiar with the term

Finally a Solution?

In an effort to redress this lack of access to education around VC, *Newton Venture Program* is today launching a new online course, *Foundations*. It has been designed to demystify venture capital and help build knowledge across a wider range of people. The course covers what VC actually means, its history and geographical presence, and what working in the industry involves. The content will also explore the VC process; from identifying a deal through to exiting an investment.

The course takes 6 hours to complete and participants can access the modules on-demand over a 12-week period, free of charge. The Newton

team expects to see up to 500 people complete the training by the end of the year.

Fighting Inequalities

Venture capital currently struggles with a lack of diversity and inclusion. According to the *IDC European Women in VC Study*, out of 303 European venture funds and 122 VC respondents from funds over £21.4M assets under management, 85 percent of VC General partners were men, while just 15 percent were women. And according to the British Venture Capital Association, *80% of those working in VC are white, 11% Asian and only 3% Black.*

A joint venture between *London Business School* and venture capital firm *Phoenix Court* (home of LocalGlobe, Latitude, Solar and Basecamp funds), with *HSBC Innovation Banking* joining as a founding partner, Newton Venture Program provides development and training to level the playing field for people from overlooked and underestimated backgrounds. To date, they've helped more than 430 people from around the world access or advance careers in venture capital through their *Fundamentals* and *Fellowship* programmes.

"I'm delighted to see the launch of Foundations - a free course which has been created to make venture more accessible to everyone. As we build the meaningful science and technology-backed businesses of the future, this will be a vital tool to help make the next generation of investors more diverse." says Saul Klein, co-founder and Managing Partner of Phoenix Court, home to LocalGlobe,

Latitude, Solar and Basecamp venture capital funds.

Access to the Newton Foundations course will go live on Monday 4th March and can be found [here](#).

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