Breaking the network bias: How data can lead to smarter, more diverse investments

Imagine a world where the next groundbreaking innovation is overlooked because the founder didn't fit the "typical" VC mold. That's the reality we risk if we don't address bias in investment. My cofounder Eva de Mol and I have experienced the power of gender bias firsthand. When raising our first fund, we were met with comments like, "You really need a man on your team," and "Real men like numbers and women don't".

Temps de lecture : minute

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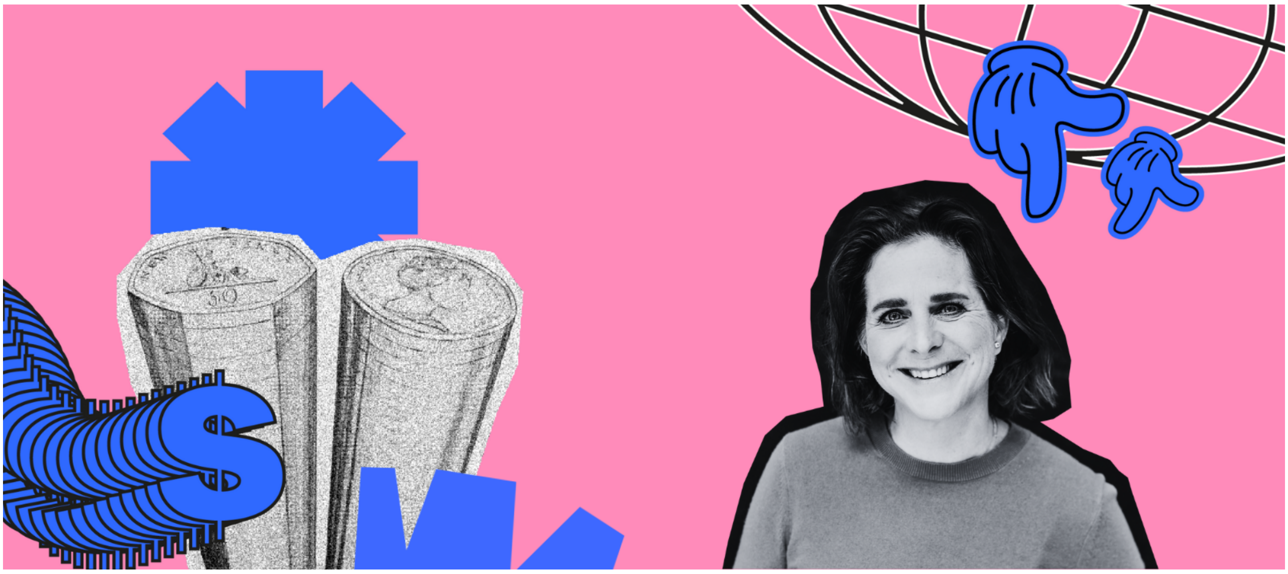
These encounters, though frustrating, are not unique. Whenever I meet a founder or visit a startup, my gut feeling kicks in. How is the atmosphere in the team? Do I like the founder? Do we have a connection? But should I rely on this feeling when making investment decisions? Surely not. The problem is: most people do.

While most investors are increasing the use of data and AI to better understand their portfolios, the human factor is usually left out of this equation. Venture capitalists still tend to rely on established networks for deal flow – preferring people who are similar to themselves and thus limiting the diversity of founders.

Now, you might consider this a purely moral problem. But it is also an economic one. *Data reveals that companies with diverse leadership teams are more likely to outperform on profitability*. Diversity in entrepreneurship isn't just about fairness - it's about solving a broader array of problems. Each founder brings a unique lens shaped by their experiences - whether it’s tackling climate change with indigenous knowledge, revolutionizing healthcare with insights from underserved communities, or building tech for accessibility born from personal challenges. Without diversity, entire markets and innovations remain untapped, limiting growth and economic potential.



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That’s why I’ve put together a few practical tips on how to build a more diverse portfolio.

1. Challenge existing investment patterns

Take a close look at the founders and teams you have been investing in in the past. Chances are high that you will find more men than women, more white people than people of colour. Now, I am not saying that a queer black woman is always the best choice. But data-driven investing gives you the chance to break with old patterns and discover high-potential founders who you may have overlooked in the past.

2. Move beyond gut feelings

Use data-driven tools to assess startup teams. My partner Eva, who is a researcher in economics, collected the data of more than 1,000 entrepreneurial teams over time to identify what made the most successful teams stand out. That research formed the basis of VCVolt, the tool we are using to evaluate early-stage startups. VCVolt assesses not only a company's hard skills, knowledge, and experience but also its human capital, including *soft skills* like entrepreneurial passion, shared vision and values.

3. Support inclusive networks

Warm introductions dominate most VC pipelines. They are typically seen as more valuable than cold inbounds, as they make the investors feel more comfortable and confident in the founder, who has been recommended by someone they trust. In order to reduce dependency on warm introductions and male-dominated networks you should embrace cold inbound opportunities as well as foster diverse connections.

4. Diversify decision-makers

If you want to diversify (and optimise!) your investments, you should start with your own team. Increase the representation of women and people of different ethnicities in investment decision-making roles – and you will not be disappointed. Research by Paul Gompers and Silpa Kovvali has shown that *varied teams make better investments*, generating better returns and more profitable exits.

Considering that these results are already 6 years old and little has changed since then (only *15 % of the decision makers in Europe’s VC firms are female*), one could easily despair. Unconscious bias seems to be deeply ingrained in our minds, in our economy, in the VC world. But our experience shows that there is another way. No one can completely switch off their own bias. But using data to create a diverse and high-performing portfolio is possible. The time for incremental change is over. The data is clear: diversity drives better returns. Let's embrace data-driven decision-making, not just for the sake of fairness, but for the future of innovation and economic growth. The world can't afford to wait.

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