Venture Capitalist interview questions

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What to expect

Interviews for venture capitalist roles in Australia typically assess your ability to evaluate early-stage businesses, structure deals, and support founders. Expect a mix of technical, behavioural, and scenario-based questions, often with a case study or investment pitch component.

- **Technical:** Questions on financial modelling, valuation, deal structuring, and cap table management.
- **Behavioural:** Questions about past experiences in sourcing, due diligence, or portfolio support.
- **Scenario / case study:** Evaluating a startup pitch or a portfolio company in crisis, testing judgement and analytical skills.
- **Process:** How you run due diligence or build a financial model from scratch.
- **Market awareness:** Views on the Australian startup ecosystem, sectors, or regulatory environment.
- **Stakeholder management:** How you handle relationships with founders, co-investors, and board members.

The process often starts with a screening call with a recruiter or associate, followed by a technical or case interview with senior associates or partners. Final rounds may involve meeting the whole partnership and presenting an investment thesis or discussing a live deal. Some funds include a written case study.

1. Walk me through how you conduct due diligence on a potential investment.

Why they ask

This tests your structured approach and attention to detail, which are critical for evaluating early-stage companies.

How to structure your answer

Use a walk-through structure: start with sourcing, then market and team assessment, financial modelling, risk analysis, and finally investment committee presentation.

> **Example answer**
>
> *"I start by understanding the founder's vision and the problem they are solving. Then I assess the market size, competitive landscape, and the team's ability to execute. I build a financial model with base, best, and worst-case scenarios, and verify key assumptions through customer calls and industry experts. I also check for regulatory or legal risks. Finally, I summarise findings in an investment memo for the partnership, highlighting the key risks and the potential return."*

2. Tell me about a time you had to advise a founder whose company was underperforming.

Why they ask

This assesses your ability to support portfolio companies through challenges, a key part of the role.

How to structure your answer

Use STAR: Situation, Task, Action, Result.

> **Example answer**
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> *"At my current fund, one portfolio company was burning cash faster than planned and had missed two quarters of revenue targets. I was asked to work with the founder to stabilise the business. I reviewed their unit economics and identified that their customer acquisition cost was too high. I helped them*

pivot to a more targeted sales approach and renegotiate a key supplier contract. Within six months, the company reduced its burn rate significantly and extended its runway, giving them time to raise a bridge round."

3. You have a term sheet on the table from a competing fund for a hot startup you want to invest in. How do you approach the negotiation?

Why they ask

This tests your negotiation skills and ability to stay calm under pressure.

How to structure your answer

Use a judgement-under-pressure structure: assess your leverage, understand the founder's priorities, and propose creative terms.

Example answer

"First, I would assess what the founder values most, whether that is valuation, speed, or strategic support. Then I would look at our fund's unique strengths, such as our network or sector expertise, and propose terms that match those priorities. I would avoid getting into a pure price war and instead offer a package that includes board support or introductions to potential customers. If the competing term sheet is too aggressive, I would be prepared to walk away and focus on other opportunities."

4. How would you build a financial model for a pre-revenue SaaS startup?

Why they ask

This checks your technical modelling skills and understanding of early-stage metrics.

How to structure your answer

Use a technical walk-through: start with assumptions, build revenue drivers, then costs and cash flow.

Example answer

"I would start with the core revenue drivers, such as customer acquisition, pricing, and churn assumptions. For a pre-revenue company, I would build scenarios based on market penetration and sales cycle length. Then I would model operating expenses, including headcount and marketing, and project cash flow to determine funding needs. I would also include a sensitivity analysis to show how the model reacts to changes in key assumptions. The output would be a clear view of how much capital is required and the potential return at different exit valuations."

5. How do you manage relationships with co-investors and board members when opinions differ on a follow-on investment?

Why they ask

This tests your stakeholder management and communication skills, essential for working with diverse parties.

How to structure your answer

Use a collaborative problem-solving structure: listen, align on facts, and find common ground.

Example answer

"I would start by listening to each party's concerns and understanding their underlying interests, whether it is risk exposure or return expectations. Then I would bring everyone back to the shared goal of the company's success and present objective data on performance and market conditions. I would facilitate a discussion on possible paths forward, such as a smaller follow-on round or bringing in a new lead investor. If consensus is not possible, I would respect the decision of the majority while ensuring the founder is supported."

6. What sectors in the Australian market do you see as having strong venture potential, and why?

Why they ask
This assesses your market knowledge and ability to identify emerging opportunities.

How to structure your answer
Use a structured opinion: name a sector, explain the drivers, and give an example.

Example answer

"I see strong potential in climate tech and agtech, given Australia's agricultural base and the push for sustainable solutions. There is a growing pool of founders with deep domain expertise, and corporates are increasingly looking to partner with startups in these areas. For example, I have been following several companies working on methane reduction in livestock, which addresses a global problem and has clear commercial applications. I would also look at health tech, particularly remote diagnostics, where the Australian market can be a testbed for solutions that scale internationally."