Online-Appendix zu

„From investor to entrepreneur – An explorative study of the entrepreneurial behaviour of investor-entrepreneurs“

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Appendix

Appendix A: Current framework of intermediate relationships influencing entrepreneurial decisions and actions

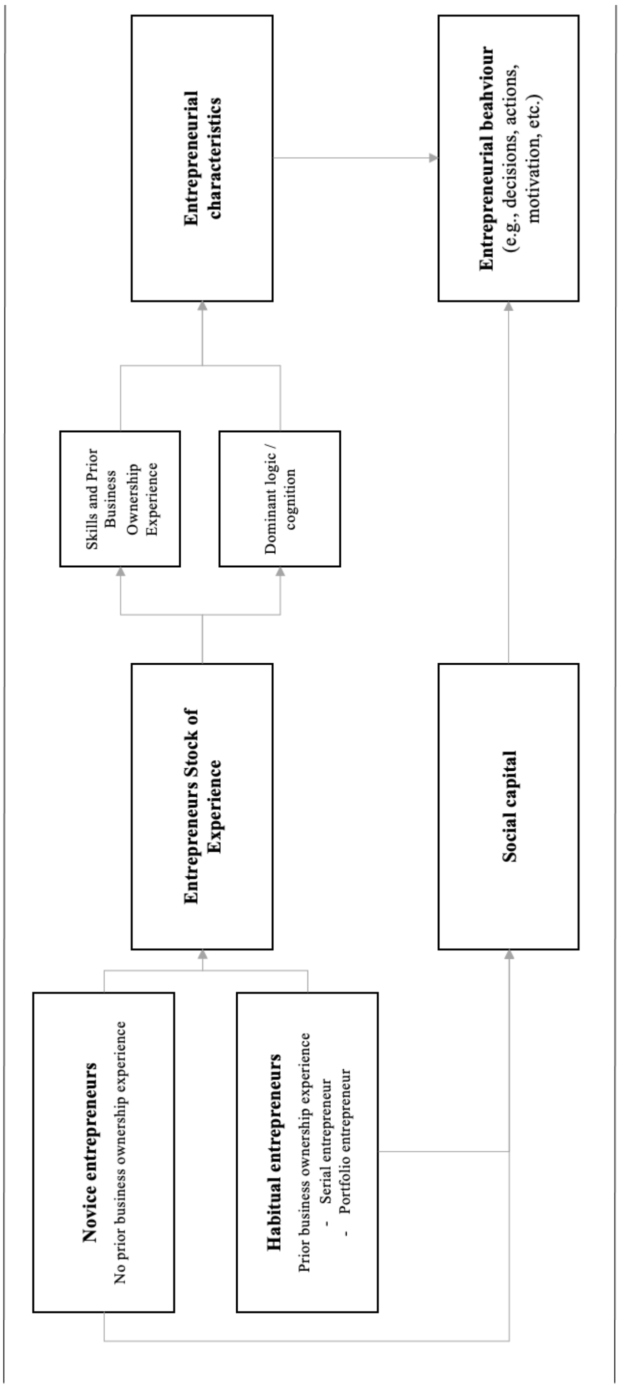

Figure 5. The intermediary relationships between human as well as social capital and entrepreneurial characteristics and behavior (based onWesthead, Ucbasaran, et al. (2005a) and (Mosey & Wright, 2007))

"From Investor to entrepreneur "– An exploratory study on the entrepreneurial behaviour of investor-entrepreneurs

A research project of the Centre for Entrepreneurial and Financial Studies (CEFS) at the Technical University of Munich

The research focus of the Centre for Entrepreneurial and Financial Studies at the Technical University of Munich lies in the interplay between financing, entrepreneurial activities and innovations. However, entrepreneurial activity cannot be seen as the sum of homogeneous characteristics, which is why the distinction between different types of entrepreneurs is fundamental.

What are we researching?

In the course of the project, we want to find out whether founders and entrepreneurs with previous professional experience in venture capital and private equity differ from the "novice", "serial", and "portfolio" types of entrepreneurs defined in the literature so far. The core questions are:

- What task-specific know-how from an investor's job can be helpful to entrepreneurs in the start-up process?
- To what extent are social contacts built up as an investor used when starting a business, and how helpful are they?
- How do "investor-entrepreneurs" differ from the types of entrepreneurs defined so far in terms of their characteristics and behaviour?

How do we want to work with you?

To identify possible differences in human and social capital as well as in the skills and entrepreneurial behaviour of investor-entrepreneurs, we conduct and record interviews of about 60-75 minutes with relevant founders. We seek a structured and transparent process and

- ... send you our questionnaire in advance and the transcript afterwards.
- ... completely anonymise your information (name, company and other indicators).
- ... of course offers you access to the results of our study.

Who is the research team?

We are a research team from the TU Munich with extensive academic and practical experience regarding financing and start-up topics. Moritz Setzer is leading this Master's thesis project under the supervision of Prof. Reiner Braun. He works together with Stefanie Weniger, PhD student at the Chair of Entrepreneurial Finance.

Moritz Setzer, B.Sc.

Stefanie Weniger, M.Sc.

Prof. Dr. Reiner Braun

INTERVIEW GUIDE | "From investor to entrepreneur"

- Please briefly describe what your company does precisely (product, business model, industry sector, number of employees).

Human capital

- Please briefly describe your personal background (professional and educational).
- What was your incentive to become an investor?
- What were your daily tasks as an investor?
- What industry/technology focus did you serve as an investor?
- To what extent did the previous job as an investor prepare you for the tasks as a founder?

Social capital

- Who gave you essential information or advice regarding starting your current business (if several companies, for each one)?
- What information or resources became accessible through your social network that would not have been accessible without any contacts?
- Who would provide necessary information/resources now? Are there any important new contacts?
- How do you use your network in your day-to-day business?
- What percentage of the contacts you use now is from your time as an investor?
- How do you build new relationships, and how do you keep in touch with them?

Entrepreneurial characteristics and behaviour

- How did the idea for your business come about (in the case of several companies, for each one individually)?
- What was your motivation for starting the business?
- If business partner: Why him/her? How did you get to know him/her?
- Would you say that you have "opportunity alertness"?
- Have you identified several "opportunities" in the course of your career? If yes, how many?
- What types of funding did you use to start your business?
- If venture capital backed: When, how and from whom did you get your funding?

Appendix C: Quotation tables

Founder	Key knowledge und skills	Statements regarding task-related HC acquired during the time as investor
V1	Define Business model; Learn dos and don'ts	But of course it also helped to define the business model, to look at creative financing options, both in terms of revenues and equity, network, creditability; so it was definitely worthwhile. […]. Of course, at […] we addressed a number of "pain points" through due diligence and discussions with the founders, which now also affect us and where we were able to learn from their best practice, but we did not implement much ourselves.
V2	Learn dos and don'ts; entrepreneurial understanding	So what helped me a lot was to see a lot from a bird's eye view, because in the end I could always; I don't know, we had 300-400 enquiries per year and I could always quickly go through the pitch decks and often recognise classic mistakes over time. […]. On the one hand, because they were always repetitive patterns, on the other hand, because I could also learn a lot from my superiors and I think I was able to learn so many classic "don'ts" and then also try to avoid them myself when setting up my own company where I knew "ok, I should definitely not do that, I shouldn't be too optimistic in my financial planning, I should somehow not be unprepared". […]. That helped me a lot, or what problems the current portfolio companies have, how is that solved, how do you go about it.
V3	General early stage venture understanding	I think I just learned a few criteria that show me what makes a good start-up. […] what is important in a business model, what is important in the organisational set-up, so what kind of people do you have to have, what is a good team, what is a good sales development, what is a good vision, what is an exciting technology. […]. So really a number orientation, a long-term strategy, a vision, a market potential thinking, what pushes the valuation up. So this kind of thinking that VCs have, that's what I bring with me as a founder and that's what I see very strongly in me compared to my co-founders, which can be good and bad.
V4	General early stage venture understanding	That is sometimes the biggest reason why I would advise someone, even if they already know they want to start a company, to work in the venture sector for two to three years. That's where you learn to assess market opportunities, to assess market opportunities, to understand how to build a company in a certain way and that helped a lot, that I just knew a lot of people. […]. What goes along with that is fundraising for the first time. […]. And then the third thing is, let's say, to think strategically big; to build up a vision, story, positioning and so on in such a way that you really create a company.
V5	Product-Market-Fit	Yes, there are many points; if you describe it as "high level" or as far as the skills level is concerned. […]. One thing I definitely took away and then implemented was the importance of the "product-market fit" and that nothing is set in stone and you should constantly question your target groups. […]. Exactly, you can have a wonderful idea, but if the "product-market fit" is not given, it becomes relatively difficult and that is such a concrete thing.
V7	General early stage venture understanding; learn dos and don'ts	Yes, at […] there is a very clear system; the bottom line is that start-ups are "scored". You have various metrics, such as the business model, the fit to the fund, the team, the product-market fit, the timing, and in their DD they are always "ranked" from one to five. […]. At some point you get a feeling for what goes down well and what doesn't go down well.
V8	Define Business model	So I think it helps in that you have a completely different view of business models because you've seen so much and you've also seen so much that doesn't work and I think your inhibition threshold for "this is a business model that I'm now committing to full time" rises extremely.
P1	General financial understanding; entrepreneurial understanding; opportunity evaluation	The advantage of PE is that you deal with many business models and you understand relatively well; you can learn a lot about cash flow, how important cash flow is, how the whole thing works, how a P&L works, how a balance sheet works, so I learned a lot about everything that concerns finance. I learned a lot about everything that concerns corporates, structures; so from the side, everything that concerns corporate governance, finance, taxes, everything from PE. […]. I think that also helped a lot and what I would say is that you already get a very good entrepreneurial understanding, for example, of costs; because you always deal with that a lot. […] and I got to know a relatively good set at […] of what makes good deals.
P2	Financial Modelling; opportunity identification; opportunity evaluation	I think in finance you can already acquire a very specific skillset like financial modelling that kind of gives you a basic framework; I think it helped me mainly in identifying the idea and evaluating the idea. In the direct implementation I would say not really; you got to know different business models and structures and that helps you enormously in the evaluation of your idea if you apply it well.
P3	Financial modelling; due diligence; entrepreneurial understanding	But that's exactly how I basically built no financial models, no integrated financial models before […], I just kind of blindly build it down for you with a business plan today in a few hours. Nowadays with […] when we do due diligence and the company asks if they can go into the data room, I say "Well, I've got one ready in twelve hours, twenty-four hours and it's better maintained than anything you've ever seen before", because that was just "basic" work for me back then and once you learn it in a super structured way from the start, then that's the kind of thing that builds up over time. […]. What you learn in PE is this holistic view. To really look at a company from front to back.
P4	Analysing data	I mean I learn core skills in private equity which I think are really well suited to starting a business because one of the things in private equity you have to be very good at doing is looking at data, analyzing data right? So if you're working in any business with growth you need to look at the data, understand user behavior, make the decisions off those right? So, there are like clear benefits right?
P5	Strategic thinking; Opportunity evaluation	And from PE, so the strategic thinking. So when is a market attractive, when does it have to be big, when is it fragmented, when is there a certain dynamic. So this "judgement". Because you often look at markets, at business models and can say relatively quickly, "OK, this is interesting or not". I think that helped me afterwards.

Table 3. Statements regarding task-related human capital acquired during the time as investor

Founder	Key knowledge und skills	Statements regarding fundraising related skills and knowledge
V1	Genereral process understanding*; investors language	[…] what I find easier in any case is to understand the language of investors. There are different ways to know investors. For example, you know what a convertible loan is or how it works, "spread equity", and you can incorporate that well in the talks. […]. These are things that people who haven't worked in the VC sector don't know, of course.
V2	General process understanding*; key evaluation criterias	[…] has somehow helped me to focus more on what I need to do, especially as a founder, how I need to "frame" something so that it is exciting for the investor. […]. On the one hand, how do I really have to build a pitch deck, what are the relevant things? That I address the market, that I address the competitive situation, that I have a business model, that I have some kind of metrics, because a lot of people have had some kind of question marks in their pitch decks where I thought, "Why don't you go into this again, why don't you go into it again", because these are always questions that come up anyway and if you anticipate them directly, I would say that helps a lot in fundraising because you can appear much more confident, but on the other hand it also helps to approach business development in a more educated way, because you already know directly that these questions will come, then I simply look directly in the business model that I can answer them well.
V3	General process understanding*; key evaluation criterias	[…] these investors, what do they look for, what is important in a business model, what is important in the organisational structure, i.e. what kind of people do you have to have, what is a good team, what is a good sales development, what is a good vision, what is an exciting technology. […]. I've analysed, I don't know, about 300 deals, I've done 25 transactions and I've just learned a lot. That helped me especially when I did fundraising on the one hand, but also in terms of strategic things. […]. Or what investors pay attention to.
V4	General process understanding*; key evaluation criteria	Of course, it's also easier because you know how the rabbit runs or how the game works. That helped a lot. […]. You just know what investors pay attention to in a certain way and you also know how to deal with "hype" or "FOMO" (fear of missing out) in the right way, which you might not know directly if you don't come directly from the industry.
V5	General process understanding*; key evaluation criteria	Of course, also with regard to the whole consideration, I mean the topic of "fundraising". If you're not familiar with it, it's a bit of a "black box" that opens up. So how do I calculate in principle, which investor groups do I have to approach and when, which sums are realistic, how can I justify them, how do I build up my business plan, in which time intervals do I think, etc.?
V6	General process understanding	That means I have built up a huge funding network and have understood how VCs tick.
V7	General process understanding*; key evaluation criteria	And then of course you kind of worry when you see, ok […] the team is strong, because founder X has a strong industry focus and founder B has already raised x amount of money. At some point you get a feeling for what is well received and what is not. And then of course you adapt that to your own concept.
V8	General process understanding*; key evaluation criteria	[…] I would say that in fundraising you simply have an incredible network and know exactly how to approach a fundraising story and how you should sell yourself, and that's where it helps incredibly.
P1	General process understanding; key evaluation criteria	VC helped a lot to understand how fundraising works, what stories you have to tell investors to get them to give you a lot of money and what business models can actually look like and how you can get that MVP character more into it and things like that. In the end, you've done it from the other side and I know exactly what they want to hear and that makes the game a lot easier. And you also know what to ask for without being rude. […].
P3	Key evaluation criteria	Nevertheless, it has already given you a glimpse of how an investor thinks in terms of key figures. So to speak, to understand how you can pick up an investor if necessary, what is the story behind it, how do I have to sell the company so that he finds it exciting.
P4	General process understanding; key evaluation criteria	Yeah, kind of because you have seen deals and you know like what the process is and how investors think and the type of questions are asked or what they need to get like comfortable within their minds right? I mean that skill definitely helps understanding.

**Without explicitly emphasising it, it is assumed that founders with a VC background have acquired a general understanding of the process through their work as an investor.*

Table 4. Statements regarding fundraising related skills and knowledge acquired during the time as an investor

Dokumentnam	Founder	Level of helpfulness	Statements regarding the question if the investor experience was helpful in the foundation
Alex	V1	low	So there are almost no similarities.
Christian	V2	high	I definitely think so.
Daniel	V3	high	I think that was a good basis for taking on this role at […].
Johannes	V4	high	That means the work we do is very investment and board heavy, but of course playing ping pong with CEOs about certain things is a big part of the job and of course it has also helped to understand what it means to run a company or what decision vectors to look out for.
Lucas	V5	high	Yes on many points.
Mark	V6	high	In any case. No, so definitely.
Rudolf	V7	medium	At some point you get a feeling for what goes down well and what doesn't go down well. And of course you adapt that to your own idea.
Stefan	V8	medium	So I think it helps in that you have a completely different view of business models because you've seen so much and you've seen so much that doesn't work and I think your inhibition threshold for "this is a business model that I'm committing to full time now" goes way up. So I think if you've been a professional investor, you're much better at thinking in advance about exactly what kind of business model you're doing.
Fabian	P1	high	So I say in a lot of ways.
Isabel	P2	medium	I think it helped me mainly in the identification of the idea and the evaluation of the idea. In the direct implementation, I would say not really.
Neel	P4	low	I think when you come from clear capital markets the early stage world is really like a different world right? The way they look at businesses; if you're in private equity everything is about EBITDA and profits. When you are in like early stages it's about user growth and how quickly you can take the market; so, it's a different way to think about businesses and you need to be around people that are educating you on those circular trends the way to observe businesses and that's how I started.
Paul	P5	low	So for the foundation it didn't help me.

Table 5.Statements regarding the helpfulness of investor experience

Founder	Agreement that the investor network helped with the foundation	Statements regarding the helpfulness of network (SC) in the founding process
V1	low	So most of the people I work with now, very few of them I know from [name of VC fund].
V2	high	Yes absolutely. […]. So it definitely helped to know one or the other.
V3	medium	Of course, there is also the social capital aspect, I had certain contacts to the investors, because you are always somehow in the same market, you exchange information, you work together; I think that was a warm start compared to a founder who has never had anything to do with VCs.
V4	high	So what definitely helps a lot is the network you build. […]. And that's where I've built up a pretty good network, which has helped a lot.
V5	high	Yes, definitely. Well, I found my co-founders through the network I built up in VC without actively looking for them.
V6	high	In any case. No, definitely. Well, I have a huge network of investors, because of course I had the luxury of […]; I somehow "fundraised" ten or twelve times with some companies within four or five years.
V7	high	Yes, absolutely. Well, I had quite a good network before, I would say, but when you're in VC and, even if you're not in the investment team, a lot of people always write to you like, "Hey, can you take a look at this, what do you think about that? […]. And that's how you can build up a really strong network.
V8	high	That was also a "roll-up" but it was in the whole Amazon Seller Space and I did a lot of fundraising there because the dynamics of the market are a bit different and I would say it helped me a lot because I knew a lot of VCs.
P1	low	So the PE network rather less. […] because you have a relatively strong network in the direction of M&A advisors, lawyers, banks, etc. Maybe that will only help me later on if the company becomes really big and we need that.
P2	low	So yes and no. So there was no one where I would say he actively helped.
P3	low	I think it helped me relatively little for starting up my own business later on, but that wasn't too bad because I drew my networks from somewhere else. But the network from the PE time, I say VC would have been more relevant than PE.
P4	low	Somewhat but not really. […] so you can't say private equity network is beneficial for early stage. I think your network you build through a life is what will keep you going right?
P5	high	You can do much better, but the network is absolutely key for everything, whether you are starting up or not. And the more you invest in it and the more you do, the better it is. You can say that quite clearly.

Table 6. Statements regarding the helpfulness of social networks (SC) in the founding process

Founder	Content obtained through network	Statements regarding the content obtained through the network
V1	Personal introduction to third parties	So people who have of course given input are of course advisors. […]. Yes, well, I just talk to people who I think are good or know someone or could make me an intro.
V2	Personal introduction to third parties; feedback on initial idea; feedback on funding documentation	[…] I approached all of them, of course, when it came to founding […] in order to "pitch" there. […] or somehow in an unofficial way, i.e. without a formal pitch, just to say "What do you think of the pitch deck, would it be appealing, is there anything we should pay attention to" or intros to any other co-founders. […] relatively little in the human resources area.
V3	Personal introductions; hiring; customers; funding	Of course, on the one hand to get access to things. So be it recruiting, but also somehow customers or funding programmes; one of our customers has a good connection to Microsoft and made us an intro. […]. On the other hand, I always try to make something available for others. So I am there in this ecosystem as someone who also gives something back. […]. What I always find very exciting are entrepreneurial careers.
V4	Hiring; funding; further opportunities	So I think one of the core challenges for fast-growing companies is to get the right people on land[…]. And that's where I've built up a pretty good network, which has helped a lot. […]. Dominik, who co-led the seed round, was a former colleague of mine at […] and one of our angels is one of my very close advisors or mentors, who also comes from the network of […]. And now specifically in the hiring process there were three, four people that I also got to know through activities of […]. […]. There is also another one who has come up in my network, so to speak, where I would say that if someone works there who is a bit more business savvy or has the desire to deal with technology, then you can build a decent company there.
V5	Co-Founder; missing human capital; feedback on initial idea	So I found my "co-founders" through the network I built up in the VC; […] that also helped me enormously to exchange ideas with other founders […] and they opened many doors for me to others, and I have to say that I had almost no real estate experience before, so I first had to build up a bit of experience myself. In the end, I also had to approach investors or somehow find a lawyer for the start-up. So I worked with a law firm with whom I had already worked a lot before, with whom I got along well and with whom I am working again now. […] I don't think so much in the hiring process, but definitely in the beginning, when it was about talking to as many stakeholders in the industry as possible, it helped me enormously.
V6	Market knowledge	And if you have a good network as an investor, of course, then you could briefly ask and say, "Yes, well, we all know them and we also talk to each other"; to a certain extent you can tell someone about the horse, but not in the long run. […]. You get a great overview of the market and so on.
V7	Funding	For example, I got on quite well with […] because he also covered the data sector. At first he didn't give me a clue, he made ten intros or something like that for some
V8	Feedback; market knowledge; hiring	[…] you get a meeting, they tell you things, you get insides about your competitors and you also get feedback on things relatively quickly and I don't think you get that if you don't know these people. […] where it helps, I would say; so we are currently recruiting for a few positions for our head office in Berlin and I kind of contact my VC and founder friends in Berlin and ask if they know any good candidates and I wouldn't have had that before.
P1	Hiring; customers; feedback on initial idea	So I would say client acquisition, hiring and basically "sparing". Those are the three big things. […]. For example, through our M&A advisor I got contacts for every asset they sold.
P3	Market knowledge	I think you just try to update yourself every now and then and see what works.
P4	Feedback on initial idea	So, like in the early days yes I was using my finance network to say “hey that’s what I’m working on what do you think” like doing user research.
P5	Personal introduction to third parties; hiring; feedback on initial idea	So we got the whole company and the people we have now, we got everything through our network. And you need both before the start-up and afterwards even more, more and more sparring partners that you can access. […]. So recruiting, testing ideas with certain people, intros with business partners - we also make cold calls when it comes to a bank, for example - but at all levels.

Table 7. Statements regarding content obtained through the network

Founder	Opportunity identification	Statements regarding the identification of the respective business opportunity
V1	Topic viewed as an investor	It was a topic that came up at [name of the venture fund].
V2	Topic viewed as an investor	It actually came about through the VC activity. The fact that we were also active in the life science sector […]. […] I found it very interesting and then I just looked around and noticed that not only the small companies have that, but also the big players.
V3	Pain point in daily business	[…] I had a talk with my co-founder and also a good friend about this topic of tax advisors. We were very frustrated by it as clients, but we have also seen it in our professional lives, B2B transactions, taxes are always a "pain". […]. And then we said ok, on the other hand, maybe the technology is ready, or we can bring it so far that it becomes a very beautiful software that everyone can benefit from and then a big market;
V4	Topic viewed as an investor	I saw the idea or the product as a product during a developer conference.
V5	Being approached as a co-founder during the investor time	Yes, exactly. How it actually started is that my two "co-founders" had already founded a company in Israel in a similar field but with a different concept. […]. But then they said, actually, we don't want to do it through the Israeli project, let's just start up again and wouldn't you like to do it with us?
V7	Being approached as a co-founder during the investor time	Well, to be honest the idea of […] I didn't have much to do with it. It all came from […].
V8	Active looking; Top-down analysis	I always looked left and right anyway, because I wanted to do something on my own anyway, and then "investing" in combination with the Amazon theme, which I knew both, was something I decided to do. […]. And now this story here with […] that is "top-down" analysis, so to speak.
P1	Pain point in daily business; information from third parties	[…] I chatted with a buddy who has a bike store and I chatted with him and we discussed what a proper bike would be for me and then I had to go back to the […] store and the whole purchasing process and then we said actually you have to get it all into one platform but basically also reference models which we saw a lot in the US where we saw that there are certain trends towards a bike store. […]. And somehow it ended up being 50% our own […] and 50% things that we also took from discussions with various parties.
P2	Active looking; Top-down analysis	What I finally did was that as an "Entrepreneur in Residence" I looked at exactly the topics that I got to know from the Birds Eye perspective at [name of the PE fund].
P3	Being approached as a co-founder during the investor time	[Name of co-founder] then said "Hey, I'm going to found this now" and I found it exciting and joined in.
P4	Active looking; Top-down analysis	Yeah so I kind of was in New York and then there was a pre-seed VC called […] and what they do is they don't invest in ideas they invest in individuals and then they help you find a co-founder and I said to myself like "hey that's actually quite interesting" right? "Let me go join […]" and that's how the opening came and I took just a problem right?
P5	Pain point in daily business; previous job	And that's how it was with us. We were in the old company, we saw that we would do a lot of things differently, but we couldn't, we saw the market, we saw the business, we saw that a lot would happen in the next few years and then we said "Let's do it ourselves because it's such a cool option".

Table 8. Statements regarding the identification of the respective business opportunity

Founder	Opportunity alertness present	Statements regarding opportunity alertness
V1	Yes	So yes, I would say so, but of course you have to be careful that it doesn't sound arrogant. So in a way, yes, but I don't want to presume that the idea came from me.
V2	Yes	Not always, but I think sometimes definitely. […]. That's why I would say from a feeling that there is already a certain view.
V3	Yes	Yes I think Opportunity Alertness for sure.
V4	Yes	That's why I wouldn't presume to say that I'm great at it, but of course you develop a feeling for it.
V8	Yes	Yes, definitely. I think that's an interesting question, because I think it always depends on the phase you're in.
P1	No	No, probably the opposite. I think fundamentally; probably just through consulting and through PE, it is probably rather a bit more conservative with many things and also much too sceptical with many things often on the way, […].
P2	Yes	Yes, I think I do recognise "opportunities".
P3	Yes	Yes, there are two things that have helped completely. Firstly, being in an environment like Berlin and then meeting lots of people and exchanging ideas with them and simply talking about new topics again and again. And secondly, that as an entrepreneur you have the opportunity to assess things rationally.
P5	No	I don't think so. I think others can do it better.

Table 9. Statements regarding opportunity alertness

Founder	Opportunity alertness present	Statements regarding opportunity alertness
V1	>2	These three things in recent years and overall
V2	1-2	There are still one or two ideas, but I simply didn't allow these thoughts at all, especially during the times at [...], because I simply wanted the focus to be completely on [...] and not on one or two sideshows, because that is also something I
V3	multiple*	And yes, of course, we had many ideas, others too, many of them discarded, but that didn't let us go any more and then we put it into concrete terms.
V4	>2	So every half year there were actually some topics where I thought this is a really really good technology and the team is technically very good but still needs help with the business mindset to really pull it up.
V5	multiple	Of course, I had always wanted to set up a business before and had always had individual ideas - that started at university and continued throughout the first few years of my professional life.
V7	>2	No, I have always validated two or three ideas a year;
V8	>2	No, I have had and looked at a hundred thousand start-up ideas in my life. [...]. But in the end, a lot of it is still; so it turns out to be not so exciting after all.
P1	no other**	So we looked at many models, we discussed many models; we also thought about a B2C platform and what you can do in this area and discussed a few other business models [...].
P3	multiple	I have often had topics where I said, "Hey, isn't that exciting?" I've also kind of discussed it with people and looked at it;
P4	multiple	I was in the program with different ideas, but I really wanted to build something in Fintech and in the investment place where I had my domain knowledge and because of that I wanted to stay in that space.
P5	no other	No. It just made perfect sense with the one now but no, there were no others.

* no concrete quantification of further opportunities. Therefore no delimitation possible.

** Felix mentions different business models, but they all refer to the same opportunity; thus it is considered as a single

Table 10. Statements regarding the number of opportunities identified

Founder	Opportunity evaluation	Statements regarding the opportunity evaluation
V1	Cost-benefit analysis Validation with other market participants Hypothesis driven	At the end of the day it's always a consideration of costs and benefits. Costs in the sense of not only monetary, but also labour input; I looked at it for a few weeks, did research, spoke to the factories on the phone, looked at the costs and margins, and in the end I decided against it; of course, this is always hypothesis-driven.
V3	Validation with other market participants Precise analysis of the market environment	That's why we talked to all kinds of people who were already a bit further along. Other founders, entrepreneurs, also somehow medium-sized companies, or with tax advisors, with potential customers; we never wrote an Exist application, but we did market analyses, we did competitive analyses for one or the other and at some point we realised that what we want has to be innovative and we don't want a "me too" approach.
V5	Validation with other market participants	So I probably spent three or four months doing hardly anything else at the beginning but sitting down with stakeholders and sending out dozens of questionnaires with a 25 euro Amazon voucher to get as many data points as possible from potential stakeholders.
V7	Scoring model	The bottom line is that start-ups are "scored". You have different metrics, such as how is the business model, how is the fit to the fund, how is the team set up, how is the product-market fit, how is the timing, and in their DD they are always "ranked" from one to five; and of course you adapt that to your own idea.
V8	Validation with other market participants	So I think if you were a professional investor, you are much better at thinking in advance about what kind of business model you are doing; [...] so you have some idea, then you talk to some people in the market, look at the competitors and then relatively quickly the point comes where you have to reflect why you could do something better.
P2	Validation through familiar patterns	And the more you have seen on the investment side, the better and the better you can also recognise "patterns" and the more you can say yes, I can use that for myself.
P3	Validation with other market participants	Then this holistic picture and, in addition to the actual business model, also looking at whether there are any "legal" issues, also the financial model, calculating unit economics, looking at the market, these are certainly all topics that I have taken with me from my private equity time.

Table 11. Statements regarding the opportunity evaluation

Founder	Core motivation	Statements regarding motivation to become an investor
V1	Learn about founding Intermediate step towards own founding	I've always known that sooner or later I'd like to build something of my own. I asked myself during my studies, what jobs are there where you can learn the maximum about founding. […]. I just didn't want to do it straight after my studies. Sure, you could have done that, but you're just inexperienced.
V2	Work on innovative topics	I found it mega exciting to get to know a little bit, because I realised, ok, the merger of two industrial companies doesn't interest me that much, but if there is somehow an innovative business model involved, I find that much more exciting and that was the initial spark for me.
V3	Work on innovative topics Learn about founding Intermediate step towards own founding	I wanted to be on the road where an innovation really takes off in the market. That's what I suspected and that has also been confirmed, that this is the case in venture capital. […]. And from that point of view, VC was also a good transitional career between consulting and founding, because during that time you see a lot, get to know a lot, and can also let your own ideas mature or validate them somehow. So you're very close to founding without being a founder and that's a good position to prepare something like that.
V4	Intersection between science and finance	Consequently, I reoriented myself a bit, studied computer science and learned how to develop, learned how computers work and so on, and then decided to bring the two things together a bit. And venture capital is actually the optimal area for that.
V5	n.a.	I slipped into this start-up world relatively quickly. […] and it was clear to me relatively quickly that I was up for VC.
V6	n.a.	So that's probably a textbook answer. Well, the […] founders were my friends from university or other friends and they asked me relatively early on if I would join them and that was exactly what happened, not against the background of "I'm an investor first so that I can then found something myself".
V8	Work on innovative topics Intermediate step towards own founding Entrepreneurial working style	Well, I've always wanted to do something of my own and have seen all the steps up to this point only as intermediate steps. […] and I realised that I actually want to work on future projects. […]. I also did an internship in a start-up in San Francisco, but then met many fellow students in the MBA who came from PE and VC and what I always found super exciting was that "investing" is intellectually "very stimulating", just like a […] is, so you think about many things, learn a lot, see many business models, but it is also very entrepreneurial because at the end of the day you put your money on the table and "you think like an owner".
P1	Entrepreneurial working style Learn about investing	During the […] time I worked a lot for PE funds and was approached by a headhunter and everything looked good on paper. It was a cool team that had just set up a new fund and I actually found it quite exciting to start at such a completely new fund, because when you go to an established fund, you go into an established structure and that was a bit more entrepreneurial. At […] I already got to know the whole due diligence, commercial due diligence and so on, but then I found it exciting to get to know the whole investment process. […].
P2	Learn about finance	[…] but if I'm not an engineer in the long term, then I at least want to get to know and understand the business side well enough so that I can make a contribution in terms of content. Then I said to myself that if I want to get to know all that again, then the finance sector is certainly a good place to start, and if there's a chance to start directly in PE, then that's how I'll start.
P3	University interest in finance Entrepreneurial working style	I already organised a private equity conference twice during my university time, then I also wrote my diploma thesis on the topic of private equity and the use of management control systems in private equity. […]. I interviewed funds and portfolio companies for my thesis. But then I said early on, well, actually I find the topic so exciting, then let's go into private equity and actually wanted relatively consciously also in small and mid cap private equity funds because I had the hope that there would be less financial engineering and more really operative work with the portfolio companies.
P4	Entrepreneurial working style Learn about investing	Now what kind of happened you know few years in you then start saying "hey I've learned the core like competency of financial valuation and building models, how do I go and apply this in in a way where I'm the taking more principle risk, or I'm actually training my kind of investor mindset" and so then I went to work in private equity and I kind of spend for five years in private equity which is a great place for you to not only develop skills on one vertical saying like "hey I want to develop my skills in just financial valuation" that you actually learn different parts of your beer, whether it is about markets, legal tax; all different and so I kind of found my way into private equity.
P5	University interest in finance Entrepreneurial working style	Well, I always found finance interesting at university and then I just wanted to make a career at that time and this subject was a great fit for me; I've always had an affinity for numbers. And that led me to go into banking, or rather M&A. And out of banking, PE was again the idea that one simply invests one's own money in a company, in inverted commas, which means working in a more entrepreneurial way. I just wanted to learn a lot, work with cool people and make a career.

Table 12. Statements regarding the motivation to become an investor

Founder	Core motivation	Statements regaridng the motivation to become a founder
V1	Monetary incentive Self-determination Flattening learning curve Lack of depth in previous job	Of course, the exit plays a role, but that's not the main goal. I would rather have a functioning company in the long term. Self-determination. [...]. Then the lack of "upside"; sure you are involved in the carry, but what is that [...]. But at some point after two years, the learning curve flattened out and then I thought about doing something of my own. [...]. In my role as an investor, I was no longer able to develop as much as I can now as a founder. In VC, you look at people at a high level [...] but you never get as deep into the business as you do as a founder. That was a component that I found extremely exciting and that I was still missing.
V2	New challenges Versatility	And I always thought that was a totally cool mindset, and founding a company like that was simply the next logical step for me, where I felt that being "challenged" every day, whether it was "personnel", "strategy" or "finance", was the full spectrum where I then said that this is exactly what I want to do, because this fast pace, this extremely dynamic and these speeds are exactly what I am looking for and want to have. [...]. I thought this extreme complexity was just extremely cool.
V3	Monetary incentive Self-determination Flattening learning curve	For me, the decisive factor was actually to do my thing independently, freely, on my own. And that was not the case with the VC. [...] a monetary incentive at [...] is not the salary, but the increase in value of the company. [...] the learning curve was a bit flatter in VC and the funds are relatively small.
V4	Monetary incentive Flattening learning curve Ownership New challenges	Financially it was very attractive for me and combined with the idea of ownership and the possibility to learn something new, it was a great opportunity [...]. But reasons were definitely always an option and something I constantly considered as very realistic. [...] and at the same time I was at a point where I had already been in VC for two and a half, almost three years and where the learning curve became a bit flatter.
V6	Monetary incentive Self-determination Create values	So that was the one thing that I wanted to do myself and wanted to stand for it myself, for better or for worse, and because you also have; so when you found together with someone, then you have; that's a really cool experience simply what you create together like that. [...]. That was one reason and the other [...] is the probability of success and also the control to earn money. In VC, it takes forever. [...]. I wanted to be entrepreneurial.
V7	Monetary incentive Create values	First of all, because it's fun. Secondly, because I think it's cool to build something yourself, to build a team, to really be responsible for something, and thirdly, there's clearly the monetary aspect.
P1	Monetary incentive Self-determination	But the really interesting thing [...] is all the self-determination. [...]. And in PE everything depends on your carry. And your carry is not significant until you are in the structure for a long time. [...].
P2	Monetary incentive Create values Desire for operational activity	I think what excited me about founding a company was building something. That you build something that has the potential to grow steadily over several years and that you have control over it and can build it up yourself. [...] As an investor, you only really earn money when you participate in the carry. And that takes a long time in these PE companies unless you set up your own fund. [...]. So at some point I knew I wanted to start a company, but it was unclear whether it would be a tech company or a fund, one of the two. [...] then after a certain time I said to myself, "Hey, I'm really tempted to become operationally active here again".
P3	Monetary incentive Desire for operational activity	The shares were very very little but the salaries were six digits. And with that they could basically compensate plus my PE fund didn't overpay. [...]. So the big issue for me was to say I've been telling people what to do for five and a half years now and I haven't proven myself that I can do it.
P5	Create values	Yes, so just to change something and build something up. [...]. But simply to have a product and to stand for it and to make something better in the world and to have an impact.

Table 13. Statements regarding the motivation to become a founder

Founder	Form of financing	Statements regarding the early-stage financing of the venture
V1	Own funds Business Angel	So for […] own funds or also through the masks. […]. And […] our own funding. We have an angel inside, and now we're getting another bigger angel round.
V2	Business Angel	It was actually the Angel round, it came pretty quickly.
V3	Subsidies Family and Friends Business Angel	The first year was sponsorship and then afterwards, seamlessly, it was a venture capital financing round. Family and friends were also involved, so it was a mixture of business angel and […].
V4	Bootstrapping	The initial product was completely "bootstrapped" for the first few years. […]. We then set everything up very cleanly with an American entity and a German GmbH underneath and then went out to the market. That was in July last year and then we "closed" in September and in December we already signed the next "term sheet".
V7	Own funds Family and Friends	So we each put in our own money for the limited company and a bit more, and we raised a total of two hundred and fifty thousand from Family and Friends, and they gave us the money, so the money is actually still there now.
V8	Family offices	We have basically raised the capital from German entrepreneurial families, i.e. family offices and high net worths. So we are more or less fully financed for the twenty companies we want to buy.
P1	n.a.*	[We] sort of went out with the idea and "raised" money from professional investors.
P3	Business Angel	From day one we had [name of business angel] with us who was inside […] for a while and earned quite good money there and then was frequently involved as an angel, and relatively early on he brought in a well-known fund relatively early on.
P4	Own funds Family and Friends	Friends and family, savings and yeah exactly that
P5	Own funds Business Angel	At the very beginning, we had our own funds, a small five-figure sum, and then financed ourselves with an investor, a private investor.

*Here professional investors is too imprecise to assign it to a special source of financing.

Table 14. Statements regarding the early-stage financing of the venture