

BLCK VC

State of Black Venture

A comprehensive study of the Black venture ecosystem

IN PARTNERSHIP WITH SILICON VALLEY BANK



Silicon Valley Bank

State of Black Venture

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About BLCK VC

Founded in 2017, BLCK VC is a 501(c)(3) non-profit organization built for and by Black venture investors. We are dedicated to increasing the representation of Black investors within venture capital now and for generations to come.

Through our educational programs, active community, and national chapters, BLCK VC provides the tools and connections to accelerate the careers of Black investors.

When venture capital mirrors the diverse demographics of the U.S., all communities benefit. We're the community for the future of venture capital.

BLCK VC's programs are designed to empower, educate, and support aspiring and existing Black venture investors succeed in their careers.

Our programs:

Black Venture Institute provides education, community, and opportunity to enable Black operators and executives to become angel, scout, and venture investors.

Breaking into Venture equips early-career professionals with the tools they need to launch their careers in venture capital.

Scout Network empowers Black scouts and angel investors with the knowledge and networks they need to source, diligence, and invest in companies.

Mentorship Network leverages the strength and expertise of our community of mentors to provide rising Black venture investors with the guidance and support they need to advance their careers.

FOREWORD: Transforming the Venture Capital Industry



Sydney Sykes
Co-Founder, BLCK VC



Frederik Groce
Co-Founder, BLCK VC
Deal Lead, Wellington Access Ventures



Samer Yousif
Chief Program Officer, BLCK VC
Report Author

WE RISE TOGETHER

Our vision for BLCK VC has always been to create and foster a community that rises together.

The systemic barriers ingrained in the venture capital industry are massive and impossible to scale alone. Over the past five years, we've been proud to see our nation wide community come together to invest in and alongside each other, creating generational wealth and increasing access for the next generation.

BLCK VC's mission is supported by three pillars: 1) increase the number of Black venture investors at all levels; 2) advance the careers of those currently in the industry; and 3) provide accurate data on the Black venture capital and startup ecosystem.

In our inaugural State of Black Venture Report, we surveyed our community and collated industry data to set a baseline from which we can measure future progress toward equitable representation.

We hope you'll join us in our efforts to continue to expand opportunity across the entire venture capital and startup ecosystem.

Let's be the change we seek.

Sydney & Frederik

A few words from our partners at Silicon Valley Bank

**Courtney Karnes**

Director, Access to Innovation
Silicon Valley Bank

Advancements in tech and life science industries are unparalleled, revolutionizing every corner of the world. And yet, much remaining potential will remain unrealized until the broader ecosystem is representative of society at large. In 2017, SVB launched its signature Access to Innovation program with that very goal in mind, building a more diverse and inclusive innovation economy. We are proud to be a founding partner for the first State of Black Venture report, which underscores inequities and sparks important discussion with a goal of engagement and action to close the divide. Thank you, BLCK VC, for conducting this research.

**John China**

President of SVB Capital

This exciting new research from BLCK VC shows that progress is being made to increase the number of Black venture capital fund managers and partners – the check writers. But significant obstacles remain, including access to LP funds and the pathway to partnership. Often, Black venture capitalists must change firms or start a new fund to gain partner status. At Silicon Valley Bank, our goal is to change perspectives about who makes a successful entrepreneur and investor – and blow up the boulders holding back progress. Greater inclusion is imperative for the success of the entire ecosystem.

Today, venture capital is a driving force underpinning innovation and wealth creation across the globe. However, the venture capital industry has been slow to increase Black representation. Venture capital partners and fund managers are overwhelmingly White men, a pattern reinforced through wealth disparities and other systemic barriers. In 2020, 93% of firms had no Black partners, according to the VC Human Capital Survey.¹

This lack of representation ultimately impacts the amount of funding going to Black entrepreneurs; Black founders received only 1.2% of the record \$147B invested into U.S. startups in the first half of 2021.²

This report is our first step in holding ourselves and the industry accountable for progress. What gets measured gets improved.



¹ *VC Human Capital Survey, Powered by NVCA, Venture Forward, and Deloitte*, <https://www2.deloitte.com/us/en/pages/audit/articles/diversity-venture-capital-human-capital-survey.html>.

² *Funding to Black & Latinx Founders - Crunchbase*, http://about.crunchbase.com/wp-content/uploads/2020/10/2020_crunchbase_diversity_report.pdf.

EXECUTIVE SUMMARY

For this report, we chose to focus our research on partners and fund managers — the “check writers.” This provides a more accurate picture of the level of power and influence of the Black venture capital community.

Although some progress has been made over the past few years in terms of the numbers of Black check writers, especially among fund managers, systemic barriers persist. The impacts of these barriers are highlighted in this report, including smaller fund sizes by Black fund managers and a dearth of Black partners in the Series A and later stages. Even with these challenges, Black check writers are creating their own paths in venture capital.

Key Findings:

THE NUMBER OF BLACK PARTNERS IS INCREASING: 27% OF BLACK PARTNERS LAUNCHED NEW FUNDS WITHIN THE PAST TWO YEARS

BLACK FUND MANAGERS FACE FUNDRAISING & INVESTING OBSTACLES RAISING FUNDS THAT ARE 46% SMALLER THAN THE INDUSTRY AVERAGE

BLACK PARTNERS HAVE AN OUTSIZED POSITIVE IMPACT WITH OVER 50% HIRING AND MENTORING OTHER BLACK VENTURE INVESTORS

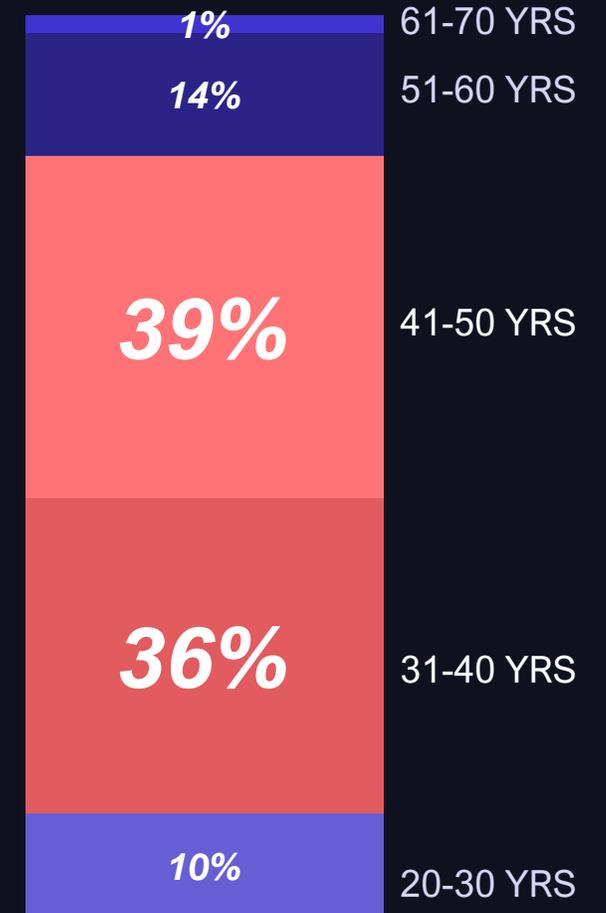
Demographics

In this report, we've collected data on 122 U.S.-based Black venture investors with the title of Partner, General Partner, Managing Director, or equivalent position. We use the term "partner" to refer to all the aforementioned investors and we use the term "fund manager" to specifically refer to the partners who launched their own funds. Data was collected via a comprehensive survey administered by UpMetrics, as well as our own independent research and proprietary database. We've included information from industry studies to provide additional context to the report.

GENDER OF BLACK PARTNERS



AVERAGE AGE OF BLACK PARTNERS



Demographics

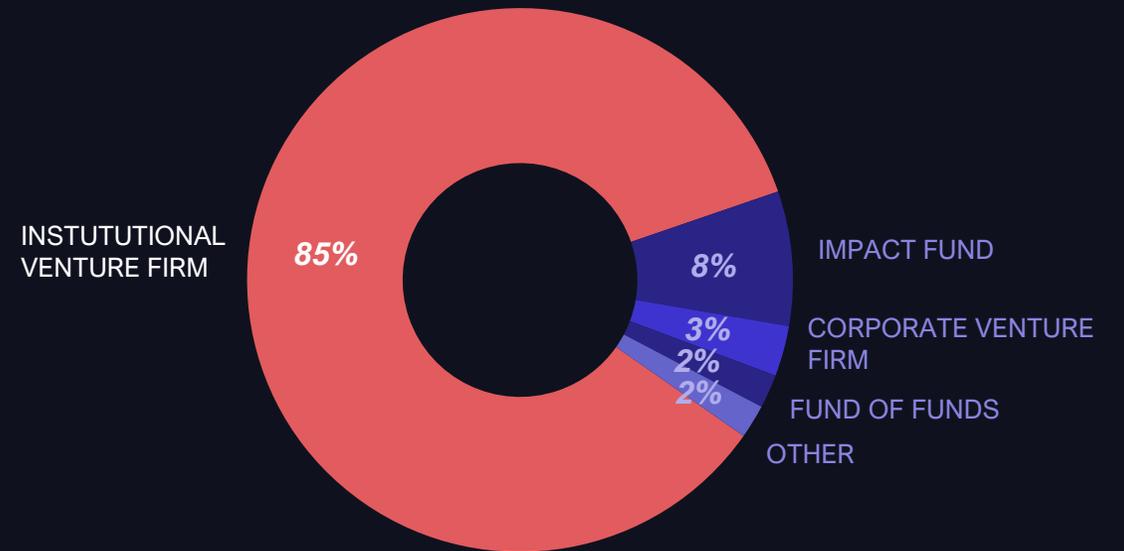


4.7 years

AVERAGE TENURE FOR BLACK PARTNERS AT CURRENT FIRM

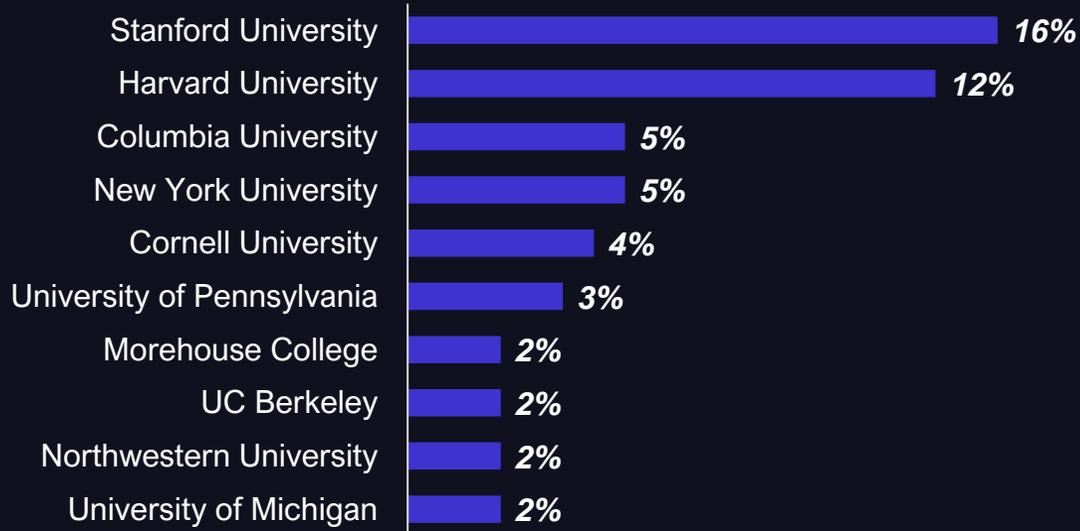
85%

BLACK PARTNERS AT INSTITUTIONAL VENTURE FIRMS



Demographics

TOP 10 UNIVERSITIES ATTENDED BY BLACK PARTNERS



MOST RECENT ROLE FOR BLACK PARTNERS PRIOR TO JOINING VENTURE



42%

OF BLACK PARTNERS RECEIVED A DEGREE FROM AN IVY LEAGUE OR STANFORD

38%

OF PARTNER-LEVEL BLACK INVESTORS WERE IN FINANCE OR AT AN EARLY-STAGE STARTUP PRIOR TO JOINING VENTURE

Geographic Distribution



“



Representation matters in every industry. It's hard to be what you can't see. As more partner-level Black venture investors emerge, it paves a path for more junior investors and others to see examples of what they can aspire to become.

— JACKSON CUMMINGS, HEAD OF WELLINGTON ACCESS VENTURES

27% OF BLACK PARTNERS LAUNCHED FUNDS WITHIN THE PAST TWO YEARS

There are more Black partners in venture capital than ever before, driven by a significant increase in the number of Black fund managers. However, the rate of growth for Black partners lags behind the overall industry growth rate; this means representation is stagnant.

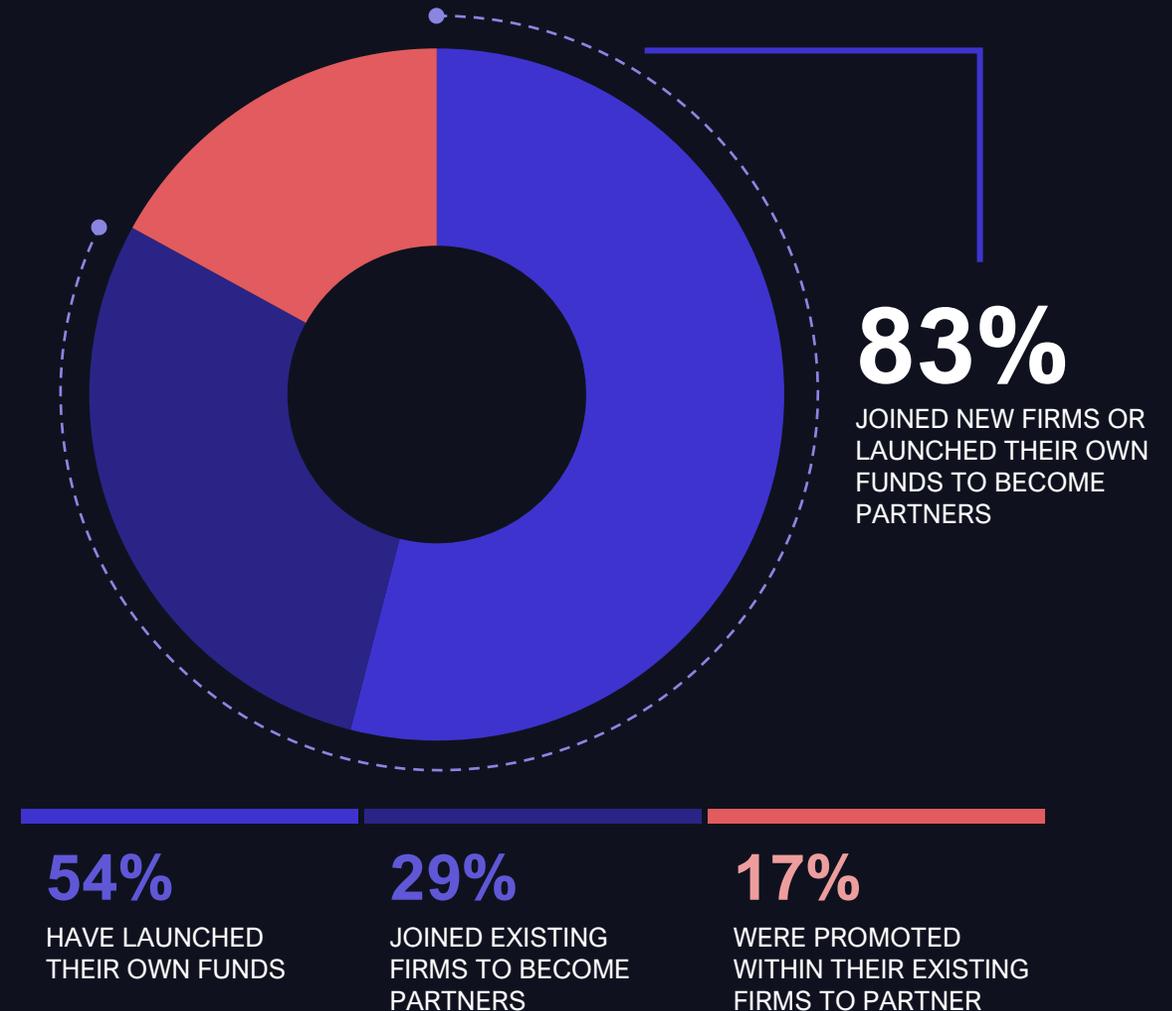


The number of Black partners is increasing.

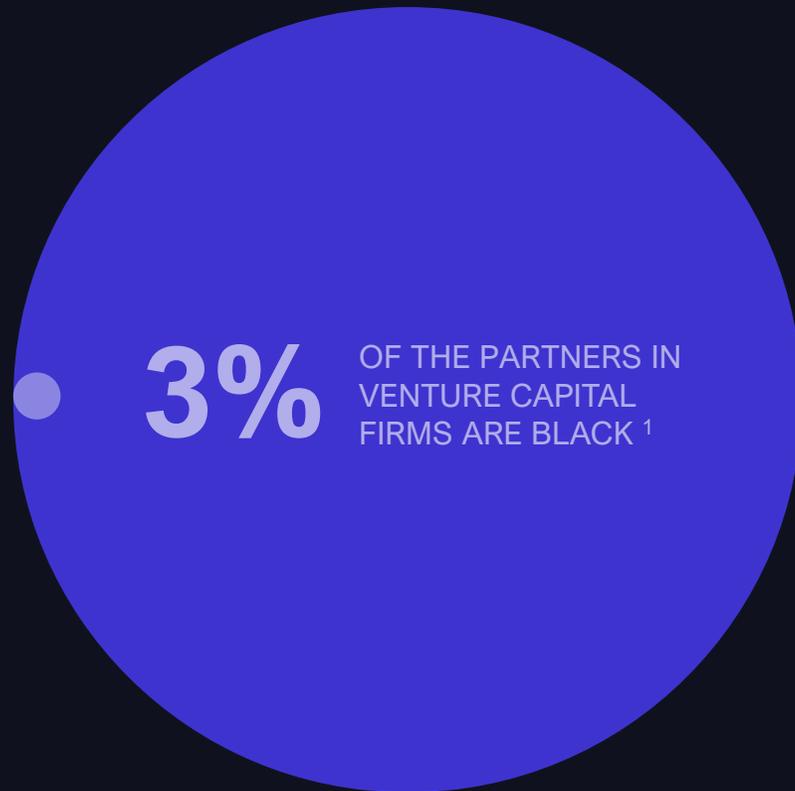
Through our research, we found that 83% of Black partners either launched their own fund or transitioned to a new firm for a partner-level role.

New Black fund managers are driving the increase in Black partners in venture capital. 54% of Black partners in our study launched their own funds. It's important to note that half of these fund managers (27% of all Black partners) launched their funds within the past two years, which underscores the recent rise of Black partners in venture capital.

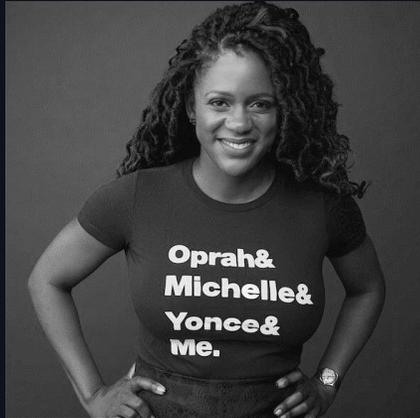
PATH TO PARTNER FOR BLACK VENTURE INVESTORS



However, representation – the percentage of Black partners in the overall industry – has remained stagnant.



In 2020, Black partners comprised 3% of the overall number of partners in the venture capital industry – the same percentage as two years prior.¹ Although the number of Black partners has grown, it has barely kept pace with the overall industry growth. As a result, we expect that representation has not increased in 2021.



The most challenging aspect of launching my fund was finding limited partners (LPs) who were aligned with what I am building and didn't just see me as a conduit for their diversity theatre. When some LPs heard that my fund is not a 'diversity fund', they lost interest—despite having and continuing to have higher than average investments in underrepresented founders. Another challenging aspect was the GP commit—the capital a fund manager must commit to their fund, typically around 1-2% of the fund size – which for those of us with limited wealth will continue to constrain fund size and ability to scale.

— MONIQUE WOODARD, FOUNDER & MANAGING PARTNER AT CAKE VENTURES

BLACK FUND MANAGERS FACE FUNDRAISING & INVESTING OBSTACLES

Across venture capital, first-time funds are typically smaller and more difficult to raise than established funds. These challenges are amplified for Black fund managers, who raise funds that are 46% smaller than the industry average.



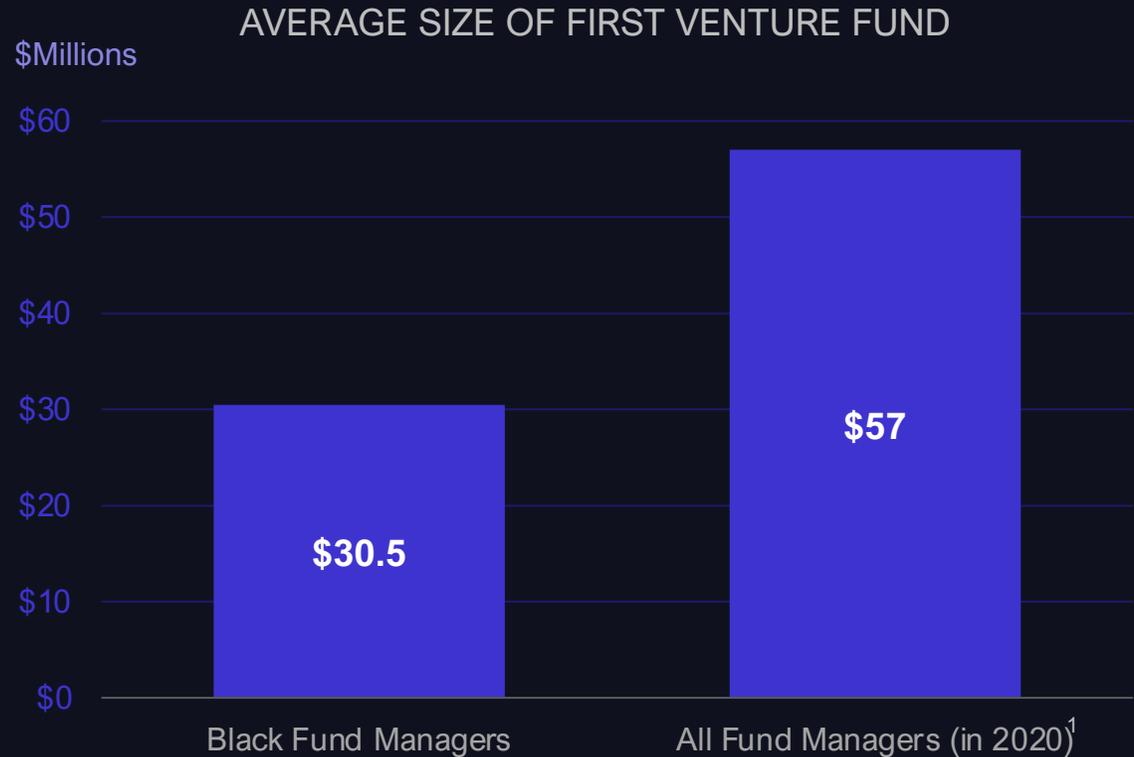
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Black fund managers raised smaller funds than non-Black peers.

Smaller fund sizes can constrain fund managers. They limit the number of investments and average check size of each investment, which leads to smaller equity stakes in portfolio companies. These factors negatively impact managers' ability to build wealth through returns on their investments.

Additionally, the management fees used to operate a fund and pay staff are directly correlated to fund size, therefore managers have less capital to build their firms.

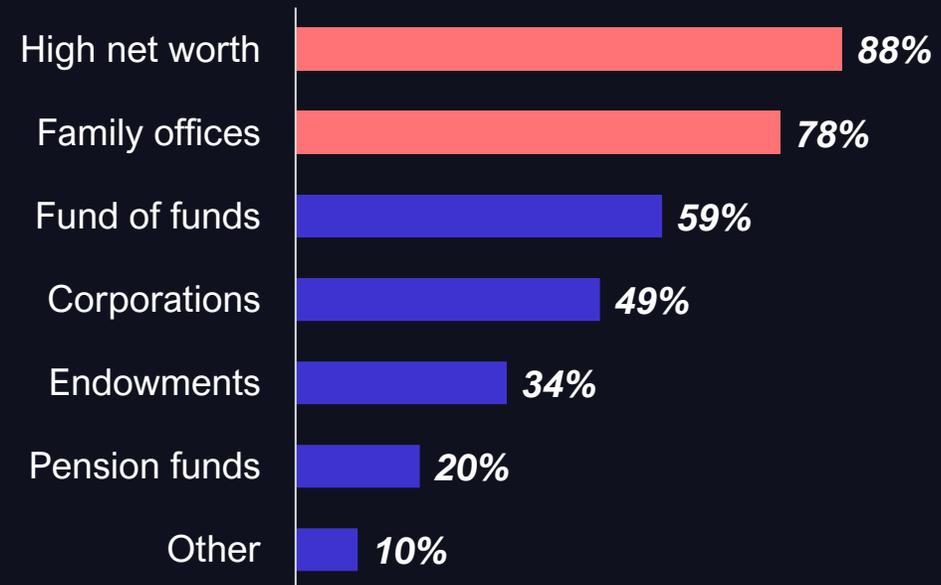


Black fund managers primarily raise from smaller limited partners.

The primary sources of capital for Black fund managers are individuals and family offices. While these investors are important partners, they have smaller pools of capital to deploy. Therefore, they invest smaller amounts of capital into fewer funds than large institutional investors, such as pension funds and university endowments.

As a result, Black fund managers raise smaller funds and need to spend more time fund raising from many limited partners.

PERCENTAGE OF RESPONDENTS WITH EACH TYPE OF LP IN THEIR FUND

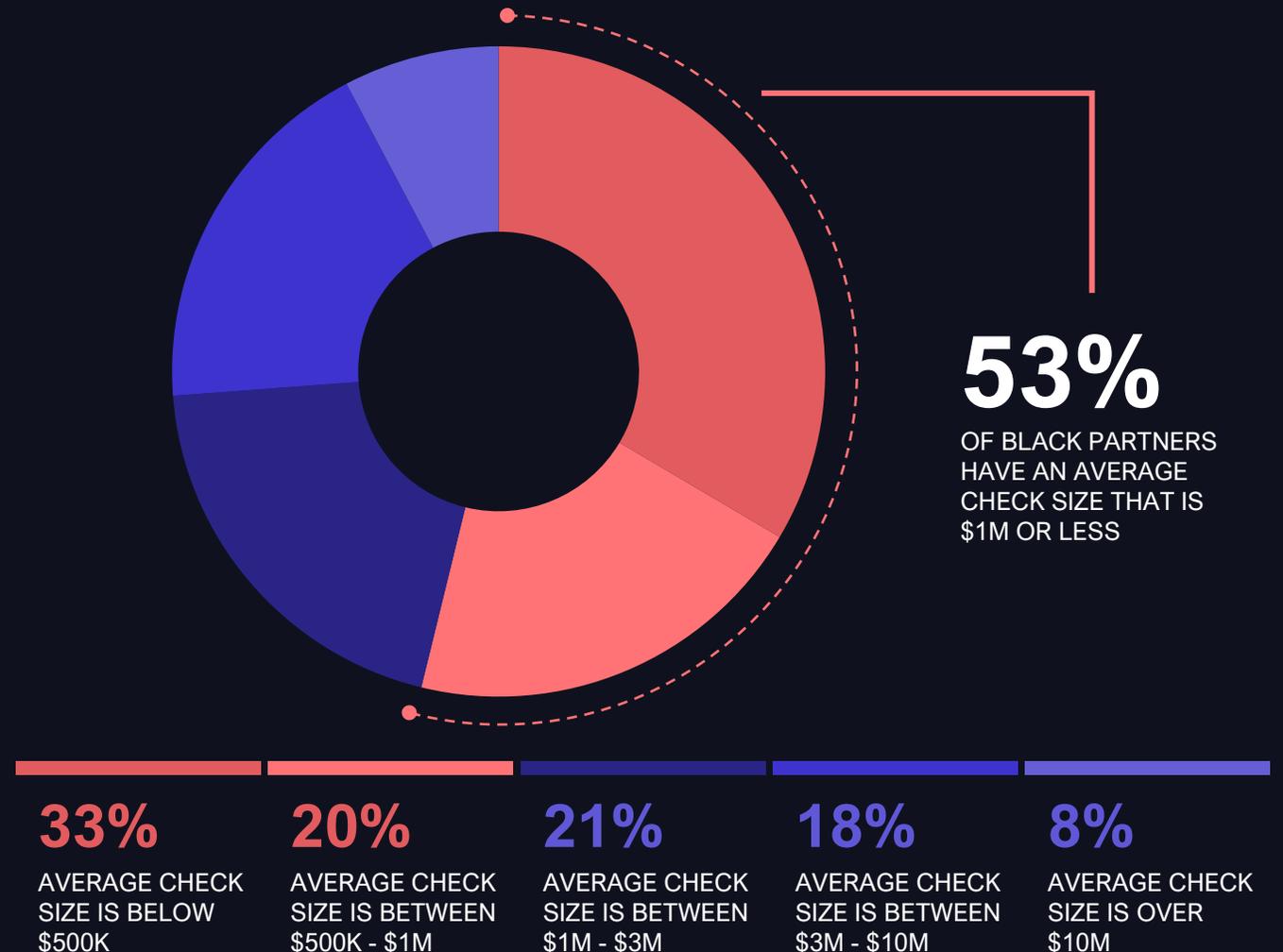


Few Black partners can write checks at the Series A or later.

More than half of the Black partners surveyed invest \$1 million or less at a time on average. This is unsurprising, since 75% of Black partners invest at the Pre-seed or Seed stages.

Our study also found that few Black partners invest in Series A or later rounds: only 8% of Black partners can invest \$10 million or more at a time on average. In 2021, the average Series A round was \$18.5 million, which underscores the limitations that smaller check sizes create for investors in later stages.¹

AVERAGE CHECK SIZE FOR BLACK PARTNERS

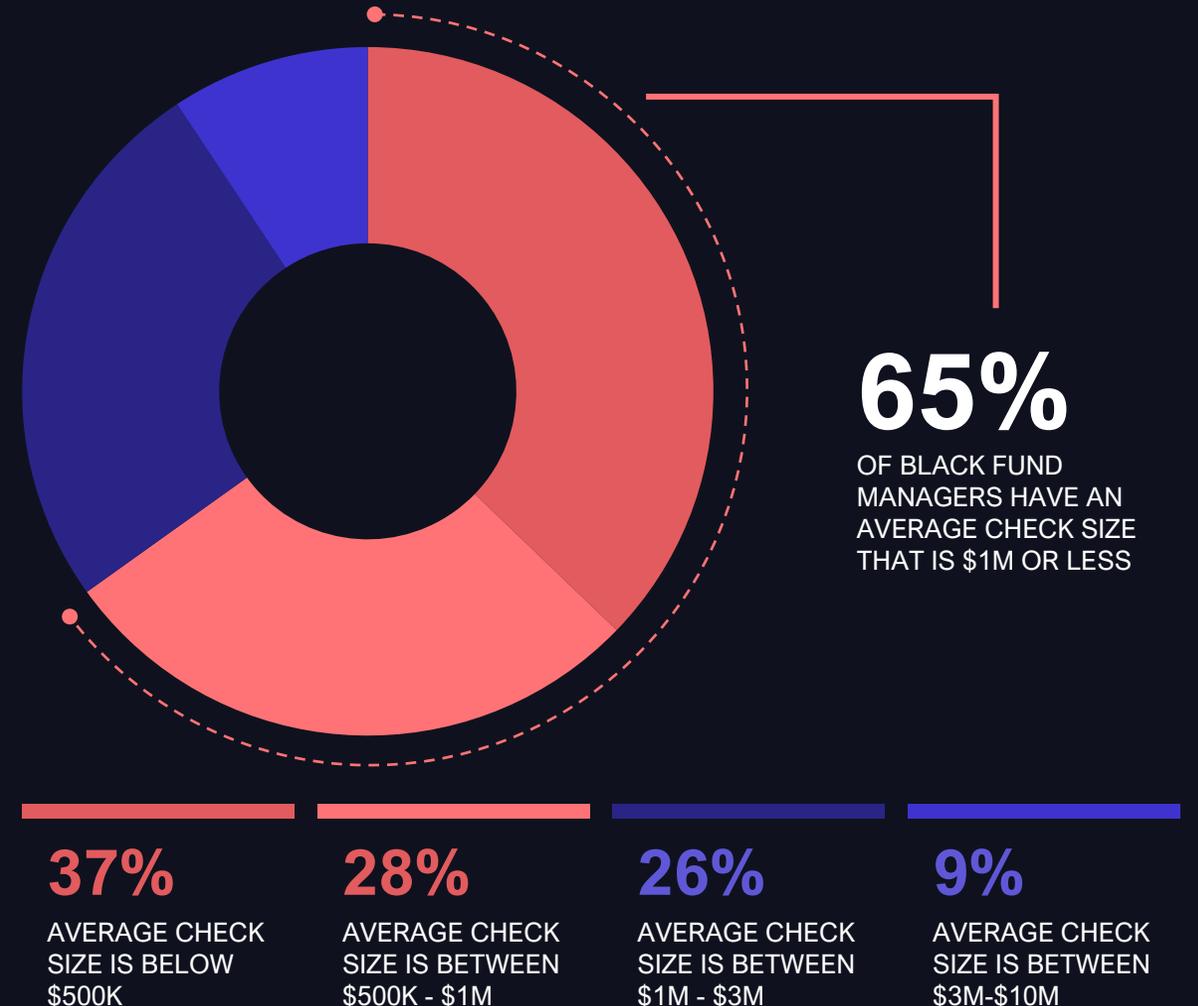


Smaller overall fund sizes correlate to smaller investments.

For Black fund managers, 65% had an average check size of \$1 million or less. Smaller check sizes mean that these funds are investing primarily at the earliest stages; 93% of the fund managers in our study invested at the Pre-seed or Seed stages.

None of the surveyed fund managers had an average check size that was \$10 million or greater. This highlights the dearth of Black fund managers able to invest Series A or later.

AVERAGE CHECK SIZE FOR BLACK FUND MANAGERS





I think we have made a lot of progress in launching smaller, sub-\$50 million funds and addressing the capital gap at the earliest stages of company formation. Even with the increase in the number of these funds, there is still a significant gap in limited partner funding to Black fund managers, regardless of their strategy and approach to sourcing entrepreneurs. This disparity is most prevalent at the later and growth stages, where we've seen limited growth in terms of Black fund managers raising and deploying capital.

— CHARLES HUDSON, MANAGING PARTNER AT PRECURSOR VENTURES

BLACK INVESTORS HAVE AN OUTSIZED POSITIVE IMPACT ON THE BLACK VENTURE COMMUNITY

Black partners are driving the change to make venture capital and startup funding more inclusive. These partners are empowering the next generation of Black venture investors and founders to succeed.



Black partners are pillars in the Black venture community.

When Black investors have more capital and influence, they leverage their networks to open new opportunities for their firms and communities. Venture capital is notoriously difficult to enter and navigate. By actively mentoring and hiring the next generation of investors, Black partners are cultivating the pipeline of Black venture investors for years to come.

Black partners are uniquely positioned to connect with and invest in Black founders building industry-defining businesses. This series of actions becomes a flywheel that improves the entire startup ecosystem, leading to more representation and equity.

56%

ARE ACTIVELY MENTORING OTHER INVESTORS IN THE BLCK VC COMMUNITY

55%

HAVE ANOTHER BLACK VENTURE INVESTOR AT THEIR FIRM, INCLUDING AS STAFF, SCOUTS OR VENTURE PARTNERS

4X

BLACK-FOUNDED FUNDS ARE MORE LIKELY TO INVEST IN BLACK FOUNDERS THAN NON-BLACK FOUNDED FIRMS¹



When I was looking to launch my career in venture capital, I received support from senior Black investors. A pivotal moment for me was when a Black fund manager responded to my cold email and took the time to sit and talk to me about my career goals. That was hugely impactful—he made introductions to other Black partners, which led me to my first job in venture at Precursor Ventures.

— SYDNEY THOMAS, PRINICIPAL AT PRECURSOR VENTURES

CONCLUSION

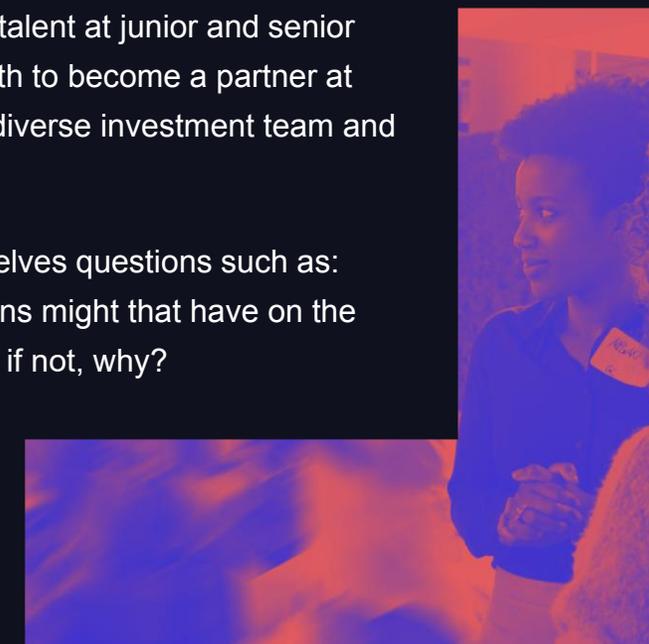
A thorough analysis of this report left us with many questions about why venture capital has such low Black representation and what can be done to change this. It is clear that the venture industry has inherent systemic barriers; what is harder to answer is how to mobilize firms and individuals in the industry to take real action toward progress.

Black partners have made an outsized impact on increasing Black representation in venture capital to date. But we can't do this alone. To effect change at scale, we need more people with influence and power to take a hard look at their policies, pipelines, and networks.

After reading this report, you may be asking yourself what actions you can take. We believe the first step is to invite your partners and colleagues to have an open discussion and ask some difficult questions, including: Where do we recruit and source talent at junior and senior levels? What is the retention rate of Black investors at our firm? Do we think Black investors feel like they have a path to become a partner at our firm? Are we currently able to source Black founders through our existing networks? If another firm had a more diverse investment team and deal sourcing network, would that give them an advantage?

We also encourage individuals at pension funds, endowments, and other institutional investment firms to ask themselves questions such as: How many Black fund managers have we invested in? What is our policy around GP commitments? What implications might that have on the size of funds and the types of fund managers we're able to invest in? Do we invest in emerging fund managers, and if not, why?

Collective impact begins with individual action. We ask you to join us in this movement.



Thank you to our partners and sponsors.



LEAD



NATIONAL



PARTNER



BASE



Methodology

METHODOLOGY AND REFERENCES

For this report, BLCK VC collected data on 122 Black venture investors from 109 firms with the title of Partner, General Partner, Managing Director or equivalent. Data was collected via the State of Black Venture survey administer by UpMetrics completed on September 30, 2021, our independent research, and our proprietary database.

Additional sources used in the Report are listed below

- State of Black Venture Survey, September 30, 2021, [UpMetrics](http://about.crunchbase.com/wp-content/uploads/2020/10/2020_crunchbase_diversity_report.pdf)
- Funding to Black & Latinx Founders - Crunchbase, http://about.crunchbase.com/wp-content/uploads/2020/10/2020_crunchbase_diversity_report.pdf .
- VC Human Capital Survey, Powered by NVCA, Venture Forward, and Deloitte, March 2021 <https://www2.deloitte.com/us/en/pages/audit/articles/diversity-venture-capital-human-capital-survey.html>.
- Venture Monitor Q3 2021, Pitchbook & National Venture Capital Association, https://nvca.org/wp-content/uploads/2021/10/Underlying-Report-Data_Q3-2021-Venture-Monitor.xlsx .
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- Barrios, John Manuel, and Yael V. Hochberg. “Taxing Carried Interest as Ordinary Income and the Potential Impact on New Venture Fund Formation.” SSRN, 18 Nov. 2021, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3939267

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All photography was taken at BLCK VC events in which we convened Black venture investors, ecosystem builders, and the BLCK VC team.



About Silicon Valley Bank



Silicon Valley Bank



For nearly 40 years, Silicon Valley Bank (SVB) has helped innovative companies and investors move bold ideas forward, fast. SVB provides targeted financial services and expertise through its offices in innovation centers around the world. With commercial, international and private banking services, SVB helps address the unique needs of innovators. Learn more at svb.com.

SVB's Access to Innovation was launched in 2017 to transform lives by creating new opportunities for underrepresented groups across the innovation economy. Today, we are building educational, employment and funding pathways by nurturing emerging talent, expanding connections and funding for Black, LatinX and women founders and venture capital investors, while working toward gender parity and diversity in leadership.

[Join](#) SVB to amplify Access to Innovation and stay up to date on news and ways to engage with our work.

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