The definitive guide to CRM for venture capital
Customer Relationship Management (CRM) software for venture capital (VC) firms are the foundation for how investment opportunities are found and completed. Bringing together a firm’s complete relationship network, with the ability to manage deals, VC CRM platforms can have a material impact on the performance of any fund or partner.

A CRM is designed to increase your effectiveness as a firm by helping automate, standardize, and optimize your deal making process. All the while helping you make the most of your relationship network in a single platform that contains your most valuable data.
What are the unique requirements of a CRM for venture capital?

A Customer Relationship Management platform is designed to increase your effectiveness as a firm by helping automate, standardize, and optimize your deal making process. A more targeted venture capital CRM must meet some highly-specific requirements to be effective, including:

1. Supporting deal workflows through efficient data management and deal flow tracking
2. Leveraging a complex network of relationships that includes both people and organizations

Each of these requirements has to involve technologies that provide:

- High levels of automation for efficiency
- Relationship intelligence insights for additional context
- Easy collaboration for team-wide adoption and visibility
- In-depth analysis of deal pipelines and activity for optimization
How does a CRM for venture capital support your deal workflows?

As we mentioned above, a venture capitalist’s CRM is more than just a place to store names, phone numbers, and email addresses. It’s a centralized platform for your entire firm’s deal flow pipeline—including every person, organization, and opportunity.

**Deal flow data management**

A survey conducted by Blue Future Partners found that the biggest reason a VC firm may evaluate a new tool for their team is to improve their ability to find and close deals (59%), so how can a VC meet this need with a CRM?

59% of VC firms want to improve their ability to find and close deals
Creating, tracking, and managing deals with a CRM

Tracking deals from pitch to close can be a complex process, especially if the data is stored in multiple locations across independent spreadsheets, email, notes tools etc.

For VC’s managing so many deals, it’s critical to have multiple ways to view those deals. List views offer a comprehensive perspective of your deal pipeline filtered by custom data columns, whereas a Kanban board can provide a more macro view.

Kanban style board views provide a macro perspective of the deal pipeline itself, showing each deal in the standardized pipeline stage used by your firm.

3 ways VCs can get the most from their CRM

Instantly see all the deals they are working on in a single view, with the ability to drill down to see all the detail on each of them

Show, communicate, and manage those deals visually

Automatically capture every status and communication related to each deal alongside enriched data fields
Standardizing your deal flow pipeline

Repeatable processes create repeatable successes. “There are two interesting moments in the lifetime of a piece of data: the moment it is created and the moment it is used” (Harvard Business Review, 2012). With that in mind, you should standardize your data management to match your firm’s workflows.

Automated data updates to related fields can ensure that multiple team members are not engaging the same opportunity or that you’d already passed on a previous opportunity that was not properly documented. Teams that rely on spreadsheets or manual CRMs often end up with unorganized data.

“Having all our documents and information in one place without having to clamp around on different systems is really valuable. Our CRM is a massive time saver and enables us to be super-efficient.”

Sam Endacott, Investment Analyst, Firstminute
In addition to managing your deal flow pipeline, a CRM designed for VCs must take into account the relationship driven nature of deal making.

The thousands of companies, names, email addresses, and phone numbers that connect you to individuals in your network are currency for your team. Your CRM should be flexible enough to manage both the people and organizations that matter to your business.

**People data management**

A venture capital CRM goes beyond the scope of a traditional CRM’s contact management and makes it easier to use the data you have to take action.

Automated data entry and enriched data sets provide greater context around existing connections, and syncing this data across the team opens the door for new relationships, connections, and, eventually, opportunities.

Most importantly, consolidating everything in a CRM means none of your data can go missing.

Even if a team member leaves, the firm maintains the details of every relationship, and the data can be captured in ways that align with the specific security and confidentiality requirements of your organization as well.
Organization data management

When you find a potential investment opportunity there are countless variables that affect whether or not you choose to invest. On one hand, your ability to work well with the founders of a company is a cornerstone of an investment, but you’ll also need to track all of the information relevant to the company itself.

Managing people and organizations in a single place removes communication barriers and eliminates the chance of overlapping work with your team by providing real-time updates and context.

With a CRM, you can easily tie all relevant contacts back to a single organization while also tracking all of the intelligence about that current or potential investment target at the organization level.
Key requirements for a successful CRM deployment

Venture capital CRM software is all about improving existing workflows. Taking time to reflect on what technologies are available to leverage your deal data and further improve your team’s performance and processes.

1. Automated data management surfaces your historical communication activity for all of your contacts and continually updates that deal and relationship data.

2. While the CRM handles data entry, you can focus on standardizing workflows for deal and relationship management.

3. Consistency in process leads to improved visibility and collaboration across your team.

4. Built-in data visualization tools empower you to analyze and optimize your processes even further.

Let’s take a more in-depth look at how to effectively maintain quality information, gain new insights, and turn those insights into action with your new CRM.
Automation

Your CRM is only as valuable as the data you add to it. Forgetting to log a call or email today can easily lead to another member of your team reaching out to a prospect that you’ve already reached out to. You’ll use more of your team’s time and leave the prospect with the impression that your firm is unorganized.

Automating data entry—ingesting engagement activity like emails, attachments, and calendar events—makes sure that your data is clean and current, so you can focus on driving deals.

Manually entering and maintaining data in spreadsheets or other, bulkier CRMs creates systems that are inefficient and can go unused. According to a 2018 study by Goldman Sachs, however, the costs of automated data entry tools are only 33% the cost of less-efficient manual data capture costs after accounting for labor costs and any errors in the data. Automation is cheaper, more widely adopted, and more efficient—the quintessential venture capital technology solution.

Automated data entry tools are only 33% the cost of less-efficient manual data capture.

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Relationship intelligence

Relationship intelligence tools offer new insights that lead to new connections in your team’s shared network. Smart algorithms can measure relationship quality and lead to warmer introductions, and data enrichment provides additional context around people and organizations.

Sourcing based on actionable data points is much easier than sending out cold email after cold email, and team members can source new leads spread across your firm’s collective network rather than being limited to their own contacts.

Automatic data enrichment fills in key data points at both the person and organization level. Auto-populate data like job title and industry for your people lists. It will also fill in fields like location, industry, current funding amount, and AUM (assets under management) at the organization level without your team ever having to ask.

Relationship scoring takes the guesswork out of outreach by quantifying just how well you know contacts in your network.
Collaboration

When your firm shares a single contact record, everyone can work deals together more frequently.

Automatic data entry and updates guarantee cross-team adoption so no data ends up isolated in a distant spreadsheet somewhere.

- Push an update from your CRM to your firm’s collaboration tool such as Slack or Microsoft Teams
- Sync your CRM files with your cloud storage
- Enroll contacts from your CRM into relevant mailing lists in your bulk email tool

When your team is on the move, mobile applications can further increase collaboration in a remote and hybrid workspace. Being able to call or email directly from your CRM’s app and then reviewing that data from your computer before your next meeting makes tracking relationships seamless.

Combining this data with analytics tools, like Affinity Analytics, gives you the ability to easily review your pipeline to identify places for improvement. In our next section, we’ll dive deeper into analyzing and optimizing the processes outlined so far based on your unique measures of success.
Analytics

By visualizing your deal data and relationship data, you can more easily identify and evaluate patterns in your deal flow pipeline. There are three major opportunities to use CRM data to analyze your processes and drive improvements in investing activity:

- GP and management-level inspection and discovery of partner’s or fund-level deal pipeline and activity
- Individual partner and associate activity review for both deal pipeline status and activity KPIs
- Firm-level reporting for external stakeholders such as LPs

Since these analytics dashboards are directly integrated into your CRM you can do away with having to export and manually manipulate data to understand which deals aren’t moving forward.

Dive deeper and learn why they aren’t moving forward, so you can deploy capital faster, invest in the best opportunities in your pipeline, and repeat.
The power of a CRM for venture capital

Relationship and deal data management seems straightforward: keep track of contact information, follow up on your prospects, close deals. The reality is that maintaining your team’s vast network of contacts and opportunities can quickly become unruly without clear alignment around consistent, efficient processes.

When you have clean, automatically logged deal and relationship records available, you can utilize your team’s collective data to make more informed business decisions. These decisions impact both internal processes and external deal and relationship management that all culminate in scaling and improving as a unit, so you can close more quality deals faster.

Visit affinity.co/demo to schedule your demo today