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VENTURE CAPITAL START-UP SELECTION

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ABSTRACT

We study venture capital (VC) selection using the deal flow and investment decisions for more than 8,000 sourced deals from one early-stage VC in detail. The (unconditional) likelihood that a sourced start-up raises at least $1 million in VC funding from some VC firm is roughly 30%. The deals the VC scored and invested in perform better than the deals the VC scored and did not invest which perform better than the deals the VC did not score, suggesting that the VC has selection ability. At the same time, the selection is noisy as only 32% (13%) of the invested firms have raised more than $10 ($25) million in VC funding. The VC evaluated the deals it scored on team, market, product and exit characteristics. Team is most successful at explaining VC funding of at least $1 million, but does not explain larger financings or success. Market and product have more explanatory power for VC funding of more than $10, $25 and $50 million as well as longer term outcomes. Consistent with other recent work, this is consistent with VCs overweighting team in their initial investment decision.

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1. Introduction

Venture capital (VC) is an important source of financing for start-ups. A critical skill of a VC investor is to select the start-ups in which to invest in the face of great uncertainty, particularly in early-stage investments. In fact, Gompers et al. (2020) report that venture capitalists view selection as more important for their success than sourcing deals or adding value post-investment.

Much previous work has studied VC selection. Kaplan and Strömberg (2004) find that VCs consider the attractiveness of the business – its market, strategy, technology, product or service, customer adoption, competition – as well as the quality and experience of the management team. These two general areas are often referred to as the horse (business) and the jockey (management). That paper does not distinguish the relative importance of the different factors.[1] Kaplan, Sensoy and Strömberg (2009) study early business plans of start-ups that ultimately go public and find that the businesses are more stable than the management teams / founders suggesting that the business is more important. Bernstein et al. (2018) use an experiment that randomizes the information received by early-stage investors. Their investors respond more strongly to team information than to information about firm traction. The VCs surveyed in Gompers et al. (2020 and 2022) also consider both team and firm factors. They find that the VCs place a somewhat stronger emphasis on team in early-stage investments. Kerr et al. (2014) argue that it is difficult for VCs to predict outcomes, even conditional on a venture capital firm making an investment. They show that the majority of VC investments lose money and that, in the case of one successful VC, the VC scores for the deals at investment were unrelated to ultimate outcomes.

[1] Earlier research by Macmillan et al. (1985) and Macmillan et al. (1987) also looks at VC selection.

More recently, Davenport (2022) and Lyonnet and Stern (2022) use machine learning to evaluate the VC selection process. Both papers interpret their results as finding that VCs – in the U.S. and France – overweight human capital in selecting investments. While suggestive, both papers are incomplete. Lyonnet and Stern (2022) do not identify the companies the VCs actually consider for investment. Davenport (2022) studies firms in Pitchbook that receive VC investment and concludes that many were predictably bad. However, Pitchbook provides current information on firms, not the information that was available to the VCs at the time of investment.

Accordingly, there are several unanswered questions about VC selection.

First, previous work does not provide much guidance about the likelihood that a start-up looking for venture capital will obtain it. Consistent with this, Kerr et al. (2014) claim that "it is easy to imagine scenarios where Google or other highly productive investments fail to receive the required funding." Puri and Zarutskie (2012) compare firms that raise VC financing to firms that do not, but do not know how many of the firms that do not raise VC financing attempted to do so. As mentioned above, this also is true of Lyonnet and Stern (2022). The VCs surveyed in Gompers et al. (2020) indicate they look at 100 investments for every investment they close. To determine the likelihood of obtaining venture capital, we would need to know how many VCs the typical start-up firm approaches.

Second, previous work is not definitive on how successful VC firms are at screening.

Third, as mentioned above, while the business and management both appear to matter for venture success, their relative importance as well as possible interactions are not clearly established.

In this paper, we add to the selection literature and address those questions by studying the deal flow and investment decisions of one early-stage VC in detail. The VC started its operations in 2015 and focuses on very early-stage ventures (pre-seed and seed) in the enterprise software, consumer, digital health, and fintech industries located in the Midwest U.S. The VC's goal is to see all start-ups in the U.S. Midwest that are looking for seed stage VC funding and invest in the best of them. Using Pitchbook, we find that the VC screened 34% of all U.S. Midwest start-ups that raised seed stage VC funding, and verify their representativeness with a balance test over ex-post success measures. The VC was not focused on providing operational advice or help although it did expect to help the firms obtain subsequent VC financing.[2] We believe, therefore, that the VC was most focused on sourcing and selecting investments, making it well-suited to studying pre-investment screening.

We study over 8,000 potential early-stage companies the VC considered investing in from 2015 to 2021. These companies represent a large sample of firms looking for VC funding in the U.S. Midwest. The VC screened these companies and chose to intensively analyze 366. The VC gave each of those companies scores on "Team", "Market Size & Competition", "Product & Innovation", and "Exit/Growth/Next Round." The VC then decided to invest in 114 of those 366, or 31%. We use Pitchbook to determine the subsequent success of those companies – how much venture capital each has raised and whether each company has failed or survived.

First, we estimate the fraction of companies looking to raise VC financing who successfully obtain VC financing (according to Pitchbook). Roughly 30% of the sourced companies subsequently raise at least $1 million from an entity Pitchbook refers to as a VC, and

[2] Hellmann and Puri (2002), Sorensen (2007), Gompers et al. (2020) study aspects of how VCs add value to their companies.

roughly 10% subsequently raise at least $10 million. While there are many ways one can interpret these results, we are not aware of any other study that has an estimate of this unconditional likelihood of raising VC funding. The magnitude is surprising to us given the likelihood that many companies that try to raise seed stage venture capital are inappropriate for VC funding.

Second, at this early stage, we estimate whether the companies the VC chose to analyze intensively are more successful than those the VC did not engage with. Of the firms the VC analyzed, but did not invest in, 60% raised at least $1 million in VC while 15% raised at least $10 million. These are higher percentages than the analogous percentages for the companies that the VC did not analyze intensively. This suggests that the VC can screen firms successfully at a very early stage. The fact that only 15% raised over $10 million also confirms that the screening is very noisy. This also is consistent with intensive analysis by the VC helping the portfolio companies. For a sample of very early-stage start-ups in the UK considered by a VC, Gonzalez-Uribe et al. (2022) find that due diligence is associated with better outcomes for companies that do not obtain funding from the VC.

Third, we estimate the success of the companies the VC analyzed and invested in compared to the success of the companies the VC analyzed, but chose not to invest in. On most metrics, the companies the VC invested in have outperformed those the VC analyzed, but did not invest in. This is particularly and increasingly true for potential big winners – firms that subsequently raise more than $10, $25 and $50 million. Again, this strongly suggests that the VC can distinguish among early-stage start-ups. The result also is consistent with the investor adding value to the investments as in Sorensen (2007) and Kerr et al. (2011). As we discuss below, we think the selection explanation is more likely because many of the Scored Not

Invested firms also received VC funding and because the VC does not focus on adding operational value.

Fourth, we estimate the relation between the different scores for the companies the VC analyzed and the subsequent success of those companies. The results are noisy. However, two patterns emerge. First, team is most successful in explaining VC funding of at least $1 million, but team has no explanatory power for VC funding of more than $10 million or in subsequent company failure or success. Second, product and market have stronger explanatory power for VC funding of more than $10 million as well as survival and failure. In sum, team explain early progress, but elements of the business are more important for larger and later successes.

These findings may explain some of the disparate findings in the literature. The fact that team explains funding of at least $1 million is consistent with Bernstein et al. (2018) that early-stage investors and angels focus on the management team. The team drives near-term success. However, the fact that team is less successful than aspects of the business – market and product – in explaining funding of at least $10 million and survival is consistent with Kaplan et al. (2009).

These results, in turn, are consistent with the following interpretation. Rajan (2012) argues that innovative firms typically undergo two transformations in early life. During the first transformation, referred to as the differentiation stage, an entrepreneur exerts much effort in developing a differentiated product to stabilize sources of economic value. At this stage, as Zingales (2000) argues, the firm's success is likely defined by the entrepreneur's specific human capital (“jockey”). Once the entrepreneur has found a robust product-market fit, the firm is ready for the second transformation (known as the standardization stage); because finance is critical for scaling up the business, the firm's operations must be standardized if it requires external finance, making the firm's key human capital more replaceable and liquid. At this later

stage, as Kaplan, Sensoy and Strömberg (2009) find, the firm's success is more determined by nonhuman assets.

The results also are consistent with the findings of Davenport (2022) and Lyonnet and Stern (2022) that VCs overweight the team in making investment decisions. VCs use the team ranking as positive for investment decisions, but team ranking does not predict the potential big winners – the firms that receive at least $10 million in funding.

Finally, firms that score well (top two quintiles) on market and product or market and team are particularly likely to succeed, indicating the team and elements of the business interact in meaningful ways.

The paper proceeds as follows. Section 2 describes our sample. Section 3 presents our results. Section 4 summarizes our results, discusses their implications as well as the advantages and limitations of the study.

2 Sample description

This section describes our sample and data.

2.1 The VC

We analyze data on investment screening provided by a VC investor headquartered in Chicago. The VC started its operations in 2015 and focuses on very early-stage ventures (pre-seed and seed) in the enterprise software, consumer, digital health, and fintech industries located in the Midwest. Initially, the VC labelled itself as a "passive" investor, indicating it rarely led or took board seats in their portfolio companies. Hence, the VC is well suited for studying pre-investment screening. The VC raised a small fund I of $1 million in 2015, a fund II of roughly

$10 million in 2016 and a fund III of roughly $30 million in 2019. In 2024, the VC raised a fund IV of more than $30 million. According to the VC, its typical initial investment was $35,000 in fund I, $100,000 in fund II and $375,000 in fund III. Although the funds are not large, the fact that the VC is raised its fourth fund suggests it has been successful. As of the end of 2024, the VC had invested in over 140 portfolio companies.

2.2 Deal funnel

We have data on 8,815 deals that the VC considered from August 2015 to December 2021. From among these deals, the VC decided to conduct an in-depth analysis on 366. In that analysis, the VC scored or rated the 366 companies on four different firm characteristics. After the in-depth analysis, the VC finally invested in 114 companies.

Table 1 describes the deal funnel. The deal flow rate increases over time until 2018, decreases a little in 2019, and then jumps more than two times in 2020. The VC indicated that this large increase in 2020 was due to participating a virtual conference for Midwest-based startups through which they sourced more than 1,000 deals. As a result, the VC sourced fewer deals in 2021.

With the expansion in deal sourcing, the VC appears to have become more selective in due diligence and subsequent investment decisions over time. Both scoring and investment rates monotonically decrease between 2015 and 2019 from 19.0% and 9.2% to 1.9% and 0.4%, respectively. They then rise to 2.7% and 1.3% through 2021, respectively. Furthermore, the VC indicated that it decided to raise the check size for the new fund it launched in 2019, which may also explain why the VC invested at a lower rate in the following years.

The VC invested in a wide variety of industries with the top fifteen industries including Healthcare (9.9%), Business Services (7.7%), Finance & Banking (6.2%), Food & Beverage (5.8%), Sports & Entertainment (4.4%), Health & Wellness (4.1%) and Marketing (4.1%).

The VC sourced deals in three broad ways. The first category is outbound. These are deals that the VC sourced itself. They include deals from accelerators, incubators, conferences and start-up events. The second category is inbound deals. These include cold emails, referrals from the VC's personal network, LPs and service providers. The third category is deals referred by co-investors, i.e., other VCs who were thinking of investing in a deal. The source was not always coded, particularly early in the VC's life.

2.3 Representativeness

The VC believes that its deal flow is representative of seed and early-stage deals in the U.S. We use Pitchbook to assess its representativeness.

PitchBook reports three types of VC deals: seed, early-stage, and later-stage. Among 4,493 Midwest VC-backed startups that raised seed or early-stage VC funding since July 2015 (the inception of our VC), 1,387 (31%) were screened by our VC.[3] Narrowing the focus to startups that raised seed funding only, the fraction screened by our VC rises to 34% (978 out of 2,836). Additionally, among fourteen Midwest unicorns, start-ups that achieved valuations of at least $1 billion after 2017, our VC screened six (43%). These findings align with the VC's claim that it evaluates a meaningful portion of seed and early-stage deals in the Midwest.

[3] The Midwest states considered in this analysis are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

To further evaluate our VC's representativeness, we conduct a balance test of three key success measures that we define in Section 2.5 – total VC funding, survival and failure rates – over early-stage VC start-ups screened by the VC versus those that were not screened by the VC. Table 2, Panel A, presents the balance test results for Midwest firms that raised seed funding. The analysis reveals no statistically significant differences between startups screened by our VC and those that were not across all three measures. Expanding the sample to include firms that also raised early-stage funding, the groups remain statistically similar in their survival and failure rates. However, startups screened by our VC raised less VC funding on average ($9.91 million versus $17.25 million for those not screened). These findings suggest that our VC is most representative of seed-stage VC deals in the Midwest.

2.4 Scoring variables

When the VC decided to analyze a company in more detail it evaluated the company consistently on four different firm characteristics: "Team," "Market Size & Competition," "Product & Innovation," and "Exit/Growth/Next Round."

The VC based its Team score on several factors: the number of founders, whether the founders had business and engineering experience, the founders' skills, the founders' experience in the company's industry, the founders' entrepreneurial experience, the founders' passion for the business and the board members and advisors associated with the company. These measures are consistent with those mentioned by VCs in Gompers et al. (2020).

The "Market Size & Competition" score was based on the market size and market growth of the company, competition from established companies and competition from other start-ups.

"Product & Innovation" was based on the quality of the company's offering (product or service), the value proposition of the offering to customers, the defensibility or differentiation of the offering and the customer response to the offering.

Finally, "Exit/Growth/Next Round" was based on the company's existing investors' size and ability to invest in further rounds, partnerships and the opportunity for the company to be acquired.

The VC calculated a factor score by adding up the scores of the sub-factors for each factor. The combined sub-factor scores ranged from 0 to 15. The VC truncated the few combined scores above 10 to 10.

We abbreviate these variables, respectively, as team, market, product, and exit. In what follows, we interpret team as corresponding to the jockey, with market and product corresponding to the horse (or business) in the framework from Kaplan, Sensoy, and Strömberg (2009). We view the last factor, exit, as pertaining to the overall financial and liquidity conditions surrounding the deal.

Figure 1 plots the scatter distribution and interquartile range of the four individual scores by year. The scores on team and product improve somewhat over time while those for market and exit appear more stable.

In our analyses, we present results three ways. First, we use the score quintiles by year. We do this because it is difficult to interpret the raw scores and because the VC's methodology may have changed over time. Second, we use score quintiles over the entire sample for which we analyze outcomes. Third, we use the raw scores. Our results are largely consistent across these different treatments.

2.5 Outcomes

In our analysis of outcomes, we first eliminate the 525 deals that the VC passed on because the deals were later stage. These deals would have outcomes (more VC financing) and characteristics different from the rest of the sample.

We then restrict the sample to the 7,929 sourced, but not scored, and the 361 deals sourced and scored through 2021. The VC passed on the sourced, but not scored firms for a variety of reasons, including concerns with the business, competition, geography, industry, market, stage, valuation and innovation. For each firm, we use Pitchbook to obtain data on subsequent financings, outcomes and firm characteristics through March 2024.

Our first set of outcome measures considers VC financing. We determine whether each firm obtained venture capital funding and how much venture capital funding it obtained. In our analyses, we use total VC funding, the log of total VC funding plus $1 and indicator variables for whether the firm subsequently raised at least $1 million, $10 million, $25 million or $50 million.

We view raising at least $10 million as a clear measure of progress and at least $25 million as a measure of likely subsequent success. While many of the firms that receive over $10 million will not succeed, the large winners are likely to be concentrated in those firms. In other words, we believe it is unusual for a very successful VC funded company to raise less than $10 million over time. Consistent with this, Kerr et al. (2014) and Brown et al. (2020) both find that more than 50% of VC investments lose money. They also find that a small percentage of investments generate a large fraction of total returns.

These measures of success are strongly consistent with the VC's results. As of December 2022, the 63 investments that raised less than $10 million had an average (median) multiple of invested capital of 2.5 (1.0). And the average was driven by one investment that raised less than

$1 million and was acquired for almost 70 times the investment. The 26 investments that raised at least $10 million had an average (median) multiple of invested capital of 4.1 (3.0). The 13 investments that raised at least $25 million had an average (median) multiple of invested capital of 6.1 (6.4). The 5 investments that raised at least $50 million had an average (median) multiple of invested capital of 9.7 (8.2).

Looked at another way, twenty-six deals raised at least $10 million; 13 or 50% were worth more than 3 times. Sixty-three deals raised less than $10 million; 6 or 10% were worth more than 3 times. Thirteen deals raised at least $25 million; ten or 77% were worth more than 3 times. Seventy-three deals raised less than $25 million; eight or 11% were worth more than 3 times. Five deals raised at least $50 million; all five were worth more than 5 times.

We are unable to locate some companies in Pitchbook. These are primarily companies that were sourced, but not analyzed in detail. We assume that companies we cannot locate in Pitchbook have not raised any VC funding.

We then measure outcomes. We create indicator variables for whether Pitchbook reported the company was acquired, I(Acquired), acquired through an acquisition I(M&A) or acquired through a LBO, I(LBO). At this point, none of the companies has gone public. We use an indicator, I(Survival) that is zero if the company does not appear in Pitchbook or Pitchbook reports the company was acquired, went out of business, or did not raise any funding since 2020. Finally, we create an indicator, I(Unsuccessful) that equals 1 if the firm has not been acquired and has not survived as measured by I(Survival).

3. Results

Panels A and B of Table 3 presents summary statistics of the score and outcome variables for deals sourced between 2015 and 2021 by three categories: Not scored, Scored not Invested, and Scored Invested. Panels C and D of Table 3 present those statistics by deal source for the subset of deals that we have sourcing information.

3.1 Likelihood of Raising VC Financing

As mentioned earlier, the first section of panel A of Table 3 indicates that the VC firm sourced or considered 7,929 firms between 2015 and 2021 that it chose not to analyze more deeply. Using Pitchbook, we find that 47% of these firms receive some form of what Pitchbook characterizes as VC financing. This seems surprisingly high. It suggests that start-ups that are able to pitch an early stage VC like the one who provided us data have a reasonable chance of obtaining financing at some point.

It is possible and may be likely that Pitchbook uses a liberal definition of what constitutes VC financing. In some cases, Pitchbook reports the firms raised VC funding, but does not include an amount.[4]

Accordingly, we also consider whether a firm receives, respectively, at least $1, $10, $25 and $50 million in VC financing. We believe that a financing of greater than $1 million represents a credible and serious amount of funding. Even when we use the $1 million hurdle, we find that 30% of the companies that were not analyzed raise at least that much in VC funding. This may reflect the unconditional probability that a fundraising start-up obtains such financing. Alternatively, it may reflect that fact that the fund we are studying had access to an attractive or

[4] When the total amount raised are sometimes missing, we code the amount raised as 0.

better than average deal flow. We cannot distinguish between those two possibilities. In either case, the percentage seems surprisingly high, given the likelihood that many companies that try to raise seed stage venture capital are inappropriate for VC funding.

The likelihood of raising greater sums declines with the higher amounts, with only 10% raising at least $10 million, 4% at least $25 million and 2% at least $50 million. This is consistent with it being challenging for start-ups to scale their businesses.

The first section also reports survival and exit rates. Consistent with these companies being risky, only 42% – I(Survival 2) – appear to be still operating by March 2024. I.e., they have not failed and have raised funding since 2020. An additional 7% have been acquired. This suggests that at least 51% of those deals have been unsuccessful or have failed. Because some of the 42% that have survived will ultimately fail, 51% understates the percentage that will have been unsuccessful. This high failure rate is consistent with previous work on the success of start-ups.[5]

Panel B of Table 3 repeats the analyses, but excludes the 2,891 deals that were rejected because they were not in the target Midwest U.S. geography. The outcome results are qualitatively and statistically the same, but slightly worse. A still surprisingly high percentage, 24% of the firms (versus 30% in Panel A), have raised VC financing of at least $1 million. We estimate that 56% have ultimately been unsuccessful versus 51% in panel A.

Again, these results suggest that the start-ups in our sample are surprisingly successful in raising modest amounts of VC financing. At the same time, unsurprisingly, their ultimate success is uncertain and the majority do not succeed.

[5] For example, see Cochrane (2005), Puri and Zarutskie (2013), Kerr et al. (2014) and Brown et al. (2020).

3.2 Decision to Analyze

The second section of Table 3 allows for a comparison of the Scored not Invested firms, those the VC chose to analyze, but did not invest in, with the Not Scored firms that the VC chose not to analyze and, therefore, also not invest in. We focus on Panel B of Table 3 and comparisons with firms in the same, targeted Midwest geography. The Not Scored firms in Panel A include some firms in non-Midwest geographies that the VC may otherwise have found attractive. Panel B also excludes the two non-Midwest firms that the VC Scored, but did not invest in.

Panel B of Table 3 shows that 85% of the Scored not Invested firms received VC funding compared to 40% of the Not Scored firms. Similarly, 61% of the Scored not Invested firms raised at least $1 million in VC funding compared to only 24% of the Not Scored firms. These differences are statistically significant at the 1% level. The Scored not Invested firms are also more likely to have received at least $10 million in VC funding with 15% doing so compared to only 7% of the Not Scored firms. These results suggest that the VC is successful at identifying firms that will receive both initial and meaningful early stage VC financing while avoiding firms that will not.

The Scored not Invested firms are also less likely to have been unsuccessful using our survival measure. Only 32% of the Scored not Invested firms have failed (not survived or not been acquired) compared to 56% of the Not Scored firms.

The VC is also somewhat successful in identifying firms that have raised a substantial amount of venture capital and are likely to become the biggest winners. Relative to the Scored Not Invested firms, the Not Scored firms are less likely to raise at least $25 million (3% vs 5%) and as well as at least $50 million (1% vs 2%).

These results indicate that there is a substantial difference in outcomes between the firms the VC Scored and the firms the VCs chose not to score. This suggests that the VC has an ability to distinguish firm quality even at this very early stage. And, there is no question of the VC adding value to those firms because they did not invest in them. The result, however, is potentially consistent with Gonzalez-Uribe et al. (2022) who find that due diligence is associated with better outcomes in very early stage deals in the United Kingdom even when the VC does not invest.

3.3 Decision to Invest

The third section of Panel B of Table 3 presents the analogous results for the 114 companies in which the VC chose both to analyze and to invest. The outcomes for these companies are better than those for the Scored not Invested (which we saw are better than those for the Not Scored).

88% of these companies raise over $1 million in VC funding. This compares to 61% and 24%, respectively for the Scored not Invested and Not Scored companies. Those differences are statistically significant. The result is partially endogenous as the funding by our VC contributes to the $1 million. However, as we noted earlier, the initial investment by the VC in these companies averaged $110 thousand (with a median $100 thousand and maximum of $390 thousand), so the VC was not the primary reason these companies raised at least $1 million.

The Invested companies also are more likely to raise at least $10 million with 32% doing so compared to 15% and 7% for the other two categories of companies. The Invested companies are more likely to raise at least $25 million with 13% doing so compared to 5% and 3% for the other two categories of companies. All of these differences are significant at the 1% level. The

While invested companies also are more likely to raise at least $50 million with 4% doing so compared to 2% and 1% for the other two categories of companies, the differences are not statistically significant although they are arguably economically meaningful.

The Invested businesses relative to the Scored not Invested business are more likely to have survived (53% versus 48%) and less likely to have been unsuccessful (26% versus 32%). Those differences, also, are not significant.

The results for the Invested companies suggest a strong ability for the VC to pick firms that will raise substantial amounts of venture capital. Firms that do so are more likely to have experienced large increases in value and to become big winners in the VC's portfolio. As we noted earlier, choosing such firms is important because VCs earn a disproportionate fraction of their returns from a few very large winners.

The result also is consistent with the investor adding value to its investments as in Sorensen (2007) and Kerr et al. (2011). While possible, we think this interpretation is less consistent with the data and VC for two reasons. First, a large fraction (62%) of the firms the VC scored, but did not invest in received at least $1 million of VC funding and, therefore, would get the benefit of VC added value as well. This compares to 90% for the firms the VC invested in – 1.45 times as many. At the same time, the invested firms were two to four times as likely to receive at least $10, $25 and $50 million in VC financing. Second, the VC focuses more on investing in a wide range of companies and helping the successful ones obtain future VC financing, rather than focusing on adding operational value.

3.4 Scorecard Variables

Panel B of Table 3 also reports the average and median scorecard variables for the Scored not Invested and the Invested companies. As mentioned earlier, the variables are presented as score quintiles by year, score quintiles over the entire sample (for deals from July 2015 to December 2021) and raw scores.

Using score quintiles by year, Invested companies score higher than not Invested on all four variables. The difference is greatest on team with the average (median) team quintile for Invested 0.75 (1.0) higher than for not Invested companies. The average (median) differences for product scores are nearly as high at 0.71 (1.0). The differences are smaller for market and exit. This indicates that the VC relied more on the team and product scores than on the market and exit scores to make its investment decisions. The average and median differences using overall quintiles and raw scores show qualitatively similar patterns to the score quintiles by year.

3.5 Sources of Deals

Panel C looks at deal sources. We can determine deal sources for 6,581 deals. More than half (3,838 or 58%) are outbound, 25% are inbound and 17% are from co-investors. The deals from co-investors appear to be of higher average quality with 50% receiving more than $1 million and 16% receiving more than $10 million in VC funding, both statistically significantly more likely than inbound and outbound deals at the 1% level. The likelihood of surviving is higher while the likelihood of being unsuccessful is lower.

Panel D looks at the sources for just the scored deals. The VC provided sources for 93% of the scored deals. 30% are outbound, 25% are inbound and 44% are from co-investors. This implies that 2.7%, 5.3% and 13.5%, respectively, of deals from outbound, inbound and from co-investors were scored.

In the regressions that follow, we control for the source of the deal.

3.6 Multivariate Analysis of the VC's Decision to Invest

Table 4 reports multivariate analysis of the VC's decision to invest. When the individual scores only are included along with source dummies, all four are significant at the 1% level. This indicates that the VC considered all four scores as positives. When we included all four variables together in regression 5, team, product and exit remain significant at the 5% level or better. This indicates that the variables are somewhat correlated. It also suggests that those three variables are more important than market.

Upon inclusion of deal flow time and industry fixed effects, only product and exit remain significant. Again, this suggests correlations among the four scored variables as well as industry. And it indicates that the VC puts more weight on product than market and team. The deal source variables are not significant.

3.7 Determinants of Outcomes

Table 5 presents the pairwise correlations among the score and outcome variables using the entire sample of scored firms – both Invested and not Invested. Each of the three panels uses a different measure of the scores – quintile by year, overall quintile and raw score.

In Panel A, using quintile scores by year, we see that all of the scores are significantly positively correlated with each other. This suggests that the VC viewed better companies as being better on several dimensions.

Team and product are significantly related to raising VC funding of at least $1 million and $10 million. The result changes when we consider higher funding levels or other outcomes.

Product is the only variable that continues to be significantly related to higher funding levels of at least $25 million as well as lower rates of failure (I(Unsuccessful)). Moreover, Product is statistically significant with Ln(VC funding + 1) while other scores are not. The results are qualitatively similar when we use the quintile scores and the raw scores.

Overall, the univariate results suggest that the team-related measure is important for raising initial venture capital, but not larger amounts. The product-related measure is important for predicting larger amounts as well as, to some extent, for initial success. These results are consistent with the following two papers: the results in Bernstein et al. (2018) who find that seed stage investors respond more strongly to team information than to information about firm traction; and those in Kaplan et al. (2009) that, in the long run, elements of the business are more important than the team.

3.8 Outcome Regressions

The univariate results in Table 5 do not account for deal source, timing, or year effects and assume the scores are linear. Accordingly, in this section, we present multivariate regressions that control for deal source, the company's prior VC funding status and amount, industry effects, and year-quarter deal flow effects. Additionally, we analyze the score quintiles separately.

Panel A of Table 6 reports multivariate regressions for various levels of VC funding. As in the univariate results, VC funding of greater than $1 million is significantly related to the team score both with and without (industry and quarter) fixed effects. While product is significantly related without fixed effects, it loses significance with the inclusion of fixed effects.

Also, as in the univariate results, VC funding of greater than $10 and $25 million is significantly related to the product score both with and without fixed effects. When we include industry and quarter fixed effects, the coefficients on market become significant for VC funding of at least $50 million. Co-investor deals are significantly less likely to receive VC funding of at least $50 million.

Interestingly, in all columns except the last, the company's prior VC funding status shows a negative relationship with subsequent levels of VC funding, whereas its total prior VC funding amount exhibits a positive relationship. This suggests that the success of securing additional VC funding likely hinges on the initial funding amount, which determines the company's runway. Shown in Panel B, the results are robust to using the outcome measures based on post-deal flow VC deals only.

Panel C of Table 6 reports multivariate regressions for the success and failure variables. The team score is unrelated to survival or failure. Product is negatively related to failure both with and without fixed effects, and positive related to I(acquired) and I(survival) without fixed effects only. Outbound deals are less likely to be unsuccessful than inbound deals. Overall, the results in Table 6 are consistent with team mattering early, but the business – product and market – mattering more later, for potentially big winners and for ultimate success.

Table 7 reports multivariate regressions using score quintiles as explanatory variables. The patterns are qualitatively consistent, albeit statistically somewhat weaker than the previous regressions.

In Panel A, a rating in the top team quintile (Q5) predicts VC funding of at least $1 million with and without fixed effects. Strong team does not predict VC funding of $10, $25 or

$50 million. Team in the next best quintile (Q4) also fails to predict future VC funding. Team, then, is not much help in predicting the bigger successes.

Product ratings in the top two quintiles (Q4 and Q5) predict VC funding of at least $25 million both without and with fixed effects, and Q4 additionally predicts VC funding of at least $10 million both without and with fixed effects. The top market quintile (Q5) is significantly positively related to VC funding of at least $50 million with fixed effects.

In Panel B of Table 7, product ratings in the top two quintiles (Q5 and Q4) are significantly negatively related to failure without fixed effects, and Q4 is significantly positively related to survival and negatively related to failure with fixed effects. On the other hand, none of team, market, and exit top quintiles exhibit a noticeable relationship with survival or failure.

Taken together, we interpret the univariate and multivariate results in Tables 5 – 7 as finding that the team-related measure is more important for raising initial venture capital, but the business-related measures of product and, to a lesser extent market are more successful in predicting later and bigger success.

The results are relevant for and consistent with the findings of Davenport (2022) and Lyonnet and Stern (2022) who argue that VCs overweight the team in making investment decisions. In the earlier section of the paper, we find that both product and team are significant determinants of the VC's decision to invest. In this section, we find that team does not predict VC financings of $10 million or more. Firms that receive some venture capital, but are not able to raise more than $10 million are unlikely to have scaled and unlikely to have delivered high returns. Firms that raise more than $10 million are likely the drivers of outsized VC returns.

At the same time, we find that elements of the business – product and market – are predictive of larger financings, suggesting that VCs can do better by weighting those more heavily relative to the team. Our results, then, are consistent with an overweighting of team.

These results also are consistent with the following interpretation. Rajan (2012) argues that innovative firms typically undergo two transformations in early life. During the first transformation, referred to as the differentiation stage, an entrepreneur exerts much effort in developing a differentiated product to stabilize sources of economic value. At this stage, as Zingales (2000) argues, the firm's success is likely defined by the entrepreneur's specific human capital ("jockey"). Once the entrepreneur has found a robust product-market fit, the firm is ready for the second transformation (known as the standardization stage); because finance is critical for scaling up the business, the firm's operations have to be standardized if it requires external finance, making the firm's key human capital more replaceable and liquid. At this later stage, as Kaplan, Sensoy and Strömberg (2009) find, the firm's success is more determined by nonhuman assets.

3.9 Interactions

In the univariate correlations in Table 5, team, market and product scores are positively correlated. It is possible that there are important interaction effects. For example, success may be related to having both a strong product and a strong team. Accordingly, we experiment with different interaction effects by considering deals where combinations of the team, market and product are rated in one of the two top quintiles (Q5 and Q4).

Table 8 reports the regression results of these combinations with the outcome variables both without and with time and industry fixed effects. We also include the same control

variables as before. Panel A looks at VC financing at different levels while Panel B looks at success and failure.

In Panel A, combining team and product significantly predicts VC financings of at least $10 million and $25 million, both with and without fixed effects. Combining team and market significantly predicts VC financing of at least $1(with and without fixed effects), $10 (with and without fixed effects), and $50 million (with fixed effects). Combining product and market significantly predicts VC financing of at least $1(without fixed effects), $10 (with and without fixed effects), and $25 million (with and without fixed effects). Combining team, product and market only predicts VC financing of at least $10 million (with and without fixed effects).

The coefficients from the product and market regressions are particularly interesting. High scores on both product and market increase the likelihood of getting at least $10 million by more than 28%, at least $25 million by more than 11%. In the case of at least $10 million, this nearly doubles the likelihood; in the case of at least $25 million, it roughly triples the likelihood. For all three financing amounts, the expected likelihood using high product and market scores exceeds the likelihood achieved by the VC.

In Panel B, all four interactions (team-product, team-market, product-market, and team-market-product) predict survival both with and without fixed effects, and team-product, product-market, and team-market-product interactions predict failure both with and without fixed effects.

Taken together, these results suggest that there are useful interaction effects.

3.10 Reasons for Passing

As we discussed earlier, the VC recorded the primary reason for passing on deals in 7,199 of the 7929 (or 90.8%) of the deals it chose not to score. The reasons noted in at least 2%

of the deals include business model (302 or 4% of reasons for passing), competition (314 or 4%), geography (2,888 or 40%), industry (1,145 or 14%), market size (147 or 2%), stage too early (911 or 13%), uninteresting (719 or 10%), valuation too high (195 or 3%) and other (578 or 8%). Team is given as a reason in less than 1% of the deals and is included in other. Those reasons also provide some insight into the predictability of success. Table 9 reports the reasons as well as the subsequent outcomes by reason.

Business, competition, market and uninteresting are likely most related to the quality of the business. Business where the VC did not like the business, the market or the competition or found the business uninteresting were relatively unlikely to receive VC funding greater than $10 million. Uninteresting businesses are particularly unsuccessful with relatively few receiving significant VC funding and 61% failing. These results are consistent with the earlier results that the business is an important component of ultimate success.

Table 10 presents multivariate regression results that use the reasons for passing to explain the outcome variables. The regressions include the sourcing variables and are reported both without and with deal time fixed effects. Industry variables are not available.[6] The results are consistent with the univariate results. In particular, the reason for pass indicators for business, competition, market, and uninteresting are all significantly negatively related to the likelihood of raising at least $1 and $10 million.

It also is worth noting that the deals the VC passed on for valuation purposes are significantly more successful at raising VC funding of at least $10 and $25 million. These deals were too highly valued and, possibly, too advanced to meet the criteria for the VC fund.

[6] Because obtain industry information from Pitchbook, we do not have industry information on deals that we were not able to locate in Pitchbook.

Accordingly, by including these in the Not Scored deals, the overall performance of the Not Scored deals is arguably overstated relative to the seed and early-stage deals in Scored deals.

Table 10 also confirms that the VC has selection ability. Controlling for the deals the VC passed on, sourcing and scoring, deals the VC scored and invested in are significantly more likely to have raised venture capital, succeeded and not failed for all regressions except financing of at least $50 million without fixed effects.

4. Conclusion and Discussion

In this paper, we study venture capital selection using the deal flow and investment decisions for nearly 9,000 sourced deals from one early-stage VC in detail.

The (unconditional) likelihood that a sourced start-up raises at least $1 million in VC funding from some VC firm is roughly 30% while roughly 10% subsequently raise at least $10 million. We are not aware of any other study that has an estimate of this unconditional likelihood of raising VC funding.

We also consider whether the companies the VC chose to analyze intensively are more successful than those the VC did not engage with. We find that 60% of the firms the VC analyzed but did not invest in raised at least $1 million in VC while 15% raised at least $10 million. These are higher percentages than the analogous percentages for the companies that the VC did not analyze intensively. This suggests that VCs can screen firms successfully at a very early stage. Because the VC only invested in 31% of these scored firms and did not look to add operational value to those investments, the success is unlikely to come from value-added by the VC. The result is, however, potentially consistent with intensive analysis by the VC helping the

portfolio companies. For a sample of very early-stage start-ups in the UK, Gonzalez-Uribe et al. (2022) find that due diligence is associated with better outcomes.

We then estimate the success of the companies the VC analyzed and invested in compared to the success of the companies the VC analyzed, but chose not to invest in. On most metrics, the companies the VC invested in have outperformed those the VC analyzed and did not invest in (as well as the companies the VC did not score). This is particularly true for potential big winners – firms that subsequently raise more than $10, $25 and $50 million. Again, this strongly suggests that the VC can distinguish among early-stage start-ups.

The VC evaluated the deals it scored on team, market, product and exit characteristics. We estimate the relation between the different scores for the companies the VCs analyzed and the subsequent success of those companies. Team is most successful at explaining VC funding of at least $1 million, but does not explain larger financings or success. Market and product have more explanatory power for VC funding of more than $10, $25 and $50 million as well as longer term outcomes. In sum, team explains early progress, but elements of the business are more important for larger and later successes. Market and product combined are particularly predictive.

These findings potentially explain some of the disparate findings in the literature. The fact that team explains funding of at least $1 million is consistent with Bernstein et al. (2018) that early-stage investors and angels focus on the management team. The team drives near-term success. However, the fact that team is less successful than aspects of the business – market and product – in explaining funding of at least $10 million and survival is consistent with Kaplan et al. (2009).

The results also are consistent with the findings of Davenport (2022) and Lyonnet and Stern (2022) that VCs overweight the team in making investment decisions. In our sample, the VC uses team (along with product) to select the firms it invests in. Team is correlated with getting the company to VC funding, but not correlated with firms that raise at least $10 million in VC funding. Given that VC returns are likely to be driven by the firms that raise at least $10 million, this suggests the VC put too much weight on the team as well.

Finally, firms that score well (top two quintiles) on market and product, or market, product and team are particularly likely to succeed, indicating the elements of the business and the team interact in meaningful ways. Combining high product and market scores is slightly more successful than the VC at predicting VC funding of at least $10, $25 and $50 million.

The study has both advantages and limitations. An important advantage of this study is that we have information on all of the deals the VC considered and we have the information the VC had about those deals at the time of its investment decision. We do not have to guess about either of these types of information.

On the flip side, an important limitation of the study is that we study only one early-stage VC firm and rely on that firm's scoring methodology. This generates at least three concerns.

First, it is possible that the deal flow of that one firm could be non-representative of the deal flow of the typical VC firms. That said, the VC had an avowed strategy of seeing all seed and early-stage deals in the Midwest U.S. Using Pitchbook data, we show that the VC covers 34% (31%) of all Midwest VC-backed start-ups that raised seed (seed or early-stage) VC deals since July 2015 (when our VC started). Furthermore, we show that those that raised a seed VC deal screened by our VC do not exhibit statistically significant differences in terms of total VC

funding, survival and failure rates. Accordingly, we think it likely the VC's deal flow captures the typical company trying to raise VC financing, particularly in the Midwest U.S.

Second, it is possible that the VC is unusual in its ability to select deals to score and deals to fund. We cannot answer this with the data we have. We can say that this VC appears to have skill in both deciding which deals to score and, particularly, in choosing which deal to fund.

Third, the VC's scoring methodology may be subjective and not easy to replicate. This is possible, but other papers find that most VCs score aspects of the team and aspects of the business including the market and product.[7] Also, as we have mentioned, those papers tend to find results consistent with ours.

[7] See Macmillan et al. (1985 and 1987) and Kaplan and Strömberg (2004).

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Tables and Figures

Table 1: Number of deals sourced, scored, and invested by the VC (Jul 2015 - Dec 2021)

Year	N sourced	N scored	N invested	% scored/sourced	% invested/sourced	% invested/scored
2015	153	29	14	19.0%	9.2%	48.3%
2016	551	81	24	14.7%	4.4%	29.6%
2017	833	80	24	9.6%	2.9%	30.0%
2018	1,579	50	18	3.2%	1.1%	36.0%
2019	1,318	25	5	1.9%	0.4%	20.0%
2020	3,107	67	13	2.2%	0.4%	19.4%
2021	1,274	34	16	2.7%	1.3%	47.1%
Total	8,815	366	114	4.2%	1.3%	31.1%

Note: Years are based on the first date the deal was seen by the VC.

Table 2: VC representativeness test

Panel A: Midwest firms that raised seed VC funding since July 2015

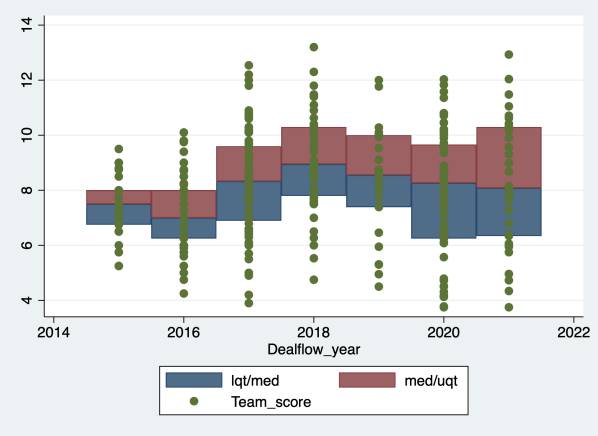
	Not seen by the VC				Seen by the VC				
	N	Mean	P50	SD	N	Mean	P50	SD	Mean Diff.
VC funding (M)	1858	9.270	2.000	58.668	978	10.228	2.250	37.923	-0.958
I(Survival)	1858	0.675	1.000	0.468	978	0.658	1.000	0.474	0.017
I(Unsuccessful)	1858	0.253	0.000	0.435	978	0.242	0.000	0.429	0.011

Panel B: Midwest firms that raised seed and early-stage VC funding since July 2015

	Not seen by the VC				Seen by the VC				
	N	Mean	P50	SD	N	Mean	P50	SD	Mean Diff.
VC funding (M)	3106	17.250	1.881	140.099	1387	9.910	1.890	35.636	7.340***
I(Survival)	3106	0.627	1.000	0.484	1387	0.631	1.000	0.483	-0.003
I(Unsuccessful)	3106	0.276	0.000	0.447	1387	0.266	0.000	0.442	0.010

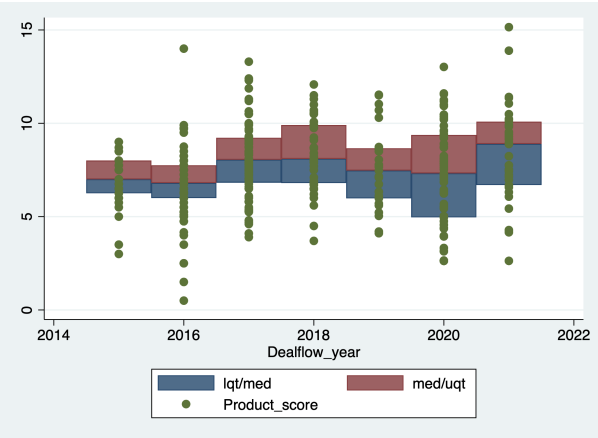
Note: This table reports the balance test results of three key success measures – VC funding amount, I(Survival), and I(Unsuccessful)) – over U.S. Midwest-based VC start-ups in Pitchbook screened by the VC versus those that were not screened by the VC. Panel A focuses on Midwest firms that raised seed VC funding, and Panel B focuses on Midwest firms that raised seed or early-stage VC funding. The Midwest states considered in this analysis are Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Figure 1: Individual scores by deal flow year (Jul 2015 - Dec 2021)

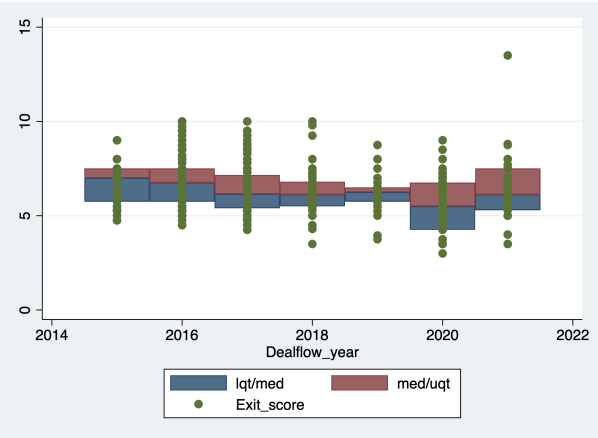


Panel A: Team

Panel B: Market



Panel C: Product



Panel D: Exit

Table 3: Summary statistics

Panel A: Full sample

	(1) Not scored				(2) Scored not invested				(3) Invested			
	N	mean	median	sd	N	mean	median	sd	N	mean	median	sd
I(VC funding)	7929	0.47	0.00	0.50	247	0.85	1.00	0.36	114	1.00	1.00	0.00
VC funding (M)	7929	5.13	0.00	28.40	247	5.68	1.50	14.84	114	20.42	4.30	71.62
VC funding (M, pre-dealflow)	7929	1.34	0.00	17.93	247	0.33	0.00	0.86	114	0.45	0.00	1.13
VC funding (M ,post-dealflow)	7929	3.79	0.00	19.63	247	5.36	1.02	14.81	114	19.97	3.44	71.70
I(VC > 1M)	7929	0.30	0.00	0.46	247	0.60	1.00	0.49	114	0.88	1.00	0.33
I(VC > 10M)	7929	0.10	0.00	0.29	247	0.15	0.00	0.36	114	0.32	0.00	0.47
I(VC > 25M)	7929	0.04	0.00	0.20	247	0.04	0.00	0.21	114	0.13	0.00	0.34
I(VC > 50M)	7929	0.02	0.00	0.13	247	0.02	0.00	0.13	114	0.04	0.00	0.21
I(M&A)	7929	0.05	0.00	0.22	247	0.13	0.00	0.34	114	0.11	0.00	0.32
I(LBO)	7929	0.02	0.00	0.13	247	0.06	0.00	0.24	114	0.10	0.00	0.30
I(Acquired)	7929	0.07	0.00	0.25	247	0.19	0.00	0.39	114	0.21	0.00	0.41
I(Survival)	7929	0.42	0.00	0.49	247	0.49	0.00	0.50	114	0.53	1.00	0.50
I(Unsuccessful)	7929	0.51	1.00	0.50	247	0.32	0.00	0.47	114	0.26	0.00	0.44
Team score (quintiles by deal flow year)	0	.	.	.	247	2.67	2.00	1.41	114	3.40	3.00	1.26
Market score (quintiles by deal flow year)	0	.	.	.	247	2.80	3.00	1.44	114	3.24	3.00	1.32
Product score (quintiles by deal flow year)	0	.	.	.	247	2.70	3.00	1.36	114	3.39	3.50	1.35
Exit score (quintiles by deal flow year)	0	.	.	.	247	2.68	3.00	1.37	114	3.26	3.00	1.48
Team score (quintiles)	0	.	.	.	247	2.74	3.00	1.44	114	3.46	4.00	1.26
Market score (quintiles)	0	.	.	.	247	2.85	3.00	1.45	114	3.25	3.00	1.31
Product score (quintiles)	0	.	.	.	247	2.73	3.00	1.40	114	3.39	3.00	1.35
Exit score (quintiles)	0	.	.	.	247	2.60	2.00	1.33	114	3.32	4.00	1.41
Team score (raw)	0	.	.	.	247	7.67	7.60	1.95	114	8.66	8.51	1.64
Market score (raw)	0	.	.	.	247	6.47	6.50	1.61	114	7.08	7.00	1.44
Product score (raw)	0	.	.	.	247	7.18	7.10	2.23	114	8.25	8.00	2.07
Exit score (raw)	0	.	.	.	247	6.05	6.00	1.34	114	6.87	6.80	1.58

Table 3: Summary statistics (continued)

Panel B: Full sample excluding deals passed due to geography

	(1) Not scored				(2) Scored not invested				(3) Invested			
	N	mean	median	sd	N	mean	median	sd	N	mean	median	sd
I(VC funding)	5041	0.40	0.00	0.49	244	0.85	1.00	0.36	114	1.00	1.00	0.00
VC funding (M)	5041	3.98	0.00	25.29	244	5.70	1.52	14.91	114	20.42	4.30	71.62
VC funding (M, pre-dealflow)	5041	1.10	0.00	17.79	244	0.33	0.00	0.86	114	0.45	0.00	1.13
VC funding (M ,post-dealflow)	5041	2.88	0.00	15.77	244	5.37	1.03	14.88	114	19.97	3.44	71.70
I(VC > 1M)	5041	0.24	0.00	0.42	244	0.61	1.00	0.49	114	0.88	1.00	0.33
I(VC > 10M)	5041	0.07	0.00	0.26	244	0.15	0.00	0.36	114	0.32	0.00	0.47
I(VC > 25M)	5041	0.03	0.00	0.18	244	0.05	0.00	0.21	114	0.13	0.00	0.34
I(VC > 50M)	5041	0.01	0.00	0.12	244	0.02	0.00	0.13	114	0.04	0.00	0.21
I(M&A)	5041	0.04	0.00	0.20	244	0.14	0.00	0.34	114	0.11	0.00	0.32
I(LBO)	5041	0.02	0.00	0.12	244	0.06	0.00	0.24	114	0.10	0.00	0.30
I(Acquired)	5041	0.06	0.00	0.23	244	0.19	0.00	0.40	114	0.21	0.00	0.41
I(Survival)	5041	0.38	0.00	0.49	244	0.48	0.00	0.50	114	0.53	1.00	0.50
I(Unsuccessful)	5041	0.56	1.00	0.50	244	0.32	0.00	0.47	114	0.26	0.00	0.44
Team score (quintiles by deal flow year)	0	.	.	.	244	2.65	2.00	1.40	114	3.40	3.00	1.26
Market score (quintiles by deal flow year)	0	.	.	.	244	2.78	3.00	1.44	114	3.24	3.00	1.32
Product score (quintiles by deal flow year)	0	.	.	.	244	2.68	3.00	1.35	114	3.39	3.50	1.35
Exit score (quintiles by deal flow year)	0	.	.	.	244	2.68	3.00	1.37	114	3.26	3.00	1.48
Team score (quintiles)	0	.	.	.	244	2.73	3.00	1.44	114	3.46	4.00	1.26
Market score (quintiles)	0	.	.	.	244	2.84	3.00	1.44	114	3.25	3.00	1.31
Product score (quintiles)	0	.	.	.	244	2.71	3.00	1.39	114	3.39	3.00	1.35
Exit score (quintiles)	0	.	.	.	244	2.60	2.00	1.33	114	3.32	4.00	1.41
Team score (raw)	0	.	.	.	244	7.65	7.60	1.95	114	8.66	8.51	1.64
Market score (raw)	0	.	.	.	244	6.44	6.50	1.60	114	7.08	7.00	1.44
Product score (raw)	0	.	.	.	244	7.14	7.09	2.19	114	8.25	8.00	2.07
Exit score (raw)	0	.	.	.	244	6.05	6.00	1.35	114	6.87	6.80	1.58

Table 3: Summary statistics (continued)

Panel C: Full sample, by dealflow type

	Coinvestor				Inbound				Outbound			
	N	mean	median	sd	N	mean	median	sd	N	mean	median	sd
I(VC funding)	1118	0.68	1.00	0.47	1625	0.46	0.00	0.50	3838	0.45	0.00	0.50
VC funding (M)	1118	6.93	0.90	30.91	1625	4.70	0.00	27.10	3838	4.30	0.00	26.77
VC funding (M, pre-dealflow)	1118	1.64	0.00	21.12	1625	1.14	0.00	17.42	3838	1.26	0.00	19.24
VC funding (M ,post-dealflow)	1118	5.29	0.04	22.37	1625	3.56	0.00	19.25	3838	3.04	0.00	16.43
I(VC $>$ 1M)	1118	0.50	0.00	0.50	1625	0.29	0.00	0.46	3838	0.28	0.00	0.45
I(VC $>$ 10M)	1118	0.16	0.00	0.37	1625	0.08	0.00	0.28	3838	0.08	0.00	0.28
I(VC $>$ 25M)	1118	0.05	0.00	0.22	1625	0.04	0.00	0.19	3838	0.04	0.00	0.19
I(VC $>$ 50M)	1118	0.02	0.00	0.13	1625	0.02	0.00	0.13	3838	0.01	0.00	0.12
I(M&A)	1118	0.08	0.00	0.27	1625	0.05	0.00	0.22	3838	0.04	0.00	0.19
I(LBO)	1118	0.03	0.00	0.18	1625	0.02	0.00	0.13	3838	0.01	0.00	0.11
I(Acquired)	1118	0.11	0.00	0.31	1625	0.07	0.00	0.25	3838	0.05	0.00	0.22
I(Survival)	1118	0.58	1.00	0.49	1625	0.45	0.00	0.50	3838	0.43	0.00	0.49
I(Unsuccessful)	1118	0.32	0.00	0.47	1625	0.49	0.00	0.50	3838	0.52	1.00	0.50
Scored	1118	0.14	0.00	0.34	1625	0.05	0.00	0.22	3838	0.03	0.00	0.16
Invested	1118	0.04	0.00	0.20	1625	0.02	0.00	0.13	3838	0.01	0.00	0.09

Table 3: Summary statistics (continued)

Panel D: Scored only sample, by dealflow type

	Coinvestor				Inbound				Outbound			
	N	mean	median	sd	N	mean	median	sd	N	mean	median	sd
I(VC funding)	151	0.90	1.00	0.30	86	0.87	1.00	0.34	103	0.91	1.00	0.28
VC funding (M)	151	6.29	2.49	9.58	86	6.98	1.80	15.89	103	15.40	2.10	69.04
VC funding (M, pre-dealflow)	151	0.35	0.00	0.83	86	0.29	0.00	0.80	103	0.45	0.00	1.14
VC funding (M ,post-dealflow)	151	5.94	2.13	9.49	86	6.69	1.40	15.90	103	14.95	1.72	69.09
I(VC > 1M)	151	0.70	1.00	0.46	86	0.66	1.00	0.48	103	0.71	1.00	0.46
I(VC > 10M)	151	0.22	0.00	0.41	86	0.17	0.00	0.38	103	0.19	0.00	0.40
I(VC > 25M)	151	0.05	0.00	0.22	86	0.07	0.00	0.26	103	0.09	0.00	0.28
I(VC > 50M)	151	0.01	0.00	0.08	86	0.02	0.00	0.15	103	0.03	0.00	0.17
I(M&A)	151	0.12	0.00	0.33	86	0.15	0.00	0.36	103	0.14	0.00	0.34
I(LBO)	151	0.09	0.00	0.28	86	0.03	0.00	0.18	103	0.09	0.00	0.28
I(Acquired)	151	0.20	0.00	0.40	86	0.19	0.00	0.39	103	0.22	0.00	0.42
I(Survival)	151	0.52	1.00	0.50	86	0.43	0.00	0.50	103	0.50	1.00	0.50
I(Unsuccessful)	151	0.28	0.00	0.45	86	0.38	0.00	0.49	103	0.27	0.00	0.45
Invested	151	0.32	0.00	0.47	86	0.34	0.00	0.48	103	0.31	0.00	0.47
Team score (quintiles by deal flow year)	151	3.07	3.00	1.42	86	2.83	3.00	1.43	103	2.63	2.00	1.35
Market score (quintiles by deal flow year)	151	2.84	3.00	1.37	86	2.87	3.00	1.47	103	3.00	3.00	1.44
Product score (quintiles by deal flow year)	151	3.09	3.00	1.39	86	2.86	3.00	1.39	103	2.73	3.00	1.42
Exit score (quintiles by deal flow year)	151	2.87	3.00	1.48	86	3.14	3.00	1.34	103	2.66	3.00	1.39
Team score (quintiles)	151	3.09	3.00	1.46	86	2.98	3.00	1.43	103	2.69	2.00	1.36
Market score (quintiles)	151	2.91	3.00	1.35	86	2.95	3.00	1.49	103	2.97	3.00	1.42
Product score (quintiles)	151	3.09	3.00	1.43	86	2.94	3.00	1.38	103	2.70	3.00	1.39
Exit score (quintiles)	151	2.87	3.00	1.51	86	3.06	3.00	1.28	103	2.61	2.00	1.29
Team score (raw)	151	8.21	8.00	1.97	86	7.95	8.00	2.01	103	7.53	7.50	1.69
Market score (raw)	151	6.63	6.50	1.48	86	6.58	6.50	1.75	103	6.64	6.50	1.52
Product score (raw)	151	7.68	7.50	2.32	86	7.60	7.70	2.16	103	7.20	7.20	2.06
Exit score (raw)	151	6.40	6.25	1.67	86	6.44	6.50	1.25	103	6.09	6.00	1.27

Table 4: Predictive regressions of the VC's decision to invest on score quintiles (by deal flow year)

Estimated on a linear probability model. Individual scores are based on quintiles by each dealflow year. Industry and dealflow year-quarter fixed effects are included. Standard errors are clustered at the Pitchbook industry code level.

	(1)	(2)	(3)	(4)	(5)	(6)
	I(Invested by the VC)	I(Invested by the VC)	I(Invested by the VC)	I(Invested by the VC)	I(Invested by the VC)	I(Invested by the VC)
Team score (quintiles by deal flow year)	0.082***				0.051***	0.039
	(0.016)				(0.019)	(0.026)
Market score (quintiles by deal flow year)		0.048***			0.011	0.018
		(0.017)			(0.018)	(0.014)
Product score (quintiles by deal flow year)			0.078***		0.050***	0.061***
			(0.017)		(0.019)	(0.020)
Exit score (quintiles by deal flow year)				0.063***	0.043**	0.043***
				(0.017)	(0.017)	(0.015)
Coinvestor deal	-0.014	0.005	-0.020	0.007	-0.012	0.004
	(0.058)	(0.058)	(0.058)	(0.057)	(0.056)	(0.063)
Outbound deal	0.019	-0.004	0.010	0.021	0.037	0.057
	(0.064)	(0.064)	(0.064)	(0.063)	(0.063)	(0.066)
I(VC funding, pre-dealflow)	-0.083	-0.093	-0.122	-0.112	-0.125	-0.153*
	(0.084)	(0.088)	(0.079)	(0.092)	(0.082)	(0.079)
Ln(VC funding + 1, pre-dealflow)	0.011	0.011	0.012*	0.010	0.012*	0.011***
	(0.007)	(0.007)	(0.006)	(0.007)	(0.006)	(0.004)
Constant	0.066	0.165***	0.091	0.126*	-0.142*	-0.156***
	(0.065)	(0.064)	(0.067)	(0.065)	(0.078)	(0.057)
Dealflow Year-Quarter Effects	No	No	No	No	No	Yes
Industry Effects	No	No	No	No	No	Yes
N	361	361	361	361	361	361
R-squared	0.07	0.03	0.06	0.04	0.11	0.28

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5: Cross-correlations of individual scores and outcomes

Panel A: Using the scores in quintiles by deal flow year

Variables	Team	Market	Product	Exit	I(VC)	Ln(VC+1)	I(VC>1M)	I(VC>10M)	I(VC>25M)	I(VC>50M)	I(Acquired)	I(Survival)	I(Unsuccessful)
Team score	1.000												
Market score	0.290***	1.000											
Product score	0.390***	0.208***	1.000										
Exit score	0.200***	0.266***	0.146***	1.000									
I(VC funding)	0.073	0.087*	0.123**	0.087*	1.000								
Ln(VC funding + 1)	0.078	0.050	0.121**	0.020	0.711***	1.000							
I(VC > 1M)	0.142***	0.037	0.134**	0.036	0.511***	0.791***	1.000						
I(VC > 10M)	0.148***	0.130**	0.152***	0.078	0.173***	0.393***	0.338***	1.000					
I(VC > 25M)	0.027	-0.003	0.100*	0.012	0.096*	0.257***	0.187***	0.553***	1.000				
I(VC > 50M)	0.011	0.045	0.022	-0.034	0.055	0.176***	0.107**	0.318***	0.574***	1.000			
I(Acquired)	0.009	-0.007	0.063	-0.025	0.033	0.037	0.000	-0.128**	-0.111**	-0.034	1.000		
I(Survival)	0.053	0.033	0.055	0.015	0.180***	0.262***	0.286***	0.367***	0.237***	0.125**	-0.493***	1.000	
I(Unsuccessful)	-0.066	-0.030	-0.114**	0.005	-0.224***	-0.316***	-0.311***	-0.288***	-0.161***	-0.106**	-0.328***	-0.660***	1.000

* p<10%, ** p<5%, *** p<1%

Panel B: Using the scores in quintiles

Variables	Team	Market	Product	Exit	I(VC)	Ln(VC+1)	I(VC>1M)	I(VC>10M)	I(VC>25M)	I(VC>50M)	I(Acquired)	I(Survival)	I(Unsuccessful)
Team score	1.000												
Market score	0.249***	1.000											
Product score	0.536***	0.212***	1.000										
Exit score	0.113**	0.233***	0.064	1.000									
I(VC funding)	0.100*	0.059	0.113**	0.074	1.000								
Ln(VC funding + 1)	0.085*	0.027	0.112**	0.027	0.711***	1.000							
I(VC > 1M)	0.150***	-0.001	0.132**	0.051	0.511***	0.791***	1.000						
I(VC > 10M)	0.156***	0.109**	0.173***	0.072	0.173***	0.393***	0.338***	1.000					
I(VC > 25M)	0.036	0.004	0.058	0.034	0.096*	0.257***	0.187***	0.553***	1.000				
I(VC > 50M)	0.003	0.052	0.007	-0.031	0.055	0.176***	0.107**	0.318***	0.574***	1.000			
I(Acquired)	-0.043	0.007	-0.008	0.016	0.033	0.037	0.000	-0.128**	-0.111**	-0.034	1.000		
I(Survival)	0.111**	-0.029	0.133**	-0.044	0.180***	0.262***	0.286***	0.367***	0.237***	0.125**	-0.493***	1.000	
I(Unsuccessful)	-0.083	0.026	-0.138***	0.034	-0.224***	-0.316***	-0.311***	-0.288***	-0.161***	-0.106**	-0.328***	-0.660***	1.000

* p<10%, ** p<5%, *** p<1%

Table 5: Cross-correlations of individual scores and outcomes (continued)

Panel C: Using the raw scores

Variables	Team	Market	Product	Exit	I(VC)	Ln(VC+1)	I(VC>1M)	I(VC>10M)	I(VC>25M)	I(VC>50M)	I(Acquired)	I(Survival)	I(Unsuccessful)
Team score	1.000												
Market score	0.318***	1.000											
Product score	0.559***	0.250***	1.000										
Exit score	0.165***	0.303***	0.149***	1.000									
I(VC funding)	0.103**	0.072	0.134**	0.098*	1.000								
Ln(VC funding + 1)	0.088*	0.027	0.120**	0.062	0.711***	1.000							
I(VC > 1M)	0.161***	0.030	0.153***	0.086*	0.511***	0.791***	1.000						
I(VC > 10M)	0.179***	0.109**	0.174***	0.106**	0.173***	0.393***	0.338***	1.000					
I(VC > 25M)	0.042	-0.014	0.073	0.038	0.096*	0.257***	0.187***	0.553***	1.000				
I(VC > 50M)	0.016	0.026	0.014	0.008	0.055	0.176***	0.107**	0.318***	0.574***	1.000			
I(Acquired)	-0.007	0.014	0.018	0.023	0.033	0.037	0.000	-0.128**	-0.111**	-0.034	1.000		
I(Survival)	0.084	-0.027	0.104**	-0.064	0.180***	0.262***	0.286***	0.367***	0.237***	0.125**	-0.493***	1.000	
I(Unsuccessful)	-0.085*	0.017	-0.128**	0.050	-0.224***	-0.316***	-0.311***	-0.288***	-0.161***	-0.106**	-0.328***	-0.660***	1.000

* p<10%, ** p<5%, *** p<1%

Table 6: Predictive regressions on score quintiles (by deal flow year)

Estimated on a linear probability model. Individual scores are in quintiles by each dealflow year. Industry and dealflow year-quarter fixed effects are included in even-numbered columns. Standard errors are clustered at the Pitchbook industry code level.

Panel A: Indicator for VC funding by different amount

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	I(VC > 1M)	I(VC > 1M)	I(VC > 10M)	I(VC > 10M)	I(VC > 25M)	I(VC > 25M)	I(VC > 50M)	I(VC > 50M)
Team score (quintiles by deal flow year)	0.039**	0.040**	0.021	0.014	-0.001	0.000	-0.000	0.002
	(0.018)	(0.018)	(0.013)	(0.014)	(0.009)	(0.010)	(0.006)	(0.007)
Market score (quintiles by deal flow year)	-0.003	0.002	0.023	0.033	-0.006	-0.002	0.005	0.011**
	(0.017)	(0.021)	(0.021)	(0.022)	(0.013)	(0.012)	(0.006)	(0.005)
Product score (quintiles by deal flow year)	0.032**	0.013	0.032**	0.035**	0.023***	0.030***	0.004	0.005
	(0.015)	(0.014)	(0.014)	(0.015)	(0.007)	(0.008)	(0.005)	(0.006)
Exit score (quintiles by deal flow year)	0.000	0.004	0.010	0.021	0.002	-0.001	-0.006	-0.007
	(0.015)	(0.015)	(0.015)	(0.016)	(0.011)	(0.011)	(0.008)	(0.009)
Coinvestor deal	0.025	0.029	0.023	0.030	-0.039	-0.032	-0.042**	-0.037**
	(0.076)	(0.083)	(0.045)	(0.052)	(0.030)	(0.030)	(0.017)	(0.015)
Outbound deal	0.080	0.111	0.034	0.084	0.014	0.042	-0.017	-0.008
	(0.069)	(0.067)	(0.055)	(0.060)	(0.033)	(0.040)	(0.019)	(0.020)
I(VC funding, pre-dealflow)	-0.318***	-0.294**	-0.192***	-0.203**	-0.108***	-0.107**	-0.034***	-0.047
	(0.107)	(0.112)	(0.058)	(0.082)	(0.021)	(0.049)	(0.012)	(0.033)
Ln(VC funding + 1, pre-dealflow)	0.036***	0.033***	0.012**	0.013**	0.007***	0.006**	0.002*	0.002
	(0.005)	(0.006)	(0.005)	(0.006)	(0.002)	(0.003)	(0.001)	(0.002)
Constant	0.434***	0.451***	-0.046	-0.114	0.043	0.010	0.042	0.021
	(0.117)	(0.077)	(0.069)	(0.073)	(0.068)	(0.058)	(0.047)	(0.045)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.10	0.25	0.05	0.22	0.03	0.24	0.02	0.27

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Predictive regressions on score quintiles (by deal flow year) (continued)

Panel B: Robustness results for Panel A, using post-dealflow VC funding

	(1) I(VC > 1M, post-dealflow)	(2) I(VC > 10M, post-dealflow)	(3) I(VC > 25M, post-dealflow)	(4) I(VC > 50M, post-dealflow)
Team score (quintiles by deal flow year)	0.048***	0.011	0.000	0.002
	(0.016)	(0.014)	(0.010)	(0.007)
Market score (quintiles by deal flow year)	0.016	0.028	-0.002	0.011**
	(0.021)	(0.018)	(0.012)	(0.005)
Product score (quintiles by deal flow year)	0.012	0.033*	0.030***	0.005
	(0.016)	(0.018)	(0.008)	(0.006)
Exit score (quintiles by deal flow year)	0.009	0.020	-0.001	-0.007
	(0.016)	(0.015)	(0.011)	(0.009)
Coinvestor deal	0.028	0.048	-0.032	-0.037**
	(0.076)	(0.055)	(0.030)	(0.015)
Outbound deal	0.149***	0.094*	0.042	-0.008
	(0.054)	(0.053)	(0.040)	(0.020)
I(VC funding, pre-dealflow)	-0.281**	-0.181**	-0.107**	-0.047
	(0.124)	(0.080)	(0.049)	(0.033)
Ln(VC funding + 1, pre-dealflow)	0.015*	0.009	0.006**	0.002
	(0.008)	(0.006)	(0.003)	(0.002)
Constant	0.371***	-0.091	0.010	0.021
	(0.088)	(0.062)	(0.058)	(0.045)
Dealflow Year-Quarter Effects	Yes	Yes	Yes	Yes
Industry Effects	Yes	Yes	Yes	Yes
N	361	361	361	361
R-squared	0.23	0.23	0.24	0.27

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Predictive regressions on score quintiles (by deal flow year) (continued)

Panel C: Other outcomes

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
Team score (quintiles by deal flow year)	-0.002	-0.005	0.007	0.011	-0.005	-0.006
	(0.014)	(0.013)	(0.017)	(0.021)	(0.019)	(0.023)
Market score (quintiles by deal flow year)	-0.004	0.003	0.004	0.005	-0.001	-0.008
	(0.010)	(0.011)	(0.020)	(0.015)	(0.019)	(0.015)
Product score (quintiles by deal flow year)	0.022*	0.011	0.019*	0.016	-0.041***	-0.028*
	(0.012)	(0.014)	(0.011)	(0.013)	(0.014)	(0.015)
Exit score (quintiles by deal flow year)	-0.007	-0.006	0.007	0.003	-0.000	0.003
	(0.013)	(0.014)	(0.015)	(0.014)	(0.013)	(0.013)
Coinvestor deal	0.022	0.014	0.045	0.030	-0.067	-0.044
	(0.058)	(0.043)	(0.063)	(0.077)	(0.047)	(0.054)
Outbound deal	0.058	0.037	0.062	0.094	-0.120*	-0.131**
	(0.056)	(0.048)	(0.075)	(0.060)	(0.063)	(0.062)
I(VC funding, pre-dealflow)	-0.075	-0.067	-0.126	-0.104	0.201**	0.172*
	(0.078)	(0.059)	(0.107)	(0.110)	(0.099)	(0.101)
Ln(VC funding + 1, pre-dealflow)	0.007	0.003	-0.004	-0.001	-0.003	-0.002
	(0.006)	(0.006)	(0.007)	(0.008)	(0.006)	(0.007)
Constant	0.144	0.181***	0.410***	0.398***	0.446***	0.421***
	(0.085)	(0.064)	(0.089)	(0.075)	(0.073)	(0.066)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.01	0.23	0.03	0.29	0.05	0.26

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Predictive regressions on score quintile dummies (by deal flow year)

Estimated on a linear probability model. Individual scores are in quintiles by each dealflow year. Industry and dealflow year-quarter fixed effects are included in even-numbered columns. Standard errors are clustered at Pitchbook industry code level.

Panel A: Indicator for VC funding by different amount

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	I(VC > 1M)	I(VC > 1M)	I(VC > 10M)	I(VC > 10M)	I(VC > 25M)	I(VC > 25M)	I(VC > 50M)	I(VC > 50M)
Team Q2 (by deal flow year)	0.097	0.081	0.031	-0.019	0.083**	0.053	0.044	0.026
	(0.070)	(0.079)	(0.057)	(0.058)	(0.034)	(0.043)	(0.026)	(0.019)
Team Q3 (by deal flow year)	0.091	0.115	0.002	-0.027	0.028	0.030	-0.014	-0.011
	(0.065)	(0.075)	(0.045)	(0.052)	(0.034)	(0.039)	(0.014)	(0.020)
Team Q4 (by deal flow year)	0.168**	0.119	0.046	-0.013	0.061*	0.071	0.023	0.035
	(0.069)	(0.083)	(0.034)	(0.049)	(0.036)	(0.043)	(0.019)	(0.026)
Team Q5 (by deal flow year)	0.170*	0.185**	0.126**	0.085	0.025	0.002	0.018	0.013
	(0.084)	(0.091)	(0.058)	(0.063)	(0.047)	(0.053)	(0.034)	(0.037)
Market Q2 (by deal flow year)	-0.127**	-0.112*	-0.035	-0.044	-0.086**	-0.090**	0.007	0.029
	(0.058)	(0.062)	(0.054)	(0.050)	(0.034)	(0.034)	(0.020)	(0.018)
Market Q3 (by deal flow year)	-0.127*	-0.133	-0.078*	-0.067	-0.125***	-0.115***	-0.026*	0.009
	(0.070)	(0.097)	(0.046)	(0.048)	(0.040)	(0.041)	(0.014)	(0.016)
Market Q4 (by deal flow year)	-0.027	-0.016	0.095	0.105	-0.048	-0.077*	-0.011	-0.004
	(0.061)	(0.086)	(0.110)	(0.108)	(0.042)	(0.045)	(0.019)	(0.016)
Market Q5 (by deal flow year)	-0.059	-0.036	0.066	0.115	-0.049	-0.030	0.033	0.063**
	(0.075)	(0.092)	(0.075)	(0.083)	(0.058)	(0.057)	(0.030)	(0.028)
Product Q2 (by deal flow year)	0.141*	0.104	0.043	-0.005	0.049	0.049	-0.009	-0.017
	(0.080)	(0.063)	(0.055)	(0.058)	(0.030)	(0.030)	(0.015)	(0.016)
Product Q3 (by deal flow year)	0.077	0.067	-0.001	-0.025	0.033	0.048	0.002	-0.001
	(0.071)	(0.065)	(0.057)	(0.061)	(0.029)	(0.031)	(0.023)	(0.014)
Product Q4 (by deal flow year)	0.164**	0.111	0.182***	0.185***	0.121***	0.142***	0.009	0.011
	(0.067)	(0.069)	(0.050)	(0.053)	(0.036)	(0.036)	(0.027)	(0.023)
Product Q5 (by deal flow year)	0.153**	0.068	0.096	0.097	0.075**	0.105***	0.011	0.011
	(0.068)	(0.059)	(0.065)	(0.068)	(0.032)	(0.038)	(0.024)	(0.028)
Exit Q2 (by deal flow year)	-0.089	-0.125	0.016	0.066	-0.035	-0.006	-0.015	0.006
	(0.094)	(0.080)	(0.056)	(0.050)	(0.042)	(0.041)	(0.030)	(0.028)
Exit Q3 (by deal flow year)	-0.046	-0.041	-0.035	0.016	-0.036	-0.003	-0.049*	-0.049*
	(0.069)	(0.079)	(0.048)	(0.057)	(0.046)	(0.040)	(0.028)	(0.027)
Exit Q4 (by deal flow year)	-0.047	-0.038	-0.002	0.061	-0.043	-0.010	-0.055*	-0.048
	(0.073)	(0.071)	(0.073)	(0.075)	(0.044)	(0.040)	(0.031)	(0.033)
Exit Q5 (by deal flow year)	-0.017	-0.023	0.058	0.105	0.014	0.008	-0.003	0.003
	(0.079)	(0.068)	(0.064)	(0.063)	(0.040)	(0.034)	(0.035)	(0.035)
Coinvestor deal	0.025	0.031	0.012	0.027	-0.042	-0.021	-0.045**	-0.037**
	(0.079)	(0.084)	(0.048)	(0.053)	(0.033)	(0.032)	(0.017)	(0.016)
Outbound deal	0.081	0.109	0.022	0.070	0.007	0.042	-0.022	-0.012
	(0.077)	(0.069)	(0.057)	(0.068)	(0.030)	(0.035)	(0.017)	(0.019)
I(VC funding, pre-dealflow)	-0.298***	-0.245**	-0.197***	-0.211**	-0.106***	-0.104*	-0.043**	-0.067*
	(0.105)	(0.118)	(0.060)	(0.092)	(0.026)	(0.056)	(0.019)	(0.036)
Ln(VC funding + 1, pre-dealflow)	0.034***	0.030***	0.012**	0.013**	0.006**	0.006*	0.002	0.003
	(0.005)	(0.007)	(0.005)	(0.006)	(0.002)	(0.003)	(0.001)	(0.002)
Constant	0.530***	0.553***	0.100*	0.078*	0.087	0.050	0.064*	0.042*
	(0.130)	(0.080)	(0.054)	(0.046)	(0.052)	(0.045)	(0.032)	(0.023)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.12	0.27	0.10	0.26	0.08	0.28	0.07	0.31

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Predictive regressions on score quintile dummies (by deal flow year) (continued)

Panel B: Other outcomes

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
Team Q2 (by deal flow year)	0.025	0.053	0.028	-0.022	-0.053	-0.031
	(0.042)	(0.054)	(0.077)	(0.051)	(0.089)	(0.086)
Team Q3 (by deal flow year)	0.042	0.049	-0.105	-0.105	0.063	0.056
	(0.052)	(0.050)	(0.083)	(0.079)	(0.075)	(0.083)
Team Q4 (by deal flow year)	0.000	-0.018	0.066	0.035	-0.066	-0.017
	(0.046)	(0.063)	(0.069)	(0.073)	(0.079)	(0.079)
Team Q5 (by deal flow year)	-0.003	0.029	0.022	0.013	-0.019	-0.042
	(0.069)	(0.066)	(0.081)	(0.084)	(0.082)	(0.102)
Market Q2 (by deal flow year)	0.081*	0.086*	-0.094	-0.055	0.013	-0.031
	(0.042)	(0.049)	(0.099)	(0.065)	(0.111)	(0.085)
Market Q3 (by deal flow year)	0.032	0.053	-0.050	-0.078	0.018	0.025
	(0.037)	(0.055)	(0.095)	(0.093)	(0.088)	(0.086)
Market Q4 (by deal flow year)	0.036	0.102*	-0.046	-0.066	0.010	-0.036
	(0.045)	(0.057)	(0.089)	(0.064)	(0.107)	(0.075)
Market Q5 (by deal flow year)	-0.018	-0.008	0.036	0.057	-0.018	-0.049
	(0.055)	(0.052)	(0.104)	(0.076)	(0.087)	(0.078)
Product Q2 (by deal flow year)	0.022	-0.017	0.110*	0.088	-0.132	-0.070
	(0.066)	(0.062)	(0.065)	(0.061)	(0.079)	(0.082)
Product Q3 (by deal flow year)	0.056	0.050	-0.071	-0.064	0.015	0.015
	(0.062)	(0.063)	(0.067)	(0.072)	(0.055)	(0.065)
Product Q4 (by deal flow year)	0.019	0.029	0.151***	0.125*	-0.169**	-0.154*
	(0.067)	(0.070)	(0.055)	(0.062)	(0.071)	(0.083)
Product Q5 (by deal flow year)	0.098*	-0.007	0.091	0.099	-0.189***	-0.092
	(0.057)	(0.050)	(0.070)	(0.068)	(0.063)	(0.075)
Exit Q2 (by deal flow year)	0.002	-0.017	-0.036	0.006	0.034	0.010
	(0.063)	(0.072)	(0.067)	(0.054)	(0.081)	(0.076)
Exit Q3 (by deal flow year)	0.017	-0.035	0.044	0.105*	-0.061	-0.070
	(0.053)	(0.064)	(0.058)	(0.053)	(0.064)	(0.073)
Exit Q4 (by deal flow year)	-0.058	-0.082	0.002	0.050	0.057	0.031
	(0.081)	(0.101)	(0.080)	(0.096)	(0.078)	(0.083)
Exit Q5 (by deal flow year)	-0.012	-0.031	0.034	0.017	-0.022	0.014
	(0.056)	(0.052)	(0.070)	(0.060)	(0.066)	(0.063)
Coinvestor deal	0.013	-0.001	0.051	0.040	-0.064	-0.040
	(0.066)	(0.055)	(0.071)	(0.085)	(0.048)	(0.052)
Outbound deal	0.053	0.019	0.053	0.090	-0.106	-0.109*
	(0.058)	(0.051)	(0.084)	(0.070)	(0.064)	(0.064)
I(VC funding, pre-dealflow)	-0.069	-0.058	-0.140	-0.108	0.209**	0.166
	(0.061)	(0.061)	(0.100)	(0.105)	(0.102)	(0.103)
Ln(VC funding + 1, pre-dealflow)	0.007	0.002	-0.004	-0.001	-0.003	-0.001
	(0.004)	(0.006)	(0.007)	(0.007)	(0.007)	(0.007)
Constant	0.103	0.149**	0.494***	0.462***	0.402***	0.388***
	(0.088)	(0.072)	(0.087)	(0.076)	(0.058)	(0.056)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.03	0.25	0.07	0.32	0.09	0.28

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Predictive regressions on top scorer dummies (by deal flow year)

Estimated on a linear probability model. Industry and dealflow year-quarter fixed effects are included in even-numbered columns. Standard errors are clustered at Pitchbook industry code level.

Panel A1: VC funding and I(Top 2 quintiles, team and product)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	I(VC > 1M)	I(VC > 1M)	I(VC > 10M)	I(VC > 10M)	I(VC > 25M)	I(VC > 25M)	I(VC > 50M)	I(VC > 50M)
I(Top 2 quintiles, team and product)	0.136***	0.076	0.159***	0.177***	0.054*	0.069*	0.032	0.030
	(0.040)	(0.061)	(0.047)	(0.058)	(0.032)	(0.037)	(0.026)	(0.029)
Coinvestor deal	0.028	0.028	0.016	0.015	-0.037	-0.037	-0.043**	-0.038***
	(0.076)	(0.086)	(0.048)	(0.057)	(0.029)	(0.032)	(0.017)	(0.014)
Outbound deal	0.063	0.102	0.019	0.071	0.010	0.034	-0.015	-0.005
	(0.070)	(0.070)	(0.055)	(0.060)	(0.034)	(0.040)	(0.021)	(0.023)
I(VC funding, pre-dealflow)	-0.319***	-0.276**	-0.188***	-0.173**	-0.103***	-0.097*	-0.037**	-0.048
	(0.113)	(0.116)	(0.052)	(0.070)	(0.020)	(0.050)	(0.014)	(0.035)
Ln(VC funding + 1, pre-dealflow)	0.036***	0.032***	0.013***	0.012**	0.007**	0.006*	0.002	0.002
	(0.006)	(0.007)	(0.005)	(0.005)	(0.003)	(0.003)	(0.001)	(0.002)
Constant	0.610***	0.610***	0.179***	0.157***	0.085***	0.075**	0.047**	0.045***
	(0.094)	(0.062)	(0.041)	(0.038)	(0.028)	(0.031)	(0.019)	(0.014)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.08	0.24	0.04	0.20	0.02	0.23	0.02	0.26

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Panel A2: VC funding and I(Top 2 quintiles, team and market)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	I(VC > 1M)	I(VC > 1M)	I(VC > 10M)	I(VC > 10M)	I(VC > 25M)	I(VC > 25M)	I(VC > 50M)	I(VC > 50M)
I(Top 2 quintiles, team and market)	0.088**	0.099**	0.185***	0.224***	0.010	0.032	0.028	0.044**
	(0.037)	(0.040)	(0.055)	(0.063)	(0.026)	(0.023)	(0.022)	(0.022)
Coinvestor deal	0.036	0.031	0.023	0.023	-0.034	-0.031	-0.041**	-0.037**
	(0.076)	(0.082)	(0.051)	(0.058)	(0.029)	(0.031)	(0.017)	(0.015)
Outbound deal	0.070	0.107	0.034	0.082	0.010	0.037	-0.013	-0.003
	(0.071)	(0.070)	(0.052)	(0.058)	(0.035)	(0.041)	(0.020)	(0.022)
I(VC funding, pre-dealflow)	-0.305**	-0.277**	-0.171***	-0.174**	-0.097***	-0.090*	-0.034**	-0.049
	(0.114)	(0.111)	(0.049)	(0.068)	(0.019)	(0.048)	(0.014)	(0.035)
Ln(VC funding + 1, pre-dealflow)	0.035***	0.032***	0.011**	0.012**	0.006**	0.006*	0.002	0.002
	(0.006)	(0.006)	(0.005)	(0.005)	(0.002)	(0.003)	(0.001)	(0.002)
Constant	0.613***	0.604***	0.165***	0.145***	0.091***	0.079**	0.046**	0.042***
	(0.095)	(0.064)	(0.042)	(0.039)	(0.032)	(0.032)	(0.019)	(0.014)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.07	0.24	0.04	0.22	0.01	0.22	0.02	0.27

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Predictive regressions on top scorer dummies (by deal flow year) (continued)

Panel A3: VC funding and I(Top 2 quintiles, product and market)

	(1) I(VC > 1M)	(2) I(VC > 1M)	(3) I(VC > 10M)	(4) I(VC > 10M)	(5) I(VC > 25M)	(6) I(VC > 25M)	(7) I(VC > 50M)	(8) I(VC > 50M)
I(Top 2 quintiles, product and market)	0.092**	0.042	0.218***	0.277***	0.085**	0.106**	0.034	0.048
	(0.043)	(0.048)	(0.063)	(0.062)	(0.039)	(0.040)	(0.026)	(0.032)
Coinvestor deal	0.036	0.035	0.024	0.026	-0.035	-0.033	-0.041**	-0.036**
	(0.072)	(0.078)	(0.041)	(0.046)	(0.030)	(0.030)	(0.017)	(0.015)
Outbound deal	0.063	0.103	0.021	0.066	0.010	0.032	-0.015	-0.006
	(0.072)	(0.069)	(0.046)	(0.052)	(0.031)	(0.037)	(0.020)	(0.021)
I(VC funding, pre-dealflow)	-0.320***	-0.272**	-0.206***	-0.202**	-0.111***	-0.108**	-0.040***	-0.053
	(0.112)	(0.111)	(0.053)	(0.081)	(0.018)	(0.049)	(0.014)	(0.036)
Ln(VC funding + 1, pre-dealflow)	0.036***	0.032***	0.014***	0.014**	0.007***	0.007**	0.002*	0.002
	(0.006)	(0.007)	(0.005)	(0.006)	(0.002)	(0.003)	(0.001)	(0.002)
Constant	0.617***	0.614***	0.171***	0.146***	0.080**	0.071**	0.046**	0.043***
	(0.097)	(0.064)	(0.039)	(0.035)	(0.032)	(0.031)	(0.020)	(0.015)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.07	0.23	0.05	0.23	0.03	0.24	0.02	0.27

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Panel A4: VC funding and I(Top 2 quintiles, team, product, and market)

	(1) I(VC > 1M)	(2) I(VC > 1M)	(3) I(VC > 10M)	(4) I(VC > 10M)	(5) I(VC > 25M)	(6) I(VC > 25M)	(7) I(VC > 50M)	(8) I(VC > 50M)
I(Top 2 quintiles, team, product, and market)	0.115**	0.028	0.222***	0.286***	0.029	0.052	0.042	0.057
	(0.053)	(0.055)	(0.057)	(0.057)	(0.037)	(0.045)	(0.037)	(0.042)
Coinvestor deal	0.037	0.036	0.026	0.028	-0.034	-0.031	-0.041**	-0.036**
	(0.074)	(0.080)	(0.047)	(0.055)	(0.029)	(0.031)	(0.017)	(0.015)
Outbound deal	0.068	0.105	0.028	0.081	0.011	0.037	-0.013	-0.003
	(0.071)	(0.068)	(0.050)	(0.056)	(0.034)	(0.040)	(0.020)	(0.021)
I(VC funding, pre-dealflow)	-0.314***	-0.267**	-0.188***	-0.182**	-0.100***	-0.092*	-0.037***	-0.051
	(0.113)	(0.112)	(0.049)	(0.071)	(0.019)	(0.047)	(0.014)	(0.035)
Ln(VC funding + 1, pre-dealflow)	0.036***	0.032***	0.013***	0.013**	0.007***	0.006*	0.002*	0.002
	(0.006)	(0.007)	(0.005)	(0.005)	(0.002)	(0.003)	(0.001)	(0.002)
Constant	0.618***	0.617***	0.179***	0.156***	0.090***	0.080**	0.047**	0.044***
	(0.096)	(0.062)	(0.041)	(0.041)	(0.031)	(0.033)	(0.019)	(0.014)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361	361	361
R-squared	0.07	0.23	0.04	0.21	0.01	0.22	0.02	0.27

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Predictive regressions on top scorer dummies (by deal flow year) (continued)

Panel B1: Other outcomes and I(Top 2 quintiles, team and product)

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
I(Top 2 quintiles, team and product)	0.032	0.032	0.167***	0.120**	-0.199***	-0.152**
	(0.051)	(0.051)	(0.056)	(0.058)	(0.044)	(0.063)
Coinvestor deal	0.026	0.011	0.036	0.020	-0.063	-0.031
	(0.055)	(0.040)	(0.058)	(0.075)	(0.050)	(0.057)
Outbound deal	0.058	0.037	0.054	0.086	-0.112*	-0.123**
	(0.056)	(0.043)	(0.075)	(0.060)	(0.061)	(0.060)
I(VC funding, pre-dealflow)	-0.072	-0.068	-0.132	-0.103	0.203**	0.172*
	(0.077)	(0.061)	(0.105)	(0.110)	(0.095)	(0.097)
Ln(VC funding + 1, pre-dealflow)	0.007	0.003	-0.002	-0.001	-0.004	-0.003
	(0.005)	(0.006)	(0.007)	(0.007)	(0.006)	(0.007)
Constant	0.162**	0.187***	0.493***	0.482***	0.345***	0.331***
	(0.073)	(0.035)	(0.050)	(0.050)	(0.058)	(0.031)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.01	0.23	0.04	0.29	0.06	0.26

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Panel B2: Other outcomes funding and I(Top 2 quintiles, team and market)

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
I(Top 2 quintiles, team and market)	-0.048	-0.027	0.121**	0.102**	-0.073	-0.075
	(0.031)	(0.030)	(0.054)	(0.042)	(0.065)	(0.056)
Coinvestor deal	0.029	0.016	0.046	0.028	-0.075	-0.044
	(0.054)	(0.040)	(0.060)	(0.077)	(0.049)	(0.055)
Outbound deal	0.054	0.038	0.064	0.092	-0.117*	-0.130**
	(0.055)	(0.044)	(0.076)	(0.059)	(0.061)	(0.059)
I(VC funding, pre-dealflow)	-0.068	-0.059	-0.114	-0.097	0.183*	0.157
	(0.079)	(0.061)	(0.102)	(0.113)	(0.098)	(0.100)
Ln(VC funding + 1, pre-dealflow)	0.007	0.003	-0.004	-0.001	-0.003	-0.001
	(0.006)	(0.006)	(0.007)	(0.008)	(0.006)	(0.007)
Constant	0.177**	0.194***	0.494***	0.481***	0.330***	0.324***
	(0.066)	(0.030)	(0.049)	(0.048)	(0.053)	(0.031)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.01	0.23	0.03	0.29	0.04	0.25

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 8: Predictive regressions on top scorer dummies (by deal flow year) (continued)

Panel B3: Other outcomes and I(Top 2 quintiles, product and market)

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
I(Top 2 quintiles, product and market)	-0.027	0.015	0.161***	0.102**	-0.133***	-0.117***
	(0.036)	(0.045)	(0.037)	(0.046)	(0.034)	(0.041)
Coinvestor deal	0.029	0.014	0.046	0.030	-0.075	-0.044
	(0.056)	(0.041)	(0.063)	(0.077)	(0.045)	(0.054)
Outbound deal	0.057	0.038	0.055	0.086	-0.113*	-0.124*
	(0.057)	(0.044)	(0.080)	(0.063)	(0.062)	(0.063)
I(VC funding, pre-dealflow)	-0.064	-0.066	-0.140	-0.105	0.204*	0.171
	(0.078)	(0.063)	(0.099)	(0.117)	(0.102)	(0.104)
Ln(VC funding + 1, pre-dealflow)	0.006	0.003	-0.002	-0.001	-0.004	-0.002
	(0.005)	(0.006)	(0.007)	(0.008)	(0.007)	(0.007)
Constant	0.171**	0.189***	0.494***	0.484***	0.334***	0.327***
	(0.070)	(0.030)	(0.051)	(0.049)	(0.057)	(0.033)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.01	0.23	0.04	0.29	0.04	0.26

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Panel B4: Other outcomes and I(Top 2 quintiles, team, product market)

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
I(Top 2 quintiles, team, product, and market)	-0.006	0.044	0.213***	0.123**	-0.207***	-0.167***
	(0.060)	(0.039)	(0.063)	(0.050)	(0.041)	(0.056)
Coinvestor deal	0.028	0.014	0.047	0.030	-0.076	-0.044
	(0.056)	(0.041)	(0.060)	(0.076)	(0.048)	(0.055)
Outbound deal	0.057	0.039	0.063	0.092	-0.121*	-0.130**
	(0.057)	(0.044)	(0.076)	(0.059)	(0.060)	(0.060)
I(VC funding, pre-dealflow)	-0.068	-0.069	-0.131	-0.100	0.199**	0.169*
	(0.079)	(0.063)	(0.097)	(0.112)	(0.098)	(0.099)
Ln(VC funding + 1, pre-dealflow)	0.007	0.003	-0.002	-0.001	-0.004	-0.002
	(0.005)	(0.006)	(0.007)	(0.008)	(0.006)	(0.007)
Constant	0.168**	0.187***	0.495***	0.487***	0.337***	0.326***
	(0.071)	(0.032)	(0.048)	(0.049)	(0.058)	(0.032)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
Industry Effects	No	Yes	No	Yes	No	Yes
N	361	361	361	361	361	361
R-squared	0.01	0.23	0.04	0.29	0.05	0.26

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 9: Summary statistics by reasons for pass

	(1) Business		(2) Competition		(3) Geography		(4) Industry		(5) Market		(6) Stage		(7) Uninteresting		(8) Valuation		(9) Other	
	N	mean	N	mean	N	mean	N	mean	N	mean	N	mean	N	mean	N	mean	N	mean
I(VC funding)	302	0.35	314	0.45	2888	0.59	1145	0.46	147	0.40	911	0.27	719	0.30	195	0.71	578	0.43
VC funding (M)	302	1.32	314	1.88	2888	7.15	1145	5.90	147	1.60	911	2.07	719	0.87	195	8.89	578	6.21
I(VC > 1M)	302	0.21	314	0.21	2888	0.42	1145	0.30	147	0.22	911	0.10	719	0.16	195	0.55	578	0.29
I(VC > 10M)	302	0.03	314	0.04	2888	0.14	1145	0.11	147	0.03	911	0.03	719	0.02	195	0.22	578	0.09
I(VC > 25M)	302	0.01	314	0.02	2888	0.06	1145	0.05	147	0.01	911	0.02	719	0.00	195	0.10	578	0.04
I(VC > 50M)	302	0.00	314	0.01	2888	0.02	1145	0.02	147	0.01	911	0.01	719	0.00	195	0.04	578	0.03
I(M&A)	302	0.02	314	0.06	2888	0.07	1145	0.04	147	0.02	911	0.03	719	0.02	195	0.07	578	0.05
I(LBO)	302	0.01	314	0.01	2888	0.02	1145	0.01	147	0.00	911	0.01	719	0.01	195	0.04	578	0.03
I(Acquired)	302	0.03	314	0.06	2888	0.08	1145	0.04	147	0.02	911	0.03	719	0.03	195	0.11	578	0.08
I(Survival)	302	0.47	314	0.44	2888	0.50	1145	0.44	147	0.41	911	0.33	719	0.35	195	0.56	578	0.34
I(Unsuccessful)	302	0.50	314	0.50	2888	0.42	1145	0.51	147	0.56	911	0.64	719	0.61	195	0.33	578	0.58

Table 10: Invested vs scored not invested vs not scored with reasons for pass

The sample includes invested deals, scored not invested deals, and not scored deals for which there is information on the reason for passing. The regressions are estimated on a linear probability model with robust standard errors, and dealflow year-quarter fixed effects are included in the even-numbered columns.

Panel A: VC funding

	(1) I(VC > 1M)	(2) I(VC > 1M)	(3) I(VC > 10M)	(4) I(VC > 10M)	(5) I(VC > 25M)	(6) I(VC > 25M)	(7) I(VC > 50M)	(8) I(VC > 50M)
Passed: Business	-0.347***	-0.331***	-0.103***	-0.102***	-0.029*	-0.014	-0.014	-0.000
	(0.040)	(0.042)	(0.025)	(0.027)	(0.015)	(0.015)	(0.009)	(0.009)
Passed: Competition	-0.360***	-0.355***	-0.092***	-0.101***	-0.024	-0.016	-0.011	-0.001
	(0.039)	(0.041)	(0.026)	(0.027)	(0.015)	(0.015)	(0.009)	(0.009)
Passed: Geography	-0.148***	-0.141***	0.000	-0.005	0.012	0.022	0.007	0.018**
	(0.033)	(0.035)	(0.024)	(0.025)	(0.014)	(0.014)	(0.009)	(0.009)
Passed: Industry	-0.250***	-0.241***	-0.020	-0.025	0.010	0.019	-0.000	0.010
	(0.035)	(0.037)	(0.025)	(0.026)	(0.015)	(0.015)	(0.009)	(0.009)
Passed: Market	-0.342***	-0.333***	-0.103***	-0.109***	-0.029*	-0.019	-0.010	0.002
	(0.047)	(0.049)	(0.027)	(0.029)	(0.016)	(0.016)	(0.011)	(0.011)
Passed: Stage	-0.460***	-0.453***	-0.101***	-0.107***	-0.027*	-0.018	-0.009	0.002
	(0.033)	(0.036)	(0.024)	(0.025)	(0.014)	(0.014)	(0.009)	(0.009)
Passed: Uninteresting	-0.401***	-0.387***	-0.115***	-0.116***	-0.038***	-0.026*	-0.017**	-0.005
	(0.035)	(0.037)	(0.024)	(0.025)	(0.014)	(0.013)	(0.008)	(0.008)
Passed: Valuation	-0.041	-0.029	0.076**	0.069*	0.052**	0.061**	0.023	0.034**
	(0.047)	(0.049)	(0.038)	(0.038)	(0.025)	(0.025)	(0.016)	(0.017)
Passed: Other	-0.270***	-0.264***	-0.043*	-0.052*	-0.004	0.004	0.010	0.020*
	(0.037)	(0.039)	(0.026)	(0.027)	(0.016)	(0.015)	(0.011)	(0.011)
I(Invested by the VC)	0.273***	0.274***	0.166***	0.178***	0.087**	0.098***	0.028	0.034
	(0.044)	(0.043)	(0.049)	(0.049)	(0.034)	(0.035)	(0.021)	(0.021)
Coinvestor deal	0.129***	0.135***	0.047***	0.052***	0.001	0.006	-0.010*	-0.006
	(0.017)	(0.018)	(0.013)	(0.013)	(0.008)	(0.008)	(0.005)	(0.005)
Outbound deal	-0.023**	-0.027**	-0.007	-0.012	-0.007	-0.003	-0.007**	-0.003
	(0.011)	(0.013)	(0.007)	(0.008)	(0.005)	(0.006)	(0.003)	(0.004)
Constant	0.556***	0.549***	0.132***	0.139***	0.046***	0.034**	0.022**	0.009
	(0.033)	(0.035)	(0.024)	(0.025)	(0.014)	(0.014)	(0.009)	(0.009)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes	No	Yes
N	7560	7560	7560	7560	7560	7560	7560	7560
R-squared	0.11	0.12	0.04	0.05	0.01	0.02	0.01	0.01

Standard errors in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 10: Invested vs scored not invested vs not scored with reasons for pass (continued)

Panel B: Other outcomes

	(1) I(Acquired)	(2) I(Acquired)	(3) I(Survival)	(4) I(Survival)	(5) I(Unsuccessful)	(6) I(Unsuccessful)
Passed: Business	-0.146***	-0.091***	0.025	-0.117***	0.121***	0.208***
	(0.027)	(0.028)	(0.043)	(0.044)	(0.042)	(0.042)
Passed: Competition	-0.120***	-0.084***	-0.009	-0.092**	0.129***	0.176***
	(0.029)	(0.030)	(0.043)	(0.043)	(0.041)	(0.042)
Passed: Geography	-0.099***	-0.055**	0.047	-0.067*	0.052	0.122***
	(0.026)	(0.027)	(0.034)	(0.034)	(0.032)	(0.033)
Passed: Industry	-0.133***	-0.092***	0.004	-0.090**	0.130***	0.182***
	(0.026)	(0.027)	(0.036)	(0.036)	(0.034)	(0.035)
Passed: Market	-0.162***	-0.123***	-0.037	-0.120**	0.199***	0.242***
	(0.028)	(0.029)	(0.052)	(0.051)	(0.050)	(0.050)
Passed: Stage	-0.148***	-0.109***	-0.112***	-0.201***	0.260***	0.310***
	(0.026)	(0.027)	(0.036)	(0.036)	(0.034)	(0.035)
Passed: Uninteresting	-0.146***	-0.100***	-0.088**	-0.200***	0.234***	0.300***
	(0.026)	(0.027)	(0.037)	(0.037)	(0.035)	(0.036)
Passed: Valuation	-0.083**	-0.049	0.096**	0.017	-0.013	0.031
	(0.033)	(0.034)	(0.048)	(0.048)	(0.045)	(0.046)
Passed: Other	-0.108***	-0.076***	-0.099***	-0.165***	0.207***	0.241***
	(0.028)	(0.029)	(0.038)	(0.038)	(0.037)	(0.037)
I(Invested by the VC)	0.020	-0.008	0.040	0.057	-0.060	-0.049
	(0.046)	(0.042)	(0.057)	(0.053)	(0.052)	(0.051)
Coinvestor deal	0.013	0.031***	0.162***	0.115***	-0.175***	-0.145***
	(0.011)	(0.011)	(0.018)	(0.019)	(0.017)	(0.018)
Outbound deal	-0.022***	-0.007	0.027**	-0.019	-0.005	0.026*
	(0.006)	(0.007)	(0.012)	(0.015)	(0.013)	(0.015)
Constant	0.191***	0.142***	0.410***	0.537***	0.399***	0.321***
	(0.025)	(0.027)	(0.033)	(0.035)	(0.031)	(0.033)
Dealflow Year-Quarter Effects	No	Yes	No	Yes	No	Yes
N	7560	7560	7560	7560	7560	7560
R-squared	0.02	0.05	0.03	0.07	0.05	0.07

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$