

YEAR IN REVIEW

MARKETING

VCs Rocking the Marketing Angle

Many firms augmented their marketing efforts in 2012, as they stepped up their game in appealing to entrepreneurs and LPs

Alastair Goldfisher
Editor

You know who the players are if they have a marketing person.

If a VC firm has an in-house marketing rep, a visible strategy and at least one outside marketing agency on retainer, chances are good the firm wishes to be, much like the **Skee-Lo** song, "a little bit taller ... a baller."

But the game here isn't basketball. It's about staying relevant among a younger class of entrepreneurs who have more funding options than startups 15 years ago. And the stakes are higher as VCs aim to maintain relationships with LPs, who are abandoning the asset class.

A number of firms last year, including old stalwarts like **Kleiner Perkins Caufield & Byers**, have stepped up their marketing efforts as they hire professionals for maintaining press relations, pitching LPs or attracting the hottest entrepreneurs into their portfolios.

After all, a marketing strategy ups your game, shows that you're not a club of boys. And as the number of active VC firms has dropped to more than half what they were a decade ago, competitive pressure is making many firms step out of their "closed-vest" nature and use marketing to promote their portfolios and reach new business.

"VCs have to walk a fine line. They have to be edgy enough for entrepreneurs and stable enough to please the LPs," says **Gina Vakili**, former vice president of marketing at **Canaan Partners**. "That's the role of VC marketing."

In the last year, some firm representatives have pointed to **Andreessen Horowitz** and their outsized marketing and biz dev staff as the reason for an increased attention to PR in the VC industry. In truth, VC marketing is nothing



new. Over the last two dozen years, firms have increased or scaled back their marketing efforts, depending on the economic climate.

However, for Vakili, the OG of VC marketing is none other than **Jennifer Jones** of **Jennifer Jones Consulting**. Jones launched her venture marketing business in 1989 when she began as **Mayfield Fund's** marketing advisor. She then moved into a marketing partner role at Mayfield in 2000. Jones—who has been recognized by "Dealmakers Monthly" the last two years as the best marketing communications agency in VC and PE—currently works with at least half a dozen

firms, including **Menlo Ventures**, **The Psilos Group**, **GSR Ventures** and **Claremont Creek Ventures**.

Jones tells VCJ that she has noticed how more venture firms are trying to stand out among the rest by improving their marketing approach. She says it's partly due to a need to improve deal flow.

"For many firms, marketing themselves is about getting entrepreneurs to come to them rather than other firms," she says. "A lot of firms historically haven't paid attention to it, but more of them are now asking, 'What do we need to do to stand out?'"

The answer for many firms is to hire in-



"A lot of firms historically haven't paid attention to it, but more of them are now asking, 'What do we need to do to stand out?'"

Jennifer Jones

YEAR IN REVIEW: MARKETING

house marketing specialists. **Lightspeed Venture Partners**, **Bessemer Venture Partners**, **Khosla Ventures**, **Google Ventures**, **True Ventures** and **Kleiner Perkins**, among others, have hired new PR people or otherwise bolstered their marketing efforts in 2012.

Many of the firms have recruited people with agency or startup experience, which some observers say is an important way for firms to recruit young entrepreneurs and branch out into social media marketing.

Among some of the marketing changes last year:

- **Kelly Mayes** was named vice president of marketing at **Lightspeed Venture Partners** in early 2012. She joined

Lightspeed from **AOL** where she was a communications director and before that was with **Edelman PR Worldwide**.

- Late last year, **Madrona Venture Group** appointed **Erika Shaffer** as director of strategic communications. Shaffer joins **Madrona** after eight years at the **SutherlandGold Group**, a San Francisco-based communications agency.

- **Amy White**, who worked at **Box** for more than three years, helping build the brand of the file storage company, joined **Highland Capital Partners** in October as director of marketing. Her appointment came about a month after the departure of **Michael Gaiss**, who was with the firm for 13 years, running marketing, portfolio and entrepreneurial development initia-

tives.

- **Shari Foldes** joined **Draper Fisher Jurvetson** to head up the firm's marketing, communications and social media programs. Foldes previously was director of marketing at **Ustream** and before that was with **Ketchum**.

- **Google Ventures** stepped up its marketing efforts, which coincides with the firm increasing its annual allotment to \$300 million. The firm hired **Jodi Olson** as communications partner, after she led the consumer and platform communications for **Twitter**. **Google Ventures** also hired **Mandy Kakavas** as communications manager. She previously was with **The OutCast Agency**.

- **Lightbank**, the Chicago-based venture

VC PERSPECTIVE

The Case for VC Marketing

Scott Maxwell, OpenView Venture Partners

In today's consolidating and increasingly competitive venture capital industry, a growing number of VCs are using marketing to differentiate themselves. It's not exactly a revolutionary idea in most industries, but for many venture capitalists—accountable to investors and portfolio companies, not customers—it represents a shift in thinking.

Although we don't have customers or products in the traditional sense, that doesn't mean that we don't need marketing.

On the contrary, whether enhancing brand recognition across ever-expanding geographies or ensuring that a firm can easily be found by today's savvy, information-hungry entrepreneurs, the case for incorporating marketing into most VCs' overall business strategy is compelling.

All the more so for those few venture capital firms, **OpenView Venture Partners** among them, that pride themselves on the unique services that we offer our portfolio companies beyond the capital invested. In **OpenView's** case, our value-add service is our operational and strategic consulting arm, **OpenView Labs**, which supports our portfolio across an array of areas. Marketing is one of those

areas. And we know to be credible in that field, we've got to be great marketers ourselves.

I should point out that marketing success isn't determined by the depth of your pockets alone. While some firms have supersized budgets dedicated to flashy marketing tactics, the truth is that there's a more substantive and cost-effective approach. Rather than sing your own praises, how about building your marketing efforts around the idea of giving your audience what it needs?

At **OpenView**, we do this through content marketing. We have created a blog and newsletter, as well as a content site that features articles, videos, eBooks and reports.

That purpose of the content is to deliver to our portfolio companies and other entrepreneurs the ideas and inspiration that helps build great companies. Through social media, influencer marketing and public relations, we are able to share that content—and more—with the public.

Adopting a marketing approach like this has many benefits for us, not least of which has been to help elevate our brand to a national level.

But it's not entirely self-serving. For entrepreneurs, the benefits are two-fold. Our marketing efforts give them the type of practical information they need to be successful at the expansion-stage.

Our marketing efforts also give entrepreneurs a much greater sense of who we



Scott Maxwell

are and what our philosophy is. Those entrepreneurs can come to understand if we're a good fit for them before ever even having a first call or meeting. That saves their time and ours.

VC Marketing may seem like a foreign concept, but those that are reluctant to do so, or worse yet fail to recognize how important it is, may soon discover that they're not only late to the game, they've already lost it.

Scott Maxwell is founder and senior managing director of OpenView Venture Partners, a Boston-based venture capital firm focused on investing in expansion-stage technology companies.

YEAR IN REVIEW: MARKETING

firm started by **Groupon** co-founders **Brad Keywell** and **Eric Lefkofsky**, added **Jackie Lampugnano** to head up its in-house PR effort and act as PR council for the firm's portfolio. Lampugnano was an account director at Chicago-based PR firm **Walker Sands Communications**.

- Canaan Partners hired **Marta Bulaich** as director of marketing in mid-2012. She previously was a network associate at Draper Fisher Jurvetson. Her appointment came after the departure of Vakili, who was with Canaan for five years.

- Kleiner Perkins hired **Christina Lee** as a marketing and communications partner. Lee is the former head of communications at **Hulu**.

Some firms didn't boost their staff, but instead contracted with an outside agency. For **Norwest Venture Partners**, the decision to hire San Francisco-based **Borders + Gratehouse** last summer was to help support the firm's marketing department and its portfolio companies worldwide, according to Managing Partner **Promod Haque** and Vice President of Marketing **Katie Belding**.

The two say that investors are increasingly being measured by their marketing services, and if a VC firm doesn't have any to offer, then that negative perception will affect potential new entrepreneurs.

Haque adds that using PR to help promote the firm's portfolio helps to bring more entrepreneurs their way who they might not have otherwise reached them.

"Our focus is on our portfolio companies," Haque says. "If by using an outside agency we can grow our portfolio compa-



Promod Haque
Managing Partner
Norwest Venture Partners

"If by using an outside agency we can grow our portfolio companies, help them win new business and build their awareness, then they will become our best spokespeople for new deals."

nies, help them win new business and build their awareness, then they will become our best spokespeople for new deals."

Emily Mendell, vice president of communications at the **National Venture Capital Association**, says that there's no doubt the marketing role at VC firms has become key as firms brand themselves to entrepreneurs and LPs.

When Mendell launched a Strategic Communications Group within the NVCA in 2002, she says it included 20 people. Now, more than 110 people from about five dozen firms are a part of the Strat Comm Group. She says a lot of it has to do with improving fundraising efforts, since many firms have had a tough time lately.

"You don't want to be a VC firm these days and not do any marketing," Mendell says. "Entrepreneurs have choices. LPs are

abandoning the asset class. There's competition for deal flow. You want your partners quoted in the media. You want entrepreneurs to know about you and your LPs to know you have a strategy."

For **Andrew Kovacs**, head of communications at **Sequoia Capital**, the recent promotional push by firms is a result of a changing world. And VCs are not exempt.

Kovacs, who joined Sequoia last year after having served as senior manager of communications at **Google**, says that with blogging and social media on the rise, it's become harder for many investors to differentiate themselves from the pack.

"Typically, VCs are slow to adapt, but many angel investors and certain VCs have done a great job cultivating their personalities and creating strong online brands," Kovacs says. "That's where the changing face of marketing comes in to play and can help a firm's image."

For **Amy Cronk**, who joined Andreessen Horowitz as marketing partner in the fall, after two years in marketing at **Battery Ventures**, the uptick in VC PR means her role is becoming much more integral to the function of a VC firm.

"What's most important at the end of the day is that the portfolio realizes they have a partner in the marketing department," Cronk says. "From a marketing perspective, we have to make sure we are there to help and roll up our own sleeves for them if that's what's needed."



"You don't want to be a VC firm these days and not do any marketing. Entrepreneurs have choices. You want entrepreneurs to know about you and your LPs to know you have a strategy."

Emily Mendell
VP of Communications
NVCA

Alastair Goldfisher can be reached at alastair.goldfisher@thomsonreuters.com. He tweets at [@agoldfisher](https://twitter.com/agoldfisher).