

4 qualities VCs will look for in entrepreneurs in 2021

By [Philani Sangweni](#)

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2020 has been difficult for everyone, but businesses have faced an especially tough time. A few startups have, however, risen above the storm, managing to continue on their upward growth trajectory.



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Many of these startups have attracted venture capital (VC) investment, or are well on their way to doing so. The characteristics they've shown to get funding from investors - many of whom are also trying to do more with less - in such a challenging year will be in high demand going forward.

While those specific qualities may vary slightly in different industries and markets, there are a few universal markers that should set entrepreneurs in good stead.

1. Resilience

In most years, VCs will look for strong growth potential in the startups in which they invest. After all, if the company doesn't grow, they won't get the returns on investment necessary to make their investment worthwhile.

While that'll still be important in 2021, VCs will likely be more willing to look at startups that made it through 2020 comparatively unscathed. If this year has demonstrated anything, it's that making it through tough times is as important a

marker of a successful business as being able to ride high when times are good.

2. Adaptability

As much as investors will be interested in companies that survived 2020, they'll be even more interested in those that managed to adapt and thrive throughout the course of the year. While pivoting has always been an important skill in the startup game, never has it been more so than in 2020.

A great example of a startup that successfully adapted to the challenges of 2020 is YeboFresh*. What started out as a township-based e-commerce grocery delivery company, has grown into a grocery solutions player which caters to, consumers, NGOs and township retailers.

Another good example is alcohol delivery app Bottles, which moved into grocery deliveries and has subsequently been bought out by Pick n Pay.

3. Solving real-world problems

In mature markets especially, the years immediately prior to 2020 saw fears of another "tech bubble" emerging. Investors were putting money into startups that were solving non-existent problems.

While South African startup founders haven't been immune from this kind of thinking, the country has always had more visible problems to which technology could be applied in order to solve. What 2020 has starkly illustrated, however, is the importance of being able to solve real-world problems.

In 2021, VCs will be more aware than ever that the best startups use technology and innovation to solve real problems -- be that in healthcare, agriculture, or financial services, -- and not superficial ones.

4. Local viability

Some South African VCs are very quick to get the companies in which they invest to move overseas in the belief that they stand a better chance of success there than in the local market. While there may be some merit to that in certain instances, it's often a mistake.

South Africa's unique circumstances mean that it's one of the best entrepreneurial laboratories on the planet. If a company can prove viability here at either end of the wealth spectrum, it can succeed anywhere.

With everyone, VCs included, forced to look inward in 2020, I believe that they'll be much more interested going forward in startups that have proven their local viability in 2021.

Standing out

Of course, VCs won't simply be able to sniff out the startups that have these qualities. Startups will still have to pitch to investors for funding, but showing that they have the above characteristics will give them a leg up on their competitors.

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