



JANUARY VENTURES

# 2021 EARLY STAGE FOUNDER SENTIMENT REPORT

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January Ventures' 3rd annual survey reveals the pandemic's impact on early stage founders: more money than ever is going into startups, but the need for community has never been greater



**In our third consecutive year of surveying startup founders, we encountered a very different landscape than pre-pandemic. A sample set of 450 early stage startup founders across the US and Europe let us in on the challenges and opportunities of 2021's startup environment.**

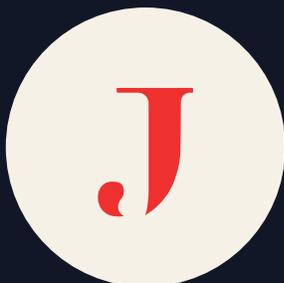
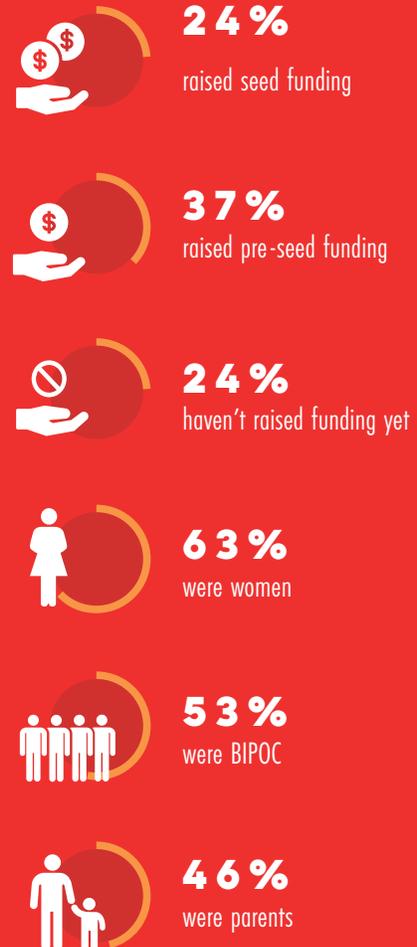
Before the pandemic, tech had advanced to the point where it had never been easier to start a company. In many ways, that hasn't changed. If anything, the pandemic has given entrepreneurs more urgency (and, in some cases, the bandwidth) to launch ideas, and a new group of founders was unlocked.

But post-pandemic, early stage founders are building their companies differently from the start. The next crop of entrepreneurs doesn't feel constrained by the old Silicon Valley model. In fact, the idea of big tech hubs is antiquated and founders find strategic advantage to building distributed teams. Still, community and connection are more important than ever before for founders — particularly the underrepresented who, despite all of the media attention on female and BIPOC founders, still face significant friction. In this new model of company building, the need for connection and community has never been greater.

Between June and July 2021, we surveyed early stage startup founders — those who've raised seed funding (24%), those who've raised pre-seed funding (37%), and those who haven't raised funding yet (24%) — to get a cross-slice of experiences and opinions. The sample set consisted of founders from both the US and Europe, 63% of whom identified as women, 53% identified as BIPOC, and 46% are parents.

The findings of our survey reveal a lot about the future of tech and innovation, because early stage startups are always a window into looming change. The results help illuminate the psyche of modern founders and what they value. There is a lot of work to be done to create the new networks and connections to best support the next generation of founders.

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**HERE ARE THE INSIGHTS THAT DREW OUR ATTENTION AS WE EXAMINED THE RESULTS OF OUR 2021 FOUNDER SURVEY. WE ARE PUBLISHING THIS DATA TO SHARE IT WITH THE BROADER VENTURE COMMUNITY AND START A COLLECTIVE CONVERSATION ABOUT HOW WE CAN BEST SUPPORT THESE FOUNDERS OF THE FUTURE AND DRIVE CHANGE.**

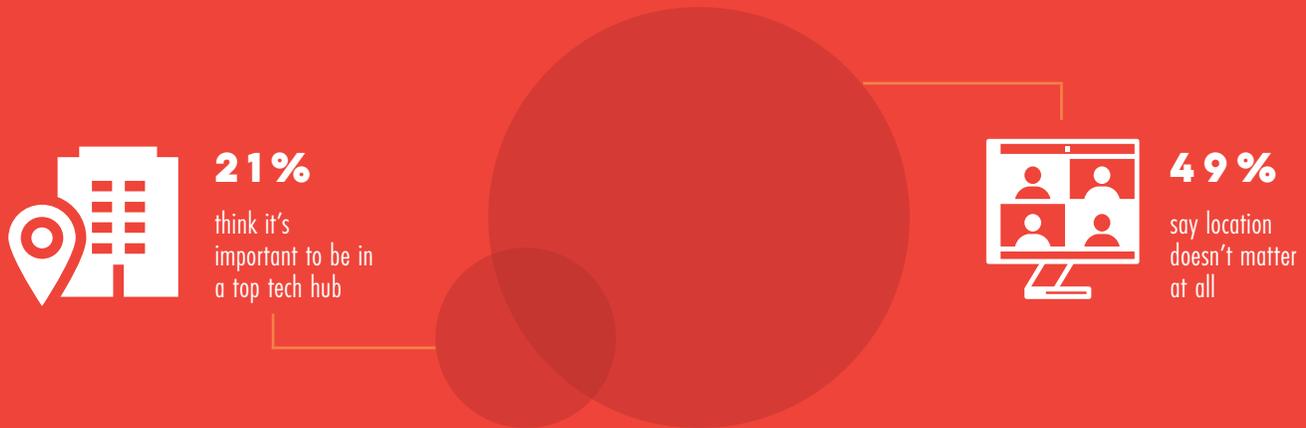
## 01. FOUNDERS ARE NO LONGER TETHERED TO BIG TECH HUBS; HALF SAY LOCATION DOESN'T MATTER AT ALL

All these years later, it turns out that Silicon Valley is more of a mindset than a physical place. Founders were on the move this past year: overall 29% of founders moved, and this number was even higher for Gen-Z founders. The majority of those who relocated moved to smaller tech hubs or adopted a more nomadic lifestyle with no permanent residence.

### PERCENT OF FOUNDERS THAT MOVED DURING THE LAST 18 MONTHS



With the freedom the pandemic granted to move around, now only 21% of founders think it's important to be in a top tech hub. In fact, roughly half say location doesn't matter at all.

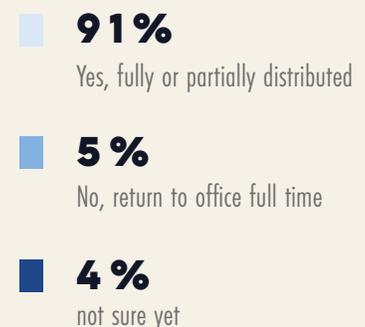


## 02. FOUNDERS FIND COMPETITIVE ADVANTAGE TO BUILDING IN A DISTRIBUTED WAY

Probably the biggest shift every business saw during the pandemic was the switch to remote work. But as an increasing number of conventional companies and even big tech organizations go back to the office, 91% of startup founders say their teams will continue to be partially or fully distributed. Only a tiny fraction — 5% — are sure they'll return to the office full time. For Gen Z founders, that number shrinks to just 2%.

Founders realize the importance of giving their teams flexible choices. Over half say they're providing flexibility to attract top talent into leadership roles, and 36% are doing so to hire specific types of talent.

### POST PANDEMIC, WILL YOUR COMPANY WORK REMOTELY?



### 03. THE PANDEMIC HAS TRANSFORMED THE WAY FOUNDERS ARE WORKING, PARTICULARLY FOR GEN Z

Work looks different today in so many ways: where people work, which (and how many) digital tools they use, and the platforms they use to communicate and collaborate. While change is the only constant, as they say, the pandemic has certainly accelerated changes in how people work: 48% of Gen Z founders (and 43% of all founders) say it completely transformed the way they work and approach building their startups.

## 48% GEN Z FOUNDERS

SAY THE PANDEMIC TRANSFORMED THE WAY THEY WORK



## 04. DRAMATIC SHIFTS IN WORK BRING NEW CHALLENGES RELATED TO COMMUNITY, AND THE MAJORITY OF FOUNDERS DON'T WANT TO GO AT IT ALONE

The way founders work has, in large part, been inspired by the surge of distributed work that the pandemic forced in the first place. Founders and their teams have had no problems leveraging technology to stay productive, hire and onboard team members and grow their startups - but the existing tools have only gone so far. When asked about their biggest challenges, founders were most likely to struggle with connection, culture, creative work and team communication.

### WHAT ARE YOUR BIGGEST CHALLENGES IN WORKING WITH A DISTRIBUTED TEAM?



**39%**

Culture and team morale



**37%**

Connection with coworkers



**37%**

Creative work & brainstorming



**29%**

Team communication



**16%**

Onboarding new employees



**6%**

Selling remotely

Teams may be distributed, but community and human connection are more important than ever for startup founders. 74% prefer having a co-founder to going it alone, while only a small minority prefer to start a company solo.

### DO YOU BELIEVE YOU NEED A COFOUNDER TO START A COMPANY?



**74%**  
prefer having a co-founder

**14%**  
prefer to start a company solo

**12%**  
are indifferent

## 05. IN 2021, THE SUPPORT ECOSYSTEM FOR FEMALE FOUNDERS FELL OF A CLIFF

While in our [2020 survey](#), 50% of female founders said they felt supported by the entrepreneurial community, this year, that number dropped to 36%. The pandemic has hit women particularly hard, and female founders are no exception. The sharp drop in sentiment over just one year, and the reversal in the previous trajectory, reveals a need for new communities and networks to better support female entrepreneurs.

### PERCENT OF FEMALE FOUNDERS WHO FEEL SUPPORTED BY THE ENTREPRENEURIAL COMMUNITY



## 06. FINDING A STARTUP COMMUNITY IS EVEN MORE CHALLENGING FOR FOUNDERS WHO DON'T FIT THE TRADITIONAL MOLD

Starting a company is always an inherently lonely proposition, but in 2021, for a lot of founders, — especially Black founders, and founders over age 50 — finding community has never felt harder. In a distributed world, founders can connect with a lot of people, but not necessarily find the robust connection and community necessary to support them.

Bay Area founders feel much more supported by the startup ecosystem around them. As the tech world has gone much more distributed, investors and the tech ecosystem as a whole must design new systems for community building: the old approach of geographic-based, hyperlocal networks no longer work.

### PERCENT OF FOUNDERS WHO FEEL SUPPORTED BY THE ENTREPRENEURIAL COMMUNITY

**51%**

Bay Area founders

**40%**

Other US founders

**36%**

female founders

**34%**

European founders

**31%**

Black founders

**25%**

founders over  
age 50

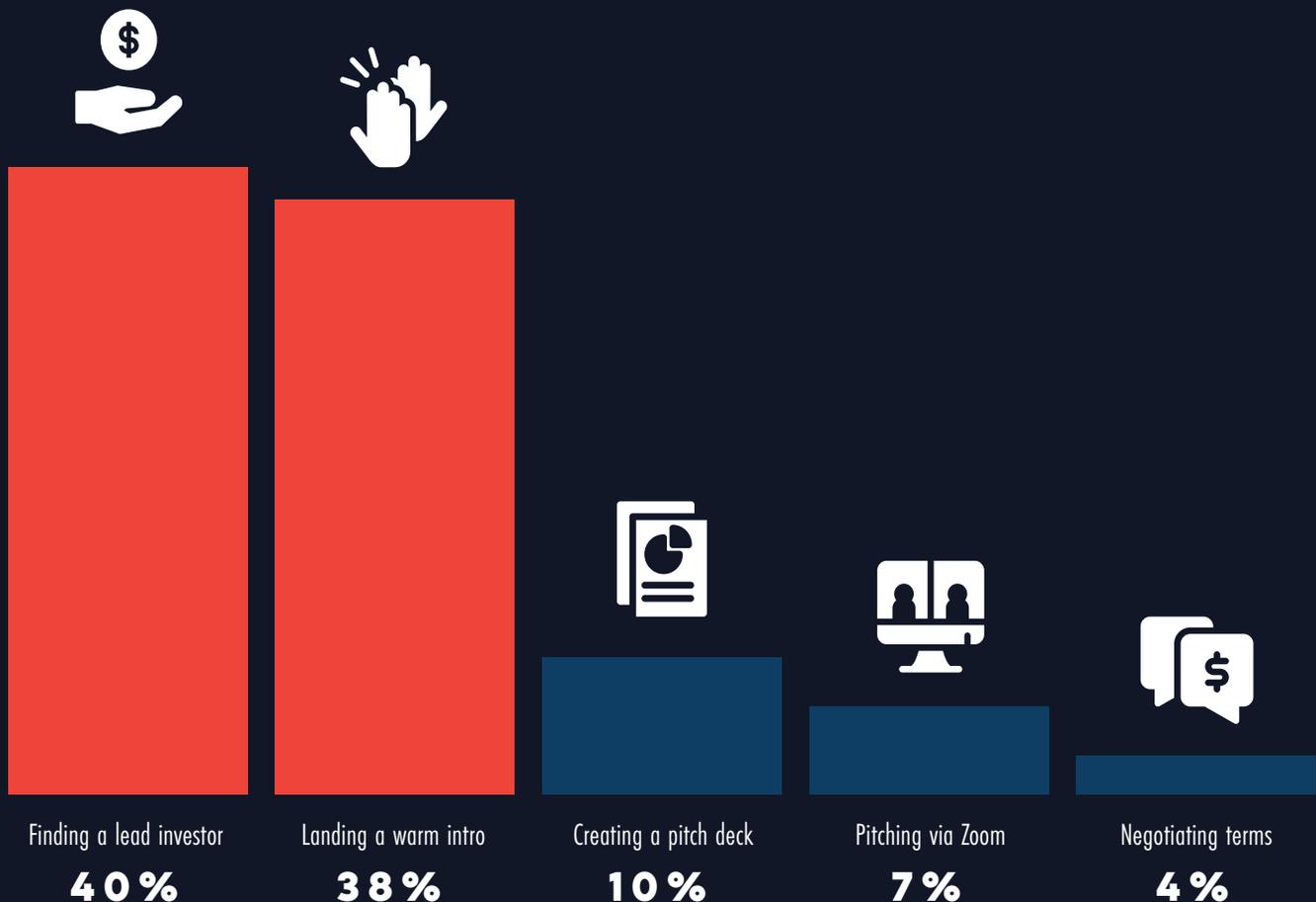


## 07. AS INVESTORS RETREAT TO THEIR NETWORKS, THE BIGGEST CHALLENGE FOR EARLY STAGE FOUNDERS IS FINDING WARM INTROS TO LEAD INVESTORS

One reason startup founders are struggling to tap into the abundance of capital all over the headlines is that it's uniquely challenging to land warm intros and find a lead in today's environment. There are fewer conferences or networking events to facilitate serendipitous interactions, and investors are increasingly retreating to the comfort of their established networks. 40% of founders said finding a lead is one of their biggest challenges and 38% said landing a warm intro.

The friction associated with landing warm intros is much worse outside of the Bay Area. Nearly twice as many founders outside of greater San Francisco cited it as a challenge. This data highlights the disconnect between traditional venture networks and the next generation of founders.

### WHAT HAVE BEEN THE BIGGEST CHALLENGES IN RAISING CAPITAL OVER THE LAST 18 MONTHS?



## 08. IN 2021, THE MAJORITY OF FEMALE FOUNDERS SAY THEIR GENDER HAS HELD THEM BACK

Availability of capital may be all over the headlines, but for early stage startup founders, it doesn't feel that way. The same groups that feel unsupported by the entrepreneurial community in general are also the ones struggling to get the attention of the venture community.

54% of female founders feel unsupported by the venture community, while 60% say bluntly that their gender has held them back in 2021.

Interestingly, these stats haven't budged much in the last few years despite increased media focus on female founders. Traditional venture is letting down female founders, and there are massive opportunities for new venture models that better attract, support and amplify these founders.

### IN BEING AN ENTREPRENEUR, HAS YOUR GENDER HELD YOU BACK?

**60%**

of female founders say gender has held them back in 2021



**4%**

of male founders say their gender has held them back in 2021



### PERCENT OF FEMALE FOUNDERS FEELING SUPPORTED BY THE VENTURE COMMUNITY

**2019**

**58%**

felt supported

**2020**

**46%**

felt supported

**2021**

**54%**

felt supported

Regarding the much cited “motherhood tax”, it doesn’t have to hold founders back. Overall, of the founders we surveyed, 18% had a positive experience raising capital over the last 18 months, but surprisingly, that number is actually higher for female founders with children: 22%.

## SURVEY EVIDENCE DOES NOT SUPPORT MOTHERHOOD PENALTY

**22%**

of female founders with children had a positive experience raising capital over the last 18 months

**18%**

of overall female founders had a positive experience raising capital over the last 18 months



## 09. FEMALE FOUNDER SENTIMENT REMAINS LOW, REMINDING US THERE IS A LOT OF WORK LEFT TO DO

Over the past three years, female founder sentiment has remained steady, but low. 31% of the female founders we surveyed in 2021 feel optimistic about the environment for female founders, versus 30% in 2020. In contrast, 67% of male founders are optimistic about the environment for female entrepreneurs, which highlights a real disconnect between the perceived vs. lived experience of female founders.

### PERCENT OF FEMALE FOUNDERS FEELING OPTIMISTIC ABOUT THE ENVIRONMENT FOR FEMALE ENTREPRENEURS

**31%**

in 2021

**30%**

in 2020

**29%**

in 2019



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## THANK YOU TO OUR PARTNERS



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for Startups

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### QUESTIONS?

Please contact [hello@january.ventures](mailto:hello@january.ventures)