



# SCHOOL OF ECONOMICS AND MANAGEMENT

Networking Strategies for Investment: How Early-Stage Founders Leverage Their  
Networks to Secure Equity Financing from Venture Capital and Business Angels

ENTN19 - Degree Project - New Venture Creation

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# Abstract

This thesis explores how early-stage startup founders use their professional networks to acquire equity investment from venture capitalists and business angels. Through qualitative interviews with founders across various industries, the research reveals essential networking practices that lead to successful fundraising efforts. The study highlights how building trust and credibility with network contacts is important through engagement at networking events and digital platforms, and maintaining a balance between close, trusted relationships and broader, diverse connections. The shared values between founders and their investors stand as a crucial element for building long-lasting partnerships. This study exposes the complex aspects of founders' networking strategies to provide early-stage founders with valuable knowledge and actionable advice for managing the intricate early-stage investment environment. This thesis also contributes to entrepreneurial finance by exploring how various dimensions of the founder's network have a broader effect on getting investment for a startup during the early stage of financing.

**Keywords:** Founder's Networks, Equity Financing, Social Capital, Venture Capital, Business Angels, Startup Fundraising, Network Diversity, Network Dimensions.

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# 1. Introduction

## 1.1 Background of the study

Startups' success relies heavily on founders who secure essential investments for their startup growth, especially during the early stage of the entrepreneurial journey. Successful founders must build networks before approaching prospective investors such as angel investors and venture capitalists. The financial needs of new ventures grow as they progress through their development stages. Founders need to develop robust networks that bridge innovative ideas with needed financial support to enable growth. The analysis presented in this thesis examines the strategies founders employ to use their professional networks to gain access to angel funding and venture capital investments while emphasizing the critical role networking plays in obtaining financial support. Networking is closely related to investment activities. Social capital theory suggests that personal contacts can aid in obtaining funding (Vismara, 2015). A founder's social network may provide pivotal credibility and information regarding available funding. These social networks reduce information asymmetry that often complicates the financing process and help raise the probability of securing funding (Vismara, 2015). Studies also show that more extensively connected founders tend to get greater engagement from investors, which is critical for fundraising success. Such networks vary depending on the location and domain of the startup. These studies suggest that the structure of the founders' network impact both the quantity and quality of funding received (Weissenböck et al., 2024; Turki & Rieg, 2023). This thesis aims to analyze founders' various networking tactics and their impact on obtaining equity financing. Investment attraction challenges persist in identifying what networking attributes are most valuable in emerging ecosystems, such as fintech and tech startup fields.

As observed in other disciplines, these fields often have specific market pressures and investor preferences, which makes networking more tailored to particular needs (Kolokas et al., 2020). To fully utilize their networks, founders face these challenges & develop an understanding of networking subtleties, which is necessary for entrepreneurship today. Aside from this, most current literature fails to examine how personal attributes of the founders, such as their skills and experience, influence their ability to network and garner support for themselves. Some literature indicates that a founder's background often enhances their appeal to investors, but very few

studies have looked at how these characteristics relate to networking effectiveness (Ratzinger et al., 2017; Dimov, 2010).

## **1.2 Problem Discussion**

Early-stage startups rely heavily on equity financing obtained from venture capitalists (VCs) and business angels (BAs) to achieve growth and success. Investors deliver necessary funding while providing mentorship and strategic guidance, together with valuable networks, to speed up startup development. According to Shane and Cable (2002) and Witt (2004), the ways founders' social networks influence their capacity to obtain venture capital funding are not fully understood. Research has established that founders' networks function as vital facilitators of investment by bridging information gaps and demonstrating trustworthiness to investors (Shao & Sun, 2021; Uzuegbunam et al., 2017). Existing research often represents founder networks as unchanging structures while analyzing social capital theory without investigating specific network dimensions like strength, connectivity, and diversity that impact the equity financing process. Research has not adequately distinguished the particular expectations and evaluation criteria that venture capitalists and business angels apply to founder networks (Hellmann & Puri, 2002; Mason et al., 2019).

Quantitative research confirms that network ties improve funding outcomes but fails to explain how founders develop their networks to secure investment through each startup stage. The gap remains significant because founders need to transform their networks from smaller trust-based associations to expansive, diverse networks when pursuing larger financing rounds. The ability to understand networking behaviors is essential because startups that fail to use their networks properly face restricted access to funding, which will hinder their expansion (Burt, 1992; Davidsson & Honig, 2003). Research has yet to fully investigate how founder-specific features like entrepreneurial experience and network strategies affect the funding acquisition process. While prior studies have shown that founders with an entrepreneurial background or central network roles increase their chances of funding success (Hsu, 2007), their interaction with network dynamics during fundraising remains poorly understood. The research question

addressed by this thesis examines how founder networks shape access to equity financing from venture capitalists and business angels.

### **"How do founder networks shape access to equity financing from venture capitalists and business angels?"**

This research examines network strength features together with connectivity and diversity elements to gain a greater understanding of founder methods for constructing and utilizing their networks effectively. It offers valuable qualitative insights into early-stage funding navigation for founders, expanding the startup financing literature while delivering practical information to enhance entrepreneurial success.

## **1.3 The Role of Angel Investors, Venture Capital, and Founder Networks in Startup Success**

In today's tough startup landscape, getting investment from venture capitalists or angel investors is important for new startups to survive and grow. Beyond just funding, these investors offer valuable support and resources that help startups bring their products to market, expand into new areas, and scale up their operations. Startups often face significant risks due to limited resources and the absence of established market channels. Venture capital and angel investments are key enablers that allow startups to achieve profitability and attract additional rounds of funding (Cavallo et al., 2019).

Beyond financial resources, venture capitalists and angel investors bring valuable expertise and industry experience. According to Rachman et al. (2024), their extensive professional networks offer startups strategic advice on planning, market expansion, and business development. Moreover, these investors can facilitate access to other critical resources such as talent acquisition, legal assistance, and marketing support, all vital for startup success (Ahluwalia & Kassicieh, 2024). Backing from reputable investors also enhances a startup's credibility, increasing its appeal to customers, partners, and other investors. This relationship between strong

venture capital presence and higher startup activity is further emphasized by Ahluwalia and Kassicieh (2021).

Founder networks the social and professional connections that entrepreneurs cultivate with peers, mentors, investors, and industry experts are important determinants of startup success. These networks provide access to essential knowledge, resources, and funding opportunities that would otherwise be difficult to obtain (Reutzel et al., 2023; Spiegel et al., 2015). A robust founder network enhances the legitimacy of startups, thereby improving their chances of securing equity financing from venture capitalists and business angels (Roberts et al., 2011).

This study focuses on three critical dimensions of founder networks: network strength, connectivity, and diversity. Previous research has shown that these dimensions significantly influence an entrepreneur's ability to access investment (Granovetter, 1973; Burt, 1992; Davidsson & Honig, 2003). The theoretical framework will examine these concepts in greater detail to provide a solid foundation for understanding how founders leverage their networks during the fundraising process.

Despite the vital role of venture capital and founder networks, startups face considerable challenges in obtaining investment. The competitive environment means that capital is limited, and many startups struggle to identify appropriate investors or effectively communicate their value propositions (Zhao & Jung, 2017). Additionally, the rigorous due diligence process requires startups to convincingly demonstrate business viability, market potential, and the strength of their founding teams. These hurdles often limit the growth and innovation potential of promising ventures.

## **1.4 Aim of the Study**

This study aims to explore how early-stage startup founders use their networks to get funding from venture capitalists and angel investors. This research will examine the types of connections founders make and which strategies they use to interact with potential investors. It also aims to discover what makes networking successful in fundraising. The study will also highlight

practical strategies that founders can use to strengthen their networks and improve their chances of securing investment. Ultimately, the study seeks to provide insights that fill gaps in current research, especially in entrepreneurial finance. It offers useful guidance for entrepreneurs facing challenges in early-stage financing to utilize their social networks more effectively to secure investment.

## **2. Theoretical Framework**

The theoretical framework of this thesis focuses on three points: social capital theory, the role of entrepreneurial networks, and the use of networking strategies to get equity financing from business angels and venture capitalists. The aim is to analyze how founders can strategically use their social networks to get necessary resources such as funding, mentorship, and partnerships, which are essential for the success and growth of early-stage startups. The first part of the framework explores social capital theory, which emphasizes the significance of relations & networks in providing opportunities for resource acquisition. With this theory, we will examine how founders can employ their social capital through strong and weak ties to increase their probabilities of getting venture capital and angel funding. The second part focuses on the impact of social media on the strength of networks, diversity, and interconnectivity, and the overall way venture capitalists advance social networks. The last focus area deals with the networking techniques that entrepreneurs use to get in touch with prospective investors. This includes the use of existing and new relationships and the use of digital networks like LinkedIn.

This chapter seeks to demonstrate how the interplay between the equity financing strategies of an entrepreneur and the entrepreneur's network hinges on the quality and structure of social networks by integrating various theoretical perspectives. It is important for determining what kind of networking practices and relationships would be most useful in accessing angel investors and venture capitalists. Ultimately, this understanding will guide the approaches that entrepreneurs need to take to increase their chances of obtaining funds.

## **2.1. Social Capital Theory**

The theory of social capital, first elaborated by Bourdieu (1986) and further developed by Coleman (1988) and Burt (1992), offers explanations of how relationships within social networks yield specific resources and opportunities for individuals. For entrepreneurs, particularly in resource-constrained startup ecosystems, social capital helps in obtaining funds, mentors, and non-competitive allies. This theory explains how social networks increase the likelihood of securing funding as well as mentorship and strategic partnerships, which is especially crucial in the early stages of business development. Entrepreneurs can leverage and build these networks to access vital resources in the business survival and growth stages. Social capital fundamentally revolves around the importance of the connections themselves and what resources flow within the connections. This may include financial capital (e.g., venture capital, business angel funding) to human capital such as expertise and advice, and cultural capital, including reputation and trust. Khokhawala and Iyer (2024) state that social capital enables entrepreneurs to manage uncertainty and establish credibility in resource-constrained environments. Founders' networks are often framed using three dimensions: strength, connectivity, and diversity of a founder's network. These dimensions are critical in determining how well the founder can leverage their network to obtain essential resources and how efficiently they can interface with prospective investors. The theory of social capital emphasizes that, beyond the sheer number of connections, the quality and diversity of those connections can impact one's ability to secure equity financing. It is operationalized in this study through three dimensions of founder networks that are central to this research:

### **2.2.1 Dimensions of Founder Networks and Their Impact on Equity Financing**

The theory of social capital shows a comprehensive and insightful framework for understanding how entrepreneurs use their personal and professional connections to secure necessary resources, especially equity investment from Venture capitalists and Angel investors. This theory focuses on three interconnected dimensions: Network Strength, Network Connectivity, and Network

Diversity. Each of these dimensions is important in determining the effectiveness of founder networks and, therefore, their ability to attract funds.

### **Network Strength**

Network Strength focuses on the relationship quality, scope, and intensity within an entrepreneur's network. Strong ties, marked by regular communication, emotional attachment, trust, and mutual benefits, commonly exist between entrepreneurs and their closer associates, like family members, friends, mentors, and some work colleagues (Granovetter, 1973). These strong ties not only provide emotional support but also assure entrepreneurs of access to resources, information, and endorsements that strengthen their credibility with investors. Strong ties are important in the early stages of fundraising as trust helps reduce information asymmetry and perceived risk (Burt, 2005). To illustrate this, business angels tend to heavily rely on personal networks and a certain level of confidence while making investment decisions, which makes network strength a critical equity for founders. Entrepreneurs who engage in proactive alignment of shared core values with their investors, coupled with open, continuous communication, tend to build stronger relational ties, which are associated with enduring strategic and financial support (Uzuegbunam et al., 2017).

However, strong ties are useful in providing assurance and support; they can also lead to network closure where close ties lead to redundancy in information and resources (Burt, 1992). This illustrates the need for entrepreneurs to strike a balance between strong ties and more peripheral relationships to access unrestricted innovative resources and funding opportunities.

### **Network Connectivity**

Network connectivity deals with the entrepreneur's contacts and how interconnected they are within a social system, as well as the founder's capacity to activate and mobilize these contacts for accessing critical resources, including investors (BarNir & Smith, 2002). This particular dimension tries to capture the dynamic and behavioral portion of networking where the focus is on the founder's use of their contacts through warm introductions, participation in industry events and accelerators, or through digital platforms like LinkedIn (Khokhawala & Iyer, 2024). Founders who have high network connectivity are likely to enjoy strategic positions. These

founders are usually brokers or bridge persons between disparate groups and hence more likely to encounter a variety of investors and business partners (Burt, 1992). These brokerage positions provide greater prospects for fundraising because the entrepreneurs can reduce structural holes and exploit opportunities across clusters. Research confirms the role of network connectivity in acquiring venture capital and angel investments. For instance, founders who proactively keep in contact, follow through, and utilize social functions are more successful in resource mobilization (Sullivan & Ford, 2014). Thus, connectivity refers to not just the presence of social ties, but rather the adeptness of the founder in turning dormant social capital into financial investment.

### **Network Diversity**

Network diversity is defined by the breadth and the heterogeneity of an entrepreneur's contacts, including intersections of many industries, social groups, geographical areas, and functions (Burt, 2005; Davidsson & Honig, 2003). Diverse networks are important for driving innovation and growth in fast-changing markets. They provide valuable information, resources, and different viewpoints. Granovetter's (1973) idea, known as the strength of weak ties, explains why these networks matter. This theory suggests that weak ties, or relationships with acquaintances and more distant contacts, can give people access to new information and investment opportunities that they might not find within their close circle. These weak ties broaden founders' horizons and enable access to diverse investor communities and markets, which strong ties do not easily provide. Investors, particularly venture capitalists, tend to value network diversity because it demonstrates an entrepreneur's capability to engage with various sectors and respond to diverse market needs (Shao & Sun, 2021). Diverse networks also improve a startup's resilience by reducing dependence on a limited set of contacts and alternative funding and partnership avenues. It is believed that those founders who intentionally create inter-sectoral and inter-functional networks are more likely to draw a greater pool of investors, which is critical during the transition from the seed to the growth stage of the startup. Yet, these founders must find the right balance between diversity & the quality of relationships. As noted by Ferri et al. (2018), while broad networks can enhance reach, interacting meaningfully among a diverse set of contacts requires considerable work and strategic attention. Thus, it is common for founders to initially focus on the quality of their connections during early fundraising rounds and then progressively expand their networks as their startup grows.

## **Integrative perspective**

The three dimensions of a founder's network strength, connectivity, and diversity directly impact a founder's ability to secure equity financing, especially in the early stages of starting a business. Strong connections build trust and credibility. Connectivity shows how these connections are utilized, while diversity provides access to innovative investors and a wide range of funding sources. According to social capital theory, having a network is not enough; the relationships must be strategic and well-organized (Coleman, 1988; Burt, 2000). With this knowledge, founders can better compete for venture and angel capital despite the many challenges they face.

*Table 1: Table of Network Dimensions*

<b>Dimension</b>	<b>Definition</b>	<b>Role in Funding Access</b>	<b>Key Theorists / Sources</b>
Network Strength	Quality and depth of close relationships (trust, reciprocity)	Builds trust, mitigates risk, essential in early funding	Granovetter (1973), Burt (2005)
Network Connectivity	The founder's ability to activate and mobilize contacts	Opens access to diverse investor pools	Burt (1992), Khokhawala & Iyer (2024)
Network Diversity	Heterogeneity across industries, geography, and social groups	Provides new info, innovation, and cross-sector funding sources	Granovetter (1973), Davidsson & Honig (2003)

### **2.1.1 Weak Ties vs. Strong Ties in Entrepreneurial Networks**

Granovetter's (1973) concept, the strength of weak ties, is very useful in understanding entrepreneurial networking. Strong ties, such as close family or a dedicated mentor, deliver trust and support critical during the initial stages of an entrepreneur's journey. Weak ties, such as acquaintances or professional contacts, sustain the bridging to a wider and often non-redundant information and investment community. This balance is especially important for startups looking

for equity financing. As most angel investors carry strong personal ties, weak ties are what grant access to venture capitalists and other innovative funding sources (Uzuegbunam et al., 2017). This explains why founders have to make sure that their networks combine emotional support and strategic breadth to scale effectively. To illustrate, an entrepreneur could reach out to mentors (weak ties) to be connected with business angels or venture capitalists. With these connections, they could then obtain important financial resources and strategic advice, which would be more difficult to gain through stronger personal ties. Weak relations are crucial in the case of angel investors, who tend to focus on the entrepreneurs who have the potential to amplify business network opportunities significantly. On the other hand, strong ties may be less useful for scaling a startup in the long run since they provide less access to diverse funding sources, although they do offer deep, personal support.

### **2.1.2 Weak and Strong Ties: Balancing Support and Opportunity**

Besides the contribution of Granovetter on weak ties, Bourdieu's concept of social capital (Bourdieu, 1986) offers a fundamental rationale on harnessed networks for various types of capital. Bourdieu understands social capital as resources accruing to an individual as a result of his or her social networks. Such resources may include, among other things, financial capital, human capital (knowledge and skills), and cultural capital (reputation and credibility). Social capital is not solely about financing a business for an entrepreneur; it encompasses access to mentorship, advice, and market intelligence that could be invaluable for business growth.

Bourdieu's concept of reflexive habitus, which describes how social and cultural identity influences one's behavior, provides an additional layer of understanding of how some entrepreneurs approach networking. Entrepreneurs who possess greater social capital tend to be more easily trusted and respected by investors due to their proven relationships and business savvy. That's where I think your work comes in because it focuses on the interplay of networking patterns and founder networks on the utilization of venture capital and funding from business angels.

### **2.1.3 Applying Social Capital Theory to Founders' Networking**

The social capital theory of Coleman (1988) determines that social capital offers individuals nurtured resources. These include trust, established norms, and pre-existing networks. According to Coleman, people are not solitary beings. For numerous reasons, they come into contact with one another, which forms what is termed a “social network”. Social capital is one of the most important assets that one can find within the system of these interactions. It uses social trust and relations to provide resources and information to people to fulfil their aspirations. Burt (1992) expanded this definition by saying that social capital is defined as the chance to obtain resources arising out of pre-existing relationships. He maintained that with the help of his interpersonal relations and proper utilization of distribution channels, one could secure more resources and benefits if one acquired central positions or intermediary roles within those networks. Social capital theory helps entrepreneurs understand how to build effective networking structures that can help them in raising equity capital. Entrepreneurs who understand the value of strong ties (close personal contacts), weak ties (professional relationships), and network diversity can develop an effective framework that attracts various sorts of investors, like VC & Angel investors, to invest in their early-stage startups.

Support from strong social ties is particularly helpful to the entrepreneur during the early phases of setting up a business. This support further strengthens the entrepreneur’s claim, thus enabling the founder to raise sufficient capital from angel investors with ease. Conversely, as the entrepreneur’s firm evolves into a more established company, the founder requires wider networking avenues through weak social ties that can link to various business sectors. This assists in acquiring novel aids and possibilities for expansion as well as enabling venture capital investment, which is frequently interested in enterprises with extensive networks.

## **2.2 Founder Networks**

### **2.2.1 Definition and Characteristics of Founder Networks**

Founder networks include the social relationships and connections, such as formal and informal ties with other entrepreneurs, mentors, and professionals within the same industry, which an entrepreneur constructs like investors (Park & Patel, 2015). They highlight the principal diversity, strength, and connectivity of the network. Resource exchange networks have reciprocal relationships among their users. This has proven useful for most founders within these networks

as they have access to information, resources, advice, and support needed to solve the problems relating to the establishment and growth of a startup (Grilli et al., 2020).

### **2.2.2 The Role of Founder Networks in Accessing Equity Financing**

Founder networks help early-stage entrepreneurs access a broad range of essential resources that aid in the development of a startup, including monetary investments, highly skilled personnel, practical knowledge of the industry, and professional consulting. Entrepreneurs who actively participate in the cultivation and interaction with their networks stand a great chance of acquiring funds, important business deals, and even improving their reputation in the market (Witt, 2004). The research sponsors and capitalists have emphasized the importance of using founder networks to acquire equity funds from venture or angel investors. Shane and Cable (2002) illustrate how entrepreneurs who are well-connected in professional networks are more likely to get VC funding if they maintain a strong perception of those networks. Moreover, Hsu (2007) shows that the fact that the entrepreneurial experience of the founders with prior business ventures, as well as their position in the network of investors, are key factors that enhance their opportunity of accessing venture capital funds. Along with finances, venture capitalists offer strategic advice and important connections, emphasizing the value of connectivity (Hellmann and Puri, 2002). On the angel investment side, even though personal trust and mentorship tend to be very powerful, it is more common for angel investors to form trust-based relationships with the founders whom they are financing and assisting (Mason et al, 2019).

### **2.2.3 Networking Strategies Employed by Founders**

#### **Leveraging Existing Relationships**

Entrepreneurs who achieve success typically begin their ventures by utilizing their pre-established connections within their networks. Research shows that forming partnerships within these networks helps founders secure initial funding, which leads to major investor commitments (Ferri et al., 2018). Entrepreneurs who share common backgrounds in education or

professional experience create more reliable connections, which help them gain easier access to investors (Sekliuckienė et al., 2019).

### Building New Connections

Startups in their early development phase work to grow their networking circles through participation in industry conferences and events designed for business pitches and networking meetings. Entrepreneurs who participate in these activities establish connections with potential investors while gaining mentorship and advice from peers who have faced similar entrepreneurial challenges (Olaye & Seixas, 2023; Karambakuwa & Bayat, 2023). Participation in startup incubators and accelerators provides additional visibility for founders while offering structured networking possibilities with essential industry contacts (Kupp et al., 2017).

### Utilizing Online Platforms

Entrepreneurs of the digital era employ platforms like LinkedIn and Twitter, along with specific industry forums, to expand their networking opportunities. These platforms can help entrepreneurs reach wider audiences and engage with potential investors or partners who can deliver essential support while sharing business insights (Khokhawala & Iyer, 2024). Entrepreneurs who use social media strategically can enhance their networking initiatives to demonstrate their businesses and capture the interest of venture capitalists (Brymer & Rocha, 2023).

### Focus on Quality Over Quantity

Research shows that entrepreneurs should focus on building strong relationships with a few key people who provide substantial backing beyond having a large network (Freiberg & Matz, 2023). Founders in the early stages concentrate on forming connections with investors who have proven success in investments and possess relevant industry knowledge. Establishing strong connections with key individuals leads to enhanced credibility and better funding opportunities (Soetanto et al., 2018).

## **2.3 Overview of Equity Financing**

### **2.3.1 Definition of Equity Financing**

This type of financing can be defined as how a firm secures funds through the sale of ownership shares to investors. It enables businesses to obtain capital for operational activities, expansion, and development without accumulating debt. Investors, in turn, are given shares of the business, which most often come with a right to some dividends and make important managerial decisions considering the governance frameworks (Brown et al., 2017; Lukkarinen, 2020). This is very relevant for new businesses and businesses in their early phases of growth who do not have more than a few years of operating experience or a good credit history. Brown et al. stated that it is one of the broadest scopes of offline financing available, as it allows new businesses to advertise their need for funds in social media websites or other online means, hence creating equity crowdfunding campaigns and attracting funds from the general public (Brown et al., 2019). Other important players in the equity financing market are venture capitalists and angel investors. Investment in venture capital is done through purchasing shares of new businesses that have been devised and are expected to grow rapidly.

In parallel, funds provided by angel investors who are willing to mentor require the investor to assume a certain ownership stake (Tuomi & Harrison, 2017). In addition to the critical capital infusion, such investors bring on board entrepreneurial skills that help in the scaling and market entry strategies of the funded startups. As with any type of financing, equity financing has several distinct advantages, which in this case include no scheduled payments associated with debt financing, thereby enabling the start-up to utilize these funds in other areas like marketing strategies and innovation (Lukkarinen, 2020). On the other hand, it also requires existing owners to cede control as shares have to be sold, thus diluting the ownership and control stake.

### **2.3.2 Types of Equity Financing**

Equity financing is crucial in startups' life cycles, providing essential capital for development and growth. Among the various forms of equity financing, angel investment and venture capital are two significant sources that support startups. For this thesis, we will focus on angel

investment and venture capital as our main types of equity financing, as they are more flexible and open to the dynamic startup ecosystem.

### **1. Angel Investors**

Generally, wealthy people are more inclined to become angel investors. This is because angel investors are high net worth individuals (HNWIs) (Sohl, 2007). Unlike other traditional investors, early-stage startups or entrepreneurs are provided with financial backing, which is sometimes considered an exchange for equity ownership or convertible debt. This category of investors cares more about potential or innovative businesses that require capital for paying the initial expenses. As compared to other sources, angel investors provide higher value to early-stage startups because of the high risks and uncertainty that come with the early stages of startup development. Angel investors seek out seed and pre-seed funding opportunities (Argerich & Cruz-Cázares, 2017), which have lower investment levels and higher risks. In addition to funding, a lot of angel investors actively participate by providing strategic direction, mentorship, and networking opportunities that enable startup founders to solve the problems related to growing and scaling their businesses (Dursun et al., 2017).

### **2. Venture Capital**

Venture capital refers to a type of private equity investment provided by venture capital firms to early-stage, high-potential growth companies. Unlike individual angel investors, venture capitalists manage funds from various sources, including institutional investors, and allocate these funds to startups with promising business models and scalable growth potential. Venture capital funds typically consist of capital from various institutional investors, pension funds, and wealthy individuals. These funds are specifically allocated for investment in high-growth startup companies (Power et al., 2022). VC investors emphasize high return potential due to their higher risk exposure. They typically seek multiples of their original investment over a set period through exits such as public offerings or acquisitions (Barrachina et al., 2021).

### **Comparative Insights**

Startups receive funding from both angel investment and venture capital, but these sources vary greatly in terms of the amounts they invest, their governance methods, and the business

development stages they target. During initial business phases, angel investors provide support to entrepreneurs working on their concepts, while venture capitalists invest when startups show initial market fit and expansion potential. The differences outlined previously can be observed in the various ways investors participate. The relationship between angel investors and founders tends to be more personal since they offer financial support and advice, drawing from their entrepreneurial background (Schmidt et al., 2025). Venture capitalists take an analytical approach to investing by examining financial performance metrics and strategic market positioning (Kerr et al., 2014). Startups receive effective support from both angel investors and venture capitalists, but at distinct stages of their development journey. Entrepreneurs use their networking strategies to access various funding resources, with strong connections aiding initial angel investments and broader networking capabilities helping to secure venture capital during startup maturation.

## **2.4 Overview of Startups**

### **2.4.1 Definition of Startups**

The term "startup" can mean different things in business, focusing on various unique features of these ventures. A startup is usually a flexible company trying to find the best mix of products and markets. Its goal is to create something new and develop a way to grow and profit while meeting customer needs (Blank & Dorf, 2012; Picken, 2017). Startups often lead to disruptive innovations, which can change current markets or create new ones. They explore new areas, aiming for fast financial growth, often with limited resources (Giardino et al., 2014; O'Reilly & Binns, 2019). Unlike traditional small businesses, startups focus on rapid growth, which is key to their nature (Giardino et al., 2014). Founders of startups deal with a lot of uncertainty as they bring new products or services to market, often in tech-focused areas that are evolving quickly (Heirman & Clarysse, 2004; Blank & Dorf, 2012; O'Reilly & Binns, 2019). Startups progress through different stages, which can be understood using the startup stage framework. According to Kollmann (2019), there are three stages: the early stage, the growth stage, and the later stage, as shown in Table 2.

Table 2. Startup Life Cycle and Funding Needs (based on Kollmann, 2019)

Stage	Characteristics	Funding Sources	Networking Focus
Early Stage	MVP development, market validation, and uncertainty	Angels, seed VC	Leverage strong ties, build initial networks
Growth Stage	Product-market fit, revenue growth	Venture capital, institutional	Expand the diversity and connectivity of networks
Later Stage	Market expansion, scaling	Private equity, IPO	Maintain a broad network and strategic partnerships

This thesis will concentrate on startups in the early and growth stages of development. During these stages, startups primarily obtain investments through their networks from sources like angel investors and venture capital firms.

### 2.4.2 Definition of Early Stage Startup

An early-stage startup is a newly established company that focuses on validating its business model, developing a minimum viable product (MVP), and attracting initial customers. This stage is characterized by high uncertainty, limited revenue, and reliance on external financing, such as angel investment or venture capital (Eisenmann, 2020). The early-stage phase is a very fragile stage and can impact the startup's long-term survival and growth rate, as it involves establishing a strong foundation for scaling operations (Glaveckaitė, 2021).

Scholars categorize early-stage startups into several sub-stages based on their development and funding status. The lifecycle consists of two primary sub-stages:

- Seed Stage. A startup's main objectives at this stage are building an MVP while conducting market research and confirming that its business idea is viable. Startups

usually rely on personal savings, contributions from friends and family members, angel investors, and early-stage venture capitalists for funding. Startups during this stage usually function with very low revenue while facing significant uncertainty about achieving potential market fit (Argaw & Liu, 2024).

- **Series A Stage.** After establishing a functional minimal viable product and demonstrating market traction, a startup enters the Series A phase to concentrate on business expansion. The business model undergoes optimization while customer acquisition expands and significant venture capital funding is obtained. Startups use Series A funding to sustain their operations while investing in technology and building a competitive market position (Lovrinčević, 2022).

Investors value the early-stage phase highly because they seek out startups with fast growth potential and expandable business models (Assenova, 2020). Networking is also important at this stage. Founders establish relationships with investors and develop strategic alliances through their existing social networks while seeking mentors (Ehsan, 2021).

### **2.4.3 Definition of Growth Stage Startup**

This stage is characterized by established business models, an expanding customer base, and the necessity for substantial capital to support growth efforts. By this point, startups have typically overcome the initial hurdles of product development and market entry, achieving a viable product-market fit.

According to Singh and Subrahmanya, this stage marks a shift from early funding sources, such as personal funds and angel investors, to more institutional ones, including venture capital and private equity (Singh & Subrahmanya, 2021).

At this stage, startups generally show consistent revenue growth, have a clear customer acquisition strategy, and maintain a scalable business model. The literature indicates a transition from dependence on informal funding to pursuing more significant investments from venture capitalists (VCs) and other institutional investors.

## **2.5 Previous Research on Founders Network and Its Impact on Funding**

The various components packed in the definition of social capital provide the needed insights into how networks affect funding decisions. Annamalaisami (2021) examines the characteristics of angel investors' pre-seed and seed-stage investments and states that some form of prior relationship generally assists investor decision-making (Casson & Giusta, 2007). Those entrepreneurs who are skilled at developing and sustaining networking relationships tend to augment their social capital, which in turn makes them appealing to investors who are predisposed towards entrepreneurs who have relationships with other fellow entrepreneurs. Investors use social resources as social credibility to evaluate the level of risk and the reliability of the different investment opportunities offered to them. Debrulle and Maes study the role played by social networks in influencing the export intensity of the nascent firms. Their results demonstrate that networking is important in raising the export efforts of new ventures. With this focus, the authors contradict previous works of Debrulle & Maes, which perceived social capital as having little relevance for South African new ventures' export development (2015). This shows that having strong networks not only helps in access to funding but also operationally can extend the reach of the startup to international markets.

Connections increase the trustworthiness of information and assist in the decision-making process of angel investors and VCs. As Bonini et al. pose, incorporation into angel groups or networks facilitates communication of information between investors, thus enabling better investment decisions to be made. Within networks, experiences and insights can be aggregated in a way that allows entrepreneurs to portray their value propositions desirably, thus increasing their chances of obtaining the needed funding. Furthermore, information obtained in network interactions has the potential to help entrepreneurs tailor their pitches to the investors' interests through recognized means of communication. The reputation of the founders is of paramount importance for a venture capitalist's attention. It comes as no surprise that a good reputation established through previous accomplishments, peer acceptance, and robust networks readily signals investment prospects towards the startup (Shao & Sun, 2021). Founders who enjoy a favorable reputation tend to receive funding faster, so discussions arise on how reputation could

and should be managed and utilized. Effective networking, it has been argued, actually does determine the outcome of an investment decision. Networking methods that involve relationships with prominent industry players and prospective investors improve a founder's funding capability. The results indicate that focused networking activities are essential for improving the likelihood of successfully obtaining capital. In closing, the body of work concerning founder networks and venture capital focuses on entrepreneurs' social capital, which concerns their relationships and networking activities along with the funding available to them, highlighting the intricate interplay involved. This analysis incorporates theory and empirical research to demonstrate how significantly founder networks assist in maneuvering through the venture capital system.

### **3. Methodology**

This chapter explains the methodology used to answer the research question: How do early-stage startup founders use their networks to secure funding from venture capitalists and angel investors? The section outlines the research methodology and participant selection process and details the data gathering and analysis approach. The chapter also includes and examines essential ethical issues while recognizing the study's limitations.

#### **3.1 Research Design**

The research examines how founders' networking activities affect their ability to obtain venture capital and business angel funding through qualitative study methods. Qualitative methods prove optimal for this research because they deliver profound insights into early-stage startup founders' subjective experiences and networking strategies. The complexity and detailed nature of these practices make semi-structured interviews the optimal method. The method supports flexible questioning yet guarantees comprehensive coverage of networking and funding acquisition topics.

Qualitative interviews have been chosen to explore relational dynamics and investment decision strategies because quantitative methods do not adequately cover these areas. Semi-structured

interviews allow participants to present their individual experiences, which provides an understanding of the networking effects on their funding acquisition. The flexible structure enables researchers to gather personal stories while maintaining adherence to research objectives. The research project will utilize purposive sampling to determine the selection of participants. The research intends to recruit founders who possess significant experience with venture capital and business angel funding acquisition. The research methodology captures detailed and applicable information from participants who actively engage in the funding process. The research team will analyze data through thematic coding by applying Gioia's methodology (2012) to find consistent patterns and themes in the collected interview responses. This research design will identify important networking techniques and broad themes that lead to successful funding attainment.

The research team could not implement a mixed-methods approach because of time limitations and participant availability constraints, despite its ability to provide deeper insights. The research team designed this research as a purely qualitative method because it enabled a thorough exploration of founders' networking experiences under time constraints.

### **3.2 Research Strategy**

Our study's research approach includes qualitative interviews exclusively with founders of early-stage startups. We selected this research approach because it answers our question about how startup founders utilize their social networks to obtain venture capital and business angel funding. In-depth interviews provide the best approach to examining how founders' network relationships operate and how these relationships affect funding results. A qualitative approach enables researchers to explore participant experiences thoroughly. The interviews used open-ended questions to gather detailed accounts of networking's influence on the funding journey, which delivers deeper insights beyond what quantitative methods provide. The semi-structured interview method provides the necessary flexibility to delve into networking complexities to ensure research covers diverse experiences and strategies for securing venture capital alongside angel investments. The methodology helped us to understand the multifaceted connection between networking activities and successful funding acquisition.

### 3.3 Sampling Method

The section provides details about the selection process for the early-stage startup founders who participated in this research study. The study intended to recruit participants from diverse backgrounds and experiences who have different network impacts on their success with venture capital and angel investment funding.

#### 3.3.1 Characteristics of Participants

The study examines startup founders in early development phases who have pursued venture capital or angel investors for funding their businesses. We established specific criteria to choose participants who would provide the most pertinent information.

**Founding Status:** The research will select only those participants who founded their startup businesses. The research method guarantees that all obtained insights stem directly from founders' personal experiences related to networking for venture capital and angel investment acquisition.

**Stage of Startup:** Our investment focus includes early-stage startups transitioning from ideation to product launch and firms that have received their initial venture capital/business angel funding. Understanding networking dynamics during the early stages of a startup's development cycle is essential (Dawson et al., 2017).

**Industry Diversity:** Participants will include founders from different sectors such as technology and healthcare, along with consumer product businesses. Our research recognizes industry-specific factors as potential confounding variables that can affect networking outcomes. During our analysis, we will account for this factor and ensure our findings are not wrongly extended to industries beyond those studied. This research will examine the strategies founders use to leverage their networks to secure funding instead of investigating how networking differs between industries. The core networking processes function consistently in different contexts despite variations in networking forms due to industry influences. Social capital theory (Burt, 2000) identifies networking as essential for startup success and asserts that this resource

transcends industry boundaries. Entrepreneurs across various industries at startup inception stages depend on their networks to gain crucial resources, including financial support and mentorship (Hoang & Antoncic, 2003). Early-stage ventures from all industries harness their networks to address obstacles and promote development. Research that focuses exclusively on one industry can produce results that are too narrow and could lead to incorrect assumptions about other industries. Focusing research exclusively on one industry produces results that fail to represent the entire startup ecosystem. Startups from different industries face common hurdles, which include finding financial support and market entry, alongside team creation. The research benefits from a multiple-sector focus as it identifies networking strategies that work across industry boundaries. The methodology delivers findings that are applicable to many startup founders and supports the broader applicability of the results. According to Sullivan and Ford (2014), research demonstrates that networking strategies evolve as startups grow to remain effective. Startup founders frequently modify their networking approaches to align with their evolving resource requirements across various development phases. The ability to adapt and use networks for resources and expertise proves more important than industry-specific features according to this dynamic and flexible methodology. The ability of networking tactics to work effectively in various sectors confirms that essential networking processes remain consistent across industries despite a startup's specific focus area.

Khokhawala and Iyer (2024) state that early-stage startup founders in every industry focus on relationship-building to meet essential business requirements. Startups require basic elements like capital acquisition and team formation to grow, which demonstrates that networking methods remain similar for businesses in different sectors. Bamini (2025) explores how entrepreneurial ecosystems support innovative collaboration between industries and proposes that cross-industry networks provide substantial advantages to founders who encounter shared entrepreneurial obstacles. Studies examining entrepreneurial experiences in different sectors show that Phani et al. (2024) have found that early-stage founders use common methods like open innovation and stakeholder engagement. Research by Phani et al. (2024) demonstrates that founders in early development stages typically implement universal practices such as open innovation and stakeholder engagement. The use of these strategies lets entrepreneurs share resources and knowledge while obtaining support and guidance that surpasses the boundaries of

industry-specific networks and demonstrates that effective networking strategies can operate independently of specific industry trends.

The fundamental process of utilizing networks to secure funding and resources stays consistent across all industries, even though specific industry factors shape different networking practices. Our research includes multiple sectors to produce findings that represent the full entrepreneurial ecosystem and provide practical insights for a diverse spectrum of startups, which strengthens the relevance and applicability of our study.

**Experience with Venture Capital and/or Business Angels:** All study participants are required to demonstrate at least one attempt at obtaining funding from venture capitalists and business angels, which can be either successful or unsuccessful. This essential criterion enables the collection of detailed stories about founder methods to manage the venture capital/business angel process. The study will develop a complete understanding of early-stage entrepreneurs' capital acquisition challenges and opportunities through analysis of founders with both successful and unsuccessful experiences.

**Geographic Relevance:** This study will choose its participants from the entrepreneurial community that exists within the defined geographic area. A localized study design enables our research to explore the effects of regional characteristics such as network access, resource availability, and venture capital/business angel opportunities on startup funding procedures. Our methodology corresponds with earlier research that highlights the importance of contextual factors for entrepreneurial achievement (Klada, 2018)

**Sample Size:** We aim to conduct qualitative interviews with over 10 founders. The chosen sample range should deliver enough perspective diversity to permit thorough qualitative analysis and remain within the necessary time boundaries. Research literature recommends using thematic saturation as the main criterion to determine participant numbers instead of following a fixed sample size (Brändle et al., 2019). The point of saturation in research occurs when subsequent interviews fail to produce new insights.

*Table 3: Overview of interview participants*

Name of Company	Industry	Startup Stage	VC/BA Experience
P1	Clean Beauty	Pre-Seed to Seed Stage	Venture Capital
P2	Life science/ Medtech	Early-stage	Business Angel
P3	Marketing Technology / SaaS	Maturity Stage	Venture Capital and Business Angel
P4	Cybersecurity Technology	Pre-Seed to Seed Stage	Venture Capital
P5	Food Tech	Growth	Business Angel
P6	AI/Tech	Ealy Stage	Business Angel
P7	Life science/ Medtech	Seed Stage	Business Angel and VC

P8	Sustainable Technology	Early Stage	Business Angel
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### **3.4 Data Collection Method**

We decided to use qualitative methods and conducted semi-structured interviews to collect the required data. Through these interviews, we gathered multiple experiences from the VC funding world and identified the effects of founder networks on the investment process. The examination demonstrated earlier shows that interviews are essential because they deliver trustworthy information from participants and obtain varied viewpoints, which quantitative research cannot achieve (Bryman & Bell, 2011). The interviews will occur from late March 2025 to early May 2025 and usually take about one hour. The duration of some interviews varied depending on how expansive the participants' responses became. Semi-structured interviews were selected because they provide necessary flexibility for exploring individual participant experiences thoroughly, alongside maintaining focus on essential networking and funding topics. The chosen method combines the advantages of open dialogue with the need for consistent focus throughout all interviews. Remote interviewees participated through online conferencing platforms such as Teams and Google Meet. The researchers took their notes separately while conducting each interview to guarantee unbiased results, and afterwards, the notes were combined and the collected data. Researchers asked open-ended questions to obtain thorough answers from participants. We also asked probing questions whenever needed to investigate networking strategies in further detail. This approach focuses on reducing answer distortion while obtaining genuine participant insights.

### **3.5 Interview Guide**

The interview format functioned as semi-structured dialogues that allowed for flexible yet directed discussions to examine how startup founders at early stages utilize their networks to get equity funding from venture capitalists and business angels. The interview format allowed for

transparent sharing of personal experiences from participants while maintaining consistent coverage of critical networking and funding topics throughout all sessions. The guide started by asking about the founders' backgrounds and their startups' progress to establish a foundation for their networking activities. Participants explained their initial methods of connecting with investors, along with the strategies or platforms they found beneficial, such as warm introductions or industry events and accelerators, or online tools like LinkedIn. The study focused on how various network ties functioned by comparing the impact of strong, trusted connections against weaker, broader ones for drawing investment. The guide asked respondents to evaluate how their networking methods were shaped by their industry context and the impact of sector-specific networks. The interview identified challenges founders faced while developing investor relationships and how they managed these relationships over time with strategies to establish trust and sustain engagement with the investors. Early-stage startups' Founders shared detailed information about their fundraising networking strategies through open-ended questions. The interview guide was structured but flexible, allowing for spontaneous follow-up questions and the emergence of new topics. This approach ensured a complete understanding of the founders' networking experiences.

### **3.5 Themes and Concepts for Data Collection**

The research interviews were directed by five essential themes, which enabled researchers to understand how startup founders in their early stages leverage their networks to obtain equity financing from venture capitalists and business angel investors. The primary aspects that shape networking and funding within the startup ecosystem emerged from insights found in relevant literature, which formed the basis of these themes. Appendix A contains the complete interview guide with all data collection questions and prompts.

#### **-Networking Strategies for Venture Capital and Business Angels**

This section examines various approaches founders take to build relationships with venture capitalists and business angels. The theme explores the multiple strategies founders use to establish connections with potential investors. The theme covers networking tactics that include using warm introductions and attending networking events, and a startup accelerator program,s

along with making use of online platforms such as LinkedIn. Previous studies show that networking actions serve as essential links between entrepreneurs and access to investment resources, according to Burt's research from 1992. The interview questions encouraged founders to describe their first interactions with investors, along with the methods that produced the best results.

### **-The Role of Industry-Specific Networks**

The networking techniques used by startups change based on their industry sector. This theme explores the extent to which founders depend on specialized networks and sector-specific accelerators to build valuable investor relationships within their industry ecosystems. Targeted networks provide greater funding benefits to certain industries, according to Shipilov's 2005 study. Research teams inquired with founders about their industry networks and if investors usually give preference to specific connection types.

### **- Founder Networks: Weak Ties versus Strong Ties**

The current theme examines how founders maintain important close relationships alongside wider but less personal network connections based on Granovetter's (1973) weak and strong ties theory. Strong ties deliver emotional backing and establish credibility, but weak ties help connect to new information and a range of investor groups. The research interviews examined which connections founders identified as most valuable for securing investment and their methods for cultivating these relationships.

### **-Challenges in Networking for Venture Capital and Business Angels**

Venture Capitalists and Business Angels face multiple obstacles when building their investor networks. Founders at the early stages of their businesses commonly encounter substantial challenges when trying to develop effective investor connections. The literature has identified three main obstacles for entrepreneurs looking for funding: limited experience, insufficient resources, and social capital (Cassar, 2004). The founders discussed their networking obstacles and their strategies for overcoming them.

### **-Investor Perception of Networking Efforts**

The theme examines investor evaluations of startup founders' networking activities. According to studies by Muldoon et al. (2018), the quality and structure of a founder's network affect investor perceptions of credibility and trustworthiness during the early stages of funding. The study questioned founders about their networking experiences and investor feedback to assess whether network quality or quantity mattered more to investors.

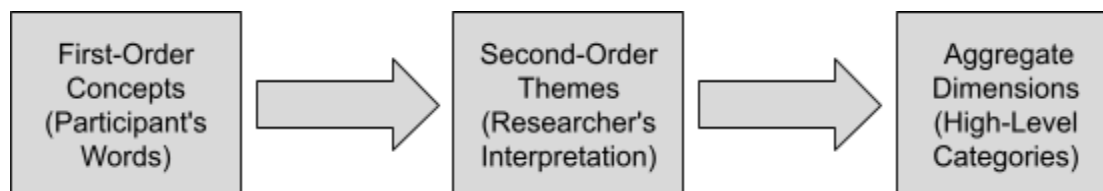
### 3.5.6 Justification for Themes and Concepts

These themes were selected by reviewing key research in entrepreneurship and venture capital. Networking is widely seen as an important aspect for attracting venture capital, and understanding how founders leverage their social networks can help understand the strategies that lead to successful funding. By concentrating on these themes, this study adds to the existing body of work exploring the connection between networking and securing investment from VC or Angel investors.

## 3.6 Data Analysis

The data collection method outlined above facilitated a thorough analysis of the key factors relevant to the research. These factors were explored using an inductive approach and qualitative data collection methods. The goal of this approach was to create a model that captures the core patterns within the interview data. Each transcript was carefully examined using a coding method based on Gioia et al. (2012). Through this process, individual codes were grouped into categories and themes that aligned with concepts from the theoretical framework laid out in the literature review. This ultimately helped identify the main overarching dimensions.

Figure 1: Data analysis method suggested by Gioia (2012)



## **1st-Order Analysis: Raw Data**

In the first step of analysis, the interviews were recorded and transcribed using Otter AI. To ensure accuracy and reliability, each transcript was cross-checked against the notes taken during the interviews. Once verified, the transcripts were analyzed and categorized according to the terms and expressions used by the interviewees. This process allowed us to identify 81 codes, which were derived from the participants' direct language and concepts they used to describe their networking practices and investment strategies.

For example, Participant 1 shared, “I rely on LinkedIn to find investors,” which was coded as LinkedIn Outreach. Similarly, Participant 2 said, “Warm introductions from colleagues have worked better than cold outreach,” which was categorized as Warm Introductions. Other notable examples included Participant 3, who mentioned, “I attend startup events to meet potential investors,” which was coded as Industry Events, and Participant 4, who stated, “My supplier introduced me to key investors,” which was categorized as Mentorship and Guidance.

Through this process, the first-order themes were identified, providing the foundation for the subsequent phases of analysis.

## **2nd-Order Analysis: Grouping and Interpretation**

The second-order analysis examined how the identified codes and themes interconnected after initial coding and categorization of the interview transcripts to reveal deeper insights. We used a qualitative data method to organize and visualize connecting patterns, which allowed us to explore the relationships between codes and how they contributed to broader themes within the dataset. 11 Distinct codes emerged after the first-order coding process, which captured specific aspects of founders' networking behaviors and their perceptions about securing equity financing. Through second-order thematic analysis, the discovered codes were grouped into meaningful themes, which demonstrated how founders strategically use their networks to secure venture capital and angel investments. The analytical process examined the connections between the 11 codes, which resulted in three higher-level themes that corresponded with specific dimensions within the theoretical framework. Network Strength emerged as a key theme when codes focused on establishing trust and credibility, and aligning values showed how essential trusted

relationships are during early-stage funding. The theme of Network Connectivity emerged from codes about strategic outreach events and digital platform usage, which demonstrated founders' deliberate actions to activate their networks. The grouping of codes representing cross-sector connections alongside weak tie leveraging, and quality-quantity balance formed the Network Diversity theme to show the benefits of expansive and varied networks.

### 3.7 Aggregated Dimensions: High-Level Categories

In this thesis, the aggregate dimensions derived from the approach outlined by Gioia et al. (2012) have been used as a systematic framework to manage and interpret the qualitative data collected during the interview. This framework provides a structured approach to analyzing complex data by identifying overarching dimensions through clusters that group related themes and concepts. By following this process, the study was able to identify key dimensions that influence how early-stage startup founders leverage their networks to secure equity financing from venture capitalists (VCs) and business angels (BAs).vImportantly, these aggregate dimensions align directly with the three key network dimensions identified in the research question: Network Strength, Network Connectivity and Network Diversity serve as the theoretical foundation of our research. The findings present a theoretically solid and empirically detailed perspective that reveals the complex nature of founder networks. The aggregate dimensions reveal different yet interconnected elements of social capital that demonstrate founders' ability to maintain trust and active involvement while expanding their network breadth to navigate the funding environment successfully

1st Order Concept (Participant Quote / Expression)	2nd Order Theme	Aggregate Dimension
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<p>"Very easy in the startup world, everybody's friends. You ask for an introduction; they do it right away."  "Very easy in the startup world, everybody's friends. You ask for an introduction; they do it right away."  "I always try to be genuine with investors because trust is everything when it comes to long-term support."</p>	<p>Trust and Credibility</p>	<p>Network Strength</p>
<p>"We did investor newsletters, monthly and quarterly calls, to keep them close and build trust."  "Maintaining ongoing conversations and updates keeps investors engaged beyond just the funding round."  "It's important to treat investors like partners, not just money sources."</p>	<p>Building Long-Term Relationships</p>	
<p>"If investors compromise on the company's mission just for money, we say no."  "We look for investors who share our vision and are passionate about our impact."  Having aligned values reduces friction and builds stronger collaboration."</p>	<p>Alignment of Values with Investors</p>	
<p>"Strong ties can be hard; you see flaws in people. Sometimes, weak ties are easier to find."  "Working closely with investors can be stressful if expectations are not aligned."</p>	<p>Relationship Challenges</p>	
<p>"I always reached out to relevant VC contacts directly, sometimes cold emailing, but mostly warm intros."  "I always reached out to relevant VC contacts directly, sometimes cold emailing, but mostly warm intros."</p>	<p>Strategic Activation of Contacts</p>	

<p>"Demo days and pitch competitions are huge for networking, getting investors interested quickly."  "Attending industry fairs allowed us to meet multiple investors in one place."</p>	<p>Use of Industry Events and Accelerators</p>	<p>Network Connectivity</p>
<p>"LinkedIn is an amazing tool; I do deep research on whom to contact and follow up persistently."  "We use digital forums to share updates and connect with like-minded entrepreneurs."</p>	<p>Digital Networking Tools</p>	
<p>"We send investor updates regularly; transparency helps engagement."  "Regular communication prevents surprises and builds trust."</p>	<p>Continuous Communication and Updates</p>	
<p>I keep contacts across fashion, renewable energy, and FMCG; it helps to access different investors.  "Diverse networks open doors to new markets and funding sources."</p>	<p>Cross-Sector and Industry Relationships</p>	<p>Network Diversity</p>
<p>Many investors came through weak ties, but were usually introduced by a strong tie.  "Expanding beyond close contacts was key to finding investors outside our immediate circle."</p>	<p>Leveraging Weak Ties for New Opportunities</p>	
<p>"At an early stage, the quality of contacts matters more; later, quantity becomes important too."  "We focus on building meaningful relationships rather than just collecting contacts."</p>	<p>Quality vs. Quantity</p>	

### **3.8 Acknowledgment of Artificial Intelligence Support**

During the preparation of this thesis, multiple AI-based instruments facilitated different research and writing activities. ChatGPT by OpenAI provided support for generating ideas and structuring research questions logically while identifying possible interview participants and summarizing both academic papers and research frameworks. Grammarly provided grammar verification and periodic text rephrasing to improve the logical progression of the manuscript. The research team implemented Otter.ai to create precise transcripts of interviews, which allowed for efficient data analysis. The research quality and efficiency received significant improvements through the utilization of these tools.

### **3.9 Ethical Consideration**

When conducting this research, we carefully handled sensitive business data according to good research practice. The research team secured informed consent from every participant while making them aware of the research goals and procedures. Confidentiality will be maintained through participant data anonymization, which ensures the protection of their identities during the research process. Participants can leave the study at any point without penalties because their involvement remains entirely voluntary. Due to the sensitive nature of the thesis and requests from many founders, we also kept their identity anonymous. We will delete all the interview recordings after the thesis period.

## **4. Findings**

This chapter shares principal discoveries from founder interviews by applying social capital theory and Gioia's methodology. The research examines the methods founders use to tap into their networks for obtaining equity funding from venture capitalists and business angels. The analysis has identified three primary dimensions that capture the essence of founder networking practices in this context: Network Strength, Network Connectivity, and Network Diversity. The

three identified dimensions demonstrate how founders create trust with stakeholders while activating their connections and expanding network reach to enhance investment opportunities. The individual sections of this chapter investigate each aggregate dimension through detailed analysis, which incorporates direct quotes from participants. The chapter delivers a full understanding of strategic, relational, and structural elements that affect early-stage fundraising success through its structured methodology. This study provides essential guidance to researchers and practitioners about effective networking behaviors and the obstacles founders face while seeking equity financing.

## 4.1 Network Strength

Network Strength represents the caliber and reliability of professional relationships that founders establish through their networks. Strong, trustworthy relationships based on shared values stand as key elements for obtaining equity funding while maintaining investor support over time. The interview findings showed that founders regard network strength as a crucial component in their fundraising activities because it affects both the creation and sustainability of investor relationships.

*Table 4: Data Structure for Network Strength*

<b>First-Order Concepts (Participant Quotes)</b>	<b>Second-Order Themes</b>	<b>Aggregate Dimension</b>
Very easy in the startup world, everybody’s friends. You ask for an introduction; they do it right away.	Trust and Credibility	Network Strength
We did investor newsletters, monthly and quarterly calls, to keep them close and build trust.”	Building Long-Term Relationships	
If investors compromise on the company's mission just for money, we say no.”	Alignment of Values with Investors	

<p>Strong ties can be hard, you see flaws in people. Sometimes, weak ties are easier to fund.</p>	<p>Relationship Challenges</p>	
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**Trust and Credibility**

Successful equity financing requires trust as an essential preliminary condition. Founders identified strong relationships built on trust and credibility as crucial methods for obtaining investor meetings and commitments. A founder explained that networking in the startup industry works smoothly because people already know one another. A request for an introduction prompts an immediate response from the startup community. Concentrated relationships establish trust, which functions as social proof to lower the usual informational and relational barriers during investment acquisition. According to multiple participants, trust serves a dual purpose by enabling fast introductions while simultaneously acting as a filter for potential investors before formal meetings commence. The sentence demonstrates how organizations accumulate reputational capital from their previous interactions. The research findings confirm that entrepreneurs who establish strong connections can more effectively obtain necessary resources because their trusted contacts typically support them.

**Building Long-Term Relationships**

Investors showed a strong preference for establishing sustained relationships beyond the first funding stage as a major emerging theme. Investors require consistent and clear communication to build and maintain their trust, according to participant feedback. One founder reported using investor newsletters along with monthly and quarterly calls to foster engagement and build trust with their investors. Investors gain stronger confidence in founders who meet commitments through regular updates that show ongoing progress and accountability. The continuous engagement between founders and investors emerged as vital to turning business transactions into enduring partnerships that frequently lead to subsequent funding and strategic backing.

**Alignment of Values with Investors**

When making investment decisions, founders emphasized relational trust and the necessity of having shared missions and aligned values. Misalignment between investors' goals or ethical standards became a decisive factor for many participants when choosing to reject investment opportunities. Investors who prioritize financial returns over the company's mission will find their funding offers turned down by the founder.

Founders prioritize maintaining strategic alignment in the long term over immediate financial support. The market acknowledges that value alignment builds trust and teamwork, which are essential components for long-term business success.

### **Relationship Challenges**

Participants acknowledged that strong ties provide major benefits but also revealed their complex nature. One founder shared their experience with the challenges of relying solely on close relationships: Building strong ties poses challenges because it exposes personal flaws. In some situations, funding becomes more achievable through weak ties instead of strong connections. The observation revealed that while strong ties generate trust, they also lead to emotional challenges, which can create conflicts affecting investor relationships. Founders need to manage their relationships carefully by utilizing strong connections while keeping wider contact, which helps with easier funding access.

## **4.2 Network Connectivity**

The concept of network connectivity demonstrates how founders actively engage with their network ties to mobilize resources and maintain relationships for equity financing opportunities. Founders must do more than possess contacts because they need to implement dynamic strategies that convert social interactions into actual investment possibilities. The interviews demonstrated that founders optimize their network value by combining warm introductions with strategic participation in key industry events alongside digital outreach and ongoing communication efforts.

*Table 5: Data Structure for Network Connectivity*

<b>First-Order Concepts (Participant Quotes)</b>	<b>Second-Order Themes</b>	<b>Aggregate Dimension</b>
I always reached out to relevant VC contacts directly, sometimes cold emailing, but mostly warm intros.	Strategic Activation of Contacts	Network Connectivity
Demo days and pitch competitions are huge for networking, getting investors interested quickly.	Use of Industry Events and Accelerators	
LinkedIn is an amazing tool; I do deep research on whom to contact and follow up persistently.	Digital Networking Tools	
We send investor updates regularly; transparency helps engagement.	Continuous Communication and Updates	

### **Strategic Activation of Contacts**

The primary theme from the founders' experiences showed how they proactively utilized their networks. The majority of founders reported warm introductions as their main strategy for investor meetings, but some used direct outreach when needed. One founder described their process as contacting VC representatives both through direct communication methods like cold emails and predominantly using warm introductions. The narrative demonstrates how founders strategically combine relationship-based introductions with direct self-driven outreach initiatives. The founders understand that remaining passive in their approach yields no results, so they take proactive steps to investigate potential investors while systematically organizing their interactions and maintaining regular contact with them. Another founder echoed this sentiment, explaining that while warm introductions can open doors, they still require diligent follow-up: A

warm introduction allows entry into the investment conversation, yet requires consistent follow-up and proof of progress. The process of connectivity requires both initial access and ongoing efforts to build deeper connections.

### **Use of Industry Events and Accelerators**

Demonstration days at accelerators and industry gatherings stand out as popular networking venues for entrepreneurs. Startup founders talk about these events as focused spaces where numerous investors gather together so founders can meet multiple potential backers within a brief timespan. According to one founder, demo days and pitch competitions remain fundamental to building professional connections and attracting investor attention swiftly. The participant who spoke about accelerator programs explained how joining one allowed their company access to a trustworthy network of investors who believed in the accelerator's vetting system. These settings operate as networking hubs while simultaneously enhancing founders' reputations through their association with respected programs.

### **Digital Networking Tools**

The interviews demonstrated a substantial reliance on digital platforms such as LinkedIn to enhance traditional networking activities. Founders explained their extensive use of digital platforms to find potential investors and collect necessary background information before making contact. "LinkedIn is an incredible resource; I did thorough research on whom to approach and consistently follow up," according to one founder who used these methods to connect with worldwide investors by going beyond local constraints. Founders discovered that effective digital outreach needs both patience and multiple follow-up actions to succeed, as they realized this theme of persistence.

### **Continuous Communication and Updates**

Regular and transparent communication is necessary to maintain investor interest over time, which leads to effective connectivity. *"We send regular updates of our startup progress, mostly monthly but sometimes weekly."* The founders distributed newsletters and progress reports to keep investors informed and engaged. The participant expressed that regular investor updates drive engagement through transparent communication. Through ongoing dialogue, investors gain

reassurance while observing progress, while also preserving communication channels for future funding opportunities or support. This theme reinforces the notion that maintaining connections requires continuous investment instead of a singular effort.

### 4.3 Network Diversity

Network Diversity represents both the variety within founders' social networks and their reach across different industries, geographic locations, and social demographics. Founders who possess diverse networks gain access to multiple resources, along with specialized knowledge and an investor pool, which are critical for effectively managing the complicated equity financing process.

*Table 6: Data Structure for Network Diversity*

<b>First-Order Concepts (Participant Quotes)</b>	<b>Second-Order Themes</b>	<b>Aggregate Dimension</b>
I keep contacts across fashion, renewable energy, and FMCG; it helps to access different investors.	Cross-Sector and Industry Relationships	Network Diversity
Many investors came through weak ties, but were usually introduced by a strong tie.	Leveraging Weak Ties for New Opportunities	
At an early stage, the quality of contacts matters more; later, quantity becomes important too.	Quality vs. Quantity	

## **Cross-Sector and Industry Relationships**

Creating connections throughout multiple industries enables founders to tap into varied sources of funding and expertise. One participant noted, *"I maintain contacts in fashion, renewable energy, and fast-moving consumer goods; it enables access to different investors."* The participant explained that through connections in fashion, renewable energy, and fast-moving consumer goods, they gain access to various investors. Founders are purposefully building a diverse network across different sectors to connect with other investor groups and resources outside their primary industry. Another founder reflected on how diversity within networks offers alternative perspectives and insights, which can be instrumental in navigating challenges and capitalizing on opportunities: *"Having contacts in various industries provided us with fresh ideas and opened doors we wouldn't have discovered otherwise."* and highlighted that his network contacts across different industries helped him innovative new ideas and accessible opportunities that we would not have found on our own.

## **Leveraging Weak Ties for New Opportunities**

Our Research found that distant acquaintances consistently functioned as bridges to new investment opportunities. As one participant remarked, *"Many investors came through weak ties, but were usually introduced by a strong tie."* The founders observed that their investor connections frequently originated from weak ties, which were introduced to them through stronger and more personal contacts. The observation shows how weak ties function as crucial gateways to resources and funding opportunities, which would otherwise remain unreachable despite their lower emotional connection strength. By developing these connections, their founders found they could reach more varied and extensive investor networks.

## **Quality vs. Quantity**

The study participants revealed how their approach to managing network contacts shifts between quality and quantity over time through a strategic balancing act. During the initial phase of their venture, founders focus on developing strong relationships with reputable investors whose goals match their own. According to one founder, *"We focused on quality during our initial stage because we needed an angel who knows the market...not only funding"*. Founders of maturing

ventures expand their professional networks to access more exposure and diverse funding possibilities. This adaptive approach shows that network diversity changes in response to the startup's developmental stage and fundraising requirements.

## **5. Discussion & Analysis**

### **5.1 Introduction**

This chapter revisits the central research question: How do founder networks affect access to equity financing from venture capitalists and business angels?. To explore this question, the chapter is structured around three key aggregate dimensions identified in the findings: Network Strength, Network Connectivity, and Network Diversity. The chapter examines every dimension thoroughly while explaining how each links back to the theoretical frameworks from Chapter 2. In addition to analyzing these dimensions separately, this chapter investigates their interactive effects, which together explain how founders strategically use their networks to obtain equity investments. This analysis provides a detailed understanding of how social capital functions in different ways within entrepreneurial finance.

### **5.2 Network Strength**

The study demonstrates how the strength of founders' networks and the quality and depth of social relationships determine founders' opportunities to gain equity financing support. Founders use trust and credibility as essential tools to reduce both uncertainty and perceived risk for their investors. According to Granovetter's theory from 1973, strong ties enable dependable information flow and provide crucial social validation needed in entrepreneurial environments. According to Burt's (2005) concept of relational social capital, founders build investor trust and confidence through their transparent and regular communication efforts that show ongoing progress. Continuous engagement becomes essential during early-stage funding when

information asymmetry reaches its highest level (Uzuegbunam et al., 2017). Investment decisions heavily depend on the shared values between founders and investors, which aligns with Shao and Sun's (2021) research highlighting the necessity of a common mission and ethical alignment to build relational trust and foster collaboration. The research indicates that strong ties bring significant benefits, but they also present challenges because emotional complications and over-reliance on relationships can sometimes disrupt objective funding decisions (Burt, 1992). There are also clear distinctions between investor types because business angels prioritize relationship-based investment, which values trust and personal connections more than venture capitalists, who combine relational trust with formal due diligence (Ucbasaran et al., 2010). Network Strength provides essential relational support for network activation and diversity while maintaining dynamic interactions with these aspects. Founders need to keep deep, trustworthy relationships while expanding their network connections and diversity to enhance equity financing opportunities.

### **5.3 Network Connectivity**

Network connectivity has become both a dynamic and strategic factor, demonstrating how founders actively work to build connections and maintain networks to create investment possibilities. The principle aligns with Burt's (1992) brokerage theory and structural hole, which suggests that people who link separate social groups gain access to vital resources. The data shows how founders manage to use personal connections alongside direct methods when needed to demonstrate their practical and persistent networking approach. Founders show deliberate actions by using warm introductions and attending pitch events and accelerators while utilizing digital networks like LinkedIn to find and connect with potential investors. Through these activities, social capital becomes active, leading to substantial funding opportunities created from the possible social networks the founder has.

The strategic behavior by founders matches Coleman's (1988) theory of social capital, which recognizes both the network structure and the founder's role in utilizing it. Founders gain access to network hubs via industry events and accelerators, which offer curated spaces where they can

simultaneously connect with multiple investors while proving their business growth (Kupp et al., 2017). These environments create opportunities for faster funding decisions while expanding exposure to investors. Founders increase their network reach beyond traditional boundaries by using LinkedIn to research and connect with investors whom they consistently follow up with. Maintaining investor engagement and building relational momentum depends on regular personalized communication, which includes routine updates. Differences among investor types also emerged: Venture capitalists give preference to founders who have robust connections within the institutional network. At the same time, business angels focus on personal engagement through informal networking methods (Ucbasaran et al., 2010). Effective founders demonstrate their skill by managing multiple connectivity channels to fulfill investor requirements.

The concept of network connectivity demonstrates how founders use active methods to connect different parts of their networks in order to increase their ability to obtain equity financing.

## **5.4 Network Diversity**

The term Network Diversity describes how founders maintain different social connections across various industries and sectors while spanning multiple geographic locations. Our research shows how this aspect plays a vital role in securing access to numerous resources and potential funding opportunities. The importance of network diversity for entrepreneurs is validated by Granovetter's (1973) weak ties theory, which shows that connections between distinct social groups generate access to exclusive knowledge and opportunities that drive innovation and business discovery. Founders develop stronger adaptability & resilience through the benefits of a diverse network, which introduces them to various expertise & investors. The experience serves to expand entrepreneurial knowledge while simultaneously increasing their investment opportunity. Burt's (2005) brokerage theory explains that connecting separate social groups creates access to valuable resources by bridging structural gaps. Davidsson and Honig (2003) argue that network diversity acts as a catalyst for entrepreneurial innovation and venture success because it fosters learning and adaptability. Our research shows founders purposely establish connections across multiple industries and locations because they understand that diversity in both geographic areas and sectors attracts investors who seek signs of scalability potential and

wide market reach (Shao & Sun, 2021). The management of extensive and varied networks involves complex difficulties. Founders need to maintain strong relationships while simultaneously increasing their network reach and diversity. Entrepreneurs initially develop close inner circles during the startup phase and widen their connections as their company expands, with funding demands becoming more varied (Ferri et al., 2018). Investor preferences regarding network diversity also vary. Investors in venture capital commonly view broad and diversified networks as signs of potential business expansion alongside market reach and innovative progress. While business angels usually focus on dependable niche connections formed through solid bonds, they maintain awareness of how diverse networks can help reduce investment risks and open up new opportunities (Ucbasaran et al., 2010). Diverse networks are important for founders. This diverse networking strategy helps the founders find innovative solutions & manage complex market challenges for startup growth. Expanding their networks with different industries increases their chances of getting equity financing, as well as necessary connections, which are vital for growing their ventures.

## **5.5 Interrelationships Between Dimensions**

The research demonstrates that Network Strength, Connectivity, and Diversity work together to determine founders' ability to secure equity financing. Trust and credibility stem from strong ties, which help founders expand their networks with confidence through activation. The dependence on strong personal relationships can restrict founders from finding new investment possibilities and connections, which makes it essential for founders to expand their networks through strategic diversity and connectivity. Network Connectivity serves as an essential link by transforming existing relationships into investment opportunities through connection facilitation, engagement maintenance, and investor group navigation. Network Diversity provides access to multiple perspectives and funding options, which improves founders' adaptability and attractiveness.

The combination of these dimensions generates a strong synergy that enhances founders' social capital. Successful fundraising emerges when founders manage to combine trust-building efforts with proactive network engagement and connect with diverse contacts. A comprehensive approach provides deeper insights into the practical operations of founder networks, which improves access to equity financing.

## **6. Conclusion**

The chapter presents the main conclusions and outlines both the research contributions and limitations before providing future research suggestions and practical implementation recommendations. The thesis examined how founders of early-stage startups utilize their networks to obtain equity investments from venture capitalists and business angels. We conducted qualitative interviews to analyze network strength, connectivity, diversity, and utilization based on our guiding research question. The research integrates social capital theory with entrepreneurial finance principles to reveal successful networking strategies that can secure startup funding.

### **6.1 Contributions**

The thesis contributes to entrepreneurial finance research by examining how early-stage startup founders apply their social networks to acquire equity funding from venture capitalists (VCs) and business angels (BAs). This study explores startup funding grounded in critical network dimensions such as strength, connectivity, and diversity and builds upon foundational theories of social capital and brokerage from Granovetter (1973) and Burt (1992, 2005). The research advances startup financing studies by examining how founders of early-stage startups utilize their networks to secure equity funding from venture capitalists and business angels. While much of the existing research emphasizes social capital broadly, this study specifically advances knowledge on founder networks as strategic resources in the entrepreneurial finance context, building on key works such as Witt (2004), Shane and Cable (2002), Hsu (2007), Hellmann and Puri (2002), and Mason et al. (2019).

This research validates Witt's 2004 findings that entrepreneurial founders who maintain and develop their networks can effectively acquire vital resources like funding and expert advice.

This research builds upon Witt's findings by examining how network strength, connectivity, and diversity function differently at various startup financing stages. This research extends Witt's general findings about founder networks by showing specific empirical evidence that trust-based relationships are essential during angel investment rounds. In contrast, wider networks with diverse connections become more valuable when startups seek venture capital investors.

This study expands upon Shane and Cable's (2002) research by demonstrating that entrepreneurs who actively manage and strategically use their networks achieve better VC funding results. The research unveils behavioral aspects of networking that augment the structural framework outlined by Shane and Cable. The research findings demonstrate that experienced founders utilize their social capital to better meet investor expectations, which supports and expands upon Hsu's (2007) focus on entrepreneurial experience and network position.

This study confirms that venture capitalists contribute strategic value beyond financial support, as Hellmann and Puri (2002) observed, because network connectivity proves essential for securing venture capital investments. The findings of this study resonate with Mason et al.'s (2019) conclusions that business angels value trust and mentorship when making funding choices. The study by Mason et al. (2019) shows that business angels select their investments based on trust and mentorship availability, which demonstrates how investor types perform distinct functions. This thesis stands apart from existing research through its comprehensive analysis of three network dimensions. They dynamically interact across various funding stages and investor types to provide a detailed view of networking strategies. Rather than viewing founder networks as static assets, this research highlights their evolving nature. It shows how founders actively adapt and expand their networks, shifting focus from strong, trust-based ties in the early stages to broader, more diverse and connected relationships as they seek larger rounds of venture capital funding.

## **6.2 Practical Implications**

This research provides important knowledge for entrepreneurs launching startups, as well as investment stakeholders who finance them, and organizations dedicated to supporting

entrepreneurial efforts. These organizations work to increase the availability of equity financing for startups at early phases. Founders need to recognize that the key to successful fundraising extends beyond having an attractive business idea. Building trustworthiness, strong relationships with mentors, early investors, and industry experts establishes a foundation of credibility, which creates opportunities to secure funding. Startup founders must expand their professional networks through participation in industry events and accelerator programs while also using digital platforms such as LinkedIn to connect with a more varied mix of potential investors. Founders who maintain strong personal relationships alongside broader casual connections create opportunities to discover new deals and obtain investments. When making investment decisions, business angels and venture capitalists should look beyond traditional financial metrics and assess the quality and structure of a founder's network. A well-developed founder's network demonstrates a founder's ability to secure resources and establish strategic partnerships while maintaining startup growth. Investors who actively mentor founders and help them grow their professional networks contribute to strengthening their portfolio companies' chances of achieving sustained success. Incubators and accelerators function as necessary entrepreneurial support organizations that help entrepreneurs establish valuable networking connections. These organizations assist founders in developing vital social capital for fundraising by designing programs that build strong trust-based relationships alongside diverse industry connections. Founders gain quicker access to necessary funds while obtaining vital knowledge and resources through structured networking support.

### **6.3 Future Research**

Our research demonstrates that founder networks rely on equity financing access while still leaving several important elements open to future investigation. Future investigations should explore how networking strategies differ in effectiveness across different industries to understand specific sector dynamics. Research provides insights into networking practices specifically designed to meet the unique challenges and opportunities in technology, healthcare, and fintech industries. Research comparing the evaluation practices of venture capitalists and business angels regarding founder networks and investment decisions shows clear differences between these

investor types. Founders who understand investor differences can develop networking strategies that fulfill investor needs more effectively. Research could be done on founders' networking behaviors, and their funding results over time will reveal important insights into how these activities change throughout different phases of startup development. Research in these areas would deepen our knowledge of social capital within entrepreneurial finance while developing better methods to obtain startup funds.

## **6.4 Limitations of the Study**

The research design and methodology exhibit strength, but various limitations need recognition to understand the study results correctly.

**Selection Bias:** Focusing purposive sampling on founders who have received venture capital or angel investments restricts how broadly the research findings can be applied. The sample likely fails to capture the broader startup population because it excludes those who have not sought or obtained external equity funding.

**Self-Reporting Bias:** This study's qualitative interview methodology introduces an unavoidable potential for self-reporting bias. The data collected may lose authenticity and completeness since participants might give socially desirable answers and focus on select experiences.

**Industry Diversity and Representativeness:** The research incorporates founders from multiple sectors, yielding varied viewpoints but restricting the level of understanding regarding networking practices specific to each industry. Due to the sample diversity, we cannot fully represent sector-specific attributes, which limits the ability to apply research results to any particular industry. Researchers should regard the results as general indicators because they apply across multiple sectors rather than to any single one.

**Temporal Constraints:** The study took place over a short period, which exposed it to external factors like economic shifts and market movements that could affect startup funding access and networking behaviors. These temporal factors may influence the applicability of findings to other periods or contexts.

**Time Constraints on Data Collection and Analysis:** The research project's limited timeframe required data collection and analysis to be conducted within a condensed schedule. The time constraints imposed on this research likely restricted how deeply we could achieve data saturation and our capacity to investigate the longitudinal networking effects on obtaining funding.

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# **Appendix A: Interview guide**

## **Introduction**

1. Can you briefly introduce yourself and your startup?
2. What stage is your startup currently in (e.g., seed, Series A, growth)?
3. Have you raised any external funding (e.g., angel investment, venture capital)? If yes, how many rounds have you completed?

## **Networking Strategies**

4. How did you first connect with investors (VCs or business angels)?
5. What were the key strategies or platforms you used to engage with investors (e.g., accelerators, pitch events, LinkedIn)?

6. Can you describe any specific networking events or platforms that you found most helpful in reaching potential investors?

7. Did you leverage existing relationships (e.g., friends, colleagues) to gain introductions to investors? Can you share an example?

8. How do you prioritise your networking efforts? Do you focus more on expanding your network or deepening relationships with key individuals?

### **Types of Networks**

9. In your experience, how important are strong ties (e.g., close friends, mentors) versus weak ties (e.g., distant acquaintances, professional connections) in attracting investment?

10. Can you give an example of a situation where a weak tie (e.g., someone you didn't know very well) led to an investment opportunity?

11. How do you manage relationships with investors once you've established contact with them?

12. What role does trust play in your relationships with investors, and how do you build it over time?

### **Industry-Specific Networking**

13. Do you believe the industry you're in (e.g., tech, healthcare, fintech) affects the networking strategies that work best for attracting investors?

14. Are there industry-specific networks or events that you've found more beneficial for connecting with investors or other key stakeholders in your sector?

15. How do you tailor your networking approach to suit the unique needs or challenges of your industry?

### **Investor Perception & Networking Success**

16. How do you think investors perceive your network when considering your startup for investment?

17. Do investors value the quality or quantity of your network more, in your experience?

18. Can you share an example of how networking influenced an investor's decision to back your startup?

19. Have you ever encountered challenges in getting investors to trust your network? If so, how did you overcome them?

### **Challenges in Networking & Fundraising**

20. What are some of the biggest challenges you faced while trying to build a network to secure investment?

21. How do you deal with rejection or lack of interest from investors during the networking or pitching process?

22. Were there moments when you felt that your networking efforts didn't lead to meaningful results? What do you think went wrong?

23. If you could start over, what would you do differently in your networking approach to attract investment?

### **Advice**

24. What advice would you give to early-stage founders looking to build their networks and attract equity financing?

25. Are there any specific tools, platforms, or resources you would recommend for networking and fundraising in your industry?

26. Looking back, do you feel that networking played the most crucial role in securing investment, or were there other equally important factors (e.g., product-market fit, team strength)?

27. Is there anything else you would like to share about your experience with networking and raising funding for your startup?