

Kindred Capital: Driving VC funding in the UK

Leila Zegna was a founder before she became an investor. That's why, when she and her partners founded Kindred Capital in London in 2015, it felt like starting another business. It just so happened that this business was an investment fund. This start-up mentality has been critical to the success of Kindred, which has backed 59 start-ups in just over four years.

Equitable venture: a new approach to VC

Kindred is now investing out of its second seed fund and has pioneered an investment model called 'equitable venture'. "Kindred shares the profit of the fund with every founder it invests in. In effect, each entrepreneur becomes a partner in the fund and a co-owner in each other's success", explains Leila, Co-founding Partner at Kindred Capital.

In practice, the founders Kindred invests in are collectively treated as a fifth partner in the fund. Twenty percent of the profit is distributed equally between these entrepreneurs; in Leila's own words Kindred is "taking a smaller piece of a bigger pie". "We're in the value creation business", she adds. "The equitable venture model has proven to be super successful. Our model incentivises founders to connect us to promising businesses. In fact, our founders are responsible for seven out of every ten deals that we do, giving us a higher-than-average quality deal flow."



Leila Zegna, Co-founding Partner at Kindred Capital.



Driving the European VC landscape

While Kindred is a UK-based fund, it has an international footprint and the team are passionate about looking beyond the traditional startup hubs. Investments have been made across a wide range of cities including Poland and Cologne. The strategic goal is supporting entrepreneurs with the best potential; a geography-agnostic approach makes it easier to identify these people.

When selecting founders to back, Kindred favours businesses with a technological and scientific focus, which often leads to spin-outs from academic institutions. "There's a lot of really exciting opportunities in places like Oxford and Cambridge," explained Leila. ▶

“Entrepreneurs will be open to approaches from new founders. They are all Davids fighting a Goliath in their own field.”

► **The secret of success for first-time founders**

Many entrepreneurs come to Kindred straight out of university, seeking funding for the first time. According to Leila, this is because Europe is a maturing ecosystem, as opposed to a fully matured market like the US.

Her advice to these entrepreneurs is to focus on building their network. “Sitting down with a fellow founder and being able to ask questions that may seem basic or uninformed will get you the richness of answers from someone who’s recently been through the same process”, Leila advises.

From her own experience, Leila finds that there is great camaraderie and a ‘pay-it-forward’ mentality in the founder community. “They’re all Davids fighting a Goliath in their own field so there is a sense of peer support. This means that entrepreneurs will be open to approaches from new founders. Even a cold InMail, or having a friend introduce you to a founder can lead to someone willing to meet up and discuss lessons learned.”



Kindred's office is based in the UK, but the team looks beyond traditional startup hubs to find the best talent.



Working with Silicon Valley Bank

The partners at Kindred were previously entrepreneurs and investors in the US, so Silicon Valley Bank was a natural choice to support the fund in London. “What’s unique about Silicon Valley Bank is that it started in the highest performing tech ecosystem on the face of the globe. It is now bringing that expertise, know-how and network to the ecosystems that matter for tomorrow”, Leila evaluates.

Another priority for Kindred is the breadth of services that the bank offers. “We don’t have to go to five different places for five different needs. We can build a really deep relationship with a singular organisation, and have multiple different touchpoints”. Kindred has counted on Silicon Valley Bank for its banking needs since its inception. However, the greatest advantage of its partnership with the bank is the support for portfolio companies. “Silicon Valley Bank has a suite of services and tools appropriate for the businesses we fund as their needs evolve throughout the various stages of their growth and development”, explains Leila.

What’s next for Kindred?

With its ‘equitable venture’ approach, the Kindred team has seen great success. Leila’s aim is to continue to build on being the very best at what they do. “There is a gap when it comes to really smart, ambitious funds that want to stay small, and that’s absolutely what we care about doing”, she concludes.



Leila and her portfolio companies have counted on Silicon Valley Bank since Kindred was founded.