

Where VCs Waste Time—and the Costs they Face (because of it).

Due diligence should build conviction, but it often leads to feeling overwhelmed.

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Ask any venture investor what their most scarce resource is. They won't say money. They'll say time.

Venture capital is fundamentally a judgment business — the value of a fund lies in a partner's ability to identify the right opportunity, build conviction fast, and make a decision before the moment passes. But somewhere between sourcing a deal and writing a check, something breaks down. The bottleneck isn't capital, and it isn't instinct. It's a structural decision process.

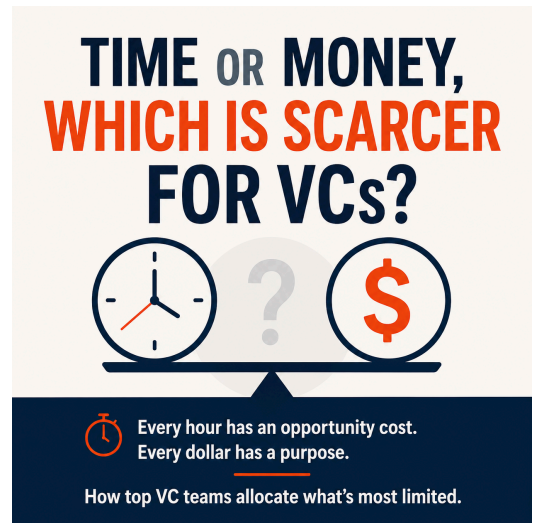
In a 2016 survey of 885 VC firms — one of the most comprehensive studies ever conducted on how VCs actually operate — researchers at Harvard found that the average venture fund spends approximately 118 hours conducting due diligence on each deal they ultimately invest in. That's nearly three full work weeks, per deal, before a decision is made to invest or decline.

Those 118 hours are real work: customer calls, reviewing documents and spreadsheets, founder reference checks, market sizing, financial model reviews, competitive mapping, technical assessments and legal flag reviews. But in most firms, that work is also largely unstructured. It's distributed across inboxes, shared drives, personal notebooks, CRM fields, and — critically — people's heads.

The result is a process that looks rigorous from the outside but is quietly fragile on the inside.

The fragmentation problem nobody talks about

The typical VC firm runs on a stack that looks something like this: a CRM for tracking relationships and pipeline, a cloud storage folder for documents, email for founder communication, a note-taking app for call transcripts, and maybe a sourcing tool for market data. Each tool does its job. None of them talks to each other in a way that reduces the time to an informed decision.



This means that when a partner sits down to evaluate a deal — really evaluate it — they're not reviewing a single organized picture of a company. They're reconstructing one. They're cross-referencing a thread from three weeks ago with a model an analyst dropped in Dropbox, looking for the notes on what the founder said on the second call that gave them pause, and checking whether anyone has pulled the cap table yet.

"The information exists. It's just never in the same place at the same time. Every deal review starts with archaeology before it can start with analysis."

This fragmentation has a compounding effect. It slows down the first-pass evaluation. It makes it harder to identify when a deal deserves a deeper look. And it means that the quality of diligence on any given deal is partly a function of how good someone is at navigating internal chaos — not how good the company actually is. Worst of all, the high-stakes risk of investing in the wrong venture.

The five stages where time quietly disappears

01 — Intake: Triaging inbound

Most firms receive hundreds of inbound pitches per month. The triage process — figuring out which ones are worth a first call — is largely manual. Decks get forwarded, tagged inconsistently, or just pile up. Strong deals can sit for days waiting for someone to open them. The cost isn't obvious until a great deal closes with another firm first.

02 — Research: Building context from scratch

Market sizing. Competitive landscape. Prior funding history. Team backgrounds. Regulatory environment. For each new deal, this work starts at zero — even when a firm has already looked at adjacent companies. Institutional knowledge doesn't compound because it's not organized anywhere it can be retrieved.

03 — Synthesis: Making sense of what you've gathered

Once a team has done the primary research, someone has to pull it together into a coherent picture. This is where a disproportionate amount of analyst and associate time goes — not to generating insights, but to collating and formatting information that already exists in five different places.

04 — Consistency: Applying the same rigor to every deal

Diligence depth varies — not always by design. A deal that lands when a partner is traveling might get a lighter pass than one that arrives during a quiet week. A company in a familiar sector gets sharper scrutiny than one at the edge of a fund's thesis. This inconsistency introduces noise into the decision process, making it harder to compare deals and learn from outcomes over time.

05 — Documentation: Preparing for investment committee

The IC memo is often written under pressure, with incomplete information, and a deadline looming. The synthesis that should have naturally emerged throughout the diligence process is compressed into 48 hours of scrambling. The memo reflects how well someone can write fast — not always how well the deal was understood.

Why this matters more than it used to

The best venture funds aren't just racing to find deals. They're racing to build conviction faster and more reliably than anyone else. In a competitive round, the firm that can go from first meeting to term sheet with the highest-quality analysis — not just the fastest timeline — wins.

At the same time, the number of deals most investors are expected to evaluate has grown. Emerging managers often run lean with one or two investment professionals covering a wide mandate. Established firms have expanded scope. Everyone is being asked to do more diligence with the same capacity.

The math doesn't work without changing the process.

What the best-performing funds have in common isn't a secret: they've found ways to systematically organize deal context, apply consistent evaluation frameworks, and turn raw information into structured analysis and decision-making faster than their peers. The goal isn't to skip the hard thinking. It's to spend more time on it — and less time on the logistics around it.

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1. Gompers, Paul, et al. "How Do Venture Capitalists Make Decisions?" *National Bureau of Economic Research, Working Paper No. 22587*, Sept. 2016, www.nber.org/papers/w22587.