

THE DYNAMICS OF VENTURE CAPITAL COMPANIES

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The existence of a strong venture capital industry is crucial for the development of new, innovative companies and for maintaining a high level of flexibility and innovation of an economic system.

The study of the development of the venture capital industry and of venture capital companies has shown that there are:

1. some key factors crucial for the start-up and development of venture capital companies;
2. some positive loops pushing their development;
3. some loops limiting their growth.

After presenting a strategic analysis of the venture capital industry and of venture capital companies, the paper utilizes a "resource based" approach identifying:

1. the critical "stocks" (resources) on which a venture capital company can base its development;
2. the critical loops feeding these stocks of resources;
3. the typical loops limiting the development of the company.

The paper can be useful for top managers of v.c. companies (to re-think their companies from a "resource based" perspective and to reconsider the dynamics that could drive their companies to success or failure) and to senior managers of companies of any industry (to reconsider the strategy of their own companies)