

Physicians in venture capital

As the biotech industry blossoms, venture capitalists who provide capital for such endeavors are hiring physicians to help them understand their investments.

The National Venture Capital Assn., a Washington, D.C.-based trade group, estimates that there were 9,266 venture capitalists working in about 860 firms last year. Roughly one-third of those people were in life sciences, an area that includes the biotech industry and often draws on physicians and scientists for expertise.

"Today you don't have to go to school to become a venture capitalist. Venture capitalists typically enter the asset class horizontally, so they come from the industry," said Emily Mendell, vice president of strategic affairs for the association.

Among the physicians who have made the transition from medicine to venture capital is Drew Senyei, MD, who was trained as an ob-gyn but now works as a managing director with Enterprise Partners Venture Capital, a San Diego-based firm that manages about \$1.1 billion in assets.

Dr. Senyei said he was one of the first physicians to go into venture capital when he signed on with the firm in 1986. Dr. Senyei had a series of patents licensed by Eli Lilly, became a consultant to that company and then started his own company, Molecular Biosystems, which went public in 1983.

Soon venture capital funds began calling, attracted by Dr. Senyei's scientific background and experience with an initial public offering in biotech.

Here are his thoughts on how doctors fit in:

How did you find your way from medicine to venture capital?

It resulted from having sort of a dual career early on. I was both in medical school doing research, and I started a company as a third-year medical student. At the time, it was unusual to do that.

How has your medical background helped your venture capital work?

It has allowed me to evaluate ... with a perspective that other investors don't have.

What is the demand for physicians in the venture capital arena?

Just about every venture fund now that does health care has an MD partner associated with it. I think MDs bring sort of a unique perspective from the investor and health care delivery standpoint.

Most of the time the route into venture capital is through being in a device or pharmaceutical company, or you're a chief medical officer or have an important role in making that company a success.

There are more opportunities consulting, because the number of general partner or managing partner positions is pretty small. It's a difficult and often opportunistically-driven chance to get into this.

What advice do you have for physicians who are trying to bring their ideas to venture capitalists for funding?

First of all, it's helpful to have them come through someone the venture capitalist knows, either a lawyer or other service provider. We get about 5,000 service proposals per year, and we try to look at all of them. But if it comes from someone we know, it tends to get a little more attention.

You have to have an elevator pitch. You have to be able to succinctly state your value proposition in the time it takes to get to the first floor -- or maybe the eighth floor -- in an elevator.

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