The Venture Capital Due Diligence Playbook

Otter.ai

If you're a venture capitalist, you're probably taking 20+ founder calls a week.

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By the time the Monday partner meeting rolls around, you've already forgotten half of what you heard. Somebody on the team asks you, "Hey, what did you think about that AI infra company from Tuesday?" And you're sitting there scrolling through messy notes, trying to remember if it was the one with the strong founder but weak traction or the other way around.

We've all been there.

This playbook is about fixing that. It's not a theory. It's a system to help you:

- [x] Capture insights before they disappear
- [x] Align with partners while the conversation is fresh
- [x] Rank companies consistently, so your decisions aren't driven by whoever has the loudest opinion on Monday
- [x] Have your notes in a templated spot for you to easily look back on during the call and in your CRM

"Meetings don't move deals forward, clear next steps do."
Elana Gold

The Play

Step 1: Pre-Call Setup

Don't just "hop on" calls. A little prep goes a long way:

- Look through the deck and pick 2-3 things you actually want to learn (founder, traction, GTM)
- Make sure to put together a few questions beforehand, and if time permits, share them with the founder
- Context matters, so check your notes for any mutual connections or for competitors you've already diligenced

Pro Tip
Founders remember the investors who show up prepared. You'll stand out immediately.

Step 2: In-Call Flow (40/40/20 Rule)

Think of every founder call as three acts.

40% Discovery: Who are they, why this problem, and why now?
Goal: Figure out who this founder really is and why what they're doing matters now.

Questions to ask:

- [x] Founder and their team
    - Why did you choose to work on this problem?
    - What's your personal connection to the space?
    - How did your founding team come together?
- [x] Problem and market insight
    - What's broken about the way this problem is being solved today?
    - What's the unique insight you've uncovered that others have missed?
- [x] Timing
    - Why is now the right time to build this?
    - What changed in the market or technology that makes this possible today?

This is where you're testing founder-market fit, not just product-market fit.

40% Validation: Traction, burn, runway, competition, and moat
Goal: Pressure-test the numbers, the model, and the moat.

Questions to ask:

- [x] Traction and metrics
    - What are your top KPIs, and how have they trended over the past 6–12 months?
    - What does retention or engagement look like?
- [x] Financials
    - What's your current burn and runway?
    - How do you think about unit economics (LTV, CAC, margins)?
- [x] Competition and differentiation
    - Who do you see as your closest competitors?
    - What prevents a larger incumbent from doing what you're doing?
- [x] Moat and defensibility
    - What makes this hard to copy?
    - What do you believe is your unfair advantage?

This is your time to understand more about their numbers and what differentiates them from competitors. Spend time here to really get a grasp on how their growth is, their product's defensibility, and product market fit (PMF).

20% Next Steps: Close with clarity
Goal: Leave no ambiguity about what comes next.

Questions to ask:

- [x] Fundraise specifics
    - How much are you raising, and what are the terms?
    - What's the timeline to close?
- [x] Process alignment
    - Who else is around the table already?
    - How much have you previously raised and at what valuation?
- [x] Next steps
    - What materials can we review?
    - Can we schedule a second call with our partner team?
    - Which of your customers can we speak with to better understand the problem?

Step 3: Rank Immediately (Don't Wait for Monday)

Here's the big unlock: rank the company right after the call.

Memory fades fast. Gut instinct fades faster.

Right after the call, score the company across:

- Founder and team quality
- Product and technology
- Market and timing
- Competition and landscape
- Traction and metrics
- Business model and unit economics
- Valuation and terms
- Risks and unknowns

If this isn't done immediately post-call, chances are it will be forgotten. Give companies a 1-5 in each of the categories, 1 being the lowest and 5 being the highest. We then add it up and compare companies in similar categories side by side.

While it can feel tedious, especially when you're stacked with back-to-backs, but skip it, and you'll regret it on Monday when you're piecing together what you think you remember. Ten minutes of discipline now saves hours of second-guessing later.

Step 4: Quick Debrief Huddle

Run this debrief on the companies you feel are worth a closer look. Right after the call, ping your team, and spend 5-10 minutes as a team (especially on second or third calls with multiple team members).

- Round-robin where everyone gives their quick take on the company
- Capture what stood out, good and bad
- List 2–3 open questions to answer before a second call
- Decide on the outcome and next steps:

    a. Second call
    b. Further internal diligence
    c. Partner/IC pitch
    d. Customer reference
    e. Pass

Step 5: Notes That Don't Suck

Every firm has a different style, but the smartest ones use a standard grid featuring:

- Company one liner
- Market
- Problem
- Product/Solution
- Traction and financials
- Competition
- Fundraising
- Assets and IP
- Founders/People
- Risks
- Next steps

Step 6: How Otter Helps

This is where a leading AI notetaker like Otter quietly makes life easier because:

- Every call is automatically transcribed and saved
- By the time Monday comes, all your notes are in one place
- Otter can drop transcripts into your ranking grid or a templatized standard grid breaking the call out into different sections discussed
- It flags action items including next steps like "Second call," "Customer reference," or "Pass."
- Search recall helps you pull up answers to any questions you have about what was said

No more relying on fuzzy memory, now you've got receipts.

The best companies are competitive

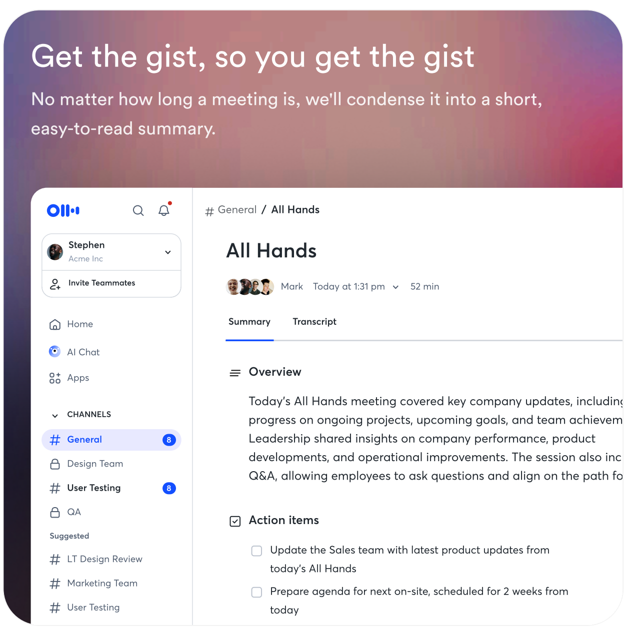
When they're choosing between term sheets (and the best ones always have options), they pick the investor who showed up prepared, captured the details, and demonstrated they truly understood the vision. They remembered the follow-up action items and what was discussed on the call.

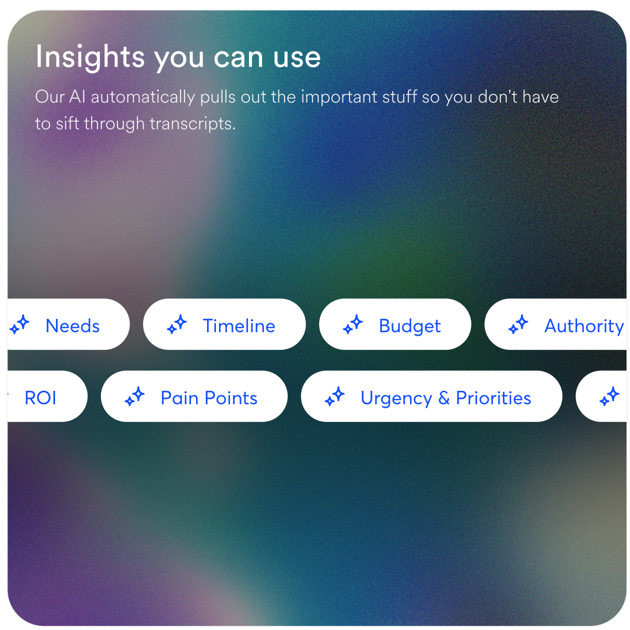
Start Tomorrow

Pick one call to make tomorrow. Just one. Run this playbook end-to-end. Score it immediately. Do the debrief. See how different it feels to walk into your next partner meeting with actual data instead of vague impressions.

Because in venture, the difference between good and great isn't talent, it's process. And the best time to start building yours is right now.

Remember:
Every unicorn investment started with a first call. Make sure you're ready when yours comes.





Ready to turn every founder call into an advantage?
To find out more about how Otter can help your firm capture sharper insights, align faster, and make smarter investment decisions, let's chat.