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THE IMPACT OF ENTREPRENEURS’ INVESTOR FORUM PITCH PRESENTATIONS ON THE INITIAL SCREENING INVESTMENT DECISIONS OF BUSINESS ANGELS (INTERACTIVE PAPER)

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Principal Topic

Findings are reported from an analysis of video recordings of entrepreneurs’ real-life pitch presentations and, in particular, of the influence that communicative features within these presentations had on business angels’ subsequent level of investor interest.

Method

24 active and experienced business angels attending a UK investor forum completed questionnaires evaluating the quality and content of 32 aspects of three entrepreneurs’ fifteen minute pitch presentations. Each factor was evaluated on a 21-point double-percentage (‘-100%’ to ‘+100%’) scale. The business angels also provided written comments about these presentations and stated whether they were ‘interested’, ‘undecided’ or ‘not interested’ in pursuing each entrepreneur’s investment opportunity. These evaluations were then compared with the results of a detailed study of two of the most commented on elements of the entrepreneurs’ presentations – persuasiveness and clarity.

Results and Implications

The higher an entrepreneur’s overall presentation score, the more likely the business angels were interested in pursuing that entrepreneur’s investment opportunity. ‘Presentational’ (rather than ‘non-presentational’) factors tended to have the highest level of relative influence on both the overall score a presentation received and on business angels’ level of investor interest. However, the business angels appeared to be unaware of (or were reluctant to acknowledge) the influence that presentational factors had on their initial screening decisions.

Analysis of the video recordings revealed that the business angels’ evaluations of features relating to presentation persuasiveness (level of rhetoric, ‘impressive’ information and ‘investment implicative upshots’) and presentation clarity (level of non-fluent speech) accurately reflected evident variations in the content and delivery quality of the entrepreneurs’ presentations. The study also found significant correlations between the frequency of these two key communicative elements and the scores the entrepreneurs received for the specific evaluative factors ‘ability to sell the investment opportunity’ and ‘clarity of expression’.

More generally, the study proposes that research incorporating an examination of the source upon which investors’ decisions are made is a novel and fruitful way in which entrepreneurs’ social skills can be shown to impact on both the investment decision-making process and on entrepreneurs’ business success.

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