

New research shows importance of a strong pitch for entrepreneurs

August 28 2012, by Cassie Williams Jones

(Phys.org)—A new study published online in *Entrepreneurship Theory and Practice* demonstrates the importance of presentation skills to the success of entrepreneurs seeking funding from potential investors.

The study, "Preparedness and Cognitive [Legitimacy](#) as Antecedents of New Venture Funding in Televised Business Pitches," examined data from two television shows built around [entrepreneurs](#) in search of venture capital—"Shark Tank" and "Dragon's Den"—and determined the key characteristics of successful pitches on the shows. The results revealed that entrepreneurs who showed clear signs of preparedness and a strong handle on their material created credibility with investors and received more funding, regardless of the project.

Jeffrey Pollack, assistant professor of management at the University of Richmond; Matthew Rutherford, associate professor of management in the Virginia Commonwealth University School of Business; and Brian Nagy, assistant professor of management in the Foster College of Business Administration at Bradley University, authored the study, which will appear in the September issue of the journal. The study represents the first time that researchers have been able to combine objective data with the shows' televised presentations to evaluate successful and unsuccessful pitches.

Acquiring funding is a critical step for early-stage entrepreneurs to sustain and build their ventures, and the business pitch is a great way to reach potential investors—often the only way. In order to prove

convincing, however, entrepreneurs need more than a great idea and a stylish presentation. They need to overcome their "newness liabilities" and show that their enterprise can be relied upon.

In particular, the study demonstrated the importance of entrepreneurs establishing cognitive legitimacy through their presentations. Through establishing cognitive legitimacy, entrepreneurs remove red flags that undermine investor confidence. It's the ability to indicate to observers that your project can be taken for granted and therefore represents a savvy investment.

Entrepreneurs on "Shark Tank" and "Dragon's Den" managed to establish this cognitive legitimacy with potential investors through different styles of presentations, but common characteristics included skilled storytelling, thorough command of the details, believability, authenticity and strong preparedness.

More information: [onlinelibrary.wiley.com/doi/10 ...
20.2012.00531.x/full](https://onlinelibrary.wiley.com/doi/10.1002/20.2012.00531.x/full)

Provided by Virginia Commonwealth University

Citation: New research shows importance of a strong pitch for entrepreneurs (2012, August 28) retrieved 21 July 2024 from <https://phys.org/news/2012-08-importance-strong-pitch-entrepreneurs.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.