

Want more investors for your startup? Better make an impassioned pitch

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One would expect that entrepreneurs who pitch their startup ideas with passion are more apt to entice investors. Now there's scientific proof the two are connected: enthusiasm and financial backing.

According to new research from Case Western Reserve University, the brains of potential investors are wired to pay closer attention to entrepreneurs who pitch with [passion](#).

Researchers examined investors' neural responses to entrepreneurs' pitches, conducting a randomized experiment that explored the response of investors' brains using functional Magnetic Resonance Imaging (fMRI)—finding a causal relationship between passion of the pitcher and interest from investors.

"No one has ever invested in a startup they ignored," said Scott Shane, the A. Malachi Mixon III Professor of Entrepreneurial Studies in the Weatherhead School of Management at Case Western Reserve.

"Founder passion is essential to establishing [investor](#) attention, and our study demonstrates measurable neural effects that offer a biological explanation for their tendency to react positively to enthusiasm and emotion of entrepreneurs," said Shane, lead author of the paper, published in the *Journal of Business Venturing*.

By showing such energy in pitching their business ideas, entrepreneurs can considerably increase neural engagement in potential investors—increasing the odds these financiers will support a new, untested venture by having strong, measurable effects on their decision-making.

"Most of time investors just say 'no,'" said Shane. "In fact, the vast majority of entrepreneurs never receive a dime from external investors.

"Entrepreneurs should know: More engaged brains are more likely to meaningfully evaluate pitches," he said. "We believe our data makes a strong argument that displays of passion trigger heightened engagement that, in turn, makes investors more likely to write a check."

The experiment

Videos of pitches—identical in content but different in delivery—were randomly assigned to investors inside an fMRI machine. Depending on the passion-level of the pitch, investors' brains reacted differently: Heightened displays of passion increased investor fixation on the stimulus (the pitch) to override distractions—and demonstrate a causal effect of displayed passion on investor interest.

- Investors randomly assigned a pitch with high founder passion resulted in informal investor interest increasing by 26%, relative to the same [pitch](#) delivered with low passion;
- Data from fMRIs showed investor neural responses to entrepreneurs' high-passion pitches increased investor neural engagement by 39% over lower founder passion.

"More engaged brains are more likely to meaningfully evaluate pitches—and not play on their phones or think about lunch—which should result in more favorable investor assessments," said Shane.

While it's possible that other mechanisms may be present in the brains of investors—such as inferring from passion that entrepreneurs may be more capable or competent—the experiment showed that passion is a key mechanism because it causes investors to pay attention, said Shane.

The practice of passion

The findings offer strong implications for the practice of entrepreneurship.

"Pitching with enthusiasm and passion—these are skills that can be taught," said Shane. "Flat, unenthusiastic pitches are the enemy of

attracting investor attention and to succeeding in a competitive, cutthroat environment."

Each year, hundreds of thousands of early-stage entrepreneurs, who often lack established track records, offer pitches—widely recognized as the gateway to investor funding—to financiers across the globe.

The study focused on Informal investors—referred to as "family, friends and foolhardy strangers" by the Global Entrepreneurship Monitor—who account for most startup investments, investing \$1 trillion globally between 2012-2015, according to the organization.

More information: Scott Shane et al. Founder passion, neural engagement and informal investor interest in startup pitches: An fMRI study, *Journal of Business Venturing* (2019). [DOI: 10.1016/j.jbusvent.2019.105949](https://doi.org/10.1016/j.jbusvent.2019.105949)

Provided by Case Western Reserve University

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