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The First Date: an Investor Pitch

A qualitative multiple case study of how venture capitalists assess a pitch and its effect on their decision-making.

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Sammanfattning

Examensarbetets titel: Första dejten: Investeringspitchen: En kvalitativ flerfallstudie av hur riskkapitalister bedömer en pitch och dess effekt på deras beslutsfattande.

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Fem nyckelord: Investeringskriterier; Pitchbedömning; Riskkapitalbolag; Riskkapitalist beslutsfattande; Pitch

Forskningsfråga: Vilka investeringskriterier bedömer investeringsansvariga i riskkapitalbolag i en pitch och hur påverkar informationen i pitchen deras beslutsfattande?

Syfte: Att undersöka och kontextualisera vilka investeringskriterier riskkapitalister bedömer i de olika nivåerna av en pitch och analysera effekten av informationen som presenteras i pitchen på deras beslutsfattande.

Metod: En kvalitativ flerfallsstudie med specificerat urval. Semi-strukturerade intervjuer ligger till grund för empirin, där investeringskriterier och beslutsfattande har forskats kring.

Teoretiska perspektiv: Det teoretiska ramverket består av investeringskriterier, Pitch Assessment-modellen och beslutsfattandeprocesser.

Resultat: Åtta investeringskriterier identifieras och kategoriseras i olika pitchbedömningsnivåer. Dessa kriterier inkluderar *Marknad*, *Produkt/Tjänst*, *Team*, *Miljö*, *Presentation*, *Entreprenören*, *Finans* och *Affärsplan*. Pitchens inverkan på riskkapitalistens beslutsfattande varierade till olika grader, men ansågs som minst vara en givande introduktion.

Slutsats: Kriterier som *Teamet*, *Entreprenören* och *Produkten* eller *Tjänsten* bedömdes av varje enskild riskkapitalist. Däremot ansågs team, produkt eller tjänst, marknad och att göra nytta för samhället ha störst inverkan på deras beslutsprocess. Fortsättningsvis, inkluderade “venture information and pitch content” flest kriterier i Pitch Assessment-modellen, medan “presenter’s style and approach” inkluderar minst. Slutligen, att inte överdriva, utan snarare lova lite och leverera mycket, och att dessutom vara konsekvent under hela investeringsprocessen, ansågs mycket betydelsefullt av investerare.

Abstract

Title: The First Date: an Investor Pitch: A qualitative multiple case study of how venture capitalists assess a pitch and its effect on their decision-making

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Authors: Cornelia Johansson, Hanna Nilsson, Olle Stigenius

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Key words: Investment criteria; Pitch assessment; Venture capital firms; Venture capitalist decision-making; Pitch

Research question: What investment criteria in a pitch do managers of venture capital firms assess and how does the information presented in the pitch affect their decision-making?

Purpose: To examine and contextualize what investment criteria venture capitalists assess in the different levels of a pitch and analyze the effect of the information presented in the pitch on their decision-making.

Methodology: A qualitative multiple case study with specific sampling. Semi-structured interviews lay the foundation for the empirical data, where investment criteria and decision-making were mainly researched.

Theoretical perspective: The theoretical framework is made up of investment criteria, the Pitch Assessment model, and decision-making processes.

Result: Eight investment criteria are identified and categorized into different pitch assessment levels. These criteria include *Market*, *Product/Service*, *Team*, *Environmental*, *Presentation*, *Entrepreneur*, *Finance*, and *Business plan*. The pitch's effect on the venture capitalist's decision-making varied to different degrees, but considered at minimum as a rewarding introduction.

Conclusions: The criteria *Team*, *Entrepreneur*, and *Product* or *Service* were assessed by every single venture capitalist. However, team, product or service, market, and having a benefit to society were regarded as having the most impact on their decision-making process. Furthermore, the "venture information and pitch content" included the most criteria in the Pitch Assessment model, whilst "presenter's style and approach" included the least. In regards to the decision-making process not over exaggerating, but rather under-promising and over-delivering, in addition to remaining consistent throughout the investment process, was considered very significant by investors.

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1 Introduction

In this introduction the background to the area of study is presented to the reader and connected to current events in the world. Based on the background presented, a problematization is formulated, connecting the current study to previous literature and theory and examining the gap in current research. Finally, the purpose of this study and the associated research question is presented in addition to defining central concepts.

1.1 Background

Business creation is a process of development and growth. During the early phases of business creation, financing for a startup remains a fundamental component of ensuring its survival. According to Markova and Petkovska-Mirčevska (2010), not securing finance to new ventures could potentially result in "cash flow problems, missed opportunities, and shutdown of the fledgling enterprise" (p.218). These types of difficulties are connected with the survival of the venture and are often described as "liability of newness" (Stinchcombe, 2000). Liability of newness is further developed by Politis (2005), pointing out marketing difficulties and financial struggles as the main reason for venture failure. The author lists different suggestions for dealing with the liability of newness, where "*(...)finding financial start-up capital"* (Politis, 2005, p.404) is mentioned as one solution.

The CEO of Nyföretagarcentrum, Harry Goldman, recently communicated new statistics from Bolagsverket (2022, cited in Nyföretagarcentrum 2022) that new businesses have decreased with 28.8% November 2022, in comparison with last year. Goldman continues by explaining that there is a big uncertainty for small businesses at the present and companies going bankrupt have also increased. In addition, The Swedish National Institute of Economic Research (Konjunkturinstitutet, 2022) stated that the Swedish economy is facing a recession as of 2023. Because of the often occurring lack of finance, startups, according to Shipley (2022), are greatly affected by a recession.

Startup financing generally consists of two separate sources of financing; internal, which are funds generated within the business, and external financing, funding accumulated from external sources (Nylund et al., 2019). Berger and Udell (1998) reveal that the frequency of external financing through either debt or equity funding increases as the new venture matures beyond the seed stage. At this point, the new venture could turn to a venture capitalist. In contrast to business angels that invest their own funds, a venture capitalist invests "*funds of outside limited partners"* (De Clercq et al., 2006, p. 91). All venture capitalists in this study are part of a venture capital firm, which according to De Clercq et al. (2006) means that they are part of a team that is responsible for multiple funds. According to a report from SVCA (2022), over 1000 companies in Sweden are backed by venture capital or private equity, in addition to contributing 4.7% to the Swedish GDP.

The reason why entrepreneurs turn to venture capitalists is because, in contrast to the other financing alternatives, venture capital firms are more equipped to finance and help manage a startup (Davila, Foster & Gupta, 2003). This is because venture capitalists are not hindered by limitations, such as the liability of newness, when financing a venture. Furthermore, research has proven that venture capital as a type of finance helps with the startup growth and impacts the outcome of the startup (Hellman & Puri, 2000). However, in order to gain financing from a venture capitalist, they need to be persuaded.

Shimasaki (2020) states that one way to attract investors is by communicating important information through the use of a pitch. The use of pitches help startups communicate their opportunities and ideas to the potential investors. Furthermore, the authors explain that it can be used as a tool to examine the initial interest in the idea while also making the decision process for investors faster and more convenient. The pitch is a preferable communication tool between the entrepreneur and the investor since it is effective when trying to bridge information asymmetry between both parties. Even though the usage of pitch as a communication channel is effective, it is important that the pitch is well developed (Shimasaki, 2020).

According to Shuqi et al. (2020) the need for investors has increased in correlation with the increase of new ventures. However, the authors conclude that the process for startups finding investors is both time-consuming and difficult, mostly due to the information asymmetry between the entrepreneur and the investor. The unequal sharing of information is further developed by Glücksman (2020) stating that the venture capitalist and the entrepreneur have different points of view. Venture capitalists have skilled deal-making knowledge and information about the financing process, while the entrepreneur is skilled in innovation and has high knowledge about their own company. Glückman continues by explaining that if this information gap is not bridged, it could not only lead to less financing but also an overall bad experience and terms for the startup.

As the economy is moving towards uncertainty, the fundamental aspect of securing finance in a startup becomes increasingly more important. To solve this, the entrepreneur can try to pitch to a venture capitalist, but to be convincing through a pitch is challenging (Clarke, Cornelissen & Healey, 2019). Therefore, it becomes interesting to examine what the investor considers when listening to a pitch and the pitch in relation to the decision-making process.

1.2 Problematization

The venture capital industry could seem perplexing and daunting for the entrepreneur trying to secure financing for its venture. Therefore, it is important for the entrepreneur to be able to convince the investor. Tsai and Lai (2011) argue that previous literature regarding venture capital investment criteria focuses on the investment opportunity as a whole. However, the authors argue that in reality, the pitch is of importance to analyze in addition to the business plan, due to being an essential part of persuading the venture capitalist to even consider investing. Furthermore, in regards to venture capitalists, Molnár and Jáki (2020) conduct an analysis of criteria that government-owned venture capital firms (GVC) seek in investments, and conclude that future research should address the evaluation of pitches by these GVC's.

According to Hall and Hofer (1993), understanding the criteria for venture capitalist decision-making is a crucial perspective for entrepreneurs to consider when searching for financing. Additionally, the authors write that previous research has shown that without the focus of which part of the decision-making process is being examined, the findings of investment criteria becomes scattered and incoherent. Therefore, it becomes interesting to focus on one part of the decision-making process. However, Hall and Hofer (1993) continues by explaining that the focus of one part of the decision-making process, for example early stages of financing, allows multiple criteria to be examined. This is confirmed by Ferrati and Muffatto (2021) that writes in regards to investment criteria and despite being an area with a lot of previous research, that investment criteria have mostly been examined with the focus of one criteria perspective. According to the authors, this has resulted in previous research being perceived as quite fragmented and hard to use for comparable studies. Based on previous literature, further research should be carried out examining multiple criteria, however with the focus of one part of the decision-making process.

A pitch is a useful communication tool when attracting potential investors (Shimasaki, 2020). However, according to Clarke, Cornelissen and Healey (2019), uncertainty and challenges are also a part of the pitching process. The authors explain that previous research is only beginning to understand how the entrepreneur manages to convince an investor, and "*leaves unanswered the bigger question of what really determines the effectiveness of an entrepreneurial pitch*" (Clarke, Cornelissen & Healey, 2019, p. 336). The challenge for the entrepreneur is to convey the investor's of the ventures legitimacy, while the investor has the challenge of deciding if they believe the product or service will work and if they can earn something from it (Clarke, Cornelissen & Healey, 2019). Margherita and Verrill (2021) have developed an assessment model to examine the different levels of a pitch. However, the authors encourage future research within the area.

1.3 Purpose and Research Question

The purpose of this study is to examine what investment criteria managers of venture capital firms assess in a pitch and how the information presented in the pitch affects the venture capitalist's decision-making. In addition, this study contributes by contextualizing and concretizing the criteria that are considered by a venture capitalist when evaluating a pitch. This thesis aims to (1) create a deeper knowledge and intertwine theory and literature regarding investment criteria, Pitch Assessment levels, and investor decision-making, (2) provide knowledge for startups regarding different criteria when pitching to a venture capitalist, and (3) provide knowledge regarding how the pitch affects the decision-making process of the venture capitalist.

Based on this purpose the following research question has been formulated:

What investment criteria in a pitch do managers of venture capital firms assess and how does the information presented in the pitch affect their decision-making?

1.4 Definitions

Investor decision-making process - The process and steps an investor goes through when deciding upon financing for a new venture. Tyebjee and Bruno (1984) describes the investor decision-making process as a sequence of activities that investors engage in during an investment opportunity. Focus in this thesis is placed on the pre-screening and screening phase, where investors attempt to reduce a large number of investment opportunities into a smaller amount. The pitch occurs during pre-screening (Clark, 2008).

Investment criteria - Ferrati and Muffatto (2021, p.157) explain that "*investors usually apply a set of assessment criteria to evaluate key elements of entrepreneurial projects*". In this thesis, criteria are seen as factors that the investors observe and analyze during the pitch to predict potential and success of the venture.

Pitch - Mason and Harrison (2003) states that there are different types of pitches. During this thesis we have focused on longer pitches that are described by Margherita and Verrill (2021) as pitches used to attract stakeholders' interest and their potential investment.

Startup - According to Ehsan (2021) there are many different ways to define a startup. It could be the size, age, the innovativeness and possible growth of the firm. This thesis is examining Swedish venture capitalists and has a focus on Swedish startups. Furthermore, Ehsan (2021) explains that the age where a business is considered a startup in Europe is if it is less than ten years old. This is a broad and suitable definition for this thesis since it will help to more easily find venture capitalists that invest in different stages of new ventures. It also provides a good definition, enabling a narrower focus on the initial stage in finding financing.

2 Theory

In this chapter, literature and previous theories related to the area of this study are presented. First, literature regarding venture capitalist and venture capital firms. Further on, the decision-making process conducted by investors is explained and the process in relation to the pitch. The following section explains the different investment criteria used by an investor. In addition to the decision-making literature and investment criteria, a model to assess pitches is presented. Finally, the different theories are combined into a theoretical framework.

2.1 Venture Capitalist and Venture Capital Firms

According to De Clercq et al. (2006) venture capitalists, business angels and corporate venture capitalists are the three main sources of equity finance. When defining a venture capitalist, the authors define it as a person investing "*outside equity from professionally managed pools of money"* (De Clercq et al., 2006, p. 91). The previously mentioned 'pools' are also called venture capital funds. According to De Clercq et al. (2006), if there are several venture capital funds and they are managed by a team of venture capitalists, it is defined as a venture capital firm. The reason for having multiple funds, according to the authors, is that each fund is quite short lived and is only around for about 10 years.

Several studies show the positive impact a venture capitalist has on a startup (Hellmann & Puri, 2000; De Clercq et al. 2006; Davila, Foster & Gupta, 2003). This is because the difficulties are managed by the venture capitalists that use their resources and capabilities to bridge these (Davila, Foster & Gupta, 2003). The actions taken by venture capitalists to make this possible is, according to Davila, Foster and Gupta (2003), thoroughly researching the market as well as new technologies. Further on, after finding the chosen startup to invest in, the authors explain that venture capitalists also provide coaching for the new venture.

2.2 Investor Decision-Making Models

One of the original investor decision-making models, proposed by Tyebjee and Bruno (1984), comprises of five stages: (1) *deal origination*, (2) *screening*, (3) *evaluation*, (4) *structuring*, and (5) *post investment-activity*. The authors describe (1) as venture capitalists seeking potential investment projects in an environment of ambiguous opportunities; (2) as the act of funneling potential investment activities into a manageable amount of projects; (3), evaluating and assessing the investment projects potential risk-return tradeoff, often based on the venture capitalist's subjective perception; (4) the venture capitalist and entrepreneur begin negotiation, structuring the deal; and (5), post investment activities in which the venture capitalist aims to provide assistance to the entrepreneur. Tyebjee and Bruno (1984) found this in conducting a study where respondents answered a questionnaire, emphasizing venture capitalist decision-making criteria rather than the process.

Criticisms to the methodology of the aforementioned authors have, however, been raised by Sandberg, Schweiger, and Hofer (1989). Fried and Hisrich therefore present another model regarding venture capitalist investment decision-making (1994), where emphasis was placed on specifically gathering data regarding the process. Their findings revealed that, rather than the previously proposed five-stage model, the investor decision-making process comprises of *six* stages. Though many similarities, both screening and evaluation have been divided into two separate stages. This is done in order to account for the majority of projects passing the initial screening but subsequently being rejected, and the evaluation often including several stages with a wider array of information-gathering activities (Fried and Hisrich, 1994).

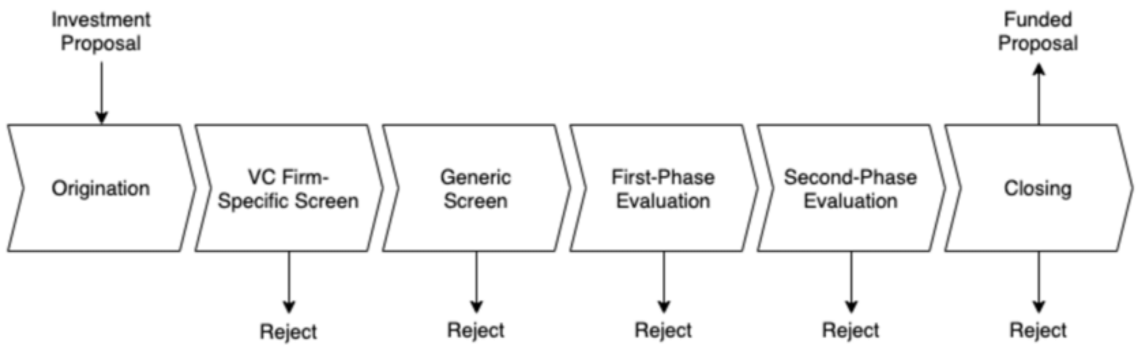

Figure 1 - Investor Decision-Making Process - (Fried and Hisrich, 1994)

Fried and Hisrich (1994) further explain the different stages, starting with 'Origination' where the venture capitalist uses their network to find interesting investment opportunities. The second stage, 'VC Firm-Specific Screen', is to see if the presented material aligns with the firm's criteria. When the venture capitalist is part of a venture capital firm, the "firm-specific" criteria needs to be met, according to the authors. Furthermore, the stage of the 'Generic Screen' is as it sounds, an examination of generic criteria that the investor uses in addition to the investors previous knowledge within the industry. Fried and Hisrich (1994) explain that it is at the fourth stage, the 'First-Phase Evaluation', that the venture capitalists will gather as much information as possible and develop an in-depth analysis. Collecting information from external sources, outside the company, as well as internal sources, such as meeting and interviewing the team. An example of external sources could, according to the authors, be talking to experts in the respective industry. Further on, in the 'Second-Phase Evaluation', the venture capitalist, according to Fried and Hisrich (1994), has created some type of emotional relationship to the investment and the venture. The authors continues by explaining that this stage is to *"determine what the obstacles to the investment are and how they can be overcome"* (Fried & Hisrich, 1994, p. 34). Finally, the sixth stage is 'Closing', during which deals are signed and the investment will be made. However, important to notice, the authors model also includes possible rejection throughout the different stages.

Clark (2008) explains that in order to even reach the screening phases, explained by both Fried and Hisrich (1994) and Tyebjee and Bruno (1984), the entrepreneur must first pitch their business idea to the investor. Furthermore, the author argues that the:

> "*most common objective of these presentations is for the entrepreneurs to successfully persuade investors in their audience to 'get their bums off their seats', request a copy of their business plan and agree to a subsequent meeting to discuss their investment opportunity in greater detail*" (Clark, 2008, p.258).

Clark (2008) continues by revealing the findings of the respective study; that certain signals the entrepreneur had communicated had influenced the investor's decision-making during the screening phase. The respective decision-making models are therefore relevant to this study as the premise for this study is to investigate investment criteria during the pre-screening phase, or more specifically, the pitch. In addition to this study, Clercq et al. (2006) explains that the pitch is part of what they call the 'pre-investment phase'. When explaining the role of the pitch, the authors state that it serves as a role of exchanging knowledge and to see if the respective parties' chemistry aligns. However, the authors also emphasize the importance for the entrepreneur to not set unreachable growth targets. This, according to the authors, can end up hurting the startup and that they should rather "under-promise and over-deliver" (Clercq et al., 2006, p. 100).

2.3 Investment Criteria

Investors, more namely venture capitalists, often apply a predetermined selection of investment criteria to their decision. Ferrati and Muffatto (2021) conducted a review of relevant and available literature on the investment criteria subject, gathering a total of 53 articles. The reviewing authors identified investment criteria in each article, and additionally noted the frequency of each criteria's instance. 208 separate investment criteria were identified and thereafter divided into clusters of generalizations, such as venture specific factors, investor specific factors, environmental factors, and risk assessment factors. These four are referred to as domains, and make up the first level. The second level consists of 11 generic classes, whilst the third level are classified as categories, with a total of 35 (see figure 2). Percentages in the given figure relate to the frequency of mention in the 53 reviewed articles. Proposed by Ferrati and Muffatto (2021), venture specific factors are what equity investors emphasize during their decision-making process, and therefore lay the foundation for this study's focus area, in regards to investment criteria.

Venture specific factors include the following seven classes: (1) characteristics of the entrepreneur and/or the management team; (2) characteristics of the product/service; (3) characteristics of the market; (4) venture financials; (5) business model; (6) proposal; and (7) venture's other factors. Venture specific factors are regarded as the domain containing most investment criteria. This domain includes criteria and factors often portrayed during an investor pitch. (1) Characteristics of the entrepreneur and/or the management team include criteria regarding, for example, entrepreneur personality, experience and background, motivations, and their team. (2) Characteristics of the product/service comprises of categories such as development, innovation, advantages, and operations. (3) Characteristics of the market consists of market and customers, and competition. (4) Venture financials categories presented in the pitch involve financial indicators, and access to finance (5) Business model refers to the entrepreneurs business model and strategy. (6) Proposal includes categories regarding the quality of the entrepreneur's proposal. (7) Venture's other factors take into account any other criteria.

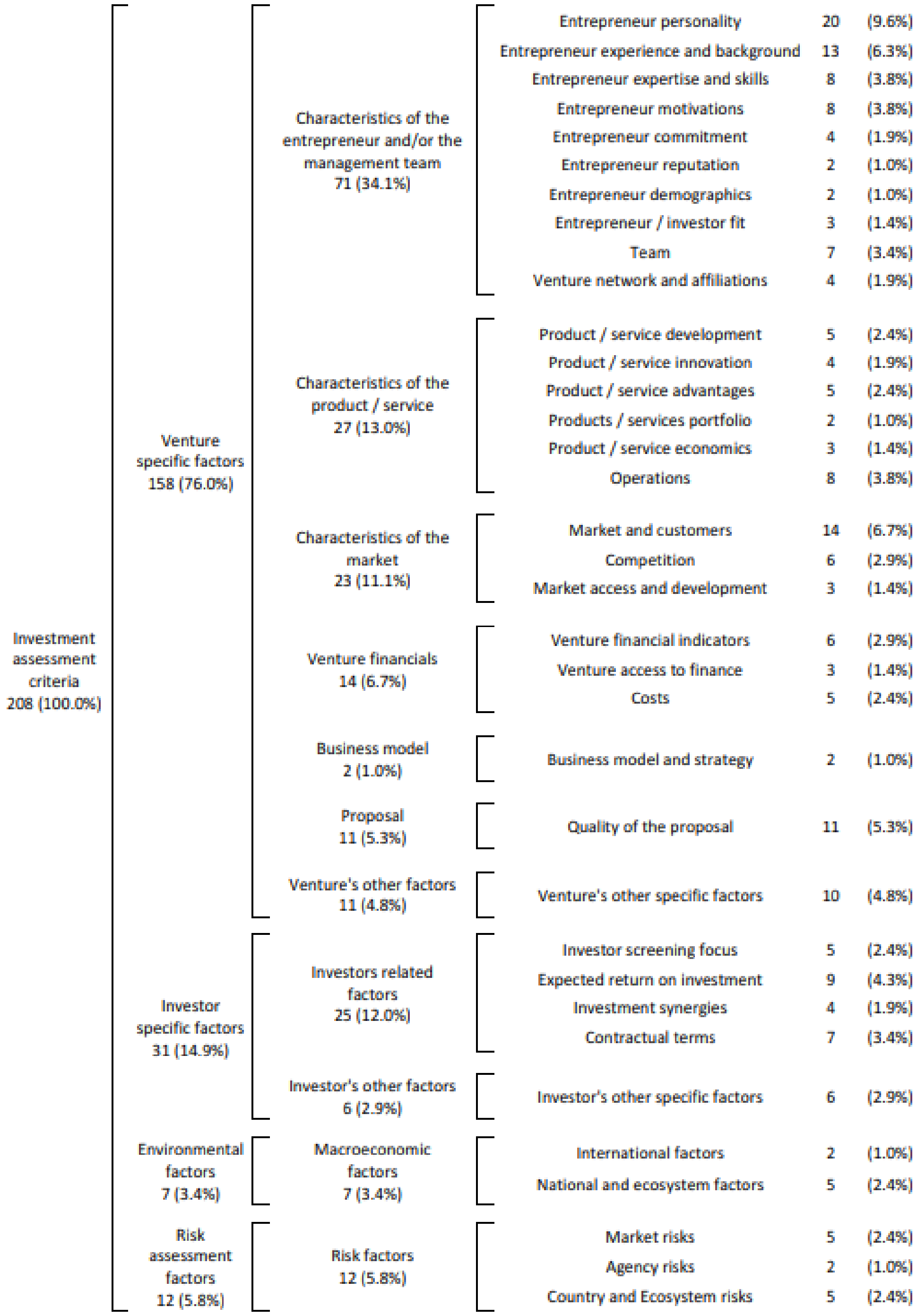

Figure 2 - Investment Criteria (Ferrati & Muffatto, 2021)

Molnár and Jáki (2020) conduct an analysis on government-owned venture capital (GVC) investors and the assessment criteria or qualities they seek in each respective stage of a startup, in addition to each stage of the investor decision-making process. The authors explain that during the pre-screening phase, the investors primarily value the proposal's quality as well as being a suitable fit together. Investors were categorized into three groups depending on the type of startup they invest in; pre-seed, seed, and expansion. Analyzing three pre-seed

GVC's, three seed GVC's, and three expansion GVC's, it was found that on average among each grouping, the most important criteria included financial indicators, followed by market, product and service, management team, and lastly the business plan (Molnár and Jáki, 2020).

Macmillan, Zemann and Subbanarasimha (1987) presents another approach to investment criteria. Analysis was conducted on both unsuccessful and successful ventures (determined by whether they received investment or not), revealing different clusters within the respective groups. The clusters were based on different investment criteria, these being divided into four main categories; entrepreneurial team characteristics, product/service characteristics, market characteristics, and financial characteristics. Clusters were determined as a group of ventures with similar reasons for being successful or unsuccessful.

Unsuccessful clusters made up of three clusters; (1) "well-qualified dropouts", described as a qualified and experienced ventures but lacking competitive capability on the market; (2) "arrow-catchers", explained as exhibiting both experience and competitive capability, but lacking protection of the product or service; and (3) "hapless amateurs", lacking almost all criteria. Successful ventures, however, comprised of four clusters; (1) "high-tech sure bets", all-around quality and capable of sustaining competition on the market, and is the most common of the successful clusters; (2) "distribution players", described as the ventures possessing quality distribution channels, and is the least occurring of the four successful clusters; (3) "market makers", portrayed as exhibiting both experience and competitive capability as well as possessing product protection; and lastly (4) "lucky dilettantes", explained as being very similar to "hapless amateurs" but instead having a product or service that can potentially be very successful and easy to protect (Macmillan, Zemann & Subbanarasimha, 1987). The authors explain that each unsuccessful cluster has an opposite among the successful ventures, often differentiated by an entrepreneur or team criteria. Macmillan, Zemann and Subbanarasimha's research paper, though heavy focus on clustering ventures rather than criteria, serves as a complementary literature review with the aim of increasing understanding of why ventures succeed in securing investments in addition to the criteria determining the outcome.

2.4 Bridging the Information Gap by Pitching

Stiglitz (2002, p. 469) defines information asymmetry as "*different people knowing different things*". When examining the securing of investment, there is a concern regarding the possible information asymmetry, potentially being problematic (O'Toole, Morgenroth & Ha, 2016). Furthermore, how it can contribute to a bigger risk for investors when providing funding. In order to minimize this risk, the information asymmetry needs to decrease. One way to minimize information asymmetry and to make the agreement more convenient, is to use the information entrepreneurs possess and then pass it on to the investor (O'Toole, Morgenroth & Ha, 2016). If more information would be presented, the information asymmetry could decline, and provide the investor with information that will lead to a more effective investment decision (Du, Shu and Xia, 2020).

Clark (2008) explains that pitching helps startups and entrepreneurs reach their business ideas to many possible investors. It will increase the interest and make the investors want more information and in the future eventually persuade them to invest. Furthermore, the author states that pitching provides help to tackle hurdles that can occur when first trying to attract investors. It is an important skill of the entrepreneur to be able to present and make their idea interesting and capture the interest of the investor (Clark, 2008).

As previously mentioned, there are different types of pitches. One is the elevator pitch, also known as a "rocket-pitch". The writers, Mason and Harrison (2003), state that this type of pitch is to last between one and five minutes, and exist to quickly create an understanding and capture the interest of possible investors. Another form of pitch is a longer one, which is more like a presentation. This presentation will provide the possible investor with more in-depth information regarding the company and its business idea (Mason and Harrison, 2003). This thesis will focus on the longer type of pitch.

It is difficult to know what to present and include in "the perfect pitch". The article written by Pont (2003) expresses the importance of knowing what you are selling and the strengths of the business idea. This could for example be convenience, the use, and the price of the product or service. Furthermore, it is important to present the potential client, customer segment and their needs, and then present a way the business idea will solve their needs. The author emphasizes presenting why the business idea is unique and how it could create credibility and make people believe in the idea. Pont (2003) expresses that this will facilitate in getting a possible investor's attention. It is important to be time efficient, and present the business idea in the best way possible. According to Pont (2003), the focus should be on the solutions to the problem being solved.

2.4.1 Pitch Assessment Levels

The article written by Margherita and Verrill (2021) focuses on longer and more structured pitches. These are pitches being used in order to attract stakeholders' interest and their potential investment. The Pitch Assessment model, presented by Margherita and Verrill, states four different levels that can be used as a framework when assessing the success of a pitch. The four types of levels of evaluation are 'background knowledge and preparation', 'presenter style and approach', 'venture information and pitch content', and 'reasoning and logical flow of the pitch'. These four levels are the foundation of the framework for the Pitch Assessment model (Margherita and Verrill (2021).

Background knowledge and preparation examine how well the entrepreneur is prepared and what background knowledge they possess when pitching. It is expected that the entrepreneur is well aware of the business, the organization, different strategies being used and the technical aspects of them. According to the authors, Margherita and Verrill (2021), it is important to possess a solid plan for the future and upcoming possible events, and be prepared for them. Furthermore, knowledge within the foundation of business presentation and pitching, and background knowledge in contextual awareness is considered important (Margherita and Verrill, 2021). The study written by Chen, Yao and Kotha (2009), emphasizes the importance of being prepared when presenting and pitching, since it will likely have a positive impact on funding decisions.

The second dimension is the *presenter's style and approach*. Margherita and Verrill (2021) express that this dimension is crucial since the pitch can capture the interest of investors, by showing evidence and offerings. The authors present ways of doing this; the stylish points, presentation style and the emotional and enthusiastic levers (Margherita and Verrill, 2021). Lucas et al. (2016), also show that the presenters' passion when presenting the pitch have a significant role in investor decision-making.

The third dimension discussed by Margherita and Verrill (2021) is the *venture information and the pitch content*. This is more in regards to actual content of the presentation and not simply how it is delivered. The authors state the importance of contextual introduction, customer need and solution. Examples of this is a good opening line, capturing the interest, a need and how it can be met. Other significant factors are, explaining the team and the different roles, the business process, and the revenue and financials (Margherita and Verrill, 2021).

The fourth dimension is the *reasoning and logical flow of the pitch*. Margherita and Verrill (2021) mean that the previously mentioned levels are important in order to attract interest, but they are not enough. Furthermore, the authors emphasize that rational aspects are crucial and that solid arguments in regards to the idea are important in order to attract investors. These can be the customer need, the solution presented, expected performance, the team's composition and capabilities, and funding (Margherita and Verrill, 2021).

2.5 Theoretical Framework

The theoretical framework is created to analyze the information collected from managers of venture capital firms. Furthermore, to examine patterns and draw conclusions of what a venture capitalist assesses in a pitch and its effect on their decision-making process. As mentioned, the success of a pitch can, according to Margherita and Verill (2021), be examined through four different levels: *background knowledge and preparation, presenter's style and approach, venture information and the pitch content, and reasoning and logical flow of the pitch*. However, the Pitch Assessment model does not necessarily take the investment criteria such as the venture specific factors into consideration. Therefore, the investment criteria are analyzed and then sorted into the different Pitch Assessment levels. Thereafter, the implication the pitch and the respective criteria have on the venture capitalist's decision-making will be analyzed. As a result of using these theories, the purpose of this study, to examine what a manager of a venture capital firm assesses during a pitch and to what extent the pitch affects their decision-making, is fulfilled through the framework.

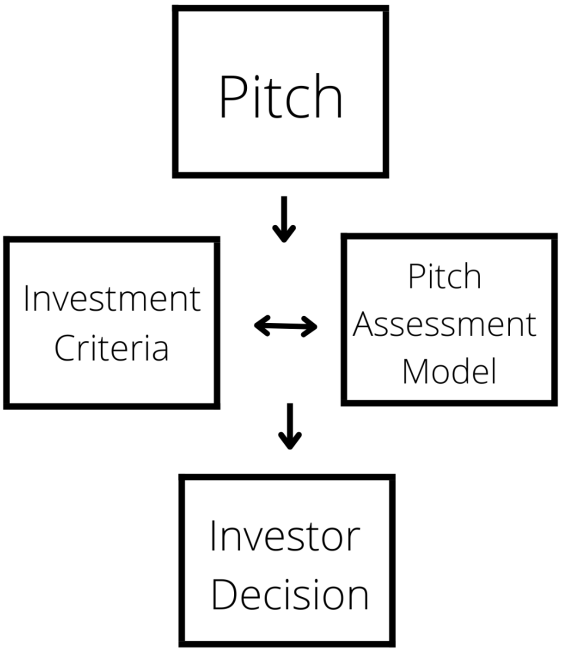

Figure 3 - Theoretical Framework

3 Method

In this chapter, the chosen strategy and process to collect data is presented. The chapter will thoroughly acknowledge each step, such as the research strategy and data collection, among others. Additionally, the reasoning behind each choice and its implications on the study is further explained. Finally, the reliability and validity of the study is discussed.

3.1 Research Strategies

According to Bryman and Bell (2015), the qualitative and quantitative strategies are two different approaches when conducting research. When collecting data, the qualitative approach focuses more on collecting words, while the quantitative approach collects and quantifies numbers (Bryman & Bell, 2015). However, that being a simplified description, there is a lot more depth to both strategies. This study has a qualitative approach when collecting data and this chapter will now specify the arguments for that strategic choice. The qualitative research is constructionist, believing that it is the interaction between people that creates social property, and that social property does not simply "exist" (Bryman & Bell, 2015). This aligns with the purpose of this study, which is to examine a phenomenon based on a relationship between two actors (the entrepreneur and the investor). Another description of qualitative research is that, in contrast to natural science where the object (for example atoms) cannot contribute with "their" own viewpoint and opinion, the social sciences study objects (people) can contribute (Bryman & Bell, 2015). Connected to this study, the relation and communication between people are examined, making the investors point-of-view and opinions crucial. Finally, the interviews that are conducted in this study are semi-structured, which according to Bryman and Bell (2015) is a qualitative form of interviews.

Bryman and Bell (2015) writes that it is of importance to consider the approach to new research and previous theories, however it is not always easy to explain. A deductive approach according to Bryman and Bell (2015) is based on previous research and theories, which hypotheses then are created from. Based on the characteristics presented by the authors, this study could be deductive in the sense that it is based on previous research and theories within the area. However, it does not formulate any hypotheses. On the other hand, this study could be inductive since according to Bryman and Bell (2015) the inductive approach is often correlated with qualitative research. The general description of an inductive approach is that research in the selected area is conducted, and the result becomes a theory (Bryman & Bell, 2015). The authors raise attention to use the word 'theory' with caution, since most studies often only produce 'empirical generalizations'. Based on the extent of our study, the results are more empirical generalizations, than a theory. To solve the problem of choosing a deductive or inductive approach, the abductive approach becomes a solution. According to Bryman and Bell (2015), the abductive approach solves a lot of the limitations with deduction and induction, making it popular among researchers. When explaining the approach, the writers state that the abductive strategy is founded in a problem that cannot be solved by existing theories. As a result, the researcher tries to make the problem less confusing by "*seeking to identify the conditions that would make the phenomenon less puzzling* (...)" (Bryman & Bell, 2015, p. 27).

3.2 Research Design

The research design applicable to this thesis is a multiple-case study design. According to Bryman and Bell (2015), the multiple-case study design is useful when making a comparison between cases, trying to find differences as well as what is in common. The 'cases', according to the authors, are in a multiple-case study design, often organizations or individuals. This description aligns with this thesis since it studies each venture capitalist individually in the empirical data, and later in the analysis compares the cases to find patterns within investment criteria and investment decision-making.

Initially when choosing the research design, a cross-sectional approach was also considered. According to Bryman and Bell (2015) the differences between a multiple-case study design and a cross-sectional design is the focus. The authors state that if the focus lies on unique cases it is a multiple-case study design, while if the focus lies on making general conclusions and not focus on individual cases it is better described as a cross-sectional design. Since the aim of this thesis is to compare the answers by the different venture capitalists, that argues for the research design to be a multiple-case study. However, Bryman and Bell (2015) also states that it is not always either or, and that studies can have elements of more than one research design.

3.3 Literature Selection

3.3.1 Chosen literature

Our main source of information comes from academic journals. These journals have been useful when collecting information and inspiration for this thesis. An academic journal is defined by Bryman and Bell (2015) as a journal that has been peer graded. Furthermore, peer graded means that the article has been reviewed, unbiased, by between two and four experts within the examined area. Most cited academic journals and their suggestions for future research were used in order to conclude what research that has not been done before and/or could be developed. This is according to Bryman and Bell (2015) one way of formulating a research question. The usage of academic journals helped to find a gap in the research and therefore helped to come up with an idea of what the thesis should examine.

There are many academic journals regarding pitches and investor financing. One way for us to find relevant literature was by using keywords. These helped us more easily find information and useful academic journals relevant for our research. Bryman and Bell (2015) describes the importance of using and identifying keywords since it will facilitate and identify suitable references. Some examples of the keywords being used were pitch, investment criteria, and investor decision-making. Many interesting articles exist and it was important to evaluate their purpose, meaning and relevance for our thesis. Almost all the literature comes from the internet and the usage of online computer libraries. When using sources from the internet, Bryman and Bell (2015) states the importance of asking oneself who the author is and their motive for publishing, where the site is located and how recently the site was updated. Sites such as LUBsearch and Scopus were used in order to find useful articles and to make sure that the chosen article was relevant and had credibility.

3.4 Sampling

3.4.1 Chosen Venture Capitalists

The following six venture capitalists are part of government venture capital firms in Sweden. The interviewed venture capital firms were discovered through the Swedish Private Equity and Venture Capital Association (SVCA). Each venture capitalist has a managerial position and despite varying time working with venture capital investments, each person has evaluated pitches to a great extent.

Venture Capitalist	A	B	C	D	E	F
Number of Pitches Assessed	1000+	1000+	1000+	200+	3000+	100+
Position	Head of Investment	Senior Investment Director	Head of Investment	Investment Manager	Investment Director	Investment Director
Years as VC	4	24	14	5	24	4

Table 1 - Interviewees

3.4.2 Method

This study uses a purposive sampling method with elements of opportunity and snowball sampling. Purposive sampling is a style of non-probability sampling, meaning not selected by chance but rather deliberately or less random (Burns & Burns, 2008). According to Burns and Burns (2008), purposive sampling includes defining characteristics and thereafter selecting a number of participants matching these aforementioned characteristics. Opportunity sampling, as suggested by its name, refers to sampling participants determined by convenience, such as friends, locals, or similarly accessible participants. Snowball sampling pertains to gathering contacts and participants through the initial participants (Burns & Burns, 2008). Bryman and Bell (2015) regards this as a type of convenience sampling, increasing in popularity over the years.

The purposive sampling method is primarily used in this study as the participants are selected based on characteristics. The characteristics are based on being a venture capitalist employed by a Swedish governmental venture capital firm (GVC) and having a managerial investment role, which involves listening to and evaluating startup pitches. The reason for selecting governmental venture capital firms is due to it being more convenient to reach and publicly known. Additionally, contact was made with the Swedish Private Equity and Venture Capital Association (SVCA), where it was recommended to contact GVC's, confirming that it would be more convenient. Furthermore, one of the researchers had, since prior, contact with a governmental venture capitalist, resulting in this being our first interviewee. In order to remain consistent with the sampling, only governmental venture capital firms were interviewed. The purposive sampling method facilitates the process of obtaining relevant data, and producing results with relevant conclusions (Burns & Burns, 2008). Participants in this study were selected based on the aforementioned characteristics, with a nuance of snowball and opportunity sampling. This is because contact was first established with the initial participant from a governmental venture capital firm, who then referred us to other relevant participants matching the characteristics.

Bryman and Bell (2015) discuss the significance and difficulty of determining sample size in qualitative research. The authors mention that *"the broader the scope of a qualitative study and the more comparisons between groups in the sample that are required, the more interviews will need to be carried out"* (Bryman & Bell, 2015, p.436). The sampling size of this study is therefore limited to six qualitative interviews, as a result of the specific nature of the research focus; which criteria the venture capitalists considers during a pitch, and how the pitch affects the venture capitalist's decision-making.

3.4.3 Limitations

The first limitation with this study includes the possibility of incorporating even more specific characteristics, for example, having a precondition that the respective venture capitalists had worked a certain number of years in their role, or listened to a minimum number of pitches. However, based on prior knowledge and time frame, this was a difficult characteristic to include. Another limitation, in relation to sampling size, includes only interviewing six different venture capitalists. Warren (2001) notes that to publish a qualitative interview study, the required sampling size should be approximately 20 to 30 interviews. However, Bryman and Bell (2015) present another argument; that regardless of size, the study should be able to produce and suggest well-founded conclusions. In addition to this, the authors also mention that the sampling size can fluctuate depending on the study and conditions of the sampling method. Eisenhardt (1989) also argues that when conducting a multiple case study, somewhere between four and ten cases are optimal. Eisenhardt continues by mentioning that more than ten cases can result in too much data, whilst less than four results in difficulty in generating well-grounded conclusions (1989). Furthermore, it was concluded that a certain amount of theoretical saturation had begun occuring after six interviews, thus raising the question if this truly limits the study.

3.5 Data Collection

It was crucial that any collected information was from the venture capitalist's perspective, as the thesis aims to analyze their view on the pitch. Therefore, the interviews executed were semi-structured and with six venture capitalists. Bryman and Bell (2015) explain that a semi-structured interview is when questions are prepared in a general interview schedule, but are able to vary and be open. This, since follow-up questions can contribute to a more deep understanding if something is unclear. The interviews were performed through video calls. The usage of video calls when interviewing is easier and more time efficient for both the interviewers and the interviewees. Furthermore, the interviews have been recorded and transcribed. Bryman and Bell (2015) explain that transcribing will help to make the answers more clear, reduce the possibility of forgetting meaningful information, and accidentally distort when writing the chapter of empirical data.

The interviewees speak Swedish and the interviews have therefore been performed in Swedish and then translated into English in the empirical data. Bryman and Bell (2015) explain that there is a risk of losing information, when translating interviews. However, when considering interviewing the interviewee's in another language than their native one, the conclusion is that this would result in a bigger loss of information. Therefore, the decision was made to translate the collected data during the empirical data collection chapter, in the most correct way possible. Furthermore, during the interviews there was consent from the interviewees to be recorded and to use their answers for this thesis. Information regarding their anonymity was provided in order to make the interviewees feel like they could answer our questions truthfully. Bryman and Bell (2015) states the importance of informing and keeping interviews anonymous since it provides the possibility for the interviewees to feel safer. Furthermore, non-anonymous interviews could harm the interviewees in the future. Another aspect of anonymity is giving the interviewees anonymous names such as interviewee A and interviewee B. This is, according to Bryman and Bell (2015), one way of making interviewees feel more safe and willing to open up.

In contrast to the structured interview schedule, the interview schedule written for a semi-structured interview is less structured and more flexible (Bryman & Bell, 2015). The questions asked should give the interviewee possibilities to present alternative answers that extend beyond already conducted research, according to Bryman & Bell (2015). The authors encourage the student to create somewhat of an order but the researcher should be conscious to change the order during the interview, if needed. When conducting the interview, one person read the initial remarks regarding anonymity and explained the subject of the thesis. This person, together with the second person, then took a more “passive” approach, while the third person conducted the rest of the interview. Bechhofer et. al (1984) explains the passive interviewer as the one who takes extensive notes while also participating in a smaller way by nodding or showing signs of understandment. This also means being able to jump in and ask any questions to make sure all needed information is gathered. Being multiple interviewers stated in Bryman and Bell (2015) has many advantages, such as making sure to collect all information needed and contributing to a more relaxed atmosphere while also being a support for each other.

When formulating interview questions, it should be based on two important aspects according to Bryman and Bell (2015): what is confusing with what we are trying to examine and what we need to know to be able to answer our research question. In addition, Eisenhardt (1989) explains that prior constructs can be used to shape the research. By prior construct, the author means different types of categories that have been found in previous literature. When conducting the interviews, the Pitch Assessment levels were used in the interview guide to make sure information was gathered on each level. Furthermore, the advice from Bryman and Bell (2015) is to have background questions about the interviewee and to summarize the interview with a closing question that allows the interviewee to add additional information. This thesis interview schedule is based on the order of the following headlines.

3.5.1 Background Questions

To initiate the interview, three background questions were asked in order to gather information regarding the interviewee’s experience within the investment industry. The following questions were asked:

- What is your role in the company?
- How long have you been working as a venture capitalist?
- If you were to make a rough estimate, how many pitches have you assessed?

The purpose of these questions are to investigate the interviewee’s degree of experience and knowledge within the field. The questions also serve as an introductory asset to the interview.

3.5.2 Pitch Assessment

In order to gather empirical data surrounding pitch investment criteria from the venture capitalist's perspective, the following questions were formulated and raised during the interviews:

- What do you assess during a pitch and its evaluation, from start to finish?
- What do you think should be emphasized in a pitch?
- What do you think often lacks in a pitch?
- What cannot be assessed during a pitch?

The first question, "What do you assess during a pitch and its evaluation, from start to finish?", serves as a broad question with the purpose of gathering data surrounding which investment criteria the venture capitalist generally considers during a pitch. This provides a foundation for any follow-up questions. The three remaining questions are crucial in providing in-depth information regarding the characteristics of certain investment criteria, and are complementary to the first and primary question. The questions were posed as open-ended questions rather than narrow ones aimed at specific criteria, in order to allow the interviewee to speak freely and thus gain an understanding on what the interviewee considers more or less impactful.

3.5.3 Pitch impact on decision-making process

Data collection regarding the venture capitalist's decision-making during the pre-screening and pitch phase was grounded in the following questions:

- To what degree does the pitch affect your decision-making in regards to investment?
- What does your decision-making process after the pitch look like?
- Have you ever withstood an investment solely based on the pitch? If yes, why?
- Which are the three most important factors that affect your decision-making regarding investment?

The first question, "To what degree does the pitch affect your decision-making in regards to investment?", aims to gather data about the significance of a pitch and its role in the venture capitalist's decision-making. The three following questions intend to highlight the factors influencing the venture capitalist's decision-making in regards to the pitch. The questions aim to contextualize the pitch and increase understanding of its significance in regards to the investor decision-making process.

3.5.4 Final Question

The following question was asked in the end of the interview:

- Do you have anything you would like to add?

This allows the interviewee to add any concluding thoughts that they might have considered during the interview.

3.6 Data Analysis

Eisenhardt (1989) writes that when conducting case-analysis, a problem researchers often face is the large volume of data. Therefore, it is important to have a clear process when categorizing it. Eisenhardt (1989) continues by explaining that by separating each case, it becomes easier for the researcher to categorize the data and allows each case to be investigated separately before finding patterns. This strategic choice of categorizing data aligns with our choice to separate each interview in the empirical data, before finding patterns. Furthermore, the data analysis is based on our theoretical framework. The theoretical framework is somewhat similar to the method by Gioia, Corley, and Hamilton (2012) of 1st and 2nd-order levels, meaning identifying broad concepts (1st-order) and thereafter categorizing them into themes (2nd-order). In the empirical data chapter, 1st-order concepts are identified, listing all sub-criteria mentioned by the investors. After listing the sub-criteria in the empirical summary, they are divided into 8 criteria. This aligns with the 2nd-order level presented by Gioia, Corley and Hamilton (2012) when analyzing data. The 8 final criteria are then further developed in the analysis. Gioia, Corley and Hamilton (2012) adds that the data can be analyzed into even further levels, similar to this thesis which is done by categorizing the criteria into the Pitch Assessment model. Finally, to complete the theoretical framework, the data gathered regarding pitch effect on decision-making is analyzed, comparing the separate cases and finding patterns.

According to Bryman and Bell (2015), the data analysis of qualitative data is harder to analyze in comparison to the more structured and regulated analysis of quantitative data. The authors continue by raising awareness to previous scholars that have struggled with two aspects of qualitative data analysis: unrelated themes and time management. When using semi-structured interviews, information that has not been part of the previous literature review and interview schedule might occur. However, this means that the future approach often takes an iterative perspective, which means that the strategy is to go back and forth between the theory and the collected data (Bryman and Bell, 2015). This becomes a time consuming process which the authors write that scholars, especially towards the end of their education, might have a hard time achieving within the set deadline. Therefore, this study uses the iterative perspective in addition to the abductive approach, however only to a degree that fits within the time frame for this thesis.

3.7 Reliability and Validity

Two criteria determining the quality of research conducted in a study are reliability and validity. Bryman and Bell (2015) argue that reliability, whilst more relevant in quantitative research, can be applied to qualitative research if evaluated through *external reliability* and *internal reliability*. The same is applied to validity, and can be evaluated through *external validity* and *internal validity*.

External reliability refers to the degree of replicability. Replicability of research can, however, be difficult to fulfill as completely recreating specific conditions and events is impossible (LeCompte & Goetz, 1982). In order to uphold high external reliability, this study aims to present the entire research process, from initial literature review to selection of participants to analysis of results. In other words, complete transparency and comprehensibility regarding methodology, enabling future researchers to replicate the process. Nevertheless, replicability in the sense of acquiring the same results and arriving at the same conclusions is difficult due to the nature of qualitative research.

Internal reliability refers to whether the group of researchers interpret the results in a similar manner, in addition to reaching the same conclusions (Bryman & Bell, 2015). In order to sustain high internal reliability, interviews are transcribed in order for the group of researchers to have a means of retroactively reviewing data and form unanimous conclusions. Furthermore, the group of researchers have physically met and discussed matters throughout the majority of the research process in order to continuously maintain consensus. This is also strengthened by Eisenhardt (1989, p.538), claiming that multiple investigators "*(...) allows the case to be viewed from the different perspectives of multiple observers.*".

External validity relates to the degree of applicability that results and conclusions have in the real world (Bryman & Bell, 2015). Due to the sample size of the study, time frame, and in addition to being specific cases, high external validity may be difficult to maintain (LeCompte & Goetz, 1982). On the other hand, the nature and profoundness of the interviews aims to increase external validity.

Bryman and Bell (2015) explains that internal validity specifies the degree of relation between results and theory or concepts. This study aims to uphold high internal validity as a theoretical foundation lays the basis for the results, and results are analyzed and compared to prior findings. The results therefore have a clear and coherent relation to concepts and theory found in investment criteria, Pitch Assessment and investor decision-making.

4 Empirical Data

In this chapter, the collected data from interviews with investor A-F will be presented. The logical flow of this chapter is based on the structure of the interview guide, starting with background information. The following two parts, the main research areas, are divided into data regarding Pitch Assessment and the pitch impact on the decision-making. Pitch Assessment includes investment criterias, what should be emphasized, what often lacks and what can not be assessed. The decision-making includes the pitch effect on the decision-making, the process after the pitch, reasons for turning down an investment and the most significant criteria impacting the decision-making. Finally, this chapter ends with a table summarizing each interview.

4.1 Interview A

4.1.1 Background information

The interviewee is responsible for a green tech fund and works as a venture capitalist in charge of the whole investment chain, where the purpose is to make investment decisions, manage businesses and make sure that businesses move forward. Furthermore, the interviewee has worked as a venture capitalist for four years and have approximately listened to and evaluated around 1000 pitches.

4.1.2 Pitch Assessment

When asked what the interviewee examines during a pitch some aspects stood out: the pitch in itself, how it's being presented, and what the pitch is actually containing. In addition to these, the interviewee also values environmental factors. Regarding what the pitch should include, the interviewee wants to hear about the market potential. The interviewee says *"(...) there is no point in funding anything if there is no market potential"*. Although, if there is a possibility for it to be a growing market, or become one, the person says it makes it more interesting. Another thing mentioned is the product or service that is going to be sold. Here sub-criteria such as its uniqueness, its protectedness and how scalable it is, are mentioned. The third aspect is the team, its composition and their ability to deliver and the interviewee states *"(...) if you don't have a very good team, you will never succeed"*. In relation to this, the interviewee explains that if the product or service is missing something and if the team is good, it will more easily be fixed. The interviewee argues that the team is the most important aspect of all the previously mentioned criteria. However, since the interviewee works with green tech, the importance of environmental aspects, their sustainable thinking, and potential to improve the climate also has an important role.

Regarding the presentation of the pitch, this is based on the importance of knowing how to communicate, according to the interviewee. This is explained to be shown through how passionate the entrepreneurs are and their ability to be able to sell their idea. The interviewee says that this is important since you need to be able to attract funding and be able to sell your idea to the market. In addition to this, the interviewee states that it is important that the pitch is founded in reality, and that the entrepreneur needs to be humble to be able to get help and tips if needed. Furthermore, the interviewee explains that the entrepreneur needs to have *"(...) the humbleness required to understand what you know and don't know"*. Finally, the person says that some focus should be on presenter style and how confident the entrepreneurs are when presenting, and the need to be a visionary but still realistic.

Furthermore, when asked if there is something that should be emphasized during a pitch, the interviewee is very clear about it being very case specific. However, the person continues by saying that the focus should be on how the product makes a difference in the market and how it will reach the customers. The interviewee explains that *"(...) the entrepreneur needs to be able to communicate in a simple and pedagogic way"*. The interviewee gives the example of sometimes when the founder is more technically oriented they do not realize that everyone does not have the same type of knowledge which is something that can be missed during a pitch. Regarding criteria that sometimes can lack in a pitch is being clear on your go-to market, and being concrete in how you will reach potential customers.

When being asked what in a pitch that can not be assessed, the interviewee states that the team and its ability is hard to assess. The interviewee explained *"(...) it is very important to talk with more people on the team to get a proper picture of more individuals in the team but also the dynamics of the team"*. The interviewee continues by explaining that it is important to see more sides to people then just from the initial meetings, for example a chance to see how they handle both success and different setbacks.

4.1.3 Pitch impact on decision-making process

The interviewee explains that some people only see the pitch as an entrance ticket to get in contact with investors, however, this investor argues that the pitch has a much more significant role. According to them, it helps the business to present themselves, increase the curiosity but also how the startup can market themselves and put themselves out on the market. The pitch provides a good structure and is a tool that this interviewee can go back to several times to make it more clear what the business feels like. The pitch then becomes *"(...) almost like a skeleton for a continued dialog",* according to the interviewee. Furthermore, the interviewee states that things that have not been brought up during the pitch also have a meaning and are something to examine and look for. Additionally, the interviewee explains that the pitch is important since it is being used as a presentation tool for the rest of the investor team when making a decision.

When being asked how the decision-making is being made after the pitch, the interviewee answered that the pitch is a good way of concluding if the business and idea is suitable to continuing the investment process, or if it is not a fit it is better to give a straight answer. The interviewee explains that *"(...) it is pointless to waste the entrepreneurs time in trying to get us to invest if it is not suitable for us".* This decision is made by the person we have interviewed and later brought to the rest of the investor team. After this, the interviewee continues by explaining that it is required a more deep contact to get started with the business. Then the person writes a memo, and when writing this the pitch is being used again as a source for information.

The interviewee explains that it is possible to decline financing simply by listening to a pitch. The pitch helps in the decision-making, especially if lacking environmental perspective. Since this person works in a green tech fund and if you don't have the correct focus on environmental aspects, it is easy for them to decide if it is relevant or not.

When asked to name the three most important aspects that affect the decision-making, the interviewee explained its environmental effect and sustainability but the main aspects are *"(..) team as number one, then product or service and then the market potential".* These three different aspects have several perspectives and need to be examined in depth in order to make a decision, according to the interviewee. Furthermore, the interviewee says that most aspects can not be judged only through a pitch, but most of all the competition and uniqueness is hard to assess. The investor could be presented with a statement in the pitch that might be hard to validate at the moment. All these aspects should be further investigated later on.

4.2 Interview B

4.2.1 Background information

The interviewee works as a Senior Investment Director, investing in mainly tech and life science startups. For the past 24 years, the interviewee has worked as an investor and been on hundreds of company boards as part of their job. Prior to this, they have 10 years of experience within fields such as international marketing, sales, management in addition to 5 years of research. The interviewee estimates to have evaluated closer to 1000 pitches.

4.2.2 Pitch Assessment

During the first question asked about Pitch Assessment, the interviewee initially explains that there is a fundamental difference between pitching to angel investors in contrast to venture capitalists. They clarify that whilst angel investors often base their judgment on a gut feeling and their respective decision often during the earliest encounter with the entrepreneur, venture capitalists have a more systematic approach, principally examining three larger segments: (1) the asset and unique selling point, (2) how the company is currently being financed and how they aim to further realize their plan, and (3) characteristics of the entrepreneur.

The interviewee describes (1) examining the asset and selling point as examining the business plan, the idea, potential patents, or ground breaking research. In regards to (3), they describe characteristics of the entrepreneur as who they are, their experience, commitment, and their entire team. The interviewee further clarifies that the significance of these three segments varies depending on the type of asset the startup possesses; an example being that if the startup is more research-oriented, assets such as patents and real data may be more valuable that other segments. On the other hand, if the startup focuses more on translational research, the team may be of higher importance. When asked about what should be emphasized in a pitch, the interviewee responds by emphasizing the "execution" of the business plan. They explain that: "(...) *it is really difficult to reach a fraction of a percent if several others also strive for it. It comes down to how and why should specifically this company succeed in this large market ?"*. The interviewee additionally mentions that revenue is not the only important financial measure, but margin too, explaining that: "*you need a business model that builds on the customer being willing to pay enough"*.

Responding to what often lacks in a pitch, the interviewee describes that entrepreneurs often mention what is currently happening and changing in the market, but often lacks *how* they mean to infiltrate and succeed. They explain that entrepreneurs often build too much on what they believe will happen, and that they: "*(...) want to be on the train but can't find the train station"*. Furthermore, they mention that there is a herd mentality among startups, saying that: "*(...) everyone runs the same direction until they don't"*. They also mention the importance of making the best of one's preconditions in their context or market, claiming that one needs to be: "*(...) better, faster, and more effective"* in order to succeed.

Answering what cannot be assessed during a pitch is responded to by discussing the difficulty of Pitch Assessment. "*People have become so talented at presenting, good with language, and nice pictures and such-, things that don't have any substance can also be made good. You need to consider that."*. The interviewee mentions that presentation skills are very important, but that it still needs to have well-grounded substance. Furthermore, the interviewee suggests that entrepreneurs should: "*(...) think about potential questions that could be asked, so they have good answers"*.

4.2.3 Pitch impact on decision-making process

Responding to what degree the pitch affects their decision-making in regards to investment, the interviewee explains that the pitch may be of larger importance if presenting at an investment bank or to angel inventors. They counter with, however, that as a professional investor, they: "*(...) want to get a seat at the board, bind together shareholders with a shareholder agreement"* and that: "*(...) the pitch actually mostly is a way to bring forth alternatives, or alternative investment opportunities"*. They further clarify the process after the pitch, mentioning that subsequent to an approved pitch, they spend three months examining the company, composing together a syndicate and conducting due diligence on the management and market, and writing a memo on the company. They also examine their financial plan, ownership plan, what they wish to achieve with the investment, what the management and owners wish to achieve, and how compatible everyone is with each other. They conclude the question by saying that: "*The pitch is a way to find"*, meaning that it serves as the initial contact between entrepreneurs and investors and not much more.

The interviewee's description of the decision-making process after the pitch is quite similar to the previous question, with the exception of placing more emphasis on taking risks. The interviewee says that: "*(...) this I know is a risk, this I know is safe, this, this, and this risk I am willing to take"*, and explains that this way of thinking is common among investors. They further mention that even though they are often willing to take risks, there has to be a potential for a very profitable investment. Sometimes, however, they make a decision to proceed with an investment but do not follow through as they cannot agree with owners or management.

The interviewee explains that several pitches are denied during the initial meeting and do not reach the investment stage. "*It is not like there is a lack of investment opportunities, but rather the opposite. So, it is more of a form of filtering"*, the interviewee explains. They continue by discussing credibility, potential, and execution, emphasizing potential as: "*(...) a good thing doesn't have to be good if you can't charge enough for it"*. Furthermore, upon responding to the final question in regards to ranking the three most important factors affecting their decision-making during the pitch, the interviewee highlights the team, the asset, execution, and competition. They conclude by asking: *"If there are several that want to enter a market, why would these in particular be better?*".

4.3 Interview C

4.3.1 Background information

This interviewee is head of investment at a venture capital firm. Furthermore, this person has a senior role, meaning that they also act as mentor and coach for investors with less experience. The person has worked as an investor for 14 years, in addition to working with other roles in the business sector previous to this. Roughly estimated, this person has listened to closely 1000 pitches.

4.3.2 Pitch Assessment

The two main criteria mentioned first, that this person assesses during a pitch, are the market and the team. Regarding the market, the person tries to understand the market dynamic and why this is a lucrative market. On the other hand regarding the team, the person tries to assess this as much as possible through the pitch, but emphasizes the importance of being good at answering questions rather than actually listing their CV. If the venture succeeds in conveying the investor about the team, then that "*builds credibility for this person or the team(...)*". In addition, the person also wants to understand the product or service, and says "*not everyone manages to capture this in a good way but many usually talk specifically about the market problem and that you are going to do something about it*". The person continues by arguing that it is important to understand the product because that is what will create value for the customer in the end.

Regarding financial criteria, the interviewee would like to capture the worth of the startup, how big their current investment round is and what their investment's role will play in that round. In addition to this, the interviewee also tries to assess what this company could be sold for in the future, if they could make any revenue from the company, and if there is a possibility for co-financiers in future rounds. The interviewee would also like to hear some kind of financial plan. In addition to the financial criteria, the interviewee also would like to hear competitive advantages and if they have any IP. However, a complicated product with an IP is not a necessity for the product or service to still be interesting if there is a growing market, according to the interviewee.

The presentation ability is also assessed, however the skills of the presenter are not crucial. The interviewee makes an example by contrasting a person with great presentation skill and passion, but lack of knowledge, with an introverted person with worse presentation skills, but very smart and with great knowledge. In the end the interviewee says: "*So you can succeed in many ways, the most important, regardless, is what person you want"*. The interviewee continues by saying that it is important that the person is coachable, and this shows if the entrepreneur is able to answer questions and contribute to a good dialogue. The concluding thoughts presented by the interviewee regarding presentation skills is that there are still companies that they have continued the process with that have had a bad pitch. Here the person also says: *"I think it is our job to see through those that might not have the greatest pitch and find those that still are the diamond in the rough"*.

When explaining what the interviewee thinks should be emphasized during a pitch, the person mentions two concrete aspects: what is the product and why does it have a place on the market. The person continues by explaining that all pitches lack some aspects, but the thing they miss the most is for the entrepreneur to explain the future journey of the company, including future financial aspects, such as future rounds and milestones. In regards to what can not be assessed during the pitch, the interviewee mentions competition. The competition, according to the interviewee, is barely mentioned and explains that this could be because it is hard to summarize in a pitch.

4.3.3 Pitch impact on decision-making process

The interviewee explains that the pitch : "(...) *is actually just an entrance ticket"*, and an initial meeting where the investors decide whether they want to further examine the company or not. Furthermore, when forming a basis for their decision, market and company analysis is conducted and used rather than information communicated in the pitch. They explain that the pitch "*(...) is not anything we examine during our decision meetings where we present to our investment committee. Very little of the pitch material or their story goes into our decision, but instead more analysis"*. They, however, clarify that the pitch's aim is to capture their attention and show that they are a good fit with one another. The interviewee further explains that they can often deny investment solely based on a pitch, but never grant exclusively based on it. It is mentioned that roughly one or two times out of 10, a second meeting is booked after the initial pitch.

The interviewee describes the process after the pitch as a long process. One or two in a smaller team keep in contact with the startup, and later present a shorter memo to a larger team. Afterwards, a more thorough memo and analysis is conducted on the market, potential customers, the financial plan, preview material, and potential exit strategy. Once the interviewee and their team are satisfied, a term sheet is sent to the startup they wish to invest in. Additional reference calls are made to customers, background controls on the owners are conducted, and potentially interviewing the startup team in order to examine how they work. A complete memo is then presented to the investment committee where the final decision is made. If the decision is approved, negotiation begins. The interviewee explains that there have been several occasions where they have met with entrepreneurs for the initial pitch, but felt it had been too early to invest and thus set up a second meeting with them, approximately six months later. They say that: "*(...) it is a long process, with several smaller decisions along the entire way, before anything is actually decided upon."* The most important aspects affecting their decision-making are highlighted as being: (1) the investment opportunity and potential yields; (2) the product and market with a clear consumer need; (3) the team and communication; and (4) it being a clear benefit to society.

4.4 Interview D

4.4.1 Background information

This interviewee works as an investment manager. As an investment manager, the interviewee explains that you are responsible for all steps of the investment process. In addition to this, you also work with the board and the companies you invest in. Furthermore the interviewee has been working as a venture capitalist for around five years and listened to 200 pitches.

4.4.2 Pitch Assessment

When explaining what is being assessed during a pitch, the person divides the criteria into two groups: soft values and hard values.

When explaining the soft values, the person says that they try to assess the team, both individually but also how they cooperate with each other. This, according to the interviewee, can be assessed during a pitch by trying to see how safe pitchers feel with each other. Furthermore, when looking at the team, the investor mentioned that they would like to know how the team is constructed, what the team's background is, and how they complement each other. Another soft value connected to the entrepreneurs is to what extent they know, live and breathe their own product or service. The example of looking too much on their notes gives it away according to the interviewee. The person continues the soft values with honesty and transparency, which is assessed through if the questions from the investor is met with a "*defense-mood*" or taken as coaching. Another soft value the person would like to hear, is what the startup plan for the future is. Finally, the interviewee concludes the soft values by explaining: "(...) *it is not so much regarding the content itself, but how it is presented and what feeling you get*".

Moving on to the hard values, the person explains that they first look at if the problem: "(...) *actually has an origin in a real problem that exists or if it is an exciting and fun technique looking for a problem*". In relation to the problem, the investor also assessed how well the entrepreneur had searched for the need on the market. Furthermore, another hard value according to the investor is to start to understand the product, listing questions such as how much software versus hardware, and how much is their own creation versus creation of combining things that already exist. This is assessed, according to the investor, through the technical and innovative levels of the product or service. Another hard value in relation to the technique, the interviewee explains, is the intellectual property and how well the entrepreneurs have worked to validate and remove the technical risks. Finally, one of the last hard values mentioned is the willingness to pay from the startups' customers. The person says that it is fine to still have some "*risk left*" regarding payment, but some type of market research should have been done.

In regards to what should be emphasized, the interviewee says that all these criteria mentioned are "*must haves*" and that for example "*it does not matter if it is the world's greatest technique if there actually is no need on the market".* On the other hand, if there is a big market, the team needs to have the competence to handle the need. According to the interviewee, all of these criteria need to be met for it to even become a case for a venture capitalist. Moving on, a common mistake that the interviewee says some entrepreneurs do, is trying to keep their idea a *"secret"* and continues by saying "*if it is worth so little that if you only tell someone and then it is, like, gone, yes then it is not worth so much"*. Another mistake the interviewee mentioned, is believing that your technique will solve everything or not accepting coaching from the investor. The investor says "*You notice straight away if it already in the pitch becomes a conversation and that it almost becomes business development together*".

This interviewee's view on what can not be assessed during a pitch is contextualized by comparing it to a relationship; that the pitch is similar to a first date and "*think that this is super super fun, we connect really well, this feels great and we could spend our life together".* However, it is according to the interviewee, when you move past the pitch and deepen the relationship by testing it, that you can assess if it is a good relationship. The person continues by giving an example of an investment they hopefully will do next year that had its ups and downs, where they had to build a trust. Finally the interviewee concludes by saying: "*So I would say that it could never be assessed on only a pitch, it is like all relationships, you need to give it time because you discover things' '.*

4.4.3 Pitch impact on decision-making process

When answering if and how the pitch affects the investor's decision-making, the interviewee explains that even though a lot of dialogue is done after the pitch, the basic values should be based on the pitch. The person continues by saying that it is important that the things stated and said in the pitch should not change through the process, and gives an example where the entrepreneur says that the company is worth 300 million in the pitch and then changes it to 75 million after a while. Some key numbers and market research is also good to have as a foundation from the pitch, and the interviewee states that "*it is important that you know that already in the first pitch and that it does not feel very volatile later, but that you, like, stick with it*".

Further on, the interviewee explains the different steps after the pitch, starting with summarizing the pitch meeting shortly to her colleagues and deciding whether or not to continue. Then the person creates a brief, including a NABC analysis, CO2 potential, size of investment round, ownership and the "*capital journey"*. After this, and maybe an extra interview with the startup, the interviewee and their team decide again if they should continue. Based on that decision, the person creates a more in-depth analysis in the form of a memo, where additional aspects are analyzed such as business plan, co-investors, the board, the team, capitalization table, exit multiple, potential buyers, potential customers, potential suppliers, research and so on. When this is done, the interviewee takes the memo to their investment committee, an external committee that will say yes or no. If they say yes, the interviewee gets a mandate to invest, and after the company passes some legal demands, they sign an investment deal and shareholder agreement.

The interviewee has turned down investments only after listening to a pitch. The reasons behind these turndowns are that some of the basic criteria mentioned earlier in this interview are lacking, or that it is a too early phase for the company. Additional factors that have made the person turn down a pitch is technology that can not be protected, nothing unique with the product or service, not enough CO2 potential or that the team is "*hopeless"*. Finally, the interviewee lists the three aspects affecting the decision-making. The first one mentioned was the go-to-market strategy, and the person said that it is crucial to reach the customers. The second one, according to the person, is the team's cooperation skills, the competencies but also how the team uses each other and their available resources. The person says "*You can not do everything yourself, so the smarter it is to take help from everyone that is helping"*. The last one, is the ability to scale up the company.

4.5 Interview E

4.5.1 Background information

The interviewee works as an investment director, and has been doing so for one year. Before becoming an investment director the person worked with venture capital for 24 years. Furthermore, the interviewee has listened to around 100 to 150 pitches every year.

4.5.2 Pitch Assessment

When asked what the interviewee examines during a pitch it is explained that four things are emphasized. The first thing being that there must be some kind of uniqueness to the idea. It also needs to be able to solve a big problem, and be scalable. The fourth aspect mentioned is if the entrepreneur has the possibility to deliver what the entrepreneur wants to say. The ability required is, for example, to attract fundings and different competencies, where a good team and the right conditions are important. When being asked if there is something that many entrepreneurs miss during a pitch the interviewee answers by saying *"(...) What I feel many people miss is that you wait too long to actually explain what you are going to do"*. Furthermore, the interviewee shares a tip regarding the presentation. Let's say that the presentation includes fifteen slides in total, then you should always think that the investor has a really important call to take after slide three. Furthermore, the interviewee explains that after slide three you should *"(...) present what this business can, want to do, or can achieve"*. It is important to not get stuck on the problem, uniqueness, technology nor the sector.

According to the interviewee, the strength of an entrepreneur is when they can identify the foundation of the technique and present the area that they will work with, in an understandable manner. During the pitch there should be a common thread, so that you feel like all the parts the entrepreneur has presented are connected. The interviewee further explains that "(...) *you have to realize as an entrepreneur that the first pitch is like an education and really a sales pitch"*. The entrepreneur needs to be convincing and be able to explain the idea to the investor. When being asked if the investor looks at the entrepreneurs ability to present, the answer is yes, that it does matter and makes a difference. Furthermore, the interviewee explains *"(...) If the team that presents can not sell to me, can they really sell to somebody else?"*. In addition, the interviewee says that many investors like facts such as key numbers or KPI and market shares. The entrepreneur needs to be prepared, and know a lot of facts. The interviewee says that "(...) *a more elaborated pitch gives a better* *impression”.* The interviewee explained that underlying facts can not be assessed during a pitch, and instead needs to be examined when they make their own investigation. Everything needs to connect to get a full picture and to create a story where every slide contains meaningful information.

4.5.3 Pitch impact on decision-making process

When being asked what role the pitch has during an investment decision, the interviewee explains that the goal of the pitch is to be able to get a second meeting. It is also explained that the pitch is a good way of meeting for the first time. Furthermore, it is explained that there are many steps before the investors make an investment decision. The interviewee states that *“(...) we analyze a lot more businesses compared to how many we invest in”.* The interviewee states that they rarely use the material that is being presented in the pitch. The investors make their own analysis and compilation. In some cases, they use some information from the pitch together with more information from other research.

When answering the question regarding how the decision-making process looks after the pitch the interviewee explains that *“(...) it depends a lot on what business it is, how early the business is, what phase the business is in, how big the investment is and how complex the investment is”.* A quick investment occurs after two months, but the average is two to six months. The interviewee explains that they go through many phases before a final investment decision, often with the advice from another investor. Why the pitch could lead to a denied investment is when the formal demands haven't been achieved. The interview continues by explaining that for the funding to even have a chance of happening it needs to meet the venture capital firm’s prerequisite. Furthermore, a denied investment can come because the product, service or that the idea already exists, or that it is not unique enough. Other mentioned aspects were that the market is not big enough or that they do not believe in the team.

When being asked to name the three most important aspects that affect the decision-making, the interviewee goes back to how unique the idea is, if it solves a big problem and if it is scalable. The most important aspect is if the team can *“(...) attract and implement the things that will be demanded ahead of both funding, competencies and the ability to deliver”.*

4.6 Interview F

4.6.1 Background information

The interviewee works as an investment director in a team of 5 people. The team works actively with these companies, managing business development, investment and trying to make them successful companies in the future. The person has worked as a venture capitalist for 4 years and would estimate to have listened to around 100 pitches.

4.6.2 Pitch Assessment

When answering what the person asses in a pitch, the interviewee starts off by explaining that the pitch should portray a picture of what the company looks like at the present. This entails, according to the interviewee, that the venture needs to show that they are solving a problem, that there is a need and that there is evidence for this, both quantifying and verifying this. In addition to this, they explain that the entrepreneur should also show how their idea is a solution to the problem and that this idea is unique. Another aspect that the interviewee assesses is if the startup addresses the market and has examined if there is a willingness among customers to pay for the product or service. Furthermore, the person wants to hear the go-to-market strategy and a detailed plan of how to get there. In relation to this, the interviewee is also interested in hearing about the business plan and how the company is going to make money.

The financial criteria to consider when pitching, is according to the interviewee the capital need, what they want to achieve with this money, milestones and estimated result. The person continues by saying *"you should show how this will be a profitable business in the long run"*, and that this could be shown through profit and loss calculation for the closest three to five years or through a cash flow analysis. On the other hand, the presentation skills is also something the interviewee considers, and says that "*it is important that you have good communication skills and do not get caught in any technical details too much".* The interviewee explains that it is important to get the person on the other side to understand, in addition to being both convincing and confident. Some more important presentation characteristics mentioned by the interviewee is to be driven and having enthusiasm.

When answering if there is something that should be emphasized during a pitch the interviewee mentions the previously mentioned presentation skills. The aspects that should be emphasized according to this person, is to be convincing and show great confidence and drive. On the other hand, when answering what is often lacking in a pitch, the interviewee says that it is the common thread that ties everything together. The presentation should not, according to the person, be only text or only illustrations. The interviewee states that *"Sometimes you could read pitches where you don't understand anything, or that it demands a lot from the reader to understand"*. Therefore, to go further in the investment process, the common thread and possibility to understand is important. Finally, the person explains that most aspects could be assessed through a pitch, with the exception of sometimes having to get a second opinion on these aspects. It is important, according to the interviewee, to take the enthusiasm from the entrepreneur and check the facts with industry experts to see if it aligns.

4.6.3 Pitch impact on decision-making process

When the interviewee is asked regarding the significance of the pitch, in regards to their decision-making, they respond that "*(...) it has a crucial role in determining whether or not to even initiate the investment process"*. They explain that the pitch, and presenting the team behind the startup, is a significant sequence in the entire process. Nevertheless, the interviewee mentions that the pitch is somewhat of an entrance ticket. It is mentioned, however, that the pitch and the respective material presented in the pitch serves as a foundation throughout the process and is also presented to the investment committee. They further explain that it is very important that the entrepreneur has truly verified that the product is working as intended, or verified if being of medical nature. Additionally, it is important to show if customers are willing to pay for the product or service, as well as how the entrepreneur aims to sell.

If the investment team decides to proceed with the startup after the pitch, the following process includes meeting with the entire investment team and discussing the investment opportunity, allowing everyone to raise questions, ideas, thoughts and concerns. Afterwards, a smaller group gathers and conducts due diligence over a couple of months, keeping in close contact with the startup. Once this is completed, a longer memo is formulated and presented to the investment committee, where a recommendation to invest or not invest is submitted.

The memo contains information primarily about the competition, the startup, the market, and legalities.

The interviewee is asked about common reasons regarding why a pitch may be rejected, and responds to this by mentioning that often the startup is too young, the service or product not being unique enough or the presentation not being convincing or communicative. They explain that "*(...) you may not be too unique regarding the service or product, but perhaps have a very good strategy and several innovative approaches in reaching the market"*. The interviewee further states that there needs to be some uniqueness to the startup, whether it be product, approach to market, business plan, or financing. If the entrepreneur fails in presenting something unique with their startup, the investment is almost always rejected following the pitch.

Upon ranking the three most important aspects affecting their decision-making, they state that (1) the product or service is unique and has in some way been verified, (2) the team in combination with a business plan, and (3) that there exists a market with a clear willingness among customers to pay.

4.7 Summary Empirical Data

The following tables summarizes the collected data by each respective interview. *Table 2* summarizes and categorizes factors mentioned during the interviews into criteria, displayed in **bold**. This categorization is strengthened by Gioia, Corley and Hamilton (2012), described in Data Analysis 3.6, as first identifying 1st-order concepts (sub-criteria), and thereafter categorizing into 2nd-order themes (**criteria)**. *Table 3* summarizes responses in relation to the pitch's effect on the venture capitalist's decision-making process. The tables aim to give a brief overview and understanding of the empirical data.

Interview A	Interview B	Interview C
Market - Potential - Growing market - Go-to-market strategy **Product/Service** - Uniqueness - Protectedness - Scalability **Team** - Composition - Ability to deliver **Environmental** - Sustainability - Potential to improve climate **Presentation** - Communication skills - Passion - Ability to sell **Entrepreneur** - Visionary - Realistic - Humble - Pedagogical	**Business plan** - Execution **Product/Service** - Idea - Patents - Research and data - Potential **Finance** - Current financing - Plan realization - Revenue - Margin **Entrepreneur** - Experience - Commitment - Credibility **Team** - (No sub-criteria mentioned)	**Market** - Dynamic - Go-to-market strategy - Growing market **Team** - Ability to answer questions - Credibility **Product/Service** - Understanding - Create value - Competitive advantages - IP **Finance** - Worth of the startup - Current investment round - Purpose of investment - Future company sale valuation - Revenue - Co-financiers - Financial plan - Milestones **Entrepreneur** - Coachable - Ability to answer questions - Contribute to dialogue

Interview D	Interview E	Interview F
Team - Cooperation - Confidence - Structure - Background - Complements - Competence **Entrepreneur** - Involvement - Knowledge - Coachable **Market** - Plan for the future - Problem identification - Need - Research - Customer willingness to pay **Presentation** - Preparation - Honesty - Transparency **Product/Service** - Understanding - Innovativeness - Technical aspects - IP - Protectedness **Environment** - Sustainability - CO2 potential	**Product/Service** - Uniqueness - Solve a problem - Scalable **Entrepreneur** - Ability to attract funding - Communication skills - Convincing - Knowledge **Team** - Different competencies **Presentation** - Focus on the initial slides - Capture interest - Effective - Distinct - Common thread **Finance** - KPI - Market shares	**Product/Service** - Evidence of a problem - Solution to problem - Uniqueness - Verification **Market** - Market-need - Willingness to pay - Go-to market strategy **Business plan** - How to make money **Finance** - Capital need - Purpose of investment - Milestones - Estimated result - Profit and loss calculation - Cash flow analysis **Presentation** - Communication skills - Avoid too much technical detail - Convincing - Common thread **Entrepreneur** - Confident - Driven - Enthusiastic **Team** - (No sub-criteria mentioned)

Table 2 - Summary and categorization of criteria

Interview A	Interview B	Interview C
The pitch has a significant effect on the decision-making. **The pitch for the investor:** - Increases curiosity - Works as a structure - Retroactively functions as material for investment-analysis - A presentation tool for the remaining investment committee **Ranking of criteria that affect the investor's decision-making:** 1. Environmental impact 2. Team 3. Product/Service 4. Market	**The pitch is viewed only as initial contact.** **The pitch for the investor:** - Presents alternative investment opportunities - Identifies ventures. - Provides opportunity for a risk assessment **Ranking of criteria that affect the investor's decision-making:** 1. Team 2. Asset 3. Execution 4. Competition	**The pitch is viewed only as an entrance ticket.** **The pitch for the investor:** - Presents an initial decision - Captures attention - Examines compatibility **Ranking of criteria that affect the investor's decision-making:** 1. Investment opportunity and potential yields 2. Product and market 3. Team 4. Benefit to society
Interview D	**Interview E**	**Interview F**
The pitch is viewed as a foundation for future dialog. **The pitch for the investor:** - Retroactively serves as a framework - Should align with entrepreneur's actions and values further on **Ranking of criteria that affect the investor's decision-making:** 1. Go-to-market strategy 2. Team 3. Scalability	**The pitch is viewed as an opportunity to get a second meeting.** **The pitch for the investor:** - Serves as an introduction - Initial analysis - Is only a small part of their own decision-making **Ranking of criteria that affect the investor's decision-making:** 1. Team 2. Unique idea 3. Solves a big problem 4. Scalable	**The pitch is viewed as significant throughout the process.** **The pitch for the investor:** - Initiates the investment process - Presents the team - Serves as both an entrance ticket and foundation **Ranking of criteria that affect the investor's decision-making:** 1. Unique product - that is verified 2. Team and the business plan 3. Market with customers willing to pay

Table 3 - Summary of pitch affect on decision-making

5 Analysis

In this chapter, an analysis of the collected data presented in the previous chapter is produced. The analysis is made up of Investment Criteria, Pitch Assessment, and Decision-making. 5.1 Investment Criteria summarizes and contextualizes the gathered criteria in relation to previous research. 5.2 Pitch Assessment levels place the criteria mentioned in 5.1 into different levels and contextualize the criteria in relation to the pitch. Lastly, 5.3 Decision-making discusses the impact of the pitch on the venture capitalist's decision-making process.

5.1 Investment Criteria

Although categorization is part of the analysis, *Table 2,* presented in 4.7 Summary Empirical Data, acts as an initial categorization of the criteria. Nevertheless, through the conducted interviews eight individual categories of criteria were identified and are presented in the table below. The mentioned criteria in *Table 2* encompasses several sub-criteria, and is further presented and analyzed in the coming subchapters. This analysis contextualizes the criteria in relation to the pitch, and compares the gathered data of the criteria to previous literature.

Criteria	Interview
Market	A, C, D, F
Product/Service	A, B, C, D, E, F
Team	A, B, C, D, E, F
Environmental	A, D
Presentation	A, D, E, F
Entrepreneur	A, B, C, D, E, F
Finance	B, C, E, F
Business plan	B, F

Table 4 - Criteria

5.1.1 Market

Market is mentioned in four of six interviews as one of the main investment criteria assessed. Mentioned by Ferrati and Muffato (2021) as *Characteristics of the market*, this criteria is part of their venture specific factors domain, which they found to be regarded as the most significant for equity investors. Molnár and Jáki (2020), however, regard this as the second-most assessed criteria among government-owned venture capitalists (GVC). Within market, several sub-criteria are highlighted and mentioned as highly significant when pitching. These sub-criteria include the market potential, the go-to-market strategy, being in a growing market with a customer willingness to pay for the product/service, identifying a problem and need in the market, and demonstrating a plan for the future in the market. Macmillan, Zemann and Subbanarasimha (1987) explain that lacking competitiveness on the market serves as one of the main reasons for not securing an investment. Each investor that mentioned the market as a criteria discussed the go-to-market strategy as highly significant, meaning that the pitching entrepreneur needs to explain in detail how the venture aims to secure the market and attract customers.

5.1.2 Product/Service

Product and Service is mentioned in every interview. Similar to Ferrati and Muffatto's (2021) *Characteristics of the product/service*, this criteria also falls under venture specific factors. Molnár and Jáki (2020) regard this as the third most significant for GVC's assessment. More sub-criteria are identified, mainly consisting of factors such as uniqueness, protectedness, scalability, and potential, but also more narrow aspects including value creation, possessing competitive advantages, and verification of a functioning product or service. Macmillan, Zemann and Subbanarasimha (1987) explain that characteristics of new ventures that are successful in attaining investment are divided into four clusters. Whilst varying in some determining features, the three most common successful clusters all exhibited a product or service with high potential. This matches the collected data as the investors mentioned this in each interview, regarding it as significant.

5.1.3 Team

Team is emphasized in every interview. Contrary to Molnár and Jáki's (2020) findings, that the management team is fourth most regarded by GVC's, Ferrari and Muffatto (2021) explain that *Characteristics of the entrepreneur and/or the management team* and the respective criteria are what an investor considers most. Sub-criteria within the team that the interviewees underlined included the team's composition, ability to deliver, credibility, and competencies, in addition to more specific skills such as confidence, cooperation, or their ability to answer questions. Macmillan, Zemann and Subbanarasimha (1987) explain that the difference between unsuccessfully or successfully securing an investment is often determined by a team criteria, which can be displayed in this study as every interviewee mentions this as significant.

5.1.4 Environmental

The environmental criteria is only regarded in two of the six interviews, which can potentially be explained as due to these interviewees investing in primarily green innovations. This criteria is not part of venture specific factors, but instead part of Ferrati and Muffatto's (2021) environmental factors domain, which is regarded as the least assessed domain by investors. Neither Macmillan, Zemann and Subbanarasimha (1987), nor Molnár and Jáki (2020) discuss environmental criteria as part of what investors assess during their decision-making. In relation to this criteria, interviewees discuss sub-criteria such as sustainability, potential to improve climate, and CO2 potential.

5.1.5 Presentation

Presentation is highlighted in four of the six conducted interviews. Ferrati and Muffatto (2021) categorizes this as the *Proposal* class, stating that it is assessed to a lesser degree. Molnár and Jáki (2020), however, present alternative results explaining that the quality of the proposal is assessed to a greater extent during the pre-screening phase. The results of the latter are more accurately reflected in this study, potentially due to focusing on criteria directly correlating with the pitch. Nevertheless, the interviewees discuss the entrepreneur in relation to the presentation, naming sub-criteria such as the ability to communicate and sell, passion, preparation, honesty and transparency. Furthermore, technical sub-criteria concerning the presentation itself are discussed, highlighting factors such as avoiding too many technical details, maintaining a common thread, and capturing the investor's interest during the initial slides.

5.1.6 Entrepreneur

Entrepreneur, along with the team and product/service, is regarded in every interview. Sub-criteria are mainly hard skills, namely the entrepreneur's experience, coachability, commitment, knowledge, confidence, drive, credibility, and communication skills. Furthermore, other factors such as the entrepreneur's ability to sell, fit with the investor, and being a visionary whilst remaining humble, were also considered by the investors. Mentioned in every single interview, this mirrors Ferrati and Muffatto's (2021) study, claiming that this was the most commonly assessed by investors. Similar to the team, Macmillan, Zemann and Subbanarasimha (1987) explain that criteria in relation to the entrepreneur play a determining role in the investor's decision-making, as reflected in the collected data.

5.1.7 Finance

Finance is mentioned in four of the six interviews. Finance is considered as an important factor by several of the interviewees, explaining that sub-criteria such as key figures and KPI's, cash flow analysis, market shares, financial plan, milestones, and future sale valuation were all significant in regards to the startup. The investors, however, also mention that other narrow sub-criteria play a role in their decision-making, describing that the purpose of the investment, current financing and worth of startup, the investment round, and potential co-financiers, are assessed. Molnár and Jáki (2020) indicates that financial indicators are the most commonly assessed among GVC's, whilst Ferrati and Muffato (2021) regard the *Venture Financials* class as being assessed to a lesser extent. Although mentioned as a criteria by Macmillan, Zemann and Subbanarasimha (1987), none of the venture's investment outcomes are determined by financial metrics. The collected data in this study, however, leads to the analysis that finance as a criteria plays a larger role in the investor's decision-making than proposed by two of the aforementioned authors.

5.1.8 Business plan

Business plan, similar to the environmental criteria, is only mentioned in two of the six interviews. The two interviewees that discuss the business plan as a criteria explain that its execution and revenue model are two sub-criteria that are assessed. *Business Model* is discussed by Ferrati and Muffatto (2021), suggesting that this class is rarely assessed, as reflected in the collected data. Molnár and Jáki (2020), however, mention that the business plan is regarded as the fifth most significant among GVC's.

5.2 Pitch Assessment Levels

When discussing what should be included in a pitch in order to attract investors, the study by Margherita and Verrill (2021) shows that it can be divided into different levels; 'background knowledge and preparation', 'presenter's style and approach', 'venture information and the pitch content' and 'reasoning and logical flow of the pitch'. This part of the analysis will combine the criteria mentioned under 5.1 with the different Pitch Assessment levels and additional sources. The purpose of the Pitch Assessment model in this thesis is to contextualize and apply the criteria in a pitch setting.

Background knowledge and preparation	Presenter's style and approach	Venture information and the pitch content	Reasoning and logical flow of the pitch
- Market - Finance - Business plan - Entrepreneur	- Entrepreneur - Presentation	- Product/ Service - Market - Team - Business Plan - Environmental - Finance	- Market - Team - Finance

Table 4 - Criteria in relation to Pitch Assessment levels

5.2.1 *Background knowledge and preparation*

Background knowledge and preparation is described by Margherita and Verrill (2021) as how well the entrepreneur is prepared and how much background knowledge they possess. After the conducted interviews the most suitable criteria for this section are the market, finance, business plan and the entrepreneur. In regards to the market and business plan, these criteria provide the investor with information of the startup's plan for the future. Furthermore, that they are aware of the industry which they are a part of. Interviewee F confirms this by explaining that the business plan is important to include in the pitch since it provides how the company will make money in the future and their future plans. Furthermore, both interviewee A and C express its importance to understand the market, market potential and the dynamic of the market. Additionally, the importance of possessing that information before pitching and then presenting it during the pitch.

Margherita and Verill (2021) express the importance of having a solid plan for the future. One aspect to consider for future plans is financing. Finance, in the use of key numbers, is a way of predicting the future financial status and could also be used in order to present and more accurately predict the future and its outcome. Clark (2008) argues that it is important to be realistic with what is being presented in regards to the financial aspect. Interviewee B agrees and states the importance of presenting how the business is currently being financed and interviewee D presents the importance of key numbers and the financial status of the business.

The authors Margherita and Verill (2021), explain that it is up to the entrepreneur to be well prepared before the pitch. Interviewee F explains the importance of preparedness of the entrepreneur since the entrepreneur needs to know how the idea is unique and be able to present how the idea is a solution to a problem. This aligns with the study written by Chen, Yao and Kotha (2009), where they emphasize the importance of preparation when pitching, and how it could lead to more positive funding decisions.

5.2.2 *Presenter's style and approach*

Margherita and Verill (2021) explain the level, 'presenter style and approach', as a way of capturing the possible investor's interest. This could be through the style of the presentation, stylish points or the enthusiasm during the presentation. During the conducted interviews the following criteria were mentioned; the entrepreneur and the presentation.

Margherita and Verrill (2021) states the importance of possessing knowledge on how present. Preparedness and knowledge on how to present make it easier to capture interest and provide a seriousness in regards to the business. Furthermore, Clark (2008) explains the importance of both awakening an interest of the investor but at the same time have a clear message. Interviewees E, F, A agree to this by explaining that the entrepreneur needs to be skilled in knowing how to present in order to be able to deliver what they want to communicate during the pitch. Interviewee A continues by explaining the importance of being able to style the presentation in a pedagogic and clear way to make sure that an interest is captured. In addition to this, interviewee B argues the importance of the entrepreneur's commitment which also align with Margherita and Verrill (2021) stating that the enthusiasm is important.

The second criteria mentioned is the presentation. The style of the presentation has to, according to interviewee A, be founded in reality and have a good presenter style. Interviewee E describes the importance of styling the presentation in a way so that the investor gets an understanding of what the pitch will be about during the first couple of slides. Interviewee E continues to explain that the presentation needs to be styled with a common thread and that all parts of the pitch get enough time to be explained.

5.2.3 *Venture information and the pitch content*

When Margherita and Verrill (2021) discuss venture information and pitch content it is explained as what is actually being said during the presentation, in regards to the idea, solution and to capture an interest. The following criteria were mentioned during the interviews; product/service, market, business plan, finance, team and environment.

During the conducted interviews, all of the interviewees A,B,C,D,E and F answered that it is important and a key aspect to discuss the product or service during the pitch. According to Margherita and Verrill (2021) the product or service needs to solve a problem. Interviewees A, E and F all state the importance of presenting how the product or service is unique and what it can bring to the market. This is agreed with Pont (2003), who argues that the presentation of the uniqueness of the product or service could lead to credibility, furthermore make more investors believe in the idea. In addition to this, both interviewee E and F discuss the importance of presenting how the idea is a solution to a problem. Furthermore, interviewee B, C and D discuss the importance of presenting and capturing an interest in the usage of IP and patent on the product or service to make sure that their interest is captured.

Aligned with the description of this level, Ferrati and Muffatto (2021) also consider the market, business plan and finance as assessed criteria. This is agreed by interviewee A, C and F who states that a go-to-market strategy is important to explain during the pitch. The business plan and the financial aspects are important to mention for interviewee B, since the business plan needs to evolve around how much customers are willing to pay. In addition to finance being included in the pitch, interviewee B continues by explaining that specifically how the company is being financed is significant. Interviewee E also agrees to this by explaining that it is important to share KPIs of the business.

To truly cover venture information, the team becomes a central aspect to deliver information about to the investor. Especially since all the conducted interviewees agree it is important to know who you will be working with in the future. Interviewee D explains that the pitch should include how the team is constructed, their background and how they complement each other. In addition to this, interviewee F explains that the presentation of the team during the pitch is a significant sequence and role to the whole process. Finally, to cover the last criteria of venture information, interviewee B argues that both environmental factors are crucial to be included in the pitch. This is agreed with interviewee A, which explains that a decision could be declined because the pitch does not include information regarding the environment.

5.2.4 *Reasoning and logical flow of the pitch*

When discussing the reason and logical flow of the pitch, Margherita and Verrill (2021) describe that it is not enough to attract interest of potential investors, but to also have rational aspects and the ability to present solid arguments during the pitch. During the conducted interviews, the following criteria were mentioned; market, team and finance. The three criteria are correlated with this level, since they can provide more concrete and useful information for investors when making a decision.

Margherita and Verrill (2021) mentions customer needs, solutions and expected performances as examples of rational aspects and solid arguments during the pitch. Interviewee C agrees by discussing the dynamic of the market, if it is a growing market, and the expected future. Furthermore, interviewee E mentions potential market shares, and interviewee F mentions both the market need and how willing the customers are to pay. Clark (2008) agrees by explaining that market and finance are important aspects and are solid arguments to present during the pitch. In addition to this, Margherita and Verrill (2021) states examples such as the composition of the team, their capabilities and the funding of the business. Both interviewees A and D agree to this by explaining the importance of showing how the startup works with the team, the composition, and their competencies. Furthermore, interviewee D continues by explaining the importance of showing how the team is cooperating and the use of resources. When discussing the funding of the business, interviewee B emphasizes the importance of being able to show how the business is currently being financed. In addition to this, interviewee C wants proof of the current investment round and the worth of the startup.

5.3 Decision-making

5.3.1 The pitch role in the decision-making process

As an investor, the job is founded in making decisions whether to invest or not. Therefore, there has been developed quite a comprehensive framework of what the decision-making process entails. Both Tyebjee and Bruno's (1984) and Fried and Hisrich's (1994) studies show the extensive analytic process an investor undergoes when making an investment decision. This aligns with how the interviewee's explain the extensive in-depth analysis that they perform before investing. However, the focus of this study is on the pitch, which according to Clark (2008) is part of and affects the initial decision-making process. According to the author, the pitch is a way to make the investor intrigued and to make them request further discussion. All interviewed investors in this study explain that the pitch is part of the early decision-making process and a good way of introducing the company and awakening initial interest. However, the importance of the presented material in the pitch and its effect on the whole decision-making process differ among the interviewees.

According to interviewee E, the pitch is a great introduction and a way to get a second meeting, yet, the pitch presented is rarely part of their future analysis that they conduct on their own. This is confirmed by interviewee C that expressed the definition of the pitch as only an "entrance ticket" and that the pitch presents the investor with an opportunity to make an initial decision. The material, did not in this case either, play an important role in their own future analysis. In contrast to interview C, interview A states that the pitch "has a much more significant role" than only being an entrance ticket. According to this investor, besides increasing initial curiosity, the pitch is something the person retroactively goes back to throughout the decision-making process. The interviewee goes as far as expressing that the pitch becomes a "skeleton" for the future process. This is confirmed by interviewee F, that despite stating that the pitch is an entrance ticket, also explains that the pitch is a foundation for the entire process. In the venture capital firm where this person works, the pitch is presented all the way up to the investment committee.

As noted, the importance of the information presented varies among the interviewees. Interviewee D's argument falls somewhere in between the other investor's opinions in regards to the pitch's effect on the decision-making process. According to them, the pitch is somewhat of a foundation, despite having a lot of further analysis and dialogue afterwards. Interviewee D states that all the values presented in the pitch can not completely change throughout the investment process, and gives an example where a startup completely changes its worth. Therefore, the interviewee explains that some parts of the pitch serves as a foundation to avoid the decision to feel "*volatile*" later on. This is confirmed by De Clercq et al. (2006) that explains that if information and targets presented to an investor is unreasonable and end up not being met, this could potentially hurt the investment.

Another pattern among the differences in the opinion regarding the pitch's effect on the decision-making process, could possibly be correlated with the venture capitalist background and experience. Interviewees B, C, E have worked as venture capitalist for 14-24 years, listened to the most amount of pitches, and are the ones arguing that the pitch is less significant. However, interviewees A, F (and possibly D) argue that the pitch is more significant, and have worked as a venture capitalist for 4-5 years and listen to less pitches in total. Therefore, this possible pattern shows that a venture capitalist with more experience pays less focus on the pitch in the latter stages of the decision-making process.

5.3.2 The process beyond the pitch

As mentioned in 5.3.1, there is a lengthy process after the pitch, and the interviewed investors explain that it takes months before an actual investment is made. The process after the pitch is thoroughly explained by interviewee C, explaining that first a shorter memo is created, then the more general criteria are examined, after that, internal and external references are collected and finally a lengthier memo is presented to an investment committee where a decision is made. This process is confirmed by the theory of Fried and Hisrich (1994), going through similar steps in a similar order in their model. The model by Fried and Hisrich (1994) highlights that any time throughout the process a venture could be rejected. This especially applies after the pitch. Because of the amount of startups with great potential, the demands are high and if a venture does not meet the requirements they will be turned down already at the pitch. Interviewee B states that because of the many investment opportunities, the pitch acts as a form of filtering. All interviewees have turned down an investment after only listening to a pitch. Furthermore, A states they do not want to waste neither their own time, nor the entrepreneurs.

There is a general agreement among the interviewee's that after the pitch, the information in the pitch needs to be verified. To continue the statement by interviewee D, the person also states that the pitch is similar to meeting someone on a first date, and that the feelings felt then need to be tested. This type of verification is confirmed by interviewee F that wants to check the material presented in the pitch with industry experts to see if it is correct. Interviewee B contextualizes this further by saying that the substance of the presented information is important, and that nowadays a good pitch can fool investors. Therefore, it is important to check the facts afterwards. Interviewee A also searches for verification after the pitch, but more specifically from the team. Based on the theory by Fried and Hisrich (1994), deeper analysis and verification from both external sources and internal sources is done during the First-Phase Evaluation. This is, according to the interviewees as stated above, an important action to secure the verification they are looking for.

5.3.3 Criteria with significant impact

When analyzing the criteria with the most significant impact on the decision-making process, the answers by the investors can be categorized into four categories: the team, the unique and scalable product/service, the potential market and the benefit to society.

All interviewee's have ranked the team within their top 3-4 criteria that affect their decision-making. In addition to this, a majority of the interviewee's have ranked it as number 1 or 2 in importance. Interviewee A argues that the success of the venture is correlated with the greatness of the team, and if a problem arises the team should be an asset in solving it. Interviewee C states that conveying an investor that you have a good team builds credibility. The team is part of the investment criteria created by Ferrati and Muffatto (2021), in relation to the entrepreneur, and seen as the most important criteria in the study.

The product or service's sub-criteria that is pointed out as extra significant is the uniqueness and scalability. Interviewee F argues that the uniqueness of the product or service is the most important criteria. This is one of the reasons, according to many of the investors, that they turn down a pitch, because without a uniqueness of the idea it is not worth the investment. When discussing "the perfect pitch", Pont (2003) defines uniqueness as one of the most important criteria when pitching, especially to capture an investor's interest. In relation to the product or service being unique, both interviewee D and E emphasizes the importance of scalability when making a decision. This sub-criteria is however not mentioned in the criteria by Ferrati and Muffatto (2021).

The market is also seen as one of the most important criteria when making an investment decision. According to interviewee A, the market potential is crucial for an investment to even take place. The market as an investment criteria is mentioned in several investment criteria studies (Ferrati & Muffatto, 2021; Molnár and Jáki, 2020; Macmillan, Zemann & Subbanarasimha, 1987). In the study by Macmillan, Zemann and Subbanarasimha (1987), the authors describe clusters of ventures that have been unsuccessful where the cluster of "well-qualified dropouts" is lacking competitive capability on the market. Interviewee B states that entrepreneurs often make the mistake of explaining the market without actually telling them how their solution will succeed on that market. The person contextualizes it by saying that they want to go on a train but "can't find the train station".

The venture having a benefit for society through an environmental impact of solving different types of big problems is mentioned and prioritized by half of the investors. Interviewee A places the environmental criteria as number one on criteria affecting their decision-making. The environmental aspect, however, is an important criteria for them since they manage a fund with a green tech perspective. One of the initial stages in the decision-making process presented by Fried and Hisrich (1994) is the VC Firm-Specific Screen, where the firm criteria needs to be met. This confirms the importance of this type of criteria for interviewee A, that will even decline a venture after a pitch if the environmental criteria are not met.

6 Conclusion and Discussion

In this chapter, the conclusions drawn from this study are presented. Following this, a discussion regarding the study, and more specifically the research process, limitations, theoretical and practical contributions are discussed. Finally, suggestions for future research are presented.

6.1 Conclusions

The purpose of this study is to examine what investment criteria a manager of a venture capital firm assesses in a pitch and how the information presented in the pitch affects their decision-making, resulting in the following research question:

What investment criteria in a pitch do managers of venture capital firms assess and how does the information presented in the pitch affect their decision-making?

Managers of venture capital firms primarily assess a total of eight criteria, being: *Market*, *Product/Service*, *Team*, *Environmental*, *Presentation*, *Entrepreneur*, *Finance*, and *Business plan*. The criteria serve as a basis for the venture capitalist's assessment and investment decision-making. Additionally, these criteria have a number of distinct sub-criteria. As stated in previous literature, criteria regarding the entrepreneur and team, and product or service were most commonly referred to in a venture capitalist's assessment, as significant. Furthermore, market, presentation, and finance were all regarded as relevant criteria, with the two latter differing in significance from prior research within the field; in other words, more important than previously noted. The remaining two criteria, environmental and business plan, are similar to precedent studies, noting that whilst being assessed, they are to a lesser extent.

The analysis helps to intertwine the investment criteria through the Pitch Assessment levels, resulting in an additional dimension of how the criterias can be categorized. All criteria are suitable under one or more Pitch Assessment levels. The level of 'venture information and pitch content' covers the most criteria, whereas 'presentation style and approach' covers the least. However, this does not necessarily mean that this level is of lesser importance, but rather that it has a more narrow focus. To conclude, the Pitch Assessment model in combination with the aforementioned criteria is a suitable model to use when creating a pitch to present for venture capitalists, since it provides a clear picture and an overview of what a venture capitalist is assessing during the different levels of a pitch.

All investors and previous research agree that the pitch plays an important role in getting an introduction to new ventures and is a way to awaken an interest. However, the importance of the pitch for the entire decision-making process differs from one interviewee to another. For some venture capitalists, the pitch was only seen as an entrance ticket, while for some it laid the foundation for the entire process. As presented in the analysis, the middle ground can possibly be found in the answer presented by one investor, stating that everything presented in the pitch can not completely change throughout the process. Furthermore, somewhat of a correlation was found between the venture capitalist's background; the longer experience, the less the pitch laid a foundation for the rest of the decision-making process. Another conclusion connected to decision-making is that it is important not to overexaggerate the presented information. This is confirmed through the analysis of the process after the pitch, where all investors will conduct deep analysis and research to verify the presented information. If the information presented ends up not being correct the venture could, as previous literature states, be rejected in the process.

Additionally, four aspects that affect the entire decision-making the most are the team, the unique and scalable product/service, the potential market and benefit to society. Both the product/service and market potential, are criteria that have been specifically important in previous literature regarding investment criteria. Furthermore, all of the interviewed venture capitalists mentioned the team among their most important criteria, making the team a central aspect to include in an investor pitch. Finally, a last conclusion is, as the entrepreneur, to confirm that the venture capital firm's specific criteria are met.

To summarize, the eight criteria a venture capitalist assesses during a pitch are *Market*, *Product/Service*, *Team*, *Environmental*, *Presentation*, *Entrepreneur*, *Finance*, and *Business plan*. These criteria, in combination with the four Pitch Assessment levels, contextualizes what a venture capitalist assesses in a pitch. The venture capitalists regard the team as the most significant in their decision-making. The information presented in the pitch affects the decision-making by serving as an initial introduction and an opportunity to capture the venture capitalist's interest. Furthermore, the pitch must be grounded in reality and maintain consistency throughout the entire decision-making process. Otherwise, this could lead to a missed investment opportunity.

6.2 Discussion

A discussion that arose among us, the authors, was the relevance and contribution of applying three theoretical dimensions to the collected data. The research question aims to answer what investment criteria managers of venture capital firms assess and how the pitch affects their decision-making. Previous literature applied in regards to investment criteria intends to answer the first segment of the research question, whereas the second segment, decision-making, is answered through the utilization of literature and theory on decision-making models and processes. The Pitch Assessment model is the third and final theoretical realm and could be argued to not be as fundamental as the previously noted literature and theories. However, we argue that it contributes to the first segment of the research question, in that it contextualizes the investment criteria into different pitch levels, applying the criteria in a pitch setting. The criteria itself are quite broad, and seem to have a significant effect on the investor's decision-making. Therefore, implementing these criteria into different levels serves as a practical contribution to readers in increasing knowledge and understanding of which segments of a pitch that investors assess specific criteria.

External reliability in the sense of being transparent with our research process is high. However, in the sense of replicability, collecting similar data and arriving at indistinguishable patterns may prove difficult due to the anonymity of the interviewees, in addition to the restricted sample size. Nevertheless, considering conclusions in the study have similarities with previous research within the field, it can be argued that the study could be reproduced and thus lead to similar conclusions. Although the sample size may be limited, some conclusions in regards to criteria assessed can be drawn due to an overwhelming majority of investors discussing the same criteria, which in turn have also been mentioned in previous literature. This includes the prevalence and significance of certain criteria, such as team, entrepreneur, product or service, and market.

In addition to the sampling process, six venture capitalists with characteristics of being employed by a Swedish governmental venture capital firm (GVC) and having a managerial investment role, were interviewed. Additional characteristics could have been applied to the sampling process, for example only examining venture capitalists with a certain years of experience within the industry. However, this would have resulted in missing the pattern of more experienced venture capitalists putting less importance on the pitch for the complete decision-making process.

Another choice, of the methodical kind, was made concerning whether or not to conduct a qualitative or quantitative study. Based on previous research within the area of investment criteria and pitch assessment, most studies have had a quantitative approach. The quantitative approach allows the researchers to quantify the importance of each criteria set by the investor. Therefore, making this a good choice when the study wants to rank the criteria based on importance. However, the choice of the qualitative approach for this study was based on contributing to previous research by examining the field of study from a different perspective, allowing the investors to deeper explain each criteria. Additionally, the second half of the research question would be especially hard to examine from a quantitative approach. This is because to find out *how* the pitch affects the decision-making, the researchers would have had to make conclusions themself in a survey. The semi-structured qualitative questions allows the venture capitalist to answer more freely about their own perspective.

This study is relevant because the world is currently facing an uncertain time where funding and creation of new businesses have declined massively compared to previous years. Since the Swedish economy is under a lot of pressure at the moment, and are most likely to face a recession next year, it could be harder for entrepreneurs to attract funding for their ideas. A good pitch that includes everything that an investor is interested in could contribute to more beneficial funding decisions for entrepreneurs and their ideas. It is therefore important to maximize the knowledge of what should be included in the pitch and what, more precisely, the investors are searching for.

Another reason why this thesis is relevant is because there is often an information asymmetry between the entrepreneur and the investor. With the help of a good pitch that includes much information and relevancy for the investor, the information asymmetry could be reduced. Previous research has examined; (1) concrete tips for pre-investment when trying to get attention from a venture capitalist, (2) a one criteria perspective and (3) how the entrepreneur manages to convince an investor but without including the bigger question of what really determines the effectiveness of an entrepreneurial pitch. These are further examined during this thesis in regards to the use of the pitch as an investment tool, while focusing on multiple criteria, and what should be included in the pitch.

6.3 Theoretical Contribution

This study contributes to previous literature by adding to the investor's, more specifically the venture capitalist's, assessment of a pitch. Previous research regarding an investor's investment criteria had not been specifically applied to the pitch. When applying the investment criteria to the pitch, many of the criteria align with previous literature, however, the presentation and finance was considered to a greater extent. Furthermore, this thesis contributes to the previously created Pitch Assessment model by connecting the levels to concrete investment criteria. In regards to the decision-making process, previous literature had mostly been examined through a specific criteria, such as the effect of presenter style. By examining how the pitch as a whole affects the decision-making, the conclusion that the pitch affects venture capitalists differently, contributed to previous research within the area.

6.4 Practical Contribution

Conclusions that may be applicable in practical senses include the team, entrepreneur, and product or service being assessed by every single venture capitalist interviewed, serving as a foundation for what to include in the pitch. Furthermore, the team, product or service, market, and having a benefit to society were considered the most important aspects in the venture capitalists' decision-making. More specifically, the team structure and competencies, uniqueness and scalability of the product or service, and go-to-market strategy was commonly mentioned as significant sub-criterias within the respective criterias. Another practical contribution includes the implementation of these criteria into different Pitch Assessment levels, allowing readers to understand which criteria are assessed in the different levels of the pitch.

This study aims to benefit readers, whether it be entrepreneurs, investors, or anyone interested within the field of entrepreneurial finance and/or communication between entrepreneur and investor. The aforementioned conclusions and purpose of this thesis is to serve as a foundation for both a venture capitalist in their decision-making regarding an investment, but also as a foundation for future entrepreneurs to guide their pitch and process of securing funds for their startup. Knowledge in regards to what is assessed, highly regarded, and commonly overlooked in a pitch, in addition to the pitch's effect on the decision-making process can, hopefully, serve applicable in practical situations for both the entrepreneur and venture capitalist.

6.5 Future Research

Future research could possibly examine the pitch from both the venture capitalist and entrepreneurs perspective and compare their answers. To do this type of study, both startups and venture capitalists would have to be interviewed. Furthermore, to get an even more correct and useful result, the venture capitalists interviewed should be an actual investor to the interviewed startups. However, the future researcher should have in mind the sensibility of the matter, examining a current relationship between an investor and a startup. Although if successful, the entrepreneurs perspective of what they think is important to present in the pitch could then be compared to the criteria important to the investors. This would show possible differences between the two perspectives. A possible research question could for example be "*Is there a difference between the information presented in the pitch by the entrepreneur in comparison to what the investor assesses?"*

When examining previous research, the environmental criteria is not pointed out as particularly important. However, after conducting this study, having a benefit to society was one of the aspects most affecting some of the investors decision-making process. Therefore, further research could be conducted more specifically examining the importance this type of signal has on the decision-making process. A possible research question could for example be *"How does the signal of having a positive impact on society affect the decision-making process of an investor?"*.

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Appendix

Intervjuguide - SV

Namn:
Företag:

Anonymitet, Inspelning, Transkribering

Vi vill understryka innan vi påbörjar intervjun att ni kommer till att vara anonyma i era svar. Vi kommer spela in intervjun för att lättare kunna använda oss av materialet senare vid fortsatt skrivande av vår uppsats. Intervjun kommer att transkriberas och kan skickas till er, om ni önskar.

Är detta ok för er?
Svar:

Vem är vi, Syftet av uppsatsen, Förtydliganden

Vi är tre studenter som skriver vårt examensarbete i Entreprenörskap och Innovation på Ekonomihögskolan på Lunds universitet. Vår uppsats handlar om kommunikationen mellan entreprenören och investerare, mer specifikt kommunikationen via en investerar-pitch och hur denna bedöms av investeraren. Syfte blir därför att få en djupare förståelse vilka aspekter en investerare granskar under en pitch, med förhoppningen att detta kan hjälpa startups i framtiden vid säkring av finansiering.

Pitchen vi vill att ni ska fokusera på, vid svar på våra frågor, är den som entreprenörer förmedlar till er för att säkra finansiering. Vi vill inte att ni tänker på en specifik pitch utan mer en generell bild av pitcher som ni lyssnat på under åren.

Intervjun kommer till att starta med mer generella frågor om er, för att sen gå in på mer djupgående frågor gällande pitch och beslutsfattande.

Inledande frågor

Vilken roll har du i företaget?

Hur länge har du jobbat som riskkapitalist? (totalt och på företaget)

Om du skulle göra en grov uppskattning, hur många pitchar har du bedömt?

Investeringskriterier i relation till pitch:

Vad bedömer du under en pitch, från början till slut?

- Förkunskap och förberedelse
- Presentations-förmåga
- Innehåll - Information om företaget (Team, Produkt/Service, Lösningar)
- Starka argument och logiskt flöde i pitchen

Vad tycker du ska betonas och vara fokus under en pitch?

Vad tycker du oftast saknas under en pitch?

Vad kan inte bedömas under en pitch?

Beslutsfattande:

Vilken roll spelar pitchen i ditt beslutsfattande om investering?

Hur ser din beslutsprocess ut efter pitchen?

Har du nekat en finansiering bara genom att lyssna på pitchen? Om ja, varför?

Om du fick rangordna de tre viktigaste aspekterna som påverkar dig i ditt beslutsfattande vilka skulle det vara?

Slutsats

- Är det något som ni vill lägga till?

Vi vill tacka för att ni kunde avsätta tid och ställa upp på denna intervjun. Vi kommer till att skicka det slutgiltliga arbetet till er när vi är klara.

Interview Schedule - ENG

Name:
Company:

Anonymity, Recording and Transcription
We want to underline before starting the interview that you will be anonymous in your answers. We will record this interview in order to easily be able to use the material later on when writing our theses. The interview will be transcribed and can be sent to you, if you wish.

Is this okay for you?
Answer:

Who are we, Purpose, Clarification
We are three students writing our theses in Entrepreneurship and Innovation at Lund University School of Economics and Management. Our thesis is about the communication between the entrepreneur and investor, more specifically the communication through an investor pitch and how it is assessed by the investor. The purpose is to gain a deeper understanding of what aspects an investor reviews during a pitch, with the hope of helping startups in the future when securing finance.

The pitch we want you to focus on, when answering our questions, is the one that the entrepreneurs mediate in order to secure financing. We don't want you to consider a specific pitch, but more of a general picture and understanding of pitches that you have listened to during your time as a venture capitalist. The interview will start with more general questions about you, and then move on to deeper questions in regards to pitch and decision-making.

Background questions:
What is your role in the company?

How long have you been working as a venture capitalist?

If you were to make a rough estimate, how many pitches have you assessed?

Pitch:

What do you assess during a pitch, from start to finish?

- Background knowledge and preparation
- Presenter style and approach
- Venture information and pitch content
- Reasoning and logical flow of the pitch

What do you think should be emphasized in a pitch?

What do you think often lacks in a pitch?

What cannot be assessed during a pitch?

Decision-making process

To what degree does the pitch affect your decision-making in regards to investment?

What does your decision-making process after the pitch look like?

Have you ever withstood an investment solely based on the pitch? If yes, why?

Which are the three most important factors that affect your decision-making regarding investment?

Conclusion

- Do you have anything you would like to add?

We want to thank you for taking the time to answer our questions during this interview. We will send you our theses when we are done.