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NICOLE KUHN

DO FOUNDERS' SUBJECTIVE BEHAVIOR CUES IN ONLINE PITCH PRESENTATIONS INFLUENCE ANGEL INVESTORS' INVESTMENT DECISIONS?

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Knowledge Field: Gestão e Competitividade em Empresas Globais

Advisor: Prof. Dr. Gilberto Sarfati

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ABSTRACT

This study explores the role of subjectivity in angel investors' decisions in online pitch presentations. Through participant observations, documentary research, interviews, and a review of the literature, the study investigates if founders' subjective behavior cues in online pitch presentations influence angel investors' investment decisions. Pitch presentations are considered essential to the investment process. The transition to virtual pitches presents challenges and opportunities. Challenges arise chiefly from difficulties in analyzing virtual behavioral cues, while opportunities manifest in the integration of the virtual space, wider deal flow, and logistic benefits. The findings suggest that Brazilian angel investors identify affective and cognitive criteria during online pitch presentations and factor these in when deciding to invest. Perceptions of entrepreneurial passion are ambiguous; coachability has a positive impact on investment intention; trust-damaging and trust-violating behaviors are remarkably harmful; perception of preparedness increases propensity to invest; and founder arrogance is a significant criterion for negative founder perception.

Keywords: Angel Investment; Entrepreneurship; Pitch Presentation; Subjectivity; Virtual

RESUMO

Este estudo explora o papel da subjetividade em decisões de investimento anjo durante *pitches* virtuais. Através de observação participante, pesquisa documental, entrevistas e dados de literatura, a pesquisa investiga se fatores de comportamento subjetivos por parte dos fundadores influenciam as decisões de investimento dos investidores anjo. O pitch é considerado essencial ao processo de investimento. A trasição para os pitches virtuais apresenta desafios e oportunidades. Desafios vem principalmente da dificuldade em analisar comportamentos no contexto virtual. Oportunidades advem sobretudo com a integração com o espaço virtual, aumento do deal flow e benefícios de logística.Os resultados indicam que os investidores anjo brasileiros indentificam critérios afetivos e cognitivos durante *pitches* virtuais e consideram estes critérios para realizarem investimentos. Percepções de paixão são ambiguas, coachabilidade é vista como positiva, dano e violação de confiança são extremamente prejudiciais, a percepçãoo de preparo motiva intenção de investimento e a arrogância do empreendedor é um critério significativo para percepção negativa do empreendedor.

Palavras chave: Investimento anjo; Empreendedorismo; Pitch; Subjetividade; Virtual

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1 Introduction

Complex and risky decisions can benefit from—or even depend on—taking into account numerous factors, including irrationality and subjectivity. Accordingly, contemporary research has increasingly found value in combining subjective and objective elements to enhance decision-making (Fiedler & Sydow, 2015; Huang, 2017; Kahneman, 2013).

Although funding new ventures has long played a role in modern society's development, early-stage investing took its current form over the last two and half decades, fueling the many startups' growth and their increasing surge since the internet bubble.

One of the most thought-provoking aspects of an angel investment is the pitch presentation. This funnel stage in the startup selection procedure is a moment when two sides meet: on the one side, the investor, who has often already had access to the pitch deck and business plan, will have a chance to judge the investment in person; on the other side, there is the investee, who will have their crucial opportunity to demonstrate the investment's validity in person. This interaction allows for the subjectivity of both the investors and founders to meet and for investors to identify and judge investment opportunities in a light that they could not have had beforehand when they only had the more "hard" data. Some questions may arise: Is this founder trustworthy? Are they passionate? These types of questions are interesting from a decision-making perspective and are often decisive for investment decisions.

Thus, investors can make more informed decisions if they further understand the factors that are in play in their decision-making and how these manifest. In addition, founders can be made more aware of the strengths and weaknesses in their pitches, trained on these, and, hence, potentially secure more and better investments. The aim of the current research is to understand if and how a founder's subjective behavior cues in online pitch presentations influence angel investors' investment decisions.

Another objective of the current research derives from the move to online communications following the COVID-19 pandemic (Donthu & Gustafsson, 2020). Researchers began identifying and systematizing the pandemic's impacts on the field of management (Beech & Anseel, 2020) and this study examines how investors perceive the transition to virtual pitch interactions and how their assessment of subjective criteria in online pitch presentations differs from in-person presentations.

I used a qualitative method to investigate the drivers of angel investors' decision-making during a pitch presentation and subjectivity to address these questions. Through the combination of two years of observations, interviews, documents, and secondary data analysis, I bring a local perspective to the study of angel investors' decision-making.

The current study is organized into five chapters. The introduction presents and contextualizes the research topic. The literature review covers the most significant behavioral cues that have been identified in the early-stage investment literature and the literature gap that the current study addresses. The methodology chapter lays out the process used to collect and analyze data to answer the research questions. The results chapter combines findings from interviews, observations, documents, and other research. The conclusion summarizes the central findings while presenting the limitations and avenues for future research.

I conclude that angel investors assess subjective cues on online pitches by looking for passion, trustworthiness, coachability, gestures, and voice tone. However, excessive passion is dangerous; preparedness is also respected; and one trait of a lack of coachability is arrogance. Investors praised the transition to virtual pitches for their convenience, efficiency, connectivity, and inclusiveness while disapproving the lack of networking opportunities and difficulties in assessing pitches holistically in the virtual setting.

2 Literature Review

2.1 Entrepreneurial passion

Perceived passion is one of the most explored emotional criteria that impacts early-stage investment decisions. Lucas, Kerrick, Haugen, and Crider (2016) discussed how investors identify passion in founders and how founders' self-reported passion aligns with investors' perceived passion; the authors found a significant misalignment between reported passion and perceived passion: investors often misidentified which founders were passionate. The cues that determined perceived passion were confident body language, vocal variety, personal engagement with investors, and explicit statements. By identifying these cues, Lucas et al. (2016) suggested that passion-transmitting behaviors can be taught so that passionate entrepreneurs can convey their passion accurately and investors can realize that such signals might be misleading.

For Lucas et al. (2016), the more experienced and older investors are, the more comfortable they are in admitting the role of subjectivity in their decision-making process. In contrast, the opposite applies to younger or less-experienced investors. This discrepancy might be because of different levels of self-awareness or confidence and can connect to other aspects of subjectivity, such as the construction of narratives (Van Werven, Bouwmeester, & Cornelissen, 2019).

For Mitteness, Sudek, and Cardon (2012), the degree to which investors connect perceived passion and their respective funding potential is moderated by four factors. Age, interest in becoming a mentor, intuitiveness, and open-mindedness correlate positively with the degree to which the investor's perception of passion influences their investment intention. Galbraith, McKinney, DeNoble, and Ehrlich (2014) also found that investors' consideration of perceived passion depends on their characteristics. Those investors with more real-life business experience responded significantly more positively to passion than scientists or engineers.

Cardon, Sudek, and Mitteness (2009) developed one of the major scales for self-assessed entrepreneurial passion that has been used by several posterior studies. The measure identifies two fundamental aspects of entrepreneurial passion that are characterized by dimensions such as feelings and identity centrality and domains such as inventing, founding, and developing.

Another relevant scale was developed by Chen, Yao, and Kotha (2009). Based on persuasion theory from social psychology, the authors identified six factors that predict the perception of passion. Ranked from more to less correlated to passion, respectively, the factors are as follows: the presenter's energetic body movements, rich body language, animated facial expression, use of a lot of gestures, a face that would "lite up," and a varied tone and pitch when speaking.

A more detailed construct of what passion means for entrepreneurship was developed by Cardon, Glauser, and Murnieks (2017). The authors asked "passion for what?" and through a phenomenological approach categorized six major sources of entrepreneurial passion: passion for growth, passion for people, passion for the product or service, passion for inventing, passion for competition, and passion for a social cause. These types of passion "help coordinate cognition and behavior of entrepreneurs, providing the fire that fuels innovation, persistence, and ultimate success" (Cardon et al., 2017, p. 24).

However, as one of the decisive drivers of early-stage investment decisions, passion is not unanimous. Chen et al. (2009) focused on the literature on persuasion in psychology to assess preparedness and passion. Through a laboratory experiment and field study, the authors found that the perception of preparedness, not passion, is positively correlated with investment decisions. Davis, Hmieleski, Webb, and Coombs (2017) investigated perceived product creativity and passion, finding that perceived product creativity positively correlates with investment performance, while perceived passion serves as a supplement that increases the indirect effects of perceived creativity.

The research on perceived passion varies in terms of the theoretical background used for assessment and how cues are used to express passion. The main part of the studies in this area employed scales with several cues to assess passion, and the most recurrent cues used were gestures, body language, tone of voice, and explicit statements.

2.2 Trustworthiness

Different from passion, trustworthiness is multifaceted. Butler (1991) developed a scale that defines trust in 10 categories: availability, competence, consistency, discreetness, fairness, integrity, loyalty, openness, promise fulfillment, and receptivity.

Maxwell and Lévesque (2014) divided trust behaviors into four dimensions: investors analyze whether founders are trustworthy (consistent, benevolent, and aligned with the investor), capable (competent, experienced, and have a sound judgment), trusting (show disclosure, reliance, and receptiveness), and communicative (accurate, open, and able to explain details). In each of these dimensions, founders can show behaviors that build trust (such as exhibiting concern about the behavior of others), damage trust (such as showing self-interest ahead of other's well-being), or violate trust (such as taking advantage of others when they are vulnerable).

In addition, Maxwell and Lévesque (2014) found that trust-building behaviors increased the likelihood of receiving an investment offer (participants would almost double their changes when displaying those behaviors), while trust-damaging or trust-violating behaviors significantly decreased this likelihood. However, the impact of negative trust perceptions was much stronger: trust-damaging behaviors decreased investment offer probability by about 20 times and trust violating behaviors by a startling 500 times.

The effects of trust in investment offers have been shown to be robust to pitch success and the business angels' affinity with the entrepreneur. There is also a correlation between perceptions of trust and the use of controls (such as angel investors' participation in management or signature on all checks). Trust-damaging behaviors are often remedied through the implementation of more controls by the angel investors. However, trust violations have been shown to majorly lead to the business relationship's termination, even if they occurred only once. Thus, trustworthiness is a critical determinant of the likelihood of receiving an investment offer and the possibility of control mechanisms by the business angels (Maxwell & Lévesque, 2014).

Mason, Botelho, and Zygmunt (2017) performed an extensive study on the reasons why business angels reject investment opportunities. The main deal-killer is related to trust-breaking and violating behaviors: "by far the most frequently mentioned was the concern that the entrepreneur was not open and straightforward, believable, trustworthy, and honest" (Mason et al., 2017, p. 10).

Trust can also be a consequence of the investors' culture and perception, so it is inherently a trait of the investor instead of a response to the entrepreneur's behaviors. For instance, Bottazzi, Da Rin, and Hellmann (2016) analyzed Venture Capital (VC) deals. The investments were made in a firm based in a country other than the VCs, and here, trust was positively correlated to the perceived trustworthiness of the country receiving the investment. Trust, therefore, can be a generalized notion held toward a large group of people.

This general perception of trust, however, also negatively correlates with exit success. Bottazzi et al. (2016) hypothesized that because investors are more trustworthy toward companies from a certain country, they are more likely to invest in these companies, including in more marginal companies with lower success potential.

Another negative impact of trust was found by Bammens and Collewaert (2014). The authors studied intrateam trust, a self-reported variable between angel investors and entrepreneurs that considers how much an individual perceives a combination of trust and being trusted. The results show that perceived high trust can undermine performance. This correlation can result from the entrepreneur feeling locked into an expected behavior pattern because of perceived high trust relations with their respective angel investors, thus avoiding experimentation while feeling stuck in a rigid decision-making process.

2.3 Coachability

Coachability has not yet been extensively studied in the literature on management. The term coachability was developed from the athletics literature (Ciuchta, Letwin, Stevenson, McMahon, & Huvaj, 2018) and is used in organizations to define "founders' ability to work closely with early investors and other partners" (Bryan, Tilcsik, & Zhu, 2017, p. 313). In entrepreneurship, coachability refers to how entrepreneurs respond to the actionable advice given by their investors.

One of the first studies to systematize entrepreneurial coachability was conducted by Ciuchta et al. (2018). Grounded in social exchange and signaling theories, the authors developed a construct for the signals of coachability, which are organized in two dimensions. On an individual level, coachability manifests in the more a founder wants to learn, proactively seeks help and advice, is genuinely committed to the venture, and understands the venture's challenges. On a relational level, coachability manifests the more the founder trusts the investor's expertise, genuinely considers feedback, exhibits genuine respect for the investors, appears attentive when receiving feedback, and does not get upset or angry when given corrective feedback.

Empirical testing has found that the aggregate of coachability components is significantly different from the codifications of preparedness or passion. Coachability stands out independent of other key aspects investors look in, and it substantially increases investment likelihood to a greater extent than passion and preparedness. Furthermore, coachability perceptions were derived from very preliminary interactions (in a pitch setting), counterintuitive to the belief that social exchanges would need to be validated during extended periods.

After validating perceived entrepreneur coachability as a signal that increases willingness to invest, Ciuchta et al. (2018) hypothesized that this might be because of two reasons:

more coachable entrepreneurs might be seen as more likely to achieve financial rewards, or they might be perceived as more responsive to the nonpecuniary resources (such as energy and time) the investor puts into the relationship. Investors expect that “the entrepreneur trusts the investor’s expertise [and] exhibits a genuine respect for the investors” (Ciuchta et al., 2018, p. 873).

Additionally, consistent with the literature on passion and trust, coachability’s impact on investment propensity also appears to be moderated by the investors’ personal characteristics. In this case, investors who had previous coaching experience were more likely impacted by coachable entrepreneurs; the effect of increased investment propensity for coachable entrepreneurs was more significant when investors had prior coaching experience. (Ciuchta et al., 2018).

2.4 Arrogance

In the management literature, arrogance is an interpersonal matter defined as “a chronic belief of superiority and exaggerated self-importance that is demonstrated through excessive and presumptuous claims” (Brown, 2012, p. 555). Arrogance is one of the “10 fatal flaws” established by McCall and Lombardo (1983) that predict derailed executives (executives who are fired). Among those 10 flaws, arrogance is one of the top four main correlates of unsuccessful executives. Leslie and Van Velsor (1996) found that behaving arrogantly is one component that predicts executive failure.

Johnson et al. (2010) developed one of the main constructs for arrogance in the corporate context. Coined the Workplace Arrogance Scale (WARS), the 26-factor scale includes items such as “believes that he/she knows better than everyone else in a given situation” and “uses non-verbal behaviors like glaring or staring to make people uncomfortable” (Johnson et al., 2010, p. 427). The authors found a significant negative relation between arrogance and task performance and a negative relation between arrogance and cognitive ability scores (Johnson et al., 2010).

The recent literature has focused particularly on the implications of arrogance in the workplace. In this context, arrogance in leaders was linked to adverse outcomes in subordinators who report lower levels of feedback seeking and morale and higher levels of burnout (Brown, 2012; Borden, Levy, & Silverman, 2018).

2.5 Signals and cues

Clarke, Cornelissen, and Healey (2019) isolated the impact of gestures on investment judgments. Considering that gestures have been included in several constructs (Cardon et al., 2017; Cardon et al., 2009; Chen et al., 2009; Lucas et al., 2016) but with unclear specific implications, the authors departed from the premise that gestures convey more than one particular meaning, such as passion.

Clarke et al. (2019) found a correlation between the skillful use of gestures and investors' positive assessment of pitches. Language and figurative language were much less relevant than gestures, and the higher use of gestures corresponded to higher propensities to invest. The authors hypothesized that when founders use descriptive gestures, they enhance the investor's imagination of the product and concepts described and later increase their propensity to invest because of this mental imagery (Clarke et al., 2019). In another study, Morett and Fraundorf (2019) found that using gestures skillfully increases the amount of information retained from speech.

A further signal that entrepreneurs use in their pitches is narrative construction. A narrative is used mainly to establish the venture's legitimacy. Fisher, Kuratko, Bloodgood, and Hornsby (2017) identified three legitimacy mechanisms used by startups. First, identity mechanisms refer to how a venture is portrayed in its identity claims. Second, associative mechanisms describe with whom the venture is connected. Third, organizational mechanisms establish how a venture is organized in terms of leadership and success factors. Fisher et al. (2017) found that these three mechanisms are portrayed differently according to the audience and that founders who can adapt to a specific audience are viewed as more legitimate and more likely to receive an investment offer. This process of adapting to the audience by making small changes in the discourse that translate to sometimes large changes in the outcome is called framing, and it correlates with new venture legitimacy perception (Fisher et al., 2017).

2.6 The transition from offline to virtual because of COVID-19

The COVID-19 pandemic has had vast implications in several areas, and entrepreneurship financing is no different. The number of active entrepreneurs in the U.S. plummeted by 22% from February to April 2020, showing the largest drop in all historical data available and vastly surpassing the decrease during the Great Depression (Fairlie, 2020). The deal volume in

China has decreased by 60% since the pandemic outbreak compared with the previous year. In the UK, deal volume diminished by half, and the most affected area of entrepreneurship finance was seed rounds (Brown, Rocha, & Cowling, 2020).

Among the reasons for the downturn in startup investments is the move from offline to online. Investors long relied on the in-person interaction possibilities provided in contexts such as pitch presentations to make investment decisions. Interactions that occur virtually face the challenging notions of "distance" (De', Pandey, & Pal, 2020), and transferring the investing skillset to online might pose more challenges than expected.

A TechCrunch report ("TechCrunch," n.d.) showed a 11.6% decrease in overall interest in pitch presentations during the pandemic. Investors decreased time spent on each pitch deck, reported they were more careful with their investments, and switched their preferences to startups with products already tested in the market. The interviews performed by Kuckertz et al. (2020) showed that startups perceive investors as more sensitized, protective of their investments, and asking for more information, while investors have questioned whether investments will continue to take place at all.

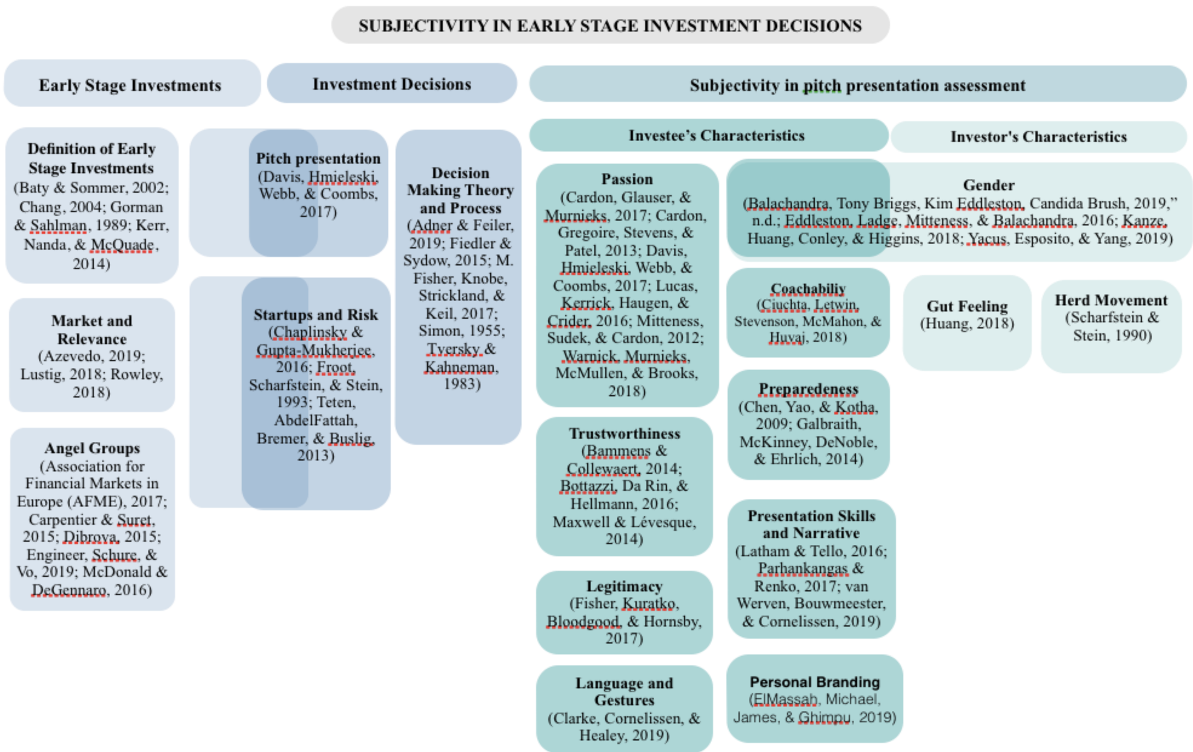
Despite this context, in Latin America, and particularly in Brazil, the scenario is more optimistic. In fact, 2020 was the best year since 2011 for Brazilian startups in terms of funding. With USD 3.5 billion raised, investments were up 17% from the previous year . (Distrito Inside VC BR)

Although differences in the perception of emotional cues in offline versus online pitch presentations have not been extensively studied yet, a few studies from other fields can help enlighten what to expect. Bailenson and Yee (2005) found that gestures, specifically mimicry (reproducing movements from a participant results in increased positive perception), are still influential in virtual interactions. Gestures triggered more positive ratings and potential for persuasion—even if the mimicry is automatic, performed by nonhumans, and not consciously perceived by the participant. In online investment communities, crowds perform better when participants have a diversity of experience and independence in their participation and when the network is decentralized. Additionally, crowd performance is moderated by crowd size (Hong, Ye, Du, Wang, & Fan, 2020).

2.7 Expected contributions and literature gap

The literature maps in Figure 1 show the central axis of research performed on early-stage investment decisions over the last four decades. The current research focuses on the aspects related to investee characteristics that motivate investor decisions.

Figure 1. Literature map



Source: Author

Most research on the topic of subjectivity in early-stage investments has focused on either isolating *specific affective criteria* that might play a role in decision-making (such as perceived passion, trustworthiness) or the *specific means* by which these affective criteria might be communicated (such as tone of voice and gestures).

However, few studies have discussed how these affective criteria are present specifically in the pitch presentation and how this influences investment decisions. When experiments analyze the impact of gestures, for instance, they traditionally compare investors' self-assessment of investment propensity against different scenarios: would they be more willing to invest or invest higher amounts when the same founder (or actor, in several experiments) uses more gestures or a different tone of voice?

Whereas such studies are crucial, they should be complemented by an understanding of how these forms of communication play a role differing from situations where they are traditionally not present. When investors analyze a pitch deck and subsequently watch the founder perform a pitch presentation with that same deck, do their investment preferences toward that venture change? If they do, this might indicate that some of the "soft" aspects present in the pitch presentation that could not have been previously addressed have played a role in their assessment.

This type of research was pointed out in Clarke et al.'s (2019) work about gestures and language in investment decisions, who indicated a research agenda for comparing the role of communication situations where gestures play a role (such as a pitch) with instances where interpersonal communications are not present, such as business plans. As suggested by Fisher, Kuratko, Bloodgoord, and Hornsby (2017), legitimacy in angel investment is constructed by a) "language, symbols and images to invoke disruptive claims that highlight their venture's potential to disrupt a market" and b) "connection claims that reflect a connection between their venture and the identity and history of the angel investor" (p. 59).

Some of these factors are expected to be present in both the pitch deck and pitch presentation. However, the personal history claims would probably be identified before the pitch, while aspects of language, symbols, and images would predominantly appear in the pitch presentation. Furthermore, most of the studies are based on experiments crafted with manipulated content (such as videotapes of actors enacting a particular signal) and in contexts that do not entail a real investment decision (such as investors watching said tapes and imagining what their investment propensity would be if faced with such a pitch).

The COVID-19 pandemic is provoking crucial changes in entrepreneurship financing. In this context, the present research touches on several priority agendas identified in recent studies. Beech and Anseel (2020) highlighted the importance of management academic research that involves stakeholders in the process, focusing on the transition to virtual teams. De'et al. (2020) also suggested research in collaborative work designs. Brown and Rocha (2020) referred to the importance of extending research on the pandemic's impact on entrepreneurial financing to other geographies.

Moreover, as shown by Donthu and Gustafsson (2020), entrepreneurship is a field in which actors are frequently faced with limitations creatively solved and can offer valuable insights into the solutions and how they can be adapted to other areas. The authors asked, "…will startups eventually overcome the lack of physical interaction or 'mating' opportunities with investors via online video pitches?" (Donthu & Gustafsson, 2020 p. 388). The present study provides a preliminary assessment of the investors' perspective of that same question.

3 Methodology

The current study aimed to explore how founders' behavior cues during pitch presentations affect angel investors' perceptions and propensity to invest in early-stage startups. A secondary objective derived from the new COVID-19 pandemic and preponderance of online pitch presentations was to identify how online pitches differ from offline pitches, particularly when assessing the founders' behavior. The main question is whether and how the founders' subjective behavior cues influence angel investors' investment decisions through these investors' perspectives in investment decisions.

To clarify these objectives and answer the research question, I interviewed investors about how they perceive the influence of the subjective cues present in a pitch presentation in the propensity to invest and observed the angel investment group of which those investors were a part; this occurred during a period of 30 months (from August 2018 to February 2021).

3.1 Participants and setting

The research took place within GVAngels, Fundação Getúlio Vargas's (FGV) Angel Investor Group. The group hosts a bimonthly investment meeting in which the groups' members make live, real investment decisions following a pitch presentation by the investees ("GVAngels," n.d.). The group was founded in March 2017 by alumni of the university Fundação Getúlio Vargas (FGV) and comprised of more than 200 members, all of which are FGV's alumni and commit a yearly membership fee to participate.

In the group's investment process, there is a funnel through which startups go from when they apply to when they receive an investment. The funnel stages are the application form, online pitch, application on Gust, selection by the selection committee, pitch presentation in the investment forum, voting by members in the investment forum, due diligence, and investment.

Startups first apply via an application form that requires a pitch deck with 10-20 slides covering aspects such as product overview, go-to-market strategy, financial projections and exit options; and a 3-minute video. The selection committee verifies if this is a fit to the group's thesis, and if so, the startup is invited for a first online pitch with the executive team. In this sreening, the team verifies timing, team, business model, product and fit with the group's thesis. Next, if successful, entrepreneurs are invited to apply via Gust: A platform that allows for startups and investors to connect; it is considered the world's largest startup network ("Gust," n.d.). In this platform, startups provide essential information: name of the company, capital seeking, round of investment, premoney valuation, postmoney valuation, location, and industry. Additionally, startup profiles include a short description of the company, pitch deck, team, executive summary, financials, and, when appropriate, extra documents, such as cap tables, videos, or contracts. Startups can also be proactively sourced by the executive committee, which then invites them to apply.

Once a company applies to be considered for investment by GVAngels, the executive team and selection committee begin to address the startup's suitability for the investment forum. The executive team continuously filters the startups that do not fill the primary group's investment thesis (regarding factors such as investment stage, market potential, team composition, or product development). Startups that fit the criteria go to the next stage to be assessed by a selection committee.

The selection committee assessment stage aims to decide which startups will participate in the investment forum to pitch their startup to the group's investors. This committee is composed of members who the group has chosen. The members of this committee deliberate as a group and individually update their comments and ratings in each startup's profile on the Gust platform. Although the group discussion at the selection committee level is not public to the whole group, all GVAngel's members have access to individual members' assessments of each startup, when the members chose to publish public comments and ratings. This assessment includes a freely written comment and a rating from one to five stars on five topics: team, timing, business model, market, investment conditions, and product.

Once the committee has been chosen, selected startups move further through the funnel to the investment forum's selected stage. Here, with some time in advance (usually a month), GVAngels members can preview selected companies' profiles and selection committee's comments and begin their assessment of the startups who will be pitching in the next investment forum. The investment "forum" (commonly called only "forum" by the members) is the name used by GVAngels to define each of the group's periodical meetings that contain pitch presentations, which is followed by a Q&A and deliberation. Interestingly, at this stage, investors will already have access to most of the information the startup will show on the pitch, including their pitch deck.

Two to five startups are selected to perform their pitch presentations to the investment group in the investment forum. The pitch consists of a five-minute presentation, usually by the founder or cofounder, followed by a 10-minute live Q&A session. Following the pitch and Q&A sessions, the group has a deliberation session for 10 minutes. The purpose of this stage is to allow group members to voice their opinions and contribute their expertise and experience to the startup’s operations. After this session, the group votes online for the startup’s continuity in the investment process, with each member present in the pitch being granted the right to one vote. The voting session link was sent to the group members via a WhatsApp message, and each member voted immediately and online.

This process faced a few challenges in the context of the COVID-19 pandemic. Although traditionally hosted in person in a big auditorium in São Paulo, since March 2020, all the pitch presentation sessions have been held online via the video conferencing tool Zoom. The overall content of the pitch presentation session remained. However, the number of startups was reduced to match the virtual format, corresponding to two or three pitch presentations per investment forum. The duration of the pitch and Q&A sessions remained the same.

If most of the members present votes for the startup’s continuity in the investment process and if at least one investor volunteers to lead the due diligence process, the startup will be considered for investment. After the meeting, GVAngels members may show their investment intentions on the Gust platform. Investors’ investment intentions declared at this stage are preliminary and nonbinding, and they can still change the amount and decide whether to invest until after the due diligence process is over.

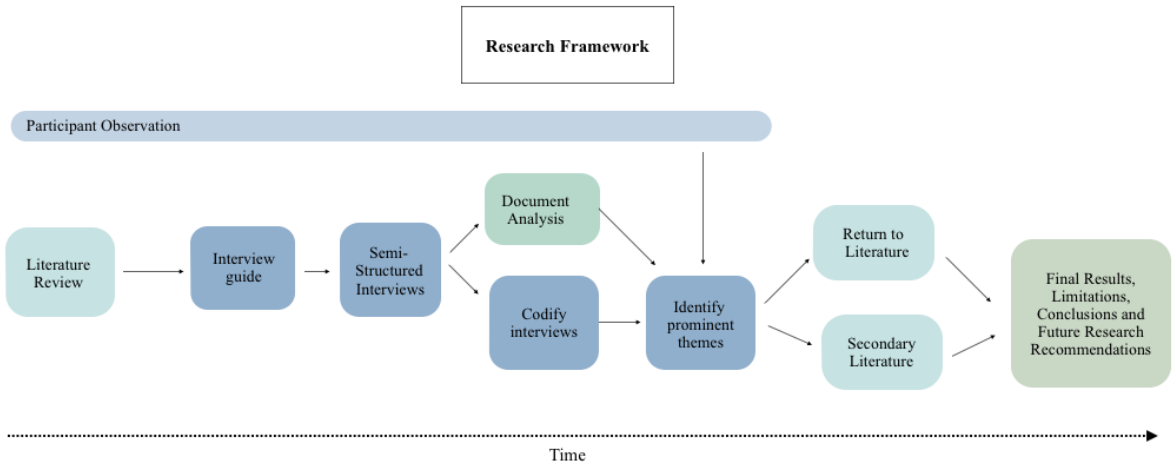
During the due diligence process, the leader and volunteer investors assess the startups’ legal risks, operational details, addressable market, and viability of growth prospects. WhatsApp is used for discussions within a group of interested potential investors as the main channel for conversations around the investment. When the due diligence process is over, on average, four weeks after the investment forum, the due diligence leader and volunteer investors prepare and publish a due diligence report recommending an investment or not. This report is shared with all GVAngels’ members, even if they did not previously manifest their interest in the investment, and it is published on the Gust platform. After the publication of this investment recommendation, members of GVAngels display their final and official individual investment amount decisions, and the process is concluded with the signature of the contract and payment of the investment.

Investors’ perceptions of the investment opportunity can vary significantly from when they first assess the startups’ documentation on the Gust platform to the moment after they have watched the pitch presentation. Investors’ perceptions might also be different compared with when the meetings took place in person and now when they are taking place online.

3.2 Research design

The current study followed an exploratory approach and explored if and how founders' subjective behavior cues influence angel investors' investment decisions through these investors' perspectives on real-life angel investment decisions. The present study was structured using a triangulation process combining observation, documents, and interviews, which allowed for additional validation and added depth to the study's findings (Healy & Perry, 2000).

Figure 2. Research framework



Source: Author.

3.3 Data collection

3.3.1 Primary data collection

3.3.1.1 Observation

I participated as an observer in GVAngels for 20 months. The members were aware of my presence and understood my research aims. During this period, I participated in the due diligence committee for three startups. I took part in eight pitch presentation sessions. The pitches took place a) in person at a restaurant in São Paulo on December 4, 2018, and at FGV São Paulo on February 26, 2019, April 14, 2019, and August 6, 2019 and b) online, through the video conferencing platform Zoom, on September 1, 2020, October 6, 2020, November 3, 2020 and December 1, 2020.

The observation format was a prospective cohort study in which GVAngels members were observed from the pitch presentation onwards. This type of observation tends to be more comprehensive and considers exposure to specific circumstances—in this case, the pitch (Song & Chung, 2010). This type of study allows the researcher to understand "how meanings emerge through talk and collective action, how understandings and interpretations change over time" and to "increase sensitivity to social life as a process" (Emerson et al., 1995 p. 4).

The use of observation as a method is especially valid within entrepreneurship research; it helps address both the matters of *how* and *why,* and it is more flexible than other methods, allowing for new insights (Helle & Uhoui, 2007). The observations lead to a window of reality from the obvervant's perspective that can be combined with triangulation to form a more comprehensive picture (Healy & Perry, 2000). Furthermore, observation provides a more realistic view of the "real world" in its adequate context (Crano & Brewer 1973).

I took notes throughout the pitch presentations and due diligence that I participated in. I later integrated these notes through connections with the findings from the investor interviews and the secondary literature review. This was a reflexive exercise in which I went through a process of continuous sensemaking (Weick, 1995) and interpretation of my perceptions.

3.3.1.2 Documents

Supporting documentation represents a valuable tool for entrepreneurship research (Helle & Uhoui, 2007) and is a particularly prominent part of many triangulation methods (Bowen, 2009). Documents were used to support the evidence found in observations and interviews. For the current study, the most relevant documents were those directly assessing the quality of the venture, the pitch presentation, or the founder's characteristics as affective and cognitive criteria for the investors' assessment of the startup. The categories of the documents that provided these inputs were due diligence reports and comments made by the selection committee in the startup's deal room—a page on Gust that pertains to the investment group, in this case, GVAngels, and where the investors can rank and comment on each venture's suitability and potential.

To preserve this information's anonymity, applicable quotations of documents are cited in the results according to the topics they pertain to; these are referred to as personal communication.

3.3.1.3 Interviews

The volunteer members of GVAngels answered a semistructured interview. These investors responded to a 30-minute online interview, in which the controls and questions were proposed by other studies described in the literature review. The questions address investors' assessment of how founders' subjective behavior cues influence angel investors' investment decisions (see the interview guide in annex 1), specifically in the context of the transition from offline to online presentations.

Members of GVAngels were invited to take part in a 30-minute interview. On the 23rd of October 2020, a message was sent to 255 members present on the association's WhatsApp group, which was only seen by the group members. Six people agreed to an interview that was performed online. The ages of those investors ranked from 37 to 74. Time of GVAngels membership ranked from two months to three years. Experience in startup investment ranked from two months to 22 years. One of the interviewees was female, and five interviewees were male.

According to the APA ethics code (American Psychological Association, 2017), details that can make the individual interviewees identifiable were anonymized, and their inputs are quoted by using their respective investor numbers per the table below.

Table 1. Investor interviews

Investor number	**Date (Duration)**	**Already invested in a startup**	**Investing in startups for how long**	**Offline pitch participation (How many)**	**Online pitch participation (How many)**
Investor 1	26/10/2020 (40:15)	Yes	3 years	Yes (02)	Yes (04)
Investor 2	26/10/2020 (40:16)	No	1.5 years	Yes (03)	Yes (04)
Investor 3	26/10/2020 (30:03)	Yes	2 months	No	Yes (04)
Investor 4	26/10/2020 (35:17)	Yes	15 years	Yes (16)	Yes (14)
Investor 5	26/10/2020 (38:04)	Yes	22 years	Yes (3)	Yes (50)
Investor 6	19/11/2020 (46:05)	Yes	7 years	Yes (204)	Yes (56)

Source: Author.

The semistructured interviews were organized into four parts (see the appendix). First, the participants were introduced to the research topic and the interview structure and asked if they agreed to have their interviews recorded and transcribed. Second, they were asked a few control questions. The third part touched on the cognitive and affective criteria previously identified in early-stage investment research (e.g. Lucas et al. 2016; Ciuchta et al. 2018; Maxvell & Lévesque, 2014); and described in the literature review. The fourth part addressed how the investors perceived the movement from offline to online pitches.

This phase of the research aimed at i) gathering insights into the investor's perspective change or similarity from the ex-ante and ex-post pitch perceptions, ii) expanding the perception of cognitive and affective pitch criteria and whether the investor was aware of those before participation in the study, iii) providing additional explanatory factors for investment intention change or similarity from before and after the pitch presentation, and iv) addressing if and how the perception of subjective behavior cues changed from offline to virtual pitch presentations.

3.3.2 Secondary data collection

The primary data obtained from the interviews, documents, and observations were combined from the data from the entrepreneurship literature. Performing a secondary data connection with the literature allows the author to validate the findings, assess international studies' local validity, and propose new literature gaps for future investigations (Creswell, 2013). These secondary data refer to data that are examined to "answer a research question other than the question(s) for which the data were initially collected" (Vartanian, 2011, p. 3). Thus, I referred back to the literature to substantiate and verify the validity of the findings indicated in the documents, observations, and investor interviews.

The current study's goal was to explore the area related to subjectivity, and in that, the subset of investee's characteristics that motivate investor's decisions. I identified and connected observations, documents, and interviews to the relevant literature on passion, coachability, trustworthiness, preparedness, legitimacy, presentation skills and narrative, language, gestures, and gender. Furthermore, secondary literature related to investee's characteristics identified from aspects brought up in the investor interviews were later explored.

3.4 Data analysis

3.4.1 Analysis criteria

Data collected by observation, documentary studies, and interviews were themed, coded, and organized during the research.

The interviews were recorded and later transcribed by the author. The transcriptions are the best practice because they represent an interview session (Ritchie 1995), and further analysis of the content can provide meaningful quotes or allegoric tales.

Because the interviewees were Brazilian, I translated the interview guide to Brazilian Portuguese and performed the interviews in the Brazilian Portuguese language. I later translated quotes that provided significant allegoric value to English to include them in the sections dedicated to their themes. The sound was recorded and later transcribed. I then input the content of the transcribed interviews into the qualitative data analysis software NVivo, allowing for a systematic investigation of the interview information, higher rigor in analysis, and more comprehensive reporting (Hoover & Koerber, 2011).

Once the interviews were organized as files and cases in NVivo11, I proceeded with the transcript coding. The semistructured interview transcripts contained information about the topics found in my primary literature review, which were my primary investigation question and new topics that I had not previously explored, which fulfilled my exploratory interest in investigating which additional factors might influence angel investors' assessment of a pitch presentation. Every transcript was thoroughly coded, with all mentions from the primary literature and new findings highlighted in codes. During the coding process, I linked particular codes to current literature on the topic, supporting documents and observation notes from my research diary. As suggested by Neergard and Ulhøi (2007), I wrote memos to organize the content.

Coding was performed in three subsequent phases: open coding, in which a broader initial approach led to the identification of many topics that seem particularly important, axial coding, in which related topics are connected to consolidate the categories, and selective coding, where the key categories are selected to combine all data. Further grouping organizes the most insightful topics into fewer coherent topics that form the essence of the findings and are neatly organized (Strauss & Corbin, 1998). These coherent topics or themes resulted in the structure in which I report my findings through a thematic analysis. This is a method for "identifying, analyzing, and reporting patterns (themes) within data" (Braun & Clarke, 2006, p. 79). I followed Braun and Clarke's (2006) 15-point checklist for a thematic analysis, which guides the transcription, coding, analysis, the overall timing of phases, and written report recommendations.

4 Results

The interviews provided insights into the topics previously explored in the literature review on the perceived impact of online versus offline pitches while introducing several new topics, the most frequent and relevant of those being the following: arrogance, entrepreneurship intention, respect, the capacity to pivot, the role of the angel investor, and the founder's exclusive dedication to the venture.

4.1 The move from in-person to online pitches

Investors mentioned benefits and pitfalls from the move to online pitches. Positive aspects were more numerous overall and mentioned by more interview respondents.The investors' positive aspects centered on logistics benefits and access to a more significant deal flow, more assertiveness in the content and structure of pitches, immediate access to data, and a perceived less-intimidating group setup for both entrepreneurs and investors.

Regarding the logistics benefits, the investors highly valued the flexibility of attending pitches from varied locations:

> *Yes, there is a certain loss, but for me, that is not relevant. I believe that, quite the opposite, this ability and possibility to do business with people anywhere while being anywhere is a great gain. (Investor 1)*

Because there is no need to commute to the forum's location, the participants can save time. Another factor that contributes to convivence is the possibility of combining participation in the session with other tasks that can be held in parallel. In contrast, offline pitches require more exclusive dedication and presence. Thus, the move to virtual pitch sessions allowed investors to participate in more pitches than before:

> *There were many changes for the investor. First, you do not have to commute, so the frequency of investors participating in the forums increased. There is another advantage—that is not the best practice—but parallel to the session, if you had to do anything else, you can still do it while you are listening, and there are many investors that prefer participating in the follow-up calls [about specific investments] to really ask their questions. [...] Because the forums are online, I have participated in many more meetings and pitches than before. This adds value for the investor. (Investor 4)*

When it comes to data access, the investors mentioned that they often rely on online information sources while participating in virtual pitch sessions. Although this practice would also be possible during an in-person pitch session, where investors can use their smartphones or computers, it is not commonplace to do so in that setting and can be viewed as disrespectful.

However, during virtual sessions, investors reported feeling comfortable multitasking and obtaining significant value from data meant to assess the validity of the information presented on the pitch and substantiate questions or comments in the Q&A and deliberation discussion: "I prefer online pitches. I can, for instance, open a second screen and research a few things while the entrepreneur is speaking and sometimes look for some data to ask better questions or give examples" (Investor 5).

Another way to access data through different sources during the pitch session is through social media and online interactions. Some investors recounted reading through the entrepreneurs' and their teams' social media profiles and interacting with those: "In a recent pitch, as I was posing questions, I got into LinkedIn to check the entrepreneurs' profiles. One of them already sent me a connection invite" (Investor 1).

Concerning the forum's quality, pitches, and discussions, several investors perceived advantages in the online format. The benefits came from reported higher assertiveness and objectivity, which resulted in better time management and efficiency. This was said both on the investors' side, whose discussions were more straight to the point and with less of an impact on the self-promotion discourse, and on the entrepreneurs' side, who were observed as more comfortable and focused on the content of their presentation as a result of less pressure from the crowd, which is considered to be less intimidating in a virtual format:

> *One thing that changed for the entrepreneurs is that they are less nervous because you eliminate the barrier of presence to go into a room and present in front of 40, 50 people. So, they can demonstrate more security online; because they are not seeing the whole audience, they see their pitch deck. I noticed that quality has increased in the sense of assertiveness, transmitting trust. So I believe this was a very positive aspect; we even have extra time for discussions […] The quality of the investor's questions has improved; it is less biased. (Investor 4)*

A further point that arose from the interviews was integrating the group members into the virtual setup. Although in-person meetings, by nature, generate apparent implications from a person's networking and interactions with the group (such as the people they sit next to, shyness, or difficulties integrating as a new joiner in contrast to popularity and extroversion from those comfortable with the group), virtual meetings make these implications less explicit. Each member is visible in a random position on the screen, and no visible smaller groups are interacting. Investors who were new to the group reported feeling much less intimidated when it came to participating in the virtual setting than in the offline environment:

> *That big auditorium with 100 people in the room [referring to the offline forum traditional setup]. For those who are not integrated into the group, are not familiar, and do not have inside contacts, I'll be frank: being an outsider in person or an outsider in virtual makes no difference [referring to potential benefits of networking in the offline setup]. Online democratizes and attenuates the group's difficulties. (Investor 2)*

When it comes to the negative aspects of the virtual forum and pitch presentations, investors' assessments concentrated on assessing subjective behavioral cues online and on the loss of networking opportunities and richer interactions with the group.

Concerning behavioral cues, most investors were used to observing aspects such as gestures, body positions and movements, "eyesight" (mentioned often as the look on the founders' face), immediate responses to questions, and group interactions while the founder was on stage. Frequently, observations could be extended during the breaks in each forum, before, and after the pitch and during the rest of the presentations. Because only the founder's torso was visible in virtual meetings, he or she was unaware or unable to use gestures on the camera and even unable to frame the lens appropriately. Video call quality generally does not allow for extensive detail of features such as eye gaze. There are limited opportunities to interact with and observe the founder besides the actual pitch and Q&A. The investors reported that this setup made it more challenging to address the subjective aspects of the pitch presentation: "I miss getting to read the entrepreneur's body language. Because in a certain way now, he has a barrier, a mask" (Investor 4).

> *Our online sessions are totally different [from the offline sessions] because when I am watching a pitch presentation, I am much less interested in the content and more interested in seeing how the entrepreneur behaves. Thus, much is lost when we transport that pitch to an online format. I can't see the person. They are not looking at me. Everyone is looking at the screen the entrepreneur is presenting [the pitch deck], so I think 70% of everything I said [about the subjective behavior cues] is lost if that contact is virtual. (Investor 6)*

Regarding networking possibilities, those were found to be significantly more limited in the virtual setting of the investment forums. Whereas in offline pitches, there were many opportunities to interact with the participants, these interactions were not restricted to the topic of the pitch presentations. The online pitch sessions have a much more targeted approach. The virtual calls do not feature mingling sessions beyond the pitch presentation itself, Q&A, and deliberation. It is common to participate in a virtual session as an investor without saying a single word—which is highly unlikely in the offline setup. Investors reported that some of the group session's networking component was lost in the virtual meetings, as illustrated by Investor 4, who mentioned the different possibilities of networking offered by in-person interactions:

> *A bit of the networking part before and after the pitch is lost. When you went to an auditorium, you arrived a bit before, drank a coffee, had a chat, networked before, and after as well, when it ended, you would stay and talk a little—sometimes get a beer, anyway—I believe we lose some of the networking with the offline sessions. (Investor 5)*

Some investors mentioned that they went through a short adaption period before acknowledging the advantages of the virtual setup: "I did not experience any difficulties [with the move to online] maybe in the first few months, but today, I think it makes no difference, quite the opposite, online brings many advantages" (Investor 1).

> *I learned a lot with the angels. For me, joining GVAngels is another post-graduation. I really like listening to their opinions. I learn a lot about the industries I am interested in and the aspects they analyze, especially those I did not look at before, but I can do that online, too, because people talk. They use their audios or videos, or they write. (Investor 5)*

I noticed that the virtual pitch sessions' dynamics were much different from those of the offline sessions, as illustrated by an entry in my observations notes following the first online investment forum in which I participated.

> *Virtual pitch presentations have dramatically different dynamics than in-person pitches in several key aspects, particularly regarding the group interaction. In the virtual session, the communication among participants was minimal and targeted at the investment per se. The participants did not have any small talk or interact beforehand. We could not see the people present because the cameras were turned off by default (except for those of the moderator and entrepreneur presenting). We could only see the investors' names present (sometimes with abbreviations or nicknames) and their faces if they have a profile picture, which many did not. After the pitch, for in-person meetings, the participants would share their remarks with the people sitting around them. In these virtual meetings, there was no such interaction. The participants who wished to ask a question could either write that question directly to the session's moderator or use the "raise your hand" feature on Zoom. This prompted a notification to the group, and the moderator went through those who had their hands raised to make their questions. The deliberation session after the Q&A followed the same structure. There was a pause halfway through the session in which participants disconnected from the call and took a break. After the pitch session is finished, the moderator closes the meeting and ends the*

> *call—no further interaction with the participants." (Personal communication, 2020)*

The aspect that stood out the most for me in the virtual setting was the lack of social networking opportunities. In offline pitches, investors often arrive earlier to network with each other. They would talk during the coffee breaks and be introduced to new people. An aspect that I had identified in my observations following an offline pitch was that "seats play a role: investors interact extensively with the one's sitting around them, inclusive during the presentation, with remarks about the pitch, insights for questions, personal opinions, or experiences with the topic" (Personal communication, 2018).

This type of social dynamics was profoundly impacted by moving to the online context, in which there was no spatial connection between the members in a shared location. It is not possible to see each investor and their relative positions with each other.

The transference of physical interactions to virtual interactions generated the perception of a "distance" (De' et al., 2020) going beyond the spatial distance. Morrison-Smith and Ruiz (2020) addressed the challenges faced in virtual teams, here classified into five primary sectors: "geographical distance, temporal distance, perceived distance, the configuration of dispersed teams, and diversity of workers" (p. 1).

The notion of perceived distance, which is not related to spatial distance but to an affective and cognitive notion of proximity, is suggested to be more impactful than actual spatial distance: affectively close people might be separate and still feel near. It was incredibly impactful in the context of members who were not integrated with the group (no notion of proximity) and then joined a virtual setting (including spatial distance).

Along these lines, Investor 3 further explored the diminished possibilities for interactions among members of the group, as highlighted that this context can be challenging for newer members:

> *If it could be offline, I would prefer it to be offline. I think the pitch and interaction offline are different. Also, as a new person in GVAngels, to meet the other members, I think this aspect is a bit lost online. (Investor 3)*

4.2 Preparedness

Preparedness is twofold. On the one hand, preparedness refers to whether the investor is prepared to succeed in the specific business for which they are seeking funding for. On the other hand, there is how much the investor has prepared precisely for the pitch presentation. All the investors interviewed assessed either one or the other concept of preparedness or both.

Properly presenting the company and preparing for the pitch also includes personalizing the content to the audience. This is coherent with the mechanisms of legitimacy in narrative proposed by Fisher et al. (2017), particularly regarding the positive impacts of adapting the discourse to a particular audience:

> *First, it is the way they communicate. Second, it is how careful they are with the material they are presenting. Most important is being able to show their product or service tangibly. [...] The third important point for preparedness, say in the case of GVAngels, they have to present to the group knowing what the average ticket and valuation is, which are things they can ask; then, they're in the screening phase. Sometimes, a pitch is very nice, but the valuation is out of range, the ticket is out of range, or their expectations are completely different from the group's—it's because he lacked preparation in that sense. (Investor 4)*

Being able to prepare a pitch presentation adequately is seen as a proxy for the capacity to build and manage the venture: "If the person did not prepare for the presentation, that reflects they are not ready for that endeavor as a whole. If they couldn't even prepare a pitch deck, how are they prepared to manage all the rest?" (Investor 1).

Preparedness as a trait of how much that entrepreneur is ready to run that particular business relates to previous experience and networking. It indicates not only the capacity to run that particular business, but also the aptitude to pivot:

> *There are moments in which the investor shows knowledge of the environment where that business is inserted, the competitors, business chains, etc. And moments that are much more subjective than showing knowledge but that show firmness, capacity to run the business, in times of adversity—discover a new path. (Investor 2)*

The perception of preparedness in a founder can be crucial for investing (Chen et al., 2009; Galbraith et al., 2014). One interviewed investor provided an anecdotal reference to an occasion in which they were interested in investing in a given startup based on the documentation assessed before watching the pitch but ended up not doing so because of a negative perception of preparedness identified in the pitch presentation:

> *There is a case in which I changed my perception of the deal [before and after the pitch] regarding [anonymized startup name]. When I looked at the pitch deck, I thought it lacked in terms of the level of information provided, but it was a sector I knew very well, so I thought it was OK. When I went to the forum, I felt that the founders were very unknowledgeable about the market, which changed my perception negatively. I would have*

liked to participate in the deal beforehand, but I decided not to do so after this experience. (Investor 3)

In the pitch presentation context, the investors identified preparedness both in the pitch itself and during the Q&A session. The former should have a well-structured presentation that provides factual data about the venture, risks, and intention with the investment round. For the latter, the investors expected the founder to provide answers beyond the pitch deck, including market and competitor information. Investor 4 illustrated some criteria for a well-structured presentation:

> *A well-structured presentation is one in which the entrepreneur can transmit the concept of the business, really prove and show in a very concrete, direct way the value generated. The Minimiun Viable Product (MVP) that exists. Answer some basic questions, such as what he is going to do with the investment, the challenges, what he expects from the investors, and what he sees as a risk. (Investor 4)*

Investor 5 reflected on the importance of Q&A to assess preparedness. This stage raises new criteria for preparedness that were not thoroughly identifiable in the previous steps:

> *[About a pitch when the investor identified preparedness in a founder] In the Q&A session, the founder had responses for everything at the tip of his tongue; he had a lot of information about that venture, the competitors and the market that went beyond what we had already read in the PDF and PowerPoint presentation. He signaled that he had knowledge of what he was doing, showing the investors he is reliable. (Investor 5)*

A well-structured presentation can also be partially assessed before the pitch. Investors address the pitch deck provided in the startup's application files as a criterion for selection for the pitch session. This section from the selection committee members regarding a startup selected to pitch in an investment forum illustrates investors' consideration of the pitch deck. All the comments posted on Gust mentioned the presentation:

> *Investor A: Very high-quality presentation. (anonymized number)-page slide deck that is not tiring to read—obvious comparisons with competitors.*
>
> *Investor B: Very well-prepared presentation.*
>
> *Investor C: I found the pitch deck interesting, with a lot of information, interesting competitive analysis, and creative ways to transmit the messages. (Personal communication, 2018)*

Respect was brought up by the investors in connection to preparedness, especially when considering that a well-prepared presentation demonstrates that the founder cares about and values the time of the investors listening to the pitch: “I value the slides a lot. I think that it is a part of the carefulness the founder has to have, the respect the founder shows toward the investors” (Investor 6). “Being prepared for the event demonstrates commitment, demonstrates interest, demonstrates even respect for those who are listening” (Investor 2).

A further component introduced by the investor interviews concerning preparedness as the founder’s suitability for running the venture is full-time dedication. Several founders reported that having the founder dedicated full time was essential for considering investing and a potential deal-breaker otherwise: “There are one or two deals that did not work out because the founders did not want to be 100% dedicated to the startup” (Investor 4). Full-time work commitment to the startup is perceived as a proxy for overall commitment to the founder’s venture:

> *Sometimes, you realize that a person is working on something else and decides only to dedicate some time to the startup; they don’t make it a point: if it doesn’t work, then it just didn’t work. Or then, it (the startup) is just a spinoff of what they already did for work, so they saw an opportunity but are not really secure about it. (Investor 5)*

The importance of full-time dedication was also supported by due diligence reports, as illustrated in the two following quotes from separate due diligence reports recommending the investment: “The team is experienced […]; they have been working full-time in the company since it was founded” (Personal communication, 2020); “Both founders are dedicated to the project on a full-time basis” (Personal communication, 2020).

4.3 Coachability

One of the subjective criteria for pitch presentation assessment was directly mentioned in an investment forum. From my observation notes about that occasion, “What stood out was that the moderator [of the session] said that he had been in touch with the entrepreneur before and that he was very coachable” (personal communication, 2020). This was the first time I heard of one of the concepts I was investigating in the literature review mentioned explicitly in a pitch presentation session. What’s more, the term “coachable” was used precisely like that in the English original, despite the session being held in Brazilian Portuguese.

The pitch I was referring to had been, overall, quite harmful because the founder “spoke in a monotonous tone, his pitch was very hard to understand, he did not show assertiveness” (Personal communication, 2020), and it seemed that other founders shared my perception as well: “When the Q&A session began, there was an awkward silence for a while” (Personal communication, 2020). However, after the moderator commented on coachability to support the founder, the investors began to participate more actively in the discussion and ended up having a follow-up Q&A call with the founder. In one of my interviews with the investors, this same occasion was mentioned from one of the investors' perspectives:

> *I have never identified coachability in any presentations. That is not something I had in my head, OK? Maybe because I am new to this. But in one of the companies whose pitch I was watching, I don't remember who. Still, someone, maybe the project leader, made this comment about the founder: "He is coachable, we have already discussed with him some necessities of the business, and he seemed open to discuss." And when I heard this, it sounded so obvious: because GVAngels' money is not just a check and that's it; it is about experience, approaching many other matters for which it is nice if the person is open and receptive. (Investor 2)*

Coachability was included in the positive comments from committee members regarding the startups selected for the pitch stage: "I've been with the entrepreneur a few times. I like him very much. He has great growth ideas, is very coachable, wants help, and is willing to test the best formats" (Personal communication, 2019). The importance of being coachable was also found in due diligence reports, as exemplified by this quote from a report with a favorable investment recommendation: "Another important point is that the entrepreneur is very coachable and does want help from the angel investors to improve the business" (Personal communication, 2019). A further due diligence report that recommends an investment provided additional endorsement of the importance of coachability:

> *A good team of founders and executives who have previous experience, including in the sector, are well aligned with each other. They demonstrate being very coachable and value the smart money of GVAngel members for the development of the business. (Personal communication, 2019)*

This quote also introduces investors looking for recognition of the role of the angel investment group by the founder. Investors expect coachable entrepreneurs to be familiar with the angel investors' role and open to their inputs: "The role of the angel is not only to come with the money, but it is also to provide guidance" (Investor 1).

The differentiation between "coming with the money" and "providing guidance" was a reoccurring topic in the investor interviews, as further illustrated in the following: "We are smart money; we are here to bring money and also to help. We have accumulated knowledge, so you're saying [referring to an uncoachable founder] you don't need help, only cash?" (Investor 5). The importance of having the entrepreneur focus on "smart money" also appeared in due diligence reports. A concrete illustration is the following quote from a due diligence report that recommends investment: "Entrepreneurs […] well open to advise/orientation (they are really on the lookout for smart money)" (Personal communication, 2019).

When it comes to behaviors that signal coachability, the investors and due diligence reports indicated an aspect that combines receptivity and enough knowledge to behave in a receptive manner that is productive. In Ciuchta et al.'s (2018) model for coachability, these aspects are related to what is defined as the *seek-integrate* factors. These represent a founder who is willing to learn, seeks help and advice, and commits to improving the startup and understanding its challenges. One way to demonstrate such characteristics is simply by being responsive to investor's requests for communications.

> *I like choosing a startup where I can connect to the founder. So for me, this is important. It's not that I have to be a mentor or advisor, but the founder has to be a person that I feel like if I email or want to talk to him, he will be receptive and open to feedback—this is one of my criteria. (Investor 4)*

Being responsive helps make investors feel secure about the founder, and responding with clarity and security can show the venture's understanding. As a due diligence report recommending investment stated, "I had already felt very secure about the founder when I sent successive emails asking for clarification. All was replied in five minutes, in a clear, secure manner, typical of those who understand their business" (Personal communication, 2019).

Balachandra, Sapienza, and Kim (2014) posited an ego-focused rationale used by business angels, in which investors value being able to impact the trajectory of the venture personally. This is one mechanism angels can use: considering how well they would be able to work together with the entrepreneur. The time and nonfinancial resources that angel investors allocate for an investment relationship are factored in because investors look for founders "whose coachability positions them to generate returns on the nonpecuniary resources the investor contributes to the relationship" (Ciuchta et al., 2018, p. 879). One investor reported this aspect as especially relevant in the context of the pandemic:

> *Now, in the pandemic, a lot of people had to pivot a lot of things to make it work, to make the idea worthwhile. These people [referring to coachable entrepreneurs] who have flexibility and who think on their feet are a pleasure to work with because you are not talking to a wall; you are not speaking in vain. (Investor 5)*

On the other side of the spectrum, the investors also mentioned some behaviors that make entrepreneurs seem uncoachable, particularly responding aggressively: "When a founder replies aggressively, what that does convey? That he has a short temper and little tolerance to be challenged. For me, it makes me feel like he is uncoachable" (Investor 6).

4.4 Passion

In the pitch presentations, the investors assessed passion through founder enthusiasm, ample body expression, energetic tone of voice, "fire in the belly," and "sparkle in the eyes." These criteria are closely related to Chen et al.'s (2009) scale of passion, which is composed of the presenter's energetic body movements, rich body language, animated facial expression, use of a lot of gestures, a face that would "lite up," and a varied tone and pitch when speaking.

> *I think that passion [as a pitch analysis criterion] makes total sense. I have an example I can give you: on the pitch call with [startup name] I invested in, the energy of the guys on the call, their strong knowledge of their business, of the numbers, the sector, and being able to communicate that with a lot of assertiveness in their speech and clarity. I think this made all the difference. (Investor 3)*

Some semantic issues arose in the definition of passion. Chen et al.'s (2009) energetic body movements were found consistently in the investor interviews. Nevertheless, the connection of this aspect with the concept of "passion" was controversial. As a case in point, even though Investor 3 above clearly connected passion with energy, Investor 4 considered passion and energy to be separate concepts entirely:

> *In my perception, people confuse passion with energy; I am looking for passion, [that is] willingness to make it happen, knowledge, really seeing that one day he [the founder] will be the CEO of a company. It is different from passion; passion for me is not the main criterion because many times passion makes the entrepreneur like the business so much that they do not accept mentorship and, thus, do not make rational decisions. I want someone who has energy and makes rational decisions. So, for me, passion is not a criterion. (Investor 4)*

This dichotomy suggests that the connection between specific cues (e.g., energetic body movements) that would portray particular signals (e.g., passion) is not always straightforward. This is in line with what was proposed by Clarke et al. (2019), who advocated that cues may portray more than one signal.

Passion is also portrayed by confident body language, vocal variety, personal engagement with investors, and explicit passion statements (Lucas et al., 2016). The investors did not mention explicit statements as criteria but actively mentioned the three other aspects for transmitting passion found in Lucas et al. (2016). One investor directly mentioned that they identify passion specifically through criteria related to the first and second aspects: body language and vocal variety.

> *I had read it on Gust [the startup's profile] and was super excited about the opportunity. I wanted to watch the pitch as well as it was when I had recently joined GVAngels, and I wanted to see the form of the pitches at GV[Angels]. I wanted to see the dynamics, the modus operandi. And I was positively surprised and impressed with the founder: he had grit, fire in his eyes, a lot of willingness to make it happen [identified] through the body expression, tone of voice, eye gaze. (Investor 5)*

Entrepreneurial passion demonstrated through motivation and engagement was further considered in a due diligence report recommending investment in a startup. This is illustrated by a quote from the report: “The entrepreneur is motivated and engaged in the venture” (Personal communication, 2019).

Moreover, the investors reported the perception of entrepreneurial passion as a component that can moderate insecurity. When a pitch does not go so well, but investors consider the entrepreneur to be passionate about their business, the passion element can make up for a lack of preparedness:

> *When you sense the founder is a bit insecure, it is OK to be nervous at that time. It is a moment they are being challenged; of course, they get nervous. Obviously, they get nervous. If the person is very excited in doing that, they can still overcome it [the downsides of acting nervous]. (Investor 5)*

One investor described a situation in which they were interested in investing in the startup beforehand but had a change of heart after the pitch because of the perceived lack of passion by the founder. When referring to what made this founder not passionate, the investor outlined a lack of conviction, lack of assertiveness, and slow and inconstant cadency of speech as cues:

> *In the case of [startup name], I did not feel so much conviction or assertiveness in the founder in his speech and when answering the questions that were made. He would stop to think, take a somewhat long break, and stutter; this made me lose trust in the deal. (Investor 3)*

Excessive entrepreneurial passion, however, is not desirable. It can lead entrepreneurs to be perceived as uncoachable and less open to mentorship: “For me, passion makes the entrepreneur like their business so much that they do not accept mentorship and do not make rational decisions” (Investor 4). Furthermore, excessive entrepreneurial passion prompts the founder's perception as being less open to pivoting or making the necessary changes in the businesses:

> *I think the matter of passion is very nice, but at the same time, I look at another point that is the following: I like when investors are passionate for their business, but that does not give the impression they are attached to it. Because if they seem like they want to stick to this company until they die, this will make the investment harder. (Investor 6)*

One interviewee provided a metaphorical explanation for passion compared with trust by considering the feeling of being in love. For this investor, passion was seen as fleeting, and trust would be a more stable basis of a long-term partnership that can overcome hardships:

> *When a person trusts, it means they're in. Passion is like love; it can be powerful, but it might not resist the difficulties that will happen on the way. When a person feels trust, it is easier to overcome the challenges. And sometimes, trust comes precisely because he was already confronted with difficulties and knows that there is a path to overcome. So passion will be demonstrated by the enthusiasm in a presentation; trust will already bring answers. (Investor 1)*

4.5 Trustworthiness

Trustworthiness in a founder was an essential component for most investors. The multifaceted aspects of trust appeared very clearly in the interviews, and here, the different aspects of trust were reported as different criteria.

The aspects of trust-damaging and trust-violating behaviors are much more significant in pitch presentations than trust-building behaviors. As stated by one investor, "Omitting is very serious. Lying is almost a deal-breaker" (Investor 6). This is consistent with the findings of Ciuchta et al. (2018), who found trust-violating and trust-damaging behaviors to be dramatically more impactful than trust-building behaviors. In a pitch presentation setting, there are two main potential reasons for this: i) trust-building takes time, while trust-breaking is immediate, and ii) trust-building behaviors often intersect with other affective criteria and cues.

The investors valued the trustworthiness of the founder as a key component to the perception of the overall success potential of the venture. As one investor stated, "Trust in success or the expectation of success depends a lot on the trust; we feel toward who is presenting the venture" (Investor 1). The founder's trustworthiness is also consistently found on due diligence reports, such as in the following:

> *The entrepreneurs know the segment they work in, and they seemed trustworthy in all their contacts with the due diligence team. This is a crucial aspect of the investment decision. (Personal communication, 2020)*

When it comes to the signals that convey founder trustworthiness, the investors indicated the founder's reputation and social validation. Balachandra (2003) also identified social connections as a cue for the assessment of entrepreneurs' trustworthiness. Investor 4 commented on how endorsements generate trust:

> *A very important thing is when I can get in touch with people who have worked or participated in a project with the entrepreneurs. When I get a recommendation or endorsement from someone in my network [toward the entrepreneur], that generates a lot of trust. (Investor 4)*

The due diligence reports additionally conveyed the importance of reputation, such as the following quote from a report with a positive investment recommendation: "[The founder] is very well known in the community, has a good reputation and good leadership skills" (Personal communication, 2019).

Trust is closely related to preparedness. Both these signals include competency (e.g., Balachandra, 2011; Chen et al., 2009). Although some investors considered competency to be related to preparedness, others associated it more closely with the concept of trust:

> *I think trust comes as the entrepreneur has answers to the questions. How will you do this? And how about that competitor? [And they say] I know there is that competitor. So they already demonstrate more mastery of the project. He [the founder] knows what he is doing. (Investor 1)*

Regarding hindering trust, investors shared the different types of evidence they observed to identify trust-damaging and trust-violating behaviors. Most types of evidence reported share in common that they refer to instances in which the founder "deliberately misrepresents or conceals critical information" (Maxwell & Lévesque, 2014, p. 1063) by lying or omitting information, as follows:

> *When someone asks: Are you speaking with another angel network? It is useless to say that you are not because the next day, one of them [angel networks] will tell us because we invest a lot as a group. And people are going to say that the entrepreneur omitted information. So just like that, 80% of trust falls to the ground. (Investor 6)*

Guessing answers to investors' questions is a further omission practice reported as trust-violating. Moreover, trust damage was identified through eye gaze deviations and a stuttering voice. Both these cues were reported as a lack of passion. This shows the role of cues as intersectional between different affective criteria, as Clarke et al. (2019) suggested.

> *[Regarding how a lack of trust was transmitted in pitches] For example, in some pitches where the founders guess, we perceive they are guessing*

> *the number, guessing something. When you ask a few questions and your colleague who understands a lot about the subject asks some questions, you notice that the founder does not have an answer at the tip of their tongue. So they do not dominate the subject. When I see that the eye gaze deviates, the voice fails, I get some indications for that [that the founder does not dominate the subject]. When you fill a bit of insecurity with the founder (it is OK that he is nervous at that moment; it is a challenging moment. Obviously, he will be a bit nervous). If the person is very excited to do that (get funding for the startup), they can get through this. So a lack of trust I perceive when they guess. I catch them making a guess, acting like they don't know exactly what they're talking about. (Investor 5)*

Another aspect that jeopardizes trust toward the founder is the perception of an overly positive picture of the venture lacking a depiction of any negative aspects. This point was also suggested by Colombo (2021) after an extensive review of the signals used in venture financing. The author recommended that beyond sharing accomplishments, founders should include potentially negative information to "draw a more realistic picture of the entrepreneur, thereby contributing to signal credibility and honesty" (Colombo, 2021, p. 254). Such a recommendation is pertinent to what was reported in the investor interviews: "Every new business has thousands of problems, a lot of edges to trim. If the entrepreneur tells me that all is well, all is wonderful, then I don't trust them" (Investor 5).

One of the investors stated that they find it very hard to assess trust in the context of the pitch presentation. They mentioned trust-damaging aspects regarding reputation; however, they reported that this is rather identified in a context outside the limits of the pitch presentation itself:

> *I think that the matter of trust in a pitch is very difficult; actually, for me, the most important at this first presentation is arrogance. Lack of trust, I experience only if, for some reason, I know about a story that happened and was not nice. This is what generates mistrust. (Investor 4)*

The aspect of arrogance, as mentioned by Investor 4, was not an isolated instance. In fact, this was an element reported often and with remarkable emphasis by the investors, here enough for it to be considered an individual signal relevant for the assessment of pitch presentations.

4.6 Arrogance

Arrogance was especially discussed in investor interviews in contrast to modesty. Here, modesty is used in the sense of being humble and having a moderate estimate of merits ("Collins

English Dictionary," n.d.). The investors reported that the entrepreneurs should have been modest rather than arrogant. As arrogance became a recurrent theme in the interviews with investors, one particular anecdote from my research observation notes comes to mind. The following was written after one of the investment forums in which I participated:

> *(Startup name withheld) was my favorite for the pitch. I really liked the business idea; the deck was very well structured, and there seemed to be great market potential. I arrived at the pitch session and took an empty seat. Besides me was a very experienced investor (name withheld) who was the head of innovation in a big firm. We began talking, and he spontaneously mentioned that (Startup name withheld) had great potential, and he planned on investing. Two fellow investors I had not met before jumped in to agree that the company seemed the best in the evening. This particular startup ended up not being considered in due diligence, much less getting an investment. The other two startups that pitched in the evening were perceived as less interesting by me and my peers and still passed to the due diligence stage. (Personal communication, 2019)*

During the pitch, the founder was engaging in several positive behaviors: energetic body movements, a very varied pitch of voice and adequate tone of voice, and a well-structured pitch deck with a compelling narrative. They did not engage in trust-damaging behaviors and seemed to be well prepared and knowledgeable of the market. Nevertheless, the result was still negative. After this pitch, I wondered what could have caused such an unfavorable outcome. When I subsequently heard the description of the arrogance from the investor interviews, I noticed what it was that the founder seemed arrogant.

In the interviews, arrogance was connected to different aspects. First, the investors perceived arrogant entrepreneurs as less open to coaching:

> *Many entrepreneurs are so confident that in reality, there is excessive confidence and they believe everything will work out fine; they already have answers for everything and are not open, actually, for there really to be a mentorship (Investor 4).*

The founders who were not modest were perceived as less trustworthy, generating suspicious feelings: “I am a bit suspicious of people who do not show modesty in their speech” (Investor 5). Also, arrogance was perceived as a trust violation: “[Referring to behaviors that violate trust] for me; arrogance matters most” (Investor 3).

Arrogant founders were framed as immature: “There is a component, I think, arrogance. An emotional component of a person who is either too arrogant or too immature to be able to run a business” (Investor 4). Arrogance was also identified as unfavorable for social connection.

"Arrogance means distancing. We distance ourselves from those who are arrogant; we don't want to spend time with arrogant people" (Investor 6).

When it comes to behaviors that portray arrogance, the investors had difficulties describing the specific traits that made them perceive a given founder as arrogant. Some investors reflected on the implications of body language, speech, and an overall personality trait:

> *[Regarding a difficult founder] He has an arrogant style, the way he speaks. Like: "I am the only one who knows best about my business"– you know? He also shows this in his body language, the way he moves. I think he is also stubborn; sometimes, he gets stuck. I think this is a personality trait. (Investor 5)*

4.7 The relevance of pitch presentation

While performing the initial interviews, I noticed that the theme of the pitch presentation's relevance came across frequently. The investors spontaneously mentioned how important it was to see a pitch presentation before committing an angel investment. All the investors said that they would not commit to an angel investment without watching a respective pitch presentation:

> *It is improbable that I would invest in a company when only receiving the pitch deck without seeing the entrepreneur face to face. At least, I'd have to watch an online pitch. But if it was only analyzing the material and then investing [without a pitch], I would not invest. (Investor 6)*

There is a well-known concept in early-stage investment that refers to how investors weigh in the quality of a venture versus a founder's quality (Kaplan, Sensoy, & Strömberg, 2009). Metaphorically denoted as the preference between betting on the jockey (the entrepreneur) or the horse (the venture), part of the importance of the pitch relies on its role as a facilitator for the founder's assessment as the jockey:

> *The pitch is important. The main importance of the pitch is that I can look eye to eye with the founder and get a bit of those perceptions of market understanding to see if the guy understands, is passionate, is assertive, and knows what they are talking about. I think this we can understand a lot in the pitch presentation, and it would be a very cold assessment to only look at the [pitch] deck on Gust, that one pager and go straight to the Q&A. (Investor 3)*

Along these lines, the investors mentioned the pitch presentation as a means of assessing the jockey:

> *I think it [the pitch] is essential [...] you want to see the entrepreneur's reactions, the matter of empathy, and emotional intelligence, so it is above all an evaluation about the person [the founder]. (Investor 4)*

> *It is much more worth it to invest in people you believe in and the idea might not be the best idea in the world rather than investing in a killer idea but with a very bad team and where the business will die in a short time. (Investor 3)*

Three investors shared anecdotes from instances in which they had previously talked to an entrepreneur, discussed the company seeking investment extensively, and were still required to watch the respective entrepreneurs present their business in a pitch presentation format. The pitch presentation seemed to be considered more than only a format but a methodology to structurally assess and compare different investment opportunities:

> *For example, let me tell you: There is this company whose idea I really liked, and I am bringing to GVAngels. I loved their idea. They reached out to me and did not have a pitch. We talked on Zoom, me and all the founders. They sent me a lot of information, and I asked: Don't you have a pitch? I think I got dependent on the pitch. They sent me files, and I asked, "Have you never given a pitch anywhere? That might have been recorded somewhere?" Because I wanted to send to [anonymized selection committee member name] from GVAngels—a pitch and the documents. You know, I noticed how much the lack of a pitch is impactful. The company is great. A priori, I would invest in it, OK? I am betting on this company, but I want to see their pitch before [making my final decision]. (Investor 5)*

The pitch presentation was considered an opportunity to assess affective and cognitive criteria beyond the information that was previously available: "Sometimes, I don't even remember what the guy [founder] said, but I remember the look on his face, the way he replies" (Investor 6). This information is complementary to the documents addressed in previous stages: "I have never invested without meeting the founder [at least] virtually. And I also never invested only in watching the pitch [and not assessing further documents]. It is also not possible. I think these are complementary" (Investor 5).

5 Conclusion

The success of new ventures depends largely on the funds available for their growth. Securing funding is paramount for entrepreneurs, who often rely on angel investors. These investors, in turn, expect to maximize the payoff of their investment decisions, and they attempt to do so through several mechanisms. The current research has focused on the mechanisms of subjective behavioral cues that are addressed during online pitch presentations.

Pitch presentations are an opportunity to assess information that cannot be addressed beforehand, particularly information that is qualitative (Brush et al., 2012) and subjective (Cardon et al., 2017). The investors highlighted the importance of the pitch presentation and made it very clear that they would not commit to an investment without being able to watch a pitch. This is consistent with the angel investment literature (Brush, Edelman, & Manolova, 2012) that proposed that in earlier stages of the investment screening phase, the assessment is based on quantitative facts. When it comes to the posterior stages of screening, however, investors focus more on intangible criteria. In the present research, the pitch was seen as a fundamental stage for an investment that focuses exceptionally on affective and cognitive criteria, and this conclusion is backed up by the interviews, quotes from documents, observations, and literature.

The main subjective criteria considered in pitch presentations center around passion, coachability, arrogance, trustworthiness, preparedness, and respect, and this has remained important throughout the move to virtual pitch presentations. This transition, however, has posed challenges to both entrepreneurs and investors to appropriately convey and interpret behavioral cues in a virtual setting.

Angel investors have ambiguous views toward passion, which can signal positive aspects such as motivation, energy, and commitment, but also negative implications such as a propension for “uncoachability.” The polarization found in the interviews toward entrepreneurial passion is reflected in the literature. Despite a significant body of research backing up entrepreneurial passion and investment criteria (e.g., Cardon, Gregoire, Stevens, & Patel, 2013; Cardon, Sudek, & Mitteness, 2009; Lucas, Kerrick, Haugen, & Crider, 2016), several authors have indicated otherwise. Chen et al. (2009) found perceived preparedness, rather than perceived passion, to be significant for investment decisions following a pitch. Warnick, Murnieks, McMullen, and Brooks (2018) found drawbacks to passion that align with the restrictions mentioned by the investors I have interviewed: excessive passion is a bad sign if it is connect to lack of receptivity to feedback and resistance to advice. Mitteness et al. (2012) reported that angel investor characteristics moderate their receptiveness to passion; this provides one explanation as to why the perceptions of entrepreneurial passion as being negative or positive may vary among investors: more intuitive angel investors are more susceptible to passion, whereas analytical investors value passion less (Mitteness et al., 2012).

Coachability was perceived as positive and influential for pitch presentation assessment and demonstrated during the pitch but mostly in the Q&A session. This aspect was consistently reported in interviews and due diligence reports and was an important ground for discussions about the merits of founders. A remarkable feature of the perception of coachability was arrogance, which was identified as the contrasting concept to coachability, similar to how trust-building is compared with trust-damaging by Maxwell and Lévesque (2014). Although the perception of coachability in a founder increases investors' investment propensity, while the perception or arrogance provokes adverse outcomes. There is no significant literature on arrogance in the early-stage investment context. The combination of what was mentioned in the investor interviews, what I have observed, and related research (e.g. Brown 2012; Johnson et al., 2010) that links arrogance to negative outcomes in the management context suggests that arrogance is viewed negatively by investors. This aspect should be further investigated as a potential subjective criterion for pitch assessments.

Trust-building behaviors were essential, but the impact of trustworthiness was perceived in the longer run. The investors were unable to thoroughly assess whether a founder was trustworthy in the time of a single pitch. However, the investors were very well equipped to assess whether a founder portrayed a lack of trust. Trust-damaging and trust-violating aspects were identified during the pitch when the entrepreneurs lied, concealed information, stuttered, or guessed. These behaviors were often deal-breakers, and the entrepreneurs were advised to be honest, even when faced with an answer that might not sound so attractive. This recommendation is further supported by investors' comments on the fact that in the pitch presentation, the content of the speech is less relevant than the context of that speech: it is better to offer full disclosure and transmit honesty than to omit a piece of information and transmit a lack of trustworthiness.

"Respect" has not yet been identified in the literature as a criterion of investors' assessment of founders (Chen et al., 2009; Galbraith et al., 2014). In the current study, respect was identified as a critical element of preparedness. Showing extensive preparation for the pitch and adapting the pitch to the audience was seen as a signal of respect for the investors' financial and nonpecuniary resources, such as their time. This aspect of respect as a component of preparedness presents a valuable research agenda for the investigation of angel investors' investment decisions.

The compound of these subjective aspects (passion, coachability, arrogance, trustworthiness, preparedness, and respect) has important implications for entrepreneurial education. This research has showed that pitch presentations are crucial in the process of angel investors' investment decisions, and that founders' behavioural cues greatly impact those perceptions. Therefore, entrepreneurs can be trained to competently employ behaviours that convey positive perceptions of themselves and their ventures. Investors, then as well, can be prepared to both judge pitches more precisely and to posess a common language to express which components that they are impacted by.

Traditionally, the pitch presentations among GVAngels used to take place in person. The context of the pandemic prompted the move to online pitch presentations. The move to online pitches provided opportunities and limitations. Virtual pitches might have made decisions more objective, but they also decreased the complexity and noise. Considering subjectivity can work as a useful heuristic for complex decisions (Kahneman, 2013). However, this can also increase biases (Fiedler & Sydow, 2015). The current study identified both positive factors in this move, with logistics benefits, efficiencies of time, and higher assertiveness, along with negative factors, such as difficulties in the assessment of subjectivity and the loss of personal networking opportunities.

When it comes to assessing virtual pitch presentations, investors are faced with several challenges. Neither the investors nor the entrepreneurs were adequately prepared for this transition, which came suddenly. Although in offline pitches the investors relied heavily on gestures, body movements, tone of voice, and eye gaze to identify behavioral cues, these elements are often not present in the virtual setting. What's more, when some of these elements are present, they might convey different meanings altogether.

Camera positioning and video quality can make it difficult to recognize gestures. This cue, however, is essential to convey passion and enthusiasm (e.g., Cardon et al., 2017; Lucas et al., 2016) and to increase understanding and retention from a speech (Morett & Fraundorf, 2019). The founders were advised to keep adequate distance from their cameras to highlight their body movements, use descriptive gestures, and maintain their eye gaze toward the camera.

In virtual pitches, investors appreciate the opportunity to concurrently double-check information, research the founder, team, and venture, and connect on social media platforms. This makes it especially relevant that entrepreneurs do not try to guess or manipulate data and maintain an excellent online reputation. With the lack of in-person presentations, the founder's online presence seems to serve as a business card.

The virtual pitch presentations have been shorter and straighter to the point. There is less space for small talk, but the investors still value their emotional impressions of the founder. This is transmitted across several constructs; for instance, when the founders are perceived as more coachable and the more modest or passionate they are, the more they appear to be enthusiastic. When in virtual presentations, founders should not confuse objectivity for rudeness. Although online communications prompt more direct contact, investors still expect to feel emotionally connected to the founder. Moreover, founders who appear to reply aggressively are seen as short-tempered and are considered uncoachable. Which mechanisms prompt those perceptions of virtual communications remains to be identified by further studies.

Despite the difficulties faced in interpreting behaviors during virtual interactions correctly, the investors also saw benefits in the transition to online pitches, many of which converge with the benefits of participating in the pitches while also realizing other tasks. This notion can be connected to the literature on hybrid spaces, as proposed by Šimůnková (2019). This concept suggests that we are no longer living in only one and one space (three-dimensional physical location, such as "Boston:) and one place (a location with a meaning and a context, such as "home"), but rather that the overlying reality of the online place always permeates the offline spaces we are present.

When the investors said that they were satisfied with the transition to virtual interactions, they often punctuated how this notion of a hybrid place is valuable: in virtual meetings, they could continue performing other tasks; they can immediately check for further information about the pitch, founder, and industry; and they could be present at their homes and still be present at the pitch.

Indeed, people are no longer exclusively at one space at a time but instead in a blurred presence: partially in a space (physically located) and somewhat in a place (the overlying virtual location where we coexist simultaneously): an s-place, as Šimůnková (2019) coined, in which virtual and offline realities coexist.

The current study has some limitations. Several studies performed in the field of subjectivity in early-stage investment decisions have relied on lab experiments. This methodology is useful because researchers can randomize the subjects and control the independent variable, hence establishing causation. However, one of the critical weaknesses of controlled lab experiments is that they provide low ecological validity. In the present study, the author explored angel investment decisions in the context and environment in which the decisions took place. This setup, however, does not permit the present study to establish causation between variables. As an observation of a real-life phenomenon in its ecosystem, there was no control over the independent variable and, thus, which subjective factors might or might not arise.

The interviews with volunteer sampling are subject to volunteer bias. Volunteer participants have been found to share some common characteristics, and we can assume that the selection who participated in the interviews was biased to a certain degree (Flanagan et al., 2015).

There is also a risk of going native (Neergaard & Ulhøi, 2007). This can happen because of the proximity between the subjects and observer and the fact that the researcher might have affected the research object. Additionally, the author's prior involvement with the ecosystem can influence the interactions (Stake, 1995). This is an expected caveat of complete participant research. The current study follows two recommended procedures to increase the validity of the findings: transparency regarding the observers' role and methodological approach details and the use of methodology triangulation.

Some aspects mentioned by the investors might relate to the institutional and cultural environment in which they are inserted. Cullen, Gentry, and Yammarino (2015) addressed self–other agreement discrepancies, including arrogance as a part of self-enhancement across collectivistic and individualistic cultures; they found the implications of self-enhancement to be culturally contingent. Self-enhancing is not viewed negatively in individualistic cultures, "but in collectivistic cultures, which endorse the norm of modesty, individuals who overrate (self-enhance) are perceived by their boss as more likely to derail" (Cullen et al., 2015, p. 161). In Hoffstede's well-known scale (1980), Brazil is a collectivistic culture (Torres, Ferreira, & Andrade, 2020). This might moderate the importance given here by the interviewed investors to aspects such as arrogance, which were not so prominently identified in previous research in early-stage investments—for which the U.S., an individualistic culture in Hoffstede's terms (Masuda et al., 2020) is one of the main samples. Along these lines, the current study provides an initial portrait of Brazilian angel investors' assessment of subjectivity in online pitch presentations.

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7 Appendix

Semi-Structured Interview Guide

Introduction:

Hello, I am Nicole, a student of MPGI and a fellow GVAngels member currently writing my dissertation. This interview will take around 30 minutes. Our questions are about the pitches you have watched at GVAngels and about your investment experience. Please share freely and feel welcome to further elaborate from your trajectory. Your responses will be transcribed anonymously. Do you mind if I record this interview?

Controls:

How long have you been a member of GV Angels for?
Have you already invested in a startup?
How long have you been investing in startups for?
What is your gender?
What is your age?
Have you participated in offline pitch presentations? How many? And online, how many?

Questions:

Do you remember one or more situations in which your perception of a venture changed before and after the pitch presentation? If it helps, I can remind you of the recent pitches we have watched in GVAngels.

(if yes):

How was your perception of the venture before the pitch presentation? Which materials had you addressed before the pitch?

How did your perspective change after the pitch presentation?

What factors were in play in that change of perception?
Did that event happen online or offline?

(if no – continue to next question)

Some aspects were found in previous research to influence investor's assessment of ventures during the pitch presentation.

Did any of these stand out for your regarding the recent pitches you have watched? Why and how? Do you have any specific examples?

Perception of passion,
Trustworthiness,
Preparedness,
Coachability,
Gestures and body movements,
Pitch and tone of voice

In the current context many events are being held online, including GVAngels investment forum. Do you realize any specific meaningful differences in terms of your perception of the pitch presentation when online vs offline?

Did you consider any of those criteria mentioned above in the online pitches? How was it different from offline?

In your opinion, is the observation of these types of criteria helpful to make good investment decisions? Why? Do you mindfully consider any of those types of factors? Have thought of how you considered them before this talk?