

THE OTHER END OF THE PITCH

Clifford G. Hurst
Westminster College

Clifford G. Hurst
Assistant Professor of Management
Gore School of Business
Westminster College
1840 South 1300 East
Salt Lake City, UT 81405
Phone: 801-832-2649
Email: churst@westminstercollege.edu

ACADEMIC ABSTRACT

We teach our students well the elements of a business plan pitch. But we leave something out. With all of our emphasis on presenting the pitch, we lose sight of the other end of it—that is, how the student entrepreneur responds when he or she is given feedback from a panel of advisors.

We can help our students become more successful entrepreneurs, faster, if we also coach them in how to respond to feedback. This workshop will provide participants ample opportunity to apply a conceptual framework for coaching our students in how to respond effectively to feedback.

EXECUTIVE SUMMARY

We're well-practiced at teaching the elements of an effective business plan pitch. We evaluate diligently the content, delivery, passion, coherence, and thoroughness of everything about the presenter's pitch. And then? We stop. Yet, we can help our students become more successful entrepreneurs, faster, if we also take notice of how they respond to feedback after the pitch is over. The few moments after the pitch is over present us...and our students... with the most teachable moment of the entire regimen of business plan pitching—if only we attend to it.

A willingness to be open to receiving feedback, to reflect upon such feedback, and to interpret feedback in ways that lead to mastery are vitally important habits for student entrepreneurs to develop. Investors decry entrepreneurs who just want their money; however, they are eager to invest in, and to mentor, those who also want their advice.

Sadly, some of the same confidence-boosting drills we put student entrepreneurs through steels them against the mindset needed to respond effectively to feedback. So do the one-sided ways in which we evaluate their "performances" during business plan pitches. This workshop aims to counter-balance these tendencies.

The workshop that this paper summarizes will provide participants ample opportunity to apply a conceptual framework for coaching our students in how to respond effectively to feedback. This framework is an outcome of the presenter's dissertation research into entrepreneurial cognition as it is reflected in the ways that entrepreneurs respond to feedback. It is based primarily upon Donald Schön's notion of reflective practice and upon more recent research conducted by Carol Dweck and her colleagues about ways in which people interpret feedback. Using the framework introduced in the workshop, participants will also gain experience in coaching student entrepreneurs how to respond to feedback in a way that is conducive to entrepreneurial success.

Although the feedback given to a student entrepreneur upon completion of the pitch provides a ready-made focal point for coaching in how to receive feedback, its benefits extend beyond the pitch. The habits developed in this moment will also aid the entrepreneur when responding to feedback from potential customers, actual and potential team members, investors, advisors, and faculty.

THE OTHER END OF THE PITCH

Feedback is the lifeblood of entrepreneurship. The vaunted proclivity of successful entrepreneurs to “pivot” when called for relies majorly on their ability to seek out, receive, and respond to feedback from the marketplace (Ries, 2011). Investors state unequivocally their preference to invest in companies whose founders are open to their guidance (Silicon Valley Association of Startup Entrepreneurs, 2011). They want to invest in people who will accept their feedback; not just their money. In this paper I call for greater attention to be paid to ways in which entrepreneurship educators can help our students receive and respond to feedback effectively.

The workshop described in this paper is derived from my dissertation research (Hurst, 2012) into ways that we can begin to measure entrepreneurial judgment. That research focuses specifically on those entrepreneurs who were at the idea phase or startup phase of businesses and whose intent is to become what the Kauffman Foundation refers to as “gazelles” (Stangler, 2010). A gazelle is the kind of startup that is most likely to pursue investment capital from either angel investors or venture capitalists. At the heart of this pursuit of capital is the ritual that has become known as the business plan pitch. A pitch can take various forms; it most often entails a succinct verbal presentation by the entrepreneur of his or her business idea before a group of investors or advisors. The verbal pitch is often accompanied by PowerPoint™ slides, a product demo, or similar means of audio/visual support.

A typical angel or VC investor may look at 300 or so pitches in a given year and select only one to three of them in which to invest. For this reason, investors must become very astute at separating those entrepreneurs whose ideas, in their eyes, have merit from those that do not. The pitch serves well as a rapid screening device. Because the pitch is such an important screening device, it has become a major focus of attention of many educators who teach entrepreneurship. While some people debate whether or not entrepreneurship can be taught, there is near-universal agreement that we can teach students how to pitch. And we do.

We do an excellent job of teaching entrepreneurship students how to speak, how to present, how to use audiovisual support effectively. This is good. If a budding entrepreneur cannot master the pitch, he can find little opportunity to interest investors in funding his venture. What we teach is good, but it stops short of what it could achieve. An important, but often overlooked teachable moment comes right after the pitch is over. It happens when investors, advisors, faculty, or panelists give feedback to the student about the pitch they just heard. We can, and should, pay greater attention to helping our students receive and interpret feedback about their pitches in ways that lead to learning, growth, change, and improvement of their business plans.

I propose in this workshop a conceptual framework by which we can do this. The framework is not original; its application to entrepreneurship is. The framework I propose is derived principally from the work of two theorists, Donald Schön and Carol Dweck. I will next give a brief introduction to the work, first of Schön and then, of Dweck, and I will discuss how their work applies to the field of entrepreneurship education.

Schön

Schön (1983/1991, 1987) uses the learning that takes place in an architectural design studio as an example of how the education of a reflective practitioner can and should occur. It is different than how education today typically occurs. Research institutions of higher learning, he argues, favor technical rationality at the expense of reflective practice, thus privileging rigor over relevance. He calls for nothing less than the redesign of professional education “to combine the teaching of applied science with coaching in the artistry of reflection-in-action” (1987, p. xii).

The work of an entrepreneur shares much in common with the challenges facing design students in Schön’s example. Throughout his writing, Schön speaks of the need for design students to operate competently in situations of uncertainty, ambiguity, and value conflict. These are the same situations faced daily by entrepreneurs. He also describes in detail the importance of feedback in learning to design. Schön’s model has much to teach the world of entrepreneurship. His descriptions of various ways in which design students respond to feedback shaped my analysis of ways in which entrepreneurs respond to feedback.

Schön gives us the first clue we need in order to coach student entrepreneurs how to respond effectively to feedback. We must distinguish between what I call *deflection* of feedback and *reflection* upon feedback. This is harder than it first appears.

Let’s adopt the dictionary sense of “reflection” as a prompting to give careful consideration. Let’s further use the dictionary’s sense of “deflection” as a state of being turned aside. Each time a student entrepreneur is in a position where feedback on her business idea is provided, such as at the end of a pitch, ask yourself, “Did this student let it in? Or did she deflect it? The answer is sometimes obvious. At other times, though, it is harder to distinguish deflection from reflection than it would first appear.

For example, I attended an entrepreneurial meet-up the other day. The format of the meeting included a segment where anyone who wanted to, could describe a challenge that he was facing in his startup so that others in attendance could offer insight and suggestions. One entrepreneur, after describing his challenge, responded to each offered suggestion with, “I’ve done that already.” Over the course of fifteen minutes of discussion, the entrepreneur replied with this same refrain at least one dozen times. It was easy for a disinterested observer to recognize that he was deflecting all feedback that was offered. Sometimes, though, it is not as easy to discern what is really going on. Here are three lessons about the nuances involved with distinguishing between reflection and deflection that I learned while researching my dissertation.

First, disagreement can be either reflective or deflective. For the observer, it is easy, but wrong, to jump to a conclusion that someone who disagrees with feedback given him is, consequently and invariably, deflecting that feedback. A student may listen carefully and reflect upon the feedback given, and then still reject it. We should encourage and not stifle this instinct. Disagreement after reflection is a qualitatively different response than one given by a student, who—like the entrepreneur described above—fails to “let it in” and rejects all feedback as though it were unheard.

Second, people often respond to feedback by telling stories or anecdotes. Storytelling can be either reflective or deflective. Some storytelling is a form of elaboration triggered by reflection, but sometimes it is blatantly deflection. Deflection is apparent when the story serves to move the conversation away from the topic that had been broached by the giver of feedback towards something “safer” for the recipient of the feedback to talk about. Generally, I have found that reflective stories are quite personal, whereas deflective storytelling responses tend to be more generic. A reflective story in response to feedback most often uses “I” messages. On the other hand, when a story is told to deflect feedback the speaker often speaks in the second person, using “you” messages. Deflective storytelling will sound to an observer as if it is a lecture being given to the giver of the feedback.

Third, deflection can be seductive. Sometimes, when the recipient of feedback responds with a flattering comment about the giver of feedback and then begins to expound upon his reply using generalities or “you” messages, a disinterested observer can recognize the deflection that is going on. When the observer is also the giver of feedback, though, it’s harder to see through compliments. Schön’s analysis of the dialogue between the student he names “Judith” and her teaching assistant in the design studio (1987, pp. 125-142) has been particularly helpful to me at sensitizing me to become alert to this type of deflection of feedback. There is very little of the respondent in deflective storytelling or deflective flattery.

As educators, we owe it to our student entrepreneurs to help them to see when and in what ways they may tend to deflect rather than reflect upon feedback. Once we help them to see this difference, we are ready to ask ourselves, “Now that they are letting the feedback ‘in,’ in what different ways are they likely to interpret this feedback?”

This is where the schema developed by Dweck and her colleagues can help.

Dweck

Research conducted over a span of more than 30 years by Dweck and assorted co-authors (Dweck, 1975, 2010; Dweck & Leggett, 1988; Elliott & Dweck, 1988; Grant & Dweck, 2003) provides valuable insight as to how we can gain a clearer understanding of the ways in which entrepreneurs receive and respond to feedback once they do let it in.

In their formative research, Dweck and Leggett (1988) described ways in which students’ responses to feedback differ according to whether they are motivated by what these authors distinguished as *learning goals* or *performance goals*. They discovered that when students who rely most heavily on performance goals are given a series of difficult tasks to complete, they lose the motivation to keep trying. This is true regardless of ability. To the contrary, students who describe themselves as having learning goals are motivated by failure; they see failure as an opportunity to learn. The lesson here for entrepreneurship educators is clear. Let’s coach our students to interpret feedback as learning goals, not as performance goals.

Several disputes about the impact of performance goals on students’ motivation to persevere arose in the literature after publication of their 1988 findings. So, after several iterations of their schema, in 2003 Grant and Dweck set forth to clarify some of the nuances around performance

goals. They tested an assortment of subclassifications of learning and performance goals and found that four categories are distinct constructs. They refer to these as *learning*, *outcome*, *ability*, and *normative* types of goals. These more specific findings have a direct bearing on the teaching of entrepreneurship.

Students with learning goals emphasize the interpretation of feedback as an opportunity to learn and to grow. “Learning goals...were shown to facilitate persistence and mastery-oriented behaviors in the face of obstacles, even when perceptions of current ability might be low” (p. 541). Learning goals, they found, “predicted active, engaged responding” (p. 547).

Students with ability goals emphasize the interpretation of feedback as being a measure of their ability. Grant and Dweck (2003) found that ability goals have a favorable effect when performance is high—or when feedback about performance is positive, but have a negative effect when difficulties, setbacks, or failure are encountered. In the challenges set forth in their experiments, “ability goals predicted self-denigration and withdrawal” (p. 547). If you have entrepreneurship students who seem to withdraw in the face of feedback, it may be because they are interpreting that feedback as an evaluation of their ability. You can help them see what they are doing by naming it.

Outcome goals refer to the goal of wanting to do well on a particular task. Outcome goals share some of the characteristics of learning goals and some of the characteristics of ability goals. Thus, Grant and Dweck (2003) conclude that outcome goals are a hybrid. In their study, outcome goals tended to predict a student’s penchant for seeking help with a difficult task. The next time a student asks for special help from you, ponder whether that student is driven by a learning goal or an outcome goal.

Normative ability goals are a special subset of ability goals. Students with normative ability goals emphasize the interpretation of feedback as being a measure of their ability relative to other people. Grant and Dweck (2003) found that normative ability goals were not reliable predictors of either the mastery or the helpless responses. They suggest that the reason for this is that, perhaps “competitive striving might keep individuals from recognizing a poor performance when they produce one” (p. 548). The entrepreneurs I have had the privilege to work with have seldom portrayed this tendency. More often than not, they see themselves as forging a new path where a comparison with others’ performance is not possible, anyway.

The current exposition of Grant and Dweck’s schema can be summarized as follows:

- *Learning Goals* are responses to feedback that emphasize learning or growth.
- *Outcome Goals* are responses to feedback that reflect “wanting to do well.”
- *Ability Performance Goals* are responses to feedback that reflect validation of one’s ability.
- *Normative Ability Performance Goals* are responses to feedback that reflect a desire to compare one’s own performance with the performance of others.

Clearly, interpreting feedback about one’s business plan pitch as a learning goal is the preferred type of reflective response. The question now becomes, “How can we inculcate in our students

the habit-of-mind that first invites reflection upon feedback and then interprets that feedback as an opportunity for learning?”

The Need for Practice

While the pitch is a highly visible and valuable time for a presenter to receive and interpret feedback in a reflective way, students will not be inclined to be open to feedback at that moment if they have not first been taught and given multiple opportunities to practice the art of receiving feedback. They will have been so focused on delivering their pitches that their minds are still racing in “pitch” mode. We must prepare them to shift quickly from pitching mode to listening and reflecting mode. Here’s a three-step model for giving and receiving peer feedback in the classroom that I have found helps greatly to instill the habit of making this mental shift.

Don’t wait until the pitch is finely honed to teach students how to receive feedback. Rather, have them practice giving and receiving feedback to each other, informally, from the moment they start to develop their business ideas. I like to do it in small groups. One person presents her or his idea to two or three other students for a fixed period of time, say 5 minutes, then stops. Others in the group then give feedback. I instruct students to give feedback according to a specific model. The model consists of three prescribed stages. Each stage serves a different purpose.

First, I exhort them to give an immediate, “gut” reaction to the pitch they’ve just heard. I tell them they can use any of four interjections... Ugh!...Huh?...Hmmm... or Wow! They have fun doing this and, because recipients of the feedback know that their peers are instructed to use one of these four guttural responses, they are more open to hearing them than they would be otherwise. I tell them that their partners are doing them a favor by expressing audibly the same thoughts that a real audience may be thinking, but would more likely keep to themselves.

Second, they are to ask questions for clarification. A common reason for any response short of “Wow!” is that the presenter has not described herself clearly. When participants ask questions for clarification, it serves as an invitation to the presenter to try again to state her idea a bit differently. This evokes an experience of feedback as an opportunity to learn. It is important, at stage two, that the givers of feedback do not give ideas or suggestions. An opportunity for that will come next. At this stage, their only purpose is to ask questions for clarification.

At stage three, I invite the givers of feedback to offer suggestions and ideas to the presenter. To make such suggestions most palatable to the student who is receiving the feedback, I ask students to give feedback at this stage in the form of “What if...” questions. For example, a student may say, “What if you were to go to market in such-and-such a way instead?” Or, “What if you offered a simple version of the product for free and charged a premium for upgrades?” The use of “what if” questions when offering suggestions makes it easier for the receiver to listen reflectively.

By following this three stage sequence in class, I have found that students open themselves to reflection upon feedback from their peers and that this habit, once learned, is more likely to spill over to feedback given by me as their teacher, and to feedback given by advisors or investors when a pitch is given for real stakes, such as in a business plan competition.

Summary

The other end of the pitch deserves educators' attention. Our job is to prepare our students to do more than just present their ideas. Our job includes coaching them how to accept feedback about their presentation of those ideas. It is only by paying attention to how our students respond to feedback that we can help them to accept feedback, reflect upon it, and interpret it as a learning opportunity. Given the importance of feedback to entrepreneurial success, those student entrepreneurs who learn to interpret feedback as learning opportunities will increase their likelihood of success of their new business ventures.

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