Investors of the final pitch on the role of entrepreneurial mentoring and financial investment on a green startup’s business growth

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Abstract: Televised Business Pitches, such as Dragons' Den and Shark Tank, have gained popularity as entrepreneurs present their ideas to investors in hopes of securing funding. However, the focus of these shows is primarily on the pitching process itself. For this study, it examines the impact of these shows on its participants, specifically assessing their effectiveness in obtaining financial funding and mentoring and their influence on business growth. By analyzing the episodes and conducting semi-structured interviews with four technology startup ventures featured on the local show The Final Pitch, we collected relevant data. We utilized tables to summarize and tabulate the evidence, integrating identified themes into a cross-case report. Results reveal that The Final Pitch was effective in providing funding and mentorship opportunities for green business startups. However, the received mentoring was only a partial contributor to the businesses' longevity and growth. Meanwhile, the funding alleviated financial constraints and facilitated the realization of ideas and green business expansion. Moreover, newly emergent themes also came out such as signaling, an area that can be explored in future research. In conclusion, Televised Business Pitches offer valuable platforms to startups for acquiring financial support and mentorship.

Keywords: televised business pitches, green startup business growth, entrepreneurial mentoring, self-efficacy theory

1 Introduction

The extensive study of startup investments, including venture capital and crowdfunding, has resulted from well-known funding challenges faced by startups such as inadequate marketing, skill shortage, inappropriate market niche, and shrinking funds (Bryant, 2022; Gerhardt et al., 2022; Ushakov et al., 2022). Televised Business Pitches (TBPs), where entrepreneurs orally present their ideas to potential investors for resources, expertise, and access, have been proposed as a solution (Clark, 2008; Spinuzzi et al., 2014; Spinuzzi et al., 2015; Sabaj et al., 2020). By offering significant investments and crucial knowledge, TBPs increase the chances of startup survival (Smith &Viceisza, 2018).

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The Philippines has seen a significant surge in startups, reporting a 156% increase from 2017 to 2021, accentuating the necessity for funding solutions (Statista, 2022). To address this, The Final Pitch was introduced in 2017. This platform allows budding entrepreneurs to present their innovative concepts to a panel of successful entrepreneurs and CEOs for potential equity investments. With over eight seasons, applicants undergo a screening process, followed by initial and final pitching stages, culminating in a final pitch to their preferred investor judge. Given the popularity of TBPs as platforms for securing financial backing and mentorship, we have become interested in their effectiveness in achieving these objectives.

We posed the question, “What is the role of mentoring and angel investing from The Final Pitch’s investors on a startup’s longevity and growth, specifically the participating startups in The Final Pitch?” To address this, three specific questions were formulated:

1. What is the influence of mentoring from The Final Pitch’s investors on a startup’s longevity and growth?
2. What is the influence of angel investing from The Final Pitch’s investors on a startup’s longevity and growth?
3. What is the impact of mentoring and funding from televised business pitches on a startup’s innovation?

2 Review of related literature

Innovative startups significantly enhance a nation's economic competitiveness (Choi & Kim, 2018). Thus, promoting entrepreneurship is vital, as it impacts innovation, self-employment, and economic (Chang & Cheng, 2022; Aydoğdu, 2019; Zahra & Wright, 2016).

However, entrepreneurial success is often shaped by factors like wealth and education (Lofstrom & Parker, 2014). For entrepreneurs, achieving success means obtaining essential resources for their startups. This achievement is marked by growth in financial terms, sustained operations, and innovation—both technical and managerial.

Startups often grapple with commercializing ideas due to constraints like limited infrastructure and resources, compounded by difficulties in securing external funding owing to their short operating history and scant revenue.

Therefore, entrepreneurs seek various funding sources and mentorship for essential knowledge and skills, emphasizing the importance of venture capitalists and angel investors [1-20]. These investors not only catalyze startup growth and innovation but also provide critical financial support and knowledge for the venture's expansion.

The link between investments, mentoring, and business growth is supported by the resource-based theory (Adekunle & Israel, 2020), which underscores the importance of financial, social, and human resources, along with entrepreneurial skills such as opportunity recognition and resource organization.

Televised Business Pitches (TBPs) present a promising avenue for these entrepreneurs to enhance their startups' success by pitching ideas to prospective investors [21-41]. Successfully convincing investors allows entrepreneurs to secure both funding and mentorship, with startup investments supplying critical financial resources to early stage startups for equity—a primary objective of TBPs. Conversely, mentorship equips entrepreneurs with the necessary skills, knowledge, and traits for managing a startup (Aguiar et al., 2019; Moore & Wang, 2017; Van et al., 2018; Ushakov et al., 2017).

Mentorship offers entrepreneurs an array of benefits, such as enhanced knowledge, improved attitudes, better opportunity recognition, and improved performance, thereby
preventing costly venture mistakes (Waters et al., 2002; St-Jean et al., 2018; Aydoğdu, 2019).

The mentoring functions like career development, psychological support, and role modeling substantially influence the effectiveness of mentoring experiences and provide mentees with significant advantages in their entrepreneurial journey, notably by increasing their self-efficacy (Day & Allen, 2004; St-Jean et al., 2018; Powers et al., 1995).

Career development, a key facet of mentorship, enhances the mentee's professional growth through guidance, sponsorship for opportunities, shielding from adverse situations, and assignment of challenging tasks that increase visibility (Aydoğdu, 2019; Ahsan et al., 2018; Powers et al., 1995).

Likewise, psychological support helps mentees' self-development, offering active listening and insightful advice to handle future challenges (Kram & Hall, 1989; St-Jean et al., 2018).

Moreover, mentors act as role models, instilling inspiration and motivation through positive traits, representing the successful entrepreneur archetype that mentees strive to emulate Moore & Wang, 2017; Zahra & Wright, 2016).

Abovementioned, mentorship confers the advantage of bolstering self-efficacy, an understanding of which necessitates a discussion on learning goal orientation. Learning goal orientation (LGO) reflects a drive for personal growth through skill acquisition and mastery (Wang et al., 2021; Webb, 2009).

Individuals with high LGO view learning as ability-enhancing, whereas those with low LGO see skills as fixed. Within mentoring, LGO is vital in determining mentees' perceptions of skill mastery and their ambition to advance current projects. Entrepreneurs with high LGO, likely drawn to mentoring for constructive feedback and learning opportunities, exhibit higher entrepreneurial self-efficacy.

Albert Bandura's self-efficacy theory (SET) highlights the role of individuals' belief in their capabilities to attain goals, which impacts behavior, motivation, and success (Maddux, 1995).

In entrepreneurship, entrepreneurial self-efficacy (ESE), referring to an entrepreneur's confidence in their successful performance and problem-solving ability, is essential for business growth. Lacking ESE, entrepreneurs might see uncertainty as a barrier, not an opportunity (Maitlo et al., 2020; St-Jean & Tremblay, 2020).

Therefore, mentorship is instrumental in boosting ESE by offering vicarious experiences and fostering entrepreneurial competencies (Baluku et al., 2020; Hu et al., 2021).

While we found multiple studies regarding start-up investment, entrepreneurial mentoring, and business growth focusing on longevity, sales, and innovation, there is little literature regarding Televised Business Pitches and their effect on businesses. Most studies focus on the structure of the pitches to gain more funding rather than the aftereffects of TBPs for businesses funded and mentored. This gap aims to be filled through this research.

3 Theoretical framework

Smith & Viceiszsa's study (2018), focusing on TBPs' unique feature of providing early-stage support and mentorship to startups, inspired this research on The Final Pitch. Unlike their study, which faced data constraints, this research leveraged internal data from companies backed by The Final Pitch to explore mentoring and funding effects on business growth and longevity. We employed resource based and self-efficacy theories to assess the
outcomes. Our study investigated how investments affect growth, accounting for financial capital and startup funding limitations, and examined the influence of various mentoring types, functions, and learning goal orientation on growth.

The following propositions were also formulated:

Proposition 1: Entrepreneurial mentoring and financial funding can be obtained through TBPs as a platform.

Proposition 2: The funding obtained from TBPs can help lower internal financial constraints for the venture, thus contributing to business growth.

Proposition 3: The mentoring obtained from TBPs can help grow the entrepreneurial self-efficacy of the entrepreneurs, thus, contributing to business growth.

4 Methodology

This research used a qualitative method with a descriptive and exploratory design. It adopted a narrative approach to examine the effects of funding and mentoring on business growth. Participant selection was based on information accessibility through our connection to The Final Pitch producers; thus, purposive and convenience sampling were used. The study focused on four technology startups that received mentoring and funding from The Final Pitch and have been operating for 3-5 years after appearing on the show. This is a critical period to measure longevity, as 60% of startups fail at three years, and 50% fail at five years (Calvino & Menon, 2015).

The technology industry is characterized by high entry barriers and the need for substantial financial resources and expertise (Choi & Kim, 2018).

We employed subjective and objective measures based on Aydoğdu's (2019) study for primary data collection. Subjective measures assessed mentoring's impact on entrepreneurial self-efficacy, while objective measures evaluated the effect of mentoring and funding on business growth (McMullan & Vesper, 2001).

Our research methodology was multifaceted and rigorous. Initially, we conducted interviews and meticulously analyzed episodes. Utilizing both deductive and in-vivo coding techniques, we then crafted individual case reports. These reports served as the foundation for our subsequent cross-case analysis.

We anchored our analytical approach on Eisenhardt's (1989) procedures, which encompass both within-case analysis and cross-case pattern discernment. The former involved crafting detailed case study reports, drawing from diverse data sources. The latter, on the other hand, was centered on categorizing and probing the commonalities and disparities across groups. To bolster the validity of our findings, we employed a triangulation method, integrating insights from interviews, episode analyses, and income statements. A comprehensive cross-case report was then formulated, spotlighting the parallels and variances between cases, especially by juxtaposing interview outcomes. Concluding our research process, we verified the emergent relationships identified between various constructs.

5 Key findings

After conducting multiple interviews, we transcribed and coded the data, utilizing both in vivo and deductive coding techniques to identify themes. Some codes were derived from established literature, whereas others were developed to group analogous events and experiences.
We constructed a codebook to systematically document these codes and categories, a few of which can be found in Tab. 1. A total of 31 codes were produced during the analysis.

In complementing the primary interview data, we systematically sourced information from specific episodes of the show. These selected episodes offered key insights into the startups’ initial propositions, collective mentorship sessions, designated assignments, and final presentations.

A. Financial Challenges and Infusion

Delving into the motivations for joining The Final Pitch, interviews revealed three dominant themes:

Financial Constraints: Echoing Park and Bae's (2018) findings, many startups faced financial challenges. Respondent 2 highlighted the need for "fundraising capital," while Respondent 1 was still conceptual, being "merely an idea." In contrast, Respondent 3 was more established, seeking "additional funding and advice." Lastly, Respondent 4 conveyed that although they were experiencing such challenges, they are content with bootstrapping to alleviate funds and expressed other reasons for joining the show.

Management and Mentorship Needs: Respondent 3, while financially stable, sought mentorship for managing a large team. “The education part was in a steady state na, and we’re looking to get additional funding and advice to sort of grow the business element” (Respondent 3, personal communication, June 7, 2023).

Capital Utilization Post-Funding: All participants secured funding, with varied plans for its deployment. Funds were used for operations, team expansion, customer acquisition, tech advancements, and brand amplification.

Table 1: Sample Codebook of the Study

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th># of Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confidant</td>
<td>This code refers to the mentor becoming the mentee's friend, to whom the mentee confides their thoughts, problems, and ideas.</td>
<td>19</td>
</tr>
<tr>
<td>Entrepreneurial Experience</td>
<td>This code refers to the entrepreneur's previous startup experience prior to joining The Final Pitch.</td>
<td>8</td>
</tr>
<tr>
<td>Mentor-Mentee Relationship</td>
<td>This code refers to the nature of the relationship between the investor and the investee.</td>
<td>24</td>
</tr>
<tr>
<td>Situation before TFP - Financial (Constraints)</td>
<td>This code refers to the situation of the business in terms of their financial capabilities and constraints before getting into The Final Pitch.</td>
<td>15</td>
</tr>
</tbody>
</table>

Note. This represents a sample of the study’s codebook. The complete codebook shows the descriptions and total highlights of 31 codes.

B. Learning Goal Orientation

High LGO: All respondents had a high learning goal orientation (LGO), which means they were all eager to increase their competence by acquiring new skills, staying consistent with Culbertson et al. (2010). Respondent 2 even noted that it is “less about initiative, it’s survival.”

Varying Learning Styles: They had different learning styles, with Respondent 1 preferring to learn by doing, Respondent 2 preferring a scientific approach, and Respondent 3 preferring to learn as they go or by getting feedback from others. Lastly, Respondent 4
said, “I’m more of a bibliophile. I read books to learn about the operation of the company” (Respondent 4, personal communication, June 12, 2023).

C. Mentoring Functions

Understanding the extent of mentoring received, the analysis revealed the presence of the three mentoring functions:

Career Development: The mentors from the show offered valuable insights, advice, and expertise related to career planning, goal setting, skill development, and professional advancement, staying consistent with St Jean’s study (2018). An excerpt from Respondent 1 highlighted a representation of this function. When asked about whether the mentors were suggesting other points of view in looking at their business, or opposing them when they disagree with the ideas, Respondent 1 said “Both. And that’s what a healthy investor does, or mentor does, you know… You’re going to be given a lot of data points and opinions or points of views” (Respondent 1, personal communication, May 11, 2023).

Psychological Support: The mentors focused on the mentee’s emotional and personal development as it encompasses providing support, actively listening, and offering guidance to promote the mentee’s self-development. This is represented when Respondent 1 described their mentors as “a good sounding board. They were a good piece or source of advice” (Respondent 1, personal communication, May 11, 2023). For Respondent 2, he mentioned that the investors do “not only connect [him] with very credible entrepreneurs and raise capital through The Final Pitch, but also build relationships [with them]” (Respondent 2, personal communication, May 20, 2023). He later on described one of his mentors as “a partner for life.”

Role Modeling: The mentors inspired and motivated the mentees by exemplifying admirable qualities and traits. This is exemplified when Respondent 3 shared his experience with his mentor saying, “He shared his story. He showed why he brought Baskin Robbins here in the first place, how he won the pitch to get that franchise, and that was part of it…Because that's how we can learn from him” (Respondent 3, personal communication, June 7, 2023).

A similar experience was shared by Respondent 2 when he said, “It’s a story of resilience, and, you know, survival… And when you look at Sir Henry Lim BonLiong’s story, his entire family… that was also very insightful” (Respondent 2, personal communication, May 20, 2023).

D. Peer Mentoring

Peer Mentoring as a Tool: During the interview with Respondent 3, we observed the emergence of a new theme, which is peer mentoring. When asked if Respondent 3 received mentoring after the show, he responded:

So definitely, for me, it's also with the peers... I did have at least the people that we were a part of the same program off. I mean, I still talk to them, I still, you know, reach out to them, but the thing [is], so it's not direct mentorship. I guess it's peer learning and up to now, you know, these are relationships that I personally still hold. (Respondent 3, personal communication, June 7, 2023)

While Respondent 3 was the only respondent to mention this phenomenon, the episode analysis revealed that the show’s structure allowed for interaction and collaboration among its participants. This was present in the challenges given by the investors to their aspiring investees when the challenges required teamwork to accomplish. This allowed the participants to share insights and knowledge and offer new perspectives on certain circumstances.

E. Entrepreneurial Self-Efficacy (ESE)

Shared Inclination Towards ESE: All respondents expressed high confidence in their ideas and own abilities. This may be attributed to their prior experiences in managing other
businesses. Respondent 1 had three prior startups, and he drew upon the knowledge he acquired from those experiences.

Respondent 2 even explained the case when he said: I think if you’re an entrepreneur, if you’re not confident, then there’s no mentoring that will give you confidence. I think confidence is also based on, you know, building a business that’s been validated, where you’ve gone through a series of hypotheses and testing” (Respondent 2, May 20, 2023)

While mentoring helps increase skill and knowledge, it would only translate to increasing ESE if these were used to gain validation or success. These findings are consistent with Maddux's study that an individual's successful experiences increase self-efficacy.

F. Longevity and Innovation

Longevity: All startups are still operational, and their longevity ranges from 4 to 8 years. Respondent 1’s company has been operating for 4 years, Respondent 2's for 5 years, Respondent 3's for 8 years, and Respondent 4's for 5 years.

Innovation: Startups have different priorities when it comes to innovation. The startups in this study did not prioritize technical assistance from TBP, but they did prioritize financial assistance and marketing opportunities. The show's funding helped them with product and technical development, while the mentoring and networking opportunities helped them with non-technical innovation. These resources were crucial to their ongoing development and growth.

G. Signaling Theory

Lastly, this emerging theme was identified during the interview analysis. There were two functions that the signaling theory served:

Signaling to Investors: The show communicated the various qualities of the prospects, indicating to investors their potential as an asset. This was exemplified by Respondent 1’s interview when he said, “We were able to get sponsorships and get more investors [to] actually come in, and having that legitimacy from the get-go really helps out a lot” (Respondent 1, personal communication, May 11, 2023). The theory aligns with Svetek’s study stating that the theory of signaling provides a framework for understanding why some entrepreneurs successfully obtain early-stage equity investments while others do not (Svetek, 2022).

Signaling to Consumers: The show became a platform for startups to try influencing the consumer’s perception of their brand attributes and service quality to establish credibility. This demonstrates Boateng’s research which describes signaling theory as the explanation for the phenomenon of customer choice (Boateng, 2019).

All respondents described exposure as one of the more enticing perks they can get from the show. Respondent 2 described their joining as a good vehicle to tell their story. Likewise, Respondent 1 acknowledged that aside from money, the “PR that comes along with it” is the second reason that led to them joining. Respondent 4 even went on to say that it is their primary reason for joining, saying, “We thought of using The Final Pitch as more of this vehicle or marketing awareness. So more on the awareness side, we wanted to use it as a vehicle for marketing purposes” (Respondent 4, personal communication, June 12, 2023).

6 Conclusion

We concluded that investments and mentoring from The Final Pitch investors partially contributed to startups' longevity and supported their growth to some extent. The study also established the following conclusions:

- The Final Pitch was effective in providing mentoring, but its impact on the business's longevity and growth was only partial. The participants learned from various mentors, but
limited data makes it difficult to ascertain the mentoring's significant contribution to business outcomes.

- The angel investors' funding alleviated financial constraints, enabling the company to realize its idea and expand. Funding was primarily allocated to business operations, research, development, and marketing campaigns.
- The show's most significant contribution to technical innovation is indirect, through funding for research, development, and technology investment. Additionally, mentoring helped entrepreneurs expand their expertise and structure their organizations efficiently with limited resources.

7 Recommendations

Televised Business Pitches present a golden avenue for budding startups to hone their competencies, broaden their horizons, and forge impactful relationships. By harnessing the myriad of mentorship, funding, and networking opportunities available on these platforms, startups can significantly elevate their growth trajectory.

For those budding entrepreneurs with aspirations to feature on such shows, this study serves as a beacon of guidance. By grasping the criteria and anticipations of the show, they can tailor their business concepts, tactics, and pitches to bolster their chances of selection. This encompasses mastering the nuances of negotiation and being cognizant of the potential advantages and pitfalls of the agreements struck.

While this study sheds light on the utility of Televised Business Pitches for mentorship and investment, there remains a vast expanse to be explored. Our focus was primarily on tech startups featured in "The Final Pitch"; however, it's imperative to delve deeper and ascertain if similar trends or motifs are evident in diverse sectors or other TBPs. The meticulous gathering of financial statements could further augment the assessment of the platform's influence.

Interestingly, our research unearthed two nascent themes that warrant deeper exploration: signaling and peer mentoring. Subsequent studies should probe into how TBPs can be adeptly employed to convey a specific message to a targeted demographic and the potential of peer mentoring in enriching the entrepreneurial acumen of participants.

While our study's qualitative and exploratory nature, centered on a mere four cases, might seem limiting, the rigor and depth of our approach ensured the solidity and trustworthiness of our findings. But our contribution transcends mere exploration. Our research has carved out a significant niche in advancing the theoretical discourse on TBPs. By navigating previously unexplored waters and surface intricate insights, we've both enriched the prevailing academic narrative and set the stage for subsequent scholarly pursuits. This endeavor underscores the transformative power of targeted, qualitative research in sculpting and enhancing theoretical paradigms in the realm of Televised Business Pitches.

The allure of Televised Business Pitches (TBPs) is undeniable. They promise a stage where dreams can be pitched, and if the stars align, those dreams can be funded into reality. But beyond the glitz and glamour, TBPs are a crucible, testing the mettle, preparation, and adaptability of every startup that dares to step onto its platform. For startups eyeing this golden opportunity, and for the entrepreneurial ecosystem at large, we present a set of recommendations, distilled from our in-depth study and analysis:

Preparation is Key. The stage of TBPs demands rigorous preparation. Dive deep into the show's format, discern its expectations, and study its past episodes. Tailor your pitch to resonate with its unique rhythm and ethos.
Seek Mentorship. Before stepping into the TBP arena, seek out those who've been there before. Their insights, born from experience, can help you refine your pitch, anticipate challenges, and navigate the intricacies of the show.

Post-Show Engagement: The end of the pitch is not the end of the journey. As evident from our cases, the relationships forged on the show – with mentors, investors, and peers – are invaluable. Collaborate, learn, and grow together.

References


