

SURVIVAL OF THE INDUSTRY FITTEST

A qualitative study on gender and lack of industry fit when applying for
venture capital funding.

Abstract

This study aims to provide more knowledge about gender bias in venture capital funding and dig deeper into the regulatory focus of questions that venture capitalists ask entrepreneurs. The goal of the study is to see if the regulatory focus changes depending on the gender of the founder and the perceived industry fit of the founder. Through conducting interviews, the study aims to provide further knowledge in the above-mentioned area. The analysis of the study shows that there is a tendency for gender industry fit in combination with an entrepreneurial fit to affect the regulatory focus in the questions venture capitalists ask founders. The results of the study point at women being perceived as more ill-fitting in a male-coded industry than men in female-coded industries.

Keywords: Venture capital, start-up companies, industry fit, industry congruence, gender stereotype, gender bias

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1. INTRODUCTION

The following section will briefly explain the background and previous research in the area. Further, the identified research gap will be presented, followed by the purpose and research question of the study.

1.1 Background

Scandinavia is often perceived as one of the leading regions when it comes to equality and diversity in various fields. However, when it comes to venture capital invested in start-up companies, the truth could not be further away. In reality, nearly 90 percent of the venture capital that goes to start-up companies is allocated to all-male founder teams. In comparison, only about two percent is allocated to all-female founded teams, even though female-founded companies perform 45 percent better than male-founded companies when looking at the revenue to funding ratio (Jessen et al., 2020). Despite women performing better, female-founded companies are believed to underperform and to found companies in non-financeable industries (Malmström et al., 2018; Johansson & Malmström, 2015).

The above-mentioned perceptions of the performance of female-founded companies are long since rooted in the view of entrepreneurship being male-coded; thus, females are perceived as ill-fit to work as entrepreneurs (Heilman, 2012). Combined with a robust masculine norm within the venture capitalist industry in general, where the environment is constructed by men and reflects male beliefs and practices (Voitkane et al., 2019; Greene et al., 2001), women are given different prerequisites than men to enter into entrepreneurship. According to Hammarén and Johansson (2014), there is evidence from multiple fields of research that homosociality in the venture capital industry is especially prevalent among men, leading to a male order in the venture capital industry, which excludes women. Not giving equal opportunities to male and female entrepreneurs might lead to certain ideas never being developed. This lack of gender diversity in entrepreneurship can result in economic growth losses, as entrepreneurship is one of the most critical drivers of economic growth (Huggins & Thompson, 2015). Additionally, increased diversity implies more fierce competition, and promoting female entrepreneurship has been shown to have a positive effect on growth in developed countries (Bonnet et al., 2010). Thus,

increasing women's participation in entrepreneurship benefits both women in particular and society overall.

1.2 Previous Research

In recent years, women in entrepreneurship have become an increasingly popular topic, both in research and popular media. Specifically, women's access to venture capital funding has received attention, as the disparity in venture capital funding of male-led versus female-led ventures is towering (Jessen et al., 2020).

A venture capitalist is an investor that provides capital to companies exhibiting high growth potential in exchange for a share of the equity (Zider, 1998). Venture capitalists are willing to risk investing in such companies because they can earn a massive return on their investments if the companies become successful (Zider, 1998). There is a consensus among researchers that venture capitalists treat male and female entrepreneurs differently. Female entrepreneurs receive less capital than male entrepreneurs (Jessen et al., 2020), are seen as cautious and risk-averse (Malmström et al., 2018), and the industries they chose are seen as “less investable” (Johansson & Malmström, 2015). Adding to this, the venture capital community mainly consists of men; thus, traditional masculine norms are upheld in the industry (Voitkane et al., 2019).

Madeline E. Heilman introduced the lack of fit-model in the 1980s. According to the model, discrimination towards women arises from a divergence between what attributes are needed for success in male-stereotype positions and fields, and the attributes women are considered to have (Heilman, 2012). This results in difficulties for women who wish to pursue traditional male tasks (Heilman & Caleo, 2018), such as entrepreneurship. Women in entrepreneurship are further faced with a “stereotype paradox,” meaning that women who conform to their gender role are perceived as insufficient entrepreneurs, as the entrepreneurial stereotype possesses typical male-stereotype attributes. Consequently, if women conform to the entrepreneurial role, they do not conform to the female role and will therefore be perceived as less competent (Malmström et al., 2020).

Further, in a newly published research article by Kanze et al. (2020), it has been shown that there is an imbalance in the amount of capital that venture capitalists are willing to invest in male- and female-founded start-up companies. Kanze et al. (2020) argue that the cause of this is a lack of industry fit, specifically, whether the gender of the founder is perceived to fit the chosen industry or not. Kanze et al. (2020) draw upon the lack of fit-model and argue that female founders are penalized for moving outside of the industries they are perceived to fit, resulting in less funding. However, for male founders, the funding does not differ depending on perceived industry fit (Kanze et al., 2020).

Additionally, researchers argue that women receive less funding due to venture capitalists having a difference in regulatory focus for male and female entrepreneurs (Kanze et al., 2018, Malmström, 2020). In regulatory focus theory, the relationship between an individual's motivation and goal is examined, of which two regulatory foci have been identified: promotion and prevention (Higgins, 1998). An individual with a promotion-focus is motivated by potential gains to be attained, while an individual with a prevention-focus is motivated by the avoidance of potential losses (Brockner et al., 2004). Brockner et al. (2004) further emphasize that for certain aspects of the entrepreneurial process, for example when generating ideas with the potential to be successful, a greater promotion-focus is necessary. Kanze et al. (2018) have investigated the investor-entrepreneur interaction, particularly with what regulatory focus the venture capitalists formulate their questions to the entrepreneur, depending on the gender of the entrepreneur. Kanze et al. (2018) found that men receive more promotion-focused questions, while women receive more preventive-focused questions. Receiving prevention-focused questions decreases the likelihood of raising capital; thus, women are disadvantaged (Kanze et al., 2018).

While industry fit in regards to gender has been somewhat researched, there are, to the authors' knowledge, no studies that have combined industry fit and regulatory focus. Thus, the present study will provide theoretical contributions by combining the theories of regulatory focus and industry fit relating to gender bias.

1.3 Purpose

The purpose of this study is to provide more knowledge within the area of gender bias in venture capital; specifically, to investigate the regulatory focus of questions that venture capitalists ask entrepreneurs in early-stage start-up companies. The utmost goal of the study is to see further if the regulatory focus of the questions changes depending on the gender of the founder and the perceived industry fit of the founder. The present study aims to combine the two above-mentioned studies by Kanze et al. (2018; 2020) and explore whether venture capitalists ask questions with a different regulatory focus regarding the founder's perceived gender industry fit. This can be considered an essential step in unpacking why and how gender discrimination occurs for female entrepreneurs in the venture capital context.

Thus, the study intends to answer the following research questions:

Is there a difference in the regulatory focus of the questions that venture capitalists ask founders during pitch presentations? Can this be derived from gender and perceived industry fit?

Due to the exploratory nature of the research question, a qualitative method was deemed most relevant. Several venture capitalists have been presented with and interviewed alongside one out of four fictitious pitch decks.

1.4 Disposition

The thesis is dispositioned as follows: firstly, a thorough review of previous literature on the subject and theoretical frameworks is presented. Thereafter, the choice of research methodology is presented and discussed. Further, empirical evidence is presented. Following this, a combined analysis and discussion is presented, where the empirical evidence is analyzed and discussed in relation to literature and the theoretical framework. Next, the thesis is concluded. Lastly, limitations of the study and suggestions for further research are presented.

2. LITERATURE REVIEW

This section will introduce existing research on entrepreneurship and gender stereotypes. Further, the theoretical framework will be presented where the lack of fit-model and the concept of regulatory focus are presented in further detail.

2.1 Entrepreneurship

2.1.1 Venture Capital and Entrepreneurship

The study of entrepreneurship is defined as the study of opportunities to introduce new offerings to the market, and the evaluation of such opportunities has become one of the main topics in the realm of entrepreneurship (Shane & Venkataraman, 2000; Gupta et al., 2014). According to Zider (1998), venture capitalist firms play a major role in evaluating business opportunities. More than 80 percent of the money invested by venture capital firms creates the crucial infrastructure required to make a company grow (Zider, 1998). Thus, newly founded ventures often turn to venture capitalists to commercialize their innovation (Zider, 1998).

There are many different attributes that venture capitalists find essential in entrepreneurs. It has been shown that, when evaluating entrepreneurs, venture capitalists place great importance on the management and founding team (Gompers et al., 2020) as well as the personality and experience of the entrepreneur (Nunes José et al., 2014). Additionally, the commitment of the entrepreneurs is an important aspect, such as having invested a considerable portion of one's wealth in the idea (Prasad et al., 2000) - so-called "skin in the game," as it signals that the entrepreneurs genuinely believe that the idea has wealth-creating potential and that the entrepreneurs are less likely to disengage from the process (Frid et al., 2015; Busenitz et al., 2005). Moreover, entrepreneurs are often associated with being achievement-oriented, optimistic, and having high levels of self-efficacy and cognitive skills (Shane & Venkataraman, 2000). Other important factors are that the entrepreneur has the ability to grasp market opportunities, create value, and has a customer focus (Hongtao, 2020).

2.1.2 The Stereotypical Entrepreneur is Male

In 1934, Schumpeter described the entrepreneur as a man of daring and decisiveness who delights in risks and dangers, and today, still, the stereotypical image of an entrepreneur is

strongly associated with masculine attributes (Gupta & Bhawe, 2007; Gupta et al. 2009; Gupta et al. 2014). In the media and press, the typical case of entrepreneurs features a heroic male figure, whereas women are mostly nonexistent or take supportive roles (Ahl, 2007). When depicting “the entrepreneur”, the male pronoun is used more frequently, and terms used to describe the entrepreneur are typically male-gender stereotyped (Hancock et al., 2014). Furthermore, men might experience an incongruence between their gender and occupational identity when being active in a female-coded industry but still maintain their privileges over women (Lupton, 2000), where they also get a large share of the managerial positions (Kvande, 2002).

2.1.3 Women in Entrepreneurship

In almost all societies, women's participation in entrepreneurship is significantly lower than men's (Gupta et al., 2014). This imbalance has led to perpetual discussions in everyday life and academia (Kelley et al., 2011; Gupta et al., 2014). According to Becker-Blease and Sohl (2007), female business owners face more challenges than male business owners, such as women often starting with fewer resources and having more limited access to business clients. Further, women have less opportunity to receive financing for new businesses, both in the form of debt and venture capital (Becker-Blease & Sohl, 2007). Consistent with Becker-Blease and Sohl (2007), Brush (1992) and Carter et al. (2003) support the finding that accessing capital is a primary matter for women-owned businesses.

There have been numerous explanations to why there is such a difference between men and women entering entrepreneurship, such as differences in entrepreneurial orientation (Lim & Envick, 2011), biology and hormones (White et al., 2006), and culture and gender (Shinnar et al., 2012). Further, Gupta et al. (2014) explore the theory of stereotype threat - that people are made aware of negative stereotypes related to their social group and believe that they might be judged because of these stereotypes - in fostering gender differences in new opportunity evaluation, and they suggest that stereotype threat is one explanation for gender differences in entrepreneurial intentions. According to Thebaud (2010), the stereotype threat is said to account for a significant portion of the gender gap in entrepreneurship and may result in women perceiving themselves as less likely to become entrepreneurs and to need higher competence than men to be able to succeed.

2.1.4 Gender Stereotypes in Entrepreneurship

One of the leading theories within feminism is the poststructural feminist theory, where it is argued that gender is a social construct and that from birth, individuals are exposed to different social processes depending on their biological sex, which are made to align individuals with their stereotype (Ahl, 2006; Mirchandani, 1999). The gender stereotype describes how individuals are and how they should act in relation to their gender (Hancock et al., 2014). The stereotypical beliefs and expectations have a functional purpose, as they help lessen the complexity of information we gather about the world (Macrae et al., 1994). Gender stereotypes are deeply nested into our societies and influence our decisions, actions, and judgments (Haines et al., 2016).

The perceived stereotypical attributes ascribed to men and women are contrasting. Men are perceived to have agentic qualities (Hancock et al., 2014), such as being achievement-oriented, inclined to take charge, being autonomous, and rational (Heilman, 2012). Women are assumed to possess communal qualities (Hancock et al., 2014), such as showing concern for others, showing warmth and friendliness, being emotionally sensitive and expressive, and giving deference (Heilman, 2012; Balachandra et al., 2019). According to Bird and Brush (2002), feminine characteristics can play an important role in entrepreneurship, where feminine qualities such as forming relationships and being caring are considered critical for being successful as an entrepreneur.

When further examining what is said to characterize the stereotypical male and female entrepreneurs, these characteristics are not far from the previously mentioned gender stereotypes. Male entrepreneurs are stereotypically perceived as ambitious, risk-taking, willing to grow their businesses, in need of larger investments, and tend to work in the “right” type of industry that is more easily financeable (Malmström et al., 2018; Johansson & Malmström, 2015). Male entrepreneurs are further perceived to have enough resources to engage in high growth, and their ventures are believed to perform well (Malmström et al., 2018). In contrast, female entrepreneurs are often described as being cautious, risk-averse, and reluctant to grow their businesses (Malmström et al., 2018). They are further perceived to only needing small investments, not

having enough resources to engage in high growth, tend to work in the “wrong” type of industries that are not financeable, and their ventures are believed to underperform (Malmström et al., 2018; Johansson & Malmström, 2015). Additionally, the female leader is expected to be more charismatic when having a broader network, while the male leader is expected to be more charismatic in a more centralized network (Brands et al., 2015).

2.1.5 The Stereotype Paradox

From what is described above, one could easily assume that for women to succeed as entrepreneurs, they need to demonstrate behavior that is coded as stereotypically male as these characteristics are required for the role of an entrepreneur. However, as this is seen as incongruent with the female gender role, disapproval and penalties occur when a woman moves too far from her stereotypical gender role (Heilman, 2012). According to Eagly and Karau (2002), the more completely a woman fulfills a role with agentic requirements, the more likely the woman is to provoke unfavorable evaluations as her behavior is seen as deviating from the female gender role. Therefore, even if women want to break free from their gender stereotype and demonstrate that they can take on traditionally male positions, they will likely suffer negative consequences (Heilman, 2012). Malmström et al. (2020) refer to this problem as a “stereotype paradox”, meaning if women conform to their gender role, they do not have a sufficient entrepreneurial attitude, and if they conform to the entrepreneurial role, they do not conform enough to the female role and will be perceived as less competent. There is simply no way for a woman to do it right as she, in any case, will be considered ill-fitting.

2.2 Theoretical Framework

In the following section the two theoretical frameworks, regulatory focus theory and the lack of fit-model, will be introduced. To be able to answer the first research question, “*Is there a difference in the regulatory focus of the questions that venture capitalists ask founders during pitch presentations?*”, regulatory focus theory will be used throughout the thesis to categorize and analyze the empirical evidence. To answer the second research question, “*Can this be derived from gender and perceived industry fit?*”, the lack of fit-model will be used. The lack of fit-model will later be discussed in relation to the empirical evidence.

2.2.1 Regulatory Focus and Investor-Entrepreneur Interactions

Regulatory focus theory looks at the relationship between an individual's motivation and how they approach a goal. This theory is based on the principle that an individual approaches pleasure but avoids pain, and that the individual focuses on the desired end-state (Higgins, 1998). To reach said end-state, the individual is either promotion-oriented or prevention-oriented (Higgins, 1998). If the individual is promotion-oriented, they have a focus on hopes and accomplishments, and are motivated by potential gains (Brockner et al., 2004). In contrast, if the individual is prevention-oriented, they are focused on safety and security, and are motivated by preventing losses (Brockner et al., 2004). A greater promotion focus is necessary when an individual is generating ideas with the potential to be successful (Brockner et al., 2004), and an individual is more likely to have a success-related approach motivation when being promotion-oriented, as opposed to being prevention-oriented (Förster et al., 2001).

Regulatory focus is a part of the investor-entrepreneur interaction. A study by Kanze et al. (2018) revealed that male entrepreneurs are asked different questions by venture capitalists during pitch presentations compared to their female counterparts. According to Kanze et al. (2018), men are more likely to receive promotion-focused questions, whereas women are more likely to receive prevention-focused questions. Consistent with Kanze et al. (2018), Malmström et al. (2020) found that when pitching their companies with similar degrees of promotion and prevention language, women got asked more prevention-focused questions, and men more promotion-focused questions. Kanze et al. (2018) determine that, the possibility of that entrepreneur receiving capital funding diminishes for each additional prevention-focused question. Additionally, those receiving promotion-focused questions raise higher amounts of funding, resulting in men receiving funding more often and in larger amounts. However, according to Kanze et al. (2018), the disparity can be prevented by replying to the prevention-focused questions with a promotion-focused answer.

2.2.2 Lack of Fit-Model

According to Heilman's lack of fit-model (Figure 1.), discrimination towards women arises from a discrepancy between the attributes perceived as essential for succeeding in male-coded

positions and industries, and the attributes women are believed to have (Heilman & Caleo, 2018). An essential concept of the model is that the male and female stereotypes are opposites. Thus, as women are perceived to possess communal characteristics, they are not seen as agentic at all, as agency is considered to belong to the opposite gender - and the same effect occurs for men and communal characteristics (Heilman & Caleo, 2018).

Figure 1 depicts the lack of fit-model and how it leads to different outcomes. The present study will use the lack of fit-model in the following way. Firstly, perceived attributes and the perceived job requirements lead to an assessment of fit, venture capitalists make this assessment about entrepreneurs. Secondly, the venture capitalists form performance expectations based on the fit assessment. Thirdly, the performance expectations lead to evaluations and judgements, which lastly result in different funding outcomes.

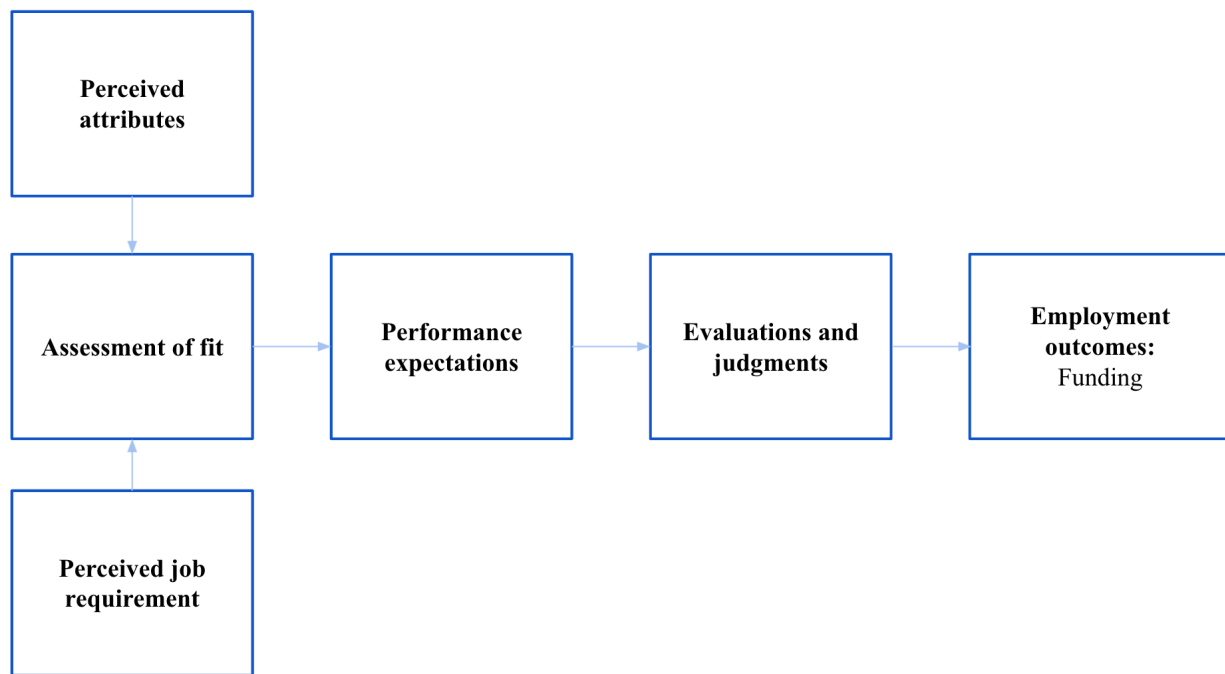


Figure 1. The Lack of Fit-model

According to Kanze et al. (2020), investors perceive a lower degree of fit for females in male-dominated industries compared to males in female-dominated industries; thus, investors are less inclined to invest larger amounts of money for female-led ventures in male-dominated

industries. It has further been shown by Kanze et al. (2020) that when it comes to raising capital, women operating in male-dominated industries receive less funding than women operating in female-led industries. However, men receive the same amount of funding regardless of the industry they are in (Kanze et al., 2020).

2.3 Summary of Literature Review

When considering personal traits that are important for the typical entrepreneur, many venture capitalists mention attributes such as being achievement-oriented, having high levels of self-efficacy and cognitive skills. These attributes can be seen as agentic and fit the stereotypical image of both a male and an entrepreneur. As female entrepreneurs are stereotypically seen as cautious and less risk-taking - attributes that are incongruent with the entrepreneurial stereotype - they are further away from the image of the typical entrepreneur compared to most men. Thus, the obstacle for women is that they are seen as less competent for the job as entrepreneurs in the eyes of a venture capitalist. When female entrepreneurs try to overcome this obstacle by showing more entrepreneurial attributes, they are perceived as moving too far away from the stereotypical image of a woman. Thus, they are seen as ill-fitting to their gender role, which also provokes unfavorable considerations. Therefore, when a woman tries to pitch for a company in an industry that is perceived to be too far away from her gender role, a lack of fit is perceived, and the woman will be penalized for this by receiving less capital than male entrepreneurs, and more prevention-focused questions. In contrast, the male entrepreneur will receive promotion-focused questions and will not be penalized for moving outside of his perceived lack of fit.

3. METHODOLOGY

The following section will describe the chosen research methodology and its critique and further outline the interviews' construction and execution.

3.1 The Qualitative Method

To answer the research questions, *“Is there a difference in the regulatory focus of the questions that venture capitalists ask founders during pitch presentations? Can this be derived from gender and perceived industry fit?”*, a qualitative approach was considered most suitable. The qualitative method contributes to in-depth understanding and interpretation of opinions (Bryman & Bell, 2015). Conducting interviews is the optimal choice to acquire the necessary empirical evidence. This way, the authors have the possibility to examine and identify regulatory focus in the venture capitalists' ways of formulating themselves when speaking, and are further given insight into what the interviewee sees as relevant and important (Bryman & Bell, 2015). A semi-structured approach with open-ended questions was applied for the interview questions to allow room for follow-up questions and free-flowing answers from the interviewees (Appendix A). Through this study, it was possible to investigate and compare pitch decks where the only differences are the gender of the founder and the perceived gender code of the industry.

Bryman and Bell (2015) present some commonly raised criticisms towards the qualitative method. First, as the findings depend upon the author's opinions on what is important, qualitative research can become too subjective. Second, since conducting qualitative research is most often unstructured and overly reliant on the author's personal opinion, duplicating the research becomes almost impossible. Third, due to the unstructured process of doing qualitative research, lack of transparency becomes an issue. Fourth, the findings are not broadly generalizable as the study only examines a small sample of individuals (Bryman & Bell, 2015). However, to explore new terrain in research and find areas that might need to be explored further, the qualitative method was deemed most fitting.

3.2 The Pitch Decks

To be able to investigate different scenarios of industry fit and gender, four pitch decks were constructed. The first pitch deck exhibits a male founder of a whisky application,

BourbonVoyage, which has been identified as a male-coded industry. The second pitch deck exhibits the same whisky application, however, with a female founder. Following, the third pitch deck exhibits a female founder of a baby application, HelloBaby, which has been identified as a female-coded industry. Lastly, the fourth pitch deck exhibits the same baby application with a male founder (Appendix B).

The pitch decks were constructed to be as identical as possible. The pictures of the male and female founders were thoughtfully chosen to match each other to eliminate the risk of bias regarding age and ethnicity. The work experience, and educational background, were identical for the male and female founders pitching for the same company, where the founder of the whisky application had previous work-life experience from a whisky company and the founder of the baby application had work-life experience from a baby company. The picture of the founder was placed at the beginning of the pitch deck for the investors to notice the gender of the founder, but without making it too obvious. Additionally, the founder's name was mentioned during the interview questions to further remind the respondent of the founder's gender in a subtle way.

To avoid the results being affected by differentiating business ideas, the male and female-coded industries were chosen based on both having the ability to be made into an application providing tracking of experiences, personal journals, and product recommendations. The decision to construct a pitch deck with an application as the start-up idea makes it possible to have very similar businesses, with the only difference being the industry. The chosen industries have about the same current market size and similar expected growth rates (Statista, 2020, 2021). The baby care market size in 2020 was 67.35 billion USD, and the whisky market 65.27 billion USD the same year (Statista, 2020, 2021).

3.3 The Respondents

Investors from seven different Swedish venture capital firms participated in the interviews, most of them were early-stage investors, however, some invested only in later funding rounds. The interviewees were asked to imagine themselves in a position where they would invest in early-stage start-ups. The investors live and work all over Sweden and are of varying ages. When

contacting the respondents through email, they were asked to participate in a short interview, around 15-20 minutes, regarding the investment process. A total of 70 investors were contacted, out of which 23 chose to participate. Out of the respondents, 12 were male, and 11 were female.

3.4 The Interviews

All interviews were conducted through online video calls. The respondents had a few days prior to the interview received one out of four pitch decks, of which the investor was asked about during the interview. Distributing the pitch decks beforehand gave the investors the opportunity to summarize their thoughts, which is beneficial as they were able to start with what they found most important. The respondents were not told the purpose behind the interview, nor that there were other pitch decks. The pitch decks were distributed in a way to have as equal amounts as possible of male and female investors viewing the same pitch deck. The gender distribution for each pitch deck can be found in the following table:

Table 1. Gender Distribution

Pitch deck 1		Pitch deck 2		Pitch deck 3		Pitch deck 4	
1.1	Female	2.1	Female	3.1	Female	4.1	Female
1.2	Male	2.2	Male	3.2	Male	4.2	Male
1.3	Female	2.3	Male	3.3	Female	4.3	Female
1.4	Male	2.4	Female	3.4	Female	4.4	Male
1.5	Female	2.5	Male	3.5	Male	4.5	Male
		2.6	Male			4.6	Male
		2.7	Female				

3.5 Organizing the Empirical Evidence

The transcribed interviews were translated from Swedish to English and further placed into a table identifying the questions asked by the venture capitalists. The translation could result in misinterpretations and inaccurate regulatory focus coding. To prevent mistakes as much as possible, both authors collaborated during the translation and coding process.

The coding and further analysis of the interviews are based on the regulatory focus coding previously conducted by Kanze et al. (2018), where they categorize the venture capitalists' questions into concepts under either promotion or prevention. The reason for using the same categorization as Kanze et al. (2018) is that they have also examined pitch presentations; thus, their categorization was deemed most fitting for the present study. Promotion-focused concepts are those that are related to hopes, accomplishments and potential gains. In the case of our study on start-ups, and as identified by Kanze et al. (2018), those concepts include market opportunity, customer acquisition, assets, self-promotion, sales, vision and forecast. Prevention-focused concepts are those relating to safety, security and prevention losses. In our study, and as identified by Kanze et al. (2018), those concepts include team capabilities, execution, competition, operating efficiency and customer retention. The coding of the interviews of this study is summarized in a table found in Appendix C.

4. EMPIRICAL EVIDENCE

The following section will present the empirical evidence derived from the conducted interviews in four different sections, one for each pitch deck. Firstly, the empirical evidence from the two pitch decks regarding the whisky industry will be presented. Secondly, the empirical evidence from the two pitch decks regarding the baby industry will be presented.

4.1 Pitch Deck 1: Linus in the Whisky Industry

The first pitch deck portrays a male founder in a male-coded industry. The investors were presented with a pitch deck featuring Linus, founder of the whisky application “BourbonVoyage” (Appendix B).

Among the first areas mentioned by the investors were the founder’s background. The investors wanted to know his story, why he started the company, how he got the idea and if he has a special relation to the idea.

“I would say, take it from the beginning. How did you get here, what made you do this, to hear more about who he is, and if he has some kind of special relation to the idea? I would like to hear his story. [...] Then, I would like to hear about his, the pitcher’s, story, which is very important in order to understand who he is.” Interviewee 1.4.

A critical aspect for the investors is that the founder has a relevant background in the industry he wants to start a company. This is to make sure that the team has a fundamental understanding of the industry and its problems that one can only get from being in the industry and learning the problems hands-on.

“It makes a huge difference if the person has relevant experience [...] Not only a background within start-ups, but specifically, one wants to see that the person in question has experience that is the key to what he’s doing now. ‘I’ve done this before, then I learned this, that is why I’m doing this now.’ It is important for the team to be very familiar with the problem and to understand things that other people don’t know about - to be able to do things other people cannot!” Interviewee 1.4.

Further, important points of the business idea were uniqueness, as well as customer need identification. The founder would be asked to explain how this application would be differentiated from its competitors and elaborate on the customer need for the application.

“The thing I want to raise extra much considers uniqueness. What do you have that differentiates you from your competitors?” Interviewee 1.1

“I always think the most important thing is to truly understand the purpose of the idea, it does not always have to be super clear how the money will come in, but the need, who I am going to satisfy, and why. [...] It is easier to buy from someone who truly understands the problem, and who has not just sought an area where one thinks there is a problem.” Interviewee 1.2

The investors would ask the founder to explain his definition of the market, a go-to-market plan, and the market potential he sees - specifically, whether this is a local product or something that will be launched globally.

“How many individuals are in the target group and what target group does one imagine? Is one imagining the young, urban people in Sweden or is it in the world? [...] What limitation does one have, is it Sweden, the Nordics, Europe or is it global? How is one going to get there [to the European market]?” Interviewee 1.1.

Learning about the people behind the business idea is of great relevance for the investors, as it is crucial for them to truly understand the people behind the idea to get a whole picture of the company. How the team complements the founder with their competencies, as well as being transparent with the competencies they are missing today is of further importance for the investors. The investors specifically mentioned that competence within tech and marketing would be needed within the team.

“One would have wanted a description of the competencies that are present in the company, how the others in the team complement Linus [...] An investor would also like to see what the ownership looks like today. If I as an investor am to go and invest in this company I will become an owner, so one wants to get a picture of the ownership. [...] one needs to be clear about what competencies there are in the company [...] that one really says that ‘we realize that we do not have the selling competencies necessary to start sales, therefore we will hire a good salesman’, or whatever it is.” Interviewee 1.1.

The founder would be asked to explain his thoughts around costs and revenue. The investors would ask the founder to elaborate how the monthly users would be converted into “real revenue” and explain the reason behind the subscription cost, whether he thought people would be willing to pay for this, and why.

“Even if one might create interest, he has got numbers for 30 000 users, that is pretty much, and that’s good. But the question is how to convert them to real revenue? The real question is how to make them pay, and how to build a retail business around it.” Interviewee 1.4.

Further comments about the entrepreneur himself were that he is quite stereotypical and that investors often see this type of person trying to raise investment capital.

“[...] he is quite typical, he ticks all the criteria that we see for these 25-year old, hungry, self-confident guys raising capital. He ticks in them all. [...]” Interviewee 1.5.

4.2 Pitch Deck 2: Louise in the Whisky Industry

The second pitch deck portrays a female founder in a male-coded industry. The investors were presented with a pitch deck featuring Louise, founder of the whisky application “BourbonVoyage” (Appendix B).

Above all else, the investors emphasized the value of having a solid team with skills that would complement those of the founder, preferably consisting of two to three people. Therefore, the investors would have liked to see a team recruitment plan and a more specific description about

the current employees and some information about whether there are any other investors. The ability to build a team and have good cooperation skills were emphasized by the investors, as some competencies such as technical competence and sales competence would need to be acquired and tied to the company. Being able to handle people was highlighted as a key attribute of the entrepreneur, as this also enables the entrepreneur to raise capital and get together all of the relevant people.

“Here we have Louise who is clearly experienced within the area, she has an economic background, that is definitely a positive thing but I would have liked to hear more about the team. It’s possible that Louise is a multi-talent that can code the app, but I am doubtful [...] It’s very common that small businesses outsource the development of the app, which is completely fine, but when it comes to sales - it’s possible that Louise is a machine and can do everything, but I would have liked to see plans for recruitment of a team around her.” Interviewee 2.4.

Many investors commented on the importance of having relevant experience within the chosen industry, thus genuinely understanding its ecosystem. That the founder has previous experience in the chosen industry was therefore interpreted as a critical factor for success, and the investors were interested in hearing more about the development of the company. What drives the entrepreneur is also a relevant question to the investors.

“[...] the knowledge in the relevant domain, that she knows the industry, how it works, what ecosystem one is a part of, what relationships you have with customers and suppliers. What ultimately builds a good business in this industry? There are also several keys where those who have been active in the industry know how it works.” Interviewee 2.6.

Moreover, the investors reacted to a lack of vision and problem description. They would have liked the founder to take a starting point in the problem she wants to solve and present how the customers currently resolve it. Thereafter, the investors would like the founder to present what benefits this solution would add for the customers.

“I am missing a vision - that the company describes what they want. [...] one is quick to jump to a solution, but I would have wanted to see a description of the problem and the customer's needs. [...] I would also like to have seen how the customer solves the problem today. And a description of the benefits of the company's solution. “ Interviewee 2.2.

The market definition is another relevant topic for investors. The founder would be asked to describe the chosen market in detail and explain its definition. She would be asked to explain the chosen target audience and how penetrating the proposed solution would be. Adding to this, the investors would ask her to show some evidence that this market is actually growing. The founder would further be asked to elaborate on the expected market share and how the application would grow. Furthermore, many investors emphasized the global potential of the application and saw the Swedish market as too small for this kind of business idea.

“I would have asked multiple questions about the market: how many are there within the target audience? How penetrating do you think you can be in this market? How big a share does one think one can get? And is this something that people will talk with each other about? Is this kind of some kind of network effect? We always like products that sell themselves, that is the dream, so that would have been the optimal thing. 3% is all right as long as the market is big enough.” Interviewee 2.4.

“This is a direct global product which I like. All that is necessary is the English language and the whole world's whisky markets will be covered. The global whisky market is big and growing and there are a lot of enthusiasts and also sufficiently interested people out there.” Interviewee 2.3.

The founder would be asked to answer questions regarding the expected Customer Lifetime Value (CLV) and the cost to acquire a customer. She would further be asked to elaborate on how this idea has been financed up until now and whether other investors have been approached. Her thoughts on the company's valuation would be needed to consider, as this determines how much of the company share the investors would get.

“We never take the investment fully by ourselves - I would ask how they see that? [...] Have they done a risk capital journey before, do they know what that would entail? It is a plus if they know what it entails.” Interviewee 2.5.

Lastly, the investors were interested in hearing the founder’s thoughts on the users of the application and customer retention. Many investors reacted to the application’s subscription cost, as they did not believe this cost to be reasonable. They, therefore, wanted to know how many customers there currently are and how many of these are paying to use the application. Further, they wanted to know more about the expected churn rate and whether there is an interest within the team to follow this up.

“I would like to know more about where they are now in relation to their goals? Has the app been released, how many users does it have and how many of these are paying? I would probably also ask how well they follow the so-called “churn-rate”, how long they get to keep the customers for a certain period of time? And check whether there is someone among the employees or the founder himself that has an interest in following this up.” Interviewee 2.5.

4.3 Pitch Deck 3: Louise in the Baby Industry

The third pitch deck depicts a female founder in a female-coded industry. The investors were presented with a pitch deck featuring Louise, founder of the baby application “HelloBaby” (Appendix B).

First of all, the investors were interested to learn more about the founder’s background and the driving forces that made her create the company. She would further be asked to explain how she had identified the problem. One of the most vital points mentioned was that the company should exist to solve a problem and not try to make up a problem after founding the company. Therefore, she should be expected to explain the customer's need for this product.

“The first that I would like to understand is the background for why she chooses to start this company and the business idea, what driving forces, where is she coming from and what vision does she have. To understand the most fundamental driving forces. [...] One prefers to invest in founders and companies that want to solve a problem rather than making money. [...] One does not want a founder who first starts a company and then tries to come up with an idea.” Interviewee 3.5.

Further, the founder would be asked to explain the definition of the market and the traction. The investors wanted to learn more about the size of the market and the share it constitutes, which geographical market she imagines, and how virality of the product would be achieved. The founder would also be asked to elaborate on the planned marketing activities.

“I would ask her to quickly explain the market. The size, and how she will reach the market. Go-to-market.” Interviewee 3.2.

“Somehow, some kind of virality is needed here, paid marketing would probably not work here. How is this virality going to be achieved?” Interviewee 3.5.

Moreover, the founder would be asked to present the competitive landscape, how her application is unique compared to similar applications, and present the competitive advantages and the possibility of building competitive barriers.

“Then, I would ask her to present the competitive landscape, what options are there? [...] I would like to hear her thoughts on that - what the options or competitors are.” Interviewee 3.2.

It was emphasized by the investors that the “lone founder” is something that many are skeptical of. Therefore, the founder would be asked to present more information about the team and explain whether the team is complete to bring this to the market. The founder was advised to find key individuals that could support her just because they believe in her idea, preferably within digital marketing, tech, and sales, and incentivize them to stay in the company. The investors

would ask questions regarding what the ownership currently looks like and the structure of the board. Another important aspect is the team's relationship with its investors and that the investors should be experienced enough to give the proper support and not be in the way.

“They would need to tie in the best people, she would need to build a team with key individuals that complement her in a good way and get them incentives as co-founders to make them as motivated as her. Find competencies for this area, digital marketing, and so on is not possible to buy for early companies, she would need to find “supporters” who are kind and willing to help her. “ Interviewee 3.4.

Further, the founder would be asked to describe the business model and whether there are other possible business models than subscriptions. She would need to explain her thoughts around the customer acquisition cost and CLV. She would be asked to elaborate on her thoughts around the suggested monthly subscription cost and whether the customers would be willing to pay for this.

“[...] what validates that one is willing to pay for this? What makes this the right business model, with some kind of monthly subscription? I would like to see some evidence of similar products that have had the ability to charge this kind of amount. “ Interviewee 3.5.

Lastly, the investors would ask questions regarding how long the investment will last, how the investment is going to be used, and how much work is left before the application can be launched.

“I would ask about her thoughts around 3 million kr, how is she going to use these money? [...] How far has one come with the app? What is the current status, is the development finished, or how much more is there to do before launch? ” Interviewee 3.1.

Other comments about the founder were that it would be advantageous for her to be in the middle of the target group, which would give her an understanding of how the target group acts. Further, it would be useful for the founder to have a large network.

“[...] the characteristic of being in the middle of the target group, having a large network and knowledge about how 25-35 year-olds becoming mothers act, and explain to me, as an investor, in a credible way how the world works. She should really possess these attributes.” Interviewee 3.2.

4.4 Pitch Deck 4: Linus in the Baby Industry

The fourth pitch deck depicts a male founder in a female-coded industry. The investors were presented with a pitch deck featuring Linus, founder of the baby application “HelloBaby” (Appendix B).

First of all, the founder would be asked to tell the investors about his background and how he got the idea. The investors want to truly understand his passion and driving forces, what makes him believe in the idea and what he wants to accomplish with this start-up company.

“I would have asked about his background from Jollyroom. Asked to hear more about his background, experiences, and how it went with Jollyroom. How did he arrive at HelloBaby, what was the background there? To understand his passion a little. What are his driving forces? What does he want to accomplish with this start-up?” Interviewee 4.4.

As most investors rarely invest in one person, the founder would be asked whether he has thought about building the team, especially around co-founders. The founder would be asked questions about the incentives of the co-founders. The investors would further like to know what the founder’s role in the team would be and emphasized having a complementing team within crucial areas such as technical development, marketing, and sales.

“[...] if one is to invest in this, the people behind are super important, he would need to get together a great team that can deliver this. [...] Show a team with different personalities with hands-on experience, the most important thing in his leadership is to find a good team to surround himself with, and as a leader, he should be the one who coaches everyone around. He should be able to sell the idea.” Interviewee 4.2.

The market would be another area of importance for the investors. They would especially emphasize the internationalization plan and whether it would be easy to adapt to an international market. Moreover, the investors would ask about how to reach the intended target market and what message to send them. The founder would further be asked to elaborate on the identified problem, barriers to enter the market, and what competitors there are. Additionally, the investors would ask about the churn rate and whether it would be possible to keep the customers for a more extended period.

“The market size is very unclear, how many potential users are there, what is the value on the market and how are these supposed to be reached? What is the message we are going to send to reach the target group we want? Important to have an idea of knowing where to find them. [...] It looks like there will be a lot of focus on the Swedish market - how is one going to scale this to make it international? Will it look the same in England, in France? Will it be easy to scale to a global market or will there be a need to make local adaptations? [...] There are a plethora of apps that are supposed to help parents in various ways, where are the competitors? There are always competitors, even if they're not doing the exact same thing, they are still competing for your 69 kr per month.” Interviewee 4.6.

“Why would one lose the customer after 24 months? Isn't it possible to keep the customer?” Interviewee 4.4.

The investors would request a financial plan and ask questions regarding this. They would like to see evidence for the numbers he has presented and whether he has tested the business idea on any customers yet. The founder would be asked to answer cost-related questions regarding how to lower the customer acquisition cost, how their partners and affiliate links will generate money, as well as how the investors will get the money back with interest.

“First and foremost, I would ask about their go-to-market strategy. Describe more about their affiliates. Do they have partners? How can they reach their target group as cost-efficiently as possible? Can they get the CAC [customer acquisition cost] down?

How do they reach this channel, what is the strategy? How does the go-to-market strategy differentiate from the competitors’?” Interviewee 4.4.

The female investors were critical towards a man presenting an idea that was targeted directly to women. In their opinion, it would be tough for him to understand the target group truly, and he would therefore be strongly advised to have some kind of advisor or co-founder who is closer to the target group.

“When men raise ideas in industries that target women - I would advise him to find a female co-founder. Partly because I believe in diversity, which is fundamental for a team. But I think that if you are going to sell something to a target group, if you don’t know what it’s like to be in the said group. [...] If you are going to sell something that is so fundamentally associated with women [...] I think he would benefit extremely from having a female co-founder.” Interviewee 4.3.

“It might be tough for him to understand the target group unless he has kids or smaller siblings, which is why the team might be the solution. [...] This business idea might be tough for Linus. By having someone relevant on the ‘advisory board’, one can get away with pretty much. [...] I think that the target group is women. Men do not go into these types of forums [...]” Interviewee 4.1.

5. ANALYSIS AND DISCUSSION

The following section will analyze and discuss the empirical evidence in relation to literature and the theoretical framework. Firstly, an analysis of the two pitch decks from the whisky application BourbonVoyage will be presented. Here, the similarities and differences will be brought up regarding regulatory focus, followed by a discussion. Secondly, an analysis of the two pitch decks from the baby application HelloBaby will be presented. Once again, the similarities and differences will be brought up regarding regulatory focus, followed by a discussion. Lastly, a general discussion will follow, connecting back to the theoretical frameworks.

5.1 BourbonVoyage

5.1.1 Take It From the Beginning

First of all, there was a difference in the initial questions that the investors chose to ask the entrepreneurs. When the investors were presented with the pitch deck of the female entrepreneur, they tended to start asking her team-based questions or asking team-related questions very early on in the interview. However, when the investors were presented with the male founder, they tended to start asking him questions about himself, his background, and the company idea - self-promotional questions. As team-related questions are coded as preventive, and self-promotional questions are promotion-coded, the initial question differs in regulatory focus.

5.1.2 The Team is Very Important

While it should be noted that most of the investors emphasized that the team is vital for any start-up company, there was a notable difference both in the number of questions and in the emphasis that was given to each founder regarding the team. While the male founder did receive questions and comments about the team, he got these at a later stage of the interview, as opposed to the female founder who got these questions early on.

When further examining the different features of the team, the investors who received the pitch deck with a female founder brought up a variety of team-related areas that are important for her to consider. Attention was given towards her abilities to build a team, whether she had the ability to handle other people, but also whether other investors were on board. The male founder

received more questions regarding the team's competencies and whether they complement him in a relevant way.

5.1.3 I Would Like to Hear His Story

While both founders were given positive attention towards having a relevant industry background and experience, the male founder was asked to present his background and story early on - often initially - during the interviews. In contrast, the female founder would more often receive these questions at a later stage. This implies that the male entrepreneur's initial questions are promotion-focused, while the promotion-focused questions come later on for the female entrepreneur.

5.1.4 How Have You Defined the Market?

Both founders were asked to define the market, as some investors identified it as unclear in the pitch deck. However, there was a distinct difference in the type of questions regarding the regulatory focus that the founders would receive. The female founder would receive more questions about market share and be asked to provide evidence regarding the market, both of which are prevention-focused. The male founder would be asked about the market potential and go-to-market strategy, both promotion-focused areas.

5.1.5 What About the Customers?

When examining customer-related questions, there is a clear distinction between the regulatory focus for the two founders. The male founder received promotion-focused questions about the uniqueness of the application and how he has identified the needs of customers. The female founder was said to lack a clear problem description and an overall vision for the company, which are prevention-focused. Further, the female founder received more prevention-focused questions regarding CLV, customer retention, and churn rates, areas the male founder would not be asked about at all. However, the male founder was asked to elaborate on how to convert users into "real revenue" and why people would be willing to pay, which are categorized as prevention-focused.

5.1.6 He is the Typical Entrepreneur

Lastly, one of the investors mentioned that the male founder is “the typical entrepreneur” - meaning that this is the kind of person investors usually see pitching for venture capital. He is young, hungry, self-confident, and has identified an interesting trend of which he is “riding the wave”. Despite conforming to the entrepreneurial stereotype, it should be noted that the investor’s comment could be negatively interpreted due to its context, implying that this kind of typical entrepreneur is too generic, and that they want to see something new.

5.1.7 Discussion BourbonVoyage

In the empirical evidence, the male founder was described as “the typical entrepreneur” with attributes such as being self-confident, an agentic quality traditionally associated with men and male entrepreneurship (Heilman, 2012; Malmström et al., 2018). The same words were not expressed about the female founder, which was evident throughout the empirical evidence.

The female founder received team-related questions early on in the interview - as opposed to the male founder who received self-promotion questions - this indicates that the investors perceive the male and female founders differently. While it has been shown that even though the female entrepreneur might come off as competent when having agentic attributes, she might still suffer from being too far away from her stereotypical role as a female. This makes her incongruent with entrepreneurship, which is in line with the stereotype paradox mentioned by Malmström et al. (2020). Adding to this, the female founder pitches for a company in a male-coded industry which creates a further incongruence in how she is perceived - an additional lack of fit. Therefore, the investors might perceive her, by herself, as not being sufficient to be a successful entrepreneur in the chosen industry, hence, the investors feel she might require a team to strengthen her and her company.

Seeing that the investors expect the female founder to have the abilities to build and lead a team, consistency with Gupta et al. (2014) can be found. They argue that characteristics of feminine nature can play an important role in entrepreneurship, where qualities such as forming relationships are considered critical for being successful as an entrepreneur.

When examining the questions overall, there was a difference in regulatory focus between the genders in nearly every area, and many areas that the investors asked the female founder about were not even touched upon for the male founder. The empirical evidence showed a tendency towards the male founder receiving a higher degree of promotion-focused questions and the female founder receiving a higher degree of prevention-focused questions. Therefore, the overall results are consistent with previous research by Kanze et al. (2018), that male founders tend to receive more promotion-focused questions, and female founders tend to receive more preventive-focused questions. This points to the female's disadvantage and implies that she might need to prove herself more than her male counterpart right from the start of presenting, which can be said to be relating to her perceived fit in the chosen industry, as well as her entrepreneurial fit.

5.2 HelloBaby

5.2.1 Tell Us Your Story!

When the investors were to ask the initial questions for the founders of HelloBaby, the investors started by asking about the founders' background and their driving forces behind creating HelloBaby. The regulatory focus was promotion-focused in both cases, and no apparent difference in the choice of initial questions could be noted.

5.2.2 What About the Team?

Quite early on, the investors asked about team capabilities and what competencies the founders need to build a complete team. Relating to this, the female founder was asked about the company's current ownership and other investors, whereas the male founder was asked about what he sees his role in the team to be. Both were advised to find potential co-founders and further provide the co-founders and potential new team members with incentives to stay in the company. These themes are all prevention-focused, and no considerable difference could be noted between the founders.

5.2.3 The Market and the Customer Need

Both founders would receive a mix between promotion-focused and prevention-focused questions regarding the market and customer needs. Both would receive promotion-focused

questions concerning market definition, geographical market, and questions relating to customer acquisition. The female founder was asked about market share and size, which is also promotion-focused. Further, the female founder was asked how she will build competitive barriers towards competitors, and the male founder was asked what barriers to enter he and his team will face. Both of these are prevention-focused. All in all, no considerable difference could be noted in this area.

5.2.4 Who are Your Competitors?

A considerable difference could be noted in the questions regarding the competition, which is a prevention-focused area. The female founder would receive a more considerable amount of questions within this area while also focusing on the uniqueness of her idea in comparison to said competitors. Additionally, the female would be asked to elaborate on planned marketing activities to reach customers and achieve virality, which relates to the promotion-focused concept of customer acquisition.

5.2.5 In the Middle of the Target Group

Regarding the customer target group, the female founder received positive attention to herself being right in the middle of said group. The investors reasoned that because of this, she will be able to understand the customers and their needs better, and can therefore be coded as promotion-focused. The male founder, on the other hand, was asked about how he planned to reach his target and what message he would send to them. He was further advised to find a female co-founder or advisor closer to the target group, as he might otherwise have difficulties understanding the target group and their needs - which can be coded as preventive.

Both founders were asked prevention-focused questions about the customer acquisition cost. Further, the female founder was asked about CLV and the willingness to pay for the subscription, both prevention-focused. The male founder was asked about churn rate and a financial plan, and the investors would have liked to see evidence proving his presented numbers, which are also prevention-focused.

Lastly, the female founder was asked questions with a preventive regulatory focus about the investment runway and how much is left to do before launching the application.

5.2.6 Discussion HelloBaby

Overall, for the HelloBaby pitch decks, there were more similarities than differences in the questions and comments that the founders received. However, what is most apparent is that the male founder received direct comments about his gender and its incongruence with the baby industry.

Even though the male founder received multiple comments about him being ill-fitting in the industry, the investors still tended to ask a similar amount of questions with the same regulatory focus to both founders. The reason for this could be due to the stereotypical image of entrepreneurship still being very strongly associated with male attributes (Gupta et al. 2014); thus, the investors may see him as fit for the task of being an entrepreneur, despite him being incongruent with the industry. This is in line with previous research on men that are active in female-coded industries; even though they are perceived as ill-fitting in the industry, they still maintain their privileges over women when it comes to senior positions and capital investment (Lupton, 2000).

5.3 General Discussion

When considering the literature together with the empirical evidence, it becomes evident that there are two ways for a founder to fit the task at hand. Firstly, the founder needs to fit the entrepreneurial role to be seen as competent (Malmström et al., 2020). Secondly, the founder needs to fit the chosen industry in regards to their gender (Kanze et al., 2020). These two dimensions of fit need to be considered when analyzing the differences in the two cases. In the entrepreneurial dimension, male founders always have the advantage as they are perceived to fit the entrepreneurial task. In the industry fit dimension, the founder perceived to fit the industry based on gender has the advantage. The dimensions of fit for the founders in the different pitch decks are summarized in the following table.

Table 2. Industry fit and entrepreneurial fit

Industry - gender	Industry fit	Entrepreneurial fit
Male - male	X	X
Male - female	0	0
Female - male	0	X
Female - female	X	0

For BourbonVoyage, the male founder could be said to fit both of these dimensions - as a male, he fits the entrepreneurial task and the male-coded industry. The female founder, on the other hand, could not be said to fit either the entrepreneurial task or the perceived gender code of the industry. Thus, the two founders would be very unequally considered for the same task, as the male founder is perceived to be fitting in both dimensions and the female in none.

For HelloBaby, the founders would be more equally considered than in the case of BourbonVoyage. While the male founder fits the role of being an entrepreneur, he does not fit the chosen industry. The female founder does not fit the entrepreneurial task but fits the industry. As consistent with the literature about stereotype paradox - the female founder might be perceived as fitting to the industry but will still suffer from being ill-fit to the entrepreneurial task

(Malmström et al., 2020). The male and female founders will thus both be seen as competent, but in different areas.

The two dimensions can be put directly into the lack of fit-model.

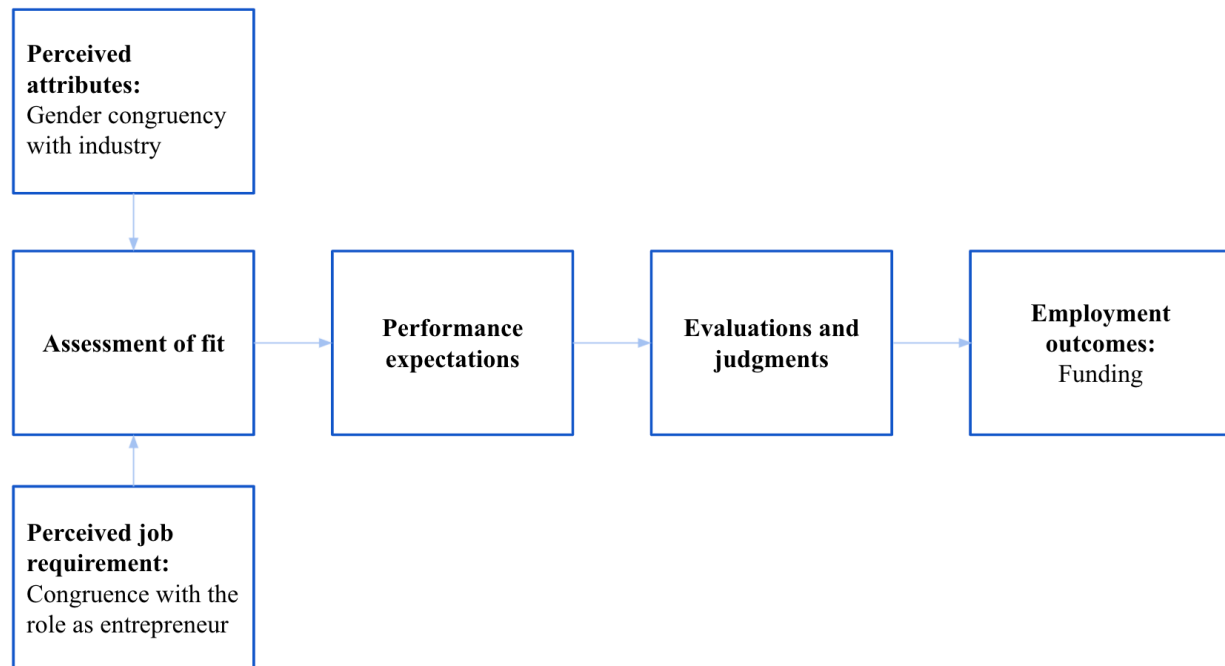


Figure 2. The Lack of Fit-model

In Figure 2, the founder’s gender-industry congruence can be considered as a “perceived attribute”, while the founder’s gender-entrepreneurship congruence can be considered the “perceived job requirement”. When the investor then determines whether the founder is fit for the job, the two dimensions will be considered together. The investor will then have a different regulatory focus depending on the perceived fit of the chosen industry. According to the model, the difference in regulatory focus can indicate what performance expectations the investors have for the entrepreneur. Following being evaluated and judged in accordance with the aforementioned expectations, the founders will receive different funding outcomes.

The present study aims to combine two studies by Kanze et al. In 2018, Kanze et al. concluded that men, in general, receive more promotion-focused questions and women receive more

prevention-focused questions when pitching a company idea. Further, in 2020, Kanze et al. concluded that women who cater to male-coded industries receive less funding than women catering to female-coded industries, while no apparent difference in funding could be found for men in regards to perceived industry fit. After interviewing several investors, the present study shows that men catering to male-coded industries receive more promotion-focused questions than women catering to said industry. Further, women receive more prevention-focused questions when catering to a male-coded industry compared to men. The present study further implies that men and women receive about an equal amount of promotion-focused and prevention-focused questions when catering to a female-coded industry. These findings are in line with those of previous researchers within the area and add to the body of knowledge about gender bias within venture capital funding.

6. CONCLUSION

The purpose of this study was to examine whether there is a difference in the regulatory focus of the questions founders receive from venture capitalists based on the gender of the founder and the founder's perceived industry fit. The goal was to understand how gender and perceived industry fit affect venture capitalists in their meetings with entrepreneurs. Thus, the aim has been to answer the research questions:

Is there a difference in the regulatory focus of the questions that venture capitalists ask founders during pitch presentations? Can this be derived from gender and perceived industry fit?

After analyzing the empirical evidence on an industry level, it was evident that the difference in regulatory focus in the male-coded industry was more prominent than in the female-coded industry. In the male-coded industry, the male founder received more promotion-focused questions, while the female founder received more prevention-focused questions. However, there was no considerable difference in the regulatory focus between the genders in the female-coded industry. As the entrepreneurial stereotype is male, it is argued that the perceived entrepreneurial fit of the male founder outweighs the incongruence of his gender with the female-coded industry. Consequently, the results point at women being perceived as ill-fitting in a male-coded industry, whereas men in a female-coded industry are not perceived as ill-fitting to the same extent. Therefore, it is implied that men and women are not given the same prerequisites when applying for venture capital funding.

As gender diversity in entrepreneurship is an important driver of economic growth, it is beneficial for everyone to encourage and promote women's entrepreneurship. Today, this is not the case in the venture capital industry, where the male stereotype is still strongly upheld. Should venture capitalists become more aware of the difference in regulatory focus, they may be able to work with this problem to make the regulatory focus more evenly distributed between male and female founders. Thus, this may be an essential step in the direction of having an equal start-up world.

7. LIMITATIONS AND FURTHER RESEARCH

As for all studies, this study is subject to limitations. A limitation to using fictitious pitch decks could be that investors might not respond in the same way as they would during a pitch presentation in real life; thus affecting the reliability of the study. Further, the interviewer's gender might also affect the responses - as the pitch decks were sent out and asked about by two females, the pitch might be interpreted as belonging to the two female interviewers. To combat this issue when researching further, one of the interviewers should be of the male gender.

It should be noted that even though the gender distribution among venture capitalists in the present study is relatively even, the ratio of female investors to male investors is much lower in reality, which could affect the implications of our results.

Due to the study's qualitative approach, the authors may have had a subjective understanding of what is important when summarizing the interviews, and choosing quotes. Therefore, the reliability of the findings could be affected. Moreover, the empirical evidence might have been affected by the investors' opinions being largely subjective due to them having different experiences and backgrounds, and different focus areas of what type of companies they usually invest in. Additionally, some investors responded, at times, in more general terms about how they and their firm work with start-ups rather than explicitly addressing their given pitch deck, making the responses less relevant for analysis.

As only two specific industries are used in this study, the result may not be able to generalize across all industries. Using an application as a business idea for the fictive pitch decks limited the choice of industries, and without the application, it might have been possible to choose industries that are more clearly gender-stereotypical but also better matching in the degrees of being gender-stereotypical. Further, babies and pregnancies may have stronger gender-specific connections to women compared to whisky and men.

Further, due to the low number of respondents, the empirical evidence is not significant enough to draw generalizable conclusions and implications. However, a qualitative study can indicate the direction for further research and help in understanding the studied phenomenon.

A suggestion for further research, considering the subjectiveness of the qualitative research method, would be to conduct a quantitative study on the same topic with the present study as a basis. However, this would require extensive data collection of a larger variety of male-coded and female-coded industries over a longer period. Should there be more cases from different industries to choose from, further trustworthiness would be gained.

Lastly, the study only investigates the regulatory focus, in the interactions between investors and entrepreneurs. An extension of the study could thus be to investigate other potential interaction factors affecting funding outcomes, such as body language.

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9. APPENDICES

Appendix A: Interview questions

GENERAL

- Imagine having Louise/Linus in front of you. She/he has just held her/his pitch. What would you tell her/him?
- What questions would you ask?
- What would you like to know more about?
- Is there any aspect that you would like to know more about?
- Do you miss any information?

LEADER

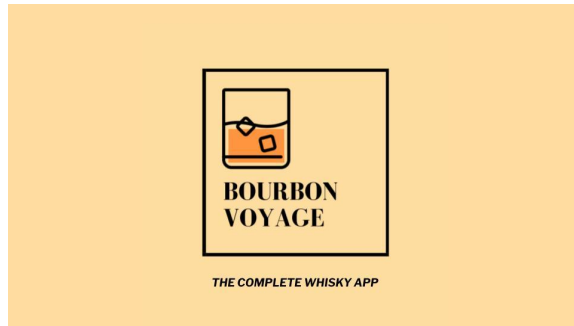
- What attributes are important for this entrepreneur to have?

FUNDING?

- The founder has asked for 3MSEK. Do you think this is reasonable?

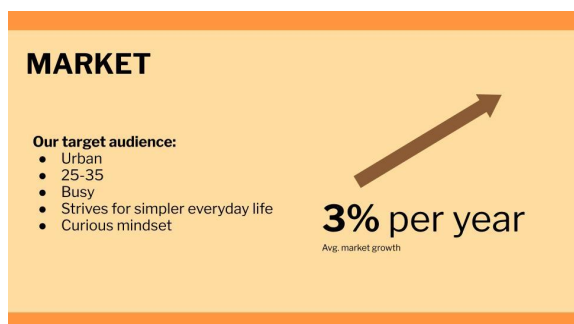
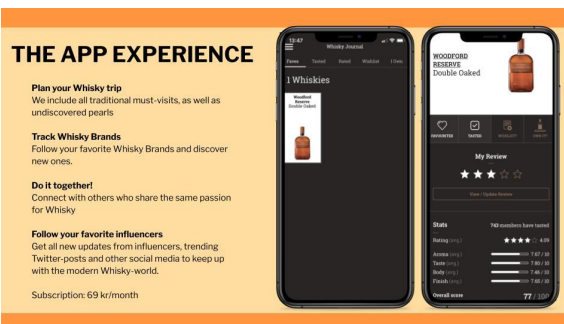
Appendix B: Pitch decks

Pitch decks 1 and 2: BourbonVoyage



Pitch deck 1: Linus

Pitch deck 2: Louise



WE ARE NOW LOOKING FOR:

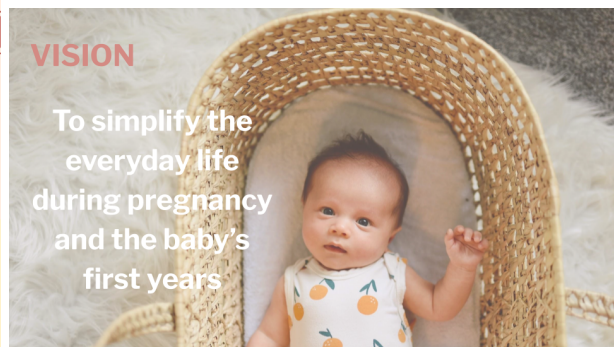
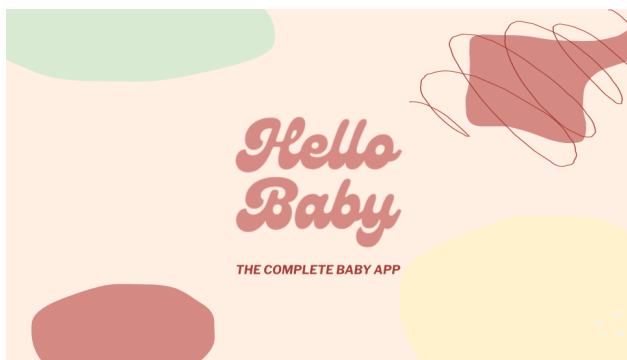
3 MSEK

Marketing 1.5 MSEK
Product development 0.5 MSEK
Expansion 1 MSEK

THANK YOU



Pitch decks 3 and 4: HelloBaby



THE FOUNDER



Louise Backman

- MSc in Business & Management from Stockholm School of Economics
- Previous experience as Strategic Developer at Jollyroom

THE FOUNDER



Linus Backman

- MSc in Business & Management from Stockholm School of Economics
- Previous experience as Strategic Developer at Jollyroom

Pitch deck 3: Louise

Pitch deck 4: Linus

OUR OFFER



THE APP EXPERIENCE

Pregnancy and Baby Development
Follow your pregnancy and the baby's development up to 24 months

Follow your favorite influencers
Blog posts by influencers every week - relatable content and inspiration

Find advice from midwives

Dietary guidelines
Latest advice from Livsmedelsverket for pregnancy as well as for babies

To-do list

Subscription: 69 kr/month

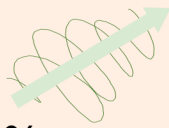


MARKET

Our target audience:

- Urban
- 25-35
- Busy
- Strive for simpler everyday life
- Curious mindsets

3% per year
Avg. market growth



THE COMPANY

Where are we now?

Founding year: 2020
Number of employees: 3

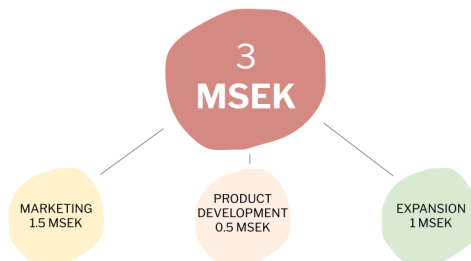
In 1 year:

- 30 000 users
- Revenue of **13 MSEK**
- Expansion
- Add the function of selling through affiliate links
- Hire 3 more employees

In 2 years:

- 100 000 users
- Revenue of **60 MSEK**

WE ARE NOW LOOKING FOR:



THANK YOU

Hello Baby

Appendix C: Promotion/prevention-coded table

Promotion Codes	
Concept	Description
Market opportunity: Geographical location, size, growth potential, marketing activities, go-to market strategy, traction, market demand	<p>Pitch deck 1: “How many individuals are in the target group and what target group does one imagine? Is one imagining the young, urban people in Sweden or is it in the world? Something like that. It’s not, like, a complete description of the market [...] That much more information would not have been necessary. What limitation does one have, is it Sweden, the Nordics, Europe or is it global? How is one going to get there [to the European market]?” Interviewee 1.1.</p> <p>“And a growth of 3% - he would need to explain some more: which market is growing with 3% per year? Is it the people in the app? Is the Whisky drinkers’ market that is growing with 3%? So I would have asked questions around his business model and his revenue model. [...] I would have liked to know a little bit more about how he sees himself growing the app - he talks about influencer trends [...]” Interviewee 1.5.</p> <p>Pitch deck 2: “I would have asked multiple questions about the market: how many are there were within the target audience? How penetrating do you think you can be in this market? How big a share does one think one can get? [...] 3% is all right as long as the market is big enough.” Interviewee 2.4.</p> <p>“This target group is well identified, you have considered whom to reach.” Interviewee 2.5.</p> <p>“A quick question is whether this is only applicable to Sweden, in that case these numbers are pretty big in relation to the population, or is this global? That might be more believable, then it might be easier to reach this type of numbers than in Sweden.” Interviewee 2.7.</p> <p>Pitch deck 3: “I would ask her to quickly explain the market. The size, and how she will reach the market. Go-to-market.” Interviewee 3.2.</p> <p>“I would first say that this is an interesting space, I would say that this is probably a space where many consumers are ready to spend money to get this type of information.” Interviewee 3.4.</p> <p>Pitch deck 4: “What is the go-to-market strategy? How does one reach them? [...] How will it be possible to move outside of Sweden with this? Should this be a real start-up, one would at the least be aiming at the Nordic countries.” Interviewee 4.1.</p> <p>“First and foremost, I would ask about their go-to-market strategy. [...] How do they see Sweden, the Nordic countries, Europe, the USA? How do they look at the world, how will they attack it? Is there any research bound to this?” Interviewee 4.4.</p> <p>“The market size is very unclear, how many potential users are there, what is the value on the market and how are these supposed to be reached? What is the message we are going to send to reach the target group we want? Important to have an idea of knowing where to find them. [...] It looks like there will be a lot of focus on the Swedish market - how is one going to scale this to make it international? Will it look the same in England, in France? Will it be easy to scale to a global market or will there be a need to make local adaptations?” Interviewee 4.6.</p>

<p>Customer acquisition: W-o-m, networking effect, acquire customers, customer needs</p>	<p>Pitch deck 1: “I always think the most important is to truly understand the purpose of the idea, it doesn’t always have to be super clear how the money will come in, but the need, who I’m going to satisfy and why. [...] It’s easier to buy from someone who truly understands the problem, and who hasn’t just sought an area where one thinks there is a problem.” Interviewee 1.2.</p> <p>Pitch deck 2: “[...] one is quick to jump to a solution, but I would have wanted to see a description of the problem and the customer need. [...] I would also like to have seen how the customer solves the problem today. And a description of the pros of the company’s solution. “ Interviewee 2.2.</p> <p>“[...] is this something that people will talk with each other about? Is this kind of some kind of network effect? We always like products that sell themselves, that is the dream, so that would’ve been the optimal thing.” Interviewee 2.4</p> <p>“I think, something that is missing is to start with some kind of description of the situation, a problem description, for the target group. That a need has been identified around this and that, what we have today we have examined, that they miss this and that. ‘We have compared 15 Whisky apps, maybe compared wine apps’ - I would like to have seen them taking the starting point in a problem before presenting the solution.” Interviewee 2.5.</p> <p>Pitch deck 3: “The first thing I would say would be to ask what the need for this product is? Does it solve a problem - is there a real problem? And then she, hopefully, will be able to argue for that. “ Interviewee 3.2.</p> <p>“One prefers to invest in founders and companies that want to solve a problem rather than making money - this is called product-first companies and not company-first companies. One does not want a founder who first starts a company and then tries to come up with an idea. [...] Somehow, some kind of virality is needed here, paid marketing would probably not work here. How is this virality going to be achieved?” Interviewee 3.5.</p> <p>Pitch deck 4: “It’s a bit unclear what the problem is that the app will help them with, so I would have asked a few questions about that. “ Interviewee 4.6.</p>
<p>Assets: Uniqueness, valuation</p>	<p>Pitch deck 1: “The thing I want to raise extra much considers uniqueness: what do you have that differentiates you from your competitors?” Interviewee 1.1.</p> <p>“How would this possibly be unique? This is completely up to him to explain this. I would ask: it must be very easy to build an app to do this. Tell us about how you will make this unique. “ Interviewee 1.4.</p> <p>Pitch deck 2: -</p> <p>Pitch deck 3: “My first spontaneous reaction was that I miss a bit of uniqueness in the case, compared to what there is to get for free. There are a lot of similar apps and pages with information and recommendations and so on. [...] We look a lot at uniqueness, market potential and scalability in the cases. My questions would relate to that: is there really a case here? [...] What valuation are they imagining around these 3 million?” Interviewee 3.1.</p> <p>Pitch deck 4: “What is the uniqueness, or the competitive advantage, in this?” Interviewee 4.1.</p>

<p>Self-promotion: Story, background</p>	<p>Pitch deck 1:</p> <p>“And here, that one has expertise within the industry, as this Linus Backman has with experience from Mackmyra Whisky is very important to raise.” interviewee 1.1.</p> <p>“I want to be able to understand the business he wants to build here. [...] He would need to be a very skilled salesman of the idea.” Interviewee 1.2.</p> <p>“I would like him to explain why he started this company, what gave him the idea, how the problem was identified and what problem he will solve with this product. “ Interviewee 1.3.</p> <p>“I would say, take it from the beginning. How did you get here, what made you do this, to hear more about who he is, and if he has some kind of special relation to the idea? I would like to hear his story. We start all meetings with “tell us who you are”, or, first we tell them who we are, as quick as possible as everyone’s heard it a thousand times. Then I would like to hear about his, the pitcher’s, story, which is very important to understand who he is. [...] It makes a huge difference if the person has relevant experience. [...] Not only a background within start-ups, but specifically, one wants to see that the person in question has experience that is the key to what he’s doing now. I’ve done this before, then I learned this, that is why I’m doing this now.” Interviewee 1.4.</p> <p>“He does come from the industry, he has identified that there is a trend here. I assume that he is interested in the area.” Interviewee 1.5.</p> <p>Pitch deck 2:</p> <p>“Initially, what I find positive here is that the founder, Louise Backman, has experience in the relevant Whisky industry, I registered that immediately, and it is a big plus. When we have evaluated our best investments, that is one of the key factors - really having experience from the industry where you start a company. So that is a key factor.” Interviewee 2.1.</p> <p>“It’s always good if the entrepreneur has previous knowledge from the market.” Interviewee 2.2.</p> <p>“[...] the knowledge in the relevant domain, that she knows the industry, how it works, what ecosystem one is a part of, what relationships you have with customers and suppliers. What ultimately builds a good business in this industry? There are also several keys where those who have been active in the industry know how it works.” Interviewee 2.6.</p> <p>“I would of course ask her to tell us a bit more about the company [...] we would then like to know what drives her to do this, maybe a bit more about her background and around the team, then we often jump right into the business.” Interviewee 2.7.</p> <p>Pitch deck 3:</p> <p>-</p> <p>Pitch deck 4:</p> <p>“I would ask him how he got the idea, what the underlying motive is, what makes him believe in it [...]” Interviewee 4.3.</p> <p>“I would have asked about his background from Jollyroom. Asked to hear more about his background, experiences and how it went with Jollyroom. How did he arrive at HelloBaby, what was the background there? To understand his passion a little. What are his driving forces? What does he want to accomplish with this start-up?” Interviewee 4.4.</p>
<p>Sales: Revenue model, paying customers</p>	<p>Pitch deck 1:</p> <p>“Are people ready to pay 69kr and why?” Interviewee 1.1.</p> <p>“Even if one might create an interest, he has got numbers for 30 000 users, that is pretty much, and that’s</p>

	<p>good. But the question is how to convert them to real revenue? The real question is how to make them pay, and how to build a retail business around it. “ Interviewee 1.4.</p> <p>Pitch deck 2:</p> <p>-</p> <p>Pitch deck 3:</p> <p>-</p> <p>Pitch deck 4:</p> <p>-</p>
Vision: Aspiration, story, meaning, idea	<p>Pitch deck 1:</p> <p>-</p> <p>Pitch deck 2:</p> <p>“To start with, I am missing a vision, that the company describes what they want.” Interviewee 2.2.</p> <p>“We find it interesting to understand the entrepreneur and the entrepreneur’s passion to solve the problem. This vision, why is it meaningful for the founder to solve it? What problem is she utterly passionate about solving?” Interviewee 2.6.</p> <p>Pitch deck 3:</p> <p>“The first that I would like to understand is the background for why she chooses to start this company and the business idea, what driving forces, where is she coming from and what vision does she have. To understand the most fundamental driving forces.” Interviewee 3.5.</p> <p>Pitch deck 4:</p> <p>-</p>
Forecast: Forecast, accomplishments	<p>Pitch deck 1:</p> <p>-</p> <p>Pitch deck 2:</p> <p>-</p> <p>Pitch deck 3:</p> <p>“What does the plan look like forward?” Interviewee 3.1.</p> <p>Pitch deck 4:</p> <p>-</p>
Other comments	<p>Pitch deck 2:</p> <p>“This is a directly global product which I like. All that is necessary is the English language and the whole world’s whisky markets will be covered. The global whisky market is big and growing and there are a lot of enthusiasts and also sufficiently interested people out there.” Interviewee 2.3.</p> <p>Pitch deck 3:</p> <p>“the characteristic of being in the middle of the target group, having a large network and knowledge about how 25-35 year olds becoming mothers act, and explain to me, as an investor, in a credible way how the world works. She should really possess these attributes.” Interviewee 3.2.</p>

Prevention Codes

Concept	Description
Team capabilities: About the team in general, competencies, employees, diversification, co-founders, ownership, the board, developing capabilities	<p>Pitch deck 1:</p> <p>“One would have wanted a description of the competences that are presently in the company, how the others in the team complement Linus whom I’m just assuming is one of the three who are active in the company. So the team is an important factor. Is this a team that we truly believe can deliver what they say that the company will use the money for if one invests the money? [...] An investor would also like to see what the ownership looks like today. If I as an investor am to go in an invest in this company I will become an owner, so one wants to get a picture of the ownership. Who owns this, is it the founder who owns 100%, or has he taken in money beforehand to get to this point? [...] Further, it might become apparent for those who are within the team that one do not have certain experiences [...] one needs to be clear about what competences there is in the company, and that the team will be strengthened with part of the money that we will get in this round to complement with this and this and this competence. So that one really say that we realize that we do not have the selling competences necessary to start sales, therefore we will hire a good salesman, or whatever it is [...] So that one truly shows that I understand what is needed, but also being honest with knowing what is missing and what we want to change. So looking at the team holistically.” Interviewee 1.1.</p> <p>“I would like to have a thorough understanding of the people who are behind the idea. This is something that is missing, and I think that one needs to have more of a clue in this to be able to get somewhere. A more clear team description.” Interviewee 1.2.</p> <p>“We like to see a team of founders, not just one person, but a team with different personalities, backgrounds, men and women. We like to see, maybe, more than one person where they complement each other. Linus, for example, seems to have more of a background in business, one would like to see more around tech development, more around marketing and that kind of competence. It said that there are three employees, I would like to know more about the other employees and the reasons for them to keep working in the company. Are they key persons or more like consultants, or similar?” Interviewee 1.3.</p> <p>“It is important for the team to be very familiar with the problem and to understand things that other people don’t know about - to be able to do things other people cannot!” Interviewee 1.4.</p> <p>Pitch deck 2:</p> <p>“What I feel, when going back to the team, is that we always want there to be more than one founder, at least two or three, so if Louise would come to us, we would say that, well, we will not be able to invest in a company with only one founder, we need a founding team with at least two, or three people. [...] the team needs to have technical competence in house so they can do things.” Interviewee 2.1.</p> <p>“First of all, I would like to know what the team looks like, that is the most important part.” Interviewee 2.2.</p> <p>“The ability to build a team, she’s not a programmer for example. Some kind of app development might be necessary. We like to see that the developer is part of the company so that one does not have to be dependent on consultants.” Interviewee 2.3.</p> <p>“For us, the team is very important. Here we have Louise who is clearly experienced within the area, she has an economic background, that is definitely a positive thing but I would have liked to hear more about the team. It’s possible that Louise is a multi talent that can code the app, but I am doubtful, I as an economist cannot code apps, so she should probably have someone around her, some kind of team that helps her there. And sales, first and forward, I would have been nervous about this, it’s very common that small businesses outsource the development of the app which is completely fine but when it comes to sales - it’s possible that Louise is a machine and can do everything, but I would have liked to see plans for recruitment of a team around her.” Interviewee 2.4.</p>

“[...] are they hired and paid today? Or are they tied around the owning side? How tightly tied are they and is there a large cost around this today? [...] I would be interested in learning the different tasks of the team members.” Interviewee 2.5.

“We like to see people who are good with people, and that has a lot to do with being able to raise capital, having to talk with investors and getting them to talk to each other and get together the circle of owners, one needs to be able to cooperate and to lead a team in a good way, first and foremost getting customers.” Interviewee 2.7.

Pitch deck 3:

“Other important aspects we look at is the team behind, is the team complete to take it to the market now? [...] What does the board look like?” Interviewee 3.1.

“I would have asked more about the team behind, there is no real information about this, except that they want to put money on product development in the future and a little marketing - okay, but who will execute it? Who are they, what is their background? They are going to hire three more people, who are they? [...] My experience is that the team is the most important and getting the right support from smart, good investors that are not in the way.” Interviewee 3.3.

“They would need to tie in the best people, she would need to build a team with key individuals that complement her in a good way and get them incentives as co-founders to make them as motivated as her. Find competences for this area, digital marketing and so on is not possible to buy for early companies, she would need to find “supporters” who are kind and willing to help her.” Interviewee 3.4.

“Lone founders, many are sceptical of this, so I would ask how one thinks around building the team? Bring in more key individuals. What kind of competences do they need to complement with? She has relevant competence, but would probably need to complement with tech. Is this the person who is going to sell to customers? Is she the right person for that, or what is her role? And what are her thoughts around the ownership? One would like to see a team that has a relevant share of ownership per person.” Interviewee 3.5.

Pitch deck 4:

“[...] if one is to invest in this, the people behind are super important, he would need to get together a great team that can deliver this. Someone who has the experience and has done the journey before. Have a combination of someone who knows something about this, the technical part. And someone who is really used to selling and marketing, to raise money. Show a team with different personalities with hands-on experience, the most important thing in his leadership is to find a good team to surround himself with, and as a leader he should be the one who coaches everyone around. He should be able to sell the idea.” Interviewee 4.2.

“...whether he has considered co-founders, something that is very significant is that we nearly never invest in one single person, we encourage them to look for co-founders. Investing in only one person entails a big risk for us. You cannot build a company by yourself, the team is crucial. It's not that we will turn down someone who has a good idea, but a good way of evaluating people is by looking at how they bring others in the journey.” Interviewee 4.3.

“Are there co-founders, or does he have a team in mind? In that case, what would be his role in the team as founder, is he the CEO? They would need someone who has a vision, but also a CTO who is responsible for the app and the technical development, and also someone who does marketing/sales, who is experienced within digital marketing. Those are the parts around the team. [...] We would never invest in only one person, we need to see at least two, and a team.” Interviewee 4.4.

“I would have started by asking around the team - one founder is weak to me. I want to see a team. There are three employees, no description about what they are doing and what they know, the first question would be what the team looks like and what the incentives are.” Interviewee 4.6.

<p>Execution: Evidence/validation, metrics, MVP, investment runway, investment usage, share to investors, progress to date, alternative business models</p>	<p>Pitch deck 1: -</p> <p>Pitch deck 2: “I think that the market description is very vague, or, very shortly described. One needs the market analysis, demographics, segmentation. How will one know whether there is a big enough market for the company, for there to be any business?” Interviewee 2.2</p> <p>“What evidence do you have that this market is growing? I would like to define the market we’re talking about. One easy connects this to the target group. Is it that the number of 25-35 year olds are getting more and more at the moment, or are they moving more into the cities, is that why it’s growing? Or is it the entire Whisky market that is growing? I would like to see a definition here. Partly because it’s interesting but also to test the entrepreneur.” Interviewee 2.5.</p> <p>“[...] there might not be that many within the target group who has the capacity to pay. So I would have tried looking at - how much traction do they actually have in this market?” Interviewee 2.7.</p> <p>Pitch deck 3: “I would ask about her thoughts around 3 million kr, how is she going to use these money? [...] How far has one come with the app? What is the current status, is the development finished, or how much more is there to do before launch?” Interviewee 3.1.</p> <p>“How long is the runway one has for this money? How long are you going to run? Always make sure to have 18 months and a small buffer on that.” Interviewee 3.3.</p> <p>“What does the business model look like? Are there other business models than just having subscriptions?” Interviewee 3.4.</p> <p>Pitch deck 4: “What does the payment model look like? What I miss the most is the financial plan. [...] We usually ask for a five year financial plan, where you would know that within two years, you’ve taken another Nordic country, within five years all neighbouring countries, etc. [...] One would need to show the business model. Then, one would of course be able to see the financial plan, and how many customers one has to generate revenue.” Interviewee 4.1.</p> <p>“I would ask about the numbers and the market, how he counted or thought, or what evidence he has. Whether he has tested the idea on anyone and what feedback he has received.” Interviewee 4.3.</p> <p>“Unclear where they are now, where is the product? Is this a mock-up and graphical pictures, or is there a product out on the market even if it’s just an MVP? Is there any feedback from the users, do you have user data and what does it say?” Interviewee 4.6.</p>
<p>Competition: Competitors, barriers to entry, market share</p>	<p>Pitch deck 1: -</p> <p>Pitch deck 2: “I am missing a description of the competitors, or a competition analysis.” Interviewee 2.2.</p> <p>Pitch deck 3: “We also look at the competitive landscape, I would ask how she views that and how she sees that the app differs, competitive advantages and so on.” interviewee 3.1.</p> <p>“Then, I would ask her to present the competitive landscape, what options are there? One option is to do</p>

	<p>nothing. I would like to hear her thoughts on that - what the options or competitors are.” Interviewee 3.2.</p> <p>“How do they see the competitive landscape and the uniqueness of this type of product, and the substitutes that are on the market. What makes it possible to build lasting barriers through time?” Interviewee 3.5.</p> <p>Pitch deck 4: “How will they build barriers to enter for this app? Is it possible to make this data-driven, it probably is, to collect information?” Interviewee 4.4.</p> <p>“There are a plethora of apps that are supposed to help parents in various ways, where are the competitors? There are always competitors, even if they’re not doing the exact same thing, they are still competing for your 69 kr per month.” Interviewee 4.6.</p>
<p>Operating efficiency: Customer acquisition cost, CLV, bootstrapping, other investors</p>	<p>Pitch deck 1: -</p> <p>Pitch deck 2: “Something that is important - how much does it cost to get a customer, that is crucial, customer acquisition cost. If it becomes apparent that it is extremely costly to get a customer, there is a long way to get this profitable. Something we also like looking at is the Lifetime Value of a customer.” Interviewee 2.4.</p> <p>“How has this been financed up until now, have other investors come into the picture? [...] We never take the investment fully by ourselves - I would ask how they see that? [...] Have they done a risk capital journey before, do they know what that would entail? It is a plus if they know what it entails.” Interviewee 2.5.</p> <p>Pitch deck 3: “I would like to understand whether there is some kind of understanding of the unit economics, what it would look like, what the customer acquisition cost is today, what would it be in the future, how did one arrive at that? What CLV is there, what churn do they see, how will they tie customers and make them willing to pay?” Interviewee 3.4.</p> <p>Pitch deck 4: “Describe more about their affiliates. Do they have partners? How can they reach their target group as cost efficiently as possible? Can they get the CAC down? How do they reach this channel, what is the strategy? How does the go-to-market strategy differentiate from the competitors?” Interviewee 4.4.</p> <p>“How will we get our money back, and with interest?” Interviewee 4.6.</p>
<p>Customer retention: Active users, willingness to pay, churn rate, stickiness</p>	<p>Pitch deck 1: “He, like, created this app, that feels kinda [...] what differentiates his app from many others is that it is quite expensive as a monthly cost. The output here is, like, he will have to explain what I as a buyer will get out of this, I understand the subscription-based thinking, but I would have reacted to the expensive fee.” Interviewee 1.5.</p> <p>Pitch deck 2: “If I could only focus on one thing that I would like to comment on, that would be that I don’t think that one could make 69kr a month on this. If I would take on the consumer’s hat, I would want this for free or possibly for a small fee - 69kr a year. I think that the business model would need to be based on, well you might get a few subscribers maybe, but probably you need an entry-level that is free.” Interviewee 2.3.</p> <p>“I would like to know more about where they are now in relation to their goals? Has the app been released, how many users does it have and how many of these are paying? I would probably also ask how well they follow the so-called “churn-rate”, how long they get to keep the customers for a certain period of time? And check whether there is someone among the employees or the founder himself that has an interest in following</p>

	<p>this up.” Interviewee 2.5.</p> <p>“How did they decide on the monthly cost of 69kr, what lies behind it, have they been out and confirmed this with customers, have they looked at the entire market?” Interviewee 2.7.</p> <p>Pitch deck 3:</p> <p>“I would have liked to see what in this would make me pay 69kr a month.” Interviewee 3.1.</p> <p>“The customer need is alright, but what validates that one is willing to pay for this? What makes this the right business model, with some kind of monthly subscription? I would like to see some evidence of similar products that have had the ability to charge this kind of amount.” Interviewee 3.5.</p> <p>Pitch deck 4:</p> <p>“Looking at the market - it grows with 3% per year, but some are also leaving the market. One could have toddlers, teenagers [...] otherwise, you’ve got a number of subscribers that you base these numbers on, but one would also need to consider the churn rate. So, I don’t think the market is correctly estimated. [...]” interviewee 4.1.</p> <p>“Why would one lose the customer after 24 months? Isn’t it possible to keep the customer?” Interviewee 4.4.</p>
Other comments	<p>Pitch deck 1:</p> <p>“I think that, it looks that he has the attributes that [...] he is quite typical [...] he ticks all the criteria that we see for these 25-year old, hungry, self confident guys raising capital. He ticks in them all. And I think that [...] there are a lot like Linus - in an economic boom, when a lot of money is invested, there might be capital that can be allocated to this, it feels exciting [...] he rides on a trend - that’s good, as long as the trend goes upwards. But there might come a time where one knows one has raised capital and one has to answer to that.” Interviewee 1.5.</p> <p>Pitch deck 4:</p> <p>“It might be tough for him to understand the target group unless he himself has kids or smaller siblings, which is why the team might be the solution. [...] This business idea might be tough for Linus. By having someone relevant on the ‘advisory board’, one can get away with pretty much. [...] Somehow, I think [...] I think that the target group is women. Men do not go into these types of forums, we are used to working in networks. He needs to have some kind of storytelling - ‘this happened, we as parents found the information here [...]” Interviewee 4.1.</p> <p>“When men raise ideas in industries that target women - I would advise him to find a female co-founder. Partly because I believe in diversity, which is fundamental for a team. But I think that if you are going to sell something to a target group, if you don’t know what it’s like to be in the said group [...] if you are going to sell something that is so fundamentally associated with women - it’s not like fathers are googling what happens week after week in one’s body when pregnant - I think he would benefit extremely from having a female co-founder. Interviewee 4.3.</p>