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CHAPTER 3:

ACHIEVING NARRATIVE PLAUSIBILITY AND RESONANCE: A STUDY OF THE MICRO-LEVEL ARGUMENTS UNDERLYING ENTREPRENEURIAL NARRATIVES

Abstract

For entrepreneurial narratives to be effective, they need to be judged as plausible and have to resonate with an audience. Prior research has, however, not examined or explained how entrepreneurs achieve plausibility and resonance. In this paper, we therefore address this question and do so in a novel way by connecting narrative entrepreneurship studies with research on argumentation. This conceptual combination allows us to explain through an empirical study of entrepreneurial pitches how the plausibility and resonance of an entrepreneurial narrative is a function of the strength and use of certain types of arguments.

3.1 Introduction

New ventures are uncertain investment opportunities, because information about their activities is limited (Higgins and Gulati, 2006; Pollack et al., 2012; Stuart et al. 1999). The uncertainty that investors face is exacerbated by the information asymmetry between them and the founders of the venture (Shane, 2003). Prior research found that investors are more willing to provide resources to entrepreneurs who have the right social ties (e.g., Batjargal, 2010; Elfring and Hulsink, 2003), or possess certain quality signals, like a good track record and endorsements by third parties (Sine et al., 2005; Maxwell et al., 2011; Tornikoski and Newbert, 2007). These studies have been criticized for not explaining the mechanisms by which entrepreneurs use their social ties or indicators of their venture's quality to mobilize others to support their project (Martens et al., 2007; Pollock and Gulati, 2007). In response to this criticism, entrepreneurship research has – like organization studies in general (Phillips and Oswick, 2012) – increasingly turned to narrative approaches (Steyaert, 2007).

Narratives can be a powerful means of persuasion because they impose a logical structure upon equivocal happenings (Czarniawska, 2004), such as evaluating a new venture's potential (Aldrich and Fiol, 1994), and thereby reduce uncertainty amongst stakeholders (Lounsbury and Glynn, 2001). Narratives are also persuasive because they implicitly convey a message (Sillince, 1999). This allows entrepreneurs to generate interest without providing demonstrable proof (Czarniawska, 1995) – proof they are either not able to provide (Aldrich and Fiol, 1994), or that can be scrutinized by their audience (Martens et al., 2007). Due to the lack of proof, narratives cannot be evaluated based on external criteria like truthfulness (Aldrich and Fiol, 1994; Czarniawska, 2004). Narrative researchers discuss two factors that effective narratives have in common: verisimilitude, which is defined as a narrative's 'perceived plausibility or acceptability as an interpretation of events' (Bartel and Garud, 2009: 111), and fidelity: a narrative's 'resonance with the beliefs of the target audiences' (Lounsbury and Glynn, 2001: 553).

Most work on narratives focuses on the overall structure and meaning of narratives, so these studies do not explain in detail how storytellers achieve narrative plausibility and resonance, let alone how narratives differ in terms of these two factors. So more often than not, the strengths or effects of narratives are simply assumed, rather than examined in greater detail. In this paper, we therefore aim to address this open question in the literature and do so by combining the general focus on narratives in prior entrepreneurship research with a detailed rhetorical analysis derived from argumentation analysis. This combination is conceptually novel, but shares sufficient theoretical grounds for these two areas of research to be combined. First of all, narratives and arguments are intertwined:

‘arguments, however good they may be, need to be organized into flowing and convincing discourse’ (Billig 1996: 86). Second, narrative research and studies of argumentation share assumptions regarding the extent to which communication is truthful; both streams of research avoid making claims about the rightness or wrongness of a narrator’s claims (e.g. Billig, 1996; Czarniawska, 2004). Third, an analysis of argumentation complements narrative research by making it possible to examine how entrepreneurs establish narrative plausibility and resonance. Arguments can enhance plausibility by serving as ‘backing moves’ to support the story thesis beyond dispute or refutation’ (Carranza, 1999: 514), and contribute to narrative resonance ‘by drawing on [the audience’s] cultural beliefs and attitudes’ (Hartelius and Browning, 2008: 24).

When making these connections, we specifically draw on Aristotle’s (2007) three broad means of persuasion, and Toulmin’s (1994) ideas about micro-level arguments and integrate both sources into our analysis of rhetorically persuasive narratives. Our aim in doing so is twofold: finding out how entrepreneurs try to craft plausible stories that resonate with investors, and identifying characteristics in their arguments that differentiate persuasive narratives from generally less convincing ones.

We analyzed the argumentation underlying nine pitch narratives by entrepreneurs who participated in AMcubator, an Amsterdam-based business incubator. Our findings reveal that new venture founders attempt to achieve narrative resonance by structuring their pitch around a general set of topics that investors are likely to look for and want to evaluate when considering to commit resources to a new venture. They however time and again refrained from making explicit claims about these topics. The open-endedness of their arguments was a way of inviting investors into detailing and elaborating on their argumentation. Besides using these rhetorical tactics to establish narrative resonance, entrepreneurs enhanced the plausibility of their pitch by basing some of their claims on verifiable information, and by providing multiple reasons in support of such claims. The pitches that were considered most persuasive by mentors were generally speaking, compared to pitches that received more criticism, more broadly supported with arguments, and contained more specific arguments that did not contain a logical time gap between the claim and its presupposed realization.

By specifying the rhetorical strategies that entrepreneurs use to achieve narrative resonance and plausibility, and identifying factors that differentiate pitches with respect to plausibility and resonance, we contribute to narrative research in entrepreneurship (Lounsbury and Glynn, 2001; Martens et al. 2007; Navis and Glynn, 2011). Our findings also extend the literature on rhetoric in entrepreneurship by highlighting the role of implicit argumentation, which has not been addressed in

previous studies (e.g., van Werven et al., 2015), and by describing how individual arguments are connected in broader lines of reasoning that together constitute and support entrepreneurial narratives.

The remainder of this paper is structured as follows. First, we discuss literature on entrepreneurial narratives and argumentation. We then describe our research setting and methods of data collection, and discuss our approach to argumentation analysis. The paper proceeds by giving an overview of our findings, and concludes by elaborating on our contributions and the implications of our findings for future research.

3.2 Theoretical framework

3.2.1 The implicit nature of narratives

New ventures typically lack a track record that speaks for itself (Clarke, 2011; Lounsbury and Glynn, 2001), so entrepreneurs are not able to provide the information investors would need to assess whether a venture is an attractive investment opportunity (Higgins and Gulati, 2006; Stuart et al., 1999). Hence, convincing stakeholders to commit resources to a venture is one of the main challenges new venture founders face (Clarke, 2011). Narratives have been found to be a particularly crucial means towards convincing stakeholders in the absence of a track record or any other demonstrable evidence on the viability of a venture. Narratives implicitly convey a message to an audience (Sillince, 1999). Hence, entrepreneurs do not need to provide demonstrable proof (Czarniawska, 1995), and can as such generate interest without having to share information that they might not be able to provide.

An additional advantage of using narratives to communicate a message is that they do not explicitly convey much information that can be scrutinized. Explicit statements are likely to trigger an audience to find faults (Martens et al., 2007), and to turn its attention from the desired conclusion – i.e., this venture is worthy of investment – to the controversial statement (Feldman and Sköldbberg, 2002; Feldman et al., 2004). Investors can become skeptical when they consider an entrepreneur's propositions less substantiated (Anderson, 2005), and may therefore decide not to invest (Parhankangas and Ehrlich, 2014). Narratives, instead of triggering investors to scrutinize explicit statements, encourage them to try and fill in the gaps between the lines (Boje, 1991). This turns them into active participants in the entrepreneur's story, increasing the likelihood that they will become involved and accept the implied conclusion as their own (Bartel and Garud, 2009).

3.2.2 Narrative plausibility and resonance

Narratives are commonly defined by referring to their structural characteristics; they establish a valued endpoint or goal, specify events that are relevant to the endpoint, link those events in a temporal sequence, introduce characters, and are narrated by an identifiable voice (Cunliffe et al., 2004; Gergen, 2005; Pentland, 1999). A typical entrepreneurial narrative follows this structure, and features the entrepreneur or the new venture as the protagonist, who operates in a certain corporate or societal environment, and has to overcome obstacles in order to realize its ultimate object or goal, i.e., acquiring funding (Lounsbury and Glynn, 2001).

These structural properties further explain why narratives are a suitable device for entrepreneurs who are in the process of acquiring resources for a new venture (Ruebottom, 2013). Because of their plot-based structure, narratives impose a logical structure upon equivocal happenings (Rhodes and Brown, 2005; Vough et al., 2015). Hence, 'a key aspect of stories is their ability to reduce uncertainty' (Lounsbury and Glynn, 2001: 549). Narratives told by entrepreneurs can contribute to reducing uncertainty surrounding decisions to invest in a new venture (Pollack et al., 2012) by packaging information about the firm in a simpler and more meaningful whole (Lounsbury and Glynn, 2001; Martens et al., 2007), and by embedding the unfamiliar in a well-known structure (Barry and Elmes, 1997; Bartel and Garud, 2009).

Narratives are not necessarily true or correct in the sense that they meet external criteria (Aldrich and Fiol, 1994; Bartel and Garud, 2009; Czarniawska, 2004): 'there are no structural differences between fictive and factual narratives, and their respective powers of attraction are not ascertained by their claim to be fact or fiction' (Czarniawska, 1995: 12). Entrepreneurial narratives, in particular, are described as a 'mingling of fact and fiction, of real and imagined futures' (Anderson, 2005: 598). So when considering to invest in a new venture, investors will have to assess an entrepreneurial narrative based on internal criteria. Prior research has in this respect often discussed verisimilitude (Bartel and Garud, 2009): the extent to which a narrator convinces 'readers/listeners that a narrative is plausible within a given orienting context' (Barry and Elmes, 1997: 434).

Because expectations that are set in entrepreneurial narratives are not always fulfilled (Garud et al., 2014), potential resource providers may doubt whether the image that new venture founders project regarding the future of their venture is plausible. Work on entrepreneurial narratives has noted that funding can serve 'to confirm the verisimilitude of the stories that were being articulated by the founders' (Golant and Sillince, 2007: 1162), that the message conveyed in a narrative should not be

‘so farfetched that its soundness is questionable’ (Martens et al., 2007: 1108), and that resource providers ‘judge the credibility of stories by assessing tangible data about the resource and institutional capital possessed by entrepreneurial ventures’ (Lounsbury and Glynn, 2001: 553). These studies, however, do not explain in detail how entrepreneurs try to avoid making farfetched claims, or how they refer to tangible data in their narratives. Hence, it remains unclear how entrepreneurs enhance the plausibility of their narratives in general, and the claims embedded in those narratives (Lounsbury and Glynn, 2001; Navis and Glynn, 2011) in particular.

Another factor based on which narratives are commonly assessed is their fidelity (Fenton and Langley, 2011; Martens et al., 2007), that is, their ‘resonance with the beliefs of the target audiences’ (Lounsbury and Glynn, 2001: 553). In the context of entrepreneurship, a narrative that resonates strikes ‘positive emotional chords with investors’ (Navis and Glynn, 2011: 490). One way in which entrepreneurs can use narratives to generate interest and commitment among potential resource providers (Martens et al., 2007) is by introducing their venture as protagonist, which gives them the opportunity to discuss its qualities as well as their own desires, competences, and know-how, thus attributing it with agency (Golant and Sillince, 2007). Entrepreneurs can also actively ‘narrativize’ their venture by comparing it to other organizations, and making clear to what extent it is legitimate or distinct. This positively affects the likelihood of obtaining funding (Lounsbury and Glynn, 2001).

Prior narrative entrepreneurship research is, however, limited in the sense that it does not elaborate on the mechanisms by which entrepreneurs strike emotional chords with their audience. It has been argued that entrepreneurs can create resonance by verbally inserting their venture in a frame that resonates with investors (Golant and Sillince, 2007; Martens et al., 2007), for example by connecting to broader narratives (Martens et al., 2007) or field-level growth stories (Wry et al., 2011) that concern social movements, charity, business (Ruebottom, 2013) or modernity (Zilber, 2007). To date, however, it remains unclear how entrepreneurs connect their venture with such established cultural meta-narratives (Ruebottom, 2013).

3.2.3 Benefits of studying the micro-level arguments underlying narratives

In short, narrative studies of entrepreneurship have not elaborated on the rhetorical devices that new venture founders use to achieve narrative plausibility and resonance. Therefore we have a limited understanding of how new venture founders attempt to convince investors, not to mention the features that distinguish a strong narrative from a weaker one. To better understand this issue, we propose a micro-level examination of entrepreneurial narratives. Entrepreneurial narratives, like all

narratives, contain arguments that support the overall story line (Bex and Verheij, 2012; Carranza, 1999). Feldman and Sköldbberg (2002: 289) stated that ‘stories cannot be ‘reduced’ to the underlying lines of argument, any more than the underlying lines of argument can be neglected for the sake of the manifest stories’. We similarly argue that research on entrepreneurial resource acquisition can benefit from studying the arguments embedded in the narratives that new venture founders construct.

Toulmin’s (1994) ideas about micro-level arguments in particular can shed more light on the ways in which entrepreneurs ensure the plausibility of their narratives. He argued that an argument consists of three basic components: the grounds, the claim, and the warrant. The claim, or conclusion, is an assertion ‘put forward publicly for general acceptance’ (Toulmin et al., 1984: 29). An audience may not accept the claim at face value, and ask the arguer to support it, i.e. specify its grounds (Toulmin, 1994). Grounds are ‘statements specifying particular facts about a situation. These facts are already accepted as true (Toulmin et al., 1984: 37). Providing facts in support of a claim, however, may not remove all doubts. To convince the audience that the claim indeed follows from the grounds, arguers need to introduce warrants: ‘general, hypothetical statements, which can act as bridges’ (Toulmin, 1994: 98) between grounds and claim. Examining the grounds and warrants entrepreneurs use can contribute to an increased understanding of entrepreneurs’ attempts to make their narratives more plausible because ‘in most cases, it is the presence of justification that persuades’ (Green et al., 2009: 15).

Additionally, we draw on Aristotle’s (2007) three broad means of persuasion to understand how new venture founders attempt to make their narratives resonate with investors. Aristotle (2007) explained that arguers can persuade an audience by appealing to logos, ethos, and pathos, whereby ‘pathos describes appeals to emotion. Logos describes appeals to logic, and ethos describes appeals to speaker credibility, moral authority, or tradition’ (Green and Li, 2011: 1688). By combining these three means of persuasion with Toulmin’s (1994) ideas, Brockriede and Ehninger (1960) developed a typology that specifies eight generic ways in which a warrant can connect grounds to a claim (see Table 3.1). Van Werven et al. (2015) recently proposed this framework in the context of entrepreneurship, but have not specifically linked it to an empirical analysis of entrepreneurial pitches. They also simply offer the framework for analysis, but have not extended it into an empirical examination of how different types of arguments feature as part of a pitched narrative, and how as part of such a narrative they affect its overall persuasive strength.

Table 3.1: Brockriede and Ehninger’s (1960) typology of arguments

Means of persuasion	Type of argument	Grounds	Warrant	Claim
Logos	Cause	‘One or more accepted facts about a person, object, event, or condition’ (p. 48)	These facts have ‘a creative or generative power’ (p. 48)	‘The claim relates these results to the person, object, event, or condition named in the [grounds]’ (p. 48)
	Sign	‘In argument from sign the [grounds] consist of clues or symptoms’ (p. 49)	‘The warrant interprets the meaning or significance of these symptoms’ (p. 49)	‘The claim affirms that some person, object, event, or condition possesses the attributes’ (p. 49)
	Generalization	‘Information about a number of persons, objects, events, or conditions, taken as [a] sample of a given class’ (p. 49)	‘What is true of the items constituting the sample will also be true of additional members of the class’ (p. 49)	‘The claim makes explicit the assumption embodied in the warrant’ (p. 49)
	Parallel case	‘One or more statements about a single object, event or condition’ (p. 49)	‘The instance reported in the [grounds] bears an essential similarity to a second instance in the same category’ (p. 49)	‘The claim affirms about the new instance what has already been accepted concerning the first’ (p. 49)
	Analogy	‘A relationship of a certain nature exists between two items’ (p. 49-50)	‘A similar relationship exists between two other items’ (p. 50)	‘The claim makes explicit the assumption embodied in the warrant’ (p. 50)
	Classification	‘A generalized conclusion about know members of a class’ (p. 50)	The generalized conclusion ‘will also be true of a hitherto unexamined item’ (p. 50)	The ‘general statement which has been made in the [grounds is applied] to the particular item under consideration’ (p. 50)
Ethos	Authority	‘One or more factual reports or statements of opinion’ (p. 51)	‘The warrant affirms the reliability of the source from which these [grounds] are derived’ (p. 51)	‘The claim reiterates the statement which appeared in the [grounds], as now certified by the warrant’ (p. 51)
Pathos	Motivation	‘Statements that may have been established as claims in a previous argument’ (p. 51)	Previously established claims are associated ‘with some value, desire, emotion, or aspiration’ (p. 51)	‘The person, object, event or condition referred to in the data should be accepted as valuable or rejected as worthless’ (p. 51)

As displayed in Table 3.1, each of the eight arguments in the typology corresponds to one of Aristotle’s (2007) three means of persuasion, and can be used to support the overall storyline, thus enhancing narrative plausibility. The motivational argument, which appeals to pathos, is perhaps the most direct way of establishing resonance. Arguers who use this type of argument explicitly refer to

values that are shared with their audience. When the audience can relate to these values, i.e., when values resonate with ‘the emotional state and worldviews inhering in the audience’ (Holt and Macpherson, 2010: 26), the arguer’s claims are more likely to be seen as persuasive (Rieke and Sillars, 2001). Ethos arguments can possibly also contribute to the persuasiveness of a narrative. When entrepreneurs, for instance, use an argument from authority based on their own opinions and expertise, they present themselves as a reliable source of information. This is likely to resonate with investors, who base the decision to invest, amongst other things, on an assessment of the experience and expertise of the founding team (Maxwell et al., 2011; Tyebjee and Bruno, 1984). Logos arguments, finally, can also convince and affect the persuasiveness of a narrative. An argument from classification may, for example, be used to ‘infer from the worth of known members of a class the probable worth of some previously examined item’ (Brockriede and Ehninger, 1960: 53), in this case a new venture. Studying new venture founders’ argumentation can on this basis, we believe, help explain how such arguments help to establish narrative resonance.

Like narrative studies, research on argumentation recognizes the power of implicitly conveying a message. Although grounds, claims, and warrants can be explicit – in which case the arguer constructs a syllogism – arguers can also use enthymemes: ‘enthymeme takes the form of an argument (...) one of whose parts is missing’ (Feldman et al., 2004: 152). If an arguer does not explicitly state an argument’s warrant or claim, the audience has to add them (Feldman and Sköldberg, 2002) ‘with the help of their background knowledge regarding the issue at hand’ (van Eemeren et al., 2014: 118). Hence, the audience is drawn into the argument (Hartelius and Browning, 2008), which can make the message more persuasive to those involved (Feldman and Sköldberg, 2002).

However, compared to narratives, which are generally open to multiple interpretations (Barry and Elmes, 1997; Boje, 1995; Cunliffe et al., 2004), the interpretation of enthymemes is typically more straightforward. This is the case because the structure of an argument limits an audience’s interpretative space. Although the meaning of warrants might be somewhat ambiguous or fluid, Toulmin conceived of them as ‘solid, stable authorisers of argumentative steps’ (Tans, 2006: 220; see also Toulmin, 1994: 93). In other words, looking at micro-level argumentation can make clear how new venture founders involve resource providers in their narratives, while at the same time guiding them through the structure of their argumentation towards a desired interpretation. Attention for micro-level rhetoric, let alone studies on the overall link between entrepreneurial narratives and micro-level argumentation, has been scarce in the entrepreneurship literature (Van

Werven et al., 2015). Only a few theoretical papers have signaled the importance of argumentation in general, and specific arguments such as analogy in particular (Cornelissen and Clarke, 2010; Etzion and Ferraro, 2010; Hill and Levenhagen, 1995; Van Werven et al., 2015). There is in comparison very little empirical work. The only empirical study (Holt and Macpherson, 2010) to date was limited to general logos, ethos, and pathos appeals, based on asking new venture founders to recall situations in which they persuaded others. But Holt and MacPherson (2010) did not study each of the available types of argumentation in detail, nor how such arguments feature in pitches of entrepreneurs who are actually presenting their venture to an investor audience.

3.3 Methods

3.3.1 Research setting

This paper is based on data gathered during a longitudinal case study of AMcubator, an Amsterdam-based business incubator. A business incubator is ‘a facility that houses young, small firms to help them develop quickly into competitive businesses’ (Hughes et al., 2007: 155) through creating ‘a supportive environment that is conducive to the ‘hatching’ and development of new firms’ (Bergek and Norrman, 2008: 20). Business incubators are a compelling setting for studying how new venture founders attempt to convince potential investors to commit to their idea for two reasons. First, because business incubators mostly target firms that are in the early stages of development (Bergek and Norrman, 2008), entrepreneurs who participate in an incubation scheme are unlikely to have an extensive track record of past performance. They therefore need to communicate effectively in order to reduce the uncertainty that investors perceive (Clarke, 2011). Another reason for studying a business incubator is that these organizations prepare their tenants for interactions with investors and other stakeholders (McAdam and Marlow, 2011). Hence, incubatees are made well aware of the preferences of their stakeholders, and are taught how to develop a message that will satisfy stakeholder needs. AMcubator offered entrepreneurs the opportunity to participate in ‘Pitch Academy’, with the aim of preparing them for Demo Day: the final day of the program, on which they presented their venture to an audience of over 300 people.

In 2013, when this study was conducted, 400 new ventures applied for participation in AMcubator’s so-called ‘web and mobile accelerator’. After several selection rounds, ten applicants were admitted to the program. This paper is mainly based on an argumentation analysis of the pitches that the lead entrepreneurs of nine startups gave on the final day of the program. We have excluded one venture from our analysis because its founders skipped most of the Pitch Academy sessions. As a

consequence, we do not know how the mentors evaluated their pitch throughout Pitch Academy. Table 3.2 introduces the nine ventures whose Demo Day pitches we analyzed.

Table 3.2: Participants in AMcubator’s web and mobile accelerator

Venture name	Venture idea	Product development status on Demo Day
3D Share	Connecting 3D printer owners with people who want to make a 3D print	Launched during the program
GameBook	Creating an online platform where gamers can discover, follow, and share gaming experiences	In preparation for launch
ProcessCorp	Enabling customers to monitor, manage, and optimize their business processes in real-time	In preparation for launch
eLearners	Building an online learning platform for people who want to learn effectively from each other	In preparation for launch
eHealth	Launching an online system that allows health professionals to access patient data from any device	Launched before the program
Parkling	Introducing dynamic pricing in parking garages to make parking cheaper and improve utilization of parking spaces	Launched before the program
BrandIns	Helping manufacturers to make sure that their online product representation is consistent by building a product data management tool	Launched during the program
GoodFood	Developing an online platform where professionals can order good food from the best chefs in town	In preparation for launch
Jewels	Creating an online tool to help people design and customize 3D-printable jewelry	Launched on Demo Day

3.3.2 Data sources

The main source of data for our analysis are the entrepreneurs’ Demo Day pitches. In those pitches, the entrepreneurs presented themselves and their venture to an audience of angel investors, venture capitalists, journalists, and experienced entrepreneurs in maximum six minutes. In the program booklet, AMcubator made clear that the main aim of Demo Day was positioning its tenants as attractive investment opportunities: ‘all the startups are investment ready, [and] half of them have already been approached by investors’. All Demo Day pitches were recorded on video by Amcubator employees. The first author, who had been present throughout the entire incubation program and also attended Demo Day, received these videos and transcribed them verbatim.

To better understand the Demo Day pitches, we analyzed the feedback the entrepreneurs received during Pitch Academy. In each of the five Pitch Academy sessions, the entrepreneurs pitched their venture in front of two mentors. These mentors were seasoned entrepreneurs who had a lot of pitching experience. Per the instructions of the AMcubator management, they gave feedback on the content of the pitches with the aim of helping the incubatees make their pitches more persuasive

from an investor's point of view. The first author made field notes during the first Pitch Academy session, audio recorded the other four sessions, and made verbatim transcriptions of the tapes.

As a consequence of attending the Pitch Academy sessions and changing their pitches based on the feedback, the pitch narratives the entrepreneurs presented on Demo Day were much like what Boje (2008) refers to as managerial dialogues: well-prepared narratives over which the authors exert a high degree of control. However, there was also a dialectic side to the Demo Day pitches, in that there was some 'reflexivity upon how others will receive the story you tell' (Boje, 2008: 192). This was due to the nature of the feedback the entrepreneurs received throughout Pitch Academy. The mentors aimed to make each pitch more persuasive from an investor's point of view – not by explicitly giving the entrepreneurs advice regarding the micro-level argumentation in their pitches, but by telling them about the topics investors expect to be addressed in a pitch. Hence, their role was to shape the entrepreneurs' pitch narratives by making them aware of the aspects that matter to their target audience (Lamertz and Martens, 2011), thereby encouraging them to reflect upon the way their Demo Day pitch would be interpreted.

3.3.3 Data analysis

After collecting the entrepreneurs' pitch narratives, we moved on to 'reading' them. We hereby focused on studying how the entrepreneurs used these narratives to achieve their aims, rather than on examining the truthfulness of the pitches. Or, as Czarniawska (2004: 132) phrases it, we focused on 'what does a text do?' ('how does a text say what it says?'), thus eliminating the question: fact or fiction?'. Our data analysis consisted of three interrelated steps: (1) identifying the arguments made by the entrepreneurs in their Demo Day pitches; (2) classifying the individual arguments in terms of Aristotle's (2007) three means of persuasion (logos, ethos, and pathos); (3) a cross-case comparison of the micro-level argumentation embedded in each of the pitches we analyzed.

3.3.3.1 Identifying arguments

Argument identification stage 1: identifying explicit claims and grounds. To identify the arguments that the entrepreneurs made on Demo Day, we first classified all statements that they made as grounds or claims (Toulmin, 1994). A statement was labeled as a ground when it had a factual nature (Toulmin et al., 1984), i.e., when the entrepreneur presented information as an established truth.²

When a statement followed from a ground, and was presented as a debatable conclusion rather than

² We do not intend to answer ontological questions related to the *actual* factuality of these statements because, following Potter (1996), we focused on how the entrepreneurs *constructed* descriptions of their venture as factual.

an established fact, we classified it as a claim (Toulmin, 1994). For example, Parkling stated that their product helps the owners of parking garages generate an optimized dynamic price list for their parking facility. The entrepreneur argued that, with this dynamic price list, ‘parking operators are making educated decisions on the right price to sell, rather than guesses that they do today’. In this statement, the entrepreneur *claims* that they help garage owners to make better pricing decisions. The reason that he offers in support of that claim, i.e., the *grounds*, is the fact that his product generates dynamic price lists.

Argument identification stage 2: making implicit claims explicit. Many statements that we labelled as grounds did not support an explicit claim. Hence, the entrepreneurs often constructed a specific type of enthymeme (van Eemeren et al., 2014): an argument that is incomplete because its claim is implicit. The entrepreneurs thus left the Demo Day audience some room to draw its own conclusions. However, this freedom to interpret grounds is not unbounded; when an audience and an arguer share common knowledge or a cultural identity, the audience is more likely to draw the conclusion that the arguer had in mind (Hartelius and Browning, 2008; Olmos and Vega, 2011). Because the AMcubator management, as mentioned earlier, invited many investors to Demo Day, and advertised it as an event where investment-ready entrepreneurs would present themselves, they made it more likely that the audience would listen to the pitches from an investor’s point of view.³ Hence, AMcubator recognized that communication is ‘an irreducibly social activity’, during which narrators attempt to identify and use common argumentative forms and common content (Billig, 1996: 226). In our interpretations of enthymemes, we therefore acknowledge that ‘the meaning of a word or utterance is dependent on its context of use’ (Potter, 1996: 43), and completed the argument as if we were investors evaluating an investment opportunity. So in line with previous research on the implicit meaning of entrepreneurial communication (e.g., Feldman et al., 2004; Zilber, 2007), we relied on the context in which the arguments were uttered to make implicit claims explicit.

The comments made by the Pitch Academy mentors regularly proved useful in deciding how to interpret a statement. eHealth’s Demo Day pitch, for instance, contained the following phrase: ‘there are more than 300,000 private clinics spread across the country, with 4.5 million health professionals working at this places’. This is a factual statement, which could have been used to support an explicit claim. However, the entrepreneur did not draw a conclusion based on these facts, and thus left the claim implicit. Because the Pitch Academy mentors regularly recommended entrepreneurs to include

³ By giving them a stage to present their venture as investment-ready, AMcubator constructed the entrepreneurs as competent describers of their venture (in line with Potter, 1996), thus helping them to establish credibility.

numbers in their pitch to enable investors to ‘make an actual prediction of the opportunity’ (Pitch Academy May 29, Parkling), it is likely that the founder of eHealth mentioned these numbers to implicitly claim that there is a large number of doctors that may potentially use his product.

3.3.3.2 *Classifying arguments*

Argument classification stage 1: making implicit warrants explicit. Once we identified both the grounds and (implicit) claims that the entrepreneurs used on Demo Day, we determined what types of argument they made. As stated before, arguments can be classified by looking at the warrant (Toulmin et al., 1984). So for each set of grounds and (implicit) claims we identified we made the warrants – the component that is most commonly left implicit in a business context (Toulmin et al., 1984) – explicit, in order to find out which types of argument the entrepreneurs made. The meaning of an implicit warrant can be deduced from the explicit components of the argument: ‘by looking at the elements that are explicit, we can triangulate back to the unstated element(s)’ (Feldman et al., 2004: 158).

Argument classification stage 2: types of argument and means of persuasion. After having made the implicit warrants explicit, we used Brockriede and Ehninger’s (1960) typology (see Table 3.1) to classify each argument, and to categorize them in terms of Aristotle’s three means of persuasion. For example, we classified the argument that the founder of Parkling made about the benefits of his product to the owners of parking garages as an argument by cause. By stating that dynamic price lists help garage owners make educated decisions regarding their pricing, he connected the grounds and claim with an implicit warrant that specifies that garage owners make educated decisions *as an effect of* having a dynamic price list.

Argument classification stage 3: multiple means of persuasion. Most of the arguments that the entrepreneurs made on Demo Day were arguments by cause and sign, which Brockriede and Ehninger (1960) classify as appeals to logos. During Pitch Academy, however, the entrepreneurs had been instructed to convince investors of their team (appeal to ethos) and make clear that their venture is an attractive investment opportunity (appeal to pathos). We therefore decided to find out whether logos arguments were in fact indirectly used as a vehicle for appealing to ethos and pathos. To illustrate: the implicit argument by sign that the CEO of eHealth made about the amount of health professionals working at private clinics in Brazil would be classified as an appeal to logos. But the entrepreneur also appealed to pathos by making this argument, because it suggests that the size of the

market his venture is targeting is substantial – something investors have been found to consider important (Grégoire et al., 2008; MacMillan et al., 1984; Maxwell et al., 2011)

3.3.3.3 Comparison of entrepreneurs' micro-level argumentation

The Demo Day pitches had similar structures: they had a plot and characters, and were meaningful – all of which are characteristics of stories (Gabriel, 2000). The entrepreneur or the new venture was featured as the protagonist, who had developed a solution for a problem that certain people or organizations faced, and had to overcome obstacles – i.e., was in need of an investment – in order to achieve its ultimate object or goal: realizing the new venture's potential. Despite these structural similarities, the feedback that the entrepreneurs received throughout Pitch Academy suggests that not all pitches were considered to be equally persuasive. Even during the last Pitch Academy session, when the entrepreneurs rehearsed versions of their pitches that were highly similar to the pitch they would present on Demo Day, some entrepreneurs were told that their pitch was 'awesome, really good', whereas AMcubator's management was concerned about the ability of others to come up with a good pitch before Demo Day. These conflicting evaluations inspired us to compare the entrepreneurs' micro-level argumentation. We observed three considerable differences, related to the number of arguments entrepreneurs used to support their claims, the specificity of their arguments, and the presence of logical time gaps. In the next section, where we discuss our findings, we will discuss these differences in more detail.

3.4 Findings

Most of the explicit statements that the entrepreneurs made on Demo Day were logos arguments, in particular arguments by cause and sign. These arguments supported implicit appeals to ethos, related to the quality of the founding team and the venture idea, as well as customer-directed pathos claims. Both these ethos and pathos appeals, in turn, backed the implicit overall message that the entrepreneurs wanted to convey in their pitch: our venture is an attractive investment opportunity. Table 3.3 presents the relationships between the three means of persuasion in the Demo Day pitches, with logos arguments at the lowest level. The table suggests that the entrepreneurs' pitch narratives were coherent. Coherence, or consistency, in this sense refers to narratives whose sub-themes lead in the same direction (Billig, 1996). The four main columns in Table 3.3 are the sub-themes of the pitch narratives, all of which support the main theme depicted in the top row. Prior research on narratives has mentioned coherence as a criterion for narrative effectiveness (e.g., Boje, 2008; Czarniawska, 2004). Because the Demo Day pitches had very similar structures, and hence a similar level of coherence, we will not focus on this criterion in the remainder of this chapter.

Table 3.3: Relationships between means of persuasion in Demo Day pitches

	<u>Overall (often implicit) claim directed at investors:</u> Our venture is an attractive investment opportunity			
Supported by	<u>Implicit or explicit ethos claim about founding team:</u> We are the right people to develop and grow our venture	<u>Implicit ethos claim about venture:</u> Our venture is able to obtain a strong position in its target market	<u>Implicit pathos claim directed at customers:</u> Our product solves a problem for (potential) customers	<u>Implicit pathos claim directed at investors:</u> The size of the target market of our product is substantial
Supported by	<u>Logos argument(s) used most frequently (implicit or explicit):</u> <ul style="list-style-type: none"> • Argument by cause • Argument by sign 	<u>Logos argument(s) used most frequently (implicit or explicit):</u> <ul style="list-style-type: none"> • Argument by cause • Argument by sign 	<u>Logos argument(s) used most frequently (implicit or explicit):</u> <ul style="list-style-type: none"> • Argument by cause 	<u>Logos argument(s) used most frequently (implicit or explicit):</u> <ul style="list-style-type: none"> • Argument by cause • Argument by sign

The Demo Day pitch by the founder of ProcessCorp illustrates our findings. Like all other entrepreneurs, he introduced a range of logos arguments that supported implicit ethos and pathos claims, in order to convince angel investors or venture capitalists to invest in his venture. The entrepreneur, for example, made an explicit argument by cause based on his prior experience as a consultant. The argument implies that he considers himself the right person to further develop ProcessCorp, and thereby appeals to ethos (the second column in Table 3.3). Specifically, he stated that, as an effect of having solved business process-related ‘challenges for the last six years, again and again for different companies, like Telekom, Bayer or Coca-Cola’, he had a good understanding of the problems associated with monitoring and analyzing business processes. The entrepreneur also appealed to ethos by referring to the growing interest in his venture idea. He stated that ‘currently, we are talking with two big Dutch companies to start pilot projects’. We labelled this statement as the grounds for an implicit argument by sign, because it suggests that ProcessCorp is likely to acquire customers in the near future. By thus indicating that external actors are interested in ProcessCorp, the entrepreneur implicitly established the credibility of the venture (column 3 in Table 3.3).

In addition, the entrepreneur made both customer – and investor-directed pathos claims in his Demo Day pitch. He first used an explicit argument by cause to claim that ProcessCorp solves a problem that most large companies experience. Large companies, he explained, use tailor made software to manage their business processes. According to the entrepreneur, tailor made software has its downsides: ‘it’s difficult to adapt, it takes a long time to build, and it’s expensive’, and is ‘only adaptable by IT experts’. He subsequently claimed that, because ProcessCorp is developing a long-

term, vendor-independent solution, their product brings ‘analytics back to business’, helps managers to ‘de-risk their decision making, and enable[s] them to improve and change’. This explicit logos argument stresses the benefits of the product, and thus contains an implicit customer-directed pathos claim (column 4 in Table 3.3). The entrepreneur also appealed to pathos by suggesting that ProcessCorp can generate substantial revenues. He stated that ‘companies spend over 30 billion dollar each year to get an insight into their business processes’, thus implying that ProcessCorp’s target market is large and financially attractive – something investors can be expected to appreciate (the final column in Table 3.3).

In the remainder of this section, we will explain how the (implicit) micro-level arguments the entrepreneurs used contributed to narrative resonance and plausibility. We will also discuss how the Demo Day pitches differed in terms of micro-level argumentation.

3.4.1 Narrating resonance

The AMcubator management believed that convincing the Demo Day audience of their venture’s investment readiness was the entrepreneurs’ main challenge: ‘pitching is all about explaining this massive idea, the big potential’ (AMcubator program manager). In line with this belief, and the feedback they received, the main message that entrepreneurs subsequently conveyed in their pitches was targeted at investors. We identified two rhetorical strategies that were used to make a pitch resonate with this audience: 1) discussing topics that investors view as indicators of a new venture’s potential, and 2) consciously refraining from making explicit claims and using an implicit warrant as a way of drawing the audience into the narrative.

3.4.1.1 Referring to investors’ decision making criteria

Our findings suggest that entrepreneurs attempt to make their pitches resonate with investors by paying attention to topics that this audience evaluates when considering to invest in a new venture. By sharing information about their founding team, competition, solution, and target market, the entrepreneurs provided investors with the basis for assessing whether their venture was worth investing in. Table 4 shows some of the arguments the AMcubator entrepreneurs used to relate their ventures to each of these topics and the relevant investment criteria. We will illustrate our findings with GameBook’s Demo Day pitch.

Table 3.4: Examples of implicit and explicit logos arguments used to create resonance

Venture	Ethos claim about founding team: We are the right people to develop and grow our venture	Ethos claim about venture: Our venture is able to obtain a strong position in its target market	Pathos claim directed at customers: Our product solves a problem for (potential) customers	Pathos claim directed at investors: Our venture is an attractive investment opportunity
3D Share	<i>Based on explicit argument by sign about the entrepreneurs' commitment:</i> 'Now that we've quit our jobs (grounds) we are very serious about making it work (claim).'	<i>Based on implicit argument by sign about the venture's track record:</i> '...we are raising 400,000 euros (...). This funding round is about to close (grounds)', which indicates that we have been able to secure investments (implicit claim)	<i>Based on explicit argument by cause about the solution:</i> '...it turns out that [people] only use [their printer] eight hours per week (grounds). So there's 95 percent downtime that they can use to start earning money' (explicit claim)	<i>Based on implicit argument by sign about the target market:</i> 'Did you know there are already 200,000 3D printers out there? (grounds)', which means there are many people who may join our platform (implicit claim)
GameBook	<i>Based on implicit argument by sign about the entrepreneurs' commitment:</i> 'actually I'm the only guy in AMcubator sleeping under the desk (grounds)', indicates that I am dedicated to my venture (implicit claim)	<i>Based on explicit argument by cause about the venture's competition:</i> Contrary to other solutions, 'we organize content in people (grounds) (...). So we can create a game identity, regardless [of] what you play' (explicit claim)	<i>Based on explicit argument by cause about the benefits of the solution:</i> All content is shared 'in one place (grounds), so you can stay up to date from the people that inspire you, or you play with' (explicit claim)	<i>Based on explicit argument by sign about the target market:</i> Gamers spend 'nineteen billion hours (...) outside the game talking about games (grounds). In fact, gamers are one of the biggest content consumers on the internet' (explicit claim)
ProcessCorp	<i>Based on explicit argument by cause about the entrepreneurs' expertise:</i> 'The reason I know [that business processes can create a large problem (explicit claim) is that] I solved these challenges for the last six years (grounds).'	<i>Based on explicit argument by cause about competition:</i> [SAP failed] 'to identify the next big thing in business process management' (...). ProcessCorp, as 'an innovative startup' (grounds), [can] 'show the world that this can be done' (explicit claim)	<i>Based on explicit argument by cause about the benefits of the solution:</i> '...we developed a way to use graphics to visualize the definition of process metrics (grounds). So [our product] is usable by IT and business' (explicit claim)	<i>Based on explicit argument by cause about the entrepreneurs' marketing strategy:</i> 'To enter the market we established strategic partnerships (grounds). This ensures that we can reach our customers in a scalable way (explicit claim).'
eLearners	<i>Based on implicit argument by sign about the entrepreneurs' expertise:</i> 'We (...) learned everything from the web (grounds)', which makes us well-equipped to develop an online learning platform (implicit claim)	<i>Based on implicit argument by sign about the venture's track record:</i> '[Having] 3,000 people (...) on our waiting list' (grounds), suggests that people are interested in the product we are developing (implicit claim)	<i>Based on explicit argument by cause about the solution:</i> 'We have premium learning tools' (grounds), and therefore 'not only provide you with the best content you learn from, we actually help you learn from that content (explicit claim).'	<i>Based on implicit argument by sign about the target market:</i> '...the global e-learning market will reach 107 billion dollars' (grounds), which indicates that our target market is financially attractive (implicit claim)
eHealth	<i>Based on explicit argument by sign about the entrepreneurs'</i>	<i>Based on implicit argument by sign about the venture's track record:</i>	<i>Based on explicit argument by cause about the solution:</i> '...health	<i>Based on implicit argument by sign about the size of the venture's target</i>

	<p><i>expertise</i>: ‘... we graduated in medical IT (...), and we have more than five years experience in health information systems (grounds)’, so ‘we are the best team to create the solution (explicit claim)’</p> <p><i>Based on implicit argument by sign about the entrepreneurs’ track record</i>: ‘We know each other for quite some time, and have participated at few other competitions as well’ (grounds), so we are a good team (implicit claim)</p>	<p>‘We already have (...) 55 paying users so far, which means 20,000 dollars in annual revenues’ (grounds). This indicates that people are willing to pay for our product (implicit claim)</p> <p><i>Based on implicit argument by sign about the venture’s track record</i>: ‘We have five parking facilities in London, and all we did was a three-day trip there’ (grounds), so we could attract more customers in London if we spend more time there (implicit claim)</p>	<p>professionals can save thirty percent of their time if they go digital (grounds). That means less waste of time, more hours with customers, more revenues...(explicit claim)’</p> <p><i>Based on explicit argument by cause about the problem</i>: [Shows a picture of a parking garage] with ‘empty spaces’ (grounds), and states that this is an indication of ‘...wasted revenue, opportunity, and a market with endless possibilities’ (explicit claim)</p>	<p><i>market</i>: ‘The healthcare market in Brazil is expected to reach 350 billion dollars in 2015’ (grounds), which indicates that our target market is financially attractive (implicit claim)</p> <p><i>Based on implicit argument by sign about the target market</i>: ‘...parking garages in Europe generate eight billion revenues per year’ (grounds), which indicates that our target market is financially attractive (implicit claim)</p>
Parking				
BrandIns	<p><i>Based on explicit argument by cause about the entrepreneurs’ expertise</i>: ‘Now why us, you might ask (explicit claim) (...) we have five years of market experience within the consumer product business. We know what’s happening in the market, (...) and we’ve got the customer network (grounds)’</p> <p><i>Based on implicit argument by sign about the entrepreneurs’ commitment</i>: ‘We are a team, not only of passionate foodies, (...) we share a mission to provide access to food with a face’ (grounds), which indicates that we are dedicated to our venture (implicit claim)</p>	<p><i>Based on implicit argument by sign about the venture’s track record</i>: ‘In less than three months we already served 250 meals through our platform’ (grounds), which indicates that people are willing to pay for our product (implicit claim)</p>	<p><i>Based on explicit argument by sign about the problem</i>: ‘[A product we found online] is shown (...) with a lot of different images and different nutritional information’ (grounds), which indicates that ‘manufacturers of consumer products have absolutely no control over the way that their data is shown (explicit claim)’</p> <p><i>Based on explicit argument by cause about the problem</i>: ‘You and me are both hardworking professionals. What we do when we are busy (grounds): we eat the same food from the same places every time (explicit claim)’</p>	<p><i>Based on implicit argument by sign about the target market</i>: ‘[Jerry’s] restaurant has decreasing revenues of four percent every year. (...) Only in Amsterdam, there are already 500 chefs like him’ (grounds), so many chefs might be willing to use our platform (implicit claim)</p> <p><i>Based on implicit argument by sign about the target market</i>: ‘On nike.com, already twenty percent of all sales are customized NikeID shoes’ (grounds), which suggests that many people are interested in buying customized products (implicit claim)</p>
GoodFood				
Jewels	<p><i>No argument</i> The founder of Jewels was the only entrepreneur who did not make an ethos claim about his team on Demo Day</p>	<p><i>No argument</i> The founder of Jewels was the only entrepreneur who did not make an ethos claim about his venture on Demo Day</p>	<p><i>Explicit argument by analogy about the solution</i>: ‘Where Instagram made it easy and fun to shoot stylish photos without Photoshop (grounds), [Jewels] makes it easy and fun to create stylish jewelry without complex 3D tools (explicit claim)’</p>	

Prior research on entrepreneurial resource acquisition argued that investment decisions are based on the attributes of the founding team, such as its expertise (Maxwell et al., 2011; Tyebjee and Bruno, 1984), track record (MacMillan et al., 1985) and commitment (Cardon et al., 2009; Sudek, 2007). The founder of GameBook promoted his team by discussing these aspects in his Demo Day pitch. He first pointed to their track record as developers of gaming platforms when he stated that, before starting their current venture, he and his co-founder ‘built a website, as a hobby. It turned into a 15,000 users website, where we connected groups of gamers with gamers’. In addition, he referred to their technical expertise, stating that his co-founder ‘is a full-stack engineer’, and that he himself is ‘an interface designer’. The entrepreneur finally claimed that because they are ‘stretching out our own game as gamers’ – in other words, developing a product they were missing when playing video games – they are ‘fully committed to this mission’. Together, these logos arguments suggest that his team is well-equipped to further develop GameBook.

Investors have further been found to consider the competition a new venture meets from current or expected rivals (Chen et al., 2009; Mason and Harrison, 2003). The founder of GameBook indeed reflected on his main competitors on Demo Day, and tried to make clear what differentiates his venture from these organizations. He specifically stated that on another platform, ‘thousands of people share in one big timeline. So it becomes a mess to find something interesting’. GameBook was supposed to have different channels instead of one timeline. The entrepreneur claimed that, as a consequence, his platform met gamers’ needs better than the competing platform did: GameBook ‘makes it incredibly easy to share what you care about, to discover what you might like, and follow what matters to you’. Hence, the entrepreneur tried to establish the credibility, i.e., ethos, of his venture.

Another criterion that investors use when evaluating a new venture is whether the product the entrepreneurs have developed can meet market needs (Chen et al., 2009; MacMillan et al., 1984; Maxwell et al., 2011; Sudek, 2007). The Pitch Academy mentors recommended the AMcubator entrepreneurs to establish a market need by stressing that their product solves a problem. In line with this advice, the founder of GameBook explained the Demo Day audience what problem his venture addressed. He stated that, on the one hand, gamers who want to share their gaming experiences get lost in ‘dated forums, and closed communities, or (...) social networks not meant for gaming’. On the other hand, people who are interested in the things others share also experience a problem because ‘it becomes a hell of a nightmare to find’ them. According to the entrepreneur, GameBook

solves both these problems, as it ‘brings all the gaming content into one place’. By stressing that GameBook meets a consumer need, the founder makes a pathos claim directed at potential investors.

Previous studies also showed that investors evaluate the target market of new ventures, because ultimately, they are interested in a return on their investment (Grégoire et al., 2008; MacMillan et al., 1984; Maxwell et al., 2011). The founder of GameBook addressed this topic in his Demo Day pitch by mentioning that there are 900 million people who play ‘videogames, video consoles, and of course massive multiplayer online games. That’s a 70 billion dollar market’. He also showed a picture of a PlayStation controller, and said: ‘this is PlayStation 4, coming out this winter. And as you can see, there is a share button on the controllers’. This had to indicate that sharing gaming experiences is ‘just getting easier’. As a Pitch Academy mentor stated, investors can be expected to interpret it as ‘as evidence of the importance of the social aspect’ of gaming. These two logos arguments shape the entrepreneurs’ pathos claim directed at investors.

3.4.1.2 Using enthymemes

As the examples in Table 3.4 suggest, most entrepreneurs did not explicitly state that they believed their venture to be an attractive investment opportunity. Instead, they often engaged in enthymematic argumentation by making statements that could have served as the grounds for an explicit claim, but without then actually drawing the conclusion themselves. We use 3D Share’s Demo Day pitch to illustrate how entrepreneurs used this kind of enthymematic argumentation. As most other entrepreneurs, they used enthymemes throughout their pitch, in support of the higher-level ethos and pathos claims shown in Table 3. Using enthymemes can draw investors into the pitch, because the lack of an explicit conclusion encourages them to complete the argument themselves (Hartelius and Browning, 2008). This may be effective as generally speaking an audience will tend to believe the information that it has itself added to an argument, making it more likely that the pitch resonates (Feldman and Sköldbberg, 2002).

In his Demo Day pitch, the founder of 3D Share supported the ethos claim about his venture with several implicit arguments by sign. He for instance stated that ‘two months ago, we went live in Amsterdam and Antwerp. Every day our online platform connects 3D printer owners with people who want to print’. Referring to traction, as the entrepreneur did with this statement, is a way of showing that there is a need for the product. In the words of an AMcubator manager: traction signals ‘that it’s not only you guys, [but] that there’s other persons out there’ who are interested. So although the founder of 3D Share did not make an explicit claim based on the information about his initial

results, it indicates that people are interested and, in fact, are willing to pay for the product. The enthymeme thereby contributes to the overall venture-related ethos claim of the pitch: 3D Share is able to obtain a strong position in its target market.

In addition to the explicit argument by cause shown in Table 3.4, the entrepreneur made an enthymematic argument by cause in support of his customer-directed pathos claim on Demo Day. The argument was based on his conviction that 3D printing is a relatively novel phenomenon: ‘most of you have probably heard about 3D printing, but never used it’. He did not draw a conclusion, but the implications of his statement are clear: because he believes that 3D printing is an ‘exciting technology’ that makes it possible to ‘create a product and own it the next day’, people who have never 3D printed miss out on something special. Hence, the entrepreneur implicitly tries to appeal to people’s passion to create.

Other examples of enthymemes used in 3D Share’s Demo Day pitch are the implicit arguments by sign the entrepreneur used to support his investor-directed pathos claim. He mentioned that ‘there are already 200,000 3D printers out there’, and also stated that he and his co-founder ‘have built Europe’s largest network of 3D printers, in a market that McKinsey values at 400 billion’. Both these statements relate to the size of 3D Share’s target market and are therefore ways to, as one of the Pitch Academy mentors said, give the audience ‘a feel of the market size’. But the entrepreneur did not make any explicit claim about the specific implications of those numbers for 3D Share, thereby leaving it up to audience to draw conclusions about the potential of 3D Share to generate substantial revenues.

3.4.2 Narrating plausibility

In most enthymemes, the audience has to interpret the meaning of implicit grounds or warrants (Feldman et al., 2004). The entrepreneurs we studied often used a different kind of enthymeme; one that leaves claim and warrant unstated. As a consequence, the audience could only use the grounds entrepreneurs provided for interpreting the implicit message. Such implicitness might raise questions about the plausibility of the pitches, as new ventures do not always meet the expectations entrepreneurs set in their narratives (Garud et al., 2014a).

Our findings indicate that the entrepreneurs who joined AMcubator attempted to enhance the plausibility of their pitch narratives by using verifiable data as the grounds for their implicit claims, and by supporting higher-level ethos and pathos claims with a range of logos arguments. Our data

also suggests that they did not always succeed in creating plausibility; we observed differences in terms of the specificity of the data that the entrepreneurs used as grounds, the temporal orientation of their argumentation, and the amount of logos arguments used to support ethos and pathos claims (see Table 3.5).

Table 3.5: Differences between pitches in terms of plausibility

	Definition	Less plausible pitch ←	→ More plausible pitch
Breadth	‘The number of arguments put forward to discuss a proposition on the higher layer’ (von Werder, 1999: 677)	Higher-level ethos and pathos claims are supported by fewer logos arguments	Higher-level ethos and pathos claims are supported by more logos arguments
Logical time gap	Grounds and claim pertain to a different time period (van Eemeren et al., 2014)	Grounds and claim pertain to a different time period	Grounds and claim pertain to the same time period
Specificity	Extent to which arguments provide specific information	Arguments are generic, and do not provide detailed information about a venture	Arguments provide audience with detailed information about a venture

Our argumentation analysis corresponds with the feedback the entrepreneurs received throughout Pith Academy: the pitches we considered less plausible were also evaluated more critically by the mentors. We will now discuss each of the categories in Table 5 in more detail.

3.4.2.1 Breadth of argumentation

We found that most entrepreneurs supported each of the ethos and pathos claims they made in their pitches with several logos arguments. Because higher-level claims that are supported by multiple, distinct arguments are considered more persuasive than claims that are supported by fewer arguments (Green et al., 2009; von Werder, 1999), the entrepreneurs’ use of logos arguments enhances the plausibility of their pitches. This plausibility-enhancing effect of supporting arguments is exacerbated when the arguments are complementary: ‘the *convergence* of arguments produces a great persuasive effect’ (Perelman, 2008: 142, emphasis in original). So although the breadth of argumentation is a quantitative measure, the content of the supporting arguments also matters, in the sense that converging arguments create a persuasive effect that is greater than the sum of the individual arguments. In this section, we will illustrate this finding by giving an overview of the logos arguments the entrepreneurs used to support ethos claims about the team that started the venture (see Table 3.6). Table 3.6 suggests that the Demo Day pitches differed in terms of argumentation breadth. Although it only shows the arguments the AMcubator entrepreneurs provided

in support of their team-related ethos claim, we observed these differences for the other higher-level ethos and pathos claims as well.

As Table 3.6 shows, the founders of GoodFood and Jewels did not make a broadly supported ethos claim about the founding team on Demo Day. This most likely affected the perceived persuasiveness of their pitch negatively, as the following dialogue between the founder of Jewels and one of the AMcubator managers during a Pitch Academy session suggests. When the mentor noticed the absence of an ethos claim in Jewels' pitch, he asked: 'Do you mention the team? You skipped it, right? Why?'. After the entrepreneur explained that he thought introducing his team was not useful, the manager stated: 'OK, if you're not planning to sell yourselves...'. Along the same lines, GoodFood's team-related ethos claim is relatively weak in terms of plausibility; the entrepreneur referred to the motivation and passion of her team, but did not come up with any additional reasons to support the claim.

In the other Demo Day pitches, the ethos claim about the founding team was more broadly supported with logos arguments. The CEO of BrandIns, for example, gave three separate reasons in response to a question he raised near the end of his pitch: 'now why us, you may ask'. He first stated that he and his team members had raised funding in the past, later added that they possess 'the right business and technological experience', and also mentioned that they 'know what's happening in the market'. Each of these arguments supports the higher-level ethos claim, and thereby contributes to ensuring the plausibility of the pitch. But they do not converge: the arguments are independent from one another rather than complementary. Hence, they are not likely to reach a persuasive effect that is greater than the sum of the individual arguments.

In comparison, the team-related ethos claim in the Demo Day pitch by ProcessCorp is broadly supported by convergent arguments. The entrepreneur made three arguments about his expertise that complemented each other. He used two separate logos arguments about his working experience, claiming that his prior job as a consultant taught him to develop enterprise software and increased his knowledge about the business process-related challenges that large corporations face. The final argument strengthened these two claims, because it revealed that a well-known third-party, SAP, also considers him to be an expert. In other words, the entrepreneur uses an endorsement to show that his confidence in his expertise is warranted. Hence, the argument is not merely an additional reason that confirms that the founders of ProcessCorp are the right people to develop and grow the venture, but builds upon the previous arguments and thereby strengthens the plausibility of the ethos claim.

Table 3.6: Logos arguments that support the entrepreneurs' ethos claims about the founding team

Venture	Logos arguments supporting the claim
3D Share	<ul style="list-style-type: none"> - <u>Argument by cause about passion for 3D printing</u>: 'Back in university, [we] always used to play with the 3D printers (grounds). No wonder we got hired by the 3D printing market leader (explicit claim)' - <u>Argument by sign about entrepreneurs' commitment</u>: '... now that we've quit our jobs (grounds) we are very serious about making it work (explicit claim)'
GameBook	<ul style="list-style-type: none"> - <u>Argument by sign about entrepreneurs' expertise</u>: '... my co-founder (...) is a full-stack engineer, and he built one of the first iOS apps in Portugal (...) and I'm an interface designer (grounds)', so we have the technical skills required for developing our product (implicit claim) - <u>Argument by sign about entrepreneurs' commitment</u>: '... actually I'm the only guy in [AMcubator] sleeping under the desk (grounds)', which indicates that 'we're fully committed to this mission (explicit claim)'
ProcessCorp	<ul style="list-style-type: none"> - <u>Argument by sign about an endorsement</u>: 'SAP (...) invited me to be a member of an expert council (grounds)', indicating that I am considered an expert in my field (implicit claim) - <u>Argument by sign about entrepreneurs' expertise</u>: 'With more than fifteen years of consulting experience (grounds), we know how to develop enterprise software (explicit claim)'
eLearners	<ul style="list-style-type: none"> - <u>Argument by sign about entrepreneurs' expertise</u>: 'We didn't learn from traditional universities or schools, we learned everything from the web (grounds)', which makes us well-equipped to develop an online learning platform (implicit claim) - <u>Argument by sign about entrepreneurial experience</u>: '... with our previous company [that enabled us to put our self-taught skills into practice] (...) we were hired by big brands and great startups (grounds)', which indicates that 'we did a good job [educating ourselves]' (explicit claim)
eHealth	<ul style="list-style-type: none"> - <u>Argument by sign about entrepreneurs' commitment</u>: '... we came to Holland, to hear from the most experienced mentors in Europe and the US, and learn how to boost our business (grounds)', which indicates that we are willing to make sacrifices for our venture (implicit claim) - <u>Argument by cause about entrepreneurs' expertise</u>: '... why we are the best team to create the solution (explicit claim). Well, we graduated in medical IT from the best university in Latin America, and we have more than five years experience in health information systems combined with ten years experience in software development' (grounds)
Parkling	<ul style="list-style-type: none"> - <u>Argument by cause about entrepreneurs' expertise</u>: 'We've done extensive research (grounds)', so now we know that 'there are solutions out there that try to solve the problem in a similar way (explicit claim)' - <u>Argument by sign about entrepreneurial experience</u>: 'We know each other for quite some time, and have participated at few other competitions as well (grounds)', which indicates that we are the right team to develop and grow our venture (implicit claim)
BrandIns	<ul style="list-style-type: none"> - <u>Argument by sign about entrepreneurial experience</u>: 'Already in the past we have raised 400,000 euros in seed funding (grounds)', which indicates that we are able to persuade investors (implicit claim) - <u>Argument by sign about entrepreneurs' expertise</u>: '... we have five years of market experience within the consumer product business (grounds)', which indicates that 'we know what's happening in the market, we know the people and we've got the customer network (explicit claim)'
GoodFood	<ul style="list-style-type: none"> - <u>Argument by sign about entrepreneurs' commitment</u>: 'We are a team, not only of passionate foodies, we're also professional rebels. And we share a mission to provide access to food with a face through smart technology' (grounds), which indicates that we are the right team to develop and grow our venture (implicit claim)
Jewels	<p>The founders of Jewels decided not to make an ethos claim about the founding team on Demo Day.</p>

3.4.2.2 Verifiable data

Another rhetorical strategy that the entrepreneurs used to enhance the plausibility of their pitches was using verifiable and specific information as the basis for their claims. Our findings thus suggest that, even though new venture founders usually cannot convince investors directly by referring to their track record (Higgins and Gulati, 2006; Stuart et al., 1999), they are nevertheless able to provide investors with data and information that can be verified. By referring to verifiable information to support their claims, the entrepreneurs we studied were constructing ‘out-there-ness’: they constructed ‘the description as independent of the agent doing the production’ (Potter, 1996: 150). In other words, by referring to ‘factual’ information, they constructed their description of the venture as more ‘objective’.

All entrepreneurs used verifiable and specific data as the basis of their arguments. Still, we observed differences in degree between the pitches, affecting their perceived plausibility. Specifically, we found that entrepreneurs sometimes used information to make generic rather than specific claims, or presented future-oriented arguments that were unverifiable. Table 3.7 gives examples of specific, and if applicable, unverifiable and generic information that was used as grounds for the claims made on Demo Day.

Differences related to logical time gaps

Some of the AMcubator entrepreneurs made statements that served as grounds for a claim that could only be verified in the future, by the time the venture would have achieved its initial results. Hence, the grounds and claim concerned different time periods. Van Eemeren et al. (2014) refer to this phenomenon – arguments in which the grounds relate to the present, whereas the claim pertains to the future – as a logical time gap. Arguments that contain a logical time gap are generally considered to be relatively weak in terms of plausibility because, by conveying information that can only be verified in the future, they largely present the venture as a promise. As a consequence, these arguments do not serve to reduce investor uncertainty: ‘anyone who desires to achieve certainty as to the accuracy of the prediction (...) must simply wait’ (van Eemeren et al., 2014: 210).

Table 3.7 suggests that logical time gaps predominantly occurred in the argumentation of entrepreneurs who had not formally launched their venture during the incubation program: the products developed by the founders of GameBook, ProcessCorp, eLearners, and Jewels were all released on or after Demo Day. These entrepreneurs therefore not could not support their investor-directed pathos claim by referring to any tangible results. The Demo Day pitch by one of the

Table 3.7: Supporting arguments with grounds based on verifiable data

Venture	<p>Examples of specific, verifiable grounds: ‘On our first fifty orders, we’ve proven to be seven times faster than [our main competitor], where delivery takes two weeks’. <i>Can be verified by comparing shipping time, specifically relates to 3D Share’s performance</i></p> <p>Examples of unverifiable grounds: ‘...grow demand by creating the 3D print button of the web’. <i>Unverifiable: the 3D print button had yet to be created, so its effects are unknown</i></p>
GameBook	<p>Examples of specific, verifiable grounds: Meet Oliver. He’s a gamer, and he spends 21 hours every week playing videogames. And like him, there are 900 million others’. <i>Can be verified by checking industry data, specifically relates to GameBook’s target customers.</i></p> <p>Examples of unverifiable grounds: ‘But what [alternative solutions] all make wrong, is that they try to organize content in games. And we organize content in people, because gamers play more than one game’. <i>Unverifiable: on Demo Day, the founders of GameBook had yet to launch their gaming platform.</i></p>
ProcessCorp	<p>Examples of specific, verifiable grounds: ‘...according to McKinsey’s Global Survey, the top three important priorities for executives are: improving process effectiveness, improving process efficiency, and providing managers with the right information to de-risk decision making’. <i>Can be verified by checking McKinsey report, specifically relates to ProcessCorp’s target market.</i></p> <p>Examples of unverifiable grounds: ‘Our web-based cockpit gives executives a full process insight, real-time information, reports, and forecasts’. <i>Unverifiable: on Demo Day, the founders of ProcessCorp had yet to launch their product.</i></p>
eLearners	<p>Examples of specific, verifiable grounds: ‘According to the Global Industry Analyst, the global e-learning market will reach 107 billion dollars by the end of next year’. <i>Can be verified by checking Global Industry Analyst report, specifically relates to eLearners’ target market.</i></p> <p>Examples of unverifiable grounds: ‘We have premium learning tools. Think of annotation within text and articles, weekly digest of things you told yourself that you wanted to remember. And summaries of books. And on top of that we keep you motivated and reward you for being a great student or a great teacher with our achievement system’. <i>Unverifiable: on Demo Day, the founders of eLearners had yet to launch their product.</i></p>
eHealth	<p>Examples of specific, verifiable grounds: ‘[In Brazil], there are more than 300,000 private clinics spread across the country, with 4.5 million health professionals working at this places’. <i>Can be verified by checking industry data, specifically relates to eHealth’s target market.</i></p>
Parking	<p>Examples of generic, verifiable grounds: ‘We know each other for quite some time, and have participated at few other competitions as well, from Evernote, Stamford, Microsoft, and a few more’. <i>Can be verified by contacting the organizers of the competitions, but applies to many new venture founders</i></p>
BrandIns	<p>Examples of specific, verifiable grounds: ‘[The European Union] introduced new regulations. By the end of 2014 (...) every manufacturer needs to find a way to control their data online’. <i>Can be verified by checking EU documents, specifically relates to the problem BrandIns addresses.</i></p>
GoodFood	<p>Examples of specific, verifiable grounds: ‘Sixty percent of the people living in urban areas say they lack the time or the energy to cook during the week’. <i>Can be verified by checking research reports, specifically relates to the problem GoodFood addresses.</i></p>
Jewels	<p>Examples of specific, verifiable grounds: ‘Two companies that address a similar market as we are, (...) already do over a billion euros in revenue’. <i>Can be verified by checking annual reports of those companies, specifically relates to Jewels’ competition.</i></p> <p>Examples of generic, unverifiable grounds: ‘...our running business allows us to strengthen our knowledge about the market, about the supply chain, and logistics’. <i>Unverifiable: the founders of Jewels launched their platform on Demo Day. This statement is generic, because most entrepreneurs learn from running their business.</i></p>

founders of eLearners illustrates this. The entrepreneur stated that his online learning platform does not only ‘provide you with the best content you learn from, we actually help you learn from that content’. He supported this claim by referring to the premium learning tools eLearners developed, such as ‘annotation within text and articles, weekly digests of things you told yourself that you wanted to remember, and summaries of books’. However, because the learning platform was still being tested, the entrepreneurs did not yet know whether their customers would pay a premium fee to use the learning tools, nor whether these tools actually contributed to an improved learning experience. This could only be verified once the product had been released. The entrepreneur therefore could not demonstrate that the business concept of eLearners benefits its customers.

The arguments in 3D Share’s Demo Day pitch do not contain such logical gaps. The founders of 3D Share launched their platform one month after the start of AMcubator’s web and mobile accelerator, and were active in two cities when the incubation program ended. So on Demo Day, the CEO was able to mention that ‘in Amsterdam and Antwerp, we are receiving multiple orders a day’. This statement refers to the present-day actions of customers, and supports an implicit claim – the venture is attractive to customers – that also refers to the present. Hence, the entrepreneur does not make predictions of the venture’s future results, but conveys information about its actual performance. The arguments therefore serve as uncertainty-reducing signals, and thus enhance the plausibility of the pitch.

Differences related to the specificity of arguments

The arguments entrepreneurs constructed based on verifiable data about their venture also differed in terms of specificity. A lack of specificity may reduce the persuasiveness of a pitch for two reasons, both related to its plausibility. First, ‘the known, foreseen, and banal argument, which is nothing more than a commonplace, is less compelling than one that is original, new, and to the point’ (Perelman, 2008: 141). Indeed, investors rate pitches by entrepreneurs who make specific claims about their target market significantly higher than pitches that, for example, contain ‘‘generic’ arguments about the large size of the market they are serving’ (Grégoire et al. (2008: 11). Second, construal level theory (Trope et al., 2007) would suggest that ‘highlighting concrete language may help to broadly increase investors’ comfort with evaluating a firm, [and] is likely to particularly help to ameliorate concerns of investors who feel psychologically distant from that firm’ (Brooke Elliot et al., 2015: 840).

Table 3.7 provides some examples of verifiable grounds that are not sufficiently specific, and therefore do not offer strong support for a higher-level ethos or pathos claim, thus reducing its plausibility. For example, the statement with which the founder of Parkling introduced verifiable information about his team's past on Demo Day was quite generic. The entrepreneur mentioned that he and his co-founder 'know each other for quite some time'. But he did not elaborate on the benefits of this long-term relationship, nor explained how he and his co-founder performed during the competitions in which they participated. It therefore remains unclear what message he intended to convey.

The founder of eLearners was, in comparison, much more specific about his team in his Demo Day pitch, when he stated that 'we are, all three of us, self-educated. We didn't learn from traditional universities or schools, we learned everything from the web. We took the internet as a main source of knowledge'. The entrepreneurs' experience in teaching themselves to program and design signals that they now have the technical skills they need to develop their online learning platform. It also implies that they know what it is like to gather knowledge from the internet, which is exactly what their target customers are doing. So compared to Parkling's pitch, the pitch by eLearners more clearly explains why the entrepreneurs are the right people to develop the venture. We therefore argue that their team-related ethos claim is more plausible.

3.5 Discussion

New ventures are generally considered to be uncertain investment opportunities (McMullen and Shepherd, 2006), because they lack a track record that investors can use to base their decisions on (Higgins and Gulati, 2006; Pollack et al., 2012). Investors therefore have to rely on the narratives that entrepreneurs construct in a pitch or investment brochure. Through such narratives, entrepreneurs aim to convince investors of the potential of the venture (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001). If and when they succeed in doing so, entrepreneurs are more likely to acquire the resources from investors that they need to sustain and grow their ventures.

In this article, we have explored the persuasive strength of narratives and have done so by analyzing the lines of argument that underpin such narratives. Our findings have implications for narrative research on entrepreneurship, as well as for studies of entrepreneurial rhetoric.

3.5.1 Achieving narrative resonance and plausibility

Our work contributes to research on entrepreneurial narratives by outlining the rhetorical strategies that entrepreneurs use to achieve narrative resonance and plausibility. Because narratives cannot be

evaluated based on external criteria like truthfulness (Aldrich and Fiol, 1994), investors assessing an entrepreneurial narrative will base their evaluation on internal criteria like resonance and plausibility (e.g. Bartel and Garud, 2009; Lounsbury and Glynn, 2001). Prior work on entrepreneurial narratives, however, does not elaborate on the rhetorical mechanisms by which new venture founders are able to meet these criteria. In our study, we analyzed the micro-level argumentation embedded in entrepreneurial narratives, and were therefore able to identify how entrepreneurs achieve narrative plausibility and resonance.

We found that entrepreneurs try to make their pitches resonate with the audience by referring to factors or topics that investors consider when deciding to commit resources to a new venture. Some of these factors, like the size of the venture's target market, directly related to investors' main interests: the potential to generate a return on the investment (Mason and Harrison, 2003; Maxwell et al., 2011). Other factors – the way the venture's product solves a customer problem, the position of the venture vis-à-vis its competition, and the characteristics of the founding team – were not associated with the financial attractiveness of the venture idea per se. Yet, discussing those topics contributed to achieving narrative resonance, because they matter to investors who evaluate a new venture (see Grégoire et al., 2008; MacMillan et al., 1984; Tyebjee and Bruno, 1984).

Interestingly, the entrepreneurs we studied often refrained from making explicit claims. In other words, they constructed enthymemes: arguments of which certain components, in this case the claim and the warrant, are left implicit (van Eemeren et al., 2014). The use of enthymemes was thus the second strategy the entrepreneurs employed to achieve narrative resonance. Enthymematic argumentation contributes to the resonance of a message because it invites the audience to complete the argument and be involved (Hartelius and Browning, 2008). The strategically important outcome of such arguments is that the audience will complete the argument in their own heads, making it appear more believable as a result (Feldman and Sköldbberg, 2002).

We furthermore found that the entrepreneurs attempted to enhance the plausibility of their pitches in two ways. First, they used verifiable data as the grounds for their (implicit) claims. Prior studies argued that new ventures are unlikely to have an extensive track record of past actions, and that new venture founders therefore cannot use their own reputation to convince investors (Higgins and Gulati, 2006; Stuart et al., 1999). The entrepreneurs we studied nevertheless managed to present evidence in support of the claims they made. Amongst other things, they mentioned their prior working experience and achievements, referred to industry data, and discussed the initial results of

the venture. The second strategy for achieving narrative plausibility was establishing connections between the individual arguments in their pitch; the entrepreneurs often introduced multiple logos arguments that were related to a particular ethos or pathos claim. In other words, they provided multiple reasons in support of their higher-level claims. This, we submit, is likely to enhance the plausibility of their pitch, because ‘claims with reasons are more persuasive than claims without reasons’ (Green et al., 2009: 15).

Because we analyzed the micro-level arguments underlying entrepreneurial narratives, we were able to identify rhetorical differences between otherwise structurally similar pitches. These differences, we argue, affect the persuasiveness of a pitch. First, we observed variation in terms of the number of logos arguments that entrepreneurs used to support their higher-level ethos and pathos claims. Generally, a higher number of arguments enhances the persuasiveness of a message (von Werder, 1999), especially when distinct arguments complement each other because they converge on the same claim (Perelman, 2008). Another difference concerns the specificity of logos arguments. Because the pitches we analyzed conveyed basically the same storyline, the entrepreneurs’ ethos and pathos claims were oftentimes by themselves not distinctive. Some entrepreneurs, however, supported these general higher-level claims with specific logos arguments, which appeared to help alleviate investor concerns about the venture (cf. Brooke Elliott et al., 2015). Finally, we found that entrepreneurs who had not yet launched their product by the time the incubator program ended, were generally not able to make venture-related ethos claims about the actual performance of their venture, whilst entrepreneurs who had already released their product to the market were obviously able to do so. This put them at a strategic disadvantage with their pitch. Thus, we argue – in line with van Eemeren et al. (2014) – that arguments that do not contain a logical time gap are more plausible than arguments in which the grounds pertain to a different time period than the claims.

3.5.2 Interplay between different levels of rhetoric

As mentioned at the start of this paper, the actual number of studies on the argumentation of entrepreneurs is rather limited. In the present paper, we mainly draw on a framework of six types of argument that entrepreneurs can use to convince investors of the legitimate distinctiveness of their venture (see Van Werven et al., 2015). We extend this framework to the empirical context of pitches by new venture founders and to the question of how specific, micro-level arguments contribute to higher-level narrative rhetoric. In doing so, we make the following two contributions.

First, by highlighting the role of enthymemes, we extend van Werven et al.'s (2015) typology, and explain how entrepreneurs manage the space an audience has to interpret their statements. We used the typology to categorize the arguments made by entrepreneurs who participated in AMcubator's web and mobile accelerator, and found that arguments by sign and arguments by cause were most commonly used. Whereas van Werven et al. (2015) illustrate their typology by giving examples of arguments with explicit claims, we found that for most topics in a pitch both warrant and claim were often implicit. So the entrepreneurs did not explicitly draw a conclusion based on the grounds, but allowed the audience to draw its conclusion based on the information they provided. Narrative studies of entrepreneurship also highlighted the role of implicit communication by stating that 'narration works by suggestion' (Aldrich and Fiol, 1994: 652), and arguing that 'stories that are told by or about entrepreneurs define a new venture in ways that can lead to favorable interpretations of the wealth-creating possibilities of the venture' (Lounsbury and Glynn 2001: 550). These studies, however, did not specify how entrepreneurs ensure that the message investors take away is the same as the one they intended to convey, nor how the content of a narrative makes it more or less "suggestive" in its appeal to an audience. In line with prior argumentation research (Tans, 2006; Toulmin, 1994), we argue that our focus on micro-level argumentation has uncovered the mechanisms by which entrepreneurs make their narrative become more suggestive by among other things setting limits to their audience's interpretive space: the use of enthymemes gives an audience an active role in their argumentation, and at the same time aims to constrain and direct the way their pitch is interpreted.

Second, we argue that understanding micro-level argumentation contributes to a better understanding of communication at higher levels of analysis, like Aristotle's (2007) three means of persuasion and entrepreneurial narratives. By elaborating this linkage, we answer the call for research that explores 'how individual arguments may be connected as part of broader rhetorical strategies employed by entrepreneurs' (van Werven et al., 2015: 630). Based on Brockriede and Ehninger (1960), we classified the arguments used by the entrepreneurs we studied in terms of logos, ethos, and pathos. Most arguments can be categorized as appeals to logos. Indirectly, however, those arguments conveyed a different message. The entrepreneurs used logos arguments to suggest that they considered themselves the right people to further develop their venture, and that the venture should be able to obtain a strong position in its target market. Hence, they made indirect – and often implicit – appeals to ethos, in order to establish the credibility of the founding team and the venture. Furthermore, they indirectly appealed to pathos by suggesting that their venture solves a customer problem, and should be considered an attractive investment opportunity. So in line with Holt and

Macpherson (2010: 33), we conclude that logos, ethos, and pathos ‘are subtly interwoven and mutually reinforcing’ in the argumentation of new venture founders. Our study extends their work by describing how these broad means of persuasion are related: in entrepreneurial narratives directed at an audience of investors, micro-level logos arguments are generally used as a vehicle for making ethos and pathos claims.

3.5.3 Limitations and future research

Besides these contributions, our study also has some limitations. First of all, we studied how entrepreneurs attempted to achieve narrative plausibility and resonance, and thus focused on verbal communication. Prior entrepreneurship research has however found that nonverbal communication, like gestures (Cornelissen et al., 2012), and the ability to express emotions (Baron and Markman, 2003; Clarke, 2011), such as passion (Cardon et al., 2009), may also be crucial aspects of entrepreneurial communication and may also contribute to success in terms of receiving venture funding. Future studies of entrepreneurial pitches could therefore combine such insights with our micro-level approach to analyzing verbal communication by, for example, doing an integrated analysis of the micro-level arguments, gestures, and visuals (e.g. PowerPoint presentations, prototypes) used by entrepreneurs in their pitches. Such multimodal studies of the verbal and visual dimension of communication are rare in management research, but have the potential to enhance our understanding of the way meaning is conveyed in pitches and impacts investors (cf. Meyer et al., 2013).

Another avenue for future research relates to our evaluation of the plausibility of the entrepreneurs’ appeals to ethos and pathos. We used three inductively derived criteria: the breadth and specificity of the underlying logos arguments, and the presence of logical time gaps leading to unverifiable claims. Although argumentation theory (e.g. Perelman, 2008; van Eemeren et al., 2014; von Werder, 1999) suggests that these criteria are indicative of the strength of a line of reasoning, we have not been able to observe whether the entrepreneurial narratives that we consider most plausible were subsequently “in the field” more successful in terms of resource acquisition. Future research can address this shortcoming by having investors evaluate as part of a survey or experimental research design recordings of pitches that vary in terms of the criteria we identified.

Finally, our study focuses on pitches by entrepreneurs who participated in an incubation program. Business incubators put a lot of emphasis on pitching, encourage entrepreneurs to rehearse their pitches intensively, and provide them with the opportunity to get feedback from mentors (McAdam

and Marlow, 2011). Although incubators are therefore a suitable context for studying entrepreneurial communication, it also has its limitations. For example, because investors are more likely to invest when they have established a relationship with its founders (Huang and Knight, in press), the pitch may not be the only factor in investor decision making. However, pitches can still be used to create awareness of a new venture, and to establish initial connections with investors. Future research could therefore also explore whether and how incubators prepare new venture founders for communicating effectively and managing their relationships with investors throughout the venture creation process.