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### **CHAPTER 4:**

### NEW VENTURE FOUNDERS' RESPONSES TO THIRD-PARTY FEEDBACK

### Abstract

One of the services business incubators offer to new venture founders is the opportunity to get advice from experienced mentors. Prior research argues that entrepreneurs generally benefit from advice, but does not explain in detail to what extent they are receptive to third-party feedback. We contribute to this work by outlining, based on a longitudinal case study at an Amsterdam-based business incubator, to which types of third-party feedback entrepreneurs most commonly respond by displaying a receptive attitude. We draw on the literature on advice taking to explain our findings, and contribute to these studies by showing that advice recipients' expressed attitude towards feedback can change over the course of a conversation, and by explaining in which types of conversation this change occurs.

#### 4.1 Introduction

Founders of new ventures are generally more likely to change their strategy than managers of large or established organizations because the 'survival of new firms appears to hinge very heavily on their ability to process information inputs from the environment and make rapid adjustments to this feedback' (Nicholls-Nixon et al., 2000: 496). Previous research predominantly conceptualized those 'inputs from the environment' as quantitative performance measures, such as sales figures, that indicate whether potential stakeholders are interested in the new venture. Entrepreneurs sometimes ignore quantitative market feedback, and persist in a failing course of action (Holland and Shepherd, 2011), but may also decide to make changes based on the extent to which their product is adopted by customers (Bhave, 1994; Ma et al., 2015), or on their ability to acquire resources from investors (Schjoedt, 2009; Vohora et al., 2004).

In addition to the quantitative feedback they receive from customers and investors, entrepreneurs actively seek qualitative feedback from parties that do not have a stake in their business. New venture founders ask for advice from third parties – their peers, lawyers, accountants, or experienced entrepreneurs – because they typically lack the expertise that is needed to sustain and grow their firm (Blair and Marcum, 2015; Kautonen, 2010; Kuhn and Galloway, 2013). As is the case with quantitative market feedback, entrepreneurs may resist qualitative third-party advice. However, although some studies mentioned that entrepreneurs may not always be open to advice (McAdam and Marlow, 2011; St-Jean and Audet, 2012), prior work mostly discusses the benefits that third-party advice brings to new venture founders (e.g., Rotger et al., 2014). Research that addressed the role of third-party feedback in entrepreneurship thus hardly explains how entrepreneurs respond to external qualitative feedback.

Prior work on advice taking can inform research on the responses to external advice in an entrepreneurial context. Drawing on insights from the field of psychology, some of these studies explain why decision makers tend to discount advice (e.g., Bonaccio and Dalal, 2006; Feng and MacGeorge, 2010; Yaniv and Kleinberger, 2000). Other studies adopt a communication perspective, and identify factors that increase the likelihood that advice will be utilized (Feng and Burleson, 2008; Goldsmith and MacGeorge, 2000; MacGeorge et al., 2004). Most advice taking research, however, does not provide a dynamic view of the process of advice giving; it examines what actions decision makers take based upon the advice they received, but does not explain whether responses towards advice change over the course of a conversation. In this paper, we therefore address the following

question: how do new venture founders respond to feedback on their venture idea during conversations with third-party advisors?

Our research question arose while conducting a longitudinal field study at AMcubator, an Amsterdam-based business incubator. This is a suitable context for researching interactions between advisors and decision makers because, as a typical business incubator (Lefebvre and Redien-Collot, 2013; McAdam and Marlow, 2011), AMcubator offered its incubatees the opportunity to obtain feedback from experienced mentors. We analyzed 28 conversations between new venture founders and mentors. Based on our analysis, we make several contributions to the entrepreneurship and wider literature on third-party advice. First, we contribute to literature on third-party advice in entrepreneurship (e.g., Patton, 2014; Rotger et al., 2014) by explaining why previous studies arrived at conflicting conclusions regarding benefits of mentor feedback to new venture founders. We propose that the likelihood of mentor feedback facilitating 'a quick (...) transfer of experience into learning' (St-Jean and Audet, 2012: 120) is affected by the depth of the mentor's feedback and the extent to which it is solicited. Second, we extend research on the roles played by mentors in business incubators (Lefebvre and Redien-Collot 2013; St-Jean and Mathieu 2015) by giving a more detailed insight into the relationship between the type of comments mentors make and entrepreneurs' displayed receptiveness to feedback, and contribute to the general literature on advisor roles (Saxton, 1995; Schein, 1990; Schwenk, 1990) by identifying the 'scanner' – a role that has not been described to date. Third, we advance earlier studies on advice taking (e.g., Bonaccio and Dalal, 2006; Feng and MacGeorge, 2010; Yaniv and Kleinberger, 2000) by showing that decision makers' responses to third-party feedback can change over the course of a conversation, and by indicating in which situations this change tends to occur.

The remainder of this chapter is structured as follows. We start by reviewing prior research on third-party advice in entrepreneurship and advice taking. Subsequently, we describe our longitudinal field study at AMcubator, and our procedure for data analysis. We then discuss our findings, and conclude by highlighting our contributions and elaborating the implications for future research.

### 4.2 Theoretical framework

### 4.2.1 Third-party advice in business incubators

The development of new ventures is largely dependent on decisions made by their founders (Kuhn and Galloway, 2013). Unlike managers of large firms, however, new venture founders may not

possess the knowledge and skills that are required for making strategic decisions. They therefore have a need for external advice (Kautonen et al., 2010), especially 'at the nascent and start-up stages of the entrepreneurial process' (Kuhn and Galloway, 2013: 572). Entrepreneurs have been found to acquire external advice from a variety of sources, such as venture capitalists (Lahti, 2014), mentors in business incubators (Lefebvre and Redien-Collot, 2013; McAdam and Marlow, 2011; St-Jean and Audet, 2012; St-Jean and Mathieu, 2015), customers and suppliers (Vohora et al., 2004), and peer entrepreneurs (Kuhn and Galloway, 2013; Wood and McKinley, 2010).

Examining new venture founders' responses towards third-party advice becomes increasingly relevant because the number of entrepreneurs that joins a business incubator is growing (Bruneel et al., 2012). Business incubators are organizations 'that constitute or create a supportive environment that is conducive to the 'hatching' and development of new firms' (Bergek and Norrman, 2008: 20). Entrepreneurs who participate in business incubators are particularly likely to receive third-party feedback, because one of the services that business incubators provide is the opportunity to get business support and advice (Bergek and Norrman, 2008; Lefebvre and Redien-Collot, 2013). Feedback given by incubator mentors can contribute to new venture development because it helps entrepreneurs 'to make better and faster decisions, resulting in better strategies and, eventually, higher firm performance' (Bruneel et al., 2012: 112).

Despite the potential value of third-party feedback, evidence on its actual impact is mixed. Some studies on the role of third-party advice in entrepreneurship described the benefits. Advice can, for instance, help new venture founders decide whether their venture idea is viable (Wood and McKinley, 2010). It also benefits entrepreneurs in the sense that it helps them understand how they should approach and interact with potential stakeholders, such as customers (Kuhn and Galloway, 2013) and investors (Lahti, 2014; Lehtonen and Lahti, 2009; McAdam and Marlow, 2011). Furthermore, advice can enhance new venture founder's skills and capabilities. It has specifically been found to contribute to their resilience, self-efficacy (St-Jean and Audet, 2012; St-Jean and Mathieu, 2015), and absorptive capacity (Patton, 2014). Other researchers, however, concluded that entrepreneurs may not always be receptive to third-party advice, suggesting that the business support and advice offered by business incubators are not always effective. McAdam and Marlow (2011), for example, describe how the entrepreneurs they studied questioned the credibility of the mentors that were affiliated with the business incubator they participated in. Similarly, St-Jean and Audet (2012) state that entrepreneurs can be skeptical of the advice they are given.

Most studies that question the effectiveness of third-party feedback in business incubators did not examine the actual interactions between entrepreneurs and their advisors, and therefore do not provide detailed insight into entrepreneurs' responses to external feedback. Lefebvre and Redien-Collot's (2013) study is a notable exception. Amongst other things, these authors argue that criticism can evoke resistance. However, they also state that criticism may produce compliance, without explaining when entrepreneurs display a receptive attitude to this type of feedback, and when they express resistance. Hence, knowledge about the way new venture founders respond to third-party advice remains limited.

### 4.2.2 Decision maker's responses to third-party feedback

Because studies on third-party feedback in entrepreneurship are rare, we now turn to the advice taking literature to gain more insight into the topic of responses to external feedback. This stream of research mainly draws from the broader fields of psychology and communication. Insights from psychology are used to explain why decision makers discount or utilize the advice they receive. Advice utilization 'refers to the extent to which the judge follows advice; advice discounting, conversely, refers to the extent to which the judge does not follow advice' (Bonaccio and Dalal, 2006: 129). Studies on advice taking have come up with several explanations for the occurrence of advice discounting. First, decision makers may experience advice as threatening (Feng and MacGeorge, 2010; MacGeorge et al., 2002). Advice can threaten someone's negative face, i.e., a person's desire for autonomy (Brown and Levinson, 1987), because advisors often tell decision makers what to do (Goldsmith, 2000), and thereby present themselves as more competent. Advice can also threaten a decision maker's positive face - i.e., the desire to be appreciated (Brown and Levinson, 1987) – if the 'message is given in a condescending or blaming manner' (Feng and MacGeorge, 2010: 554). The second reason for advice discounting to occur is that 'decision makers prefer their own opinions and choices' (Gino and Moore, 2007: 22). This is a consequence of information asymmetry; decision makers only have limited access to the thoughts underlying the advisor's opinion, whereas they do know the reasons that lead them to hold their own opinion (Yaniv, 2004; Yaniv and Kleinberger, 2000). As a consequence, they tend to weigh their personal opinion more heavily – especially when they are confident in their ability to make an accurate judgment, or consider themselves powerful (Tost et al., 2012). Third, people may refuse to utilize advice because interactions with advisors prompt them to generate explanations for their choices, which increases their confidence in their decisions (Heath and Gonzalez, 1995). Fourth, decision makers generally do not appreciate unsolicited advice (Feng, 2009; Goldsmith, 2000), as this is seen as intrusive, or as a form of criticism (Bonaccio and Dalal, 2006).

In addition, the advice taking literature provides insight into the factors that determine when advice discounting is more or less likely to occur. Most of these studies adopt a communication perspective, and found that the extent to which advice is utilized depends on who the advisor is, how the advice is formulated, the content of the advice itself, and to what extent it is justified. With respect to the characteristics of the advisor, decision makers are less likely to discount advice when it is given by advisors who are confident (Sniezek and Van Swol, 2001; Van Swol and Sniezek, 2005), or possess relevant expertise (Feng and MacGeorge, 2006; Harvey and Fischer, 1997). Decision makers are also more open to advice when advisors use facework (Feng and MacGeorge, 2010; Goldsmith and MacGeorge, 2000), i.e., think about how they phrase their advice in order to 'protect, maintain, or enhance the face of self or other' (Feng and Burleson, 2008; 850). What advisors say is another factor that affects decision maker's response towards the advice. Decision makers are more intent on implementing advice that is perceived as feasible and having few limitations (Feng and MacGeorge, 2010; MacGeorge et al., 2004), that matches their needs (Horowitz et al., 2001), or confirms what they had already planned to do (Feng and MacGeorge, 2010). Finally, advisors can increase the likelihood of their advice being utilized by explicitly laying out supporting arguments, thus giving decision makers more insight in the thoughts underlying their opinion (Feng and Burleson, 2008; Tzioti et al., 2013).

Because advice taking research explains why decision makers discount third-party advice, and describes how the likelihood that advice will be utilized can be enhanced, it can inform studies on external advice in the context of entrepreneurship. However, most work on advice taking is based on data collected by means of lab experiments, which means that respondents have been asked to act as decision makers, and needed to indicate whether they intended to utilize the advice they received from an imaginary advisor. Researchers then compared the response of subjects who got advice that was given by advisors who possessed relevant expertise, used facework, or justified their choices to the response of subjects that were exposed to the opposite condition. Hence, these studies have not examined whether and how someone's response towards the advice shifts over the course of a conversation, and as such do not provide a dynamic view of decision makers' receptiveness to advice, i.e., the extent to which someone 'is willing or ready to receive advice from others' (Feng and MacGeorge, 2006: 68). Because we have studied real life conversations between advisors and entrepreneurs, we were able to observe when and why decision makers change their displayed attitude towards advice during a conversation.

#### 4.3 Methods

### 4.3.1 Research setting

This paper is based on data collected during a longitudinal case study at AMcubator, a business incubator based in Amsterdam, the Netherlands. AMcubator's so-called 'web and mobile accelerator program' focused on the 'hatching' of technological new venture ideas. We conducted our study in 2013, during the second edition of the program. In that year, the founders of 400 new ventures applied for participation. After several rounds of selection, the AMcubator management admitted ten entrepreneurial teams to the program. Our paper is based on data about eight of these ventures. Table 4.1 introduces them.

Table 4.1: Participants in AMcubator's business incubator

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

Generally speaking, business incubators provide four types of services to their tenants (Bøllingtoft and Ulhøi, 2005). First, they rent shared office space to incubatees under favorable conditions (Bergek and Norrman, 2008). Second, they help incubatees reduce their overhead costs by providing shared support services, such as meeting rooms, reception services, and private parking spaces (Bruneel et al., 2012). Third, business incubators give new venture founders access to their network; tenants can exchange knowledge with the incubator management and other incubatees (Fang et al., 2010; Hughes et al., 2007), as well as with people and organizations external to the incubator (Bøllingtoft and Ulhøi, 2005; Tøtterman and Sten, 2005). Finally, incubatees receive professional business support, i.e., business advice from experienced mentors (Bruneel et al., 2012; Lefebvre and Redien-Collot, 2013; McAdam and Marlow, 2011). Because we are interested in finding out how new venture founders respond to third-party criticism and advice, we have focused our analysis on the mentoring program that AMcubator provided.

### 4.3.2 Data sources

The management of AMcubator had assembled a group of 100 mentors who were willing to advise the founders of each of the ten new ventures that participated in the accelerator program. The mentors had mainly been recruited through the network of AMcubator's CEO, a former entrepreneur himself, and provided their advice free of charge. They were grouped based on their area of expertise, for example 'finance and legal', 'business', or 'design'. During the first few weeks of the program, the entrepreneurs could meet with each mentor in so-called 'speed meeting sessions'. These sessions started with a plenary introduction, during which the mentors briefly introduced themselves by discussing their background and expertise, and the entrepreneurs explained their venture idea in an elevator pitch. After the introduction, all mentors took place behind the table that had been assigned to them. The entrepreneurs visited each mentor for twenty minutes. When time was up, AMcubator staff announced that the conversations should be ended, and encouraged the entrepreneurs to move to the next table in order to discuss their ideas with another mentor.

The first author was present at nine mentor speed meeting sessions. Before the plenary introduction, he approached a mentor, and asked him – all mentors whose meetings have been observed were men – for permission to join his meetings. None of the nine mentors that were approached had any objections, so approval was granted in all cases. Most of them had also joined the previous edition of AMcubator's accelerator program. In addition, the majority of the mentors were also working with new venture founders on a professional basis. So in that sense, all mentors were experienced in coaching entrepreneurs (see Table 4.2 for an overview of the mentors' expertise). During the conversations, the first author took notes and made audio recordings of all conversations the mentor had with the entrepreneurs. In total, he attended 65 meetings between entrepreneurs and mentors.

Not all conversations that were recorded have been analyzed. There were two main reasons for excluding a conversation from the analysis. First, the founders of two new ventures skipped a considerable amount of speed-meeting sessions. If they were present, they did not meet with the mentor that the first author joined. As a consequence, we do not have much data on these entrepreneurs, and are therefore unable to determine whether a particular response to mentor feedback is typical for them, or exceptional. This led to the exclusion of seven conversations.

Second, 30 conversations have been excluded because they did not provide much information on the way new venture founders respond to mentor advice and criticism. In some of these cases, there was a lack of feedback because the mentor did not give much input on the venture idea. This occurred, for instance, when the mentor was struggling to understand what the entrepreneurs were doing, and

therefore asked a lot of clarification questions, or when the entrepreneur asked the mentor to talk about his own entrepreneurial experience, thereby not giving him the opportunity to provide feedback. In other cases, the mentor did provide feedback, but the feedback did not concern the entrepreneurs' venture idea. This often happened when the entrepreneurs seemed more interested in getting advice on another matter, such as acquiring an investment, than in hearing the mentor's opinion about their venture. In the end, 28 conversations remained for the analysis.

Table 4.2: Mentors observed during speed-meeting sessions

Date	Mentor	Expertise	Meetings
March 23, 2013	Sam	Digital marketing expert,	3D Share, GameBook, ProcessCorp,
		entrepreneur, and investor	eLearners, eHealth, Parkling, Jewels
March 25, 2013	Richard	Executive search, commercial role	3D Share, ProcessCorp, eLearners,
		at large multinational organization	eHealth, Parkling, GoodFood, Jewels
March 28, 2013	John	Entrepreneur, owner of venture	3D Share, GameBook, ProcessCorp,
		capital firm	eLearners, eHealth, Parkling, Jewels
April 2, 2013	Tim	Investor working at venture	3D Share, GameBook, ProcessCorp,
		capital firm	eHealth, Parkling, GoodFood, Jewels
April 8, 2013	Manuel	Former accountant/consultant	3D Share, GameBook, ProcessCorp,
		now entrepreneur and startup	eLearners, eHealth, Parkling, GoodFood
		advisor	
April 11, 2013	Chris	Entrepreneur	GameBook, ProcessCorp, eHealth,
		_	Parkling, GoodFood, Jewels
April 15, 2013	Martin	Sales at large telecommunications	3D Share, GameBook, eLearners,
		firms, now entrepreneur	eHealth, Parkling, GoodFood, Jewels
April 20, 2013	Nick	Website developer and	3D Share, ProcessCorp, eLearners,
		entrepreneur	Parkling, Jewels
May 29, 2013	Ray	Marketing and product	GameBook, eHealth, Parkling,
		development, now entrepreneur	GoodFood, Jewels

### 4.3.3 Data analysis

### 4.3.3.1 Coding mentor feedback and entrepreneurs' responses

In order to find out when new venture founders are most likely to display signs of receptiveness to third-party feedback, we first had to identify what type of feedback the mentors gave, and how the entrepreneurs we studied responded. We engaged in open coding, and found four main categories of mentor feedback: criticism, advice, suggestion, and support (see Table 4.3). Prior work on entrepreneurial mentoring (e.g., Lefebvre and Redien-Collot, 2013; St-Jean and Mathieu, 2015) and advice utilization (Bonaccio and Dalal, 2006; Dalal and Bonaccio, 2010) also identified these categories.

Table 4.3: Types of mentor feedback

Type of statement	Definition	Illustrative quotes
Criticism	A 'communicational strategy that focuses on screening and explaining business project's errors and omissions' (Lefebvre and Redien-Collot, 2013: 381)	John about eLearners' decision to select design as a launching topic: 'I feel that, if you focus on design, you will reduce the size of your target group, which might prevent you from testing your product properly'
Advice	A 'recommendation in favor of a particular course of action', or 'a recommendation against a particular course of action' (Dalal and Bonaccio, 2010: 11)	John recommends eLearners to keep in mind that they should be able to build a business model around the launching topic: 'speaking of your business model: if [users] you want to get users to pay, or if you want to get companies to fund a learning channel, you should have a business model. You need to take that into account when you decide on your launching topic'
Suggestion	The 'suggestion of a new alternative not initially considered by the [decision maker]' (Bonaccio and Dalal, 2006: 143)	John proposes selecting entrepreneurship as a launching topic: 'you could just do entrepreneurship, or startups () you're fully emerged in that environment, which means you will get a lot of feedback. I think that could be very useful'.
Support	The 'endorsement of the [decision maker's] initially chosen alternative' (Bonaccio and Dalal, 2006: 143)	John to eLearners about their decision not to adopt a business model based on advertising: 'No, don't do it. I completely agree'.

The new venture founders we studied typically responded to mentor feedback in one of the following four ways: they expressed agreement or disagreement, engaged in a dialogue with the mentor about a specific aspect of the feedback, or did not respond to what the mentor said. We also observed differences in the way in which entrepreneurs ended a conversation. Sometimes an entrepreneur just said 'thank you' to one mentor, whereas the same entrepreneur evaluated a conversation with another mentor more extensively and positively. Although the things people say upon leaving a conversation partner are often ritualistic, and may 'allow the impression to be maintained that the participants are more warmly related socially than may be the case' (Goffman, 1967: 42), we argue that comparing an entrepreneur's 'farewells' across conversations can be meaningful. Because the first author observed at least six speed meetings per new venture included in the analysis, he was able to evaluate whether an entrepreneur's 'farewell' was typical for him or her, or whether the entrepreneur's expression of gratitude was more or less extensive or positive than usual. In defining the entrepreneur's responses, we were not able to draw on prior research on advice taking, because these studies focused on the outcome of the conversation, i.e., whether a decision maker utilized or discounted advice, and hence did not specify how decision makers respond to advice during an interaction. Table 4.4 gives an overview of the responses we distinguished.

Table 4.4: Entrepreneurs' responses to mentor feedback

Target of response	Type of response	Definition	Illustrative quotes
A specific comment by a mentor	Expressed agreement	Entrepreneur provides an acknowledgement of the mentor's criticism, or claims to concur with the advice or suggestion	CEO of eLearners in response to John's criticism of only using design as a launching topic: 'Well, we should definitely offer a broader range of topics () I think that at the moment, we have the network to do that'.
	Displayed engagement	Entrepreneur asks clarifying or follow-up question in response to feedback, or comes up with examples, additional reasons, or ideas for implementation in response to advice or suggestion	CEO of eLearners in response to John's advice to find other launching topics: 'Take my mum for example, she just retired. And she wants to learn a lot about art history, she is really looking into that. And when I explained [our product] to her () she said 'oh, that would be perfect''.
	Expressed disagreement	Entrepreneur gives a counter- argument against the mentor's feedback or argues that criticism can easily be overcome	Initial response by CEO of eLearners to John's criticism of their launching topic: 'We decided to start by offering design and programming as launching topics, so we can improve our product based on the feedback we get, and later increase the number of topics we offer () We really want to get started now, refine our product, make sure that it works really well. Once we know that it works, we will expand'.
	No response	Entrepreneur does not say anything in response to feedback	-
All comments made by a	Simple polite evaluation	Entrepreneur briefly thanks mentor at the end of a conversation	The CEO of Parkling at the end of his conversation with Nick: 'Thanks'.
mentor	Extensive positive evaluation	Entrepreneur thanks mentor more extensively than s/he typically does at the end of a conversation, for example by stating that the feedback was valuable	The CEO of Parkling at the end of his conversation with Ray: 'Mind-blowing () We haven't made these thoughts two months ago'.

### 4.3.3.2 Categorizing conversations

After coding the feedback from mentors and the responses from the entrepreneurs, we examined the differences and similarities between the conversations based on the types of mentor feedback and the various responses we identified. Hence, in this step the level of analysis shifted from individual statements – the four types of mentor feedback depicted in Table 4.3, as well as the four different responses to feedback and the two types of evaluative statement shown in Table 4.4 – to the conversation as a whole. For every conversation, we checked how an entrepreneur responded to each comment made by a mentor. Czarniawska (2004) argues that by observing how conversations are repeated, and how they are alike across situations, it becomes possible to classify them into genres. Along these lines, we compared all 28 conversations, and examined whether a particular type of

mentor feedback, and a certain kind of response, were dominant. This allowed us to come up with a categorization of the interactions between mentors and entrepreneurs.

We inductively derived four different categories of mentor-entrepreneur interaction from our analysis of the individual conversations, but drew on insights from literature on third-party advice (Saxton, 1995; Schein, 1990; Schwenk, 1990) to label the roles that mentors played during the conversation. Conversations in the first category, which we label consensual interactions, are characterized by a dominant role for one type of mentor feedback (advice). Mentors thus mainly supplied their knowledge about business and management (St-Jean and Mathieu, 2015), thereby adopting the role of an expert advisor (Saxton, 1995; Schein, 1990). During these conversations, entrepreneurs displayed receptiveness to the mentor's advice; we labelled their responses mainly as expressions of agreement and engagement, and noted that they extensively expressed gratitude by making positive evaluative comments towards the end of the meeting. The main type of feedback in confrontational interactions, the second category we identified, was criticism. Mentors played the role of devil's advocate (Schwenk, 1990) by questioning assumptions 'without necessarily generating a series of contradictory alternatives' (Saxton, 1995: 50). The entrepreneurs often did not respond to this feedback, or expressed disagreement, and ended the meeting with a display of gratitude that was more simple and ritualistic compared to the statements that ended consensual interactions. In the third category of conversations, labelled persuasive interactions, mentors did not only give advice, but also gave suggestions and came up with criticism. Giving this type of feedback is a characteristic of dialectical inquiry (Saxton, 1995; Schwenk, 1990). Entrepreneurs showed a variety of responses. Most of them initially neglected the mentor's feedback, or expressed disagreement. Eventually, however, their responses changed: they started to display engagement or agreement. The statements the entrepreneurs made when the meeting was over were extensive, positive expressions of gratitude. Finally, the dominant types of feedback given in conversations labelled as *probing interactions* were advice, criticism, and suggestions. The mentor's comments were seemingly unrelated to each other. Research on third-party advice did not describe this role. Due to the dispersed nature of the feedback, we label it 'the scanner'. Throughout probing interactions, entrepreneurs consistently refrained from responding to the comments given by scanners, or expressed their disagreement, and their closing statements were relatively formal displays of gratitude.<sup>4</sup>

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<sup>&</sup>lt;sup>4</sup> Support, the fourth type of mentor feedback, did not trigger many responses from the entrepreneurs, and will therefore not be elaborated on in our discussion of the four categories of mentor-entrepreneur interaction.

### 4.3.3.3 Explaining the differences between conversations

To come up with an explanation for the differences between the mentor-entrepreneur interactions we analyzed, we have examined several additional characteristics of the conversations. This part of our analysis was informed by prior research. For example, we studied how the mentors supported their feedback. Prior work on advice taking found that advisors justify their advice by explicitly addressing 'the efficacy, feasibility, and limitations of an advised action' (Feng and Burleson, 2008: 851), or by referring to their intuition (Tzioti et al., 2013). Both these types of justification, however, were used by all mentors, so this factor could not help explain why some new venture founders were more receptive to third-party feedback than others.

We further examined, in line with Bhave's (1994) distinction between strategic and operating feedback, whether the scope of the feedback the mentors gave could explain why the entrepreneurs responded differently to the mentors' comments. We labelled feedback as strategic when it concerned the core aspects of the venture idea. Failing to act upon such feedback can threaten a venture's existence (Bhave, 1994). Operating feedback is concerned with less significant aspects of the venture idea, like the features of the product, and therefore does not 'directly threaten the validity of the business concept itself' (Bhave, 1994: 235). The scope of the feedback, however, did not correspond with the differences we observed in the entrepreneur's responses to mentor advice; during most conversations, mentors gave both strategic and operating feedback.

In addition, we analyzed whether the mentors used politeness strategies (Brown and Levinson, 1987): did they, for instance, simply tell the entrepreneurs to change their business model, or did they use a more subtle way to get their message across? Studies of advice utilization found that facework – 'the actions taken by a person to make whatever he is doing consistent with face' (Goffman, 1967: 12), i.e., with 'the positive social value a person effectively claims for himself' (Ibid.: 5) – positively affects the extent to which decision makers are receptive to third-party feedback (e.g., Goldsmith and MacGeorge, 2000; MacGeorge et al., 2004). We found that nearly all mentors that we observed used politeness strategies. Hence, this variable does not contribute to explaining when entrepreneurs are open to criticism and advice.

Two other factors do help to explain why certain new venture founders are more open to feedback than others. First, we found that in some conversations, the entrepreneur determined the topic of conversation, often by asking a question or disclosing a problem. In such interactions, entrepreneurs thus presented themselves as relatively unknowing. They thereby invited the mentor, as the

projectedly more knowing person, to provide information (Heritage, 2012a; Heritage, 2012b), i.e., they were soliciting advice (Goldsmith, 2000). In other meetings, the mentor influenced what the topic was by providing advice or expressing criticism, thus presenting himself as knowledgeable and projecting the entrepreneur as relatively unknowing (Heritage, 2012b). This type of feedback can therefore be seen as unsolicited (Goldsmith, 2000). We found that entrepreneur-initiated interactions were either *consensual interactions* or *confrontational interactions*. The conversations that we categorized as *persuasive interactions* or *probing interactions* were mentor-initiated interactions.

Second, we observed that the level of detail of the feedback the entrepreneurs received differed. In *consensual interactions* and *persuasive interactions*, the entrepreneur and the mentor concentrated on a limited number of aspects of the venture idea, and in some of these conversations even focused on only one topic. Because of the limited range of topics discussed, the mentors had time to give indepth feedback. The conversations we assigned to the remaining two categories – *confrontational interactions* and *probing interactions* – were more diverse in terms of the number of topics that were discussed. As a consequence, the feedback that entrepreneurs received was less detailed.

### 4.4 Findings

Table 4.5 gives an overview of our main findings: the four categories of mentor-entrepreneur interaction we identified, and the two variables – the level of detail of the feedback entrepreneurs received and the party that determined the topic of conversation – that correspond to the differences between the categories.

In the remainder of this section, we will argue that entrepreneurs are most inclined to display receptiveness to third-party feedback when it is a detailed response to their explicit request for advice (as illustrated by *consensual interactions*). They also tend to display receptiveness when a mentor gives in-depth criticism on a specific aspect of their venture idea, and comes up with recommendations that can potentially help them to improve that part of their venture (i.e., *persuasive interactions*). New venture founders more often express skepticism towards feedback when a mentor, instead of responding to their advice request by helping them resolve an issue, criticizes the underlying premises or the actions and decisions that may have caused that issue in detail (as happened in *confrontational interactions*). Finally, we argue that entrepreneurs who receive unsolicited feedback that is not detailed (*probing interactions*) are more likely not to display receptiveness.

We will now discuss each type of conversation in turn, and illustrate our findings with excerpts from a conversation that belongs to that type.

**Table 4.5: Four types of conversation** 

	Deep discussion/detailed feedback	No deep discussion/no detailed feedback
Entrepreneur-	Consensual interactions	Confrontational interactions
initiated	Entrepreneur expresses agreement and/o	Entrepreneur expresses disagreement with
interaction	engagement with the expert advice they	or does not respond to comments given by
	requested	mentors playing the devil's advocate in
		response to their advice request
	1. Martin – eHealth 6. Sam – Jew	wels 1. John – GameBook
	2. Martin – GoodFood 7. Manuel –	2. Tim – GameBook
	3. Richard – Parkling	3. Manuel – eLearners
	ProcessCorp 8. John – eH	lealth
	4. Manuel – 9. Sam – eH	ealth
	GoodFood 10. Richard –	
	5. Sam – Parkling eHealth	
Mentor-	Persuasive interactions	Probing interactions
initiated	Entrepreneur expresses agreement with	Entrepreneur does not respond to or
interaction	unsolicited expert advice, or to some exte	ent expresses disagreement with a <u>scanning</u>
	reduces display of skepticism towards fee	edback mentor's unsolicited advice and criticism,
	given by a mentor who uses dialectical in	<u>iquiry</u> except for advice on topics they were
		already planning to address
	<u>Educational</u> <u>Interaction se</u>	mi- 1. Nick – Parkling 4. Martin –
	<u>conversations</u> <u>closure</u>	2. Chris – Jewels Jewels
	1. Sam – 3D Share 7. Nick – 3I	O Share 3. John – 3D Share 5. Richard –
	2. Sam - eLearners 8. Nick – Je	wels GoodFood
	<u>Full interaction closure</u> 9. John – eL	earners
	3. Manuel – 3D Share 10. Tim – Go	odFood
	4. Ray – Parkling	
	5. Ray – GameBook	
	6. Tim – Jewels	

### 4.4.1 Consensual interactions

Our analysis suggests that new venture founders display receptiveness to advice when it is detailed, and given in response to their request for advice. In *consensual interactions*, entrepreneurs determined the conversation topic, often by asking the mentor's advice on an issue they were struggling with, or a decision they were about to make. Generally, the mentors' responses were aligned with the entrepreneur's advice request (cf. Stivers et al., 2011b): they acted according to their projectedly more knowledgeable position, took the time to respond to the entrepreneur's request, and explained how the issue could best be resolved in their opinion. In other words, they adopted an expert role (Saxton, 1995; Schein, 1990) during these conversations.

Like Lefebvre and Redien-Collot (2013), and in line with prior work on advice taking (Horowitz et al., 2001), we found that the entrepreneurs often expressed agreement with this type of feedback, and hardly came up with counter-arguments. When mentors did share their concerns about a particular aspect of the plan the entrepreneur asked their feedback on, entrepreneurs were asking follow-up questions and clarifying questions, made suggestions, and completed the mentor's argument, thus displaying an interest in the feedback (see Table 4.6).

The conversation between mentor John and the CEO of eHealth illustrates the mentor-entrepreneur interaction we just described. After introducing himself to the mentor, and explaining his venture idea, the CEO indicated that he wanted to talk about marketing during his conversation with John, thus positioning himself as relatively unknowing compared to John (cf. Heritage, 2012a; Heritage, 2012b): 'we have some doubts about marketing and sales, and define the best strategy to do this. And to start to acquire customers and retain the customers into our systems'. He stated that he and his cofounders already evaluated some options for user acquisition. They doubted whether hiring a sales person would work, because that 'is really expensive and the commission is not so attractive to this person'. Search engine optimization (SEO) and online advertising did seem attractive strategies.

Triggered by the entrepreneur's clear request for advice, the mentor explored the user acquisition issue in detail, and gave several recommendations regarding customer acquisition strategies. He thus displayed the type of behavior that can be expected in response to a question (Stivers et al., 2011b). The mentor first estimated the costs of hiring a sales person (lines 1-4 in Excerpt 1), then mentioned sales force management as another factor to take into account (lines 6-9). Based on these considerations he concluded that hiring sales people is an unattractive option (line 15). Upon receiving this advice, the entrepreneur rephrased the mentor's conclusion (line 18), which can be interpreted as an expression of agreement (Hayano, 2011):

- 1. *Mentor*: 'If you look to the sales cost, in average, in Europe, and I think in Brazil
- 2. the distance are much further so it's even higher, the salaries are a little lower, but
- 3. in Europe I mean to get a client the average sales costs are approximately 500 euros
- 4. per client.
- 5. (...)
- 6. Mentor: And the second thing is that you said, it's expensive in commission, but
- 7. the second thing is that you have to manage [your sales force], because sales people

Table 4.6: Consensual interactions

Conversation	Entrepreneur explicitly requests advice	Advice followed by display of agreement and/or engagement	Extensive or highly positive evaluation
Martin – eHealth	Entrepreneur asks a question, which the mentor summarizes as follows: 'And that's all for your euh, your main question for today? How we're gonna convert [your trial users]?'	Entrepreneur asks follow-up question in response to advice regarding user conversion. Mentor: 'you just start looking up who is actually signed up. () You're gonna help the bigger practices to actually go live, you're gonna tell them 'listen, if you use our systems, you'll save 50% of your time, that's a promise' Entrepreneur: 'Well-known doctors, or?'	"Well, thank you very much. ()  Hope to talk to you soon.
Martin - GoodFood	Entrepreneur says GoodFood is struggling to match supply (chefs) and demand (customers): 'We noticed that we have reached our limits on the supply side. There is a lot of demand, but yeah, too little supply. In general, it is hard to build a two-sided marketplace'	Entrepreneur expresses agreement with mentor's advice to help chefs create a profile on the GoodFood platform. Mentor: 'But [those chefs] are no photographers, they are not likely to sell themselves. You will have to do that for them?' Entrepreneur: 'Yes. Yes, Yeah, definitely, yes.'	Yes, OK. <u>Yeah,</u> excellent!
Richard - ProcessCorp	Entrepreneur requests feedback about finding a launching customer: 'That's something maybe you can give feedback on. We had some idea, for example, to set up first a pilot project in Germany because we know all the people there. And one interesting company is Coca-Cola because [one of ProcessCorps' founders] worked with them'.	Entrepreneur expresses agreement with mentor's advice to find a launching customer that is less complex than Coca Cola. Mentor: 'Any big company, I mean, start with them, euhm, there is a downside, there is a risk. If it doesn't go well, unless you know them very well, they might conclude that this is not what they want'. Entrepreneur: 'It was just one scenario because we knew them and it was idealbut you're right, it's risky'	'That's <u>really</u> good'.
Manuel - GoodFood	Entrepreneur says GoodFood is struggling to match supply (chefs) and demand (customers): 'The main challenge that we're dealing with right now is just building up a two-sided marketplace, and the issues that come to achieving critical mass without having any funding'	Entrepreneur expresses agreement with mentor's advice to think about creative ways of engaging chefs, and comes up with an idea for doing so. Mentor: 'So what you need to do is brainstorm, come up with funny ideas, rank them, try them, yeah? () Entrepreneur: 'Yeah. We could get [our famous guest] chefs to give some cooking workshops to our chefs'.	'OK, that was great'
Sam - Parkling	Entrepreneur asks mentor whether he should sell their product to garages directly or through third-party partnerships: There are many businesses that can benefit from offering parking services to their customers, like shopping centers. If you can park easier you can eh you can go to a shopping center more often. () As an approach, it's something that you think is OK, or should we create also our own stream of, our own marketing stream?	Entrepreneur says that mentor's advice regarding developing a marketing strategy answers their question. Mentor: 'So the first thing that I would like to advise you is that () you map all channels, all potential channels (silence) and then by channel you try to quantify. So what are we talking about? Quantification means reach. How many are there? () Profiling: what type of companies are these? Ehmwhat are the relative strengths or weaknesses of these companies, channel farmers. And we call this channel strategy (). Entrepreneur: 'Yeah. Now it's clear.	'It was <b>great.</b> Awesome feedback'.

Come Louisia	Professioner and grant land and distance and land to	Trate commence of the commence	Manten Work
Sam - Jewels	Entrepreneur says ne couta use advice on now to start	Entrepreneur expresses agreement with mentor's aavice to	ivientor. Iviayoe
	developing a product mat customers desire: we now	assemble a panel of lest users. Mentol. It would be interesting II,	me silonid illeer
	got to the point where we assembled our team, prepared	in case you'll enter the fashion segment of the jewelry market, if	again at the end
	a business plan, have ideas about the concept () We	you establish a user panel? Entrepreneur: 'A couple of days ago	of the
	have to make sure that A) we'll be productive and B)	we have left the building to talk to some girls () <b>Perhaps we</b>	afternoon?'.
	create a solution that matches a market need. Getting	should try to do that on a larger scale'.	Entrepreneur:
	that process started as soon as possible, that's a		'Yes, that
	challenge we're facing now'.		sounds perfect'.
Manuel -	Entrepreneur says Parkling is trying to find a way to	Entrepreneur expresses agreement with mentor's advice not to	'It was <b>really</b>
Parkling	integrate their product in the systems parking garages	postpone approaching large organizations for partnerships out of	helpful, thank
	use: 'What we're trying to do is, because you have big	fear of them copying the venture idea. Mentor: 'I think them	you for your
	companies like, well, basically you have [name of big	copying you () It's not [something you should worry too much	time'.
	parking company], that uses a system that are automated,	about]. Because if they're gonna do it, they're gonna do it	
	and we wanna see if we can integrate with those. () So	anyway'. Entrepreneur: 'Yeah. That makes sense'.	
	that's what we're trying to (silence) to figure out here'.		
John -	Entrepreneur says that he is searching for a good	Entrepreneur expresses agreement with mentor's advice	Thank you very
eHealth	marketing and sales strategy: 'So now we have some	regarding sales people, and gives another reason for not hiring	much, I really
	doubts about marketing and sales, and define the best	them. Mentor: 'OK. So I wouldn't hire a lot of sales guys.	liked talking to
	strategy to do this. And to start to acquire customers and	Because the market is really too big'. Entrepreneur: 'Yeah. For	you'.
	retain the customers into our systems'.	me a sales person is ineffective because one sales person can	
		visit maximum eight doctors per day'.	
Sam - eHealth		Entrepreneur expresses appreciation for mentor's suggestion	'Sam, I really
	marketing and sales strategy: 'At this stage we have	regarding communicating the benefits of his product. Mentor:	liked to talk to
		'Can you for example state that doctors working with your	vou. I hope you
	acquire these users. Should we do ashould we have a	software have improved their productivity with sixty percent? If	can (inaudible)
	sales person, or () should we do more online	that's the case, you have news. And the news, you bring it, you	another talk.'
	advertising. Which is better, which works better?'	bring out a press release. And this way you can communicate via	
		all press agencies in Brazil. Stating doctors work old-tashioned:	
		Hey guys, it s 2013. From our software we learn that doctors	
		may improve their practice with sixty percent. That's news.	
		That's good value'. Entrepreneur: 'Nice'.	
Richard -	Entrepreneur says that he is searching for a good	Entrepreneur asks follow-up question in response to mentor's	'Okay, Richard,
eHealth	marketing and sales strategy: I have some doubts about	advice to partner with medical associations. Mentor: 'It you	thank you very
	euhm, about how the best way to acquire these	[approach doctors] through the associations, then you are your	much, nice to
	customers. The best ways to reach, the best strategy	own salesmen () That is I think'. Entrepreneur: 'You	meet you'.
	should do. For example, should we have cuhm a sales	Their members sell for us?	
	person? Or should we do more online advertising? ()		
	Do you nave experience in customer acquisition?		

- 8. really need to be managed and challenged et cetera, and then, I don't know what
- 9. your background is, I recall that you also have a medical background, eh?'
- 10. eHealth: 'Yeah, all of us'
- 11. Mentor: 'Are medical, he?'
- 12. eHealth: 'That's the reason we are here, because all of us are technical guys and we
- 13. have a degree in biomedical informatics, so we need to improve our business
- 14. background'.
- 15. Mentor: 'Yeah. OK. So I wouldn't hire a lot of sales guys. Because the market is
- 16. really too big'.
- 17. (...)
- 18. *eHealth*: 'Yeah. For me a sales person is ineffective because one sales person can
- 19. visit maximum eight doctors per day'.

Based on the entrepreneur's response to the mentor's advice, we conclude that entrepreneurs are likely to display receptiveness to feedback that is given in response to an explicit request. We argue that this is even the case when the feedback is critical, as the part of the conversation in which John and the CEO of eHealth discussed SEO and advertising suggests. John pointed out that, although SEO and advertising may be effective strategies, there is a problem associated with them: doctors who do not realize that using eHealth can benefit them, will not search for a web-based system for managing patient records online, nor notice advertisements for such products (lines 1-4 and 6-8 in Excerpt 2). He subsequently argued that this problem can be solved by creating awareness (lines 10-11):

- 1. <u>Mentor</u>: 'So the problem is, that was the question I was referring to, is I think a lot
- 2. of doctors are not aware that they need this product. So on the one hand, you know,
- 3. if you do only search engine optimization, search engine advertising, you will only
- 4. get the businesses who are actively looking for that product'.
- 5. eHealth: 'OK'.
- 6. Mentor: 'You should be there, no doubt about it. But I think that with your
- 7. (inaudible) of the business [the customer] is not aware of the fact that they need this
- 8. product'.
- 9. eHealth: 'OK'.
- 10. Mentor: 'So will do a very good, eh... awareness, create awareness among your

- 11. target audience'.
- 12. eHealth: 'Medical conferences is perfect'.
- 13. Mentor: 'Yeah, that's good'.

As Excerpt 2 illustrates, the entrepreneur gave an example of a specific way to make doctors realize that they need eHealth (line 12) after the mentor told him to create awareness.. Coming up with examples can be seen as a display of engagement. This part of the conversation illustrates a more general pattern: entrepreneurs in consensual interactions generally do not tend to express their disagreement with criticism, as long as the critical feedback contributes to resolving an issue that they have raised themselves. So, regardless of whether the mentor gave advice, or pointed out something they needed to keep in mind while taking the recommended action, entrepreneurs who received a detailed response to their request for advice displayed a positive attitude to the mentor's feedback.

### 4.4.2 Confrontational interactions

We found that new venture founders were less likely to display receptiveness to feedback when a mentor did not provide them with the advice they requested. In other words, feedback from mentors who played the devil's advocate (Schwenk, 1990) by responding more critically to the entrepreneur's advice request than they expected was regularly met with displays of resistance. As was the case in *consensual interactions*, the topic of *confrontational interactions* was determined by the entrepreneurs, who sought advice that would help them resolve an issue or make a decision. But whereas the mentors in *consensual interactions* gave extensive advice, mentors in *confrontational interactions* questioned the underlying premise of the advice request. In response, the entrepreneurs displayed a defensive stance towards the mentor's feedback, for example by coming up with counterarguments – most likely because criticism, especially when it is uninvited, is experienced as face-threatening (Goldsmith, 2000; Goldsmith and Fitch, 1997). This is in line with Lefebvre and Redien-Collot's (2013) findings, who also concluded that conversations in which mentors provide critical feedback, or challenge an entrepreneur's assumptions, have a conflictual character.

GameBook's conversation with mentor Tim illustrates the difference between *consensual interactions* and *confrontational interactions* (Table 4.7 provides additional illustrations). This conversation started off as a *consensual interaction*, with the entrepreneur positioning himself as relatively unknowing by asking a question (Heritage, 2012a). Rather than providing an answer, however, he mentor started criticizing the assumptions underlying the question. When this happened,

the CEO of GameBook started to debate the feedback he received, and refrained from answering some of the mentor's more critical questions. In other words, the entrepreneur displayed a defensive attitude towards the feedback. The statement he made when he ended the conversation with Tim provides additional support for this conclusion. Whereas the CEO extensively expressed his gratitude in other conversations<sup>5</sup>, this time he sufficed with a more formal 'many thanks for the advice'.

The conversation between Tim and GameBook covered a variety of topics, which were all discussed relatively briefly. After discussing when to start charging gamers for using their platform, the entrepreneur and the mentor talked about strategies for obtaining an investment, the need gamers feel to connect to other gamers, and expanding to the United States. We will zoom in on the latter topic of conversation. The entrepreneur argued that to him, it would make sense to focus his customer acquisition efforts on the United States, because that is the country in which most games are being developed. He wanted to know what Tim thought of this plan. Excerpt 3 shows that Tim provided several arguments against rolling out in the US (lines 1-2, 4-8, and 10-13). The entrepreneur expressed disagreement with the mentor's criticism by coming up with a counter-argument (lines 15-17) against the concerns the mentor expressed in lines 10-13. He stated that if GameBook would focus on one game, they would know the community members, thus implying that creating a community does not have to be an issue:

- 1. Mentor: 'Over there it's going to be more expensive, because you have a larger
- 2. market. And here it's going to be cheaper, you have a smaller market'.
- 3. GameBook: 'Over internet there's no... I see no difference in euh...'
- 4. Mentor: 'Well, I don't believe that, because I euh, I agree that in, in, in, in, in the
- 5. basics euh there's no boundaries. But how is it that you, if you look at the, there's
- 6. only a very few examples of companies that are... also on social media platforms
- 7. that are euh, really successful both in Europe and US at the same time. You have a
- 8. very big (inaudible). But you have to spend a lot of money on that'.
- 9. GameBook: 'Right'.
- 10. Mentor: 'And you are creating a community, and euh, the community has to start
- 11. somewhere. So, I don't believe that you can start a community from scratch in the
- 12. US if you have no... no, let's say, you need to get, you need to become connected

<sup>&</sup>lt;sup>5</sup> He, for example, repeatedly told Ray that his feedback was 'really interesting', and ended the conversation by exclaiming that 'it was nice!'

Table 4.7: Confrontational interactions

Conversation	Entrepreneur explicitly requests advice	Mentor criticizes entrepreneur's plans, entrepreneur gives counter-arguments	Simple polite evaluation
John - GameBook	Entrepreneur asks whether they should charge the users of GameBook, or offer their platform for free to players of one specific game: 'Would it be important to have a clear business model, proven business model, or is it more important to have ehtraction, retention, ehmhow people love a product, for example. What would be more important?'.	Entrepreneur gives counter-argument in response to mentor's criticism on their decision to focus on one game. Mentor: 'From an investor's perspective, what it sounds like is that <b>it's not very scalable</b> , cause for each game there is a lot of work to be done'. Entrepreneur: 'We have developed [our platform] for Mindcraft, but we could also do it for generic communities. () We wouldn't need any effort to directing the platform to lanother! game.'	'Thank you very much'.
Tim - GameBook	Entrepreneur says they are considering to not only focus on Europe, but to broaden their view and also target the US: 'What would you think of internet consumer, focus them on United States, because we have thought about, well, the game industry is there, so it makes sense to have at least sales representation. Or at least some presence?	Entrepreneur gives counter-argument in response to mentor's criticism on the plan to target the US and Europe. Mentor: 'the community has to start somewhere. So, I don't believe that vou can start a community from scratch in the US if you have no no, let's say, you need to get, you need to become connected to the relevant people there, or to the relevant investors, or to the relevant press people'. Entrepreneur: 'we thought about it, but in separate countries, we thought about starting with one game. One title, so we can know who is behind, who is the community leaders, who are the influencers'.	'Alright then, many thanks for the advice'.
Manuel - eLearners	Entrepreneur says they are struggling to get people to contribute content: 'We start to notice that to get the experts on board () is really hard work. () We start noticing that everybody says, gives a soft commit, but actually handing in all the material, that's a lot of calling and emailine?	Entrepreneur gives counter-argument in response to mentor's suggestion that experts might use other channels for sharing their knowledge. Mentor: 'Would they not have their own blogs?' Entrepreneur: 'they also read a lot of stuff that they think is really useful. It's not only the content of their own blog that's the eh most valuable to them'.	'Thank you very much'.

- 13. to the relevant people there...'
- 14.(...)
- 15. *GameBook*: 'We thought about it, but in separate countries, we thought about
- 16. starting with one game. One title, so we can know who is behind, who is the
- 17. community leaders, who are the influencers'.

The first part of Excerpt 3 resembles a *consensual interaction*, in the sense that the mentor responded to an advice request from the entrepreneur. However, unlike the mentors in *consensual interactions*, who typically made a recommendation for a certain action, Tim started coming up with arguments against expanding to the US. In addition to giving this 'negative' feedback, to which the entrepreneur responded by expressing disagreement, the mentor started asking questions about Gamebook's customer acquisition strategy. These questions suggest that he wanted the entrepreneur to first think about a strategy for attracting customers, before starting to consider moving to the US:

### Excerpt 4

- 1. *Mentor*: 'How do you see that on the product side? What is the, what is the euh...
- 2. What are the... what do you have to offer the gamers in order to be able to be
- 3. successful?'
- 4. GameBook: 'Euh, successful? Us? Or the gamers?'
- 5. *Mentor*: 'No, you. What do they, what features do they need? What is the...'
- 6. GameBook: 'Well at the moment first we would be focusing on retention. Euh, we
- 7. want that the users come back, so once you're connected...'
- 8. Mentor: 'But why would they come in the first place? First they have to come to
- 9. you'.
- 10. *GameBook*: 'At the moment we do invites euh, we make like a limited...'
- 11. Mentor: 'And what do you tell them?'

Excerpt 4 shows that the CEO of GameBook did not answer the questions the mentor asked in lines 1-3 and 5. Each of these questions revolved around the same topic: specifying the features of the product that are most likely to appeal to customers. However, instead of mentioning these features, or starting to think about them, the entrepreneur stated that he was focusing on retaining existing customers (line 6). The mentor persisted in trying to get the CEO to reflect upon the features of his product, and rephrased his question (line 8). Corrective measures, like repeating a question, are common when people's responses are not considered appropriate or relevant (Enfield, 2011). The

entrepreneur, however, again did not discuss product features, but mentioned that they are sending invites to gamers (line 10), which triggered another question by the mentor (line 11). Based on this sequence of question and (evasive) answer, and the counter-argument the entrepreneur made in excerpt 3, we conclude that new venture founders tend to display an unreceptive attitude towards feedback when a mentor does not go along with the activity – an advice-giving sequence, in this case – that the entrepreneur wanted to start (cf. Hakulinen and Sorjonen, 2011). This may be exacerbated when the mentor, as was the case in the conversation between Tim and GameBook, does not elaborate on his feedback, but embeds his opinion in a discussion of many other aspects of the venture idea.

### 4.4.3 Persuasive interactions

In *persuasive interactions*, mentors determined the topic of conversation. Compared to mentors in *confrontational interactions*, who mainly criticized the entrepreneurs' ideas, mentors in *persuasive interactions* also supplied their expert knowledge, and thus used dialectical inquiry (Saxton, 1995; Schwenk, 1990). After listening to the entrepreneurs' explanation of their venture's activities, they started giving their opinion on an aspect of the venture idea. Hence, the entrepreneurs received unsolicited feedback. Unlike previous studies of advice taking (Feng, 2009; Goldsmith, 2000), our research suggests that new venture founders do not necessarily display an unreceptive attitude towards unsolicited advice. Towards the end of most *persuasive interactions*, they expressed an openness to feedback that was detailed, and built upon critical comments that the mentor made earlier. However, whereas some entrepreneurs immediately expressed agreement with unsolicited advice, others initially said that they disagreed, or even displayed a skeptical attitude until the end of the conversation. We therefore distinguish three sub-types of *persuasive interaction*, which we label educational conversations, full interaction closure, and interaction semi-closure.

In two conversations (sub-type I: *educational conversations*), the mentor did not criticize a specific part of the entrepreneur's venture idea, but instead introduced a comprehensive view on new venture development. These mentors, like mentors in *consensual interactions*, therefore adopted the role of an expert advisor (Saxton, 1995; Schein, 1990). The entrepreneurs who talked to him immediately expressed agreement with the unsolicited advice. In the other *persuasive interactions*, the mentors started by making critical remarks, which were followed by advice and suggestions that, in their opinion, would help to address their criticism and thus improve the venture idea. Entrepreneurs who met with such a mentor displayed a less receptive attitude to unsolicited feedback than the entrepreneurs in *educational conversations*. They initially said that they disagreed with the mentor's

suggestions, or came up with counter-arguments. But over the course of the conversation, their displayed attitude changed. We did, however, find differences in terms of the extent to which this change occurred. Some eventually said that they agreed with the mentor, or asked for more detailed feedback (sub-type II: *full interaction closure*). Others had not expressed agreement with the mentor's advice when the conversation ended, although their displayed attitudes were less defensive than they were when the mentor started to give feedback (sub-type III: *interaction semi-closure*). Table 4.8 gives an overview of all three types of persuasive interaction.

#### 4.4.3.1 Educational conversations

The conversation between Sam and eLearners illustrates how some entrepreneurs immediately displayed a receptive attitude towards unsolicited feedback. In this conversation, the mentor introduced a specific approach to planning the development of a new venture: platform planning. Using this approach would require the entrepreneurs to specify what they want to achieve in specific areas of their business – e.g., their product, or marketing – in the upcoming two months. Based on what they learned while trying to achieve their goals, they would specify new targets, and thus take their business to the next platform, or level. Throughout the conversation, Sam gave several examples of things the entrepreneurs could consider when engaging in platform planning, like establishing a user panel (lines 1-3 and 5-9 in Excerpt 5):

- 1. Mentor: So I would advise you to assemble a user panel. That would not only allow
- 2. you to test the beta version of your product, but also helps you test your
- 3. assumptions regarding purchasing, regarding learning...
- 4. *eLearners:* Hmhm
- 5. <u>Mentor:</u> What would be good, what would not be good. Did you understand it, or
- 6. did you not. So you test the assumptions underlying your business model. And that
- 7. is in fact what you will do in the coming period of time. You will continue by
- 8. iterating, iterating, iterating...And that's how the company starts, how it gets shape
- 9. and substance.
- 10. eLearners: Hmhm
- 11. Mentor: Just checking: am I making myself clear?
- 12. eLearners: Yes. How should we determine the areas we will test? What will it be
- 13. based on?

Table 4.8: Interaction closure

Subtype	Conversation	Mentor-initiated	Initial response to unsolicited feedback	Displayed stance towards unsolicited feedback later on in the conversation	Evaluation
Educational conversations	Share Share	Mentor gives unsolicited advice when entrepreneurs tell him that their product is a marketplace: 'I recently learned that it's very important to describe what friction you reduce, and what friction you reduce, are able to define that, the better you can bosition yourself, and the better you can think about what you need to organize'.	Entrepreneurs do not come up with counter-arguments in response to the mentor's feedback	Entrepreneur expresses appreciation for mentor's suggestion to integrate the product in design software.  Mentor: "instead of being a middleman, which could be the first step, you could check if you, let's call it forward integration for now, you could offer software to a company () and see if it is possible to become part of this company when it is designing new products'. Entrepreneur: 'Yes.  That is very interesting.'	Extensive or highly positive: 'Time is up already? This was highly valuable, thank you so much. Do you have a business card?'
	Sam - eLeamers	Mentor concludes that the entrepreneurs have some work to do with respect to the development of their venture. Mentor: 'How do you price your product?' Entrepreneur: 'We're struggling with that at the moment. Currently, we're identifying parties that might be willing to pay for our product. We aren't even sure whether we're a B2C or B2B company.' Mentor: 'OK, so there's a gap here. Talking about marketing, there's a gap'.	Entrepreneurs do not come up with counter-arguments in response to the mentor's feedback	Entrepreneur expresses agreement when mentor argues that he has not yet tested his ideas about eLearners' competitive advantage. Mentor: 'How do you ensure that people keep using [your product], that you have something that distinguishes you from alternative products?'. Entrepreneur: 'Euhm I think it's the quality of our content'. Mentor: 'That's what you say. But is it also something how users experience it? You don't know' Entrepreneur: 'That's exactly why we have to launch our beta product soonso we our beta product soonso we can test if what we say is true'.	Extensive or highly positive: 'It was highly valuable'

Full	Manuel – 3D	Mentor expresses his	Entrepreneur gives counter-	Entrepreneur's displayed stance	Extensive or highly
interaction	Share	surprise about	argument in response to mentor's	towards criticism changes.	positive:
closure		entrepreneurs' plan to	criticism about their marketing	Mentor: 'You get people excited,	'I think we really
		open up registrations for	strategy. Mentor: 'I think in reality,	and then they wait two or three	need to continue
		3D Share in twenty cities	unless you told me I have these three	months for you to launch, and	this conversation,
		simultaneously: 'You're	examples of other businesses that	then it's a complete mess, what	maybe on email'.
		doing twenty cities on day	have done it: in one year in 25	you've done is you just created,	
		one?'	countries doing this and this. From	you just, you woke everybody up.	
			the top of my head I don't know	You created a market for your	
			any examples'. Entrepreneur: 'If	competitor'. Entrepreneur:	
			you look at peer to peer platforms,	'Hmhm. yeah, <u>I think that's a</u>	
			they (silence) they often go beyond	fair comment. That you have	
			country (inaudible) quite quickly,	your big PR splash, and then you	
			right?'. Mentor: 'Give me an	will hopefully see many people	
			example to make it really real?.	registering, but then it will	
			Entrepreneur: 'Airbnb, eBay'.	become maybe quiet again'.	
	Ray -	Mentor states that the way	Entrepreneur gives counter-	Entrepreneur expresses	Extensive or highly
	Parkling	the entrepreneurs position	argument in response to mentor's	agreement with mentor's	positive:
		Parkling is not clear yet.	criticism about positioning Parkling	suggestion for an alternative way	'Yeah. It makes
		Entrepreneur: 'We locate	as providing the 'best' parking spots.	of positioning Parkling. Mentor:	sense. () <u>Mind-</u>
		the best spot for [drivers].	Mentor: 'Things as 'the best',	'In your communication, you	blowing'.
		We know the best spot'.	'easy' is not good enough. () [If]	[can] position yourself as a	
		Mentor: 'Best on price?	you got 'it's the best', you always	personal assistant, or a butler that	
		Or'. Entrepreneur: 'That	got a second sentence that explains	helps you with your parking	
		could be different'.	what 'the best' is'. Entrepreneur:	problems. It's a lot about just how	
		Mentor: 'What is best?'	'Yeah, but the best for you is not	you formulate your sentences.	
			the best for me. It depends, right?'	And how you communicate to the	
				customer: 'How can I help you	
				today? Entrepreneur: Great: It makes sense	
	Ray -	Mentor expresses	Entrepreneur states that they do not	Entrepreneur expresses	Extensive or highly
	GameBook	disagreement with the way	necessarily agree with mentor's	agreement with mentor's advice to	positive:
		the entrepreneurs plan to	suggestion to build a rebellious	develop their product in a way	'This was <b>really</b>
		develop their product.	brand. Mentor: 'As a brand, I think	that differentiates it from existing	interesting'.
		Entrepreneur: 'We () try	you wanna be some kind of	products. Mentor: 'You really	
		to partner with some media	rebellious () Because that fits	need to have a product	
		publishers, and put an	really with gamers'. Entrepreneur:	differentiation. You need to	

		intuitive channel for them. That's some work that we're' Mentor interrupts: 'I don't know what you're capable of. But what I do know is that [the gaming community is] very direct undergroundish, rebellious. () I don't know if you need, should work with media houses at the start'	Wehonestly, we're not really sure () if we want to be more rebellious, or we want to be more immersive'.	differentiate somewhere in the product, in your offering. () You promise that this is for gamers, but this is the evidence that it's for gamers?. Entrepreneur: 'That's something that's really important (). It's a great idea'.	
	Tim - Jewels	Mentor identifies Jewels' problem by asking about their storytelling experiences: 'One of the reasons I ask is that ehm, when I tell other people () I say 'I know some guys who are doing stuff with 3D-printed jewelry and euhm' 'Oh, we've got that, too!' () And then I reply 'No, it's', you knowif someone hears it from a lay person like me, they think 'this already exists'.	Entrepreneur comes up with new stories around their present product, whereas the mentor expects him to make the product less difficult to understand. Mentor: 'You guys already deepen, facilitate, you are involved in publicity, creativity, andbut laypersons () they don't understand. My girlfriend doesn't understand a thing [about 3D printing]. She say 'I don't get it, I still don't get how it works!'. () Entrepreneur: 'Yeah. We could also position ourselves as, say, the NikeID for shoes. I mean, jewelry'.	Entrepreneur expresses agreement with mentor's suggestion that simplifying the product will also help making his story less complex. Mentor:  'Suppose you wouldn't () offer the option the customize, or a very limited opportunity to customize () that you would leave that out'. Entrepreneur: 'Yeah. That would make things a lot easier'.	Extensive or highly positive:  Mentor: 'I imagine that it might be a relief to think like this'. Entrepreneur: 'Yeah, we feel the same'.
Interaction semi-closure	Nick – 3D Share	Mentor expresses disagreement with the entrepreneurs' focus on the social aspects of 3D printing. Entrepreneur: 'A lot of people think 3D printing is cool. They read about it, and when they want to print something,	Entrepreneur gives counterargument in response to mentor's criticism about positioning 3D Share as social 3D printing. Mentor: With respect to your business I would get rid of the social aspect of 3D printing. Entrepreneur: 'It has to do withinitially we wanted to find out whether we were solving a problem.	Mentor and entrepreneur express agreement about the idea of giving users the opportunity to leave reviews. Mentor: 'I would focus some more. I would get rid of the social aspect (). It's crucial for Airbnb, I wouldn't have dared booking a room through Airbnb if I didn't read	Simple polite evaluation: 'OK, cool'.

į		you guys have a design	fact it's meant to test if the product	design only is too narrow'.	
į		Local contract of the second contract		,	
į		Dackground, so it makes	works. We aren't planning to limit	Entrepreneur: 'One of the	
į		sense to start there –	our scope to designers'.	AMcubator managers said that he	
į		whether it is the real big		might have a lot of interesting	
į		thing (). I'm not able to		readings for startup founders to	
Ė		explain it at the moment,		learn from. So yeah, what you're	
į		but I'm not sure whether		saying is in line with some of the	
Ë		design is the right angle to		other feedback we've received'.	
Ë		start with'.			
111		Mentor expresses doubts	Entrepreneur gives counter-	Entrepreneur says GoodFood	No evaluation
<u>6</u>	GoodFood	about the factors that the	argument in response to mentor's	should change its positioning if	
		entrepreneur believes	advice to ask customers what they	social convenience turns out to be	
		distinguish GoodFood from	are looking for in a platform like	less important than they think, but	
		its competitors are relevant	GoodFood. Mentor: 'To me it's very	does not express intention to	
		to customers. Entrepreneur:	important to continuously do	change now. Mentor: 'What I'm	
		We are categorizing the	customer research because saying	trying to say is that you should try	
		market along two axes:		toto differentiate yourself on	
		high quality versus low	andbut if that doesn't matter to	aspects that matter to customers'.	
		quality – or at least	consumers, you won't sell anything	Entrepreneur: 'People are	
		people's experience of	you know. You'll really have to	currently ordering food through	
		quality – and anonymous	target your market'. Entrepreneur:	our platform, and are telling us	
		convenience versus social	'Before [new chain of	that they enjoy reading the story	
		convenience. So that'	supermarkets in the Netherlands]	[about the quality of food]. But to	
		Mentor: 'Do you think	was there, [consumers] didn't	what extent does that story make	
		buyers take those factors	know that they would be willing to	the difference in deciding whether	
		into account?	pay a higher price in return for	or not to order? If it doesn't,	
			knowing where their food was	convenience will become an	
			grown'.	even more important factor,	
				and our technology will also	
				become increasingly important'.	

In Excerpt 5, the mentor initiated an interaction sequence by suggesting to set up a user panel, thereby projecting the entrepreneurs as relatively unknowing (Heritage, 2012b). The excerpt shows no signs of eLearners' CEO displaying resistance to Sam's expert advice. In fact, he shows a receptive attitude by confirming that he understands Sam's explanation of platform planning, and asking him to further elaborate on the concept (lines 12-13). The following remark the entrepreneur made at a later stage of the conversation further illustrates this: 'we have always been doing someone else's assignments (...) Right now, yeah, we have got to do it ourselves'. By making this statement, the CEO presented the eLearners team as new to the topic of product development, thus positioning it in a relatively unknowing position, and inviting information from a seemingly more knowledgeable person, in this case the mentor (cf. Heritage, 2012a; Heritage, 2012b). We therefore conclude that entrepreneurs are likely to express receptiveness to unsolicited feedback when it takes the form of detailed, comprehensive advice. Our conclusion is corroborated by the, by his standards, positive evaluative comment the CEO of eLearners made when he left Sam: 'this was highly valuable'.6

#### 4.4.3.2 Full interaction closure

The CEO of 3D Share is one of the entrepreneurs who, over the course of a conversation, changed the attitude he initially displayed after a mentor gave critical feedback on a certain aspect of the venture idea. The mentor, Manuel, started criticizing 3D Share when the CEO told him that he and his co-founder were planning to launch their product in twenty cities simultaneously:

- 1. *Mentor*: 'I think in reality, unless you told me I have these three examples of other
- 2. businesses that have done it: in one year in 25 countries doing this and this. From
- 3. the top of my head I don't know any examples. And if you are a PR person...'
- 4. 3D Share: 'If you look at peer to peer platforms, they (silence) they often go
- 5. beyond country (inaudible) quite quickly, right?'
- 6. *Mentor*: 'Give me an example to make it really real'.
- 7. 3D Share: 'Airbnb, eBay...'
- 8. *Mentor*: 'I don't think they launched in eh...I would be surprised if they launched
- 9. in eh...25 countries at the same time. 25 cities.
- 10.(...)

<sup>&</sup>lt;sup>6</sup> In many other conversations, the CEO of eLearners made shorter statements. All they said to Manuel, for instance, was 'thank you very much', and they stated 'Well, OK. Thank you' when they said goodbye to John.

- 11. Mentor: if you build yourself a roadmap and you say to get the excitement and
- 12. publicity, we need to do these four things, yeah?' (...) When you do this, then you
- 13. get a better feasibility. Yeah? Because the thing is, getting people excited...look,
- 14. the best way of pumping people up in America, I guarantee you, is this: you get
- 15. people excited, and then they wait two or three months for you to launch, and then
- 16. it's a complete mess, what you've done is you just created, you just, you woke
- 17. everybody up. You created a market for your competitor. Cause I guarantee you, if
- 18. they're Americans, with American backup, they won't make these similar
- 19. mistakes'.
- 20. 3D Share: 'Hmhm. Yeah, I think that's a fair comment.

Excerpt 6 shows that Manuel expressed his doubts about the possibility of any new venture being able to launch in a range of cities at once (lines 1-3 in Excerpt 6). 3D Share's CEO expressed disagreement with this unsolicited feedback by coming up with examples of ventures that successfully expanded internationally soon after they had been launched (lines 4-5 and 7). Manuel stated that he was not convinced (lines 8-9), and advised the founders of 3D Share to create a roadmap for expansion (line 11). After Manuel gave reasons in support of his recommendation, thus demonstrating his knowledge and establishing his expertise (Enfield, 2011), the entrepreneur's displayed attitude became less defensive; he explicitly stated that he found Manuel's recommendation 'a fair comment' (line 20), and later even solicited advice for creating the roadmap by asking: 'What should be the main chapters in the manual?'. The highly positive statement the entrepreneur made when he ended the speed meeting with Manuel is another signal of the decrease in displayed defensiveness: 'I think we really need to continue this conversation'. Based on these observations, we therefore argue that when a mentor elaborates on his concerns extensively, and introduces multiple reasons to support his criticism, entrepreneurs' displayed attitudes to unsolicited feedback can becomes less defensive.

#### 4.4.3.3 Interaction semi-closure

Whereas the attitude expressed by the founders of 3D Share during their conversation with Manuel changed significantly, the stance some other entrepreneurs displayed towards unsolicited feedback did not change as much, even though they expressed engagement with and an interest in the mentor's advice and criticism. The latter conversations were slightly different from the conversation between Manuel and 3D Share. We propose that those differences may be the reason why the change in their displayed attitude was not as radical. First, we found that the advice and suggestions that

entrepreneurs received in conversations that did not end in full closure were not in line with the feedback they got from their customers. Second, following the mentor's advice would require them to develop their venture in a way that contradicted their expressed personal views on product development.

GoodFood's conversation with mentor Tim is an example of a *persuasive interaction* in which entrepreneurs kept displaying a somewhat skeptical attitude towards unsolicited feedback, although they expressed more receptiveness at the end of the meeting than at the start. The conversation was highly similar to the one between Manuel and 3D Share. The mentor determined the topic, in this case the factors that differentiate GoodFood from its main competitors. The entrepreneurs claimed that they are different because they offer high quality convenience food which is not prepared by anonymous chefs. Tim asked whether customers experience a chef's anonymity as a problem:

- 1. *Mentor*: 'Do you think [anonymity] is something customers will care about?'
- 2. GoodFood: 'Ehm, it might be if...what we notice is that reviews are important, and
- 3. that knowing who is cooking turns our platform into a curated experience. So, first,
- 4. you get to buy food from an actual chef, and second, you get to see what other
- 5. customers thought of that food.
- 6. (...)
- 7. *Mentor*: 'Did you check it with them, with the customers?'
- 8. GoodFood: 'Yes, yes. And of course, if you look at Booking.com and TripAdvisor,
- 9. they became highly successful by making reviews a hygiene factor'.
- 10.(...)
- 11. *Mentor*: '...the question is... I don't think it...I, I, I'm not debating you, but the
- 12. question is whether it really is something people take into consideration when
- 13. buying your product. And that is of course the first step they need to take'.
- 14. (...)
- 15. *Mentor*: 'To me it's very important to continuously do customer research because
- 16. saying higher quality matters is one thing, and...but if that doesn't matter to
- 17. consumers, you won't sell anything you know. You'll really have to target your
- 18. market'.
- 19. GoodFood: 'Yes. Yeah, definitely'

As Excerpt 7 shows, the entrepreneur came up with arguments in support of her decision to, as she called it, 'give chefs a face', thereby ensuring that they would no longer be anonymous (lines 2-5). A little later, Tim inquired if the entrepreneur asked customers whether they care about anonymity (line 7). The entrepreneur responded by mentioning a few examples of companies that have benefited from allowing customers to leave reviews (lines 8-9). This response does not directly align with Tim's question. He returned to the topic of anonymity after a while, expressing his doubts about the extent to which customers take it into consideration (lines 11-13). In response, the entrepreneur made an affirmative statement about the importance of doing consumer research (line 19). She later stated that convenience and quality might be more relevant criteria for customers than reviews or the anonymity of chefs. In other words, she now expressed an openness to reconsidering the role of anonymity in the positioning of her venture. This suggests that her displayed attitude towards Tim's feedback changed.

However, the CEO of GoodFood did not express the ambition to change the positioning of her venture, or to do more consumer research that might eventually lead to a repositioning. The ambiguous stance she displayed towards the mentor's criticism might have been caused by the feedback she received from customers about their positioning: '[our food] is fresh, it's convenient, it's ehm...quality, and it's, yeah, prepared by a real chef (...). People are currently ordering food through our platform, and are telling us that they enjoy reading the story'. Like Excerpt 6, this example again illustrates that new venture founders gradually display less skepticism towards unsolicited feedback when it is detailed. It also indicates that this does not necessarily mean that entrepreneurs in that case express agreement; the attitude that entrepreneurs display remains somewhat hesitant if a mentor's feedback is not in line with market feedback, i.e., if the entrepreneur has immediate access to relevant information, and might therefore be as knowledgeable as the mentor regarding the issue at hand (Enfield, 2011).

### 4.4.4 Probing interactions

We found that when a mentor gives unsolicited critical feedback that is not detailed, new venture founders display a lack of receptiveness throughout the entire conversation. In *probing interactions*, the topic of conversation was determined by the mentor, who, after listening to the entrepreneurs' pitch, started giving feedback on the venture idea. Mentors in *probing interactions* regularly made critical remarks about several aspects of the venture idea without following up by giving advice or making suggestions for improvement. They also gave advice without explaining why they believed the entrepreneurs had to improve on that particular aspect of their venture idea. So unlike the

feedback that entrepreneurs in *persuasive interactions* received, feedback in *probing interactions* was not focused, nor detailed. Hence, instead of making consistent use of dialectical inquiry, or functioning as an expert or a devil's advocate, mentors in *probing interactions* were 'scanning' the venture idea in order to find an area in which they could contribute their knowledge. As a consequence, the entrepreneurs did not get access to the reasons underlying the mentor's opinion, which often leads advice recipients to discount advice (Yaniv, 2004; Yaniv and Kleinberger, 2004). They therefore generally displayed a defensive stance towards this type of feedback, or did not respond to the mentor's criticism and advice at all (see Table 4.9).

The pattern we just discussed is illustrated by the conversation between mentor Chris and the founders of Jewels. The conversation started with the entrepreneurs explaining their product, and describing the stage of product development they were in at that point in time. Before the entrepreneurs could request his advice, Chris started asking questions, and shared some of his ideas regarding the product itself. The mentor thus largely determined the topic of the conversation, assigning himself a relatively knowledgeable position (Heritage, 2012b). His first question related to the entrepreneurs' approach to product development. Earlier, the CEO explained that Jewels is developing software that enables people to customize all kinds of jewelry. Chris asked whether, given that the entrepreneurs are 'solving a f\*\*ing difficult problem', they considered focusing on a single type of jewelry (lines 1-3 in Excerpt 8):

- 1. Mentor: 'Did you consider, instead of focusing on a specific customer group, to
- 2. focus on a specific product, ehm...a specific shape instead of jewelry in general?
- 3. Because there are earrings, bracelets, ehm...'
- 4. Jewels: 'No, we shouldn't be doing that'.
- 5. (...)
- 6. Jewels: Look, what we were thinking of, was making a lot of templates with a
- 7. simple editor, and to focus on a single technology. We could call it 'Pretty Printed
- 8. Jewelry: Fashion from the future'. And even though we say it is possible to
- 9. customize everything, it will only be possible to customize the material'.

Table 4.9: Probing interactions

Conversation	Conversation Mentor-initiated	Critique and/or suggestion followed by counter-arguments, no response, or, in case the feedback was familiar or related to the process of starting a new venture, expressions of agreement and/or engagement	Simple evaluation (or highly positive, but only about a specific part of the conversation):
Nick - Parkling	Mentor gives feedback on various aspects of the entrepreneurs' idea, starting when the entrepreneurs explain him what Parkling is doing. Entrepreneur: 'I'm in Amsterdam. No results in Amsterdam. So I'll change my destination. Actually takes my current location in order to be easier for me to find a parking where I am. Write an address'. Mentor: 'This is not gonna work when I'm driving. I'm in traffic, there's a lot of information coming at me at the same time'.	Entrepreneur gives counter-argument in response to mentor's concern that their target customer can develop its own version of Parkling. Mentor: '[Your main competitor], I mean, is pretty hightech. These guys you know, they are kind of big in Amsterdam ()  They could implement dynamic pricing like that and change your machine. So'. Entrepreneur: 'But they're not doing it'. Mentor: 'No, but they could'.	'Thanks'.
Chris - Jewels	Mentor makes statements about various aspects of the entrepreneurs' idea, starting when the entrepreneurs explain him that Jewels offers all kinds of jewelry: 'The problem you're solving is f*ing difficult () especially since you – which I think is a good idea – work with designers, because you'll have to organize the entire production process. Did you consider, instead of focusing on a specific segment of your target market, to focus on a particular shape or type of jewelry?'	Entrepreneur gives counter-argument in response to mentor's suggestion to develop a three-dimensional, instead of a two-dimensional customization tool. Mentor: 'What I think would be most magical, is offering a three-dimensional design, and making it possible to (inaudible) customize that'. () Entrepreneur: 'Rendering three-dimensional design real-time doesn't lookit's often quite uglv'	'Cool. Good advice, I'll be in touch about those convertible notes'.
John – 3D Share	Mentor gives feedback on various aspects of the entrepreneurs' idea, starting with their plan to launch in fifty cities simultaneously: 'A question mark would beto me doing fifty cities in Europe and the US is pfff I understand you're ambitious, you probably are. But you will need a roadmap that says: 'This is what we want to achieve''	Entrepreneur gives counter-argument in response to mentor's suggestion to let 3D printer owners deliver the products. Mentor:  'Why would vou have to bike there, why don't lithe products.  get delivered?' () Why don't you, for example, thinking out loud, make sure that the 3D printer owner ships it?. Entrepreneur:  'Well, because that's more of a hassle () If, say, UPS ships something you need a box, put the product inside the box, and attach a UPS shipping label. () If we would use bike couriers, it's	No evaluation

		quite easy to predict when they will arrive; they can tell you: 'I'll be there in half an hour''.	
Martin - Jewels	Mentor gives feedback on various aspects of the entrepreneurs' idea, starting with their belief that Iswels	Entrepreneur gives an additional reason why short delivery time is not crucial to Jewels, in response to mentor's (familiar) advice to	'Thanks for
	enables everyone to become creative: 'I heard your pitch.		
	Put it that way, euhm yeah, I like how euhmeverybody can be creativeveah () I'm curious to see whether	to think carefully about how, vis-a-vis [your main competitor]what will be vour proposition () For example:	
	that will really happen. Because I can imagine that, even	Our delivery time is somewhat longer, but we don't mind	
	though you asked, people will still be like: (silence)	because to us, this is a fashion item rather than a gift'. You	
	'yeah, whatever'	know, gifts should be delivered within two days, but no, we are in	
		fashion, so it's OK if it takes two weeks'. Entrepreneur: 'That	
		would indeed more or less be our delivery time, two weeks ()	
		but obviously, when we start to scale up, this will go down	
Richard –	Mentor gives feedback on various aspects of the	Entrepreneur expresses agreement with mentor's (familiar) advice	OK, we have
GoodFood	entrepreneurs' idea, such as customer acquisition: 'When	to physically visit corporations and hand out flyers. Mentor:	cleared our
	you're monitoring what kind of people use your product,	'Flyers, euhmin your case you should definitely approach chefs	minds for now'
	do you notice that your food is ordered because people	physically if you think that as much as you can. And also on the	
	want to, are celebrating their birthday and want to throw a	consumer side, you can gain a lot by handing out flyers on the	
	nice party? () I can imagine thatthat indirectly –	streets () Just give people something physical that shows them	
	through someone who is also in the birthday party	[your product] exists. That works'. Entrepreneur: 'Alright. Yes,	
	business, or something that also happens at a lot of	yes, we have, we already printed a lot of flyers'.	
	birthday parties, or what have you – that you can get into		
	touch with people who are celebrating their birthday'.		

Jewels' CEO, as Excerpt 8 indicates, expressed disagreement with the presuppositions of the mentor's question. Stivers (2011) explains that people who are asked a polar question may answer affirmatively, but in a way that suggests that they find the actions that the question implies problematic. The CEO of Jewels displays this attitude in his response to Chris' question (line 4). It is not just a confirmation – although the entrepreneur's response suggests that he indeed *considered* focusing on a specific type of jewelry – but rather an expressed negation of its implications: *actually* narrowing the scope of his product in the way the mentor suggested. After making this statement, the entrepreneur strengthens his displayed stance towards Chris' suggestion by coming up with an argument against it (lines 6-9).

Excerpt 8 suggests that when a mentor's feedback is not focused, and criticism is not always followed by a recommendation, entrepreneurs are less likely to display receptiveness towards the advice. However, even in *probing interactions*, entrepreneurs sometimes expressed agreement with, or at least displayed an interest in, a part of the feedback. Excerpt 9 provides an illustration of this:

### Excerpt 9

- 1. Mentor: 'If I were you, I would involve an interaction designer as soon as possible,
- 2. because that is really...'
- 3. Jewels: 'Look, we're looking for a woman who is passionate about fashion, who
- 4. knows how to design, and has an interest in interaction, interaction design'
- 5. Mentor: 'Yes'
- 6. <u>Jewels</u>: 'Someone who can take that role, that's what we are looking for'.

Excerpt 9 starts with Chris recommending the CEO of jewels to hire an interaction designer (lines 1-2). The CEO's response (lines 3-4, and 6) was in line with this advice, and suggests that the entrepreneur was already considering to hire a designer. Responses that are compatible with a statement made by the person who starts the interaction sequence can be interpreted as an agreement (Hayano, 2011). So Chris' advice, although unsolicited, was in line with the entrepreneur's plans. We therefore conclude that, even in conversations during which entrepreneurs are not receptive to most feedback, they may express agreement with unsolicited advice or criticism when it relates to a topic that they were already planning to address.

In sum, we observed four different types of interaction between the entrepreneurs who participated in AMcubator's web and mobile accelerator and the mentors that were associated with AMcubator. In

the first type, entrepreneurs generally displayed a receptive attitude to third-party feedback. During these conversations, the entrepreneurs explicitly requested advice. Mentors responded to this request by using their expert knowledge to provide detailed guidance and direction. So when a mentor gave the advice an entrepreneur had solicited, the interactions were consensual. The second type of conversation also started with the entrepreneurs asking for advice. Instead of giving their expert opinion on the issue, mentors played the devil's advocate; they questioned the assumptions underlying the entrepreneur's advice request, but hardly gave any recommendations for improvement. The entrepreneurs did not respond to this feedback, or came up with counterarguments, thus making the conversation *confrontational*. In the third type of conversation, mentors gave unsolicited feedback. They either provided their expert advice on the process of new venture development, or used dialectical inquiry by providing critical statements about an aspect of the venture idea, followed by in-depth advice and detailed suggestions for alternative ways to develop the venture. These interactions were persuasive, in the sense that entrepreneurs eventually expressed agreement with the mentor's feedback, or to a greater or lesser extent ceased displaying a skeptical attitude. In conversations of the fourth type, probing interactions, mentors did not contribute their expert knowledge, nor played the devil's advocate or used dialectical inquiry. Instead, they were exploring various aspects of the venture idea, i.e., were 'scanning' the idea in order to identify an area in which the entrepreneur could use help. In the process, they gave some unsolicited advice and suggestion, and provided critical comments, but did not focus on a specific topic. Entrepreneurs mostly neglected this type of feedback, or expressed disagreement with it.

### 4.5 Discussion and conclusion

New venture founders are unlikely to have the experience, knowledge and skills required to develop their venture (Kautonen et al., 2010), and to deal with external stakeholders like venture capitalists (Lahti, 2014). Hence, external advice from peers, consultants, and accountants, or mentoring by experienced entrepreneurs are critical resources (Kuhn and Galloway, 2013; Wood and McKinley, 2010). In this article we have discussed how new venture founders who joined a business incubator responded to the feedback that mentors gave on their venture ideas. Our qualitative analysis of mentor-entrepreneur interactions suggests that entrepreneurs displayed receptiveness to advice, which is a threat to negative face (Brown and Levinson, 1987), when they had solicited it themselves, i.e., when they had *positioned themselves as relatively unknowing* (Hayano, 2011), and when the mentor acted as an expert advisor by giving detailed feedback. New venture founders' responses to mentor feedback were less receptive when *the mentor put them in an unknowing position* by giving unsolicited feedback, or by challenging the assumptions underlying their advice

request – thus threatening the entrepreneur's positive face (Bonaccio and Dalal, 2006; Brown and Levinson, 1987). In case mentors who gave unsolicited feedback used dialectical inquiry, i.e., gave detailed advice following their criticism, entrepreneurs gradually started displaying a more receptive attitude. But when the mentor's feedback was not detailed and unsolicited, nor in line with the entrepreneur's advice request – when mentors played the devil's advocate or adopted a 'scanner' role – new venture founders' responses remained skeptical. We will now elaborate on the implications of these findings.

#### 4.5.1 Explaining the ambiguous role of third-party advice in new venture development

This paper discusses the role of third-party advice in the development of new ventures. More specifically, it examines the mentoring services that business incubators offer to their tenants. Prior studies argued that interactions with mentors give entrepreneurs a sounding board for their ideas, and provide them with the knowledge to make decisions (Clarysse and Bruneel, 2007). Mentor feedback thus facilitates a quick transfer of experience into learning (St-Jean and Audet, 2012), which may speed up the process of new venture development: 'incubated firms may avoid a process of trial and error and ascend more quickly the learning curve' (Bruneel et al., 2012: 112). However, results on the effects of mentor feedback are mixed. Some studies have argued that discussing a venture idea with a mentor is beneficial (Kuhn and Galloway, 2013; Rotger et al., 2014), whereas others suggested that entrepreneurs may not always be open to feedback (Lefebvre and Redien-Collot, 2013; McAdam and Marlow, 2011; St-Jean and Audet, 2012).

Our data shows that entrepreneurs who join business incubators do not always express agreement with or receptiveness to mentor feedback. Even though it is hard to make claims about an individual's attitude based on an analysis of talk-in-interaction (Billig, 1996), we argue that entrepreneurs who expressed skepticism throughout a conversation might have actually doubted the helpfulness of the advice; interaction partners generally prefer agreement (Enfield, 2011; Hayano, 2011), so entrepreneurs would not have risked disturbing the cooperative nature of the conversation if they would not have believed that a particular type of feedback, or a certain role played by the mentor, would not contribute to the future development of their venture. Hence, entrepreneurs who display a lack of receptiveness may not have learned from a mentor's feedback. So the effectiveness of the feedback interactions between mentors and entrepreneurs may, in part, explain why entrepreneurs who join a business incubator do not always ascend the learning curve more quickly than entrepreneurs who do not.

### 4.5.2 Roles of third-party advisors

Research on the interactions between mentors and new venture founders is scarce. St-Jean and Mathieu (2015) mention nine functions mentors can have for entrepreneurs. Based on this framework, Lefebvre and Redien-Collot (2013) proposed that mentors who motivate the entrepreneur, and provide guidance, information, and business contacts, are likely to have consensual interactions with entrepreneurs. Interactions between entrepreneurs and mentors who provide critical feedback and challenge the entrepreneurs' ideas tend to be conflictual. Although their results suggest that criticism can also produce compliance, they do not explain in which situations that is the case. Our findings shed more light on the relationship between the function of a mentor's comments and the nature of an interaction. First, we identified two additional factors that affect an entrepreneur's response to a mentor's comments: whether or not the feedback has been solicited, and whether it is detailed. Second, drawing from research on the role of third-parties in strategic decision making (Saxton, 1995; Schein, 1990; Schwenk, 1990), we argue that mentors sometimes use dialectical inquiry: they both criticize entrepreneurs and provide guidance to them within a single meeting. We found that when mentors play this role, and provide in-depth feedback, entrepreneurs initially displayed resistance against the feedback, but gradually expressed a less skeptical attitude. Hence, these interactions are neither fully conflictual nor fully consensual.

We also extend research on third-party advice itself by identifying a role that has not been described to date. Most mentors in our study acted as experts or devil's advocates, or used dialectical inquiry. They thus played some of the roles that have been described most often in studies on the role of third parties in strategic decision making (Saxton, 1995; Schein, 1990; Schwenk, 1990). But in five of the 28 conversations we analyzed, mentors adopted none of these roles consistently. They provided unsolicited advice and criticism, and also made suggestions. The feedback during these interactions did not focus on a specific topic, nor did the mentors come up with advice or suggestions for improving an aspect of the venture idea that they had criticized. Instead, they appeared to be trying to find a suitable topic of conversation. We labeled this role 'the scanner'. By making comments about various topics, and checking the advice recipient's response, advisors can possibly find an area in which they are able to help the advice recipient. This role can particularly be helpful in the early stages of an advisory process; once advisors identified an issue to which they can contribute, they can adopt any of the other roles.

### 4.5.3 The dynamic nature of advice-giving interactions

Finally, we contribute to prior work on advice taking. In line with this stream of research, we found that entrepreneurs usually did not express receptiveness to unsolicited advice, and that feedback that was requested was often met with a less resistant displayed attitude (Bonaccio and Dalal, 2006; Feng and Macgeorge, 2006; Goldsmith, 2000). In some of the conversations we analyzed, however, this pattern changed: we noticed a decrease in the degree of skepticism entrepreneurs displayed towards unsolicited feedback. We were able to observe this change because we have analyzed naturally occurring conversations between mentors and new venture founders. The existing advice taking literature largely consists of experimental studies, in which participants who had been assigned the role of decision maker have been exposed to many different types of advice. Researchers have, amongst other things, manipulated the expertise and confidence of the advisor (Van Swol and Sniezek, 2005), the content of the advice (Feng and MacGeorge, 2010; Horowitz et al., 2001), the advisor's use of facework (Goldsmith and MacGeorge, 2000), and the justification of the advice (Feng and Burleson, 2008; Tzioti et al., 2013). Due to this approach, advice taking studies predominantly provide insight into the factors that determine a decision maker's initial response to advice. We found that entrepreneurs' displayed stance towards unsolicited feedback becomes more receptive when mentors give recommendations for improving the aspect of the venture idea that they criticized, and when the advice they give is detailed. This suggests that treating the relationship between advisor and advice recipient as a dynamic and interactive phenomenon can lead to new insights about the latter's response to feedback.

### 4.5.4 Practical implications

Our research has implications for practice, in particular for managers of business incubators, entrepreneurs and mentors. In order to enhance the usefulness of the feedback entrepreneurs receive, business incubator managers could use the insights from our study to shape the mentor sessions that they organize. Mentors, in turn, can keep our findings in mind when giving feedback. We found that entrepreneurs who received focused, in-depth advice displayed a more receptive attitude to feedback than entrepreneurs who got a series of diverse, brief recommendations. So if, as we argued in section 4.5.1, a displayed lack of receptiveness is an indicator of someone's actual attitude towards a particular type of feedback, incubator managers could benefit from asking mentors to thoroughly scrutinize a specific aspect of the entrepreneur's venture idea, and give detailed recommendations for improving it. This could enhance the likelihood that entrepreneurs will consider the advice, and potentially even utilize it to further develop their business.

To entrepreneurs, our results suggest that actively steering a conversation with a mentor may generate more useful advice. This does not necessarily imply that they should always set the agenda for the conversation by explicitly soliciting advice; entrepreneurs can also have mentors provide unsolicited feedback, and subsequently ask them to elaborate on criticism, or to come up with recommendations or alternatives for improving that aspect of the venture idea.

### 4.5.5 Limitations and directions for future research

We believe that, by examining naturally occurring conversations between new venture founders and mentors, we extend prior work on entrepreneurship and advice taking. However, our study does have some limitations. For example, we have studied the receptiveness to advice entrepreneurs displayed during meetings with mentors. Studying interactions does not provide access to an individual's psychology (Goffman, 1967) – it may even be impossible to locate people's attitudes, or debate what the 'real' character of these attitudes is (Billig, 1996). So we were not able to directly examine the entrepreneurs' actual 'openness to advice prior to, and during, the interaction that contains the advice' (Feng and MacGeorge, 2006: 68). Although we argue that a lack of displayed receptiveness is an indicator of an actual lack of receptiveness, for the reasons discussed earlier, we do not know whether the entrepreneurs changed their venture idea based on the feedback they got. Future research can address this limitation by studying new venture founders over a more extended period of time, thus making it possible to observe what feedback particularly affects the further development of a venture idea.

Furthermore, despite paying some attention to the way mentors and entrepreneurs position themselves as more or less knowledgeable, we did not study the role of epistemic status, i.e., the relative access someone has to a certain domain of knowledge (Heritage, 2012a), in detail. It may be fruitful to use conversation analysis to make finer distinctions between the various statements a mentor makes about an entrepreneur's business idea, analyze what epistemic rights the mentor claims, and how this affects the response by the entrepreneur (cf. Heritage and Raymond, 2005). Making these distinctions will shed more light on the way mentors draw upon their knowledge to establish or maintain their expert status, and on how entrepreneurs use knowledge to express disagreement with a mentor's feedback. This, in turn, could contribute to, for example, a better understanding of probing interactions; since knowledge asymmetries between interactants drive a conversation forward (Heritage, 2012b: 48), the access mentor and entrepreneur have to knowledge, and the way they use it, may explain the lack of in-depth feedback during probing interactions. Along similar lines, conversation analysis may be employed to delve deeper into some of the evasive

responses to feedback we have identified, like refraining from answering a question or, as Hakulinen and Sorjonen (2011: 248) describe, responding to advice 'merely as a statement about the world' without displaying a stance about the implications of the advice. In sum, conducting a full-fledged conversation analysis of mentor-entrepreneur interactions seems a promising avenue for developing a more dynamic and fine-grained understanding of the various types of mentor-entrepreneur interaction we identified.

Another limitation of our study relates to the research setting and the topics of the conversations that we analyzed. Even though more and more new venture founders are receiving third-party feedback because the number of business incubation programs has been growing (Bruneel et al., 2012), the majority of new venture founders does not participate in a business incubator. Nevertheless, non-incubated entrepreneurs also receive feedback, for instance from investors or clients. Such feedback may concern a wider range of topics than the venture idea. By broadening the scope of our analysis, future research may find out whether the patterns we observed also apply to non-incubated entrepreneurs, and to feedback that does not concern the venture idea.