



## A good idea is not enough: Understanding the challenges of entrepreneurship communication.

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### Abstract

This paper addresses a less-investigated issue of innovations: entrepreneurship communication. Business and marketing studies demonstrate that new product development processes do not succeed on good technical invention alone. To succeed, the invention must be appropriately communicated to a market and iterated through dialogue with potential stakeholders.

We explore this issue by examining communication-related challenges, abilities and barriers from the perspectives of innovators trying to enter an unfamiliar, foreign market. Specifically, we summarize results of a set of studies conducted in the Gyeonggi Innovation Program (GIP), an entrepreneurship program formed by a partnership between the University of Texas at Austin and Gyeonggi-Do Province in South Korea. Through the GIP, Korean entrepreneurs attempt to expand domestically successful product ideas to the American market. The study results demonstrate that these innovators must deal with a broad range of challenges, particularly (1) developing deeper understanding of market needs, values, and cultural expectations, and (2) producing pitches with the structure, claims and evidence, and engagement strategies expected by American stakeholders. These studies confirm that a deeper understanding of successful new product development (NPD) projects requires not only a culturally authentic NPD process model, but also communication-oriented research.

The GIP approach offers insights into good programmatic concept and effective methods for training engineers to become entrepreneurs. Yet we also identify potential improvements for such programs. Finally, we draw implications for studying entrepreneurship communication.

### Keywords

Entrepreneurship communication, pitching, market needs, value proposition

## 1 INTRODUCTION

Engineers, scientists, and other innovators sometimes develop what they consider to be a *good idea*: a technological breakthrough that they believe could have a significant impact in one or more industries. This good idea could be a *product* (such as a polymer-coated brake spring for the auto industry), a *process* (such as a new process for turning food waste into powder), or a *principle* (such as a newly understood magnetic principle that allows users to pulse a natural magnetic field on and off). But a good idea is not enough: the innovation must be communicated to potential users and stakeholders, and developed through market dialogue, in order to gain traction with a target market.

In this paper, we discuss our studies at the Gyeonggi Innovation Program (GIP), a program run by the Global Commercialization Group (GCG) at IC<sup>2</sup> in partnership with the Gyeonggi Small Business Center of South Korea (GSBC). In this program, innovators learn how to develop businesses based on technological innovations. Our studies examine

how this program trains these entrepreneurs to communicate in global markets. We conclude with thoughts about how to develop the study and practice of entrepreneurship communication in related training programs.

## 2 BACKGROUND

### 2.1 The problem: Entrepreneurship communication

As the diffusion of innovation literature suggests [1], for an idea to be taken up by users in an industry, it must be adapted to their local needs. To actually offer value to industry, to create a commercialized technology that will be purchased and used by stakeholders (end users, channels, manufacturers, suppliers, etc.) in a market, innovators must engage in market dialogue that allows them to better understand these local needs and to position the innovation in a way that will address those needs. For instance, a polymer-coated brake spring may not seem useful to the auto industry if all it can offer is quieter brakes—but if it can offer increased safety and longevity of brakes, it becomes tremendously useful. By engaging in dialogue with automakers, the

innovator can understand the pain points of their industry (such as safety) and can reposition the innovation in terms of rhetoric, use, and design.

If the innovation can be successfully repositioned, then it is turned into a *commercialized technology*. And the innovator is turned into an *entrepreneur*, someone who has successfully interposed himself or herself between a stakeholder and that stakeholder's needs.

However, most technological innovators find it difficult to make this sort of shift. The value of an innovative product or service comes from tying together contexts that may be unfamiliar [2], something that can only be done by engaging in market dialogue. Technological innovators often do not have the training to do this communication work, and they often find it difficult to understand the many genres (types of text) involved in it. In particular, they tend to have trouble with the genre of the *pitch*, in which an entrepreneur must articulate key claims such as the technology description, business model, team, and risks and barriers in ways that demonstrate the value proposition to a particular set of stakeholders.

## 2.2 Technology commercialization programs and consortia

To address this lack of training, many entities have established technology commercialization programs and consortia, often structured as pitch competitions. Such consortia, according to Gibson & Concelcao, attempt to "shorten learning curves and reduce errors" while "provid[ing] access to regional, national, and international markets, resources, and know-how" ([3], p.745; cf. [4, 5]). Such programs certainly emphasize understanding markets and developing value propositions that speak to the needs of target markets, typically providing actual market feedback. But when they help entrepreneurs formulate their arguments and revise them to address market feedback, such programs sometimes provide tacit, context-based support rather than explicit, systematic support. Furthermore, such programs tend to take on entrepreneurs operating in many different sectors, pitching to markets with differing regulatory constraints, competitive landscapes, business developments cycles, and margins; this wide variation makes it difficult to systematize pitch development, and consequently the training process emphasizes contingencies and draws heavily on the situated judgment of the mentors.

Indeed, when we began this research, we were surprised by how little systematic research there is on the pitch as a communicative genre—and the fact that none of this research seemed to examine pitch *development*, which is what these programs are meant to achieve. From 2013-2015, we conducted several qualitative studies examining how entrepreneurship communication was implicitly taught in the GIP, discussed below [6-11].

Such programs must teach innovators to not just *articulate* a value proposition but to *cocreate* it with stakeholders, including customers, partners, and others in the value chain.

## 2.3 Cocreating the value proposition

The entrepreneur's core argument is the *value proposition*. What do potential stakeholder groups value, and how can this innovation help them to address, achieve or hold share in that value? That is, what will convince them to become actual stakeholders? The value proposition explains what a product is, who the target customer is, and what value the innovator's firm provides. Geoffrey Moore says, "Positioning [value proposition] is the single largest influencer of decisions," yet "Even though positioning is one of the most discussed aspects of marketing, it is the least understood" ([12], p.48). Indeed, firms that hope to commercialize globally, such as those that participate in GCG programs, provide interesting cases, since globalizing naturally forces entrepreneurs to evolve their value propositions: as Moore argues, the value proposition must adapt if exposed to new conditions.

To better characterize the value proposition as a claim, we must understand the assumptions that underpin it. We turn to marketing theory, specifically service-dominant logic (SDL) [13-15], to characterize this logic.

Lusch and Vargo ([13], pp. 4-5) argue that marketing has assumed *goods-dominant logic* (GDL), in which value is understood as embedded in selling and transferring goods, described in generic market criteria: cost, quality, and speed. In *service-dominant logic* (SDL), use value is cocreated among all entities involved in the transaction, including customers but also others in the value chain. Thus value is assessed by criteria that are unique to a specific customer's needs. Critically, those needs are discovered through dialogue and feedback: although the firm may *propose* a value proposition, the customer *interprets* value proposition and provides feedback, which helps influence the creation of these solutions and experiences [16].

We can see the value proposition as a claim that can alternately function under two different logics. Under *GDL*, the claim describes how a *good's characteristics*, embedded by the producer, meet generic criteria. Under *SDL*, the claim proposes how a *service's benefits*, cocreated by the producer and customer, meet the customer's unique needs. By providing feedback on the value proposition, the customer plays an active role in co-creation [14].

Below, we draw on our recent studies to discuss how the GIP fostered entrepreneurship communication for addressing these challenges.

### 3 INSIGHTS FROM OUR STUDIES

#### 3.1 Overview

We have published six studies on the GIP, investigating different aspects of entrepreneurship communication. In these studies, we interviewed program personnel and representatives of firms in the competition; video recorded practice and final pitches; and analyzed texts that were produced and used during two years of the competition. Methodological details are in our individual papers [6-11]; here, we overview findings across the studies.

The GIP is run by the Global Commercialization Group (GCG) of the IC<sup>2</sup> Institute, an interdisciplinary research unit at The University of Texas at Austin. GCG runs several such programs worldwide with local partnerships, helping to develop technology-based businesses by providing experience and training and facilitating links to international markets, with the goal of sustained commerce.

The GIP is structured as a five-phase program ending in a pitch competition. Each year since 2008, it has selected applicants from Gyeonggi Province with promising technologies, provided training and market information for innovators, and worked with promising innovators to help them connect with global target markets, particularly the United States. The GIP process includes these phases:

**1. Application:** Each year, the GIP receives over 200 English-language applications from entrepreneurs in the province; 50 are selected as quarterfinalists for the competition. Applications describe the entrepreneurs' technical innovations.

**2. Data Gathering:** This phase has two components: a dialogue between GIP managers and entrepreneurs, and an independent assessment of the market's interest in the innovation.

The GIP conducts "*Deep Dives*" with each firm: the firm mock-pitches to GIP analysts, using an initial deck based on the GIP's template. The firm also answers analysts' questions and takes the analysts on a tour of the firm's facilities in Gyeonggi Province. Finally, the analysts generate Deep Dive comments, which provide feedback and guide the GIP in selecting the semifinalists.

Experienced GIP contractors then write *Quicklooks*® assessing how well each technology can be commercialized in the target market(s). These 20-page reports recommend a "go" or "no go" for the specified market as well as actual quotes and market data from stakeholders in that market. Based on these *Quicklooks*®, the GIP selects 20-25 semifinalists to proceed to the final competition.

**3. Commercialization and Pitch Training:** The GIP program trains firms in various topics related to technology commercialization and pitch communication through classroom settings and individual mentoring. (Program training is ongoing and overlaps with other program phases.)

**4. Competition:** Semifinalists pitch to a panel of competition judges, using a final deck based on their initial deck but developed to address the Deep Dive comments and *Quicklook*® concerns. Of 25 semifinalists, 12-15 finalists are selected for extensive business development support in international markets provided by the GIP team.

**5. Business Development:** Finalists and GCG business mentors identify companies that might purchase, license, or commercialize the product.

These phases involve a large set of genres such as applications, reports, comments, deliberations, and presentations; these are generated by firms, the GIP, and competition judges.

#### 3.2 Insight 1: Three transformations

Training programs should support different kinds of transformations: transforming the innovation, transforming the innovator, and transforming the cultural understanding of the target market.

At the GIP, the complexity of the process was compounded because one pitch competition served different innovation types (product, process, and principle), commercialized to different industries, addressing different markets, involving different business cycles. Yet the innovators had certain things in common. As they moved through the program, they faced three challenges:

**Transforming the innovation.** Innovators had to transform the innovation into a commercialized technology. That is, they had to reposition the innovation to better fit the needs of the market.

**Transforming themselves.** Innovators had to become entrepreneurs. That is, they had to learn the document genres that entrepreneurs use, but they also had to learn to think in terms of engaging in market dialogue to identify market needs.

**Transforming their cultural understanding.** Finally, innovators had to be flexible enough to identify and address audiences' cultural expectations. For instance, informants said that Korean entrepreneurs tended to focus on fulfilling cultural values such as respect for position and social contract, while US-based audiences tended to expect market-oriented arguments focusing on profits and market share. To pitch successfully to US audiences, innovators had to use persuasive tactics that might be unsuited to their own cultural context. For example, innovators were used to focusing on improvements to cost, quality, and speed due to Korea's focus on import replacements; US audiences, tended to expect value propositions that offered something beyond these three criteria.

These three challenges were not distinctly articulated in the GIP [10].

#### 3.3 Insight 2: Extended set of stakeholders

Another challenge is to understand how factors, such as market sector, kind of innovation, size of firms, and

stakeholder values, impact innovators' needs. Can one program address all innovators or do they need tailored training programs?

In principle, the GIP serves small and medium businesses operating in different sectors, offering different kinds of innovations. But in practice, the program filtered out innovators whose innovations did not align with the GIP's own set of stakeholders. The most successful entrepreneurs in the GIP were those who addressed the GIP's own stakeholders as well as the nominal stakeholders (potential partners, investors, or distributors to whom the pitch was aimed) [10]. GIP stakeholders included public (government), private (business), and academic (higher education) sectors. As the Director told us, the three sectors had different expectations.

*Public sector.* The GIP was supported by the GSBC, established by the governor of Gyeonggi-Do Province. Thus the program ran on annual funding cycles: the GSBC expected to generate annual media events to tout "concrete, demonstrable results" such as export revenue.

*Private sector.* This followed variable cycles. For instance, the automotive industry is driven by a 3 to 5 year sale cycle due to certification, design, and testing requirements. Health care and food industries also face long cycles due to certification. Other industries have shorter cycles. Since the small and medium enterprises (SMEs) applying to the GIP operate in a variety of industries, they had to follow a range of business cycles. The GIP provided external validation for these innovations.

*Academic sector.* This was inwardly focused, operating on a longer cycle. GCG focused on "an education-capacity-building-driven model." These stakeholders benefited through royalties supporting research programs and benefiting inventors.

Ultimately the program was built around the public-sector cycle, and in the Director's judgment, this annual cycle led to "unnatural behavior." For instance, the program had to prioritize firms that have already commercialized their products in Korea: those firms had already learned how to package, deliver, and provide customer support for products, so the learning curve for global markets was shallow enough to fit into the annual cycle.

Since these stakeholders had different interests, competitors had to address criteria beyond those of their nominal stakeholders. Not only did they have to address these criteria in their initial argument (the application), they had to keep their argument coherent even as they adjusted it to address the feedback of their nominal stakeholders (potential partners, investors, or distributors). In practical terms, training programs might consider developing a specialized focus to better surface the criteria and stakeholders that innovators must address.

### 3.4 Insight 3: Feedback loops

Feedback seems to be a key success factor for co-developing successful pitches and convincing claims. Training programs should train the ability to produce effective feedback (cycles) as well as to use the feedback in a highly productive way.

The GIP provided multiple feedback avenues: Deep Dive comments, training (including pitch training), Quicklooks, and Q&A during the final pitch. These feedback avenues are important for innovators, who must iterate their innovations; the innovators also need guidance in applying this feedback.

Each feedback avenue provided a different perspective. But since feedback came from different quarters (business analysts, trainers, representatives of the market), it addressed criteria and interests of different stakeholders. This feedback was not well differentiated in the GIP, so stakeholders had limited guidance as they attempted to address different sets of criteria while keeping their pitch arguments coherent [10, 11].

Indeed, we found that the business analysts who authored the Quicklooks themselves had to revise their documents, sometimes repeatedly, to address concerns of the Director and express clearly the voice of the market [6]. The ultimate quality of these Quicklooks depended on this feedback process, in which the analysts had to refine their analyses and sometimes go back to the market representatives for clarification. As we discuss in [6], analysts require training to write these Quicklooks well, since the quality of the Quicklook guides the judges in selecting technologies for development.

Beyond gaining different perspectives, entrepreneurs also had to incorporate that feedback. We found that many would copy Quicklook feedback verbatim into their slides, and some would also paraphrase and expand on that feedback; a few would actually quote and rebut that feedback, which represented a more sophisticated strategy [9]. In our observations of pitch training, we found that the trainer provided some advice on incorporating and rebutting difficult Quicklook feedback, but did not have a chance to examine how it was finally incorporated by the entrepreneurs before the final pitch [11]. Unfortunately, the entrepreneurs were not presented with the Quicklooks until just after pitch training, meaning that they had only two weeks to incorporate the Quicklook feedback into their final pitches. We believe this short timeline impeded their ability to address this feedback. Innovators need feedback and time and guidance to incorporate it.

### 3.5 Insight 4: Genres' roles in making transformations

Entrepreneurship communication is based on and empowered by *genres* (text types) [8, 9], and programs should enable actors (entrepreneurs, trainers, experts) to use these genres effectively.

Innovators had to compose some genres (applications, pitch decks) and read others (Deep Dive comments, Quicklooks). In learning these genres, the entrepreneurs also (to some extent) learned the genres' activity orientation. That is, learning these genres helped innovators to become entrepreneurs, to think of their innovations as commercialized technologies, and to learn about the culture of the nominal stakeholders.

For instance, all entrepreneurs had to follow the pitch deck template. GIP personnel said that these entrepreneurs were not yet used to thinking in terms of global markets, particularly the US market, which was more oriented to profits than other values [8]. The pitch deck guided these entrepreneurs in making claims that they might not otherwise have made, but that were expected by the target market. In one example, the last slide in an initial deck described how the innovator could win a Korean business award [8]. In the final deck, the slide was replaced by slides that were more meaningful for the target market: market interest, competition, risks and barriers, and team status.

Genres also interacted: innovators reused text from genres they wrote and read. Resulting pitch decks tended to modify claims and evidence, and some included rebuttals to the Quicklooks [8].

During pitch presentation training, the trainer often corrected entrepreneurs on how they structured their overall arguments and how they formulated and supported individual claims [11]. Thus innovators received further guidance in composing this key genre. For instance, one firm was advised to quote criticisms from the Quicklook report and provide explicit rebuttals of those criticisms with evidence from other documents.

Innovators need training to better understand, use, and produce genres, and specifically, training in developing pitches for different audiences: a Korean pitch is not the same as a US pitch.

### **3.6 Insight 5: Three tactics for repositioning: Rhetoric, use, and design**

Entrepreneurship requires tactics for repositioning innovators' rhetoric, use and design to fit the values and expectations of their target market.

Entrepreneurs can address resistance from market representatives via *design* (redesigning the innovation's features and performance); *use* (repositioning the innovation for a new market segment and associated application); and *rhetoric* (refining or changing the argument for applying a design to a use to realize market value). With more time and greater resources, innovators in the GIP might have chosen to adjust design or use. But in the pitch competition, their only real recourse was to adjust their rhetoric for applying the design to the identified use in the market [7]. We saw several instances during the competition in which

entrepreneurs refined rhetoric [8, 9, 11], but no instances of refining the proposed design or use.

However, pitch competition winners were then mentored in business development, in which they could enact refinements in design and use as well as rhetoric. That is, during the competition, they learned the genres and underlying logic of global entrepreneurship as well as how to understand and incorporate feedback. Once they had learned to argue, they could also address use and design.

### **3.7 Insight 5: Shifting between GDL, SDL—and VDL**

Entrepreneurship often begins by describing a solution to an assumed problem, but then shifts to proposing a solution to an emergent problem. The innovators who were able to make this shift tended to do better in business development.

According to business developers who mentored during the business development phase, entrepreneurs typically began the GIP with GDL-based value propositions, *describing* a solution to a predefined problem. But by the time they finished the GIP, many entrepreneurs shifted to SDL, *proposing* a solution to an emergent problem, based on ongoing dialogue with stakeholders conducted via feedback loops. This ongoing dialogue allowed them to *cocreate* [14, 16] a value proposition with the customer by generating a set of criteria that uniquely address the customer's needs [7].

Once we examine the value proposition as a claim, we can better understand how such claims are positioned and thus how to help develop entrepreneurs' rhetorical expertise. But entrepreneurs must *also* develop other tactics in their repertoire, such as use and design; a good argument for the current state of the innovation is no substitute for an iteration of the innovation itself.

We also argue that GDL and SDL perspectives do not adequately characterize NPD outcomes, which are typically commercialized through intermediaries in an economic ecosystem. Thus the product's value proposition must directly benefit the intermediary through whom value is passed to the end user and with whom value is shared in terms of sales receipts, royalties, etc. Expressing such a value proposition does involve GDL (products, units) and SDL (user value recognition, options, pricing based on fit, outcomes). But it also must discuss value *across* the value chain, addressing issues such as differentiation, intangible assets and outcomes, and competitive edge. In subsequent papers we plan to develop a better understanding of this *Value-Dominant Logic* (VDL).

## **4 CONCLUSIONS**

Our studies suggest that entrepreneurship communication is vital, but is generally taught tacitly, through models and situated advice. At the same time, the GIP is structured so that rhetoric is the only avenue for addressing resistance from market

representatives. We believe entrepreneurship communication can be more systematically taught in such programs and integrated with other avenues.

NPD processes require culturally authentic NPD process models and research incorporating the perspective of communication [6; see also 17]. We believe our work can provide insights to other programs as they develop their NPD models.

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