



PITCHING, POWER AND POOR BEHAVIOUR WITH SARAH & CLAIRE

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CLAIRE [00:00:00] Nothing in this podcast is financial advice, and when investing, your capital is at risk.

(Upbeat music builds)

SARAH [00:00:10] Welcome to the Obu podcast, a place for people who are changing what it means to be an angel investor. We'll be talking to business owners who have taken investment and angel investors who are putting in their capital, their wisdom and their networks to work to grow diverse-founded businesses. The world of investment is changing, and we're inviting you to learn how. Welcome to the Obu podcast.

(Music gets louder then ends)

CLAIRE [00:00:41] So a part of this podcast series is an opportunity for Sarah and I to talk about the changes that we want to see in the ecosystem, the things that we care about, the values that have helped to shape and build our business, and that we spend a lot of time talking about, putting the world to rights about when we're in the office. And so one of the first things that we want to bring to the conversation today is a conversation about, well, what are the changes? You know, the point of the platform and the point of Obu is to create change and disruption in the ecosystem. But exactly which changes, frustrate us and annoy us, and do we spend a lot of time talking about and thinking about and engaging with others about. So today that's what we are going to talk about. And we have helpfully, I think, rounded this up into the three Ps.

SARAH [00:01:39] Fine. We love a framework don't we?

CLAIRE [00:01:40] Love a framework.

SARAH [00:01:41] So this works quite nicely. It will probably end up feeling a bit like therapy as well, won't it (both laugh in agreement) because, it's the stuff we rant about, but it's also the stuff that we hear entrepreneurs and first time angel investors talking about, but almost the topics that they feel that they can't say out loud. Right? So it gives us an opportunity to surface some of those things that people find frustrating or shocking about the way the ecosystem currently works. So it's kind of like grab a coffee because we're going to put the world rights.

[Share a laugh]



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CLAIRE [00:02:16] I think that framing, though, is really helpful. Just in there is so much that goes unsaid in this environment because there is a real fear, and we're going to touch on that in a moment, that kind of exists in this space. And so we get to be the voice pieces for the conversations that we're a part of and the stories that we hear. We get to share those with other people. I think if we can raise awareness of what goes on, kind of behind closed doors, you know, the behind the scenes conversations and behaviours that we see - we get to change and influence what follows.

SARAH [00:02:48] Right. And so the first P that we're going to dive into is all around pitching.

CLAIRE [00:02:53] Yeah.

SARAH [00:02:54] And some of the perception around the right way to pitch comes from things like Dragon's Den where you walk into a lift and then you have to stand at the back of the room and it's all very high pressured. And if you can't remember the answer to a question, then that's dreadful.

CLAIRE [00:03:09] Yeah.

SARAH [00:03:10] And your pitch is over. Some of that kind of behaviour has filtered through from that programme and we see it on social media, but we also know that in a very masculine investment ecosystem, pitching has become this kind of... there's a fear around it and there's this pressure of you've got to get it right first time and if you don't, then that's that opportunity. And also the idea of it's just super transactional. Like I have one opportunity to do a pitch, I succeed or fail and then that's it. Relationship over. Or I've secured an investor and we're just over all of that.

CLAIRE [00:03:49] We're so over that. And I think as well, even if you think back to business degrees, they teach you, you know, here's your two-minute elevator pitch. So in two minutes, you've got to be able to describe your business and where there is some value in 'Can I describe my business well, in where it is easily understood by somebody who is outside of my world' - it's quite different to: 'I am going to either succeed or fail, as to whether I get your attention in an elevator or not!'

SARAH [00:04:19] Right. And it ends up creating really unhelpful dynamics, doesn't it? Because you end up as an entrepreneur feeling this sort of urgency and actually an unhelpful urgency of - 'I need to speak to as many people as possible', 'I need to be able to nail those conversations in the 30 minutes that I might have with that person'. And that creates pressure. And actually one of the things we're really passionate about is to say, we're talking about relationships here, and relationships take time to develop and for a relationship to be formed well between an entrepreneur and an angel, it's about understanding what's the purpose of this business? What are the commercials of this business? What are my next set of goals and what support do I need to achieve those goals? And you don't do that effectively in 30 minutes. Like the angel needs an opportunity to get to know that business. Those two people need to understand - do we feel like we could work well together? And sure, you might get an indicator of that in a 30 minute conversation, but that's a relationship.



It takes some time. And so I think, you know, one of the first things we would change is that dynamic around let's remove the fear, let's remove the urgency and let's talk about building meaningful relationships where that relationship will ultimately fuel the success of that business.

CLAIRE [00:05:46] And one of the things that we have taught a lot via a good friend of Obu Ian Sanders is the art of storytelling, right? Because your pitch can be in a conversation and it can also be, well, what's on your website and what's on your socials and how do you tell your story and how do you allow people to get to know you and your business through the art of 'Here's how I landed here, here's the thing I care about solving and here's where I'm going next'. And I think allowing ourselves to engage with each other as human beings, to actually allow ourselves to care about the businesses we might be investing in, to care about the role we might play in those businesses means that the founder isn't showing up saying, I've got 30 minutes to do or die. And also the angel isn't showing up, almost looking for a way to catch you out.

SARAH [00:06:39] Right!

CLAIRE [00:06:40] What are the questions I can ask in this pitch conversation that are going to catch you off guard? How do I really test whether you're a good founder or not? It's like, that's bollocks.

SARAH [00:06:49] Yeah, Yeah.

CLAIRE [00:06:50] A 30 minute conversation on the years that they've just spent building their business is not going to make a significant difference to what they go on to do next. So understanding what does come next in that journey and how might I play a role for them is]far more valuable for everybody.

SARAH [00:07:06] Right? So that's our first P and everything you've just described there leads really nicely into our second P, which is power.

CLAIRE [00:07:15] The power. (both laughing whilst conversating) I feel like it should come with a... Duh duh duuuh!

SARAH [00:07:24] We're so good at sound effects.

CLAIRE [00:07:27] That's the next business we'll create. I mean, this is a really interesting one. I think there's an entire episode just on 'Power Dynamics' when it comes to founders and entrepreneurs. What is it that you see in the environment, particularly in the stories that we hear and that we have seen directly ourselves in terms of how that power shows up and how that can really be bad for how a business is built.

SARAH [00:07:54] Right? And the reality is, if you look at the existing ecosystem, the power resides with the angel. So the entrepreneur is developing their product, developing the innovation. But ultimately, when you then step into that investment space, it almost feels as though entrepreneurs become a bit subservient – and the angel is the one with the cash,



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therefore, the angel holds the power. And again, that comes back to some of that dynamic we were just talking about when it comes to pitching, whereby if you're aware of that power dynamic, that creates unhelpful urgency and it creates a fear. And we have sadly seen entrepreneurs who have ended up taking investment from angels where they feel they hold the power. And that just creates a nightmare relationship further along the road. And for us, what we want to change is that power dynamic so that we say, you know what, power is equally owned and it's equally shared. And if our shared purpose as a collective or cap table of an entrepreneur and angel investors, if that is shared, then that's ultimately going to be really great for that business. And, you know, we believe ultimately increases the likelihood of success for that business because it's not about a power dynamic. It's about we are all here because we believe in the purpose, we believe in the commercials, and we believe that we have a role to play in enabling that business to be successful and to achieve its next set of goals.

CLAIRE [00:09:26] I always find this really fascinating, which is some of the language that is actually used as well, which is I'm giving away my business. The reality should be that there is a vested interest in that everybody is showing up, wanting the business to be successful and wanting the founder to be successful. And yes, there's an exchange of capital for equity, but also what that brings with it is - we talk about this all the time - connections, introductions, cheerleading, maybe mentoring, maybe a board seat, maybe an advisory role. There are so many different aspects to that relationship. And so it has to be equal because otherwise I've done some favour by giving you some cash, you turn back up again in four or five, six years time when you exit and give me my return and that's it. That's all I'm interested in and that's why it's so unhealthy.

SARAH [00:10:18] Right. People will often ask us about this power dynamic, kind of is it as bad as you're describing? And our answer to that question leads us on to our third P, which is piss poor behaviours. Yes. And these behaviours sadly we're exposed to every week because we have conversations either with potential angel investors or entrepreneurs who are raising, who are having to put up with the impact of that power dynamic. And so it is really as bad as we are describing. And the issue with it is it's kind of under the surface. Because as an entrepreneur, you experience piss poor behaviour. You feel vulnerable in terms of exposing that behaviour. Because what if that angel knows somebody else? And if they then speak to that angel, will that mean that both of those angels won't invest in me? And I guess to your point of the start of this is our opportunity to be the voice piece for entrepreneurs. We really need to start to highlight some of those piss poor behaviours to say, you know what, it's not acceptable.

CLAIRE [00:11:24] Yeah.

SARAH [00:11:25] That needs to start changing now.



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It's not about a power dynamic. It's about we are all here because we believe in the purpose

CLAIRE [00:11:28] It does. So Beauhurst have just released their The Deal 2022 report, which shows that only two p in every pound goes to all women founding teams. Now that number hasn't changed ...forever. So I think when people are asking the question, is it really as bad as you're making it sounds as we declare it to be? I think the answer is absolutely yes, because there are still those stats to anchor back to. If we are seeing an increase in the number of women founders who are securing investment, that's great. But the value of that investment hasn't moved. So there's a lot of tokenism at the moment, and I think there has to be a material change in the way that angels are showing up and founders are seeking investment and a real dynamic change in the power, in the behaviours, in pitching. Like we have to start to do something fundamentally different in the way that angel investment is sought and given in the UK.

SARAH [00:12:25] Right. And that's what we're here to change, right? Yeah, that's why Obu exists. When we launched our platform later in the spring, that's what we'll be focusing on, kind of pitching where delivering a pitch means you're building a relationship with an angel and you're building a relationship with an entrepreneur, an opportunity to use technology so that that power dynamic is balanced between both sides of that negotiation and that deal. And where actually, again, we use technology and we use AI to identify where there are poor behaviours and actually put contracts in place for anyone coming onto our platform that means, you know what, if you behave in that way, we will be able to pick it up through the technology in the platform and therefore we will invite you to leave the platform. It takes courage though, doesn't it, to stand up and say we're actually going to build a platform, we're going to use technology to change this because we're done talking about it.

CLAIRE [00:13:24] Yeah, but I think there are I really, really do believe that there are enough people out there who do want it to be different.

SARAH [00:13:34] Yeah.

CLAIRE [00:13:34] There are also a whole shitload of people who say they want to be different but actually don't want it to be. But [00:13:41]for those who really do want to see a shift and who really do want to play a part in creating change, it presents such a massive opportunity. [7.5s] We just have to look to countries who are further ahead than us.

SARAH [00:13:52] Right.

CLAIRE [00:13:52] You look to the US and we can look internationally and into Europe and we can say, well, they're further ahead, they are building brilliant businesses, there are female unicorns coming out of those countries and the UK has an



opportunity to do this well and to catch up and close that gap but we also need to fundamentally change the way that we're operating and not just release another report for it to say the same thing, for us to go, 'Oh dear, that's a shame'. Like there are organisations, there are businesses, there are campaigns out there that are doing brilliant things and we just need to accelerate that further.

SARAH [00:14:30] Right. And that's what's exciting, isn't it.

CLAIRE [00:14:31] It is!

SARAH [00:14:32] There is that... well, I guess for us it feels like there is a groundswell of people waiting. Kind of, new angel investors of all genders, existing angel investors of all genders who are saying we need to do this differently. But at the moment there aren't that many different ways of doing it differently in terms of the mechanisms that exist.

CLAIRE [00:14:56] Yeah.

SARAH [00:14:57] And so to be at the stage where behind the scenes we're getting that technology ready... it's just so exciting to think that this year there will be something new in market that starts to address the three Ps that we've we've talked about today and therefore the opportunity to really accelerate that shift in power within the in the ecosystem. And therefore, when the deal report comes out next year, it does look different.

CLAIRE [00:15:26] Yeah! Let's aim for that.

SARAH [00:15:28] Right!

CLAIRE [00:15:28] Yeah. Beauhurst, we want a mention next year! (Both share a laugh)

SARAH [00:15:32] You heard it here! We often talk about - change doesn't need to take time, but it does take courage. And I think that's what we now need in the ecosystem. We've seen the reports and the reports are great because they give us a snapshot of what's going on. But actually now we need products and services that really start to shift those stats so that we can make things better for everybody, right? Our economy, society, everyone.

CLAIRE [00:16:00] There's a lot of reason to be excited and optimistic about it. So we focussed on kind of three of the things. There are many, but three things that really annoy us and that we are specifically trying to address, there is equally enough reason



SARAH [00:16:22] Cheers to that.

CLAIRE [00:16:23] Cheers to that.

(Upbeat music builds)

SARAH [00:16:26] For more on how we're reimagining investments and entrepreneurship across the UK, visit Obuinvest.com. More real conversations with entrepreneurs and angel investors who, with their capital and their businesses are changing the world for the better.

(Music gets louder then ends)