# Entrepreneurial Coaching: How processes vary to reach entrepreneur's and investors' goals in SMEs

Gijs Kroeze (2437066)

Department of Behavior, Management and Social Sciences (BMS)

UNIVERSITY
OF TWENTE.

# Abstract

Small to Medium-sized Enterprises are becoming increasingly important for national economies and labor markets through generating innovations, creating jobs and increasing productivity. At the heart of these activities are the entrepreneurs that founded and are managing these companies. Pivotal in these activities for these entrepreneurs, to influence firm performance and effectiveness, is support and coaching from coaches or consultants, i.e. Entrepreneurial Coaching. For participants in Entrepreneurial Coaching, it is crucial to know how to perform to assure a positive outcome for the entrepreneur and or company. Besides, investors invest in rapidly growing SMEs which could have an effect on Entrepreneurial Coaching. The aim of this study is to extent the research on Entrepreneurial Coaching by studying the relationship between learning outcomes and coaching functions, the effect of the entrepreneurs' and coaches' background and the influence of an investor on Entrepreneurial Coaching. In this study, we implemented the Two-Dimensional Framework of Entrepreneurial Coaching, which describes the coaching functions in Entrepreneurial Coaching through the dimensions consultation approach and development focus. Implementing this Two-Dimensional Framework and the existing literature on Entrepreneurial Coaching as a framework following an abductive approach, we answered the research question conducting in-depth semi-structured interviews with pairs of entrepreneurs, coaches and investors. These interviews were analyzed using Thematic Analysis and the Gioia method. First, we find that specific learning outcomes of entrepreneurs are related to specific coaching functions of coaches, strongly depending on whether the coach is an investor and that these develop over time. We find that a trusting personal relationship has to be established between a coach and entrepreneur, before the entrepreneur can open up on personal-related issues or learning outcomes. Second, we find that various characteristics of Entrepreneurial Coaching such as those of entrepreneurs, coaches, the process itself and especially the personal relationship between the coach and entrepreneur, influences the process and outcomes of Entrepreneurial Coaching. Third, for investors the coachability of an entrepreneur is one of the most crucial conditions in the investment decision, and often entrepreneurs that are not coachable will likely not receive an investment.

*Keywords:* Entrepreneurial Coaching, coaching process, learning outcomes, coaching functions, personal relationship, investor participation, coachability, time

# Table of Contents

# 1. Introduction

Small to Medium-sized Enterprises (SMEs) and entrepreneurs are becoming increasingly important for national economies and labor markets through generating innovations, creating jobs and increasing productivity (Kotte, Diermann, Rosing, and Möller, 2021). Consulting these entrepreneurs is pivotal to support their activities across their different stages of the entrepreneurial process. Yet, whilst many studies have explored management consultancy in large companies, research on how consultants could deal with SMEs and their founders, i.e., entrepreneurs, is very limited (Cerruti, Tavoletti, & Grieco, 2019). In this regard, Cerruti et al. (2019) suggest that the preferred roles and skills of consultants change when the client is a SME compared to large companies. Indeed, compared to large companies, in which management is hierarchical with several layers of management, a SMEs management structure is flat with few layers of management and with the entrepreneur at the heart of most SMEs (Freiling, 2008).

Entrepreneurs cannot be consulted in the same manner as with employees such as managers and directors since these entrepreneurs have some personal- and work-related characteristics that make them unique (Stephan, 2018). Besides, entrepreneurs have closer ties to a company due to trial roles (i.e., as a shareholder, founder and director). Especially the founder role gives an entrepreneur an emotional bounding to a company, besides the financial bounding as a shareholder (Jayaraman et al., 2000). Therefore, consultants can risk undermining a coaching process with an entrepreneur by applying a style that does not suit the different above mentioned demands of an entrepreneur. Still, there is a clear role for consultants as entrepreneurs are in great need for coaching (Kutzhanova, Lyons, & Lichtenstein, 2009). In the context of coaching an entrepreneur, the coaching process of entrepreneurs by consultants or coaches is referred to as Entrepreneurial Coaching (EC).

Kotte et al. (2021) researched the subject of EC, which was lacking a clear definition in the entrepreneurial context and contained inconsistencies in literature. In their seminal work, EC stands between classical workplace coaching and start-up consultancy. Kotte et al. (2021) describes EC as "a custom-tailored, reflective, and results-oriented development intervention that is directed towards entrepreneurs with differing levels of experience and across different stages of the entrepreneurial process" (p. 548). Kotte et al. (2021) has been the first to not merely described some phenomena's around EC, but to thoroughly define and describe EC. Therefore, the definitions and following frameworks of Kotte et al. (2021) are opted and will be followed. In the context of management consultancy, EC substantially differs from existing normal coaching interventions because these interventions usually do not meet the specific demands of entrepreneurs, such as a focus on personal, work and venture problems. This is aligned with Cerruti et al.'s (2019) suggestion that the roles and skills of consultants (i.e., coaches) change when the client is a SME. Hence, EC summarizes the coaching process of entrepreneurs.

According to Kotte et al. (2021), the coaching process can be represented by a Two-Dimensional Framework depicting seven coaching functions (or coaching styles) that could be

implemented by consultants when coaching entrepreneurs. These seven coaching functions (or coaching styles) differentiate based on the expert- versus process-consultation approach (the y axis in the Two-Dimensional Framework) and the individual-work-venture focus (the x axis in the Two-Dimensional Framework). These coaching functions are: companion, sparring partner, skill trainer, business development assistant, advisor, implementation guide and network broker. Although these coaching functions are thoroughly described, Kotte et al. (2021) does not consider the relationship between the seven coaching functions and various learning outcomes of EC. Learning outcomes are the basis of any EC process and are often the main reasons EC occurs in the first place. These learning outcomes are: cognitive learning, affective learning, behavioral development and result development (Kotte et al., 2021). Furthermore, no empirical studies have implemented Kotte et al.'s framework, so the transition of the Two-Dimensional Framework on EC from theory to practice remains unknown.

Besides the learning outcomes and coaching functions that Kotte et al. (2021) displayed in the Two-Dimensional Framework on EC, it is unclear if there is a relationship between the coaches' background, their display of specific functions (expert- or process consultation) and EC outcomes. Kotte et al. (2021) suggested that the characteristics of the coach could play a role in the coaching process, especially the level of (entrepreneurial) experience and expertise of the coach. So far, it is unclear how the background of both the entrepreneur and coach influences the coaching process.

Besides the influence of the background on the coaching process, it is proposed by Kotte et al. (2021) that the coaching process can also be influenced by a third-party, such as an investor. For example, a desired learning outcome of an entrepreneur could focus on the individual, while a desired learning outcome of an investor could focus on the venture. An investor could take this difference into consideration when making an investment decision and thus has power over a coaching process and the entrepreneurs' desired learning outcomes. Together with an investor's consideration with regard to an investment decision, the "coachability" of an entrepreneur is also a crucial criterion for an investment decision (Kotte et al., 2021). Kuratko, Nuebert, and Marvel (2021) described coachability as "the degree to which an entrepreneur seeks, carefully considers, and integrates feedback to improve his or her venture's performance" (p.200). For example, research has shown that the coachability of an entrepreneur is positively related to the firm performance (Kuratko et al., 2021). Therefore, it could be suggested that investors take into consideration the coachability of an entrepreneur when making an investment decision. Although the coachability seems to play a role in the coaching process and the firm performance, how different stakeholders' interests and perspectives influence EC remains unexplored and no empirical studies have investigated the role of a third-party investor perspective on the coachability in a coaching process (Kotte et al., 2021).

Based on the above mentioned, although the first theoretical groundwork has been laid out on EC in the Two-Dimensional Framework, there are still missing gaps when addressing EC. Besides, how this Two-Dimensional Framework interacts with the practice of EC is not mentioned in the literature.

Furthermore, each stakeholder in a coaching process has certain goals that the coaching process should achieve. The current literature lacks empirical evidence on which coaching function suits different goals of entrepreneurs and investors which is crucial in the practice of coaching entrepreneurs and whether there might by a combination of these coaching functions in an EC process. Besides, the goal of a third-party investor might be conflicting with the goal of the entrepreneur. This is crucial for the practice of EC because current EC processes are based on the feeling of the coach and not on empirical evidence which coaching function positively relates to a certain learning outcome. Therefore, the goal of this research is to extent current knowledge on EC exploring how coaches apply different coaching functions to reach entrepreneur's and investors' goal. Hence, the research question is:

*How do Entrepreneurial Coaching processes vary, depending on their aim, to reach entrepreneur's and or investors' goals in SMEs?*

This research question is divided into three sub-research questions, namely 1) How are coaching functions related to EC learning outcomes? 2) How does the coaches' and entrepreneurs' background influence the coaching process? 3) What is the effect of an investor participation on an EC process? Answering these sub-research questions and ultimately the research question will give more insights on how entrepreneurs be coached by consultants or coaches to reach their own and investors' goals. In this study, this has been researched through a qualitative research method grounded in interviews with entrepreneurs, consultants and investors that are or have been involved in an EC process.

From a theoretical perspective, there is little academic evidence on how consultants should effectively and efficiently coach entrepreneurs. This thesis thus contributes to the literature on EC in various ways. Firstly, we extend the knowledge on EC by exploring how Kotte et al.'s (2021) framework can help explaining and be applied to analyse and interpret real-life EC. This is highly relevant for consultants and coaches because it can give them concrete advice on which coaching functions suit specific entrepreneurs that are going to be coached. This then can reduce the failure rate of an EC process. Secondly, we extend the existing knowledge on the role of an investor in an EC process by studying the perspective of a third-party investor on the coachability of an entrepreneur and the effect this can have on the EC process. Most coaching processes contain a third-party that initiated the coaching process of an entrepreneur or that have other interests in a coaching process. If this interest is not taken into account by a consultant or coach, a coaching process could fail. Therefore, it is relevant to study the effect of this interest on an EC process. Since there is little academic approach on how to coach entrepreneurs, EC remains an underdeveloped domain. From a practical perspective, for consultancy companies, consultants and coaches, this lack of knowledge could be detrimental for a company's future.

# 2. Theoretical Framework

In this section of the thesis, the literature on Management Consulting will be analyzed to develop an understanding of the subject of this thesis. Based on this, the topic of EC is presented through a clear description of the Two-Dimensional Framework (Kotte et al., 2021), which constitutes the underpinning theoretical framework for this research. To further understand the topic of EC, available literature will be reviewed to discover the remaining gaps in the literature on EC. Lastly, an in-depth reasoning on how these theories merge and integrate in relation to the research question and sub-research questions of the thesis is discussed.

## 2.1. Management Consulting

Management Consulting (MC) is a topic that has been given much attention in the literature in the last 50 years (Cerruti et al., 2019). MC is defined by Kubr (2002) as "an independent professional advisory service assisting managers and organizations to achieve organizational purposes and objectives by solving management and business problems, identifying and seizing new opportunities, enhancing learning and implementing changes" (p. 10). Besides the risen attention of MC in the literature, the MC industry has also been growing at a rapid speed. According to the FEACO (European Federation of Management Consultancies Associations), European MC turnover has been growing more than European GDP: on average 6.4 per cent per year vs 2.2 per cent (FEACO, 2017). Similarly, in the same period, European MC employment has been growing more than European overall employment: on average 6 per cent per year vs. 0.8 per cent (FEACO, 2017). This indicates the high relevance to further explore the topic of MC, both from an academic and practical perspective. A systematic literature review by Cerruti et al. (2019) highlighted both the bright and dark sides of MC and identified certain underdeveloped areas in MC. Large companies account for the majority of in MC research, whilst the research on MC for SMEs is limited. Indeed, although SMEs are critical for the future growth of nations and are the most important segments for employment in most nations, we know little of how MC occurs in SMEs.

In this regard, Cerruti et al. (2019) suggested that there are reasons to believe that the roles and skills of consultants change when the client is a SME instead of a large company. This is because there are various differences between large companies and SMEs and to understand these differences, both first have to be described. According to Nicholas, Ledwith and Perks (2011) a company is a SME when it counts less than 250 staff members, with more than 250 staff members a company is considered as large. In Table 1, the main differences are summarized. A consequence of these differences is that SMEs have various advantages over large companies when developing new products due to fewer management layers, greater functional integration, less resistance to change and a more innovation friendly atmosphere (Tidd, Bessant, & Pavitt, 2005). The disadvantages that SMEs hold over large companies are the lack of access to resources, a lack of external contacts and the SMEs being dominated by the owner's or chief executive's personality (Bartlett and Bukvi, 2001; Hadjimanolis, 1999; Kaufmann &

**Table 1** *Large companies vs SMEs (Nicholas et al., 2011) p.229*

| Large company | SME |
|---|---|
| Hierarchical with several layers of management | Flat with few layers of management |
| Rigid structure and information flows | Flexible structure and information flow |
| Top management visibility limited | Top management very visible |
| Top management far from point of delivery | Top management close to point of delivery |
| Low incidence of innovativeness | High incidence of innovativeness |
| Slow response to environmental change | Rapid response to environmental change |
| High degree of formalization | Low degree of formalization |
| Personnel authority low | Personnel authority high |
| Good access to human and financial resources | Limited access to human and financial resources |
| High degree of resistance to change | Negligible resistance to change |
| Individual creativity stifled | Individual creativity encouraged |

Todtling, 2002; Tidd et al., 2005). The fact that SMEs are being dominated by the owner's or chief executive's personality, is most crucial difference between SMEs and large companies from a management consulting perspective. In large companies, the management consist out of managers but with SMEs, the management consist(s) out of the entrepreneur(s). Every SME is founded by one or several entrepreneurs, but, not every SME is managed by these same (co-) founders. In some cases, the SME is sold to a new group of owners. For the purpose of this study, SMEs where the (co-) founders are not a part of the management will not be taken into consideration, the focus is on SMEs that are being managed by the entrepreneurs that founded the company. Indeed, the roles and skills of consultants change when the client is a SME instead of a large company (Cerruti et al., 2019).

Because there are fundamental differences between entrepreneurs and managers (Kotte et al., 2021), it can be assumed that the consulting of managers is different from consulting entrepreneurs. Compared to managers, entrepreneurs must tolerate longer working hours, high levels of complexity and uncertainty and intense time pressure (Stephan, 2018). They experience higher levels of stress (Cardon & Patel, 2015) while receiving less social support at work (Tetrick, Slack, Da Silva, & Sinclair, 2000). Furthermore, entrepreneurs often fulfill multiple roles simultaneously both within the company, as the managing director, and as a shareholder, whilst thereby increasing their stake in their venture (St-Jean, 2011). While some of entrepreneurs' job demands, for example high levels of responsibility, resemble those of managers, entrepreneurs are more closely tied to their company, not only financially as founders but also emotionally as creators of their business idea (Berman, 2019; Jayaraman et al., 2000).

Given the high job demands for entrepreneurs, Kutzhanova et al. (2009) noted that entrepreneurs might benefit from external support while setting up and running a business. The authors underlined that the available support interventions for entrepreneurs are Classical Workplace Coaching, Entrepreneurial Mentoring, Executive Coaching and Start-up Consultancy. In management consultancy, consultants could apply these interventions in the consultation process with entrepreneurs. These support interventions are however criticized for being insufficiently adapted to entrepreneurs' specific needs and

fail to stimulate entrepreneurs' active learning processes or self-reflection (Audet & Couteret, 2012; Brinkley & Le Roux, 2018; Kutzhanova et al., 2009). The intervention that does suit the needs of entrepreneurs, is Entrepreneurial Coaching (EC) (Kotte et al., 2021)..

## 2.2. Entrepreneurial Coaching

By definition, coaching is a custom-tailored development intervention that uses a collaborative, reflective, goal-focused relationship to achieve professional outcomes that are valued by the coachee (Bozer & Jones, 2018). The difference between consulting and coaching is that through coaching, the coachee tends to develop its own solutions and that through consulting, the solutions tends to be given. However, a consultant can do both, it can act as a coach or as a consultant. In contrast, a coach does not need to be a consultant. In the context of coaching an entrepreneur, the coaching process of entrepreneurs by consultants or coaches is referred to as Entrepreneurial Coaching (EC). Audet and Couteret (2012) were the first authors that mentioned EC in the literature. Coaching has a crucial role in the start-up process. As mentioned above, entrepreneurs might benefit from external support while setting up and running a business. EC is defined as the individualized support provided by a coach to an entrepreneur in the start-up stage with the goal to acquire and develop the skills and knowledge to establish as an independent entrepreneur (Audet and Couteret, 2012). Other definitions that followed Audet and Couteret (2012) put more focus on EC as a way of working towards the improvement of a venture performance and take a wider approach that includes the support of entrepreneurs at later stages of a venture (Crompton & Smyrnios, 2011; Schermuly, Wach, Kirschbaum, & Wegge, 2021). Kotte et al. (2021) identified EC in relationship to all related coaching interventions in a Two-Dimensional Framework (Figure 1) and is the first author that mentioned EC in this context. In this thesis, the Two-Dimensional Framework on EC will be used as the leading theoretical framework.

### 2.2.1. Two-Dimensional Framework on coaching interventions

Kotte et al.'s framework (2021) is divided into two dimensions: expert- versus process-consultation (Schein, 1990) and individual-work-venture focus (Dowejko & Chan, 2019; St-Jean, 2011). The first dimension, expert- versus process-consultation describes the basic methodological approach of the development intervention. Schein (1990) described that expert consultation focusses on consultants providing expert information, advice and solutions. This type of consultation is being characterized by a consultant possessing a high level of content specific expertise. On the contrary, Schein (1990) described the process consultation approach from where the clients are the expert in the content specific expertise. Consultants enable these clients to find their own solutions through the consultants' expertise in facilitating conversations.

The second dimension in the Two-Dimensional Framework of EC is the individual-work-venture focus. This dimensions focusses on the desired development intervention. Firstly, if the focus lays on the individual, this could concern the development of the job engagement or life motivation and personality of an entrepreneur. Secondly, if the focus lays on the work, this could concern the

**Figure 1** *EC related interventions within the Two-Dimensional Framework (Kotte et al., 2021) p.544*
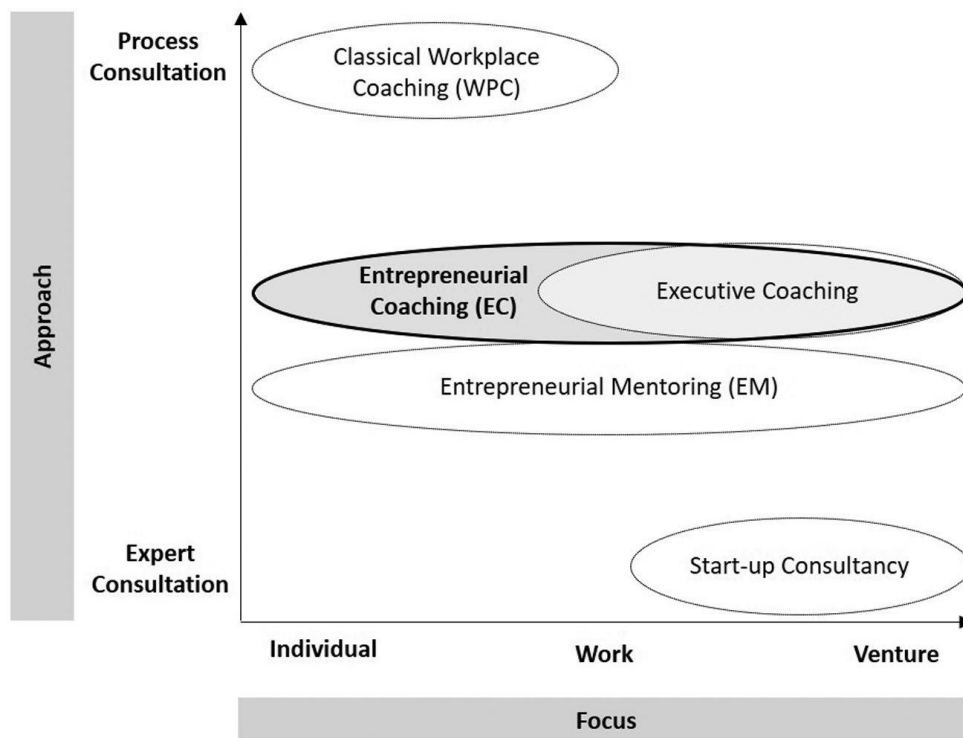


development of the tasks, roles and responsibilities of an entrepreneur in a venture. Lastly, if the focus lays on the venture, this could concern the development of the ventures organizational performance through developing an entrepreneur. Regarding all development interventions in the Two-Dimensional Framework, they differ regarding which approach the consultant is using and what the development area is for the entrepreneur. These interventions are vital to understand because they are the foundation of why EC is a new intervention for entrepreneurial support and not a sub category of an existing intervention. It can even be argued that EC is the overarching intervention of all other interventions. Below, these interventions will be briefly explained.

*Classical Workplace Coaching* is a development intervention based on individualism, reflectiveness and relationship. It is aimed at achieving professional outcomes for a coachee (Bozer & Jones, 2018). It is crucial that the coach act as a sparring partner and not an expert. The red line in WPC is that the coach helps the coachee to develop their own solutions. To achieve this, the coach needs to possess methodical and process related competencies. Thus, WPC is a process-orientated type of consultation, where the focus lays on the intersection between the individual and their work, and not any type of professional issues such as life or health coaching (Schreyögg, 2010).

*Entrepreneurial Mentoring* is the coaching intervention between an experienced- and a novice entrepreneur. The experienced entrepreneur acts as a mentor in learning and developing a novice entrepreneur through practical experiences (Audet & Couteret, 2012; Brinkley & Le Roux, 2018; El Hallam & St-Jean, 2016; St-Jean & Audet, 2012). The mentor has four fulfilling functions, namely psychosocial, career-related, role-modeling and venture-related (Dowejko & Chan, 2019). The main

difference between mentoring and coaching is the transfer of the mentors' knowledge and entrepreneurial experience (St-Jean, 2011).

*Executive Coaching* is primarily focused on improving the leadership and management capabilities of an organization. It differs from WPC due to the higher focus on expert consultation (Berman, 2019; Stern, 2004). Executives expect from coaches to support them in thinking through business opportunities and strategic decision making which requires more expert knowledge. Executive coaching is concerned with the intersection between the executives work and the organization (Berman, 2019; Stern, 2004).

*Start-up Consultancy* is an expert consultation providing start-ups with solutions for urgent and practical implications. A start-up consultant needs business and management knowledge and needs to be an expert in the sector of a specific start-up to provide expert consultation. With Start-up Consultancy, the focus lays on the venture instead of the individual entrepreneur, the success of the business is the core (Müller & Diensberg, 2011).

*Entrepreneurial Coaching (EC)*. In the literature on entrepreneurship, Kotte et al. (2021) has been the first to define EC based on literature and empirical findings. Kotte et al. (2021) describes EC as follows:

> "Entrepreneurial coaching is a custom-tailored, reflective, and results-oriented development intervention that is directed towards entrepreneurs with differing levels of experience and across different stages of the entrepreneurial process. It is based on a collaborative relationship between a professional coach (who may or may not have personal entrepreneurial experience) and an entrepreneur. EC can be embedded (e.g. in entrepreneurial programs or start-up grants) or be conducted as a stand-alone intervention. It entails both expert- and process-consultation elements and, beyond focusing on the individual entrepreneur and their work, involves a consideration of the venture level" (p. 548).

EC positions it self as an intervention that captures the whole spectrum of interventions. It relates to some extent with all other interventions, but none of these all seem to grasp the complexity of EC. This will be further described in the paragraph below.

## 2.2.2. Seven coaching functions of Entrepreneurial Coaching

According to Kotte and colleagues (2021), the EC intervention can be decomposed in seven coaching functions (Figure 2). These coaching functions are also placed in the two-dimensional framework (Figure 2), such as Figure 1. This novel framework advances research on EC by systemizing coach functions within EC and allowing EC relation to related developmental interventions. The seven overarching coach functions highlights the coaching functions of EC. These coaching functions range from one side of the spectrum to the other within the expert- versus process-consultation an individual-work-venture focus. On the one extreme of the framework, supportive companion is positioned as a

process consultation and focusses on the individual. Kotte et al. (2021) described that the coach functions reflection-, skill- and optimization-focused developmental differs in the focus spectrum. The sparring partner focusses on the individual entrepreneur, the skill trainer on the entrepreneur's work, and the business-development assistant focusses on the venture. Because the sparring partner focusses more on the individual, it is placed more towards process consultation compared to the skill trainer and business development assistant. The expert-oriented functions such as educating, implementing and connective are focused on the entrepreneurs' and ventures tasks. The more elaborate descriptions of these seven coaching as described by Kotte et al. (2021) are described below.

The supportive behaviour, or the companion coach function is described as the coach showing empathic understanding, encouraging and motivating the entrepreneur and exploring entrepreneur's needs (Kotte et al., 2021). The reflection-focused developmental behavior, or the personal sparring partner coach function focusses on stimulating self-reflection on several entrepreneurial dimensions. Such as (personal) strengths and weaknesses, attitudes/beliefs/motivations and challenge them, and on work-life-balance issues and level of strain. Furthermore, stimulates reflection on motivation, individual relationship to the venture and perspective-taking regarding interpersonal and team issues (Kotte et al., 2021). The skill-focused developmental behavior, or the skill trainer coach function focusses on using skill assessment techniques, practicing critical skills and entrepreneurial competencies (communication, presentation/pitch and mindfulness, stress and time management techniques), and foster skills on interpersonal and collaboration skills (Kotte et al., 2021). The optimization-focused developmental behavior, or the business development assistant coach function focusses on stimulating strategic reflection, evaluating and refining a business plan, and identifying and work with business-relevant resources (e.g. social, financial) (Kotte et al., 2021). The educating behavior, or the advisor coach function focusses on providing expert knowledge, advice, assessment, general information on entrepreneurship and sharing own experiences (Kotte et al., 2021). The implementing behavior, or the implementation guide coach function focusses on specific next steps for the venture and define action plans, providing specific tools and templates, and providing overall implementation and structuring assistance (Kotte et al., 2021). Lastly, the connective behavior, or the network broker coach function focusses on providing network and contacts and inform about events and workshops (Kotte et al., 2021).

The systemization of these coaching functions within a Two-Dimensional Framework is the theoretical foundation to understand how coaches support entrepreneurs and paves the way for future research on EC (Kotte et al., 2021). Based on figure 2, EC can be placed in the Two-Dimensional Framework as a developmental intervention for entrepreneurs relative to associated interventions as can be seen in figure 1. Compared to Classical Workplace Coaching and Start-up Consultancy, these are either process and individual-focused or expert and work-venture focused. Between these extremes, lays Entrepreneurial Mentoring, Executive Coaching and Entrepreneurial Coaching (EC). In the development of an entrepreneur, self-reflection is a key characteristic.

11

**Figure 2** *Coach functions within the Two-Dimensional Framework (Kotte et al., 2021) p.543*
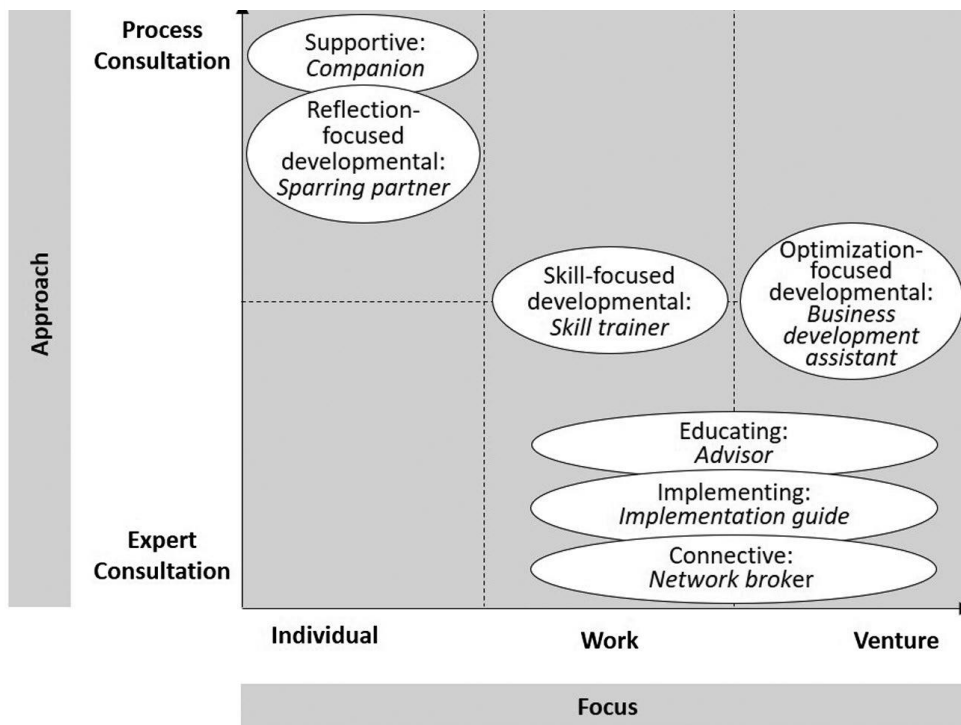


However, Kotte et al. (2021) discovered more business-related knowledge outcomes instead of individual outcomes. Compared to Classical Workplace Coaching, EC is characterized by a higher proportion of expert consultation. Aligned with research of Crompton (2012) & Kutzhanova et al. (2009), which suggests that EC includes expert-consultation functions, Kotte et al. (2021) also confirms this suggestion. This is underlined through the findings that the coaches' business-relevant knowledge and to a lesser degree their experience as an entrepreneur are seen as important factors of EC. Therefore, EC is closer to Entrepreneurial Mentoring and Executive Coaching. Compared to Entrepreneurial Mentoring, EC differs in the mentorship role of the coach, thus focusing more on expert consultation with passing on experience and acting as role-model for the entrepreneur (Dickson et al., 2014). EM and EC share strong similarities regarding process-consultation elements such as the psychosocial support function of Entrepreneurial Mentoring in line with the supportive function for EC (Allen, Eby, Poteet, Lentz, & Lima, 2004). For Executive Coaching, coaches do not pass their experience on to a coachee as such with EM. Kotte et al. (2021) affirms the hypothesis of Brikley and Le Roux (2018) that the reflection-focused development function is more present in EC than in Entrepreneurial Mentoring, which states a clear distinction between EC and Entrepreneurial Mentoring. Regarding the focus on the individual, work and venture, EC substantially differs from all other interventions. Due to the close interconnection of entrepreneurs to their venture, EC focusses more on venture related outcomes when compared to Classical Workplace Coaching.

Although the stimulation of reflection on the entrepreneurs' relationship to a venture is considered by Kotte et al. (2021) as a crucial sub function, EC stretches through the whole individual-work-venture focus spectrum. Because EC stretches through the whole Two-Dimensional Framework,

some phenomena of EC can still be missing in the proposed framework in Figure 2. For instance, there is no coaching function in the expert-consultation approach / individual focus. Furthermore, the process-consultation approach combined with work and venture focus is also missing in the literature on EC. Although the first topics, such as the definition, on EC have been addressed by Kotte et al. (2021) in their qualitative study on EC, there can be room for improvement on the proposed framework. A main advantage of the framework is that it is the groundwork of EC. However this immediately leads to the main disadvantage, that is: more empirical evidence regarding the applicability of the framework is needed for practical purposes.

### 2.2.3. Learning outcomes of Entrepreneurial Coaching

The coaching functions of EC are aimed to serve some learning outcome that has been identified by the entrepreneur. Overall, literature underlined several outcomes, such as: increased entrepreneurial self-efficacy and self-confidence (Brinkley & Le Roux, 2018; Crompton, 2012; Saadaoui & Affess, 2015). Secondly, a crucial EC outcome is for entrepreneurs to set up and start the venture (Bosma, Hessels, Schutjens, van Praag, & Verheul, 2012). Additionally, EC outcomes are aimed at actual skill development, such as improved communication and interpersonal skills (Brinkley & Le Roux, 2018; Saadaoui & Affess, 2015). Furthermore, EC contributes to organizational growth and performance (Crompton & Smyrnios, 2011). Kotte et al. (2021) identified four learning outcomes, namely cognitive learning, affective learning, behavior development and result development. Firstly, cognitive learning increases declarative and procedural business-related knowledge such as self -awareness and -reflectivity, perspective taking and writing a business plan. For affective learning, entrepreneurial self-efficacy is central that concerns job engagement, motivation, self-confidence, self-criticism and serenity. For behavior development, entrepreneurs may desire changes in externally directed behavior and changes in task and relations-oriented behavior. Examples are working in a more structured way, taking a strategic decision, giving feedback to team members and interacting differently with investors. Lastly, regarding result development, this focusses on the team and company level (e.g. climate and communication, generally improved teamwork, changed structures, processes, business model and global company performance) and the individual-results level (e.g. individual work performance, acquired social capital and expanding the network) (Kotte et al., 2021).

Besides the coaching functions and learning outcomes of EC, Kotte et al. (2021) described several other dimensions in an EC process. Entrepreneurs underlined a lack of directive advice, by criticizing coaches for not delivering enough directive interventions. Secondly, the behavior of the entrepreneur seems to impact the coaching process. A resistance to advice or the inability to take criticism could end the coaching process. Thirdly, Kotte et al. (2021) described the working alliance in the form of the relationship between the entrepreneur and coach. Mutual trust is described as essential for the success of the coaching process. Furthermore, the need to explore the entrepreneurs'

expectations, motivation and goals at the beginning of the coaching process is mentioned by Kotte et al. (2021). Lastly, the tracking of goals during the coaching process could be beneficial.

A crucial point in any EC process is whether the process is embedded or stand-alone (Kotte et al., 2021). Embedded EC is part of an entrepreneurial program or a start-up grant and represents when a third-party connects the coach with the coachee or interacts in this process. Stand-alone EC processes are defined as engaged without an involvement of a third party, the entrepreneur made the decision to engage with a coach (Kotte et al., 2021). In an embedded EC situation, key boundary conditions such as time, structure and content are at least partially defined by a third-party. Besides, both the coach and coachee depend upon the sponsorship of the third-party (Kotte et al., 2021). This can occur either as coaches being hired by a third-party investor to coach entrepreneurs that these investors invested in. Or as coaching made mandatory for an entrepreneur by an investor to acquire an investment. Whether the coaching process is embedded or stand-alone is crucial for the outcome and success of the coaching process. Both Bozer and Jones (2018) and Kuratko et al. (2021) described that whether the motivation of an entrepreneur to engage in a coaching process is intrinsic or extrinsic, is an important predictor of coaching outcomes. In Entrepreneurial Mentoring, McGregor and Tweed (2002) found out that predetermined relationships are being less effective than self-selected ones. Kotte et al. (2021) suggest that resistance of entrepreneurs to receive feedback and advice might be linked to embedded coaching processes. Therefore, embedded EC can be less successful than stand-alone EC because a lack of intrinsic motivation of an entrepreneur can lead to an unsuccessful coaching process. Thus, it is highly relevant to study the motivation and goals of an entrepreneur and how this relates to the goals of an investor. Furthermore, the coachability of an entrepreneur describes an entrepreneurs' willingness to receiving advice and feedback, and being coached. In the literature, it is not clear what the effect of a third-party is on EC. It is argued by Ciuchta et al. (2018) that "the coachability of an entrepreneur is critical and possibly the most important criterion that investors look for when making investment decisions" (p. 207). Therefore, investors could play a crucial role in the outcome of an embedded EC process.

Firstly, as discussed above, EC has seven coaching functions (i.e., companion, sparring partner, skill trainer, business development assistant, advisor, implementation guide and network broker) and four specific EC learning outcomes (i.e., cognitive learning, affective learning, behavior development and result development). In the literature on EC, it is unclear how different coaching functions affect specific EC learning outcomes. For example, the skill trainer function might particularly positively affect behavioral development and the implementation guide function might positively affect result development. Therefore, a goal of this research is to develop an insight on how coaching functions might be related to specific outcomes.

Secondly, it is unclear in the literature on EC if there is a relationship between the coaches' background, their display of specific functions (expert- or process consultation) and EC learning

outcomes. Kotte et al. (2021) assumes that coaches with a higher technical expertise and personal entrepreneurial experience display an expert consultation. On the contrary, coaches' with more coaching experience display a process consultation. The relationship between the coaching functions and EC learning outcomes may be moderated by the experience level of the entrepreneur. Kotte et al. (2021) suggested that the characteristics of the coach could play a role in the coaching process, especially the (lack of) experience and expertise of the coach. This experience and expertise could also be the coaches' own entrepreneurial experience. Besides, the entrepreneurs' openness and motivation towards the coaching positively influenced the coaching process. Other positively influences could be the entrepreneurs' learning ability and openness to change and the level of entrepreneurs' entrepreneurial experience (Kotte et al., 2021). Thompson and Vecchio (2009) showed that inexperienced followers benefit from more directive leadership (which can be associated with expert consultation). More specifically, it could be suggested that specific functions of an entrepreneur and consultant are related to the success of the coaching process. For example, it could be that an inexperienced entrepreneur could benefit more from a coach that specializes in process consultation and an experienced entrepreneur could benefit more from a coach that specializes in expert consultation. When the coaching function of the coach is not aligned with the functions of the entrepreneur, the coaching process can have a higher failure rate. Thus, a goal of this research is to study the effect of a coaches' and entrepreneurs' background on the coach functions and outcomes.

Lastly, as thoroughly described above, a third-party might play a crucial role in EC. The coachability has a positive effect on the outcome of a coaching process (Kuratko et al., 2021). It is suggested that investors select entrepreneurs and decide whether an investment is granted based on the coachability of the entrepreneur. This emphasizes that third-party investors have a role in EC. Predetermined relationships by third-party investors are being less effective than self-selected ones. Therefore, it is relevant for EC literature to research the interests and perspectives of third-party investors. This research field is completely unexplored in EC. Thus, a goal of this research is to study the perspective of an investor on EC and the potential effect this perspective can have on the outcome and functions of a coaching process.

To study these three topics, a qualitative research method has been applied by interviewing various entrepreneurs, consultants and investors that have participated in an EC process.

# 3. Methodology

## 3.1. Research design

The aim of this study was to extent our current knowledge on EC. This thesis studied how SME entrepreneurs can be coached effectively to achieve their own and investors' outcomes. Since the goal is to grasp participants' experiences and perspective regarding EC, a qualitative research design was opted for. According to Gioia, Corley and Hamilton (2013) qualitative research is focused on exploring the information and insights it can provide on a phenomenon. We were interested in capturing a "how/what" question which through a qualitative approach allows the interpret of subjects' qualitative stories and obtain in-depth and thick descriptions of the values and beliefs driving their behaviors of EC (Gioia et al., 2013). Thus, a qualitative research design was considered to be the best approach to address our research question.

As described by Edmondson and McManus (2007), there is a nascent methodological fit between the research question and the prior theory. The nascent theory describes research for topics that have attracted little research or formal theorizing, which is the case for EC. For this research, an abductive research approach has been used. According to Bamberger (2018), with abductive reasoning the objective is to discover plausible explanations instead of validating a generalizable rule or generating a probable generalizable rule. A prior theory is relevant as a basis for questioning theoretical assumptions or exposing anomalies that require resolution and explanation (Bamberger, 2018). According to Shapira (2011), abductive reasoning also gives the researcher the opportunity to develop new or alternative conceptual frameworks with only a plausible conjecture and some insight into what this conjecture might mean. With only deductive or inductive reasoning, this is not possible. A deductive approach can be used to test a theory and an inductive approach is used to develop a theory. Saunders, Lewis and Thornhill (2009) described that a deductive approach allows to test any hypothesized motivation or reasoning in EC. However, deductive reasoning is criticized due to the lack of clarity on how to select the theory to be tested via formulating hypotheses. Moreover, a deductive approach could lead in too missing out potential novelties because we may not have been able to list them in advance.

Combing both approaches is referred to as an abductive approach. Abductive research aims at theory development and to the multitude of meanings that a certain concept can give rise to. Abductive reasoning combines the two research methods and therefore overcomes both weaknesses. It gives room to emerging surprises that can occur during data gathering and analysis (Bryman & Bell, 2015). The application of an abductive approach allowed this study to account for surprising facts or puzzles that derived from the observations and gave room for explanation. This further developed the theory on EC. An abductive approach is seen by Mathieu (2016) as a great way to first start with a real-world problem, draw on existing literature and implement these to explain the phenomenon. Thus, resulting in a contribution to the theory. This was the aim of this study, and it is what we have done in this study. By starting what we knew about EC and expanding that knowledge. To analyze the EC process, various EC

processes in which an entrepreneur was coached by a coach with the optional inclusion of an investor perspective, has been analyzed.

## 3.2. Sampling approach and sample characteristics

The primary data has been collected through contacting participants (i.e., consultants, coaches, entrepreneurs and investors) that participated or are participating in an EC process. Contacting participants ran through a management consultancy firm in the Netherlands that collaborated in this research and has consultants who coached several entrepreneurs. EC processes are coaching processes in which at least an entrepreneur and coach are involved. Not all coaching processes have a third-party involved, these are so called stand-alone processes. Therefore, the inclusion of a third-party investor was optional per coaching process. During the data collection period, we discovered that in SMEs, investors in most occasions have a dual function as investor and coach. Therefore, we did not interview any triads, but only duos and in two occasions stand-alone investors that have been interviewed to study their perspective on EC. Regarding the entrepreneur, the only inclusion criterion was that the entrepreneur should be the (co-) founder of the venture and should fulfill one of the management roles in a venture. Every type of entrepreneur could be included, no matter what the stage or type of the venture. Regarding the coaches, these could be any type of coaches as well as consultants as non-consultants. The main criterion was that an individual acted as a coach in an EC process. For this study, it was preferable to include both experienced as non-experienced coaches. It could be suggested that the experience of a coach influences the coaching function of a coach. Lastly, regarding the investors, these were optional and are only focused on embedded EC processes. These are processes where the investor has a role or interest in a coaching process. To answer RQ3, stand-alone investors were interviewed to explore their perspective on EC, without any direct links to entrepreneurs or coaches in this.

To sample the population, quota sampling was applied. In quota sampling the population is divided based on certain quota controls (i.e., gender, age, class etc.) from which samples can be withdrawn (Yang & Banamah, 2014). The researcher is free to choose anyone for the research, as long as the person meets the requirements (quota's). People that are not willing to participate in the study can be replaced by others that are willing to participate (Brinsky, 2006). Therefore, quota sampling was the best fit for this study. These subgroups, that are based on the quotas, were contacted through networking, which primarily ran through the client of this research, a management consultancy firm in the Netherlands, with experience and a network in EC processes. We initially had 26 participants with 12 EC processes (N=26; C=12, E=12, I=2), of which 6 coaches / consultants (C), 6 entrepreneurs (E) and 2 investors (I) agreed to take part (response rate = 53,85%). This led to 14 participants with 6 EC processes (N=14; C=6, E=6, I=2) The ones who did not participate, did not have the time or availability to participate in this study. The table below (Table 2) provides information about the participants.

In this table, we include personal information about the participants such as gender and age. The names provided are pseudonyms and were given at random. Furthermore, we include information

regarding the EC process. The number of participating males is 11 and the number of participating females is three. Six of the participants are entrepreneurs and six are coaches, these 12 entrepreneurs and coaches formed six coaching processes. Besides, two of the participants are investors that are not a part of a coaching process. Regarding the nationality of the participants, 13 participants are Dutch and one participant is British. The years of experience of participants ranges between 20 years and one year, with an average of seven. We collected this years of experience because we studied what the effect could be of the amount of experience a participant has. Because entrepreneurs could have had entrepreneurial experience trough previous companies, we collect the year the current company was founded. Furthermore, with two participants, an investor was involved in the company and in the coaching process. With 10 participants, there is no investor involved in the company and coaching process. With the two investor participants, this is not applicable.

**Table 2** *Personal and EC Process Information of Participants*

| Person | | | Entrepreneurial Coaching Process | | | | |
|---|---|---|---|---|---|---|---|
| Name | Gender (Male / Female) | Age | Role (Coach / Entrepreneur / Investor) | Years of experience as [Role] | Founded current company in (Year) | Investor involved in company | Coaching pair with [Name] |
| "Frank" | Male | 36-45 | Coach | 20 | N/A | No | "Liam" |
| "Liam" | Male | 36-45 | Entrepreneur | 3 | 2018 | No | "Frank" |
| "Emma" | Female | 26-35 | Coach | 2 | N/A | No | "John" |
| "John" | Male | 36-45 | Entrepreneur | 3 | 2018 | No | "Emma" |
| "Olivia" | Female | 26-35 | Coach | 2 | N/A | No | "James" |
| "James" | Male | 36-45 | Entrepreneur | 8 | 2013 | No | "Olivia" |
| "Lucas" | Male | 36-45 | Coach | 15 | N/A | No | "Robert" |
| "Robert" | Male | 26-35 | Entrepreneur | 9 | 2012 | No | "Lucas" |
| "Henry" | Male | 46-55 | Investor | 15 | N/A | N/A | N/A |
| "William" | Male | 56-65 | Coach | 10 | N/A | No | "Jackie" |
| "Jackie" | Female | 36-45 | Entrepreneur | 1 | 2020 | No | "William" |
| "Jacob" | Male | 36-45 | Coach | 6 | N/A | Yes | "Ted" |
| "Ted" | Male | 36-45 | Entrepreneur | 3 | 2018 | Yes | "Jacob" |
| "Michael" | Male | 36-45 | Investor | 6 | N/A | N/A | N/A |

## 3.3. Research instrument and data collection

To answer sub-research question 1 and sub-research question 2, all participants of the EC process (i.e., the entrepreneur, the coach and optionally the investor) have been interviewed through in-depth semi-structured interviews. Because most EC processes are stand alone, research question 3 has been answered through exploratory research with interviewing investors through in-depth semi-structured interviews. We opted for in-depth semi-structured interviews because this research instrument leaves room to the interviewees to share their story on EC. Besides, this research instrument allows the interviewer to ask spontaneous and predetermined follow-up questions (Miles & Huberman, 1994). Semi-structured interviews aimed at obtaining subjective responses from individuals who are part of a particular situation or have experienced a particular phenomenon (McIntosh & Morse, 2015).

Furthermore, as described by McIntosh and Morse (2015), semi-structured interviews follow a specific pattern which allows for the comparison of answers while also providing flexibility. When aiming to know more on a certain topic from an interviewee, there is a possibility for the researcher to probe the responses. Therefore, this style of interviews was applied in this study.

The 14 interviews were held in Dutch in October and November 2021 and took place took physically at the participant's offices or digitally via Microsoft Teams. The interview consisted of open-ended questions that were divided into six themes: 1) the start of the EC process; 2) the learning outcome(s) of the entrepreneur; 3) the coaching behavior and style of the coach; 4) the outcome of the EC process; 5) the coachability of the entrepreneur; and 6) the investors perspective and role in EC. For examples of these questions, see Appendix I and II. Some examples of relevant questions asked during the interview were: (a) Prior to the coaching process, what was your learning outcome and why? (b) From your perspective, did the coach apply different coaching styles or did he or she stick with one specific style during the coaching process and what was your experience with this approach? (c) Based on what arguments, did you choose to change or to stick to specific coaching functions and what was the experience of the entrepreneur with this approach? (d) Would you consider the entrepreneur coachable? (e) When investing in an entrepreneur, do you consider the coachability of an entrepreneur as a key condition (& why)? The interviews were recorded and transcribed verbatim, concealing participants' identity and personal information. Ethical approval to conduct the research was obtained from the Ethics Committee of the University of Twente in October 2021. The names of the participants were anonymized and replaced by randomly selected pseudonyms. Personal data that were part of quotes have also been adjusted so that the identity of the participant (or people/organizations mentioned) cannot be traced from the quote.

In these interviews, we were particularly interested if behaviors of entrepreneurs and coaches changed or stayed the same over time. Therefore, we asked questions on the behavior of the coach at the start of the coaching process and on the behavior of the coach during the coaching process. We asked these question to both the entrepreneur and coach to verify the answers and whether the coach and entrepreneur shared the same perspective or had different perspectives on the behavior of the coach and entrepreneur.

## 3.4. Data analysis
An abductive approach was taken. Given the theoretical freedom and flexibility, we opted to analyze the data using thematic analysis. According to Braun and Clarke (2006), thematic analysis is a method for identifying, analyzing, and reporting patterns within data and follows six steps. These steps are: transcribing and re-rereading data, generating initial codes in a systematic fashion, searching for second- and third order themes by collating codes on similar features, reviewing themes by checking their relation to the individual codes and the data set as a whole, defining and naming the themes and building a data structure (Braun & Clarke, 2006). This thematic analysis was performed through the Gioia's

method, to organize the data in a structured way. This method consists of first order concepts, second order / third order themes and aggregate dimensions (Gioia et al., 2013). We performed the data analysis with a computer software named ATLAS.ti 8 Windows. This software gave us the tools to perform the data analysis as described below.

The first step of the Gioia's method was to get familiar with the data. This was done through transcribing and re-rereading the data (Braun & Clarke, 2006). Secondly, the step was to generate initial codes in a systematic fashion. This corresponds to first order concepts of Gioia et al. (2013). These codes were created using the words of the participants as much as possible. After this first round, a second round followed to see which codes were, more or less, the same. To guarantee that the codes reflected the participant's story, the data was analyzed iteratively, resulting in removal, modification, or creation of codes. Thirdly, the next step was to search for second order and third order themes by collating codes on similar features (Braun & Clarke, 2006), similar to forming second order themes in the Gioia's method (Gioia et al., 2013). After these initial three steps, we compared the data, emerging codes and themes with the literature on EC to see if it had precedents and/or added new concepts (Gioia et al., 2013). According to Strauss and Corbin (1998), theoretical saturation is reached when no new relationships, themes and dimensions arose during the data analysis and a workable set of themes and concepts was reached. During the last case interview we discovered a pattern and repetition in perspectives and behaviors in EC, resulting in confidence that the saturation was reached. Fourthly, the next step was to review the themes by checking their relation to the individual codes and the data set as a whole (Braun & Clarke, 2006). In the part of reviewing the data we applied "enforced ignorance", by not knowing the literature in too much detail. This allowed us to look at the data with a more open mind, to avoid conformational bias as much as possible (Gioia et al., 2013). Fifthly, the next step consisted of naming and defining the themes. Lastly, the sixth step of the data analysis was to build a data structure and producing the report. This was done by again analyzing the data, selecting compelling examples that supported the codes and themes and finally answering the (sub-)research question(s) (Braun & Clarke, 2006; Gioia et al., 2013).

# 4. Results

Below we present the results as per sub-research question and then provide a concluding summary addressing the overarching research question driving this thesis. From the data analysis, we identify three themes on how Entrepreneurial Coaching processes vary, depending on their aim, to reach entrepreneur's and investors' goals in SMEs. See Table 3 for the data structure of this study. In the paragraphs below, we interlaced both the first and second order themes to offer a clear and in-depth description of our data. See Appendix IV for a comprehensive description of all codes, based on quotes of our interviewees.

**Table 3** *Data structure on how Entrepreneurial Coaching processes vary, depending on their aim, to reach entrepreneur's and investors' goals in SMEs (based on Gioia et al, 2013).*

| First Order Codes | Second Order Themes | Third Order Themes |
| --- | --- | --- |
| Behavior development<br>Cognitive learning<br>Affective learning<br>Result development<br>Learning outcomes over time | Entrepreneurial learning outcomes | **Coaching entrepreneurs** |
| Companion<br>Sparring partner<br>Skill trainer<br>Business development assistent<br>Advisor<br>Implementation guide<br>Coaching functions and time | Coaching functions | |
| Studious<br>Stubborn<br>Risk aversion<br>Company is an entrepreneur's child<br>Lack of entrepreneurial experience | Characteristics entrepreneur | **Background characteristics of EC** |
| Entrepreneurial experience<br>Lack of experience<br>Influences learning outcome<br>Expert in process<br>Feedback style | Characteristics coach | |
| Value of EC<br>Positive outcome with EC<br>Negative perception with EC<br>No evaluation<br>No personal coaching | Characteristics EC process | |
| Importance of personal relationship<br>Too personal relationship is negative for coaching<br>Personal relationship and time | Presence or absence of personal relationship | |
| Promotion of coachability as an investment<br>Entrepreneur is coachable<br>Coachability depends on situation | Entrepreneur's coachability | **Investor in EC** |
| Investor is involved as coach | | |

| | |
|---|---|
| Role of coach | Investors' perspective |
| Conditions of entrepreneur | on EC |
| Importance personal relationship | |
| Financially | Investor's goal in EC |
| Impact | |
| Entrepreneur becomes independent | |
| Growth personal relationship | |
| Growth coachability | |

## 4.1. Coaching entrepreneurs

The first sub research-question is: how are coaching functions related to EC learning outcomes? Addressing this first sub-research question, an important factor in how coaching processes vary in SMEs is the association between learning outcomes and coaching functions. The stories that the interviewees shared, showed clear patterns between several coaching functions and learning outcomes. This third-order theme of coaching entrepreneurs can be divided into two second order themes, namely; 'Entrepreneurial learning outcomes' and 'Coaching functions'. With regard to the learning outcomes and coaching functions, the majority of our interviewees underlined several relations between coaching functions and learning outcomes

### 4.1.1. Learning outcomes

However, before further diving into these results, participants stressed the origins of such learning outcomes and how these were defined in an EC process. They noted that, although learning outcomes are the start and basis of every EC process very often entrepreneurs do not have concrete learning outcomes clear in their mind since the very beginning, or know what they have to learn to become more successful as an entrepreneur. Coaches help entrepreneurs to make these learning outcomes concrete and discover what the specific needs are for the entrepreneur. According to participants, the main origin of a learning outcome is an entrepreneurs' growth ambition for their company. This growth ambition ranges from aspiring craftsmen that wanted to setup their own business, to fast growing start-ups that aimed to make the next step. A participant described for example:

*"I have turned my hobby into my job, it was the first business I had for myself. In the beginning you take a number of steps and that went very well. Well, then you hire a bunch of staff, and then the question comes up okay and what then and what else can you become? And how do you get to the next phase." (Entrepreneur)*

In our interviews we discovered four learning outcomes in EC. Namely, cognitive learning, affective learning, behavior development and result development. Regarding cognitive learning, participants underlined the absence of certain business-related knowledge in the start up phase of their company. Concerning affective learning outcomes, interviewees underlined several motivation and confidence issues in their entrepreneurial activities, such as the personal development of the entrepreneur. One participant noted:

*"And then there comes a moment when you think okay, take a look around, what else are you going to do and how are we going to do that? And then I thought, I want to continue, develop further as myself, also develop further as a person and company." (Entrepreneur)*

Regarding behavior development, interviewees mentioned the absence of structure in their work and taking strategic decisions in their entrepreneurial activities. Lastly, concerning result development, interviewees underlined next steps for the company in organizational growth and result improvement as crucial development areas:

*"Now, for example, the next conversation will be about another piece of what else can we do there? Taking the commercial next step and what do I need in terms of people or skills in the team? What I don't have, and then the company goes one step further." (Entrepreneur)*

## 4.1.2. Coaching functions

With the learning outcomes of the entrepreneurs, coaches applied several coaching functions (or coaching styles) to achieve these learning outcomes. The key function of the coach is to be supportive, a sparring partner and directive depending on the question and learning outcome of the entrepreneur. A coach also needs to be directive and suggestive to the entrepreneur, without making the decisions for the entrepreneur. Indeed, entrepreneurs need guidance, advise and a confidence boost in their entrepreneurial activities, without somebody else making the decisions for them. The coach should, in all cases, avoid taking the position of CEO in the company.

According to several interviewees, the most common coaching behaviour was asking questions, giving advice based upon experience, making suggestions, triggering, reflecting, directing, and thinking along. In occasions where the coach did not have the right ability or the skill to help the entrepreneur with a specific issue, the coach got an expert from within their network to solve the specific issue. The role of the coach is to support the learning process of these entrepreneurial skills, by applying knowledge, advise and directions for the entrepreneur. Coaches can be directive in their advice, which is received as very helpful by the entrepreneur. A participant noted for example:

*"Directing in making decisions but making (entrepreneur) own decisions, so I'm not going to say if I were you I would do this. So through asking questions (entrepreneur) overlooks the consequences of the choice." (Coach)*

These findings can be categorized in six coaching functions, namely companion, sparring partner, skill trainer, business development assistant, advisor and implementation guide. These six coaching functions came up during the interviews. More specifically, in the companion function, coaches showed empathy through showing interest in the issues of the entrepreneur and identifying the needs of the entrepreneur. Regarding the coaching function sparring partner, coaches showed behavior in asking questions, reflecting, analyzing and being a sparring partner. Concerning the skill trainer coaching function, coaches practiced and learned several entrepreneurial and theoretical skills. In the

business development assistant function, coaches focused on stimulated reflection on business ideas and evaluated business plans. Regarding the displayed coaching function advisor, interviewees highlighted the advice based on (entrepreneurial) experience. For instance, one of the participants noted:

*"From someone's experience and history, I think (coach) does that pretty well, because it helps. Of course if someone speaks from experience and not just from theory or from the consultant role, and I think he chooses that balance well." (Entrepreneur)*

Lastly, regarding the coaching function implementation guide, interviewees described the thinking along, specifying ideas and helping implement them as valuable. There is a relationship between specific coaching functions (i.e., companion, sparring partner, skill trainer, business development assistant, advisor and implementation guide) and specific EC learning outcomes (i.e., cognitive learning, affective learning, behavior development and result development). In Table 4, we display the coaching functions and learning outcomes of all the pairs.

**Table 4** *Learning outcomes and coaching functions per pair*

| Pair number | Entrepreneurial learning outcomes | Entrepreneurial Coaching outcomes |
|---|---|---|
| 1 | Behavioral development | Sparring partner |
| | Affective learning | Business development assistant |
| | | Companion |
| 2 | Cognitive learning | Business development assistant |
| | Behavioral development | Skill trainer |
| 3 | Behavioral development | Sparring partner |
| | Affective learning | Business development assistant |
| | | Companion |
| 4 | Cognitive learning | Advisor |
| | Behavioral development | Business development assistant |
| 5 | Cognitive learning | Sparring partner |
| | Affective learning | Advisor |
| 6 | Result development | Implementation guide |
| | | Advisor |

Based on the information in Table 4, in Table 5 we plotted the learning outcomes on the X axis, and the coaching functions on the Y axis. We found that when the learning outcome was cognitive learning, participants noted that a coach tended to be more of an advisor and skill trainer. With affective learning as the learning outcome, participants noted that a coach tended to be more of a sparring partner and companion. Regarding behavioral development, participants noted that a coach tended to be more of a business development assistant. Lastly, with result development as the learning outcome participants noted that a coach tended to be more of an implementation guide and advisor. However, five cases that we analyzed contained two learning outcomes and every coach displayed at least two coaching functions in the coaching process. Participants did not notice the coaching function network broker. However, participants noted a coaching function combination, the network broker could be combined with the implementation guide.

**Table 5** *Relationship between coaching functions and learning outcomes*

| Coaching function / Learning outcome | Cognitive | Affective | Behavior | Result |
|---|---|---|---|---|
| Companion | | xx | | |
| Sparring partner | | xxx | | |
| Skill trainer | x | | | |
| Business development assistant | | | xxxx | |
| Advisor | xx | | | x |
| Implementation guide | | | | x |
| Network broker | | | | |

## 4.1.3. Time in learning outcomes and coaching functions

Interestingly, in our interviews we discovered that over time, learning outcomes develop into new learning outcomes with entrepreneurs in EC. In the case where the entrepreneur is learning or improving specific personality attitudes and behaviours linked to entrepreneurial skills, issues develop in line with the growth of the company. According to our participants, in the case of the entrepreneur being supported by a coach who is predominantly the coach, the EC process seems without an end point that has been written in stone. Although the issues are being solved, entrepreneurs learn or improve various entrepreneurial skills, new issues or learning outcomes keep on originating in line with the growth of the company. For instance, two of the participants noted:

*"A year later, when (entrepreneur) finally made the decision and started his own business, our professionalization continued even further [...]. But she needed resources for that (finance). For this, (entrepreneur) had to show a business plan in order to be able to acquire (finance). That was important for (enterprise), to grow and be successful. So there have been two learning outcomes." (Coach)*

*"So getting the list complete and then sorting and choosing that list. That was the big issue, we did that in a few sessions. That actually went very quickly. And after that, the focus of the process actually shifted to what you encounter as an entrepreneur when implementing the choices." (Coach)*

These are two examples that the learning outcome switched from a personal-related learning outcome (i.e., decision making in setting up a business) to a business-related learning outcome (i.e., acquiring financial resources for growth issues), and from a business-related learning outcome (i.e., making strategic business decisions) to a personal related-learning outcome (i.e., how choices influence the entrepreneur). Indeed, this relationship can work both ways, from personal to business and from business to personal. Thus, there is no logical standard trajectory. In some cases, some personality attitudes and behaviours cannot be improved or trained, because the personality of this specific individual leaves no room for improvement or there is no learning stretch. This is often the case when the entrepreneur has a specific trait in craftsmanship, instead of having entrepreneurial traits. Although these entrepreneurs are learning and improving themselves, they are still in the need of advice and some confidence boost that they are doing good work. For instance one of the participants noted:

*"It's more, keep it up, make sure you don't fall over, make sure you're prepared for the next success case. So I'm looking for feedback on how we are doing as a (company) and where we are completely wrong. (Coach) gives us confidence that we are doing well." (Entrepreneur)*

As the learning outcome grows and develops into new learning outcomes, the coaching function should develop with these new learning outcomes. In our research, we found that specific learning outcomes are related to specific coaching functions. Hence, if the learning outcome changes, the coaching function also changes with it. It depends upon the coach' abilities if he or she can display a different coaching function. If the coach does not have the right ability to display a different coaching function, this shift in learning outcome could mean that the coach is not suitable anymore to the learning outcome. For instance, one of the participants noted:

*"In the first year that (coaching style) was great, then you can learn a lot of things from (coach) that you do not have yourself. Now I notice that it sometimes becomes a bit more difficult because that (coach) does not have the (experience) so to speak. Now it is more on the (personal side) and I sometimes notice that (coach) does not have enough (experience) for that. So I sometimes doubt that. Is it still the right match?" (Entrepreneur)*

Furthermore, interviewees described that the learning outcome developed over time, and the coach did not apply a different coaching function, which lead to a mismatch. For example, one of the participants noted:

*(Coach) is very much at home in this (entrepreneurial sector) and I am not at all […]. And (coach) is inclined to talk very much in professional jargon and then he loses me very quickly, because that is not my profession. And (coach) is very inclined to then (directive behaviour) […]. But that is not all as obvious to me as with (coach), so that I notice that I needed more in that. Maybe it didn't always match what I needed at that moment and with the learning outcome I had at that moment. (Entrepreneur)*

Hence, the coaching function has to develop in line with the learning outcome that develops over time to prevent a mismatch.

## 4.2. Background characteristics of EC

The second sub research-question is: how does the coaches' and entrepreneurs' background influence the coaching process? With regard to this second sub research-question, an important factor in how coaching processes vary in SMEs is the background characteristics of EC that came up during the interviews. The stories that the interviewees shared, showed various characteristics in EC that influence the variation in EC processes. This third-order theme of background characteristics of EC can be divided into four second order themes, namely; 'Characteristics entrepreneur', 'Characteristics coach', 'Characteristics EC process' and 'Presence or absence of personal relationship'.

### 4.2.1. EC characteristics

The majority of our interviewees noted that the background of an entrepreneur plays an important role in the EC process. For instance, coaches underlined the studious attitude of the entrepreneur as a positive factor on the EC process. The entrepreneur was the one that initiated the EC process by acknowledging to themselves that they were in need of help and support. This open mindset of the entrepreneur plays a key role in the success of the EC process. A part of this studious attitude is the open attitude of the entrepreneur to feedback, one of the interviewees underlined:

*"I can handle direct feedback well, I think that helps and that it especially sticks if you stick a suggestion to it so that I can really do something with and then don't have to think about it: hey, what should I do differently?" (Entrepreneur)*

All entrepreneurs defined themselves as having an open attitude to direct feedback, which was underlined by all pairing coaches. Besides, the interviewees described that the entrepreneurs valued the perspective a coach can give on a situation or challenge. Contrarily to this open attitude to direct feedback, interviewees underlined the stubborn attitude of entrepreneurs. In combination with the stubborn attitude of entrepreneurs, interviewees underlined the risk aversion behavior of entrepreneurs in their entrepreneurial activities. This risk aversion behavior could possibly originate from the plausibility that the company could feel like the child of the entrepreneur. One of the participants described:

*"Sure, and it's their baby too. So you can draw the parallel with being parents. So if you're handing your kids over to a school or daycare that's pretty normal accepted. But I think that especially mothers find that very exciting. Because it's part of what you feel very much when handing over your responsibility to someone else." (Coach)*

Besides, the lack of entrepreneurial experience plays a key role in how the EC process turns out. Entrepreneurs that want to start or just started their entrepreneurial activities from a specific craft specialty lack certain entrepreneurial skills, such as, applying structure, taking risk, outsource responsibilities, decision making, financial-, marketing- and sales-related knowledge. These issues can also be found in entrepreneurs that already have been managing the SMEs for a couple of years, but that have to make the next step in making the company successful. The experience of the coach is an important aspect for the EC process. To be more precise, this is experience of the coach in being an entrepreneur him- herself. On the contrary of the entrepreneurial experience of a coach, interviewees underlined in some cases the lack of experience of the coach. From the coach, participants underlined that entrepreneurs highly value advice from a coach which is based on the own experience of the coach. This experience derives from previous or current entrepreneurial activities from the coach. This is also displayed in the first third-order theme: the coach that does not have any experience as an entrepreneur did not display the coaching function advisor. Furthermore, interviewees underlined that although learning outcomes are the start and basis of every EC process, very often entrepreneurs do not have

concrete learning outcomes clear in their mind since the very beginning or know what they have to learn to become more successful as an entrepreneur. Coaches help entrepreneurs to make these learning outcomes concrete and discover what the specific needs are for the entrepreneur.

In regards to the consultation approach, which is divided into expert- and process consultation (see Figure 2), coaches underlined that they are process consultants instead of expert consultants. Meaning that they are steering and influencing the process of the entrepreneur, instead of the expertise of the entrepreneur. However, interviewees mentioned that they are experts in process consultation:

*"I am a process consultant. With professionals you should mainly concern yourself with what (entrepreneur) should do, but now with how (entrepreneur) should do it, because professionals find that super annoying." (Coach)*

Regarding the first-order theme feedback style of the coach, interviewees underlined a combination of providing direct and indirect feedback. Besides the characteristics of the entrepreneur and coach in the EC process, the characteristics of the EC process itself influences the outcome and variation in EC processes. Both entrepreneurs and coaches underlined the value of the EC process for both parties. Besides, the EC process has a positive outcome and the learning outcomes are being resolved. On the contrary, some interviewees described negative experiences in the EC process. This originated from a coaching function that, at the time, did not suit the specific needs of the entrepreneur. One of the interviewees underlined:

*"At first I didn't like (coaching style) because I was like, I already felt very insecure in a new world of which I have absolutely no knowledge, where I am not at home at all." (Entrepreneur)*

An other characteristic of an EC process that interviewees underlined is that there is no evaluation of the EC process between the coach and entrepreneur.

### 4.2.2. Personal relationship

In our study, we found that the EC process does not involve personal coaching. Although personal coaching is not involved in an EC process, the personal relationship between the coach and entrepreneur is a key element in an EC process. The majority of our interviewees underlined that the entrepreneur and its company are closely tied, and their relationships intertwined. Hence, the entrepreneur is at the heart of the company, every business-related challenge acquires a more personal or private angle. On the contrary, if a relationship becomes too personal, it can hinder the EC process. An entrepreneur or coach may feel a threshold to speak up on every topic or to give direct and maybe confronting feedback. For instance, one of the participants described:

*"Well, I think the personal relationship is more of a burden than a value, because I think it's nicer if you just have a professional relationship with someone in it, because every now and then all kinds of other things come into play because it's a private contact. and then there is more at stake. So you may be less likely to give clear feedback to someone because personal interests play a part." (Entrepreneur)*

On some occasions, the EC process derived from a pre-existing relationship between the coach and entrepreneur, such as a friendship or family relationship. In occasions where this was not the case, the entrepreneur and coach had to get used to each other. In this process of the entrepreneur and coach adopting to each other, the personal relationship between them is growing. Before an entrepreneur can open up to these more personal issues with the coach, a personal relationship needs to be in place between the entrepreneur and coach. Interviewees underlined that a personal connection and relationship has to be established before the entrepreneur feels comfortable to share some more personal issues. For example, one participant noted the following:

*"I think the trust and click was there immediately, otherwise we wouldn't have started, but in the beginning it was more about (the company) and less about myself. And it is now more often about myself and my personal learning goals because there is now a relationship of trust that was not there before. So that bond of trust has grown considerably." (Entrepreneur)*

As the personal relationship and trust is growing and improving over time, so is the coachability of the entrepreneur. Because the entrepreneur already acknowledged that they needed coaching, which initiated the EC process, the coachability and credibility of the coach is growing over time.

## 4.3. Investor in EC

The third sub research-question is: what is the effect of an investor participation on an EC process? Concerning this third sub-research question, an important factor in how coaching processes vary in SMEs is the investors' participation in EC, which came up during the interviews. The stories that the interviewees shared, showed various perspectives of investors on EC that influence the variation in EC processes. This third-order theme of investor in EC can be divided into three second order themes, namely; 'Entrepreneur's coachability', 'Investors' perspective on EC' and 'Investor's goal in EC'.

### 4.3.1. Coachability

Interviewees underlined that a crucial part for investors is the coachability of an entrepreneur. For instance:

*"Coachability is one of the most important conditions and the thing that you're looking for in an entrepreneur when you're investing in them is that they're able to get things done. (Investor)*

*"And if you think that your solution, it's a nice big square, is going to fit in that circle. If you push it enough, then you're probably not coachable and you're probably not going to be the one that gets the contract in." (Investor)*

Entrepreneurs have to be open for feedback, suggestions and advice from the investor coach to receive an investment in the first place. All participating coaches and entrepreneurs, underlined that the entrepreneur was coachable. Although entrepreneurs described themselves and were described by the coaches as coachable, this coachability depends on the situation.

29

### 4.3.2. Investors' participation

Our research found that in SMEs, investors have a dual role of investor and coach, instead of being predominantly an investor. A coach being a stakeholder in the SME strongly impacts the coaching functions and learning outcomes of the EC process. Interviewees reported that, in SMEs, an investment is always related to receiving coaching form the investor, besides the financial resources. This a demand from the investor, so they can influence the investment. But this is also a demand from the entrepreneur, because they are aware of the knowledge and experience resources investors obtain. However, the investor should not act as the CEO or decision maker of the company. For instance, one participant noted:

*"And it is true that those entrepreneurs themselves remain responsible. So we're not going to sit in the chair of a CEO who secretly hangs over it and wants to enforce things." (Investor)*

The perspective of investors' on coaching is different from that of coaches. Where with coaches the process is purely focused on the development of the entrepreneur, with the company as an add-on, for investors the process is to help entrepreneurs in making decisions which will make the company grow. This coaching from the investor to the entrepreneur is more intensive in the beginning of the EC process. Besides, investors have a clear perspective and vision on coaches. In the perspective of the investor, the entrepreneur is much more independent. Interviewees even underlined that the coach or coaching process could also have a negative effect on the entrepreneur:

*"Coaching or technical assistance sometimes can slow down certain companies because they come to rely on the expertise and the views, rather than charting their own course." (Investor)*

Investors underlined that the coach should always be involved in the company as a stakeholder. The conditions and perspectives of the investor on an EC process, gives certain conditions on which entrepreneurs should comply on, in order to receive funding and coaching from an investor. As previously described, the coachability is the most important element. However, interviewees underlined several other elements which are crucial, such as the capabilities to get the job done and the willingness to take risks. Interviewees described that this ability to get the job done needs to be combined with the coachability and independency

Furthermore, the personal relationship which was described as an important characteristic in an EC process, also plays a role in cases where the coach has a duality role of coach and investor. Participants described that entrepreneurs do not share personal related issues because this information can be harmful for the investment:

*"So let's say for example, I don't sleep anymore because I'm stressed about a certain goal, which I may or may not achieve. That is of course very difficult to say (to the investor coach). That immediately has all kinds of implications for how your investor relationship is with each other, if you have to discuss quarterly reports a day later." (Entrepreneur)*

This does not mean that the entrepreneur has no personal-related issues and that these entrepreneurs just seek personal coaching outside of the existing process. This is reflected in the analysis on how the learning outcomes and coaching functions are related. For example, the learning outcome is purely focused on the result level and excludes the cognitive learning, affective learning and behavior developmental outcomes. Furthermore, on the displayed coach function, the implementation guide was not displayed in occasions where the coach was not a (financial) stakeholder (i.e., investor), but only in the occasion where the coach was an investor. Furthermore, investors have clear goals in EC processes. In general, investors expect financial returns. Beside this point, investors want to have an impact on the life of the entrepreneur but also on their own lives. Because the investors have a lot of entrepreneurial experience, they want to share this with young entrepreneurs. Albeit the added value of an investment in financial returns, investors love to be involved in start-up and scale-up companies, so that they can relive those exciting times. The goal of the investor is for the entrepreneur to become independent. For example, this participant noted the following:

*"When you can see them grow and you actually almost become superfluous as a coach, but you become a friend and you know, you can move on and you can still be in contact with them afterwards." (Investor)*

In cases where the coach has a duality role of being coach and investor, there is a clear end point of the EC process. Participants agreed on that this end point is described as when the entrepreneur and company are ready for the next step as a company and the entrepreneur is not in need anymore of EC. In other cases, the EC process can come to an end where the entrepreneur and coach have worked together for too long and they know each other tricks. For example, this participant noted the following:

*"After three years you have to look for new teachers, at that moment you start to see mannerisms and patterns from your teacher and the learning effect has somewhat worn off. It doesn't look like a disqualification from the teacher, but a new relationship gives a new perspective.". (Entrepreneur)*

## 4.4. Time in EC

Hence, drawing from what mentioned above, it is evident that time has an influence on the learning outcomes, coaching functions and personal relationships in EC. Before entrepreneurs can open up to more personal learning outcomes, a personal relationship and trust bond has to be established which is only possible trough time, or in some occasions derives from a pre-existing relationship. This change in learning outcome, then influences a change in coaching function, which can be displayed through the same coach or leads to a different coach that can deal with the new learning outcome.

To conclude addressing the overarching research question of this thesis, EC processes vary based on the desired learning outcome of an entrepreneur, the entrepreneurs' and coaches' background and whether the coach has a duality role of coach and investor. Beside these three variables, contextual factors such as the personal relationship between the coach and entrepreneur and the coachability of the entrepreneur influence the EC processes.

# 5. Discussion

This study focused on the question: how do Entrepreneurial Coaching processes vary, depending on their aim, to reach entrepreneur's and/or investors' goals in SMEs? To answer this question, this research built on the Two-Dimensional Framework of EC as previous studies on EC on how entrepreneurs are being coached by coaches. Based on the interviews, we found that the Two-Dimensional Framework of EC is a solid foundation in how entrepreneurs should be coached by coaches. We found that there are several dimensions in EC that strongly influence the process and outcome of an EC process, besides the relationship between entrepreneurs' learning outcomes and coaches' coaching functions in EC.

Firstly, this thesis extents current literature on EC by showing how specific coaching functions are related to specific EC learning outcomes. Our findings showed that cognitive learning is related to skill trainer and advisor, affective learning is related to companion and sparring partner, behavior development is related to business development assistant and result development is related to advisor and implementation guide. In the paper of Kotte et al. (2021), indications were given for these results. For example, venture related learning outcomes (result development) were related to educating and implementing coaching behaviors (advisor and implementation guide) (see Figure 2). These show that certain learning outcomes, positively benefit from specific coaching functions.

Secondly, our results contribute to EC research by exploring how the coaches' and entrepreneurs' background influences the coaching process. When an entrepreneur has a lack or absence of entrepreneurial experience, the EC process is more focused on the entrepreneurs' individual level, such as personal-related issues. When an entrepreneur has entrepreneurial experience, the EC process is more focused on the entrepreneurs' and companies' tasks and structures. On the contrary, when coaches lack experiences, either in life or as an entrepreneur, coaches seem to rely more on theoretical knowledge in business administration. When coaches have experience, either in life or as an entrepreneur, they seem to rely more on this experience. Entrepreneurs seem to highly value advice from coaches which is based on experience. Entrepreneurs prefer to be guided through experience, because it can reduce the risk of making the wrong decision in their own future entrepreneurial activities. In both cases, coaches tend to be directive in their advice while letting the entrepreneur make the decisions, which is received as valuable from the entrepreneurs' perspective. In Kotte et al. (2021), entrepreneurs described a lack of directive advice from coaches, which does not correlate with our findings. Besides the absence or presence of entrepreneurial experience in entrepreneurs, entrepreneurs showed specific personality traits such as studious, stubborn and risk aversion behaviors. This stubborn and risk aversion behaviors could come from the fact that these entrepreneurs are the heart and soul of their company (Freiling, 2008), which could make this company feel as their child. In the literature by Freiling (2008) and Kotte et al. (2021), this was suggested as a crucial difference between managers and entrepreneurs. That is why, entrepreneurs should be coached differently than managers, by firstly establishing a personal trust relationship with the entrepreneur so that this entrepreneur feels comfortable to "hand over their child"

to the coach. Furthermore, the studious behavior of entrepreneurs was displayed through a high level of coachability which is known to positively influences an EC process (Kuratko et al., 2021).

Thirdly, this thesis lays the foundation on the research to third-party participants such as investors in EC. In SMEs, investors tend to provide coaching as a mandatory side element besides the initial investment. The findings in this research indicate potential crucial factors that could lead to a different outcome once an investor is involved. An investor participation on an EC process has an effect on the process and outcome of an EC process. Based on Kotte et al. (2021), we assumed that an investor could be participating in an EC process as a third party, besides the other two parties namely the entrepreneur and coach. However, our findings showed that in SMEs investors act as a coach in a duality role, instead of being merely the investor. The investor participating in an EC process in this duality role strongly affects the learning outcome of the entrepreneur and the coaching process. Learning outcomes are not personal or individual focused in these situations. Our research found that, this is because the focus of the investment (and investor) is to create a yield on the investment. Of course, entrepreneurs could still be in the need of personal coaching, but this is performed by the entrepreneur with an other coach outside the EC process with the investor. It is hard for entrepreneurs to share their personal insecurities or flaws, while still showing to the investor that they are able to take the company to next step. Besides, investors seek for entrepreneurs that are capable of creating financial yield, which creates conditions that an entrepreneur must meet to initially receive an investment. The coachability of an entrepreneur is one of the most crucial conditions, and often entrepreneurs that are not coachable will likely not receive an investment. Where coaches that are not the investor see a personal-related learning outcome as a positive challenge to tackle and improve the entrepreneur, coaches that are the investor see these personal-related learning outcomes as a potential risk for the investment. Kuratko et al. (2021) suggested that the coachability of an entrepreneur could play an important role in receiving an investment. We extent the knowledge on coachability as described by Kuratko et al. (2021), that it has a positive effect on the coaching process and this coachability increases as the personal relationship improves.
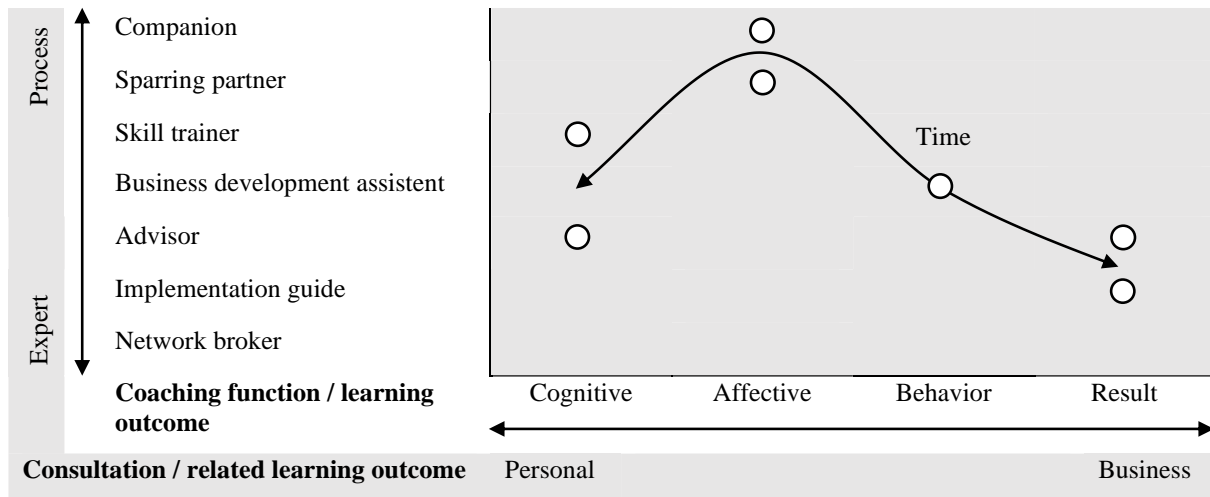
Fourthly and crucially, a novelty in the research on EC is the influence time has on EC. In our study, interviews showed that through the time in EC, learning outcomes, coaching functions and the personal relationship between the entrepreneur and coach could change. When two individuals (coach and entrepreneur) work together, a personal relationship is created and develop over time. The growth of the personal relationship between the coach and entrepreneur, can influence the learning outcome of the entrepreneur. Entrepreneurs could feel more comfortable and safer with the coach once a personal relationship is established, too open up on more personal related issues. This means that when a coach and entrepreneur have no personal relationship at the start of the EC process, the learning outcome can develop from a business-related learning outcome to a personal-related learning outcome, as the personal relationship grows. Although the on EC did not mention the effect of time, literature on coaching

processes in general indicated time as a factor in these coaching processes. A study in coaching process on a longitudinal line by De Haan and Niess (2012), described that coaching outcomes are different over time and there are patterns in changes over time. Furthermore, Gardiner (2012) noted that a foundation of coaching processes is the trusting relationship between a coach and coachee, and that this trusting relationship developed over time. Because in most occasions a personal relationship is not in place at the start of a coaching process, we expect that the learning outcomes develop over time from a from a business-related learning outcome to a personal-related learning outcome.

Our research shows that the current research on EC is a solid foundation in understanding the process of how entrepreneurs are being coached by coaches. We build upon this foundation by indicating potential relationships between specific learning outcomes of entrepreneurs and coaching functions of coaches. In these EC processes, we contribute to the literature by extending the described dimensions by Kotte et al. (2021) and adding the crucial dimension 'time'. In Figure 3, we integrated our findings of Table 5 and the crucial dimension 'time' with Figure 2 of Kotte et al. (2021). In Figure 3, we elaborated the X and Y axis of the Two-Dimensional Framework of Kotte et al. (2021), namely the expert and process consultation approach and the personal and business related learning outcomes, with the corresponding coaching functions and learning outcomes. The relationship between the coaching functions and learning outcomes is showed through the white dots in Figure 3. The crucial dimension 'time' is represented with the line between and through the white dots, which shows that through time the learning outcomes develop from personal to business or the other way around.

As discussed previously, specific learning outcomes are related to specific coaching functions. This means that when the learning outcome changes over time, the coaching function has to change with it to assure a positive outcome of the EC process. Besides, as the personal relationship grows, the coachability of an entrepreneur grows with it. As individuals trust each other more, they are more likely to take on advice and directions. An exception on the growth of the personal relationship is when there was already a personal relationship in place before the start of the EC process. In these occasions, entrepreneurs already are in the safe environment to share personal related issues. However, if a personal relationship is too tight and strong, coaches and entrepreneurs could avoid giving certain critique, feedback or advice because it could possibly negatively influence the personal relationship between the two individuals outside of the EC process. The Two-Dimensional Framework on EC by Kotte et al. (2021) shows initial relationships between coaching functions and learning outcomes, we extent this framework through Figure 3 in which we show the relationship between coaching functions and learning outcomes and how this develops over time.

**Figure 3** *The development of the relationship between coaching functions and learning outcomes over time in EC*

Process

Companion

Sparring partner

Skill trainer

Business development assistent

Advisor

Implementation guide

Expert

Network broker

**Coaching function / learning outcome**

Time

Cognitive    Affective    Behavior    Result

**Consultation / related learning outcome**    Personal    Business

## 5.1. Practical implications

Next to the theoretical contributions, this study also provides practical implications for SME entrepreneurs, coaches, management consultants and investors. At the beginning of an EC process, it is crucial for entrepreneurs and coaches to clearly identify the learning outcome(s) of the entrepreneur and the coaching function(s) of the coach. It could be that a coach performs specific coaching functions better than other coaching functions. During the EC process, it is crucial to evaluate and re-determine the learning outcome. This is not only relevant for entrepreneurs that participate or will participate in an EC process, it is also highly relevant for managers that are going to be or are involved in coaching processes. As a coachee, to be aware of your learning outcome and if and how this evolves over time, is crucial for the success of this learning outcome and coaching process. If this learning outcome has changed, the coach should be aware of their own capabilities and displayed coaching function, and whether this still meets the demands (new learning outcome) of the entrepreneur. If this does not suit the demands and learning outcomes of the entrepreneur, the coach should decide that a different coach is more suitable or that the coach should learn new coaching functions. For managers that oversee coaching processes or that are a stakeholder in the coaching process of an employee, it is important to measure the learning outcome and coaching function of the coachee and coach. This can be measured through analyzing the behavior of both individuals and comparing this to the detailed descriptions of the coaching functions and learning outcomes. Through these measurements, the manager can decide whether the coaching process is or will be successful.

Furthermore, it is crucial for entrepreneurs to be aware of their own strengths and weaknesses before starting an EC process. This could be done through companies that measure these strengths and weaknesses through various personal assessments. Especially when this EC process runs trough an investment and investor. For this, the coachability, a certain level of independence and a non-personal learning outcome are key elements for entrepreneurs if they want to receive an investment and additional coaching from an investor. For investors it is crucial to acknowledge that entrepreneurs could still be in the need for personal coaching, which should run through a separate coach. On the contrary, it is crucial

for entrepreneurs to know that they could still have personal-related learning outcomes, but that they should deal with this through a personal coach and not the investor that provides additional coaching.

## 5.2. Limitations & Future research

As every research, this study is not without limitations. These mainly concerns the number of participants and participating coaching pairs, the phase of the coaching process when it was analyzed and the population from which the sample was taken. Firstly, the results cannot be generalized for the entire population because the number of participants is limited compared to the total population. This counts for the coaching pairs as well as for the investors. Thus, future research on EC could test the suggestions made in this study using a larger and a more representative sample to explore further this topic and extend the current results. Besides, this study did not use any theorical model on how to define the learning outcomes and coaching function of entrepreneurs and coaches in any specific point in time. To further ground the importance of time and how learning outcomes develop over time, a definition of the displayed learning outcomes and coaching functions through a theoretical model is desirable.

Secondly, since all coaching processes and coaching pairs were interviewed during or after the EC process, we did not get the perspective of entrepreneurs and coaches prior to the EC process. Yet, entrepreneurs firstly overcome a threshold to acknowledge the need for help and coaching, which could influence the studious behaviors and coachability of the entrepreneur. Hence, future research on EC could study entrepreneurs that have not or cannot overcome this threshold and study the coaching pairs that have not started the EC process yet. This study was cross-sectional, i.e., we collected the data at one point in time of the EC process. As thoroughly discussed, EC processes develop over time. Therefore, future research could follow the development of the EC process in the learning outcomes, coaching functions and personal relationship through a longitudinal qualitative study. Thirdly, another limitation of our study is that our sample is mainly composed by Dutch people. Personal and professional relationships are influenced by cultural differences (Taylor, Welch, Kim, & Sherman, 2007), hence future research could explore whether our findings in a Dutch setting can be applied also to other national context.

## 5.3. Conclusion

Would a parent hand over their child to a stranger, or let a stranger give them advice on how they should raise their child? Most parents presumably will not. Parents most likely hand over their child and take advice on how they should raise their child from a confident. There is a parallel with this example, to Entrepreneurial Coaching. For entrepreneurs, their company feel like their child and there is a threshold to take advice on their entrepreneurial activities from an external coach. This threshold can be overcome through the establishment of a trusting personal relationship between the entrepreneur and coach. A crucial factor that we found in this study, that influences the outcome of an EC process, is the effect time has on the learning outcome of the entrepreneur, coaching function of the coach and personal relationship between both individuals. As time proceeds in coaching processes, the personal relationship

between the individuals grow, as such the learning outcomes grows with it, which requires a different coaching function of the coach. Thus, over time, the coach becomes a confidant of the entrepreneur which positively influences the coachability of the entrepreneur and outcome of the coaching process. For investors this coachability of an entrepreneur is one of the most crucial conditions in the investment decision, and often entrepreneurs that are not coachable will likely not receive an investment.

This study aimed to explore how coaching process vary, depending on their aim, to reach entrepreneurs' and or investors' goals in SMEs. The results of the interviews show that coaching processes in SMEs vary based on the learning outcome of entrepreneurs, displayed coaching functions of coaches, background characteristics of the participants in EC processes, whether the coach has a duality role as an investor and how the personal relationship develops over time. The direction of this study was chosen based on the importance of SMEs in national economies, and the important role entrepreneurs have in these SMEs. Therefore, we hope that the subject of Entrepreneurial Coaching within SMEs and coaching firms will receive more attention in the future, both in literature and in practice, to achieve the goals of entrepreneurs and investors.

# References

de Aguiar, R. B., Silva, D. S., ten Caten, C. S., & Silva Filho, L. C. P. (2019). Lean Mentorship: Fitting external support to entrepreneur needs over the startup development. *Production, 29, e20190078.* https://doi.org/10.1590/0103-6513.20190078.

Allen, T.D., Eby, L.T., Poteet, M.L., Lentz, E., & Lima, L. (2004). Career benefits associated with mentoring for protégés: A meta-analysis. *Journal of Applied Psychology, 89*(1), 127–136. DOI: 10.1037/0021-9010.89.1.127

Audet, J., & Couteret, P. (2012). Coaching the entrepreneur: Features and success factors. *Journal of Small Business and Enterprise Development, 19*(3), 515–531. DOI 10.1108/14626001211250207

Bamberger, P.A. (2018). AMD—Clarifying what we are about and where we are going. *Academy of Management Discoveries, 4*(1), 1-10. https://doi.org/10.5465/amd.2018.0003

Bartlett, W., & Bukvi, V. (2001). Barriers to SME growth in Slovenia. *MOCT-MOST: Economic Policy in Transitional Economies, 11*(2), 177-95. DOI: 10.1023/A:1012206414785

Ben Ahmed, K. (2019) Business coaching for Tunisian entrepreneurs: features and success factors. *Global Knowledge, Memory and Communication, 69*(6-7), 417-426. DOI: 10.1108/GKMC-01-2019-0004

Ben Salem, A., & Lakhal, L. (2018). Entrepreneurial coaching: how to be modeled and measured? *Journal of Management Development, 37*(1), 88-100. DOI: 10.1108/JMD-12-2016-0292

Berman, W.H. (2019). Coaching C-suite executives and business founders. *Consulting Psychology Journal: Practice and Research, 71*(2), 72–85. DOI: 10.1037/cpb0000128

Blackman, A., Moscardo, G., & Gray, D. E. (2016). *Human Resource Development Review, 15*(4) 459–486. DOI: 10.1177/1534484316673177

Bosma, N., Hessels, J., Schutjens, V., van Praag, M., & Verheul, I. (2012). Entrepreneurship and role models. *Journal of Economic Psychology, 33*(2), 410–424. DOI: 10.1016/2011.03.004

Bozer, G., & Jones, R.J. (2018). Understanding the factors that determine workplace coaching effectiveness: A systematic literature review. *European Journal of Work and Organizational Psychology, 27*(3), 342–361. DOI: 10.1080/1359432X.2018.1446946

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology, 3*(2), 77–101. DOI: 10.1191/1478088706qp063oa

Brinkley, M. L., & Le Roux, I. (2018). Coaching as a support function for potential entrepreneurs. *The Southern African Journal of Entrepreneurship and Small Business Management, 10(*1), 1–12. DOI:10.4102/sajesbm.v10i1.99

Brinsky, A. (2006) 'American public opinion in the 1930s and 1940s: The analysis of quota-controlled sample survey data'. *The Public Opinion Quarterly 70*(4), 499-529. DOI: 10.1093/poq/nfl021

Bryman, A., & Bell, E. (2015). "*Business Research Methods*" 4th edition, Oxford University Press.

Cardon, M.S., & Patel, P.C. (2015). Is stress worth it? Stress-related health and wealth trade-offs for entrepreneurs. *Applied Psychology: An International Review, 64*(2), 379–420. DOI: 10.1111/apps.12021

Cerruti, C., Tavoletti, E., & Grieco, C. (2019). MC: a review of fifty years of scholarly research. *Management Research Review, 42*(8), 902-925. DOI: 10.1108/MRR-03-2018-0100

Ciuctha, M. P., Letwin, C., Stevenson, R., McMahon, S., & Huvaj, M. N. (2017). Betting on the coachable entrepreneur: Signaling and social exchange in entrepreneurial pitches. *Entrepreneurship Theory and Practice, 42*(6), 860–885. DOI: 10.1177/1042258717725520

Crompton, B.M. (2012). *The effect of business coaching and mentoring on small-to-medium enterprise performance and growth* (Dissertation). Melbourne, Australia: RMIT University

Crompton, B.M., & Smyrnios, K.X. (2011). *What difference does business coaching make to entrepreneurs' firm performance and future growth?* Paper presented at the 56th ICSB World Conference, Stockholm, Sweden.

De Haan, E., & Niess, C. (2012). Critical moments in coaching case study: illustration of a process research model. Consulting Psychology Journal: Practice and Research, 64(3), 198-224. DOI: 10.1037/a0029546

Dickson, J., Kirkpatrick-Husk, K., Kendall, D., Longabaugh, J., Patel, A., & Scielzo, S. (2014). Untangling protégé self-reports of mentoring functions. *Journal of Career Development, 41*(4), 263–281. DOI: 10.1177/0894845313498302

Dobrea, M., & Maiorescu, I. (2015). Entrepreneurial Outcomes and Organisational Performance Through Business Coaching. *Amfiteatru Economic, 17*(38), 247-260.

Dowejko, M.K., & Chan, E. (2019). *Mentoring functions in entrepreneurial formal mentorship*. Paper presented at the European Academy of Management, 19th Conference, Lisbon, Portugal.

Edmundson, A., & McManus, S. (2007). Methodological Fit in Management Field Research. *The Academy of Management Review, 32*(4), 1155-1179. DOI:10.5465/AMR.2007.26586086

El Hallam, H., & St-Jean, E. (2016). Nurturing entrepreneurial learning through mentoring. *Journal of Developmental Entrepreneurship, 21*(2), 1650012. DOI: 10.1142/S1084946716500126

FEACO (2017), "Survey of the european management consultancy market 2016/17", Brussels, available at: www.feaco.org/sites/default/files/sitepagefiles/Feaco%20Survey.2016-2017.pdf

Freiling, J. (2007). SME management: (What) can we learn from entrepreneurship theory*? SSRN Electronic Journal*. DOI: 10.2139/ssrn.984658

Gardiner, W. (2012). Coaches' and New Urban Teachers' Perceptions of Induction Coaching: Time, Trust, and Accelerated Learning Curves. *The Teacher Educator, 47*(3), 195-215. DOI: 10.1080/08878730.2012.685797

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research:

39

Notes on the Gioia methodology. *Organizational Research Methods, 16*(1), 15–31.
DOI: 10.1177/1094428112452151

Hadjimanolis, A. (1999). Barriers to innovation for SMEs in a small less developed country (Cyprus). *Technovation, 19*(9), 561-70. DOI: 10.1016/S0166-4972(99)00034-6

Idris, M. M. B., Abu Bakar, S. B. (2020). Perceived Usefulness of Business Coaching on the Relationship between Entrepreneurial Competencies and Business Success. *Journal of Asian Finance, Economics and Business,7*(10),329 – 338. DOI: 10.13106/jafeb.2020.vol7.no10.329

Jayaraman, N., Khorana, A., Nelling, E., & Covin, J. (2000). CEO founder status and firm financial performance. *Strategic Management Journal, 21*(12), 1215–1224.
DOI: 10.1002/1097-0266(200012)21:12<1215::AID-SMJ146>3.0.CO;2-0

Kaufmann, A., & Tödtling, F. (2002). How effective is innovation support for SMEs? An analysis of the region of Upper Austria. *Technovation, 22*(3), 147-59. DOI: 10.1016/S0166-4972(00)00081-X

Kotte, S., Diermann, I., Rosing, K., Möller, H. (2021). Entrepreneurial Coaching: A Two-Dimensional Framework in Context. *Applied Psychology, 70*(2), 518-555. DOI: 10.1111/apps.12264

Kubr, M. (2002). Management Consulting: A Guide to the Profession. *International Labour Organization* (4th ed.) Geneva.

Kuratko, D. F., Neubert, E., & Marvel, M. R. (2021). Insights on the mentorship and coachability of Entrepreneurs. *Business Horizons, 64*, 199-209.
https://doi.org/10.1016/j.bushor.2020.11.001

Kutzhanova, N., Lyons, T.S., & Lichtenstein, G.A. (2009). Skill-based development of entrepreneurs and the role of personal and peer group coaching in enterprise development. *Economic Development Quarterly, 23*(3), 193–210. DOI: 10.1177/0891242409336547

Mansoori, Y., Karlsson, T., & Lundqvist, M. (2019). The influence of the lean startup methodology on entrepreneur-coach relationships in the context of a startup accelerator. *Technovation, 84–85*, 37–47. DOI: 10.1016/j.technovation.2019.03.001

Mathieu, J. E. (2016). The problem with [in] management theory. *Journal of Organizational Behavior, 37*(8), 1132–1141. https://doi.org/10.1002/job.2114

McGregor, J., & Tweed, D. (2002). Profiling a new generation of female small business owners in New Zealand: Networking, mentoring and growth. *Gender, Work and Organizations, 9*(4), 420–438. DOI: 10.1111/1468-0432.00167

McIntosh, M. J., & Morse, J. M. (2015). Situating and constructing diversity in semi-structured interviews. Global Qualitative Nursing Research, 1-12.

Miles, M. B. & Huberman, A. M. (1994). Qualitative data analysis: An expanded sourcebook (2nd ed.). Thousand Oaks, CA: Sage.

Müller, K. D., & Diensberg, C. (2011). *Methoden und Qualität in Gründungslehre,*

*Gründungscoaching und Gründungsberatung: Interventionen und innovation.* 1st edition. Lohmar, Germany: Eul.

Nicholas, J., Ledwith, A., & Perks, H. (2011). New product development best practice in SME and large organisations: theory vs practice. *European Journal of Innovation Management, 14*(2), 227-251. DOI: 10.1108/14601061111124902

Saadaoui, S., & Affess, H. (2015). Evaluating the role of coaching on developing entrepreneurial self-efficacy. *European Journal of Business and Social Sciences, 3*(11), 54–61.

Saunders, M., Lewis, P., & Thornhill, A. (2009). Research methods for business students (5ᵗʰ ed.). Harlow, England: Financial Times/Prentice Hall.

Schein, E.H. (1990). A general philosophy of helping: Process consultation. *Sloan Management Review, 31*(3), 57–64.

Schermuly, C.C., Wach, D., Kirschbaum, C., & Wegge, J. (2021). Coaching of insolvent entrepreneurs and the change in coping resources, health, and cognitive performance. *Applied Psychology: An International Review, 70*(2), 556-574. DOI: 10.1111/apps.12244

Schreyögg, A. (2010). Ist coaching reine prozessberatung oder sind hier auch andere beratungsmodelle relevant? *Organisationsberatung, Supervision, Coaching, 17*(2), 119–132. DOI: 10.1007 / s11613-010-0185-x

Shapira, Z. (2011). "I've got a theory paper-do you?": Conceptual, empirical, and theoretical contributions to knowledge in the organizational sciences. *Organization Science, 22*(5), 1312–1321. https://doi.org/10.1287/orsc.1100.0636

Stephan, U. (2018). Entrepreneurs' mental health and well-being: A review and research agenda. *Academy of Management Executive, 32*(3), 290–322. DOI: 10.5465/amp.2017.0001

Stern, L.R. (2004). Executive coaching: A working definition. *Consulting Psychology Journal: Practice and Research, 56*(3), 154–162. DOI: 10.1037/1065-9293.56.3.154

St-Jean, E. (2011). Mentor functions for novice entrepreneurs. *Academy of Entrepreneurship Journal, 17*(1), 65–84.

St-Jean, E., & Audet, J. (2012). The role of mentoring in the learning development of the novice entrepreneur. *International Entrepreneurship and Management Journal, 8*(1), 119–140. DOI: 10.1007/s11365-009-0130-7

Strauss, A., & Corbin, J. (1998). Basics of qualitative research: Techniques and procedures for developing grounded theory (2nd ed.). Sage Publications, Inc.

Taylor, S.E., Welch, W.T., Kim, H.S., & Sherman, D.K. (2007). Cultural differences in the impact of social support on psychological and biological stress responses. *Psychological Science, 18*(9), 831-837. DOI: 10.1111/j.1467-9280.2007.01987.x

Tetrick, L.E., Slack, K.J., Da Silva, N., & Sinclair, R.R. (2000). A comparison of the stress-strain

process for business owners and nonowners: Differences in job demands, emotional exhaustion, satisfaction, and social support. *Journal of Occupational Health Psychology, 5*(4), 464–476. DOI: 10.1037//1076-8998.5.4.464

Thompson, G., & Vecchio, R.P. (2009). Situational leadership theory: A test of three versions. *The Leadership Quarterly, 20*(5), 837–848. DOI: 10.1016/j.leaqua.2009.06.014

Tidd, J., Bessant, J. and Pavitt, K. (2005). *Managing Innovation: Integrating Technological, Market and Organizational Change*. Wiley, Chichester

Yang, K., Banamah, A. (2014). Quota sampling as an alternative to probability sampling? An Experimental Study. *Sociological Research Online, 19*(1), 55-66. DOI: 10.5153/sro.3199

# Appendices

## I. Interview Protocol Entrepreneur
General Questions

Prior the start of the interviews, a brief questionnaire is presented to the interviewee to gather some demographics to describe the sample later on. It addresses the following questions.

1.  What is your age?
2.  What is your gender?
3.  What is your nationality?
4.  When did you founded your company?
5.  Did you have any experience as an entrepreneur prior to starting this venture?
6.  With whom do you have a coaching process?
7.  Is there a third party investor involved in this coaching process?
8.  In what stage is the coaching process?
9.  In what form and frequency did you and the coach meet?

Interview Questions

After this short questionnaire, the interview is conducted. The questions' goal is to explore the entrepreneurs perspective and characteristics towards a coaching process.

1.  What initiated the coaching process?
2.  Prior to the coaching process, what was your learning outcome and why?
3.  How did you develop this learning outcome yourself and did a third party or the coach support in developing this learning outcome?
4.  How did this learning outcome develop during the coaching process into a new learning outcome?
    a.  If so, what was the reason?
5.  What was the approach of the coach prior to the coaching process?
    a.  What was you experience of this approach?
6.  What was the approach of the coach during the coaching process?
7.  From your perspective, did the coach apply different coaching styles or did he or she stick with one specific style during the coaching process and what was your experience with this approach?
8.  At any time during the coaching process, did you have the feeling that the coaching style of the coach suited your demands?
    a.  If no, did you discuss this with the coach?
        i.  If yes, did the coach undertake any action based on this feedback?
9.  How did you achieve your learning outcomes or are you on the right track in achieving these learning outcomes?

      a. If not, what was the reason that you didn't achieve this or are you not on the right track and who is to blame?

10. How open are you to feedback and what type of feedback suits you the best, direct or indirect?
11. Would you consider yourself coachable?
12. What is your general experience on the coaching process?

*Only applicable if Question 6 of the General Question is answered with a yes.*

13. What is your relationship with this third party?
14. What is the role of this third party in the coaching process?
15. How do you find this role of the third party?
16. How did this third play a role in initiating the coaching process?
17. How did the third party play a role in setting up the learning outcome?
18. In what frequency does the third party intervene in the coaching process?
19. If the third party left the coaching process, would this have an effect on the coaching process and learning outcome?

## II. Interview Protocol Consultant
General Questions

Prior the start of the interviews, a brief questionnaire is presented to the interviewee to gather some demographics to describe the sample later on. It addresses the following questions.

1. What is your age?
2. What is your gender?
3. What is your nationality?
4. How many years of experience do you have as a consultant?
5. With whom do you have a coaching process?
6. Is there a third party investor involved in this coaching process?
7. In what stage is the coaching process?
8. In what form and frequency did you and the entrepreneur meet?

Interview Questions

After this short questionnaire, the interview is conducted. The questions' goal is to explore the consultants' perspective and characteristics towards a coaching process.

1. Prior to this coaching process, did you have experience with coaching entrepreneurs?
2. What initiated the coaching process?
3. Prior to the coaching process, what was the learning outcome of the entrepreneur?
4. How did you identified the demands of the entrepreneur?
5. Did you intervene in determining this learning outcome?

6. Did this learning outcome develop during the coaching process into a new learning outcome?

    a. If so, what was the reason?

7. Would you consider yourself as an expert or process consultation focused consultant?

8. What was your approach prior to the coaching process?

9. What was your approach during the coaching process?

    a. Did this approach differ from time to time or did you stick with one approach?

10. Based on what arguments, did you choose to change or to stick to specific coaching functions and what was the experience of the entrepreneur with this approach?

11. At any time during the coaching process, did you have the feeling that the opted coaching style did not suite the specific demands of the entrepreneur demands?

    a. If no, did you the entrepreneur discuss this with you?

        i. If yes, did the entrepreneur undertake any action based on this feedback?

12. Did the entrepreneur achieve the learning outcomes or is the entrepreneur on the right track in achieving these learning outcomes?

    a. If not, why didn't the entrepreneur achieve this or is he or she not in the right track and who is to blame?

13. How open is the entrepreneur to feedback and what type of feedback suits the entrepreneur the best, direct or indirect?

14. Would you consider the entrepreneur coachable?

15. What is your general experience on the coaching process?

*Only applicable if Question 5 of the General Question is answered with a yes.*

16. What is your relationship with this third party?

17. What is the role of this third party in the coaching process?

18. Do you find this role of the third party as valuable or disruptive?

19. How did this third play a role in initiating the coaching process?

20. How did the third party play a role in setting up the learning outcome?

21. In what frequency does the third party intervene in the coaching process?

22. If the third party left the coaching process, would this have an effect on the coaching process and learning outcome?

## III. Interview Protocol Investor
General Questions

Prior the start of the interviews, a brief questionnaire is presented to the interviewee to gather some demographics to describe the sample later on. It addresses the following questions.

1. What is your age?

2. What is your gender?

3. What is your nationality?

4. Have you ever been involved in a coaching process?

5. Are you currently involved in a coaching process as a third party investor?

6. In what stage is the coaching process?

Interview Questions

After this short questionnaire, the interview is conducted. The questions' goal is to explore the consultants' perspective and characteristics towards a coaching process.

1. When investing in an entrepreneur, do you consider the coachability of an entrepreneur as a key condition?

    a. If so, why?

2. In your opinion, how does the coachability of an entrepreneur influences the outcome of a coaching process?

3. From an investors perspective, how does an Entrepreneurial Coaching process influences the success of an investment in a venture?

4. In your opinion, what should the role be of a consultant in a coaching process?

*Only applicable if Question 4 of the General Question is answered with a yes.*

5. In what type of coaching processes have you been involved?

6. How was this involvement? Was it close or weak tied?

7. Regarding the learning outcome of the entrepreneur, how was your involvement in the development of this learning outcome?

8. Did you, as an investor, have your own goal or desired outcome of the coaching process?

9. How did this intervene with the learning outcome of the entrepreneur?

10. How closely tied were you with the consultant?

11. Did you link the entrepreneur with the consultant?

12. How did the entrepreneur and consultant experienced your involvement?

13. What were your interests in the coaching process?

## IV. Quotes of the First order codes

| Exemplary Quotes | First order code |
|---|---|
| *"(Entrepreneur) came to me with chaos in his head, saying: I have a lot of ideas and I can't choose."* | Behavior development |
| *"(Entrepreneur) had all kinds of ideas, and that I spent an evening talking about those ideas with him and made them more concrete and structured, but above all I encouraged them. Like this are indeed good steps, so go do this now, a bit of confirmation."* | |
| *"So I'm very unstructured myself. So you can have very nice ideas, but at the moment you don't know how to implement them and how to structure them. Then it stays with ideas in your head."* | |

| Quote | Category |
|---|---|
| *"How do you do it, how do you make a business case from a product portfolio build-up, but also sales networks"* | Cognitive learning |
| *"If I have an employee here who explodes in the morning, for whatever reason, [...] and I call (coach) how would you deal with it, should I send him home or something like that? And then we'll start the conversation. And what should I ask?"* | |
| *"But there are certain parts, such as the financial plan, I really didn't understand it or do have any knowledge about it, I get stuck on that too."* | |
| *"Went more in-depth, so also very much about: who is he as a person? How was he formed in his life? What does he want to take with them in being an entrepreneur or in the company?"* | Affective learning |
| *"And then there comes a moment when you think okay, take a look around, what else are you going to do and how are we going to do that? And then I thought, I want to continue, develop further as myself, also develop further as a person and company."* | |
| *"Giving confidence, guys you are doing well, that also helps."* | |
| *"Now, for example, the conversation in (Month) will be about another piece of what else can we do there? Taking the commercial next step and what do I need in terms of people or skills in the team? What I don't have, and then the company goes one step further."* | Result development |
| *"But if you then want to grow, you need an extra step, if you expand your team at the front, all kinds of growth issues are involved"* | |
| *"I have turned my hobby into my job, it was the first business I had for myself. In the beginning you take a number of steps and that went very well. Well, then you hire a bunch of staff, and then the question comes up okay and what then and what else can you become? And how do you get to the next phase."* | Learning outcomes over time |
| *"I think the main goal, for us, was to get coaching on how to properly shape and streamline growth and ensure that you actually make the most of your potential."* | |
| *"You never stop learning and it is occasionally very good to have external people look at and reflect on your company and sometimes they may also need to connect some people from their network. And I think that in such a way you also just have a fresh pair of eyes that look at my company and that is just nice with (coach)"* | |
| *"A year later, when (entrepreneur) finally made the decision and started his own business, our professionalization continued even further [...]. But she needed resources for that (finance). For this, (entrepreneur) had to show a business plan in order to be able to acquire (finance). That was important for (enterprise), to grow and be successful. So there have been two learning outcomes."* | |
| *"So getting the list complete and then sorting and choosing that list. That was the big issue, we did that in a few sessions. That actually went very quickly. And after that, the focus of the process actually shifted to what you encounter as an entrepreneur when implementing the choices."* | |
| *"It's more, keep it up, make sure you don't fall over, make sure you're prepared for the next success case. So I'm looking for feedback on how we are doing as a (company) and where we are completely wrong. (Coach) gives us confidence that we are doing well."* | |
| *"We started together and it is a process of at least two years, also really in this role as a coach. And as an investor, three years, plus minus four years, maybe."* | |
| *"We are really, say, in this early stage growth phase, because we are setting the foundation. We do that and then we want to make room again."* | |
| *"He is genuinely interested, he gives that feeling and that makes it fun to do these kinds of things."* | Companion |

| | |
|---|---|
| *"In any case, doing a good intake is important in this profession. So that has to do with all the assumptions you make. [...] but test your assumptions so that has to do with good listening. What exactly does someone mean? So you say turnover, but what do you mean by turnover? So there is an assumption behind that, that this is about euro turnover per month, for example. But that doesn't have to be the case, so that testing actually starts with collecting the facts."* | |
| *"Letting yourself fill it in and it's putting the question back down and then seeing which route we choose and reflecting on it, other than turning around and saying: yes, you should actually do it that way. So I think that the initiative is very much up to us and I like that, because we have become entrepreneurs for a reason."* | Sparring partner |
| *"Directing in making decisions but making (entrepreneur) own decisions, so I'm not going to say if I were you I would do this. So through asking questions (entrepreneur) overlooks the consequences of the choice."* | |
| *"(Entrepreneur) especially needed someone with whom he could spar, who can think along with him."* | |
| *"Initially listening and asking questions, but also stimulate me a bit that entrepreneurship is part of it and you have to dare to take steps, and risks are part of that."* | |
| *"It's certainly not that he pulls it out, but his way of asking questions makes you think for yourself."* | |
| *"Can we spar again, and then (coach) says what do you want to talk about? And then often a number of questions come in preparation, by mail, from (coach) and then our coach conversations are a bit of an open session. And often a little sparring with each other. (Coach) can also listen very well and reflect very well"* | |
| *"For example, now I'm going to give (entrepreneur) models and theoretical knowledge more often so that (entrepreneur) gets more handles in this."* | Skill trainer |
| *"In particular, also called a theoretical framework of business administration, this is systematically going through all aspects of business management."* | |
| *"That (entrepreneur) asks the question: which customers should I do business with? But that's kind of an assumption, I guess, (entrepreneur) would have liked to get it off my list. With these five clients, here you have it, but it doesn't work that way, the world doesn't work that way. So that may feel unsatisfactory for a while, but because we then draw up criteria together that (entrepreneur) can look at, (entrepreneur) can go a step further, after which (entrepreneur) only has to do that himself."* | Business development assistent |
| *"Where do you want to go? So set your goals where you want to go in x number of years? What and which products do you have, what is your quality? And we're going to look like okay, what have you got? And which way do you want to go?"* | |
| *"On the other hand, for example, when we were talking about (business opportunity) and then (coach) just started asking questions like: But why would you do it? Why not do it? Or when we were sitting with the (other business opportunity), what do you have the passion for? Because you already have several things, of course, you can look at what can I earn money with. But also the question is do I like it or not, and if you don't like it, who will do it for you?"* | |
| *"We started really at the beginning by mapping that company, creating a dot on the horizon, what kind of (product)? What do you spend your time on? And then we jointly extracted a mission and a vision from that, which we tested and also various products."* | |
| *"Then I call in a third party if a budget has to be read and reviewed."* | Advisor |
| *"(Coach) often makes good suggestions about what to do and yes, that always pleases you."* | |

| | |
|---|---|
| *"Because I (coach) am also an entrepreneur myself, sometimes you can give someone a kind of insight that they just hadn't thought of at all"* | |
| *"From someone's experience and history, I think (coach) does that pretty well, because it helps. Of course if someone speaks from experience and not just from theory or from the consultant role, and I think he chooses that balance well."* | |
| *"But of course he has started several companies himself, so he knows all those processes. He knows the growing pains."* | |
| *"Frame those 20 plans in (entrepreneur) head into one goal that (entrepreneur and coach) will work towards"* | Implementation guide |
| *"So you can set priorities and if you know that with your own experience, it gives such an entrepreneur peace of mind in the first instance, but above all a lot of clarity and if there are problems you also know how to solve them quickly and with which people. That's especially important, which parties can help."* | |
| *"So it's putting on paper what needs to be done to get this done and let's also put on paper what happens if it's a lot less than we think you're going to do and what if it's a lot more."* | |
| *"In the first year that (coaching style) was great, then you can learn a lot of things from (coach) that you do not have yourself. Now I notice that it sometimes becomes a bit more difficult because that (coach) does not have the (experience) so to speak. Now it is more on the (personal side) and I sometimes notice that (coach) does not have enough (experience) for that. So I sometimes doubt that. Is it still the right match?"* | Coaching functions and time |
| *(Coach) is very much at home in this (entrepreneurial sector) and I am not at all, and in that it was very much looking for how can you connect with each other? And (coach) is inclined to talk very much in professional jargon and then he loses me very quickly, because that is not my profession. And (coach) is very inclined to then (directive behaviour) [...]. But that is not all as obvious to me as with (coach), so that I notice that I needed more in that. Maybe it didn't always match what I needed at that moment and with the learning outcome I had at that moment.* | |
| *"I can handle direct feedback well, I think that helps and that it especially sticks if you stick a suggestion to it so that it can really do something with it and then don't have to think about it: hey, what should I do differently?"* | Studious |
| *"And I think that in such a way it's just nice to have a fresh pair of eyes looking at my company"* | |
| *"For example, you can tell me to put on my coat because it's cold outside. But yeah, just let me experience that, because it works better. I'm stubborn enough to want to choose my own path"* | Stubborn |
| *"For example, you can tell me to put on my coat because it's cold outside. But yeah, just let me experience that, because it works better. I'm stubborn enough to want to choose my own path"* | Risk aversion |
| *"Sure, and it's their baby too. So you can draw the parallel with being parents. So if you're handing your kids over to a school or daycare that's pretty normal accepted. But I think that especially mothers find that very exciting. Because it's part of what you feel very much when handing over your responsibility to someone else."* | Company is an entrepreneur's child |
| *"Well actually because I just don't know enough about (running a business). What should I think about then? Well, it's not my world at all, so I just needed someone who is familiar with it and who can give me some knowledge of the entrepreneurial field, but also give me some direction."* | Lack of entrepreneurial experience |
| *"But we are just entrepreneurs and we have built up quite a bit of resume as entrepreneurs"* | Entrepreneurial experience |

49

| | |
|---|---|
| *"I think I would coach (entrepreneur) a little more results oriented if I had to describe my style instead of an explanatory coach. So there's probably less interest and less skills on my side and also a lack of experience"* | Lack of experience |
| *"So (coach) certainly contributed ideas from the start of the trajectory and had an influence on (the learning goal)."* | Influences learning outcome |
| *"I am a process consultant. With professionals you should mainly concern yourself with what (entrepreneur) should do, but now with how (entrepreneur) should do it, because professionals find that super annoying."* | Expert in process |
| *"So the role is alternately giving indirect and direct feedback, listening and occasionally making a point and reflecting in a confrontational manner."* | Feedback style |
| *"Yes the (coaching process) has yielded me (entrepreneur) a lot, so both on the results, but also a lot of peace. So the moment you don't have structure, it can cause a lot of unrest, so it has given me a lot."* | Value of EC |
| *"Super fun, also very educational for myself (coach)"* | |
| *"I have absolutely achieved (learning outcome), we can say that. Basically everything we had planned at the time, I achieved."* | Positive outcome with EC |
| *"At first I didn't like (coaching style) because I was like, I already felt very insecure in a new world of which I have absolutely no knowledge, where I am not at home at all."* | Negative perception with EC |
| *"My goal is to take (entrepreneur) one step further and it eventually does, but it may not be as fast as (entrepreneur) would have liked."* | |
| *"No, we never have, we have not yet explicitly done an evaluation, not with a form or something like that"* | No evaluation |
| *"So some more substantive questions, which often have a link with behavior. So if you're talking about hiring other people and those people I want to take somewhere in a certain way, it has to do with how (entrepreneur) behaves. But also what KPIs he sets, for example, and how can you have that conversation with your staff. But (entrepreneur) doesn't come to me like: I want to talk to you for an afternoon about my greatest insecurities as a human being, (Entrepreneur) doesn't put it that way. That may come across well, but that's not the core."* | No personal coaching |
| *"So (entrepreneur) is really intertwined with the company"* | Importance of personal relationship |
| *"In addition to being an entrepreneur, I am also just a person and that is of course very intertwined"* | |
| *"Where you might just dare to expose yourself a little more, where you just have a personal click"* | |
| *"Well, I think the personal relationship is more of a burden than a value, because I think it's nicer if you just have a professional relationship with someone in it, because every now and then all kinds of other things come into play because it's a private contact. and then there is more at stake. So you may be less likely to give clear feedback to someone because personal interests play a part."* | Too personal relationship is negative for coaching |
| *"The fact that you already have a friendly relationship from before, of course, makes it easier to broach all kinds of things."* | Personal relationship and time |
| *"I even called him once at the beginning and said: have you now done what we agreed? [...] also getting to know someone a little before you know how they are put together."* | |
| *"[...] understand them as an individual"* | |
| *"[...] I had to adapt more to (coach), that (coach) could adapt to me."* | |

| | |
|---|---|
| *"Yes, I think that the first one or two conversations you have to sniff each other and you have to get to know each other. There was a click right away but we needed a few hours to understand how we both work."* | |
| *"I think the trust and click was there immediately, otherwise we wouldn't have started, but in the beginning it was more about (the company) and less about myself. And it is now more often about myself and my personal learning goals because there is now a relationship of trust that was not there before. So that bond of trust has grown considerably."* | |
| *"I think that's the case with any relationship anyway. Of course, the more you talked to each other, the more depth our relationship really got. I think that (coach) is more free to say what (coach) thinks, feels and wants to say."* | |
| *"The better you get to know each other, the better you know what the other person needs and the better you know why that other person makes certain choices and why."* | |
| *"Coachability is one of the most important conditions and the thing that you're looking for in an entrepreneur when you're investing in them is that they're able to get things done."* | Promotion of coachability as an investment |
| *"And if you think that your solution, it's a nice big square, is going to fit in that circle. If you push it enough, then you're probably not coachable and you're probably not going to be the one that gets the contract in."* | |
| *"Am I then coachable? Yes, I am open to the things that are indicated to me and I do something with them."* | Entrepreneur is coachable |
| *"And I think that coachability element of the entrepreneur is normally there when the company is doing ok. If the company really goes into difficult territory, then you truly see the underlying personality, the underlying willingness to be coachable or to, you know, to work together with the investor or the other parties that are involved."* | Coachability depends on situation |
| *"A company has to make choices in all areas. [...] you name it. We (investor) give that financial injection, but that is always accompanied by sharing our entrepreneurial experience."* | Investor is involved as coach |
| *"It is not only cold money, but also just advice, thinking along with coaching where necessary."* | |
| *"Now what are you giving us other than money? [...] there is an expectation that you (investor) are going to help."* | |
| *"And it is true that those entrepreneurs themselves remain responsible. So we're not going to sit in the chair of a CEO who secretly hangs over it and wants to enforce things."* | |
| *"But you don't want to be the one that's basically sitting on the seat of the director."* | |
| *"So many things have to be decided on the road to success and progress. And then it's about making choices more consciously and setting priorities."* | |
| *"All entrepreneurs receive different amounts of coaching depending on what they require, more intensive normally in the beginning of the process."* | |
| *"The coach is just money that's going out of the company.* | Role of coach |
| *"The entrepreneur always knows what they're going to do. A coach's role is just to bring it out of them. Entrepreneurs just need coaching on the specific things, it's just about asking the right questions."* | |
| *"Coaching or technical assistance sometimes can slow down certain companies because they come to rely on the expertise and the views, rather than charting their own course."* | |
| *"I think, the role of the coach should be with the investor or one of the parties that is invested in some way in the process, so it should be a stakeholder"* | |
| *"They must have the capabilities to really do the job well"* | |

| | |
|---|---|
| *"A more rounded individual that's willing to talk with partners, is willing to listen and can actually create solutions for people"* | Conditions of entrepreneur |
| *"An entrepreneur who is risk averse does not work so well for an investment"* | |
| *"So there's a balance between someone that is assured in terms of what they want and will focus or someone who's just bloody minded and is going to continue hitting themselves against the same brick wall time after time."* | |
| *"I'd say the best entrepreneurs and the best returns come from those companies where the coaching has been more structural and less ad hoc, and also where the entrepreneurs are able just to problem solve by themselves."* | |
| *"If the relationship on coaching is more life coach to get over the problems, the entrepreneurs having, etc., then I think that's detrimental and doesn't help the end goal (of the investor)."* | Importance personal relationship |
| *"So let's say for example, I don't sleep anymore because I'm stressed about a certain goal, which I may or may not achieve. That is of course very difficult to say (to the investor coach). That immediately has all kinds of implications for how your investor relationship is with each other, if you have to discuss quarterly reports a day later."* | |
| *"The fact that you already have a friendly relationship from before, of course, makes it easier to broach all kinds of things."* | |
| *"I even called him once at the beginning and said: have you now done what we agreed? [...] also getting to know someone a little before you know how they are put together."* | |
| *"[...] understand them as an individual"* | |
| *"[...] I had to adapt more to (coach), that (coach) could adapt to me."* | |
| *"Yes, I think that the first one or two conversations you have to sniff each other and you have to get to know each other. There was a click right away but we needed a few hours to understand how we both work."* | |
| *"I think the trust and click was there immediately, otherwise we wouldn't have started, but in the beginning it was more about (the company) and less about myself. And it is now more often about myself and my personal learning goals because there is now a relationship of trust that was not there before. So that bond of trust has grown considerably."* | |
| *"I think that's the case with any relationship anyway. Of course, the more you talked to each other, the more depth our relationship really got. I think that (coach) is more free to say what (coach) thinks, feels and wants to say."* | |
| *"The better you get to know each other, the better you know what the other person needs and the better you know why that other person makes certain choices and why."* | |
| *"Achieve the eight percent return per annum per company, we meet every month to a greater or lesser degree to see what the returns could be."* | Financially |
| *"I think most investors have gone through that process with their own company in the past. So there is more of an understanding and being able to ask the right questions and understand the levels of fear or trepidation and stress that can come, but also help to get to the right solutions for those challenges."* | Impact |
| *"Investors want to be involved back at that pioneering stage of business again"* | Entrepreneur becomes independent |
| *"It is that the entrepreneur doesn't need you anymore."* | |
| *"When you can see them grow and you actually almost become superfluous as a coach, but you become a friend and you know, you can move on and you can still be in contact with them afterwards."* | |

| | |
|---|---|
| *"After three years you have to look for new teachers, at that moment you start to see mannerisms and patterns from your teacher and the learning effect has somewhat worn off. It doesn't look like a disqualification from the teacher, but a new relationship gives a new perspective."* | Growth personal relationship |
| *"I do think that over the years, that (entrepreneur) has the confidence that I make good suggestions. The past and the success of the coaching process have proven that."* | Growth coachability |
| *"So (entrepreneur) allows himself to be coached in this, he does need this. Initially, he also looked into this. I think that was just a barrier to take on this. So. That has already been a first step. You don't always have to carry everything yourself. And this idea of getting coached has only grown over the years. And (entrepreneur) also keeps coming back with other issues, so he only allows himself to be coached more."* | |