Michigan Business Challenge

Crafting Your Message: The Elevator Pitch
Parts of a Coordinated Message

Executive Summary

Core Idea

Elevator Pitch

Power Point

Business Plan

The Message of your Business Idea
Words to the Wise

You need the right message
...for the right audience
...at the right time

... clearly articulated
... and delivered with PASSION!
Elevator Pitch Overview

- Parts of a Coordinated Message
- Elevator Pitch
  - Purpose
  - Key Components
- Hints and Reality Checks
- MBC Round One
- ZLI Programs & Resources
Parts of a Coordinated Message

- Core Idea
  - 5 Breaths
- Executive Summary
  - 2 – 5 pages generally accepted
- PowerPoint
  - 8 – 15 minutes
- Elevator Pitch
  - 1 – 3 minutes
  - 3 minutes for MBC on 12/9
- Full Business Plan
  - 15 pages + Financials

S.S.D.D.
Same Stuff, Different Delivery
The Elevator Pitch

• Succinctly and clearly describes what you do and what you are selling
• Communicates the solution to a market pain and your firm’s value
• Piques the interest of your audience
The Elevator Pitch

• Focuses on “baiting the hook” vs. telling the story
• Is the start of a longer discussion, and
• Convinces your audience to continue the conversation
• BEST FEEDBACK: “tell me more”
Key Components

- What is your idea, product, service?
- What problem is solved?
- Who needs it? Who is your market?
- Who is your competition?
- What is your competitive advantage?
- How will this company make money?
- Who are you? Your team?
- What do you want?
What is your idea, product, service?

• Market need drives idea
  – not a product
  – not a technology
• Be brief and to the point
• Avoid distracting detail
• What benefits are offered?
What problem is solved?

• Tell how market deals with “pain” now
• Clarify market need
• Connect the listener to the problem

*Bring it to life!*

Nice to hear “I like that”

Good to hear “I need that”

You want to hear “I would use that”
Who needs it? Who is your market?

• How large is this market?
  – Dollars spent
  – Units sold
  – Number of buyers

• Who pays?

• Who do you have to sell to?
Who is your competition?

• Tell how problem is currently being addressed
  – By whom?
• Be aware of competitive response
What is your competitive advantage?

• Discuss how your company is better
• Nature of advantage
  – Intellectual property
  – Key partners
  – Value chain relationships
• Is this sustainable?
How will this company make money?

• You charge whom for what?
• Be realistic
• If possible, provide credible financial measures such as
  – Margins
  – Market share
  – Customer acquisition and retention rates
• Know the customer
Who are you? Your team?

- Professional investors will “bet on the jockey, not the horse”
- Give audience reason to believe in you
- Key team members and advisors deserve mention
- Have you worked together before?
What do you want?

• What should your audience do after hearing your pitch?

• Are you looking for - - -
  – Leads
  – Partners
  – Team members
  – Investment

• What is the investment proposition?
Elevator Pitch Hints

• Pitch with passion
• Sell yourself, too
• Kill MBA babble and/or geek speak - speak English!
• Do not say “no competition”
Elevator Pitch Hints

- Focus on #1 competitive advantage
- What protects your solution?
- Execution matters more than a patent
- Highlight team’s capability to deliver
Reality Check #1

- Have you documented an innovative idea with growth potential?
- Is there a sustainable competitive advantage?
- Is the leadership team strong and experienced?
- Does your AUDIENCE know this?
Reality Check #2

• The grandmother test
• Can someone completely and technically unfamiliar with your business understand what you are doing? from hearing ONLY the elevator pitch?
How do you lose credibility?

• Core offering not linked to market need
• Gross over-simplification of the issues
• No believable go-to-market strategy
• The “1% market share” objective
• Weak team composition and experience
Final Thought

• The development of a business is a living, breathing work-in-process

So is the creation of the message
MBC Round One

• For MBC, the Pitch is 3 minutes
• No visuals
• Great ideas can be expressed succinctly
• Judges
  – 4 current and former VCs
  – 2 entrepreneurs
  – 2 RSB representatives
• Depending on number of entrants, there will be competitive tracks
MBC Round One Evaluation

• 40% - Approach
  – The presenter(s)
  – Organization

• 30% Content
  – Did you answer the questions?
  – Did you answer the questions correctly?

• 30% Value
  – Perceived value of the proposed firm
MBC Round Participation

- Only the pitch is evaluated
  - Not the Executive Summary
- Executive Summary and full business plan can and should continue to evolve
- Participants who do not reach semifinals CAN participate in subsequent years
  - Provided still a current student
ZLI Programs & Resources

• Dare to Dream Grants (next submission 1/27)
• Business Plan Competitions
  – Michigan Business Challenge ($15K Pryor-Hale Award for Best Business; >$30,000 total prize money)
  – EVC Quick Pitch
  – Intercollegiate Opportunities
  – Great Lakes Entrepreneur’s Quest (GLEQ)
• Office Hours
  – Coaching, mentoring
  – Appropriate courses
  – Referral to community agencies, networks
Questions?

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Approach 40%
Weak ------ Neutral ------ Strong

• Overall organization of content
• Credibility of presenter(s)
• Confidence & energy level of the presenter(s)
• Engagement & likeability of the presenter(s)
• Responsiveness & ability to answer questions
• Enthusiasm & motivation of entrepreneur(s)
• What is the product or service? What benefits?
• What is the market need or pain being solved?
• Who is the market? How large of a market? Who are the customers? Who will pay?
• What is the revenue model for this business? How do they intend to make money?
• What is the competitive situation? How is the market pain being addressed now, by whom?
• What is the competitive advantage?
• Who is the team? A good fit? Who else?
• Is the team’s ask appropriate? Need?
• What’s the investment proposition?
Value of the firm 30%

Unattractive ------ Neutral ------ Compelling

- The product or service
- Market need or pain that is solved
- Market size and customers
- Revenue model
- Competitive situation
- Competitive advantage
- Team
- Nature of the ask
- Investment proposition