

## GoForth's Guide to Creating the Perfect Pitch

### The Elevator Pitch

An elevator pitch is a term applied to the idea that you might, as an entrepreneur, coincidentally get on an elevator with an investor and have only a few seconds to “pitch” your business idea to them. A few seconds is not a lot of time to make a good impression, so writing and rehearsing a clear, concise, and compelling business concept statement is an important exercise. You just never know when you might use it. You can't create a pitch unless you've mapped out your business concept. Let's begin there.

### Business Concept

The first step in the development of a business model is creation of a business concept. A business concept is a clear description of your business opportunity which contains four important elements: i) who will buy? is a description of your customer – the person or business who would likely want to buy your product or service; ii) value proposition – a statement of the benefit that your customer would get from buying your product or service; iii) the product or service – a statement about what the product or service is, what it does, and whether any part of it is unique; and iv) the distribution channel – involves describing how your company will deliver your product or service to the customer in a way that meets or exceeds their expectations. Let's look at each of these elements more closely.

#### i. Who will buy?

Who would buy your product or service? It takes more than a good product or service to make a business successful. It takes customers! And yet, many entrepreneurs today cannot describe their customers. In general, the customer is who pays for your product or service. If your company designs and manufactures tools, your customers might be other businesses (known as a business to business market, or B2B market) or your customers might be consumers (known as a business to consumer, or B2C market). Your customers might be both.

Sometimes your customer is not the person or business who will use your product or service. So, it's important for you to know both your customers and the end users of your product or services. As an example, let's say you want to import antique furniture. You would buy your antiques, import them into the country, and likely sell them to local antique dealers who would then sell them to the public. So the antique dealer is your customer, and the consumer, or end user, is the one who buys the 18<sup>th</sup> century rocking chair and takes it home to admire. You may need to convince the antique dealer that there are plenty of buyers out there for your antique finds – by having a good understanding of who will buy and who will use – you will have a better understanding of your business idea's potential to succeed.

Defining the target customer is a very important step in creating a business concept. A clear understanding of who will buy your product will help you figure out the value you are adding, or the problem you are solving for the customer, and how that value will be delivered to the customer.

ii. Value Proposition and the Compelling Story

The value proposition is a clear statement of the benefits your customer gets from buying your product or service. The more specific you can make your value proposition, the better. Before we look at what makes a great value proposition, let's look at three weak ones. "We make your life better." "Our products were rated best by our customers." "This is the best system on the market today." You're probably saying, "Yeah, so what?" That's what most customers think when you communicate a weak value proposition. A strong value proposition should deliver promises to the customer, such as: increased revenue, decreased costs, improved health, improved efficiency, fewer errors, and unique solutions in less time, or improved customer retention levels.

No value proposition is complete without a compelling story – the real reason that people should care about your company, your products or services. The compelling story is the reason people would sit up and take notice of you, or your business. Here is the compelling story we created for GoForth Institute in the business model planning stage:

Every year 130,000 small businesses are started in Canada. By end of year two, over half are gone. By year five, nearly 80% are gone. Businesses fail because the execution sucks. We want to improve the human condition of small business ownership – and are launching an education program that will offer leading-edge best practices entrepreneurship training to micro business starters and owners. Customers who take our training will benefit by improving their odds of success in business – they'll have an 80% better chance of staying in business, and will generate higher revenue right from the start.

Our value proposition identifies the relatively low odds of starting and growing a business successfully, and offers our solution to the problem – improving the odds of survival by taking our comprehensive small business training.

iii. The Product or Service Definition

Most small businesses today are part product and part service. Defining exactly what your product or service is and what is unique or special about it is an important part of developing a business model. What are you offering the customer, exactly? What need are you satisfying? What problem are you solving? The product or service definition outlines what it is you are selling in a way that reflects the benefits that the user can expect to realize if they buy your product or service. Here's an example.

Jim is thinking of starting a business that rents travel trailers to adventurous campers. He realizes that one of the great hassles of trailer camping for some people is simply getting there - loading the trailer, towing the trailer, finding a campsite, setting up the trailer, then after a weekend of relaxing, doing everything in reverse. Jim's trailer rental business solves a problem – because his company transports a trailer to the campsite for the customer, sets it up, and then picks it up at the end of the camper's stay. His customer just shows up. No hassle. No disappointment of full campgrounds. More time for beer. Jim's service description looks at his service from the customer's point of view. Rather than describing the service as a trailer drop-off and pick-up service – which is what it is – the service is described through the eyes of the customer. "Jim's Trailer Rentals will supply a late model camping trailer to our customers' campsite, and take it away at the end of their stay, providing our customers with less hassle, more convenience, peace of mind, and time to relax and enjoy their camping experience."

If the product or service is proprietary, that means there is some element of your product or service design that can be protected by a patent, or trademark, it should be included with the product or service definition.

iv. The Distribution Channel

The distribution channel is the way the product or service will be physically distributed to the customer. There are many channels of distribution you could use to deliver the “benefit” to the customer, but the best one is the channel that best fulfills your customer’s expectations about where and how the product or service should be sold. Most services are delivered directly to the customer. For example, if you need a haircut, you would choose to a particular hair stylist who would sell you the service – the haircut – directly. Products, on the other hand, use intermediaries – other businesses such as wholesalers, or retailers, - to get the product in the hands of the end user. How you intend to deliver your product and service to your customer is an important part of the business model. In the next section, What is a Value Chain?, we review the importance of the value chain to your business concept.

v. Putting the Business Concept Together

Writing a clear business concept statement including a customer definition, value proposition and compelling story, product or service description and distribution method is the first activity in the development of a formal business model. Here is Jim’s Trailer Rentals business concept – his elevator pitch:

Imagine a holiday trailer vacation without the trailering! Jim’s Trailer Rentals is the leading holiday trailer rental company for adventure campers who seek less hassle, more convenience, peace of mind, and time to relax and enjoy their camping experience. Jim’s Trailer Rentals delivers a late model camping trailer to your campsite, sets it up for you, and takes it away at the end of your stay. Jim’s Trailer Rentals takes the hassle out of trailering.

Jim’s business concept statement defines the customer – adventure campers, includes a value proposition and compelling story – less hassle, more convenience, more piece of mind, more time to enjoy camping, describes the product and service – late model trailer delivered, set up and taken away, and finally, implies the distribution of the product and service is direct to the customer. This is a Perfect Pitch.