Technology Entrepreneur Center

New Fall course from Prof. Karasek!

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Join us to see which University of Illinois startups win the top prizes! Dozens of other prizes will be awarded as well, in the form of funding, cash, and in-kind prizes.

TE 250: Week 14 Pitching

Mark Karasek
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Calendar

- Content Class (1): 5/4
  - Attendance 4/27 and 5/4 mandatory – attendance will be taken (20pt penalty per class)
- Content:
  - Pitching
- Final Presentations (2): 4/27, 5/4
  - 4/27: Sole Switch, Lexilens, Prova
  - 5/4: other 6 teams
- Remaining Assignments (2): 5/4 (T), 5/4 (I)
- Extra Credit – 2 opportunities

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Agenda

- Remaining Assignments
- Financials for Startups
  - Pitching

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Due MAY 4

Final Assignments Teams – Team Pitches

Team Rubric (Peer Scoring)

This is **the group portion of the final project**. Each team will be given ~20 minutes. 10 minutes Pitch and 5-minute Q&A. Students will then be given 2 minutes to complete judging form. That will leave a couple of minutes for transitions, but each team needs to be ready to present as soon as their slot starts.

Presentation schedule

Class 14 (3 teams):

Class 15 (6 teams):

Teams are free to decide who presents but a minimum of 3 team members are required to present and all teams members should actively participate in the Q&A.

All students will individually score the other teams, so attendance is mandatory on both dates as is prompt attendance.

Q&A and Scoring: ~5 minutes

Q&A will be led by the team presenting and questioning will primarily come from the class. I may or may not ask any questions at all. Your individual active participation will be considered as part of your overall final participation grade. I will review all recordings before assigning final grades to ensure you are actively engaged in the questioning of your peers.

EXTRA CREDIT

In additional, each *student will anonymously score the other teams' presentations.* This is evidence of your ability to critically evaluate your peers' using topics learned in class.

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NB = Nota Bene (Latin = Note Well)

- Attendance is Mandatory both days
- Bring a device to access internet for scoring
- Plan well and practice
- 10 -minute pitch, 5-minute Q&A
- 2-minute scoring **(GOOGLE FORMS SHARED ON CANVAS)**
- All presentations due 5/4 at 11:59PM. Points deducted if late.
- Office Hours are available BUT don’t wait until last minute
- Good luck

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Due MAY 5

Individual Assignments – Persuasion

Your final individual assignment is to **persuade someone to support your effort**. You pick the target: recruit, investor, customer, etc. (make sure your intended audience is clearly identified or is obvious by the nature of your response). Make an argument to convince your target. **Be sure to support your case with things you've learned from working on your team project**, for example, solving customer pain, equity to early hires, or return for investors. **The format or medium is up to you.** A few examples include a recorded sales pitch or commercial that you upload to YouTube, a sample Kickstarter video, a Prezi, a cartoon, or a 1–2-page typed paper... Here's an example of a creative submission from a previous semester: https://youtu.be/eNrq9-sk6Nk

Use your imagination and make it compelling. Be creative and captivate your audience. Holding their attention is half the battle. It doesn't need to be long or elaborate, just convincing. Do what you think best supports your case and choose a medium in which you're confident. Take some risks. You have license to be creative and have fun with this!

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Due MAY 4

Individual Assignments – Peer Review

As part of your engagement and participation score and as part of your peer's engagement and participation score, complete the assessment of your teammates using this Google Form. You will have 100 points to allocate in some proportion to each of your teammates with some required commentary on their contributions.

Peer Form

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Due April 26

Individual Assignments – Extra Credit

Module at the bottom of the home page.
Read the case study.
Read the example on “counting noses”.
Use the spreadsheet tool to do a new segmentation assessment for your project.

Up to 10 pts extra credit on homework grade
Due April 26, no late submissions accepted.

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Agenda

- Remaining Assignments
- Pitching

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Presenting a Case vs. “Telling a Story”

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Concept vs. Data Continuum

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Make It Compelling. . .Dramatic. . . Personal

- Chapter 1
- Chapter 2
- Chapter 3
- Chapter 4
- Chapter 5

- *The ASK!!!*

- *Feeling the pain*
- *We can take the pain away*
- *Why is it worth it?*
- *Why US???*
- *How will we all make $$$?*

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Context Matters

- What do you want?
  - Money?
  - Advisors?
  - Tech talent?
  - Introductions to customers?

- Do you need investors, particularly VCs?
- How much do you need?
- Why?

Context Matters

- Should your strategy be:

"Raise as much money as you can at the highest possible valuation in order to grow your business."

"Raise as much money as you can that enables you to safely achieve the key milestones you will need for the next fund-raising."

Source: Secrets of Sand Hill Road, Kupor

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These things are different

- Your business plan
- Your elevator pitch
- Your pitch deck
- Your other pitch deck

These things are different

- Your business plan
- Your elevator pitch
- Your pitch deck

The version that can be sent to potential investors and does not require you to give an in-person or phone presentation alongside it.

- Your other pitch deck

Used only with you presenting alongside, and largely dependent on illustrations/graphics with significantly less text than the version above.

First things first

Do your research and know who you are pitching to.

What do VCs want?

- To produce outsized returns* for their Limited Partners (LPs)
  - LPs invest their capital for ~10 years with a VC (GP) to give the firm time to realize a return

*10X to 25X

Source: Secrets of Sand Hill Road, Kupor

But …

Your 10 minute pitch presentation is not likely to generate immediate investment.

Your goal should be to generate a second conversation.

The Pitch: Two Critical Components

- **Semantics** – What you want to say
  - Content
- **Syntax** – How you say it effectively
  - Structure
  - Slides
  - Delivery

You Want to Convey. . .

Big pain point (s) and compelling solution (s)

Credible team

Unit economic model that works

Market likes what you're doing

Progress has been made

Capital efficient

Understanding of risks and plan to address

Commitment to next steps

Right attitude!

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Content, not necessarily in this order

- Company purpose / elevator pitch
- Problem
- Solution
- Why now
- **Market size**
- **Product Plan**
- **Go-to-Market Plan**
- **Team**
- Business model
- Competition
- Financials
- Ask

Content, not necessarily in this order

- Company purpose / elevator pitch
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- Competition
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- Ask

Communicated with:

- Passion
- Authenticity
- Clarity
- Memorable qualities
- Surprises-something the listener is learning from you

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Being Selective

- What is your goal?

To attract support for your new venture by showing you have a viable idea that would make for a good investment

- What are your key takeaways?

We solve an important problem – problem/solution

We have traction – beta users/MVP

We are a good investment – team/market size

How to say this effectively

- “Sandwich technique”
- Purpose-Benefit-Check

- Every transition should be considered – possibly scripted, so you know how the presentation flows together.

Semantics: How to say it

How to develop “stage presence” “star power” “X-factor” “it”.

Physical Tools

- Body movement, or lack thereof
- Position in the room
- Gestures
- Eye Contact

Vocal Tools

- Volume
- Pace
- Silence

Team Work

- Positions (physically)
- Introductions
- Transitions

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Visually Reinforce Key Points

- Intro and Thank You slides
- Audience specific content
  - Investors care about numbers, MVP, customers
- Less is more
  - 1-2 minutes per slide minimum
  - Speak to the slide, don't skip over content
- High information to ink ratio
  - Informative titles
  - Clean 1-2 line bullets
  - Graphics require time and explanation

* Be **EXTREMELY** careful about incorporating a live demo.

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Delivery

Three options:

1. Use Notes
2. Memorize a script
3. Remember key bullet points, and use visual cues on slides

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Delivery

~~Three~~ **ONE** option~~s~~:

1. ~~Use Notes~~ **NO (The audience knows they are just watching you read.)**
2. Memorize a script
3. Remember key bullet points, and use visual cues on slides

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Delivery

~~Three~~ **ONE** options:

1. ~~Use Notes~~ **NO (The audience knows they are just watching you read.)**
2. ~~Memorize a script~~ **NO (You may get stuck in "the valley of awkwardness". Your words sound recited or worse, you forget your lines.)**
3. **Remember key bullet points, and use visual cues on slides YES, THIS.**

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Useful Practice Techniques

- Divide up the presentation and practice sections
- Practice in front of the mirror
- Recruit at least two test audiences
- Use tools
  - PowerPoint's timer
  - Tape recorder
  - Video

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Dealing with Q&A

- Know who is in the audience. What is their basis of knowledge?
- Listen
- Anticipate objections and how to handle “talkers”
- In a pitch situation, plan as a team.
  - Let the person who presented the content answer first
  - Give a direct, two-sentence answer
  - OPTIONAL – one team member can add a short comment
  - Appendix slides are useful – if you get to them smoothly
- Use specific data to win points

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Most Common Overall Problems

- Spending way too much time on the “problem”
- Running out of time, not preparing for the 10-min time limit
- Talking too much in Q&A; not listening or making time for investors’ questions
- Not taking feedback well
- Reading from the slides/screens
- Not presenting a big enough opportunity

Notes on Slides

Less is more. Don't make your audience work

- **Bullets are useful...**

  But don't write out your whole bullet. Always have more
  Make sure you use large fonts. A rule of thumb is 16pt mi
  minimum for a large room. Use sans serif fonts (fonts wh
  letters – exp. Arial not Times New Roman).

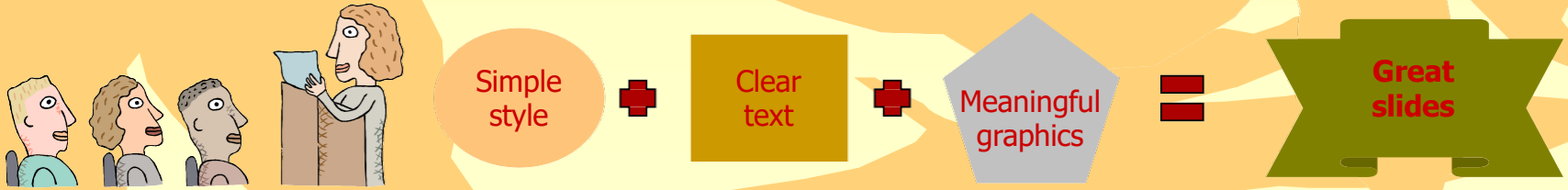
- **Style is important…**

  But don't choose complex backgrounds that make it har
  either light text on a dark background or dark text on a lig
  bad colors for text. Always, always, always double check
  look less professional than spelling and grammatical errors.

- **Graphics add variety...**

  And can make many points better than text. Keep graphics simple and always build them as you make the point of the graphic. Animation, while fun, is distracting to the audience. They stop listening to you and start trying to figure out what is going on. Avoid clipart that doesn't help you make your point. Decorations are pure distraction

PLEASE DO NOT USE PREZI OR ANY "ZOOM-Y" SLIDES/TRANSITIONS



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More tips on slide design

A slide should have one main point, not more.

Most of your pitch should be graphics-heavy with minimal text. High information-to-ink ratio.

Be sure to include details in your financials.

Financial Projections

	Phase I: Delhi Rollout	Phase II: 5 Pilot Cities	Phase III: 8 Core Cities		
# Monthly Users	56,788	688,879	1,147,770	1,905,881	3,544,620
	Yr 1	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**
Revenue					0
Affiliate Sales	242,342	4,631,300	7,577,376	12,444,450	22,965,156
Premium Features/ Company Contracts	0	690,349	1,156,795	1,961,299	3,884,889
Advertising	0	497,853	829,493	1,377,380	2,561,697
Total Revenue	**242,342**	**5,819,503**	**9,563,665**	**15,783,129**	**29,411,742**
Expenses					
Marketing	25,813	313,127	521,713	866,309	1,611,191
Technology Developer/Designer Costs	238,700	1,145,996	1,892,761	3,076,894	5,636,526
Other Technology Costs	12839	104444	197388	130294	212231
Other SG&A	200000	1,016,000	1,232,000	1,432,000	1,632,000
Total Expenses	**477,352**	**2,579,567**	**3,843,863**	**5,505,497**	**9,091,948**
Gross Profit	**(235,010)**	**3,239,936**	**5,719,802**	**10,277,631**	**20,319,794**
Gross Margin	(97%)	56%	60%	65%	69%

Pavan

Financial Projections

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Appendix

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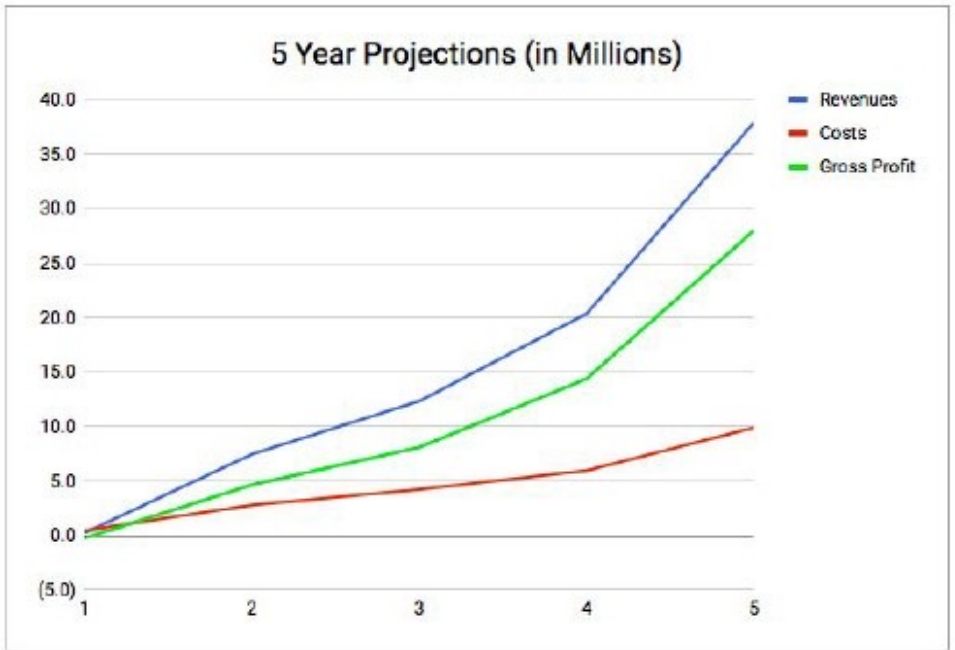
Financial Projections



Year	1	2	3	4	5
Revenues	0.3	7.5	12.4	20.4	37.9
Costs	0.5	2.8	4.2	6.0	9.9
Gross Profit	(0.2)	4.7	8.1	14.4	28.0
# of Users	**63,886**	**890,162**	**1,487,172**	**2,466,928**	**4,583,695**

We aim to generate $28mm in profit in the next 5 years in India, and later expand worldwide.

Nutritional Prowess:

Power Chips:

Nutrition Facts
Serving Size: (27g)
Servings Per Container: 1

Amount Per Serving	
Calories 130	Calories from Fat 40
	% Daily Value*
Total Fat 4.5g	**7%**
Saturated Fat 1.5g	**8%**
Trans Fat 0g	
Cholesterol 185mg	**62%**
Sodium 260mg	**11%**
Total Carbohydrate 2g	**1%**
Dietary Fiber 0g	**0%**
Sugars 2g	
Protein 20g	

Lays:

Nutrition Facts
Serving Size 1 oz (28g/About 15 chips)

Amount Per Serving	
Calories 160	Calories from Fat 90
	% Daily Value*
Total Fat 10g	**16%**
Saturated Fat 1.5g	**8%**
Trans Fat 0g	
Cholesterol 0mg	**0%**
Sodium 170mg	**7%**
Potassium 350mg	**10%**
Total Carbohydrate 15g	**5%**
Dietary Fiber 1g	**5%**
Sugars less than 1g	
Protein 2g	

Beanitos:

Nutrition Facts
Serving size 1oz, about 12 chips (28g)
Servings per container 6

Amount Per Serving	
Calories 140	Calories from Fat 60
	%Daily Value*
Total Fat 7g	**11%**
Saturated Fat .5g	**3%**
Trans Fat 0g	
Cholesterol 0mg	**0%**
Sodium 55mg	**2%**
Potassium 260mg	**7%**
Total Carbohydrate 15g	**5%**
Dietary Fiber 5g	**20%**
Sugars 0g	
Protein 4g	

Kale Joy:

Nutrition Facts
Serving Size 1oz (28g)
Serving Per Container 2

Amount Per Serving	
Calories 130	Calories from Fat 80
	% Daily Values*
Total Fat 9g	**14%**
Saturated Fat 1.5g	**8%**
Trans Fat 0g	
Polyunsaturated Fat 1.5g	
Monounsaturated Fat 4.5g	
Cholesterol 0mg	**0%**
Potassium 360mg	**10%**
Sodium 490mg	**20%**
Total Carbohydrate 12g	**4%**
Dietary Fiber 2g	**8%**
Sugars 1g	
Protein 5g	**10%**

Nutritional Prowess:

Power Chips: Lays: Beanitos: Kale Joy:

- **Way too many words**

Summary:
Keep it simple, and practice a lot

- Content
  - What is the purpose of your presentation?
  - Who is the audience?
  - Plan for your time
  - Stick to the theme
- Structure
  - Work on transitions, story, and arc
- Slides
  - 7-10 maximum for a 10 minute presentation
  - Not too much text
  - Graphics to illustrate key points
- Delivery
  - Match style to situation
  - Practice until you can present without notes, and not from memorizing a script

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Paul Pitch

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What are you trying to accomplish?

1. Start a dialogue
2. There is no Number 2!

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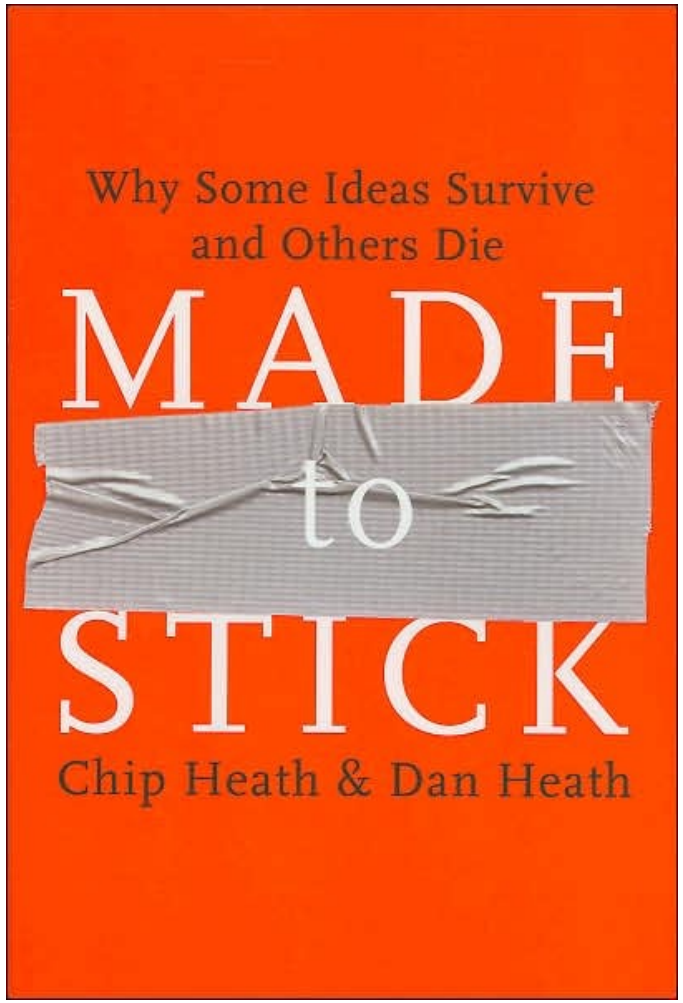

1. Simple
2. Unexpected
3. Concrete
4. Credible
5. Emotional
6. Stories

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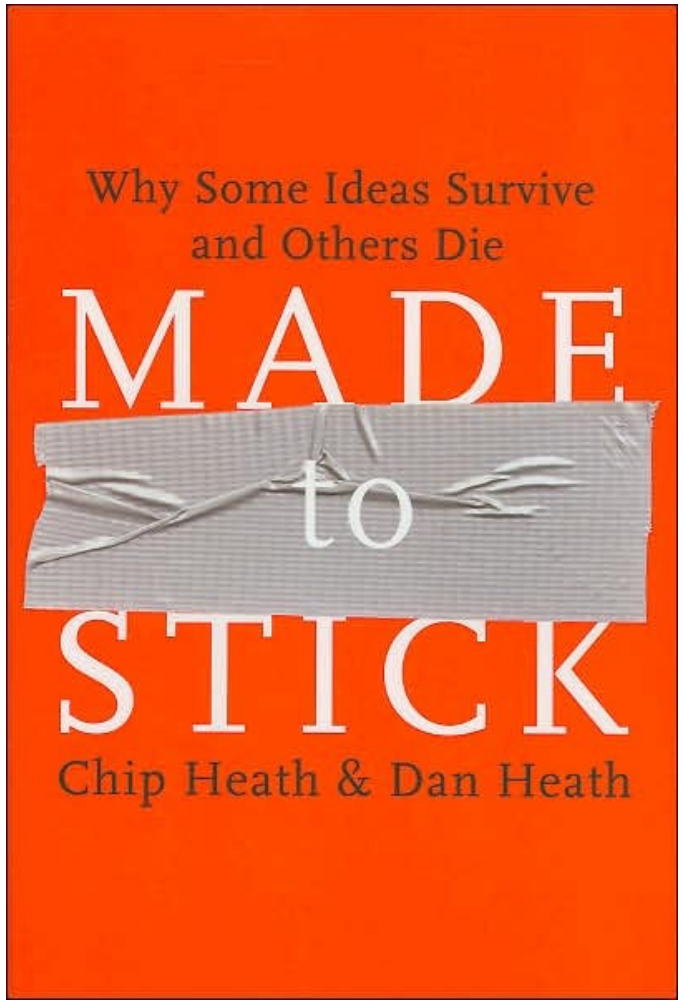

3. Concrete 1. Simple	For me
2. Unexpected 4. Credible 5. Emotional 6. Stories	For our listener

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Concrete

refer to objects that are available to the senses
definitions are fixed

Pro Tip: choose sensory words

PRINCIPLE 3

CONCRETE

General

groups

individuals

Specific

refer to ideas & concepts without physical referents
definitions are dynamic/mutable/relative

Abstract

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Concrete Business Thesis Statement

We're building a platform that enables simulation-based learning using our proprietary algorithm that tracks group behaviors and generates predictive modeling outcomes for a broad array of applications.

-or-

We help public health officials predict the spread of disease using cell phone GPS data so they can make sure critical supplies are in place before they're needed.

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Concrete Business Thesis Statement

Litmus Test:
If you had to explain
to your grandmother
what you do,
would she understand?

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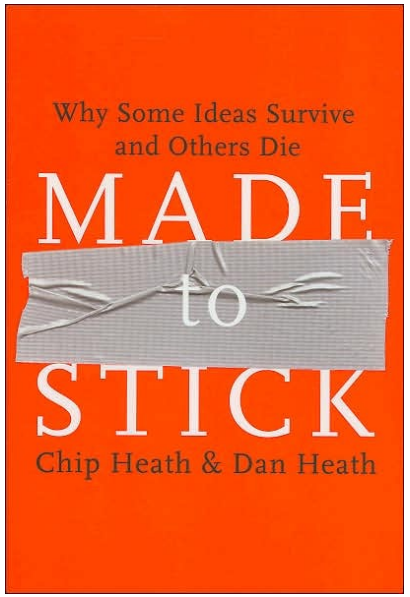
3. Concrete – Helps us to see the forest for the trees



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Simple ≠ dumbed down
Simple = **Core**

- Weed out superfluous info
- Prioritize ruthlessly

If everything is important, then nothing is important.

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PRINCIPLE I

SIMPLE

"With this knowledge, any employee can be CEO."
-Herb Kelleher

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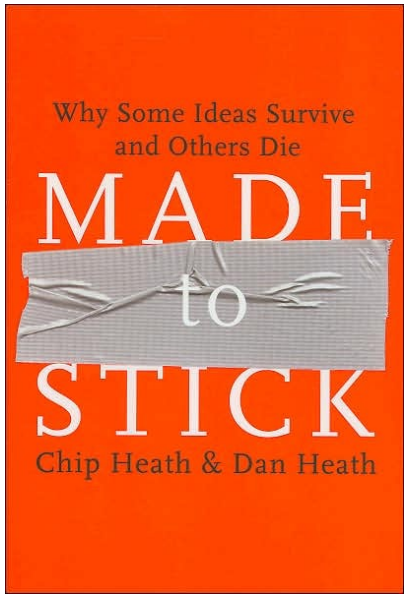

3. Concrete – Helps us to see the forest for the trees
1. Simple – Helps us define what matters most

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Dropbox Intro Video - YouTube

Magic Pocket

PRINCIPLE 2

UNEXPECTED

1. Capture Attention

Break a pattern = Surprise

Pro Tip: avoid gimmickry

2. Keep Attention

PRINCIPLE 2

UNEXPECTED

Create a Knowledge Gap (Mystery):

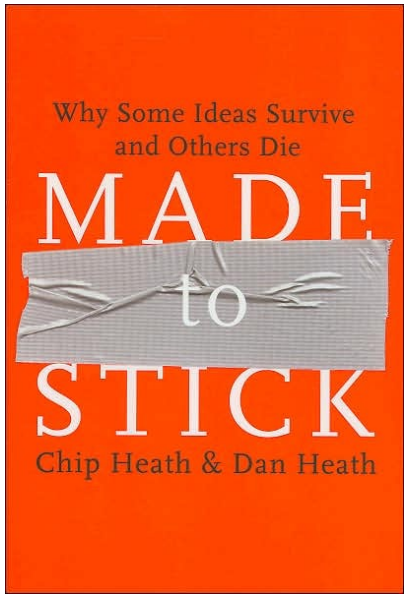
Tell your listener only as much as they need to know

The smaller the knowledge gap,
the greater the curiosity.

70% = passing

99% = maddening

If there's a knowledge abyss, provide enough context to make a listener care and reduce it to a gap.



3. Concrete – Helps us to see the forest for the trees
1. Simple – Helps us define what matters most
2. Unexpected – Gets your listener's attention

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PRINCIPLE 4

CREDIBLE

Credible

1. External sources:
   - Authorities
   - Spokesperson
   - Anti-Authorities

2. Internal sources
   - Speaker
   - Listener

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Supporting Credibility

A. Details
B. Statistics
C. References

PRINCIPLE 4

CREDIBLE

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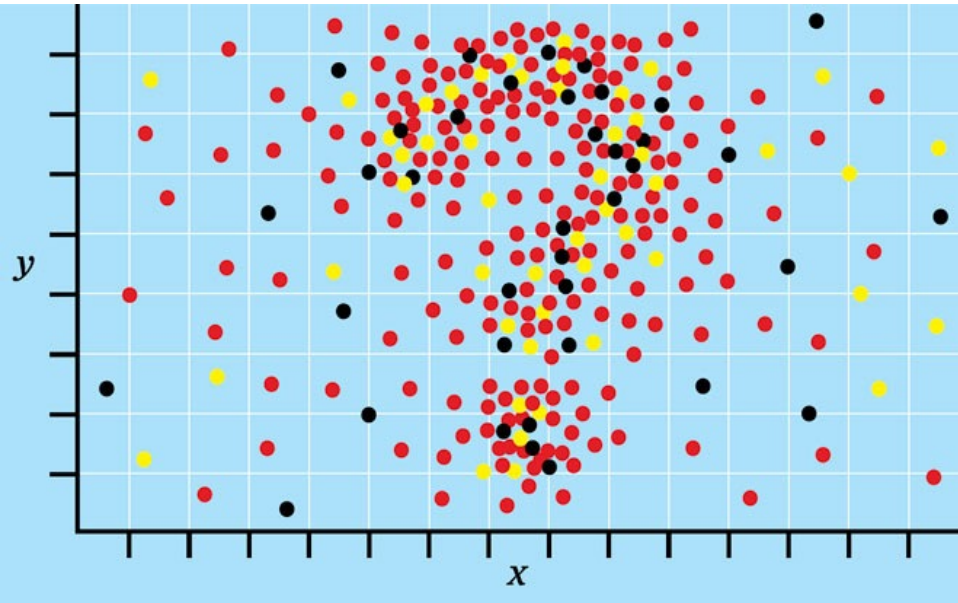
It's NOT about the Numbers

- Stats are rarely meaningful in and of themselves.
- Stats should illustrate a <u>relationship</u>
  - It's more important for people to remember the relationship than the number
- Make them human scale
- Don't lie: use stats

  as input, not output



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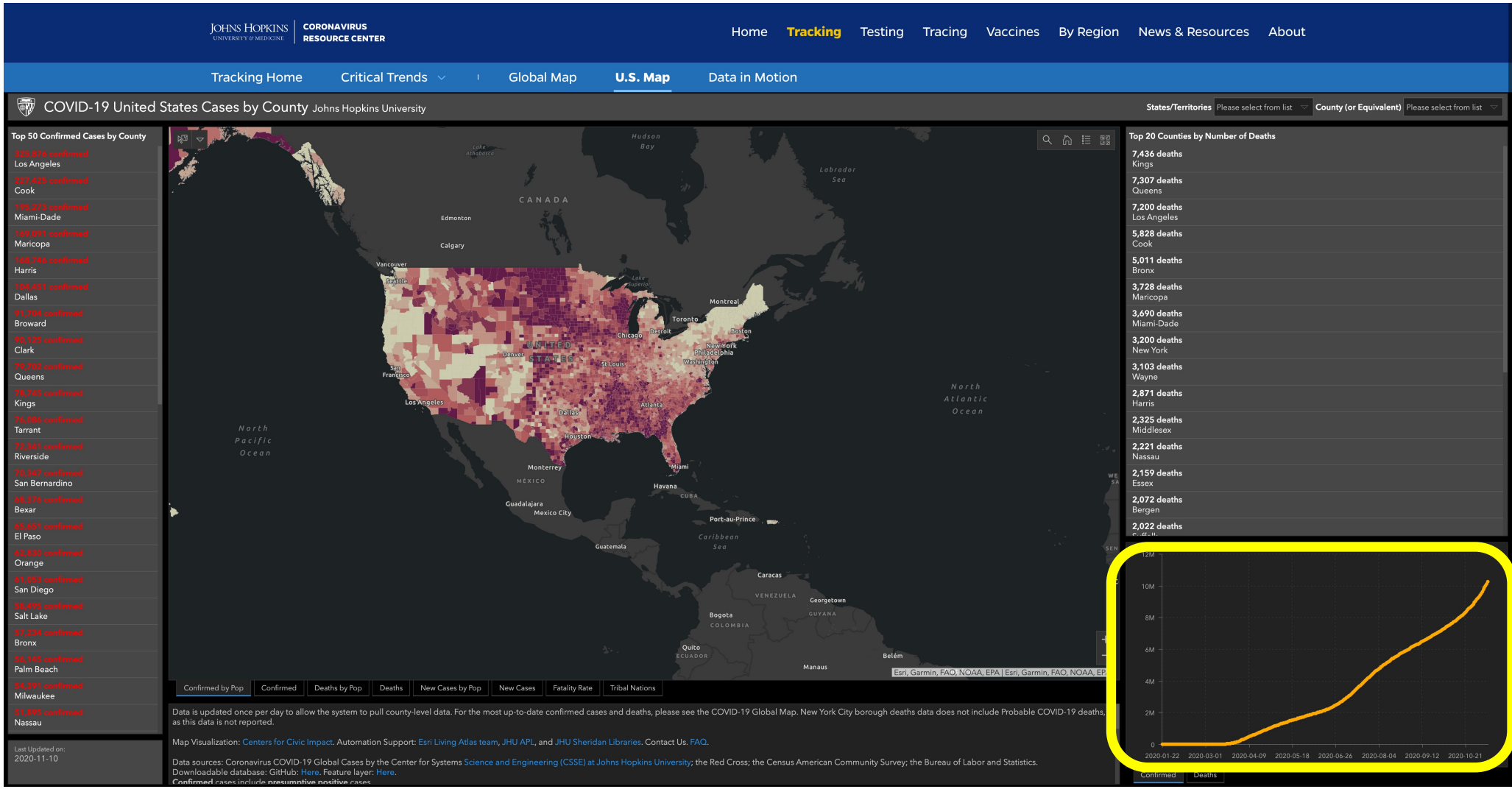
COVID-19 Map as of November 11, 2020

PRINCIPLE 4

CREDIBLE



Source: Johns Hopkins CSSE *https://coronavirus.jhu.edu*

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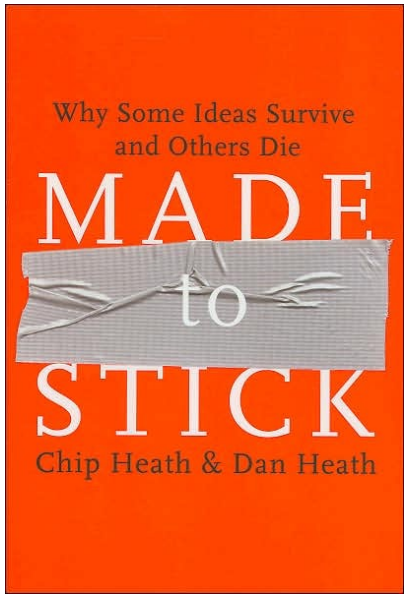

3. Concrete – Helps us to see the forest for the trees
1. Simple – Helps us define what matters most
2. Unexpected – Gets your listener's attention
4. Credible – Makes them believe

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Emotional Appeal to Self-Interest
Why Should They Care

WIIFY – What's In It For You

- should be a central aspect of every message
  - people matter most to themselves
  - Say "you" not "someone"
- Emphasize benefits, not features
- Ask "Why?" 3X (What you can do for them)

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Emotional Appeal to Identity

James March Identity Decision Model:

- People ask themselves: "Who am I?"
- What kind of situation is this?
- What do people like me do in this situation?

No calculations, only norms & principles!

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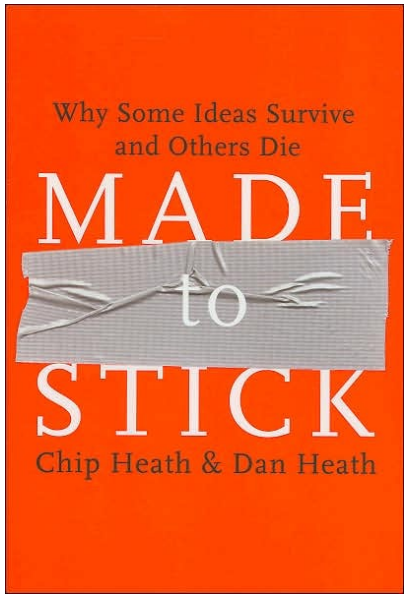

3. Concrete – Helps us to see the forest for the trees
1. Simple – Helps us define what matters most
2. Unexpected – Gets your listener's attention
4. Credible – Makes them believe
5. Emotional – Makes them care

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Why are Stories so important?

PRINCIPLE 6

S

STORIES

1. Simulation: how to act
2. Inspiration: motivation to act

PRINCIPLE 6

STORIES

Stories = Data + Emotion

Stories carry facts better

PRINCIPLE 6

STORIES

You are 22 times more likely to remember facts if they are woven into a narrative

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PRINCIPLE 6

STORIES

Many ways to frame a story

Problem-Solution

Character Focused

Use Case

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Customer Based: *“The tale of Betsey Farber”*

PRINCIPLE 6

S

STORIES

Betsey loved to cook.
But it hurt.
So Sam Asked…
Why do ordinary kitchen tools have to hurt your hands?
Why can’t there be wonderfully comfortable tools that are easy to use?

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Problem/Solution: *Lots of clothes, nothing to wear!*

RENTTHERUNWAY

PRINCIPLE 6

S

STORIES

Co-founders Jennifer Hyman (Jenn) and Jennifer Fleiss (Jenny) met as sectionmates at Harvard Business School, where over frequent girls nights, they became fast friends. During a trip home to New York City, Jenn watched her sister Becky struggle with a **'closet full of clothes but nothing to wear'** moment. Becky had an upcoming wedding and wanted something gorgeous—Hervé Léger maybe, or Proenza—but her modest salary meant that everything high-end was out of reach. What if, Jenn thought, the Beckys of this world could have access to their **dream closet** – **a new dress for every occasion?** And what if designers were able to get their pieces into the hands of **young, fashionable women** and build an addiction for designer fashion?

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Use Case: A trip without a man-purse!

PRINCIPLE 6

STORIES

About SeV

SCOTTEVEST: The Trip of My Life

About ten years ago, I created SCOTTEVEST®/SeV to solve a very common problem: I needed a way to carry and organize all my gadgets and gear without a "man-purse." Now with inspiration from our loyal customers, I find myself RE-inventing SCOTTEVEST as the world's best travel clothing company. It turns out that it's not really much of a stretch; our customers have been wearing SeV for travel from the very beginning.

Our re-invention started when we asked our customers to submit photos of themselves wearing our products for the new catalog. I was amazed by the thousands of photos we received, showing you wearing our clothes all over the world.

Your emails told us you traveled with everything you needed on you at all times, safely and securely stowed in SeV's multitude of hidden pockets. Even with your pockets loaded, you looked fabulous.

You also told us that SeV made your travels easier by simplifying airport check-in/security, saving extra baggage fees, and having an easy and secure way to organize and carry all of your necessities. Women reported that they left their purses at home, and guys no longer needed a fanny pack or the infamous man-purse.

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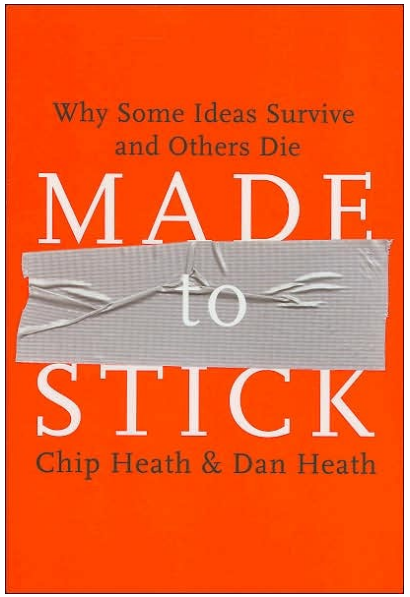

3. Concrete – Helps us to see the forest for the trees
1. Simple – Helps us define what matters most
2. Unexpected – Gets your listener's attention
4. Credible – Makes them believe
5. Emotional – Makes them care
6. Stories – Informs action

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The Pitch in Six Steps

1. Problem – Why is it an issue?
2. Solution – What do you do to solve it?
3. Market – Who cares? How many are there?
4. Competition/Competitive Advantage – What makes your solution unique? How do you differentiate?
5. Team – What makes you uniquely qualified?
6. Request – What do you need?

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Additional Tips

1. Don’t forget to introduce yourself!
2. Value Prop is critical:
   - We help [Who] solve [Why] by [What]
3. What you do matters, not how you do it.
4. How you make money matters to investors.
5. Adjust to suit your story:
   - Change order
   - Delete irrelevant topics
   - Add unique points:
     - Traction
     - Partnerships
     - Prior Investment
     - Intellectual Property
     - Regulatory

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Why do some pitches work?

- Attention Span
- "Anchor & Twist"
  - Similies, analogies, metaphors, examples
- Don't wing it, script it
- Why > What
- Storytime
- Steal like an Artist
- See the Dropbox "Magic Pocket" pitch

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Why do some pitches work?

- Use question time to your advantage
- Be wary of Adjectives and Adverbs
- Analogies can be Helpful BUT…use judgement
- Don't Exaggerate…you will get caught
- Steer Into Risks … Avoiding them is suicide
- Try to Have Fun

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Another Example

- https://www.youtube.com/watch?v=i6O98o2FRHw

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- PLEASE DO NOW

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