

TE 250: Week 13

Financials and Pitching

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Technology Entrepreneur Center



Have questions about how to pursue your startup ideas? Want to develop an entrepreneurial mindset, but not sure where to start? Drop in and talk with our staff! **LEARN MORE:**
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Fri | Dec 2 | 4pm
ENTREPRENEURSHIP HUB
1050 SIEBEL CENTER FOR DESIGN
Come celebrate a semester of innovation & entrepreneurship! Over 60 teams showcasing their venture ideas, an awards ceremony, and **FREE** food.
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Pursuing the **ILEE degree** gave me a **competitive edge** over other internship candidates at **Tesla**, as a growing number of companies are **looking for engineers with a creative and entrepreneurial mindset.**



HYEONG CHAN CHO
ISE & ILEE double major
Tesla Intern

APPLY FOR ILEE BY NOV. 15*
go.illinois.edu/ILEE *To be eligible for Spring 2023 admission



**INNOVATION
LEADERSHIP &
ENGINEERING
ENTREPRENEURSHIP**

Agenda

- Review rest of semester
- Startup Finances
- Pitching

Calendar

- Class content for rest of semester
- Content:
 - ~~Market Segmentation/Sizing~~
 - ~~Venture Formation~~
 - ~~Intellectual Property~~
 - ~~Funding~~
 - Financial Projections/Statements
 - Pitching
- Final Presentations (2): 11/30 & 12/7
- Attendance mandatory for both final presentation sessions
 - Failure to attend without excused absence results in loss of participation points

Pitch Presentations

- ***Presentation schedule***

- Part 1 (Nov 30): We will use the following order for presentation:

- 1- Team 4 Crypto Security
- 2 - Team 9 Virtual Citizen
- 3 - Team 5 Famazon
- 4 - Team 8 Know-Line

- Part 2 (Dec 7): We will use the following order presentation:

- 5 - Team 6 DefendKnight
- 6 - Team 3 Konnect
- 7 - Team 2 TrashTrove
- 8 - Team 7 Adrsfy
- 9 - Team 1 PicHealthy Solutions

Pitch Presentations

- Attendance is mandatory - in-class peer team assessments
 - Must use university excused absence process to be excused
- Presentation structure
 - 10 minutes for presentation – cut off at end of time
 - 5 minutes for audience questions
 - 3 minutes for doing peer assessment online
 - 2 minutes for transition to next team
- Detailed grading rubric on Canvas
 - Pitch is 150 pts in Final Assignment category (60% of cat, ~20% of final grade)
- 3 items of Engagement & Team Participation category (30% final grade)
 - Team peer assessment during Wk 14 & 15 class
 - Results of Team participation assessment due Dec 8
 - Class Participation - did you do the required number of interviews and note taking

Financial Projections

What's the Point

Financial projections demonstrate:

- Your aspirations for the business
- Your understanding of key drivers of profits and growth
- Your understanding of key drivers of ROI for investors
- Whether it fits an investor's profile

Good vs. Bad Business Plans

Financial projections should be consistent with the rest of the business plan:

- Value Proposition and Go-to-Market Strategy
- The Revenue Model must work for the Customer
- Pricing Strategy must be reasonable

Go-To-Market Strategy

Your action plan for delivering your product or service to your target customers

- Marketing channels – to build awareness and generate demand
- Sales channels – to close sales
- Distribution channels – to deliver the solution to customers

Revenue (Business) Model

Your revenue model describes how you will charge for the goods and services that you provide in order to generate a profit

What Types of Business Models?

Examples?

- One Time Upfront Charge (plus maintenance)
- Subscription/Leasing
- Consumables
- Upsell High Margin Add Ons
- Advertising
- Transaction %
- Utility model (per usage)
- Freemium to Premium
- Cost Plus
- Cell Phone Plan (or PPA in energy)
- Shared Savings
- O&M (Operating and Maintenance)
- Franchise model
- Micro-transactions
- Parking meter
- Licensing
- Other

Recurring Revenue

Monthly or annual subscriptions, memberships, SaaS, etc.

- Provides steady, predictable revenue
- Easier for new customers to make the initial purchase
- Minimizes impact of seasonality
- Low risk of sudden, steep revenue declines if the market changes suddenly

Two-Sided Markets

Business models that involve bringing two (or more) customer segments together to create value

- Buyers and sellers
- Subscribers and advertisers

Two-Sided Markets

- Should both sides pay?
- Should you have different revenue models for each side?
- Which customers can afford to pay the most?
- Do you have to have a very large market share on one side to attract anyone on the other?

Freemium Models

Types of freemium models:

- Free for a limited time
- Free for a limited number of users
- Free for certain types of users (students, etc.)
- Free for a limited set of features

Freemium Models

Freemium models work best when:

- You need to acquire large numbers of users very quickly in order to create value
- The cost to add each new user is minimal

Freemium Models

Your goal must be to convert as many free users into paying customers as you can, as quickly as possible.

- Free users are not customers, they are leads!
- “If you’re not paying, you’re the *product*.”

Revenue Model Metrics

Sales conversion rate:

- What percentage of the prospects you contact will buy?
- What percentage of the visitors to your website will buy?
- What percentage of your free users will convert to paid users?

Revenue Model Metrics

Churn:

- What percentage of your initial customers will buy again?
- What percentage of your subscribers will renew?

Viral coefficient:

- How many new customers will each existing customer bring in?

Revenue Model Metrics

Customer acquisition cost (CAC)

- How much does it cost the business to acquire a new customer?
- $(\text{Total sales and marketing expense}) / (\text{number of new customers})$

Revenue Model Metrics

Customer lifetime value (CLTV):

- How much profit does an average customer generate over time?
- $(\text{Price} - \text{cost per transaction}) * (\text{average transactions during customer lifetime})$
- $(\text{Subscription price} - \text{monthly customer support cost}) * (\text{average number of months before churn})$

CLTV and CAC

Customer Lifetime Value must be greater than Customer Acquisition Cost

- If $CLTV > CAC$, then the business model is probably viable
- If *CLTV is much higher than CAC*, then the business model is probably scalable

Revenue Growth

Traditional Sales Model:

$$\text{Revenue} = \text{Customers} * \text{Visits} * \underline{\text{Average Ticket Price}}$$

Subscription Sales Model:

$$\text{Revenue} = \text{Paying Subscribers} * \text{Average Months before Churn} * \underline{\text{Monthly Subscription Price}}$$

Profitability

“If your goal is anything but **profitability** - if it's to be big, or to grow fast, or to become a technology leader - you'll hit problems.”

-- Michael Porter

Profitability

$$\text{Profit} = \text{Revenue} - \text{Expenses}$$

$$\text{Profit} = \left(\frac{\text{Price}}{\text{Unit}} - \frac{\text{Variable Cost}}{\text{Unit}} \right) * \text{Units Sold} - \text{Overhead Exp.}$$

$$\left(\frac{\text{Price}}{\text{Unit}} - \frac{\text{Variable Cost}}{\text{Unit}} \right) = \text{Contribution Margin}$$

Profitability

Four ways to grow profits:

1. More Customers
2. Higher Prices
3. Lower Variable Costs
4. Lower Overhead Costs

Which of these can you control?

Pricing

Rule #1

Price must be $>$ Cost

Rule #2

Price must be \leq the customer's willingness to pay

Exercises

- The Love of Nines
 - Why do gas prices always end with as many 9's as possible?
- The Power of Pricing and Not Discounting
 - 1% pricing change = ?% profitability?
 - Is it more profitable to increase prices or add customers?

Cost-Based Pricing

The price is based on the per-unit cost to manufacture and deliver the product or service, plus a targeted per-unit profit margin

$$\text{Price} = \text{Variable Cost/Unit} + \text{Targeted Profit/Unit}$$

Competitive Pricing

The price is based on what competitors are charging for similar or comparable products or services

Price = Competitor's price (+/- something?)

Value Pricing

The price is based on an estimate the total amount of value that the solution creates for the customer.

The goal is to capture as much of that value as possible.

Price = customer's willingness to pay * ??%

Value Pricing

How are you creating value for your customers?

- Helping them make more money
- Helping them save money
- Helping them save time
- Helping them reduce their risk
- Providing some non-monetary benefit

Value Pricing

Porter's "Five Forces":

- Your ability to charge a high price is limited by the options that your customers have
- Capturing all of the value that you create would leave your customers with no reason to buy



Variable Pricing

A way to take advantage of the fact that some customers are willing to pay more than others.

Three-tiered pricing:

- Good, better, best
- Silver, gold, platinum

Some customers want the cheapest solution, others want the very best. Most are in the middle

Variable Pricing

Peak vs. off-peak pricing:

- High prices during periods of high demands

Dynamic Pricing:

- Prices are constantly changing based on changes in demand or other factors

Top Down vs. Bottom Up Forecasting

Top Down Forecasting:

“It’s a huge market, so we only need a 1% market share to be successful...”



Top Down vs. Bottom Up

Bottom Up Forecasting

“Our revenue projection is based on the number of customers we think we can acquire with our go-to-market strategy, and the amount that we think each customer will pay.”

Estimating Future Revenue

What is your Revenue Model?

What price(s) can you charge?

How many prospects can you reach in your first month, quarter, or year?

What sales conversion/closing rate can you achieve?

How fast can you grow in subsequent periods?

Estimating Future Revenue

Number of Customers per period

* Average Price per transaction

* Number of Repeat Purchases per Customer

= Projected Revenue per Period

Revenue Forecasting Mistakes

Assuming rapid adoption by new customers

Underestimating the length of the sales cycle

Estimating Future Expenses

What will it cost to produce your product or service? –
Cost of Goods Sold

Gross Profit = Revenue – Cost of Goods Sold!

How much will spend on customer acquisition? –
Marketing and Sales

What will it cost to support the product or service and to operate the company? - *General and Administrative*

Getting Cost Information

Some costs are easy to forecast based on information you have; other costs will be harder to predict:

Industry Comparables

- Comparable publicly-traded companies

Industry Averages

- Common size statements for companies in your industry; from library research, SBDC's, paid databases

Expense Forecasting Mistakes

Underestimating General and Administrative (overhead) expenses

Underestimating selling expenses; the cost of maintaining a sales force, in particular

Resources

SCORE (free templates)

- *<https://www.score.org/resource/business-planning-financial-statements-template-gallery>*

Foresight (Paid – templates plus tutorials)

- *<https://foresight.is/>*

Pitching your startup: Presenting a Case versus Telling a Story

Make It Compelling. . .Dramatic. . . Personal

- Chapter 1
 - *Feeling the pain*
- Chapter 2
 - *We can take the pain away*
- Chapter 3
 - *Why is it worth it?*
- Chapter 4
 - *Why US???*
- Chapter 5
 - *How will we all make \$\$\$?*
- *The ASK!!!*

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

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!

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
- Problem
- Solution
- Why now
- **Market size**
- **Product Plan**
- **Go-to-Market Plan**
- **Team**
- Business model
- Competition
- Financials
- Ask

Communicated with:

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

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

Party on Demand

- <https://www.youtube.com/watch?v=VCVRgpSPSVQ>



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.



Delivery

Three options:

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



Delivery

Three **ONE** options:

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



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.**



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



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



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 than one. Make sure you use large fonts. A rule of thumb is 16pt minimum for a large room. Use sans serif fonts (fonts without letters – exp. Arial not Times New Roman).

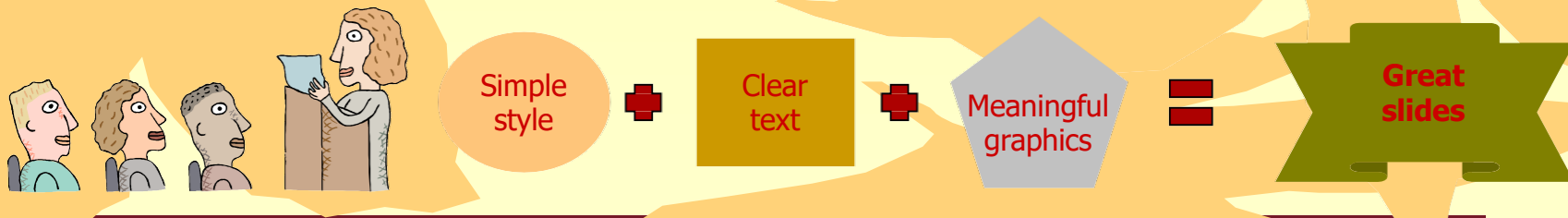
- **Style is important...**

But don't choose complex backgrounds that make it hard to read. Use either light text on a dark background or dark text on a light background. Avoid bad colors for text. Always, always, always double check spelling – nothing makes you 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**



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%



Financial Projections

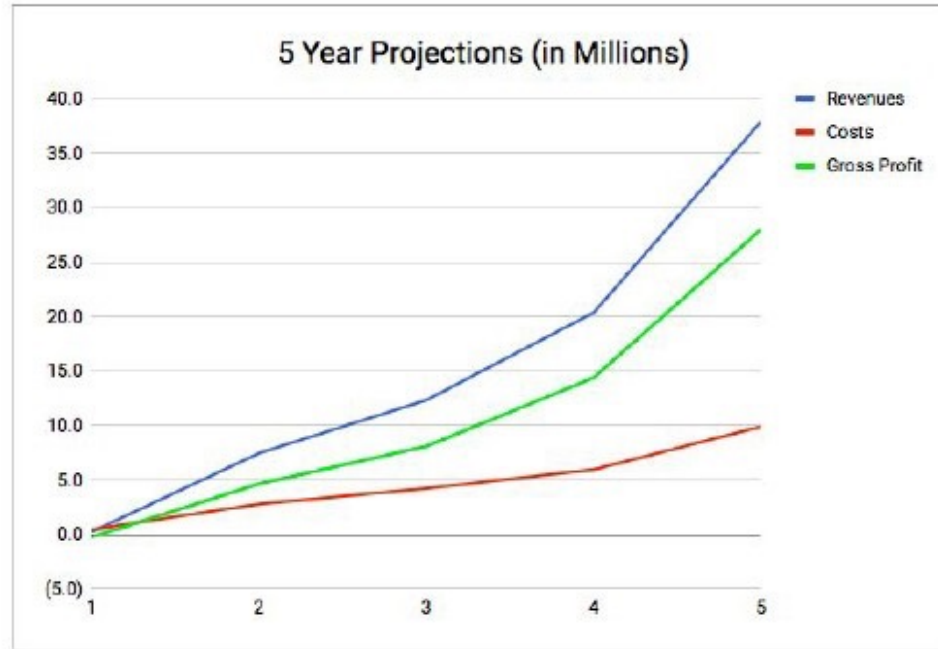
	Phase I: Delhi Rollout	Phase II: 5 Pilot Cities	Phase III: 8 Core Cities		
# Monthly Users	56,788	688,879	1,147,770	1,905,881	3,544,620

Appendix

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%



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:

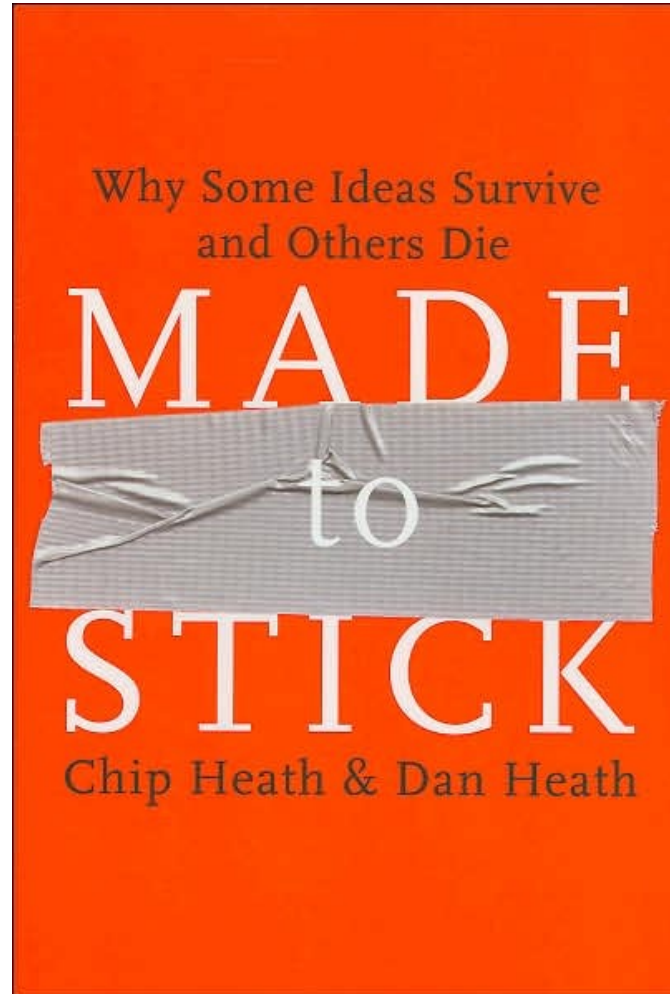
**Way too many
words**



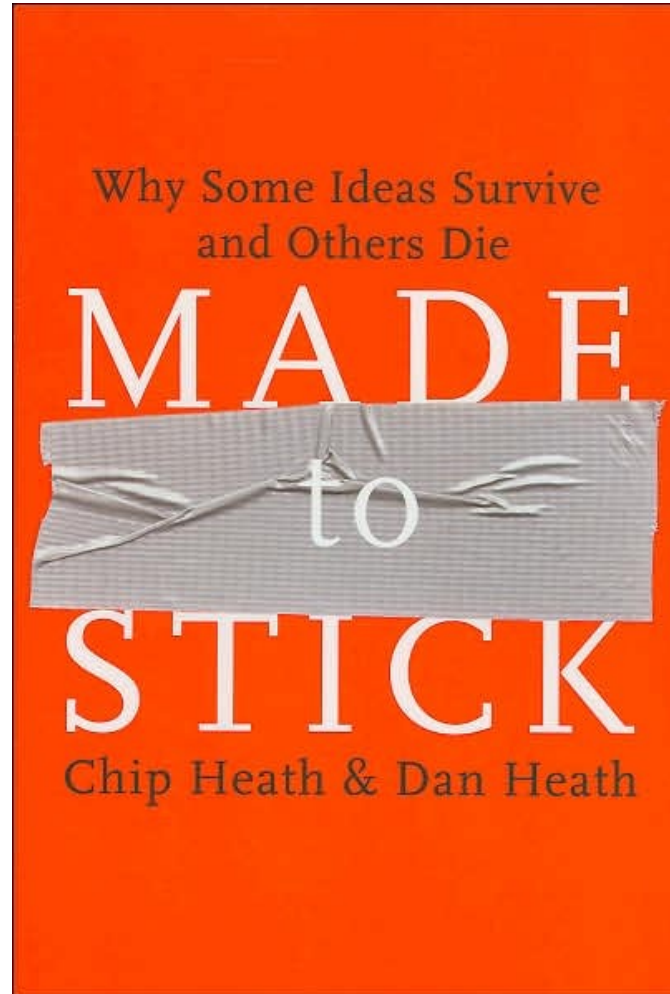
Summary:

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



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



3. Concrete

For me

1. Simple

2. Unexpected

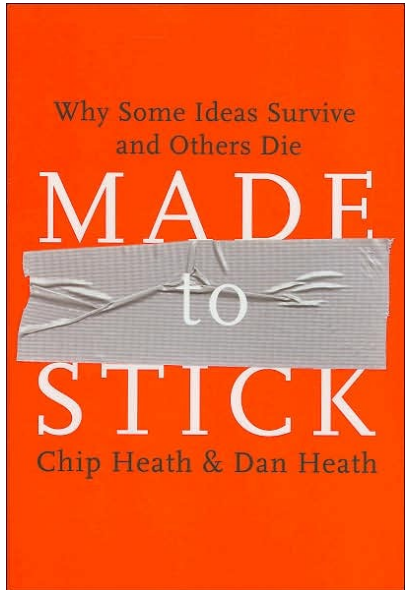
4. Credible

For our

5. Emotional

listener

6. Stories



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

Concrete

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

Pro Tip: choose sensory words



groups

individuals

General

Specific



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

Abstract

PRINCIPLE 3



CONCRETE

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.



Concrete Business Thesis Statement

PRINCIPLE 3



CONCRETE

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

Simple \neq dumbed down
Simple = Core



- Weed out superfluous info
- Prioritize ruthlessly



If everything is important, then nothing is important.

PRINCIPLE I



SIMPLE



*Southwest Airlines
is THE low-cost leader
in air travel.*

"With this knowledge, any employee can be CEO."

-Herb Kelleher

I ILLINOIS

1. Capture Attention

PRINCIPLE 2



UNEXPECTED

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

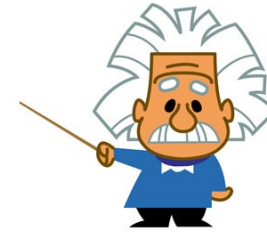
99% = maddening

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

Credible

1. External sources:

- Authorities
- Spokesperson
- Anti-Authorities



2. Internal sources

- Speaker
- Listener



Supporting Credibility

A. Details

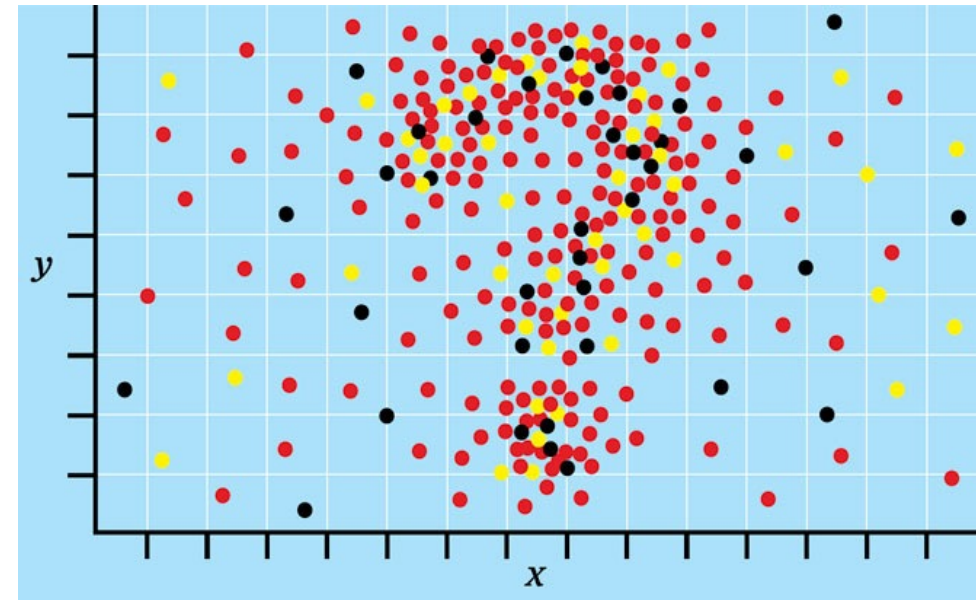
B. Statistics

C. References

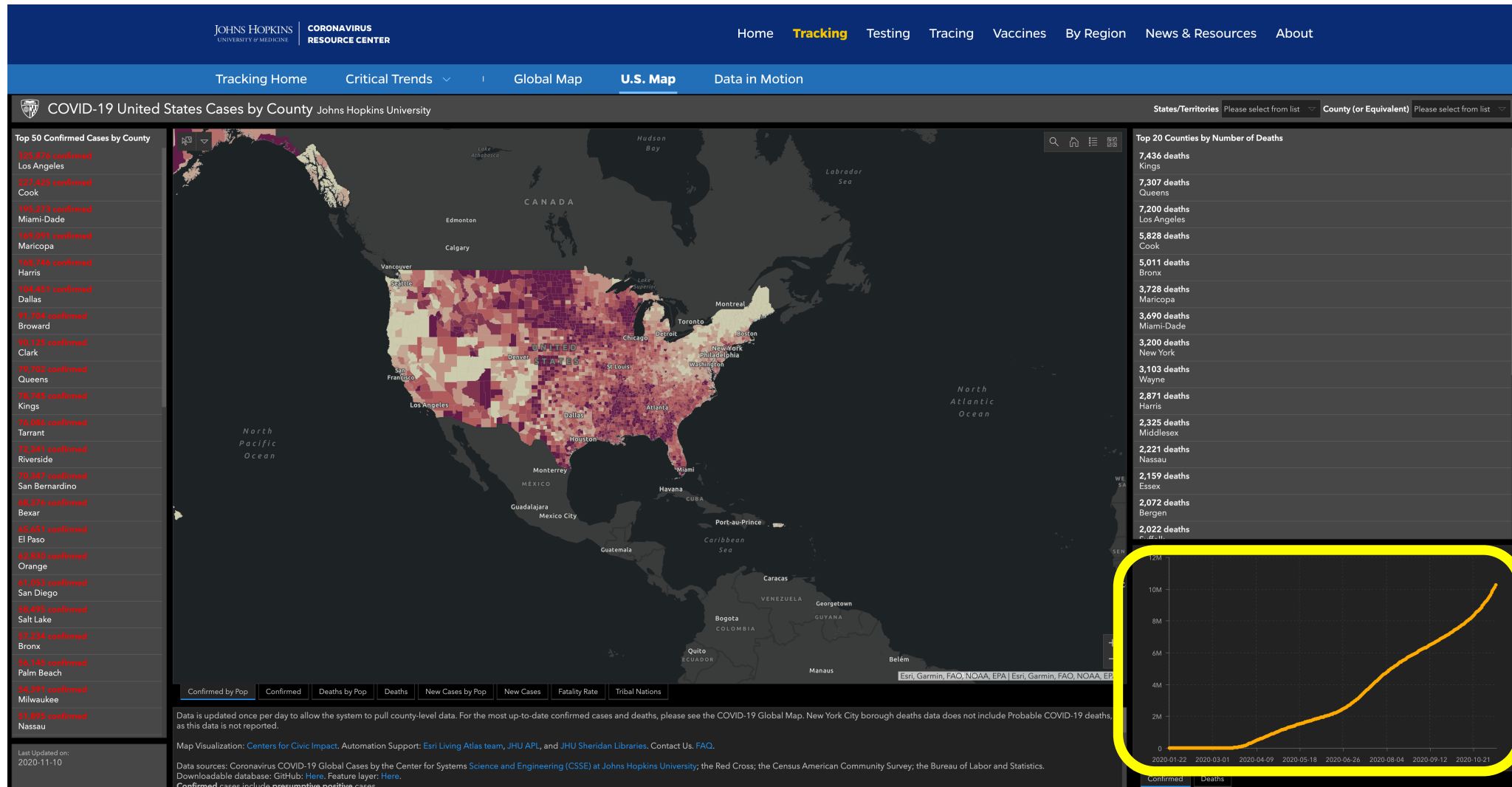


It's NOT about the Numbers

- Stats are rarely meaningful in and of themselves.
- Stats should illustrate a relationship
 - 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



COVID-19 Map as of November 11, 2020



Source: Johns Hopkins CSSE <https://coronavirus.jhu.edu>



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)



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!

Why are Stories so important?



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

PRINCIPLE 6

S

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.

PRINCIPLE 6



STORIES

Many
ways to
frame a
story

Problem-
Solution

Character
Focused

Use Case

Customer Based: *"The tale of Betsey Farber"*

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?

PRINCIPLE 6

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STORIES



GOODGRIPS®
Pro Swivel Peeler



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

RENT**THE**RUNWAY

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?



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.

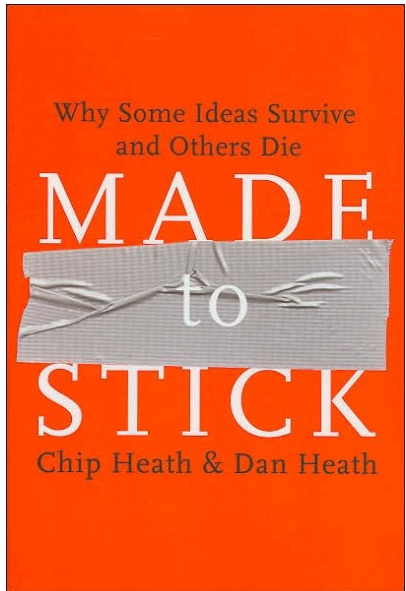
Our re-invention started when we asked our customers to submit photos of themselves wearing our products for the new catalog. I was amazed by the thousands of photos we received, showing you wearing our clothes all over the world.

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.



I ILLINOIS



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

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?

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

Why do some pitches work?

- Attention Span
- “Anchor & Twist”
 - Similies, analogies, metaphors, examples
- Don’t wing it, script it
- Why > What
- Storytime
- See the Dropbox “Magic Pocket” pitch

Dropbox Magic Pocket Video

- <https://www.youtube.com/watch?v=xy9nSnalvPc>

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

Getting ready for Week 14

Pitch Presentations

- ***Presentation schedule***

- Part 1 (Nov 30): We will use the following order for presentation:

- 1- Team 4 Crypto Security
- 2 - Team 9 Virtual Citizen
- 3 - Team 5 Famazon
- 4 - Team 8 Know-Line

- Part 2 (Dec 7): We will use the following order presentation:

- 5 - Team 6 DefendKnight
- 6 - Team 3 Konnect
- 7 - Team 2 TrashTrove
- 8 - Team 7 Adrsfy
- 9 - Team 1 PicHealthy Solutions

Pitch Presentations

- Attendance is mandatory - in-class peer team assessments
 - Must use university excused absence process to be excused
- Presentation structure
 - 10 minutes for presentation – cut off at end of time
 - 5 minutes for audience questions
 - 3 minutes for doing peer assessment online
 - 2 minutes for transition to next team
- Detailed grading rubric on Canvas
 - Pitch is 150 pts in Final Assignment category (60% of cat, ~20% of final grade)
- 3 items of Engagement & Team Participation category (30% final grade)
 - Team peer assessment during Wk 14 & 15 class
 - Results of Team participation assessment due Dec 8
 - Class Participation - did you do the required number of interviews and note taking