**COMSATS University Islamabad, Virtual Campus**

**MGT 403 Entrepreneurship**

**Lecture 28 Handouts**

**Elevator Pitch**

An elevator pitch or elevator speech is a short overview of your business, products, or services, and typically is used in business settings such as face-to-face networking. An elevator pitch can be one of the simplest yet most powerful tools for a small business owner.

An elevator pitch is short and, as the name implies, delivered in the time it takes to complete your average elevator ride. The length can vary, but you typically want to be able to present your elevator pitch comfortably without rushing in less than two minutes, ideally in less than one minute. An effective elevator pitch can help you introduce yourself and break the ice in networking situations. You also can use your elevator pitch to clarify your target audience and business goals for your own use and become more confident and self-assured in business settings.

* **Important points:**

To craft a pitch that is brief and compelling keep these following fundamental factors in mind.

* **Be brief:**

It is NOT a pitch of a great idea, team or product. The elevator pitch is so named because you must be able to summarize your idea in the time it takes to travel from one floor to another.

* **Be clear:**

From first line to closing sentence, your elevator pitch must convey a coherent message in easy-to-understand language.

* **Make it specific to your audience:**

Delivering a good elevator pitch is like playing an instrument. You’ll play your instrument slightly different for various audiences.

* **Identify the problem and your solution:**

What matters most to your listeners is that you are credible and competent at what you do, and you have uniquely-effective solutions to their specific business problems.

* **Elevator Pitch “Must Haves” and “Cautions”**
* Make sure you’re beginning your elevator pitch with something interesting to hook the person into wanting to know more about you. Start your pitch by sharing an interesting fact or stat.
* Make sure the elevator pitch clearly outlines benefits to the individual or company to which you are pitching.
* You have 20 to 30 seconds to hook someone. Use persuasive and concise language to drive the conversation. The average person can speak 70 words in 30 seconds — make every word count.
* Within the first 10 seconds of your elevator speech, you need to define how you can help that person or help that person’s business with a problem they are facing.

**Elements of the Pitch:**

1. **The hook :**

You want to engage your audience right away. That's where a good "hook" comes into your dialogue. For example, a hook can be a product the audience needs to solve an immediate problem, or a specific background experience that puts the speaker at the front of the line for a new job. The hook should grab the attention of the listener and set the stage for the concept.

1. **Product/Service Pitch:**

Most people use a script for a product/service pitch. This is perfectly okay. Where they run into trouble is when they make the script too complicated. When you do this, it easy to get caught up in trying to remember your next line or pitch rather than listening to the customer and identifying ways you can help them.

1. **Target Market Description:**

The most important thing is to identify a problem that is worth solving. If your product or service pitch doesn’t address a problem that potential customers have, you don’t have a viable pitch to place.

As you define the problem you are solving, you should naturally be thinking about the potential customers who have this problem. In the target market section of your elevator pitch, you will define exactly who has the problem you are solving and figure out how many potential customers you will be trying to sell to.

1. **Describe the competition:**

Every business has competition. Describing your key differentiators from your competition is a great exercise and ensures that you are building a unique solution that customers will hopefully choose over other alternatives. These differentiators will also help you focus your marketing on the key value proposition that you offer, but your competitors don’t.

1. **Describe How you Make Money:**

The final key element of your elevator pitch is conveying your business milestones, or your schedule. Here you will talk about your upcoming goals and when you plan to achieve them. If you have already accomplished notable milestones, you should mention those. If you are opening a restaurant, investors will want to know about plans to sign a lease, design the interior, and open for business.

Talking about upcoming milestones in your pitch makes your business a reality. This section of the pitch illustrates how well you have thought through the detailed steps it’s going to take to open your business and start making money.

1. **Investor Requirements and Returns:**

The investors will want to understand your business model. So your pitch should address key issues like:

* How do you make money?
* What is the pricing model?
* What is the long-term value of a customer?
* What are the customer acquisition channels and costs?

No matter how good your product is, you will need to have a good marketing plan to get customers or users. The “Marketing Plan” of the pitch deck can cover:

* What key marketing channels will you use (paid search, social media, TV, radio, email marketing, etc.)?
* What early successes have you had and what channels have worked?
* What are your preliminary customer acquisition costs per customer (and, correspondingly, what is the projected lifetime value of a customer)?
* What PR will you be employing?

Investors will want to understand the company’s current financial situation and proposed future “burn” rate (monthly or yearly cash loss while the company is developing and marketing its product).

The “Financials” side includes the following:

* Three- to five-year financial projections
* Unit economics
* Key metrics that are important to the business (such as annual recurring revenue)
* Total revenue and expenses

Make sure your projections are not unrealistic; you don’t want prospective investors to immediately question your projections as absurd or just not believable. Avoid the trap of saying you will grow revenues by 10x in one year but only increase sales and marketing costs by 2x.

1. **Tagline/Pitch Closing:**

Remember to keep the end in mind as you are telling your startup’s story. The conclusion of your startup pitch should contain a brief, clear summary of your argument as to why investors should put their money in your startup. Again, as you work on your pitch’s pacing, be certain not to get stuck rushing through the end so that you don’t lose this key opportunity to bring all the elements of your pitch together.

Sources:

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