

Helping businesses start, grow, and prosper.

Report



Business Pitch

Credits

This report is provided by the Kutztown University Small Business Development Center.

Last update: January 18, 2015

For comments and inquiries, please contact:

Main center

Kutztown University Small Business Development Center
15155 Kutztown Road
Kutztown, PA 19530



1-877-472-7232



sbdc@kutztown.edu



www.kutztownsbdcc.org



@KutztownSBDC



www.youtube.com/KUSBDCtv

Harrisburg outreach office
3211 North Front Street
Harrisburg, PA 17110

Lancaster outreach office
100 South Queen Street
Lancaster, PA 17608

Reading outreach office
237 Court Street
Reading, PA 19601

York outreach office
600 North Hartley Street
York, PA 17404



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Table of Contents

Credits	2
Disclaimer	3
Introduction.....	5
Checklist	6
Comments and Questions.....	8
The Idea	8
The Business Model.....	9
The customer.....	9
The competition.....	10
The message.....	10
The Sales Approach	11
The Inner Working	11
The Management Team.....	12
The Money Forecast.....	13
Possible Action Items	14
Useful External Resources	15
Revision History.....	16

Introduction

This report is a general review of the business pitch provided by the client. This report assesses the completeness of the pitch, highlights possible missing elements, contradictory information, unclear or incomplete explanations.

This report does not assess the relevancy or value of the business idea, but it might challenge the assumptions made by the client to support it.

The purpose of this review is to raise questions and to create a starting point for the discussion between the client and the consultant. The goal is to help the client to start a business.

Review of the business pitch for **NAME OF THE BUSINESS**.

Checklist

Description	Result
I The client talks about the problem discovered (opportunity)	✓
I The client clearly explains her/his idea to solve the problem	✓
I The client explains how it is more efficient, effective, or innovative than the competition	✗
I The client explains how her/his idea differs from those already in place	✗
I The client clearly states the focus of the business: price, convenience, or quality	✗
I The client clearly describes the products and/or services offered by the business	✓
I The client explains how his products/services meet the needs of the customers	✓
B The client clearly states the purpose of the business	✓
B The client explains how the products/services will be delivered	✓
B The client explains how the business will make money	✓
Cu The client identifies the main customer groups	✓
Cu The client identifies the main characteristics of each customer group	✓
Cu The client identifies the specific needs of each customer group	✓
Co The client identifies the main competitors	✓
Co The client identifies the advantages of her/his business over the competition	✗
Co The client identifies the disadvantages of her/his business compared to the competition	✗
Co The client identifies his/her industry (NAICS Code)	✗
Co The client performs a SWOT Analysis	✗
M The client delivers a message simple, unexpected, concrete, credible, and emotional	✓
M The message conveys the purpose of the business	✓
S The client explains how to reach the different customer groups	✓
S The client explains how to communicate and promote the business to the different groups	✓
S The means used to promote the business are cost effective	✓
IW The client explains how to create/produce the goods or services	✓
IW The client identifies the key functions of the business	✗

IW	The client assigns the key functions of the business	✗
IW	The client gives the location of the business	✗
IW	The client gives the hours of operation of the business	✗
IW	The client explains her/his needs in special equipment and certifications	✗
IW	The client identifies the value chain and its place within the value chain	✓
MT	The client identities who will oversee the production	✓
MT	The client identities who will oversee the sales	✓
MT	The client identities who will take care of the money	✗
MT	The client determines the salary of the employees	✗
MT	The client identifies any other external person involved in the management of the business	✗
MT	The client identifies any other external professional help required	✓
MF	The client estimates the initial costs of the venture	✗
MF	The client estimates the operating costs incurred for the first year	✓
MF	The client estimates revenues for the first year	✓
MF	The client estimates profits for the first year	✗
MF	The client talks about potential risks and benefits of the venture	✗
MF	The client talks about business debts incurred if any and how to pay them back	✗
MF	The client breaks down the price, cost, and profit for each product and service	✓
NS	The client creates a credible to do list to starting the business	✗
NS	The client identifies 2 or 3 main goals that s/he wants to accomplish in the next 2 to 3 years	✗
NS	The client explains previous obstacles overcome and anticipates possible future obstacles	✗

Comments and Questions

This section provides additional comments on specific parts of the business pitch. These are general comments that might apply to your business.

The Idea

Opportunity not clearly defined

The problem to solve or the opportunity is not clearly identified. Sometimes, the problem identified is too vague or the opportunity is not backed up by any tangible evidence.

Questions: What is the opportunity? Is there a real need for the business?

Opportunity is already exploited

Sometimes, the problem has been already solved by other businesses.

Questions: Is the opportunity identified already being exploited by other businesses? If yes, is there a place for your business in the market?

Relevancy of the solution

The solution offered by the business does not seem to match the opportunity identified earlier and does not explain how the business will help the customer in this situation.

Question: How will your products or services help the customers solve their problem?

Multiple focuses

It seems that the business has more than one focus (price, convenience, quality). Even if it is possible to focus on more than one aspect, there is usually a trade-off between the three focuses. For example, competing on price will most likely reduce the quality of the product, whereas producing high-end products will usually involve greater costs (but not always).

Some products and services are not aligned with the opportunity

Some of the products and services offered do not seem to be related to the core business and do not have any complementarity with the main products and services.

The Business Model

No source of revenue identified

The plan does not explain how the business will make money. It is unclear how the business can generate steady cash flows.

The customer

The audience identified is too broad

No specific customer group is identified and the business is targeting almost everyone. Although anyone can buy the products and services, they are usually designed to solve the problem of a more specific audience. It is important to identify the groups of customers that actually need the products and that are facing the problem that the business can solve. You will be able to communicate and serve them more efficiently. It also helps to advertise and design the services and products to meet the needs of your customers. It is difficult to satisfy everyone, because different customers will not have the same needs and expectations. You can identify your customer groups by demography, income, geography, lifestyle, etc.

Questions: Who is facing the problem identified earlier? Who would buy your product to solve it?

The audience identified is too narrow

The customer group identified is very small. Although niche markets can be profitable, especially for small businesses, the size of the customer group should be taken into account when studying profitability and breakeven point.

Question: Is your target market large enough to make profits?

The size of the market identified is very large

A big market does not mean that a business can reach and serve all the potential customers. The business has multiple constraints and bottlenecks in production that limit the market that can be served. Such constraints can be: geographical limitations, production capacity, number of sales people, inventory, etc.

Questions: How many customers can you serve for a given period? How many units can you produce and sell?

Mismatch between customers, opportunity, and products

The problem and the opportunity identified, the customer groups, and the products and services do not seem well aligned. For example, if the focus of the business is on selling cheap and low quality goods, it is unlikely that the target will be high income population, and vice versa.

The competition

Not all the competition has been identified

The competitors do not have to be similar to the company. Any kind of business that can divert customers' time and money from the company is a competitor. Every alternative that a customer could choose instead of the business is a competitor. For example, a direct competitor for a fast food restaurant can be another fast food restaurant, but a regular restaurant or a convenient store will also compete with it. Another example could be in the entertainment industry: movie theaters will probably compete with bowling alleys and bars. In some industries, there might also be an online competition (retail for example).

Advantages and disadvantages compared to the competition

It is not clear how the company differentiate itself from the competitors. It could be helpful to mention the strengths and/or weaknesses of the business compared to them.

Question: if your competitors do not offer the same products or service than your business, is there a reason for that? Could it be because the segment is not profitable?

The message

The message does not convey the main purpose of the business

The message of the business does not clearly explain the purpose of the business or how it will solve the customer's problem. The message can also mention the area served, the products and services offered, etc.

The message is not specific enough

The message is too general and does not describe the specific activities of your business.

The Sales Approach

The sales approach does not align with the customer needs

The channels of communication and/or the channels of distribution chosen for the business are not aligned with its customers. For example, if the main target is the student population, it could be more effective to promote the business on campus rather than in a local newspaper.

Question: What is the most efficient way to reach and sell to your customers?

The sales approach is not adapted for the business

The sales approach chosen is not very cost effective and is too broad. For example, radio advertising might not be the best choice for a small coffee shop. Indeed, it would be costly and would target a very broad audience that is not necessarily located in the area of the business.

The Inner Working

Too much work for too few people

The amount of work required to run the business seems very high for just a few employees. If necessary, it is always possible to hire external contractors to perform some tasks. For example, an accountant could take care of the taxes.

The owner does not delegate

Sometimes, in order to reduce costs or to keep more control over the operations, a business owner will undertake all the tasks of the business. By doing so, a business owner will spend a lot of time on minor tasks instead of focusing on the core functions of the business that make a difference and create value. Good delegation is an important part of business.

Some critical functions are forgotten

Some functions are critical to almost all businesses, such as bookkeeping or selling. Some of these functions can be outsourced to a contractor if needed, but they should not be overlooked.

Some critical requirements are forgotten

Some functions require specific equipment, certifications, or training. For example, bookkeeping will most likely require specific software while operating a cash register might require a point-of-sale system.

The location does not align with customer needs

It is better for a business to be located close to its main customers, or in a location that makes it convenient for them to stop by. This can also include parking or any other things that facilitate access to the business.

The hours do not match the customer needs

The operating hours of the business need to match the availability of the customer. For example, it would not make sense for a night club to be open Monday through Friday, from 8 AM to 5PM. The business should be opened when it is more convenient for the clients to visit.

Heavy investments

It is not always necessary to make heavy investments to start a business. Sometimes, it is very risky since the success of the business is still unknown. It might be safer to consider other less expensive and less risky alternatives. For example, instead of buying a place, a cheaper alternative would be to simply rent a place. It would be less costly and more manageable because the business owner would not incur the responsibilities associated with being a landlord.

Role in the value chain

Usually, a business performs one specific activity. For example, a grocery store does not manufacture the goods or does not manage the wholesale distribution of the products. A business owner needs to identify the main activity of the business, its place in the value chain, and the appropriate network of suppliers and distributors necessary to obtain the input and sell the output.

The Management Team*No salary for the owner*

If a business owner works for her/his own business, s/he should earn a salary has an employee, in addition to earning a return on investment on the money put in the business. Indeed, a business owner/manager would be both an employee and an investor, and as such should expect both a salary and a return on investment. If a business owner working full-time cannot give herself a salary, this might mean that the business is not profitable/viable as it is.

The Money Forecast

Unrealistic forecast

The forecast of units sold, revenue, and profits seems unrealistic. The numbers are very high. Sometimes, an entrepreneur will use a top-down approach and take a fix percentage of the total market to find how many products she will be able to sell. Oftentimes, the business does not have the means to reach or serve such a large customer base. Instead, a more realistic approach would be to consider the production capacity of the business, how many units can be sold per day, and how much profit can be made. Be careful though, because being able to produce a certain number of units does not mean being able to sell them.

Break even vs. size of the market

Instead of choosing an arbitrary sales number to forecast the profitability of the business, another way is to find the number of units that a business needs to sell in order to breakeven. Then, the client determines if it is possible to produce this number of units and if it possible to sell this number of units. Sometimes, the market is just not large enough to make the profit forecasted. For example, a small coffee shop in a small town is unlikely to sell 100,000 cups a day.

Assumptions

When performing a financial forecast, many people forget to state their assumptions. It is important to identify the factors that might influence the revenue and profit of the business. It is important to be able to justify the numbers used in the forecast.

Sources of revenues and costs

It could be helpful to create a simple spreadsheet and list all the possible products and services along with cost, revenue, and profit.

Possible Action Items

Below is a list of things that can be done in order to improve the business pitch.

Focus	Action
Money Forecast	Develop or review the assumptions behind your financial projections
Next Steps	Create a quick todo list of the things that you need to do to start your business
Next Steps	Think about future potential obstacles to discuss with the SBDC
Money Forecast	Develop better financial projections
Competition	Study the products and services offered by the competition and their pricing
Competition	Research more competitors and substitutes
Inner Working	Describe the internal process in more detail
Inner Working	Identify the value chain and the position of your business in the value chain
Customers	Better identify your customers and their needs

Useful External Resources

To find the NAICS code of an industry, go to the NAICS website:

<http://www.census.gov/eos/www/naics/>

Revision History

Date	Author	Modification
11/12/2014	Dorian Scream	Started the content
11/19/2014	Dorian Scream	Updated content
12/02/2014	Dorian Scream	Updated content based on previous report done. Change comments (use of "You", title more general, added more questions). Added resources and action items
12/17/2014	Dorian Scream	Updated wording for comments and formatting
1/18/2015	Justin Maynard	Made Report more Printer Friendly and updated the dates



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Thank you for using this Report!

1-877-472-7232

sbdc@kutztown.edu

www.kutztownsbdc.org