



Analyzing and Pitching Opportunities Tool

by

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ANALYZING AND PITCHING OPPORTUNITIES TOOL

*Coming up with great ideas is easy; selling them to strangers is hard.*¹

Entrepreneurs are called on daily to explain the business opportunity they are pursuing to investors, potential partners, suppliers, customers, and employees. Your success in launching a new business depends on your ability to clearly communicate the compelling problem you are solving or market opportunity you are pursuing, features of the solution you are proposing, the resources and capabilities required to implement, the risk involved and risk management approaches you propose, and the expected benefits for all stakeholders. While a business opportunity based on a flawed business model often fails, so too will a dynamite opportunity that no one understands. A crisp, well-articulated pitch is no panacea, but it is an important component of building successful businesses.

This tool provides tips on how to develop and communicate two types of pitches. The first is a *business case or business plan pitch*—a compelling presentation that can be used to pitch a business plan to investors (inside or outside your business) and to customers, partners, or key employees. The second is an *elevator pitch*—a brief one-paragraph description of a new business or opportunity. Many recommend that, when developing an elevator pitch, it is helpful to think of how you would describe your business or opportunity to a stranger in the short time it takes to ride an elevator from the first to the tenth floor of a building or in an e-mail introducing your business.

A good pitch starts with a thorough analysis of the business opportunity you wish to pursue and the development of a business plan that describes the opportunity. Both your business plan and pitch require an understanding of how to define and analyze a business model. If you are unfamiliar with this concept, it is recommended that you review the *Crafting Business Models* tutorial.² The resource section of the online tutorial includes this tool and a set of companion tools, articles, and online resources that can be used to develop and analyze a business plan. **Exhibit 1** summarizes factors to consider when prioritizing ideas and **Exhibit 2** provides a worksheet that can be used to compare potential opportunities.

Armed with a compelling opportunity and the ability to articulate why you are ideally suited to exploit it, follow the “20/10” rule discussed in this tool to develop a 20-minute pitch that can be communicated in approximately 10 slides. (Note: The 10 slide rule is not absolute. Suggestions are available for approaches to take if you find yourself trying to put too much information on a single slide.) A sample paragraph that can be used as a template in developing a short introductory “elevator pitch” is provided at the end of the tool. Feel free to customize this paragraph to convey the most critical information required by different audiences. The paragraph can be used as a guide to develop an executive summary for your business plan pitch, an introductory e-mail, or to help frame how you would respond when someone asks: “Tell me about the new business you are starting.”

Note: The approach described in this tool is focused on launching new businesses. It can be modified by innovators in established firms who are interested in pursuing an opportunity where the “customer” is an internal end-user or business unit. In these cases, treat your “market” as the community of users, your “offering” as the new process, technology or approach you are attempting to implement, and the “price” as the total cost (including \$, time, education, management attention) that must be paid to make the change you are proposing.

¹ Elsbach, K., “How to pitch a brilliant idea,” *Harvard Business Review* (#R0309), September 2003, page 1.

² Applegate, L.M. *Crafting Business Models*, Harvard Business School Publishing, #808-705, 2008.
<http://harvardbusiness.org/search/Crafting%2520Business%2520Models/>

Tips for Pitching Your Business Plan

Once you have analyzed the opportunity you wish to pursue, it's time to begin pitching it and getting feedback—being sure to start with knowledgeable “friends” who will give honest feedback and advice. Expect to spend many hours pitching and revising your business plan. In fact, seasoned entrepreneurs comment that during the first year of building a business they are either pitching or sleeping! In fact, learning to develop and deliver an effective business pitch is one of the most important—and often neglected—skills in business. Below are some practical things that you can do to improve your chances of success when pitching your business plan.³

Do your homework. Learn what's important to the people that will be listening to the pitch and get objective data to support the claims you are making.

Whenever possible, talk with insiders that you trust. Find out who will attend your pitch and what they would like to learn about you and your company. Find out what attracted them to your business plan and whether attendees or others who have influence over them have expressed concerns you should be prepared to answer. Be sure to talk with people who are knowledgeable about the industry and market before you pitch to potential investors.

In addition to talking with knowledgeable insiders and informed outsiders, you can also use online research to support your opportunity analysis. If you are pitching to financial investors, begin by going to their website. Review information on the people you will be meeting and the businesses that they have invested in. Learn about those businesses and any linkages that there may be with the opportunity you are pitching. If you are pitching to a strategic investor, go to the company website and review information on products, customers, recent acquisitions, and investments. If publicly-owned, download and review the latest annual and quarterly reports.

Go to www.google.com (or another search engine) and type in the name of the company and the name of the people you will be meeting. See if you can find any recent articles about them or presentations that they have given. Free corporate profiles, stock charts, and industry news are available at popular search sites, such as: <http://www.google.com/finance?tab=we> and <http://finance.yahoo.com>. Or check out Alacra Industry Spotlight (http://www.alacrawiki.com/index.php?title=Alacra_Industry_Spotlights), which provides free information and reviews by industry, and Alacra Store (<http://www.alacrastore.com/>), which allows you to find and purchase premium company and industry reports from over 100 business research sources, such as, D&B, Thomson Research, Forrester and EIU. If you or your company have access to a subscription-based article database (for example, Factiva, ABI Inform, or Lexis-Nexis) you can do a more in-depth search for data needed to support your business plan and pitch. Subscription-based online information services such as One Source Business Browser, Capital IQ and ThomsonOne provide more in-depth company and industry news and financial analysis. Analyst reports and industry information are also available from subscription-based information sources such as Standard & Poor's, Frost & Sullivan, Reuters, Bloomberg, and First Call. These subscription-based information services may be available at local public and university libraries. If you are an HBS MBA or executive education participant check out the online resources available through Baker Library at: <http://www.library.hbs.edu/>. If you are an HBS alumnus, free access to selected databases is available through the HBS Alumni website at: <http://www.alumni.hbs.edu/ebaker/>. A tool is available on eBaker that provides a step-by-step approach to using online databases to analyze a company, industry, market etc.

Follow the “20/10 Rule” for developing an effective business plan pitch.

Create a 20-minute presentation that can be delivered in approximately 10 slides. Use the slide descriptions presented in this section as a guide, but be creative. Be sure the slides address key concerns of

³ Kawasaki, G., et. al., “Business presentations,” *Essentials of Entrepreneurship*, N.Y.: Wiley and Sons, 2003.

attendees. If you find yourself putting too much information on a single slide just so that you can stick within the 10-slide limit, step back and ask yourself: “Is this information that belongs in an appendix that I can refer to during the presentation?” A common problem in preparing a business plan pitch is that the presenter tries to convey too many facts and not enough of the compelling information that attendees need to make a decision. Consider what you (and your listeners) want out of the meeting and make sure you are presenting your information in a way that helps a listener visualize the key message you are trying to convey so that you can achieve the outcomes you have for the meeting. Keep in mind that the initial pitch to an investor, customer, or key employee should grab the listeners’ attention and spark their interest in learning more. Provide appendices that include more detailed information on the industry, competitors, customers, bios of key people and partners/advisors, and other information that you can refer to during the meeting. In the end, if you decide you need more than 10 slides to create a compelling pitch, by all means break the 20/10 Rule. Below is suggested content for a 10-slide business plan pitch, plus a title slide, closing slide, supplements, and appendices.

Title Slide: Company name, your name, your team and key partner names, titles, and contact information. During your pitch, you can use the title slide to begin establishing your credibility by briefly mentioning relevant biographical information for you, your partners, your advisors, etc. Refer listeners to more complete bios in the appendix. Also let them know at the outset how long you plan to pitch and that you will leave time for questions/discussion at the end. In practice, however, questions signal that you have generated interest and it is important to not dampen your listeners’ enthusiasm and understanding of the opportunity by being too rigid. The mere fact that you have set aside time at the end can be used to avoid getting drawn into side track discussions that take away from the compelling story you are attempting to tell.

Slide 1 - Executive Summary: Provide a *very high level* summary of the problem or opportunity you plan to exploit. Describe your customers, the pressing problem you intend to solve, a high level description of the solution you propose, why you are the ideal person to launch the business, the value you will create, when you will deliver it, and your current progress. Mention any important industry trends and disruptors (e.g., technologies or changes in regulations, demographics, or society) that have created a window of opportunity for you to enter this industry. This slide should be geared to your audience and the purpose of the meeting. Be sure to clearly state what you will ask for at the end of the presentation. For example, if you are pitching to potential investors state how much money you will need, how it will be used, whether you anticipate follow-on investments and, if so, when you will need them. Keep in mind that all of these projections are based on assumptions so be sure you are prepared to talk about how you plan to mitigate risk along the way. If you are pitching to potential partners or key employees, let them know what role you would like them to play and what value they will receive. By the end of this high level introduction, your listeners should be thinking: “This is a great opportunity;” “This is the right time to invest (or join);” and, most importantly, “These are the right people.” A great executive summary generates interest and sets the stage for the rest of the presentation. A word of caution—keep it concise and make it clear then promise more detail in the remaining slides and supplements.

Slide 2 - Market Positioning / Problem Description: Describe the market and the problem (“pain”) that customers experience today. Provide information on the size of the total addressable market and its growth rate. Describe specific market segments and the size and growth rate of each. Highlight the segment you plan to address at the time of launch, your expectations for how fast and how you will gain the interest and participation of early adopters. Finally, be sure to highlight how your market position might evolve over time.

Slide 3 – Product Positioning: Explain the solution (product/service offering) that you will deliver and how it will alleviate the “pain in the market” that you described in Slide 2. When did (or will) the window of opportunity open for your offering and how long will it be open? Provide a high level description of any new technologies or features that differentiate your solution. (Avoid technical lingo; refer readers to your business plan, a technical appendix, and/or to a white paper for a more detailed description of key technologies.)

Slide 4 – Business Network (“Ecosystem”) Positioning: Show a diagram of the business network or ecosystem. Identify key customers, suppliers, partners, and other players that must participate to make your vision a reality. Discuss the role you will play and how your new business changes (hopefully improves) relationships and economics among the players. (Once again, keep the description at a high level and refer to an appendix for more detail.) Discuss key relationships and connections that you already have in the industry and how you plan to establish connections you need.

Slide 5 – Competition or Substitutes: Discuss key competitors/substitutes and how you plan to differentiate your offering from available (or potential) alternatives. Use a product-market positioning matrix or other graphic if appropriate. By this point in your pitch, you should have demonstrated that you understand the industry and competition and that your offerings are clearly differentiated from existing offerings in ways that matter to customers who are able and willing to pay. (Provide additional detail on competitor strengths, weaknesses, and offerings in your business plan narrative or appendices.)

Slide 6 - Benefits: Describe the benefits you will deliver, who will receive them, and when. By this point, be sure everyone understands exactly what you will sell to whom and how much customers will pay (e.g., key revenue models and drivers). If the person who uses your product is not the same as those who will be buying it, be sure to address this point here and in the market positioning slide. By this point, your listeners should have all of the information needed to understand your revenue model and the assumptions behind your revenue projections, which will be presented in a later slide.

Slide 7 - Operations: Identify the key capabilities and resources you need to design and launch your initial product and service offerings and those needed to grow your business over the next five years. Include product development, production, marketing, sales, customer acquisition and retention, service delivery, partnerships, and key administrative activities (e.g., finance, HR, IT). Identify key people that need to be hired, outsourcing partnerships, capital equipment, IT infrastructure and systems, facilities, etc. Show your progress to date in acquiring the resources and building the capabilities you need and discuss how you plan to acquire additional resources over time. By this point, investors should have all of the information needed to understand the cost assumptions of your financial projections.

Slide 8 - Financials: Provide high level cash flow projections and identify the key assumptions behind your cash flow forecasts. Show best-case / worst-case scenarios around important assumptions and discuss the influence of changes in key assumptions on your revenue and cost projections. NOTE: More detailed financial information will be required when presenting to sophisticated investors and partners during the due diligence phase. The trick in your early pitch is to provide enough detail to ensure that listeners’ believe you understand the financial risks and returns and that you can defend your business model and produce the data needed for due diligence.

Slide 9 - Risks: Discuss key areas of risk and how they will be managed. Demonstrate that you understand all categories of risk, including the investment risk, strategic risk (e.g., market uncertainty, technological/product uncertainty, industry and regulatory risks), and operating risk (e.g., hiring and retaining talent, developing entry-level and follow-on products, acquiring and retaining customers). Discuss approaches that you have taken or will take to managing those risks.

Slide 10 - Implementation, Status and Traction, and Financing: Discuss key milestones (e.g., product development deadlines, beta tests, market launch, follow-on product-service launches and potential market expansions). Discuss your current status and when you expect to reach key milestones, the activities you plan to complete in the next phase of your implementation plan, resources required (including financing), and your progress at securing those resources. Show the total investment required, how you intend to stage the investment within rounds of financing, and how the money will be used at each stage. By this point in your presentation, investors should be confident that you are able to acquire the resources (including financing) and build the capabilities needed to build a successful business.

Closing Slide (the “ASK”): End the presentation by returning to your opening slide (or a variation of it) and summarize the business case you have made and what you would like from your listeners. Then open the discussion to answer questions, discuss issues, and, ultimately, achieve the objectives of the meeting.

Sources and Bibliography: Add key sources of data used in preparing the slides and business plan, including published and unpublished papers, analyst reports, company reports, interview notes, and other documents. Add references to key sources on the slides where data is used.

Appendices: Provide more detail regarding the industry, markets, competitors, offerings, technology, management bios, financials, etc.

Generate excitement. A good pitch is exciting and energizing.

While a well-documented business plan and presentation are essential to a successful pitch, they are not enough. Your pitch needs to tell a story that makes the compelling need (or “pain”) in the market real to the audience and convinces them that your offerings are the logical solutions. Unless you have built a logical story that generates excitement, no one will believe that a market exists because of some analyst’s prediction. Nor will they believe your predictions about benefits and returns unless they believe in you and in the assumptions you have made to build your business case.

Show your energy, passion, and commitment. The audience should believe that your team—above all others—is in the best position to build a successful business to address an important market need.

Revise as you learn.

Like your business plan, treat your slide presentation as a living document that is continuously revised based on what you are learning from changes in the market or industry or from the experience you are gaining from building your business and delivering your pitch.

Start by doing a “dry run” with partners and key advisors that understand your business. Refine your timing, the content, and how you display information on your slides. Ask your listeners whether you have answered the key questions listed below.

Who? Who are the key stakeholders for your business (e.g., customers, founders, suppliers, advisors, and investors)? Within customer markets, who is the user and who makes the buying decision? Who are the founders? Can they attract the top talent (employees, partners, advisors) and other resources required?

Where? Where are key customers, suppliers, partners, and talent located? Where is the company located? Where will the product be developed, sold, used? Is location an important consideration in understanding the value of your business?

What? What products and services will be offered and at what price? What are initial and follow-on offerings? What differentiates your offerings and what is the value proposition for all stakeholders? What is motivating the founders to start this business? What are the key milestones and deliverables?

When? When will the first product or service reach the market? When will follow-on offerings, markets, and businesses be launched? When will returns be delivered to investors? What are the key milestones and when will they be reached?

How? How will founders attract the resources and build the capabilities required to meet key milestones? How do they plan to build products, then market, sell, and deliver them?

Why you? Why are you and your team best positioned to exploit this opportunity? Do you have the passion, commitment, connections and “mind set” needed to make the decisions and hard choices needed to turn your vision into reality?

Progress to doing the presentation for audiences that are supportive of you, are in a position to give valuable feedback, but **do not** understand the new venture you are pursuing. Ask them to answer the key questions listed above and see if they understand the business. Get feedback and refine your pitch.

Pitch to increasingly more important audiences. Delay critical presentations until you have tested your message on less important audiences.

Be prepared and flexible.

Find out what type of audiovisual equipment will be available, what type of room you will be using, and whether or not attendees prefer a formal or informal presentation. Don’t assume you will have a broadband connection or that you will be able to reach the internet. Check it out first and then always come with backup plans in case technology doesn’t work.

If you are unfamiliar with the area, get directions to the meeting and make the trip ahead of time. Leave in plenty of time on the day of the meeting to get there early and get prepared—mentally and technically. Be parked and in the area early so that you are not delayed in traffic or searching for a parking spot. Always remember that it is better to have time to sit, relax, and prepare before an important pitch. If you start disheveled and tense, it’s hard to recover.

Unless there is a very good reason to do so, only one person should do the presentation. The correct person to do the pitch depends upon the type of pitch you are doing. For example, the CEO often pitches to investors; the head of marketing and sales may take the lead on customer pitches, etc. It is also helpful to limit the number of people present at a pitch meeting.

Recognize that it’s tough to protect your intellectual property.

While nondisclosure agreements—and even patents—may provide some protection for your ideas, most small businesses and independent entrepreneurs find that they often do not have the power and resources needed to defend themselves against large, powerful players in the industry. Most professional investors and large customers refuse to sign nondisclosure agreements from small companies and entrepreneurs. In fact, you can expect VCs to talk with other VCs and with experts in the field as part of their due diligence.

That said, it’s important to mark your slides as confidential and to consider collecting handouts at the end of the presentation. Don’t e-mail your pitch or a business plan ahead of time. Don’t share information on what you are planning to do too far in advance. You can keep future plans vague by talking about “potential options” for future growth at a high level without giving specific details about your longer term plans. Let’s face it—most business plans are out of date the moment you develop them.

A Template for Developing an Elevator Pitch

In addition to developing a 20-minute pitch, it is also useful to create a short paragraph that you can use to explain your idea in a compelling way in less than 1 minute. Below is an “elevator pitch” template that you can modify. Insert your information in place of text highlighted using bold font and contained within brackets. The final paragraph provides language used if you are briefly explaining your business to a potential investor. This elevator pitch can also serve as a template for an introductory e-mail that you might send. Be sure to use this as a template and to customize the tone to your audience and to your own personal style.

For **[identify customers segments that use or will use your offerings]** who are dissatisfied with (or demand) **[explain the compelling problem or need you are attempting to address]** our company **[insert company name]** provides **[briefly describe your product and service offerings in terms of a solution to your customers' compelling need]**.

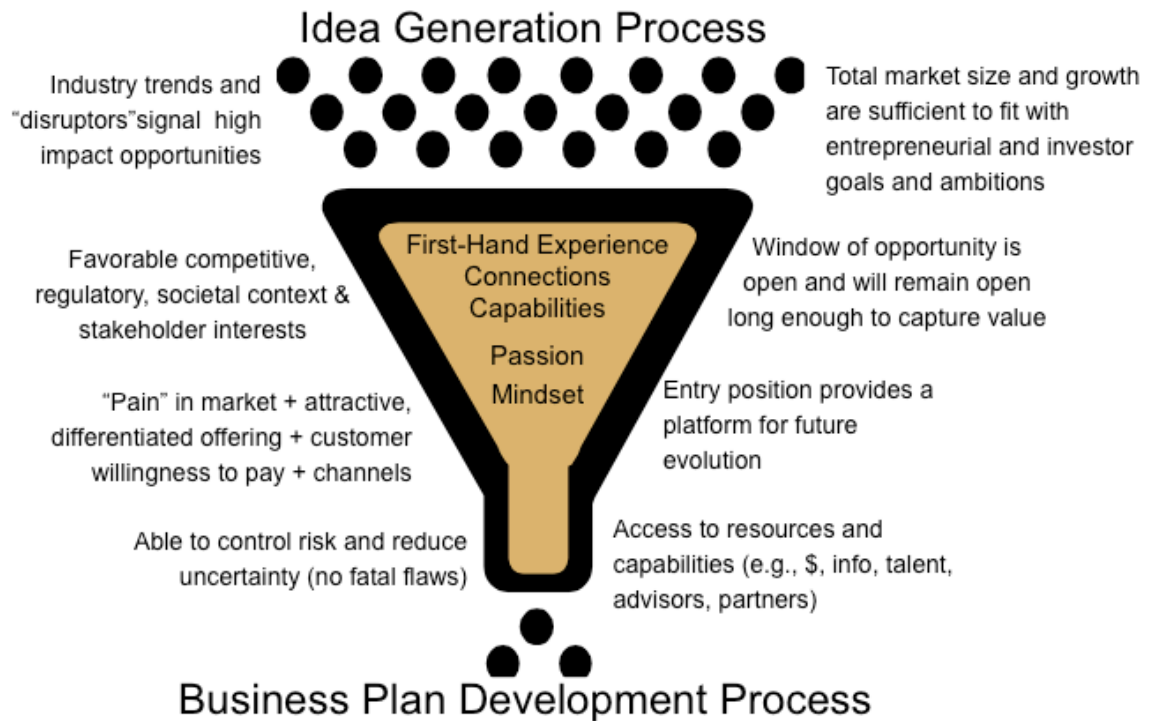
Unlike competitor products and other alternatives **[name key competitors and substitutes]** we offer superior value because **[explain what differentiates your business from competitors and substitutes]**.

The business was founded **[give date]** and **[launched or plans to launch]** its first product (or service) on **[give date]**. Other key milestones include: **[list key business milestones and expected dates they will be reached]**. We currently need **[explain the resources needed, including money, talent, etc.]** and plan to use these resources to **[explain what you plan to do with the resources]**. We are projecting that the return on this investment will be **[give amount and timeframe by which you will deliver the return]**.

Once you have developed your elevator pitch, go back and revise the executive summary of your 20-minute pitch to ensure you have succinctly captured the compelling features of your opportunity and business plan.

Exhibit 1: Analyzing Opportunities

Use the "Opportunity Funnel" below to screen and prioritize ideas.



Source: Author

For Further Study:

___, "The Basic Presentation Checklist," *Harvard Management Communication Newsletter*, #C0010B.

___, "How to Deliver a Disastrous Presentation," *Harvard Management Communication Newsletter*, #C0009B.

Ballaro, B., "Six Ways to Grab Your Audience Right from the Start," *Harvard Management Communication Newsletter*, #C0306E.

Elsbach, K., "How to Pitch a Brilliant Idea," *Harvard Business Review*, #R0309.

Obichowsky, J., "Communicate to Inform—Not Impress," *Harvard Management Communication Newsletter*, #C0602B.

Sahlman, W., "How to Write a Great Business Plan," *Harvard Business Review*, Harvard Business School Publishing # 97409, July-August 1997.

Also see: Applegate, L.M., *Crafting Business Models* online tutorial (available from HBS Publishing). The resources section of the tutorial includes this tool and other tools for analyzing and evolving the business model for an established business and for developing and analyzing the business model for a new venture. Tools are also available to help you develop a business plan and a business plan pitch.

Online Resources:

Harvard Business School, Rock Center for Entrepreneurship, Resources for Entrepreneurs
<http://www.hbs.edu/entrepreneurship/resources/businessplan.html>

Canaan Entrepreneur Pitchbook
(<http://www.slideshare.net/canaanpartners/canaan-entrepreneur-pitchbook-presentation?type=powerpoint>)

Springboard Enterprises, *Creating Your Pitch*
(<https://www.springboardenterprises.org/learningcenter/creatingyourpitch>)

eHOW.com, *How to Prepare a Pitch to a Venture Capitalist*
(http://www.ehow.com/how_138695_prepare-pitch-venture.html)