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REPORT ON BUSINESS

↓	↓	↓	↑
S&P/TSX 11,826.44 -39.32 Energy stocks lead first decline in four sessions	DJ Ind. 11,069.06 -46.26 Interest rate worries undermine blue chips	Nasdaq 2,262.96 -19.40 Chip stocks drop as Citigroup cuts recommendation	Dollar 87.18c (U.S.) Unchanged Rate concerns in U.S. and Canada squeeze loonie
			Gold \$556.60 (U.S.) +2.00 Renewed inflation concern underpins bullion gain

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Clamo, Ergo Sum (I Pitch, Therefore I Am)



SEAN WISE
WISE WORDS

Guy Kawasaki tells us in his bestselling entrepreneurial guide *The Art of the Start* (one of my "Entrepreneurial Top 5 Must Reads for 2005"), that Rene Descartes' principle "I think, therefore I am", in the case of Entrepreneurs, should really be "I pitch, therefore I am". He goes on to tell the old investor joke "How do you know when an entrepreneur is pitching? His lips are moving."

For Entrepreneurs, a good pitch is needed no matter the task at hand. Want to raise capital? - You need to pitch your plan. Want to attract top notch employees? - You need to pitch your vision. Want to attract strategic partners? - You need to pitch the benefits of working with you. Want to increase sales? - You need to pitch your solution. The ability to pitch, i.e., to get your key message across in a meaningful, compelling, and concise manner, is one of the Entrepreneur's most necessary skill sets. It is remarkable then, that it is also one of the skills most often missing.

W. Daniel Mothersill, President of the National Angel Organization, Pitch Coach for the Toronto Venture Group, Chair of the Ciris Group of Companies, and one of the key voices at Ernst & Young's cross country Entrepreneurial Bootcamp program, puts it this way:

"Most pitches are about as exciting as a bowl of cold oatmeal, but not as good for the digestion. For the most part, these quick pitches can best be categorized as trite, trivial, and tepid. Too often they devolve into warmed-over motherhood statements, weighted down by techno-speak and spiced with jargon."

In meeting with over 2,000 entrepreneurs at over 70-plus bootcamps, Mothersill states that pitching is where most of the attendees come up short.

"They make these disembod-

ied statements sort of describing what their company does, but they almost never talk about the market pain it solves. They miss the whole point," said Mothersill.

"No pain, no gain must be the mantra for anyone creating an elevator pitch. In a few short sentences, you need to tie in your audience's needs, wants, and desires directly to your company's offerings. I've helped a couple of thousand companies to do this. It can take as much as a day to develop, but yields dividends for a lifetime."

So how do you create a powerful elevator pitch? Well, first you need to understand exactly what an "Elevator Pitch" is and where it comes from.

Where does the term Elevator Pitch come from?

I first heard the term Elevator Pitch when I worked in New York during the dot.com boom. I'm sure it dates back much farther, but during the boom, Elevator Pitching was elevated (no pun intended) to the status of urban legend. So, where does the name come from?

As told to me, the legend suggested that entrepreneurs seeking capital would lurk in the office lobby of investors, quietly awaiting the arrival of their target - the Venture Capitalist. Then, once said VC arrived, the skulking entrepreneur (preferably skulking only in spirit), would follow the VC onto the elevator. Once the doors had closed, the founders would whip out a binder containing a few slides and pitch the investor their idea. These harried founders had only a few moments to pitch their ideas; for once the VC reached their office floor, one of two things would happen: the investor would invite them into the board room to hear more; or the investor would call security (literal skulkers having been apprehended long ago in the lobby).

And from this, the term and the legend of the Elevator Pitch was born.

Even though the bubble has long since burst, the Elevator Pitch parable still rings true today. When it comes to pitching, you need to envision yourself in an elevator with your target audience, knowing that you only have a few floors to capture their attention, build credibility, and most importantly leave them craving for more.

What is an Elevator Pitch?

VCexperts.com defines an Elevator Pitch as: An extremely concise presentation of an entrepreneur's idea, business model, company solution, marketing strategy, and competition delivered to potential investors. It should not last more than a few minutes, or the duration of an elevator ride.

The MIT Enterprise Forum defines an Elevator Pitch as: "A one minute description of a company designed to encourage the audience to become investors, employees, or customers"

At the Bootcamps, Dan and I, define an Elevator Pitch as: A

clear, concise, compelling combination of the pain your venture is addressing and the value proposition your business is providing.

Why is the Elevator Pitch so important?

Vcs, like all investors, see hundreds of investment opportunities a year. So how does one make sure their venture gets the attention it deserves? You guessed it - the Elevator Pitch.

According to Salim Teja, Vice-President with Brightspark Ventures, one of the few true seed investors left in Canada, the Elevator Pitch is not just a simple introduction to an idea. He explains that: "The difference between good meetings and bad meetings with investors is the first five minutes. This is the entrepreneur's chance to clearly communicate their vision, passion and expertise. The ability to deliver a well-crafted Elevator Pitch sets the tone for the entire meeting."

As Teja puts it, good pitching is usually a sign that not only does management understand the heart of their business, but they are also effective communicators.

"The ability to convey a concise and compelling pitch showcases the vision of the entrepreneur. This ability to focus strengthens the investor's confidence in the team and provides added assurance that management will be able to turn its vision into an appropriate operating plan, said Teja. "Conversely, I'd have a hard time getting behind a founder that lacks the ability to get me interested in what he does in under a minute."

What's the Secret of the Elevator Pitch?

Kerri Knull, a reformed venture capitalist, now Manager of the Calgary Innovation Centre and Financing Your Vision programs for Calgary Technologies Inc. (a not for profit Alberta incubator that helps Western companies succeed), tells me that: "The secret to the perfect elevator pitch lies in your ability to briefly and clearly articulate how your product will improve your customer's life and why they cannot live another day without it. If you can distill your message down to just a few powerful sentences, you strengthen investor confidence in your team's talent for developing a sharp vision and executing on the business plan."

This is something that I wholeheartedly agree with. You have to focus on and start with the pain. After all, if there is no pain, what is the need for your solution? The size of the pain is a key ingredient used by investors when determining the true size of an investment opportunity.

Size of Opportunity = Size of the Market x Size of Pain

The size of the opportunity is thus dependent on two factors: the number of people succumbing to the pain regularly and the cost of the pain. To be truly persuasive you must therefore disobey your mother (this one time

and "BE A BIG PAIN". The bigger the pain, the more compelling the need for your solution, and consequently the more investors will want to learn more.

How to Write the Elevator Pitch?

There are six key steps to crafting a solid elevator pitch:

1) Put your end user hat on to find the why:

Start creating your Elevator Pitch by first putting yourself in the shoes of your clients. What is it that compels them to spend money with you? Not what do they buy, but why do they buy it. Imagine polling your end user base and asking them "what is it you are suffering from?" and "what is the one thing that causes you the most pain?"

2) Quantify that pain to establish credibility:

No one ever came into my offices trumpeting a "lukewarm" idea. To them it is invariably "the greatest idea ever." Subsequently, like most venture capitalists, I immediately want to know who else thinks that what they are doing is the greatest or most necessary? But most of all, I want to know who else believes it to be Monetize-able?

Third-party credibility is always necessary, even in your Elevator Pitch. Find a number that can be validated and works in your favour - then incorporate it into your pitch. For example:

- How many people suffer from the problem you are solving?
- How much money is spent currently solving that problem?
- Who else (besides you), believes that this issue must be addressed?

3) Develop a hook to grab their attention:

Combine the results of steps 1 and 2 into a hook to pull listeners in. Make sure that the hook is irrefutable. After all, you don't want your audience to challenge you before you even finish the opening line of your pitch.

4) Describe your Value Proposition:

Combining steps 1, 2 & 3 to create one half of the Elevator Pitch - the Pain Statement. Next, you must shift your attention from the pain to the solution, aka the Value Proposition. From the start, it is key to bluntly and efficiently tell your audience "what you do." Nothing irks an investor more than having to wait to determine what a company actually does to make money. So make sure that you start the second half of your Elevator Pitch by letting them know what you do - not with techno-babble but, with a clear concise phrase, e.g. *We build software that powers the financial engines of stock markets.*

5) Focus on the key benefits:

Everyone has competition; that much is true no matter what your venture. But seldom do you get to choose the competitive factors on which your venture will be judged. Is a Volvo better than a Porsche, or vice versa? Well, frankly that all depends on which criteria you use. If safety is your main concern, then the Volvo might be perceived as the better car. However, if speed is

the deciding factor, the Porsche will most likely be seen as the better choice.

Use the second part of the Elevator Pitch - the Value Proposition, to set the tone for the key criteria that you feel your customers demand. Focus on the benefits most important to your client when writing the Value Statement and do so in a manner that positions you strongly against those key criteria while describing them from a customer's perspective.

This is also where tag lines may come in. A tagline is sometimes a subset or variation of the Value Proposition, and can often help in setting the tone for the Elevator Pitch's second half. You need go no further than the old standard created by Timex years ago. The Timex tagline *"Takes a Licking and Keeps on Ticking"* shows that durability is the key benefit Timex feels their clients are seeking. What's your venture's tagline?

6) Put it together and test it (often):

Putting the above together generates the key equation behind the Elevator Pitch:

Elevator Pitch = Pain Statement + Value Proposition

But once you have satisfied this equation you need to test it and I highly recommend twofold testing.

First, prove your new pitch against the four factors that every Elevator Pitch must meet:

1) Irrefutable - Can someone argue against your pitch right away or does it pass the "smell test." Nothing is worse than giving your pitch and before you can move on, the listener says "I don't agree." Elevator Pitches must be, on their face, irrefutable at first blush.

2) Easily Understandable - Can both your six year old daughter and your seventy-three year old grandfather understand your pitch? Do they get what you do based on only the pitch? If not, start again. You must ensure that you don't include any techie talk, acronyms or other confusing statements. Everyone, no matter their age, experience or background, must "get" what you are pitching the first time.

3) Succinct - Remember, you only have a "few floors" to give your Elevator Pitch, so keep it under a minute - preferably under half a minute.

4) Greed Inducing - Your proverbial goal is to get invited off the elevator and into the board room. Your pitch must therefore compel a listener to demand that you tell them more. It must be viewed as a call to action. In the case of most pitch audiences (investors, clients and employees) it must induce greed. Hence you must always ensure your pitch leaves the audience with a feeling that being involved with the venture will make or save them money. After all, for a commercial audience, this is what it is all about.

Second, practice your pitch - A LOT! Recruit family, friends, employees, etc. and pitch in front of them again and again. Ask them to listen to your

Elevator Pitch, and then see if they can answer these key questions:

- What do we do for a living?
- What problem are we solving?
- What is the primary benefit of our solution? And who benefits?
- Why would our customers buy?
- Would you want to hear more?

You will want to continue to refine your Elevator Pitch until all of your audience can answer the above questions correctly. Some Imaginary Examples:

Here are a few examples of prospective pitches for some of the fastest growing products of our times:

● Millions of people want to have sex longer than their bodies will allow. Our blue, aspirin-sized, FDA approved tablet allows them to do so in a cost effective, non-evasive manner. . . **Viagra**

● One man's trash is another man's treasure. Our online e-marketplace moves garage sales from your front lawn to the global marketplace allowing millions of people to bid on the goods you no longer need but can't be bothered to sell and allowing millions of people to find that missing item from their treasured collection that they can't find locally. . . **Ebay**

● Smaller and lighter than any CD player, our 21st century mobile digital jukebox can hold thousands of songs digitally allowing you to take them wherever you go and providing you with more than 10x the capacity for entertainment. . . **iPod**

You only get one chance to make a first impression, so make sure it counts. Continue to craft your Elevator Pitch until you have something that is succinct, irrefutable, accessible and greed inducing. Ensure that your final Elevator Pitch is something that every member of your organization can adopt and incorporate into every pitch, whether it is for new capital, new partnerships or new talent. Remember - in today's world, the entrepreneur's mantra needs to be *Clamo, ergo sum* (I pitch, therefore I am).

Sean Wise, BA, LLB, MBA is the Managing Director of Wise Mentor Capital (www.WiseMentorCapital.com), a national venture capital consultancy focusing on bridging the gap between entrepreneurs and capital. Sean is a former Director with Ernst & Young's Venture Capital Advisory Group for Canada, and currently sits on the Boards of the Canadian Venture Forum, the Banff Venture Forum, the Toronto Venture Group and Silicon Valley's IBDNetwork. Sean speaks at more than 20 Entrepreneurial Bootcamps and events across North America annually. His monthly column on www.theglobeandmail.com/smallbusiness covers a wide range of topics on entrepreneurship and venture capital as does his blog and podcast found at www.SeanWise.com. Email questions or topics you wish to have covered to WiseWords@WiseMentorCapital.com