

Pitching Tip 8: Be specific

In this series of articles, I share important tips to help any entrepreneur to navigate their way around pitching to investors to scale their business.

 By Alon Raiz 13 Jul 2021



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One of the objectives that entrepreneurs try to achieve when pitching to potential investors, and one I've witnessed on many occasions, is selling investors the concept of a rosy future. Entrepreneurs do this by attempting to demonstrate the market size of their idea by outlining their vision, and relating it to other tangible examples of organisations that have achieved similar outcomes to their vision.

As part of their assumptions of market size, entrepreneurs reference well-known market information in order to give investors a sense of the market potential for their idea. For example, an entrepreneur who intends on selling a product to all Internet users would quote the number of people that are online in a market.

The mistake that entrepreneurs often make is to assume a market percentage, which is normally preceded by the words, "If we just get 5% of the market then we'll ..." because they then base all of their modelling on this assumed percentage or the ramp-up to this percentage.



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Although I appreciate the enthusiasm of the entrepreneur who is selling this market potential, if the percentage has not been well thought through or, more importantly, is not realistic, then the model becomes a fantasy and is usually nothing close to reality.

A bold statement such as, "If we just get 5% of the market ..." does not consider the response by incumbents to a new market entry. It seldom reflects the level of effort and cost required to acquire market

share, and it rarely considers the sheer dominance of the incumbent brands in consumers' minds.

It takes a huge amount of effort, marketing budget, and experimentation to dislodge even the smallest market share from those who currently dominate the market. Incumbents often respond violently in order to displace any market traction which may indicate quantitative evidence of market demand.

A better way for entrepreneurs to pitch to potential investors is to be specific and talk about realistic numbers, rather than assumed percentages, because this gives investors a far better sense of the pragmatic ability of an organisation to deliver on predictions and commitments. For example, an entrepreneur should mention the market size in rands, list the ten biggest companies that they are planning on targeting, and then specify the amount of units they predict they will sell to each of those companies.

By being more specific with numbers, the information you deliver in your pitch is far more relevant to investors and will increase their confidence in your ability to deliver on the targets you have put forward.

ABOUT ALLON RAIZ

Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford's Saïd Business School.
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