

# Spark Tank Elevator Pitch Guidelines

*Whether you are trying to raise money for your business or just want to perfect your business strategy, a solid elevator pitch is an essential tool for achieving your goals. Think of the elevator pitch as an executive summary that provides a quick overview of your business and details why you are going to be successful. An elevator pitch should be 3 minutes or less. Time yourself. Points will be deducted for running over the time limit.*

**Here are the 10 key components that every elevator pitch should contain:**

## 1. Problem

The most important thing is to identify a problem that is worth solving. If your product or service doesn't solve a problem that potential customers have, you don't have a viable business. Simple as that.

Now, you don't have to solve a massive problem that will change the world. That's great if you are tackling such a problem, but for most businesses, that's not the reality. Problems can be simple—and that's okay. As long as you, as an entrepreneur, are solving a problem that customers have, you can build a business. Here are a few examples of problem statements that could be highlighted in an elevator pitch:

"Transferring photos from mobile phones is a difficult and complex process."

"There are no good Chinese restaurants in Little Rock."

"Finding trendy clothing that complements the shape of plus-sized women can be difficult, time-consuming, and expensive."

Try and distill your ideal customer's problem down to its simplest form. You should be able to describe the problem you are solving in one or two sentences, or even a few bullet points. In the long run, your company may solve multiple customer problems, but initially you will be more successful if you just focus on one core problem.

## 2. Solution

Too many entrepreneurs start with a solution, or a product or service that they think the market needs without first identifying the problem they are solving. Once you have clearly defined the problem statement, explain your solution. Again, try and distill your solution description down to as few words as possible. You should be able to describe your solution at a high level in just a few sentences or bullet points.

"Our Chinese restaurant provides quality authentic Chinese cuisine in Little Rock's centrally located Midtown neighborhood."

## 3. Target Market

As you define the problem you are solving, you should naturally think about the potential customers who have this problem. In the Target Market section of your pitch, you will define exactly who has the problem you are solving and figure out how many potential customers you will want to reach. You should try and divide your target market into segments, or smaller groups of people you expect to buy your product or service.

It's always tempting to define a target market that's as large as possible, but that does not make for a credible pitch. For example, if you have a new shoe company, it would be tempting to say that your target market is "everyone." After all, everyone has feet and everyone needs shoes, don't they? But, realistically, your new shoe company is probably targeting a specific group of people, such as athletes. Within this group of athletes, you might segment the market into additional groups such as runners, walkers, hikers, and so on.

Once you have created a good list of target market segments, you'll need to do a little research and estimate how many people are in each segment. [Transparencymarketresearch.com](http://Transparencymarketresearch.com) and [Statista.com](http://Statista.com) are invaluable resources that you should take full advantage of. The U.S. Census Bureau also has a great site for basic population research. Next, try and estimate what an average person currently spends each year on their current solution to the problem you are solving. For example, the global athletic footwear market was valued at \$208.72 billion in 2014. In 2014 roughly 185 million pairs of athletic shoes were purchased. The average price in 2014 for a pair of athletic shoes are \$67.94. In 2015 over 38 million people were recorded as hikers. A whopping 60 million declared themselves as runners. The global athletic footwear market is led by the men's footwear market, which accounted for 62.0% of the overall market. The women's footwear market holds 29.0% of the total athletic footwear market, hence holding the second position. Using this easily accessible data from the sites provided you can identify how big your target market is and how much your industry is worth.

In your pitch, you will want to talk about the market segments you are targeting, how many people are in each segment, and the total amount they currently spend. These numbers are critical and must be a part of any good pitch presentation.

## 4. Market Strategy

Now that you have defined your target market and roughly how much they have to spend on this product or service, how will you reach them? A marketing strategy can include advertising through T.V., magazines, strategically placed flyers, or building a strong network of satisfied customers using word of mouth. Another great way to advertise is to ask another business related to your industry to allow you to leave promotional items at their location. A business working with another business to reach a common goal is called a strategic partnership. Let's say you are an apparel graphic designer. If you leave your cards or flyers at a wholesale t-shirt manufacturer that would be a match made in heaven. The manufacturer only makes blank shirts. They don't design them. You only design graphic but don't have the inventory on hand. This way, both businesses have solved an additional problem for the organization looking to design t-shirts for a 5k or large event. Can you make any strategic alliances by finding a few strategic partners?

## 5. Competition and Competitive Advantage

Every business has competition. Even if no one has come up with a solution similar to what you have come up with, your potential customers are solving the problem they have with some alternative. For example, the competitors to the first cars weren't other cars, but rather horses and walking. So "I have no competition" is never a good answer.

As you think about your competition and existing alternatives, think about what advantages your solution offers over the competition. Are you faster, cheaper, better? Why would a potential customer choose your solution over someone else's? Describing your "points of differentiation" (what makes you different) 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 points of differentiation will also help you focus your marketing on the key value

proposition that you offer that your competitors don't. For example, let's say you're a physical trainer. Your competition is not only other physical trainers in your area but gyms as well. What makes you different? Do you have more experience than other trainers? Are you less or more aggressive (either choice could be marketable depending on your target audience)? When comparing a physical trainer against a gym what makes you a better option? Do you make house calls? Why is that important? Will you also accompany your customers to a gym? Many people have gym memberships but don't know what to do once they get to the gym. Will you show them what machines are best for reaching their specific goals? Listing these points of differentiation will help you stand out from the masses.

## 6. Team

As great as your idea is, only the right team will be able to effectively execute and build a great company.

In the "team" portion of your pitch, you should talk about why you and your business partners are the right team to execute on vision and why your team's skill set is precisely what is needed to lead your company to success. People often say that a company's leadership team is more important than the idea—and this is often true. No matter how great or unique your solution is, if you don't have the right people on board, you won't be able to see it to fruition.

It's also okay to not have an entire team in place. Knowing what your team is missing and recognizing that you need to find the right talent to fill the gaps is an important trait for any small business owner to have. You can use this opportunity to say whether or not you need to add staff from the Summer Youth Employment Program. So again, not having a full team on deck is not a bad thing. Elaborate on who you do have, what positions they hold, and why they're great for the job. Plug previous experience, passion, and expertise. It's important to understand that if you and your teammates are not passionate about your business than you can't expect someone else to be.

## 7. Financial summary

For a great pitch, you don't necessarily have to show a detailed five-year forecast. What's more important is that you understand your business model.

"Business model" may sound like something complex, but fortunately it's not. All you need to know is who pays your bills and what kinds of expenses you will have. For example, if you are starting an online news site, the customers who pay your bills are your advertisers. Your costs will be writers, graphic designers and web hosting. Let's say you want to open a fresh squeezed lemonade kiosk as another example. The customer is, of course, the people who buy your lemonade. But your costs may not be as simple as you think. Think materials, labor, and marketing. Your materials will be lemons, water, sugar, cups, straws, lids, napkins, and all the pieces necessary to put the product in hands.

Now let's turn to labor. Are you making the lemonade alone, or do you have help? What do you pay any employees? Keep in mind a happy employee is more productive. So even if it's a little brother or best friend, it's always a smart business practice to give them something for their time and effort.

## 8. Sales Projections

Now that you know how much it will cost to run your business, how many SKUs or units can you realistically expect to sell? If your start-up cost is \$300, how many cups of lemonade can you make off that initial investment? What

will you charge per cup? Let's say you charge \$3.45 per 20-oz cup, but each cup only costs you \$1.50 to make. That \$300 initial investment divided by \$1.50 can make 200 cups of lemonade. Now, that 200 cups multiplied by the \$3.45 you charge per cup makes your gross income \$690.00. Not only have you recouped your initial investment, but your net income is \$390.00. What's left after you buy more materials and pay yourself and your staff? Using this method when determining your "cost per good sold" can help you understand whether or not the money you're making is actual profit or just reimbursement for some expense. How many cups can you sell in a week, in a month, and for 3 months? As you learn more about your industry, it is certainly helpful to put together a sales forecast and expense budget. You will want to ensure that you can build a profitable company based on your assumptions. For your pitch, a detailed forecast isn't necessarily required but sales projections are a must.

## 9. Milestones

The final key element of your elevator pitch is conveying your business milestones, or your schedule.

Here you will want to talk about your upcoming goals and when you plan to achieve them. If you have already accomplished notable milestones, you should mention those. For example, 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.

## 10. Closing Remarks

Always leave your judges or investors on a positive note. Remind them why your business is worth investing in. Does your experience and passion make you uniquely qualified for doing this work? Is your concept so needed that it's bound to be successful? When in doubt, simply thanking people for their time and restating your company name is always a pleasant send off. Be confident. Be well practiced. And remember, no one knows your business better than you.

Below is what is called a pitch deck. Use this checklist to make sure you cover every component detailed above. Good Luck and Happy Pitching!

# Spark Tank Pitch Deck

Use this pitch deck as a checklist to make sure you cover every component. Answer these questions and you'll have the makings of a great elevator pitch!

## Problem

What problem are you solving?  
What's your problem statement?

## Solution

What is your product or service?  
How does your product or service solve the problem?  
What's your solution statement?

## Target Market

Who is your target market? How many?  
Are there market segments? Who are they?  
How large is the market size in dollars?

## Competition and Competitive Advantage

Who are your competitors?  
What are your points of differentiation?

## Market Strategy

How will you reach your target market?  
What promotional tools will you use, if any?

## Team

Who's on the team?  
What are their positions?  
Why is this the right team for the job?

## Financial Summary

Who pays your bills and what do customers pay per service or product?  
What expenses will you have?

## Sales Projections

How much can you profit in a week?  
How much can you profit in a month?  
How much can you profit in 3 months?

## Milestones

What have you accomplished already?  
What are key dates for production and marketing?  
When do you plan to launch?

## Closing Remarks

Leave them with something positive and memorable.

# SparkTank Pitch Score Sheet

Rate each component below as follows: 1=poor, 2=below expectations, 3=average, 4=good, and 5=excellent.

Company Name: \_\_\_\_\_

## Content

**Problem:** Explain the problem facing your customer.

1      2      3      4      5      **Notes** \_\_\_\_\_

**Solution:** Explain how your company would solve this problem. Is it a product or service?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Target Market:** Who is your customer? How many are there?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Market Strategy:** How will you get the word out? Are there any strategic partners?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Competition and Competitive Advantage:** Who are your competitors? Why are you a better choice?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Team:** Who's involved, and what role do they play? Why you?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Financial Summary:** What are you selling and for how much?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Sales Projections:** How much can you earn over a 3 month period?

1      2      3      4      5      **Notes** \_\_\_\_\_

**Milestones:** What have you done so far? What are the next steps?

1      2      3      4      5      **Notes** \_\_\_\_\_

## Delivery

**Energy/Confidence/Voice:**

1      2      3      4      5      **Notes** \_\_\_\_\_

**Over Time Limit (5 minutes):** NO                      YES (if so, subtract 10 points)

**Final Points:** \_\_\_\_/50

**Buy In:** Did you buy-in to the concept based on the pitch alone?    YES                      NO

Please explain for feedback purposes (no additional points awarded):

# Dos and Don'ts of an Elevator Pitch

---

## Don't

- **Use buzzwords or corporate jargon.**

By definition, buzzwords are showy and frankly can come off “snob-ish” if the person is not familiar with the terms you are using. Try to avoid terms like: *outside the box*, *streamline*, *synergy* and *paradigm shift*. Keep your messaging clear and concise.

- **Sounding too “sales-y”. Try not to use phrases like:**

*Imagine if...*, *Picture this...*, *What if...*, *Ever wish...* These phrases make you look like a newbie. Just don't say it. It seems like you “marathon-ed” a season of Shark Tank and decided to become an entrepreneur overnight.

- **Be a Recording.**

Being prepared is pivotal but being too rehearsed can work against you as well. Try to be flexible. Don't be so mechanical that someone jumping in and asking you a question can throw you off, causing you to fumble through the rest of your pitch. Being so prepackaged also makes it difficult to shape your pitch to your specific audience. Audiences often change. An elevator pitch can be used for not only potential investors, but partners, and customers as well. And most of all being a recording IS BORING! What do you do if you call a friend and their voicemail picks up...you hang up. Don't get mentally hung up on.

## DO

- **Make them care.**

People can be kind, loving and caring, but sometimes it really comes down to answering that oh-so-pivotal question: “What can you do for me?” To get to this point, introduce yourself and address a problem right out of the gate. Explain the benefits your company can offer, which is ultimately a real solution. Personalize this person's problem into a question and give them the best solution: your company.

- **Tell a Story.**

Let people feel your passion and knowledge of your industry. What's the background? People don't do business with businesses; people do business with people. Was this grandmother's recipe? Did you find yourself in need of this item? Did you meet someone that desperately needed this service, and did you providing it improve their quality of life?

- **Be natural.**

Get comfortable with your pitch. You don't want to sound like a pre-recorded program. Have passion, yet show some restraint. Most of all, relax! If you stumble that is totally fine, smile and start over. Practice as much as you can eventually you will find the perfect pitch for you.

- **Know your business.**

There is nothing worse than hearing a fabulous elevator pitch but when prodded for more information, you find that they were just reciting lines and don't really know much about the subject matter. It's true that everyone in your organization should know and understand your elevator pitch but the CFO and the Director of Sales need to both understand exactly what is behind the pitch as well.

- **Create a sense of urgency.**

Your pitch wouldn't really be complete without a sense of urgency. You need to show the investor that the clock is ticking.

How do you create a sense of urgency? One way to do that is to suggest that there is a race for a patent for your product and if you don't act now, someone else will pounce on that patent.

Sometimes it could be the timing of the product entering the market. Maybe you need to ship by the Christmas season or before New Year's to capitalize on purchasing habits. It could be that you need to ship before the next election.

It's also very important to remember the smart way to creating urgency: Never use urgency to push people to invest. Use urgency to prevent people from procrastinating.

- **Practice your pitch**

Just like any good actor who memorizes and practices his lines, you need to memorize and practice your pitch. You don't ever want to pitch with just a handful of dress rehearsals under your belt.

Here are some ideas from the world of acting on how to practice your pitch:

Record yourself – Then listen to your pitch. As you listen, make edits to it, tweaking the language and re-organizing sentences and paragraphs if you need to.

Pitch to friends – You really need to be comfortable pitching in front of people, and this is one of the best ways to help you do that.

Rehearse in front of the mirror – You may need to spend a significant amount of time alone in the bathroom before you are comfortable pitching to friends. That's okay.