Rocket Pitch Competition

From the Bermuda Small Business Development Corporation

Available at http://www.bsbdc.bm/rocket/rocket.htmlWelcome to the Rocket Pitch Challenge!

The Rocket Pitch is a powerful and disciplined format to present a new business idea. In this outline, you will learn the basics of a Rocket Pitch and its various uses.

Rocket Pitch Defined

The Rocket Pitch provides a vehicle for describing a new business idea in a clear, concise manner. In fact, a Rocket Pitch must be delivered in five minutes or less.

The framework of the Rocket Pitch presentation is simple: the presenter has five minutes and five slides to tell a story to potential investors, or other interested parties. The challenge is to frame the business idea and message clearly and consistently within the five-minute timeframe. The main goal of a Rocket Pitch is to illustrate a business opportunity. Preparation is key to ensuring that every single person in the room has a vivid picture of the opportunity identified and the value that can be created once acted upon. A pitch needs to be clear and straightforward and not overly technical.

Making an effective Rocket Pitch begins with having a strong grasp of its five major components. All components are needed; leaving a component out will create a gap in the story you are trying to tell. The five components simply answer the questions: What's the problem? What's the solution? Who will it help? What resources are needed? Can I make money? And. what do I need in order to move forward. In other words, the five key components of a Rocket Pitch include:

1. The opportunity and value proposition,
2. The market size and target customer,
3. The business model,
4. The resource requirements, and finally,
5. The call to action.

Let's review each of these.

An opportunity is the identification of a problem with a desired solution that enters the market at the right time. This is the most important component of a Rocket Pitch. It should be clear how the product or service solution that is being proposed will address a customer need. What also must be clear is how the solution will differ from the competition's solution - the Value Proposition. Value propositions are often used to describe the value added of a product or service and highlights competitive advantage.

The value of an opportunity is strongly correlated with the size of the market and the percent of the market a business is likely to capture. Identifying what target customer will be most attracted to your product or service, also known as the target market, is an important first step in understanding market size. Once the target market is understood, estimating market size and demand potential is a logical next step.

The third component of the Rocket Pitch is the Business Model. Give your audience a clear picture of the business model. Potential investors want to be able to easily visualize how revenues will be generated from the product or service. Some of the key questions that the business model section of the pitch may address include: How will the product be put on the market? Will it be sold from a storefront or over the Internet? How much of the business will need to be outsourced and why? Are there supplier agreements? What are the revenue and cost drivers? Again, not all questions can be answered in the Rocket Pitch, so consider what's most important to the type of business being presented.

The fourth component is to define your resource requirements. Are you making your presentation to obtain start-up capital, funds for growth or expansion, or a line of credit? If yes, you need to state how much you need, over how long you'll need the funds, and what you're willing to give up for this capital such as ownership equity or debt in the form of interest payments. If it's debt you'll need to state what collateral you might have to post such as equipment, inventory or accounts receivable. Or, are you making your presentation to obtain advice, attract board members, or secure a strategic partnership?

The last component of the Rocket Pitch is the Call to Action. Whatever the purpose of the pitch, the time is now to ask for what you want. Don't be shy. You have someone's undivided attention for five minutes - what's your call to action/

Developing a Rocket Pitch

A convincing pitch requires practice, practice, and more practice. Some entrepreneurs have stated that they have spent more time developing their Rocket Pitch than a business plan presentation. Rehearsals with friends, colleagues, and others will help ensure that the pitch is clear, within the 5-minute time limit, and that there is effective coordination between their narrative and the slides. Unlike longer presentations, a Rocket Pitch should be written before working on the presentation. A Rocket Pitch is approximately 500 words.

The Rocket Pitch is not just about content; it's also about style. Not only is a business opportunity being described; the image of the entrepreneur is being projected. Research has shown that investors invest in the person or team before they invest in a business idea. A quality lead entrepreneur or entrepreneurial team will be able to grow a business rather than launch a single product. So, the value of the pitch and new venture is a function of the opportunity AND the entrepreneur. Effective "Pitchers" use honed social skills to gain the knowledge and information you need to ensure a successful pitch. These skills include:

* Social Perception - in other words, read the audience on the spot and adjust if necessary.
* Impression Management - dress appropriately and use confident articulation
* Persuasion and Social Influence - tailor the pitch so that it appeals to the audience. Make it personal when possible.

Remember That First Impressions Matter

* Be confident
* Show passion and be expressive, and
* Polish and practice the Rocket Pitch
* Research has shown that in the first 90 seconds people makes up their minds as to whether they want to know more about an idea.

Remember to:

* Hook the audience with an opening that is attention grabbing then continue with a simple, engaging story that sustains audience attention.
* "Use 1 or 2 sentences to concisely describe the business
* State the problem or customer pain.
* Clearly describe the value proposition that highlights competitive advantage. Clearly define your resource requirements.
* Show passion and enthusiasm so the audience will want more.
* Be in command.
* Focus on the opportunity, describe it clearly, and present slowly.

What not to do:

* Don't speak too fast. Make sure you have timed what you are going to say for each slide.
* Don't use a lot of technical jargon. It's best to keep it simple so that you have 100% audience understanding.
* Don't show operational details or financial details that will be hard to follow in a short period of time.
* Don't read your slides. Remember, you are telling a story.
* Don't exceed the time limit, but use all the time allotted.

Be prepared for questions

In fact by leaving out the minute detail you will tend to invite questions. It is during this period where you may best show your command of the business you're proposing. Your answers should be concise and specific to the question. Stay focused on the area of the business plan the question address. Don't get off point.

This outline is based on the Babson College's Rocket Pitch Competition. For more information, visit http://www3.babson.edu/ESHIP/outreach-events/rocketpitch.cfm.