

### Case Study Summary

**Description:** In this Case Study, students assume the role of a consultant who helps two Elevator Pitch contestants improve their businesses to receive an investment offer. Students will analyze both businesses to determine their strengths and weaknesses and make recommendations.

**Internet Usage:** Yes

**Spreadsheet Skills:** None

### National Standards for Personal Finance Education

#### Employment and Income

- 1e. Describe the risks, costs, and rewards of starting a business.
- 1f. Outline the main components of a business plan.

#### Investing

- 3b. Use various sources of information, including prospectuses, online resources, and financial publications to gather data about specific investments.

## Who Will Pitch It to Win It?

Susana Middlefield is a consultant who helps entrepreneurs develop and refine their business plans. Before starting her day, she reviews the files for her next two clients who both recently pitched their businesses on the TV show *Entrepreneur: Elevator Pitch*. First is Leroy, who has been struggling to find investors for his business, Automotive Learning Center. Then Courtney, who received some early funding for her company Milk, but is still looking for investors.

### Client 1 - Leroy

Susana's first client Leroy walks in. She says, "Hi Leroy! Thanks for coming to see me. I'm excited to learn more about your business and see how I can help you grow. To get started, let's [watch your clip on Elevator Pitch](#). Then, we'll evaluate your strengths and areas for improvement so that next year, you can win over those investors." As they watch the clip, Susana takes notes on the strengths and weaknesses of Leroy's pitch.

1. **Answer this:** Complete the table below.

Strengths	Weaknesses

**Answer this:**

2. What questions would you ask Leroy about his business?
3. What advice would you give Leroy to improve his chances of receiving funding from the investors? Explain how these changes will make a positive impact.

Leroy is excited to implement these new changes. *“Thank you so much, Susana. I didn’t realize there were so many areas I could work on to improve my business. By next year, hopefully, the investors won’t be able to resist joining me!”*

**Client 2 - Courtney**

Susana’s second client, Courtney, arrives for her meeting with Susana, who starts by saying, *“Hi Courtney! Thanks for coming to see me. I’m excited to learn more about your business and see how I can help you improve for next year.*

*As we watch your pitch, I’ll be taking notes on four criteria of a strong business, which you can see in this chart [Exhibit 1]. Let’s watch the [clip of your time on the show](#), and then we’ll discuss those criteria together.*

*After watching the clip, Susana adds, “Well Courtney, you are obviously very passionate about your business, which is fantastic! Your pitch was strong and I feel confident that you’ll be able to find investors with a few strategic changes. Let’s start by assessing your business to identify strengths and weaknesses.”*

4. **Answer this:** Watch the clip and complete the chart below.

## Exhibit 1: Four Criteria of a Strong Business

Criteria	Evaluation of Courtney's Business
<b>Current performance</b> <ul style="list-style-type: none"><li>• How many customers does the business currently have?</li><li>• Is the company currently earning revenue?</li><li>• Can the client use data to prove that the company has performed well financially?</li></ul>	
<b>Growth and competition</b> <ul style="list-style-type: none"><li>• How big is the market for this business? Who does it include? Is it growing?</li><li>• How does the client plan to grow their business?</li><li>• How is this client's business different from others that are in the marketplace?</li><li>• Who are some of the biggest competitors?</li></ul>	
<b>Profitability</b> <ul style="list-style-type: none"><li>• How does the business earn money?</li><li>• Who would be willing to pay for this product or service? Why?</li><li>• Can the client explain to investors how investors will make their money back and by when?</li></ul>	
<b>Management and team</b> <ul style="list-style-type: none"><li>• Is the client confident, passionate, and knowledgeable?</li><li>• Who is on the team and what is their experience?</li></ul>	

### Answer this:

5. Based on your evaluation, advise Courtney on what she can do in the next year to improve her chances of receiving funding from the investors and explain how these changes will make a positive difference. Write your comments below.

**Susana:**

After reviewing Susana's recommendations, Courtney is eager to get started and says, "Thanks so much, Susana! I really appreciate your time. I think with these changes, I'll be able to show the investors that I mean business and they'll be fighting to give me the best offer!"

### Courtney- One Year Later

One year later, Courtney returns to show off the changes she's made to her business before her next big pitch. She walks in and eagerly says, "Hi Susana! I'm so excited about some of the changes I've made to my business since I last saw you! I feel much more confident about going back on Elevator Pitch.

I've had a lot of success expanding my user base and building partnerships. We decided to target growth amongst college students since they're trendsetters who use their phones frequently. Plus, colleges want students off of their phones in classes and the library. We've partnered with 23 colleges across the southern U.S. to have Milk on their campuses. Although the colleges aren't paying us yet, we found 10 movie theaters in those college towns that have paid for advertising. We've also expanded our user base through an unpaid partnership with one major theater in Atlanta. They already have patrons put their phones in magnetic cases during shows and concerts, so our app is a great fit.

Over the next year, we'll be attending more conferences in the entertainment industry to hopefully find a large nationwide sponsor, like a theater company or ticket sales company. I think the investors will be impressed with the growth we've made!"

Courtney whips out a small chart she had created and shows Susana the numbers for her business:

**Exhibit 2:**

	# of active users per month	# of downloads	# of sponsors	Revenue
Last Year	14,000	30,000	0	\$0
This Year	40,000	65,000	10	\$30,000

### Answer This:

6. What improvements has Courtney made in the past year to her business?

7. Is there anything else that Courtney could have done to further improve her business? Is there anything that you think she should have done differently? Explain.

### Leroy - One Year Later

After talking to Courtney, Susana becomes curious about how Leroy is doing. She calls him to follow up since his next round on *Elevator Pitch* is coming up soon. Leroy picks up and says, “Oh wow Susana, you called at the perfect time! Since I last saw you, I’ve really been focusing on expanding our business and building revenue streams.

*In the past year, we’ve expanded to offer our training in 140 auto repair shops. We’ve also moved to a subscription model with a long free trial period while we build out more training modules. In the last 6 months, we’ve earned over \$12,000 in revenue from \$15 monthly subscriptions to our online training materials. We reinvested that money in contracting an animator and creating more content. Last year, we had 10 training modules; now, we have over 40 different modules!*

*I know the investors were worried about our profitability and wanted us to find advertising sponsors. We’re working on building partnerships with technical colleges, which will hopefully bring in more users and revenue. I hope our new revenue from subscriptions will impress them!”*

#### Answer this:

8. What improvements has Leroy made over the last year?

Susana is impressed with ALC’s growth but she remembers how nervous he had been for his first pitch. She says, “Wow! *It sounds like ALC has taken big steps over the last year that could show the investors your profitability. Now let’s revise your original elevator pitch to showcase those improvements and impress the investors.*

### Exhibit 3: Leroy’s Pitch

Hello, my name is Leroy Franke. I’m the author of *A Technician’s Guide to Accelerating the Auto Repair Industry* and the founder of Automotive Learning Center. It’s said that timing is one of the most important factors in determining a start-up’s success. As an industry expert, I promise you that the time to pioneer change is now.

We have a problem where automotive technology is rapidly evolving but our workforce is not. When Toyota or Ford puts out new technology -all-electric vehicles, for example - they train their technicians on the theory, diagnosis, and repair for those issues. But how is John from John’s

auto going to keep up? A lot of times he can't.

ALC not only offers courses focused on keeping techs like John relevant but our eLearning instructor-led VR integrated curriculum is designed to build a foundation for new technicians to start their career.

I'm offering 10% for only \$100,000. Thank you.

**Answer this:**

9. Revise Leroy's pitch to showcase ALC's growth over the last year. Write the new pitch below.

**Leroy's new pitch:**

**Wrap Up**

**Answer this:**

10. If you were an investor, would you have invested in Courtney or Leroy's business? Justify your response.