

The Art of Elevator Pitch

Round 2: Case Study

Instructions.

1. Please read the case study below which will be used as basis for preparing a 120 second “Elevator” pitch.
2. Finalists will prepare and deliver an ‘Elevator’ Pitch at the Event on 15th August, 2010
3. Based on the pitch content and approach, finalists will be asked a question by one of the judges
4. The judges will assess them on:
 - i. Speech Development
 - ii. Effectiveness in terms of logic, enthusiasm
 - iii. Body Language
 - iv. Voice Modulation
 - v. Language

Case Details: Rita Shetty Co

It was February 26th, 2001 and only about a month remained for Rita Shetty’s graduation from IIM Bangalore. However Rita’s thoughts were far away from her alma-mater. Many elements of her business plan were falling into place but securing the Rs.25 lakh investment capital still remained a distant dream (See Exhibit 1 for financial details). Her contact at VentureWoods & Co. hardly answered her calls. Rita couldn’t depend much on small private investors either; whenever she tried to negotiate a deal, it never worked out. “If I meet the demands of these investors, I’ll end up giving my company away” she thought. Rita boarded the evening flight back to Mumbai in extreme frustration.

Background:

Rita graduated from the Delhi University in 1998 having earned her Bachelor’s degree in Economics from Shri Ram College of Commerce. Besides being a dedicated student, Rita also did a modelling stint appearing in publications such as Elle and Apparel. She went on to work for 2 years in Morgan Stanley as a financial analyst before joining IIM Bangalore (IIMB). Her reasons for choosing management as a career were that since her father was an attorney, she knew many of his friends as ‘deal-makers’ who had gone to B-schools. She developed a liking for the same and believed that this career would let her shape her destiny. Also, she had thoroughly enjoyed her brief modelling career and got a taste of running her own show. She had thought that working for an I-bank such as Morgan Stanley would strengthen her technical and financial abilities. But during her summers in IIMB, Rita interned as an assistant to Malini Dongre who ran her own women’s clothing company. Rita quickly grasped the functioning of the business as well as the design and marketing aspects. By the end of her internship, she had decided to start her own venture in the fashion industry.

The Start-Up:

Rita acutely felt that the current mode of business dresses for women - formal business suits were not well suited for the Indian businesswoman. Hence she conceptualised a new line of apparel that would better suit their demands and preferences (See Exhibit 2 for concept details). In July, she made sketches and patterns on paper and fibreboards but felt that she should hire a qualified and skilled person for the same.

She began working with Pretham Miranda, a well known designer in Mumbai, to translate her concepts to finished designs. Within a few months, she realised that they had conflicting ideas and there didn't seem to be a scope for productive outcomes. This prompted her to go forward alone.

Personnel:

Rita convinced herself to go on sole proprietorship. She scheduled all her second year classes at IIMB in such a way that she would get 4 days off in a week. She began to fly frequently to Mumbai in the months of September and October to build a strong platform and brand name for her company. As her first move, Rita recruited an assistant designer. She also began to look for a pattern maker.

But nothing seemed to go her way. With her busy schedule, she barely managed to attend 75% of her classes and all along life felt like a tight rope walk. Nevertheless, she was too involved in her business venture to give up. Not just yet, she often thought. The market was too enticing to be left unconquered (See Exhibit 3 for market details).

Floor space:

Rita wondered if she would ever manage to open her showroom in Bandra, one of the most fashionable suburbs of Mumbai and home to several film stars! Desperation did not break her will though. One sultry Saturday afternoon, she sat down and began to prioritise her plans for the immediate future. In order to propel her venture and gain some visibility, she would primarily need some office space, approximately 750-1000 sq feet that would double up as an office cum showroom (See Exhibit 4 for equipment details). She zeroed in on an 800 sq feet office space in Dadar for Rs. 3.5 lakh a year on lease. The building was not in a prominent locale and might not bring in potential customers as compared to an office in Bandra. Still, Rita considered it a good start.

Hardly a week later, an ad proclaiming 'Vacant Office Space' on Carter Road, at the heart of Bandra, caught her attention. Rita immediately followed up only to find that the rent was 5 lakh for a 950 sq feet space on the first floor of Vantage Plaza. Not wanting to compromise on a prestigious property that held the promise to sky rocket her brand image, she grabbed the offer by paying a token advance.

Financing:

Ria Kapoor was Rita's school friend who worked at VentureWoods & Co. as a financial analyst. The two of them happened to meet in Bangalore in November when Ria suggested that Venturewoods could possibly finance Rita's company. Taken by surprise at the sudden turn of events, Rita realised that this could be her single biggest chance. Over the next two months, Ria made all the right noises about negotiating a deal but never really gave an affirmation. Rita began losing patience. Rita had also applied to several private investors informally but continued to bank heavily on Ria's impending decision. Ria finally called Rita for a meeting at her office. But when Rita got there, Ria left abruptly

citing a business exigency. Rita was frustrated and realised that she can't afford to put all the eggs in one basket. She sent her business plan to the private investors as well as few venture capitalists. Since each had diverse interests, negotiating with each of them was a cumbersome task.

Soon it was time for her final term exams, and was tied up with preparation, purchase of a small quantity of fabric, payment of office rent as well as the assistant designer's salary. Her savings from 2 years of work with Morgan Stanley began to dwindle and the chances of raising the investment capital looked bleaker by the minute.

Dilemma:

In March end, Rita completed her course at IIMB. She had just received a positive reply from Trendz, one of the venture capital firms she had applied to, and they were willing to finance Rita Shetty if she would ally herself with them for a joint venture. Decisively, Rita wanted to license her brand under her name only since she had expended considerable energy towards building the same.

It had been more than a month since Rita received any information from Ria because the latter had abruptly stopped responding to her calls. But Rita was confident that if she pitched her idea well a number of private investors as well as venture capital firms would evince interest in Rita's business. However they had made no commitments thus far and Rita found it increasingly difficult to try and get these potential investors to hear her out. Also, she did not want to be forced to go public by her investors and intended to hold at least 50% of her company's equity. The main problem here was buying the time of the private investors and getting them to sit down for a through discussion.

At this point, Rita Shetty came to know that a Conference of Venture Capitalists was scheduled to happen in a week's time in Bangalore. If Rita could generate sufficient interest in them to listen to her ideas, it could derive the much needed financial support that would ultimately jump start her business venture.

Exhibits

Exhibit 1 *Financials (Selective Details)*

Income Statement Items			
	Sales		250000
	Discounts		12500
Operating Expense			
	Salaries		
		Designer	480000
		Assistant designer	360000
		Pattern maker	240000
		Housekeeper	60000
	Selling and Shipping		
	Rent		500000
	Telephone		12000
	Internet		6000
	Office supplies exp		42000
Balance Sheet Items			
	Cash		1958000
	Inventories		500000
	Fixed Assets		35000
	Other assets		7000
	Accounts payable		500000
	Stockholders' equity		2000000

Exhibit 2 Concept Details

Rita Shetty Co. desires to house a distinctive office wear collection for an unmet and quickly growing market. Rita spoke to several professional women who expressed the lack of clothes that both fit their functional demands as well as fit their 'style'. The Rita Shetty collection will compose of softly tailored jackets with co-ordinated skirts, trousers and shirts as a complete line in an elegant silhouette, undistracting colors and travel-worthy fabrics.

The company will sell 30-70 pieces suited to each season. Her collection will focus only for the conservative workplace since this focus is critical in establishing the confidence of professional women regarding their 'look'. They will be priced a tad lower than that of the designer clothing

range in the market. Once the reputation is gained she may introduce leisure wear and other categories as well. Her clothes will be sold through specialty retail outlets. Being a former model herself, she will actively seek to publicize the company in the fashion and business media.

Exhibit 3 Market Details

Rita Shetty Co. will target the upper to middle segments of professional women's clothing market since they possess high disposable incomes, are concentrated in fast growing cities, buy at select stores with more attention to quality than price.

The tastes and preferences of professional women are rapidly changing with more demand for lighter and untailed cuts than the classic formal suits. In terms of style, the trend is largely drifting towards chic and executive than designer and flashy.

Exhibit 4 Equipment Details

Located on Carter Road in Bandra, the locale is one of the most prestigious and will be adjacent to high end designer stores. Ms. Shetty believes that this exposure alongside other premium brands will profit the company. There will not be direct competition since the other stores focus more on designer wear.

The company's office will be situated at the rear of the showroom with a separate entrance. The company will take up a separate store house space in the top most floor of the building. These facilities should be adequate for the first few years of operation.

*****END OF CASE*****

For any clarification, you may reach us at toastmasters.elevatorpitch@gmail.com

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