

Real-Life Lessons From *Shark Tank*

It may be just a TV show, but entrepreneurs can learn a lot about the perfect pitch by watching.

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It's unlikely a real-life investment pitch will ever involve an entrepreneur throwing knives at venture capitalists.

But aside from some obvious theatrics, experts say there are real lessons for an entrepreneur to learn from the ABC reality show *Shark Tank*, in which entrepreneurs vie for venture capital.

"If you're an entrepreneur who's planning on going in front of investors, this is a show you should start watching," says Melissa Krinzman, managing director of the business plan development firm [Venture Architects](#). "There are lessons to be learned from each pitch."

Krinzman and others familiar with the pitching process offer the following words of wisdom entrepreneurs should heed from the show, and warnings about which tactics to steer clear of.

Nail your elevator pitch. On the show, entrepreneurs have mere minutes to impress investors, and success or failure often hinges on how clearly and confidently an entrepreneur can deliver his or her pitch. "The first thing that's very apparent is that if you don't get your message across clearly and succinctly, you're not going to be successful," Krinzman says.

Know your numbers. Entrepreneur Jacqui Rosshandler, co-founder of [eatwhatever](#), says entrepreneurs should pay attention to the basic questions posed by the "sharks." Rosshandler is currently seeking venture capital for eatwhatever, which makes a new kind of breath freshener. "It's totally realistic that you have five or six people staring down at you, asking questions like, 'How much money have you made?' 'What makes your product different?' 'What are you going to do with the money?' " Rosshandler says. "You've got to be prepared for those questions." Krinzman says on the show and in real life, "investors cut right to the key drivers of financials for the business. An entrepreneur can't stumble over those answers."

Know when to pitch. Entrepreneurs with a well-developed product and proven financial success have the best luck with the "sharks," says David Brody, a managing partner at the venture analysis firm [North](#). "Nothing builds momentum like demonstrating you know how to make a cash register ring," Brody says. Krinzman cited the entrepreneurs who failed to net funding for their "fun house" in Times Square as an example, saying they sought capital in the idea phase of their business planning.

Be realistic. Mark Loschiavo, executive director of [Drexel University's Baiada Center for Entrepreneurship](#), says the show highlights a common occurrence in pitch meetings. "Venture capitalists or private-equity folks are always going to view the value of a business significantly lower than an entrepreneur believes it is worth," Loschiavo says. "There's always a chasm between what the entrepreneur wants and what the venture capitalists are willing to offer in terms of equity and investment." Krinzman says the entrepreneurs who pitched the idea of a "Boogie Box" workout DVD likely would have gotten some capital if they'd asked for only enough money "to get to a milestone that would let them prove they can sell DVDs," rather than asking for full funding for an unproven idea.

Listen. The detailed feedback investors on *Shark Tank* give entrepreneurs is invaluable in real life, Loschiavo says. "Venture capitalists can be excellent sources of feedback, whether they invest in your product or not," Loschiavo says. "You can really learn a great deal about how to improve your plan or product, because these folks are going to pick up on any possible pitfalls."

Solve a problem. The entrepreneur who won funding for a line of books with relaxation techniques to help kids sleep provides insight into investors' thinking, Brody says. "Most of the ideas on the show that can inspire more than one shark solve a real problem," Brody says. "These guys want to hear that you have something that fills a consumer need, not a lifestyle product."

Be prepared for a long haul. On *Shark Tank*, investors put deals on the table within minutes and demand instant answers. In real life, entrepreneurs may only have a few minutes to pitch, but the process of actually securing funding can take months, Loschiavo says. "I've never encountered a situation in which the venture capitalist says, 'Here's the deal, you have five minutes to decide, take it or leave it,'" Loschiavo says. "It might take one or two or six months, but it never happens in a day, or an hour." Not only will it take a long time, Loschiavo says, "you can expect it to be a full-time job during the funding process." That's just one of the aspects of the show that may not reflect reality, with the theatrical pitches being another. Krinzman cited as examples the workout DVD creators, who performed a dance routine, and the fun-house entrepreneurs who demonstrated knife-throwing on an investor. "I think entrepreneurs are smart enough to know what's fake and what's real," Krinzman says.

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