

## SIMULATION: BUSINESS PITCHING



Group simulation



125 minutes (15 + 90 + 20)



**Preparation (15 minutes):** At the beginning, divide groups into group A and group B (equal number of participants in each group). In the first division, group A will take the role of the entrepreneurs and group B the one of the investors, while in the second round groups would change the roles. Then the lead trainer should give clear instructions on the roles of both groups. During this time, the assistant trainer should place the chairs in a semicircle for the investors, and then put the horizontal length of 2 FC paper on the wall side by side, one for each group of the entrepreneurs, and then he/she would divide each of the 2 FC papers on the wall into as many columns - vertical fields - as there are entrepreneurs in one group. At the top of each vertical field, they will put the names of the entrepreneurial firms later on – once the entrepreneurs start presenting themselves. in the way they represent themselves.

### **Simulation (2 x 45 minutes)**

**Instruction for the entrepreneurs:** entrepreneurs are sitting in the audience. The lead trainer is the leader of the program and he calls them one by one to go to the main floor, and present their business idea. Each entrepreneur has between 5 and 10 minutes to present his business idea and additional time for investors questions (total duration of this activity part is to be determined according to the number of participants, so that everything fits in 45 minutes).

When the lead trainer invites each entrepreneur, he/she enters the flooe and starts presenting in a free form whatever he/she prepared to present regarding the business odea they want to be invested in. In the presentation, the enrepreneurs should first give the name of

their company or entrepreneurial enterprise. Assistant trainer is standing next to the FC paper on the wall, writes the name of the company into the vertical field. When an entrepreneur finishes his/her presentation, the lead trainer gives the word to the investors to ask questions, and the entrepreneur needs to provide his/her answers to those questions. It is important that the entrepreneur lists the value of 100% of the capital of his business, that is, an entrepreneurial venture for which the funds are collected. This amount should be determined by the entrepreneur in the business plan financial segment.

**Instruction for the investors:** the investors are sitting at a place previously designated for the investors. Each investor has virtual 100,000.- EUR, an envelope, a pen and 5 postits. During the presentation of the entrepreneurs, the investors record the name of the company and the value of the company for 100% ownership. After introducing the entrepreneurs, the investors, each of them, should decide in which business they would invest a certain amount of money available. The investor can invest all the money into one business and buy 100% ownership, and can distribute money to several businesses in certain percentage. The investor per business can invest as much as the business is worth according to the assessment of the entrepreneur (for 100% of ownership), i.e. a maximum of 100,000.- EUR that the investor has at its disposal. For every business in which he wants to invest money, the investor will use a postit to write the name of the firm in which he wants to invest, and the amount he wants to invest. Each filled postit represents an investment offer. The investor should also have a business argument why he gave an investment offer for a particular company. When the investor records all its investments on the postits, all its offers will be put into the envelope, and on the back of the envelope the investor will write his/her name. The investor will then leave the closed envelope on the chair on which he/she seated and move away. When all investors are away, the assistant trainer will pick up the envelopes.

**Changing roles:** When the first group of entrepreneurs has completed their work, the roles change. The entrepreneurs become the investors and the investors take on the role of the entrepreneurs, and the second round of presentation begins.

**End of simulation simulacije 20 minutes:** after the second round of presentation has been completed, and the assistant trainer has picked up envelopes with offers of the second groups of investors, the opening of bids begins. Trainers stand on the left and right side of the FC paper on which the vertical columns contain the names of entrepreneurial businesses that are competing for investments, they are opening one by one envelope, and putting investment offers onto the FC paper, in the column of those businesses whose name they bid for. After opening all the offers, the FC paper on the wall will show which entrepreneurial businesses have the most bids. Then the lead trainer should open a short discussion (until the expiration of 20 minutes for this section), and ask investors to explain their investment offers.

Some of the questions that a trainer can use to inspire a discussion could be:

- Can you justify your investment decision, what convinced you to invest in the chosen businesses?
- How did you find the change of roles and was looking from another’s perspective helpful in the sense that you understand better the business and investing in it?
- Which role was more difficult for you? The one of an entrepreneur that should convince another person to invest in his business, or the role of an investor who must not make a bad judgement and thereby lose his/her money?



Participants will be able to gain experience in competing in the market for grabbing investors’ attention, will learn on all skills required by an entrepreneur to concur competition from entrepreneur’s point of view, and from the point of view of an investor the participants will learn on how much a business idea must outdo in order for an investor to invest his/her money in someone else’s idea.



Example on how to prepare 2 FC papers on the wall:

STAR	DELTA	MOMA	ALFA	G8	SEEYA	DO IT	START	FIT	GAMA

## M3 Instruction 16



WEBIN  
Western Balkans Institute



- Envelope (one per each participant)
- Postits (1 package)
- FC paper (2 sheets, 1 per each group of entrepreneurs)
- Marker
- Crepe tape



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