

Exercise 2-4 – Market Research Role Play: INVESTOR GUIDE

Exercise team composition: For this exercise the class is divided in three teams. Two teams are entrepreneurial teams, the third team is an investor team.

Situation:

You are the investor team. You are choosing the entrepreneurial team in which to invest. Both teams are in the dog grooming business. The investment you provide would be used for growing the business. There have been 2 meetings prior to the one today. You really like both businesses and their management teams. Now it is about execution: Which team will make the most effective use of the money going forward? Your experience has been a large determining factor is how much the team knows about their market.

Instructions: Listen to both teams' answers to your questions (below). At the end, decide which team will receive the funds. You can only fund one team. Explain to the class why you chose the team you did. Ask the questions below only...these are the questions you gave them at the last meeting. You told them you expected answers to these questions today. *Also ask the team about the source of their information for their answers.*

Questions:

1. What is the age of your customer base?

Insider background: You have a history of investing in businesses that serve a wide range of ages. You have found this better serves the community.

2. What challenges does your business face (do you have a plan to resolve those challenges?).

Insider background: Companies that recognize and deal with challenges are more successful investments.

3. Where do your clients live?

Insider background: This is a bit of information you think is important, especially for a retail business (business with a physical location / store where sales are made).

4. What is the "willingness to pay", or, what would clients pay for the new services?

Insider background: You have invested in a couple of businesses where products were over-priced and didn't sell. These were horrible investments and you almost lost your job over it. It is critical that you have actual DATA on what people will pay.

5. If you could only pick two services to offer, which would they be and why?

Insider background: Offering 5 new services seems too ambitious. You know from past experience that starting a little smaller is a better idea. If the business can provide a good rationale as to which two would be the best services, that will win a lot of points in your mind.