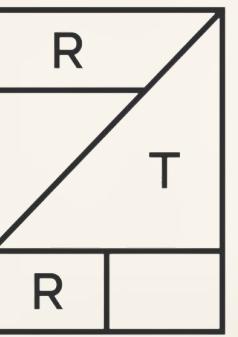


RENT THE RUNWAY

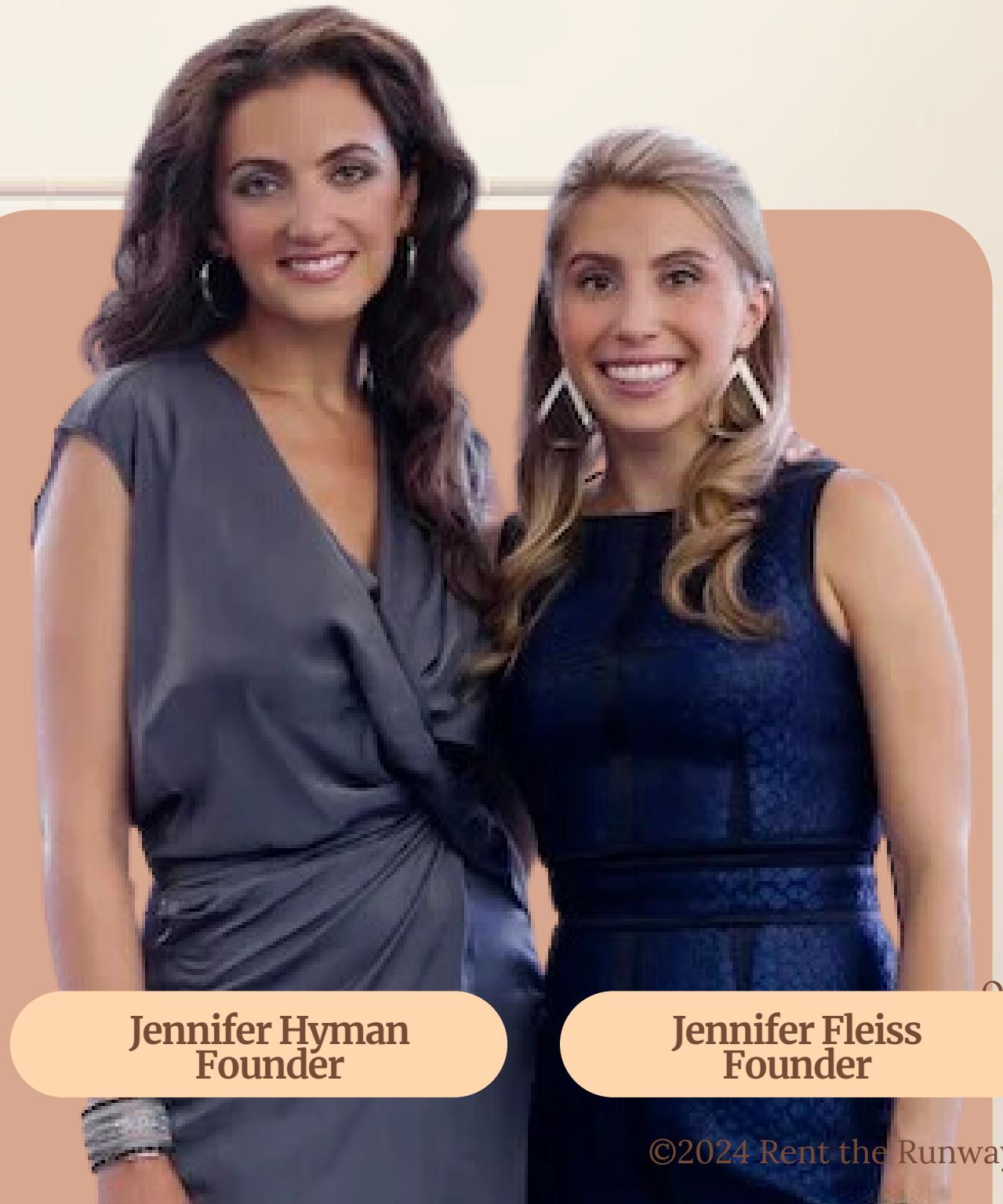


Mix. Match. Wear. Repeat.



OVERVIEW

- Fashion for All: Rent the Runway offers designer dresses for rent, making luxury fashion accessible to everyone.
- Early Success: Within two months of launch, RTR attracts over 150,000 members, with 60% of its dresses in high demand.
- January 2010 Decision: Co-founders Jenn and Jenny face a crucial choice: stick to a steady plan or pursue bold expansion.
- Exploring Options: Should RTR grow rapidly to reach more customers and occasions, or focus on profitability first?
- Empowerment Mission: RTR isn't just about dresses; it's about making women feel confident and radiant.
- Impactful Decision: The choice made will shape RTR's future and reflect its founders' values and aspirations.



Jennifer Hyman
Founder

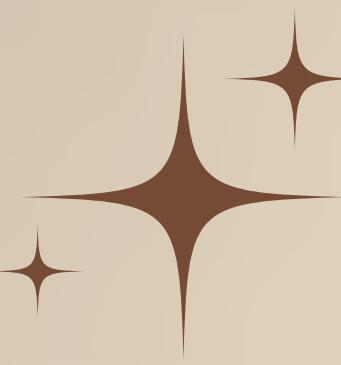
Jennifer Fleiss
Founder



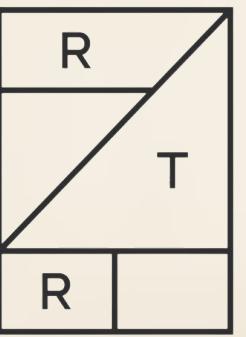
Question 1

The co-founders took several steps to validate the business model hypothesis with an eye on refining the business concept. Which of these have been important in preparing to raise additional capital and what is still lacking that may pose an obstacle to fund-raising?





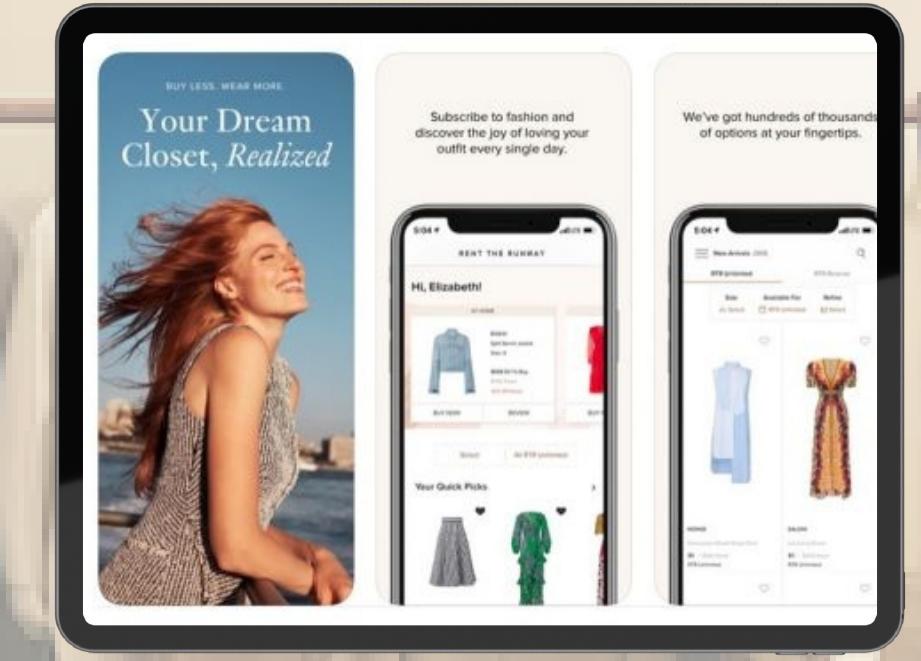
Important Factors in preparing to raise additional capital.



PROVEN DEMAND AND GROWTH

Post Launch Figures after two months.

- 150K registered members
- 2k orders received
- 12.5% repeat orders
- 60% RTR inventory out for rental



OPERATIONAL IMPROVEMENTS

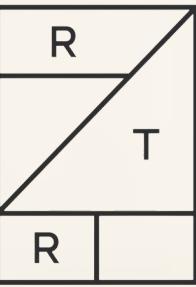
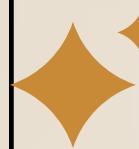
Plans to enhance operational efficiency demonstrate readiness for scalability and effective growth management, a crucial factor for investors.

CUSTOMER INSIGHTS AND SATISFACTION

Investment in a customer insights team addresses concerns and enhances customer satisfaction, contributing to brand loyalty and attractiveness to investors.

MARKETING AND BRAND BUILDING

Strategic marketing efforts and brand building activities strengthen RTR's market position and customer acquisition, increasing appeal to potential investors.



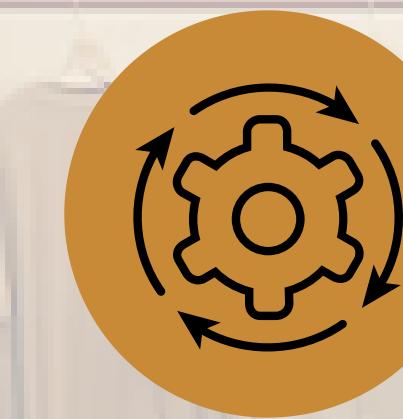
Obstacles to Fundraising

Rent the Runway shows promise with strong demand and happy customers, but needs to address tech, scalability, and product expansion before it can truly flourish.



Technical Expertise and Infrastructure

Challenges in technical infrastructure and engineering capabilities may raise concerns among investors about the company's ability to support future growth effectively.



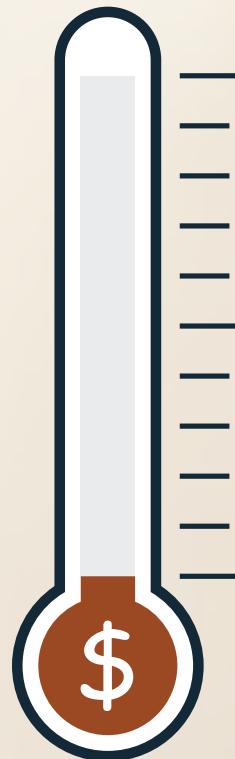
Warehouse Management and Logistics

Despite efforts to improve operations, challenges in warehouse management and logistics indicate potential vulnerabilities that need addressing to reassure investors.



Product Expansion & Diversification

Uncertainties around the feasibility and scalability of product expansions, such as introducing accessories and maternity wear, may impact investor confidence without clear evidence of market demand and operational readiness.





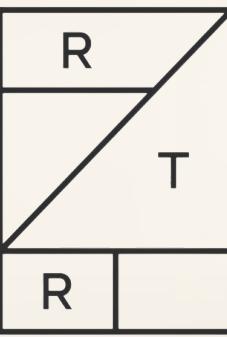
Question 2

The co-founders are considering whether to stick with their original plan to

- (a) pursue operational improvements before raising more capital
or
- (b) to accelerate fundraising in order to expand inventory and product assortment to serve a broader customer segment and usage occasions.

What would you do about this decision?





We would recommend that the co-founders pursue the option to accelerate fundraising in order to expand inventory and product assortment to serve a broader customer segment and usage occasions.

Here is why ?

Capitalize on Proven Demand

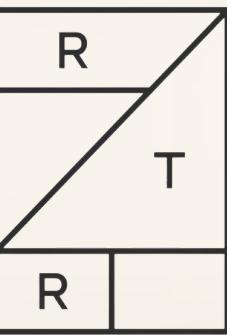
Unlock Growth Potential

Build Competitive Advantage

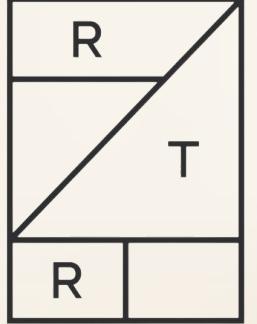
Align with Founders' Vision

Traction with Designers





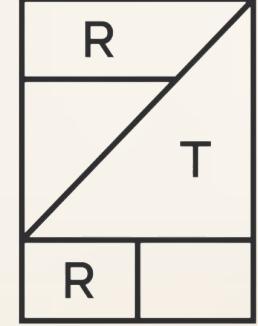
- The primary risk is the pressure to carry out an aggressive expansion strategy by the management team.
- Nonetheless, it seems that the co-founders possess the entrepreneurial aptitude and tenacious mindset necessary to appoint the appropriate personnel to handle this difficulty.
- Overall, Rent the Runway's quick development path is a more tempting strategic alternative at this point due to the excellent initial traction, sizeable addressable market, and the co-founders' aim of revolutionizing the fashion buying experience.



Question 3

The article, How Venture Capitalists Evaluate Potential Venture Opportunities offers insights into the venture funding model. At this juncture, What are the pros and cons of investing in Rent the Runway from a Venture capitalist perspective?





SWOT ANALYSIS

STRENGTH

1. Unique Value Proposition
2. Strong Customer Acquisition
3. Focus on Customer Experience
4. Customer Insights Team
5. Order Reservation System

WEAKNESSES

1. Limited technical expertise
2. Team Structure and Scalability
3. Limited Inventory
4. Uncertain Growth Strategy

OPPORTUNITIES

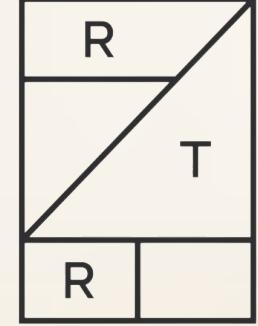
1. Market Growth
2. Expansion into New Product Categories
3. Enhanced Customer Insights
4. Strategic Partnerships

THREATS

1. Competition
2. Shifting Fashion Trends
3. Logistics and Delivery
4. Talent Retention Challenges

The Pros And Cons

SWOT & PORTER FIVE FORCE Analysis



Goals of stakeholders aligns with goals of organization

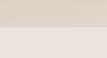
Strong vision and mission

Product is unique and promotes innovation

Strategic thinking & Scalable Business Model

Strong Market Demand and Customer Loyalty

PROS



CONS



Availability of substitute product



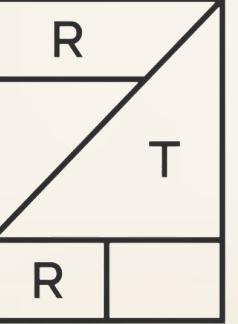
Competitive Pressure



Buyers bargaining



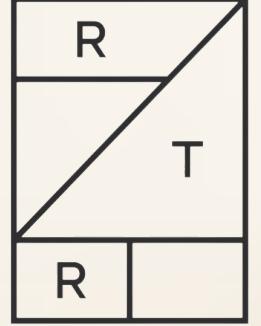
Supply Chain Vulnerabilities:



Question 4.1

Given the time-consuming nature of fund-raising, will the accelerated course distract the team at this crucial juncture?





YES

DIVERSION OF ATTENTION

Key team members may be pulled away from their primary responsibilities, impacting productivity and effectiveness.

TIME CONSUMING NATURE

Fundraising involves a series of time-consuming tasks such as preparing pitch decks, meeting with potential investors, negotiating terms, and managing due diligence processes

POTENTIAL DISRUPTION OF MOMENTUM

The accelerated pace of fundraising may disrupt the team's momentum, affecting the overall focus and morale.

BALANCING PRIORITIES:

While fundraising offers opportunities for expansion and investment, the accelerated course may come at the expense of other critical activities.



Question 4.2

What is the risk of taking venture capital too early?



PRESSURE FOR RAPID GROWTH:

Venture capitalists typically expect high returns on their investments within a relatively short timeframe.



LIMITED FLEXIBILITY AND STRATEGIC DIRECTION:

Venture capital investors may have specific expectations regarding the company's strategic direction, market positioning, and exit opportunities



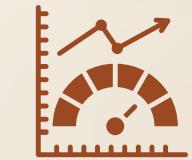
LOSS OF CONTROL AND OWNERSHIP:

Venture capital investment often involves giving up equity in the company in exchange for funding.



FOCUS ON SHORT-TERM METRICS:

Venture capitalists often prioritize short-term growth metrics such as user acquisition, revenue growth, and market share



FINANCIAL BURDEN AND BURN RATE:

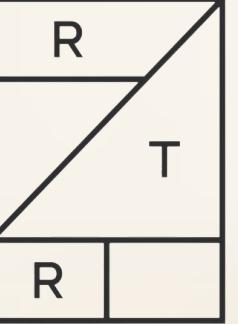
Venture capital funding comes with financial obligations, including the need to achieve certain milestones or growth targets to justify additional rounds of funding.



MISMATCHED TIMING AND MARKET READINESS:

Taking venture capital too early may be premature if the company has not yet validated its business model, proven product-market fit, or demonstrated scalability.





Question 4.3

What they will miss?





Despite the distractions and potential loss of control associated with accelerated fundraising, the benefits far outweigh the drawbacks for Rent the Runway at this pivotal moment. Accessing capital quickly enables the company to seize growth opportunities, strengthen its competitive position, and establish market leadership. Therefore, despite the temporary challenges, pursuing accelerated fundraising aligns with Rent the Runway's long-term growth objectives and positions the company for continued success

1

Market Opportunity and Growth Potential

2

Effective Marketing Strategies

3

Strategic Partnerships and Industry Credibility

4

Need for Investment to Scale Operations

RECOMMENDATIONS



Accelerate Growth



Strengthen Management



Diversity

Thank you!

