

How to Change the World

A practical blog for impractical people.

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The Entrepreneur's New Year's Resolution: "I Will Fix My Pitch"

Here's a New Year's resolution for entrepreneurs: "I will fix my pitch." And here's a suggestion on how to do this written by Bill Reichert, my colleague at [Garage Technology Ventures](#).



Endless articles, books, and blogs have been written on the topic of business plan presentations and pitching to investors. In spite of this wealth of advice, almost every entrepreneur gets it wrong. Why? Because most guides to pitching your company miss the central point: The purpose of your pitch is to sell, not to teach. Your job is to excite, not to educate.

Pitching is about understanding what your customer (the investor) is most interested in, and developing a dialog that enables you to connect with the head, the heart, and the gut of the investor. If you want advice about pitching, you can ask a venture capitalist, but you probably won't get a very good answer. Most VCs are analytic types, and so they will give you a laundry list of topics you should cover. They won't tell you what really "floats their boat," mainly because they can't articulate it in useful terms. "I know it when I see it," is about the best answer you'll get.

What is the investor most interested in? Contrary to popular belief, the venture capitalist sitting at the other end of the table glaring inscrutably at the presenting entrepreneur is not thinking, "Is this company going to make a lot of money?" That is the simple question that most entrepreneurs think they are answering, but they are missing the crux of the venture capital process. What the investor is really thinking is, "Is this company the best next investment for me and my fund?" That is a much more complex issue, but that is what the entrepreneur has to pitch.

So, the pitch has to accomplish three things:

- Provide a good, clear, easy-to-repeat story—the story of an exciting new startup.
- Fit with other investments the individual venture capitalist has made and the investments the firm is chartered to make.
- Beat out the other investments the firm is currently considering.

These latter two issues are beyond the scope of this modest guide. So for now, let's just concentrate on telling a good story.

Tell a Good Story

Most of the articles on pitching are generally right about the topics, even if they miss the nuance (sell, don't explain). But don't take any template as graven in stone. Your story may require a moderate, or even a dramatic, variation on the list of presentation slides (listed below). You may need to explain the solution before you can explain the market; or if you are in a crowded space, you may need to explain why you are different than everyone else early on in the conversation; or you may want to drop some very impressive brand-name customers before you explain your product or your market. The one thing you may not do is expand the number of slides to twenty (or thirty or fifty)! Other than that, let the specifics of your situation dictate the flow of your slides.

Nevertheless, it is useful to have a guide. With the caveats above in mind, here is a basic outline for your pitch:

- **Cover Slide: Company name, location, tagline, presenter's name and title.** If there are multiple team members participating in the pitch, put names on the next slide instead. Key objective: Everyone in the room should know the basic value proposition of the company, including the target market, before the next slide is shown. All the words should not be on this slide, but reinforce and extend the tagline orally so that everyone has a foundation for what is to come.
- **Intro Slide: Team.** The three or four key players in the company. For some reason, everyone puts the team slide at the end, but investors want to know this at the beginning, and it is common courtesy to make sure everyone is introduced. But make this short, crisp and relevant. This is not the time to share everyone's life story, or detail the resumes of all six members of the advisory board. Focus on a significant, relevant accomplishment for each person that identifies that person as a winner. In ten to fifteen seconds, you should be able to say three or four sentences about your CTO that says everything the investors want to know about him or her at that moment. Key objective: Investors should be confident that there is a good credible core group of talent that believe in the company and can execute the next set of milestones. One of those milestones may be filling out the team, and so it is important to convey that the initial team knows how to attract great talent, as well as having great domain skills. If there is a gap in the team, address it explicitly, before investors have to ask about it.
- **Slide 1: Company Overview.** The best way to give an overview of your company is to state concisely your core value proposition: What unique benefit will you provide to what set of customers to address what particular need? Then you can add three or four additional dot points to clarify your target markets, your unique technology/solution, and your status (launch date, current customers, revenue rate, pipeline, funding needed). Key objective: Flesh out the foundation you established at the beginning. At this point, no one should have any question about what it is that your company does, or plans to do. The only questions that should remain are the details of how you are going to do it. Another key objective you should have achieved by this point in your presentation is to make sure that if there are some compelling brand names associated with your company (customers, partners, investors, advisors), your audience knows about them. Feel free to drop names early and often—starting with your first email introduction to the investor. Brand name relationships build your credibility, but do not overstate them if they are tenuous.
- **Slide 2: Problem/Opportunity.** You need to make it clear that there is a big, important problem (current or emerging) that you are going to solve, or opportunity you are going to exploit, and that you understand the market dynamics surrounding the opportunity—why does this situation exist and persist, and why is it only now that it can be addressed? Show that you really understand the very particular market segment you are targeting, and frame your market analysis according to the specific problem and solution you are laying out. In some cases, however, the problem you are attacking is so obvious and clear that you can drop this slide altogether. You do not have to tell investors that there are a lot of cell phones out there or that teenagers like to socialize. Save yourself, and them, the pain of the obvious.
- **Slide 2.1: Problem/Opportunity Size.** Even if your market opportunity is not obvious, you can assert the size of your opportunity on slide 2. **Sometimes** you may need a slide to clarify the factors that define the size and scope of the opportunity, particularly if you are going after multiple market segments. There may be a unique market dynamic or emerging trend that requires explanation. **Do not use this slide to quote the Gartner Group or Frost & Sullivan;** show that you really understand where your prospective customers are from the ground up.
- **Slide 3. Solution.** What specifically are you offering to whom? Software, hardware, services, a

combination? Use common terms to state concretely what you have, or what you do, that solves the problem you've identified. Avoid acronyms and don't try to use these precious few words to create and trademark a bunch of terms that won't mean anything to most people, and don't use this as an opportunity to showcase your insider status and facility with the idiomatic lingo of the industry. If you can demonstrate your solution (briefly) in a meeting, this is the place to do it.

- **Slide 3.1. Delivering the Solution.** You might need an extra slide to show how your solution fits in the value chain or ecosystem of your target market. Do you complement commonly used technologies, or do you displace them? Do you change the way certain business processes get executed, or do you just do them the same way, but faster, better and cheaper? Do you disrupt the current value chain, or do you fit into established channels? Who exactly is the buyer, and is that person different than the user?
- **Slide 4. Benefits/Value.** State clearly and quantify to the extent possible the three or four key benefits you provide, and who specifically realizes these benefits. Do some constituents benefit more than others, or earlier than others? These dynamics should inform your go-to-market strategy, and your product/service roadmap, which you will discuss later.
- **Slide 5. Secret Sauce/Intellectual Property.** Depending on your solution, you might need a separate slide to convince investors that no one else can easily duplicate or surpass your solution (assuming that's actually true.) If you are in a business sector in which intellectual property is important, this is where you drill down into your secret sauce and proprietary technology. Again, boil this down to simple elements and terms, devoid of jargon. Do not walk the audience through a guided tour of your detailed product architecture. Instead, highlight the elements of your technology that give you unique potential for leverage and scale as you grow. If you do slides 4 and 5 well, it will be easy to make the case for your...
- **Slide 6. Competitive Advantage.** Okay, so how are you better than everyone else, including the status quo? Most entrepreneurs misunderstand the critical objective of this slide, which is not to enumerate all the deficiencies of the competition (as much fun as that may be.) Just because you have really cool technology, secret sauce, and intellectual property does not mean you will win. Other factors like domain expertise, high-level connections, and special relationships with customers, vendors, and other companies also play a part. Your key objective is to convince the investor that lots of folks will buy your product or service, even though they have several alternatives (one of which may be to do nothing), for very good reasons.

The best way to convince an investor is to have referenceable customers or prospects who will articulate in their own words why they bought or will buy your offering over the alternatives. Use this slide to summarize the three or four key reasons why customers prefer your solution to other solutions and to the status quo. Many entrepreneurs have been coached to use a four-square matrix that shows that they are in the upper right-hand quadrant, but this has become a joke in the venture community. Check-boxes are better, if they are not abused. Make sure your check-box criteria reflect the market's requirements, not just your product's features.

- **Slide 6.1. Competitive Advantage Matrix.** Depending on how important the analysis of competitive players is in your market segment, you may need a matrix to provide a detailed list of competitors by category. Preferably, you develop this as a "pocket slide" to be used for Q & A, if necessary. It is important, however, that you do your homework on the competition, and that you don't misrepresent their strengths or their weaknesses.
- **Slide 7. Go to Market Strategy.** The single most compelling slide in any pitch is a pipeline of customers and strategic partners that have already expressed some interest in your solution—if they haven't already joined your beta program. Too often this slide is, instead, a bland laundry list of standard sales and marketing

tactics. You should focus on articulating the non-obvious, potentially disruptive elements of your strategy, or you can frame your comments in terms of the critical hurdles you need to get over, and how you are going to jump them. If you don't have a pipeline, and there is nothing unique or innovative about your strategy, then drop this slide and make the elements of your sales model clear in the discussion of your business model (next slide).

- **Slide 8: Business Model.** How do you make money? Usually by selling something for a certain price to certain customers. But there are lots of variations on the standard theme. Explain your pricing, your costs, and why you are going to be especially profitable. Make sure you understand the key assumptions underlying your planned success and be prepared to defend them. What if you can't sustain the price? What if it takes twice as long to make each sale? What if your costs don't decline over time? Some investors will want to test the depth of your understanding of your business model. Be ready to articulate the sensitivity of your business to variations in your assumptions.
- **Slide 9. Financial Projections.** The two previous slides above should come together neatly in your five-year financial projections. [Bill and I disagree here. I think a five-year projection is impossible.] You should show the two or three key metrics that drive revenues, expenses and growth (such as customers, unit sales, new products, expansion sales, new markets), as well as the revenue, expense, profit, cash balance, and headcount lines. The most important thing to convey on this slide is that you really understand the economics and evolution of a growing, dynamic company, and that your vision is grounded in an understanding of practical reality. Your financials should tell your story in numbers as clearly as you are telling your story in words. Investors are not focused on the precision of your numbers; they're focused on the coherence and integrity of your business plan.
- **Slide 10. Financing Requirements/Milestones.** It should be clear from your financials what your capital requirements will be. On this slide you should outline how you plan to take in funding—how big each round will be, and the timing of each—and map the funding against your key near-term and medium-term milestones. You should also include your key achievements to date. These milestones should tie to the key metrics in your financial projections, and they should provide a clear, crisp picture of your product introduction and market expansion roadmap. In essence, this is your operating plan for the funds you are raising. Do not spend time presenting a “use of funds” table. Investors want to see measures of accomplishment, not measures of activity. And they want to know that you are asking for the right amount of money to get the company to a meaningful milestone.
- **Summary Slide.** This slide is almost always wasted. Most entrepreneurs just put up three or four dot points about how wonderful their investment opportunity is. Generally the words are the same words that investors hear from scores of other entrepreneurs, such as, “We have a huge opportunity, and we will be the winners!” Your key objective on this slide is to solidify the core value proposition of your company in words that are memorable and unique to your company. If the venture investor in the room has to give a short description of your company to his partners, these are the words you want used. This is a good place to reinforce your tagline, or mantra—the short phrase that captures the essence of your message to investors. The best solution to creating your summary slide is to imagine that this is the only slide you will ever be able to present. If you had to do your whole pitch in one slide (with 30 point font), this is that slide.

So here we have a good general outline for pitching your company. But remember, it's about selling your investment proposition, not about covering points. Don't get fixated on using this or any other template. You should know the issues about your company that investors are most concerned about. Those are the issues you need to concentrate on. Make sure you address all the predictable “burning questions” as early as you can in your

presentation, even if it means violating the sequence above.

Tips On Effective Pitching

How do you turn a pitch from a monolog to a sale? Make sure every point you make connects with your audience. Keep your text very, very short. Really. Please. Use charts and pictures if you can. And engage your prospect. Ask questions. “Do you think this market opportunity is interesting?” “Have you seen anyone else addressing this problem?” “Do you think CIOs would be interested in a solution like this?” You may get some tough responses, but you will know a lot more about what is going on in the investor’s mind, and you will be engaging them in your story—instead of letting them play with their Blackberries under the table.

Some additional tips to improve the effectiveness of your pitch:

- **Make sure that everyone in the room is introduced.** Rarely do entrepreneurs ask the investors in the room to introduce themselves. While it is appropriate to be familiar with each investor’s bio (assuming it is on the web), it’s fair to ask something like, “What investments have you been looking at recently?” And if there are some other faces in the room, you should absolutely have them introduce themselves and provide a little background.
- **Don’t use a feel-good, visionary “mission statement” on your overview slide.** Mission statements have also become a joke in the venture industry. It’s like saying, “Our projections are conservative.” Focus on making sure your statement of your company’s value proposition is crisp, clear, and unique.
- **Prepare good use cases.** Sometimes, no matter how simple and clear the description of a product, what the investor really needs is a concrete example of how people will actually use it. In some cases there will be multiple different use cases. You may need to outline these to get your point across.
- **Drop names, early and often.** If you really have some brand names involved in your company—as customers, as partners, as members of the team—don’t keep them a secret for the first nine slides; make sure the investor knows about them early in the presentation. Be prepared for the investor to contact every single name you drop—whether it’s a person or a company. If you are going to drop names, they had better be real.
- **Make sure you can tell the entire story in ten to fifteen minutes.** Even if you have time, your total presentation should be no longer than twenty minutes. You want to have time to engage the investors and discuss their questions or concerns. If you think you have additional critical points that have to be made, prepare “pocket slides” that you can put up if the topic arises.
- **Do the math.** Average entrepreneur pitch: thirty-eight slides. Average VC attention span/cranial capacity: ten slides.
- **Learn how to control the flow of the meeting, without seeming inflexible or anxious.** Watch and listen. Body language and questions will tell you if you are okay deferring a point or if you need to address it immediately. If you let your audience take over the flow, you will probably wind up creating a confusing, incomplete impression of your company. But if you don’t address the “burning questions” early and effectively, the investors won’t hear anything else you say.
- **Don’t lie.** You would think this goes without saying, but in their enthusiasm for their creations, entrepreneurs tend to slip across the line all too often. Please do not interpret our exhortation to “sell” as an endorsement of hype, exaggeration, misrepresentation, spin, or lying. The best salespeople are credible and trustworthy. It is more important that investors trust you than that they understand every nuance your business.
- **You don’t have to be “conservative,” but you do have to be realistic.** Most entrepreneurs fail to be

realistic about how long things take in the real world (versus the spreadsheet world). Whether it's the time to complete product development, or the time to close the next ten sales, entrepreneurs are pathologically optimistic. As with your financials, find examples of comparable challenges addressed by other companies, and use that data in your model.

- **Don't put so much text on a page that the investor has to read it.** Everything should be short, content-rich bullets in a font large enough to read without squinting. The words are simply reinforcement of the points you are making. Pictures, graphs, and charts should be uncluttered and make clear, compelling points. If they have to be deconstructed and explained piece by piece, you will lose focus and momentum.
- **Don't use your presentation stack as a standalone document.** It is perfectly okay if it is not readable when you are not around. That's the job of your executive summary or your business plan. If you are looking for a guide to writing an executive summary, you can find our version online: "[The Art of the Executive Summary](#)."

A good pitch is rare because it is so hard to execute on everything else that has to be done to build a successful company. But the ability to pitch is a key indicator for investors—if the entrepreneur doesn't know how to sell, how can he or she build a great company?

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