

Business over Breakfast “The Art of the Pitch”

Gregory Phipps – Director, Investment
November 28, 2013

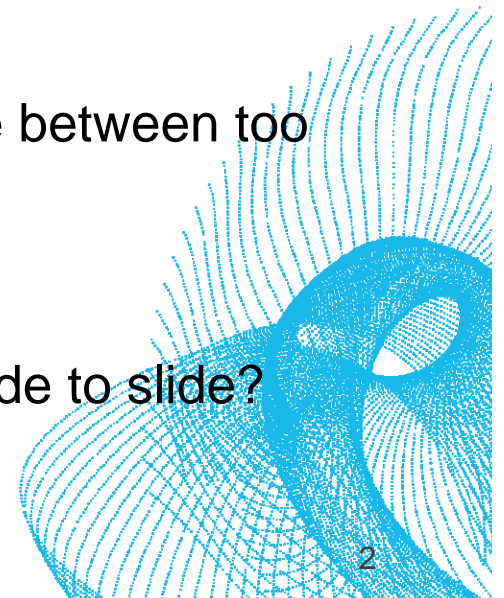
innovacorp
EARLY STAGE VENTURE CAPITAL



Let's focus on the pitch!

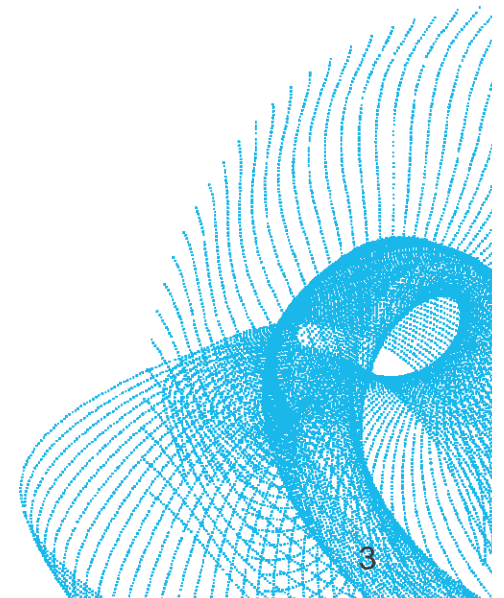
Entrepreneurs have consistent questions:

- What topics are required and what should be omitted?
- What is the best way to communicate my message?
- What depth of information should be provided?
- What is the optimal length of slide deck and balance between too little, and too much information?
- What is the best flow from start to finish and from slide to slide?



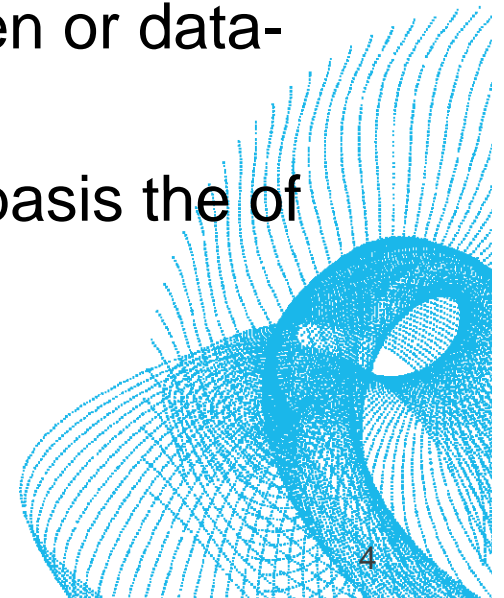
Learn to pitch!

- Pitching and negotiation are fundamental, necessary business skills
- Learn them!
- Applied to:
 - Potential investors
 - Potential customers
 - Potential employees/recruits



Pitch Purpose

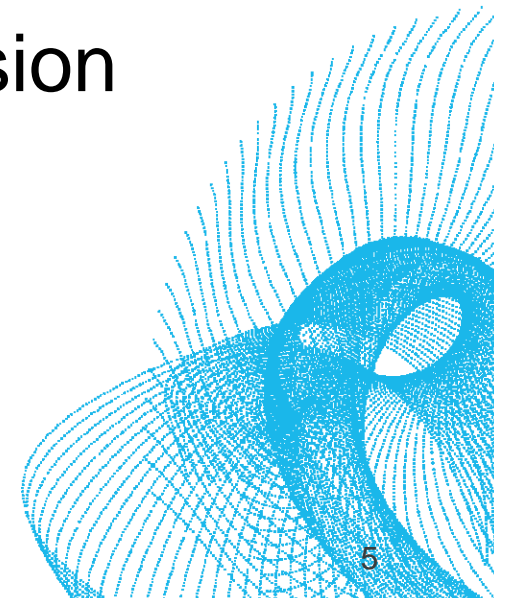
- A convincing argument or thesis for investment support
- Create/increase investors' confidence in your investment thesis
- Lead them to a shared view of your company's value/attractiveness
- An investment thesis is either concept-driven or data-driven. Which are you pitching?
- Almost all early-stage companies pitch on basis the of concept (future opportunities)



Do your homework!

You need to know:

- Your **unique** value proposition
- **What** you are asking for
- **Who** your audience is
- **How** to tell your story with passion



The fine art of pitching

What you say

- Explain yourself in the first minute
- Explain the relevance of what you do
- Clarity. Less is more!

What you do

- Keep it high level
- Listen for audience reaction to what you say
- Be passionate, dynamic

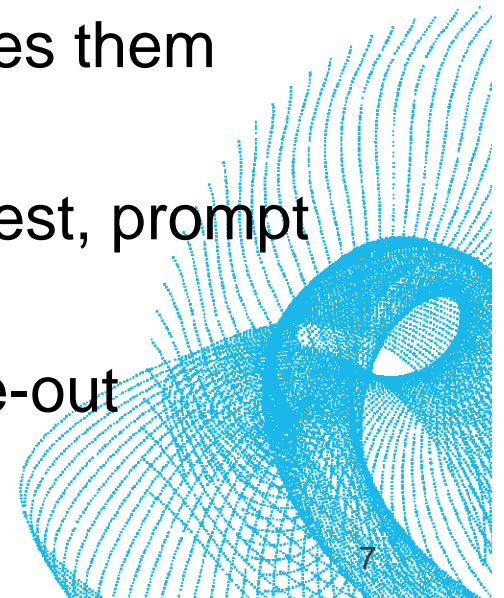
What you show them

- The pitch deck



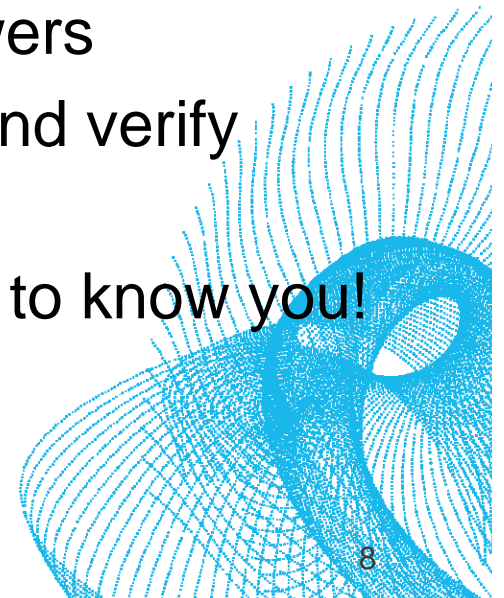
A good pitch deck . . .

- Catches the audience's attention in the first 60 seconds
- Facilitates discussion. Do not simply read it aloud!
- Clearly and simply communicates excitement and aspirations to potential investors
- “Own” the story and the presentation
- Not intended to cover every detail, but leaves them wanting more
- You'll know a good pitch - it will pique interest, prompt questions and result in follow-up meetings
- Practice, practice, practice!!! Know it inside-out



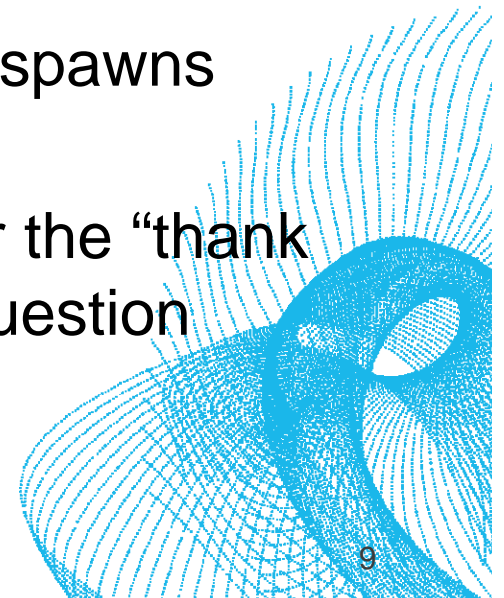
Investors invest in the team

- Investors are looking for a self-aware, founder team that
 - Knows what they don't know
 - Understands their collective strengths and weaknesses
 - Can articulate the gaps
 - Is comfortable NOT knowing all the answers
 - Has the drive and determination to find and verify *every* answer
- Investors invest in the team so let them get to know you!



Pitch deck – look and feel

- Brand shamelessly – logo on every slide
- Lots of white space
- Single-line titles
- Use 12/24/12 rule: 12 slides, 24 minutes, 24 font size
- Diagrams, graphs and photos supplement
- Less is more, it begs further questions and spawns conversation!
- Put additional details on backup slides after the “thank you” slide just in case you are asked that question



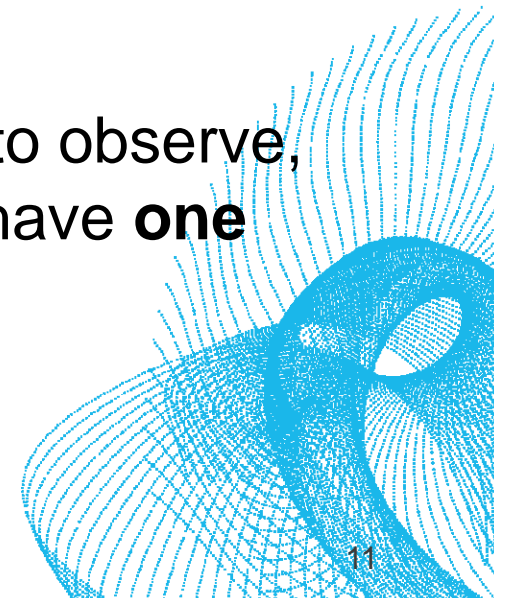
Know and understand your audience

- What are the most important things this audience would like to learn about the company
- Are there any special issues, landmines, questions, you should be prepared for
- Know the organization's mission, how they are funded, available funds, exit horizon, etc.
- Brainstorm with your team on the pitch: what to say; what connections to exploit before you show up



Be prepared!

- Arrive early. Be prepared. Be comfortable
- Listen for objections and feedback – note them
- Be passionate, objective and balanced
- Defend your position – any good idea has legitimate reasons why it won't work.
- Be contrarian **but** be right!
- Bring one additional member of your team to observe, note questions, watch body language, but have **one** person do the talking
- Check to ensure your audience is with you



STORYBOARD - A pitch outline

1. Proposition

2. Problem

3. Solution

4. Market

5. The team

**6. Business
model**

**7. Going to
market**

8. Competition

**9. Traction &
Milestones**

**10. Financial &
Key Metrics**

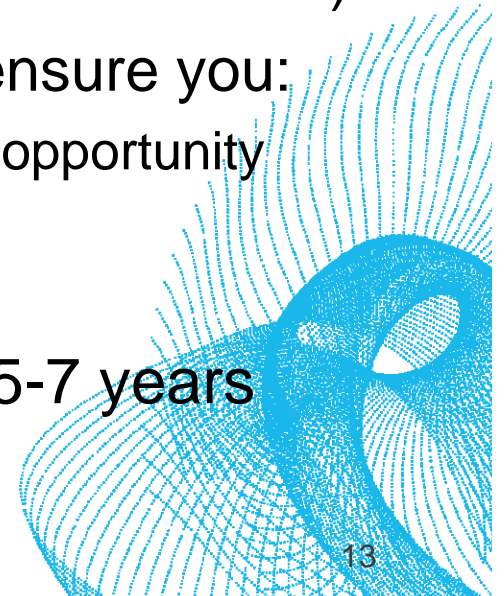
11. Summary

12. Thank you

What the investor wants to know...

The Proposition

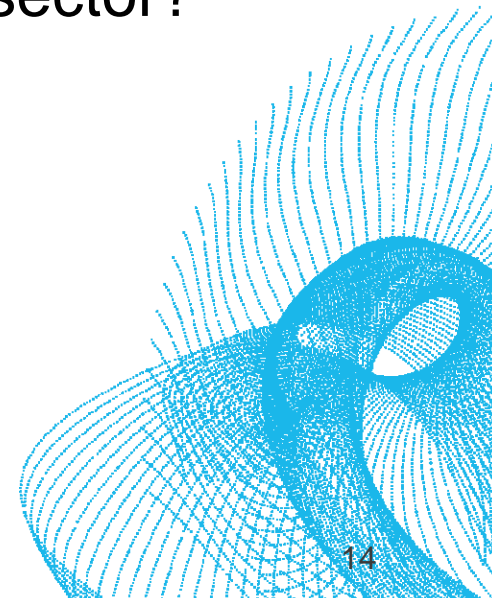
- Why he/she should be listening to you
- Sets the stage and draws them in
- What is your unique value proposition? (12 words or less!)
- Summarize the status of your company and ensure you:
 - Present a convincing argument that you have an opportunity worth investing in; and,
 - The right team to execute on the opportunity
- Convince investors they will see an ROI in 5-7 years



What the investor wants to know...

Problem

- Your company is solving a problem that really exists
- What is the solution?
- Where does it fit in their company/industry/sector?
- Why does it matter?
- You have the qualifications to solve it



What the investor wants to know...

Solution

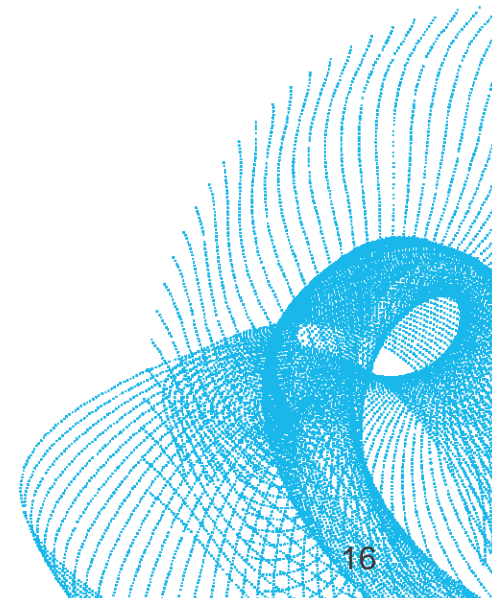
- What your solution does, not how it does it
- The benefits to the user – not just the features
- Is there a difference between user and target for monetization?
- Don't go into the weeds on technology details unless asked



What the investor wants to know...

Market

- This is a good opportunity that you can build a big business around
- Demonstrate the market is significant enough to invest
- Quantify the market size and growth rate



What the investor wants to know...

Team

- Why you are relevant as CEO? Are you coachable?
- Link the team's skills and experience to:
 - The problem you are solving
 - The business model
 - The marketing & sales strategy
- Every start-up has gaps - acknowledge yours
- Add Board Members and existing investors or advisors to add credibility and references



What the investor wants to know...

Business Model

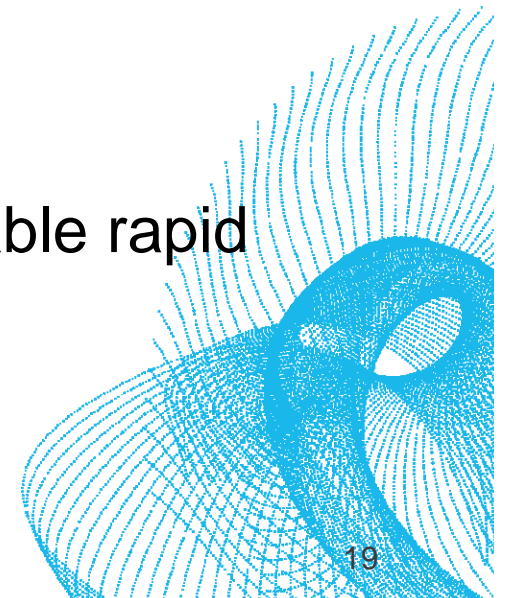
- Know who is buying your product and why
- Understand the economics of the customer and how much they are worth
- Is model scalable?
- What is revenue model?
- Does model require a fundamental change in customer's current practice or way of doing business?



What the investor wants to know...

Go-to-market plan

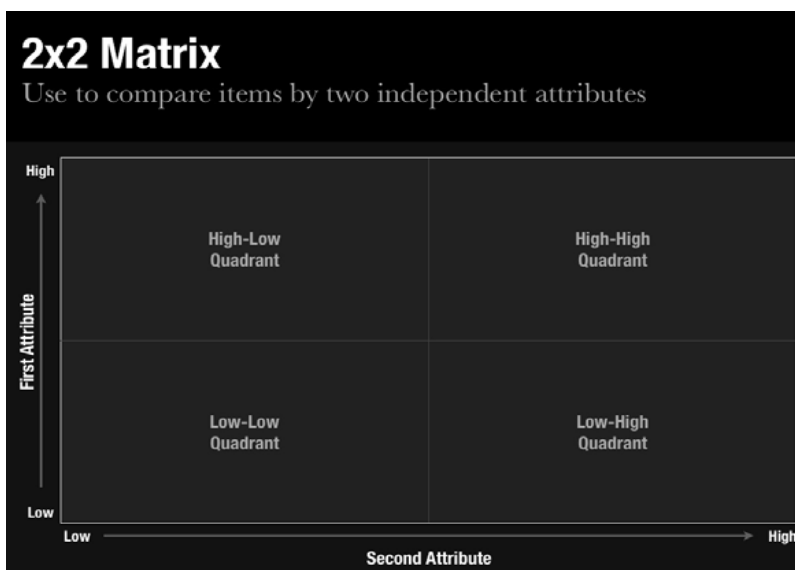
- How will you efficiently and cost-effectively reach your market?
- What resources and partnerships can you use to get to market faster and cheaper
- Channels, price, focus
- Effective go-to-market strategy that will enable rapid market penetration and scalability



What the investor wants to know...

Competition

- Who are they
- Price vs. value comparison
- Features & benefits
- Why you are GOOD, not why they are bad - accentuate the positive
- You need to be up and to the far right (X – Y graph)



Feature Comparison Matrix Chart
Template

	Product 1	Product 2	Product 3	Product 4
Feature 1	✓	✓	✓	
Feature 2	✓		✓	✓
Feature 3	✓	✓	✓	✓
Feature 4		✓	✓	✓

What the investor wants to know...

Traction & milestones

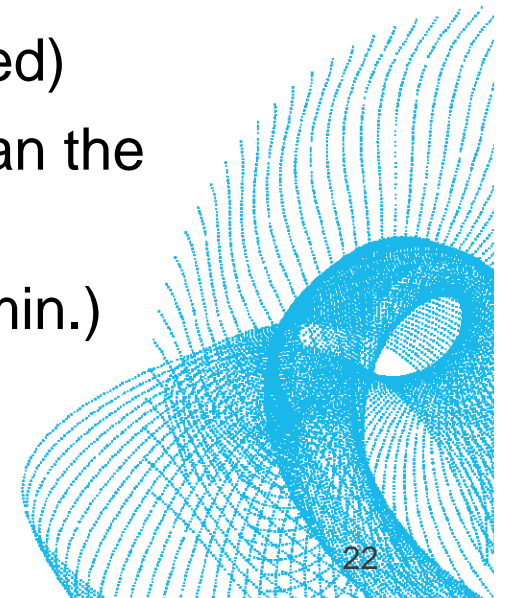
- What have you accomplished to date?
- What you are going to accomplish next?
- That you are scrappy and have skin in the game
- Whether there will be additional rounds of financing
- When/how much required to reach liquidity?



What the investor wants to know...

Financials Metrics

- That you understand how much \$ is required to break even
- Expected use of funds/Leverage of funds
- Cash flow
- Consider sales cycles (always longer than stated)
- Underlying assumptions are more important than the numbers!
- In your back pocket – funding for 12 months (min.)
- 3 year proforma projections are standard



What the investor wants to know...

Summary slide

- Recaps the key elements that would lead the investor to believe there is a great opportunity in which to invest and to bring you back for a second meeting
- Reiterates how great the people/team are and why VC should back them with investment
- Don't "corner" investor for decision on the spot, but ask if they need any additional information for delivery, set up in-depth demo, arrange for customer reference calls, and anything else that can support their positive decision

