

Perfecting Your Pitch

By 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 themselves 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 question, but that is what the entrepreneur has to answer.

To win over the hearts and minds of investors, your pitch has to accomplish three things:

- Tell a clear, compelling, easy-to-repeat story—the story of an exciting new startup.
- Position your company as a perfect fit with other investments the investors have made and their firm is chartered to make.
- Beat out the other new 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.

The Garage Ten Slide Deck

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 carved in stone. Your story may require a moderate or even a dramatic variation on the list of slides 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 20 (or 30 or 50)! 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 framework 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 idea and 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 with one or two sentences orally, reinforcing and extending the tagline, everyone should have a foundation for what is to come. Cardinal sin: Launching into your presentation with an investor at the table thinking, “I wonder what these guys do?”

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, your traction (launch date, current customers, revenue rate, pipeline) and your status (funding required). 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: Market 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 the investors, the pain of restating the obvious.

Slide 2.1: Opportunity Size.

Even if your market opportunity is not obvious, in most cases you can assert the size of your opportunity on slide 2. But sometimes you may need a dedicated slide to clarify the factors that

define the size and scope of the opportunity, particularly if you are going after multiple market segments. Or there may be a unique emerging trend that requires explanation. Do not use this slide to quote the Gartner Group or Frost & Sullivan market size projections, or a Total Available Market number you got off the internet; show that you really understand who and 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? You might need to offer a use case or two to make sure we understand how your customers apply your product or service.

Slide 4: Benefits/Value.

State clearly and quantify to the extent possible the two or three key benefits you provide, and who specifically realizes these benefits. Ideally, you want to be able to communicate that your solution is so compelling that your customers can't live without your solution. Quantify the scale of your benefits. You can't just be better, faster or cheaper; you should be 5x or 10x the current alternative. If you have a two-sided market, you need to clarify the value proposition for each side. These dynamics should inform your go-to-market strategy, and your product/service roadmap, which you will discuss later.

Slide 5: Technology/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. This is usually some combination of proprietary technology, unique team domain expertise, and unique partnership. Boil this down to simple elements and terms, devoid of jargon. Do not walk the audience through a detailed tour of your 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.

You may be good, but are you really better than everyone else? Most entrepreneurs misunderstand the 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 does not mean you will win. You need to convince the investor that lots of folks will buy your product or service, even though they have several alternatives. And don't forget that the toughest competitor is often the status quo—most prospective customers can muddle on without buying your solution or your competitor's solution. The best way to convince an investor that you really do have a better mousetrap is to have referenceable customers or prospects 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. 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 detailed list of competitors by category with their strengths and weaknesses in comparison with your company. Preferably, you develop this as a “pocket slide” to be used for Q&A, if necessary. Whether or not you present this slide, it is important 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 target customers and strategic partners that have already expressed some interest in your solution—if they haven't already joined your beta program, or better yet, paid you. Too often this slide is, instead, a bland laundry list of standard sales and marketing tactics. You should focus on articulating the non-obvious, unique and potentially disruptive elements of your strategy. Even better, frame your comments in terms of the critical hurdles you need to get over, and how you are going to jump them. The best entrepreneurs have already tested alternative approaches and have some evidence that they know what works and what doesn't work. If you don't have a pipeline of prospects, 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 unit economics, 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? Many investors will want to test the depth of your understanding of your economics. 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. You should show the one or two 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. An exception to the common wisdom: Use numbers on this slide, not graphs. Hockey stick graphs are a joke, not to mention being really hard to read during your presentation. The most important thing to convey on this slide is that you really understand the economics 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 thought process.

Slide 10: Key Milestones/Financing Requirements.

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.

Team Slide.

This should cover the three or four key players in the company, and cover any other key information about the team, such as a development team in Estonia. Most people put the team slide at the end, but sometimes it makes more sense to put it after the Opportunity slide, assuming your team has strong domain expertise. If you are in a private meeting with investors and your co-founders are with you, you might put this at the beginning, since it is just 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 10 to 15 seconds, you should be able to say two or three 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.

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, specific 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 framework 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 slide text very, very short. Really. Please. Use charts and pictures if they convey your points more effectively. 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 cellphones under the table.

Most pitch meetings are won or lost during the question and answer part of the meeting. Investors figure you out based on your ability to respond to their questions. The questions investors ask are not merely intended to clarify the elements of your business. The Q&A session reveals much more about you and your team than a scripted presentation does. It is critically important that you prepare for the Q&A session as much as you prepare for your slide presentation. After a few test runs of your pitch, you should know the top five or six questions that investors are likely to ask. Some of these should be pre-empted in your slide presentation, but no matter what, you are not going to be able to cover everything. So practice clear, crisp answers to commonly asked questions.

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 an empty, visionary "Mission Statement" on your overview slide. "Empowering the Future of Mobile." Meaningless mission statements have 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 compelling.
- 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 explain 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. But 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 10 to 15 minutes. Even if you have time, your total presentation should be no longer than 20 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.
- Average entrepreneur pitch: 38 slides. Average VC attention span/cranial capacity: 10 slides. Do the math.
- 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 of your business.
- Pitching investors is different than pitching customers. If you have a sales presentation for customers, do not think you can simply modify it slightly for pitching to VCs. Start from scratch, keeping in mind with every slide that an investor has a very different perspective than a customer.
- Your projections don't have to be "conservative," but they do have to be realistic. Almost every entrepreneur fails to be realistic about how long things take in the real world (vs. 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. Find examples of comparable challenges addressed by other companies, and use that data in your model.

- Never ever put so much text on a page that the investor has to stop listening to you in order 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 orally. 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.
- Never 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.

A good pitch is very rare. It is so hard executing on everything else that has to be done to build a successful company, pitching often suffers. 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?

At Garage Technology Ventures, we appreciate how hard you have worked to get to where you are, and how hard you have worked to craft your investor presentation. We wish we could work with all the great entrepreneurs we meet, but unfortunately we can't. Please help us get to know you better by telling your story clearly and concisely.

If you are looking for a guide to writing an executive summary, you can find our version online: [Writing a Compelling Executive Summary](#)

If you have any questions about this article, or about Garage Technology Ventures, you can contact Bill Reichert, Managing Director of Garage Technology Ventures (email: reichert@garage.com).