

PITCHING YOUR BUSINESS TO POTENTIAL INVESTORS

This tool shows how to pitch your business to potential investors. It shows how to create an executive summary of your business plan, and how to construct a slide presentation and elevator pitch. These are the most important tools you have for pitching your business to potential investors.

Generally, the executive summary should be no more than 3 pages of written text. The presentation should consist of 12-15 slides and last no more than 8 minutes, and the elevator pitch should be no more than 2 minutes long.

Each of these should begin with a compelling overview that states what you do, who you sell to, what your value proposition is (that is, why someone will pay you for it), who you are, why you can do it and why you are seeking capital. This statement should grab your audience by the hair and hold their attention.

Several key components must be communicated in your summary/presentation. Keep your subjects grouped by topic and don't repeat things.

1. Problem Addressed/Market Need

It is very important to nail this succinctly and compellingly. This is the chance to convince investors that people will pay a ton of money for a solution that effectively addresses the problem. Alternately phrased as "is it a need-to-have or a nice-to-have?"

2. Market Size & Addressable Market Segment

It needs to be big enough to attract significant equity investment. At least \$500 million, preferably \$1 billion.

3. Solution

How you solve the pain. Go easy on the jargon and don't spill the secret sauce. Diagrams often help here, but keep them relatively simple and easy to read when projected on a screen.

4. Customers

If you have some, who are they? Use logos if they are big names. If you don't yet have customers, who will they be? This establishes proof of concept that someone is willing to pay for your product or solution.

5. Competition

Never say "there's no competition." Status quo itself is competition. And if no one else is interested in the market, investors will often assume a real one doesn't exist. Competition is frequently represented in a scatter grid or a comparative features chart.

6. Management

Include names and brief credentials and achievements of important members of the team, board of directors and advisory board who add value to the enterprise because of what they have achieved. "Combined years" in an industry is a cliché that says very little.

7. Financial Projections

Everyone expects to see the proverbial "hockey stick," so you've got to show it. What's important are the assumptions on which the projections are based. You need to have a bottoms-up revenue analysis as part of your business plan and communicate that here.

8. Funding Stages & Milestones

Include milestones you have achieved so far (so investors know where you are in your business development) and milestones you project to achieve with each subsequent funding round (so investors see how you get where you want to be).

9. Capital Required, Uses of Capital and Exit Strategy

Include how much you are looking for now, what you plan to use it for, and what potential exits are for investors. The items above are presented in one potentially logical order, but the order in which you communicate them will depend on your strong points. For example, if you have paying customers, some capital raised and a top-notch management team, lead off with that. Regardless of the order in which you present the information, keep it tight.

General Tips on PowerPoint Presentation Format

- Keep your font 24 point or larger.
- Minimize bells and whistles. Keep the audience focused on what you are saying, not on the "innovative" way you are saying it.
- Slides should be clean and compelling (dark text, light background or vice versa) with some "folio" including company name and logo on each slide.
- Headings on slides are more effective if they represent the conclusion you want the audience to draw from the slide.
- End your presentation with a contact information slide that stays on the screen while you address audience questions.

General Tips on Executive Summary Formats

- Keep your font 10 point or larger.
- Two pages is ideal.
- Include contact info at the bottom of every page.
- Use subheads and bullet points to tell your story.
- A helpful link: www.amplifyllc.com/ExecSumHints.htm