Haydn Green Institute
Advice for Entrepreneurs

Part Four: Pitch Perfect

This advice is based on many years' experience of both listening to and delivering business pitches for internal as well as external investment opportunities - differences in approach are covered in appendix 1.

As to the readiness of the project it is assumed:

- That you have a distinct value proposition which cannot be progressed on your own.
- That it can be expressed in terms intelligible to those without detailed knowledge of the subject i.e. something like an elevator pitch (see appendix 2)
- That the elevator pitch has elicited an invitation to submit a business plan (see appendix 3)
- That the initial business plan has resulted in an invitation to pitch in person to a potential investor.

This is where it gets serious - if the pitch goes badly a return invitation is unlikely. The investors have already judged that your project is of sufficient interest for them to devote some of their own time - they want you to succeed but will be unforgiving if they feel that time has been wasted. But it should be remembered that pitching a project is unlikely to be as portrayed in reality TV. So:

There are things which are foreseeable - be in control of them.

What are the rules? What are the expectations? Of the time the potential investors have granted to you what proportion will be a presentation and what will be available for questions? Typically this will be one hour, a fifteen/twenty minute presentation followed by forty minutes Q&A.

What is the dress code? A rule of thumb is to dress as seriously as you wish to be taken.

Above all your pitch is a chance to impress potential investors on aspects of the project that are not covered in your initial business plan i.e. personality, team dynamics, general proficiency and aptitude. If you are unable to deliver a competent pitch what faith will the investors have in your ability to deliver anything else? It may be a cliché but you only get one chance to make a first impression.

The Presentation

Again, be in control of what you can be. What IT facilities will be available? Is your material compatible? It is always worth having a hard copy as back-up. Unless a creative presentation style is expected it's best to keep it simple. Your presentation should include (probably in this order)

- Introduction - why we are here. Investors like to have an idea of your 'ask' at the outset. (see appendix 4)
- Analysis of the problem/opportunity
- Analysis of the market
- Who we are - background and experience of the team
- Our solution - the VP. (Most VCs and Angels will have less familiarity with your proposal than you so don't be too technical)
- The exit - what's in it for the investors
- Summary and big finish

All within the time limit! BUT: This is something over which you have complete control. Experience suggests a maximum of one slide per minute. Slides should not have too much text - a well-chosen illustration tells the story far better. Do not read the text on a slide - it is a wasteful duplication - complement it. Keep the slides simple, no fancy fonts or features that will distract attention from the content.

Like it or not there is a strong element of *performance* in pitching and if you do not feel comfortable about it you will have to find a way through. It's another cliché but people (even VCs) really do invest in people. As well as your business pitch you are marketing your personal brand. There are techniques to help you improve your confidence - use them. At the very least look on YouTube - if you still feel insecure look for local training sessions. Investors take notice of body language. Speak clearly and at a measured pace - a minute's speech comprises around 130 words. Do not try to cram in too many words - rushing looks (and is) unprofessional.

Write and learn a script, then rehearse rehearse rehearse.

Share responsibilities, whilst it is to be expected that one of the team may be 'expert' on a particular slide the best teams look as if any member could speak competently to any slide. Don't deviate from the script - improvisation will not go down well.

The Q&A Session

This is something over which you have less control, so it is vital to be prepared. Again the watchword is rehearsal. Ideally you will have presented your pitch to critical friends and changed it according to their response. Do the same with a Q&A rehearsal - very few teams give this enough attention. If there are questions you would welcome perhaps you should have featured them in your presentation. What are the questions you dread? What is likely to worry investors most? Remember, this is the investors' time, as well as watching your pitch they will have read your business plan and have questions they want to ask. Anything you have included in both is fair game and you should have the answers ready - this is under your control. A forty minute Q&A session will typically comprise around twelve questions so try to be succinct in your answers to allow more questions. Do not interrupt, contradict or add to each other's answer unless asked to elaborate - the 'perfect' answer should have emerged in rehearsal: stick with it. You may have decided that one of you will charge of the Q&A but don't overplay the role. VCs dislike over-dominant personalities: share the responses - a certain amount of delegation is expected and shows you functioning as a team. It may be useful to have additional slides as appendices to your presentation ready to support answers e.g. 'did you carry out a SWOT analysis?' - have it ready just in case. Don't downplay risks - investors understand them better than most - try to quantify and mitigate them. Don't downplay the competition, even if it is not apparent it is usually there in some shape or form. Reflect that the questioning *ought* to become more and more testing - it is a sign of growing interest from the panel.

Occasionally you may be faced with unfair or even hostile responses from a panel. If you have prepared well this is their problem, not yours, and you would be best advised not to do business with them anyway. However the brutal truth is that even the most civil potential investors say no every day of their lives. If they examine one hundred business plans they might invite twenty to pitch in person and of those twenty only one or two will make it through. Of those that fail, perhaps half will be rejected after the pitch, the rest will fail due diligence. No-one is especially happy with the conversion rate but a final cliché also holds true - fail to prepare and you prepare to fail. But from the investors' point of view an expertly prepared investment-ready presentation is just what they want to hear.

Don't leave anything to chance - the purpose of these advice documents is to give you the edge you need.

Appendix 1 - Pitching for Internal Investment

The advice holds with certain provisos:

It is assumed that you are pitching to some form of allocation body e.g. a Capital Expenditure Board.

Rather than a business plan your invitation is more likely to have come from a two page paper on why your project makes financial sense including a minimum ROI.

Whilst external investors are open to all opportunities, internal projects will be subject to the need for synergy within the organisation. What the benefits are for the whole group; how the project fits corporate strategy.

Appendix 2 - an ideal elevator pitch will answer the following: 'what is your value proposition? 'who is your customer?' 'how will you deliver it to them?'

Appendix 3 - You will be familiar with the Business Model Canvas which has been neatly described as the index to a book you might have to write some day. Today is that day! Your initial business plan should be no longer than twenty pages including:

- A two page executive summary – covering your V.P. your market and your ask.
- Evidence supporting your summary.
- People and team and how they will change into the future
- Detailed figures reflecting the history of the project (3 - 5 years)
- Detailed forecasts for the next three years (in the case of a start-up no one really believes anything longer than that). Exact figures are problematic - high, medium and low ranges of prediction are more realistic. Justifications made from the bottom up are the most convincing.
- Any Intellectual Property - the fact rather than the detail; that can be revealed later.

Appendix 4 - What is a reasonable ask? Might not just be cash – it could be advice or facilities. You will have researched the people you are speaking to; there should be figure available on the funder's website - what is their typical investment profile? What return on investment (ROI) do they expect and when? Your forecasts will have values at different points: the easiest way to quantify your ask is by working backwards from them. All this will be subject to negotiation but an unrealistic 'ballpark' figure shows that you are naive or underprepared. If you are unable to come up with a defensible argument the project is not investment ready and it would be unwise to proceed - just yet.