

What are the different kinds of startup pitches? V2

This article has a two-fold purpose:

- 1) For startups at the pre-Series A stage, outline the different kinds of startup pitches.
- 2) For established companies, outline different ways to describe their companies, business units, and major projects.

The purpose of the pitch is to convince investors when you first meet them that they must learn more about you, and your company. Investors are swamped with pitches every day; therefore, most investors seek to be able to say “No” as quickly as possible to minimize their time.

Many investors and funds have deal killer criteria. These are the few criteria, which if you don’t address in your pitch, result in the investor immediately saying “No”.

Investors will not write a cheque based just on the pitch. Investors wanting to learn more about you results in further presentations, meetings, and due diligence.

There are two types of pitch decks:

- 1) The in-person deck. This deck supports the someone doing a presentation. The bulk of the information is communicated orally. The deck is very visual with a limited number of words and numbers.
- 2) The standalone pitch deck. This is designed to be read without someone speaking. This deck contains the all the key talking points, words, and numbers. This deck is often left behind after a presentation and often emailed to potential investors.

There is a difference between a pitch (which is what the founder says) and the pitch deck (which are the slides).

The objectives of the pitch are:

- 1) Convince investors why the company must exist.
- 2) Be memorable – the investor must remember you the next day. Otherwise you won’t be called back.
- 3) Be professional – look and speak as if you already are the CEO of a successful company. This includes your body language, how you stand, and how you speak.
- 4) Create a trust, confidence, and emotional connection between the investor(s) and presenters.
- 5) Create the excitement and interest in the investors to learn more, while demonstrating your oral presentation skills and ability to have a Q&A dialogue.
- 6) Be able to communicate with an audience that has no previous information about you. Assume that the investors are not experts regarding your customers, your industry, or your technology.

You need to answer seven common key investor questions:

- 1) What do you do?
- 2) How big is the market?
- 3) What is your progress?
- 4) What is your unique insight?
- 5) What’s your business model?
- 6) Who is on your team?
- 7) What do you want?

More detailed information regarding these 7 questions is available at;

<https://blog.ycombinator.com/how-to-pitch-your-company/>

Your approach during your presentation should be:

- 1) Engage the investors emotionally with the story about the startup.
- 2) Make a great first impression. The first few seconds can make or break you.

The one sentence pitch

“My company (company name) Is developing (a defined offering) to help (a target audience) (solve a problem) (with secret sauce).”

The one sentence pitch is further described in this link to the Founder Institute:

<https://fi.co/madlibs>

The 2 sentence Email Test

The Email Test. Write up a two-sentence explanation of what your startup does then email it to a smart friend. Ask them to explain it back to you in different words. If they ask any clarifying questions, you need to revise your pitch. It's important to revise your two-sentence pitch because you can't add explanations as you would in conversation. Further information is available at:

Your one-minute pitch

When you have only 60 seconds to make your pitch, the critical elements are:

- 1) Who are you? < 5 seconds. One sentence.
- 2) What's the customer problem? < 20 seconds. 3-5 sentences.
- 3) What's your solution? < 25 seconds. 2-3 sentences
- 4) What's your ask? < 5 seconds. One sentence.
- 5) What's the one sentence everyone in the audience needs to remember? < 5 seconds/

What can we learn from a study of 200 pitch decks that were successful in fundraising?¹

How long does an investor spend to look at a pitch deck emailed to them? 3 minutes 44 seconds

How many seconds does an investor spend on each part of the pitch deck emailed to them?

- 1) Financials.....23.2
- 2) Team.....22.8
- 3) Competition.....16.6
- 4) Why now?.....16.3
- 5) Company purpose...15.3
- 6) Business model.....14.9
- 7) Product.....13.9
- 8) Market size.....13.3
- 9) Problem.....11.3
- 10) Solution.....10.6

What was the average structure of the pitch deck, what % of startups had the section, and what was the average number of slides in each section?

- 1) Company purpose...73% 1.8 slides
- 2) Problem.....88% 2.0 slides
- 3) Solution.....69% 1.2 slides
- 4) Why now.....46% 1.7 slides
- 5) Market size.....73% 1.4 slides
- 6) Product.....96% 5.0 slides
- 7) Team100% 1.2 slides
- 8) Business model.....81% 3.4 slides
- 9) Competition.....65% 1.4 slides
- 10) Financials.....58% 2.3 slides

What are investor expectations for your pitch?

- 1) Do your research to find out what investor expectations are for your pitch.
- 2) Many investment funds and angel groups publish their expectations on their website. Ask other startups who have presented to the investors.
- 3) Prior to your pitch to investors, ask them what are critical items they want to understand and hear. Validate these by repeating them at the beginning of your presentation. Success is harder if all you do is give the identical pitch to every single investor and haven't spent time to learn about them.

The following are some examples of investor expectations:

Maple Leaf Angels (Toronto)

The following is a link to their pitch deck template on their website. They also publish their criteria for evaluating pitches and their data room expectations.

<https://mapleleafangels.com/wp-content/uploads/2020/07/Elevate-Your-Pitch-Template-Deck.pdf>

The following are links to what three organizations have defined as their pitch deck expectations

- 1) MaRS Discovery District in Toronto

<https://www.marsdd.com/mars-library/how-to-create-a-pitch-deck-for-investors/>

2) Sequoia

<https://www.sequoiacap.com/article/writing-a-business-plan/>

3) Y Combinator

<https://www.ycombinator.com/library/2u-how-to-build-your-seed-round-pitch-deck>

Your next steps

- 1) Create the different kinds of startup pitches.
- 2) Before you present, research your target audience to understand their expectations.
- 3) Change your oral and written presentation to meet the critical requirements of your target audience.

Footnotes:

¹ “What we learned from 200 startups who raised \$360 million”, Professor Tom Eisenmann, Harvard Business School, and DocSend

<https://www.slideshare.net/DocSend/docsend-fundraising-research-49480890>

Further reading

1) Excellent insights into creating and giving your pitch

<https://medium.com/crane-taking-flight/fundraising-why-you-shouldnt-just-copy-sequoia-s-pitch-deck-template-4b32ac60d93a?>

2) What is “Company purpose”

<https://medium.com/@iskender/the-perfect-pitch-deck-designed-by-a-vc-902842ce7f38>