The Art of the VC Pitch
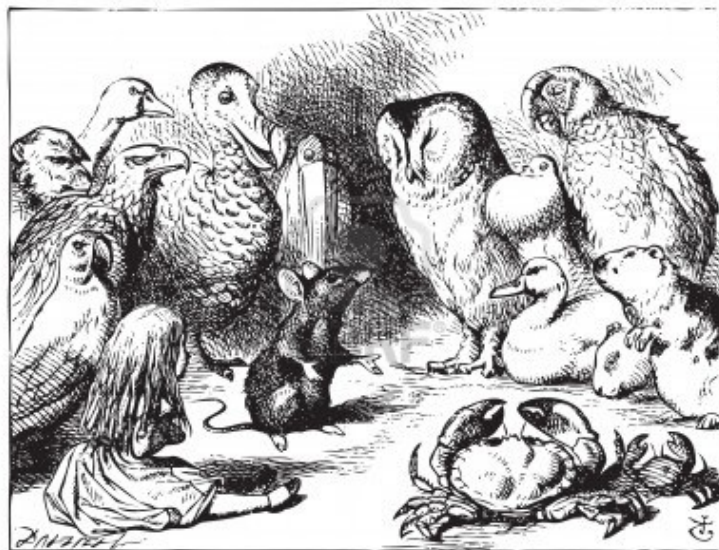
A Brief Guide to Maximizing Your Chances With
Venture Capital Through Giving Better Pitches

http://gibbsuniversal.com/aovcp

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walldercapital

Wallder Capital Limited | Vectis House, 7 Nightingale Lane, St Albans, Hertfordshire, AL1 1DX
Mobile: +44 (0)7887 540035 | Office: +44 (0) 1727 822855 | Email: david@wallder.com

GIBBSUNIVERSAL

Gibbs Universal Industries, Inc. | 393 Contra Costa Avenue, Ventura, CA 93004, USA
+1-805-647-4930 | mgibbs@gibbs.com | gibbsuniversal.com

Contents

Pitching to VCs

Pitching to a Venture Capital firm is different from any other kind of pitch. It's not like a sales pitch, a product pitch, or any other kind of presentation for one simple reason: A lot of money is involved and it's money the Venture Capital firm won't give away to just anyone; they want that money to work; to be secure and grow so they are going to choose who they give it to very, very carefully.

What the VC firm wants is to invest with minimum downside and maximum upside and to that end they have to judge how risky the investment might be. They'll be asking questions such as "Does the presenter have a story we understand? Are they confident in themselves and their business? Are they organized? Is their argument for why their proposal should be funded a good one?"

Your job is to answer all of those questions and more and it's a brutal test because if you don't deliver the information they need to hear, that'll be it; it's unlikely you'll get a second shot at a group of VCs you didn't "wow" the first time around.

This guide is a road map to the nuts and bolts of maximizing your opportunity when you manage to get in front of VCs.

Follow our advice and you'll be ready to pitch, have the right materials, and feel confident. Want even more confidence? Retain us to review your pitch, your materials, and your delivery. We know what makes for a good pitch and what doesn't and we can help you polish and perfect it in record time.

About Us

Through Gibbs Universal, Inc., a California- and UK-based consultancy, Wallder Capital provides services that include support and training in presentation and communication skills as well as generating and "polishing" technical and marketing collateral, and establishing communications programs such as blogs, web sites, books, and newsletters.

Wallder Capital also invests in early stage diagnostics and medtech companies where we think the people, investor base, technology, and image have the right mix.

Wallder Capital will consider stock in lieu of cash in early stage companies sometimes with a seat on the board. Wallder Capital's portfolio currently includes ten companies, two of which are on the way to an exit.

David Wallder

David Wallder is the Chief Executive Officer and founder of Wallder Consulting Limited[1] and Wallder Capital Limited. With more than 30 years of working in management consulting and recruitment Wallder is an experienced executive search consultant and builder of successful boards and senior management teams across the life sciences, physical sciences, IT and telecommunications sectors.

Wallder previously held consulting roles at Korn/Ferry International and PA Consulting Group and is a Fellow of the Royal Society of Medicine and a Fellow of the Chartered Institute of Personnel Development.

Mark Gibbs

For over thirty years, Mark Gibbs, CEO of Gibbs Universal[2] has created and built businesses as well as providing consulting services, lecturing, and authoring numerous columns, articles, and books about the IT industry.

A contributing editor for Network World magazine, a leading enterprise IT journal, Gibbs pens (well, keyboards) the popular weekly BackSpin[3] and Gearhead[4] columns as well as the Network World Web Applications Alert Newsletter and is also a contributor to Forbes[5]. As a presenter and keynote speaker, Gibbs has appeared at major conferences including Internet Commerce Expo, Communication Managers Association, International Computer Security Association, and HighTech Direct as well as lectured all over the US, UK, Canada, Australia, New Zealand, and Japan.

Gibbs was co-founder of the UK operation of Novell Inc., where he was responsible for the management of all technical services. He also worked for Novell's Strategic Marketing Group and Novell International and was with Novell for five years.

Contact Us

To discuss your problems and how we can solve them, call either David Wallder on +44 (0) 1727 822855 or email him at david@wallder.com, or Mark Gibbs on +1 (805) 754-2661 or email him at mgibbs@gibbs.com.

Planning Your Pitch

The 10/20/30 Rule of PowerPoint

The 10/20/30 Rule of PowerPoint was originally articulated by entrepreneur and venture capitalist Guy Kawasaki[6] in a 2005 blog posting[7] and is still some of the best advice you can get on how to structure a VC presentation.

In the original blog posting Kawasaki wrote:

> " As a venture capitalist, I have to listen to hundreds of entrepreneurs pitch their companies. **Most of these pitches are crap**: sixty slides about a "patent pending," "first mover advantage," "all we have to do is get 1% of the people in China to buy our product" startup. These pitches are so lousy that I'm losing my hearing, there's a constant ringing in my ear, and every once in while the world starts spinning.

The 10/20/30 Rule of PowerPoint is simple: 10 slides, in 20 minutes, in 30 point font.

10 Slides: Kawasaki recommends the ten slides cover exactly what it is that a VC needs to know to make a decision:

1. State the problem you're solving
2. Explain your solution
3. Explain the business model
4. Explain the underlying magic/technology
5. Outline your marketing and sales plan
6. Define the competition
7. List who's on your team
8. List projections and milestones
9. Define the current status and timeline
10. Provide a summary and end with a call to action

What if you need more than 10 slides? Well, then you should make sure that the extra slides support getting your message across. In VC pitches, less is truly more.

20 Minutes: While this is obviously not a completely hard and fast rule the concept is crucial: In a one hour meeting slot there will be some slack time, say 10 minutes, while introductions are made, equipment is set up, and so on. Once your pitch is over, you want to leave at least 30 minutes because what the VCs ask will be more important than any fluff you can add to dress up your pitch. Simple math tells you that that leaves 20 minutes for your presentation.

At this point you might be saying "But our story needs way more than 20 minutes!" It may seem like it does but if you've been given one hour and you can't explain what you're doing in 20 minutes and resolve VC's concerns in the remaining 40 minutes then you're probably talking to the wrong VCs. Sure, if the VCs give you longer, give a longer presentation but remember: The mind can only absorb what the butt can endure and VCs have very tender butts.

30 Point Font: You must have seen a presentation where every slide was filled with lines and lines of tiny text. And what did the presenter do? Yep, they read the text. That makes for an incredibly boring presentation. If you make this mistake in a VC presentation your audience will stop paying attention to you even before you've finished with the first slide. They can read just as well as you can and as they don't have to say each word out loud, they'll finish the slide before you do. So, the answer is don't put much text on a PowerPoint slide. Know what you're going to say and use the slides as either cue cards or use them to show visuals that support your pitch.

The Elevator Pitch

There's one piece of communications that many companies, even established ones, fail to prepare that's crucial in getting your message across: The Elevator Pitch. This is a super-short explanation of what your company does and, in the case of VCs, also outlines what you want.

The idea behind the elevator pitch is that you find yourself, by chance, getting into an elevator with a really important potential investor who turns to you and says, "I've heard about you guys, tell me what you're doing." You have no idea how long you've got so how long should your elevator pitch be? The answer is, ideally, 15 to 30 seconds. Yep, seconds. At the absolute most, 60 seconds but that's pushing your luck considering the average elevator moves about 25 floors per minute.

A good Elevator Pitch can be incredibly useful for communication with potential customers, potential vendors, the press, and, what we care about most here, potential investors. In fact, it can be used to open a presentation to VCs and has the advantage that you'll be making the rest of the presentation build upon a clear big picture view you've already given them.

Your Elevator Pitch should be more about your business, you, and your team, and less about your product. To be effective your Elevator Pitch must be simple, concise, and memorable.

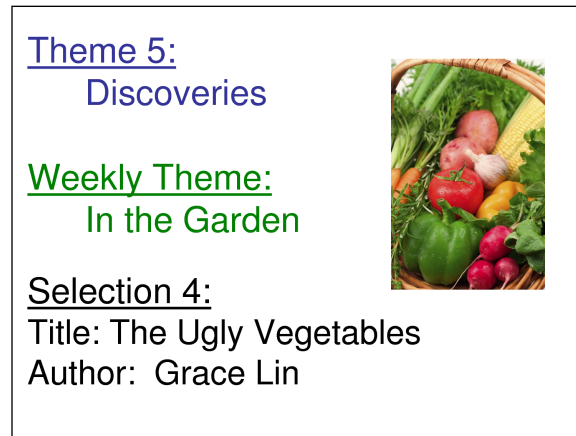The ideal formula for an Elevator Pitch for VCs is:

- **Who the Company Is:** "Acme Industries is a developer and manufacturer of left-handed widgets."

- **What the Company Does:** "Our widgets are guaranteed up to one billion klonks and cost 25 percent less than our competitors."

- **What is Unique About your Company:** "We use leading edge design and manufacturing techniques that produce widgets with better left-handedness than any other widget on the market and that work with any zorgenplatz."

- **What Do You Want to Do:** "In the next year we want to expand into Asia and the Middle East and we're looking for £X for a £Y return on investment to speed up the process."

So, to sum up the Rules of Elevator Pitches:

- **Length:** Your Elevator Pitch should be between 15 and 30 seconds in length. Do not exceed 60 seconds. Ever.

- **Be Factual:** Your Elevator Pitch should only contain facts and never hyperbole.

- **Follow the Formula:** Who you are, what you do, why are you are unique, and what you want.

- **Delivery:** Your delivery should be positive, energetic, and compelling.

- **Understandability:** Your pitch must be easy to understand so avoid jargon and "industry speak."

- **Talk Money:** VCs are in it for the money so make sure you include how much you're looking for and the projected return on investment.

PowerPoint Perfection

The following guidelines talk about using PowerPoint for presentations but they apply equally to whatever presentation tool you might prefer to use.

Theme 5:
    Discoveries

Weekly Theme:
    In the Garden

Selection 4:
Title: The Ugly Vegetables
Author: Grace Lin

A PowerPoint template that should never be used. Ever. By anyone.

Design Rules

There are five simple design rules to follow that will ensure your PowerPoint presentation looks professional.

- **Templates:** PowerPoint comes with a variety of templates and there are thousands more you can download from any number of online sources. Some are good, some just OK, but most should never be used as they are an offense to both man and nature. Choose a simple template that is clean, elegant, and has restrained colours. Be consistent in how you use the various design elements.

- **Colours:** You're trying to selling your idea to VCs, not start a Mardi Gras party. In general, use a limited, muted palette although using brighter colours for highlighting is fine, just don't overdo it. Do not use blue text on a black background or vice versa (this combination is never readable and always looks like a bruise). Don't use pure white text on dark backgrounds, white text can be glaring, use a pale gray instead.

- **Fonts:** Use only simple, classic fonts. Generally "sans serif" fonts such as Arial are more readable than "serif: faces. If you have a real reason to use a fancy font, use it as sparingly as possible. Do not use Comic Sans ever, the font is another offense to man and nature.

- **Font Size:** Kawasaki's 30 point text dictum is a good starting point in defining what you'll use in a presentation but don't assume you can fill up each slide with 30 point text and get your message

across. The goal is to make the presentation memorable and the message clear and simplicity and brevity are always the best choices.

- **Transitions and Animations:** PowerPoint provides a library of slide transitions and animations that you can apply to your slides. In general: Don't use anything but the basics. Text that zooms in and out or slides that transition in a different manner ever time don't add to your message (other than to say "this guy had time on his hands and no design sense).

If there's one principle that unifies all of the above rules it's the KISS Principle: "Keep It Straight and Simple." Sparse, clean, and to the point will get your message across more effectively than any amount of PowerPoint "bling."

As an example of minimalist and extremely effective presentation slide design and delivery style check out the presentations of American academic and political activist Lawrence Lessig[8].

The 7-7 Guideline of Slides

So, you've got your PowerPoint design sorted out and you're ready to create your slides. Remembering that you should not overload a slide with text you should follow the **7-7 Guideline of Slides** which is:

- No more than 7 words on a line
- No more than 7 lines to a slide

When necessary feel free to violate these guidelines (for example, one word per line or five lines on a slide or even one word per slide) but avoid exceeding them (eight or more words on a line or nine lines on a slide). Also consider the way that breaking these guidelines impacts getting your message across; anything that increases complexity usually undermines clarity.
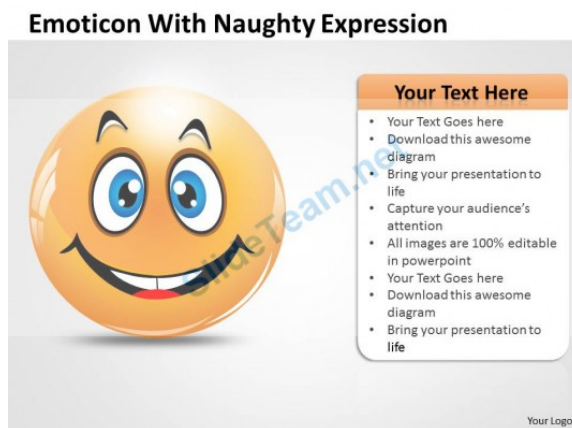

Another hideous PowerPoint template that demonstrates just how bad presentation graphics can be.

Images v. Words

While you can deliver a pitch using a presentation that only uses text, it is a fact that people often engage with and remember information better when presented using images. To this end you should call upon pictures, charts, and graphs to expand upon your ideas and clarify points.

This leads us to the single most important rule about graphics: Do not use cheesy graphics. PowerPoint includes a huge library of horrible graphics and everyone knows what they look like. They should not be used. Ever.

Again, just make sure you keep your images simple. The dense chart showing 8 samples from 20 groups over 18 months with annotations might look great on paper but will, most likely, be a visual mess when it's projected on the wall . Even if you could untangle your message you're probably not going to have enough time in your pitch to do so. Simplify complex visuals or break them into multiple slides.
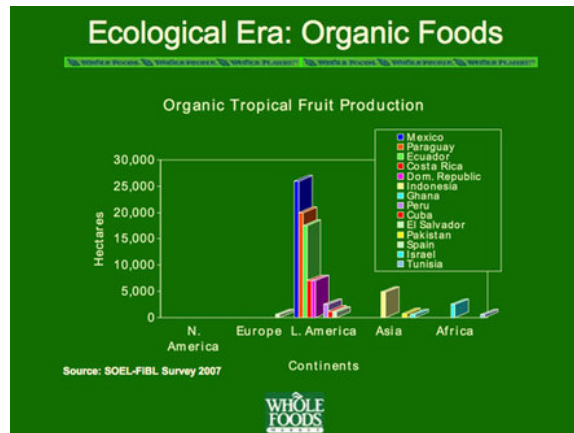
A real corporate PowerPoint slide that violates many of the principles of good presentation design.

Delivering the Pitch

The Beauty Contest

Now we have to deal with an ugly but real fact of VC pitches: **Every pitch is, to a greater or lesser degree, a beauty contest**.

Along with the objective analysis of your pitch comes the VC's subjective assessment of you. They'll meet you and <u>within the first few seconds</u> they will form a bias towards or against you. Whether this is fair or not, that's the way it is; people make unconscious judgements about other people based on factors both tangible and intangible and they do so within seconds of meeting.

VCs will look at how you're dressed, how you carry yourself, your accent and how you speak, and they will draw conclusions. If your personal hygiene is bad, you're starting off with the odds stacked against you. Crummy clothes? Bad breath? Discolored teeth? No haircut? These and many other personal presentation factors get weighed at both conscious and unconscious levels by the VCs as they try to figure out whether they understand you and can trust you ... they're assessing whether you are their kind of people.

While there are facets of the VC's assessment of you that you have no control over (for example, you wouldn't know if they hate people with your hair colour or accent), you can improve the odds of being assessed positively by using a few simple techniques.

- **Know your Audience:** Do your homework and find out what the VCs expect. Are they formal? Casual? Sticklers for keeping on time? Likely to run late? Adjust your presentation and attitude accordingly.

- **Dress Appropriately:** This should be obvious. Unless you have some theatrical reason tied to your pitch that involves you wearing dungarees and chewing tobacco you probably won't make a good impression dressing that way when the VCs are wearing suits. If the weather is hot and you're going to be getting sweaty on the way there, take a clean shirt to change into. Ladies; no sleeveless tops and take spare stockings or tights.

- **Groom Appropriately:** Again, this should be totally obvious but I've seen people looking like they just got out of bed pitching to VCs in suits and ties.

- **Act Appropriately:** If you're shy and retiring, don't try to lead the pitch, let one of your more outgoing colleagues do the work. By all means be involved but don't try to do what you're not good at. On the other hand, if you're the life and soul of the party, tone it down; going in with a car salesman's over-the-top bonhomie is not likely to impress. Remember to shake hands, hand out business cards (if that's appropriate), and know who's who in the room.

Be Well-Equipped

You don't know exactly what the room you're going to be presenting in will be like. Will it have a projector? Call and find out. But you still won't know how dark the room will be, how big or small, and so on. So, to make sure you can deliver your presentation you need to do the following:

- **Are You Prepared?:** Make sure whatever gear you're using in your presentation is working OK BEFORE you start speaking! Got your power supply? Batteries fully charged? Got a spare battery?

- **Shutdown all applications that you won't need to do the presentation:** You don't want a Facebook message from your better half popping up in the middle of your pitch reminding you to get milk on the way home and asking how it went with those VCs you didn't have a good feeling about.

- **Buy a Remote and Make Sure You Know It Works Before You Present:** And make sure you have spare batteries for it.

- **If Sound is Important, Bring Something to Amplify your Audio:** There's nothing quite as excruciating as having a bunch of VCs straining to hear a tinny, anemic sound from your laptop's tiny speaker. There are plenty of portable speakers available but avoid using a Bluetooth connection to your speaker ... a wired connection is more reliable.

What to Not Do

Some presenters are smooth, fun to watch, and engaging. Most are not. There are six major things you need to make sure you don't do when presenting:

- **Do Not Be Late:** There's only one thing worse than an out of breath presenter who is obviously flustered because he barely made the appointment and that is the presenter who isn't there because he missed the appointment. Do not be late.

- **Do Not Assume the VCs will Have a PC or Any Working Presentation Equipment:** Never ever let yourself be caught out by someone else's equipment failure. The VCs may tell you that everything you need is there but if you get there and their PC is down, their projector dead, or anything else you might need isn't working, you're as good as dead in the water. Bring your own gear.

- **Do Not "Umm" and "Er":** This is such a basic mistake it's astounding to have to point it out but many presenters don't even know they do it. If you know your material and you're delivering it at a normal or slightly slower than normal rate you can easily avoid umm-ing" and err-ing

- **Do Not "Gabble":** Some presenters have a tendency to "rush" their material as if they believe that the faster they speak, the more information they will deliver to the audience (or maybe they just want to get out of there).

- **Do Not Try to Be Funny:** Telling jokes to an audience is tricky. Unless you have a fair amount of experience at delivering presentations trying to tell jokes is likely to fall flat on its face ... or rather,

your face. Even if you are an experienced raconteur be very, very careful about what jokes you use; even the most innocent of jokes could be a minefield of offense.

- **Do Not Keep Looking for Validation:** Many presenters have a habit of asking the audience to agree with them. You hear them endlessly insert "OK?", "Alright?", or "'kay?" This doesn't help make you sound confident and polished.

- **Do Not Dance:** Standing rigidly in place could well make you look like a deer in the headlights and it's hard to be enthusiastic when you're immobile. So, it's OK to move around a bit, but on the other hand, a presenter who dances from foot to foot looks nervous. Aim for moving around enough to be comfortable and to engage your audience without becoming a whirling Dervish.

Have Good Style

There are a few "niceties" and rules that make a difference to how you're perceived and how smoothly things go ...

- **Introduce Yourself and Your Colleagues:** Even if you have already done the rounds of handshaking reminding your audience who is in front of them and what their roles are makes you and your team more memorable.

- **Make Eye Contact With Your Audience:** Look at your audience; connect with them.

- **Keep a Good Pace:** Be aware of your pacing, how fast you talk, and how quickly you cover your material. Go too fast and you'll lose your audience. Go too slow and you'll bore them. In general, speak at or slightly less than normal conversation speed.

- **At the End of Your Pitch Thank Your Audience:** When you finish, thank your audience and ask if there are any questions, don't just finish and stand there ... yep, people do that all the time.

Preparing to be Awesome

You've got your content perfected, know how the Beauty Contest works, and you're well-equipped as well as having fixed your bad habits and polished your good habits there are a few final things final you should do before every pitch. These things really, really make a difference to how you are assessed:

- **Have the Right Materials:** You need "leave behinds" ... copies of your business plan, your presentation, your business cards ... whatever makes your case memorable.

- **Rehearse:** Customer - "Cabbie, how do I get to Covent Garden?" Cabbie: "Practice, mate, practice." Seriously, the only way you're going to get where you want to go is practice. Practice makes perfect and perfect has a much better chance of getting the funding. This should be obvious but, alas, it's often overlooked or done half-heartedly. It's no good thinking that rehearsal can be done sitting at your desk reading your notes in a whisper to yourself. Try out your pitch standing up in front of your co-workers, your friends, and your family. And not just once, but at least half-a-dozen times over a period of a few days.

- **Think BIG:** It may sound simplistic to you but research by Amy Cuddy (Harvard Business School) and Dana Carney (UC-Berkeley) that focused on how nonverbal expressions of power (i.e., expansive, open, space-occupying body postures) affect people's feelings, behaviors, and hormone levels showed that "faking" body postures associated with dominance and power ("power posing") for as little as two minutes increased people's appetite for risk and caused them to perform better in job interviews. The columnist David Brooks, writing in The New York Times[9], summarized their findings as "If you act powerfully, you will begin to think powerfully." See the publication ""[10] and see Amy Cuddy's excellent Ted lecture "Your body language shapes who you are."[11]

A Last Word

There you have it, the basics of pitching VCs. Follow these rules and guidelines and your chance of scoring the investment you want will be improved by orders of magnitude. Now, obviously, we'd like to help you polish your skills and hone your presentation. Amongst our communications consulting services we provide both on-site and remote training in presentation technique as well as collateral development and review. We can even setup a private "Sharktank[12]" to test your pitches.

If we can help you be successful or you just want to give us some feedback, please call David Wallder on +44 (0) 1727 822855 or email him at david@wallder.com, or Mark Gibbs on +1 (805) 754-2661 or email him at mgibbs@gibbs.com.

The VC Pitch Checklist

So, you've prepared your presentation for the VCs as we discussed above and you're about to "hit the road" and raise lots of capital. Here's your checklist to ensure that you don't forget anything ...

1. Personal:

    a. Are you groomed? .... ☐

    b. Are you suitably dressed? .... ☐

    c. Do you have fresh breath? A supply of mints? .... ☐

2. Presentation:

    a. Latest version of your PowerPoint presentation (or whatever you're using)

       loaded on your laptop or pad and tested .... ☐

    b. Backup copy of your presentation on a USB drive .... ☐

3. Equipment:

    a. Laptop or pad with fully-charged battery .... ☐

    b. Laptop or pad charger and the correct cables .... ☐

    c. Spare battery (optional) .... ☐

    d. Audio gear (if needed)

       i. Portable speaker .... ☐

       ii. Audio cable .... ☐

    e. Remote presentation control device

       i. Required cables and or connectors if needed .... ☐

       ii. Spare batteries .... ☐

4. Leave-behinds:

    a. Business cards .... ☐

    b. Handouts

       i. A "one sheet" on your company, products, goals, and

         the investment you're seeking .... ☐

       ii. A printed copy of your presentation .... ☐

References

You can find all of these links on a single page at http://gibbsuniversal.com/aovcp/links or you can just scan the QR code above.

[1] Wallder Consulting Ltd. - http://wallder.com

[2] Gibbs Universal Industries, Inc. - http://gibbsuniversal.com

[3] Network World Backspin column - http://bit.ly/aT0NDP

[4] Network World Gearhead column - http://bit.ly/iSqCNd

[5] Forbes Technobabble blog - http://bit.ly/g2xXYK

[6] Guy Kawasaki Wikipedia entry - http://bit.ly/1870NQN

[7] Guy Kawasaki: "The 10/20/30 Rule of PowerPoint" - http://bit.ly/10JlcOA

[8] Lawrence Lessig's talk "Remix: Lawrence Lessig on IP in the Digital Economy" - http://bit.ly/ZVN3nn

[9] David Brooks: "Matter Over Mind" - http://nyti.ms/10E9F2V

[10] Amy Cuddy: "The Benefit of Power Posing Before a High-Stakes Social Evaluation" - http://hvrd.me/11LplOl

[11] Amy Cuddy: "Your body language shapes who you are" - http://bit.ly/15L2qr5

[12] ABC's "Sharktank" - http://abc.tv/12l6lGZ