

Ed Harley's
Perfecting The Pitch

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Still the best guide I've ever seen

Ed Harley, Angel Investor: Here's how I want to hear your pitch

- ▶ I'm an angel investor, and we'll meet some day
- ▶ You want investment from me – but do you know what I want from you?
- ▶ Minute by minute, here's what I want you to tell me
- ▶ And what mistakes to avoid
- ▶ If you do this, you'll be in the top 5% of presenters

Make it easy to understand. Know what's important, and what's not.

Min 0 – 0:30 Connect with me

- ▶ **Appearance & posture**
 - ▶ Are you confident, creative, and engaging?
 - ▶ Do you show conviction and enthusiasm?
 - ▶ But don't go overboard with salesy!
- ▶ **Forget the PowerPoint and just connect**
 - ▶ Look directly at me
 - ▶ Tell me your story
- ▶ **Tease with some traction accomplishments**
 - ▶ Leave me wanting more

Only half of you make this connection successfully.

Min 0:30–2:30 Customer Traction

- ▶ **Current state of target customer**
 - ▶ What's their problem? How painful is it?
 - ▶ What alternatives do they have today?
- ▶ **Desired Future State & Benefits**
 - ▶ Problem solved, or more opportunity?
 - ▶ Money/lives saved, or money earned – quantify!
- ▶ **Quantified Traction**
 - ▶ What have you already built, delivered, sold?

Tell me about traction very early on.
It gets my attention.

Min 2:30–4:00 Product/Solution

- ▶ **Why is it significantly better?**
 - ▶ I mean 10X better than current alternatives
 - ▶ Quantify, do your market research, and be honest
- ▶ **Key Features & Capabilities**
 - ▶ Current state of the product/service
 - ▶ Product roadmap – vision for the future
 - ▶ Manufacturing, integration, scalability issues
 - ▶ IP protection – patents & licenses, domestic & foreign
- ▶ **Always Demo if you can**
 - ▶ Diagrams, screen shots, mockups if you can't

Keep it high level. Tell me just enough and no more.

Min 4:00–5:00 Customer Value Prop

▶ **Why Does Your Customer Buy (from you)?**

- ▶ Cost of best current alternative, plus
- ▶ Benefits of your solution, minus
- ▶ Cost of your solution, equals
- ▶ Quantifiable value to customer

▶ **Quantifiable Value Proposition**

- ▶ Is it huge? (Should be over \$1B)
- ▶ Have you validated it in the real world?
- ▶ Can we call a customer and ask them?

Either you've hooked me by now, or it's over.

Pause

"For the past 5 minutes, I have presented how our company has solved an important serious problem for one customer.

In the next 3 minutes I am going to present how we are going to grow this into a business with many customers and millions of dollars in annual revenue."

Min 5:00–6:00 Market Segments

▶ Initial target segment

- ▶ Tell me about one customer. What are they trying to do?
- ▶ Why did/will that one customer buy from you?
- ▶ What is the value of one sale to one customer?

▶ Total initial market

- ▶ How many others have the same problem?
- ▶ Multiply the number of available customers times the revenue potential per customer (per year if recurring)

▶ Total future market

- ▶ What other markets have similar problems?
- ▶ Name each market category/segment

This “Bottom-up” approach is far more effective than “top-down”

Pause

"For the rest of the discussion, I am only going to present information on our initial target market of [name]"

Min 6:00–6:30 Competition

▶ 2x2 Matrix diagram works

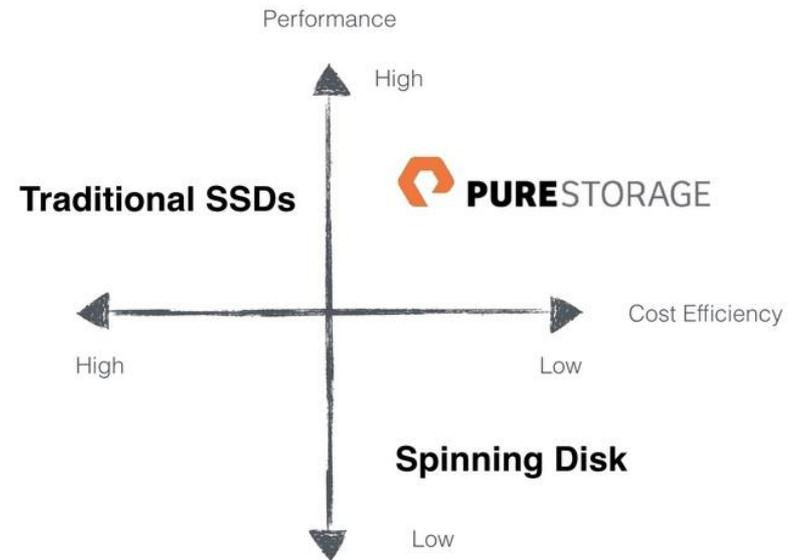
- ▶ Declare your strength
- ▶ Axes show your strength; explain why you chose them

▶ What do you do better?

- ▶ Performance, cost, service?
- ▶ How valuable is it to customers?
- ▶ Is it achievable?

▶ Changes over time

- ▶ How will competitors react to you? Draw arrows



If you're opening up a new market, state the costs of evangelism in your financials

Min 6:30–7:30 Marketing & Sales

▶ 30 seconds on Marketing

- ▶ Keep it simple and fast – most of you say too much
- ▶ Launch plans, go-to-market, branding, web presence

▶ 30 seconds on Sales & Distribution

- ▶ Channel or direct sales? Costs associated?
- ▶ Unit pricing and margins?
- ▶ How long is the sales cycle? (If healthcare, beware!)

▶ Quantify as much as possible

- ▶ What evidence do you have that your sales & marketing strategies will work?
- ▶ Traction with customers and channels goes a long way

Show that you want to sell it, not just make it.

Min 7:30–8:00 Team & Advisors

- ▶ **Not just a lineup of players**

- ▶ Who are you really?
- ▶ What's your credibility, expertise, unique strengths?

- ▶ **Have you worked together in the past?**

- ▶ What successes have you had, separately and together?
- ▶ Have any of you been in previous ventures?
- ▶ Have any of you ever made money for investors?

- ▶ **Why will you be the winning team?**

- ▶ What's uniquely powerful about your team?
- ▶ What evidence do you have that your strengths will work?
- ▶ Use Advisors, but don't pad the lineup or resumes

Why will you be the winning team?

Min 8:00–9:30 Financials & Deal

- ▶ **Investors always discount financial projections**
 - ▶ But they are a necessary evil
 - ▶ Give me 4 year projections – yearly Revenues, Margins, Earnings, Cash needed
 - ▶ Make the font size readable!
- ▶ **The Deal for the Investor**
 - ▶ How much money are you raising in this round?
 - ▶ At what terms: Convertible note or priced equity?*
 - ▶ Note terms: Valuation cap and % discount
 - ▶ Who else is in on the deal, and for how much
 - ▶ Existing capital structure, if any – who owns what
 - ▶ Any “hair on the deal” – unusual terms, debts, or claims

***Always do a note as your seed round.**

Min 9:30–10:00 Summary

- ▶ **Why is this a good investment for me?**
 - ▶ Tell me why this is a huge opportunity to create value
 - ▶ Why you have a unique, credible growth story
 - ▶ Why you'll make money
 - ▶ And why you'll make money for investors
- ▶ **Comparable exits**
 - ▶ What comparable companies have gone public or been bought up recently? For how much?
- ▶ **Questions**
 - ▶ Give short, crisp answers for the easy questions
 - ▶ Have extra slides set aside for the complex questions

Remember, investors want good deals just as much as you want their money...