

## Demystifying the Investor Presentation

So far your business has survived through aggressive bootstrapping. A stellar initial team is assembled. Your value proposition is strong. You have traction with early customers. Now its time for a larger capital infusion. With so much to be proud of, why does presenting to angel investors seem so daunting? For one, investors don't make it easy. Consider the stories of CEOs presenting to a room of bored, uninterested investors who spend time texting, or worse, leave the presentation early after asking curt interrupting questions. Wouldn't it be great to know in advance what angel investors really want? At a recent Northwest Entrepreneur breakfast meeting we were behind the scenes when members of Seattle's angel investment community agreed to critique three company pitches.

Presenters from local start ups included: Hyran Media, makers of interactive radio content; Paperspine, a subscription-based book rental service; and Pathable, providers of an attendee event communication system. Each were given five minutes to convince the angels of their investment potential. In advance, each company's presentation was fully-vetted by experienced Northwest Entrepreneur Network volunteers. Even so, each presenter put themselves on the line for an extremely public critique. And, similar to the show American Idol, the knowledgeable panel of judging angels proved to be a thoughtful and complex group of personalities. They provided excellent feedback although it wasn't always in agreement. Each angel also had a unique style, personality and interest. They were sometimes careful and nice, always appropriately professional, but periodically edgy and impatient. The panel included Hyer Bercaw, or Hyer Ventures; Rebecca

Lovell, of the Alliance of Angels; and Gary Ritner, of the Puget Sound Venture Club.

Personalities aside, the valuable insights provided by this real-world panel of angels will help any entrepreneur improve the odds of delivering a well-received presentation.

### Tips to bank on

State your unique value proposition within the first 30 seconds or risk losing the audience e.g.

### Executive Insights



Cheryl Isen

what is different than your competition and why is this important? Be clear about what is defensible.

Use story-telling to engage your audience. Present your concept and information as a

story vs. as a set of slides and facts. For example, verbally begin your story by setting up a scenario and then use questions to tee up the answers in each slide.

Bring your story to life with charts, graphs, screen shots, pictures, illustrations and client logos whenever possible.

Establish a point of parity to help clarify a complex message and create understanding; however be selective about who or what you're comparing to. Make sure the example doesn't work against you by making the audience think of the problems.

Be wary of over-hyped words. They can work against you e.g. Web 2.0 might position your business as just another similar company and as being late to the game.

Sprinkle user quotes into the slides for subtle validation, but don't read or talk to them.

Speak with confidence. With practice you should be self assured enough to deliver a great presentation. Practice in front of co-workers and people you don't know. Video taping your presentation will also provide valuable insights.

Never forget to:

Explain the critical success factor to success and how are you addressing it.

Validate growth and financial projections; use industry information available for similar companies if you don't have your own.

Demonstrate the market and technology validation. This is critical to establishing credibility.

Stay within the allotted time limit.

Always be honest and forth coming about shortcomings, current status or threat. For example, every company has competition. Be clear about how you will address it or you'll be leaving a giant elephant in the room.

Lastly, all angel judges agreed that defensible technology is less important than the stability of the management team and their ability to execute. Be sure to emphasize your management team strengths.

### Have these answers ready

Investor presentations are short. 10 minutes is typical, followed by a quick question and answer session. Therefore it's critical to keep slides to a minimum and to anticipate all possible questions and be ready with answers. These were typical follow on questions presenters heard:

Offering

Will it scale?

What makes it easy?

Is it protected?

Who owns the data? Can it be used again/again? Privacy/security issues of data?

#### Market

How is the market segmented?

How will you reach the market?

Assuming the market is crowded and behavior change is required, what makes it easy?

#### Company/Sales

How do you sell your product and what sales effort do you have in place?

How long does it take to close a deal and who is the key decision maker?

What do you need to be successful e.g. land a big fish or lots of one-off sales?

What is the management team's experience relative to their ability to execute?

#### Competition

Who doesn't like you or whose toes will you be stepping on?

How will the "giant" competitor handle you?

What is different than the competition that you can tell your customers?

Clarify who is direct competition and is indirect.

#### Financial

What is sales cycle to ramp up to projections?

How did you validate the numbers?

Define the revenue model—and be prepared to validate it.

#### Management and Advisory Board

Has your team worked together before?

How much individual and aggregate experience does the team have?

How many start ups has the team been involved in?

#### Funding Needed

What prior funding have you received?

Be prepared to breakdown each source.

What are you seeking now and how will it be used?

What do you expect to need in the future? (this helps investors predict dilution)

Although as individuals the judges disagreed on some points, they all agreed on one critical takeaway: When searching for money its crucial to get your presentation in front of as many investors as possible because there is no perfect business model. What offers high appeal to one, may appear silly to another.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps emerging companies increase corporate visibility and brand awareness. Contact Cheryl at (425) 222-0779, Cheryl@IsenandCo.com or on the web at [www.IsenandCo.com](http://www.IsenandCo.com).