

Pitching Your Business

OCTOPUS VENTURES



1. Introduction

Hello

- We have created this document since we want to see entrepreneurs (like you) at their best and we want you to succeed.
- It sets out some basic pitfalls and pointers. It's not all encompassing, but we hope it's a useful tool and will help you focus your efforts in the run up to a pitch.
- Preparation is essential.

Best of luck!

2. Common Pitfalls

- **Not knowing your audience**
Always find out about your audience before you present.
- **Not establishing rapport**
Remember, people are going to decide.
- **Not listening**
Your presentation should be a dialogue, not a monologue.
- **Being forgettable**
Be personable, passionate, and persuasive.
- **Saving the best for last**
Start strong. Be clear and powerful in the first 60 seconds.
- **Confusing themes**
Make sure your proposition is simple, straightforward and logical. Everything should support your one proposition.
- **Making your multimedia more important than your message**
Don't try to dazzle us with video, graphics, audio/visual, or even your demo.
- **Being tied to your material**
Have a prepared presentation, but be ready to present in any order and to answer any question at any time.
- **Hype**
Walk the fine balance between exciting and believable, especially about your numbers.
- **TechnoBabble**
Show us how the technology will make money. Describing the technology should not take more than five minutes. Please avoid jargon.

3. Why Investors Invest

- The main reason why we invest in something is because we believe in the entrepreneur. For your presentation to be successful, we must believe in ***you***.
- The following are the main factors we consider when making an investment:
 - Trustworthiness of the entrepreneur
 - Expertise of the entrepreneur
 - Enthusiasm of the entrepreneur
 - Track record of the entrepreneur
 - Independent Investors liked entrepreneur upon meeting
 - Perceived rewards for the investors
 - Sales potential of the market
 - Growth potential of the market
 - Expected rate of return
 - Quality of product
 - Overall competitive protection of the product
 - Potential exit routes (liquidity)

4. Why Investors Reject a Presentation

- The biggest reasons why we reject an investment after careful review are:
 - The entrepreneur
 - The product or market
 - Financials
 - Mismatch with investor
 - Other business attributes
- Every investor is unique. Make sure you know something about us before you present.
- Some things you should know before you present:
 - What kinds of investments have we made in the past?
 - What kinds of deals are we looking for currently?
 - How do we make investment decisions? What kinds of deals do we like?
 - Do we understand and have experience of your industry sector?
 - How much detail are we looking for?
 - What are we like? What is our style? Formal and serious, or casual and laid-back?

5. The Business Card Test

- Your business proposition should be so clear that it fits on the back of a business card. If this simple statement is not clear and compelling, the rest of your presentation will be weak.
- The best propositions are so powerful and succinct they can be stated in a few words. For example, Cisco described their business as “Cisco networks networks.” Ascend described their business as “Bandwidth on demand.”
- Write your proposition on the back of this business card:
- For each part of your presentation, ask yourself these “acid test” questions:
 - Is it important to your story?
 - Is it clear and logical?
 - Is it in the right place?
 - Is it to the point?
 - Is it plainspoken (no techno-babble)?
 - Do the examples fit?
 - Will they care about this?



6. Greed & Fear

- Most investors are torn between two overwhelming forces:
 - Greed; and
 - Fear.
- The challenge of every presentation is to strike a balance between the two – concentration on one over the other will test the credibility of the proposition.
- Think about these two forces when presenting & focus on the important factors in simple, clear and convincing terms:
 - Investment Required
 - People
 - Strategy
 - Market
 - Competition

7. On The Day

Build Rapport

- Make introductions
- Always be early
- Read your audience
- Build trust

Rapport ultimately comes down to a feeling of trust - in you as a person, and in your ability as an entrepreneur. You build trust by being comfortable with yourself (being friendly, making eye contact, having a firm handshake, etc.), and by showing your competence and professionalism (knowing your stuff, being articulate, etc.)

Present With Your Team

- Your presentation will be stronger if you bring one or more members of your team to your presentation.
- Introduce each member of your team briefly at the beginning of your presentation.
- Consider having each key member present their part of the presentation, e.g., have the CFO present the financials, or the CTO present the technology.
- When you are handling Q&A, try to involve the other members of your team by directing questions to the appropriate person, rather than answering all of the questions yourself.

7. On The Day

Sell Your Opportunity...

- **Keep it simple**
The perfect presentation is simple, clear, and persuasive.
- **Be succinct**
Shorter is better. For most pitches, you will have an hour for the entire meeting. The presentation itself should take no more than 25 minutes.
- **Know your stuff**
Preparation is key.
- **Start strong**
Never start your presentation with visuals. Always start and end by talking directly to your audience.
- **Keep it light**
Don't try to be humorous, but there's no need to be stone faced—be light and enthusiastic.
- **Use your “Presenter’s Instrument”**
Use your body - eye contact, facial expressions, voice, gestures, stance and posture - to get your message across.

Take AIM

- **Advocate**
State your business proposition with conviction, but break it down into small, bite-sized chunks. Don't just do an “info dump.” Take a breath and...
- **Inquire**
Check in with your audience. Ask a question:
 - *“This is what Forrester says about where the market is heading. What are you hearing?”*
 - *“How familiar is everyone with dynamic optical multi-switching optiplexi thingamabobs?”*
 - *“Is this part about the technology clear, or would you like more technical detail?”*
 - *“What questions do you have about this?”*
 - **Pause.** *Sometimes taking a pause is enough to invite input or a question.*
- **Mirror**
If you get a response, or a question, restate it in your own words to confirm understanding. Obviously, you don't want to overdo this, but this is especially important in answering questions.

8. Drawing to a Close

Questions & Answers

- **Prepare in advance**
Brainstorm likely questions and answers in advance (see Appendix A)
- **Check for understanding**
Listen to the question and confirm your understanding. Answering the wrong question can undermine your credibility.
- **Answer succinctly**
Keep your answers brief and pointed. Answer in one or two sentences, and let us ask if we want more detail. Long or rambling answers may give the impression that you are hedging and unprepared.
- **Answer at the appropriate level**
Don't make the questioner feel stupid by trying to impress them with your technical knowledge. Know how much they know so you can tailor your response to their level of knowledge.

Closing

- **Don't forget to ask for the money**
The purpose of every presentation is to get the money, and the way to get the money is to ask for it.
- **Float a trial close**
"How do we take this forward?" "What are the next steps?"
- **Involve us in the work**
"If I do this, then you'll do that." E.g., "If we get letters of intent from three customers, then you'll be good for £2m?"
- **Don't be inflexible**
Let us offer a valuation.

Appendices

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Appendix A: Questions Investors Ask

What type of business experience does the management team have?

Are the members achievers?

What motivates each team member?

Can the team accomplish the job outlined in the business plan?

How does your company and product fit into the industry?

What are the current market trends?

What are the keys to success in your industry?

How did you determine total sales of the industry and its growth rate?

What industry changes most affect your company's profits?

What are the seasonal effects in your industry?

What makes your business different?

Why does this business have high growth potential?

What makes this business situation special?

Why will this business succeed?

Why is this product or service useful?

What will the product do for the user?

What is the expected life cycle of the product?

What is the product liability?

What makes this business and product unique?

Why will your business succeed when it must compete with larger companies?

Does the product meet a specific need or perceived need of the customer?

Does the product have brand-name recognition?

Are there repeat uses for the product?

Is this a high quality or low quality product?

Is the consumer the end user of the product?

Does this product have mass appeal or single large buyers?

Who is your competition?

What advantages does your competition have over you?

What advantages do you have over your competition?

Compared to your competition, how do you compete in terms of price, performance, service and warranties?

Are there any substitutes for your product?

How do you expect the competition to react to your company?

If you plan to take market share, how will you do it?

How do advances in technology affect your product and business?

Appendix A: Questions Investors Ask

What are the critical elements of your marketing plan?

Is this primarily a retail or industrial marketing strategy?

How important is advertising in your marketing plan?

How sensitive are sales to your advertising plan?

How will your marketing strategy change as the product/or industry matures?

Is direct selling necessary?

How large is the customer base?

What is the typical demographic of your customer base?

What is the lag time between initial buyer contact and the actual sale?

What is the capacity of your facility?

Where do you see bottlenecks developing?

How important is quality control?

What is the current backlog?

Is the product assembly line based or individually customized?

What are the health and safety concerns in producing this product?

Who are your suppliers and how long have they been in business?

How many sources of suppliers are there?

Currently, are there any shortages in components?

What is the current research and development?

How many employees do you have?

What is the anticipated need in the immediate future?

Where does the labour supply come from?

What is the employee break down, i.e. full time, part time, managerial staff, support staff, production/service?

Is the labour force primarily skilled or unskilled workers?

How old is your company's equipment?

What is the yearly maintenance costs?

What are your capital requirements over the next five years?

Do your competitors have an advantage due to equipment?

What are the terms of your lease?

How much do you owe on the mortgage?

Are the facilities adequate for future expansion based on your business plan?

Who owns the patent?

What licensing arrangements have been made between you and the patent company?

Does anyone else have licensing arrangement? If so, how does this impact your company?

What is the annual expenditure on R&D?

How does R&D impact future sales?

Appendix B: Manage Your Nerves

- **Practice, practice, practice**
Know your presentation inside and out.
- **Manage your self-talk**
Notice what you're saying to yourself, then send yourself more realistic - and positive - thoughts.
- **Visualization**
Picture a successful conclusion to your presentation.
- **Relaxation**
Relax your muscles by first tensing them, then relaxing. Try it with your fists, legs, or shoulders.
- **Breathe**
Take slow, deep breaths.
- **Arrive early**
Give yourself a few extra minutes to reduce stress and give yourself time to set up.
- **Drink something**
Keep your whistle wet. There's nothing worse than getting dry mouth in the middle of your presentation.
- **Focus on your message**
Focus more on what you're saying and less on how you're doing.