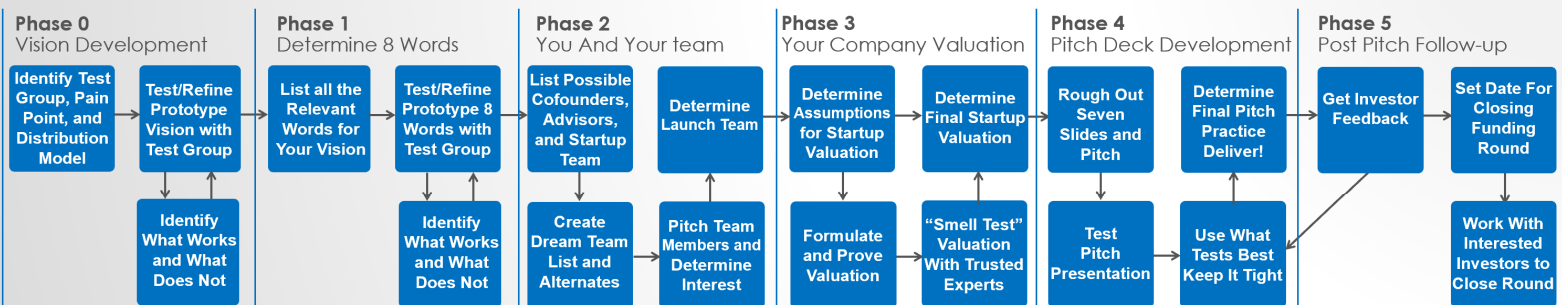


PREPARING YOUR INVESTOR PRESENTATION

THE PHASES AND STEPS

Objective: Present the most investable version of your company possible.



Maximum Investability - Tools, Tips, Tactics, Checklists and Strategies

The three most important things...

1. Take the time to create your eight or less word company description. Prototype it. Test it. Perfect it.
2. Take the time to get your six slides right. You will use this for upstream (to investors) and downstream (to team members, partners, etc..) pitching.
3. Know your company valuation and be able to prove it... To the penny. Do everything you can to maximize your company valuation.

Goals, objectives, and deliverables

- Create, prototype, test, and perfect your less than 8 word company description.
- Be able to clearly articulate why your company should exist.
- Create, prototype, test, and perfect your seven slide pitch deck. Upstream and downstream versions.
- Why you and your team is the best for this company right now?
- Know the valuation of your company and be able to prove it.
- Determine if now is the right time for outside investors. Have you maximized your valuation?

Make your eight word company description memorable, short, understandable, and repeatable.

What Investors really want – Four Things

1. Be able to describe your business clearly and uniquely in eight or less words. (Don't count small words like "the", "of", "in", "to", etc...) If you can't describe your company in eight words how can people quickly understand what you do?
2. Your pitch deck only needs 6 slides. The rest are a waste of time. If you can't get these right how could you ever run a business?
3. Know the "value" of your company. Be able to prove it. Is this the right time to go out for funding? Is there anything you can do to improve your valuation?
4. Be able to prove why you are the best person to run this company right now. Do you have the best team? Is this your first startup? What have you learned before? What were the failures that will not happen again?

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What Investors Want

Four Things Most Startup Pitches Miss

Your unique company VISION should wow people and set your company apart and above all others.

Phase 0 - Company VISION Development

- Investors hear so many pitches they all seem the same. It's the vision that sets companies apart.
- Make it customer centered. Real people examples are always best.
- Make it emotional and visual.
- Everything starts with your vision. – It is what sets you apart and makes you memorable and investable.
- Your vision is why you exist. No vision then what are you doing?
- Your vision will keep you and your team interested and engaged even when the going gets tough. It will be your guiding light!
- Your vision should perfectly resonate with Customer Pain/Passion points. <- It is the ultimate answer to what they really need.
- [CLICK HERE](#) for full Vision Cheatsheet
- THE KEY: A Vision built with User Centered Design and rapid prototyping!
- Try things and keep what works. Throw out what does not connect and delight people.
- Your concise eight (plus or minus) word vision statement that clearly tells people what you do and delights them.
- And provides Insight! Surprise Them!
- Your 3 circles vision. [CLICK HERE](#) for Sinek's Three Circles TED Talk.
 1. What you believe
 2. What makes your vision different
 3. What is your vision

PHASE 1 - Creating an 8 word Company Description

- Be able to describe your business clearly and uniquely in eight or less words. (Don't count small words like "the", "of", "in", "to", etc...) If you can't describe your company in eight words how can people quickly understand what you do?

Some Quick Tips:

- Less is always more. Focus. What makes you different?
- List the words that best describe what you do or want to do. Make it Memorable.
- Make it meaningful: Convey a message that your target audience will care about and understand.
- Be sure it works as stand alone text, integrated into your logo, and when you Say it out loud. ...
- Be sure to highlight a key benefit. Differentiate your product or brand from that of your competitors, while also showcasing the company's general mission. ...
- Make it unique. Make it yours. Give it a rhythm, rhyme, and ring. ...
- Explain the company's commitment. Stay honest.

PHASE 1 - Creating an 8 word Company Description – The Steps

1. List all the words that best describe what you do or want to do.
2. Brainstorm different ways to use these words in your company description. Get to the three you like best. No fad words.
3. Stay clear and concise. Use words that will work for years to come. Ask yourself, "So what?" If you can't answer this one question, then keep working and go back a revise.
4. Test the company descriptions on people and see how they react. Can they tell you what you do based on your description?
5. Use what you learned to create an even better description.
6. Test the description with people and revise as needed.
7. Reveal your new and tested company description to the world...

PHASE 2 – You, your team, and your advisory board

- Question: Are you the best person to run this company right now?
- Have you made a full time commitment? Not just a side hustle.
- Be able to explain why you are the best person to found this company right now. Examples:
 - Unique contacts you can leverage as your first paying customers.
 - Unique industry experience that is valuable to the company.
 - Past history with startups... Winning experience not required.
- Why are you the right person now and as the company grows?
- How you built your team. Why they will follow you.
- How you built your advisory board. Why they joined your board.
- Lessons you learned from past startups and jobs that will guide you with this startup.
- You are working with no/little pay until the company hits breakeven.
- How much if anything are you paying your team members?
- What level of company equity (stock, ownership, options) have you promised your team and advisors?

PHASE 2 – You, your team, and your advisory board – A Checklist

- ❑ Unique qualifications? Why your team is in your startup now? Why not just in some high-paying job?
- ❑ Your team has made a full time commitment to the business. Not just part time.
- ❑ This is not the first time the team has worked together. They have been in other companies or startups before and worked well together. Why?
- ❑ Be able to explain what holds the team together. What/who is the glue. Hopefully the founder.
- ❑ Be able to tell stories about problems the team has faced and how they overcame the problems.
- ❑ Why nothing will keep this team from reaching its goals... "If not funded we would do this anyway."
- ❑ The team members are not just in this for the money... They are here to make a difference with the product or service.
- ❑ Less emphasis on education and degrees attained and more emphasis on what team members have done and can do.
- ❑ A bias to action for problem solving. More about the doing than the talking about things.
- ❑ Be sure your team is not just right for the startup phase of your business. Select people who can grow with the company.
- ❑ Be sure your team members are customer focused first. A team that is about relentless customer satisfaction will always win.
- ❑ Be sure your team can get along together and when (not if) problems arise you can work with them to resolve the problems and move on.
- ❑ A clear "ringmaster" (leader) must be in place. Someone who makes decisions and can lead the team. Management by consensus is a formula for eventual and certain disaster.
(CONTINUED IN NEXT COLUMN)

PHASE 2 – You, your team, and advisory board Checklist (CONT.)

- ❑ A diverse team is important – It is a problem if all your team members are basically the same (programmers, engineers, marketers, etc...). Diverse teams better represent your customers and different point of view will always build a better company.
- ❑ All team members must "own" the company vision. If not, this will show many ways. Investors will see this problem.
- ❑ Every team member has a role that is their primary concern.
- ❑ Each team member has the essential skills for today and the agility to switch up as the game changes and if/when the company pivots.
- ❑ Hire Slow, Fire Fast – Take then time to recruit and test team members so you get the best team possible. Then... If someone does not work out "fire" them fast. Do not delay the inevitable.
- ❑ Who do you need? (6 People Total – Three people now... Three more later)
- ❑ NOW -> The company Leader, The Technology Leader, The Marketing/Sales Leader
- ❑ LATER -> The operations person, The Customer Champion, The floater (Can fill in as needed. When needed)

PHASE 3 – How to increase company valuation – A Checklist

- ❑ Is this the right time to go out for funding? What can you do to improve your valuation?
- ❑ Be sure your company structure is clear. What founders and team members own and how long they need to be onboard to fully own what you have offered them. A solid shareholder agreement. A clear leader. One person needs to be the boss and own a majority of the shares. If not then you need a clear (written and agreed to) way to resolve disagreements.
- ❑ Find ways to reduce the risk level. The less risk the higher your valuation and more investors you will attract.
- ❑ Give investors a guarantee. Examples:
 - Personally guarantee they will revive at least their money back within X Months.
 - Guarantee investors they will get a 20% value improvement in tow years or you will give them more stock.
 - Guarantee investors you will not use their money until you have XXX paying customers.
 - Guarantee investors you will not take a paycheck until the company is cash flow positive (including your pay)
 - Guarantee investors you will not use their money until your MVP goes live. If not within XX months they get their money refunded.
- ❑ Wait until you have an solid MVP, large number of paying users, cash flow.
- ❑ The story about how you cocreated with one or more potential customers.
- ❑ Find a lead investor with high credibility.
- ❑ Build out your team with highly qualified and credible staff.
- ❑ Buy your competitor.
- ❑ Get a few patents. Have clear (written and agreed to) agreements on Intellectual property assignments, ownership, and non-competes.
- ❑ Be sure all your company related agreements are in a binder for quick review during due diligence. Including all "Work for Hire" agreements with clear IP assignments.
- ❑ Get a bank loan to finance part of your growth before going to investors. (Will require a personal guarantee) But this is low cost money compared to investor money.
- ❑ A clear product/service roadmap with expected cost, delivery dates, and revenue bumps from the release.
- ❑ Assemble a great board of advisors.

PHASE 3 - Know your company valuation

- How you value your company is very important. It is not just an accounting exercise. There are three ways to do this:
 1. The present value of the expected future cash flows.
 2. A multiplier on Revenues or profit. Rule of thumb => 10x annual profits or 1 x annual revenue.
 3. What it would cost to recreate the valuable and useful parts of what you have created from scratch using today's technology.
- All of these potential valuations need to be risk adjusted. Compare to the no risk or low risk alternative. When Uber goes public we can all own a piece of that Unicorn.
- The "risk" level is very important. Your return must be higher because of higher risk.
- No one wants to buy Cheap. Investors would rather have a smaller piece of something with more value.
- Problem... Investors value your company at X and you value it at 10 times X. <- You don't look so good. Bad judgement.
- If you can't do this valuation task find help.
- Try to maximize your valuation before going out for money. What take a dollar when you can get ten dollars?



Be ready to prove why you are the best person to run this company right now.

PHASE 4 - THE MAGIC 6 SLIDES (NO MORE... NO LESS)

You will use a similar pitch deck for upstream (investors) and downstream (Company team members, partners, vendors) pitching.

1. **Why should your business exist** - what you believe. Get to the unique reason why YOU want to be in this business. Why is it important to you?
2. **What the competitors do?** What makes you different? -Your niche. Know your competition.
3. **What you actually do.** Your proof that this is needed. Traction – Do you have paying customers?
4. **Your 5 year projected Profit and Loss estimates.** How much cash do you need? When? Where will the cash go? Revenues, Expenses (Employee costs, Operating costs, marketing costs <- Get everything into these three buckets), profits/loss.
5. **Your team and advisors.** Real advisors only! What makes them special and gives your company an edge?
6. **The deal...** How much cash you need and what company equity you are ready to give up for it. Your valuation.

PHASE 4 - THE MAGIC 6 SLIDES - Quick Tips on Slides and Takeaways

- Only use words on slides when essential. Rely on your presentation, images and as few words as possible to do the job.
- Be sure your first Slide (why your business exists) really grabs them.
- Be sure you know your numbers on the P/L slide (#4) . Expect questions. Numbers are the universal language. Everyone understands them.
- Know your competition... It's not good when you get a surprise question involving a competitor you did not know about.
- Be ready with proof on your traction. User numbers. Revenues. Retention rate.
- Listen and take notes on questions and comment. Use them to make your next presentation even better.
- Practice... Practice... Practice...

Phase 4 – General Pitching tips

Upstream Pitching – This is the pitch you will use to attract investors.

Downstream Pitching – The Pitch you will use to attract startup team members, vendors, and other partners.

- You will use a similar pitch deck for both Upstream and Downstream pitching but not the same. Example: Investors may not see your company culture as a high priority. Potential team members will see this as very important.
- You know your product... Now you need to inform others and get them excited about it, too.
- The best way to bring targeted investors to the next level is with your opener. Your vision. Slide 1.
- Everyone in your organization should know the pitch. You never know who they will meet.
- Different pitches for different targets. Keep it simple. Test the pitch on everyone. Watch how they react. Not what they say. It's what they do that is important.
- In addition to your Pitch Deck, you need three pitches: (1) a one sentence Pitch, (2) a one minute Pitch, and (3) a three minute Pitch
- The general shape of your pitch:
 1. **Why** – 35,000 foot view - Why your product/service should even exist. What you believe about your product or service.
 2. **What's different** – 15,000 foot view - What makes your product/service different? What advantage do you have over the "Competition."
 3. **What your product or service does** – Ground level view
- The First Secret – Make them laugh, cry and be surprised. Connect.
- The Second Secret – Practice, Practice, Practice... Then Test. Modify, Improve and Perfect your pitch.



After your pitch hand out a one page "take-way" sheet with a summary of your pitch. Make it easy for people to remember your company.

PHASE 5 - Post Pitch follow up

What happens after the pitch is as important as the pitch itself.

- Possible outcomes:
 1. You get an investor or investors signed up.
 2. You get a referral to a potential investor. (Is there any investors in your network that might be a better match for our company?)
 3. You get an advisor.
 4. You get a referral to an advisor.
 5. You get a list of ideas from the potential investor to make your business a better match for the investor. Things you can improve on.
 6. You discover a possible contact to help you build your company. Customer, partner, etc...
- Don't wait for the investor to call you. Use the list above to guide your phone call.
- Try to build your network of potential investors and possible advisors.
- Be ready for tough questions... Stay honest.