

The **5** Most Important Lessons for Presenting to VC's

By Mike Gospe

Making the Pitch: When your startup or restart is looking for financing, you have your work cut out...

A CEO walks into the conference room of a top-tier venture capital firm in Silicon Valley. Four polite but business-hardened skeptics welcome him. He's solely focused on securing the "B" round of funding for his young company.

The last three years have been especially brutal for his business – from exhilarating beginnings in 1999 to failed market penetration last year, and now several rounds of debilitating layoffs including the original CEO. This *new* CEO was recently hired to be the *change agent* – a key pinch hitter – with a directive to regroup the company and establish stability.

He knows the technology and is confident. He trusts that his instincts and skill for communicating the value of the firm's product should be enough to win favor. He stands at the podium. He shows slide one. It contains 75 words, (necessitating small type). There are no illustrations or pictures. *Then he spends 45 minutes telling who he is and why his company's technology (four years in the making) is worthy of their investment.* 45 minutes is all he gets. One slide is all he's got. The meeting ends with no clear next steps.

The CEO never receives a call back.

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What went wrong? Plenty

A good technology, even when coupled with a strong CEO bio, is not enough to win the financial support that your company deserves. The CEO's communication skills in this setting – *presentation* and *oratory* – are as important as the product or service and leadership on display. The presentation must be *direct and to the point*. It must *compel*. It needs to

clearly and succinctly illustrate a *pain point* that requires, deserves and will reward immediate attention and resolution, and it must *maintain control* of the agenda for the next 45 minutes.

The words used and how they're said, as well as the supporting visuals, will have a direct impact on the speaker's ability to hold audience attention and secure the ever-so-more-important second meeting. Knowing how to avoid the five most common critical mistakes that CEOs make in their presentations will greatly improve your ability to control the agenda and begin meaningful discussions with your target VCs.

Lesson 1: Forget the "I" word

Most CEOs and founders start the presentation with their own biography and center their entire presentation on the history of the company and the relevancy of the management staff. In one presentation, the CEO spent 20 minutes describing his background before he told the audience what his company did. This was 20 minutes of wasted time where the VCs were not sure why they were in the room listening to this gentleman.

Your first presentation to VCs is *not* about you. Nor is it directly about your technology. It's about the customer problem and pain that your solution can solve, and why it is relevant to today's market. Distribute your biography and company history on a single leave-behind sheet. If the audience wants more information about your background, they will ask.

Lesson 2: Lead with the customer problem, not the technology

Most startups make the mistake of telling a technology story with a lot of hype and three-letter

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acronyms. A good technology will not sell itself. Instead, the presentation must focus on telling the story of the business or consumer problem. VCs need to understand your value proposition within the first three slides. Paint a picture of a "day in the life of the customer" to highlight the pain your target audience goes through each day. Explain why current solutions are unsatisfactory for meeting this critical business need. Then, tell the audience why and how your solution will meet this need and capture market-share growth faster than any other competitive solution. *This* is a compelling story.

Lesson 3: Control the agenda with strict presentation format

If your presentation is unstructured, it will immediately invite a myriad of questions that will take you off track. Good presentations are tightly structured to address the business basics – but not in too much detail (that will come in the due diligence phase) – and should never take longer than 45 minutes. This will ensure you have 15 minutes to drive specific action items at the end of the meeting. Forty-five minutes is not a lot of time, so every slide must count. Top-class VC presentations use no more than 20 slides and tend to follow this outline:

- ◆ ***The Problem*** your prospects face, with a keen focus on a target market
- ◆ ***The Evolution*** of solutions addressing the problem
- ◆ ***The Criteria for Competitive Advantage*** relevant to your target market
- ◆ ***Introduction of Your Company*** (only now do you introduce your company)
 - ◆ Corporate Summary
 - ◆ Market Size & Opportunity
 - ◆ Product Suite & Roadmap
 - ◆ Benefits & Competitive Advantages
 - ◆ Sales Strategy
 - ◆ Financial Results and Forecasts
 - ◆ Investment Strategy
- ◆ ***Summary*** specifying action items you'd like to undertake with the VC

By controlling the agenda, you are acknowledging the value of the VCs' time and are ensuring they receive

the most important information you need to communicate.

Lesson 4: End with a call to action

Unfortunately, it is common for presentations to end with a whimper instead of a bang. Most presenters are hesitant to end with a specific call to action, erroneously believing that next steps are "obvious." The best presentations end with a strong, confident close.

Be specific about the next steps. Yes, it's clear you came looking for funding. Do specify how much you need in this round and how it will be used. Highlight your goals and expectations. Ask the VCs what additional information they require to make a decision to invest in your business. Invite them to talk with a few beta customers or advisors or see a short demo. By offering these and other specific next steps, you are showing your interest, drive, and confidence, and taking a leadership role in driving the agenda for the second meeting.

Lesson 5: Putting it all together

Remember: the single goal of the first meeting with VCs is to ***get to the second meeting***. Deliver a presentation that

- ◆ Is direct and to the point,
- ◆ Illustrates a pain point that requires immediate attention and resolution,
- ◆ Maintains control of the agenda by following a tight structure and format, and
- ◆ Ends with specific action items.

Following this winning format will help you communicate clearly and with confidence, hold the audience's attention, and greatly improve your chances of securing that vital second meeting.

Good luck!

For more tips & tricks on creating, critiquing, and giving your presentation to VCs, please contact Mike Gospe at mikeg@kickstartall.com.



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About the author



Mike Gospe is one of the founding members of the KickStart Alliance. [KickStart Alliance \(www.kickstartall.com\)](http://www.kickstartall.com) is a team of senior marketing and sales leaders who assist companies of all sizes to develop and execute a variety of marketing and sales programs. Mike's leadership has

been put to use at companies like HP, Sun, NetIQ and Aspect Communications, Venture Capitalists such as Norwest Venture Partners, and a host of startups. Mike has authored several articles on marketing techniques, and is a frequent speaker with several VC and marketing forums on the topics of positioning and sales development. He holds a BSEE and an MBA from Santa Clara University.

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The KickStart Alliance is a team of senior marketing and sales leaders who assist startups and emerging companies to develop and execute a variety of marketing and sales goals and objectives.

Please contact Mike Gospe at (650) 464-7662 or mikeg@kickstartall.com for more details.

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