

# PITCH LIKE A CHAMPION

*Silvia Mah*

HERA LABS | HERA ANGELS | NEXT WAVE IMPACT | AD ASTRA VENTURES | UCSD



01

# WHY YOU?

Your assets, your team, & advisors

# 02

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## WHY NOW?

- External (market, trends)
- Internal (traction, sales)





03

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WHY THIS?

product-market fit

*"If we do nothing,  
[CO2 concentration in  
the atmosphere is]  
headed to levels that  
we don't even see in  
the fossil record."*

ELON MUSK PITCHING THE  
TESLA POWERWALL:



# STORYTELLING





BE  
AUTHENTIC

BE  
CONSISTENT

HAVE A  
CLEAR  
OUTCOME

## 5 ESSENTIALS of a perfect pitch:

1. What's in it for them?
2. Be concrete.
3. Be unapologetically disruptive. (passion & charisma)
4. Prove that growth is sustainable.
5. Demonstrate bench strength.





# TYPICAL INVESTOR PITCH DECK

- Name of business
- Why is this business needed? (need in the market)
- Exactly what problem will this solve? (solution)
- Who do we solve this problem for? (target market)
- How big is the opportunity? (market size and/or growth)
- What alternatives are out there? (competitive landscape)
- Why are we best suited to pursue this? (your assets)
- Why now? (market window)
- How will we get this idea to market?
- How will we measure success/make money from this idea?
- What is your ask?
- End with something memorable

“The visionaries gift is he sees the dawn before the sun has even set.”

THANK YOU



# Investment Thesis

## *Angel Investing Primer*

### **Dr. Silvia Mah**

Founding member, Stella Angels

Angel Investor: Pipeline Angel, 37 Angels, Female Funders, Rising Tide Fund, Portfolia

Fund Manager, San Diego Angel Conference, Fund I & 3 SPVs

Investment Committee, Next Wave Impact

Ambassador, Angel Capital Association

Founder & CEO, She Invests! (Podcast, Book & Investor Circles)



# Today's Themes:

- What is an investment thesis?
- How does that fit into the bigger picture of investing?

# Why Angel Invest?

- Support Entrepreneurship
- Leverage your knowledge & connections
- Develop an alternate asset class
- Make Money

# Venture Funding Stages

Stage 0: Friends, Family, and Fools



Seed Money (proof of concept – Angel)



Start-up (Early-stage / Product development)



First-Round / Series A (Early sales & manufacturing funds)



Second-Round / Series B (Working capital, not turning profit)



Third-round / Series B or C (Expansion, turning profit)



Fourth-round (Finance the “going public” phase)

Stage Final: IPO or sale of entire company to a bigger company

# What is an investment thesis?

- A roadmap for investing.
- It guides the investor towards the investments that fit their objectives.
- Without an investment thesis, you are likely to find it difficult to stay disciplined and concentrate on the start-ups that match your investment objectives.
- Without an investment thesis, you are likely to waste a lot of time talking about the wrong things to the wrong people.



Your Investment thesis is your own ...

# Benefits of an investment thesis

- Being the right investor: a thesis is a clear indicator to start-up founders of whether you are the right investor for their companies.
- Saves time
- Provides founders with insight into how you will work with them post investment, and what kind of information you will seek from them. This is also important in getting the right kind of founders to match up with.
- Better communication with co-investors.
  - Deal flow is very important to the success of angel investors, and those deals often come from other angels, venture capitalists, accelerator directors — other early stage investors.
  - Efficiency of referral
  - Build better Trust

## 5 M's of successful investing

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1. Management
2. Momentum
3. Model
4. Motivation
5. Market

# 1. Management



## 2. Momentum



# 3. Model



# 4. Motivation



# 5. Market



Is it Fashion?



Is it Tech?



Is it Design?





5 M's of  
successful investing

1. Management
2. Momentum
3. Model
4. Motivation
5. Market

# A framework

	Profit	Purpose	Passion
Management			
Momentum			
Model			
Motivation			
Market			

# Step by step

- **Analyze your success and failures critically.**
  - What are you good at?
  - Where have you really been effective, and where have you been wallcovering?
  - Write these down – both successes and failures – to acknowledge them out loud so you can build on the successes and not repeat the failures.
- **What are your strengths?**
  - Understand markets, personalities, technology?
  - What is it that you do best in the life cycle of a business, from idea to exit?
  - Be specific, and make a list – no matter how short – of the things you bring to a business.
- **Collaborate with other Angels to create a network to understand the deal flow.**
  - Share deals & build trust
  - Be willing to learn.
- **Get super specific with your thesis at first.**
  - Stand out in the crowd.
  - You want your peers to be able to say, "She only does XYZ kind of deal."
  - You want to be known for exactly, specifically what you do.
- **You don't have to be definitive with every characteristic.**
  - Pick the characteristics that you are most comfortable with, and rely heavily on a close group of peers to handle the others.
- **Test and iterate your thesis.**
  - Have there have to be startups that fit your thesis for it to actually work? Test it with startups, but also talk to Series A institutional VCs and get their help in validating your thesis.

# An example

*I invest up to \$100k in Pre-revenue companies that are SaaS marketing automation products in Atlanta with first time entrepreneurs. I provide capital as priced equity and require board control but not necessarily controlling ownership. My investment should be no less than 10% of total capital required to cash flow the business. When milestones are met, I will invest in follow on rounds pro-rata. I look for liquidity in less than 3 years.*

# My investment thesis

I invest in women-led or minority-led startups in the seed round; typically \$25,000 each deal. I am industry agnostic, but prefer tech-enabled solutions. I focus on looking for difficult problems that I believe can be solved with the right team. I can either lead a round if it is in my wheelhouse of expertise or follow-on. I like to take an active role in the advising of the founder, prefer a board seat but not necessary, & request information rights. I look for a liquidity event in 3-5 years and 5-7 years for life science.

# An example: VC investment thesis

Union Square Ventures (USV) is a notable VC firm toting a portfolio packed with big hits: Tumblr, Twitter, and Coinbase, to name a few.

USV invests according to a particular strategy, concisely summed up by partner Brad Burnham in a [tweet](#) that became the firm's official investment thesis: **“invest in large networks of engaged users, differentiated by user experience, and defensible through network effects.”**

This means that USV looks for companies that can scale (like Twilio), bring together huge groups of people or connect a marketplace (like Twitter), provide a seamless user experience (like Codecademy), and thrive off of the network effect – the more people who use it, the more valuable the tool is.

*Startups don't need to be a unicorn to be a success*

# 2-step decision process, angels

We invest in what we like to call 'two people and a powerpoint' stage and our decisions are based on the following:

- 1. Quality of the team:** This is our most important criterion. We are not looking for experienced entrepreneurs. But we certainly look for understanding of the domain, understanding of business concepts & operations management, and most certainly commitment to the venture.
- 2. Clarity of the concept/idea:** How well has the team been able to articulate what they want to do. You cannot plan well what you cannot communicate well.
- 3. Size of the potential:** Concepts addressing large markets with large potential are obviously better.

If the above two are positive, then the following few areas would be discussed:

- 1. Scale of aspiration of the team:** Does the team have the aspiration and hunger to be a market leader?
- 2. Business case:** Is the business case strong enough - remember, when pitching to an investor you are competing not just with direct competition from your domain but also with startups with interesting business plans
- 3. Exit potential:** How are we going to get a good return on our investment. I.e. what is the exit option for us.

# Another process example

At Seedfund (<http://seedfund.in>) we look at a few points, in no particular order:

1. Can this business be the market leader - in the market it creates for itself? A #1 commands a far greater premium than a #2 or #3 at exit
2. Can the business generally achieve this leadership along with cash-flow break within the ambit of the money we can offer - and not have to collapse if there's a market downturn and no subsequent funding in the future?
3. Can the founder(s) build the team it takes to execute to this leadership and revenue goal?
4. Can this business be exited by us at a reasonable multiple - and what sort of exit might that be - IPO or trade sale and in the latter case, to what kind of acquirer and value?
5. Do we understand enough of the variables and influencers in the ecosystem around this business to be able to help / mentor / guide it?
6. Do we like the promoter(s)?
7. Can we agree to a valuation and deal terms? :-)

# Presentation Guidelines

According to Alliance of Angels

## Tell Your Story Well

A successful pitch is like an engaging movie trailer – it should clearly convey the gist of your business and provoke investors to engage. Be interesting, tell a memorable story, and make heavy use of visuals. 10 – 15 slides are all that's needed.

### **Purpose**

Declare what your company does in a single sentence.

### **Problem**

Describe your customer's burning pain point.

### **Solution**

Describe your product and explain why it makes the customer's pain go away. Use examples.

### **Market Size**

Use both tops-down and bottoms-up. Segment and identify your sweet spot.

### **Business Model**

Explain how you make money. State your customer acquisition cost and lifetime value.

### **Go-to-Market**

Describe your sales distribution model.

### **Traction**

List current customers, partners and users, as well as your pipeline.

### **Competition**

List your competitors and describe your economic moat.

### **Team**

List your founders, key management and advisors.

### **Financials**

Show your projections for revenue, profits and key operating metrics. Indicate when you expect to turn cash flow positive. Explain your underlying assumptions.

### **Offer**

Describe prior funding, how much money you're raising, your valuation expectations, use of proceeds, any future rounds of financing anticipated, as well as your exit strategy.

<http://www.allianceofangels.com/>

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 Angel Conference

March 28, 2020

# A Few Thoughts on Pitching to Angels

Jay Kunin, PhD  
Tech Coast Angels, fmr. VP Life Science  
USD, Adjunct Professor, Shiley-Marcos School of Engineering

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[TheSDAngels.com](https://www.TheSDAngels.com)



[SDAngelConf](#)

# Guy Kawasaki's 10/20/30 rule

<http://guykawasaki.com/the-only-10-slides-you-need-in-your-pitch/>

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1. Title
2. Problem/Opportunity
3. Value Proposition
4. Underlying Magic
5. Business Model
6. Go-to-Market Plan
7. Competitive Analysis
8. Management Team
9. Financial Projections & Key Metrics
10. Current Status, Accomplishments to Date, Timeline, Use of Funds



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# Sequoia Capital

<https://www.sequoiacap.com/article/writing-a-business-plan/#>

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1. Company Purpose
2. Problem
3. Solution
4. Why Now?
5. Market potential
6. Competition / alternatives
7. Business model
8. Team
9. Financials
10. Vision

# Bill Aulet – Center for MIT Entrepreneurship

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1. Tell a story – make a connection
2. Introduction (company name, logo, tag line, “ask”)
3. Target Customer / Pain
4. TAM / ROI / Why does this matter
5. Your solution
6. Competitive positioning / advantage
7. Buying process / Go to market strategy / Business model
8. Financials
9. Team
10. Summary and “ask”



# CONNECT - 2012

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1. Introduction
2. Pain
3. Your solution
4. Business model
5. Market
6. Competition
7. Competitive advantage
8. Go-to-market strategy
9. Company traction
10. Financials
11. Funding
12. Summary

# A Few Observations

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- Context is everything
  - Who is your audience, what are you trying to get from them?
- The first 30 seconds make or break your pitch
- Two kinds of decks:
  - Presentation
  - Leave-behind



# Content

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- Value proposition/business thesis
  - From the customer's point of view
- TAM/SOM/SAM confusing/irrelevant
  - Just tell me how big your market is
- Competitive analysis is not a feature matrix
  - Use 2-D graph, axes are customers' 2 most important criteria



# Ask

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- How much are you asking for?
  - For what?
  - For how long?
  - Then what?
- Exit
  - No, you're not going to IPO
  - What companies like yours have been acquired recently?

# Four key risks investors look at

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- Market risk: Does anyone care?
- Technology risk: Can you build it?
- Management risk: Can you do it?
- Financing risk: Will you run out of cash?



# Summary

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- Know your audience & your purpose
- Your goal is just to get them interested
  - not to bore or overwhelm or B.S. them
- Investors are evaluating you, more than your idea



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THANK YOU

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# Investing with Purpose

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- Often referred to as Responsible investing
- Investors focus on opportunities that allow them to “do well by doing good”
- Expectation that financial gains can be achieved simultaneously
- “Purpose” typically defined by individual investors personal values
- Socially responsible and impact investments now account for \$1 of \$5 under professional management in the US\*
- The “power of purpose” benefits both investors and the companies they invest in!
- Companies today can be both purpose-driven AND profit-driven
- Putting Purpose at the core of your business strategy creates:
  1. More motivated and energized employees
  2. More delighted, loyal and satisfied customers
  3. Creates better business outcomes overall

\*2016 - US Forum for Sustainable and Responsible Investment

See: HBR September-October 2019



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# Impact Investing

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## What is Impact Investing?

Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. There are 4 key elements:

- **INTENTIONALITY:** Investments intentionally contribute to social and environmental solutions. This differentiates from Responsible Investing
- **FINANCIAL RETURNS:** Investments seek a financial return on capital that range from below market rate to risk adjusted market rate. This distinguishes them from philanthropy.
- **RANGE OF ASSET CLASSES:** Investments are made across asset classes, no specific industry.
- **IMPACT MEASUREMENT:** A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance of underlying investments.



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# PRESENTING TO THE ANGEL INVESTMENT FUNDS OF THE BOISE ANGEL ALLIANCE

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A guide to creating the required pitch deck for the Boise Angel Alliance funds.

# INTRODUCTION

Congratulations on being invited to submit your pitch deck to the Boise Angel Alliance for Pre Screening. We ask that you use this standard pitch deck which helps us compare your deal to other companies.

## Philosophy

We believe that early-stage companies are **temporary** organizations in search of a **repeatable, scalable and profitable business model**. A business model is how the organization creates value for itself while delivering products and/or services to a customer.

We recognize that as an early-stage business, you do not yet know with certainty what your entire business model will be. You probably are sure of some parts of your business model, where you only have hypotheses regarding other parts.

We know that capital will be required to fully develop your business model, to test your hypotheses, and to pivot when it turns out that some hypotheses are not correct.

# INTRODUCTION CONTINUED

We ask you use the below 12 slide deck. Please respond to the topic in each slide. We suggest ways to organize each slide but you are free to provide data on each topic as you see fit. You are of course welcome to prepare other slides that you believe may be useful in the Q&A session, but they will not be part of your pitch. **Your pitch should be no longer than 10 minutes in length.**

In this deck, you have the opportunity to tell us about each part of your expected business model. When you present your model to us, we are especially interested in what you know to be the case, and what you suspect to be the case.

For what you know, tell us why you know this to be true.

For what you suspect or hypothesize, tell us what you expect to do to confirm or reject these hypotheses.

We organize our review of your company around the Business Model Canvas. If you are unfamiliar with the Business Model Canvas, it was designed by Alex Osterwalder. By searching for his work, you will find a lot of material.

# COMPANY TITLE

Give us your Elevator Pitch

# MARKET PROBLEM AND SIZE

What problem you are solving?

How big is the total market?

# CUSTOMER SEGMENTS

**Customer Segments** are the different groups of people or organizations your business intends to serve.

List your most important customer segments that have this problem (the one you stated in the previous slide).

Give the market size for each segment.

# VALUE PROPOSITION AND CHANNELS

**Value Propositions** are the bundle of products and services that create value for a specific customer segment.

**Channels** are how you will reach your customer to deliver your value proposition.

For each customer segment, list your value proposition(s) and the most important channels you will use to reach them.

# REVENUE STREAMS

A **Revenue Stream** is the cash you will generate from each customer segment. For example, you may be selling a product that customers purchase, or you may be selling a subscription for a monthly fee.

How will your customers pay you?

# COMPETITION

**Competition** consists of any and all organizations that compete for your customer segment time and money. This can be direct or indirect competition.

Describe your competition.

# IP/COMPETITIVE ADVANTAGE

How is your product/service substantially different from your competition?

# CURRENT TRACTION

What metrics do you have to show your company can be successful?

# TEAM

Give brief bios of your executive team as well as the Board of Directors and/or Advisory Board.

# EXIT STRATEGY

How will investors get a return on their investment in your company?

# OFFERING AND VALUATION

Describe your offering and valuation.

# OTHER IMPORTANT INFORMATION

Use this slide to present any other information you believe is important to us. There are five other Business Model Canvas Cells. You can use this slide to discuss which one(s) you think are the most important.

END OF PROPOSED PITCH DECK

# SVASE

## 10 Slide Presentation Template

Guy Kawasaki

*Add information specific to your company “Newco”, leave the background plain - with the possible exception of your logo - & make sure you **Delete This Slide** before Presenting!*

*For SVASE First Impressions, you have 6 minutes to pitch, so be very concise, maybe even drop a couple of slides (get the Exec Summary slide right, & you could use just that!).*

# Before you Pitch!

- Uncover your audience's "Hot Buttons"
- Ask the question:  
**“To make our meeting today as effective as possible,” -- and who wouldn't want that? --  
“what are the three most important things that you would like to learn about my company at this time?**
- Adjust time & emphasis on sections accordingly

# Executive Summary

- *Newco* is a *what you are* specializing in *what you do* for *specific customers*.
- Our *special sauce* gives us a *unique advantage* that will capture ??% of this \$??M market.
- We will be looking for \$??M to build an *enabling function* that will generate \$??M over the next *XX* months.
- <20% of presenters do this well

# What's the Problem?

- Describe the problem you are looking to address in simple, clear concise terms
- Current state, seriousness of problem
- Desired future state, benefit to customer
- Scale of the initial market
- No more than 6 bullets
- Graphics better than words
- < 10% of presenters do this well

# What's your Solution

- Describe your solution in simple, clear, concise terms.
- Key benefits, features
- Product roadmap
- No more than 6 bullets
- Graphics better than words
- > 70% of presenters do this well

# What's the Business Model

- Explain how you are going to make money - clear, concise (*If you can't describe your business model in 20 words or less, you probably don't have a workable model*)
- What's the value to the customer? Customer Value = (Seriousness of Current State + Benefits of the Desired Future State) - Cost of the Solution
- Bottom up is better than top down
- < 10% of presenters do this well

# What's your "Special Sauce"

- What's the proprietary, underlying "magic" that gives you a clear, defensible advantage?
- Patents on their own are rarely sufficient
- What are you going to do particularly well that it will be difficult to copy?
- Graphics better than words
- <30% of presenters do this well

# How you are going to Market & Sell your product or Service

- Describe your Marketing & Sales strategies in simple, clear, concise terms.
- 1 or 2 marketing strategies
- Sales cycle & strategy for initial market
- No more than 6 bullets
- Graphics better than words
- < 50% of presenters do this well

# Competition

- There is ALWAYS competition – even if it's the way it's done now.
- Provide a Competition Analysis
  - a table/chart comparing your solution to the current approach and major competitors, by key benefit
- The more realistic you are, the more believable your case
- < 30% of presenters do this well

# Standard Pitch Deck

*Mysty Rusk*



Remember you will have roughly 10 minutes with an investor to deliver your entire pitch.

## SLIDE 1 Elevator Pitch

"Will grandma understand it?" (don't get too technical)

- High concept of what you intend to accomplish x by y
- Key word description

## SLIDE 2 Problem

- Describe it
- Use statistics to prove it's a problem

## SLIDE 3 Solution

- Describe your product
- Demo demo demo
- UVP

## SLIDE 4 Market Size

- Bigger is better (\$1 billion magic)
- Top down approach (use data to show \$1 billion opportunity)
- Bottoms up approach (funny math-calculate revenue based on # of users, usage patterns, etc.)

## SLIDE 5 Business Model

- How will you make \$\$\$
- Lean Canvas model is a good one to consider
- Prove it (quantify value of customers and results from customer discussions and research)

## SLIDE 6 Tech (or Competitive Advantage)

- State IP, underlying tech, product differentiation
- Competitive advantage (market lead, team, core tech, IP, barriers, partnerships, etc.)

## SLIDE 7 Competition

- List the competitors
- Use a 2 axis graph that show you compared to competition (simple vs complex, horizontal vs vertical, open vs proprietary, legacy vs non-legacy)

## SLIDE 8 Marketing

- Marketing Plan-You must choose the best way to reach customers (Lead generation, events, sponsorships, content production, community, media influencers, partners, distributors)

## SLIDE 9 Team

- 2 critical jobs, the engineer (technician), the salesperson (seller)
- Experienced entrepreneurs (track record)
- Note gaps (if you need to hire, ID the right people and note you will hire upon funding)

## SLIDE 10 Money Slide

- How much are you asking for?
- How will you use it?
- How and when do investors get their money back?
- Budget (show with and without investment) and spending plan
- Milestones (show metrics and how achievements will create value)

# Competitive Landscape

	<i>Pinterest</i>	<i>Telly</i>	#waywire	▶▶ interest
User Friendly	✓	✗	✗	✓
Privacy	✓	✗	✗	✓
Keyword follow	✗	✗	✗	✓
Playlist follow	✗	✗	✗	✓
Video Bookmarks	✓	✓	✓	✓
Video <u>Autonext</u>	✗	✓	✓	✓
Video Shuffle	✗	✗	✗	✓

# Who's on the Team?

- **Management Team**
  - Why is this the Right Team?
  - relevant information only - shorter is better
  - include relevant company names & positions
  - include independent Directors, if relevant
- Identify holes that will need to be filled
- < 10% of presenters do this well

# Financial Projections

- **P & L**

- By Quarter for first year, annually thereafter, 3 years out.

Past Year Q1 Q2 Q3 Q4 TOT 2<sup>nd</sup> Year 3<sup>rd</sup> Year

Revenue

COGS

R&D

S&M

G&A

EBIT

Cash Flow

- Bottoms up better than top down
- Assumptions more important than numbers – be prepared to explain them
- < 10% of presenters do this well

# Status & Timeline

- Major Milestones, what's been achieved to date, Current Status, what still needs to be done & how long it's going to take.
- Include expected liquidity event.
- <30% of presenters do this well

# ambi

While many companies are also competing in the HVAC controls area, only a few are addressing the same space as us – that of aftermarket plug and play systems focusing on the usability paradigm.

## Competitors & Substitutes (Illustrative)

