

FREE PREVIEW

GET BACKED

CRAFT
YOUR
STORY

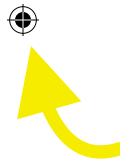
BUILD
THE PERFECT
PITCH DECK

LAUNCH
THE VENTURE
OF YOUR DREAMS

EVAN BAEHR | EVAN LOOMIS

HARVARD BUSINESS REVIEW PRESS
BOSTON, MASSACHUSETTS

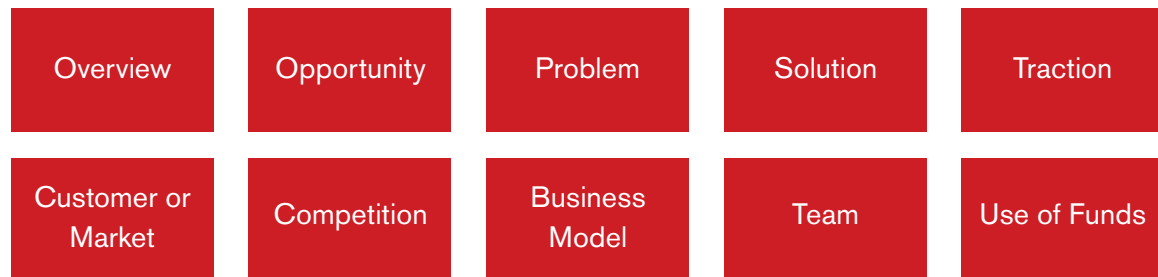
2



You must be someone special! This copy is so advanced it's got this crazy printer dot on it.

The Building Blocks of a Pitch Deck

The building blocks of a pitch deck are the slides. Slides are like the panels of a comic strip; they break down the story of your venture into discrete digestible chunks. Each slide highlights a different aspect of the venture and furthers the plot of the pitch. Eventually, you'll have a whole archive of slides to draw from and sequence for each meeting or presentation. These are the essential ten (not including your cover page):



Cover

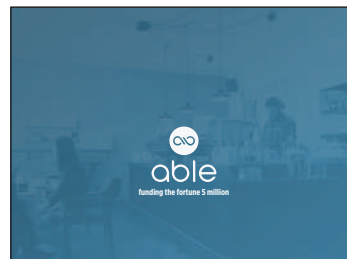
What should I expect?



Skycatch



Karma



Able

What is it?

The cover slide captures the audience's attention, sets the tone for the pitch, and serves as "white space" during a presentation so you can express gratitude for your audience's time, show your passion for your venture, and build trust by mentioning mutual connections.

What should I demonstrate?

- **Clean logo.** Your logo is the face of your brand; it can be very important to your overall image.
- **Inviting picture.** You might include an engaging picture of your product or customer.
- **Descriptive title.** Put "Investor Briefing" or "Investor Presentation" somewhere on the front cover with the date. Dates help you keep track of different versions.

What questions do I need to answer?

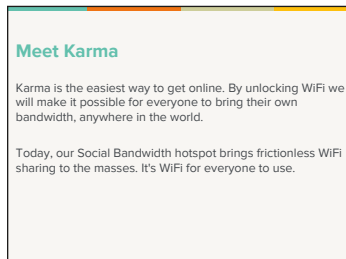
- Does the cover make you want to open the pitch deck?
- Does the cover visual communicate what the product is or who it serves?

Overview

Who are we?



Contactually



Karma



Reaction, Inc.

What is it?

The company overview is your “elevator pitch”—the fifteen-second version of your deck. It describes a problem you see in the world and how you are going to solve it. Give your audience a small taste of what your company does, but leave them hungry for more.

What should I demonstrate?

- **Clarity.** It should be extremely easy to understand what the company does.
- **Swagger.** Startups are bold, audacious undertakings. Your summary of the venture should demonstrate that you have the energy and the confidence to take on something big.
- **Passion.** If you don’t care about what you’re doing, no one else will.

What questions do I need to answer?

- What exactly does your company do?
- What industry are you in?
- Is this a novel idea?

DEEP DIVE

The Elevator Pitch

An elevator pitch is the simplest, quickest way to describe what your venture is and what makes it so amazing. It's the pitch you prepare for when you only have fifteen seconds to catch someone's attention—like when you meet him in an elevator or see him on a street waiting for an Uber or Lyft ride.

The great screenwriter Blake Snyder argued that the secret to all great pitches is learning to combine the familiar with the intriguing. You must start with something your audience knows well. Then, surprise them with an ironic twist that captures their interest and will make them want to know more.

Use an analogy. Do not assume your audience knows what you are talking about. Describe your venture with common language and universal images that appeal to your prospective investor and future customers.

Don't talk about what your product does; talk about what it does for your customer. This is a really common mistake for engineer types. The classic maxim from Harvard professor Ted Levitt illustrates the idea well: "People buy a ¼" drill bit not because they want a ¼" drill bit, but because they want a ¼" hole."

Pick a fight. Don't be afraid to build off of a universally hated experience. Picking a fight can be a clear sign that you're solving a real problem.

Tell your vision. Don't get lost in describing the product. Describe the new and better world you want your product to help create.

Examples

The first [what you are] that doesn't suck.

- **SilverCar:** The first car rental company that doesn't suck.
- **Karma:** The first mobile provider that doesn't suck.

The [easiest/fastest/funniest/best] way to [your solution].

- **Shyp:** The easiest way to ship your stuff.

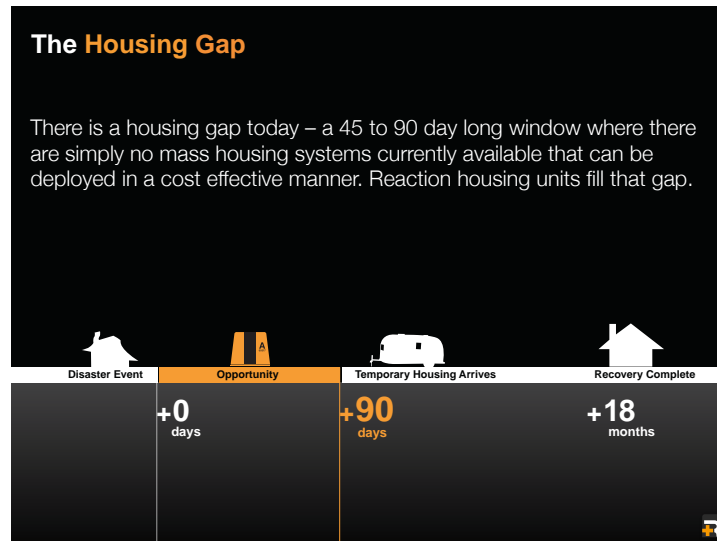
It's [analogy] for [your space].

- **TreeHouse:** It's Whole Foods for Home Depot.

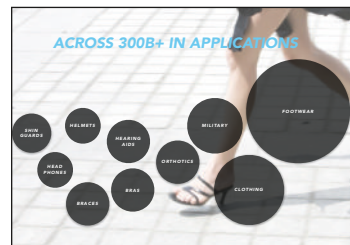
We help [your customer] do [your solution] by [your product]. Or, We are a [your product] that helps [your customer] do [your solution].

- **Contactually:** Contactually is a relationship marketing platform that helps professionals keep and generate business from their existing networks.

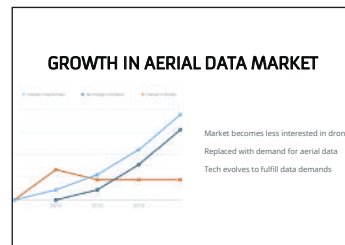
Why now?



Reaction, Inc.



SOLS Systems



Skycatch

What is it?

The opportunity slide is your chance to describe your industry and how your business will work within it. You will describe trends within that environment, the size of your market, and the growth potential of your venture.

The opportunity slide is the 40,000-foot picture of your product's space. You want the investors to see the trends and market conditions that will give you an entrance into the market and a competitive position. If your audience agrees with you on how things actually are right now, they will be open to the particular problems and solution you describe.

What should I demonstrate?

- **Explosive market sectors.** By explosive, we mean growing very, very fast. The faster your market is growing, the bigger the opportunity for your venture will be.
- **Confusion and ambiguity in the market.** A lack of clarity allows ventures to easily differentiate themselves from others.
- **Thoroughness.** This slide is proof that you have done some serious research and really understand the market better than your audience does.

What questions do I need to answer?

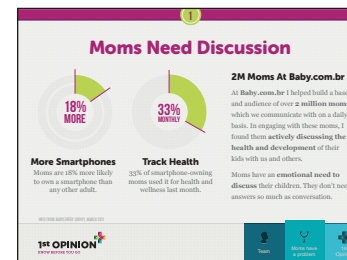
- What trends is your company riding?
- How big is the market?
- How big can your company be?
- What are the macro- and micro-trends that your company will be riding?

Problem

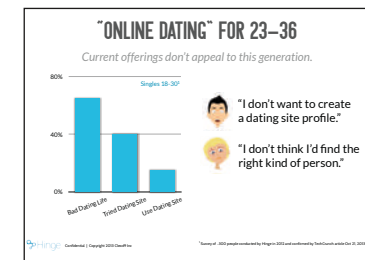
What are you trying to solve?



TreeHouse



First Opinion



Hinge

What is it?

Entrepreneurship, at its core, is about solving problems. The bigger the problem, the better.

In your problem slide, describe the problem you are solving and how and why that problem is painful. Your audience should feel as if an injustice has been done. In a meeting, you'll know if your problem hits home when the investors begin nodding their heads in agreement. Describe the problem at a high level first and then quickly transition to a specific story of a customer to make the problem personal. People don't empathize with big, general problems; they empathize with the struggles of specific people with names and faces.

Not all companies solve new problems; some focus on solving age-old problems in a way that changes customer preferences. This is especially true in apparel, restaurants, and many consumer product goods. If you have one of these ventures, you should focus on the opportunity before you (the previous slide) rather than the problem you are trying to solve.

What should I demonstrate?

- **A big problem in a big market.** Provide a very large and specific number of people who feel the pain of this problem every day.

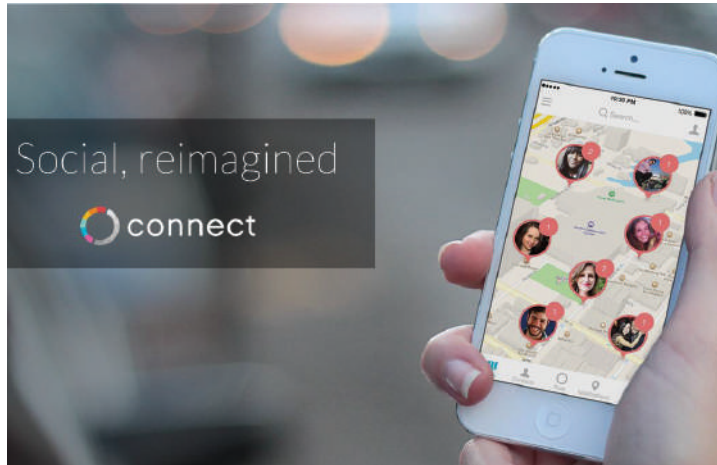
- **Deep understanding.** Confidently and empathetically display how well you understand the complex market dynamics surrounding the problem.
- **A specific person.** Consider presenting the problem by telling a short story of a real person and how he experiences the problem.

What questions do I need to answer?

- What is the problem?
- How big is the problem?
- Why does the problem exist?
- How is the problem currently being addressed?

Solution

What are you doing about it?



Connect



Hinge



Tegu

What is it?

By this point, you and your audience agree on what is happening in the industry and you have introduced a huge problem. Now, it is time to pull out all the stops. Show them your magic, your one-of-a-kind solution to the problem. You want the investors to marvel at it. You can also remind them how you can defend what you are doing through intellectual property claims. Develop use cases to demonstrate how your customer will be delighted with your solution.

Make your solution as realistic and interactive as possible. In meetings, bring the physical product or do an interactive demonstration. Short (one- to three-minute) videos, illustrations, screenshots, pictures, prototypes, samples, sketches, or demos are all great ways to show rather than tell your solution.

If you learn nothing from this book, remember this: never use bullet points for your solution slide!

What should I demonstrate?

- **Beauty.** There should be an element of elegance to your solution. It should feel like the way things *should* be.
- **Surprise.** Your solution should feel like nothing your audience has ever seen.

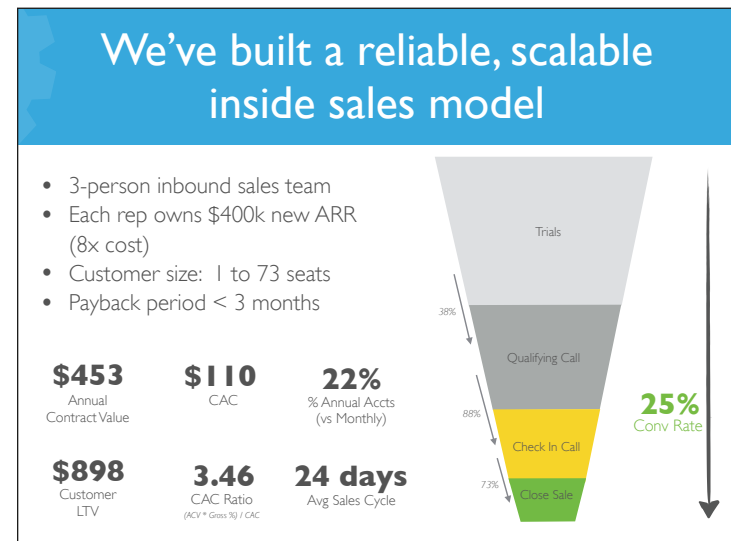
- **Repeatable and scalable.** It should be evident in your solution that what you are building can be replicated across the market.
- **Solving something painful.** It should be clear that your solution relieves a persistent pain point the customer currently experiences.
- **Team excellence.** This is your chance to brag and show off that you have an awesome team that has built something that delights.

What questions do I need to answer?

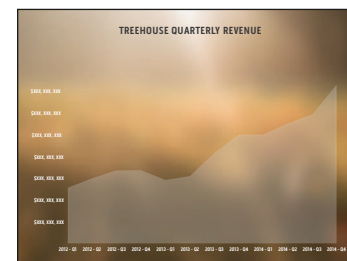
- Does it solve the customer's problems like magic?
- Is the customer going to crave this product?
- What will the customer's life be like once the problem is solved?
- How are you going to pull this off?
- Is it awesome?

Traction

What evidence do you have that shows this will be successful?



Contactually



TreeHouse



Beacon

What is it?

The goal of this slide is to demonstrate that each of your assumptions about the venture is proving true and you are making significant progress. The most common way to show traction is through growing sales or users—one with the “hockey-stick” graph—but you can also focus on other key metrics you have identified. Investors don’t want to feel that a venture needs them. Traction helps convince an investor that the idea is going to be a success no matter what. If you are preproduct and don’t have any meaningful milestones or metrics to display, you can use this slide as an opportunity to illustrate your sales and marketing strategy.

What should I demonstrate?

- A pattern of fast-growing momentum.
- Clarity around what you are measuring and why it matters.
- A clear sales process you use to attract, educate, qualify, close, and provide after-sale service for your customers.

What questions do I need to answer?

- Is there massive growth?
- Where are the venture’s assumptions proving true?
- What is the strategy to reach and close more customers?

Customer or Market

Who are your customers—and how many of them are out there?

Go to Market Strategy
Focus on three vertical markets provides stable & diverse cash flow

We will generate a steady cash flow through direct sales and support of the Exo Housing System components to **three** vertical markets.

1. FIELD SERVICES
Science research stations; Military; Utilities & Construction base camps

Sales Cycle: **Short** Medium Long

Example Customers:
NASA
Variety of agencies and universities
U.S. Military
Foreign Militaries
Various Site Operators

Worth over \$3.2b annually

2. RECREATIONAL
Large scale multi-day music & sporting events; camping & hunting

Sales Cycle: **Short** Medium Long

Example Customers:
SXSW / ACL / Coachella
Large Event Organizers
Cabela's / REI / Other "Outfitters"
Wal-Mart (Outfitter)
City & County Governments

Worth over \$156m annually

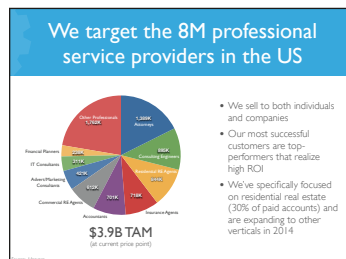
3. DISASTER RESPONSE
Government agencies & suppliers; small to large NGO's

Sales Cycle: **Short** Medium Long

Example Customers:
FEMA's Suppliers
United Nations
Red Cross
Foreign Governments
Variety of small & large NGOs

Worth over \$8.1b annually

Reaction, Inc.



Contactually

OPPORTUNITY SIZE

CHANNEL	CUSTOMER	1% MARKET SHARE	10% MARKET SHARE	20% MARKET SHARE
PHYSICIAN	8,000	2,000,000	20,000,000	100,000,000
PHYSICAL THERAPY	10,000	1,000,000	10,000,000	70,000,000
CHIROPODISTS	31,000	1,000,000	70,000,000	100,000,000
CUSTOMER	227,000	71,000,000	710,000,000	1,000,000,000

SOLS Systems

What is it?

In this slide, you demonstrate how well you know your customers and the market they represent. Describe where they live, what they like to do, and how much they'd be willing to spend. If you already have sales, you can use those as an example. Also describe the market, that is, how many potential customers are out there who will want to buy your product.

What should I demonstrate?

- The customer.** Describe the person in a way that reminds listeners of someone they know.
- A clearly defined market.** Give specific numbers for how many people fit your customer descriptions. Include how many people might possibly buy your product, what percentage of those people you expect to buy it, and which ones you will target first.
- Revenue.** It's much easier to argue that there's a demand for your product if you have paying customers.

What questions do I need to answer?

- Who is your customer(s)?

- How will you reach the customer?
- What is the acquisition cost per customer?
- Is your customer willing to pay for your product or service?

DEEP DIVE

Market Sizing

Market sizing is about answering a few key questions on who your customers are, how they are segmented, and how big the opportunity they represent is. The science of market sizing is finding hard data on your customers—how many there are, the amount of revenue you could get from each customer, and the percentage of the market you hope to capture. The art of market sizing is deciding what key characteristics differentiate your customers from everyone else in the world in order to make those calculations. For ventures that are targeting new markets or helping to create one, the challenge of market sizing becomes even harder. You can simplify the process by focusing on those key questions that hide behind the terms many investors use.

Total addressable market: How big can this get?

The total addressable market (TAM) is about figuring out how many people could possibly buy your product, how much revenue you could make from each one, and the product of those two numbers. Many ventures find TAM by searching industry profiles from big research

companies like Gartner, Forrester, Dun & Bradstreet, and Hoover's for big, sweeping, industrywide categories like "e-commerce" and use whatever number they give for that industry. A more reliable way to find TAM is to pick one to two relevant characteristics (that is, "e-commerce businesses in America") and multiply the number of people or businesses with those characteristics by your expected lifetime value of a single customer.

Served addressable market:
Who do you plan to serve—and how big an opportunity is that?

The served addressable market (SAM) is a smaller collection of potential customers who you are actively choosing to serve. With SAM, you are increasing your degree of resolution into who your customers are by choosing one to two more characteristics, like location or product, and filtering your bigger TAM with them. The process for calculating SAM is the same as TAM: choose your filters, count the number of people who match those filters, and multiply by your expected lifetime value of a single customer.

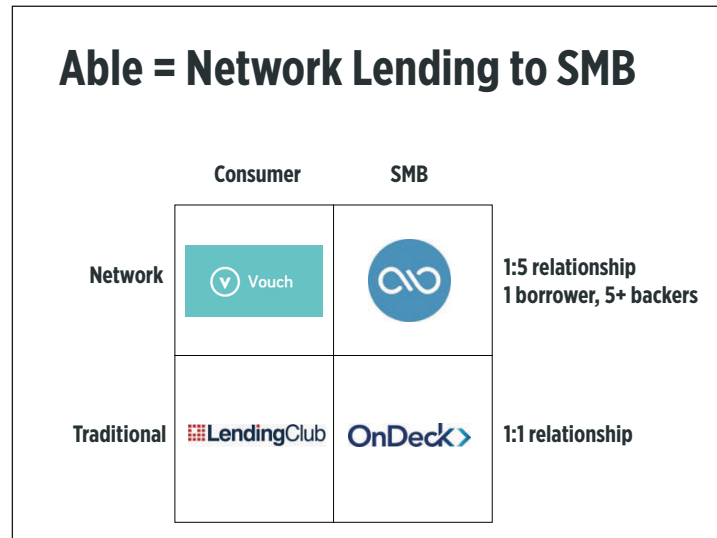
Beachhead market:
Who are you selling to first?

Your beachhead market is the first market you will sell to. These customers should all have a similar job they

need done that they could hire your product to do. To find these customers, you have to find special characteristics that only your customers have. These characteristics are unlikely to be traditional ones like location, industry, or income level. Harvard professor Clayton Christensen describes a fast-food restaurant that was trying to improve its milkshake sales. When traditional segments like demographics failed, it started looking at the "job" that people were hiring a milkshake to do. When it dug in, the company found that most people bought milkshakes either to entertain themselves during a long morning commute or to treat a son or daughter in the afternoon. This insight helped it improve its product and gave it specific filters for segmenting its customers (that is, those with long morning commutes or parents with small children). For your beachhead, choose a job that people hire your product to do, find a measurable characteristic that unites those people, count them up, and multiply them by your expected lifetime customer value.

Competition

Who or what will steal your customers?



Able

Competitive Landscape
Our closest, existing competitors

Despite a tremendous TAM, at present there are no direct competitors in market. Here are the closest competitors by type.

MIL. SPEC YENTS	MODIFIED CONTAINERS	TRAVEL TRAILERS	PREPAB STRUCTURES
<ul style="list-style-type: none"> • Transportable • Very portable • No privacy • Not secure 	<ul style="list-style-type: none"> • Cheap materials • Basic shipping integrity • Lots of hand fabrication • Manual heavy machinery 	<ul style="list-style-type: none"> • Kitchen & restroom • Toilet Paper Tank • Low volume transport • Expensive bookings 	<ul style="list-style-type: none"> • Good for long durations • Kitchen & restroom • Long lead times • Low volume transport
Companies: Lullapack Lullapack	Companies: Lullapack Lullapack	Companies: Lullapack Lullapack	Companies: Lullapack Lullapack
\$3,600 +	\$16,390 +	\$18,000 +	\$26,000 +

Reaction, Inc.



Contactually

What is it?

Every venture has competition. *Every* venture.

Your customers must be doing something right now to cope with the problem you solve. That “something” is your competitor.

List competitors and describe how each competes in the market. Then, show what differentiates you from competitors and what advantage you have over them. Partnerships, technology expertise, intellectual property, simplicity, business processes, and networks can all be significant advantages. Many founders find it helpful to create a map of the competitive landscape, using important aspects of the product as *x* and *y* axes. For example, if you have a product that is both priced affordably and is a great value, you could put “cost” on the *x* axis and “value” on the *y* axis and place your product in the top-left quadrant (high value, low cost), with the rest of your competitors spread throughout the other quadrants. By doing this, you visually demonstrate how your product differentiates itself from other players in the market.

What should I demonstrate?

- **Industry knowledge.** You should know your competitors and their unique advantages and disadvantages.

- **Sober judgment.** Entrepreneurs caught up in the brilliance of their own ideas might miss major warning signs. An investor wants to know whether or not you are underestimating the threat of competition.
- **Differentiation.** Is it clear that you are different enough to compete?
- **Unique advantage.** What is your specific advantage over your competitors?

What questions do I need to answer?

- Who are your primary and secondary competitors and in what ways do they compete for your customers?
- Are there any unknown or potential competitors that would have a better advantage than you if they entered the market?
- Do you displace commonly used companies?
- How will you disrupt the current competitive landscape?
- Are you faster, cheaper, better?
- Why won't an incumbent rip your product off and roll it out faster than you can?

Business Model

How will you make money?

INCOME STATEMENT	Year ending December 31				Quarterly Periods ending			
	2009	2010	2011	2012	3/31/12	6/30/12	9/30/12	12/31/12
Gross Revenue	\$24,352	\$104,430	\$153,000	\$2,081,046	\$244,434	\$409,538	\$548,831	\$276,882
Net Revenue	\$15,738	\$68,758	\$1,537,865	\$2,139,326	\$247,587	\$407,761	\$529,081	\$246,807
% Change		341%	2205%	13%	10%	10%	12%	10%
Cost of Goods Sold	\$27,455	\$433,679	\$1,521,222	\$1,305,424	\$233,467	\$327,814	\$416,589	\$274,733
Gross Profit	\$1,177	\$60,781	\$16,778	\$833,902	\$44,120	\$80,724	\$132,242	\$72,149
% Gross Margin	17.7%	57.4%	10.9%	39.6%	17.3%	19.7%	24.1%	26.1%
Marketing & Advertising Expense	\$27,441	\$91,676	\$134,765	\$252,767	\$36,940	\$47,620	\$42,088	\$127,109
Research & Development Expense	\$14,832	\$12,793	\$14,233	\$75,862	\$18,839	\$16,291	\$13,217	\$8,486
General & Admin Expense	\$17,429	\$25,555	\$108,529	\$120,069	\$25,173	\$30,374	\$48,066	\$35,755
Total Expenses	\$59,699	\$130,024	\$257,527	\$448,698	\$80,952	\$94,285	\$103,371	\$171,350
EBITDA	\$281,500	\$276,742	\$1,280,338	\$1,683,307	\$266,702	\$313,446	\$425,710	\$145,497
Depreciation & Amortization	\$12,878	\$45,126	\$87,133	\$121,231	\$32,525	\$22,384	\$22,035	\$35,291
EBIT	\$268,622	\$231,616	\$1,193,205	\$1,562,076	\$234,177	\$291,062	\$403,675	\$110,206
Net Other Income (Expense)	\$3,434	\$(1,811)	\$(23,342)	\$1,987	\$(23,792)	\$1,346	\$3,433	\$(7,054)
Net Income	\$272,056	\$229,805	\$1,169,863	\$1,564,063	\$210,385	\$292,408	\$407,108	\$103,152

Tegu

Revenue Model

Freemium. Charge for branding, team, & data.

- \$10 / user / month*
- Corporate branding
- Team control & features
- Data and API access
- Advanced security
- CRM integration

* price point aimed at long tail adoption

DocSend

Unit Economics.

(1 Market – Steady State)

- Members per Market: 1,000
- Revenue per Member: \$2000/MO
- Monthly Recurring Revenue: \$2MM
- Aircraft Cost: \$1,500/HR; \$1MM/MO
- GROSS PROFIT MARGIN: 45%**

Beacon

What is it?

Don't worry; showing how the business makes money is much simpler than you think.

For example, a solid financial model will answer the following questions:

1. How much does it cost to acquire a customer?
2. How much cash will you make from that customer, over the course of their lifetime with you?
3. How do your costs break down, per unit and on a monthly basis?

Prerevenue companies may have the good fortune of making up assumptions and financials, but that is not an excuse for having unrealistic projections. Since the pitch deck is designed to introduce the idea, it's not too important to show a full-blown financial model with every assumption, sensitivity, and margin analysis. However, it should include the important aspects such as revenue, gross profit, earnings before interest, taxes, depreciation, and amortization (EBITDA), net income, burn rate, and cash flow. Equally as important is to contextualize your math (as in, "if we get 1 percent of the market, then we will have hit our revenue projection").

What should I demonstrate?

- **Consistency.** There should be a clear relationship between how costs and revenues grow over time.
- **Financial literacy.** You know how to think about the financials of a startup.
- **Level-headedness.** You are not overly optimistic about your projections or too cautious.

What questions do I need to answer?

- Can you acquire customers for less than a third of their lifetime value?
- What is your monthly burn rate—how much money are you spending a month?
- Are the revenue projections reasonable?
- Are costs legitimate?

DEEP DIVE

How Financial Models Work

Assumptions → [create] →

All financial models begin with assumptions—a series of guesses about when a business will gain customers, how many customers it will gain, and how that growth will affect costs and, ultimately, profit.

Common assumptions:

- **Customer acquisition cost.** How much does it cost to acquire one customer?
- **Revenue growth.** How fast do you expect revenue to grow? By how many customers a month? By what percentage a month?

Projections → [that give you] → Critical Insights

Those assumptions, played out over time, create projections for the venture's future financial health. A full financial model will have three projections:

- **Income statement.** How much money the business brought in through sales, the cost of making and selling the product, and the amount of money left over (net income).
- **Cash flow statement.** How much cash a business has in the bank. With complex businesses that have things like inventory or debt, a cash flow statement can be very different from its income statement.
- **Balance sheet.** A list of a venture's assets—things like cash, buildings, and inventory—balanced against its liabilities—things like debt—and all the owners' equity stakes.

The reason you create a financial model is to gain a few critical insights about the venture that can tell you how risky or attractive the opportunity is:

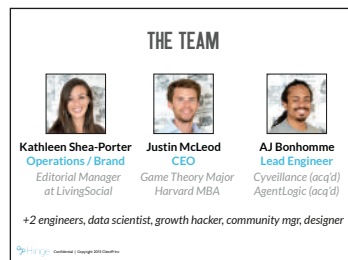
- **Cash flow.** Will it make money? When?
- **Burn rate.** How much cash are you losing each month?
- **Profit margin.** Your net income divided by revenues.
- **Breakeven.** When will the venture turn cash flow positive?
- **Pricing.** Do small decreases in pricing eat up your profit margin and cause you to run out of cash?

Team

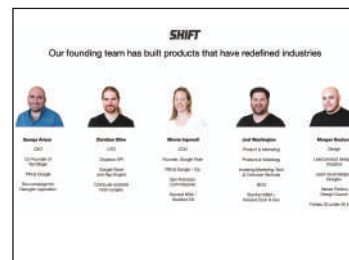
Who is going to pull this off?



First Opinion



Hinge



Shift

What is it?

In the team slide, you want to give the background for each of the key team members, including their current roles, prior experience, significant accomplishments, and education. If there are any major investors or advisers, you can name them here. Keep your bio to less than a minute total when presenting. Your goals are to build rapport, be known, and build confidence that the team can accomplish the mission.

What should I demonstrate?

- **Brevity.** Each bio should be only seventy-five words or less.*
- **Domain expertise.** You have the experience and insight to get the job done.
- **Passion, intensity, and a good team culture.** You know the kind of team culture you are creating and that each person is committed to it.

*You should also prepare a longer (250–500 word) bio, in case an investor asks for it. The point of the pitch deck bio is to get your audience's attention, not tell your life story.

What questions do I need to answer?

- Why are you the right people for the job?
- Is this team sufficient to accomplish the goal?
- Are there others who need to be hired?

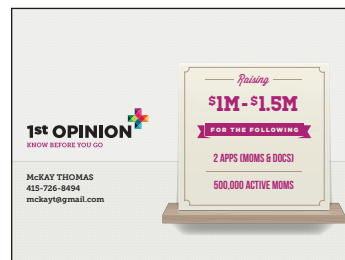
Use of Funds

What do you want and why?

We're raising a \$5M Series A
with three goals

- 1. Ramp up sales:** Scale inside sales team and develop outbound sales practice
- 2. Optimize the platform for scale & ROI:** Improve performance & deliver value, esp for teams
- 3. Emphasize thought leadership:** Drive lead gen via content marketing and partnerships

Contactually



First Opinion

Funding Needs	
Seed capital for 12 months of operations + initial inventory	
Everything is in place, we just need capital to move forward. The following provides initial startup capital, 12 months of sales and operations (full time staff x 4), work space, rapid prototyping, and freelance contractors as needed.	
Build Initial Inventory	\$175,000
Staffing & Service Overhead x 12 months	\$860,000
Operating Costs x 12 months	\$100,000
Initial Startup Costs	\$125,000
Inventory Equipment Costs	\$50,000
Total Funding Needed	\$1,000,000

Reaction, Inc.

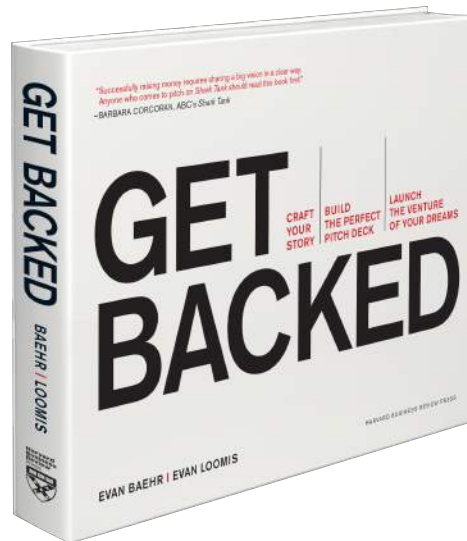
You've got the slides.

Now what?

These 10 slides are just the basics. If you want to really move your venture forward, you'll also need:

- Email scripts that will get you a meeting with anyone, including angel investors, venture capitalists, and potential board members (p183)
- Pitching exercises developed by startup talent beds like Stanford University's d.school and Techstars (p135)
- How one entrepreneur showed up in Silicon Valley with no network and six months later had investments from Fred Anderson, Bono, and Peter Thiel (p167)

Oh, and I almost forgot, wouldn't it be nice to see the full strategies of **15 ventures that raised over \$150 million?**



Available at
amazon