BLACK POINT CONSULTING

Pitches for Startups

strategic approach and structure of a good first pitchdeck
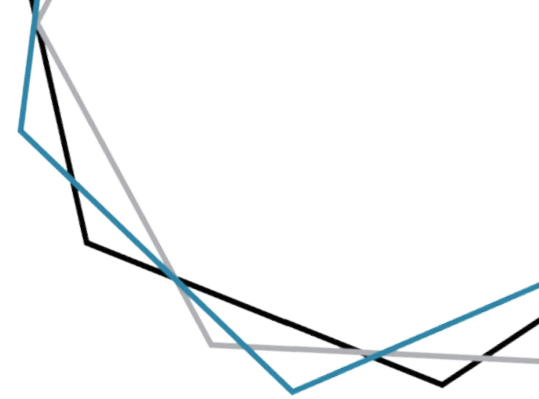
WHO IS YOUR AUDIENCE?

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Who is interested in a business model?

- customers?

- investors?

- banks?

- suppliers?

- colleagues?

How much do they need to know?

Communication should happen with regards to the interest of the reader/audience. Don't bore people with facts they are not interested in or they do not understand!

→ **Figure out your goals in communication!**

WHAT IS OUR GOAL?

What is our goal with the presentation?

- Raise attention?

- Inspire "early adopters" to order or work with you? Get commitment for a letter of intent?

- Inform your first potential employees about how it might be to work in a start-up and what the start-up is all about?

- Make contact at a conference?
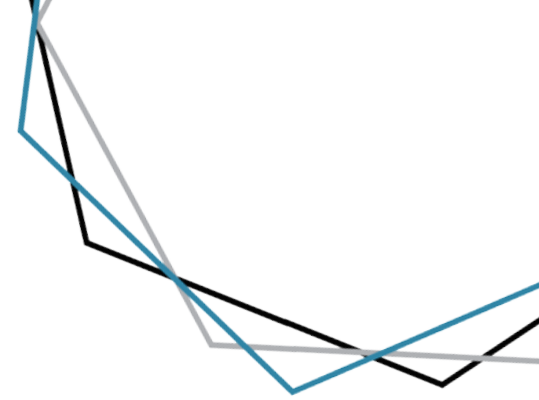
- Get feedback?

- Convince investors?
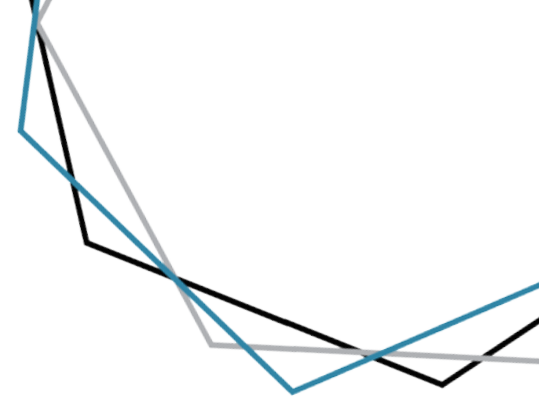
WHAT WILL YOU BE PRESENTING?

- Select information based on the target group and the communication goal!

- What information is relevant?

- How can the business model be explained quickly and comprehensibly to the target group?
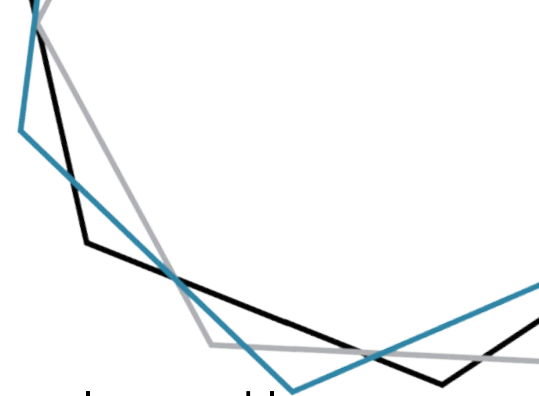
→ As much information as necessary, as little as possible!

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BEST PRACTICE

- Adapt your communication to your goals and audience!
- No one has time for uninterestening things, everyone is willing to take time when they feel you solve a problem for them!
- Communicate as much as needed but as short as possible.
- Present little but important information – be ready to provide more any time!
- Try to catch your audiences attention with a controverse statement or question
- Speak clear and loud
- Control your body language (and watch your audience)

SUMMARY: The KEYS to a good pitch

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Present as much information as necessary but as briefly as possible.

Be prepared for queries!

(have more information prepared)

Speak loud and clear, pay attention to body language,
Test tools beforehand

→ **Practice your presentation, get feedback and improve!**

Ask for feedback and dont fear objections!

Questions from the audience should always be welcome as they signalize interest.

- Answer them immediately OR tell your audience to wait until the end of your presentation
- Try to anticipate questions
- Objections can be turned into something positive
- Counter questions
- Dont start justifying yourself!
- Thank your audience for the feedback and use it to improve your idea

Face-to-face communication

Present key facts (maybe from your canvas?) in a glimpse:

✓ **Goals:**

rise awareness, establish contact and get initial feedback

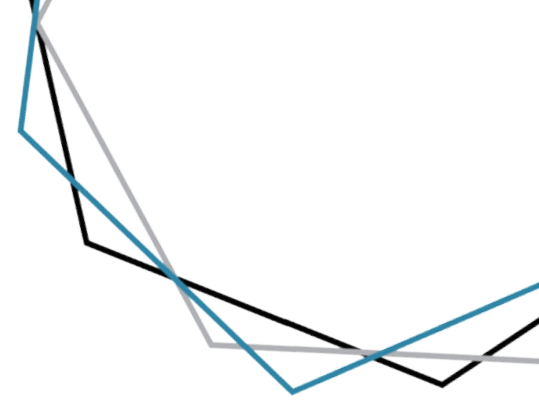✓ **Easiest structure:**

We offer <something really great> to <our customer>.

We can do this better than anyone because <we are doing it this way>.

We make money through <you paying for this in this specific way>.

TYPES OF PITCHES AND PITCHDECK

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„Rent from locals instead of hotels!"

"Most tourists booking online care about price and hotels are one of the highest costs for when traveling. On the other hand, platforms like Couchsurfing have proven that over half a million people are willing to lend their couches or spare bedrooms. We have created a platform that connects travellers with locals, letting them rent our rooms, or even entire places. Travelers save money, and locals can monetize their empty rooms- we just take a 10% commission."

High Concept Pitch
Your Start-up in one word or sentence!

→

Elevator Pitch
Your Start-up on the back of a business card!

→

Investors Pitch face-to-face
2 - 5 minutes presentation with 8 – 10 Slides

→

Investors Pitch via email
10-12 slides dispatched via Mail/Link

EXAMPLE

GarbageDay is like weather.com for your garbage disposal! 2 of 5 people forget to bring the garbage bin out at the right time, are therefore stressed and have to pay extra fees. We have developed an app that tells users when to bring out the garbage cans which saves them time and money.

The app is free of charge but we do earn money with local advertisement ads. We already have 10.000 user and have a monthly turnover of 2.000 $. My Name is Anthony Fraser, I develop the app together with my cofounder James Lopez, a student of informatics. Similar apps do exist but none of them has our integrated calender. I

I look forward to get in contact with you and will gladly tell you more about GarbageDay in an individual appointment.

EXAMPLE WITH STRUCTURE

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1. High Concept Pitch GarbageDay is like weather.com for your garbage disposal!

2. Problem 2 of 5 people forget to bring the garbage bin out at the right time, are therefore stressed and have to pay extra fees.

3. Solution We have developed an app that tells users when to bring out the garbage cans which saves them time and money.

4. Revenue Model The app is free of charge but we do earn money with local advertisement ads.

5. Traction/Milestones We already have 10.000 user and have a monthly turnover of 2.000 $.

6. Team My Name is Anthony Fraser, i develop the app together with my cofounder James Lopez, a student of informatics.

7. Competitors Similar apps do exist but none of them has our integrated calender.

8. The ask I look forward to get in concact with you and will gladly tell you more about GarbageDay in an individual appointment.

Must-have structure elevator pitch

1. High Concept Pitch (product/vision)
2. Problem
3. Solution
4. Customer / Market
5. Revenue model
6. Traction (project status & milestones)
7. Team
8. Cometition analysis
9. „the ask" (What do we need?)
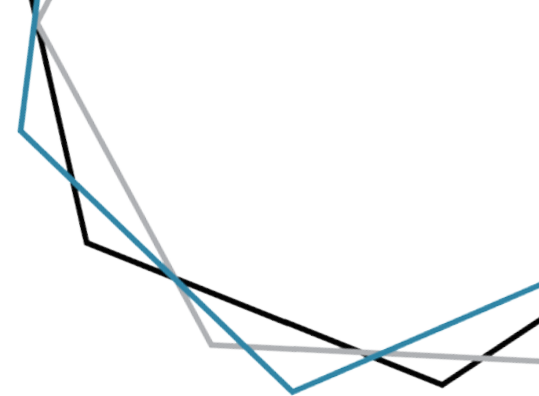
1. Title Slide: High Concept Pitch

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What is your idea all about?

Your goal is to raise interest within your audience!

→ Name yout project or start-up, Logo

→ controverse statement

→ high concept pitch / vision

→ Question to your audience

Don't forget to present yourself.
(but save the details for your „Team"-Slide)!

airbnb
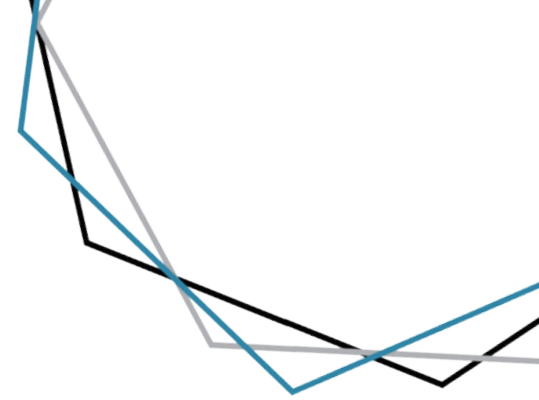
Pitch Deck

Book rooms with locals rather than hotels

2. PROBLEM

- Who is your customer?
  What is your customers problem?

- How do they solve it right now or why can it not be solved yet?

Make the audience „feel the pain"!

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Customer Solution

Customer Problem

better solution than before
= business opportunity
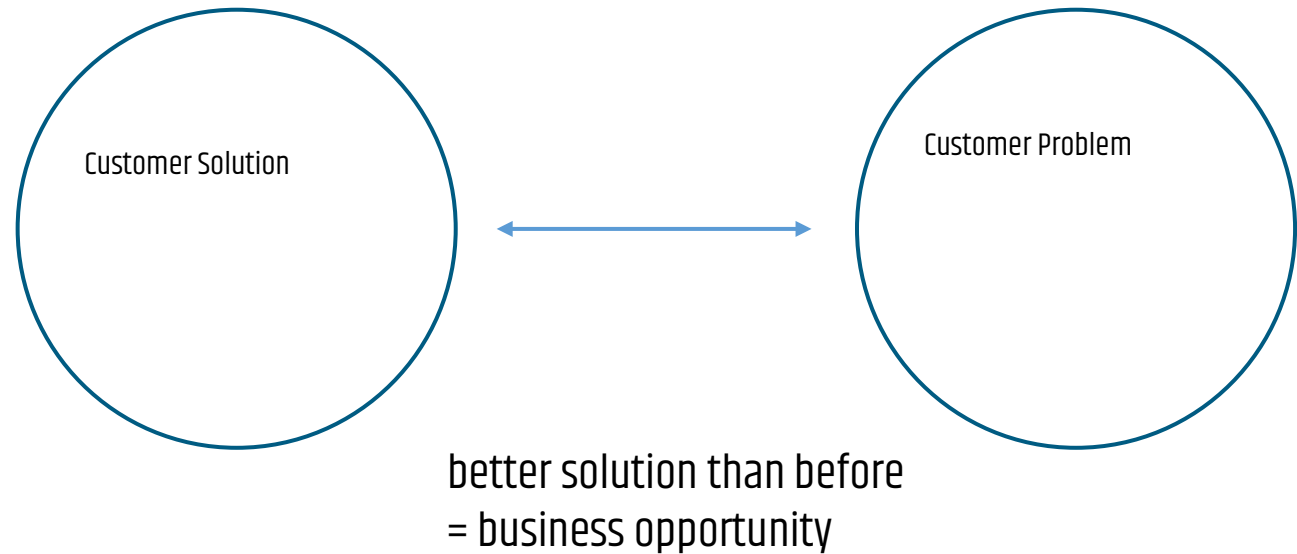
Problem

Price is an important concern for customer booking travel online.

Hotels leave you disconnected from the city and its culture.

No easy way exists to book a room with a local or become a host.

3. SOLUTION

- What is your solution to the above-mentioned problem your customer has?

- Why should your customer prefer your solution to the way they solve their problem right now?

- What is the unique value you offer? What benefit does your customer have using your product/service?

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IMPORTANT: Please do not list features of your product – this slide is really ment to go along with the problem-slide to form the so-called problem-solution-fit.

OPTIONAL SLIDE: CUSTOMER BENEFIT

- What benefits does the solution offer to your customer?
  Example given: quality improvement, cost reduction, status, design, etc.

- Is the benefit quantifiable?("With our product, the customer saves 30% of...")

- What are the benefits/advantages for my customer?

- Why should he switch from the existing solution to mine?

- Unique selling proposition ≠ customer benefit

- Possibly already integrated in "Customer and Market".
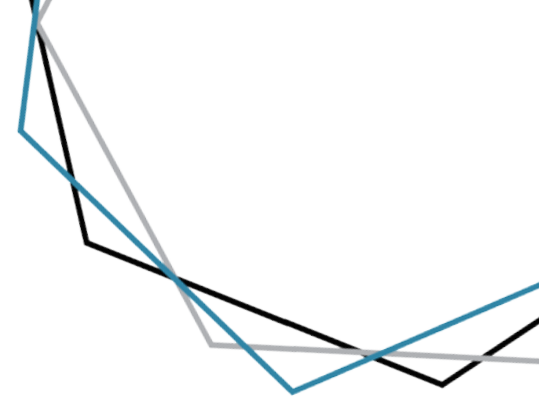
OPTIONAL: PRODUCT SLIDE

This is an optional slide!

Shortly present your product or service with basic features in case you really feel the need for it!

Use mockups, graphics, … to visualize!

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Important: Dont overdo it with product features since the benefit for your customer is much more important than all the concrete features you want to build.

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Product

SEARCH BY CITY $\longrightarrow$ REVIEW LISTINGS $\longrightarrow$ BOOK IT!

2

Product

airbnb

4. CUSTOMER AND MARKET

- Who are the customers you want to adress – your target group?

- How big is the market volume, -potenzcial und –growth?

- Use statistics, pictures etc. and don't forget to quote the sources (optional: Sources slide at the end of your presentation as a backup)

Market Validation

airbnb

craigslist.com

670,000
TOTAL USERS

couchsurfing.com

17,000
TEMPORARY HOUSING LISTINGS

In SF & and NYC from
7/09 to 7/16
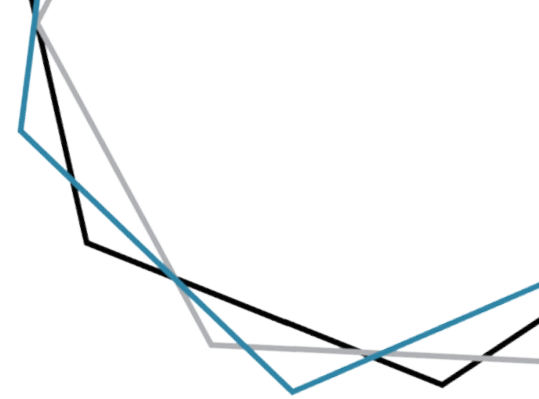
5. Revenue Model

- How do you earn money with the business idea?

- What does the revenue model look like and why was it chosen?

- What does the price calculation look like (roughly)?

- How scalable is the business model?

- Is there a prerequisite for rapid growth?

Business Model

We take a 10% commission on each transaction.

10.6M → **$20** → **$200M**

TRIPS W/AB&B
Share of Market

AVG FEE
$70/night @ 3 nights

REVENUE
2008-2011

Business Model

we take a 10% commission on each transaction

airbnb

$84
MILLION DOLLARS

Trips with AirBnB
15% of Available Market

$25
AVERAGE FEE

$80/night
for 3 nights

$200
MILLION DOLLARS

Revenue
Projected by 2011

6. TRACTION

- Which goals / milestones are there, and which ones have you achieved already?
- (e.g. Proof of Principle, Proof of Concept, Product/Market Fit)
- Are there already customers paying for your product or service?
- Do you have "letters of intent"?
- What milestones are coming up in the coming months?
- Good practice: show this slide as a timeline

Press

3
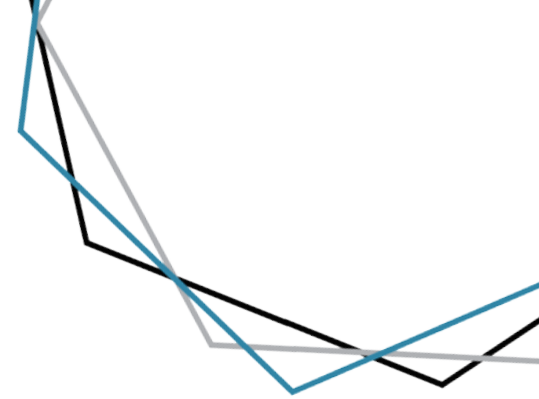
> **"** Think of it a Craigslist meets hotels.com, but a lot less crappy.

Josh Spear

> **"** A cool alternative to a boring evening in a hotel room

Mashable

> **"** AirBed & Breakfast is a fun approach to CouchSurfing

Webware
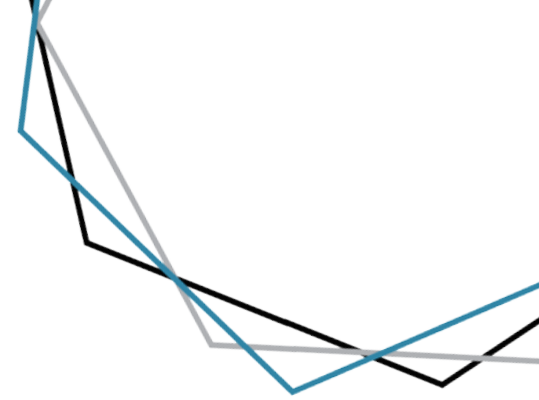
airbnb

7. Competitors and USP

Who are the competitors?

What is the unique selling point?

Where does the offered solution stand out from the competition?

Unique selling proposition ≠ customer benefit

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Competitive Advantage
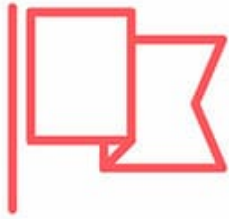
First to Market
for transaction-based temporary housing site

Ease of Use
search by price, location & check-in/check-out dates

Profiles
browse host profiles, and book in 3 clicks

List Once
hosts post one time vs. daily on craigslist

airbnb

Design and Brand
memorable name will launch at historic DNC to gain share of mind

Host Incentive
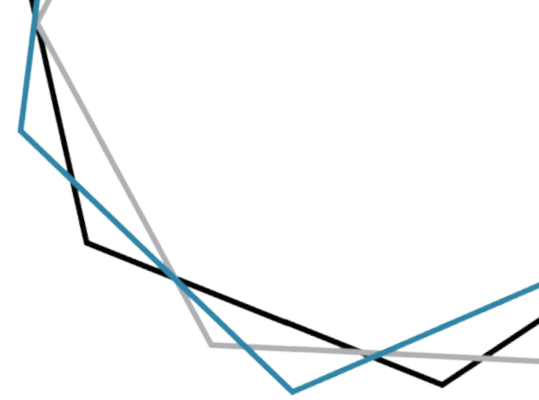they can make money over couchsurfing.com

Optional Slide: Go-to-Market Strategy

- How does the market entry take place?

- How is the product positioned?

- Which marketing and sales channels need to be served?

- Is there any information for the "Cost of Acquisition" for new customers?
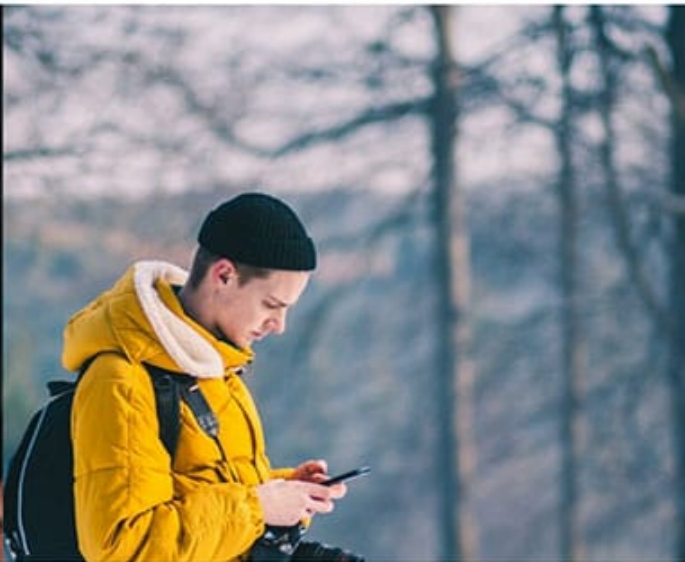
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Market Adoption

EVENTS
Target events monthly
Octoberfest (6M)
Eurocup (3M)
Summerfest (1M)
Mardigras (800,000)
Cebit (700,000)

PARTNERSHIPS
Cheap/alternative travel
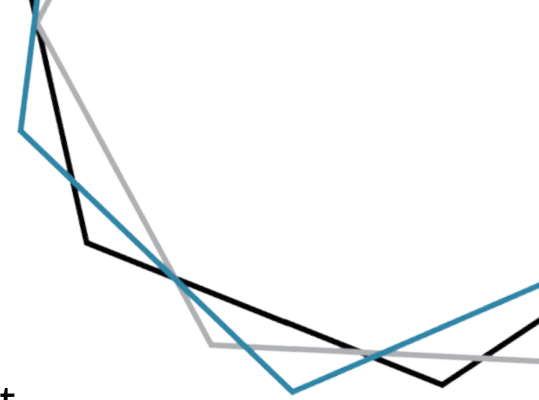Kayak
Goloco
Orbitz

CRAIGSLIST
Dual posting feature

10. Team

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- Presentation of the team
- concrete experience, acquired competences, successful projects related to the start-up project
- Which partners and supporters can be found in your network?
- Pros: Good photos and/or org chart
- Present the distribution of roles in the team well
- Quality is better than quantity!

Team

Joe Gebbia
User Interface & PR

Holds a patent for his product, Critbuns(R). Has dual BFA's in graphic design and industrial design from Rhode Island School of Design (RISD).

Brian Chesky
Business Development & Brand

Founder of Brian Chesky Inc, industrial design consultant. Has a BFA in industrial design from RISD.

Nathan Blecharcyk
Developer

Created Facebook Apps "Your neighbors" (75,000 users). Computer Science from Harvard Nate. Worked @ Microsoft, OPNET Technologies and Batiq.

Michael Seibel, Advisor
Michael is the CEO and Co-founder of justin.tv, a San Francisco based venture funded startup that delivers live video to the Internet.

Optional Slide: Financing and capital requirement

- very brief insight into the financial plan

- Present income and expenditure for the following three years

- Current financial requirements: planned financing

- Equity participation vs. debt Capital How long does the capital last?

- When will the planned break-even take place? Plus point: Graphs and diagrams!

- Important: What financial needs need to be met?

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Financial

We are looking for 12 months financing to reach 80,000 transactions on AirBed&Breakfast

$500K
Angel Round

initial investment opportunity

80K
Trips w/AirB&B

avg $25 free

$2M
Revenue

over 12 months

9. The Ask

- Vision and Conclusion

- What is the long-term goal /vision?

- Do you want to enter more markets or do you already have ideas for new products / expansion?

- Contact details of the most important contact persons

- Don't forget "The Ask"

- Make them remember your pitch and repeat your most important statement.

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(Nasty) Questions from investors
And Why they can be tricky to anwer!

- How long do you need funding?
- Do you see your future in ....?
- Explain your project in one sentence.
- How do you earn money?
- What is the best thing that can happen to you?
- When did you start the project?
- How did the team find each other?
- Why are you starting this venture?
- Size of the target market?
- Necessary market penetration to be successful?
- Have you invested money yourself?
- Have other investors invested already?
- Do the advisors invest?
- Appraisal of business? Conditions?
- Why could the project fail?
- Biggest challenges?

- Why is the project successful?
- Unfair/lasting benefits?
- Monthly "burn rate"?
- Milestones?
- Will you work full-time in the start-up?

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Prepare and practice!

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