

EXECUTIVE SUMMARY AND PITCH DECK

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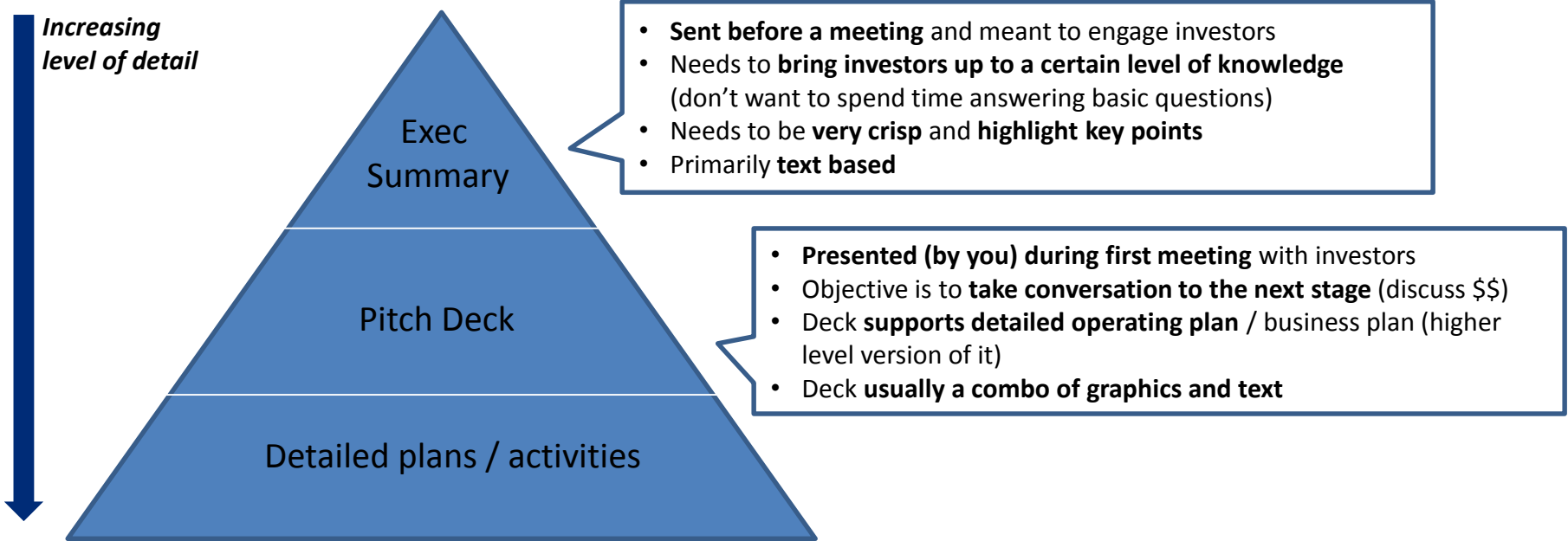
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Executive Summary and Pitch Deck

- Common area of confusion when trying to raise funding is the difference between the Executive Summary and the Pitch Deck
- Want to create a clear division between these two pieces of information and how to best use them

What's the difference...?



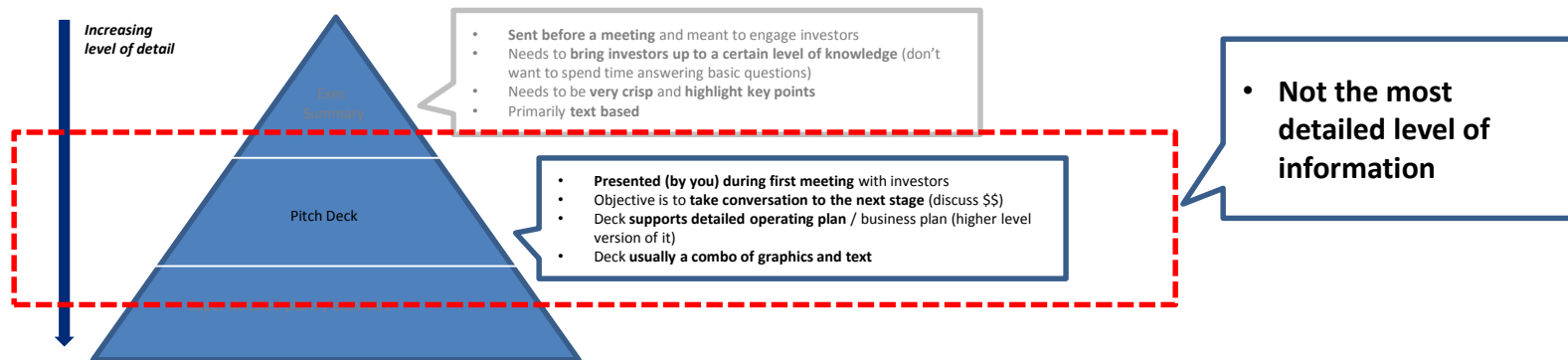
Important caveat...

- Executive Summaries and Pitch Decks are not 'static'
- They also change based on who you are talking to (although core elements probably remain the same)
- Example:

The **information is different** if you're **speaking to an industry expert** as **opposed to someone not familiar with the problem** you are trying to solve (or the opportunity you are trying to address)

Goals for your Pitch Deck

- Your **decks are not** meant to ‘raise money’
- Your decks are the way to **have the next set of conversations**
- Having multiple **conversations**, building **understanding** and **relationships** lead to raising money



Pitch Deck: The Problem

- **Investors and entrepreneurs are by nature problem solvers** and opportunity seekers.
 - If you can actually convince your audience that they also recognize the gap you are trying to address you are starting on the right track
- **But if you aren't solving some problem in the world, you are going to have a long uphill climb** with your business
- This section talks about the problem:
 - what it is?
 - who has it?
 - how big is it?
 - how widespread is it?
 - what's the cost / waste associated with it?

Pitch Deck: Value Proposition (VP)

- Now that people understand the problem...what are you offering?
- The value proposition is a quick sentence (really not more than 2) of the value that you provide
- Key points:
 - Keep it short AND simple
 - Ensure that it's clear why the VP makes sense
 - You can also use analogies that help people to understand quickly, e.g. we're the *uber* of food delivery (just be careful to make sure your comparison makes sense)

Pitch Deck: Target Market and Opportunity

- This is where you start to talk ‘size’ in terms of revenue (usually) and/or profit (if you know it)
 - Who is the ideal customer?
 - How many of them are there?
 - What is the total addressable market size?
 - How do you position your company?
- Really good to include comparable data (if available)
 - Comparable meaning: how much is currently spent in that market, etc.
- For the target market, be as specific as possible
 - For example (very rarely) does a business target “all men”, but rather a business would target “men between 25 and 30 living in urban areas...”
 - Although it might be tempting to define your as market extremely large, investors will want to see a reachable market

Pitch Deck: The Solution

- Now that you've explained the problem, the VP, and the high level opportunity size and target market, you finally get to describing your solution
- Good practices:
 - Describe customers using your product
 - Explain the benefits to the customers as well
- Be careful:
 - Most entrepreneurs are super 'product-focused' – but rather they should be customer and customers' problem focused
- Use pictures and stories; showing is very powerful

Pitch Deck: Competition

- Every business has competition in one form or another
 - Even if you are doing something very new
- Describe the competitive landscape and how you fit in
 - Explain how you are different – good to put this into the buckets of ‘competitors’ and ‘alternatives’
 - Explain your advantages
- The more you can break down the competitors into what they ‘do’ and ‘don’t’ the easier it is to explain how you are different
- Explain why the things you do differently = market penetration and growth

Pitch Deck: Revenue Model

- Time to talk how you make money
- Common things to address
 - What do you charge? (and how is the in line with market rates)
 - What frequency?
 - Who pays the bills?
 - i.e. baby's consume the baby bottles but moms buy them
 - You can also re-reference competitive landscape
 - Are you a premium, high-price offering or a budget offering that undercuts existing solutions on the market?

Pitch Deck: Traction and Roadmap

- Traction:
 - If you have early adopters it's great to mention!
 - Investors love to see proof of concept
- Roadmap:
 - What are your milestones? Every product or offering has a 'v1' 'v2'
 - What milestones have you hit so far?

Pitch Deck: Marketing, Sales, Retention

- Important to explain how you will capture customers and then keep them
 - How are you planning on getting customers' attention?
 - What does the sales process look like? How long does it take?
- If you have traction already, it's great to show how that process worked, why it will continue to work, and how it might improve over time
- Finding and winning customers is the ultimate goal, so you have to convince investors you can do this

Pitch Deck: Team

- Very important section – A “MUST HAVE”
- Ultimately given that startups are so risky, investors really invest in people
 - Why are you and your team the right people?
 - What experience do you have that is relevant? Or unique?
- Highlight the key team members, their backgrounds, and their expertise
- If you don't have a complete team yet don't worry – just identify the key positions that need to be filled and why

Pitch Deck: Financials

- Great to translate all the prior sections into what that means in terms of money
 - sales forecast, profit and loss statement, and cash flow forecast (for ~three years)
- Don't make it an in-depth spreadsheet that is really complex
 - Limit things to charts, totals customers, total expenses, profits, etc.
- Key point:
 - Be prepared to discuss underlying assumptions
 - Be realistic - investors see hundreds of these and know how to pull them apart

Pitch Deck: Investment and Use of Funds

- Finally, it's time to highlight what you need to take the company to the next level
 - Remember you're not “asking for money” directly...you're having a conversation and being transparent about how much you need to go forward
- Equally as important as ‘how much you need’ is the answer to the question “what will you do with the money?”
 - Explain how you plan to use the money
 - How does it help you achieve your business goals
- If you already have investors – ask them why they chose to invest

Pitch Deck: Other potential information

What	Description
Exit Strategy	<ul style="list-style-type: none">• Show how you plan on exiting and giving investors a return
Partnerships	<ul style="list-style-type: none">• Are there any key strategic partnerships needed? Technology?
Demo / Screenshots	<ul style="list-style-type: none">• Got a prototype or screenshots? Can you do a “show and tell”?

Things to have ready for later (in case asked for)

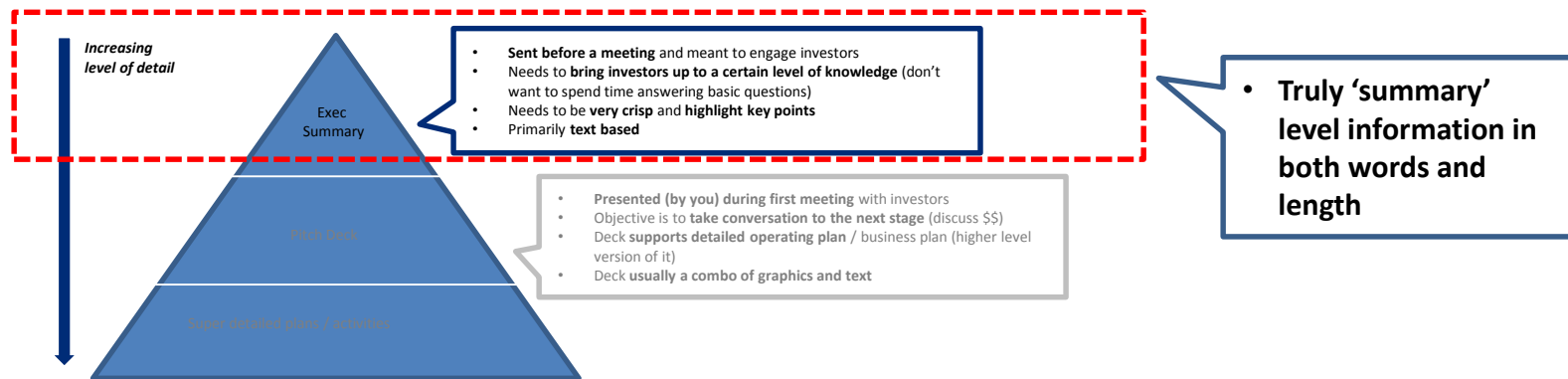
- Technical documentation
- Detailed models

Pitch Deck: Making the pitch successful

- Keep it simple – be simple and leave room for questions
 - Simple, straight-forward presentations always do better
- Skip the bullets – detailed bullet points are boring and do not facilitate a story
- Use large(r) fonts and limit words per slide
- Use images when possible - build emotional bond
- Send your deck as a .pdf
- MUST tell a “story” – get your audience excited

Executive Summary

- 2 or 3 page overview of your business in .pdf format and usually something ‘shareable’ (i.e. not confidential)
- Not graphical – paragraph in nature and often initial connection point
- Focus on the core of the business
- Purpose is to ‘get a longer meeting’



Executive Summary: The Opening Sentence

- Lead with a truly inspirational / compelling / powerful statement
 - Get readers engaged fast
 - Early sentences set the entire tone
- Best practices:
 - Concise and explains unique solution to a big problem
 - Direct, specific, crisp language - not abstract and conceptual
 - Name dropping works if you can back it up
 - Well known advisors
 - Customers / companies already working with
 - Famous people truly engaged on your board

Executive Summary: The Problem

- Make it clear that there is a big problem
 - current or emerging or even unknown
 - (don't confuse problem with opportunity)
- Explain who the people / companies with the problem are and how the world could be easier / cheaper / faster / better for them if only this problem was solved
- This leads into your unique Value Proposition

Executive Summary: The Solution

- Now that the problem is clear - what do you offer and to whom?
 - Software, hardware, service, combination?
 - DO NOT use jargon - use common terms to explain what you have or what you do
- Explain where you fit in the value chain / distribution
- Explain how you work with other players in your particular ecosystem
- Do not talk numbers / financials yet

Executive Summary: The Opportunity

- Need to break down the market into sizeable and unique segments
- Common things to highlight are:
 - How big is the market?
 - How fast is it growing?
 - What are the dynamics?
- When explaining the target market, target meaningful, well-defined, markets
 - Better to be specific than to target a microscopic percentage of a huge, broad, mature market

Executive Summary: Your Competitive Advantage

- You have competition. Don't say that you do not have any.
 - At a minimum, you compete with the current way of doing business, i.e. the 'soft' reasons why no one does / buys what you are suggesting
- Usually a competitor exists: direct or substitute
- Build a statement around your sustainable competitive advantage
 - “first mover advantage” doesn't count
- Articulate unique benefits and advantages that you have
 - make this point in one or two sentences

Executive Summary: The Model

- The executive summary is short and in written form, it's not where you explain / paste your entire .xls model
- But, need to explain how you will drive revenue and what your costs are
- Revenue:
 - Where does revenue come from? from whom?
 - Why is your business scalable and efficient?
 - What are the critical metrics?
 - What revenue levels will you reach within three to five years?
- Cost:
 - What are the major cost drivers and how can they be managed?
 - How can you scale costs across multiple opportunities to reduce them?

Executive Summary: The Team

- Very important to explain the people behind the idea / business
- Do's and Don'ts
 - Avoid saying things like: 'we have 100 yrs of combined expertise in solar'
 - Do say 'our lead solar scientist was the CTO at XYZ market leader'
 - Don't go into detail on each founder's resume
 - Do explain why the team's background fits
 - Don't drop names of people / companies that you can't back up
 - Do state names of relevant people or companies that you can connect with investors to provide as references

Executive Summary: The Promise

- The main point you have to promise investors is
 - “I will make you a LOT of money”
- Your financial projections need to show that “If I grow to X Size, your Y% is worth Z dollars”
 - Obviously Z dollars should be an interesting number
- The numbers MUST be believable
 - In your projections make sure your assumptions are reasonable and underpinned
 - **Sanity check** numbers: i.e. if you say “only need 10,000 customers yr 1”...don’t say you only have 1 sales person starting mid-year

Executive Summary: The Ask

- Similar to the Pitch Deck, the ask is about being clear on what you are looking for in terms of money (now and to get to the next level)
- Generally this is the minimum equity you need to sell to get to the next (major) milestone
- If you expect to raise another round of financing later, make that clear, and if possible state the amount

Executive Summary: Key Points

- The executive summary should be about six to eight paragraphs
 - Probably about two or three pages
- Sentences should be crisp and purposeful, not rambling
- Remember that each Executive Summary also depends on what the investors know already, needs to be adapted as the company changes and based on who you are talking to

Summary



Key points:

- Your executive summary:
 - Primarily text-based
 - Sent before a meeting and meant to engage investors
 - Highlights key points
- Your pitch deck:
 - Presented (by you) during a meeting with investors
 - Usually includes both graphics and text
 - Supports your detailed operating plan and high-level business plan





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