CHAPTER THREE

The essentials of a killer pitch deck

There's a popular saying that ideas without execution are useless. Well, I have a new twist to this quote.

"Ideas that you can't clearly communicate to others are useless."

If you can't communicate your ideas, no one will understand you. And if no one understands you, no one will buy your product or invest in your company. This means great communication is everything.

After reviewing thousands of pitch decks and raising $100M for Hustle Fund, Eric has deduced the five most essential parts for a great pitch.

1. team
2. problem
3. solution
4. market
5. traction

Your odds of success skyrocket if you have just these five slides nailed down. Let's break down each one.

Team

The most important thing Eric cares about in pre-seed companies is the team. Since pre-seed startups often have no customers or traction, there's very little to judge them on, outside of the people behind the idea. Because at the end of the day, investors are not just investing in your idea; they are investing in you and your co-founders.

Eric wants to see two main things:

1. Relevant skills + background

Let's say you have an idea for a business that would eradicate COVID. Obviously, this is a pretty intriguing idea: COVID is a big problem and people would almost certainly be willing to pay for a solution. But it doesn't matter how big the problem is if an investor doesn't believe you're the right team to solve it.

So if you want to go into the COVID-eradication business, but your background is in social media marketing... no investor will back you. But if your background is in developing medicine and your co-founder's background is in bio-medical sales... that's a different story.

When you're pitching your team to an investor, consider how you can convince her that **your team is uniquely positioned to solve this problem**. And that confidence won't just come from pedigree. Going to a fancy school or working at a brand-name tech company won't cut it.

Let's say your business helps musicians build a bigger audience. You should include a few sentences about your experience as a musician in your pitch. This will show the investor that you deeply understand your customers' pain points. and that you have connections within the music industry, which will help with customer acquisition.

Work on problems where your team has a competitive edge. Show investors why your unique background is ideal for your business.

2. Your co-founder relationship

Building a company is hard. There are days and weeks when it feels like nothing is going right. There are nights and weekends when you don't see your family because you're grinding so hard. Having a co-founder isn't essential... but it can help.

The thing is, co-founders often come with drama. When co-founders don't work well together, a lot of stuff goes wrong. They fight about the product roadmap. They disagree on which candidate to hire. They stop including each other in important meetings. And this drama leads to even bigger problems.

Employees get tired of the in-fighting and leave for a company with a better culture. When employees leave, responsibilities go unfulfilled. Customers notice and stop renewing. Investors see all of this and decline to participate in future fundraising rounds.

The book *The Founder Dilemma* cites that 6 out of 10 startups fail because of co-founder conflict. That's why it's so important for investors to feel confident in the co-founder relationship. They want to know that co-founders can make decisions together, communicate openly, share the burden of work, and disagree without tearing the company apart.

So when you're pitching the "team" portion of your company to an investor, show that you and your co-founder are a good fit. For example:

- you're hackathon buddies
- you've put on an event together
- you've shipped a product before
- you worked together closely at your last company

Something to prove to the investor that you've weathered storms before and you can take on future challenges that'll eventually arise.

Problem

Your pitch deck's problem slide is arguably the most important slide in your deck after the team. Even if you've developed the most innovative, cutting-edge technology the world has ever seen, people won't buy it if it's not solving a real problem. And if no one is buying your product, investors won't have any incentive to write you a check.

Every unicorn business:

1. solves a real problem...
2. ... that's important enough for people to pay to fix
3. ... and applies to a large audience

If your problem slide doesn't quickly demonstrate those three points, investors might not even look at the rest of the deck. So this slide is super important.

Now, it's possible that you are solving a huge problem but you stink at explaining what that problem is. This can cause investors to make some assumptions about the business and think things like:

- This isn't *that* big of a problem

- This is a huge problem, but people won't pay for the solution (either because it's too expensive or too complicated)
- The founder hasn't done enough customer research to understand the problem

Your problem slide should give efficient and compelling responses to these three questions:

- What is the problem?
- How do you know it's a problem?
- Who needs a solution to this problem?

Here is an example of an ineffective problem slide:

1. Airbnb hosts don't know how to market their homes to travelers
2. The average Airbnb is vacant 15 days a month
3. There are no tools designed for Airbnb hosts to increase their bookings

What's the problem with this example? Let's dissect it:

> *"Airbnb hosts don't know how to market their homes to travelers."*

This is a broad, general statement with no data to back it up.

> *"The average Airbnb is vacant 15 days a month."*

This doesn't capture the importance of the problem.

> *"There are no tools designed for Airbnb hosts to increase their bookings."*

A quick Google search shows me there are tools out there. Inaccurate statements raise red flags for investors. It makes us think that you either aren't honest or you haven't done your research.

OK let's take the same points and tell a more effective story. Here's our new and improved problem slide:

1. We surveyed 300 Airbnb hosts and found that 55% don't get any bookings for 3 months
2. The average Airbnb host is leaving $2,000 a month on the table because of vacancies
3. Existing tools don't offer incentives for hosts to continue using the platform, so they have extremely low retention rates

Let's dissect why this problem slide is more convincing:

> *"We surveyed 300 Airbnb hosts, and found that 55% don't get any bookings for 3 months."*

This shows us that you've done loads of customer research.

"The average Airbnb host is leaving $2,000 a month on the table because of vacancies."

This quantifies the problem your customers are facing and makes the problem tangible, specific, and big.

"Existing tools don't offer incentives for hosts to continue using the platform which leads to extremely low retention rates."

This demonstrates that you understand why other companies are failing and point to how your solution will be different.

See the differences? Investors want to see that you've done your homework. Share how you arrived at your problem statement. Include data that you've gathered from your customer research. Get specific by using real numbers that matter. This will better convince investors that what you're working on is a massive problem.

Solution

There are 3 important things to consider when putting together your "solution" slide:

1. Differentiation
2. Framing your story
3. Product vision

1. Differentiation (aka: how to stand out)

Did you know investors see decks that are pitching the same business all the time?

To stand out amongst the crowd, you must show investors what's different about your solution. Now, we're not talking about the nitty-gritty details here. Specifics like "we're more affordable!" or "we have an app!" are not compelling. What is compelling to investors is having a unique approach.

Here's an example:

Let's say I'm building a marketing automation platform. Investors might see 10 pitch decks about marketing automation platforms each week. So, how can I make sure my deck stands out? For starters, I can state the obvious: Marketing automation is crowded. But if you dig into it, the most successful companies focus on a specific audience.

- Hubspot is marketing automation for content creators.
- Marketo is marketing automation for SaaS companies.
- Hootsuite is marketing automation for social media managers.

My company, BookingPop, is marketing automation for Airbnb hosts.

By focusing on the most differentiated component of my business – the audience – I'm showing investors that I've discovered an untapped opportunity in the marketing automation industry. Pretty cool, right?

2. Framing your story (especially when investors hate your space)

Unfortunately, having a differentiated solution isn't enough when you're in an industry that investors won't touch. Let's say I'm building a media company for teachers. My business will include a newsletter, Facebook group, and events.

Here's the problem: investors don't like media companies. This is because media companies typically earn revenue through sponsorship or ad dollars, and those require a massive audience to bring in meaningful revenue. So instead of pitching my business as a media company, I'm going to pitch it as a data business.

For example: There is not currently a database of teachers in the United States. My company, CoolSchool, will collect dozens of data points on this audience, which we can use to sell products, services, and memberships.

In this example, I'm not changing the core elements of my business. But the newsletter, Facebook group, and events are a means by which I'll collect the data. And I know that investors love data companies – because there is so much you do with data once you have it (just ask Meta) – so this frames my business in a way that is compelling to them.

3. Product vision

If you're a first-time founder in the early stages, your product or service is likely terrible right now. That's honestly OK. VCs are not expecting perfection from anyone who has barely graduated from the idea stage. When you explain your solution, don't focus on what you have right now. Instead, sell them on your product vision.

- What will the next six months or year look like?
- What are the milestones you've set for yourself along the way?

Investors want to know how you're thinking about the future: Are you clear about what needs to be accomplished next? Do you have ambitious plans? How fast can you move? Reassure investors that you know exactly where you're going and the only thing missing is some capital to help you get there.

Market

As we mentioned in our chapter "Should you raise from angel investors or VCs?", both groups have different investing strategies. At Hustle Fund, we have a simple question that helps us with all our decision-making: *Do we believe that you are a founder with the right team and market to support a 100x outcome?*

Eric also angel invests in companies outside of Hustle Fund. He has invested in non-software companies, small businesses, and even local restaurants in his neighborhood. His mindset as an angel investor is very different. The question he and his wife ask themselves: *Do we think this is a company that isn't going to lose our money? Will we get any multiple on this investment?*

As an angel investor, if Eric gets a 10x return on a company, that would be a huge success. A 3x return wouldn't be bad at all. But as a VC, a 3x or 10x return will be a failure because it won't be enough to pull up the entire portfolio. Angel investors are happy with hitting bases. VCs are looking to hit grand slams.

If you're looking to raise money from a venture fund, make sure your market can be measured in billions of dollars. This shows VCs that there is room to grow and capture a slice of the huge market. If your market is smaller than that, consider raising from angel investors. During those conversations, ask what success looks like to them to see if your goals fit with their vision.

How do you actually nail down your market? Let's use Hubspot as an example. They did a great job targeting a niche audience before later scaling to other areas. They started out targeting small business owners specifically around things like SEO. But fast forward to today, their products are largely targeted at enterprises. They do email marketing, lead generation, sales pipelines, etc. They've expanded their offerings along with their audience as they grew.

For early startups, you don't have many resources. So it's really important to go after a specific niche. The more targeted and specific the niche, the better it'll be. At the same time, you need to have some vision of expansion because investors want to understand how this can become a big opportunity (like Hubspot).

The best way to display this in a pitch deck is through three circles that describe your different markets. For Hubspot, it can look something like

1. Small market: SMB SEO tool
2. Medium market: SMB marketing automation
3. Large market: Enterprise marketing automation

This shows investors the initial market you're in now and what your growth plan may look like in the future.

Traction

If you're really early, you may not have much traction yet, and that's OK. But selling before you launch demonstrates that your team has the capability to build an audience. Since customer acquisition can be a business' biggest roadblock, it's compelling to see some information about your **go-to market (GTM) strategy**.

- Do you have any early users or customers? Having some data on retention here can go a long way.
- Do you have a pilot program? If you're a SaaS company, having signed contracts before you launch or a pilot group in progress shows you have some promising traction.
- What are your distribution channels? Do you have marketing experience in these areas?

Investors want to see your thought process behind distribution and how you'll execute your plan.

Let's take our earlier example of BookingPop (a marketing platform for Airbnb hosts) and show our GTM strategy.

Somewhat compelling GTM strategy:

- Free assessment of Airbnb host's listing and comparison to similar listings
- Tactical webinars led by Airbnb-certified marketers
- Money back guarantee if hosts don't see booking requests increase in 3 months

This is a decent start. Let's see how we can make it even better.

Super compelling GTM strategy:

- Free assessment of Airbnb host's listing + comparison to similar listings
  - *Results: 200 leads captured, 100 assessments completed, 17% conversion rate into paying customer*
- Tactical webinars
  - *Results: 1 published webinar, 100 registrants, 5% conversion rate into paying customer*
- Money-back guarantee
  - *Results: Of the 22 paying customers, 1 requested refund*

Why is the second example so much more compelling than the first? Because it shows investors that not only are you thinking creatively about your go-to-market strategy, but you've already gained some traction.

Even if the numbers aren't great, demonstrating that you can move quickly and experiment with different tactics gives investors a reason to believe in your team. They want to see that you're making progress and if you're capable of building the tech, especially if your product is complicated software.

So if you're super early stage, show investors something – an MVP, results from your small experiments, or even a Figma design – will go a long way.

Keep your pitch deck short

For an early-stage company, the pitch deck has one purpose: to drive enough interest in your business to schedule a meeting. That's it. It should not (and will not) convince someone to invest in the company.

You should be able to accomplish that goal in 5-10 slides, max. If your pitch deck is 12+ pages, you are likely providing too much information. Too much information can be risky because it gives investors more opportunities to find red flags.

For example, if your pitch deck includes a plan to hire 4 engineers in the next 12 months, but the investor thinks you only need 2, she might pass on the opportunity. That might sound silly at first read but trust us: less is more.

Here's the solution: omit unnecessary details so that investors can focus on the details that matter most. Now, if you're thinking, "No problem! I'll just squish slides 11, 12, and 13 onto one slide… shrink down my text, and voila!"... please don't.

Your most powerful elements will get lost in all the noise. Instead, cut anything that isn't absolutely necessary. For example:

- That slide about how many people you're going to hire → Focus instead on the amazing team you already have (even if it's just you)

- Those inspirational quotes by Benjamin Franklin → Cut 'em. You're innovating. We get it.
- Screenshots of the product → These won't be nearly as powerful as a live demo of your product.
- Your revenue projections for the next 5 years → Tell us instead what about your growth over the last few months.

If you're having trouble ruthlessly editing your own work, try presenting your deck to someone who knows nothing about your industry. Like a parent, grandparent, or sibling.

As you explain your business to someone who doesn't understand your industry, you'll quickly realize what is (and what is NOT) a powerful addition to the deck.