11

THINK LIKE AN INVESTOR

Figure 11.1: Parents' view of my daughter's 3rd grade band performance

The photo in figure 11.1 is a perfect example of what happens when a presentation is created without considering the audience's point of view. If the teachers had envisioned the performance through a parent's eyes, they would have immediately noticed the problem: Parents couldn't see their kids' faces. A quick perspective shift from having the teachers sit in the audience seats viewing students on the stage would've solved the issue instantly.

The same thing happens in fundraising.

It's incredibly common for entrepreneurs to have deep clarity on their customer, but far less visibility into how investors think. Founders who have never been shown the investor's perspective often create pitch decks that start out as marketing material. You know how to talk about your product, your solution, and your value to customers. That part is intuitive.

What's less intuitive is how to communicate the value of your *company as an investment*—how you'll turn someone's dollars today into more dollars later. You're not pitching them on becoming a user; you're pitching them on becoming an owner. They may never be your customer, but they might be your ideal investor.

Suelin Chen, who raised roughly $9 million for her startup, Cake, and successfully sold it, captures this distinction:

> The skills to fundraise are not the same as the skills to run a company. There are many people who would be good at running companies and building things, but because they aren't as good at fundraising, they are resource-constrained and can't accomplish what they could. On the flip side, I also see all these people who are really good at fundraising and kind of suck at running their companies.

Melissa Wood, founder of Formus, echoed this learning curve:

> Why don't more investors just shoot straight with you? Over the past two years, I've had to learn so many things the hard way, piecing together insights bit by bit. I'm naturally a researcher and a learner, and I've spoken with more than 100 investors so far. But I haven't accepted any outside capital yet. We're getting close to being ready, but until now, I've turned down every offer. I'm not a shy person; I'm out there networking, meeting people, and learning everything I can.

What both Suelin and Melissa highlight is that thinking like an investor isn't instinctive unless you've been inside that world. Once someone explains it to you clearly, it becomes far less mysterious, and far more doable.

That's exactly what Part II is here to do.

UNDERSTANDING RISK: HOW INVESTORS THINK AND WHAT THAT MEANS FOR YOUR PITCH

Pitching is all about two things: telling a clear story and reducing the risks people see in your business. Different types of investors have different motivations. Some care most about financial return, others care about impact, innovation, identity, or strategic alignment. No matter who you're talking to, they all have one thing in common: they want to feel confident that giving you money today will lead to something meaningful tomorrow.

If you were getting a bank loan, that "meaningful tomorrow" is guaranteed through interest. With investors, especially early-stage ones, the return comes through equity, which is their ownership stake in your company. Because early-stage investing is so risky, they're looking for signs that you can grow the business enough to make their investment worthwhile.

This means your job in a pitch is not just to explain what your business does. Your job is to systematically remove reasons for someone to say no. Every section of your pitch deck exists to lower a specific kind of risk they're evaluating, whether that's financial risk, market risk, team risk, product risk, or simply uncertainty about where you're headed. Once you understand the types of risk investors pay attention to and how they interpret the information you share, you can shape your story in a way that feels natural to you and compelling to them.

FAMILIARITY FEELS SAFE

Investors don't just evaluate your business; they evaluate their own comfort with you. That comfort has far more to do with familiarity than with financial logic. Even the most sophisticated investors subconsciously gravitate toward people who look like them, move in their circles, or remind them of others they've backed before.

Humans don't see risk clearly. We see it through the lens of who feels familiar. So even when investors believe they're making purely objective decisions, much of what shapes their confidence happens below the surface. Our brains are wired to equate *familiarity* with *safety*, and *difference* with *uncertainty*.

Several well-documented psychological principles explain why investors tend to gravitate toward "people like them":

- **Similarity-attraction bias**: We feel more comfortable with people who share our background, interests, or identity.
- **Ingroup bias**: We favor people in our social or professional circles and tend to see outsiders as less trustworthy or more risky.
- **Familiarity heuristic**: We subconsciously assume that what we've seen before is safer or more likely to succeed.
- **Affinity bias**: Decision-makers often connect more easily with people who remind them of themselves.

These biases aren't always conscious, but they're powerful. We see them influencing who gets access to positions of power and resources everywhere we look.

SYSTEMIC PATTERNS OF HOMOGENEITY

Let's take a moment to look at some numbers.

LEADERSHIP & BOARDS

- 98% of Fortune 500 board seats are not held by women of color.[53]
- 96% of US executives are not Black.[54]
- 90% of Fortune 500 CEOs are men.[55]

CAPITAL ALLOCATION

- 99.5% of US venture funding goes to non-Black founders.[56]
- 99% goes to male-led startups.[57]
- 80% of venture capitalists are white men.[58]
- 75% of venture-backed founders graduated from just 12 universities.[59]

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53 Alliance for Board Diversity and Deloitte, *Missing Pieces Report: A Board Diversity Census of Women and Minorities on Fortune 500 Boards*, June 2023, https://www2.deloitte.com/us/en/pages/center-for-board-effectiveness/articles/board-diversity-census-missing-pieces.html.

54 Coqual, *Being Black in Corporate America: An Intersectional Exploration*, 2019, https://coqual.org/reports/being-black-in-corporate-america-an-intersectional-exploration/.

55 Catalyst, *Women CEOs of the S&P 500*, 2024, https://www.catalyst.org/research/women-ceos-of-the-sp-500/ [This URL goes to a page titled Spotlight on Women CEOs, not a report with the title given in this note—does author have a different link?]

56 Crunchbase News, *Black and Latinx Founders Still Raised Just A Fraction of US Venture Capital in 2023*, 2024, https://news.crunchbase.com/venture/black-latinx-diverse-founders-vc-funding-2023/ [This URL generates a 404 error—cannot find this article through a title search on Crunchbase, just one on black founders with no mention of stats on Latinx founders—does author have correct link?]

57 PitchBook, *US All In: Female Founders in the VC Ecosystem*, 2023, https://pitchbook.com/news/reports/2023-us-all-in-female-founders-in-the-vc-ecosystem.

58 National Venture Capital Association-Deloitte Human Capital Survey, 2020, https://nvca.org/research/human-capital-survey/ [This URL results in a 404 error]

59 Crunchbase & TechCrunch, "Analysis of Venture-Backed Founders' Education," 2020, https://techcrunch.com/2020/02/10/college-vc-pattern-matching/ [URL results in a 404 error]

AFFINITY & NETWORKS

- 89% of law firm partners are white.[60]
- 77% of newsroom leaders are white.[61]
- 70% of referral hires are white men.[62]

This level of homogeneity doesn't happen by accident. It's the result of repeated decisions made through the lens of familiarity. People investing in or elevating others who look like them, went to the same schools, or move in the same social circles.

Founders who don't match the existing pattern are often seen as riskier, even when they've done everything "right." That's the core challenge *The Rest of Us* face: We're not evaluated on merit alone but through the filter of unfamiliarity. That's why democratizing access matters so much. When I talk about *The Rest of Us* this is what I mean.

A system designed for the few can't serve the future.

The more people we empower to participate, as founders, investors, mentors, advisors, board members, and connectors, the more reference points decision-makers have. The more reference points they have, the more likely they are to see someone different as familiar, as safe, and ultimately, as fundable.

As movie producer, founder, and investor Catherine Gray put it:

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60 American Bar Association, *Profile of the Legal Profession*, 2022, https://www.americanbar.org/content/dam/aba/administrative/news/2022/07/polp.pdf [URL results in 404 error; is this close to intended reference? https://www.americanbar.org/news/abanews/aba-news-archives/2022/07/new-aba-profile-report-highlights-judiciary/]

61 Craig T. Robertson, Meera Selva, and Rasmus Kleis Nielsen, "Race and Leadership in the News Media 2021: Evidence from Five Markets," Reuters Institute, March 2021, https://reutersinstitute.politics.ox.ac.uk/race-and-leadership-news-media-2021.

62 PayScale, *The Impact of Referrals on Workplace Diversity*, 2017, https://www.payscale.com/data/referral-hiring-and-workplace-diversity [This URL results in a 404 error; this reference might work: PayScale, "Referred Employees Are More Engaged Employees, But Only If They Come From This Source," January 24, 2018, https://www.payscale.com/compensation-trends/referral-impact-employee-engagement.

> Fundraising is all about relationships. Anybody who thinks otherwise probably is not going to be able to raise money because it is absolutely based on that and about finding like-minded people who believe in what you do. If a friend calls me up and says, 'Hey, this is really important. I think it's of interest to you, you're probably going to want to invest in this,' I will listen more than if someone randomly reaches out to me.

Sometimes, familiarity can be built through proxy when someone inside a homogeneous group publicly supports you.

Karen Robinson Cope, a multi-exited founder who has raised over $100 million and is a prolific angel investor, shared one of her early fundraising stories:

> When I first started raising money, I was a young woman in a room of primarily white men, and, of course, no other women. Most of them were between 45 and 70 years old. I remember them talking, saying, 'Yeah, yeah, yeah, great idea, great idea' with no talk of investing. Then, I'll never forget, one man stood up and said, 'Karen, here's a $100,000 check,' and all of a sudden, they all pulled out their checkbooks. That first man to write a check was an entrepreneur; he was one of the original founders of Synchologic. The rest of them were professional investors like money managers, fund managers, or VCs, but had never been entrepreneurs.
>
> Follow-on investors are a dime a dozen. You've got to get that one person who believes enough that they're willing to write that first check.

When you understand how powerful familiarity is in shaping investor behavior, the next piece naturally falls into place. Investors aren't just choosing what feels familiar, but also what feels least risky. Whether or not they articulate it this way, investors spend most of their time scanning for signals that help them answer a single question: "How risky is this bet?"

This is where many first-time founders get tripped up. They build their pitch as if they're talking to a customer by highlighting features, benefits, usability, or mission. But investors are evaluating the probability that your company can produce a strong return.

THE INVESTOR MINDSET: WHY RISK MATTERS

Investors look at your company very differently from how a customer looks at your product. A customer buys because they like what you've built. It solves a problem for them, feels trustworthy, or simply makes their life better. An investor, on the other hand, is evaluating the likelihood that their money will grow if they give it to you, which is something much less tangible.

They're constantly weighing risk and reward. Their mental math sounds something like this:

- How likely is this company to succeed?
- How big could the return be?
- What are the chances I'll lose my money?

Remember, investors already know that most startups fail. They've seen companies that looked amazing on paper disappear within months. So, when they look at you, they're measuring the unknown of your company against the known safety of their current alternatives of other founders they understand, markets they've bet on before, or business models they already trust. Familiarity feels safe. The unknown feels risky. This is why risk assessment sits at the heart of the investor mindset. Every part of your pitch becomes a clue that helps them decide whether your opportunity is worth taking a chance on.

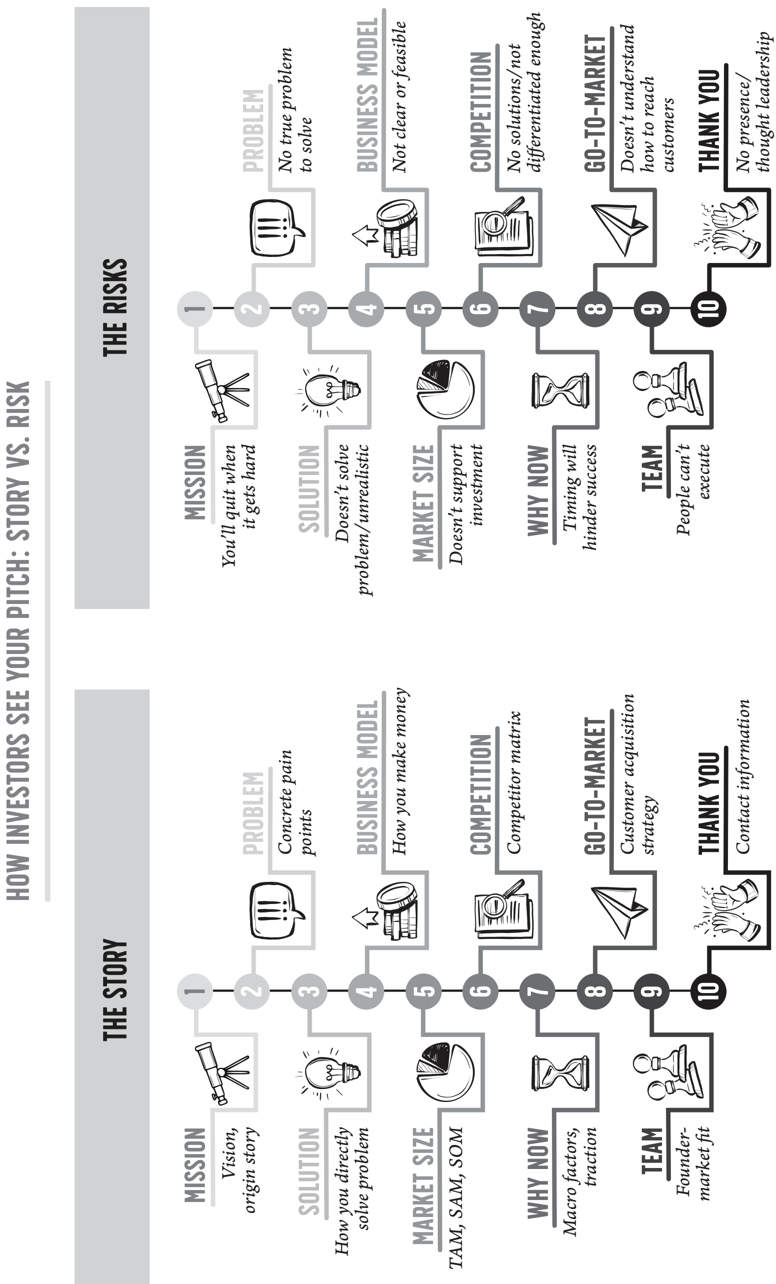
HOW INVESTORS SEE YOUR PITCH: STORY VS. RISK
THE STORY
1 MISSION
Vision, origin story
2 PROBLEM
Concrete pain points
3 SOLUTION
How you directly solve problem
4 BUSINESS MODEL
How you make money
5 MARKET SIZE
TAM, SAM, SOM
6 COMPETITION
Competitor matrix
7 WHY NOW
Macro factors, traction
8 GO-TO-MARKET
Customer acquisition strategy
9 TEAM
Founder-market fit
10 THANK YOU
Contact information
THE RISKS
1 MISSION
You'll quit when it gets hard
2 PROBLEM
No true problem to solve
3 SOLUTION
Doesn't solve problem/unrealistic
4 BUSINESS MODEL
Not clear or feasible
5 MARKET SIZE
Doesn't support investment
6 COMPETITION
No solutions/not differentiated enough
7 WHY NOW
Timing will hinder success
8 GO-TO-MARKET
Doesn't understand how to reach customers
9 TEAM
People can't execute
10 THANK YOU
No presence/thought leadership

Figure 11.2

Figure 11.2 shows how each section of your pitch tells a story while also addressing the risks investors are actively evaluating. A strong investor narrative communicates both the opportunity and how you're de-risking it.

One of the most important mindset shifts for new founders is understanding that investors don't invest out of charity or enthusiasm; they invest because they believe they will make money. You don't need to focus on persuading them to "support" you; show them, clearly and convincingly, that their money will be in good hands and has a real chance to generate meaningful returns with you.

PITCH DECKS SERVE AN IMPORTANT PURPOSE

Pitch decks aren't going away anytime soon, and honestly, they do serve a purpose, both for investors and for you as a founder. If I had the choice, I'd take a real, personal conversation over a slide presentation every single time, but a deck is still one of the fastest, clearest ways to help someone understand what you're building and why it matters.

At its core, a pitch deck is both a communication tool and a strategic exercise. It forces you to make choices about what matters most, prepare for the questions investors will inevitably ask, and get crisp about your story. That's something especially important for *The Rest of Us* navigating a biased system.

Here's why pitch decks matter:

+ **It's your first impression**: For many investors, your deck is their introduction to you. Before you ever get a meeting, your deck tells them who you are, what problem you're solving, and why you're uniquely suited to solve it. It's your chance to spark curiosity and pull someone into your story.
+ **It helps investors understand your business quickly:** Investors think in patterns and probabilities. A structured

deck makes it easier for them to evaluate you using the mental frameworks they already rely on. It keeps them oriented and helps them follow your logic without getting lost in the details.

+ **It clarifies your business model and strategy (sometimes for the first time):** Putting a deck together forces you to articulate how your business actually works: how you make money, how you reach customers, and why now is the right time. This clarity is enormously helpful for you, in addition to potential investors.
+ **It signals preparation and credibility:** A thoughtful deck shows investors you've done the work. It tells them you're serious, capable, and thinking about the right things. For *The Rest of Us*, this matters even more.
+ **It gives you a clean, efficient way to show traction and potential:** You don't have much time to make your case. A deck lets you put your strongest proof points like market size, early traction, revenue projections, and team strengths front and center in a way that's easy to digest.
+ **Most importantly, every slide helps you de-risk the business:** Investors are constantly scanning for risk. Your deck gives you a structured way to address the risks they care about before they even voice them.

Now that you understand *why* pitch decks matter, the next step is learning *how to build one that works*. Over the years, working with hundreds of founders and listening to thousands of investor conversations, I developed a practical structure called the **Core 10 Pitch Framework**. It's a simple, intuitive way to organize your story so investors can understand it quickly and so you can speak about your business with clarity and confidence.

Before we dive into each pitch section, we'll start with a high-level overview of the Core 10 and how it maps to the way investors think and evaluate risk. This will become your roadmap for crafting a pitch that resonates.

Key TAKEAWAYS

You are not the problem, bias is.
If you've felt dismissed, underestimated, or scrutinized more than your peers, it's not your imagination. Traditional investing frameworks were built by and for a narrow group. This chapter helped you decode those frameworks, not to contort yourself to fit them, but so you can navigate them with clear vision and steady footing.

Investors are managing risk, and identity bias is part of that equation.
Perceived "risk" often has more to do with familiarity than facts. That's why your lived experience and market insight are qualifications, not liabilities. When you articulate those strengths clearly, you help investors see what they would otherwise miss.

You don't have to think like an investor, you need to show you understand how they think.
You can stay grounded in your values and still present your opportunity in terms investors recognize. Translating your story into the language of capital doesn't mean changing who you are.

They're not doing you a favor.
Fundraising can feel like asking for permission, especially for those of us who've been excluded from these rooms. But capital

is a tool, not validation. You are offering investors the chance to participate in your vision, your community, your impact, and your upside.

You belong in the room, and you bring value they may not yet have the lens to see.
When you lead with clarity, data, and the distinctive insight only you can offer, you reshape the room just by being in it.