

# EXECUTIVE SUMMARY AND PITCH DECK

Professor Laura Huang



@LauraHuangLA



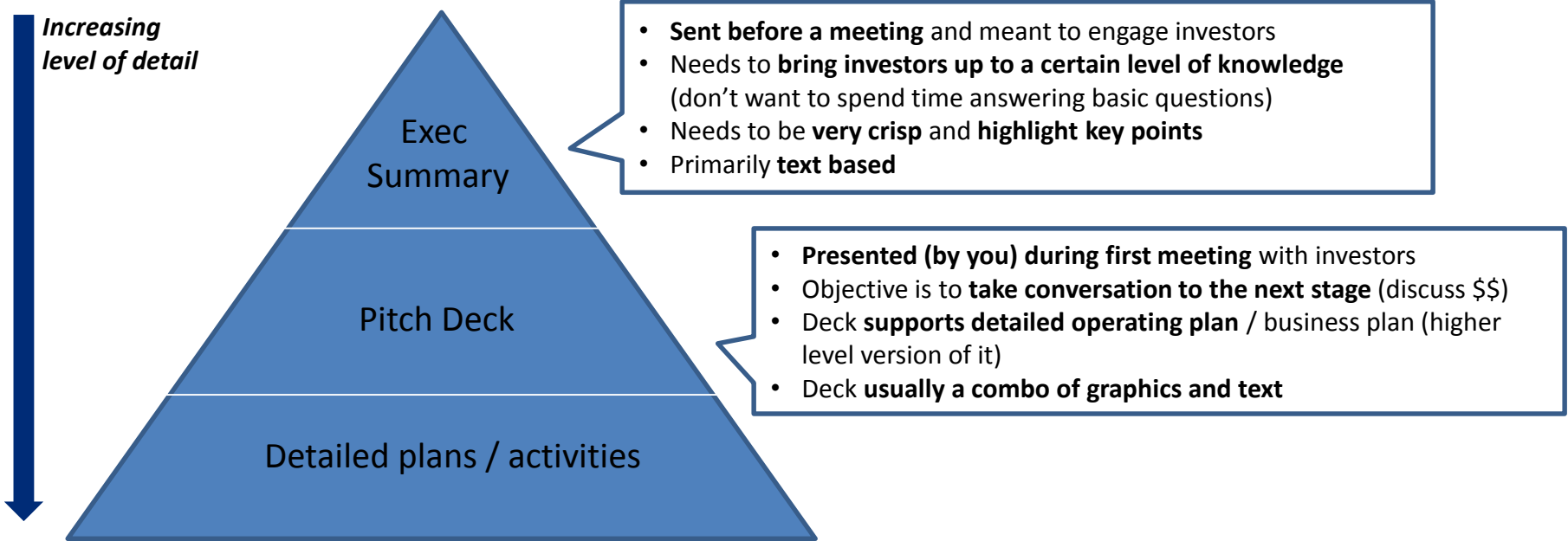
Wharton  
UNIVERSITY of PENNSYLVANIA

ONLINE

# 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...?



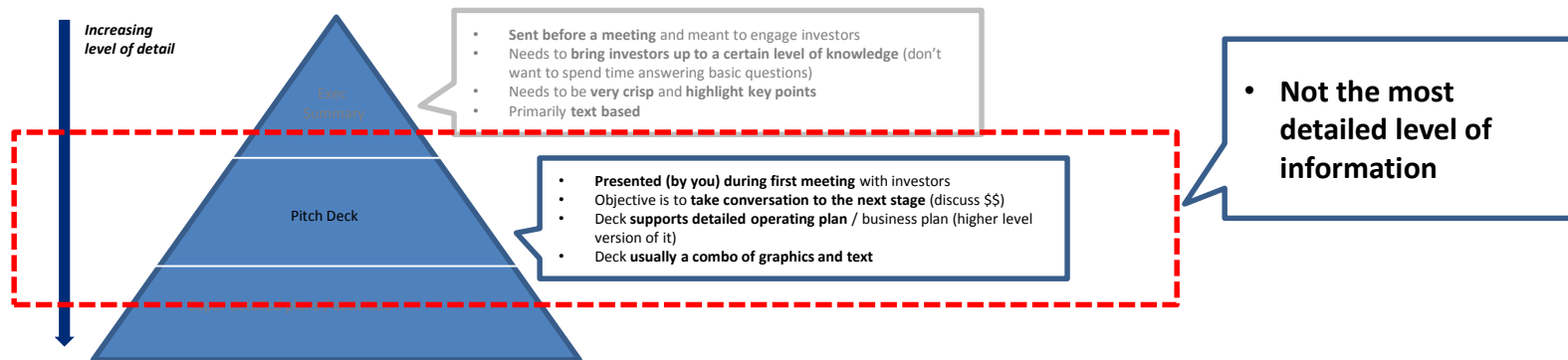
## Important caveat...

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

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

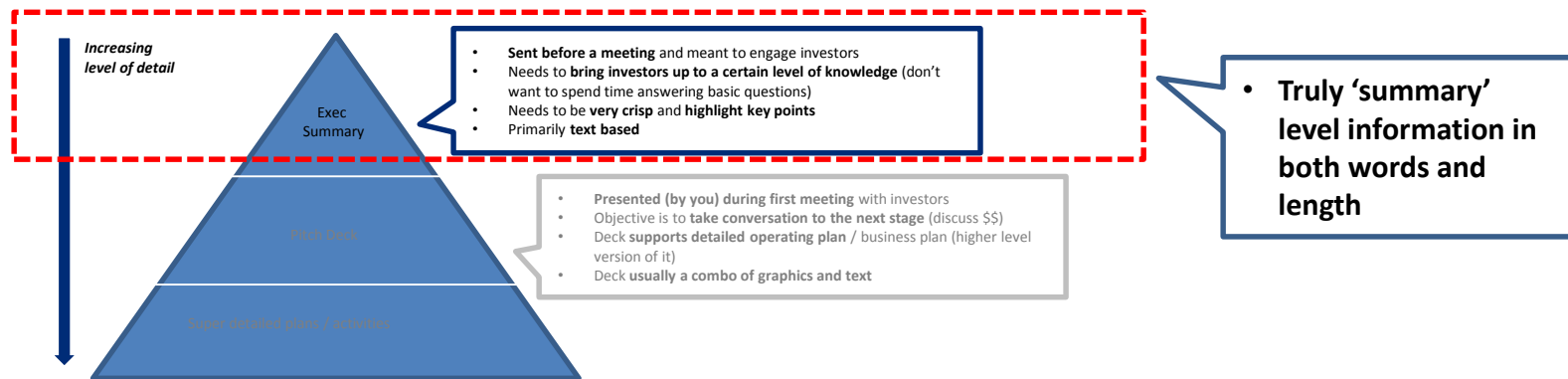
- Technical documentation
- Detailed models

# 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





---

ONLINE