



## How to deliver a winning business plan elevator pitch

After a business plan has been written, the next stage often involves pitching the plan to prospective investors. This very fact means that the plan authors and management team should be one and the same and that 'outsourcing' the business plan writing process should not be considered.

It is not just the content of the business plan that is being scrutinised. The capabilities of the management team are also on show and hence their ability to deliver a presentation in a clear, concise and convincing manner are vital to the overall objective - that of convincing an investor to invest in the business.

These prospective investors are not investing in a physical document but in an idea and in those proposing to deliver the idea. The following is a list of tips to maximise your chances of success when pitching to investors.

### Watch some video's of elevator pitches on:

<http://www.bidnetwork.org/page/157972/en>

#### The standard script:

Hi my name is .....

I am good at .....

There is a problem .....

for which I developed my product.

My product is .....

I sell it to .....

They pay .....

I expect to sell ..... units this year and ..... next year

You can get a ..% share in my company for USD .....

Do you have any questions?

### 1. Know your audience

All presenters are taught about the importance of knowing their audience and engaging with them on a personal level where possible. The Internet has enabled us to research more effectively than we were able to in previous years, so it is important to use this resource to our advantage.

Investors have a range of asset classes to choose from as they decide on the composition of their investment portfolio. Hence it is necessary to understand

the backgrounds of the prospective investors and their motivations prior to presenting. Once you have done extensive research on the investors it is then possible to tailor the pitch accordingly.

## **2. Tell a Story**

One of the most effective ways to pitch is to place the investment opportunity in the context of a story. Ideally, the story will focus on a problem encountered and the fact that the new idea being pitched solves this particular problem.

If the investors can relate to the problem, they are more likely to invest in your business. After that they will be assessing how many people are affected by 'the problem' and whether the proposed idea satisfactorily resolves the problem. Finally, if they believe that the idea can solve the problem profitably and it is defensible (via patents, trade marks, etc.) it is likely they will be interested in investing.

## **3. Prepare to win**

Pitching to an investor is not a last-minute afterthought – it is the culmination of weeks, if not months, of planning. All too often, entrepreneurs do not plan accordingly and then find that the preparation of their business pitch suffers. Preparation for the pitch should commence as soon as the business plan process commences.

For many investors, the executive summary of the business plan is what opens the door for a presentation, and the full business plan may only be read after a successful presentation has been delivered.

## **4. Pay strict attention to the detail**

Your typical investor will have a good eye for detail and hence the plan and its pitch need to be mutually reinforcing and containing no inherent contradictions. From the outset, there should be one owner of the process who can oversee all preparations and is ultimately responsible for the content. This is particularly important if a number of disparate contributors have worked on the plan and where the pitch consists of numerous participants.

## **5. Avoid death by PowerPoint®**

While the average plan is produced in Microsoft® Word and Excel, PowerPoint tends to be the tool of choice for presentations. While it undoubtedly has advantages in terms of aesthetics, it can be misused when utilised at the pitch stage. The number of slides should be kept to the bare minimum, the content must be rigorously analysed to ensure relevance and clarity and time must be managed carefully.

It is recommended each investor receives a slide deck, which contains more detail than the presentation itself (with Appendices used extensively). Finally, it is important to manage the subsequent Q&A process carefully as this is the stage where the investor gets to request information about details that they require to convince them that the proposal is indeed worthy of their investment.

## **6. Get the numbers right**

Investors tend to be very focused on numbers, so all facts must be accurate. The numbers should be realistic and defensible and at least one of those pitching the plan needs to be prepared for in-depth questions relating to the projected financials.

While it is easy to couch 'the opportunity' in technical terms, future growth projections, supporting demographic trends, etc., investors will focus on hard evidence. So if you have been trading, they'll want to know turnover/sales figures, break-even points, gross and net margins (profits), and so on. These are indisputable facts and evidence that enable them to accurately assess the risk.

If performance has been poor, the presenter will need to articulate clearly why this has been the case and also elaborate on why investment will solve the performance gap. If on the other hand you have not been trading, the risk increases considerably and there is likely to be a significant focus on supporting evidence to justify demand predictions.

Remember that investors have options – it is a competition, so you need to sell your idea as the best option for their investment.

## **7. Practise the Presentation**

It is clear that many entrepreneurs have not practised their pitches before impartial observers prior to pitching. This dry run should be arranged well in advance of the presentation date with a panel of critics who have a carte blanche to critique the plan and pitch.

One attractive alternative to this is to submit an entry to the growing number of business plan competitions. These contests afford entrants a low-cost opportunity to "stress test" their plans in a very realistic role play. Such competitions test a wide range of skills that are often neglected in the day-to-day tasks of entrepreneurs, who are focused on bringing their idea to fruition.

By producing a credible business plan and presenting your case persuasively, you will significantly enhance your ability to secure funding.

## **8. Excite them**

Entrepreneurs pitch to investors to sell them an idea. There must be something unique about the idea, and it must be pitched with conviction, so as to grab the attention of investors who deal with hundreds of business plans every month. This was summed up by former Dragons' Den investor Simon Woodroffe in a BBC2 show, when he said,

"You gotta make me feel like I'm going to miss out".

Why would the investor be better off investing in your business rather than leaving money in a bank account, shares or investing in another business? If you are seeking investment in your business, it is important to clearly describe the investment opportunity - and also to sell it.

## **9. Learn the lessons**

Do not get too downhearted if a pitch is unsuccessful. The investors are likely to give clear reasons for their lack of interest, and this feedback must be considered carefully as it may shape improvements in subsequent pitches.

The presenter should segment the various feedback points into groups - is the issue or concern with the idea, the equity share on offer, the management team, etc. Most entrepreneurs need to pitch to a number of investors before securing an investment.

If you can line up a number of pitches, remember not to organise the most attractive investor up front as there are likely to be significant improvements in the pitch after it has undergone a number of presentations.

## **10. Remember the purpose of the pitch**

Finally, while the emphasis may well be on an idea, it is important to remember that the pitch has a very specific purpose. This must not get lost in all the details.

If the purpose is to secure funding, the presenter needs to ask questions after the presentation to ensure the audience has gained sufficient information with which to make a decision.

If an offer is made, the presenter must have a full grasp on whether it meets his requirements, and options if not. So as to maintain credibility, the presenter needs to consider all the various eventualities before undertaking the pitch so that the pitch does not go flat at the end when the issues of substance need to be agreed.

### **About The Author**

Alan Gleeson is the Managing Director of Palo Alto Software Ltd, creators of Business Plan Pro 2007. He holds an MBA from Oxford University and is a graduate of University College, Cork, Ireland.