



**MaRS** | ENTREPRENEUR  
WORKBOOKS  
**Business Planning and Financing  
Management Series**

Building Block 4  
**Developing and Delivering a  
Winning Investor Presentation**

# THE BUSINESS PLANNING AND FINANCING MANAGEMENT WORKBOOK

## Introduction: What to expect

In his book *Outliers*, Canadian author Malcolm Gladwell looks at the relationship between statistical probabilities and the chance of success in your chosen field of work or sports. His essential claim is that you need around 10,000 hours of practice to become really good in a particular field.

This workbook will not take 10,000 hours to complete, so you should not expect that you will become an expert in business planning and financing management by going through the activities outlined within. Rather, the purpose of the workbook is to help you understand and focus on the key issues in the field of business planning and financing management, and to introduce you to frameworks within which to think and discuss essential areas of your business. The process offered will provide sufficient grounding in the topic so that you will know what questions to ask advisors and consultants, and, in the case of consultants, how to evaluate their work.

Additionally, this workbook provides a launch point for a number of vital business decisions you will have to make to develop your start-up. As a best practice, it is critical to return to these workbooks and revisit facts and assumptions on a continuous basis. This will ensure not only that you build on your learning experience but that you adjust your assumptions to maintain the right course for your business.

## Building Block 4: Developing and Delivering a Winning Investor Presentation

This workbook is part four of four covering business planning and financing management. It is designed specifically for entrepreneurs in the high-tech space.

The business planning and financing management process consists of four major parts, or “Building Blocks,” each adding to the foundation of the previous one:

- Building Block 1: The Financing Strategy
- Building Block 2: The Business Plan and Executive Summary
- Building Block 3: Identifying, Targeting and Engaging Potential Investors
- Building Block 4: Developing and Delivering a Winning Investor Presentation**

Each of these building blocks addresses an essential part of business planning and financing management. Once you have finished all four workbooks, you will have a complete business planning and financing management strategy for your company.

With this document in hand, you will be ready to develop the tools you need to raise money to grow your business. These workbooks have been designed so that you can adapt the curriculum to your company’s specific needs.



## How to use these workbooks

### 1. Make it a team exercise—but make it quick!

Preparing to pitch your business opportunity to raise financing for your business can be very time-consuming. But it does not have to be. We believe that much of the information you need is already known to your management team and advisors, so we recommend that you make the creation of your business planning and financing management strategy a team effort. However, time is of the essence for high-tech start-ups. Work through the building blocks thoroughly, but as efficiently as possible.

### 2. Complete the process.

Work through all the building blocks in the business planning and financing management series. The other workbooks contain useful information for completing this workbook. Take the time to think through your entries. Talk to advisors and fellow entrepreneurs, and ensure that your business planning and financing management documents are integrated and consistent. Your documents should contain the most up-to-date information about your business opportunity.

### 3. Use the icons for help.

The workbooks are structured under the assumption that this is the first time you, the reader, has undertaken a business planning and financing management exercise. To help provide context for some of the ideas in these workbooks, we have clarified the ideas by defining key terms and offering real-world examples. In addition, we have provided links to online articles. For this reason, you may find it easiest to use these workbooks on a computer with an Internet connection.

Look for these icons:



denotes a key business planning term that will recur in these workbooks



indicates an example drawn from a real-world business in order to illustrate an important idea



denotes a link to a more in-depth online article, video or template



appears wherever you are asked to record something while completing the exercises



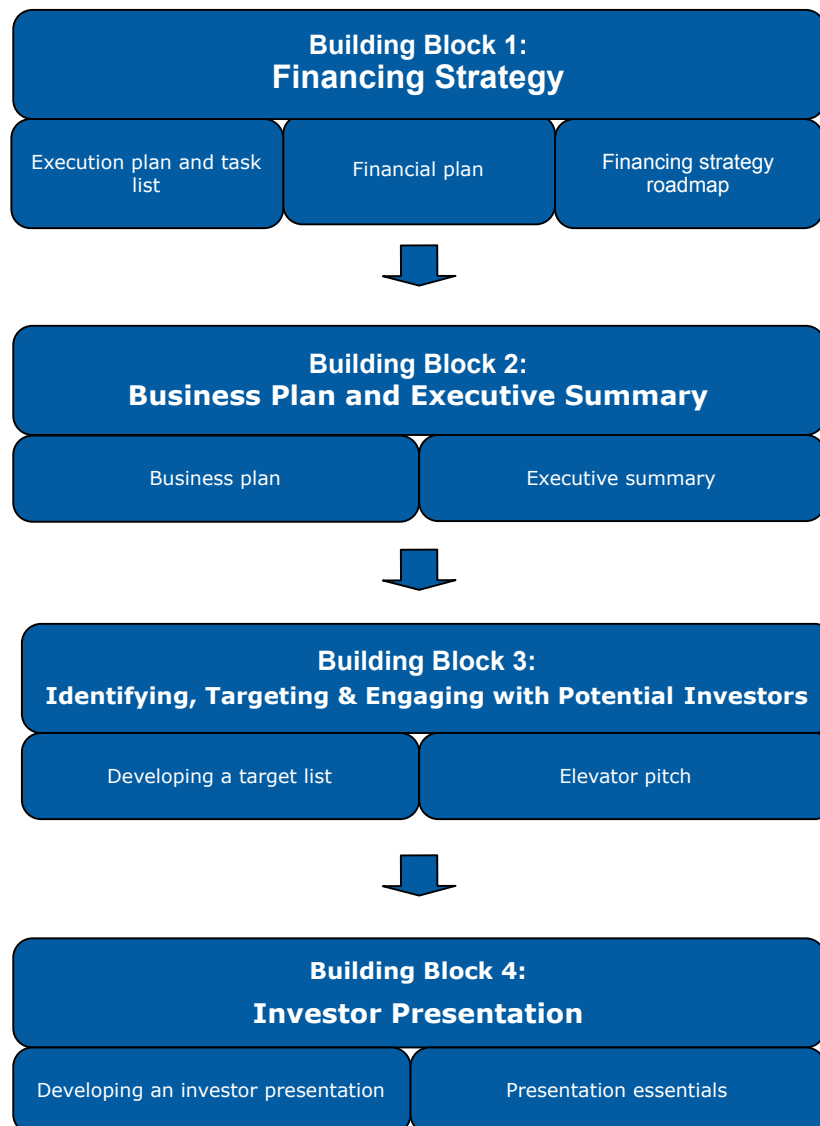
indicates key information for your business plan, pitch deck or other document you might be preparing for potential external investors



## Before You Start

These workbooks are designed to assist entrepreneurs and their leadership teams in early-stage technology and life-sciences companies, and are based on tried-and-tested business planning and financing concepts relevant for start-ups in a wide range of industries. The following chart outlines for you the curriculum and the progression of each building block.

### Building Blocks of Business Planning and Financing Management



## **BUILDING BLOCK 4: Developing and Delivering a Winning Investor Presentation**

You will need to develop several investor communication documents or tools when raising money and interfacing with potential investors:

1. The elevator pitch
2. The executive summary
- 3. The investor presentation or “pitch deck”**
4. The business plan

These documents or tools will be used at various stages of the fundraising process to convey the appropriate amount of information at the correct time. The process is comparable to peeling back an onion—you will share more detailed and confidential information with the potential investor as you progress through the investment evaluation or due diligence process.

The process begins with delivering an elevator pitch and providing an executive summary to explain what your company is about. Investors will consider the information (and how you deliver it) to determine if they will continue the process with you. Using their investment criteria, and based on the matching process, they will either decline the opportunity or invite you to make a presentation. The first investor meeting is your opportunity to make the investment presentation. You can provide the business plan at the same time or later in the process.



Read more about [the tools you need to raise money](#).

# 1. Developing a Great Presentation

Once you have finalized your business plan, you will have most of the material required to prepare a presentation slide deck. This presentation, or pitch deck, will provide potential investors with information about your business opportunity, company and management team. Most presentations are developed using PowerPoint or Keynote.

This presentation is a critical stage in the fundraising process. Investors will make a decision based on the content and information you present and how you present. The content—both the material and the visual presentation—must be effectively presented, as well as concise and compelling. You may also use this presentation at industry conferences and seminars where potential investors will be in attendance.

Keep your presentation up to date. You may have created your business plan a few months ago, and your financial projections, your science or the market may have changed. Review your documents to ensure that your business plan and pitch deck are aligned and convey the same information.

Having a pitch deck shows the potential investor that you are prepared to discuss your opportunity. Investors do not want to meet with an entrepreneur who expects them to ask a number of questions to understand why they should fund the company. Only 10% of companies get in front of a VC to present, and only 10% of those companies will be funded, so put your best foot forward.

The first meeting with an investor will last 45 minutes to one hour. You will have 20 to 30 minutes to deliver your presentation, with the rest of the time allocated for questions and answers. In *The Art of the Start*, Guy Kawasaki states the 10/20/30 rule of PowerPoint: 10 slides, 20 minutes and no font smaller than 30 point.

- Your slides should be simple, clean and to the point.
- Use one main idea per slide.
- Do not stand up and read the slides—you are making a connection with the audience, so design your slides to support you as the speaker.
- People remember pictures and images more than words—use high quality images and graphics to make your point.



Read more about [building a strong presentation](#).



Read more about the [elements of a pitch deck](#).

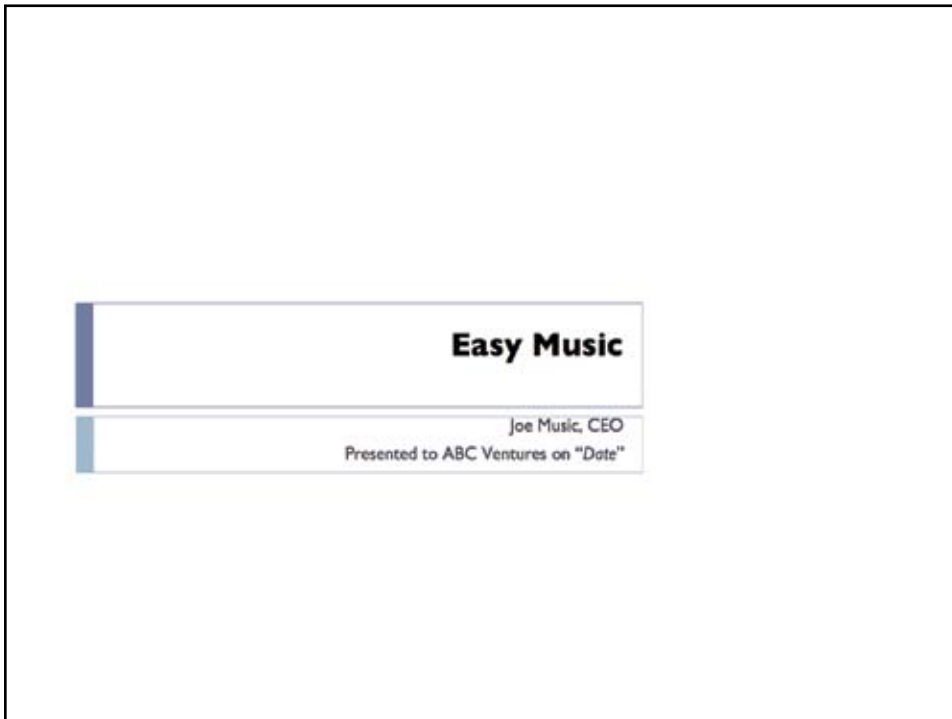


We've adapted the following outline for each slide in your investor presentation from Guy Kawasaki's *The Art of the Start*. Most of the material for these slides will come from your business plan workbook. The examples list the key information you need to provide with text on the slides, graphics or as part of your narrative.

## a. Title slide

**Objective:** The audience can read the slide—cut to the chase and summarize what you do. Open with, "This is my company and this is what we do." Capture the investors' attention and get them to think about the potential for your company and the size of the market.

**Content:** The Title slide should include your organization's name, logo and slogan (if you have one), your name and title, and contact information.



*Build the Title slide for your Investor Presentation using the PowerPoint template provided.*

## b. Problem

**Objective:** The audience must clearly understand the customers and their needs. Ensure that the investors understand why the problem is important. When providing



market size, reference third party independent sources.

**Content:** Get the investors excited about your product or solution. Convince the investors that there is a problem in the marketplace that is not being addressed by currently available solutions. This slide should describe the pain that your product or service is alleviating.

Convince the investors that there is a large addressable market and that your solution addresses a problem in the marketplace. Avoid looking like a solution that is searching for a problem. Present from the outside-in instead of the inside-out—think about what the market needs and how your product fits in. Describe your customers, the size of the market and why the market is growing.

**Problem**

Over 2 million songs are illegally shared over the internet every day

- Music companies and artists are losing over \$1 billion/year as a direct result
- Traditional bricks and mortar retail stores year over year revenues are decreasing at 35% per year
- Consumers want to make their existing CDs available for mobile use
- Consumers are excited to download just one or two favorite songs, but...
- They are worried about being sued for violating copyright

Our solution solves this problem for music companies & consumers



*Build the Problem slide for your Investor Presentation using the PowerPoint template provided.*

### c. Solution: technology or product

**Objective:** Focus on the solution you provide from a customer’s perspective. Answer questions on what your product does and why customers will buy your product.

**Content:** Explain how your solution addresses the problem you have identified in the marketplace. The investors must clearly understand what you sell, your value proposition and your product’s value-add.



You can show the solution from both the buyer's and the seller's perspective.

**Easy Music Solution**

**Easy Music proprietary software player & online music store**

- Consumers download our easy user interface for free
- Consumers can load all of their existing music on their computer
- Consumers use the player to organize their library on mobile devices
- Easy Music has exclusive agreements with two of the five major music publishers to provide content for our online store
- The consumer goes to the Easy Music online music store to legally purchase new songs or albums
- Music publishers are eager to add content to our online store

This is not the place for an in-depth technical explanation. Do not put too much information on this slide, but tie your solution back to the problem you identified on slide 2 (Problem).

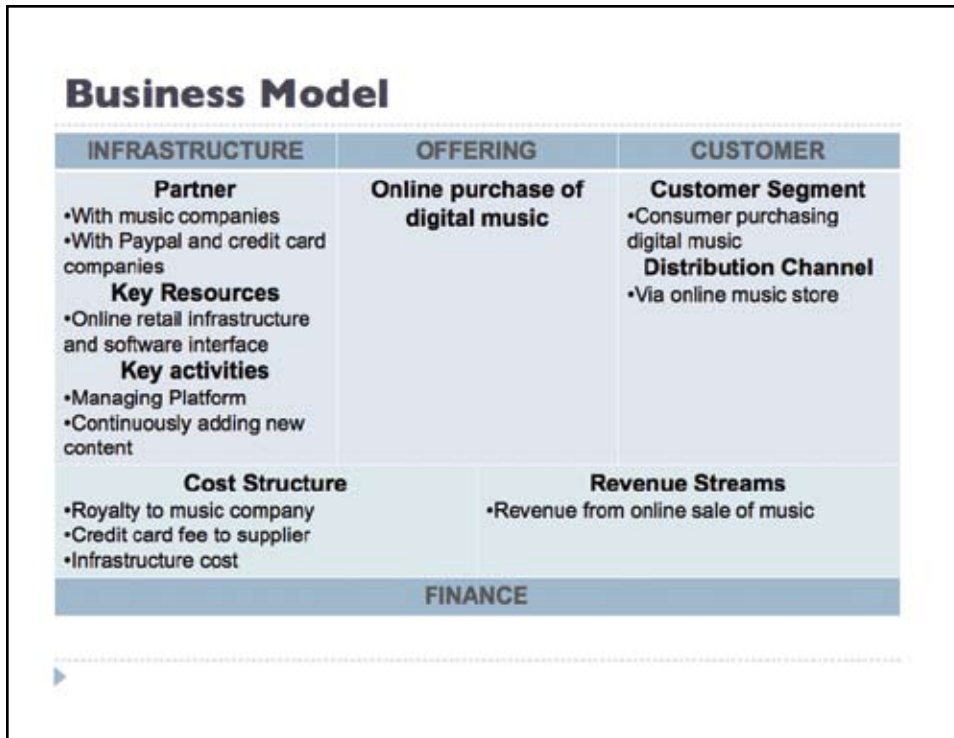


*Build the Solution slide for your Investor Presentation using the PowerPoint template provided.*

## d. Business model

**Objective:** Investors must understand how you will make money, and how much you will make, selling your product. Market traction using this business model will solidify your approach.

**Content:** Explain how you make money—who pays you, channels of distribution and your gross margin. If possible, use a chart that clearly outlines your business model.



In general, a unique, untested business model is a scary proposition. If you have a revolutionary business model, explain it in terms of a familiar model. This is your opportunity to drop names of organizations that are already using your product or service.

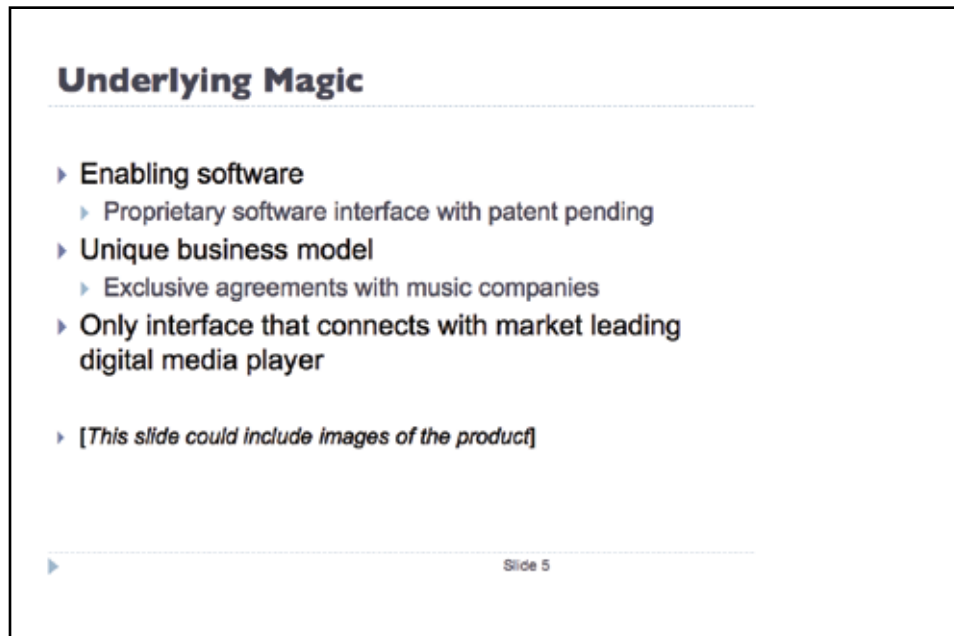


*Build the Business Model slide for your Investor Presentation using the PowerPoint template provided.*

### e. Underlying magic

**Objective:** The audience must understand what makes your product unique. If you have patents or patent applications, list them and explain their value.

**Content:** Describe the technology, “secret sauce” or magic behind your product or service.



**Underlying Magic**

- ▶ **Enabling software**
  - ▶ Proprietary software interface with patent pending
- ▶ **Unique business model**
  - ▶ Exclusive agreements with music companies
- ▶ **Only interface that connects with market leading digital media player**
- ▶ *[This slide could include images of the product]*

▶ Slide 5

Aim for less text and more diagrams, schematics and flow charts on this slide. White papers and proofs of concept are great supporting materials.



*Build the Underlying Magic slide for your Investor Presentation using the PowerPoint template provided.*

## f. Marketing and sales

**Objective:** Market adoption and sales are the true measures of success. The investors must understand how you will drive your sales. Investors also want to understand your customer awareness and buying stimulus programs from the customer's and salesperson's perspective. How are you getting ready to launch your product?

**Content:** Explain how you will reach customers. What are your marketing leverage points? What are your channels of distribution? Is there seasonality in your sales cycle? How long is the sales cycle?



### Marketing & Sales

- ▶ Software interface will be bundled with leading computer manufacturer's offering
- ▶ Music companies will promote the online store
- ▶ Direct-to-consumer advertising to supplement partners' messaging

▶ *[This slide could include logos of key customers and partners]*

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▶ Slide 6

Convince the audience that you have an effective go-to-market strategy that will not break the bank.



*Build the Marketing and Sales slide for your Investor Presentation using the PowerPoint template provided.*

## g. Competition

**Objective:** Investors must understand why you have a superior solution for solving critical customer needs. Describe your competitive edge and demonstrate that you are clearly aware of the competition and their attributes.

**Content:** Who is your competition? Provide a complete view of the competitive landscape. Too much information is better than too little. Approach this slide from the customer's perspective.

**Competition**

FEATURE	Easy Music	Competitor 1	Competitor 2	Competitor 3
Software Interface	✓	✓	✓	✗
Online Store	✓	✗	✗	✗
Access to music libraries	✓	✗	✗	✓
Interface with digital media player	✓	✓	✗	✗

Our solution uniquely addresses all of the current problems in the marketplace

Slide 7

Never dismiss your competition. Everyone—including customers, investors and employees—wants to hear why you are good, and not why the competition is bad.



*Build the Competition slide for your Investor Presentation using the PowerPoint template provided.*

## h. Management team

**Objective:** Investors are making an investment in the team. They want to be sure that the management team has relevant experience, knowledge or background. Having industry leaders on your board of directors provides strong third party validation for your organization.

**Content:** Describe the key players on your management team, board of directors and board of advisors, as well as your major investors. Include their previous companies, positions and relevant accomplishments.

**Management Team**

**Easy Music Management Team has the expertise to build a game changing music business**

**CEO**  
Successfully built and sold a previous venture backed company

**CTO**  
Track record of developing innovative online solutions

**VP MARKETING**  
20+ years of consumer marketing experience

**BOARD MEMBERS**  
Board is comprised of a music industry executive and a serial entrepreneur

Slide 8

Do not be afraid to show up with less than a perfect team. All start-ups have holes in their teams. What's truly important is whether you understand that there are holes and are willing to fix them. If some team members have been at relevant organizations prior to joining your team, put their logo on this slide.

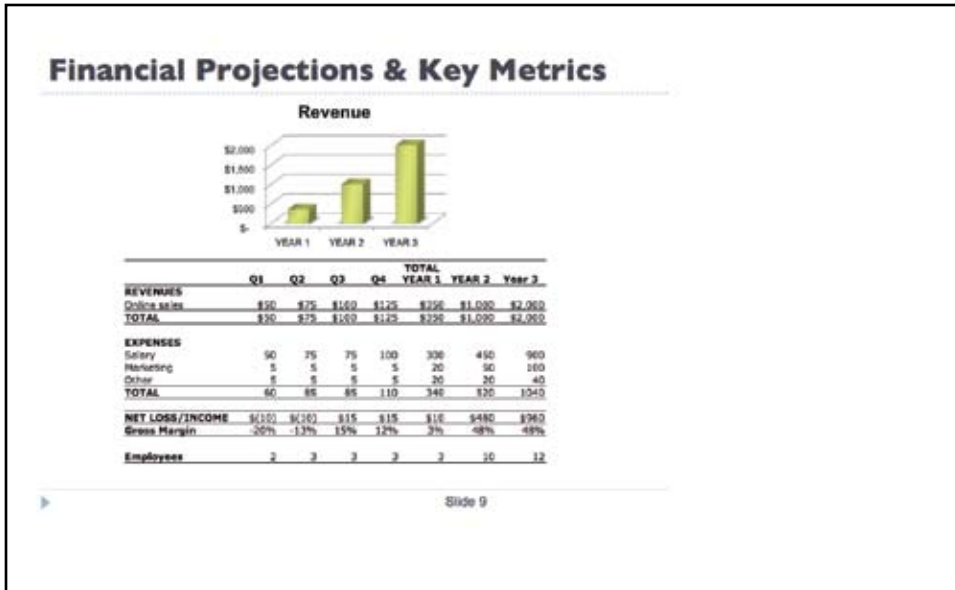


*Build the Management Team slide for your Investor Presentation using the PowerPoint template provided.*

## i. Financial projections and key metrics

**Objective:** Investors need to understand your projections for market adoption, timing and product pricing. They also need to understand your financing requirements and if and when you will need follow-on financing.

**Content:** Provide a three- to five-year forecast that includes both dollars and key metrics, such as number of customers, conversion rates, total product units sold, revenues, cost of goods sold, gross margin, pretax profit and cash flow.



Do a bottom-up forecast. Include long sales cycles and seasonality. Helping investors understand the underlying assumptions of your forecast is as important as the numbers you generate. Investors want to understand your road and timeline to being cash flow positive and profitable.



*Build the Financial Projections and Key Metrics slide for your Investor Presentation using the PowerPoint template provided.*

## j. Current status, accomplishments to date, timelines and use of funds

**Objective:** Potential investors need to know how they can participate in your fundraising and what milestones you plan to accomplish with those funds.

**Content:** Explain the status of your product or service, what the immediate future looks like and how you plan to use the money you raise.

<b>Current Status &amp; Use of Funds</b>	
<b>Current Status</b>	<ul style="list-style-type: none"><li>-Software development complete</li><li>-Partnerships established with 2 major music companies</li><li>-Industry-leading management team in place</li></ul>
<b>We are seeking \$20 million in financing to drive the business forward</b>	<ul style="list-style-type: none"><li>-Develop online store infrastructure</li><li>-Launch marketing tactics</li><li>-Establish agreements with 2 additional music companies</li></ul>
Financing will fund Easy Music to profitability in 12 months	

Share the details of your positive momentum and traction. Then use this slide to close with a bias toward action.



*Build the Current Status, Accomplishments to Date, Timelines and Use of Funds slide for your Investor Presentation using the PowerPoint template provided.*

## So what about the demo?

Some technically savvy investors will want to see a demonstration, while others may not. Either way, be prepared to do a succinct demonstration of your technology as part of the presentation. If you are going to include a demonstration, do it after slide 3 (Solution).



*Read more about [how to do a demo](#).*



*Write the script for a demo of your product in the Investor Presentation planning document.*

## 2. Delivering a Winning Presentation

Your presentation is the first real step in selling your venture and the investors' due diligence. They are assessing your professionalism, how you present and how you respond to questions or challenges. Fundamentally, they are deciding whether or not there is enough chemistry to work with you over the long term. Be comfortable and confident with your material and its presentation.

Decide in advance who else will present—include the presenters in your dress rehearsal. It is very important to practice your presentation until you are completely comfortable with the material. Since the presentation will last about 20 minutes and involve about 10 slides, no more than two people should present. The CEO, and either the technical or financial lead, should make the presentation.

Practice answering questions from the audience. Listen carefully, ensure that you understand the question, answer the question and then return to your slides until someone asks another question.

It is very important to demonstrate passion for your product or service and your organization. Investors are looking for passion from the presenter. If you successfully pass this hurdle, the investor will request your business plan and begin due diligence.



Read more about [preparing for your presentation](#).



Read more about [how to give a great presentation](#).



### Video examples of effective presentations/presenters:

- [Video example 1](#)
- [Video example 2](#)



### **Practice makes perfect!**

Decide which members of the management team will be making the presentation. Practice giving your presentation in front of an audience to help you get comfortable speaking in public. Know your material inside-out and refine your presentation skills.

## **FURTHER STUDY**

### **Questions you should be prepared to answer**

A meeting with an investor will typically last from 45 minutes to one hour. You will have 20 to 30 minutes to present and the rest of the time to answer questions.

The potential investor will have questions that you should be prepared to answer. Be prepared to adapt to their style—they may ask questions either during your presentation or at the end. It's their call.

We have included a list of questions below which you should be prepared to answer during the meeting. This list is duplicated in the planning document with space for you to write your answers to the questions.



*Review the following questions and write your answers in the Investor Presentation planning document.*

- How does your company fit in the industry?
- What are the major obstacles to your success?
- How did you calculate the size of your market and its growth rate?
- What makes your company different?
- What value do you provide that is not already available to your customers?
- What factors most affect your profitability?
- What are the barriers to entry?
- How will you establish brand-name recognition?
- How will you keep someone with a lot of money from taking over your market?
- How will you continue to protect your intellectual property?
- What is the profile of your end user?
- What motivates you?
- What advantages do your competitors have?
- What reaction do you anticipate from your competition?
- How do you intend to acquire market share?
- How important is advertising?
- How do you plan to fill staffing requirements?
- What makes you lose sleep?
- What is the life cycle of the product?
- What other products do you anticipate developing?
- How do you compete in terms of price, performance and support?
- Are there alternate suppliers?
- What new capital expenditures will be required?
- Will your present facilities accommodate expansion?
- How much financing will you require beyond this round?
- What is your exit strategy?

Source: Cardis, J. (2001). *Venture Capital – The Definitive Guide for Entrepreneurs, Investors and Practitioners*. New York: John Wiley & Sons, Inc.