

Investor Pitch Deck:

The Complete Guide To Build A Startup Pitch Presentation

- Investor Pitch Deck: The Complete Guide To Build A Startup Pitch Presentation
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Investor Pitch Deck: The Complete Guide To Build A Startup Pitch Presentation

A successful pitch presentation will kick off the investment meeting, allowing you to say more about your project/business in detail. Pitching and selling your idea or company to investors, on the other hand, is a time-consuming and challenging process.

When you're doing it for the first time, it's much more complicated. In a world where economic instability is increasing and **90% of startups fail**, your pitch deck is more crucial than ever.

However, don't fret. Here is an in-depth guide explaining investor pitch deck and its rules and best practices.



Why get funding from angel and VCs investors?



<u>Venture capitalists</u> and <u>angel investors</u> invest in businesses at various stages. The type of investor you approach is determined by whether you are a well-established company or just getting started.

To reduce the chance of losing money, venture capitalists prefer to invest in well-established companies. Meanwhile, angel investors are likely to invest in companies that are still in the early stages of growth. Even if the company has not yet proved itself, they prefer companies interested in and can see being profitable. As a result, angel investors take more chances than venture capitalists.

If you're just getting started, an angel investor might be able to help you get your business off the ground. If you're already developed and want to rise, consider pitching a venture capitalist. What do investors want after they invest in your small business?



Both venture capitalists and angel investors want a stake in the company or some control of its operations. They would like to make sure they get a good return on their investment because they put money into it. After investing, venture capitalists will demand that you form a Board of Directors and give them a seat on it. They are generally not involved in serving as mentors, but this varies by firm.

Many angel investors serve as mentors to their protégés. They could advise you on running your company, linking you with lawyers, accountants, and banks, and assisting you with decision-making.

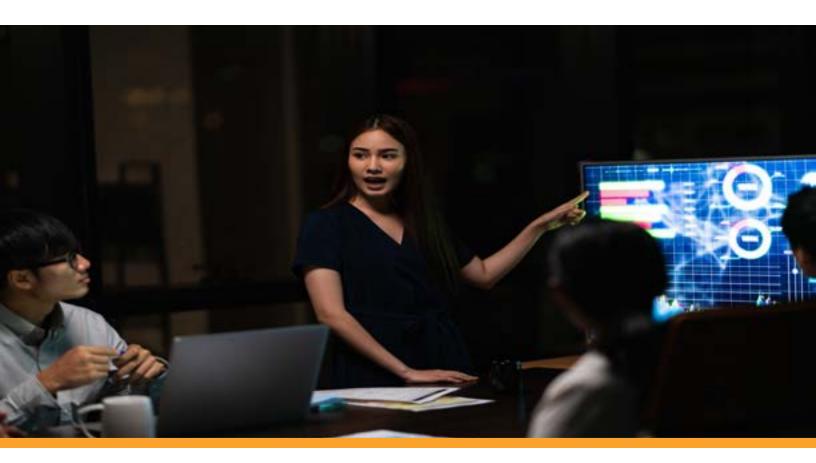
The fact that you don't have to pay these VCs and angel investors if things don't work out is probably the main reason why most entrepreneurs use angel investors and VCs to fund their startups. This is because VCs and angel investors need a percentage of the startup's equity in return for their investment. Angel investors and VCs become co-owners of your business.

Regardless, whether you want venture capitalists or angel investors to invest in your startup, you need to be prepared. You need to perfect your investment pitch.

You can read more about venture capitalists and angel investors here.



Challenge of pitching to angel and VCs investors



The most challenging part of this process is persuading VCs and angel investors to finance your startup, particularly if you're looking for seed funding.

For instance, since your startup is new, there's a good chance they haven't heard about you. Second, many startups are asking the same thing you're requesting. You'll need to come up with a persuasive pitch to bring to investors if you want to have a chance of convincing them to write the check and hand over the funds you need for your startup.



Additionally, with angel investors, one of the challenges is that **their expectations are usually higher**. They are in business to make money, and with such a large sum of money at stake, they, like anyone else, would want to see a payoff.

It's not uncommon for an angel investor to expect a return of ten times their initial investment within the first five to seven years.

When you're held to such a high standard, the pressure to generate can be intense. If you're considering angel investors, you'll need to find out if your company will grow at the pace the investor expects.

Though you are not officially obligated to pay your investor the money they have given you, there is a catch. You effectively give away a percentage of your potential net profits when you sign over equity in your company as part of the contract. The rate of ownership requested by an angel investor is usually determined by the amount of money invested.

What Is an Investor Pitch Deck?



A **pitch deck**, also known as a startup or investor pitch deck, is a 10- to 20-slide presentation that provides a brief overview of your company, business plan, and startup vision. It's a presentation that gives potential investors more information about your business.

A pitch desk's primary aim is to get to the next meeting. You'll want to present investors with a concept that piques their interest and encourages them to engage with you. You want to convince your audience to some degree, using hard facts and well-researched data to show that your organisation is deserving of their money.

A pitch deck can be put together using a sophisticated platform or as basic as a PowerPoint presentation. A pitch deck's most important aspect is that it must communicate your company, where it's going, and why you need money to make it a successful venture.



Why Is a Pitch Deck Important?



Since raising capital from investors is challenging and time-consuming, it's critical for startups to create value through a pitch deck that tells a convincing and exciting story.

Humans are visual creatures.

Half of our brain is directly
or indirectly devoted to
processing visual information.

A pitch deck is a fundamentally essential fundraising tool for startups, whether a founder is pursuing a few thousand bucks or several million. Most big corporations began as small companies with brilliant, young founder/s who created a PowerPoint slideshow to illustrate their idea and business model and then presented it to venture capitalists and angel investors.

Structure of a Pitch Deck

A pitch deck's structure is not entirely set. Nobody has the 'ideal' framework because organisations are all constructed differently, and specifics vital to one may be meaningless.

Nonetheless, most (if not all) winning pitch decks contains the following:





Company purpose

Include your logo, tagline, and all of your contact details. A tagline is an audible representation of your brand, while your logo is a visual representation. Both are attention-getting and intended to be remembered.

Begin with a clear vision and a rundown of your startup's most compelling facts. This is essentially your elevator pitch, which you include in your deck. Investors are subjected to many presentations, and most of them decide whether or not to invest early on.

Have a couple of summary slides ready to convince an investor right away. Your story's meaning should be captured in these overview slides.

- What is your vision?
- What is your mission?
- What are some outstanding facts about your startup?
- What motivates you to achieve your startup's goals?

Problem

This portion of your pitch deck should answer the question: Which requirement is your product or service attempting to fulfil? You must explain the nature and primary specifics of the issue you've found, as well as why you consider it's an unmet need.





Solution



Your pitch deck's 'solution' section is a statement that summarises how you believe the problem you mentioned above should be solved.

Every startup pitch deck should include this section because it gives the business a reason to survive. Who would want to invest in a company that doesn't solve a problem? Who would invest in a startup that doesn't have the best solution to a specific problem?

Trends and opportunities

This section of your pitch deck aims to respond to the question: why do we need your services or products? You must demonstrate that your goods and services are timely to satisfy a current or potential need in your target market.



You may include the following in this section:

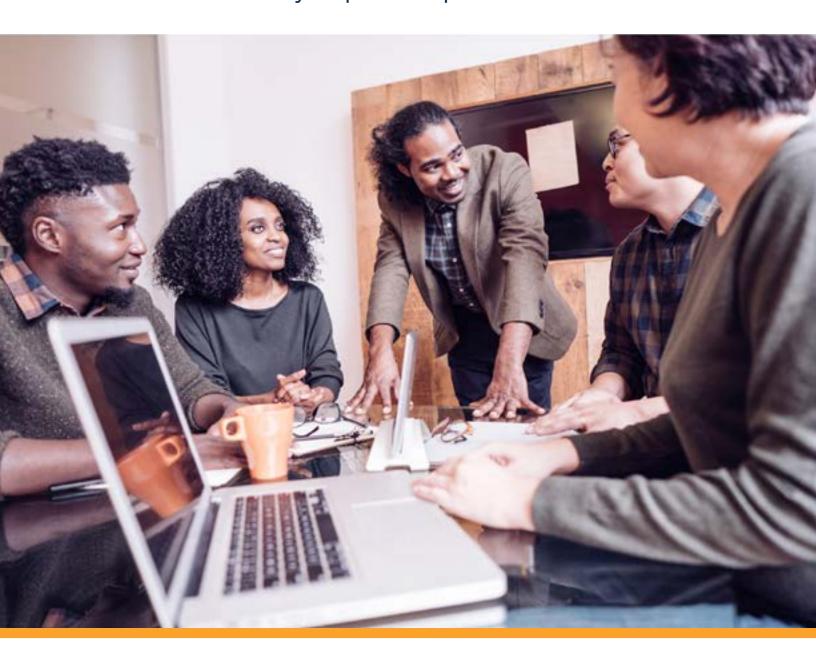
- Research studies from leading research firms
- Data you obtained from the studies you've conducted.
- Key metrics you've observed
- Rules and regulations directly affecting your industry and target market



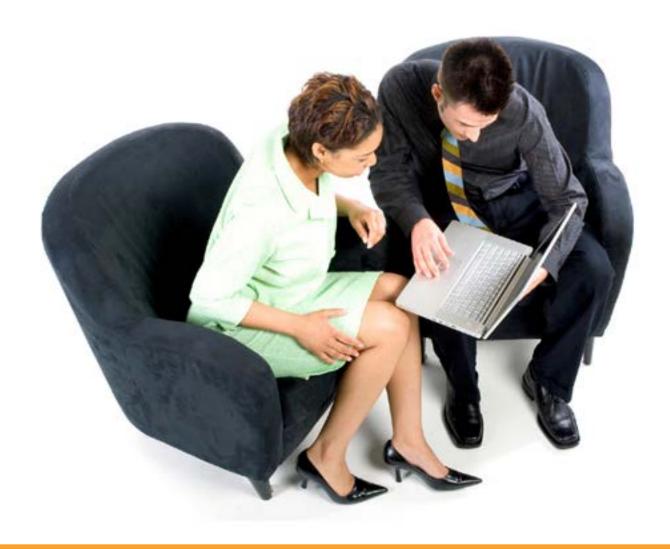
Describe Market and Its Opportunity

The market will determine if you will get funding or not. Investors could not finance you if you operate in a small market because the potential investment return is too small or too risky.

A strong market slide will graph out past market growth and future potential market growth using sources from your research so that investors can see what your product's potential is.



Product or service demo



This is where you show the actual product or service that your company is offering.

If your product is a physical product, provide professional photographs of it from various angles. You may also offer several views of your product to illustrate its materials and features. Additionally, if your product is an application or an online tool or service, consider including screenshots highlighting the unique features.



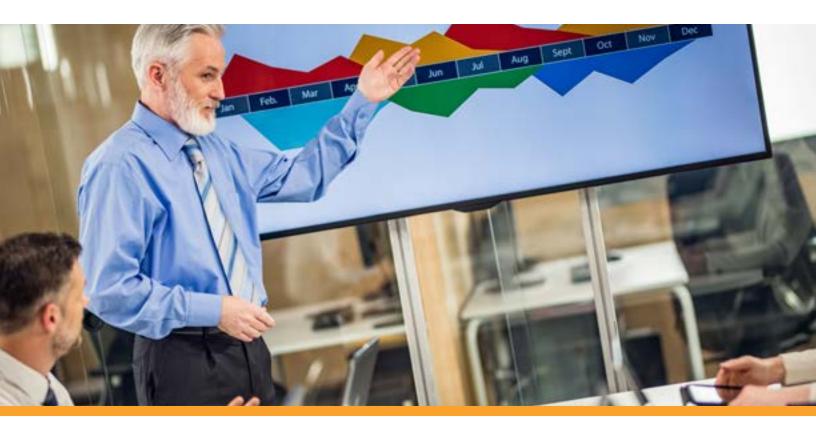
Your team

Most entrepreneurs begin by working alone or with a partner to grow their idea to the point that it makes sense. After that, a team is most likely created, and they become a crucial component of your company's success. Your investors will want to know who this team is and why you think they'll be able to carry your startup to the next level of growth.

Please make sure you treat each of your employees with respect and make an effort to highlight every aspect of their professional profile that aligns with the direction you're taking your business. They are one of your company's most important assets, so you want to make sure your investors see them as such.



Business Model and Financial Forecast



A business model is a description of how the business generates revenue. Suppose you want to sell the product online, in stores, or via a subscription model. In that case, you must clarify the pricing specifics, the available options for your customers, and how you plan to gain those customers profitably to your potential investors.

A successful pitch deck shows that this is more than just a concept. It's a company with a concrete profit strategy.

Meanwhile, a financial forecast section contains predictions over the next 12 months or even three years, depending on how mature your business is. Also, here's where you'll detail your company's financial future based on some assumptions about how much you want to sell and how much of it will convert into profits. A prediction of the company's key financial statements (Balance Sheet, P&L, and Cash Flow Statement) is typically included in a pitch deck.



Your competition

Even though most entrepreneurs believe that no one else is doing what they are doing, this is seldom the case. In these times, at least one business is likely to be doing or planning to do what you're doing. As a result, you can do as much research on your current or prospective competitors to ensure your future investors know who they are and how to surpass them.

Your pitch deck should address the question, "What makes your product or service stand out from the crowd?." An entrepreneur must define the main elements that distinguish the product or service they plan to introduce to the market in this section. You can clarify why a consumer would want to buy what you have to offer over what others are offering.



Investment Need and Proposal "The Ask"

This is the point at which you throw a number. You should be able to demonstrate to prospective investors why your valuation is correct, as well as the financial fundamentals that support it. A data-backed valuation figure will be included in a winning pitch deck.



Don't forget to tell investors what you need from them before you wrap up your presentation. Instead of simply requesting a certain amount of funding, tell them what you want to do about it. It helps to create confidence and allows investors to take you seriously when you explain your request.



Rules to Create a Pitch Deck



Here are some rules when creating your pitch deck:

- Give a concise and straightforward description of what you're trying to accomplish
- Calculate the figures
- Show off your team.
- Show how you earn

Give a Concise and Straightforward Description of what you're Trying to Accomplish

Or, as it's more known, the presentation of the problem and solution. The quickest way to get your audience to understand your startup is to offer them situations where your product or service is used to address the pain point. While still capturing your narrative's most crucial elements – what you're trying to accomplish why.



Calculate The Figures

Investors are searching for something that has the potential to be successful, regardless of how brilliant or appealing your idea is.

If you've already launched, now is the time to brag about your numbers – early adopter numbers, sales – and show that your solution works.

It's also a good idea to demonstrate the size of the market you want to target, mainly if you haven't launched yet, to give investors the impression that there is one.



Show How You Earn

You don't have to go into full details, but you should be able to find out who pays you and estimate your sales based on the market size you're targeting (or the trend your revenue is increasing based on the customers you already have).

Show Off Your Team

A startup is just as successful as its management team. Investors want to know whom they're entrusting their money to and whether or not they're able to manage it. Give your team members a slide in your deck.

It's OK to provide information, including experience, previous industry, and other career-related knowledge applicable to your organisation and the position they hold. During the actual pitch, go into greater detail.

When talking to investors, the pitch deck is one of the most valuable tools you have. Although the information contained in it differs depending on your startup's stage of activity or funding, the pitch deck should present important information in a tone that represents your organisation's personality.



Best Practices When Preparing Your Startup's Pitch Deck



As you have heard many times before, **90% of startups fail**. If you cannot obtain the funding required to take your company to the next stage, you may find yourself among the 90%. In a world where economic instability is increasing, your pitch deck is more crucial than ever.

However, don't fret. Once you figured out the likely mistakes you might encounter in your pitch deck, you are at least halfway there.

Here are six best practices when preparing your startup's pitch deck:



1. Limit The Number of Your Slides

Inexperienced presenters sometimes make the mistake of attempting to say too much. They feel obligated to prove themselves by showing to the audience that they are well-informed. As a consequence, the key message is frequently overlooked, and valuable question time is commonly wasted.

Your knowledge of the topic is best to convey through a clear and straightforward presentation that leads to a conversation during the question-and-answer session, where the audience becomes active participants. If you haven't got any questions, you haven't followed the other rules. Your presentation was most likely incomprehensible.

Although it will be tempting to include everything on your slides, your audience would be more interested in what is on them than in what you are saying. Instead, use slides for what they were designed for: graphics to accompany the presentation. The best pitch decks often don't have titles on their slides, instead of relying on a number, an image, or a phrase to make a point.

Keep in mind that an <u>average entrepreneur pitch has 38 slides and</u> an average venture capitalist attention span or cranial capacity is at ten slides.

Guy Kawasaki invented the **10/20/30 rule** to assist you in making a killer presentation. The ideal number of slides is 10, the ideal time spent on the presentation is 20 minutes, and the ideal font size is 30 so that everybody in the room can see what you're talking about.

2. Don't Overload Your Slides With Texts

Have only one idea per slide. <u>Hick's law</u> states that as the number of options increases, the decision time increases logarithmically, making it more difficult for investors to make a decision.

That's not what you want. Make it simple to read and comprehend (you aim to get a face-to-face meeting or a 1:1 Zoom meeting during lockdown).

3. Use Visual Aids

Presenters have various styles of presenting. Some people can captivate an audience without using visuals (rare), whereas others need visual cues.

Also, others may not present a particular topic well without the appropriate visuals such as graphs and charts depending on the material.

Making information visual has become increasingly relevant. Enhance your pitch deck with visual aids. It will help your audience understand your subject better, clarify points, make an impression, and create enthusiasm.

However, do not overload the visual. Make the points few and clear. If the audience understands what you're saying and are more engaged, you'll have a better chance of persuading them.



4. Study How Other Startups Do It

When it comes to finding investors and business partners, <u>it's always</u> <u>easier to learn from others' mistakes than from your own</u>. In such situations, you will need to perform research, attend presentations, and listen to experts. Find an investor interview and hear what they are looking for in a startup. Examine a startup pitch to see if there are any errors and develop ways to improve this in your presentation. And, most importantly, don't be afraid to ask. Don't just look for mistakes or errors. Learning good habits will boost your confidence.

5. Follow the KISS Principle

KISS is an acronym for Keep It Simple, Stupid, a design principle noted by the *U.S. Navy* in 1960.

Starting from the bottom line—that is, the conclusion and then backfilling is the most powerful way to ensure simplicity and elegance in presentations. This way, the audience knows what you're going to say first and then how you came to your conclusion. It's a common and practical approach in the Anglo-Saxon world, and it is becoming more popular as English becomes the business lingua franca. Also, going straight to the point of your pitch not only makes it short but also limits the number of questions you will get from VCs and angel investors who are listening to your pitch.

The more information you give VCs and angel investors, the more they have questions. Investors will evaluate your pitch based on how well you delivered it and how persuasive you respond to their questions. If you cannot reply to any of the questions raised by your potential investor, you risk not receiving the funding your startup needs

6. Keep Improving Your Pitch

Most of the unicorn company stories we hear focus on the powerful presentation they delivered, culminating in millions of bucks in funding. It's understandable for startup founders like you to get frustrated when investors ignore you after several pitches.

The truth is that all of these well-known startups known for their success stories started just like you. Even Google had to <u>pitch to</u> <u>several investors</u> before they were able to secure funding. Keep improving your pitch, and don't give up. Every "no" will get you closer to the "yes" you want to hear





Summary

A pitch deck requires much time, effort, and patience. It is a challenging process. Also, there's always the possibility that you won't get the investment you want. However, don't lose hope. Take note of these rules and best practices and apply these to your pitch deck and startup.

Even though we've gone in-depth in this guide, you most likely still have questions on building a startup pitch representation to investors.

Often, the best way to get the answers to your questions is to talk to someone who has more excellent knowledge and expertise about the industry you are interested in.

You can <u>schedule an appointment with us today</u>, and someone will get in touch with you to answer all your other questions.

