



PITCH DECK TUTORIAL

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ABOUT THIS TUTORIAL

There are so many wrong notions about pitch decks that I felt it was time to make something to help get people on the right track. This is a basic tutorial that will hopefully guide you in the right direction.

There is no substitute for professional help. But there is much you can do yourself if you have clear instructions. Once you get your pitch deck prepared, feel free to contact me for a free review. I'm happy to review what you create and provide you with some guidance.

Let's get started!

WHAT IS A PITCH DECK?

A pitch deck is a presentation, a set of slides, with the purpose of getting you closer to raising money for your business or business idea.

We must get a few things clear. All presentations must have a goal. A single, focused goal. When presentations have lots of goals they usually don't achieve any of them.

The goal of the pitch deck is to get you to the next step: Vetting.

Vetting is the process of looking closely at the business plan and all available data to verify the claims you make in your pitch deck.

A PITCH DECK IS NOT

Unlike what so many websites want you to believe, a pitch deck isn't the main tool to raising money.

A pitch deck isn't the key to raising money.

A pitch deck, compared to the other pieces we'll discuss, isn't the most important piece in the fund raising process. It matters, but it's not the most important.

A pitch deck is NOT a priority when planning a new business or planning to raise money for expansion of an existing business.

Please read that carefully and take it seriously.

Planning is the most important part of the fund raising process.

NOT ENOUGH

I have seen “business advisors” state on their websites that step 1 is to get an idea and step 2 is to prepare your pitch deck. That is absurd. Do that and you will waste a lot of time, lose your credibility and ultimately fail.

This isn't the place to give you all of the steps that go into the planning phase. But make certain there is a plan.

“The decision to invest will not be based on your pitch deck, it will be based on your plan.” Chris Reich

SO WHY MAKE A PITCH DECK?



A well designed pitch deck will get you to those magic words, “I like your idea. Let’s talk more about this.”

You want the pitch deck to create so much interest that the potential investor will want to talk with you in depth. That’s vetting.

No one ever saw a pitch and said, “who do I make the check to?”

Even on the TV show, Sharks, those ideas have already been vetted.

The well-designed pitch deck creates interest in YOU and your idea.

Pay attention! Investors invest in YOU if they like your idea.



YOU

Investors invest in you if they like your idea.

Remember, after the pitch comes the vetting. You will likely get your money if you get to the vetting phase and you can support the claims made in your pitch deck.

The pitch deck is often far too optimistic and packed with unsupportable targets. Why? Because people feel like the pitch deck is their only chance to dazzle an investor so they make the presentation sound like a sure path to riches.

Investors became investors by being able to make and protect money. Unless you are pitching uncle Joe, you won't be talking to a fool.

Investors don't want to see wild "get rich" claims. They will back away and you will lose all credibility.

BE REALISTIC

Be realistic in your promises.

Never forget! Vetting comes next. You will have to support all the claims you make in the pitch deck. At the first sign of a switch up, you lose. So if you 'estimate' a return on investment of 45% over 2 years, your plan better not show that 5% is more realistic.

“Investors do not like to waste time. Everyone is after their money. They see pitches every day. They immediately dismiss an ‘opportunity’ if the numbers don’t work.” Chris Reich

NO SECOND CHANCES



Investors will not give you a second chance. If you can't make a plan, you cannot execute a plan. It's that simple.

Are we clear?

Get your business plan right, then make the pitch deck.

So now let's start the deck!



COVER



You won't know how the presentation will be staged. It might be after a long wait. You may have your slides up and there might be conversation first.

Start with a cover.

Use a simple title and an image. Get your name on it too.

Don't use words like "Proposal to raise money" or "Investment Opportunity"

If you do that, you'll turn them off before you even start.

Say something like "ACME Corporation Business Plan"

Keep it simple, generic. **We don't want your audience forming opinions before you start talking.**



LEGAL

There are state and Federal laws regulating the solicitation of funds for investment. Start with a proper “disclaimer” page which meets state and Federal law.

That isn't too hard. You can get boilerplate material. The key is to say that this is not a solicitation for the sale of securities. Claims made are estimates based on the best judgement of the preparer. There is not guarantee of results (unless there is a guarantee). This can be small print and you don't have to spend a lot of time on it. Have your attorney prepare it.

“Never, ever forget that when it comes to money and investment you will always be talking to people who know more than you. Be careful. They call them sharks for a reason.” Chris Reich

GET STARTED



Explain the problem your idea or business solves. Always start by stating the problem. (If you cannot agree on the problem there will be no agreement on the solution)

Not your problem (Help, I need money!)

Explain the problem that your business solves.

OK, it's like this...

The next slide is how I would start a pitch deck for my consulting business.



SAMPLE GETTING STARTED SLIDE

We all know that most new businesses fail within 5 years. It's tough out there. While a welder knows a lot about welding, he may not know a lot about business.

The guy who can make a great bar-be-cue sauce probably doesn't understand how to read a profit and loss statement.

The woman who launches a bookkeeping service probably doesn't know how to raise money to launch her business.

The couple who wants to open a restaurant have a great idea but lack the experience to see all the obstacles they will face.

Everyone who starts a business assumes they will be successful. But only 20% will actually survive for more than 3 years. This is a real problem.

SEE?

I've stated the problem that my business solves.

Note that I haven't stated the solution. That first slide needs to be all about the problem. **DO NOT MENTION YOUR IDEA IN THAT FIRST SLIDE.**

Clear?

Your opening slide needs to be all about the problem.

Slide 2 (I'm not really counting the "legal" slide) is the introduction to your business idea.

YOU HAVE THE ANSWER!

You have the answer to the problem!

Use the next slide or 2 to explain your idea and how it solves the problem.

Pay attention: Everything you say about your business MUST tie to how it solves the problem.

In the next slide, I show you how I would address the problem we used for an example in my own business.

TEACHU TO THE RESCUE



My business will help my clients succeed by giving them the knowledge, advice and guidance they need to avoid the big problems that pull down most businesses.

I can help them raise the money they need and help them use that money to maximize their return on investment.

I can help them avoid partnership problems which cause many businesses to fail.

I can help them with proper accounting so they avoid tax problems.

I have seen the problems that destroy businesses and I can get my clients through the storms that are sure to come.

I know these things because I have dealt with them. I have prevented people from losing their home to bankruptcy and debt. (They had secured a loan with their home!)



THEN...

I would go on to say a little more about my business idea...

*

If I raise some money, I can expand my business into more territory. Having a private jet would allow me to be in any location in the U.S. within a few hours rather than a few days. That means I could help even more people. I get calls every day from people who want to start, buy, expand or save a business. I want to help them.

*

Don't get specific yet. Talk about the business and how, with funding, you can solve even more problems. See?

TIME FOR SOME BACKGROUND

Now it's time to give background on YOUR expertise.

You want to answer this question: Why should the investor trust that you can pull this off at a profit?

Experience goes a long way. Talk about your experience to establish credibility. You want the potential investor to believe in YOU.

GET REAL



Get into some specifics.

How much money are you looking for?

What will you use the money for?

How will this money help you solve the problem(s) we discussed earlier?

You need to do this in no more than 2 slides. 1 slide is best, 2 is okay.

Don't put a lot of words on your slides. Use key words that YOU will talk to.

“Never send out the pitch deck as a PDF or self running slide show. Always deliver it in person! You want to see the reaction and get to the next step. And, you don't want the pitch deck floating around in public.” Chris Reich



SUPPORT YOUR CLAIMS

It's time to get some data into your presentation to support your claims.

Use 1 slide to explain the market data you have. Answer these questions:

How much market is there?

How much market can you reach?

How much capacity will you have?

How much revenue (or new revenue) will you gain from this investment?

Why should an investor believe that? Can you demonstrate and support your claims?

WHAT DO YOU WANT?

Now explain clearly:

1. How much investment you are seeking
2. EXACTLY what you will do with the money
3. What does the investor get in return

Here are the rules:

Be specific, precise, clear and conservative!

2 slides MAXIMUM to cover this

THOUGHTS ABOUT WHAT YOU WANT



This is where some big mistakes happen.

Be specific: Don't say I am seeking \$2-\$3 Million to start this venture

Say I am seeking an investment of \$2.5 Million

Don't say "You get a percentage of ownership between 20% - 40%

Say, "You get a 35% equity stake which means that you will get 35% of the annual net profits."

This requires a lot of detail. Be clear. Explain ownership rights---does your investor have a say in the business? May she sell her interest? Do you have first right of refusal? Define all of the details.



THE RULES

Be sure and be very clear about the rules for this investment.

If you fail and lose the money, does the investor have any recourse? Will you secure the investment with the equipment or property of the business?

What can the investor do with her interest? Sell it? Redeem it?

Do you have the ability to buy the interest back whenever you want? At what terms?

“You must address all of the terms of this deal for your investor. Be clear. Do not be “open”. Terms can be adjusted AFTER vetting. Be conservative in what you project as the return on investment. **Do not break these rules.**”

Chris Reich

NOTES

If your investor challenges your terms, you can always say that “we can discuss that after you finish vetting my proposal.” In other words, you will discuss changes to your terms when they are ready to write the check.

A smart investor will test your ‘desperation level’ by asking things like, “what if I require a larger piece?” Rather than agree without having a commitment, it’s wise to say, “Let’s talk about adjustments to the terms when you have completed the vetting.” That shows intelligence.

You simply can’t just be open to everything they throw out. That shows that you don’t know what you are doing.

HERE'S A THOUGHT FOR YOU

Get this project into a frame you're used to dealing with. Think about buying a car. (I know it's not the same thing but there are similarities)

So the salesman says, "would you pay more for this car?" And you say, "I'm open to that if I can get the financing." You just guaranteed that you will pay more. Doh!

Think in these terms.

Don't over project. "I will make you a 300% return!" Don't do that even if you think it possible. Put it in realistic terms and say, "It might be higher but you can determine that when you review the specifics in my plan."

Again, using the car analogy, would you believe this? "I want a 6 year loan for the car plus enough to cover repairs but I will pay it back in 3 months from the extra money I will make." Does that sound credible?

MORE THOUGHTS

Explain your use of funds precisely.

Do not seek money to cover debts, taxes or money for yourself.

If the business is in more debt than it can handle, it's a lousy investment unless you had nothing to do with the debt. (Maybe you took it over from a relative)

Investors don't want to pay bills. They want their money to buy things that will grow the business.

NEVER say I need \$60,000 to cover my salary. NEVER.

Investors are not interested in paying YOU. Your salary should show on the projected budgets.

TIMELINE



Now, in general terms, explain how the money will be used over time and when the investor should see big improvements to the business.

For example, if you are buying equipment, it takes a while to purchase and install new equipment. Then you must ramp up production. During that time must build sales. So, within 7 months we should see the first increase of about...

Okay?



MARKET DATA

This is basically saying:

I know my plan will work because...

Support your projections with market data:

I get 15 calls a day but I can only handle 4 of the possible 10 new clients because without a private jet I simply cannot get there fast enough to help.

I have tested my market with advertising and found that I could only handle half of the new business.

This article in the Wall Street Journal says that demand for business consulting will increase by 20% per year for the next 5 years. (Have reprints of articles, research papers ready to hand out)

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MARKETING



The hard stuff is over.

Add a slide for marketing.

Explain how you will get the word out.

Give an overview of your marketing plan and sales process.



TEAM



Talk about your people.

How much experience do they have? Track record?

Time on the job?

Extraordinary skills?

What other resources do you have?

BE PROUD OF YOUR TEAM



YOUR TRACK RECORD



Explain your accomplishments and track record. This is VERY important. If you have worked for 15 years at an accounting firm and want to open a restaurant, you have no track record.

If you have worked in a restaurant for 5 years, that's terrific.

If you operated a food truck and now want a brick and mortar establishment, explain how well you did with the food truck.

“Sometimes the whole deal depends on how much the investor likes YOU. They are investing in YOU. They are depending on YOU. I have seen great plans rejected because the entrepreneur had no ‘people’ skills. And, I have seen investors go for weak plans because they believed in the vision.” Chris Reich



THE BAD NEWS

It is wise to get the threats to your plan on the table. Don't go overboard but do mention:

- Competition
- Market Shifts
- Potential Supply Issues
- Logistics

And give a little about how you will deal with these 'threats'.

(This is 1 Slide)

CLOSE

Now you simply say something like this:

“I know there is a lot to review and I do not expect a decision now. I have a detailed plan that I would like to review with you at your earliest convenience. You can see the books and dive deep into the plan.

What I’ve shown you today is a conservative view of my plan. Once you see the specifics, I believe you will be interested in working together.

Can we set up a time to begin the vetting process?”

That last question is your close! Don’t skip that and assume they will jump across the table and beg you for an opportunity to put money into your business.

THAT'S IT!

You should have 10-15 slides---no more!

You should be able to get through this in 15-30 minutes

The pace should be fast

Remember! The goal is get the investor to want to go to the next step: vetting.

Don't print your pitch deck for handing out. NEVER.

Bring models, products, demonstrations, articles, samples, testimonials and give those out. Do not give your pitch deck out. Period.

GET TO WORK!



The pitch deck is a small part of the process of raising money. Put the time into your plan.

When the plan is ready, get the pitch deck together.

Use few words, make it visual. Be sharp. Be conservative. Make it attractive

And if you need help, get it. Having a plan reviewed and a pitch deck prepared costs very little compared to what is at stake. Seriously. You might even want a pro to deliver it with you. That's why people hire professionals to sell their products on Home Shopping Network. USE PROFESSIONALS.

I'm happy to help you! Good luck! Chris Reich (530) 467-5690



HERE'S TO YOUR SUCCESS!

If you have questions about the pitch deck process, just give me a call. I can afford to give you an hour of FREE time.

I want you to succeed.

(530) 467-5690

