



**How to Nail**

# **The Startup Pitch**

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# How to Nail The Startup Pitch

Imagine you log into your bank account only to discover your account was compromised. Consider yourself lucky! The odds of this happening are about the same as your odds of netting VC funding. According to the latest research, angels and VCs fund less than 1% of startups.

To win funding, you need proven techniques. Unfortunately, there are thousands of articles with different opinions on how to pitch, many of them based on guesswork. That's not what you want. You want clear skills repeated by top startups that won funding. In this article, you'll discover five techniques highlighted from my book *The Startup Pitch: A Proven Formula to Win Funding*. Regardless of whether you're pitching to investors or at startup events, apply these techniques to dramatically improve your pitch.

## 1. PROBLEM-SOLUTION-BENEFITS

If you remember only one lesson, make it this: successful pitches convey value. The quickest way to convey value is to use the Problem-Solution-Benefits approach. You introduce the problem, solve the problem with your product, then list the benefits your solution provides consumers.

Successful startups like Mint.com, airbnb, and ZocDoc begin their pitch with the problem. The problem provides context to explain why your product is valuable to potential customers. One easy way to start with the problem is to share the story of someone suffering from the problem. Here's how eHarvestHub, a recent startup I coached, did it:

"Imagine you're a farmer and you receive a letter from your largest buyer Walmart. Walmart notifies you that to comply with the FDA's new Food Safety laws, all fresh produce must be traceable with technology; otherwise Walmart will not purchase your produce. This means every apple or carrot that makes it on Walmart's shelves must be traceable back to the farm where it was grown. For you and the other 82,000 small fresh produce growers here in California, this presents a huge pain because existing software used to track produce is complicated and expensive."

The example above provides a clear problem that includes story, data, and the pains people suffer from the problem. These are elements that influence investors. It also takes less than a minute to deliver. Now you can position the value of your solution by solving the problem.

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Problem-Solution-Benefits is a short version of the full 4-Point formula outlined in my book *The Startup Pitch*. For a step-by-step method to winning funding, reference Chapter 2.  
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## 2. FEATURES TELL, BENEFITS SELL

To encourage investor buy-in, never forget the golden rule of sales: features tell while benefits sell. Features are what you put into your product; benefits are what those features mean to users. Benefits win customers and ultimately investors.

Selling benefits means you explain features of your solution in terms of user value or experience. When Steve Jobs introduced the first iPod with 20-minute skip protection (feature), he said you can go running or do other exercise without missing a beat (benefit). The iPod holds 1,000 songs (feature) so you can take your entire music library with you when you go on vacation (benefit).

Benefits translate product features into meaningful value. Failure to translate features into benefits is a frequent mistake entrepreneurs make when pitching their product. Stand out from the pack. Don't leave it up to investors to guess the value, tell them.

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For more examples on benefits, review Chapter 3 in *The Startup Pitch*. You will also discover additional methods to appear lucrative to investors.  
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## 3. CONCISION OVER CONTENT

Value is your key to success, but clarity cannot be overstated. Investors must be able to recognize your value free from the distraction of useless details.

When Enigma won the grand prize for their pitch at TechCrunch Disrupt in 2013, founder Marc DaCosta introduced their product in one sentence: *At Enigma, we're building a scalable infrastructure for acquiring, indexing, and searching public data*. He immediately followed this description with a demo. GetAround, who won the grand prize at TechCrunch Disrupt two years earlier, introduced their solution just as concisely: *Getaround is a marketplace for peer-to-peer car sharing. The air bnb for cars*. GetAround then moved into their demo. Neither company gave a long drawn-out product

explanation; it took them only 1-2 sentences to share what their startup does.

The goal of introducing your product in 1-2 sentences is to achieve understanding. It's clean, clear, and concise. Here's another example: *Foursquare is a geographical location based social network that incorporates gaming elements.* Don't hide your value by including too much detail or worse – using fluffy words that show pseudo value like “disruptive;” say it succinctly. Apply this rule to every aspect of your pitch.

For more on how to reduce dirty details and highlight value, read *Tailoring your Pitch* in Chapter 2 of *The Startup Pitch*. You can also compare your pitch to other successful startups like Stormpulse and Exactals.

#### 4. INVESTORS AREN'T CUSTOMERS

Successful pitches convey value, but investors don't judge value solely through your problem, solution, and benefits, all of which convey customer value. You also need to prove you're a viable business that can earn ROI. To do so, you need tactics to present your market and business plan effectively.

Thanks to the Business Model Canvas, every startup can easily construct a business plan to show their path to revenue; therefore, it should come as no surprise that investors just as easily carry skepticism about business plans. Rather than leave your plan vulnerable to skeptical investors, prove you're a viable business by proving your plan works.

Proof is about evidence. On the road to raising over three million dollars, successful startup RidePal pitched their go-to-market plan to create a “Google bus for the rest of us.” First, RidePal explained that they would rent buses to shuttle professionals between work and home, just like a Google bus. The proof that they could rent buses: RidePal already had buses on the road. RidePal said they were building strong customer relationships. Proof of these relationships: RidePal published a press release announcing Solar City as a new premium customer. RidePal also explained that customers were happy with the product. Proof: they shared customer quotes.

Metrics, quotes, and other hard proof can act as evidence that your business plan works. Young companies often lack great metrics; but you can still run small-scale market tests or show evidence that similar companies have functioned successfully with the plan you're using. Customers want product value; investors want business value.

For more on how to prove your business plan, read Chapter 3 of *The Startup Pitch*. You'll find tips on the type of metrics to use. You'll also discover how to credibly clarify your market.

#### 5. TEAM STRENGTH

Your team is the strongest determinant of startup success, not the product; yet, often the team slide of startups is boring and ineffective. It's not because the team lacks skill, it's because regardless of whether investors seek passion, commitment, or leadership, they're really looking for one thing: credibility.

Can you do it? When Layer pitched their open communications platform on the way to earning \$6 million in seed funding, the CEO described the product by saying, “It's as good as any VOIP service out there. And it's peer-to-peer. Our chief scientist was the CTO of Grand Central and later Google Voice.” This brief description of the chief scientist's background supported claims that the product could perform. There was no separate team slide; the team was positioned to prove the product.

When Kindara tied for 1<sup>st</sup> place pitching their women's fertility app at Founder Showcase, the CEO explained how her mother suffered from the problem that the app solved. The CEO's personal connection to the problem (via her mother) evidenced that she understood the problem and was committed to solving it.

Disclose team details in ways that show you care about the problem, have domain expertise to develop the solution, and can run a business successfully. Forget the team slide. Find unique ways to inject team info throughout the pitch to enhance credibility.

For more ways to enhance credibility, read Chapter 3 of *The Startup Pitch*. If you still want to make a team slide, read Chapter 5 on how to create the slide effectively.



“How to Rock The Startup Pitch” is an article written by Chris Lipp, author of *The Startup Pitch: A Proven Formula to Win Funding*. Some of the material in this article comes from *The Startup Pitch*.

More resources are available at <http://speakvalue.com>

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