

Pitch for funding

...Investors need Entrepreneurs!

“The only institution that really creates dramatic change in society is the humble little start-up.”

*- Michael Jordaan,
Angelhub
Ventures South
Africa*



Why Pitch?

Entrepreneurs and SMME's generate many ideas daily.

Some become worth millions, others don't get off the ground.

Pitching improves success rates, builds confidence.

- “**Pitching**” is an opportunity for ideas to:
 - be tested for their innovation, against real competitors
 - gain visibility, momentum, realisation
 - attract investment - investors need quality “deal flow”!
 - Attract new customers and new business
- “**Pitching and Preparing**” is the creation of a challenging but enabling environment to:
 - share and get feedback on an idea
 - refine the presentation, and the business case
 - improve presentation skills and confidence



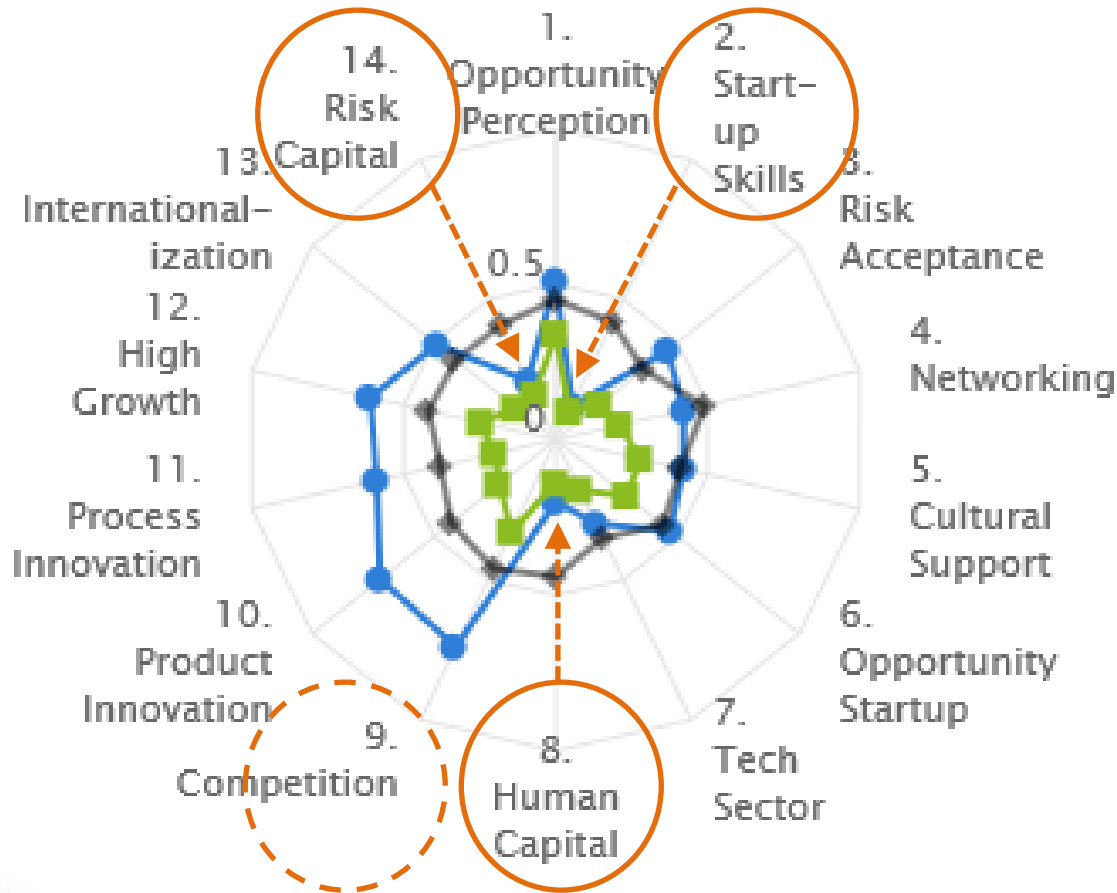
*Tip: Is your idea worth money? Test it!
Enter funding pitching competitions
e.g. Engen/Raizcorp
<http://pitchandpolish.com/>*

Pitch & Prepare

Close the gap to investors

“There is a huge gap between what investors are looking for, and what entrepreneurs present.”

- Gil Ovid,
The Creative Counsel &
Shark Tank



- South Africa
- World
- Region

In South Africa: Innovation and growth is high, but risk funding is limited, skills are low, competition is fierce...

...pitch & prepare works to bridge these gaps!

Pitching - Overview

Sell your idea.

Sell yourself.

Sell your investment return.

- Know your audience, the “**catchers**” of your pitch. Research what kind of investments the funder is willing to back. Give them a message they want to hear, let them participate.
- Distil your business plan into a catchphrase, a brief investment case, and a concise presentation on What/Why/How you create **return on investment**
- Some scenarios:
 - Panel Pitch - judges or wider audience, with slides/props
 - Elevator Pitch - unexpected opportunity, short, no media
 - Movie Pitch - catchy video clip, online on social media



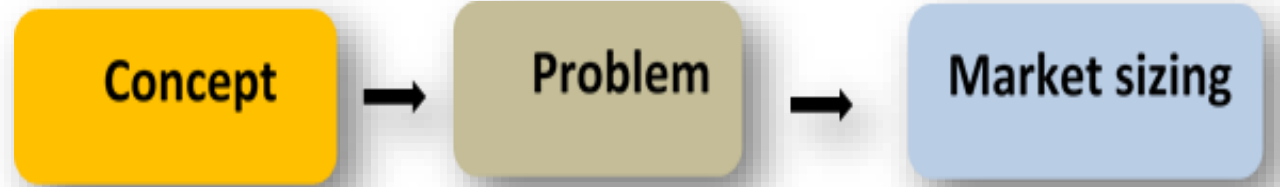
Tip: See how others pitch!

<https://hbr.org/2003/09/how-to-pitch-a-brilliant-idea>

<http://www.scienceofpeople.com/2014/01/pitch-idea-shark-tank/>

Pitch - Slide Deck

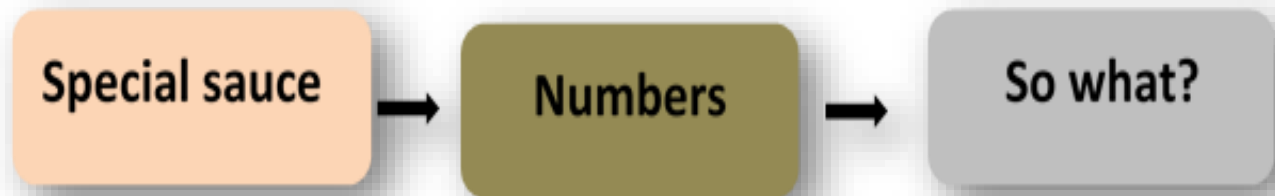
1. What?



2. Why?



3. How?



Pitch - Slide Deck

1. What?

Intro slide

- Your project description
- **Attention**-grabbing catch-line and picture

1. Concept

- Show the product/service/project/cause you are **selling**.
- What does your business do, how does it work, in very simple terms?

2. Problem

- Why are you doing this? Why is there a **need**, a market gap?
- Why is the problem worth solving, and why now?

3. Market Sizing and Traction

- Current and target customers, and how you **reach** them?
- Evidence: market excitement, price, volume, quality, delivery



Tip: Be unique to catch attention.

The first slide is free advertising while technicians set up, don't use standard "welcome" or "contents".

<http://mktr2mktr.com/teach-your-salespeople-to-just-say-no-to-clipart/>

Pitch - Slide Deck

2. Why?

4. Opportunity and Capacity

- What have you done before, and learnt from failures?
- Who is your jockey, your **team**, why are you suited for success?

5. Competition

- Who are your competitors, and **alternative** products?
- How strong are they compared to you?

6. Business Model

- How will you make **money**, and make ends meet?
- What are your revenue streams, distribution channels, top 3 costs?
- Give real numbers on “cheaper/better/faster”, not vague claims
- What kind of investor are you looking for, debt/equity?

Tip: Know your audience, customise your content for them, to attract them. Research ways of customising your deck.

<http://chrislema.com/does-your-powerpoint-suck-5-questions-to-ask-yourself/>



Pitch - Slide Deck

7. Special Sauce

- **Innovation**, differentiation, competitive advantage, IP
- Tell a unique story of underlying magic that captures imagination

8. Numbers, Investment Return

- Quantify expected **revenues and expenses**, internal rate of return, cost flexibility and scalability
- Amount and type of funding required, use of funds, timeframe

9. So What?

- Call to **Action**
- Next steps for your audience to take, what's in it for them?
- “It will cost you something to be part of this great adventure!”

Tip: Raise and hold attention past the end, entice real questions. The last slide is free advertising again, stays on screen while you field questions, don't write “?” or “thank you”.

<http://templategraphix.com/tag/presentation-template-problems/>

THE **WORST**
PRESENTATION EVER

Seriously, I'm about to bore you to tears!

3.How?

Pitching - Notes

“No-one else can believe in you if you cannot prove that you can believe in and invest in yourself first.”
- Zipho Sikhakane

- ✓ **Less is always more**
 - Grabbing attention is key, detail comes once interest is awoken.
 - 5 sec “catch-phrase”, and 60 sec “elevator pitch” is vital.
- ✓ **Professional enthusiasm**
 - Excite investors with your story and your belief in the big picture.
 - Cement your passion by being reasonable and responsible.
- ✓ **Don’t hypothesise. Execute**
 - Facts, not fiction. Evidence that you can crawl before you walk.
 - Do real market tests, borrow equipment, sell other’s products.
 - Failures are valuable. What have you learnt from them?
 - Stay humble. Stay paranoid. Keep executing.
- ✓ **Choose not to be the smartest person in the room**
 - Know what you *know*, and what you *don't know*. Don’t pretend.
 - Find the people who know what you need.

Forbes

ENTREPRENEURS

Tip: the dragons were once in your shoes

<http://www.forbes.com/sites/mattsymonds/2013/10/24/7-tips-for-pitching-your-entrepreneurial-idea-whether-to-angels-or-sharks/>

Pitching - Notes

“I am astounded at the lack of investor readiness capacity, I’d hoped they were more coached. It’s a problem with the events I go to screen angel deal flow. They would not survive a day in the USA or UK, due to slow response, poor business sense, lack of go-to-market plans.”
- Dana Smirin Consulting

Make it

- Sense of **reality**, believable experience, learning from failures
- Crisp clear message of **innovation** and growth
- Defined market **opportunity**, what are people willing to pay?
- Market **traction** (10% idea / 90% sweat and tears)
- **Validate** assumptions and differentiations
- Your real requirements, in a **deal** with something for all parties

Break it

- **Crazy/lazy/hazy** claims, generalisations, complex structures
- Inability to quickly explain what you actually do
- Fixated on an idea but **not implemented** it yet
- Thinking you’re special only because you didn’t check if you are
- Not knowing what you want and what you will do with it

Tip: Research your investors, e.g. Venture Capital, Angel Investors
<http://www.angelhubventures.com/investor-talk-what-makes-or-breaks-a-pitch/>
<http://www.ziphosikhakhane.com/just-go-with-it/>
<http://danasmirin.com/>

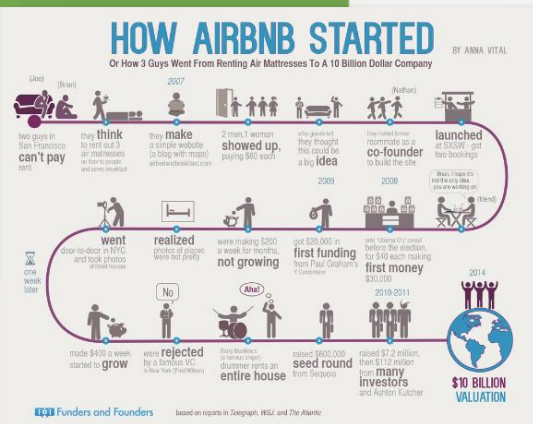
A pitch that didn't/did work



**Airbnb were rejected during pitching!
But they persevered...**



Pitch	Catch-Line
What?	Belong anywhere!
Why?	Hotels: impersonal, expensive Rented their place, saw demand
How?	<ul style="list-style-type: none"> Stay with locals At a good price Be a traveller and a host
Market size, 1 st pitch:	\$ 200 Million
Market size, now:	\$ 10,000 Million



Tip: Research how other start-up pitches worked
<http://fundersandfounders.com/how-airbnb-started/>

Or How 3 Guys Went From Renting Air Mattresses To A 10 Billion Dollar Company

(Joe) (Brian)

2007

(Nathan)



two guys in San Francisco can't pay rent

they think to rent out 3 air mattresses on floor to people and serve breakfast

they make a simple website (a blog with maps) airbedandbreakfast.com

2 men, 1 woman showed up, paying \$80 each

after guests left they thought this could be a big idea

they invited former roommate as a co-founder to build the site

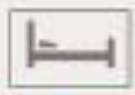
launched at SXSW - got two bookings

Brian, I hope it's not the only idea you are working on

2009

2008

one week later



went door-to-door in NYC and took photos of listed houses

realized photos of places were not pretty

were making \$200 a week for months, not growing

got \$20,000 in first funding from Paul Graham's Y Combinator

sold 'Obama O's' cereal before the election, for \$40 each making first money \$30,000



made \$400 a week started to grow



were rejected by a famous VC in New York (Fred Wilson)



Esmy Monlow's (a famous singer) drummer rents an entire house



raised \$600,000 seed round from Sequoia



raised \$7.2 million, then \$112 million from many investors and Ashton Kutcher



\$10 BILLION VALUATION

Access to Finance - FinFind

- **FinFind** - finance marketplace: matches funders and entrepreneurs
- Database of over 300 public and private funders
- Training courses about types of finance and challenges
- Referrals to business advisors and accountants in your area

finfind[™]

Are you an Entrepreneur needing finance?

Finfind links you with the all the lenders across the country that match your specific funding needs are over 300 offerings

How much do you need?

How long have you been trading?

What Is It For?

What is your annual turnover?

Been here before? [Login here](#)

[Find Finance](#)

WHAT ARE ENTREPRENEURS SAYING ABOUT US

We've helped thousands of business owners get finance - hear what some of them have to say about us.

Finfind came to our rescue when the banks had declined us

"We got the finance we needed through Finfind which enabled us to pay our staff and expenses on time while we waited for our customer with a large contract to pay us. We were so relieved, we would have lost our business." EBENEZER DESIGNS CC

Amazed how many lenders there are I never even knew existed!

"There were so many finance offerings that matched my needs and it was very helpful to be able to compare them all. Some lenders even called me which was a first for me. Finfind is the only place to go when you needing finance" REVIVAL PRODUCTS

It's one of a kind, super easy to use and it works! I got finance.

"The biggest problem I've had trying to access finance in the past is knowing who the lenders are and what they need from me in order to qualify. Finfind solves these problems and much more. If you need finance look no further." TDH (PTY) LTD

FINFIND IS PROUDLY SUPPORTED BY



Finfind is the result of a 5 year research and development project by USAID's Financial Sector Programme aimed at addressing the challenges of access to finance for SMEs in South Africa.

[Read more about Finfind's background](#)

Check investor criteria, and learn about different finance options
<https://www.finfindeasy.co.za/>

Judging Criteria - example

1. Product and Innovation (20%)

Is the product/service convincing and innovative? Why is now a good time? Is the need-fulfilment clear? Use of IP? Is the team capable?

2. Market Demand (20%)

Are customers, segment sizes, distribution and after-sales proven? Is sound knowledge of alternatives and competitive advantage shown?

3. Revenue / Feasibility (20%)

How do you generate revenue? Are operations, marketing, pricing, volume, costs, risk mitigation, return on investment quantified?

4. Scalability (20%)

Can the team and offering grow quickly, outpace competitors, penetrate new markets? Financing expansion with debt/equity?

5. Entrepreneurial Personality (20%)

Do the jockey/team show driven entrepreneurial mind-set, risk-taking, action, accountability, and learning from failures?

Rate each criteria 1 to 5 for each pitcher, and sum them.

Add the scores of each judge together to get the total score per pitcher.