



## NEF GUIDELINES: QUESTION AND ANSWER SESSION

As important as the presentation content and presentation skills are, one of the most important criteria for an investor is their impression of the presenter. One of the most important ways an investor forms their impression is during the question and answer session following the presentation. Therefore, it can be critical that the presenter treats the Q&A session with care and is as prepared to field questions as they are in delivering the presentation, itself.

The risks of being unprepared for the Q&A session are:

- The presenter strays from or fails to expand appropriately from what was in the presentation. This gives the appearance that the presentation was ‘scripted’ rather than presenting the true nature and plans for the business.
- The presenter does not answer questions clearly. This can leave the impression that the presenter cannot express their thoughts clearly, making it appear that the business is in flux and lacking clarity of purpose and direction.
- The presenter is defensive about the nature and potential of the business when answering questions. This can create the impression that the presenter would rather defend their concept as the ‘only way’ rather than being open to the potential to ‘pivot’ or improve the business in other ways as needed.

Sometimes the bottom-line appraisal that the NEF hears is that the presenter is ‘un-coachable’. While this term is not specific enough to know what to do in response, it falls in the ‘deadly’ category from an investor standpoint. That is why it is so important to avoid falling into this classification.

Therefore, the NEF suggests the following guidelines be used during the Q&A session following an investor presentation:

1. Repeat the question back to the person who asked it. Sometimes the person asking the question does not have access to a microphone and the rest of the audience does not know what has been asked unless you use your mike to repeat the question. This also gives you the opportunity to think about the answer and the questioner the opportunity to expand or explain the question further. (A variation on this approach is to restate the question in a way that summarizes what you thought the questioner was asking while clarifying it in a way that is easier for you to answer. But be careful not to change the question, or it will appear that you don’t have an answer to the actual question asked.)
2. Avoid the tendency to answer the question you wished was asked. Further, avoid providing too many details in your answer. Answer the question that was asked first! Sometimes it is most effective to answer with something as close to ‘yes’ or ‘no’ as possible and then provide additional details. Remember, just as with the presentation, itself, it is not the objective to provide all of the answers – the objective is to generate interest in order to have a more detailed follow-on discussion. By providing a quick answer first, this will raise the questioner’s level of confidence in you and satisfaction that they received an answer. The details beyond this point can then solidify this impression. (If you keep your answer short, you can even ask at the end, ‘Did this answer your question?’, but this can be dangerous. Some questioners like to ask questions that demonstrate *their* understanding and enhance *their* own appearance rather than actually seeking more infor-

mation. It is important to assess the goals of the questioner and not prolong a discussion with anyone not asking appropriate questions.)

3. Don't talk about 'product' when questions are asked about the business. Too frequently, questions are asked about value to potential customers – why they will want to pay – and the answer becomes a further description of the functions and features of the product. Remember, the value of a product is not obvious from functions and features – the answer needs to be about how the features will be used by potential customers to, e.g., save effort, reduce costs, increase margins, enter new markets, improve enjoyment, save lives, etc.
4. Don't oversell. Presenters almost always have a vision for the product that exceeds what will be seen from current plans. This can lead to answers that stray from what the audience will understand and causes the audience to believe that you are talking about what 'might be' vs. what 'will be'. Even worse, the audience can believe there is little substance behind the plans – that the 'product' must be 'sold' rather than being able to stand on its own virtues. Stick with facts and the scope of current plans and avoid saying things that depend upon them believing in your 'word' rather than the facts.
5. If you don't know the answer, it is OK to say "I don't know." It is even better to say "I don't know yet", followed by the good business reasons why this is not yet known and the steps that will be followed to determine the answer to the question. It is better yet to say *when* you will know the answer to the question following the steps described.

Following these guidelines will help ensure that the Q&A session after an investor presentation will enhance how the audience's and investors' view of you and your start-up.