

The Need to Tell Your 'Story' - The Investment Thesis - Guidelines

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If you ask several investors what they want to see in an investor presentation, you will get different answers. For this reason, The New Enterprise Forum used feedback from both investors and start-ups to standardize an NEF Pitch Outline that is used as a blueprint of what should be included in an investor presentation. While this Outline provides a basis for improving the quality of coaching and resulting pitch decks, too often the outline is treated by start-ups as 'fill in the blank' or "If I cover these topics, how can I go wrong?". As a result, a lot of coaching time is spent reviewing each slide for content and trying to make the deck more responsive to what investors want to see in each area of the outline. There is an opportunity to produce a better pitch deck, based upon the NEF Pitch Outline, by 1) having the pitch deck tell a 'story', and 2) making the presentation more responsive to investor needs.

Implicit within the NEF Pitch Outline is to have the start-up tell their unique 'story' as they complete each section of the Outline. Research has shown that a presentation that presents the facts as part of a 'story' is both more interesting and more memorable. Incorporating actual experiences and examples, the use of pictures/graphics that create a mental image in support of slide content, tying the solution back to how it solves the problem, presenting an example of how the solution impacted a user's life, etc., all told as a 'story', makes the pitch more effective. And a pitch based upon a 'story' will help investors remember the most important points and make it easier to present your 'story' to others on their investment team.

A critical part of presenting a start-up's 'story' is to ensure that the story is also told in a way that provides the information that an investor wants/needs to hear that convinces them that the start-up's story is better than the huge number of other stories that they hear.

An effective tool that investors use is something called the '**Investor Thesis.**' In general, the Investor Thesis is defined as the set of criteria an investor uses to select one investment opportunity over another. This is sometimes also known as 'The Bet' – what investors hear that will make them 'bet' on the start-up.

In 2013, Tom Porter, one of the founders of The New Enterprise Forum, observed that these same investor criteria could and should be used by start-ups to ensure that their pitch decks reflect the investor point of view. Tom labeled this the '**Investment Thesis.**' And he defined the Investment Thesis as using investor criteria to ensure the points included in start-ups' pitch decks are presented from the investor's perspective. This is in contrast to a start-up trying to present their business in the best light as a start-up opportunity or as a normal business. The bottom line is that, while telling the start-up's story, each portion of the pitch deck outline must be presented on the basis of what the investor will use as their criteria for selecting one investment over another – anything else is distracting and unproductive.

Below is an Exhibit which takes the NEF Pitch Outline, telling the start-up's story, and the Investment Thesis into consideration. This exhibit is very simply organized:

- The NEF Pitch Outline Slide Topic – the standardized subject matter to be included
- The typical (i.e., 'going-in') slide content we frequently see
- The improved slide content that is typically the result of NEF coaching
- Example Story/Investment Thesis-based slide content that meets the needs and expectations of investors

The objective is to move pitch deck content further to the right – nearer to a unique story presented to include what investors want/need to hear. Alternatively, the right-most column can be used to evaluate whether pitch content satisfies the criteria investors bring to the pitch.

This goes beyond 'filling in the blanks' and helps ensure a pitch to investors that sets it apart from other pitches.

Telling Your Story - The Investment Thesis

NEF Pitch Outline	Typical 'Going-In' Slide Content	'Coached' Slide Content	Telling Your Story Using the Investment Thesis
The 'Hook'	No Slide - May use the 'Title' Slide 1	No Slide - Present an example of the <u>Problem</u>	No Slide - Present an example of the <u>Pain</u>
1 Title & Speaker Name	See above	See above	See above
2 The Problem	The Problem	The Problem is <u>Big</u>	This is a Big Problem That <u>People Will Pay to Fix / Avoid</u>
3 The Solution	The Solution	We have a <u>Product</u> to address the Problem	We have a <u>Solution</u> that <u>Works Better</u> than anything else and that <u>No One Else Has nor Can Duplicate</u>
4 The Technology	<u>Features</u>	<u>Value</u>	Our Value is <u>Compelling</u> - <u>Customers Will Pay</u>
5 Competition	Our <u>Features</u> vs. The Competition	Our <u>Value</u> vs. Our Competitors' Value	We provide Value that <u>no one else can or will be able to provide</u>
6 Market	There are <u>a lot of people</u> who need our product/service	There are a lot of people <u>in our specific problem area</u> who need our product/service	Not only are there a lot of people in our specific problem area; <u>we can readily reach and sell to a large segment of people who need our product/service</u>
7 Business Model	Here is <u>who we will sell to</u>	Here is <u>how we will charge for our product/service</u>	Here is how <u>we will make money by charging for the value we provide</u>
8 Go-To-Market Strategy	<u>We can reach the people</u> who need our solution in the following ways...	<u>We will use the following ways to reach the people</u> who need our solution	<u>We have proven that the following ways are cost effective</u> in reaching the people who need our solution
9 Traction / Milestones	Milestones	We Have <u>solution that works</u> and plan to take the <u>next steps</u>	We have <u>proven the value of our solution</u> , have <u>paying customers</u> , and <u>here are the steps we will take to earn successive investments</u>
10 Management Team	Current management team members	Current management team members and <u>what they have done</u>	Current management team members and <u>the critical roles they will perform to achieve success; open positions that will become important</u> to success down the road
11 Advisory Board	We have <u>Advisors</u>	We have <u>Advisors in critical areas</u>	We have <u>Advisors that are prepared to help us in critical areas</u> until we can pay to expand our Team
12 Financial Projections	Financial Projections	Financial Projections with <u>lines that support the details of the Business Model</u>	Financial Projections with <u>lines that come from the Detailed Plans</u> in the areas <u>critical to the success of the Business Model</u>
13 Funding Requirements	We need dollars to take <u>the next step</u>	We need dollars to take <u>the Next Steps and beyond</u>	We need dollars to <u>deliver our Vision, support our Next Steps, and accelerate Growth to get to Exit</u>
14 Contact Information	Contact Information	Contact Information	Contact Information