

**FUNDING**

# Ten Tips for Improving Your Startup Pitch

**When courting potential funders, think Tinder and show why you're hot.**

BY IAN CHIPMAN

Pitching a startup to venture capitalists is like online dating, says Guy Kawasaki, who has pitched and been pitched to more times than he can count. But not like eHarmony, where soulmates are matched through a complex lattice of interests and compatibility. It's more like Tinder, where only one thing matters: Are you hot or not?

"People are going to make an instant decision about your pitch," says Kawasaki, a Silicon Valley investor, author, and marketing expert. "They're not going to want to see your entire background, they're not going to want to get to know you, they don't want to be your friend," he says. "You are either hot or not, interesting or not. It's that quick."

In a talk to the Center for Entrepreneurial Studies at Stanford Graduate School of Business, Kawasaki shared 10 key insights that can help you perfect your pitch in the speed-dating world of raising startup money.



## **1. DO YOUR HOMEWORK**

"To do a pitch well, you have to understand your audience," Kawasaki says. "Thank god there's this thing called LinkedIn." Look up everyone in the room and research their background to find points of common

interest, such as the fact that you're both amateur hockey players or got rejected from Stanford. But you also want to find where you're not relevant. "If you go into a firm and you meet with a partner who's in charge of semiconductor investing and you are a Snapchat killer, it's just not going to work."

## **2. SET THE STAGE**

Build a strong foundation for your presentation by asking three simple questions in advance, Kawasaki says:

### **A. How long do I have?**

"If you built your whole assumption upon being there for an hour and you only have half an hour, you're really going to be stuck," Kawasaki says.

### **B. What are the three most important things that I can explain?**

For starters, this helps you home in on what the investors want to hear. "Maybe they only care about the market and the technology. Meanwhile, you're thinking they want to know about the team, and then you will be skewing your presentation completely wrong." But this question also creates a verbal commitment from your audience. "If they say, 'We're only interested in technology and market and competition,' and then you address those three, they can't complain," Kawasaki says. "You've done your job."

### **C. Can they hold their questions until the end?**

This is an important rule to establish, Kawasaki says, because "you want to fly through your presentation as fast as possible. You don't want to take questions because they're going to send you down rat holes."

## **3. TELL A STORY**

Fight the temptation to talk about your "patent-pending, curve-jumping, paradigm-shifting, enterprise-class, scalable product or service," Kawasaki says. You'll sound just like every other company the VC is meeting that day. CEO after CEO will try to "throw everything in there because you want to use shock and awe to convince these investors to write you a check at the end of 60 minutes. Wake up — that's not how it works. What you want to do is tell stories about why you created the company."

*Illustration by Sergio Membrillas*



#### 4. OBSERVE THE 10/20/30 RULE

The optimal number of slides is 10. You should be able to give your whole talk in 20 minutes (even if you have an hour). And the ideal font size is 30 points — though you can fudge that a bit. “A very good calculation for your font size is figure out who the oldest person is in the audience, then divide his or her age by 2.”

Also, Kawasaki notes, make your slide background dark. “Dark says seriousness. Dark says gravitas. Dark says I’m not [so dumb] that all I did was boot up PowerPoint, got a white open new document, inserted a text box, and started typing,” Kawasaki says. “Black is the new black.”



#### 5. LET ONE PERSON DO THE TALKING

You know that standard nugget of advice that investors are really investing in your team? It’s a trap, says Kawasaki. When you parade your CEO, CTO, and CMO in front of investors in an attempt to show off how dedicated, hardworking, and brilliant you all are, you really just end up with an unstable, jagged presentation. “Somebody’s going to blow it. You’re not all equally rehearsed. You’re not all equally good. Just let the CEO do the talking,” Kawasaki says. “If your CEO cannot

present everything about the 10 slides you’re going to see — the market, the technology, the marketing, the product introduction, the financials — if your CEO cannot cover those topics, you need a new CEO.”

#### 6. GET TO 1,000 FEET AND STAY THERE

To calibrate the right level of detail in your talk, Kawasaki advises you keep a military analogy in mind. Don’t be a B-1 bomber flying at 50,000 feet with banalities like “Security is a concern for large companies,” or “Millennials want to communicate socially.” On the other hand, don’t be a Navy SEAL crawling through the mud explaining the ins and outs of your relational database. You want to be an A-10 Warthog, says Kawasaki, “the plane that flies 1,000 to 5,000 feet and supports the ground troops. This is not the plane that is way up; it’s also not the person on the ground with a knife in his or her teeth. Stay at 1,000 feet.”



#### 7. ANSWER THE LITTLE MAN

“Pretend that for everything you say there is a little man or woman on your shoulder,” Kawasaki says. “Every time you say something, the little man or woman asks the question, ‘So what?’” If you say you have a team of people who worked at HP, Google, and Cisco, for example, don’t assume the audience will make the intuitive leap that your team is full of proven, successful people. “You have to answer the little man for the audience.”

#### 8. PITCH CONSTANTLY

Pitching is an acquired skill, not an innate talent, Kawasaki says. It takes practice. And yet, he says, the tendency of CEOs is to assume they’re somehow the exception to that rule and can get up and just wing it. “It takes about 25 times giving the pitch until you’re really smooth with it. This means you have to pitch all the time.”



#### 9. SHUT UP, TAKE NOTES, AND FOLLOW UP

When you’ve gotten to the end of your presentation and you’re fielding questions, take notes. “Or at least fake taking notes,” Kawasaki says. “Because what that communicates is that you’re taking me seriously. If I see you taking notes when I talk, my conclusion is what? You’re smart. If I don’t see you taking notes, my only conclusion is not that I’m not smart. It’s that you’re not smart. You’re so freaking stupid you don’t even take notes when I’m giving you all this wisdom.”

And, you’d better follow up on those questions. “You’d be amazed at how many people do not follow up. When they say, ‘We’ll get back to you,’ and they never get back to you,” Kawasaki says. “The clock is ticking from the moment you walk out the door. And that clock expires in 24 hours.”

#### 10. START FROM SCRATCH

Your pitch is a constant work in progress — which is both good and bad. After meeting with a VC who’s concerned about the team, you add a team page. If the next one is interested in the technology, add a bit about the optimal programming language. And then if someone wants to know about the marketing plan, add a marketing slide.

Pretty soon your talk is the equivalent of a jeepney, Kawasaki says, referencing the postwar Jeep hybrids common in the Philippines: “They take fenders from a Mercedes, an engine from a Chevrolet. And it’s quite beautiful, actually, but at this point, a jeepney bears no relationship to the World War II Jeep that the Americans left,” he says. “It’s like everything is piled on and you’re adding slide after slide, and pretty soon it’s no longer 10/20/30. Don’t be afraid to throw the whole thing away and start from scratch. Because then you’ll just let your subconscious remember what’s most important.” ▲

**Guy Kawasaki is an author, speaker, entrepreneur, and investor who once held the title of “chief evangelist” at Apple.**