Venture Best

August 20, 2019

Pitching Venture Capital Investors: It’s About More Than Money

The main reason for pitching your startup to VCs is, of course, to raise capital. Why else devote scarce time and other resources preparing, revising, and practicing pitches, not to mention delivering them to often indifferent (and often even hostile) folks, most of whom will never crack their checkbooks?

Why indeed.

As it turns out, while most VC pitches lead to nowhere in particular (it can be hard to get even a definitive “no” from many VCs – the more so if your pitch is good but not great), there are useful things you can learn from the process. Preparing and presenting pitches is in truth ripe with potential value above and beyond raising capital as such. Herewith some of the secondary value propositions, associated with playing the VC pitch game.

1. Putting together a pitch forces entrepreneurs to step back from the daily grind of manning the trenches and focus on the battlefield as a whole. It’s easy and common for entrepreneurs to lose sight of the big picture when their daily routine is mostly about fighting brush fires in various corners of it. Putting together a pitch for capital forces attention to the big picture – attention that can reveal unexpected new opportunities and challenges, big and small alike. The pitching process is worth doing now and again even, perhaps particularly, when it seems there are more fires than brigades to fight them. It’s not uncommon, in such circumstances, to find that the surplus of distracting brushfires reflects the need to rethink at least parts of the big picture.

2. Having taken a fresh look at the big picture, pitching it to intelligent, skeptical investors is a

Related Practices

Fund
Grow
Sell
Start
Venture Capital & Private Equity

© Copyright 2018 Venture Best

great way to test your own thinking about it. If, perchance, you ace the test, well, that's cool. Raise a toast to your team (and perhaps consider that the pitched VC was not paying very good attention). If you don't, maybe raise a toast to the investor for marking you down. They may be wrong (though actually considering the possibility they are right is often a useful exercise), but if one VC has a concern, it's likely that at least some other VCs will share it. Which means you need to be prepared for it (which, incidentally, is as much about understanding why the concern exists as addressing it).

3. If you listen carefully, and actively, to what prospective investors say over the course of a pitch, there is a good chance you will pick up some useful market intelligence. Intelligence about other investors; alternative business models; related technologies; and competitors. Your audience, after all, has some interest in what you are doing, which suggests that they have looked at your space and likely other deals in and around it. Again, even if what you hear is not gospel truth, it is good to know the kinds of things VCs in your space are thinking.

4. Putting together, practicing, and presenting your pitch to prospective investors will give you some great insights into the strengths and weaknesses of your various team members. How well do they grasp the story? How flexible are they in terms of incorporating new information into it – supportive and undermining? Who (hopefully someone – if no one that is something you might want to address in and of itself) can plausibly stand-in for you with key third parties (investors, partners, customers, service providers, etc.). Who buckles under the klieg lights, and who shines? What holes are their in your team?

For most entrepreneurs, most of the time, raising capital is one of the darker shadows in their entrepreneurial dream. And that is perfectly understandable: no one really enjoys showing off their dream to folks who are paid to be skeptical and have big egos to boot. It's worth remembering that, while the ultimate objective of the effort is a generous helping of capital, there are lots of opportunities for smaller but important victories along the way.

Related People

Paul Jones
Of Counsel
pajones@michaelbest.com
T 608.283.0125

Paul Jones
Of Counsel
pajones@michaelbest.com
T 608.283.0125

© Copyright 2018 Venture Best