

July 01, 2020

What Entrepreneurs Can Learn from Hollywood

High risk/reward entrepreneurship and investing has a fair amount in common with Hollywood. They are both businesses where the hype usually exceeds the reality, and where a handful of outsized winners (and a smaller group of outsized losers) get most of the attention. Both businesses rely on a small group of insiders for most of their capital (and generate most of the returns) even as a startling number of less sophisticated players get sucked into deals that usually come and (eventually) go leaving little if anything of value behind save for some lessons taught, if not often learned.

One thing entrepreneurs can learn from Hollywood is the art of the “Pitch Deck” (the two to 40 minute presentation about a startup) and the “Executive Summary” (the 1-3 page hardcopy take of similar character). The former is analogous to a movie trailer, and the later to a movie poster. Hollywood has taken both formats from mere business tool to artform.

The first thing entrepreneurs should learn from movie trailers and posters is that they are not designed to summarize the movie. Their purpose is to tease the movie; to give enough information about the movie to get the target audience to see the movie. Trailers and posters are about arousing curiosity, not satisfying it. Which is exactly what Pitch Decks and Executive Summaries are supposed to do.

So, first point of similarity between movie trailers and posters and startup Pitch Decks and Executive Summaries: they don't provide a full account of their subject matter. Instead, they tell you something compelling about the plot without giving it all away, and establish credibility in terms of the production values. The former is usually accomplished by some artful plot and theme disclosures that point in the right direction, the later by talking about credible people involved with the production and doing it in a way that suggests high work product standards.

The next point of similarity is suitability for the audience. Movie trailers and posters are not aimed at the movie-going public generally, but at specific segments of the movie-going public. Startup Pitch Decks and Executive Summaries should

Related Practices

Fund
Grow
Sell
Start
Venture Capital & Private Equity

also be prepared with the target audience in mind, which is in pretty much every case some pretty small segment of the risk capital audience as a whole. If you have overlapping segments targeted for a deal – say early stage Fintech investors and early stage investors focused on startups in your geography – consider tweaking your base Deck and Summary for the two audiences. Just make sure the tweaks are at the margins, and don't suggest alternative thinking about your fundamental objectives and plans.

While I have (not very often, but on occasion) seen startups with different Pitch Decks and Executive Summaries targeted at different segments of the VC community (say, different scale objectives pitched at different size funds) I've never seen a good Pitch Deck or Executive Summary that targeted two different segments of the risk capital community in the same Deck/Summary.

Finally, movie Trailers and Posters are similar to Pitch Decks and Executive Summaries in that they typically come in various forms and sizes. There is, for example, the "Elevator Pitch" without slides at all; various length "no questions" Pitch Decks for larger audiences, and variously long Pitch Decks where audience interaction is expected (or at least hoped for). Similarly, you might have an Executive Summary for a more technical industry audience and another for a more general audience. These various pieces may be very different, but at the same time need to be consistent. Ideally, even complimentary.

Entrepreneurs wondering what their Pitch Decks and Executive Summaries should include and look like are well-served by considering how Hollywood uses movie trailer and posters to generate sales of movie tickets. Focus on teasing the audience with content and production values that generate interest to know more. Tailor the materials to the segments of the broader audience that best fit what you are selling, and tease that audience with things that make them want to know more.

Related People

Paul Jones

Of Counsel

pajones@michaelbest.com

T 608.283.0125

Paul Jones

Of Counsel

pajones@michaelbest.com

T 608.283.0125