



Welcome, we have prepared this document as a guide to pitching to VC's which you can use as a starting point to prepare for your China VC tour. While there is no one set style that VC's prefer, we hope that you find this document useful. Good pitches follow a rigorous structure for engaging investors and proving a company's value. Like all good marketing and sales, the startup pitch process starts before you ever walk into the office—it starts with research.

### **You must know your audience.**

Before you meet the VC's, you need to research the person you're going to be meeting and adapt your strategy accordingly, the best way to begin is to understand their interests:

- **Does the VC have expertise in your area?** Adjust your pitch according to how much background knowledge they have.
- **Have they had any successes?** If so, frame your company in a similar light.
- **Did they publish mission statements?** Figure out their priorities and focus on addressing them.

Next, try to understand the logistics. You need to make sure the fund is in a position to invest in you, so ensure you have a good grasp of the following:

- **What is their fund size?** Are you asking for the correct amount of investment based on what they have invested in previously?
- **Where are they in their lifecycle?** Consider where a firm might be in their investment cycle and adapt accordingly.
- **Who are you meeting with?** Identify who is the decision-maker as there may be several people in your meeting.

Essentially, you're trying to find is the simplest possible explanation of your company's value—tailored for the VC you're meeting. Once you have worked that out, practice it again and again until there are no weak points in your presentation.

### **In the meeting**

Try not to be nervous and avoid the temptation to jump right into your pitch. Instead take a moment to refine your pitch for these particular investors by asking them, "what is the most important thing you want to make sure I cover?"

This answer is hugely helpful in focusing the rest of your presentation. If they ask about market size, you'll know to spend extra time covering it. If they ask about your team, you'll know where to take a deeper dive.

Opening with this question also gets them engaged early in the process before you've begun to really pitch your product. It helps to set a casual tone for the pitch, which is a huge boost to you.





### The opening

Investors aren't just investing in your company; they're investing in you. Beginning with casual conversation engages them person-to-person, instead of presenter-to-presentee. That connection can be very persuasive.

There are many casual conversation openers, like bringing up a mutual connection, but the key is to give the best, most authentic impression of yourself. Consider these two questions:

- "How good of an evangelist is this person going to be for their company?"
- "Is this someone I would want to go to work for?"

Both of these questions center around your charisma and character, two things you can impress early on with some quick conversation. However, don't let the conversation run on for too long. Keep it to a few minutes tops, and then get into the meat of your pitch.

### Start with a concise Tagline

Get to your pitch's core by introducing your company with a tagline and short explanation. You want investors to know what they're looking at and why they should care. A good tagline should be no more than seven words and should hint at your company's vision memorably.

After the tagline, you need to explain what your company does. Do this in less than five seconds, in language anyone can understand.

For example, "We make Facebook ads easy" is a good, straight-forward explanation of your service. "We drive synergistic mobile bitcoin monetization through international arbitrage using a distributed GPU cloud-based computation and transaction engine written in assembly," is a mess.

The last thing you want is to ask a VC to waste mental energy figuring out your convoluted explanation.

### Your numbers

Now that you've piqued investors' interest, you want to get them engaged with your company's story. This brings you to a fork in the road:

- **If you have strong metrics**, make sure to bring this up early and be specific. e.g. "I founded this SaaS company two years ago, and today we're doing a \$2m run-rate."
- **If your metrics are weak**, begin your story by focusing on how massive the problem is.

It's vital that when you talk about your metrics, they are well integrated into your company's story. You can't just say "We have 1000 downloads." Without any context, your metrics don't make sense and shows a lack of forethought.





### Showcase your most relevant traction metrics

The further down the funnel a metric comes from, the more valuable it is. For example, having 20,000 downloads doesn't mean you have 20,000 customers right now. Your active users, on the other hand, show how many top customers you have right now.

Depending on the specifics of your business, your actual metrics might differ, but they are normally related to these:

- **B2C Companies:** DAU / MAU > Downloads > Partners
- **B2B Companies:** Revenue > Number of Customers > Pipeline leads

Maybe your B2C service is a web app, so you keep track of user registrations instead of downloads, but in general, this is how you should prioritize your metrics.

Once you've decided which metrics to show, keep three things in mind:

- **Do your numbers support each other?** If you have a huge number of B2B enterprise-level customers, but your revenue is low, investors will sense something is wrong.
- **Are you using industry standard metrics?** Do not make a VC translate your "custom" metrics as this overcomplicates things.
- **Can your metrics stand alone?** If you have weak metrics, highlight some strategic partnerships to prove you have the infrastructure for growth already in place.

It's essential you follow this strategy when you're focusing on traction metrics. When your traction alone isn't impressive, however, you'll need a different approach.

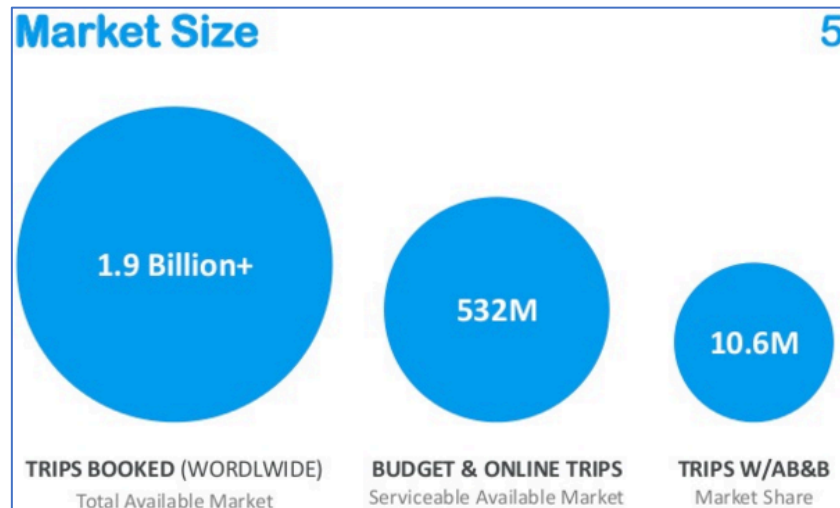




### Highlight your potential growth with market metrics

If you have weak traction, you can always use market metrics to underscore how high your ceiling is. Market size and availability are key here.

Airbnb's first pitch went down this route:



By breaking down what their company could be in such a simple diagram, investors understood the exact segment of the large market they were attacking.

When you take this approach, you have to convince investors that you understand the problem that customers in this market face and that your product is the best solution to it.

You need to be able to describe the specific segment of the market, the particular problem, and your product's specific and differentiated value in a way that anyone on the street could understand.

If not, it'll look like you identified a large vague market but couldn't figure out how to penetrate it.

### What's your product's story

After showing investors why they should care about your product, you'll be tempted to show off all the features you've spent time developing. But investors only care about the problem your product solves, and why it's the best at solving it.

The most powerful way to explain your product's value is with a story. Speak slowly and naturally as you tell investors how you, or a hypothetical person (preferably a real one), experienced this real-life pain point, and how you dreamed up your product to fix it.

You want your story to be streamlined and approachable. It should make your product's value obvious, and it should engage investors on a personal level.

If you don't have a story, you can still explain the problem your product solves, but you'll sacrifice the personal engagement a story brings. Again, this is a better option than telling a story no one can relate to.





### Showing the product's value

When it finally comes time to explain your product, focus on its benefits, not its features.

The difference is this:

- **Benefits:** What your product helps customers accomplish. e.g. "The iPod puts 1000 songs in your pocket."
- **Features:** What your product does. e.g. "The iPod is a digital music player with 1 GB of storage."

These benefits are why customers will buy your product and help grow your company, which is an investor's top concern. However, you'll need to incorporate your benefits into your company's story, and you shouldn't make it sound like they were easy to develop.

Stories without contrast are boring, and investors want to hear about your ups and downs. They want to understand how you struggled early on, what roadblocks almost kept you from building this solution, and how you overcame.

These contrasting points make your story memorable, which should be a primary focus in your pitch. But being memorable alone is not enough. Once you've engaged investors with your story, you need to convince them that your solution is the best.

### Pinpoint what makes your company profitable

Explaining your product's value is one thing, showing how that value becomes revenue is another.

There are three aspects to this:

- **What makes you better than your competition?** Prove your market expertise and highlight your competitive advantage/differentiation.
- **How are you monetizing?** Explain clearly how you're turning this advantage into dollars.
- **Are you profitable right now?** Compare metrics like CAC to LTV to prove your current profitability.

Your company needs one amazing thing that makes it a real winner, and this is your competitive advantage. More than that, you need a clear path to converting that advantage into profit and some evidence that your plan is working.

However, investors aren't just evaluating your product; they're evaluating you. They need to have faith in your team's ability, and it's your job to instill that belief.

### Sell investors on your team

Investors want your story to be about more than a great product, and they want to know how special your team is. They want to see that, when things looked grim, your team had the grit and skills to keep the company going.





Investors are also particularly interested in teams because companies pivot all the time in search of opportunity, but their core team usually remains consistent.

Back when Airbnb was still AirBnB, Paul Graham emailed Fred Wilson to urge him to invest. When Wilson said he was sceptical about the product in its current form, Graham told him to [focus on the team](#), saying "Ideas can morph. Practically every really big startup could say, five years later, "believe it or not, we started out doing \_\_\_\_."

Selling them on why your team is both exceptional and resilient enough to grow your company is critical to instilling confidence in your investors. For a great example of this, look at 500 alumni [Headout](#).

### **How Headout's team raised \$1.8 Million**

Headout is an app that handles same-day event booking for travellers. Their pitch raised \$1.8 million at a demo day in 2015. Take a moment to look at their team introduction to see why. However, more than just being balanced, the team showed hustle and strength by [tripling](#) their revenue in only three months.

In just a minute-long pitch, the company was impressive to a lot of investors.

### **How to walk out of the room**

Now that you've reached your pitch's conclusion, you need to make a clean exit.

You'll want to give a very brief summary of your presentation in a few sentences. Include what you do, how you do it, and your key metrics. As a closer, use a memorable phrase, possibly reworking your opening line to include metrics.

There will likely be questions as soon as you finish. Stay confident. Keep your body language and voice natural, and converse with investors as if you were talking to another founder. Always bring the conversation back to your company's core value.

That value is what investors care about, not just the flair of your presentation. If you stick to this formula to showcase that value, you're going to be having much more successful results.

Lastly, you'll want to have a strong call-to-action. Find out what are the next steps and make sure not to leave the room without understanding precisely what is going to happen next and on what timeline. Good luck!

**Thank you for taking the time to read this guide - the Dragon Gateway team are sure you will have a great trip to China, and we would like to wish you the very best of luck for your pitches.**

Also see:

<https://www.fastcompany.com/40442339/this-vc-explains-how-to-avoid-pitching-good-ideas-badly>  
<https://medium.com/byfounders/how-to-pitch-a-vc-in-2019-e549d76b6632>  
<https://medium.com/better-marketing/the-memorable-elevator-pitch-that-vcs-cant-ignore-7ffc313dbf40>

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