ENTREPRENEURSHIP 101

Based on Bookings Africa Entrepreneurship Masterclass

PITCH PERFECT

THE ART OF PITCHING

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Introduction

You might think that pitching comes naturally to others, or that certain people are born with the "gift of the gab," but **know that there is nothing more than the truth.**

No one is born with the "gift of the gab." When it comes to speaking confidently, you learn it. You learn it through practice. Practice is the greatest teacher. Practice is the biggest thing that prepares you for any room you intend to step into. So when you observe people and can attest they are brilliant speakers, remember they have learned to do it, whether by talking to their siblings or friends, or taking risks. You have to develop any skills, you may have some talent, but **"talent is overrated."** (The book dissects this in its entirety, highly recommend you read it).

You can develop skills where you do not have the natural strengths. The first thing I have to debunk is **nobody was born as an orator or skilled at delivering pitches, you learn it!**

Take me, for example, I used to be a stammer, but I learned to conquer my demons. There is nothing you cannot get beyond. There is a science to this thing, there is a process of evolution, a process of growth, there is the process of developing what you want.

> **Your ability to deliver or get the value you want comes first with you, your conviction, your knowledge, and your understanding.**

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WHAT IS A PITCH?

It is selling a value proposition to potential clients.

Let's look at "value" in pitching to investors this way:

Take the elements copper and gold in the periodic table, they appear relatively similar and can be used for similar purposes. However, they are distinct entities and offer separate values in the market.

When pitching, you have to be aware of the value that investors expect you to bring to the table. You can't bring the value of copper to a gold pitch meeting, and you can't bring gold into a copper market. If the value the investor wants is gold, and then you bring copper, you will not sell, you will not get a yes. Without a doubt, you would receive a NO! Because it's a mix-match in value.

If you insist on taking gold into a copper market, the market will price your gold like copper, not according to its true value.

The same applies to carbon sisters, charcoal and diamond. Diamond is useless in a charcoal market, and charcoal is equally useless in a diamond market, but both are valuable in the right market.

The thing about pitching or selling is value matching. Knowing which market to place your product, that the value you want is appreciated and paid for.

Value Matching.

When attempting to pitch a product, know your market, know your audience.

Dr. Akintoye Akindele | Chairman, Platform Capital

Three Key Points to Note Before Jumping into Pitching

POINT #1 - A good idea does not necessarily make a good market opportunity.

Many people believe any idea they get is a market opportunity. Well, let me burst your bubble, *NOT every idea is a market opportunity*. There are admirable ideas that the market does not want or is not prepared for. Sometimes you are too early for a market, and sometimes the market has gone beyond it.

Don't pitch every idea to an investor. Instead, pitch a big investment opportunity, not just a big idea. Don't forget it's about the investor, your idea is your idea, it's yours to keep. The major question is why should the investor care, what's in it for them.

> **Let's be clear, an idea is not necessarily an opportunity, an opportunity is not necessarily a business and a business is not necessarily an investment.**

POINT #2 - A good opportunity does not necessarily make a good business.

If you find a good opportunity in the market, it does not necessarily make it a good business. There are great market opportunities that cannot be exploited either on the basis of location or for one reason or the other.

For example, the introduction of nuclear power plants in Nigeria is a great opportunity, but there are structural issues that limit your ability to implement them.

The first two points are what I call "a business thesis."

POINT #3 - A good business does not necessarily make a good investment.

Not every good business is a great investment. The business may be a pleasant lifestyle investment for you as an entrepreneur, but the investor can't grasp it. You need to let the investor know how it's going to make money. Why should this matter to this investor? Because at the end of the end, every investor wants to make money.

Many people focus more on their own values, their own selling point, how unique they are, what they want to do, what problem they would solve, and that's all nice and good, but for an investor it must be clear how I make money from it. What are my liquidity options, what are my value options? How will I get value?

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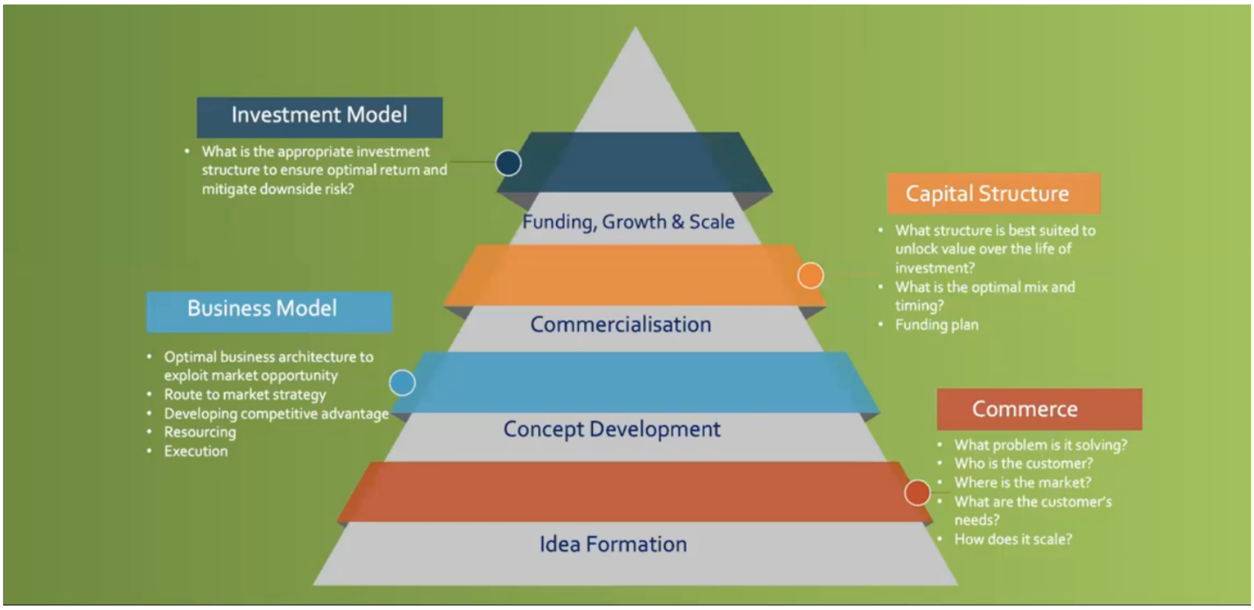
UNDERSTANDING BUSINESS AND INVESTMENT



Idea Formation (Value identification) -

When you pitch at the stage of idea formation, your mission is to pitch an idea that creates a good market opportunity, which when implemented, creates a good business and then makes a good return to the investor.

If it is an existing business, it must be an idea that offers a good opportunity, which, when implemented, would put the business on a stronger footing and unlock value, giving the business a profitable return.

Don't forget the returns, show investors the possibilities that would arise if this business model worked out. Show the investors how you will implement what strategies you have put in place to give yourself a chance. Highlight the business model that will give you this return. People forget this, they spend a lot of time in their business and forget the investor. What about the investor?

Commerce -

What is "commerce" here? Mankind has been dealing with commerce for ages. It's simply demand and supply - what does he want, what do I get, why does it matter? What does it solve in the market?

The basic structure of commerce is the 5W and 1H.
WHO, WHERE, WHAT, WHEN, WHY, and HOW.

Who is the customer?
Where is the market?
What are the needs of the customer?
When does it enter the market?
Why will they buy?
How does it scale?

You need to understand "the commerce!"

If you don't understand "the commerce," you can't communicate how a great idea is a good market opportunity. The difference between just an idea and an opportunity is that you have shown that there is commerce for that idea.

Concept Development -

Other times, when people come up with a great market opportunity and financial model, they spend all their time on it and forget the business. Wrong! There is no financial model, without a business concept, you have to strike a decent balance in both directions.

An existing business that needs to raise money. Every time you raise the money, it's a whole new business. Every time capital comes into your business, it's a new curve, a new trajectory. It's not the same old business as it used to be.

Therefore, you need to demonstrate to your investor:

Why this new idea?
Why that new expansion plan?
Why that growth plan?
Why that diversification?
Why that new market?
Why that new product is important?

It is called confirming the concept.

The Business model

Once you have established the idea is good and you can see how it works, you can identify a potential customer, you have a potential product, there is room for diversification, etc. The next key question is how? How do you implement this opportunity? It's called a business model.

A business model is how you implement a viable opportunity. It is the optimal business architecture to exploit market opportunity.

What business model will you deploy to unlock the opportunity you have identified in the market?

Now that you’ve presented the value you are trying to exploit, you need to ask yourself;

- What business model?
- What team structure?
- What team size?
- What's your route to market?
- What is your marketing strategy?
- How do you remain competitive?
- How do you resource yourself?
- How do you execute? etc.

These are fundamental questions that are business model questions that will help you implement your idea and exploit the market opportunity.

Capital Structure

This is where capital comes in. Here it's about mapping out the capital structure that works best to unlock the value.

- What type of capital is needed, is it equity, is it debt?
- How much capital is needed?
- When is it needed?
- What would it fund?

- What's the pricing?
- What is the optimal mix and timing?
- What is the asset to the debt mix?

All that is important to ensure that the financial risk of this business model is well-calculated is the capital structure.

Once you've figured this out, you can then say I have an idea, I understand the commerce to it, and I've designed a business model that will then deliver this opportunity. I have factored in the ways I will fund my business, so I don't go bankrupt.

All of these is called the "**business thesis of the opportunity.**"

Investment model

What is the appropriate investment structure to ensure optimal return and mitigate downside risk.

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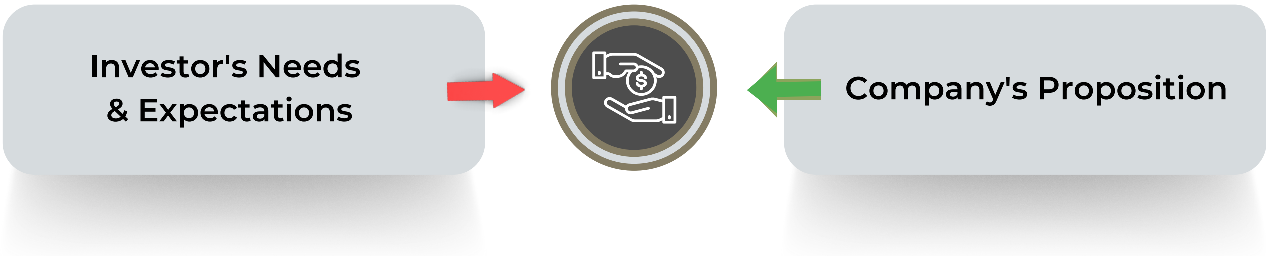
THE ART OF PITCHING

Most of us pitch to people without knowing what they want or who they are. We assume that pitching and selling is about us, how competent we are, how well we know our stuff, how good our products are, etc. If you were so focused on yourself and your idea, you would be better off using your own money. Entrepreneurs often make this mistake, they remain focused on their own understanding, value and product, that they forget the most important thing in the act of selling.

Pitching Vs Selling

A sale is not a primary activity, it is a reaction. The sale is not about you, it is about the customer agreeing to buy. Similarly, a pitch is not about your business alone. The value you offer to the investors is about meeting their needs and expectations. You need the investor to make a buy decision and action. You have not sold if there is no buying decision.

In a pitch, you should be convincing to ensure a buying decision. You pitch with a clear understanding and intent this way. That brings a lot of understanding and humility, a lot of work to guide pitching.



Pitching

Understanding what you want to achieve from your pitch is critical. On every investor engagement, you typically look to achieve one of three things

1# - Getting the investor interested with a teaser pitch.

When you are presenting to an investor, what is your goal, what are you trying to achieve? Are you trying to interest the investor, so he says, "I want to know more."

Your number one goal when you first engage an investor is to get their interest. I want to get the investor interested in knowing more about the market and investment opportunity. Because the more they know, the better they are with informed decision-making.

For your first time, your pitch does not have to be a lengthy presentation. It could be your voice on a call or a deck. But be aware that everything you communicate from that moment will be appraised.

A teaser document is concise, clear, strong, sweet and impactful. It can be about 5-12 pages. You want investors to understand exactly what they are getting into, and they can work with you over time.

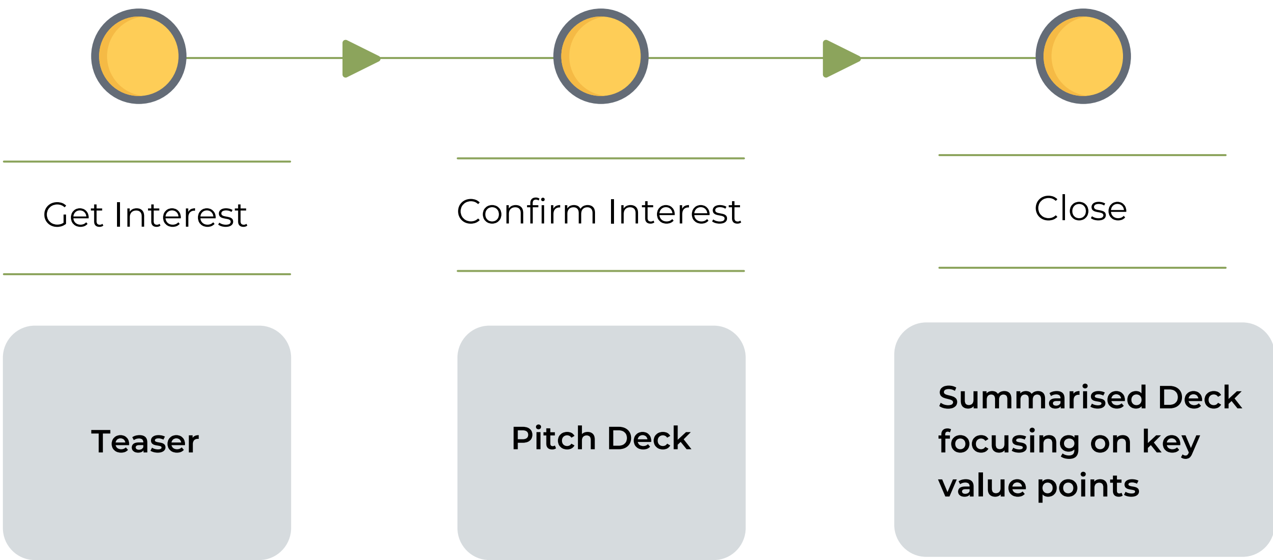
A teaser also helps screen out time-wasters.

2# - Confirm interest with a pitch deck.

A full deck has everything from the business model, including the advantages, the competition, the market opportunity, the risk, the financial model, etc. This tells the investor that you’ve taught about this business thoroughly, from the commerce to the investment return. That is a proper deck.

3# - Close (summarised deck focusing on key value points):

the content explains why an investor should back you. This is where you marry your unique selling point with the investor's value requirement. Always summarise your opportunity in the close, why you will win, why they should back you, and how much they will make. Closing document of a pitch highlights how you will partner with the investor, how you will deliver value together, and why we would work.



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PITCH DECKS

A Few Truths

There is no standard pitch desk format. You must tweak your deck to your investors.

1) Understand your audience

Different investors seek various things. This is vital.
The best way to be successful at fundraising is to start raising funding when you don't need it. What does this mean? Invest in relationships with those investors you've targeted. Cultivate them, so they get comfortable with you. Investing is about getting comfortable with the opportunity.

Your audience is crucial, so any document you are presenting must match your audience.

Elevator pitches are for people you have researched the investor so much, so that they work in and slammed it.

2) Context is important

What is the nature of your pitch meeting and in what context. The way you pitch in a conference is not the same way you pitch in a board room, the way you pitch at an Annual General Meeting, or in your office room, etc. What context informs your pitch, you have to pivot your pitch to the context. That environment is essential.

The context drives your approach, the audience that you are pitch to drives your pitch content, and your investor's expectation drives your value proposition / value alignment

3) It's about the Investors needs and expectations

You need to cater to and address them.

ELEMENTS OF A PITCH DECK

A pitch deck should cover the following elements:

- Introduction
  - engaging Narrative
  - emotive

- Value Proposition
  - offering to users

- Problem
  - geography
  - size

- Market
  - geography
  - size
  - growth

- Solution
  - innovation
  - advantages

- Product
  - how is works
  - feature

- Unique selling point
  - unique elements

- Team
  - experience
  - Track record

- Business model and financials
  - valuation
  - how do we generate income?
  - financial projections

- Achievements/traction
  - number of users
  - customer type / segmentation
  - user growth

- Ask and Use of funds
  - amount
  - equity or debt - financial projections.

- what would be used to for technology development, talents, etc.