RHODE ISLAND
BUSINESS PLAN
COMPETITION

Workshop: *How to Present to Investors* – March 15, 2012

Panelists: **Bill Cesare,** Founder, [Angel RI], Providence
Scott DePasquale, Partner, [Braemar Energy Ventures], Boston
Linda Plano, Founder, [Plano & Simple], Boston

Following are key points made by the panelists.

What entrepreneurs should expect from/present at a first meeting with potential investors

- The goal is to get a second meeting.
- Articulate the market opportunity - how much money can be made.
- Define exactly who your customer is, e.g., a person authorized to spend money for your product or service, not necessarily the end user.
- Define a clear path to customers.
- Explain how you will put the funding to work.
- Venture capitalists look for home runs; angel investors will often be satisfied with singles and doubles, though triples are nice.
- Understand your investors -- what they invest in and at what stage. Study the companies they are invested in.
- Know the politics of your marketplace, e.g., what it takes to get a product on a supermarket shelf or into a hospital formulary.

Your team is key

- Experience and previous success is important.
- If your team is not yet in place, be able to say what type of people you need.

Talking about the market

- Provide an "organic" estimate, e.g., how much a customer will pay you for your product or service times the number of customers you expect to sell to.
- Provide names of customers. Note, however, that investors will call or visit them to learn more about you -- of the most important element of investor due diligence.
- Letters of intent from prospective customers can be valuable, but unless they specifically say the prospect will spend X amount in year 1 and y amount in year 2, they can be squishy.

- First-time entrepreneurs who haven't yet sold should have a "missionary" customer who believes in you.

Mistakes entrepreneurs make include

- Being too confident, e.g., don't oversell.
- Providing a market size you can't defend at a granular level.
- Overselling. Let the investor come to the conclusion that your idea is fantastic.
- Failing to treat the first meeting as a conversation. In other words, don't be pushy, look the investor in the eye, keep PowerPoints simple and use they as back-up.
- Providing too much information. Drop the acronyms and engineering jargon. Speak English.
- Failing to say how you will sustain the undertaking once you get funding.
- Don't say: "There is no competition," or "This can't fail," or "I always wanted to be an entrepreneur."

Final thoughts

- Don't become an entrepreneur unless you want to win -- and win big.
- Get a mentor or coach to work with you before your first investor meeting.
- Everyone on your team has to be fully on-board: no part-timers or people working with you in their spare time.
- Understand what you don't know and don't be afraid to admit it. You want to work with investors who will help you build your business.