

# Presenting to Investors: The Elements of a Compelling Case

Getting Ready for  
Equity™

New York, NY

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Durham, NC

New York, NY

San Francisco, CA

[www.sjfventures.com](http://www.sjfventures.com)

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*SJF invests in and assists high-growth companies that positively impact the world*



## SESSION GOALS

- Review basics of what investors look for
- Understand importance of compelling content and effective communication
- Become familiar with standard investor “pitch” forms:
  - Elevator pitch
  - Executive summary
  - Investor presentation
- Understand key elements and goals of each pitch form

## UNDERSTAND YOUR INVESTOR AUDIENCE

- All want strong financial returns
- Each has a specific prospect company profile
- Each has specific investment criteria
- Investors have broad expertise
  - Financial and business expertise
  - Entrepreneurial experience
  - Sector knowledge

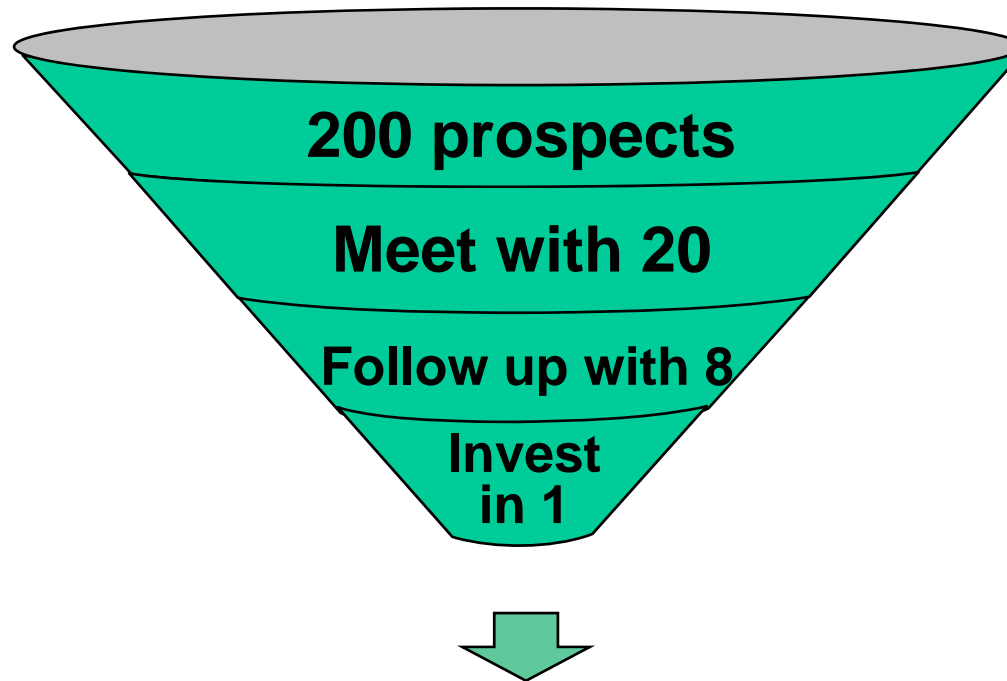
# WHAT CONTENT SHOULD INVESTOR “PITCHES” HAVE?

Market and growth drivers	Product/ technology/service	Financial plans	Management/ execution
<ul style="list-style-type: none"><li>▪ Large and growing market</li><li>▪ Clear reasons why people will purchase more of the company's product or service</li><li>▪ Company is different and special when compared to competitors</li></ul>	<ul style="list-style-type: none"><li>▪ Simple explanation of how product or service works</li><li>▪ Technology or systems that support it and any relevant patents or protection</li></ul>	<ul style="list-style-type: none"><li>▪ Credible projections of strong financial growth</li><li>▪ Method of how sales and cash will be generated</li><li>▪ How invested money will be spent</li></ul>	<ul style="list-style-type: none"><li>▪ Management has relevant sector experience</li><li>▪ Management has track record of success</li><li>▪ Management has a clear strategy in place to achieve targets</li><li>▪ Team works well together</li></ul>



You must have credible content for a compelling investment opportunity

## A TYPICAL QUARTER IN THE LIFE OF A VC...



Effective and compelling communication is critical to gain attention

## TOP QUOTES INVESTORS HEAR FROM ENTREPRENEURS

- “Our projections are conservative.”
- “Gartner says our market will be \$50 billion by 2013.”
- “Boeing will sign our contract next week.”
- “We don’t have any competitors.”
- “Several firms are doing due diligence.”
- “Google is too slow to be a threat.”
- “Patents make our business defensible.”
- “All we have to do is get 1% of the market.”

# STANDARD INVESTOR COMMUNICATIONS

Time  
commit-  
ment:

1-3 hours

## “Elevator Pitch”

- 2- to 5-  
minute  
description  
of your  
business  
and  
investment  
opportunity



1-2 days

## Executive Summary

- 1 to 2-page  
written  
summary of  
your  
business and  
investment  
opportunity



2-4 days

## Investor Presentation

- 15 to 20-  
minute  
presentation  
of your  
business and  
investment  
opportunity



1-3 weeks

## Business Plan

- Comprehen-  
sive descrip-  
tion of your  
business, its  
market, and  
its growth  
strategy

# THE ELEVATOR PITCH

2 to 5-minute description of your business & investment opportunity

The investor should leave your conversation with:

- Concise, basic description of the business
- Demonstration of growing demand for product/service and how this will be monetized
- Sense of your competitive advantage
- Positive impression of management



Attract investors' interest, invite further discussion  
about your opportunity





## Points to Cover in a 5-Minute Pitch to Potential Investors

*This is a general outline. Five minutes is a very short time, so focus on the most important points and avoid getting bogged down in details. The questions under each point are guides; you do not necessarily have to address every one, just the most relevant to your business. Remember: the goal of the pitch is to capture the interest of the potential investor and gain an opportunity to meet and discuss your business and financing needs in greater detail.*

### 1. Problem/Solution

What is the problem in the marketplace that your product or service solves? Use one real-life example.

### 2. Product or Service

Describe your product or service. Make sure you explain this clearly so that your listeners understand the basic premise of what you do.

### 3. Target Market/Population Served

What is the target market size and potential for growth? Clearly identify and quantify the portion of the market your business will address. Who are your customers?

### 4. Competition and Competitive Advantage

Who are your competitors? Do you have an advantage over them? What are barriers to entry? What do you have that is proprietary?

### 5. Business Model and Financial Projections

How will your company make money? Include your revenue model and what you expect your revenue to be for the current year and in 3 years. If your margins are strong, share that. Mention whether or not you are profitable.

### 6. Management Team

Who is on your management team and why are they important to the company's success? What is their experience in growing previous companies and what are their credentials? Are they well versed in your industry? Are there gaps in the team that will need to be filled to grow the company?

### 7. Milestones/ Accomplishments

What are your key milestones and accomplishments to date? Have you raised funds? From whom? What are the major stages of product development? Identify major customers and partnerships.

### 8. Use of Funds and Exit Strategy

How much capital has been invested to date, how much are you raising now, and how will you use the new funds raised? What is your exit strategy? Who are potential acquirers?

## ELEVATOR PITCH KEYS TO SUCCESS

- Practice, practice, practice
- Recurring questions show what's missing from the core pitch
- Have a 1- or 2-minute version ready for networking events or impromptu meetings
- Have a 5-minute version ready for longer conversations or opportunities to pitch
- Exchange cards, provide Executive Summary, follow up

# THE EXECUTIVE SUMMARY

1 to 2-page summary of your business plan, including:

- Concise, basic description of your product/service
- Brief description of the team
- Summary of the growing overall market and your target market
- Description of the competitive landscape and competitive advantage(s)
- Achievements to date – market penetration/distribution/financing, etc.
- Financial summary – historical/projected summary income statement
- Financing need and use of funds
- Contact information



Demonstrate your understanding of key success factors for your business, make investors want to learn more

**Contact Information**

Harry Madell, CEO  
4121 Route 42  
Columbia, SC 38012  
(856) 629-7400 x128  
[www.rvwarehouse.com](http://www.rvwarehouse.com)

**Management Team**

Harry Madell, CEO  
Ted Kelley, COO  
Cody Deimer, CFO  
Bonny Burke, VP Sales & Marketing

**Industry**

Recreational Vehicles/Leisure

**Type of Financing Sought**

\$2 million in equity

**Previous Investors**

Friends & Family equity \$500K  
Wachovia Line of Credit \$1MM

**Use of Funds**

- New retail locations in NC, GA
- RV campground bus. dev.
- Expanding service capability

**Employees** 53**Professional Services**

Fox Rothschild - Legal  
Grant Thornton - Accountants  
Wachovia - Banking

**OVERVIEW** RV Warehouse, Inc. ("RVW"), is a full service RV dealership in South Carolina. At \$19.6 million in sales, RVW is the largest RV center in South Carolina, and among the largest in the Southeast. RVW's target customers are baby boomers, working families and empty nesters, and RVW stocks the most recognized travel trailer and park model brands in the industry. RVW's vision is to become the customer's preferred on-line and on-lot gateway to the very best RV vacation experience in the Southeast region. RVW will increase stakeholder value by expanding geographically through select acquisitions, pursuing operational excellence to build cash flow, and developing a marketing engine to drive traffic through its stores.

**MARKET OPPORTUNITY** As shore and lake properties have soared in value, more families have been priced out of real estate ownership. At the same time, the number of empty nesters has increased given long-term demographic shifts. Many of these families seek affordable vacation home alternatives in fun places. Unfortunately, the RV industry's extreme fragmentation makes building the ideal RV vacation a hassle for the customer. PMI will develop and test a unique offering that aggregates across RV sales, campground availability, service and warranty, and retail finance, driven by customer convenience and customer choice. The 2007 US RV retail market was \$15 billion, and has grown steadily since 9/11 (11% CAGR since 2001). 2007 shipments to retailers were up 8% vs. 2006 (292,700 vs. 316,100 units).

**BUSINESS DEVELOPMENT** RVW aims to serve as both real estate agent and travel agent to families seeking a vacation home experience in exciting locations by uniquely tailoring RV products and services to usage and location preferences. RVW will achieve this by (1) Establishing partnerships with campground owners and real estate investors to offer customers more choice, (2) Continuing to improve RVW profitability by implementing professional management tools and further develop the core RVW management group, (3) Acquiring a dealership in New Castle County to target Charleston, and (4) Launching enhanced on-line functionality that provides RV product recommendations based upon preference-driven campground and region information such as location, amenities and availability.

**MANAGEMENT:** Harry Madell, CEO, manages corporate strategy and branding and has experience in strategy consulting and venture capital. He has an MBA from Wharton and a BS from Lehigh University. Ted Kelley, COO, has P&L responsibility for RVW. Ted has run manufacturing and service organizations, including a \$25 million RV component supplier. Ted has a BS from Cornell University. Harry and Ted are "hands on", preparing HRV for growth. Bonny Burke, VP of Sales & Marketing,

has over 25 years of experience in auto and RV sales, and launching new retail outlets. Bonny has a BS from Glassboro State College and has invaluable relationships with manufacturers, campground owners, and industry leaders. CFO Cody Deimer was formerly with Safeguard Industries. Cody, BS Syracuse, has decades of experience as controller and CFO with public and private companies.

**COMPETITIVE ADVANTAGE** RVW has exclusive access to a unique line of RV's available nowhere else in the country. Through a longstanding partnership with Wachovia, RVW is able to offer financing plans at almost half the interest rates of competitors. RVW also has 30,000 people in its marketing database and strong relationships with 150 campground owners. RVW has an unmatched field service capability and a commanding presence at RV shows across the region.

**FINANCIAL OUTLOOK**

	2006	2007	2008-E	2009-E	2010-E
<b>Revenue</b>	\$15.4M	\$19.6M	\$22.1M	\$30.4M	\$42.7M
<b>Gross Profit</b>	\$2.8M	\$4.1M	\$5.9M	\$10.6M	\$15.4M
<b>EBITDA</b>	\$0.4M	\$0.6M	\$1.1M	\$3.0M	\$4.7M

# THE INVESTOR PRESENTATION

15 to 20-minute presentation of your business and investment opportunity

Still need to be relatively concise – no more than 20-25 slides:

- Problem/solution
- Product/service
- Market
- Competition and competitive advantage
- Management team
- Business model and financial projections
- Milestones/accomplishments to date
- Use of funds and exit strategy
- Summary



Get investor to seriously consider investment, begin due diligence

## INVESTOR PRESENTATION KEYS TO SUCCESS

- Don't make slides overly complicated, detailed or "busy"
- Graphics can be very effective or just distracting
- Financials should not be too detailed/hard to read; stick to key metrics (but have detailed backup ready)
- Keep your financials up-to-date and make sure you meet your projections!
- A good presentation takes time to create, edit
- Practice, practice, practice
- Give presentation to advisors, other friendly audiences for feedback
- Let other members of the management team speak



# THE BUSINESS PLAN

Comprehensive description of business, market, and growth strategy

- Creating the plan should be valuable to you
- Should be a useful document to monitor progress
- Doesn't have to be long and wordy – could be detailed bullet points in a presentation format
- Some investors will expect this but not all



Demonstrate understanding of market, business operations, competitive advantage, growth strategy and business needs

## INVESTOR COMMUNICATIONS: DO'S

- ✓ Prepare, practice, update pitches & presentations
- ✓ Meet your projections (don't under-deliver during capital raising!)
- ✓ Be concise in communications, but have backup detail ready
- ✓ Consider and adapt content to your audience
- ✓ Network before you're actively seeking capital
- ✓ Treat "no" as a feedback and networking opportunity
- ✓ Be confident AND coachable
- ✓ Be upfront about risks, weaknesses—and how to address them
- ✓ Research and target the most appropriate investors
- ✓ Personalize all investor communication



## INVESTOR COMMUNICATIONS: DON'TS

- ☹ Lie, be misleading or evasive
- ☹ Be overly confident or reject feedback
- ☹ Rely on the product or service alone to entice investors
- ☹ Make up answers
- ☹ Expect fundraising to be easy or quick
- ☹ Be discouraged by rejection (but do learn from it!)
- ☹ Send mass emails soliciting investment
- ☹ Send your pitch to info@xyzventurecapital.com

## CLOSING THOUGHTS ON INVESTOR COMMUNICATIONS

- Effective communication of compelling content is key
- No guarantees
  - Securing equity investment is a process that takes time
  - Important to find a good fit in your equity partner
- Use what you learn from investor feedback and the process to improve your business

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