
How to make your business model worth an investment?

1. MAKE YOUR ELEVATOR PITCH



The elevator pitch stems from the idea that you should be able to deliver a short summary of your project within the time it takes for an elevator ride, so about 30 seconds. Sounds challenging, right? You have a mere 30 seconds to hook the investor(s) and convince them that your idea is worth their time and money. Experienced investors will weed out good ideas from the bad ones within the first minute so keep it simple and captivating.

Elliot Loh from 500 Startups suggest you follow this simple formula:

We solve [problem] by providing [advantage], to help [target] accomplish [target's goal]. We make money by charging [customers] to get [benefit].

2. IDENTIFY THE PROBLEM



Too many startups create products that aren't really solving any true problems, but rather focus on a temporary market need with the goal of making a quick buck. Look at the evolution of daily deals as an example; the demand rapidly dissipated once the market reached maturity and saturation.

"The problem" is your most important asset so it's imperative to make the investor feel the pain point. Why is this an important problem to solve and how does it affect the end user? One great technique is to use storytelling at this stage and call from personal experiences. More often than not, if it's a problem you are experiencing and are passionate about, other people have experienced the same problem and the message will ring true. Keep it punchy, visual and always keep in mind the point of view of the end user. If it makes sense to engage the investors then do so; ask them

how often they have this problem and how they feel about it. Don't overload the investors with information, just make sure they feel how terrible this problem is and how no one is currently addressing it in an effective manner.

3. PRESENT A SOLUTION



How is your product is going to improve the world by fixing this problem? How does the world look after your solution is implemented? Is everyone happy? Remember **KISS** principle [Keep it simple, stupid]. Many entrepreneurs lose their shit at this point and start to get way too technical without actually showing how the product is solving the problem at hand. Keep it visual and to the point. If you have a great design-based product then do a quick demo, but make sure it's not too long and don't get lost in the features and complexities, you will lose the investors. Oh, and make sure the demo works. You would be surprised how often entrepreneurs make this fatal mistake.

Mission: Make them understand why your product solves the problem far better than anything else.

4. MARKET SIZE



If you are going for a top down approach, then come to investors with valid research and cite your sources. If you walk up and start saying that the market for princess tiaras is approximately €5 trillion then you won't get taken seriously. If it's bottom up approach, then base the market size on your current traction multiplied by users/services over time. Don't get carried away with the numbers here, just show the market is interesting for investors. Ultimately, they are looking for a sizable return on their investment so show them the potential!

5. BUSINESS MODEL



How are you going to make money? Recurring revenues or one time payment? Fixed pricing or dynamic pricing? Understandably, this is one of the most important points for investors. Don't show them 50 different revenue streams, focus on 1, the most profitable one. Make it work and then, as you evolve, you can add extra layers.

7. GO-TO MARKET STRATEGY/ MARKETING PLAN



What have you done so far to capture new users and how will this evolve over time? What is your model for growth? Sticky, viral or paid? If it's paid, how much does it cost you to get a new user/buyer? If it's sticky, what are your churn/retention rates and how have they evolved over time? If it's viral, what are your KPI's, viral coefficient, etc? What marketing channels will you use? How will you apply this model when you enter into new markets? Having a poor acquisition model is where many startups fail so knowing your market strategy inside and out is crucial when meeting with investors.

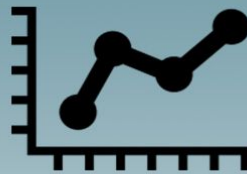
8. TEAM



An idea isn't worth anything without its [execution](#). Ever wonder how startups at the idea phase can raise huge seed rounds from renowned investors? It's typically due to the value of experienced entrepreneurs with successful exits under their belt. What

relevant experience and skill sets does your team bring to the table? If your team is virgin and doesn't have much (or any) experience in the sector, then focus on the pertinent points and look for other strengths. Don't shy away from this topic because you lack industry experience as sometimes the best companies are built by teams with diverse backgrounds and a fresh perspective.

9. TRACTION/PROJECTIONS



What have you achieved so far? Are you generating revenue? User growth? Any top clients/partnerships that you can show off? Do you have any relevant KPI's? If you do, then check out this article for [key metrics](#) that investors want to see. If you have absolutely no traction to base any future projections on, then base it on industry standards and well-researched and intelligent hypotheses.

10. NEEDS



What do you need to be able to realize your project's potential? What do you need that you don't currently have and why? Define exactly what you are looking for and explain in detail how the funds will be distributed. Be precise and don't be ambiguous with the capital you're seeking and your justifications for giving up your equity. Expect tough questions and investigation from the investors as to why you think you will need €X amount for your business.

I hope this provided some basic insight to creating a great startup pitch deck. Good luck with all of your future investor showdowns and remember, your pitch is EVERYTHING – so get it right!

11. TECHNOLOGY

Investors will be particularly interested in your underlying technology (both existing and that in development). This slide of the investor pitch deck can address:

- The basic technology backbone
- Key intellectual property rights the company has (patents, patents pending, copyrights, trademarks, domain names)
- Why the technology is or will be superior
- Why it will be difficult for a competitor to replicate the technology

12. FINANCIALS

The price required to make a product or the implementation of a project is always a crucial thing. It decides the demand of the product as well as the feasibility of the project.

All the best!