



Pitch Perfect

Raising Capital for Your Startup

Haje Jan Kamps

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For founders.
You say “yes” to a hell of a journey.

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About the Author



Haje Jan Kamps is an experienced author, entrepreneur, speaker, and business advisor. He has written a stack of books about photography and life in Silicon Valley. His books have been translated into a dozen languages.

Frequently on the speaking circuit, Haje has been on stage in the United Kingdom, Norway, Denmark, Russia, Israel, Iceland, and the United States, talking about various aspects of entrepreneurship. Alongside his own books, he has also ghostwritten a number of books for influential entrepreneurs and investors in the San Francisco Bay Area.

Haje founded and/or helped build four companies, including a hardware company in the photography space (Triggertrap), a Software-as-a-Service marketing company (ScreenCloud), a chatbot company that helped people have their very first conversation about death (LifeFolder), and the very first photography news site in Norway (Digitalkamera.no). These days, he is working on a new venture called Konf, building the future of virtual events—see Konf.co.

Over the past decade, he has mentored more than a hundred startups, and he has seen thousands of pitches—the good, the bad, and the ugly. In addition to his entrepreneurial efforts, Haje is working as a founder coach (see haje.me), helping startup founders build companies that stand the test of time, and—yes—create perfect pitches.

Author photo by Auey Santos - AueySantos.com

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Introduction

You have it. The perfect idea for a company is crystallizing in your mind. Early research indicates that the journey you are embarking on could be both fun, challenging, lucrative, and engaging. Things are coming together beautifully. And now it's time to raise some money.

This book is focused on the pitch process; it is a guide to how to put together an extraordinary pitch. It will help you create an excellent narrative for your potential investors. But it is much more, too. It will help explain what parts of the story will be most potent in how you can raise money. It will discuss different ways of thinking about how to craft your story and how you can catch your target audience by surprise.

As with all great storytelling, you need to know your audience. You have to understand how investors think and what the driving forces are behind making an investment. To successfully raise money from institutional investors, you need to understand how venture capital (VC) works (Chapter 2). You need to know how to structure your fundraising story (Chapter 1). And you need to have the documents that back up your pitch and fundraising deck (Chapter 20).

Fundraising is a complicated process with many moving parts. Buried deep in the intersection of the people you've attracted to help build your business, the market you're going to be operating in, and the problem you are solving, there's a story. You are going to move the world from where you are today to the universe you can imagine in the future. To do that, you're going to deploy some resources, including money.

A startup fundraising pitch is designed to do one thing exceptionally effectively: paint a comprehensive picture of your company and the economy it operates in. Your potential investors will look at your pitch deck and listen to your pitch. A compelling story will make investors lean in and hitch their wagon to your dreams. An excellent presentation anticipates everything an investor will want to know about your venture. Both the great—the things you are better at than anybody else—and the not-so-great. In this book, I will dissect all the slides that typically appear in support of a pitch deck. I will talk about the things that throw up red flags for investors and about the things that are positive indicators for fundraising. I will take you behind the scenes of the decision-making process investors use to help you craft the best story possible.

The truth is that pitching is brutal: Laying your whole business bare in under 20 minutes means that there's no space for “fluff,” and there will be very little to hide behind. Investors see dozens of pitches per week and are extraordinarily attuned to how this format works. If you are padding or beating about the bush, if you're lucky, they will call you on it. If you are less fortunate, the investors will tune out and mentally write you off long before you make it to the end of your story.

When I do pitch coaching, the “nowhere to hide” aspect becomes apparent all the time. Sometimes, when a founder stumbles over a slide or a part of the story, there's a simple fix. Perhaps a point needs to be set up earlier in the presentation. Maybe the story is cleaner if you don't delve as deep into a particular aspect of the business.

Surprisingly often, though, working with founders on their pitch decks doesn't show the shortcomings of the presentations. Instead, it reveals cracks in the foundation of the company itself—flaws in the go-to-market strategy and/or weaknesses in the team. Market dynamics that don't pan out or obvious flaws in the pricing or business model that prevent the business from being viable. A book can't cover every eventuality in where your company goes wrong—that's where my coaching practice comes in—but I will teach you the thought processes to help you self-assess.

A Guide to How to Help Yourself

You can't trust investors to tell you where your story falls apart. They are incredibly busy people. Some investors are willing to give you a nudge in the right direction, but in my experience, they don't have the bandwidth to engage in a long back-and-forth to fully ascertain the challenges in your pitch. They are in the business of investing and helping grow the 0.5% of companies they end up investing in, not fixing the underlying architectural challenges in the 99.5% they choose not to invest in.

Many investors are much more likely to give you a “soft no,” which usually comes in the form of a “you're too early for us to invest,” or “we don't focus on this market right now,” or “please check back with us when you have some more traction.” The complicated thing about the “soft no” is that it may be genuine: the investment firm may really want you to check back when you have a bit more traction, or they may actually be defocusing from the market you are talking about. However, investors are in the business of finding extraordinary humans building spectacular companies. In my experience, they will engage in conversations with companies, even if they aren't a slam dunk, if the opportunity is good enough. FOMO (fear of missing out) runs deep in the venture world, and a lot of the time, however, the “soft no” serves another purpose. It exists to help the firm have an option to talk to you again further

down the line. If you find yourself getting a lot of soft nos, it probably means that there's something about the business that's not fully working.

I will help you find your voice and the story that will help your company come together in the eyes of an investor. In the process, I will give you the tools to look at your own company with the objectivity and criticism it needs. If there's a hole in the story, there's no point in going on the fundraising trail. You'll never raise money, and—more important, still—you'll waste months of your time.

We will also cover how to choose investors (Chapter 19), how to approach investors, how to source warm introductions, and how to make an unforgettable first impression.

This book is for anyone hoping to raise early-stage money from angel investors or venture capital investors—typically in the range of \$150k–\$10m. If you've pitched companies many times before, you'll learn a ton of additional tools for how to make your story come to life. If this is your first time through the mill, you're in good hands too. This is a comprehensive guide to the what, when, why, and how of how to raise money.

You're ready to take on the world. And it all starts with the perfect pitch.

Storytelling

... And why a great story is so important

You may be tempted to believe that investors invest with their brains. They gather all the information available about a company, the market, and the surrounding big picture, plug it all into a spreadsheet, and then decide whether to invest or not. That isn't the case, for two closely related reasons. The first reason is that investors are human, and humans naturally love stories and narratives. Being able to paint a picture of the problem you've perceived, how you're going to address that problem, and how the world is going to be different once the problem is solved is tapping into an emotional realm. Don't get me wrong; your investors will still do their "due diligence" and plug all the numbers you give them into spreadsheets to see if the story works on that level. But you can't skip the storytelling step: just handing someone a worksheet with all the numbers already filled in would only work for a vanishingly small subset of investors.

The other reason is that you, the entrepreneur, are human. The investors are not investing in a business plan or even a pitch—they are investing in you, personally. As you go through the fundraising process, you'll sit eye to eye with several extraordinarily smart people. They will try to figure out what makes you tick. Do you have what it takes to conjure this project from thin air? Are you able to attract and lead people who can help you along the way? Entrepreneurship is exceedingly hard—do you have what it takes to keep on the right track as everything in the world conspires against your company's success? And, ultimately, these investors are going to be literally and figuratively