How to Pitch Your Idea

2017 National Tribal Energy Summit
(Pre-Summit Webinar)

April 26, 2017

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PURPOSE OF THE PITCH?

1. Engage the audience and get them excited
2. Share project vision and open their minds
3. Express with clarity and focus

NOT to: answer all possible questions
NOT to: necessarily close deal immediately

Leave them wanting more

Concise storytelling in 10+ slides
COMMON MISTAKES

1. Too many slides
2. Too many details
3. Too much criticism of competition
4. Unsupportable assumptions
5. Arrogance

“10/20/30 Rule”: 10 slides in 20 minutes in 30 point font (or bigger). Guy Kawasaki of Garage Ventures
1. Elevator Pitch
2. The Problem
3. The Solution (demo if appropriate)
4. Market
5. Business Model
6. Marketing
7. Competition
8. Differentiation
9. Team
10. Financials
PRE-SCREENING

Mississippi Band of Choctaw (MBCI) screening

• Used to screen high volume of proposals the tribe receives

• Rank proposals based on priorities of tribal council (not always based on highest financial return)
1. Pre-Screen

2. Phase 1 Screen

3. Phase 2: Due diligence

4. Phase 3: Develop Plan

5. Execute

**EVALUATION PROCESS**

*Concept Proposals*: Complete Pre-Screen Survey to start general discussion. Go/No-Go?

Is it real or not? Where did lead come from? Is idea compatible with our goals? What type of resources can we bring to bear on this? Resources required to develop plan (if any): Go/No-Go?

Is is attractive and feasible?

Resources committed to do a deep dive and drive Go/No Go?

Incorporate conclusions from Phase 2 due diligence into a business and financial plan; modify as learning increases Go/No-Go.
MBCI Online Screening Tool

Development Intake Questionnaire

1. Please provide your contact information
   - Contact name
   - Company or Project Name
   - Street Address
   - City
   - State
   - Zip Code
   - Contact Email
   - Contact Phone

2. How did you hear about our investment and partnership program?
   - (Optional answer)
   - (If referred by initial member, please specify name)

3. Please provide a description of your business or idea
   - (Optional answer)

4. Stage of Business or Idea
   - Idea stage
   - Proof of Concept
   - Working Prototype
   - Market ready
   - Existing Product and Service Requiring Additional Resources
   - (Comments)

5. Time to Market
   - Existing Sales in Market
   - Less than 6 months
   - 6 months to 1 year
   - 1 year to 2 years

6. Intellectual Property
   - Patent Issued
   - Copyright
   - Trade Secret
   - No IP at present
   - No plans to develop

7. Market Size (total annual spend in marketplace)
   - Hug (>$10 B in Annual Sales)
   - Very Large (>1B in Annual Sales)
   - Large (>250M in Annual Sales)
   - Medium (>60M in Annual Sales)
   - Small (<60 M in Annual Sales)
   - Very small (<$5 M in Annual Sales)

8. Market Validation
   - Existing Customers, Product in Market
   - Purchase Orders in Hand
   - Documented Customer Intent
   - Documented Market Research
   - Likely Interest
   - (Comments (100 character limit))

9. Existing Competitors and Competing Products

10. Resources required
    - Money/Capital
    - Real estate/facilities
    - Management
    - Other
    - (Comments (100 character limit))
Screening Scorecard

Set of questions that allow us to more objectively score and rank the suitability of the various business proposals received.

Proposals ranked on:

1. Quality of Deal Source
2. Management team (existing, potential for tribal member management, difficulty in hiring if non-existing)
3. Economic Potential
4. Employment Potential
5. Utilization of tribal assets
6. Perceived financial risk
7. Stage of Business
8. Ownership (tribal or non-tribal)
9. Social impact for tribal members and the tribal community
OUTLINE

1. Elevator Pitch
2. The Problem
3. The Solution (demo if appropriate)
4. Market
5. Business Model
6. Marketing
7. Competition
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10. Financials
ELEVATOR PITCH

Imagine you find yourself in an elevator with Elon Musk; you have 10 to 30 seconds to communicate your idea, vision, and mission.

1. Short

2. Memorable and leave listener intrigued

3. Relatable ("We are the Uber of food delivery"—can also be tacky if stretching too much)

https://theinterviewguys.com/write-elevator-pitch/
ELEVATOR OR TAG LINE?

“AirBed & Breakfast is a fun approach to couch surfing.”

“Think of it as Craigslist meets Hotels.com, but a lot less creepy.”

“A cool alternative to a boring evening in a hotel room.”

“AirBed’s fee-based service could help alleviate concerns about quality of accommodations.”

Welcome

AirBed & Breakfast

Book rooms with locals, rather than hotels.
THE PROBLEM

What real problem are you solving?

Why does the problem exist?

What are the customer pain points?
  • when possible, make it personal so the audience can empathize
  • Tell a story
THE PROBLEM

**Problem**

*Price* is an important concern for customers booking travel online.

*Hotels* leave you disconnected from the city and its culture.

*No easy way exists* to book a room with a local or become a host.
THE SOLUTION

Value Proposition:
• Relieves customer pain point
• Could be (not necessarily though):
  • More convenient
  • More efficient
  • Cheaper

Demos, prototype, samples, sketches, video ideal to capture attention
A web platform where users can rent out their space to host travelers to:

- **SAVE MONEY** when traveling
- **MAKE MONEY** when hosting
- **SHARE CULTURE** local connection to the city
MARKET

What business are you in?
• Demonstrate knowledge of market
• Define Your Market

Total Available Market (TAM)
• Dollar Size
• How large can it get
• Growth rate

Target (addressable) Market:
• What part of the market can you address
• Beachhead customers

Can be communicated visually

Market trends helpful
Market Validation

Couchsurfing.com: 660,000 total users

Craigslist.com: 50,000 temporary housing listings per week in the US, 07/09 - 07/16

Market Size

2 Billion+

560M

84M

TRIPS BOOKED (WORLDWIDE)
Total Available Market

BUDGET&ONLINE
Serviceable Available Market

TRIPS W/AB&B
Share of Market

Source: Travel Industry Association of America & World Travel Insights
PRODUCT

• Tell the story of your customer and how customers use/value your product or service.

• Why are they compelled to use your product or service?
BUSINESS MODEL

Who are your customers?
• Segmented (description of your customers, from beachhead through more mature market)
• How many customers might buy and at what price?

Traction (a la Shark Tank)
Revenue to date
Number of customers to date
BUSINESS MODEL

We take a 10% commission on each transaction.

$84M → $25 → $2.1B

TRIPS W/AB&B
Share of Market
25% of Available Market.

AVG FEE
$80/night @ 3 nights
source: $70 is avg room price on AB&B

REVENUE
Projected by 2011
MARKETING & GROWTH

Where are your customers looking today?

What channels and methods will you get in front of them?

How are you doing it differently
COMPETITION AND DIFFERENTIATION

Where do you exist in the larger overall Market Space?

Who are the competitors and how are you differentiated from them?
DIFFERENTIATORS

What are your advantages?
- Any patents or intellectual property
- Unfair advantages?
- Experience
- Location
COMPETITION AND DIFFERENTIATION

**Competitive Advantages**

- **1st TO MARKET**
  - for transaction-based temporary housing site

- **HOST INCENTIVE**
  - they can make money over couchsurfing.com

- **LIST ONCE**
  - hosts post one time with us vs. daily on craigslist

- **EASE OF USE**
  - search by price, location & check-in/check-out dates

- **PROFILES**
  - browse host profiles, and book in 3 clicks

- **DESIGN & BRAND**
  - memorable name will launch at historic DNC to gain share of mind
What roles are the keys to success in this space?

- Prior successes
- Domain expertise
- Relevant experience
FINANCIALS

Highly variable - depending on audience

If existing business, include historical highlights of financial performance

3-year look forward summary financial projections (“Proformas”) State critical assumptions relative to capital startup, expenses, market penetration

Highlight each of these Yearly for at least 3 years:

• Total Customers
• Total Revenue
• Total Expense
• EBITDA (earnings before interest, taxes, depreciation, and amortization)
We are looking for 12 months financing to reach 80,000 transactions on AirBed&BBreakfast.

- **ANGEL ROUND**: initial investment opportunity
- **TRIPS W/AB&B**: avg $25 fee
- **REVENUE**: over 12 months

- **$500K**
- **80K**
- **$2M**
REFERENCES

• 500 Startups / Dave McClure

• Guy Kawasaki

• AirBnB

(Google the above for more ideas as well as sample pitch decks)
Requires 100% Success on 100+ Variables
In the end, hinges on financials and risk management
*Available to walk through these components
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