Pitching to US VCs

Daniel Glazer
London Office Managing Partner at Wilson Sonsini

Non-US companies frequently ask us, “how can we meet US venture capital firms and get them to invest in our company?”. Our last blog discussed a number of factors that influence US VCs’ willingness to invest in UK and other non-US early-stage companies. This time we’re focusing on how to pitch to US VCs.

What to include in your pitch?

You should be prepared at all times to provide three summaries of your business:

- Your “elevator pitch”
- A one-page executive summary
- A pitch deck.

Your elevator pitch is a one- or two-sentence explanation of what your business is about. It needs to clearly and concisely convey your company’s unique selling proposition (USP) and persuade a potential investor to want to hear more. Its name derives from the guideline that you should be able to deliver it to an investor during a brief lift ride.

Your one-page executive summary is a standardized document whose purpose is to get an investor to agree to meet with you, or at least to review your pitch deck. It should follow a standardized form that makes it easy for the investor to understand:

- What your business does (i.e., your elevator pitch)
- What products and services it offers and through which distribution channels
- Your management team’s members and experience (potentially as important to investors as your business idea; it’s critical to your ability to execute)
- The addressable market you’re targeting
- Any technological advantage that you have
- Your competition (and don’t say that there isn’t any!), and
- Your financial projections and investment sought.

Keep in mind that investors will be seeing hundreds (or even thousands) of executive summaries each month. Clarity is critical but, as we will discuss in our next blog, it is equally important for
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your executive summary to be warmly introduced by a third party that the investor considers credible.

Your pitch deck is your key written selling tool. It needs to make your argument for investment clearly enough to stand alone, and yet also provide a platform for you to have a broader discussion of your business. Thus, your pitch deck needs to address (not necessarily in this order):

- What your business does
- Its USP
- Market opportunity/addressable market
- Go-to-market strategy
- Technological advantage/IP protection
- Competition, and why you are well placed to prevail
- Financial projections
- Investment sought
- Milestones, relevant metrics (how will success be measured) and traction to date
- Management team.

Keep this deck short and focused. 12 to 14 slides may work – 25 slides will not. Your deck should avoid jargon and use graphics and charts — rather than words — to the extent possible. Keep your financials simple; leave the spreadsheets for due diligence. The purpose of the pitch deck is not to get the investor to invest – rather, you should aim to persuade the investor that it is worth having another meeting to learn more.

How to pitch

It is crucial that your best pitcher should lead the pitch. Your CEO may not be the best communicator in your group – he or she may have difficulties communicating in clear English, for example, or may simply not be best able to communicate your messages. While a VC will want to get comfortable with your management group as a whole (including your CEO), you first need to get your foot in the door with the investor.

Second, practice a lot. US VCs expect a highly polished level of pitching and are likely to quickly reject your proposal if you are unable to communicate effectively. The crafting of your message and honing of your delivery requires much practice, and you need to solicit, and take on board, frank criticism. Working with a pitch coach who knows the US market may be worth the investment, but in any case you need to practice your pitch in front of an audience that challenges your assumptions and asks hard questions. Speak in short, clear sentences. Be ready for the skeptic, and don’t take offense.

Third, don’t get lost in the details. You are trying to present a clear and concise message – this is not the time for Excel spreadsheets.
Finally, **don’t understate or self-deprecate your business, product or team.** That is not how American founders communicate, and US VCs will misread a low-key approach as a lack of confidence in your business. They won’t deem your company worthy of their investment if you don’t first convey that you believe it’s worthy.

*Dan can be reached at [daniel.glazer@wsgr.com](mailto:daniel.glazer@wsgr.com).* This article does not constitute legal advice and should not be relied upon for business or legal decisions.