Tips on Avoiding Presentation Mistakes

Re-written from original article by Joe Ollivier & Copyrighted 2006 Deseret News Publishing Co.

Angel investors who belong to groups often hear investment presentations (as a group) once a month - and sometimes even more than that as individuals. With each presentation, thousands, even millions of investment dollars are at stake.

The following is a list of commonly made presentation mistakes:

1. No current financial statements. Forecasts are important, but investors need to see what you have done with your money so far. A current balance sheet is an absolute necessity.

2. Unclear explanations of the hard dollars that have come into the company.

3. No capitalization table that shows prior investors, how much they invested, what amount of common stock or other security they received for their money and what state or SEC exemption allowed the security to be issued.

4. Unrealistic valuation of the company. Few angel investors put much credence in forecasts. They want to see proven concepts with real sales. Don't claim valuation that can't be backed up with hard numbers.

5. No independent market research or test markets. For research to have the best value, it should come from an independent source (you may wish to consider working with college students in marketing or market research classes).

6. Explaining the business in a complicated manner. Make sure we understand. Keep it simple - the simpler the better.

7. Handing out materials before the presentation. Hand out your materials after the presentation.

8. Bringing a large team to the presentation made by only two or three people. Communicate a wise use of resources by bringing only what you need to the presentation.

9. Not staying within the allotted time. True, this is sometimes the investor's fault, as he or she interrupts with questions. You should still ask if it's OK to go longer than scheduled.

On the positive side, here are some steps to making a good investment presentation:

1. Thank investors for their time and attention.

2. Explain exactly what the company is looking for -- the amount and type of notes, payments, stock options and shares.

3. Introduce the management team with a short mention of the background of each.
4. Explain the business in the simplest terms.
5. Define the market, including a brief analysis of the demand and competition.
6. Explain how the plan will be executed and who will be responsible.
7. Go through exit strategies and the return that investors should realistically expect.
8. Repeat step 2.
9. Thank them again for their time and ask for any questions.
10. Ask what to expect from the investors. When and how will you hear from them?

Joe Ollivier is affiliated with the BYU Center for Entrepreneurship.