

ENGAGEMENT

PERFECT PITCH

Your brilliant product or service is worthless if you can't sell it, and yourself, to potential buyers or backers. **Chris Keall** looks at how the nature of the pitch has changed over the years, and gets some insider tips from the pros.

It can take years to ready your product or service for the market – then months, or longer, to get the opportunity to present it to a potential investor, partner or buyer. But once you're in front of a panel of people who could take your company to the next level – in the 'dragon's den', in pitching parlance – you'll usually only have minutes to make your case.

In such a high pressure situation, it's important to understand how the nature of the pitch has changed over the years. Business people need to know what presenting style is in or out of fashion, what information 'dragons' expect to hear and how to adapt their pitch for different markets.

The evolution of the pitch

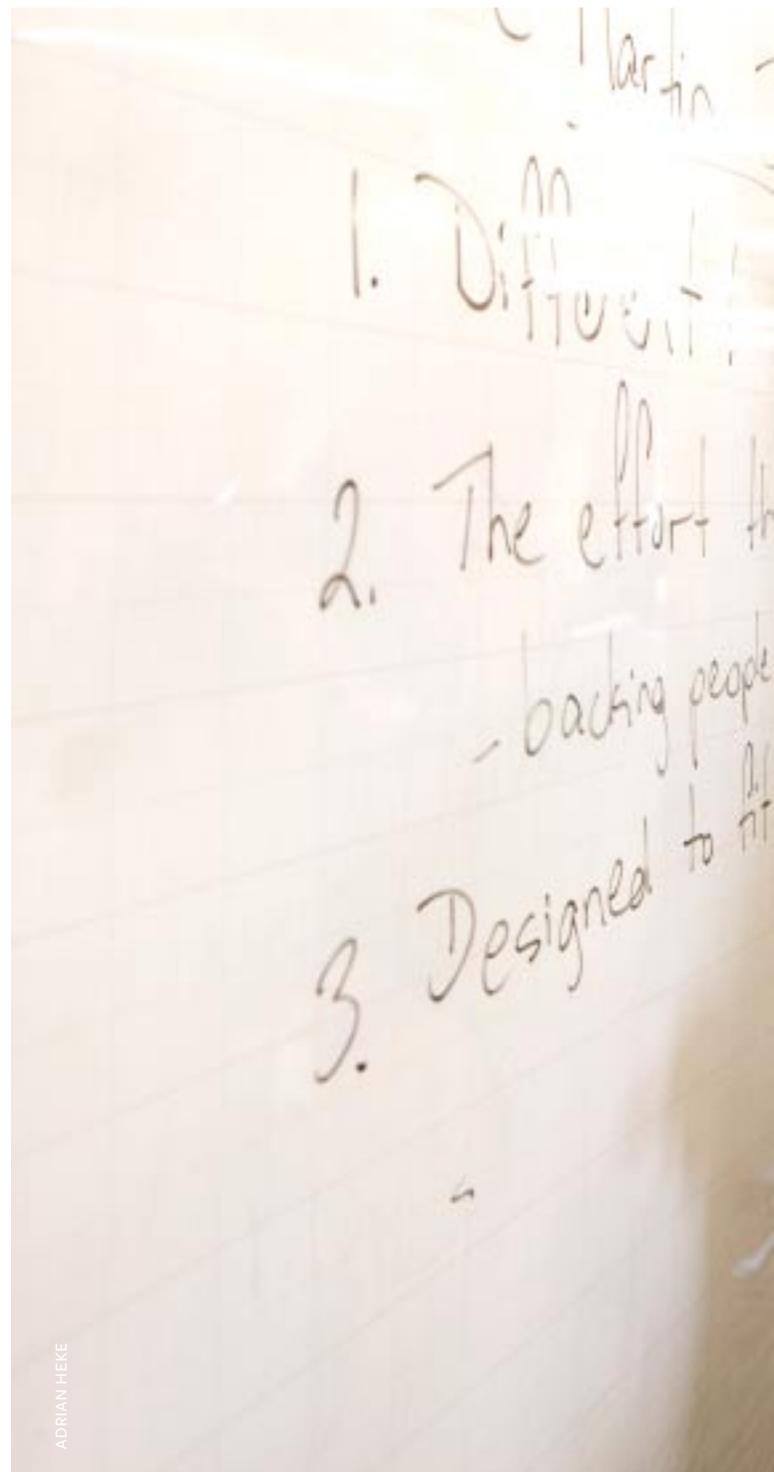
This year, RogenSI surveyed more than 3,000 executives worldwide involved in bidding for multi-million dollar accounts. The presentation training company then compared the

answers to those from a 1978 survey by its founder, Peter Rogen. The results reveal how the nature of the pitch has changed over the intervening three decades.

In 1978, 40 percent of respondents said it was most important that a bidder was seen as having the best possible solution. Personal chemistry, 'politics' (internal politics or relationships) and understanding of a client's company came next, weighted 20 percent each.

In 2008, understanding the company you're pitching to is rated first at 32 percent, having the best product is on 29 percent, chemistry 23 percent and politics 16 percent.

RogenSI's current CEO, Neil Flett, says it was perhaps a less sophisticated and less competitive world in the late 1970s. People were likely to be more trusting, and do business on a handshake, explaining why 'politics' and relationships were rated most important, although in some regions they still are.



But as the business world has become increasingly complex, the perception that you understand your client's business needs has become paramount. Therefore, says Flett, "No longer is it appropriate to lead with your credentials and the product or service offer. Now, the client needs to know you understand their situation, with all its issues, challenges and opportunities.

Then and only then, will he or she be willing to listen to what you have to sell."

What to cover

As CEO of venture capital firm No. 8 Ventures, Jenny Morel has developed a perhaps unrivalled understanding of both the art and science of the pitch.

The first thing Morel looks for is that "the person pitching



Jenny Morel

understands that they are pitching to me for investment. That is, they are focused on what I need from this: good return with managed risk. This is sometimes called 'the hook', and it's what gets me listening."

A clear business proposition-focused pitch could follow this template, says Morel:

1. This is the product/service
2. For which there is a large

market (quantify)

3. Which we can enter by ...
4. And we will win in this market because ... (talk about competitors)
5. And our advantage is sustainable because (IP, management team, market knowledge etc)
6. This is our business plan for how to execute this market opportunity, setting out who

will do what and how much this will cost (the budget)

7. These are the people who will make this happen.

"There's more detail that we look at in due diligence," says Morel. "But if someone can get this summary across to us in their pitch, we will be engaged."

If you're after an opportunity to scrub up your pitch in a tough but friendly environment,

Morel also organises the annual entrepreneurs pow-wow Morgo (www.morgo.co.nz), which includes a pitching competition modelled after the TV show *Dragons' Den*.

What not to do

The war story: One of the worst pitches Morel had heard came from "A CEO who spent 80 percent of his pitch time telling

us about his company's history and how hard it had all been." He should have saved the sob story. The only message Morel took from it was that his people were not good at executing. "Investors want to talk about where you're going to go together in the future," she says. "The past is only interesting as a reflection on the people you're partnering with."

The mystery pitch: Another strategy that gets Morel's goat up is "The mystery pitch. This is a really bad one. What they have is so secret that they cannot tell me what it is. But they still want to take lots of my time skirting around it. In my early days in venture capital, I once let somebody go for an hour on this. When finally revealed, the proposed product was as absurd as this approach makes you expect. I wouldn't let one of these go more than 10 minutes now, and I would be pretty alienated by the end of 10 minutes. This ignores the first rule of pitching: think of the viewpoint of the person you are pitching to."

The price-focused: Morel's third clanger is a failure to establish a point of difference. "A company's pitch started really well. They established the market need (what was wrong with the current offering) and how much better their product is for the customer than the incumbent technology. They also validating themselves by mentioning a well-known company they are selling alongside. I was engaged. Then I asked why choose their company rather than one of say 50 others in the world developing similar technology and their pitch fell apart. The only answer he could give was that they were cheaper – not convincing as a sustainable competitive advantage."

The wishful thinker: For TradeMe director and Xero founder Rod Drury, his most frequently encountered sin is exaggeration – and he reckons you'll get caught out every time. He recalls a time he asked a pitcher how many staff he had.

"Nine," came the reply. Drury sensed some wishful thinking (correctly; the actual answer was six). "Name them," he asked.

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The dreamer: "Someone saying, 'I have this idea for a new product and I'd like to talk through with you how we could turn it into a business' is unlikely to be of interest unless the idea is stunningly compelling because of the individual's market knowledge or some core IP," says Morel. "We need to see a business proposition."

Compelling IP can overcome the odds, however. For example, No. 8 has invested in the Martin JetPack, the Jetsons-esque creation of Christchurch inventor Glen Martin, because his product worked in a demonstration, and was so unique (and, importantly, patentable, as Morel established after a legal search). The fact that Martin was a person she thought she could work with also helped, says Morel, along with his ready acceptance

that others with more business experience would have to drive his company. The Martin JetPack received worldwide coverage after it was flown at the OshKosh airshow in the US during July.

Life on the pitch

A key issue, especially if you're a start-up, is deciding how much of your time to budget for pitching. A lot, says Rod Drury. "As the founder, pitching is going to be a third to half of your time."

Drury practices what he preaches. When bright <ital> caught up with him during September and October, he was variously in Wellington, Sydney, San Jose and London, pitching Xero to potential partners including Telecom New Zealand (successfully, as it turned out; Xero is now part of Telecom's small business hub website

AVOIDING DEATH BY POWERPOINT

As the CEO of a successful dot.com era start-up, AfterMail, a director of TradeMe and founder of financial software company Xero – currently pushing into Australia and the UK – Rod Drury has more experience than most New Zealand business people at making, or hearing, a pitch.

His key advice: get to the point, and don't do it with slides. PowerPoint has become passé. "You always need to be unexpected and stand out from the crowd. I would never do a PowerPoint pitch, for example. Hand them out a copy of something if you like but tell some stories and get them engaged."

Presentation pros say if you must have slides, keep it to three or less to avoid

'Death by PowerPoint'. Better, follow Drury's hand-out advice, says

RogenSi's Rosmary Hulme.

But even assuming you're directly pitching to a potential client – not wading through formulaic slides, make it snappy. "Get to demo as fast as you can. It's all theory until they see something," says Drury.

If you do want to inject some multimedia, forget slides. Take it up a gear. No. 8 Ventures CEO Jenny Morel says one of the best pitches she's received over the past year was from Aaron Ridgeway, CEO of Datasquirt, a Wellington company that specialises in txt-based services. "Aaron opened with a short video that explained his product offering really well. So, within two minutes we all understood his core business proposition and he could then expand on how he planned to build out the company."



ADRIAN HEKE

Rod Drury

lineup), various trading banks (his unorthodox path to the local market) and Microsoft.

The trick is to keep things ticking over back at the mill. “Ensure you have the team to keep building the product or service while you’re out doing the schmoozing,” says Drury.

In terms of how much time you spend creating your pitch per se, “It could be five minutes or it could be three months,” says Morel. The better you understand your business proposition, the faster the words will come to you.

Cost of the pitch

In its 2008 survey, RogenSI also asked about the cost of preparing a pitch. Over the past 10 years, it had risen across the board, with 65 percent of respondents saying it had had increased by at least half. “There is no doubt that pitching costs more today,” Flett says. “The mere fact that competition is far stronger in both quality and numbers means that

to win you need to invest more time and resources.”

Asked how much they would spend to win business that contributed \$5 million to their profit, 25 percent of RogenSI’s 2008 survey group responded they would spend less than \$20,000; 22 percent said up to \$50,000; 13 percent said they would invest up to \$100,000 and the same percentage said up to \$200,000. Thirteen percent said they would invest up to half a million or more. Echoing Drury, Flett also warns of the opportunity cost of neglecting your current business.

Lost in translation

When you pitch offshore, it’s important to customise your spiel to the local audience – and to know the substance, and style, that’s expected in any given country, or region. “A pitch always has to be matched to who you are pitching to – their age, their culture, what exactly it is

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you are pitching,” says Morel.

Beware of local nuances, too. “In the US, a pitch absolutely has to be short and to the point and you need to oversell slightly – it’s expected,” says Morel. “I’ve been told that Americans always discount by 50 percent what you claim for your product. Kiwis always undersell themselves by 50 percent, so an American is going to believe you have 25 percent of what you actually have.”

And while a Kiwi approach might help you stand out, it pays to carefully plan your moments of spontaneous authenticity. “You need to understand convention in each market – even if you are going to break convention by using your New Zealand-ness,”

says Drury.

“Status is more important in other markets so make sure you do your research on who you are talking to,” Drury adds. “You can subtly show your respect for a person’s status by dropping knowledge of their past business achievements into your pitch.”

Dave Bamford, the founding director of boutique consultancy TRC (Tourism Resource Consultancy) has more than 30 years experience through Asia and the Pacific.

Operating around China, India, Indonesia and Vietnam, Bamford has noticed big changes in the past 15 years. “Businesses processes have been tightened

WARMING UP

You don't have to pitch cold. New Zealand Trade and Enterprise's (NZTE) Path to Market is a programme designed to offer groups of companies a structured and supportive approach to exporting, and develop a validated export strategy to get into an overseas market faster. To date Path to Market has focused on Australia.

As part of the programme, companies present their product to a panel of experts who offer feedback on their sales pitch and give advice on how to better position themselves to potential overseas buyers.

"This 'Dragons Den' style of presentation has been rated as one of the best parts of the Path to Market programme by participants," says NZTE's Path to

Market programme manager Jennifer Whitcombe. "This direct feedback from industry experts gives our clients an opportunity to improve their sales pitch and prepare themselves for negotiating with overseas distributors and buyers.

NZTE dragon's den panel members have included the likes of NZ AgriTech CEO Colin Kennedy, Gilmours general manager John Ashby, Tru-Test marketing manager Geoff Nathan and Glidepath group managing director – and Chair of Export NZ – Ken Stevens.

Stevens says he found the process "effective, topical and certainly of great assistance to the fledgling exporters that took part as they prepared themselves for demanding foreign markets and tough corporate buyers."

"A pitch always has to be matched to who you are pitching to – their age, their culture, what exactly it is you are pitching."

up, there's greater use of IT, and often business leaders have been trained overseas," he says. The net result is that client expectations have become a lot more sophisticated, as has their ability to manage multiple suppliers.

Bamford says you shouldn't waste your time pitching in an Asian country unless you've laid

the groundwork. First, developing countries are adverse to what they see as 'seagulling', says Bamford, where a company wants to wing in and grab an opportunity, then wing out. So it's important to have a demonstrable commitment to a territory. Doors started to open for TRC in Vietnam once the company opened an office there. "There was a palpable shift in

perception," Bamford says.

Second, relationships count for more in Asia than elsewhere. If a company doesn't know you, they'll judge you by who you know. "It could be the CEO of an Indonesian hotel, or it could be a tourism official in China, someone who the client can refer back to, and who can act as an internal champion advocating for your position," Bamford says.

He advises that you use your local presence and connection to pitch for a series of small deals. Only then will you have the right perception and profile

in the market to pitch for a major account.

Contact:

Export NZ, www.exportnz.org.nz
Morgo entrepreneurs' conference, www.morgo.co.nz
New Zealand Trade and Enterprise, www.nzte.govt.nz
No. 8 Ventures, www.no8ventures.co.nz
RogenSi, www.rogeni.com
Tourism Resource Consultants, www.trcnz.com
Xero, www.Xero.com



Dave Bamford

WHAT BUSINESS WANTS

In a 2005 survey of 1,400 business leaders in 10 countries, RogenSi asked what were the top 10 attributes that they looked for in a pitch. They were:

1. The quality of the people
2. Supplier reputation
3. Their enthusiasm
4. Their capability
5. "They listened to my needs"
6. Quality of interactions
7. They showed initiative
8. Capacity to work together
9. Price
10. Creativity of solutions