

Executive Summary Workshop Notes: 02/03/12

- Thank you for coming today. I'm Craig Dye, Director of VentureAccelerator – one of Mtech's many innovative programs. VentureAccelerator builds companies based on technologies developed here at the UMD. There's a brochure on all our programs at the back.
- In the interest of making this session as productive as possible, please chime in with any questions you have as they arise. I may defer some of them till later in the presentation, but let's deal with as many of them as possible within their context.

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- Many entrepreneurs make the terrible mistake of focusing primarily on the business plan – probably because it takes longer to prepare - and treat the executive summary like it's a tear-off sheet that might come in handy.
 - The executive summary is critically important because it's the first impression that you'll make – whether it's to judges, investors, or partners. It's

also a dirty secret that many of the aforementioned are too lazy to read your business plan.

- Spend focused time, energy and creativity on your executive summary.

Slide 1 - Sell

- The job of the executive summary is to sell, not to describe - and definitely not to just describe the underlying technology.
- You need to convey the essence of the business opportunity in the 30 seconds you have before you lose their attention.
- Be clear and compelling. Tell a story.

Slide 2 - Hook

- In 1 or 2 sentences state what your really big idea is. This is a concise, specific statement of the unique solution you have developed to a painful problem.
- Take the opportunity of this first paragraph to impress them with any world-class advisors or early achievements.

- Example: XYZ Corp. has developed a low cost fuel cell to replace the internal combustion engine. Our product runs on diesel or gasoline taking advantage of the existing gas station infrastructure; offers triple digit MPG; and produces only trace amounts of tailpipe CO2 and H2O. We're currently negotiating with VW and Honda to offer our solution in their 2014 models.
- Of course, your big idea has to be true...

Slide 3 - Value Proposition – Why should I care?

- Make it clear there is enormous pain and opportunity out there, and you are going to reduce costs, increase speed, expand reach, eliminate inefficiency, and increase effectiveness.
- This is different than addressing the size of the opportunity, which we'll discuss later.

Slide 4 – What are you selling/to whom? (Product not technology)

- What specifically are you offering to whom?
Software, hardware, service, combination?

- Use layperson language to state concretely what you have, or what you do, that solves the problem you've identified.
- You might need to clarify where you fit in the value chain or distribution channels—who do you work with in the ecosystem of your sector, and why will they be eager to work with you.
- Example: selling noise suppression software to handset manufacturers, coordinating with chipset manufacturers.

Slide 5 – Size of the Opportunity

- Offer a few sentences identifying the basic market segmentation, size, growth and dynamics:
 - how many people or companies
 - how many dollars
 - how fast the growth, and what is driving the segment.
 - Use OmniSpeech examples
- Build your assumptions from the bottom up – not the top down. Explain.

Slide 6 – Competitive Advantage

- You have competition, even if it's the status quo inefficient manual way of doing business.
- Understand what your real, sustainable competitive advantage is, and state it clearly in 1 or 2 sentences. Example: OmniSpeech better quality, lower cost, all software, one microphone.
- Do not try to convince the reader your competitive advantage is being first to market.

Slide 7 – What is your business model?

- How do you create, deliver (go to market strategy) and capture the value you're bringing to the market?
 - Specifically, how are you going to generate revenues, and from whom?
 - Why is your model scalable?
 - Why will it be capital efficient?
 - What are the critical metrics on which you will be evaluated—customers, licenses, units, revenues, margin?
 - Whatever it is, what impressive levels will you reach within three to five years?
- Example: Use OmniSpeech for each of the above.

Slide 8 – Why you?

- Explain why your team is uniquely qualified to succeed?
- Don't tell them you have 110 combined years of expertise in some technical field. On a person by person basis, tie that expertise specifically to the current and future needs of the company.
- Tout world class employees, advisors and investors. Don't expect them to recognize that your founder is "THE" person in their field.

Slide 9 – Show them the money!

- Your Summary Financial Projections should clearly show that you'll generate an attractive return on investment.
- Show five years of revenues, expenses, losses/profits, cash and headcount. You should also explicitly identify your assumptions, such as number of customers and units shipped each year. Show more than five years if you need to in order to demonstrate that you're cash flow positive.

- Be realistic. Everybody characterizes their financials as “conservative”, but building \$100MM a year in revenue in 5 years is exceedingly difficult and rare.

Slide 10 – You need how much?

- Discuss milestones already achieved
- Ask for the minimum amount of funding you need to reach your next major milestone and describe both the milestone and its importance to getting your product to market.
- If you expect to be raising another round of financing later, say so and state the expected amount and timeframe.
- This section is often one of the weakest in executive summaries, so please focus on it carefully.

Concluding Thoughts

There is no template that fits all companies, but these are the key points. You’ll need to think through what points are most important in your particular case and which ones are irrelevant.

Some other general points:

- Makes sure your intellectual property is secured before presenting publicly on your technology.
- Be enthusiastic, but truthful.
- When you think you're done have a friend read it and address any questions they have.

Key dates:

BPC

2/26 – Executive Summaries due

ACC Clean Energy Challenge

3/23 – Executive Summaries and video pitch due