

GUIDE TO A

13-STAR PITCH DECK





Dear founder,

First of all, congratulations on taking the big step towards turning an entrepreneur.

It is a huge commitment and an extremely fulfilling journey you are starting.

As a serial entrepreneur and angel investor myself, I can assure you that you would enjoy every step of it.

There would be highs, there would be lows, there would be days when you would feel on top of the world, and there would be days when you would cry alone.

I have faced all that you are, and all that you will be, going through and I promise, you will come out of it better and stronger.

Your passion and vision make this world a better place.

But, at the same time, unfortunately, even the best businesses do not get funded, but usually, the best presented businesses do.

And that's why, I have created this guide, out of the 10+ years of my experience of being on all sides of the table – entrepreneur, angel investor, consultant, fundraiser.

This guide will help you get your pitch deck correct. And will act as a checklist of all elements and slides that your pitch must contain to make your business presentable to investors and an easy sell.

I would love to answer any questions that you have.

Huge respect for you,

Your Biggest Fan,

VK (Varun Kapoor)

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P.S. In the end, the entrepreneur will save this world.



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PERFECT SAINTS™

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PROBLEM



Section 1: PROBLEM

Is it an expensive problem? Is it a problem for the masses?

When evaluating the problem statement of a startup, an investor should ask several critical questions to determine if the startup is addressing a significant and viable issue. These questions help assess the depth of understanding, market need, and potential for growth. Here are some key questions:

Understanding the Problem

- 1. What specific problem are you solving?**
 - How clearly defined is the problem?
 - Is it a widespread issue or a niche concern?
- 2. Who experiences this problem?**
 - What is the target audience or customer segment?
 - How severe is the problem for this audience?
- 3. How are potential customers currently dealing with this problem?**
 - What are the existing solutions or workarounds?
 - Why are these solutions inadequate?

Market Need and Validation

- 4. How have you validated this problem?**
 - Have you conducted market research, surveys, or interviews?
 - What evidence do you have that this is a real problem?
- 5. What is the market size for this problem?**
 - How big is the potential market if this problem is solved?
 - Is it growing, stable, or declining?
- 6. Why is this problem worth solving now?**
 - What are the market trends or changes that make this the right time to solve this problem?

Competitive Landscape



7. Who else is trying to solve this problem?

- Who are the competitors or other startups addressing this issue?
- How does your solution differ from or improve upon existing solutions?

8. What are the barriers to entry for solving this problem?

- Are there technological, regulatory, or operational challenges?
- How defensible is your solution?

Solution Fit and Scalability

9. How does your solution specifically address the problem?

- What is unique or innovative about your approach?
- How will your solution improve the lives of your target customers?

10. What are the potential risks and challenges in solving this problem?

- What obstacles could hinder the implementation of your solution?
- How do you plan to mitigate these risks?

Long-Term Potential

11. How will solving this problem create value over time?

- What is the long-term impact of your solution on the market?
- Can your solution scale effectively as the company grows?

12. What is the ultimate vision for addressing this problem?

- How do you see your solution evolving in the next 5-10 years?
- What are the broader implications of solving this problem?

These questions help investors gain a comprehensive understanding of the problem and the startup's potential to solve it effectively, ensuring that the startup is addressing a meaningful and scalable issue.



EARNING MODEL



Section 2: EARNING MODEL

How does it make money? What are the revenue sources?

When evaluating the earning model of a startup, investors should focus on understanding how the business plans to generate revenue, whether it can do so sustainably, and how it scales over time. Here are key questions to ask:

Revenue Generation

1. How does your startup make money?

- What are the primary revenue streams?
- Are there multiple ways to monetize your product or service?

2. What is your pricing strategy?

- How did you determine the price point for your product or service?
- How do you plan to adjust pricing over time?

3. Is your pricing competitive in the market?

- How does your pricing compare to competitors?
- What value do customers get for the price they pay?

4. What is your current revenue, and how has it grown?

- Can you provide historical revenue figures?
- What is your monthly or annual growth rate?

Customer Acquisition and Retention

5. What is your customer acquisition cost (CAC)?

- How much does it cost to acquire a new customer?
- Is this cost sustainable as you scale?

6. What is your customer lifetime value (CLTV)?

- How much revenue do you expect to generate from a customer over their relationship with your company?
- How does CLTV compare to CAC, and what is the ratio?



7. What is your customer churn rate?

- How many customers do you lose over a given time period?
- What strategies do you have in place to reduce churn?

8. How do you plan to scale customer acquisition?

- What channels or strategies will you use to reach more customers?
- What are the costs and challenges associated with scaling?

Profitability and Margins

9. What are your profit margins?

- What is your gross margin (revenue minus cost of goods sold)?
- What are your net margins after accounting for operational expenses?

10. How do you plan to improve margins over time?

- Are there any cost efficiencies or operational improvements you can implement?
- How will scaling affect your margins?

Recurring Revenue and Revenue Predictability

11. Do you have a recurring revenue model?

- Are your customers on subscription plans or repeat purchases?
- How predictable is your revenue stream?

12. What percentage of your revenue is recurring?

- Is your revenue model based on one-time sales or ongoing revenue?
- How do you ensure customers continue purchasing or renewing?

Break-even and Cash Flow

13. What is your break-even point?



- How much revenue do you need to cover your fixed and variable costs?
- How long until you expect to reach profitability?

14. How do you manage cash flow?

- Do you have consistent cash flow, or is it seasonal/irregular?
- How do you plan to manage shortfalls or periods of low revenue?

Scalability and Future Growth

15. How scalable is your revenue model?

- Can your earning model grow without significantly increasing costs?
- What is required to scale (e.g., hiring, new infrastructure, technology)?

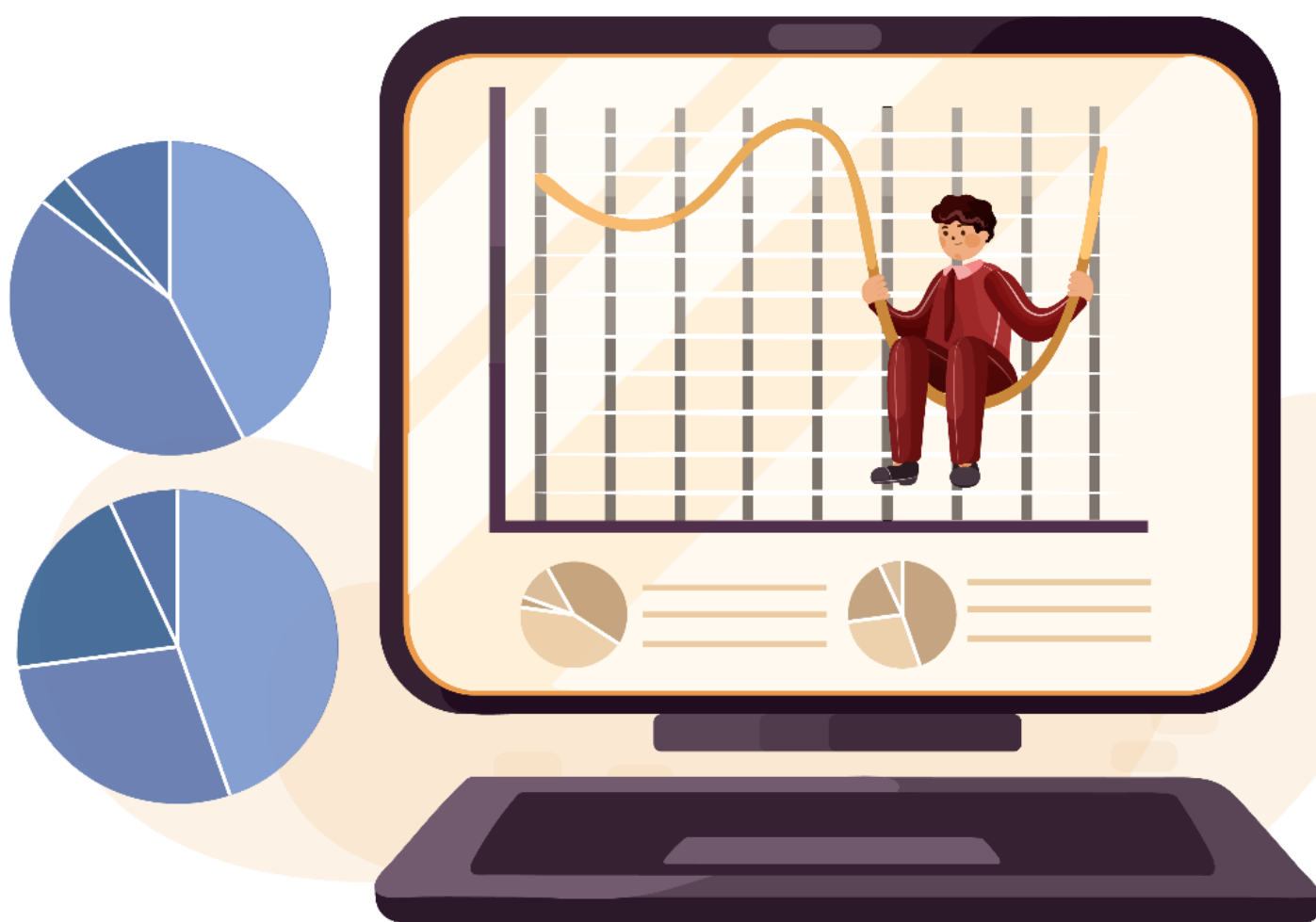
16. What are your projected revenue goals?

- How much revenue do you expect to generate in the next 1, 3, and 5 years?
- What assumptions are these projections based on?

17. What are your revenue streams' long-term viability?

- Are any revenue sources at risk of diminishing over time?
- How will you diversify your revenue streams to mitigate risk?

By asking these questions, investors can gauge the startup's ability to generate sustainable and scalable revenue, which is crucial to the overall success of the business.



RISK



Section 3: RISK

What are the risks and why is this team the best to mitigate them?

When evaluating the risks of a startup, investors focus on identifying potential challenges that could threaten the startup's success. These risks can range from market and financial risks to operational and legal concerns. Here are key questions investors typically ask:

Market and Competitive Risks

1. What are the key risks in your target market?

- Are there external factors like economic conditions or market trends that could negatively impact your business?
- How sensitive is your business to changes in customer preferences?

2. How do you plan to compete in a crowded market?

- What is your strategy for staying ahead of competitors?
- How likely is it that new entrants could disrupt your market position?

3. What if your target market is smaller or grows more slowly than expected?

- How will you adapt if the market opportunity is less than anticipated?
- What alternative customer segments or markets could you explore?

Product and Technology Risks

4. What are the risks associated with your product or service?

- Are there potential issues with product development, functionality, or performance?
- How dependent is your product on unproven technology or innovation?

5. How defensible is your product?



- How easy would it be for competitors to replicate your product or service?
- Do you have intellectual property (e.g., patents, trademarks) to protect your solution?

6. What happens if your product doesn't achieve market adoption?

- What is your contingency plan if customers don't adopt your product at the expected rate?
- How will you pivot or iterate your product based on customer feedback?

Financial and Funding Risks

7. What is your runway, and how long can you operate without additional funding?

- How many months of cash do you have before you need to raise more funds?
- What assumptions are you making about future funding, and what happens if you can't raise capital?

8. What are your financial risks?

- Are there any significant debt obligations or financial liabilities?
- How stable is your revenue, and what risks exist around your financial projections?

9. How sensitive is your business to changes in cost structure?

- What happens if the cost of goods sold or operational expenses increases?
- Do you have the flexibility to adjust your budget in response to rising costs?

Operational and Execution Risks

10. What are the key risks in your operational strategy?

- Are there any critical dependencies on suppliers, partners, or vendors?



- What risks do you face in scaling operations, and how do you plan to mitigate them?

11. What is your team's ability to execute the plan?

- Do you have the right talent and experience on your team to achieve your goals?
- Are there any gaps in your team, and how do you plan to fill them?

12. How reliant are you on key personnel?

- Is there a risk of losing key team members?
- How do you ensure business continuity if someone important leaves the company?

Legal and Regulatory Risks

13. Are there any regulatory or legal challenges your business could face?

- Are there any current or upcoming regulations that could impact your business model?
- Do you need special licenses or approvals to operate in your industry or market?

14. What legal liabilities does your business face?

- Are there any intellectual property disputes, lawsuits, or other legal threats?
- How do you protect your business from potential legal claims?

Customer and Market Adoption Risks

15. How will you mitigate the risk of slow customer adoption?

- What if customers are slower to adopt your product than expected?
- Do you have strategies for accelerating customer acquisition?

16. What is your plan if customer needs change?



- How adaptable is your product or service to shifts in customer preferences or industry trends?
- How will you maintain customer loyalty in the face of changing market dynamics?

Macroeconomic and External Risks

17. How exposed are you to macroeconomic factors?

- Could inflation, interest rates, or economic downturns significantly impact your business?
- How do you plan to mitigate risks from external economic conditions?

18. Are there geopolitical or environmental risks to consider?

- Could global events, political instability, or natural disasters disrupt your business?
- How will you handle risks like supply chain disruptions due to these factors?

Exit Strategy Risks

19. What are the risks to achieving a successful exit?

- How dependent is your exit strategy on market timing or finding the right buyer?
- Are there risks that could delay or prevent an IPO or acquisition?

20. What happens if your projected exit valuation isn't met?

- What contingency plans do you have if the startup's valuation at exit is lower than expected?
- How flexible are you with your exit timeline or approach?

By asking these questions, investors aim to get a comprehensive view of the potential risks a startup faces, how well-prepared the founders are to navigate them, and what contingency plans are in place. This helps investors assess whether the potential rewards are worth the risks.



FOUNDER'S STORY



Section 4: FOUNDER'S STORY

What's your reason to be? What's your history? Why are you doing this?
What drives you?

When evaluating startup pitches at the early stage, pre-seed, and seed rounds, investors often focus heavily on the founder's personal story and history. They want to gauge the founder's resilience, drive, and passion—qualities that often play a critical role in a startup's success. Here are some of the most common questions investors ask about the founder's story and background:

1. Why are you the right person to solve this problem?

- **Purpose:** Investors want to understand why the founder is uniquely qualified to tackle this challenge. Does the founder have domain expertise, a personal connection, or a compelling reason to solve the problem?
- **Follow-up:** They may ask about past experiences, failures, or personal struggles that have led the founder to this idea.

2. What motivated you to start this company?

- **Purpose:** Investors are looking for the "why" behind the startup. Passion and a deep-rooted desire to solve a problem are indicators of commitment and drive.
- **Follow-up:** Investors often dive deeper into the founder's background to explore their journey, how they arrived at this idea, and what made them leave other career options.

3. How have your past experiences prepared you for this venture?

- **Purpose:** Investors want to see if the founder's prior professional or personal experiences are relevant to the success of the startup. They're assessing whether the founder has the right skills, network, and knowledge.
- **Follow-up:** They may inquire about specific roles in past jobs, failures, or challenges and how those shaped the founder's leadership and entrepreneurial abilities.



4. What personal challenges have you overcome in your journey as a founder?

- **Purpose:** Investors want to assess the founder's resilience and grit. They know that building a startup is a tough journey, and they're looking for evidence that the founder can handle setbacks and failure.
- **Follow-up:** They might explore how the founder handles stress, uncertainty, and pressure.

5. What is your personal connection to the problem you are solving?

- **Purpose:** Investors often prefer founders who have a personal stake in the problem they're solving, as it tends to fuel a deeper commitment and passion.
- **Follow-up:** Investors may probe into the founder's motivations, asking whether they've experienced the problem first-hand or seen it affect others close to them.

6. How do you manage risk, personally and professionally?

- **Purpose:** Since early-stage startups are risky, investors want to understand how the founder approaches risk management and decision-making, especially when it comes to balancing personal and business life.
- **Follow-up:** They might ask how the founder has dealt with risky decisions in the past, both in their personal life and in their professional career.

7. How have you built your team and why did they join you?

- **Purpose:** A founder's ability to attract and retain talent is a key sign of leadership. Investors want to know how the founder convinced key team members to join and what makes the team strong.
- **Follow-up:** They could ask about how relationships were formed, the founder's leadership style, and what keeps the team motivated.

8. What personal sacrifices have you made to pursue this venture?

- **Purpose:** Investors want to see how much "skin in the game" the founder has. They are looking for signs of personal commitment and



the willingness to make sacrifices, like time, money, or even personal comfort, to grow the company.

- **Follow-up:** They might ask how the founder has managed financial or emotional challenges during the startup journey.

9. What is your long-term vision, both for the company and yourself?

- **Purpose:** This question tests the founder's ambition and long-term dedication to the venture. Investors want to see if the founder is thinking beyond the immediate future and has a clear vision for where the company could go.
- **Follow-up:** They may explore what success looks like for the founder personally and how aligned it is with the company's growth and impact.

10. Have you failed at anything before, and what did you learn from it?

- **Purpose:** Investors often want to see how founders respond to failure. The ability to learn from failure and adapt is crucial, especially at the early stages.
- **Follow-up:** They could ask the founder to give specific examples of past failures, what they did wrong, and what they did to recover from it.

These questions help investors assess a founder's mindset, resilience, and connection to the business, which are often as important as the startup idea itself, especially in the early stages of a company's life cycle.



ENTRY BARRIERS



Section 5: ENTRY BARRIERS

What entry barriers can be put in place? And why by this team?

When evaluating the entry barriers of a startup, investors focus on understanding how difficult it would be for new competitors to enter the market and compete effectively. High entry barriers can offer a startup a competitive advantage by protecting its market position. Here are key questions investors ask:

Industry and Market Dynamics

1. What are the key entry barriers in your industry?

- Are there structural or regulatory barriers that make it difficult for new entrants?
- How challenging is it for a competitor to gain a foothold in your market?

2. What is the capital requirement to enter this market?

- How much upfront investment is needed to start a business in this space?
- How does the cost of entry limit competition?

3. Are there economies of scale that act as barriers to entry?

- Can larger companies produce at a lower cost, making it difficult for smaller players to compete?
- How do you plan to achieve scale quickly?

Product or Technology Differentiation

4. What makes your product or service difficult to replicate?

- Are there proprietary technologies, patents, or intellectual property that protect your offering?
- How easy or hard would it be for a competitor to reverse-engineer your product?

5. How complex is the technology behind your solution?

- Does the development or operational complexity of your product act as a barrier to new entrants?



- Would competitors need specialized knowledge or resources to replicate your technology?

6. Do you have any intellectual property protection (e.g., patents or trademarks)?

- How defensible are your patents or trademarks, and do they cover critical aspects of your business?
- Are there opportunities for competitors to bypass your intellectual property?

Regulatory and Legal Barriers

7. Are there any regulatory requirements that create barriers to entry?

- Does your industry require specific licenses, certifications, or compliance with strict regulations?
- How difficult or costly is it for new entrants to meet these regulatory requirements?

8. What are the legal barriers for new entrants?

- Are there significant legal challenges, such as industry-specific laws or regulations, that make it hard for new companies to compete?
- How do you ensure your business is protected from legal risks associated with new entrants?

Customer Loyalty and Brand Recognition

9. How strong is customer loyalty in your market?

- Do customers tend to stick with existing providers, making it hard for new entrants to gain traction?
- What is your strategy for building customer loyalty and keeping competitors at bay?

10. How important is brand recognition in your industry?

- Is brand trust or reputation a significant barrier to entry for new players?



- How will your startup build or strengthen its brand to create a protective moat?

Network Effects and Customer Acquisition

11. **Are there network effects that protect your business?**
 - Does your product or service become more valuable as more people use it, making it harder for new entrants to compete?
 - How do you plan to scale network effects to defend your position?
12. **How challenging is it to acquire customers in your industry?**
 - Are there high customer acquisition costs (CAC) that could deter new entrants?
 - How do you plan to lower CAC while keeping customers engaged and loyal?

Supply Chain and Distribution

13. **Are there barriers in your supply chain or distribution network?**
 - How reliant is your business on specific suppliers or partners, and how difficult is it for new entrants to access similar resources?
 - Do you have exclusive partnerships, agreements, or distribution channels that protect your business?
14. **What are the logistical or operational barriers to scaling in your industry?**
 - Are there operational complexities (e.g., infrastructure, logistics) that would make it challenging for new entrants to replicate your business?
 - How can you scale your operations in a way that creates barriers for competitors?

Capital and Financing Challenges

15. **How difficult is it to secure financing in your industry?**



- Do new entrants need significant funding to compete, and is it challenging to secure that capital?
- What are the risks or limitations of attracting investment in your market?
- 16. **What are the long-term capital requirements for sustaining success?**
 - Will your startup require ongoing capital investment that could deter new entrants from entering or sustaining competition?
 - How do you plan to ensure continued access to capital?

Relationships and Exclusive Partnerships

17. **Do you have exclusive partnerships or contracts that create barriers for new competitors?**
 - Have you secured exclusive agreements with key suppliers, distributors, or strategic partners?
 - How difficult would it be for new entrants to establish similar relationships?
18. **How dependent is your industry on long-term relationships or trust?**
 - Does success depend on established relationships with customers, partners, or regulators that would be hard for a new entrant to replicate?
 - What strategies are you using to strengthen and protect these relationships?

Exit Barriers and Industry Stability

19. **Are there high exit barriers in your industry?**
 - Once a company enters the market, are there significant costs or challenges to exit?
 - How does this limit the number of potential competitors?
20. **How volatile or stable is the industry in terms of new entrants?**



- Do new players frequently enter and exit the market, or is it difficult for them to succeed?
- How do you plan to position your business to withstand potential market shifts?

These questions help investors assess how well the startup is positioned to protect itself from future competition and how difficult it would be for new entrants to replicate the business model. High entry barriers can create long-term competitive advantages, making the startup a more attractive investment.



COMPETITION & COMPARABLES



Section 6: COMPETITION & COMPARABLES

Who is doing something similar? What are the success stories from other regions?

When evaluating the competitive landscape, investors typically ask questions that help them understand how the startup fits within the existing market, how it differentiates itself from competitors, and what advantages or challenges it may face. Here are some key questions:

Understanding the Competitors

1. Who are your main competitors?

- Are they direct or indirect competitors?
- How established are these competitors in the market?

2. What products or services do your competitors offer?

- How similar or different are these to your offerings?
- What are the strengths and weaknesses of their products or services?

3. How do your competitors price their offerings?

- What is the pricing strategy of your competitors?
- How does your pricing compare, and why?

Differentiation and Unique Selling Proposition (USP)

4. What makes your solution different from your competitors?

- What is your unique selling proposition (USP)?
- How do you plan to communicate this differentiation to customers?

5. Why would customers choose your solution over a competitor's?

- What pain points does your solution address that others do not?
- How do you plan to build customer loyalty?

6. How sustainable is your competitive advantage?



- Is your differentiation easily replicable by competitors?
- What are the barriers that protect your competitive advantage?

Market Position and Strategy

7. What is your current market position relative to your competitors?

- Are you an emerging player, a market leader, or a niche provider?
- How do you plan to gain or maintain market share?

8. What is your strategy for competing against larger, more established companies?

- How will you attract customers who are currently using competitor products?
- What is your approach to handling competitive responses?

9. What market trends could impact your competitive position?

- Are there any emerging trends that could benefit or harm your standing?
- How are you preparing for these potential changes?

Competitor Actions and Market Dynamics

10. How have competitors reacted to your presence in the market?

- Have they adjusted their pricing, marketing, or product offerings?
- What strategies have they employed to counter your growth?

11. What are the biggest threats posed by your competitors?

- Could they introduce new products, services, or features that undermine your offering?
- Are there any partnerships or alliances among competitors that could pose a challenge?

12. How do you plan to innovate to stay ahead of competitors?



- What new features, products, or services are you planning to introduce?
- How do you plan to maintain or enhance your competitive edge over time?

Long-Term Considerations

13. What are the potential long-term impacts of your competitors on your business?

- Could a market leader acquire a smaller competitor, increasing competition?
- How do you see the competitive landscape evolving in the next 5-10 years?

14. How do you plan to scale in a competitive market?

- What strategies will you employ to grow despite competition?
- How will you ensure that your market share increases as you scale?

15. What other success stories are there in this category?

- How can you replicate the same success or better?
- Why can't they come and capture this market?

16. What has been the Growth Story of these comparables?

- What has been the revenue growth?
- What has been the scale/scope growth?

17. What has been the Investment story of these comparables?

- What has been the funding roadmap?
- What returns have the initial investors received / accrued?

These questions help investors assess the startup's awareness of its competitive environment, its ability to differentiate itself, and its strategy for maintaining and growing its market position.



TEAM



Section 7: TEAM

Why is this a superstar team?

When evaluating the founding team during early-stage, pre-seed, and seed rounds of funding, investors focus on the dynamics, skills, and commitment of the team as a whole. A strong team is a key indicator of a startup's potential success. Here are some of the most common questions investors ask about the founding team:

1. How did the founding team come together?

- **Purpose:** Investors are curious about how the founders know each other, how long they've worked together, and how strong their relationship is. A long-standing relationship can indicate trust and strong team dynamics.
- **Follow-up:** They may ask if the team has collaborated on past projects, how roles are divided, and how they handle conflict.

2. What are the key strengths and roles of each founding team member?

- **Purpose:** Investors want to ensure that the team has complementary skills. They're looking for a well-rounded team where each founder brings a unique set of strengths, such as technical skills, business acumen, or industry expertise.
- **Follow-up:** Investors often probe further into each founder's background to verify they are the right fit for their role and how their skill sets align with the company's needs.

3. How do you make decisions as a team?

- **Purpose:** Decision-making dynamics are critical to a startup's growth. Investors want to know how decisions are made, how disagreements are handled, and who has the final say on critical issues.
- **Follow-up:** They may explore the decision-making process in detail, asking for examples of tough decisions the team has had to make so far.

4. What happens if one of the founders leaves?



- **Purpose:** Investors are trying to gauge how stable the team is and if there are contingency plans in place. Early-stage startups are especially vulnerable if a key founder departs.
- **Follow-up:** They could ask about equity agreements, vesting schedules, and whether there are mechanisms in place to protect the company if a founder exits.

5. Does the founding team have industry experience?

- **Purpose:** Having industry knowledge or experience is a major advantage, as it shows the team understands the market, customer needs, and key industry challenges.
- **Follow-up:** Investors might ask for specific examples of how the team's industry background gives them a unique edge or insight.

6. What motivates each founder, and are their long-term goals aligned?

- **Purpose:** Alignment among founders is crucial for the company's vision and long-term success. Investors want to see that all founders share the same values, motivation, and commitment to the venture.
- **Follow-up:** They may ask each founder to explain their individual motivations and long-term personal goals to ensure there's no conflict in the future.

7. How does the founding team handle conflict?

- **Purpose:** Team dynamics can make or break a startup, so investors want to know how conflicts are resolved. A team's ability to handle disagreements constructively is a strong indicator of its ability to navigate tough times.
- **Follow-up:** Investors may ask for real-life examples of conflicts the team has faced and how they were resolved.

8. What is the founding team's equity split, and why?

- **Purpose:** Investors want to understand the rationale behind the equity distribution. An uneven split could signal issues like a lack of commitment from some founders or potential conflicts in the future.



- **Follow-up:** They might ask how the equity split was determined, if there were any disagreements, and whether everyone is satisfied with the arrangement.

9. How committed is the founding team?

- **Purpose:** Investors want to assess whether the team is fully committed to the startup and willing to make personal and financial sacrifices. Early-stage startups demand significant time and effort.
- **Follow-up:** Investors could ask whether any founders are working on side projects, and if so, how they plan to transition to full-time roles.

10. Does the founding team have the ability to hire and lead others?

- **Purpose:** A founding team's ability to attract top talent is essential as the startup grows. Investors want to ensure the team can build and lead a strong organization.
- **Follow-up:** They may ask about the team's recruiting strategies, past experiences in leadership, and how they've built teams in previous ventures.

11. What gaps exist in the founding team's skill set, and how do you plan to fill them?

- **Purpose:** No founding team is perfect, and investors want to see that the team is self-aware about any missing skills or expertise. They also want to know that the founders have a plan to address these gaps, whether through hiring, advisors, or other means.
- **Follow-up:** Investors may ask what roles or key hires the team is prioritizing as they grow and whether they have the resources or network to attract top talent.

12. Has the founding team experienced any significant challenges together?

- **Purpose:** Investors want to see if the team has a track record of overcoming challenges, as this is often an indicator of how they'll handle the inevitable obstacles ahead.



- **Follow-up:** They might request examples of challenging situations the team has already faced and how they worked together to overcome them.

13. Who are the key advisors or mentors supporting the team?

- **Purpose:** Having strong advisors or mentors can greatly enhance the team's ability to execute. Investors want to know if the team has access to external expertise and guidance.
- **Follow-up:** They may ask about the specific roles of advisors, how often they are involved, and how much weight their input carries in decision-making.

Investors ask these questions to evaluate not only the current performance of the team but also their ability to scale the company, work together effectively under pressure, and adapt to future challenges. A strong, well-balanced founding team can significantly boost investor confidence, especially in the early stages.



SIZE OF MARKET



Section 8: SIZE OF MARKET

Big

When it comes to the size of the market, especially in early-stage, pre-seed, and seed round funding, investors want to ensure that the startup is addressing a sufficiently large and valuable market opportunity. They focus on **Total Addressable Market (TAM)**, **Serviceable Available Market (SAM)**, and **Serviceable Obtainable Market (SOM)** to gauge the potential scale of the business. Here are some of the most common questions investors ask about the market size:

1. How did you calculate your Total Addressable Market (TAM)?

- **Purpose:** Investors want to understand how the founder arrived at the TAM number. They are looking for realistic and data-driven market size estimates.
- **Follow-up:** They might ask for the specific sources or data used in these calculations, such as industry reports, competitor analysis, or market trends.

2. What is your Serviceable Available Market (SAM) and how does it compare to your TAM?

- **Purpose:** Investors want to know how much of the overall market (TAM) the startup can realistically serve, based on its current offering. They are assessing whether the SAM represents a reachable segment of the larger market.
- **Follow-up:** Investors might ask about geographic, demographic, or industry-specific factors that define the SAM and how the company plans to reach this market.

3. What is your Serviceable Obtainable Market (SOM) and how did you estimate it?

- **Purpose:** SOM represents the portion of the SAM that the startup can realistically capture in the short term. Investors are keen to see if the founder has a practical, well-thought-out approach to market penetration.
- **Follow-up:** They could inquire about how the startup plans to achieve market share, what competitive advantages will allow them



to capture this segment, and any assumptions behind their growth trajectory.

4. What percentage of the TAM do you believe your startup can capture?

- **Purpose:** Investors want to assess whether the founder's projections are realistic and how they intend to carve out a significant portion of the market.
- **Follow-up:** They might ask for a timeline or specific milestones for capturing this market share and how the company plans to deal with competitors or market barriers.

5. How quickly do you expect your Serviceable Obtainable Market (SOM) to grow?

- **Purpose:** Investors are interested in the growth potential of the immediate market the startup is targeting (SOM). They want to understand if the founder's market projections align with industry trends and whether growth assumptions are backed by data.
- **Follow-up:** Investors may ask about the factors driving market growth, such as consumer behavior shifts, technological advancements, or regulatory changes.

6. What trends are shaping your TAM, SAM, and SOM?

- **Purpose:** Investors want to understand the key market drivers and trends (e.g., demographic shifts, technology adoption, regulatory changes) that will affect the size and growth of the TAM, SAM, and SOM.
- **Follow-up:** They could inquire about macroeconomic factors, competition, consumer preferences, or technological developments that could impact market growth.

7. What are the key barriers to accessing your TAM or SAM?

- **Purpose:** Investors want to see if the founder has a clear understanding of the obstacles in accessing the larger market. These could be regulatory challenges, distribution hurdles, or competition.



- **Follow-up:** They might ask how the startup plans to overcome these barriers and whether there are any strategies in place to mitigate risks.

8. What is the competition like within your SOM?

- **Purpose:** Investors want to assess the competitive landscape within the immediate, actionable market (SOM). They want to know if the startup has a competitive edge that will allow them to capture a substantial market share.
- **Follow-up:** Investors may ask for specific competitors, pricing strategies, and differentiation factors that will help the startup succeed in this segment.

9. How do you plan to expand from your SOM to a larger SAM or TAM?

- **Purpose:** Investors want to see a clear growth strategy. They want to understand how the startup plans to scale beyond its initial SOM and whether there is a roadmap for addressing larger market opportunities.
- **Follow-up:** They could ask about plans for product development, geographic expansion, or new customer segments.

10. How defensible is your market share in the SOM?

- **Purpose:** Investors are looking for signs of market defensibility. They want to know if the startup has a strategy to protect its market share from competitors once it starts capturing its SOM.
- **Follow-up:** They might ask about intellectual property, partnerships, customer loyalty, or other factors that make the startup's market position secure.

11. How do pricing and customer acquisition costs impact your SOM projections?

- **Purpose:** Investors are interested in understanding whether the company's pricing strategy and customer acquisition costs align with the SOM projections. This includes whether the market can sustain the price points necessary for the startup's financial success.



- **Follow-up:** They could ask for detailed customer acquisition cost (CAC) figures, pricing strategy, and whether the startup's target customers are price-sensitive.

12. What assumptions are you making about market growth and customer adoption?

- **Purpose:** Investors want to understand the assumptions behind the founder's market projections, especially for SAM and SOM. Unrealistic assumptions can raise red flags about the feasibility of the startup's market capture strategy.
- **Follow-up:** They may ask about specific industry benchmarks or case studies the founder is using as a basis for their market assumptions.

13. What would happen if your SOM projections are too optimistic?

- **Purpose:** Investors are testing the founder's understanding of downside risks. They want to see whether the founder has considered alternative scenarios where market penetration is slower or more difficult than expected.
- **Follow-up:** They might inquire about contingency plans, pivot strategies, or how the startup would adjust its approach in a more competitive or slower-growing market.

14. What external factors could impact your TAM/SAM/SOM growth?

- **Purpose:** Investors want to understand the external risks that could impact market size or growth. These could include economic downturns, changes in regulations, or technological shifts.
- **Follow-up:** They could ask about the startup's plans to navigate regulatory risks, changes in consumer behavior, or other macro-level risks that could shrink the market.

These questions help investors evaluate whether the startup has a realistic understanding of its market opportunity and the potential to capture and scale within that market. TAM, SAM, and SOM estimates provide a framework for assessing both the scope and scalability of the business, making them a critical area of focus for investors.



ASK



Section 9: ASK

How much do you need and how will you use the money?

The 1 million dollar question!

When it comes to the "**ask**"—the amount of funding a founder is seeking from investors—there are several key questions that investors typically ask. These questions help investors understand whether the amount being requested is reasonable, how the funds will be used, and what impact it will have on the business. Here are the most common questions asked about the ask:

1. How did you determine the amount you are asking for?

- **Purpose:** Investors want to know if the funding ask is based on well-thought-out calculations rather than a random or overly optimistic number. Founders should justify their request with concrete plans and projections.
- **Follow-up:** They may ask for a detailed breakdown of how the amount was arrived at, including cash flow projections, runway calculations, and specific financial needs.

2. What will you use the funds for?

- **Purpose:** Investors want to see a clear allocation of funds, with specific details on where the money will be spent (e.g., product development, marketing, hiring, etc.). This demonstrates that the founder has a strategic plan for growth.
- **Follow-up:** Investors might ask for a percentage breakdown of the key areas where the funds will be deployed and how this will impact business milestones.

3. How long will this round of funding last you (runway)?

- **Purpose:** Investors are keen to know how long the startup can operate on the requested funds before needing another round of financing. They want to see if the founder has a clear understanding of burn rate and runway.



- **Follow-up:** They might ask for the startup's monthly burn rate and how long the current ask will cover operational expenses under different growth scenarios.

4. What milestones do you plan to achieve with this funding?

- **Purpose:** Investors want to know what tangible progress the startup will make with the funds. This could include product development, revenue targets, customer acquisition, or market expansion.
- **Follow-up:** They may ask for specific Key Performance Indicators (KPIs) or metrics that will be achieved during the funding cycle, as well as timelines for reaching those milestones.

5. What is your current burn rate, and how will it change after funding?

- **Purpose:** Investors want to understand how efficiently the startup is using its resources. They will assess whether the current burn rate is sustainable and how the funding will influence operational costs.
- **Follow-up:** They might ask if the burn rate will increase as the startup scales and how the founder plans to manage costs as the business grows.

6. What happens if you don't raise the full amount?

- **Purpose:** Investors want to know if the founder has contingency plans in case the fundraising goal is not fully met. They are interested in seeing how flexible and adaptable the founder is in managing resources.
- **Follow-up:** They could ask what steps the founder would take if they only secured a portion of the requested amount and whether the core milestones would still be achievable.

7. How much equity are you offering in exchange for the investment?

- **Purpose:** Investors want to understand the valuation and equity terms behind the ask. They are looking for fair and reasonable terms based on the stage of the business.
- **Follow-up:** They might ask about the valuation, how it was determined, and how much dilution will occur for the founding team and existing investors.



8. What are your plans for future fundraising?

- **Purpose:** Investors want to know if the founder has a long-term capital strategy. They want to see if the current round is part of a larger fundraising plan and whether there will be follow-on rounds in the future.
- **Follow-up:** They may ask when the founder anticipates needing another round, how much they expect to raise in future rounds, and what milestones need to be hit to justify future funding.

9. How will this funding impact your valuation in the next round?

- **Purpose:** Investors want to understand the trajectory of the company's valuation as it grows. They are looking for a reasonable estimate of how this round of funding will increase the company's value by the time of the next raise.
- **Follow-up:** They could ask about potential valuation growth based on key milestones and how the current valuation compares to the expected valuation in subsequent rounds.

10. What other sources of funding have you explored?

- **Purpose:** Investors want to know if the founder has considered other funding options, such as grants, loans, or bootstrapping, and why they have chosen venture capital or angel investment as the preferred path.
- **Follow-up:** They might ask if the startup has applied for or secured any non-dilutive funding and how this will impact the current fundraising round.

11. What is your post-funding hiring plan?

- **Purpose:** Investors want to know how much of the funding will be used for talent acquisition and if the team expansion is in line with the startup's growth goals.
- **Follow-up:** They may ask for details on the roles that will be filled, timelines for hiring, and how these new team members will contribute to reaching key milestones.

12. How will this funding affect your customer acquisition strategy?



- **Purpose:** Investors want to see how the capital will be deployed to scale the business, specifically in acquiring new customers. They are looking for detailed customer acquisition cost (CAC) projections and how the funds will accelerate growth.
- **Follow-up:** They could ask how the startup's marketing and sales efforts will change after receiving funding, including specifics on channels, campaigns, and expected returns.

13. How does this funding round fit into your long-term financial plan?

- **Purpose:** Investors want to ensure that the current round fits into a broader financial strategy. They are looking for clarity on how this round supports the startup's overall financial health and growth trajectory.
- **Follow-up:** They might ask how this round impacts the startup's profitability timeline, any expected cash flow projections, and how future financing needs will be minimized.

14. What are your biggest risks in deploying this capital?

- **Purpose:** Investors are looking for the founder's awareness of potential risks and challenges that could arise when deploying the raised capital. They want to see that the founder has considered operational risks, market risks, and financial risks.
- **Follow-up:** They may ask how the founder plans to mitigate these risks, whether contingency plans are in place, and what steps will be taken if things don't go as expected.

15. Have you raised funds before? If so, how did you use the capital?

- **Purpose:** Investors want to assess the founder's track record in deploying capital efficiently. If the founder has raised funds before, they'll ask about how those funds were used, what was achieved, and whether the company met its stated goals.
- **Follow-up:** They may inquire about the success of the previous round, how funds were spent compared to the original plan, and any lessons learned from that round of funding.

These questions help investors determine whether the amount of capital requested aligns with the startup's needs, growth plans, and ability to



achieve significant milestones. A clear, well-thought-out ask gives investors confidence that the founder has a solid understanding of the financial side of scaling the business.



INNOVATION



Section 10: INNOVATION

What is the secret sauce? What is the USP?

When evaluating the **innovation** and **unique selling proposition (USP)** of a startup, investors focus on understanding how the product or service stands out in the market and whether it offers a strong competitive advantage. They aim to assess the startup's differentiation, its ability to solve a real problem, and how it compares to alternatives. Here are the most frequently asked questions regarding innovation and USP:

1. What is your unique selling proposition (USP)?

- **Purpose:** Investors want a clear, concise explanation of what makes the startup's product or service distinct from competitors and why customers would choose it over other options.
- **Follow-up:** They might ask how this USP is communicated to customers and how it's embedded in the product's branding and positioning.

2. What problem are you solving, and how is your solution better than the alternatives?

- **Purpose:** Investors want to understand the problem the startup addresses and why its solution is superior. They are looking for innovation that delivers a measurable improvement over existing products or services.
- **Follow-up:** They may ask for specific competitor comparisons, customer pain points, and how your solution directly addresses them in a unique way.

3. How defensible is your innovation or USP?

- **Purpose:** Investors want to know how difficult it would be for competitors to replicate the startup's innovation or USP. They are assessing whether the company has a sustainable competitive advantage.
- **Follow-up:** They might ask about patents, intellectual property, trade secrets, or other factors that make the innovation defensible in the long term.



4. How does your product or service differentiate itself in the market?

- **Purpose:** Investors want to see how the startup stands out among competitors. They are interested in what makes the product or service compelling to customers, beyond just incremental improvements.
- **Follow-up:** They could ask for details on the startup's product features, design, technology, or user experience that makes it different from others in the market.

5. What makes your product innovative?

- **Purpose:** Investors are looking for the aspects of the product or service that push the boundaries of what's currently available. They want to know if the innovation is truly groundbreaking or just a small improvement on existing solutions.
- **Follow-up:** They might ask about the specific technology, process, or method that drives innovation and whether this innovation creates a significant competitive advantage.

6. What customer feedback have you received regarding your USP or innovation?

- **Purpose:** Investors are interested in seeing if the product or service resonates with customers and whether they view the USP as valuable. Real-world feedback provides validation of the innovation's effectiveness.
- **Follow-up:** They could ask for testimonials, case studies, or customer reviews that highlight how the innovation solves a problem or improves their experience.

7. How is your product or service solving the problem in a new or different way?

- **Purpose:** Investors want to assess how the startup approaches problem-solving in a unique way compared to existing solutions. They are looking for evidence that the startup's solution is novel and more effective.



- **Follow-up:** They may ask for examples of alternative solutions on the market and how your approach provides superior results or user experience.

8. What is the biggest innovation in your product/service that sets you apart from competitors?

- **Purpose:** Investors are looking for the standout feature or capability that differentiates the startup's product. They want to know if the innovation is something that customers are willing to pay for and if it is a critical factor in adoption.
- **Follow-up:** They might ask for further explanation on how this innovation was developed and how it's protected (e.g., through intellectual property or first-mover advantage).

9. What trends or technologies are driving your innovation?

- **Purpose:** Investors want to understand how the startup is leveraging emerging trends, technologies, or shifts in the market to stay innovative. They are looking for relevance and alignment with broader industry developments.
- **Follow-up:** They may ask how your product fits into larger industry trends (e.g., AI, blockchain, sustainability) and whether you are positioned to lead or follow these trends.

10. How will your innovation evolve over time?

- **Purpose:** Investors want to see if the startup has a vision for how its product or service will continue to innovate and stay ahead of the competition. They are interested in whether the current innovation is just the start of ongoing improvements.
- **Follow-up:** They could ask for details on the product roadmap and how future versions of the product will build on current innovations to maintain competitive differentiation.

11. What are the barriers to entry for others who want to replicate your innovation?

- **Purpose:** Investors are evaluating how difficult it would be for new entrants or existing competitors to copy the startup's product or



service. They want to understand how long the startup can maintain its competitive edge.

- **Follow-up:** They might inquire about any proprietary technology, network effects, or unique partnerships that create barriers for competitors.

12. What is your biggest competitive advantage in terms of product innovation?

- **Purpose:** Investors want to know the one key element that makes the startup's innovation stand out from others in the market. They are looking for a strong, easily identifiable competitive advantage that makes the product hard to beat.
- **Follow-up:** They may ask for more specific details on what makes this advantage hard to replicate or whether the startup has any market-leading features that competitors can't easily match.

13. How will you continue to innovate as the market evolves?

- **Purpose:** Investors want to see that the startup is not just a one-time innovation but has the ability to continue innovating as customer needs and market conditions change.
- **Follow-up:** They might ask about the team's ability to stay at the forefront of technological or market changes, including R&D plans or partnerships with technology leaders.

14. What impact does your innovation have on cost or efficiency?

- **Purpose:** Investors want to know if the startup's innovation creates cost savings or operational efficiencies for customers, as this can be a strong driver of adoption.
- **Follow-up:** They could ask for specific metrics showing how the product reduces costs, improves performance, or enhances efficiency compared to alternatives.

15. How are you testing and validating your innovation?

- **Purpose:** Investors are keen to see if the innovation has been tested in real-world conditions and whether it has been validated through customer trials, pilot programs, or other forms of feedback.



- **Follow-up:** They may ask for data on how the product has performed in these tests, any lessons learned, and whether the startup has iterated on its innovation based on user feedback.

16. Is your innovation scalable, and how do you plan to scale it?

- **Purpose:** Investors want to know if the innovation can be scaled effectively as the startup grows. They are looking for evidence that the product can handle increasing demand without losing its unique advantages.
- **Follow-up:** They could inquire about the scalability of the technology, production capabilities, or infrastructure needed to expand the product or service to new markets.

17. How are you pricing your innovation, and what is the value proposition for customers?

- **Purpose:** Investors want to see how the startup positions its innovative product in terms of pricing and whether customers are willing to pay for the unique value it offers.
- **Follow-up:** They might ask for details on how the pricing strategy reflects the product's innovation and what feedback has been received from early customers regarding its value.

These questions help investors assess whether the startup's innovation is truly valuable, defensible, and sustainable. They are looking for clear evidence that the product or service is not just a minor improvement but a substantial leap forward that can capture market share and create lasting competitive advantages.



NICHE



Section 11: NICHE

Who is the customer? Why?

Focus in the initial years.

When evaluating the **niche** a founder has selected, investors are trying to determine whether the market is both attractive and feasible for the startup to dominate. They assess the founder's understanding of the niche, its potential for growth, and how well-suited the product or service is for this specific target market. Here are the most common questions asked about the niche:

1. Why did you choose this niche?

- **Purpose:** Investors want to understand why the founder has targeted a specific niche. They are looking to see if the choice is backed by research, personal experience, or a unique insight into the market.
- **Follow-up:** They may ask how the founder identified this opportunity and what specific pain points or gaps in the market led them to focus on this niche.

2. What makes this niche attractive?

- **Purpose:** Investors are interested in why this niche presents a viable business opportunity. They are looking for indicators like market size, growth potential, unmet needs, and the possibility of achieving dominance within this niche.
- **Follow-up:** They could ask about trends driving growth in the niche, such as shifts in consumer behavior, technology advancements, or regulatory changes.

3. How well do you know your target audience?

- **Purpose:** Investors want to assess how deeply the founder understands the specific needs, preferences, and pain points of the niche market. This includes the demographics, behaviors, and motivations of the customers within the niche.
- **Follow-up:** They might ask for specific examples of customer personas, market research, or user feedback that demonstrates the founder's knowledge of the audience.



4. Is this niche big enough to build a scalable business?

- **Purpose:** Investors are concerned about whether the niche is large enough to support growth. While niches can offer focused opportunities, they still need to have enough customers or demand to allow the startup to scale.
- **Follow-up:** They could ask for figures on Total Addressable Market (TAM), Serviceable Addressable Market (SAM), and Serviceable Obtainable Market (SOM) within the niche.

5. What is the competition like in this niche?

- **Purpose:** Investors want to know how crowded or competitive the niche is. They are looking for insights into whether the startup can realistically carve out a strong position within the niche or if it faces overwhelming competition.
- **Follow-up:** They may ask for an analysis of key competitors in the niche and how the startup's product or service differentiates itself from those competitors.

6. What are the barriers to entry in this niche?

- **Purpose:** Investors are interested in how easy or difficult it is for new entrants to enter and compete in the niche. They are looking for whether the startup has an advantage that would protect it from new or existing competitors.
- **Follow-up:** They might inquire about regulatory, technological, or cost-related barriers that prevent others from easily entering the niche.

7. How do you plan to dominate or become a leader in this niche?

- **Purpose:** Investors want to see a clear strategy for how the startup will capture and maintain a leading position within the niche. They are looking for a path to market dominance.
- **Follow-up:** They could ask for details on customer acquisition strategies, marketing plans, or product innovation that will give the startup a competitive edge within the niche.

8. What makes your product or service a good fit for this niche?



- **Purpose:** Investors want to assess how well the startup's offering aligns with the needs and preferences of the niche market. They are looking for evidence that the product or service was designed with the specific audience in mind.
- **Follow-up:** They might ask for data on how the product has performed in the niche, including customer adoption rates, satisfaction levels, and feedback from early users within the market.

9. How do you plan to expand beyond this niche, if necessary?

- **Purpose:** Investors are curious about the long-term vision for the company. They want to know whether the niche is a starting point and if the startup has plans to expand into adjacent markets as it grows.
- **Follow-up:** They could ask about the founder's vision for future product offerings or potential new customer segments that align with the original niche.

10. What challenges or risks are unique to this niche?

- **Purpose:** Investors want to understand the specific risks or challenges associated with the niche market. This could include regulatory hurdles, customer acquisition costs, or shifting market dynamics.
- **Follow-up:** They may ask how the founder plans to mitigate these risks or overcome challenges unique to the niche.

11. What trends are shaping this niche, and how will you capitalize on them?

- **Purpose:** Investors want to see that the startup is aligned with broader trends that are positively impacting the niche. This could include technological advances, shifts in consumer behavior, or regulatory changes.
- **Follow-up:** They could ask about specific market drivers and how the startup plans to leverage these trends for growth.

12. How loyal is the target market in this niche?



- **Purpose:** Investors are curious about customer loyalty within the niche. They want to know if customers are likely to stick with the product or service over time or if there's a risk of churn.
- **Follow-up:** They might inquire about customer retention rates, subscription models, or brand loyalty within the niche market.

13. Is this niche susceptible to changes in technology or regulation?

- **Purpose:** Investors are concerned about how vulnerable the niche may be to external factors like regulatory changes or technological disruptions. They want to see if the startup has strategies in place to adapt to such shifts.
- **Follow-up:** They may ask for an analysis of potential threats from industry regulation, technological advancements, or changes in consumer protection laws.

14. How price-sensitive is this niche?

- **Purpose:** Investors want to assess how much pricing power the startup has within the niche. If the target market is highly price-sensitive, the startup's ability to scale profitably could be impacted.
- **Follow-up:** They could ask about competitors' pricing and how the startup's pricing strategy compares within the niche.

15. What is your go-to-market strategy for this niche?

- **Purpose:** Investors are interested in how the startup plans to reach and engage customers within the niche. They want to know if the founder has a clear and efficient strategy for capturing the target market.
- **Follow-up:** They might ask for details on specific marketing channels, customer acquisition tactics, partnerships, or community-building efforts designed for the niche.

These questions allow investors to gauge whether the niche is both a strategic and viable choice for the startup. A well-defined niche can offer a clear path to market leadership, but it also needs to be large enough and growing at a sufficient pace to support long-term success. Investors want to ensure that the founder has a deep understanding of their chosen market and a realistic strategy for scaling within it.



TRACTION



Section 12: TRACTION

What have you done in the first few months? Years?

When it comes to evaluating the **traction** of a startup, investors focus on whether the startup is making tangible progress toward growth and market validation. Traction gives investors confidence that the product or service has demand and that the business is capable of scaling. Here are the most frequently asked questions regarding traction:

1. What traction have you achieved so far?

- **Purpose:** Investors want to see evidence of market interest, growth, and customer acquisition. This is a general question to gauge how far the startup has come since its launch.
- **Follow-up:** They may ask for specific data points like revenue, user growth, downloads, customer retention, or partnership deals.

2. What are your key traction metrics, and how are they trending?

- **Purpose:** Investors want to know which metrics the startup uses to measure traction and how these metrics are progressing over time. Key metrics could include Monthly Recurring Revenue (MRR), active users, engagement rates, or churn rates.
- **Follow-up:** They could ask for data over the past few months or quarters to understand the growth trajectory.

3. How many customers/users do you currently have?

- **Purpose:** Investors want to quantify the customer base and understand the scale of adoption. They want to see real customers using and paying for the product or service.
- **Follow-up:** They might inquire about how the customer base is growing and what customer segments are adopting the product.

4. What is your customer acquisition cost (CAC) and customer lifetime value (CLV)?

- **Purpose:** Investors are assessing the efficiency of customer acquisition and the potential long-term profitability of the business. A low CAC and high CLV indicate strong traction and sustainable growth.



- **Follow-up:** They could ask about the channels used for customer acquisition and the strategies in place to reduce CAC over time.

5. How did you acquire your first customers?

- **Purpose:** Investors want to understand how the startup has attracted its early customers, which can provide insight into the effectiveness of its marketing and sales strategies.
- **Follow-up:** They might ask if the same strategy can be scaled to acquire more customers or if new approaches will be needed for future growth.

6. What is your revenue growth over the past [X] months?

- **Purpose:** Investors are keen to see how revenue is growing. This is a key indicator of the startup's commercial traction and its potential for scaling.
- **Follow-up:** They might ask for details on how recurring revenue (if applicable) is increasing and whether the startup is on track to meet its revenue projections.

7. What is your user or customer retention rate?

- **Purpose:** Investors want to know how many customers or users stick with the product over time. A high retention rate indicates strong product-market fit and customer satisfaction.
- **Follow-up:** They could ask about strategies for improving retention or reducing churn, as well as the reasons behind any customer turnover.

8. Do you have any notable partnerships or collaborations?

- **Purpose:** Strategic partnerships can validate the startup's market presence and help accelerate growth. Investors want to know if the startup has formed key alliances that could drive traction.
- **Follow-up:** They might ask for details on the partnership terms, expected benefits, and the impact on growth.

9. What milestones have you achieved to date?



- **Purpose:** Investors are interested in key milestones that indicate progress, such as product launches, market expansion, or reaching a certain number of users or revenue level.
- **Follow-up:** They could ask about future milestones and how these achievements align with the startup's overall business goals.

10. What is your sales cycle like?

- **Purpose:** Investors want to understand how long it takes to convert leads into customers and how predictable the sales process is. This can give insight into the startup's ability to generate revenue and scale quickly.
- **Follow-up:** They may ask for specifics on the sales process, from lead generation to closing deals, and how the startup plans to shorten or optimize the sales cycle.

11. What feedback have you received from your customers?

- **Purpose:** Investors want to hear how customers are responding to the product or service. Positive feedback indicates strong product-market fit, while negative feedback could highlight areas for improvement.
- **Follow-up:** They might ask about testimonials, case studies, or customer reviews, as well as any changes made to the product based on this feedback.

12. How are you handling customer or user growth?

- **Purpose:** Investors are interested in how well the startup is managing its growth. They want to know if the company's operations, technology, and customer support systems can scale efficiently.
- **Follow-up:** They may ask about infrastructure or team expansion plans needed to handle increased demand and how the startup is preparing for future growth.

13. What is your product engagement rate?

- **Purpose:** Investors want to know how users are interacting with the product. Engagement metrics like daily active users (DAU), session



frequency, or time spent using the product are indicators of customer interest and stickiness.

- **Follow-up:** They could ask for details on how engagement rates compare across different customer segments or geographies.

14. What growth strategies are working best for you?

- **Purpose:** Investors want to know which strategies are driving the most traction, such as content marketing, paid ads, referral programs, or partnerships. They are assessing the scalability of these strategies.
- **Follow-up:** They could ask for specifics on which channels are delivering the best return on investment (ROI) and how the startup plans to double down on these efforts.

15. Have you achieved product-market fit? If so, how do you know?

- **Purpose:** Investors want to see evidence that the startup has found product-market fit, meaning that customers are adopting the product at a rate that suggests it is solving a real problem. They look for signs like customer retention, referral growth, and low churn.
- **Follow-up:** They may ask for data on how customer acquisition, engagement, and retention have improved over time and how the founder defines product-market fit.

16. What is your path to profitability?

- **Purpose:** Even if the startup is not yet profitable, investors want to know how the business plans to reach profitability based on its current traction. They are looking for a clear timeline and strategy to turn traction into sustainable financial success.
- **Follow-up:** They might ask for projections on when the startup will break even and what key drivers (e.g., scaling customer acquisition, reducing costs) will contribute to this.

17. What is your conversion rate?

- **Purpose:** Investors want to know how efficiently the startup is converting leads or users into paying customers. A high conversion



rate suggests strong interest in the product and effective marketing/sales efforts.

- **Follow-up:** They may ask for specifics on the conversion funnel, from lead generation to final purchase, and what strategies are in place to improve conversion rates.

18. What challenges have you faced in gaining traction, and how have you overcome them?

- **Purpose:** Investors are interested in hearing about the challenges the startup has faced while gaining traction. They want to know how the founder has tackled these challenges, which demonstrates resilience and adaptability.
- **Follow-up:** They might ask for examples of setbacks or obstacles and what changes the startup implemented to get back on track.

19. What's your monthly or quarterly growth rate?

- **Purpose:** Investors want to see consistent growth over time. High or steady growth rates show that the startup is moving in the right direction and has momentum.
- **Follow-up:** They could ask for growth projections and how this growth compares to industry benchmarks or competitors.

20. What repeat business or recurring revenue do you have?

- **Purpose:** Investors want to know how much of the startup's revenue comes from repeat customers or subscriptions, which indicates long-term customer loyalty and stable revenue streams.
- **Follow-up:** They might ask for breakdowns of new versus returning customers or how recurring revenue has grown over time.

These questions help investors evaluate the startup's market validation, growth potential, and ability to scale. Strong traction shows that the startup is not just an idea but a viable business with increasing demand and a proven product-market fit.



SCALABILITY



Section 13: SCALABILITY

How big can this become? How will this become that big? How fast can it be done? What resources will be required?

When assessing the **scalability** of a startup, investors are evaluating how easily the business can grow and handle increased demand while maintaining or improving margins. Scalability is critical because it shows whether the startup can expand without proportionately increasing costs. Here are the most frequently asked questions about scalability:

1. How scalable is your business model?

- **Purpose:** Investors want to understand whether the startup can grow its revenue without a corresponding increase in costs. They are interested in the structure of the business model and whether it allows for easy scaling.
- **Follow-up:** They may ask about unit economics and how the startup plans to maintain or improve profitability as it scales.

2. What are the biggest constraints on scaling your business?

- **Purpose:** Investors want to identify potential bottlenecks that could limit growth, such as technology, operations, supply chain, or talent. They are looking for an honest assessment of the challenges the startup faces in scaling.
- **Follow-up:** They might inquire about how the startup plans to address these constraints and whether the founder has a strategy for overcoming them.

3. Can your current team and infrastructure handle rapid growth?

- **Purpose:** Investors want to know if the startup has the capacity to scale quickly without breaking its existing operations. They are assessing whether the team, technology, and processes are robust enough to manage larger volumes.
- **Follow-up:** They may ask about plans to hire more staff, upgrade technology, or build out processes as the business grows.

4. What's your strategy for scaling customer acquisition?



- **Purpose:** Investors are keen to understand how the startup plans to acquire customers at scale, whether through marketing, partnerships, or other channels. They are looking for scalable acquisition methods that will drive growth.
- **Follow-up:** They could ask about the customer acquisition cost (CAC) and how it will change as the business scales, as well as which channels have proven to be the most efficient for acquiring new customers.

5. How will your margins evolve as you scale?

- **Purpose:** Investors are focused on how scaling will impact profitability. Ideally, a startup should improve its margins as it scales due to economies of scale, reduced costs per unit, or more efficient operations.
- **Follow-up:** They might ask for projections on gross margin, operating margin, and how those metrics will evolve as the startup grows.

6. What's your plan for international or geographic expansion?

- **Purpose:** Investors want to know if the startup can expand beyond its initial market and whether the business model can be adapted to new regions. Global scalability is a key factor in unlocking larger growth potential.
- **Follow-up:** They may ask about localization strategies, regulatory challenges, and market entry plans for different geographies.

7. What systems or processes do you have in place to support scaling?

- **Purpose:** Investors want to assess whether the startup has the operational foundation to grow efficiently. This includes things like automation, supply chain management, and standardized processes.
- **Follow-up:** They could inquire about specific software, management systems, or workflows that enable smooth scaling without sacrificing quality or service.

8. How will your product or service evolve as you scale?



- **Purpose:** Investors are curious about how the product or service might need to adapt or evolve to meet the needs of a larger customer base. They are looking for scalability in terms of product development and flexibility.
- **Follow-up:** They may ask about plans for product line expansion, updates, or any challenges in scaling manufacturing or service delivery.

9. How defensible is your business as you scale?

- **Purpose:** Investors want to know if the startup has a competitive advantage that will protect it from competitors as it grows. This could include intellectual property, proprietary technology, network effects, or strong brand loyalty.
- **Follow-up:** They could ask how the startup plans to maintain its competitive edge as it scales and how it will fend off new or existing competitors.

10. What does your market expansion roadmap look like?

- **Purpose:** Investors want to understand the startup's vision for expanding into new markets, whether that's geographically or by targeting new customer segments. They are interested in seeing a clear and strategic growth plan.
- **Follow-up:** They might ask for details on when and how the startup plans to enter new markets and what milestones will drive expansion.

11. What are the unit economics like at scale?

- **Purpose:** Investors focus on how the key financial metrics (such as customer acquisition cost, customer lifetime value, and gross margins) will hold up as the startup grows. They want to ensure the business can scale profitably.
- **Follow-up:** They might ask for specific forecasts showing how unit economics improve or are maintained with scaling.

12. How easily can your technology or platform scale?



- **Purpose:** Investors want to understand whether the startup's technology can handle increased demand. For tech startups, this could include questions about server capacity, cloud infrastructure, or software architecture.
- **Follow-up:** They might ask about the cost of scaling technology and any plans for future development to ensure smooth growth.

13. What partnerships or collaborations are you pursuing to scale?

- **Purpose:** Investors are interested in how partnerships with other businesses, organizations, or platforms can help the startup scale faster or more efficiently. Strategic alliances can often accelerate growth.
- **Follow-up:** They may ask for details on current or future partnerships and how these relationships will contribute to scaling efforts.

14. How will scaling affect your customer support or service quality?

- **Purpose:** Investors are concerned that rapid growth may lead to a decline in customer satisfaction or service quality. They want to see that the startup has a plan to maintain high standards as it grows.
- **Follow-up:** They might ask about scaling customer support teams, automating service processes, or using technology to enhance customer experience.

15. What is your go-to-market strategy at scale?

- **Purpose:** Investors want to see how the startup plans to execute its marketing and sales strategy on a larger scale. They are looking for scalable, cost-effective ways to capture market share.
- **Follow-up:** They could ask about the specific channels that will drive growth, as well as any adjustments to messaging, pricing, or distribution to accommodate larger volumes.

16. What are your key scaling milestones, and how do you plan to achieve them?

- **Purpose:** Investors want to know if the startup has a clear plan for growth, with measurable milestones along the way. This helps them



gauge the startup's progress and ability to execute on its scaling strategy.

- **Follow-up:** They may ask for specific targets in terms of revenue, user growth, market expansion, or team size.

17. How will scaling impact your burn rate and funding needs?

- **Purpose:** Investors want to know how much capital is required to scale the business and how quickly the startup will burn through cash as it grows. They are looking to understand the financial sustainability of the scaling process.
- **Follow-up:** They might ask about plans for future fundraising, cash flow management, and how the startup plans to balance growth with financial stability.

18. How will you manage operational complexity as you scale?

- **Purpose:** Investors are interested in how the startup plans to manage increasing operational complexity as it grows. This includes managing larger teams, more customers, and potentially multiple locations or markets.
- **Follow-up:** They might ask about management structures, team expansion plans, or process automation that will help manage complexity without sacrificing efficiency.

19. What is your hiring plan to support scaling?

- **Purpose:** Investors want to know if the startup has the right team in place to support growth. They are interested in the founder's hiring strategy and how the company will attract the talent needed to scale.
- **Follow-up:** They might inquire about critical roles that need to be filled, the pace of hiring, and how the startup plans to maintain its culture as it scales.

20. How will scaling affect your supply chain or manufacturing?

- **Purpose:** For product-based startups, investors want to know if the startup's supply chain and manufacturing processes can handle increased demand. They are looking to see if scaling will introduce risks or delays in production.



- **Follow-up:** They may ask about suppliers, lead times, production capacity, and any plans for diversifying or expanding the supply chain to meet higher demand.

These questions help investors determine whether the startup has a scalable foundation and a clear strategy for growing efficiently while maintaining profitability. Investors want to invest in startups that can handle rapid growth without significant operational or financial stress, and these questions help uncover any potential challenges to scaling.