



TECH HIVE
ADVISORY



Founders Guide.

Pitch Deck Vs Business Plan

About Tech Hive™

Tech Hive Advisory Limited is a technology advisory firm providing services to corporate bodies and non-profits on privacy, data protection, technology, cybersecurity, startups and emerging companies, and technology policy and research. We deliver world-class service while providing the highest quality advice, efficient and practical support, by harnessing law, technology and business.

Contributors

Sandra Musa

Abigail Ichoku

Morenikeji Oni

Ayodeji Sarumi

The Guide is general and educational in nature and is not intended to provide and should not be relied on, as a source of legal or business advice. This information and material provided in the guide may not be applicable in all (or any) situations and should not be acted upon without specific legal advice based on particular circumstances.



A vertical list of dates, likely from a calendar or schedule. The visible dates are 02/22/19, 02/23/19, 02/24/19, and 02/25/19. The dates are arranged vertically and appear to be part of a larger grid or list.

Introduction



Pitch Deck Vs Business Plan

This guide aims to help new founders and startups understand the significance/importance of a Pitch Deck and a Business Plan. It will address the definitions of a Pitch Deck and Business Plan, their similarities, differences, advantages and disadvantages. Also, it will address what they seek to achieve and which founders and the founding team should focus on when starting a business.

What is a Pitch Deck

A Pitch Deck is a visual presentation of a startup's story, usually in Powerpoint or Slide format presented to investors about the startup's idea or product. The Pitch Deck helps a potential investor decide if they want to invest or help you achieve your business objectives.

It is important to be able to tell your story consistently and effectively in an inspiring manner. It is worth spending some time in creating a Pitch Deck that tells your story in an appealing way.

Founders should remember that storytelling isn't just about attracting investors, but also gives a glimpse into how the startup would attract world class talent, business partners, and a customer base.

It is a skill that is of tremendous value to potential investors.

What is a Business Plan

A Business Plan is a written document that defines business objectives and how it intends to go about achieving its goals, such as marketing plans, financial forecasts, growth strategy, market share actualization. Generally, a Business Plan serves three functions: It describes business goals and how they will be achieved; It also helps to legitimise a business idea. In addition, where a person planning to start a new business may not have the requisite capital to start and wants to source funds; it is crucial to have a business plan to show intending investors how the business will be profitable and how you intend to maximise their investment.



Differences between a Pitch Deck and Business Plan

A Pitch Deck and a Business Plan answer the questions that potential investor(s) will have before deciding to put their money in a business. They usually have the same content, but the Business Plan contains more detail about a business including its long term plans and forecasts. The items for consideration include an executive summary, description of the business, description of the product or service, market analysis, competition analysis, the company's operations, management, marketing plan, sales strategy, request for funding, and financial projections.

It has been argued that a Pitch Deck is more critical than a Business Plan because it is seen by a larger audience and not just a particular investor and is usually sent or presented more often than a Business Plan. However, a Business Plan is the basis for a Pitch Deck and therefore is equally vital.

Criteria	Pitch Deck	Business Plan
Length	8-20 presentation slides	A document of over 40-100 pages
Goal	Introduce the company to investors	To convince an investor to invest
Representation	Visual in nature	Mostly text-based
Mode	PowerPoint, Prezi, or Keynote	Usually, a Microsoft word document
Implementation	Visually implemented through a presentation	Verbally implemented when an investor reads it
Usage	A Pitch Deck can be used to get a meeting with an investor to initiate a conversation towards funding; to add co-founders; and for pitching competitions, etc.	A Business Plan can be used when seeking debt; to finalise a deal and whenever you want financial assistance for large amounts, etc.

Uses of a Pitch Deck and Business Plan

A Pitch Deck is used:

- To get funding from potential investors, friends, and family.
- It is the best form of presenting your startup or product to potential investors. For instance, honing your initial concept and model to investors.
- When seeking co-founders, advisors, and team members for a new business, a Pitch Deck can be used to convey your business idea quickly, and the value your business will bring.
- A Pitch Deck can be used when applying to Incubator/Accelerator programmes. The deck is used to evaluate the company and decide whether you can join the next cohort.
- When networking with Investors, it helps to pass on the specific strategic message within the shortest time possible.
- A Pitch Deck can be used to get feedback about your startup before an investor sees it. The feedback may be from intended customers, family or friends.
- In order to secure early customers and strategic partnerships, a Pitch Deck can quickly come to the rescue. For example, by sending the pitch to intending customers, you will know what they feel about the product, if it genuinely solves a problem and if they would buy your product at a high price.

A Business Plan is used:

- To get investors to buy-in to a business idea or an already existing business.
- When a founder or startup is seeking specific types of financing from financial institutions, it is essential to present a Business Plan, as it also shows the venture's viability.
- When raising a considerable amount of capital for a business, a Business Plan enables you to know what to do with it. It also allows investors to do their due diligence on how much capital would be spent on the idea/plan.
- A Business Plan helps run a company because it ensures that co-founders and co-owners know their business role and enables them to deliver the expected results.

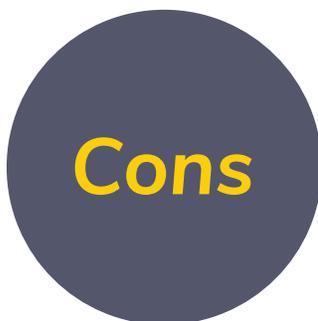


Pros & Cons



Pitch Deck

- A Pitch Deck reduces heavy documentation burden when networking with investors and provides for ease of reference to crucial points in a Business Plan. For instance, it helps you impart your idea and company's value to investors quickly, and it enables investors to quickly assess whether your new startup fits their criteria and interests before spending time to learn more.
- Creating a Pitch Deck can be done without having to spend a lot of money, and when it is to be presented through an online medium, it saves the cost of having to travel to make a pitch in person to investors. It can quickly be sent to a lot of investors.



- One major drawback of relying on an online medium to make a pitch is that it eliminates the chance of one-on-one interaction with investors. Often, investors want to know the persons behind a startup by asking questions and clarifying uncertainties. Using an online medium sometimes robs investors of this opportunity.
- Where you have an actual product, a Pitch Deck may not present it well to investors, even if you have photos or embedded video.
- A Pitch Deck can make a management team appear better than they are and may not show whether the team is truly capable of building a great company.
- A poorly designed Pitch Deck may reflect negatively on your startup and send wrong signals to potential investors and cost a funding opportunity.

Business Plan

- As a new founder or startup, having a Business Plan helps you forecast an idea to see if it can be successful. It allows you to allocate your resources to what is provided for in your Business Plan.
- When working with more people, because differing viewpoints will abound and decision-making might be difficult, having a Business Plan ensures that everyone is on the same page, which increases the possibility of the business being a success.
- A Business Plan gives you a competitive advantage over competitors. You will be able to create effective strategies, even if there are many competitors in the market.



- It may become too rigid and may restrict innovative ideas because it will dictate everything concerning the business.
- It may create an environment of false certainty that a company will run smoothly according to the Business Plan that has been made. This will make a business unable to adapt to changes. It may be too tunnel-visioned, focusing on only what is contained in the Business Plan.
- A Business Plan can be time consuming and expensive. It may require the services of professionals, such as lawyers and marketing experts, etc. A business that does not have money to spend or time to devote may waste resources on an endeavour whose cost may exceed its benefits.

A Business Plan is an essential component of a profitable business, but it does not mean that failure will not occur. Business owners must keep an open mind towards the company at all times.

Best Scenario

The best scenario would be the Pitch Deck being used to gain the attention and interest of potential investors while the Business Plan provides these investors with comprehensive information on the Startup and/or its idea.

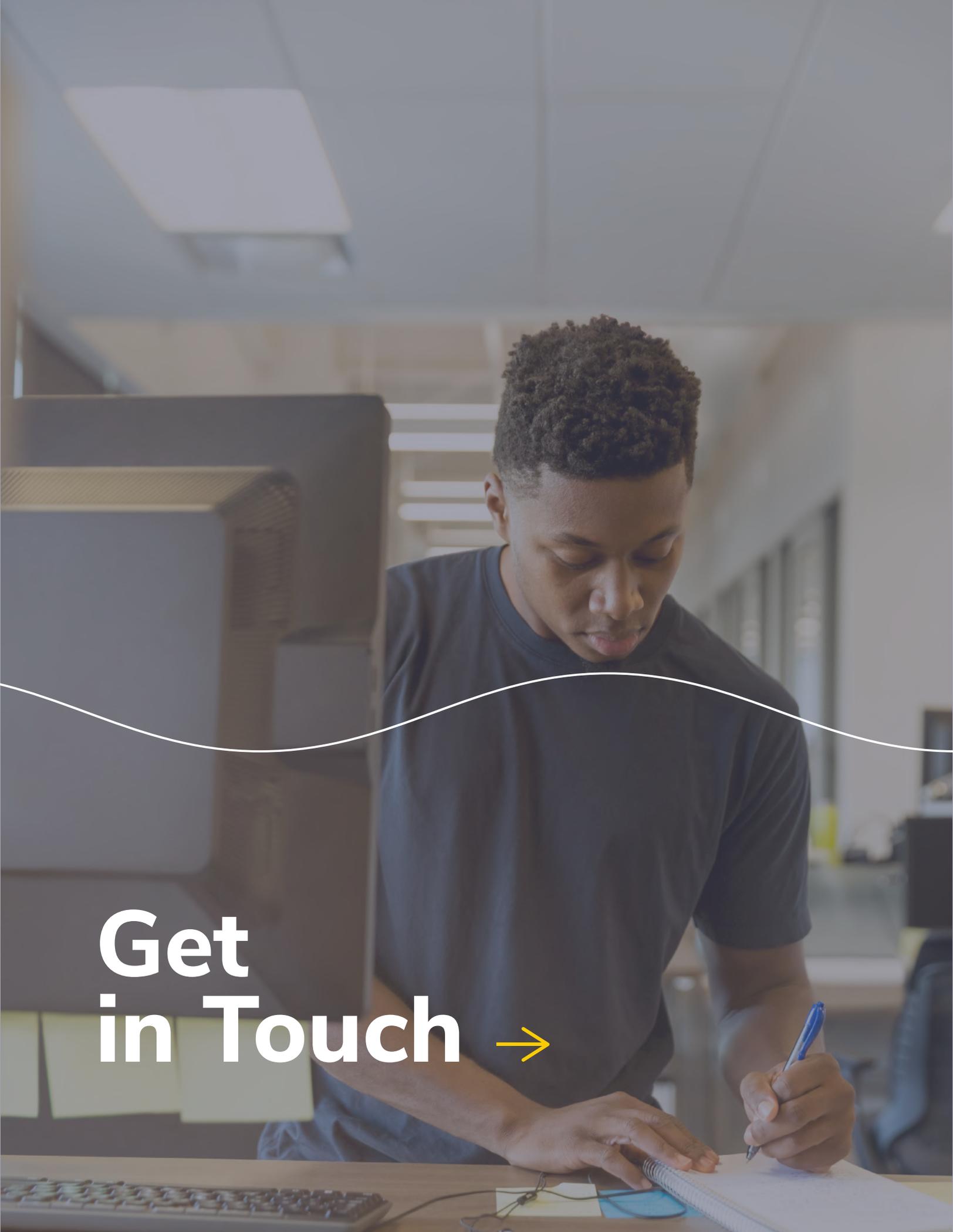
In a nutshell, you use a Pitch Deck to invite investors into the Business Plan execution.

Conclusion

There have been several arguments about the necessity of a Pitch Deck against the need for a Business Plan, and this argument sprouts from the lack of detailed analysis a Pitch Deck provides.

In the real event of persuading investors to buy into your idea, you need a captivating visual summary of your Business Plan because investors do not have much time to spare going through bulky documents to understand an idea.

Both documents are necessary for startups to evangelise their idea or product. However, Pitch Decks are more persuasive because you get investors interested in the idea through a short visual presentation. A smart strategy would be to have a Pitch Deck alongside an abridged version of the Business Plan backing it up in the event investors require it.



**Get
in Touch** →

Our expertise in the business of technology and the needed legal framework aids our ability to identify the required document for each stage of your startups, having in mind the commercial intelligence that speaks confidence to investors.

Before meeting your various investors at any stage, we would help interpret your Startup story in these documents in order to beam the spotlight on your incredible idea that can change the world.



Contact@techhiveadvisory.org.ng
Techhiveadvisory.org.ng
@Hiveadvisory