

Do VCs really make investment decisions on a new startup in 5 minutes? Well, they decide to say NO in 5 minutes, saying YES takes longer. The key to an “elevator pitch” is to get them interested, answer the basic questions, and get to the next meeting. Next week at [TechCrunch50](#), startups will have 6 minutes to do an “elevator pitch” to a [panel of experts](#) and 1,500 investors, tech execs, and press. It is called the “elevator pitch” because you should be able to explain your new company idea to a prospective investor in the time it takes to ride an elevator to their floor. What should you cover?

**The Problem** – Start with the problem you are solving or the need you are filling. A real life story or scenario about the problem helps the investor understand the problem or need in personal terms, and agree that it is an interesting problem that needs fixing. Dave McClure says too many entrepreneurs start by talking about their solution and whiz bang technology. How they do it versus the problem they solve. If the investor is not interested in the problem...there is no way they will be interested in your solution. Once they are nodding their head about the problem, move on to the solution.

**The Solution** – Explain why your solution solves the problem, and why it is better than other solutions. We do X for Y, or we are the X (well known product) for the Y market. Again, not how it works...but why it works. It might be cheaper, faster, smaller, easier, more enjoyable, or whatever. Don't waste time explaining the technology, or flowcharting the process or value chain. Just explain why your solution solves the problem better than anything else.

**The Competition** – If there is no competition there probably isn't a market. Competitors help the investor understand the problem, existing solutions, and potential size of the market. Even if you think you are inventing a new market, the problem has been there a long time, and people have figured out ways to solve it. Acknowledge that there are existing ways to partially solve the problem, and companies that have part of the solution, and why yours is better. Investors will be very nervous if there is no competition.

**The Business Model** - Who will pay? Is your solution a vitamin or a painkiller? Vitamins are nice to have, painkillers are a must have. There are some problems that no one will pay to solve. There are other problems where the one getting the benefit is not the party that pays the money. Sometimes there are multiple players in a value chain. Be very clear about where you are in the value chain, who will pay for your solution, and how much they will pay.

**The Team** – What experience do you and your team have starting companies or specific experience in this market segment? Are there any well known advisors or financial backers helping you? Do you have connections to people who can help you get your first customers?

**The Close** – We are solving a big problem, in a growing market, with a model that works, and a team that can execute. We need X dollars to reach Y milestone. We need investor partners to help us achieve this success. Show passion and confidence. Ask them to join the crusade. This is going to be The Next Big Thing.

Spend one minute on the problem, three minutes on the solution and demo, and 30 seconds each on the competition, model, team, and close. That is 6 minutes. Practice it 20 or 30 times. Every founder and early employee should be able to do the elevator pitch. Practice in front of friends, then practice in front of strangers that know nothing about your idea. Quiz them after to see if your message got through. Every potential new hire needs to buy into the story just like investors do. In many cases customers need to buy into the story too. This is important. Get it right and life will be much easier. Get it wrong...and you will get a NO in 5 minutes or less.

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