

Getting to Wow!

How to create a value proposition that will dazzle investors

By Bill Reichert

If you have only a few seconds to communicate the essence of your company, what is the most important message to deliver?

When confronted with this question, most entrepreneurs think about their elevator pitch – sixty seconds of highly condensed hyperbole intended to entice an investor to ask for more. But all the workshops and how-to blogs offered on elevator pitches have probably done as much damage as good. Almost every guide to developing an elevator pitch suggests that you pack the six to eight key points of your 85 page business plan into 120 words. The result is usually an unintelligible gibberish of techspeak embedded in a cloud of superlative adjectives:

“We have a highly disruptive technology that enables us to fulfill the promise of the Information Age. Our mission is to become the global leader addressing the huge market opportunity in the emerging Enterprise 2.0 space. We have a world-class team of PhDs who have developed our patent-pending proprietary SaaS solution, launching in nine months, that will enable our customers to dramatically enhance their BI deployments and increase the actionability of their analytics.”

Most entrepreneurs should just throw out their elevator pitches and start over. What are the three or four sentences that can be spoken by a normal human, and can be understood by a normal human, that really capture the essence of what makes your company so interesting?

Consider the following scenario: You are calling a potential investor, and you get voicemail. What do you say about your company? You could leave an elevator pitch voicemail, and hope you don't run out of recording space. Or you can distill it down even further – to about 15 or 20 seconds. What do you say? “We found your name on the web and thought if we left you our phone number we might get lucky.” Probably not. Another scenario: You're at a conference, and you bump into an investor. She asks you what you do. You don't really have a license to give her the whole elevator pitch. You need something short and compelling. You need a “Wow! Statement.”

You need to be able to articulate what is exciting about your company in a few sentences that connect with both the head and the heart of the listener. You have to

make logical sense *and* get the listener's pulse to speed up. You want the reaction to be, "Wow! I'd really like to find out more." Not, "How interesting. Have you tried the shrimp?"

Three Key Principles

The principles of crafting a Wow statement are the same as those for all persuasive communications: Be clear, be credible, and be compelling:

- **Be clear:** Your listener needs to understand in simple, specific terms what the heck you are talking about. Most entrepreneurs go too high and too abstract, or get way down in the weeds with technical jargon. Or they mistakenly think that teasing the listener by being mysterious is somehow clever and enticing. Instead, imagine how the Wall St. Journal or Forbes magazine might describe what you do to their readers. You are best served by offering a simple declarative statement that enables the listener to have a clear image of what it is you do.
- **Be credible:** Too many entrepreneurs destroy their credibility by using too many empty superlative adjectives and over-hyping their value proposition, or over-stating their potential ("We're going to be the next Google"). Maybe you are going to be bigger than Google, but saying that you are doesn't make it so, nor does it help your credibility. Instead, if there is something impressive you have already accomplished that enhances your credibility ("Steve Jobs has joined our Board," or more realistically, "We've already signed three paying customers"), let us know.
- **Be compelling:** Your solution has to represent a dramatic improvement over the current state of the art, not just a nice incremental improvement. And you have to be novel or clearly differentiated – something your listeners haven't heard before. You might be able to build a perfectly nice business if you have invented a better mousetrap, but if you really want the world to beat a path to your door, you need to offer a non-toxic technology that eliminates every single unwanted rodent in New York City. The trick is to state what is compelling in terms that are clear and credible. One of the best ways to do this is a simple metric: "We can demonstrate a 10x improvement in price-performance, based on our initial customer results." If you have been clear about what you do, you probably don't have to spew a bunch of market size and growth statistics; that should be obvious enough. Your Wow does not come from the size of your market, but from the size of your advantage.

For most entrepreneurs who have been living and breathing their incredible innovations for months, if not years, the hard part is translating what is compelling into the frame of reference of an outsider. Some just give up, and take the attitude that, if you don't understand why this is so exciting, I shouldn't be wasting my time talking with you. This attitude is not likely to generate a groundswell of excitement around your company. Take the time with your team and advisors to craft your company's Wow statement.

Remember, your primary objective here is not to explain – it's to *sell*. Most entrepreneurs forget this and get wrapped up trying to teach, rather than trying to motivate.

Four Step Framework

Here's a simple framework to help you pull together the elements of your Wow statement:

- **Part One: Context.** State what it is that you do better than anyone else in simple, easy to understand words:

“SuperCo has developed a low-cost technology that reduces the vibration caused by hard drives and cooling fans in data centers.”

- **Part Two: Benefit.** Clarify your unique benefit or advantage. One trick to help you phrase this sentence is to begin with, “The big idea behind SuperCo is “ Getting this clear benefit right is the core to your success in communicating your value proposition. What is the central big idea? And for whom is this a big benefit? Often the problem you are solving is obvious, but if it isn't, you need to put your benefit in context:

“Because vibration reduces the performance of hard drives, our technology increases performance by up to 2.5x, as we've shown with three beta customers.”

- **Part Three: Differentiation.** Clarify how you are different from the competition and the alternatives. One way to help you phrase this sentence is to begin with, “Unlike other companies that offer” Do not say that you have no competition, or that no one else can do what you can do (Entrepreneur Lie #5). Instead, state your key point of differentiation and compelling advantage over the next best solution to the problem:

“Because we use [unique approach], unlike alternative solutions that require [standard approach], we can save our customers 40% of their total costs.”

- **Close: Call to action.** Wrap up with something that gets your listener to actively engage. Your goal is to affect their behavior, to get them to do something – like inviting you in to talk more. This might be your “mantra” or tagline, along with a call to action:

“Bottom line, SuperCo saves money and increases performance for data center operators. Does this sound like an interesting opportunity to you?”

Don't take this as a rigid template. There is no fixed recipe; no example fits all businesses or all circumstances. These are guidelines to help you focus on what is most important. You might emphasize something that could be even more compelling or enticing, such as a major recent accomplishment – a Nobel laureate just joined your board, or Cisco just decided to standardize on your platform. This may be the most effective way to establish your differentiation (Part Three above).

Or you might take a different approach altogether. Another way to create your Wow statement might be to tell a story or paint a picture:

“Imagine a product that enables you to synchronize all your contacts from all your different social and professional networks and databases. Imagine that this product categorizes all these contacts automatically. And then imagine that you can send out personalized communications to each of these contacts, according to their category. This product could save you hours every month, and thousands of dollars a year. We have developed such a product, and we already have 45 small businesses using it.”

This is not likely to work as a voicemail message, but it might work at the beginning of a pitch, or in an email introduction. Another approach is to help the listener understand what you are doing by offering a useful analogy:

“We're the TV Guide for internet video.”

One of the best Wow statements I've ever heard condensed the framework above into something very simple, and yet very compelling:

“We offer a suite of software tools for producing animated graphics. Last year we won an Academy Award for special effects.”

The CEO went on to describe the company and its products in much greater detail, but afterwards I told her, “You had me at Academy Award.”

This all seems pretty simple and straightforward, but it is amazing how often we forget the need to be clear and credible, as well as compelling. Too often we think, our idea is so novel, so powerful, so incredibly disruptive that we can't possibly distill it down to such a simple format. But unless you do, you may never get anywhere with it.

Once you craft your Wow statement, try it out, and continuously improve it. The great thing about a Wow statement is that it should be effective with almost anyone you know. Start with your spouse and your business colleagues from other businesses. In particular, you should seek out people you know who have good BS detectors and will be honest with you. Then once you have nailed it, make sure everyone in your organization has fully internalized it and can repeat it in emails, at trade shows, on voicemails, in press releases, at cocktail parties – and in elevators.

Top Ten Additional Tips

Having crafted many pitches ourselves as entrepreneurs, and after hearing thousands of pitches as investors, we have developed lists of what to do, and what not to do. Here are some lessons learned that apply to crafting your Wow statement, and to many other similar communications involving pitching and persuasion:

1. **Keep it simple.** Simple is always better than complex. While it is certainly true that some great innovations are extremely complex, the *value* or *benefit* of a great innovation is obvious – at least after the fact. You need to bring the obviousness of that value to the front.
2. **Be engaging.** What's the difference between being interesting and being engaging? Interesting is an intellectual response; engaging is an emotional response. Emotional responses are always more compelling.
3. **Avoid negatives.** Create positive energy. Don't disparage the shortcomings of your competition. Show how you can create a better future. You want your audience to feel enchanted, not battered.
4. **It's not about you.** Make sure your value proposition is customer focused, not technology centric. Your solution may be five times faster, and you may be a genius, but how does that translate into customer value?
5. **Anticipate the obvious objections.** The most common investor reaction to a short pitch is, "Haven't I heard this before?" You may need to simply explain how this is different, or why the time and the opportunity are different. You might preempt by posing and answering the question yourself: "Why have all previous attempts to build a fusion reactor failed? Because they didn't [whatever you are doing]"
6. **Avoid purple farts.** Don't use adjectives or phrases that sound pretty but are really just so much gas. Our favorites: Proprietary, disruptive, next-generation, synergistic, 2.0, world-class, 3.0, and "60 years of combined experience." Avoid sweeping generalizations. And never say "nobody can" or "we conservatively project." Even if what you say is true, you will lose credibility.
7. **Use one or two numbers,** if you can, to provide the magnitude of your benefit, but don't jam bunches of numbers in. And don't make your listener do the math ("We project our market share will be 18% of the \$235 million market in three years").
8. **Maybe it *is* about you.** Your Wow statement may be something about your team that convinces us that you are the only company on the planet that can pull off what you intend: "My co-founders and I built PayPal from \$0 to \$100 million."
9. **Is the problem clear?** You might be able to best frame your statement in terms of the problem you are solving, rather than the technology you have invented.

Frequently, the problem is obvious and doesn't have to be clarified, but often the entrepreneur thinks the problem is obvious, when in fact it isn't to the listener. You might need to say: "Vibration can reduce the performance of hard drives by 75%."

10. **Don't lie.** You would think this goes without saying, but in their enthusiasm for their creations, entrepreneurs tend to slip across the line all too often. Please do not interpret the need to sell as a license to hype, exaggerate, misrepresent, spin, or lie. The best salespeople are credible and trustworthy. If you lose the trust of your investors, customers, or employees, then you are lost.

Your Wow statement is the front end of your effort to persuade others. Keep it simple, crisp, easy to read, and easy to say. It should fit nicely into your email introductions, your executive summary, your pitch, your website, and other communications. But you need to follow it up with all the other elements that make for successful communications in the venture world.

Also, be aware that your Wow statement is going to change over time. What makes your company so compelling will evolve as you grow and succeed, and as the market changes. What made Cisco compelling when it launched is not what makes it compelling today. Accordingly, each company's Wow statement needs to be revisited regularly.

For more resources to help you launch your venture, see **Resources for Entrepreneurs: Getting Started** <<http://www.garage.com/resources/index.shtml>> on the Garage website.

And if you've got additional recommendations for entrepreneurs working on their Wow statements, please share them with us!

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