**Investor Question Bank with Sample Responses**



How to Use This Guide

* Review all questions before your pitch
* Customize sample answers for your business
* Practice responses with your team
* Keep answers concise (30-60 seconds)
* Support claims with data when possible

## **Business Model Questions**

**"How do you make money?"**

**Poor Response:** "We have several different revenue streams we're exploring."

**Good Response:** "We have two primary revenue streams: a $50/month subscription for small businesses and implementation fees averaging $2,000 per enterprise client. Our target mix is 80% subscription, 20% implementation fees."

**"What's your customer acquisition cost (CAC)?"**

**Poor Response:** "We're still figuring that out as we grow."

**Good Response:** "Currently our CAC is $300, primarily spent on digital marketing and sales team costs. We've reduced this by 40% over the last six months by optimizing our marketing funnel and expect further reductions as we scale."

**"What's your customer lifetime value (LTV)?"**

**Poor Response:** "Our customers stay with us for a long time."

**Good Response:** "Average customer lifetime is 24 months with $1,200 in revenue per customer, giving us an LTV of $2,400. Our LTV/CAC ratio is currently 8:1, well above the industry standard of 3:1."

## **Market Questions**

**"How big is your total addressable market (TAM)?"**

**Poor Response:** "It's a multi-billion dollar market."

**Good Response:** "Our TAM is $50 billion, based on 5 million small businesses spending an average of $10,000 annually on automation solutions. Our serviceable obtainable market in the next 3 years is $500 million, focusing on the manufacturing sector in the western United States."

**"Who are your competitors and what's your advantage?"**

**Poor Response:** "We don't have any direct competitors."

**Good Response:** "Our main competitors are CompanyA and CompanyB. While they focus on enterprise clients with complex implementations, we differentiate through a self-service platform that small businesses can implement in under an hour. Our solution is also 40% cheaper and includes features like X and Y that they don't offer."

**"What barriers to entry protect your business?"**

**Poor Response:** "We're first to market with this idea."

**Good Response:** "We have three key barriers: (1) Two pending patents on our core technology, (2) Exclusive partnerships with major industry players like X and Y, and (3) Network effects from our growing marketplace of third-party integrations."

## **Financial Questions**

**"How much runway do you have?"**

**Poor Response:** "We're raising money before we run out."

**Good Response:** "At our current burn rate of $50,000 per month, we have 18 months of runway. This funding round will extend that to 36 months, by which time we project reaching cash flow positivity based on our current growth trajectory."

**"What are your unit economics?"**

**Poor Response:** "We're focused on growth right now, not profits."

**Good Response:** "Our gross margin is 75%. Fixed costs are $30,000 monthly. We break even at 200 customers, which we expect to reach in Q3. Each additional customer contributes $800 annually to our bottom line after all variable costs."

**"How will you use the investment?"**

**Poor Response:** "We'll use it for growth and development."

**Good Response:** "The $2M will be allocated as follows: 40% for engineering to launch our mobile app, 35% for sales team expansion, 15% for marketing initiatives focused on the manufacturing sector, and 10% for working capital. This gets us to $5M ARR within 18 months."

## **Team Questions**

**"Why is your team the right one to execute this?"**

**Poor Response:** "We're really passionate about this space."

**Good Response:** "Our CTO built and sold two SaaS companies in this space, our head of sales scaled his last company from $0 to $10M ARR in 18 months, and I've worked with our target customers for 15 years. We've also assembled an advisory board including the former CEO of [Major Competitor] and the founder of [Successful Company in Space]."

**"What key hires do you need to make?"**

**Poor Response:** "We're hiring across all departments."

**Good Response:** "We're hiring a VP of Engineering with marketplace experience to lead our platform expansion, and a Head of Customer Success to reduce our already low churn rate. We have candidates in final interviews for both positions."

## **Product Questions**

**"What's on your product roadmap?"**

**Poor Response:** "We have lots of features planned."

**Good Response:** "Q2: Mobile app launch and API for third-party developers. Q3: AI-powered recommendation engine. Q4: Enterprise-grade security features. These priorities are based on our customer advisory board feedback and align with our enterprise market expansion strategy."

**"How do you gather and incorporate customer feedback?"**

**Poor Response:** "We talk to customers regularly."

**Good Response:** "We have three feedback channels: (1) Monthly customer advisory board meetings with our top 10 clients, (2) In-app feedback tools that gather 300+ data points weekly, and (3) Quarterly NPS surveys with 60% response rate. Our product team prioritizes features using a weighted scoring system based on this feedback."

## **Growth Questions**

**"What's your go-to-market strategy?"**

**Poor Response:** "We'll use digital marketing and sales."

**Good Response:** "We use a three-pronged approach: (1) Content marketing targeting manufacturing keywords, generating 1,000 leads monthly, (2) Partnership program with industry consultants who get 20% commission, currently driving 30% of revenue, and (3) Inside sales team focusing on qualified leads, achieving 20% conversion rate."

**"How will you scale customer acquisition?"**

**Poor Response:** "We'll increase our marketing budget."

**Good Response:** "We're scaling through three channels: (1) Expanding our partner network from 10 to 50 partners, (2) Launching an automated onboarding system to reduce sales touch time by 50%, and (3) Implementing account-based marketing to enterprise clients, which we've tested with 3x better ROI than our current approach."

## **Risk Questions**

**"What keeps you up at night?"**

**Poor Response:** "Nothing major, we're executing well."

**Good Response:** "Three key risks we're actively managing: (1) Potential new privacy regulations could require product modifications - we're working with compliance experts to stay ahead of this, (2) A major tech company could enter our space - we're deepening our industry-specific features to maintain our edge, and (3) Talent retention in a competitive market - we've implemented an equity program and development paths for key roles."

**"What assumptions are you making about the market?"**

**Poor Response:** "We're confident in our projections."

**Good Response:** "Key assumptions we're testing: (1) Manufacturing automation budgets will grow 15% annually - validated through industry reports and customer surveys, (2) Our target customers will pay a 20% premium for ease of use - confirmed in pilot pricing tests, and (3) Enterprise sales cycles will remain under 90 days - currently tracking at 75 days average."

## **Exit Questions**

**"What's your exit strategy?"**

**Poor Response:** "We're focused on building value."

**Good Response:** "We see three likely exit paths: (1) Acquisition by a major automation player like X or Y within 5-7 years - they've acquired similar companies at 6-8x revenue, (2) IPO if we exceed $100M ARR - following the playbook of [Similar Company], or (3) Private equity buyout - we're already seeing interest from firms focused on profitable SaaS companies."

## **Tips for Answering Questions**

1. **Structure Your Responses:**
* Start with a direct answer
* Provide supporting evidence
* End with forward-looking statement
1. **Use the STAR Method:**
* Situation: Context of the challenge
* Task: What needed to be done
* Action: What you did
* Result: Quantifiable outcome
1. **Keep Supporting Data Ready:**
* Key metrics dashboard
* Customer testimonials
* Market research
* Competitive analysis
* Financial projections
1. **Red Flag Responses to Avoid:**
* "I haven't thought about that"
* "That's not important right now"
* "We have no competition"
* "Our projections are conservative"
* "We'll figure it out later"