

**Study Guide**  
**HOW TO BUILD A VENTURE CAPITAL PITCH DECK**  
**Lesson 7: Demonstrate Traction**

**WHY IS THIS SLIDE IMPORTANT?**

- Amazing traction answers a lot of the questions that VCs will have about your business - so if you've got great metrics, pull this slide toward the front of your pitch.
- Prove that you know what metrics truly matter in your industry.
- Can you demonstrate that you've made progress, based on how "progress" is defined by your industry and stage?

**TRACTION DIFFERS BY STAGE**

- For seed-stage companies, traction isn't as important and you can focus on a demo, minimum viable product, or market.
- For seed+, you should note where you are, what you've got figured out, and how more capital will help solve remaining problems.
- For Series A and beyond, traction will mean different things based on your industry, like biotech, SaaS, hardware, etc.



**WHAT PROGRESS HAVE YOU MADE? DESCRIBE YOUR PROGRESS AND MILESTONES YOU'VE HIT:**

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**SHOW MEASURABLE, VERIFIABLE TRACTION!**

- Revenue is usually the most important, demonstrated by deposits, pre-orders, subscriptions, and sales.
- User acquisition can demonstrate traction.
- Other leading indicators include customer acquisition cost (CAC), CAC to lifetime value (LTV), sales pipeline, downloads, installs, daily/monthly active users (DAU and MAU).
- Benchmark your key performance indicators (KPIs) and show that you're achieving those benchmarks.



### WHAT KPIS HAVE YOU ACHIEVED?

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### WATCH OUT FOR THESE PITFALLS

- Avoid vanity metrics, like no-value website traffic, press coverage that doesn't lead to conversions, or downloads that don't convert.
- Don't ignore problem metrics like high churn rates – you need to show a plan to address problems.
- Don't massage your metrics – VCs will perform due diligence and your numbers need to be correct and rock-solid.

### SUMMARY

- If you've got great traction, bring that up right away. You've got proof that your startup is working.
- If you don't have traction yet, move this slide further back, and use it as a tool to show the VC that you understand what metrics matter in your industry.