

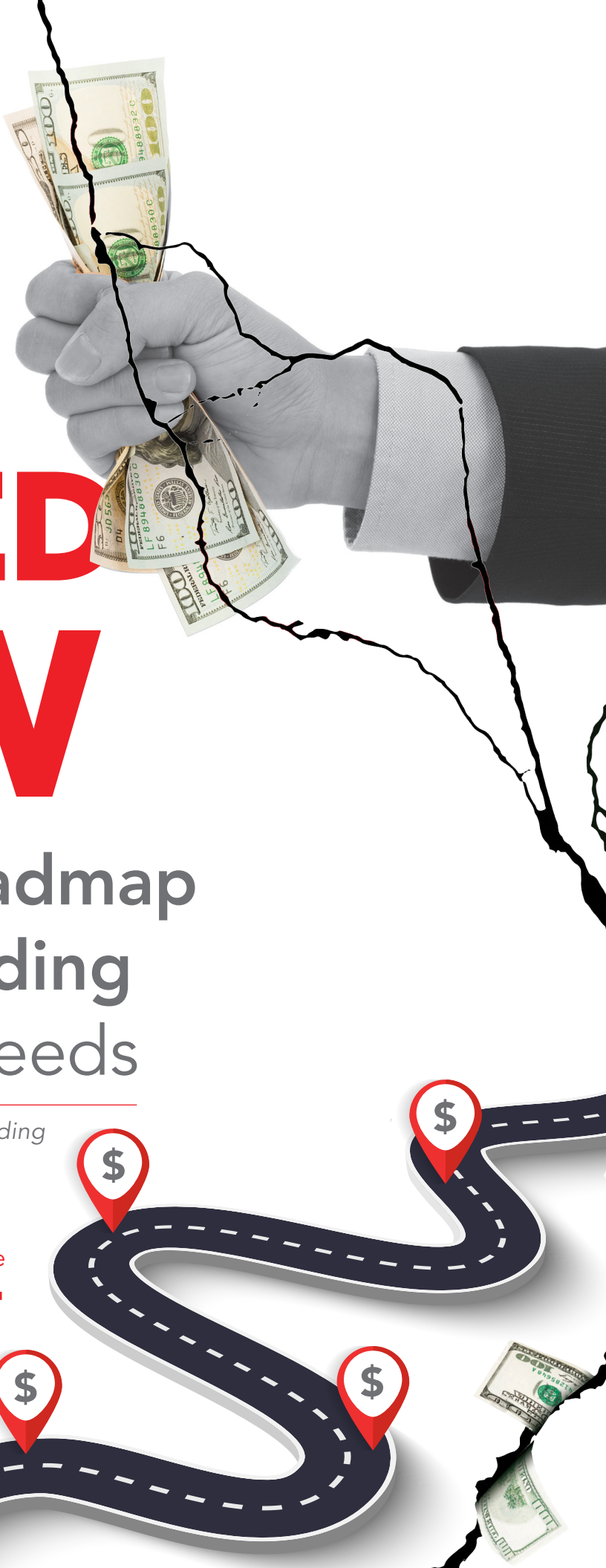
# GET FUNDED NOW

Create Your Roadmap  
to **Get The Funding**  
Your Startup Needs

The Companion Workbook to *Crack the Funding Code*, HarperCollins Leadership 2019

From the bestselling author of *How to be a Power Connector* and *Crack the Funding Code*

**JUDY ROBINETT**



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# What are the Stages of Funding?

One of your most important roles as CEO of your startup is to get in front of the investors that will fund your business at its current stage. As you'll learn from *Crack the Funding Code*, each stage, also known as a round, needs its own special attention. Fundraising is as important an activity as marketing, sales, product development, etc. Set a schedule and goals for the different phases of your fundraising campaign so you can keep the rest of the business going and plan for the contingency that capital may take a while to acquire. Note: not all startups go through each stage in turn, while others may skip some altogether.

## What are the different stages of funding?

### YOU!

The first funder is always you. No one will fund you if you have no skin in the game and are not committed to making your startup a real company. Many people work full-time at their day jobs and focus on their "side business" after work and on weekends. Their startup is funded with their paychecks, credit cards, and loans. This is how most companies start and continue until they outgrow this mode of funding.

### FRIENDS & FAMILY

They see you working, they hear you talking, and they bet on you even if they don't understand your idea. They give you whatever money they can swing, potentially in exchange for equity in the company. There is a lot of pressure to make the business work so you can pay them back. This is the point that you often make the jump to working full-time in your startup. There can be a lot of stress associated with this type of funding, especially when assigning a value to the money received.

### SEED ROUND\*

You're looking for money to grow the "seed" of your business until it becomes viable, with the goal of covering expenses so you can hit your milestones for the next 12 – 18 months. A common way to fund this round is with a convertible note that will price during the next round of funding at a discount to that round. This preserves equity and your ability to actually get the next round funded.

*\*Note: In some businesses, such as technology companies, there may also be a Preseed or Idea Round*

### EARLY STAGE ROUND (aka Angel Round)

Your business is further along, with more customers, and maybe more products. Your revenues have grown but are still not enough to cover expenses (which have also grown), so you need more capital, perhaps from multiple investors. This round can take longer to find investors, as more money is being requested. Investors will either request convertible notes or some kind of equity in exchange for their capital.





### SERIES A ROUND

Your business concept is proven, your ideas are validated, and you might even have made some profit. Investors believe that your company is on the way to acquisition or going public. Competition for this kind of funding is fierce; because the dollar amounts are larger, typically only Venture Capital firms are involved at this stage. Series A investors usually ask for equity and some measure of involvement in the company's management (often a seat on the board).

# Cheat Sheet: The Pros and Cons of Different Sources of Outside Funding





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The good news is that there are more sources of outside funding than ever before. That also means that there is much to consider when figuring out which sources are the best fit for your startup to pursue. This cheat sheet covers the pros and cons of each major outside source of funding, so you can get up to speed in no time.

 FUNDING SOURCE	 WHAT/WHO IS IT?	 PROS	 CONS
Yourself	Investing your own capital.	Shows investors that you're committed to making the business a success.	You may not have extra capital to invest.
Friends & Family	A loan (debt) or investment (equity) from friends and family.	Signals to later investors that you are willing to go to whatever lengths necessary to get your business up and running.	Can complicate relationships if your startup fails and the money is lost. Difficult to value these investments.
Customers	Early-adopting customers who believe in your concept.	You can use incentives to encourage investment in your product or service before it becomes available.	Limited pool with potentially limited access to capital.
Banks	Loans from commercial lending institutions.	Assuming you are able to repay the debt, you do not need to give any equity away and can keep a greater share of the value of the business.	Monthly payments can be a drain on a young company, no matter how well or poorly you are doing. Comes with no additional benefits, like mentoring or other assistance. Usually requires collateral.
Small Business Investment Companies (SBICs)	Privately owned entities associated with the U.S. Small Business Administration (SBA) that use money provided by the SBA as well as their own capital to invest directly in small businesses in the form of debt or equity.	Often brings more to the table than just funds, as SBICs frequently offer mentorship, technical advice and connections.	More likely to invest in more mature businesses that have some cash flow. Not all industries are eligible for funding.





# Cheat Sheet: The Pros and Cons of Different Sources of Outside Funding

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 <b>FUNDING SOURCE</b>	 <b>WHAT/WHO IS IT?</b>	 <b>PROS</b>	 <b>CONS</b>
Grant Programs / State & Local Accelerators	Funding provided to startups that does not need to be repaid. Note: there are also some government-run programs that offer low-interest loans that do not need to be repaid.	Does not dilute ownership or need to be repaid. There are a wide variety of grants available to specific categories of entrepreneurs, through federal, state and local communities, and some corporations.	Startups are required to fulfill certain eligibility requirements. Lengthy and cumbersome application and vetting process. Very competitive.
Incubators	Longer-term mentoring relationships serving a wide diversity of business types. Typically offers startups access to training, facilities, support, and often some sort of funds.	Best for those that have an innovative idea but need help with a business model, regulatory compliance, or reaching the marketplace.	Very rigorous application process with a low acceptance rate.
Accelerators	Short-term programs (several months) with the goal of making a startup more "investor-worthy." Typically tech focused with small amount of funds invested in return for small equity stake in business.	Access to coaching and investor introductions. Investors may view accelerator program graduates as "vetted," offering better opportunities for returns. Provides access to pitch to venture capitalists.	Founder might need to relocate to program's location for duration. Requires large amount of time and is not guaranteed to result in funding.





# Cheat Sheet: The Pros and Cons of Different Sources of Outside Funding

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 <b>FUNDING SOURCE</b>	 <b>WHAT/WHO IS IT?</b>	 <b>PROS</b>	 <b>CONS</b>
Angel Investors	Wealthy investors who invest their own money in promising startups, usually in exchange for equity and sometimes for a combo of debt and equity.	Offers funding, deep mentorship, networking, distribution, and time. Since angels are investing on their own behalf, the turnaround time is faster to receive funds. They also consider factors other than return, such as causes, regions, or categories they wish to support.	Angel investors set the bar high for your relationship and also tend to have / want a larger say than other investor types.
Venture Capital (VC) Firms / Private Equity (PE)	Firms that invest other people's money from a variety of sources in exchange for equity.	Large sums are available for investment. Venture-backed companies tend to grow faster, be more innovative, have more sales, faster time to market, and are more likely to go public and do better after IPO.	These firms expect a high multiple on their investments and seek greater control of the company through board seats or provisions to replace founders with professional management.
Corporate Venture Capital (CVC)	Large companies like Google and Intel with departments that focus on identifying and investment in innovative technology startups.	Offers access to corporate facilities and skilled R&D personnel, plus greater manufacturing and regulatory know-how. May be more likely to acquire startup.	Corporation may simply adapt the new technology without acquiring the startup. Therefore, having specific legal protections in place is key.

# Cheat Sheet: The Pros and Cons of Different Sources of Outside Funding

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 <b>FUNDING SOURCE</b>	 <b>WHAT/WHO IS IT?</b>	 <b>PROS</b>	 <b>CONS</b>
Family Offices	Manage assets and investments of high net worth individuals and families.	Lesser known funding option.	Historically focused on wealth preservation rather than growth, but that is changing over time.
Crowdfunding	The use of online platforms, such as GoFundMe and Kickstarter, to gather small amounts of money from a large and distributed network of individuals.	Entrepreneurs can retain better control over their companies, set terms with investors, and get non-dilutive capital. Can be a complement to other forms of funding.	Regulations in different countries can be complex. Investor transparency into the workings of the startup is crucial, which may expose too much of a business plan and technology to competitors before they have the resources to compete.
Initial Coin Offerings (ICOs) & Securities Token Offerings (STOs)	Cross between an IPO and crowdfunding, in which a startup's "digital currency" or "tokens" are sold to investors in exchange for equity share.	Tokenized investments are more liquid than other kinds, meaning investors might be able to expect a return more quickly than in a typical VC or angel investing structure.	It is very complex to set up and run an ICO. It is recommended to consult with an investment attorney and CPA beforehand. ICOs have fallen out of favor with the SEC.

# High-Potential Startup Checklist: The 9 Keys to Funding

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Investors identify a high-potential entrepreneur by looking for two characteristics: (1) the entrepreneur understands the investors' objectives, and (2) the entrepreneur builds their startup with the exit strategy (how / when will the investor make money) in mind.

By understanding and taking action on the 9 keys of funding, you'll make it easy for investors to see you as a high-potential startup and say "yes" to investing! Note: For in-depth information on each of the keys to funding, refer to the related chapter in *Crack the Funding Code*.



KEYS TO FUNDING	TIPS & TRICKS	ACTION ITEMS
<b>1. Understanding of what goes on in investors' heads</b> (Chapters 1 and 2)	Having a good idea for your business isn't enough. You need to position yourself and your business attractively. What are the investor's objectives? What keeps them up at night? What kind of people do they want to work with? Take their time seriously.	<input type="checkbox"/> Think of the investor as a different kind of "customer," so you can meet their needs and make a "sale."
<b>2. Seeking the right funding from the right sources for your startup</b> (Chapters 3, 4, and 5)	It's all about a good match. What is your industry, location, and stage of development? Investors often specialize in particular industries or geographic areas. Some are only interested in late-stage opportunities; others focus on early-stage deals.	<input type="checkbox"/> Review the sources of funding worksheet in this workbook and make a list of the best " <a href="#">Sources of Funding</a> " for where you are in your journey. Then, use the " <a href="#">Where's the beef?</a> " checklist to go find some potential investors!
<b>3. Great founder and team</b> (Chapter 6)	Investors are looking for a great founder and a great team who are passionate about the business and are in it for the long-haul. Make sure your house is in order, that your vision is clear, and your energy and enthusiasm levels are high. Surround yourself with the best team you can.	<input type="checkbox"/> It's never too early to start viewing yourself as CEO of your startup. Make sure you are polished, professional, knowledgeable, collaborative, open-minded, dedicated, and committed to the success of this business. Then make sure you convey that.



# High-Potential Startup Checklist: The 9 Keys to Funding

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KEYS TO FUNDING	TIPS & TRICKS	ACTION ITEMS
<b>4.</b> Solid business plan / executive summary with realistic profitability projections (Chapter 7)	This is where you get down to the nitty-gritty of your business. This should describe your customers, product, go-to-market strategy, competition and financials.	<input type="checkbox"/> Use the templates provided along with this workbook to develop a blockbuster two-page business plan / executive summary.
<b>5.</b> Compelling pitch (Chapter 8)	Once you get in front of potential investors, it's time to WOW them with a compelling pitch that tells the story of your business. If you can't sell to potential investors, they will be concerned that you can't sell to customers when it's time.	<input type="checkbox"/> Use the pitch deck template provided along with this workbook to craft your story. Your pitch should be memorable and concise with a strong value proposition. Watch <i>Shark Tank</i> to see which pitch styles succeed and which fail. Are there tips you can pick up? If you need help with your presentation style, consult a presentation coach.
<b>6.</b> Knowledge of the 6 kinds of risk (Chapter 9)	The 6 kinds of risk concerning investors are product, market, management, execution, financial and competitive risk. Brainstorm strategies and suggestions to mitigate these risks and eliminate any possible funding roadblocks.	<input type="checkbox"/> Make it easy for investors to say yes. Run through your pitch with professionals, asking them for honest advice. The SBA, SCORE, SBDC and Chamber all have folks happy to help. Review <a href="#">Pitchbook News</a> .

# High-Potential Startup Checklist: The 9 Keys to Funding

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KEYS TO FUNDING	TIPS & TRICKS	ACTION ITEMS
7. Clear exit strategy (Chapter 10)	Investors want to know how and when they'll see a return on their investment, which usually doesn't come until there is an "exit." 95% of exits are from strategic sales. Very few exits are an IPO.	<input type="checkbox"/> Do research on how / when similar companies were sold and what return the investors received.
8. A clean deal (Chapter 10)	Once you have an investor interested, it's time to crystallize the terms of the deal in a way that works for you and your investors. The more transparent and clear the deal is, the more attractive it will be.	<input type="checkbox"/> Create a term sheet detailing exactly what investment you are looking for and what the investor will get in exchange. The goal is to view investors as partners, not adversaries. Have your lawyer and a successful entrepreneur review. Don't be greedy. Hogs get slaughtered.
9. Legal process and due diligence strategies (chapter 11)	Once you've completed and returned the term sheet, investors will do due diligence to find out as much as possible about your company, identify key risks, and develop a risk mitigation plan with you. You must also research investors and find out if they have a history of litigation and how they deal with conflicts. After you do a deal, you can't "divorce" an investor, and lawsuits can be ugly both emotionally and financially. Listen to your gut and avoid the "dark triad" of Machiavellis, narcissists, and sociopaths. Assuming no major issues, contracts will be drawn up and executed.	<input type="checkbox"/> From day one of your startup, keep in mind that you are preparing for eventual due diligence and keep things as organized, above-board and clear as possible. Be prepared, be honest, and be open. Read the " <a href="#">Due Diligence Checklist</a> " for more detailed info. Also, use this time to evaluate whether you want to work with this investor based on their behavior during this process.

# Where's the Beef?

## A Checklist to Identify Potential Investors

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It's crazy to think that there are people out there just waiting to fund your startup, but it's true. You just need to know where to find them. Investors are looking for a good deal.

1

Google is a great resource. Google "angel investors in [your state]," and "early stage VCs in [your state]".

**Example:** See what happens when googling "Angel Investors in Utah."





**All** Images News Shopping Maps More Settings Tools

About 9,360,000 results (0.44 seconds)

✓ **Utah Angel Investors - AngelList**

<https://angel.co/utah/investors> ▼

Browse 4964 **Utah angel investors**. Explore their angel investments and backgrounds. See how you're connected.

✓ **Park City Angels**

<https://www.parkcityangels.com/>

The Park City **Angels** are a group of 50+ accredited **investors** located in Park City, **Utah**. We are looking to invest in promising opportunities that have obtained ...

✓ **Utah Startup Funding | Grow Utah**

[www.growutah.com/funding](http://www.growutah.com/funding) ▼

**Utah Investors**. Kickstart Seed Fund. We are a seed fund. SLC **Angels**. Park City **Angels**. Peak Ventures. Pelion Ventures. **Utah Angels** 2. University Impact Fund. Plus 550.

✓ **Angel Investors in Utah - Business Investment in Salt Lake City & Utah**

<https://www.angelinvestmentnetwork.us/angel-investors-utah> ▼

Find local entrepreneurs in **Utah** looking to expand or start up a new ... Connect with **investors**, both locally and globally via the **Angel** Investment Network.

2

Google and review online platforms geared towards connecting investors and entrepreneurs for early-stage deals. Some of the best known are: [gust.com](http://gust.com), [angel.co](http://angel.co), [dealflow.com](http://dealflow.com), [fundersclub.com](http://fundersclub.com), [wefunder.com](http://wefunder.com) and [seedinvest.com](http://seedinvest.com).

You may want to add your profile.

# Where's the Beef?

## A Checklist to Identify Potential Investors

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3

Find three local angel groups in your city or state and review their websites. Pay attention to the questions asked. Here is a sample from the New York Angels in New York City ([newyorkangels.com](http://newyorkangels.com)), arguably one of the best angel groups globally:

1. Are you looking to raise between \$100,000 and \$1,000,000 with one group?
2. Does your business have proof of concept and is it poised for fast growth?
3. Are you looking for access to over 100 business leaders in New York City?
4. Are you interested in talking to the leading investment group for early-stage companies in New York City?
5. Are you looking to collaborate with industry leaders to achieve your growth targets?

4

There are several angel capital member organizations with a wealth of knowledge and links to member angel groups and individual accredited investors. A good place to start is with [angelcapitalassociation.org](http://angelcapitalassociation.org)

5

Visit the website for the National Venture Capital Association (NVCA) at [nvca.org](http://nvca.org). Here you will find VC groups across the U.S. There are also associations dedicated to VC groups outside of the U.S. Such sites are rich with valuable resources.

6

The majority of family offices now invest in early stage companies. Google to locate those near you and call them. [The Family Office Association](http://TheFamilyOfficeAssociation.com) is also a great information source to explore.

7

Attend an angel investor event or conference. These are held throughout the US and are a great way to meet investors. [The Global Corporate Venturing and Innovation Summit](http://TheGlobalCorporateVenturingandInnovationSummit.com) is one such event that focuses on global corporate VCs, shareholders, and innovation professionals.

## How to Become a Startup Expert

Taking a startup from innovative idea to actual company usually takes outside capital. And while founders may be experts at running their businesses, seeking investors adds a whole new level of complexity. The goal should be to make fundraising as efficient and effective as possible. The best way to do that is to know your numbers (cash burn rate, capital structure, and capitalization table), set your funding goals, target the investors you wish to reach, and create a funding roadmap. All of this is covered in more detail in chapter 4 of *Crack the Funding Code*. However, you don't need to reinvent the wheel since every community is packed with experts who can help you understand what you need to know. The first step is to identify them and then reach out to them. Use the table below to guide your research on who you need to talk to, then schedule a coffee meeting. Trust me, the person you least expect will have an amazing contact for you.

Share your story, then ask my two Golden Questions:

- What other ideas do you have for me?
- Who else do you know that I should talk to?

SOURCE	NAME	EMAIL	PHONE
Local Small Business Development Ctr. (SBDC)			
Small Business Administration (SBA)			
Investment Banker			
Chamber of Commerce			
Law Firms			
Accountant Firm			
Local Banks/ Credit Unions			
Business-minded Politicians			
Professors from Universities			
Friends / Family who may have startup experience (look on LinkedIn)			
Business Owners			

# 10 Questions for Other Startup Teams

Other startups are a treasure trove of valuable information. Invite another founder for coffee at the next industry conference, or set up a quick conference call.

When you get in front of them, make sure to ask some of these questions:

- 1 What path did you take when seeking funding?  
\_\_\_\_\_
  - 2 How do you attract talent? Who was your first hire? Why?  
\_\_\_\_\_
  - 3 What problems should I try to avoid?  
\_\_\_\_\_
  - 4 What is your biggest threat?  
\_\_\_\_\_
  - 5 What is the best advice you can offer someone in my position?  
\_\_\_\_\_
  - 6 What would you do differently, if you were to start again?  
\_\_\_\_\_
  - 7 Where do you see yourself in 5 years? What's your exit strategy?  
\_\_\_\_\_
  - 8 What other ideas do you have for me?  
\_\_\_\_\_
  - 9 Who else do you know that I should talk to?  
\_\_\_\_\_
- And . . .**
- 10 What can I do to be of assistance to you?  
\_\_\_\_\_

Remember, effective networking and relationship building are all about give and take, so make sure you give as good as you get. See the "Top 8 Ways of Adding Value" page in this workbook for more.

# Potential Investor Evaluation Matrix

Not all investors are created equal, and not all investors and startups are good fits for each other. The first step in finding the right investor for you is to envision your “dream team” of investors and figure out what qualities are the most important to you.

Ideally, you should target 20 to 40 investors to research thoroughly. You’ll find an Excel version of this matrix accompanying this workbook.

Do You Need:	How Important <small>Assign each criterion a weight to total 100%</small>	Investor 1 <small>Rate on a scale of 1–10 for each criterion</small>	Investor 2 <small>Rate on a scale of 1–10 for each criterion</small>
Market Expertise			
Customer Insights			
Connections			
Financial Acumen			
Product Development			
Product Distribution			
Manufacturing Expertise			
Industry Maverick			
Brand Builder			
Early-stage Investor			
Seed-stage Investor			
Series A Investor			
Specific Location			
Specific Industry			
Type of Investor Desired <small>(ie: Angel, VC, Accelerator, etc.)</small>			
Other Criteria <small>(fill in the blank)</small>			
<b>TOTAL</b> <small>(to equal 100%)</small>			

# How to Put Yourself in the Right Room for Opportunity

You want reach individuals that can be helpful to you and your business; you'd like to get to know leaders in your professions and communities. But you might not have access to where those people congregate or know where to start looking in the first place. So, you might find yourself at networking events where you shake hands with a lot of other businesspeople just like you—in other words, you're in the wrong room for your goals. Here's an exercise to make sure you're in the right room.



**Identify the following:**

**Current Investors:**

*Those likely to refer me to future investors.*

**Previous**

**Benefactors:**

*Those who have invested with others.*

**Other VC's**

**& Angels:**

*Those whom I would like to target.*

**Centers of**

**Influence:**

*Do I share mutual professional connections?*

**Friends &**

**Colleagues:**

*My target's friends & colleagues.*


*The biggest secret to successful networking is to do whatever you can to add value to the other person. Before people are willing to help with the big things, they must know you, like you, and trust you, and that happens as a result of regular, value-added contact through time.*



## Top 8 Ways to Add Value to Others When Networking

My first book, *How to be a Power Connector*, is all about the value of networking, a concept that could not apply more when seeking investors for your startup. Strategic networking is the key to your success. Even if you view yourself as shy, rest assured that networking is a skill that can be learned. First, take a look at the people you already know and make sure that they know your story and what you're trying to achieve. Use the network exercise template accompanying this workbook to help you realize that you're more connected than you think. Then, use chapter 5 of *Crack the Funding Code* to network your way to the right investors. The biggest secret to successful networking is to do whatever you can to add value to the other person. Here are the top 8 ways to add value to others when networking. Just make sure to do your homework and research the investor first!

### Ask yourself, "How can I help this person today?"

- 1 Can I offer better information about a subject that interests them?
- 2 Can I offer them opportunities for increased income?
- 3 Do I have key contacts who they might be interested in meeting? Are there any introductions I can make on their behalf?
- 4 Are there any favors I can do for them?
- 5 Do I know of other startups that might be suited to this investor or one of his colleagues?
- 6 Do I have a contact in my network that can help the investor learn about new ideas from universities, laboratories, etc.
- 7 Do I have any access to info in an area that's not public? Can I point the investor toward new technology that might represent a funding opportunity?
- 8 Do I share a particular hobby or charitable interest that I can share ideas or tips on?

The key to long-term success, in fundraising as in everything else, is to become a conduit of resources, information, connections, money, and ideas. Nothing happens without people.



# Interview Evaluation Form

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When pitching your business to a potential investor, they will evaluate you according to several important criteria. The following is an example of an actual evaluation form from Springboard Enterprises, a non-profit 501(c)3 organization based locally in the U.S.A. but acting globally to accelerate women entrepreneurs' access to growth capital.

Presenting Company Name: \_\_\_\_\_

## Assessment of the Business

(i.e.: Product, Business Model, Opportunity, IP/Regulatory Pathway, Stage, Team)

### STRENGTHS

### WEAKNESSES

## Assessment of the Presenter

(i.e.: Experience, Coachability, Presentation) \_\_\_\_\_

## Recommendation:

Do you recommend this company for Springboard?

☐

Yes

☐

No

If selected, would you be willing to coach this company?

☐

Yes

☐

No

## Follow-up:

If selected, what expertise should we find and include on their Advisory Team? \_\_\_\_\_

Can you recommend anyone who fits that profile? \_\_\_\_\_



# Due Dilligence Checklist

Provided by [Next Wave Impact](#)

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Due diligence is a very important part of the funding process. Our friends at Next Wave Impact fund shared their due diligence checklist with us, and we'd like to share it with you. By knowing in advance what investors are looking for, you can set yourself up for success from day one.

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## I. Financial Information

### A. Annual and quarterly financial information for the past 3 years

1. Income statements, balance sheets, cash flows, and footnotes
2. Planned versus actual results
3. Management financial reports
4. Breakdown of sales and gross profits by:
  - a. Product Type
  - b. Channel
  - c. Geography
5. Current backlog by customer (if any)
6. Accounts receivable aging schedule

### B. Financial Projections

1. Quarterly financial projections for the next 3 fiscal years
  - a. Revenue by product type, customers, and channel
  - b. Full income statements, balance sheets, cash
2. Major growth drivers and prospects
3. Predictability of business
4. Risks attendant to foreign operations (e.g., exchange rate fluctuation, government instability)
5. Industry and company pricing policies
6. Economic assumptions underlying projections (different scenarios based on price and market fluctuations)
7. Explanation of projected capital expenditures, depreciation, and working capital arrangements
8. External financing arrangement assumption

### C. Capital Structure

1. Current shares outstanding
2. List of all stockholders with shareholdings, options, warrants, or notes
3. Schedule of all options, warrants, rights, and any other potentially dilutive securities with exercise prices and vesting provisions
4. Summary of all debt instruments/bank lines with key terms and conditions
5. Off balance sheet liabilities

# Due Dillgence Checklist

Provided by [Next Wave Impact](#)

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## D. Other financial information

1. Summary of current federal, state, and foreign tax positions, including net operating loss carryforwards
2. Discuss general accounting policies (revenue recognition, etc.)
3. Schedule of financing history for equity, warrants, and debt (date, investors, dollar investment, percentage ownership, implied valuation, and current basis for each round)

## DI. Products

### A. Description of each product

1. Major customers and applications
2. Historical and projected growth rates
3. Market share
4. Speed and nature of technological change
5. Timing of new products, product enhancements
6. Cost structure and profitability

## III. Customer Information

- A. List of top 15 customers for the past 2 fiscal years and current year-to-date by application (name, contact name, address, phone number, product[s] owned, and timing of purchase[s])
- B. List of strategic relationships (name, contact name, phone number, revenue contribution, marketing agreements)
- C. Revenue by customer (name, contact name, phone number for any accounting for 5 percent or more of revenue)
- D. Brief description of any significant relationships severed within the last 2 years (name, contact name, phone number)
- E. List of top 10 suppliers for the past two fiscal years and current year-to-date with contact information (name, contact name, phone number, purchase amounts, supplier agreements)

## IV. Competition

- A. Description of the competitive landscape within each market segment, including:
  1. Market position and related strengths and weaknesses as perceived in the marketplace
  2. Basis of competition (e.g., price, service, technology, distribution)



# Due Dillgence Checklist

Provided by [Next Wave Impact](#)

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## V. Marketing, Sales, and Distribution

### A. Strategy and implementation

1. Discussion of domestic and international distribution channels
2. Positioning of the Company and its products
3. Marketing opportunities / marketing risks
4. Description of marketing programs and examples of recent marketing / product / public relations / media information on the Company

### B. Major Customers

1. Status and trends of relationships
2. Prospects for future growth and development
3. Pipeline analysis

### C. Principal avenues for generating new business

### D. Sales force productivity model

1. Compensation
2. Quota Average
3. Sales Cycle
4. Plan for New Hires

### E. Ability to implement marketing plan with current and projected budgets

## VI. Research and Development

### A. Description of R&D organization

1. Strategy
2. Key Personnel
3. Major Activities

### B. New Product Pipeline

1. Status and Timing
2. Cost of Development
3. Critical Technology Necessary for Implementation
4. Risks

## VII. Management and Personnel

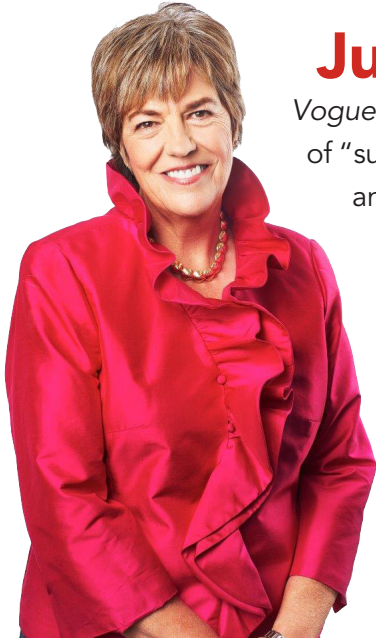


# Due Dillgence Checklist

Provided by [Next Wave Impact](#)

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- A. Organization Chart
- B. Historical and projected headcount by function and location
- C. Summary biographies of senior management, including employment history, age, service with the Company, years in current position
- D. Compensation arrangements
  - 1. Copies (or summaries) of key employment agreements
  - 2. Benefit plans
- E. Discussion of incentive stock plans
- F. Significant employee relations problems, past or present
- G. Personnel Turnover
  - 1. Data for the last two years
  - 2. Benefit plans
- VIII. Legal and Related Matters
  - A. Pending lawsuits against the Company (detail on claimant, claimed damages, brief history, status, anticipated outcome, and name of the Company's counsel)
  - B. Pending lawsuits initiated by Company (detail on defendant, claimed damages, brief history, status, anticipated outcome, and name of Company's counsel)
  - C. Description of environmental and employee safety issues and liabilities
    - 1. Safety precautions
    - 2. New regulations and their consequences
  - D. List of material patents, copyrights, licenses, and trademarks (issued and pending)
  - E. Summary of insurance coverage/any material exposures
  - F. Summary of material contacts
  - G. History of SEC or other regulatory agency problem, if any



**Judy Robinett** has been profiled in *Fast Company*, *Forbes*, *Vogue*, CNN and *Bloomberg Businessweek* as a sterling example of the new breed of “super connectors” who use their experience and networks to accelerate growth and enhance profitability. For more than 30 years, she has helped entrepreneurs find needed capital by connecting them with venture capitalists, angel investors, and other sources of funding. Known as “the woman with the titanium digital Rolodex,” Robinett has served as the CEO of both public and private companies and in management positions at Fortune 500 companies. She has been on the advisory boards of Illuminate Ventures, Pereg Ventures, Springboard Enterprises, and Pipeline Angels accelerators. She was a managing director of Golden Seeds Angel Network (the third most active angel investment group and one of the largest in the U.S.); the CEO of publicly traded Medical Discoveries; and served on the faculty of Goldman Sachs’s 10,000 Small Businesses program.

Previously, Robinett was a member of the Department of Commerce team that defined performance criteria for the Malcolm Baldrige National Quality Award for Performance Excellence in Healthcare, for which she received an award from the White House. She regularly presents workshops and keynotes, and has given hundreds of speeches worldwide for audiences at NASA, TEDx, MIT, AT&T, and Walmart. She is the author of *How to Be a Power Connector: The 5+50+150 Rule* (McGraw-Hill), named the #1 Best Business Book of 2014 by Inc.com; coauthor of a chapter in *Crowdfunding for Dummies* (Wiley, 2013); and is set to release her newest book, *Crack the Funding Code: How Investors Think and What They Need to Hear to Fund Your Startup* (AMACOM/HarperCollins Leadership) in 2019.

Learn more and sign up for free startup and networking tips at [www.judyrobinett.com](http://www.judyrobinett.com), and connect with Robinett on Twitter ([@judyrobinett](https://twitter.com/judyrobinett)) and LinkedIn ([LinkedIn.com/in/judyrobinett](https://www.linkedin.com/in/judyrobinett)).

*Crack the Funding Code* is available for purchase through [Amazon](https://www.amazon.com), [Barnes & Noble](https://www.barnesandnoble.com) and all major booksellers.

