

## What do you want to do with this Company?

This document is an attempt to put together a quick, structured approach and checklist for key items to consider during planning for a startup company. The title and first big question comes from my own experience with my first startup. In the early planning stages while my partners and I were all very excited and sure of our brilliant ideas I was reviewing our big plans with some of my trusted advisors. So I made a call to a respected colleague who was a successful lawyer experienced with international technology companies. I rambled through my elevator pitch and enquired if he might be able to give me some advice on setting up the legal entity, etc. His first question was, "What do you want to do with this company?" and it stopped me in my tracks. What did he mean? I didn't have an answer. I think he sensed my stunned silence over the phone and kindly offered more explanation in the form of additional questions: "Do you want to work for the company? Build it up and sell it? Go public? Pitch it to Venture Capitalists?" In other words, "What's the exit strategy?"

From this I realized that I had a general sense of what I wanted to do, but it was far from mature enough to impress anyone yet – potential customers, suppliers, employees - let alone anyone who would offer funding if we needed it. I felt like a complete idiot. So I picked my ego up off the floor and started thinking from scratch all over again. It may seem odd to be thinking about things like "exit strategy" or how to get out of a company when you haven't even started it yet, but that's what planning is all about. And it's one of the first things that successful people who look at companies for funding or purchase ask.

This document won't ask every question or guarantee success, but I'm hoping it challenges you as you think about your potential new or recently started venture. Starting a business isn't for the faint of heart, especially with the statistics showing how the vast majority fail. But it is an incredible learning experience regardless of the results. If you decide to move forward, arm yourself with as much good information as you can, surround yourself with A players, and enjoy the ride. I wish you every success!

– Tom Wolf

## Owner Motivation, Readiness, and Thoughts

What is the problem you are trying to solve and what is your solution to it?

What do you want to do with this company (what is the exit strategy)?

- Get funding?
- Go public?
- Build and sell?
- Manage and work for until retirement?

Can you afford to go with no income for at least 6 months to a year (or longer depending on the business plan for the company)?

What is your back-up plan / fallback job in case the plan doesn't work out?

What are your time frames for launching the company?

- Any limitations / constraints?
- Market window?

Do you have a business plan with numbers and a documented strategy?

Will this be a product or service based company?

How familiar are you with the overall marketplace you will be entering?

- Product and service offerings
- Pricing
- Margins and profitability
- Competition and their business models
- Legal / regulatory issues

Do you have a first customer lined up?

- Do you already have target / potential named customers?

How does your business background fit with this company?

Does starting this company fit with your personal goals (life, family, investments, where you will live, when you will retire, etc.)?

How large a company do you want it to be?

- Number of employees
- Number of customers
- Number of locations

## Strategy

What is your company's value proposition / main competitive differentiator?

Why would a potential customer chose you over other companies?

Can you articulate quickly and clearly the "mission statement" of the company?

What is your niche? What do you do better than anyone else?

Who will be your main customers?

What Industry / Vertical?

Commercial / consumer / government?

What is the geography?

Regional

US / country-wide

Global

What are your main product and / or service offerings?

Can each of these be very clearly defined?

Who is the competition (consider both direct and indirect competition)?

How many competitors?

How well established are they?

If this is a "new idea" (IE the product or service doesn't exist), what are the barriers to entry that would prevent someone else (especially a bigger company) from developing and offering the same thing?

Patent?

Unique technology that is very hard to duplicate?

Who will be your key suppliers?

Will you work with partner companies? If so what is the joint value proposition?

IE - what does each party bring to the table that they can't bring on their own?

Will you need funding?

How much?

Where will you get this?

What technologies will your company rely on?

What will your key business processes be?

Has market research been done?

Is there a Marketing & Sales strategy?

What will be the main method of marketing and selling your product / service?

Are there numeric objectives and targets?

Is pricing defined?

Will revenue be one-time or recurring?

- One-time sale
- License
- Subscription
- Follow-on services and maintenance contracts

Is the difference between Strategic vs. Tactical decisions and plans understood?

When will strategy be reviewed / checked?

What will be the frequency of goals and financial target reviews?

## Team

### Management and Administration

Is there one "leader" / owner / driver or are their partners?

How will decisions be made?

Does the management structure tie directly to the financial and legal structure?

IE – funding owners / managing partners listed in founding documents

Will you have a board of directors / advisors?

What are the key Management / Leadership team members needed to start?

CEO, CFO, VP Marketing & Sales, Operations / Manufacturing, Engineering, IT / Technology, HR

Are there clear roles and responsibilities for ALL team members?

How will you attract top-talent?

### Employees

How many employees will you need?

Timing?

How is growth determined / addition of employees justified?

What employment agreement types are required?

- Full-time
- Part-time
- Contractor

Are formal Job descriptions or solid role documents in place?

Is the career path with your company defined and clear?

Are performance reviews planned? (What is the quality of employees and how is this assessed)?

Formal or informal?

Documented?

Frequency?

How will you recruit new employees?

Is there a defined interview process with clear hiring decision criteria?

## Products / Services

How many products and services will you offer?

Timing of each?

Multi-generation Product Plans in place?

Has the product life cycle been determined?

Is each product clearly defined? (Articulate the Value Proposition)

Customers for each product defined?

Has competitive analysis been done for each product?

Why will buy this from you?

Who else offers?

What is currently available?

Timing issues?

What are your core competencies that suggest this will succeed?

Time to develop?

Cost to develop?

Pricing strategy?

Level of customization required per client?

Cost to support?

How marketed / promoted?

How sold?

Sales cycle – long / short?

How delivered / implemented?

Contracts

Licenses

Service agreements

Warranties

Add-on products and services?

Financial Expression – ROI for each product or service?

## Market Potential and Customers

Key customers defined?  
Size of total market?  
Competitors market share?  
Barriers to entry?

How will products and services be sold?

### Marketing and Sales checklist:

- Company name
- Logo / corporate identity
- URL, website, e-mail
- Business cards
- Standard presentation and document formats (PowerPoint, Proposals, etc.)

## Finance, Legal, and Admin

Is there a formal, documented business plan that ties to your strategy?  
Sales / Revenue targets  
Costs / Expenses

Who will be your legal counsel?

Who will be your accountant? (Taxes, bookkeeping)

What legal structure makes sense?  
Sole proprietorship, partnership, corporation?  
DBA, LLC, Corp, Non-profit / Not-for-profit

### Admin checklist:

- Articles of incorporation (depending on legal structure)
- Registration and fees (State)
- Federal Tax ID number
- Business licenses / permits (if necessary)
- Bank Account(s) and banking services
  - Checking account
  - Savings / Money Market account
- Line of credit / business credit card / debit card
- Cash management services
- Billing / payment services
- Insurance
- Bookkeeping software and recordkeeping system
- Proposal format / template
- Customer Contract / Agreement templates
- Invoice format
- Office space
- Equipment
- Technology and software licenses
- Services (telecoms, ISP, web-site, security)