What is the status of your startup?

1   Purpose of this Tool

The purpose of this tool is to enable startup stakeholders to establish a common understanding of the current status of the startup, which stage it is in (pre-seed, seed, or Series-A), and the next milestones in its evolution. This framework is not intended to be a cast-in-concrete structure for every single situation. The start-up stakeholders must adapt this to their specific situation.

The framework reflects technology enabled services startups intended to grow into businesses with a valuation of at least $100 million. You can adapt this to other situations. This framework does not address fundraising.

This framework is based on the input from numerous founders and investors. Recognize that everyone has different opinions.

2   How to use this tool

1)   Go through the framework, component by component.
2)   Clearly and simply describe where the startup and place the description in the appropriate stage.
3)   Outline the key milestone(s), to get to the next stage and identify who is accountable.
4)   Outline any critical issues.

The facts and assumptions you assemble will feed into the startup's monthly cash flow forecast.

3 The generic framework

The column headings refer to where the startup is at the beginning of that stage.

Component	Pre-seed	Seed	Series A
Product/Service	Idea	MVP (Minimum Viable Product) - A product or service with just enough features to have satisfied early customers, and to have obtained customer feedback for future development.	MVP has been revised until market/product fit is proven. Product/service ready to scale.
Value proposition: This is the customers' perception. What are all the benefits achieved (financial and non-financial) achieved by the customers? What are all the costs incurred by the customer (purchase costs, costs to switch to your company, other adoption costs, ongoing costs)?	Not validated with customers.	Customers have validated the value proposition. Have documented experience with customers to prove satisfaction with MVP. Alpha launch completed and customers in place for Beta launch.	Completed Beta launch. Start to grow, month by month.
Revenue	0$ to < $5K/month	>$5k/month	>$100k/month
Market Traction - Customer/Revenue growth	None. Might be a pilot customer.	Starting to generate revenue, increasing month by month	6+ months of 10% growth per month

Component	Pre-seed	Seed	Series A
Distribution channels i.e. how are you going to get it into the customers hands.	None	Initial identification and discussion with distribution channels.	Distribution channels in place, with low volume.
Profitable?	No	No	No. May be profitable 18-36 months in the future
Scalable?	No	No	Technology enables scaling at low marginal cost. Processes in place to enable growing talent.
Intellectual property	Maybe	Maybe	Must have legal or other protection in place
Co-Founders team	1-4 co-founders, could be part time.	2-4 full time co-founders	2-4 full time co-founders
Overall team	Co-Founders with relevant skills and experience.	Co-founders + 1-5 people with relevant skills and experience.	Co-founders plus 5-20 people with relevant skills and experience.
How long until run out of money	Personal cash flow plus friends and family will sustain co-founders.	6-18 months	6-18 months
Advisory board, with regular communications processes in place.	1-2 industry credible experts	3-6 successful entrepreneurs, industry experts	6+ successful entrepreneurs, investors, industry experts
Board of Directors	None	1-2 co-founders	1-2 co-founders, 1 successful entrepreneur, prominent investor or industry leader

Component	Pre-seed	Seed	Series A
Corporate governance: decision making, etc.	Informal	Clear decision-making roles. Incorporation results in legal, financial, reporting requirements and policies.	Decision making roles clear for investors, shareholders, board, and management. Having employees drives requirement for talent policies and processes.
Is the business viable	Unknown	Unknown	Yes. The question is, can the business scale successfully?
Source of funds	Personal, family, friend, fans, incubators, accelerators, government	Angel investors, lead investor.	Investors with deep pockets who can fund future rounds. Startup debt providers.
Financial ask	<$50K - $250K	$500K - $2 million	$2 million to $10 million
Market place communications	Little or none	Website, newsletter, and social media begun.	Enhanced website, newsletter, and social media processes.
Investor engagement and relationship management	Little or none	Defined the characteristics of target investors and investor introduction approach.	CRM technology and processes in place to manage investor and investor ecosystem relationships.
Cash Flow Forecast	Likely none	Monthly cash flow forecast and tracking	Monthly cash flow forecast and tracking. Ties to key milestones.
Financial and operational metrics	Likely none	Know what the metrics should be. Initial targets set.	6+ months historical reporting of financial and operational metrics.

4 An example of how to fill in the framework

The column headings refer to where the startup is at the beginning of that stage.

Component	Pre-seed	Seed	Series A	Next Milestone	Date and accountability
Product/Service	Founders believe they have a MVP. There are no customers using the MVP and no customer feedback.			Sign up a pilot customer.	By March 22, 2019. Sarah.
Value proposition: This is the customers' perception. What are all the benefits achieved (financial and non-financial) achieved by the customers? What are all the costs incurred by the customer (purchase costs, costs to switch to your company, other adoption costs, ongoing costs)?	10 one-on-one customers interviews have been done. A draft value proposition has been documented.			Revise the value proposition based on feedback following each of the first 5 customers who actually use the MVP.	The dates depend upon customer sign up. Jane.
Advisory board, with regular communications processes in place.	There are several advisors. No industry credible experts. No group meetings. No regular communications process.			Define the value and expectations for the advisory board. Recruit one industry credible expert.	April 17, 2019 Joan

5 Your startup's current situation and future milestones

Component	Pre-seed	Seed	Series A	Next Milestone	Date and accountability
Product/Service					
Value proposition: This is the customers' perception. What are all the benefits achieved (financial and non-financial) achieved by the customers? What are all the costs incurred by the customer (purchase costs, costs to switch to your company, other adoption costs, ongoing costs)?					
Revenue					

Component	Pre-seed	Seed	Series A	Next Milestone	Date and accountability
Market Traction - Customer/Revenue growth					
Distribution channels					
Profitable?					
Scalable?					
Intellectual property					
Co-Founders team					
Overall team					
How long until run out of money					
Advisory board, with regular communications processes in place.					
Board of Directors					

Component	Pre-seed	Seed	Series A	Next Milestone	Date and accountability
Corporate governance: decision making, etc.					
Is the business viable					
Source of funds					
Financial ask					
Market place communications					
Investor engagement and relationship management					
Cash Flow Forecast					
Financial and operational metrics					

6   What are your critical issues?

Component	
Product/Service	
Value proposition: This is the customers' perception. What are all the benefits achieved (financial and non-financial) achieved by the customers? What are all the costs incurred by the customer (purchase costs, costs to switch to your company, other adoption costs, ongoing costs)?	
Revenue	
Market Traction - Customer/Revenue growth	

Component	
Distribution channels	
Profitable?	
Scalable?	
Intellectual property	
Co-Founders team	
Overall team	
How long until run out of money	
Advisory board, with regular communications processes in place.	
Board of Directors	
Corporate governance: decision making, etc.	
Is the business viable	

Component	
Source of funds	
Financial ask	
Market place communications	
Investor engagement and relationship management	
Cash Flow Forecast	
Financial and operational metrics	

7 Why is it critical to document potential customer interviews?

Written documentation of potential customer interviews is critical to understanding customer because depending upon memory is massive flawed.

People forget 40%-80% of what they hear immediately.   Half the information people do recall, is recalled incorrectly.[1]

I have heard many founders say "I think the customer ….." But they actually haven't listened to the customer

7.1 How can you document potential customer interviews?

You must have a live interview, not emailing or texting. Ideally face-to-face. If not then Skype. Least valuable is on the phone, because the bulk of communications occurs via body language. You may validate your knowledge by sharing some of your notes back with the potential customers.

1) You can record the interview and carefully analyze it afterwards. A successful startup co-founder told me that the co-founders had recorded and analyzed over 300 potential customer interviews in one year.

2) You can have two people in the interview, with one person focused taking notes.

3) You can write down notes immediately after the interview

4) You can take notes during the interview.

7.2 Why do you need minutes of key company meetings?

You need minutes of key company meetings (e.g. board of directors, advisory board, executive committee, etc) for the same reasons you document potential customer meeting. Your company meetings will also contain decisions and future actions. It is crucial that these have a common documented understanding. I find that these minutes often require revision, because of misunderstandings and key items being overlooked.

8 Footnotes

[1] Lindsay Wizowski, Theresa Harper, and Tracy Hutchings, *Writing Health Information for Patients and Families 4th Edition* (Hamilton Health Sciences, 2014), Page 5