

How to Better Manage a Startup's Finances

A Checklist for Challenging Capital Times

1. Business plan and financial model

- Are your resources focused on those aspects of the business that generate value and revenue?
- Are there areas where you can reduce costs without harming core functions and processes?
- Are you prepared for various (including pessimistic) financial scenarios?
- Do you know what is the minimum revenue level and maximum cost level necessary to achieve your plans?
- Do you know how revenues should increase or costs decrease for your business to survive?
- Do all products and business lines generate a sufficient level of gross margin?

2. Expenses

- Have you identified all possible opportunities for cuts or deferrals?
- Is there room to renegotiate terms of agreements with suppliers and lessors?
- Are marketing expenses focused on channels that are most effective in terms of ROI?
- Are there cheaper alternatives to the solutions you're using (e.g., changing suppliers, outsourcing)?
- Are you fully utilizing purchased software licenses?
- Will ongoing development projects contribute to improving the company's financial situation in the foreseeable future?

3. Cash flows

- Do you monitor cash flows?
- Are you sure that the company has sufficient liquidity to cover current obligations?
- Can you speed up the collection of receivables?
- Are payables not being settled with too much time buffer before the due date?
- Is there room to renegotiate payment terms? Are there suppliers in the market offering longer payment terms?

4. Products & Services

- Have you considered introducing more flexible pricing models or promotions?
- Based on your existing know-how and current offerings, can you quickly implement new products that will generate revenue?

5. Customer relationships

- Do you monitor changes in customer needs and preferences?
- Do you regularly communicate with partners (including suppliers and customers)? Do you discuss solutions to reduce costs or otherwise facilitate operations during challenging times?
- Do you know why lost or non-acquired customers chose competitive solutions?

6. Talents in the organization

- Do you take care of key employees?
- Have you considered introducing flexible work arrangements or temporary salary cuts as an alternative to layoffs?
- Do you know the shape of the team necessary to execute the adopted plan?
- Do employees have clearly defined goals and tasks? Do you verify their implementation?

7. Sources of funding

- Do you know what forms of financing are available for your company (e.g., debt financing, crowdfunding, government grants, revenue-based financing, support from business angels)?
- Have you considered strategic partnerships or mergers?
- Do you know the criteria your startup must meet to qualify for a new investment round? Do you include meeting them in your business and financial plans?

8. Technology

- Are there any areas of business where AI could increase efficiency and reduce costs?
- Have you automated business processes wherever it allows to reduce operational costs?

9. Organisational culture

- Does the organizational culture of your startup promote adaptability to change and innovation?
- Are you ready to quickly adjust strategies and action plans to changing market conditions?

10. Notes

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