

# Funding Readiness Checklist

This **Funding Readiness Checklist** is designed to help you conduct a rigorous self-audit before you approach angel investors, VCs, or lenders.

Securing external capital is not just about having a great idea; it is about proving that your business is a de-risked, scalable investment vehicle.



## Phase 1: Strategic Vision & Business Model

*Do you have a clear path to profitability and scale?*

1. **[ ] Problem-Solution Fit:** Can you articulate a specific, painful problem and how your solution solves it better than anyone else in one sentence?
2. **[ ] Scalable Business Model:** Have you defined exactly how you make money (subscription, transaction fee, licensing) and is this model scalable without linear cost growth?
3. **[ ] Unique Selling Proposition (USP):** Do you have a clear "moat" or competitive advantage (e.g., proprietary tech, network effects, exclusive partnerships)?
4. **[ ] Customer Persona:** Do you have a detailed profile of your ideal customer, supported by actual interviews or data?
5. **[ ] Long-Term Vision:** Can you articulate where the company will be in 5-7 years and how it becomes a significant player in the industry?



## Phase 2: Market & Product Validation

*Is there a market hungry for what you are building?*

6. **[ ] Market Sizing (TAM/SAM/SOM):** Have you calculated your Total Addressable Market using bottom-up logic rather than just citing generic industry reports?
7. **[ ] Competitive Landscape:** Do you have a matrix comparing features, pricing, and positioning against direct and indirect competitors?
8. **[ ] MVP / Product Status:** Do you have a functional Minimum Viable Product (MVP) or prototype that demonstrates core functionality?
9. **[ ] Traction / Proof of Concept:** Do you have quantitative evidence of demand (e.g., paying users, LOIs, waiting lists, DAU/MAU growth)?
10. **[ ] Go-to-Market (GTM) Strategy:** Do you have a proven (or highly plausible) plan for acquiring customers? (e.g., direct sales, SEO, channel partners).



## Phase 3: Financial Health & Metrics

*Do the numbers make sense?*

11. **[ ] Financial Projections:** Do you have a 3-5 year financial model (P&L) that is ambitious but grounded in realistic assumptions?
12. **[ ] Unit Economics:** Do you know your Customer Acquisition Cost (CAC) and Lifetime Value (LTV)? Ideally, is LTV:CAC > 3:1?
13. **[ ] Burn Rate & Runway:** Do you know your current monthly cash burn and how many months of runway you have left?
14. **[ ] Revenue History:** (If applicable) Are your financial statements (P&L, Balance Sheet, Cash Flow) clean, up-to-date, and GAAP/IFRS compliant?
15. **[ ] Use of Funds:** Can you break down exactly how you will spend the investment (e.g., 40% product, 40% sales, 20% ops) and what milestones it will achieve?

## Phase 4: Team & Governance

*Is this the team that can execute the vision?*

16. **[ ] Founder Fit:** Does the founding team have complementary skills (e.g., technical vs. commercial) and domain expertise?
17. **[ ] Key Hires Identified:** Do you know exactly who you need to hire immediately post-funding to remove bottlenecks?
18. **[ ] Cap Table Clarity:** Is your capitalization table (ownership breakdown) clean, current, and free of "dead equity" (inactive founders with large stakes)?
19. **[ ] Advisory Board:** Do you have mentors or advisors with industry clout who can vouch for you?
20. **[ ] Equity Incentive Plan:** Have you set aside an option pool (usually 10-15%) for future employees?

## Phase 5: Legal, IP & Compliance

*Are there any "skeletons in the closet" that will kill due diligence?*

21. **[ ] Entity Structure:** Is the company properly incorporated (e.g., C-Corp in the US, Ltd in UK) in a jurisdiction investor prefer?
22. **[ ] IP Assignment:** Have all founders and early employees signed IP assignment agreements transferring code/work to the company?
23. **[ ] Founder Vesting:** Do founders have vesting schedules (typically 4 years with a 1-year cliff) to protect the company?
24. **[ ] Contracts & Agreements:** Are all client contracts, employment agreements, and partnership MOUs signed and stored in a data room?
25. **[ ] Compliance:** Are you compliant with relevant data privacy laws (GDPR, CCPA) and industry regulations (FinTech, HealthTech, etc.)?

## Phase 6: The Fundraising Assets

*Are you ready to pitch tomorrow?*

26.  **The Pitch Deck:** Is your 10-15 slide deck visually polished, narrative-driven, and reviewed by a third party?
27.  **The One-Pager:** Do you have a compelling 1-page executive summary for cold outreach?
28.  **The Data Room:** Is your virtual data room (Google Drive, DocSend) organized with folders for Legal, Financials, and Team info?
29.  **The Demo:** Can you perform a flawless product demo (live or video) in under 3 minutes?
30.  **Investor List:** Do you have a targeted list of 50+ investors whose thesis matches your stage, sector, and geography?

### Scoring Your Readiness

- **25-30 Checked: Funding Ready.** You are in a strong position to start outreach immediately.
- **18-24 Checked: Near Ready.** You have the basics, but gaps in your financials or legal structure will likely stall due diligence. Fix these before pitching top-tier investors.
- **< 18 Checked: Preparation Mode.** Pitching now may burn bridges. Focus on building traction and cleaning up your house first.