

3.17.1 Technology Company Governance by Stage of Development

Phase	Stage of Development	Accounting	Legal	Board	Investors	Metrics
			from start-up on, all employees and consultants must sign NDAs, non-competes, and IP assignments			In addition to below, each company will have metrics specific to its industry and business plan; e.g. Retention and DARPU for gamers, on-time and on-budget % for enterprise software, etc.
Start-up	in the garage or incubator or lab	Bank statements	Incorporation documents	Uncle Fred	4F's: Founders, family, friends and fools	cash runway
	no customers	no accounting			common shares	development schedule
	total development mode	tax returns late				
Development Stage	Beta version or Release 1.0	part-time bookkeeper	Central Security Register	formal Board		as above, plus:
	fledgling sales to evangelists and early adopters	monthly income stmt and balance sheet	Directors' Resolutions to approve shares and options	at least 1 Angel or independent director	one or more sophisticated Angel investors	sales funnel
		later stage: Notice to Reader financial statements	formal ESOP	Monthly meetings, formal Board minutes	common shares, preferred shares (some)	expense budget variance reporting
		tax returns done	complete and correct cap table	material contract review	debt convertible at discount to next equity raise (some)	
			AGM			
Rapid Growth		accounting team, Controller, CFO		Monthly meetings until cashflow positive, then quarterly		as above, plus:
	business model proven	accounting firm - review level	as above, plus:	majority of independent Directors	institutional investors: VC's. strategic partners	full budget variance reporting
	accelerating sales growth, penetrating mainstream	ASPE financial statements	AGMs and SGMs by the book	Audit Committee	super-angels or angel syndicate	A/R, A/P management
		Stock-based compensation		Compensation Committee	preferred shares	annual cashflow forecast
		US tax advisors: US tax returns, US state sales tax compliance		Due diligence binder	convertible debt	somewhat credible multi-year projections
Mature			as above, plus:			as above, plus:
	profitability in sight	audited financial statements	minute book complete and correct	as above	as above	management by numbers
	de-risking business plan	management letter	all shares and options issuances minuted	quarterly meetings	perhaps mezzanine investor, growth equity	
	organizing for exit or other liquidity event	tight controls		as exit approaches, heavy director involvement		
		no surprises				