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Description automatically generatedEquity Readiness Checklist**

Instructions

Use this checklist to confirm your business’s readiness for taking on an equity investment. For each section, review and check off the criteria your business meets. After completing the checklist, determine what percent of criteria your business meets, and review the scoring guide. From there, consider the potential next steps outlined below.

Growth Potential (Essential Requirements):

Annual revenue growth rate above 20%A blue square with white lines

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Total addressable market (TAM) over $500M

Clear path to significant scale

Projected growth that can deliver 10x+ return to investors

Competitive Advantage (Key Differentiators):

Unique intellectual property or technology

Strong barriers to entry/hard to replicate

High customer retention rates (>80%)

Demonstrated product-market fit

Team & Operations (Foundational Elements):

Experienced management team

Well-documented financials and projections

Scalable systems and processes

Strong corporate governance

Exit Potential (Investment Return):

Clear potential exit path within 5-7 years

Evidence of similar exits in your industry

Willingness to sell significant ownership (20-40%)

Potential for 10x+ return on investment

Red Flags (Deal Breakers):

❌ Revenue under $1M with no exceptional growth

❌ No clear competitive advantage

❌ Unwillingness to give up control

❌ No clear exit strategy

❌ Poor financial records or projections

❌ Limited market size

Scoring Guide:

* >80% of Criteria Met: High potential for equity financing
* 60-80% of Criteria Met: Moderate potential - address gaps
* <60% of Criteria Met: Need significant preparation

Next Steps If Ready:

1. Prepare detailed financial projections
2. Develop comprehensive pitch deck
3. Research potential investors
4. Get legal and financial advisors
5. Begin networking with target investors

Next Steps If Not Ready:

1. Focus on addressing key gaps
2. Consider alternative financing options
3. Build track record of growth
4. Strengthen competitive advantages
5. Improve financial documentation