



EX-CHANGE.SPACE

Start-up
due diligence checklist
for directors, business angels and CEO

WHY IS IT IMPORTANT?



RISK MANAGEMENT

Your reputation, money and sometimes sanity may be at play when you join a start-up. Additionally, depending on your role, you may be liable for the start-up obligations. Hence it's in your interest to identify potential risks and to be intentional about your decisions.



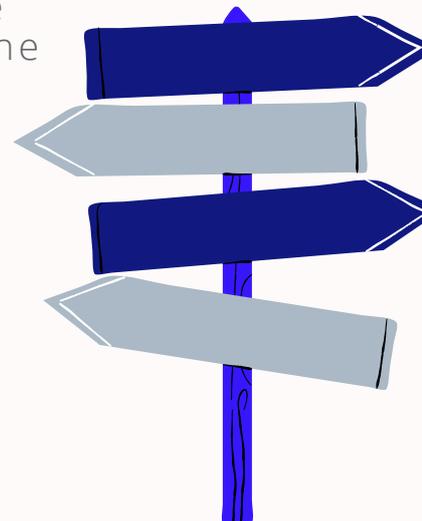
GROWTH POTENTIAL

Joining a fast growing start-up is fun. Despite the challenges, you can make a real impact. If you hesitate between several options, due diligence is a tool to help you to choose the best match for you.



COMPANY CULTURE

Whatever team you are joining, you need to fit in to be productive and add value. A lot depends on the personalities of the founders and other investors. Validate that you can work together in a crisis, as it is likely to happen at some point.

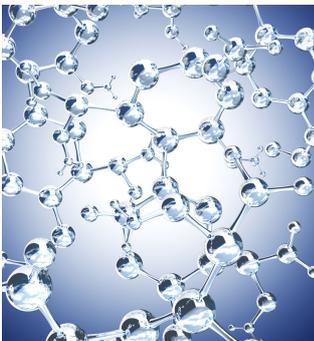


3 AREAS OF DUE DILIGENCE



BUSINESS IDEA

- Product and sales pipeline
- Business model and margin
- Go-to-market strategy
- IP rights, source code, permits & licenses



INTERNAL FACTORS

- Shareholders: profile, number, structure
- Financials: cash generation, costs and debt
- Team: key capabilities and personalities
- Execution risks and exit strategy



EXTERNAL INFLUENCERS

- Addressable market segment and growth
- Relations with suppliers/distributors/partners
- Start-up position vis-a-vis competition
- Regulations, substitutes, emerging trends

FINAL NOTES



DO NOT WAIT TOO LONG

VCs do a full due diligence before they join. You may not have such luxury. But do ask questions as early as possible: the newcomer's goodwill vanishes fast.

GO BELOW THE SURFACE

Start-ups teams are passionate enthusiasts that often lack resources. So important issues may be overlooked and turn into significant risks. Trust but verify the details.

KNOW YOUR BOTTOM LINE

Many start-ups live "on the edge". At the end, your decision depends on your risk appetite. But aim to establish your acceptance criteria and bottom line in advance.

"Insiders who question the status quo get pushed out , but outsiders are the ones who change the status quo." Richie Norton