



# **The Wisdom of the Campfire**

**Startup Company, Small Company Checklist**

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**Jeffrey L Minch**  
**1402 Ethridge Avenue**  
**Austin, Texas 78703**

**512-656-1383 cell**

**jminch2011@gmail.com**

**Skype: jeffminch**

**Twitter: @JLM73TX**

**Linked In: [www.linkedin.com/in/jeffreylminch](http://www.linkedin.com/in/jeffreylminch)**

**Facebook: <http://www.facebook.com/JLMinch>**

**Voomly: <https://voomly.com/jeffreylminch>**

**Clarity: <https://clarity.fm/#/jeffreylminch>**

**Website: [www.themusingsofthebigredcar.com](http://www.themusingsofthebigredcar.com)**



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This checklist is used to evaluate a startup or mature company from the perspective of assessing its viability.

Not every question can be answered initially --- one may have to think them through a bit. Eventually every question has to be answered to make a useful and realistic assessment.

This is a working tool. It will be used to guide a conversation --- perhaps with yourself initially.

There are no perfect answers and hopefully it will spark some thinking as to what else needs to be considered.

You may want to put your answers right on these pages. The document can be had in a Word format to facilitate using it in this manner.

Take your time, this is not a test.

## Vision

1. Make a canvas of the business model --- draw a graphic depicting who the customers are, the channels by which you access customers, other stakeholders, where the revenue comes from, the nature of the expenses (fixed and variable) and what the product/service/company transformation entails.
2. What problem is this product/service/company solving?
3. What is the long term vision for this product/service/company?

## Product

4. What is the product/service/company?
5. What industry is your product/service/company serving?
6. What are its unique selling advantages?
7. Who are its competitors?
8. What is the current state of the product/service/company? Under development? Working prototype? Finished? Going concern?

## People

9. Identify the critical people involved with you product/service/company who are “mission critical” without whom you could not survive?
10. How many of your folks are in the equity pool?
11. What skills are fully represented and what skills are missing?
12. Is there a skill you are currently outsourcing that you think will ultimately have to be brought inside?
13. Are you in the market for talent? If so, what talent in particular?

## Planning documentation

14. Do you currently have a business plan?
15. Do you have a strategic plan?
16. Do you have a marketing plan?
17. Do you have a financial plan? A forecast?
18. Do you currently have a Power Point of the product/service/company?
19. What planning documents, if any, do you currently have?
20. What made the planning documents? How long ago?

## Customers

21. Who are the customers?
22. How are they currently receiving this product/service/company? Is this a new product/service/company?
23. What are they paying currently and what are they willing to pay for your product/service/company?
24. What is the size of the customer base? How many total customers out there?
25. How big a part of your customers’ business will your product/service/company become? Can they live without it?

## Channels

26. How do you deliver the product/service/company?
27. How is it currently being delivered?
28. Is this a new or existing channel?
29. How many customers are at the end of each channel?

## Marketing

30. What is the cost to acquire a single new customer?
31. What is the potential value of a long term customer?
32. What is the ROI on CTA v LTV?
33. What is your plan to market this enterprise?
34. What are your marketing tools?
35. What are your marketing channels?
36. What is your expected conversion rate?

## Growth

37. What has been the historic growth rate of the enterprise?
38. What do you anticipate the growth rate can be? Why?
39. What are the metrics for growth --- customers?
40. What are reasonable platform objectives for growth? How long to get to 100, 1,000, 10,000, 100,000, 1MM customers?
41. Is this a high growth or a slow growth or a steady growth enterprise? Why?
42. How big can this enterprise ultimately be? Can the original founders get it there?
43. Is this a domestic or global growth opportunity?

## Revenue

44. From a macro perspective what is the revenue model? Where is the money coming from and when?
45. Are there multiple sources of revenue? Please describe each one.

46. Is the revenue one time, periodic, subscription? Be specific.
47. How do you get paid? PayPal, credit cards, snail mail, transaction based?
48. Is the credit of the customer a consideration in payments?

### Expenses

49. Please describe your current expenses --- fixed and variable.
50. Please describe what you think your expenses will entail in 3 years --- fixed and variable.
51. Please identify your cost of goods sold --- expenses that are directly incorporated into each product/service.
52. Are your expenses constant, declining or increasing as your enterprise grows?
53. If you are producing a product, what are your expenses per unit sold?

### Cash flow

54. What is your historic level of cash flow?
55. What is your projected level of cash flow given current operating performance?
56. What are you using the cash flow for currently?
57. If you are not cash flow positive, how are you funding the shortfalls?
58. What has to happen to get you to cash flow positive?

### Profit

59. Are you currently profitable?
60. Can you pay a living wage to the founders?
61. Are you making any return on the invested capital in the enterprise?
62. What will it take for you to become profitable on a strict accounting basis? If so, how profitable?

## Metrics

63. What are the measurable metrics of your product/service/company?
64. Can you rank order them in importance?
65. What are the key performance indicators?
66. Are you currently using any particular metrics or key performance indicators on an automated or manual basis to measure performance?

## Vendors, stakeholders

67. Who are your “mission critical” vendors, the folks you cannot replace or who would be a very difficult proposition to replace?
68. Identify all vendors.
69. Identify all stakeholders.
70. Any problem children amongst the vendors or stakeholders?

## Funding

71. How have you funded your product/service/company thus far?
72. How much runway do you have in front of you?
73. Have you sought and closed prior rounds of funding? Please describe each one.
74. Are you in the market for funding right now? Have a pitch?
75. Do you have an elevator pitch, a taxicab pitch, a big pitch?
76. Slides? If so, please attach.
77. What is the current capital structure of the enterprise? What does the capital table look like?

## Technology

78. Does your product/service/company use any technology? If so what?
79. What is the degree of difficulty in the technology you current employ?
80. How important is this technology to your long term success?
81. How dynamic is this technology --- does it change and how often?

82. Does the technology consume itself? At what rate? Is this reflected in your cost structure?

### Regulatory

83. Does your product/service/company operate under any particular regulatory or licensing scheme?
84. Is your industry regulated --- e.g. gaming or real estate?
85. Is the licensing a good or a bad thing?
86. Is the enterprise becoming more highly regulated?
87. Do employees need to obtain any particular licenses? If so, which ones?

### Moat

88. Does your product/service/company have any inherent protections against competition?
89. Any patents?
90. Any intellectual property which is safe from copycats?
91. Any trademarks?
92. Any high level math that is difficult to duplicate?
93. What are the barriers to entry?
94. How tough would it be for a client to simply steal your idea and reverse engineer it?

### Things that go “bump” in the night

95. Tell me about your computer vulnerability. Backup off site?
96. Do you have a succession plan in the event of losing a critical employee?
97. Any chance for criminal regulatory issues --- such as insider trading in the securities business?
98. Any chance for geographical risk --- such as having a development operation in a foreign country?
99. Any current regulatory or legal issues?
100. Do you have an enforceable buy-sell amongst the founders?
101. Any crazy boardmembers?

### Exit strategy

102. How do you monetize your investment in the short term, mid-term, long term?
103. If you were to sell this enterprise, who would want to buy it? Why?
104. Are there strategic buyers out there?
105. Are there value buyers out there?
106. Are there users of the product/service/company who would buy the enterprise? Why?
107. What are the multiple exits for this investment?
108. Could the enterprise retire all of its investment over a certain period of time? If so, how long and starting when?

### Governance

109. Do you have regular management meetings?
110. Do you have a Board of Directors?
111. Do you have Board meetings and do you adhere to corporate formalities?
112. What is your legal ownership entity?
113. Is your legal ownership entity up to date on all filings and organizational documents?

### Founders

114. Who are the founders?
115. First time or serial founders?
116. How long have you been together?
117. Successful prior exits?
118. How much does everyone own?
119. How much real cash does everyone have in the enterprise?
120. How much sweat equity --- actual time invested --- does every have in the enterprise?
121. Who controls the decision-making?
122. Who is the leader of the team? Does he have real control of final decision-making?
123. Who is the manager of the team?
124. Who has the greatest command of the technology employed in the enterprise?

125. Is there someone who is a numbers guy? If so, who?
126. How long have you been working on this?
127. How is everyone's health?
128. What is your current level of energy?