SILICON FOUNDERS

SF / 01

The Venture-Ready Startup

From Idea to Investment Readiness



SF PUBLICATIONS

SILICON FOUNDERS / SF PUBLICATIONS

The Venture-Ready Startup

From Idea to Investment Readiness

SF PUBLICATIONS / VOLUME 01

Publisher: Silicon Founders

Edition: 1.0 | 30 October 2026

Audience: Early-stage founders, venture teams, accelerator managers, and business advisers

> **Reader note.** This guide is educational, not a promise of funding, an investment recommendation, or legal, tax, financial, or securities advice. Examples and calculations are illustrative. Requirements vary across markets; obtain qualified advice before conducting a securities offering, issuing equity, or making regulated claims.

About this guide

A founder can build a useful product without having a venture-ready company. An investor can admire a market without having enough evidence to make a decision. The gap between the two is not repaired by a more polished slide deck. It closes when a company can show a coherent case: a specific customer has a consequential problem; the product creates measurable value; the economics have a plausible path; the people can execute; and the important claims can be verified.

This book treats venture readiness as a discipline rather than a title. It does not suggest that every company should raise venture capital. A profitable, customer-funded business may be the better outcome. The aim is to help founders choose deliberately and to make their company easier to understand, operate, and evaluate regardless of the financing route.

Each chapter introduces one decision, provides a method to test it, and ends with a practical deliverable. Write down evidence as it appears. Date your assumptions. Preserve the negative findings, too. An honest account of uncertainty often creates more trust than impressive but unsubstantiated estimates.

How to use the book: Read Chapters 1–3 before attempting a fundraising narrative. Work through Chapters 4–7 with operating data wherever possible. Use Chapters 8–10 as a readiness audit. The appendices can be copied into your own internal documents.

Contents

1. Venture Readiness Is Not a Pitch Deck
2. The Customer Problem: Evidence Before Enthusiasm
3. Mapping the Market Without Inventing Demand
4. A Business Model That Can Survive Reality
5. Traction, Retention and the Quality of Evidence
6. Unit Economics, Burn and Runway
7. Team, Ownership and Operating Governance
8. Building an Investor-Ready Information Base
9. A Credible Narrative and Financing Decision
10. The Thirty-Day Readiness Sprint

Appendix A. The 100-Point Venture Readiness Scorecard

Appendix B. Customer Interview and Experiment Sheets

Appendix C. A Practical Data Room Index

Appendix D. Metrics and Definitions

Appendix E. Reading and Source Register

CHAPTER 01

1. Venture Readiness Is Not a Pitch Deck

The distinction that changes the work

Investment readiness is the condition in which a venture's purpose, progress, risks and financing needs can be examined without requiring the founder to fill every gap with improvisation. It is not the same as being attractive to every investor. Investor mandates differ: one investor values rapid expansion, another looks for resilient cash flow, and a third can only invest in a narrow sector or geography. A founder's task is to make the company understandable and judge which capital, if any, is appropriate.

Five questions organize the journey. First, **why does this problem matter now?** Second, **who experiences it sufficiently often or severely to act?** Third, **what evidence suggests the proposed solution works?** Fourth, **can the company deliver that solution without exhausting its resources?** Fifth, **what would new capital change, and why could that be better than a slower path?** Each question has an evidence standard. A personal conviction is a valid reason to begin investigating; it is not proof that customers will buy.

A useful readiness file separates four states. A **fact** can be traced to a document or observation. An **estimate** is a reasoned calculation with assumptions. A **hypothesis** is a claim that awaits a test. An **aspiration** is an intended future outcome. These states are frequently blended in pitch materials, creating apparent progress that may not survive scrutiny. For example, 'we can sell to every hospital in the region' is an aspiration until purchasing authority, budget, procurement procedures, competitive options and pilot feasibility have been examined.

Choose the right company, not the fashionable financing

Venture capital can fit companies that require high upfront investment and have a credible possibility of large-scale, high-growth outcomes. It may fit poorly when a company can reach profitability with modest capital, when market size is structurally limited, or when the founding team prefers to retain ownership and operate for income. Debt, grants, strategic contracts, advances, customer financing and equity all move different risks onto the company. A financing instrument should follow the business strategy, not define it.

The cost of outside equity includes more than dilution. Investor reporting, governance, fundraising cycles and expectations for liquidity alter the founder's operating life. Debt avoids equity dilution but adds repayment obligations; it may be unsuitable for uncertain cash flows. Customer funding can be attractive, yet concentrated customers may exert disproportionate influence. There is no universal ranking: model each option using actual terms and conservative scenarios.

Illustrative case — fictional. Northstar Ops offers workflow software to independent clinics. Its founders want to raise $1.5 million because similar companies have announced rounds. After mapping their needs, they discover that six paid implementations could fund a narrower product release. They decide to test a customer-funded route for two quarters. This is not an argument against equity; it is an example of allowing financing to follow evidence.

The first evidence inventory

Create one evidence register with columns for claim, current classification, source, verification date, owner, confidence, risk if wrong, and next test. Begin with a dozen claims: the customer segment;

the severity of the problem; buyers' willingness to pay; expected purchasing cycle; addressable market; a specific differentiation; cost to deliver; product reliability; retention; team capacity; ownership of core assets; and financing need. Each claim should have an accountable person and a testable next step.

Do not assign numerical confidence merely to create a tidy dashboard. 'High confidence' should mean a documented standard such as repeat observations, paid behavior, or reconciled records. If the team has not yet agreed on standards, use 'unsupported,' 'directional,' and 'supported' instead. Review evidence at a weekly founder meeting and correct the business narrative whenever facts change.

Chapter workbook

Deliverable: A one-page venture readiness statement that names the customer, problem, product, current proof, funding preference, top three uncertainties, and next 30-day evidence goals. **Decision gate:** If the company cannot define its customer and specific problem in plain language, stop polishing the pitch and return to discovery. **Meeting prompt:** Which single claim would most damage the plan if it proved false?

CHAPTER 02

2. The Customer Problem: Evidence Before Enthusiasm

Find behavior beneath opinions

Customers are often generous with encouragement, especially when asked whether a new idea sounds interesting. Their praise is a weak predictor of purchasing behavior. More useful evidence describes what happened before the conversation: the last time the problem arose, how work was completed, which tools were used, whose budget was affected, and what the failure cost in time, money or reputation. This is why customer discovery should begin with the customer's experience rather than a demonstration of the founder's product.

A good interview proceeds from open prompts toward specific episodes. Ask: 'Tell me about the last time this happened.' Then: 'What did you try?' 'Who else was involved?' 'What was the result?' 'What did it cost?' 'What would you have done if you had no solution?' Let the customer describe their world before introducing yours. Avoid leading questions such as 'Would an AI-enabled platform solve this for you?' because they invite an answer shaped by your proposed solution.

In institutional markets, distinguish the user, the economic buyer, the approver and the procurement gatekeeper. A clinician may love a scheduling tool while the IT team blocks integration or the finance office declines the subscription. A product can solve the user's problem and still lack an economically viable selling path. Interview every critical role, and document where objectives conflict. The U.S. National Science Foundation's I-Corps program emphasizes intensive discovery interviews as a way to evaluate commercial potential; the discipline, rather than any fixed interview count, is the principle to adapt here. [R2]

Select one narrow customer segment

'Technology companies,' 'universities,' or 'healthcare' are often too broad to test. Segment by the circumstances that create a common buying response: independent clinics using two incompatible systems; regional training providers with high manual certificate administration; or distributors handling a specific regulatory workflow. A useful segment has observable boundaries, accessible buyers and a repeatable problem. Early focus improves learning because the team can compare like with like.

Write the segment as a sentence: 'We help [specific actor] who [specific circumstance] accomplish [job] without [current costly friction].' This is only a hypothesis until interviews and behavior support it. Review the competitive alternatives, including spreadsheets, manual labor, an internal team, and simply tolerating the problem. Competing with the status quo can be harder than competing with another vendor.

Move from pain to the value mechanism

A problem should be expressed in a unit a customer cares about. 'Manual work' is vague; 'six hours of duplicate entry per department each week' is measurable. 'Poor visibility' is vague; 'the COO discovers inventory shortages three days after a stockout' is observable. Ask whether the proposed product removes a cost, reduces risk, unlocks revenue, speeds a process, or improves a defensible

quality outcome. Do not claim savings without baseline measurements and a credible counterfactual.

If the team can describe the problem but not its economic impact, create a small baseline study. Record the current process, events per period, cost per event, variability and failure consequences. Use ranges when accuracy is low. Separate direct costs from speculative 'strategic benefits.' A narrow benefit that is genuinely measured provides a stronger foundation than a long list of attractive features.

Chapter workbook

Deliverable: Ten interview summaries using the same questions and evidence fields. **Decision gate:** Do not declare validation because most interviewees liked a concept. Look for recent costly episodes, existing workaround spending, repeat urgency, and willingness to commit a next step. **Exercise:** Make a buyer-map table with columns for user, influencer, budget owner, legal reviewer and implementation owner; fill every role with a real job title, not a guessed name.

CHAPTER 03

3. Mapping the Market Without Inventing Demand

Start with the purchase situation

A total market figure does not explain how a new business obtains its first customers. A founder may quote the global size of an industry while selling a narrowly defined workflow to a small subset of its organizations. Build the market from the bottom up: how many reachable organizations have the defined problem, how many relevant purchasing units each organization contains, the plausible annual contract value, and constraints on the first three years of distribution. Every factor should be traceable to a credible source or visibly labeled assumption.

For an illustrative calculation, suppose a pilot region contains 2,000 organizations, 25% plausibly fit the target workflow, and the realistic annual contract price is $6,000. The *hypothetical* segment revenue ceiling under those assumptions is 2,000 x 0.25 x $6,000 = $3 million annually. It is not a sales forecast. The model says nothing about ability to win those accounts, sales cycle, churn, capacity or implementation cost. Update each driver as better evidence appears.

Market mapping has at least three layers. **TAM** describes an appropriately defined total addressable opportunity; **SAM** narrows to the portion served by the actual product and geography; **SOM** estimates the practical share a company might reach under constrained execution. Definitions vary in commercial usage, so state yours explicitly and avoid presenting precision beyond the evidence. SBA guidance emphasizes market and competitor research as components of business planning. [R1]

Map alternatives from the customer's perspective

Build a competitor matrix around the choice the buyer actually makes. Include existing software, adjacent platforms, outsourcing, in-house teams and 'do nothing.' Compare by the buyer's priorities: implementation effort, price, security review, integrations, training, vendor stability, switching cost and measurable outcome. A feature grid is often the least useful starting point because ten features may matter less than a buyer's fear of operational disruption.

Ask the customer what triggered a previous purchase and what slowed it. Procurement data reveal a market's friction. A category may have an attractive theoretical size but long contracting cycles, fragmented budgets or technical certification demands that make first-year revenue difficult. Conversely, a smaller niche may support a strong company if buyers renew and expansion is affordable.

Build an accessible-market plan

List 50 named accounts that appear to match the segment, with evidence for each match. Do not invent prospect data. Record source URL, date checked, fit reason, likely buyer function and a lawful public contact channel. Next, classify them: reachable now; reachable with a partner; or currently blocked. Try five meaningful conversations before assuming a channel will scale. Account lists are not traction; they are research inputs.

Forecast revenue with transparent constraints: number of qualified conversations, diagnostic calls, proposals, conversion assumptions, expected go-live timing and realized receipts. Use at least

downside and base scenarios. Replace conversion assumptions with observed rates as soon as the team has sufficient comparable transactions. The model should become less elegant and more accurate as the venture learns.

Chapter workbook

Deliverable: One bottom-up market model and a 20-account research sample. **Decision gate:** If the model's largest number comes from an unverified percentage, mark the result as an estimate rather than a verified opportunity. **Exercise:** Write a competitor alternative from the buyer's point of view: 'Today we handle this by ...; we would change only if ...'.

CHAPTER 04

4. A Business Model That Can Survive Reality

Connect value creation with value capture

A product's value proposition is the specific improvement experienced by a customer. A business model explains how the venture creates, delivers and captures enough value to endure. The difference matters: a team might create a product that saves clients thousands of hours yet struggle to collect payment because a budget owner cannot authorize the purchase, deployment is too expensive, or a channel partner captures most of the economic value.

Choose a revenue mechanism suited to the purchasing behavior: subscription, transaction fee, usage-based billing, licensing, implementation plus maintenance, outcome-linked fee, or a hybrid. No mechanism is automatically superior. The best model can be explained in one sentence and evaluated with a small number of observable inputs. Measure payment timing as well as headline contract value. A $20,000 annual contract paid after extensive implementation can create more cash strain than a lower-value prepaid contract.

Define the delivery boundary with painful clarity. What is included in the base price? What requires configuration? Who owns implementation work? What support is expected? What happens after a customer requests a new feature? Early teams often accidentally sell individualized consulting under a 'platform' label. If each new customer needs a new codebase or manual team, the company may have a viable service model, but it should not represent that model as software-like scale without proof.

Test pricing as a decision, not a question

Asking a customer 'What would you pay?' often returns an unreliable number. Prefer experiments with a defined offer, scope, price and commitment step. A paid pilot, procurement-approved letter of intent with clear caveats, or a real contract can offer different levels of evidence. Track what the customer actually agreed to, who approved it, and conditions still outstanding. Do not describe verbal enthusiasm as booked revenue.

Pricing research should examine willingness and ability to pay. An end user might value the product while lacking spending authority; a large institution might afford a subscription but require a competitive tender. Pilot discounts are acceptable when recorded transparently, but they should not create a false view of future margin. State whether prices include setup, service and integrations; the operational cost can dominate early delivery.

Treat strategic advantage as a testable system

Competitive advantage can arise from proprietary insight, distribution, domain expertise, workflow depth, switching costs, data rights, service reputation or process efficiency. It rarely arises from saying the product uses AI. Identify which advantage a competitor could replicate quickly and which requires time, relationships, permissions or repeated learning. Do not rely on customer data rights that the company does not possess; use appropriate contractual and privacy review.

Chapter workbook

Deliverable: A business-model page showing customer, paid job, offer, price, delivery requirements, gross margin assumptions, acquisition path, renewal event and principal dependency. **Decision gate:**

A model is not validated until a customer has completed a sufficiently meaningful transaction or operating test. **Exercise:** Compare three pricing structures under low, expected and high customer usage, including support and payment-collection costs.

CHAPTER 05

5. Traction, Retention and the Quality of Evidence

Measure progress along the customer journey

A product demo, a trial signup, an active user, a paying customer and a renewed customer are not equivalent. Define the entire journey: qualified lead, discovery, proposal, contract, onboarding, first value, recurring use, renewal and expansion. Track counts and time between stages. Different venture models need different units, but all need clarity about which events have actually occurred.

Avoid vanity metrics that can rise without stronger economics. Website visits may indicate interest but not purchase intent. Registered accounts can grow while active usage collapses. Gross merchandise value is not revenue. Contracted annual value is not cash collected. A pilot is not a recurring enterprise contract unless the terms say so. Investor-readiness improves when every key number is accompanied by a definition, reporting period and source system.

Retention is especially informative for recurring businesses. Cohorts compare customers that began at similar times to see how usage and revenue evolve. A startup with ten customers has limited statistical power, but individual customer histories can still reveal whether value is durable. Ask why a customer returned, stopped, expanded or required repeated manual rescue. A careful narrative about limited data is more credible than an unsupported industry benchmark.

Construct a trustworthy metric dictionary

For every metric, record its name, plain-language definition, formula, data source, reporting owner, reporting period, inclusions, exclusions and known limitations. Example: 'Paying organizations' should count unique organizations with a paid contract and successful invoice collection, not free pilots. Another example: 'Active account' might require a completed core workflow in the trailing 30 days rather than a login.

If revenue is recurring, distinguish new, expansion, contraction and churn components. If a company sells professional services alongside subscriptions, separate them. The metrics should help management make decisions, not merely fill a board deck. Stripe publishes explanatory resources on subscription retention metrics; match every calculation to the exact data available in your own company. [R6]

Validate the quality of data

A dashboard can be wrong even if its visualizations look precise. Test whether every reported deal is represented once, whether cancellations are applied, whether currencies and tax treatment are consistent, and whether contract start dates match operational activation. Reconcile management reporting to finance records at a reasonable cadence. Document manual overrides. If the underlying systems do not agree, show the discrepancy rather than hiding it.

Fictional example. Northstar Ops reports 40 'active customers.' A reconciliation finds that 12 are free trials, six never completed onboarding and three have canceled but remain in the CRM. The operating definition produces 19 active paying customers. The smaller number is less impressive, but management can now improve the actual bottleneck: activation and retention.

Chapter workbook

Deliverable: One metric dictionary and a customer journey funnel based on source records. **Decision gate:** Do not use an investor-facing performance figure if the owner cannot reconstruct it from the underlying data. **Exercise:** Select three metrics that would make the operating team change its behavior next week; drop any metric that has no decision attached.

CHAPTER 06

6. Unit Economics, Burn and Runway

Revenue is not the same as economic quality

Unit economics test whether the underlying transaction can generate a viable contribution after serving the customer. The appropriate unit depends on the business: a subscription account, completed transaction, customer cohort or delivery engagement. Define the unit and allocate direct costs consistently. Include hosting and infrastructure where material, payment fees, variable delivery labor, support burden, third-party licenses and fulfillment expenses. Do not hide operational costs inside an undefined 'platform margin.'

Gross margin, contribution margin and operating profit answer different questions. Gross margin subtracts cost of goods or services sold from revenue. Contribution margin may additionally subtract directly variable selling or servicing costs, depending on the defined analysis. Operating profit then reflects broader overhead, salaries and development costs. Show precisely which costs belong to each layer. Be cautious comparing businesses that classify expenses differently.

A worked *illustration*: a monthly subscription is priced at $500. Direct monthly serving costs average $120, producing $380 of gross profit, or 76% gross margin under this simplified cost classification. If sales acquisition costs are $1,800 per new customer, a simplistic acquisition payback based on gross profit is about 4.7 months ($1,800 / $380). This ignores churn, financing cost, acquisition spending timing and the possibility that service costs rise. It is a diagnostic, not a forecast.

Cash determines how long the company can learn

A venture fails operationally when it cannot meet obligations, even if its projected lifetime revenue is attractive. Start with available cash, exclude funds that cannot lawfully or practically be used, and prepare a weekly cash movement view. Track cash receipts, payroll, taxes, vendors, debt service and committed capital expenditure. Separate outstanding invoices from collected cash. The standard runway shorthand is cash divided by monthly net burn, but it becomes unreliable when burn changes sharply or receipts are lumpy.

Use a cash-flow scenario that varies payment collection, retention, sales timing and hiring. Show the date cash becomes constrained, not only a single runway number. Each proposed hire or product feature should be evaluated against the next learning milestone. A company may need to reduce the burn rate to preserve the opportunity to complete the evidence program.

Avoid false precision in customer lifetime value

Lifetime value calculations can become seductive when churn data are immature. With only a few months of cohort behavior, a long predicted customer lifetime is usually an assumption. Use short-horizon contribution and observed renewal behavior first. Run break-even analysis under conservative, base and optimistic conditions, and label each input's source. If customer economics are currently negative, identify what must change operationally; do not make a model 'work' by assuming unlimited scale efficiencies.

Chapter workbook

Deliverable: A 13-week cash view, monthly burn calculation, and unit economics worksheet with explicit assumptions. **Decision gate:** Do not commit to expansion if the business cannot show a realistic cash plan through the next learning milestone. **Exercise:** Recalculate runway after a 30% delay in collections and a 15% increase in service cost; note which decisions change.

CHAPTER 07

7. Team, Ownership and Operating Governance

Execution capacity is a finite resource

An investor may read the team's biographies, but the operating test is simpler: can the current people deliver the next milestones without hidden dependencies? Map the critical work to named roles: customer discovery, product delivery, commercial sales, financial control, security and compliance, and client support. Early teams can combine roles, but should not combine incompatible decision rights without safeguards. One founder may own sales and operations; a second person should still review financial commitments and sensitive permissions.

Describe the skills actually present. An advisory board is not a substitute for employees or contractors who perform delivery. Do not list an external expert as an active adviser, partner or investor without verified consent. Keep roles, compensation, confidentiality, ownership and conflicts documented at the appropriate level for the company's jurisdiction. These documents protect both the founders and the company when relationships change.

Ownership must be legible before new investors arrive

A cap table is a record of ownership and contractual rights, not a marketing chart. Reconcile issued shares, option commitments, convertible instruments, founder vesting and any side letters with signed underlying documents. Important terms may have effects that ordinary ownership percentages do not reveal. Do not improvise legal interpretations; ask local qualified counsel to review. Clarify who owns product code, data licenses, designs, domains and trademarks, and which assets are merely licensed to the company.

Governance at an early stage need not mean a heavy board bureaucracy. It does require a decision register, approval boundaries, payment controls, meeting notes and a record of material risks. A simple matrix can distinguish decisions founders may take unilaterally, matters needing co-founder agreement, and commitments needing formal approval. Ensure company statements and website claims are consistent with the current legal and operating facts.

Build a weekly management rhythm

Use one weekly meeting to compare evidence collected, customer outcomes, cash, product reliability and priority risks against the last plan. End each meeting with no more than three accountable next actions. The team should be able to operate even if the founder is away for a week. This is not a luxury: operating resilience increases the likelihood that a venture can scale beyond the founders' attention.

Chapter workbook

Deliverable: A role-and-decision matrix, asset-ownership inventory, and single-page weekly management agenda. **Decision gate:** If the team cannot identify who can legally and operationally authorize a material commitment, resolve that ambiguity before accepting capital. **Exercise:** Walk through what happens if the primary founder becomes unavailable for two weeks: who serves customers, releases payments, accesses systems and records decisions?

CHAPTER 08

8. Building an Investor-Ready Information Base

The data room is a test of operating discipline

The best data room is built while the business operates rather than assembled urgently after investor interest. It should tell a consistent story across legal records, financial results, commercial traction, product rights and risk. Early-stage companies do not need every document a mature public corporation has, but they need an honest explanation of unavailable items. An empty folder labeled 'fully compliant' is worse than a clear outstanding-action note.

Organize materials into separate categories: corporate and ownership, financial, customers and commercial, product and technology, intellectual property, people and contracts, security and data, disputes and regulatory matters, and plans. Maintain a current document index. Each item should have a document owner, version date, confidentiality level and completeness status. Grant investor access proportionately after appropriate confidentiality and legal review; not every prospective investor should receive personal information or all customer contracts on first contact.

Reconcile the three most scrutinized narratives

First, financial statements should reconcile to cash and accounting records. Second, commercial claims should reconcile to signed agreements, invoicing and product analytics. Third, ownership claims should reconcile to legal documents. A company that calls a partnership 'signed' while only holding an introductory email has created a credibility problem. Fix this in the source system rather than only editing the slide deck.

A well-prepared founder can say, 'We have 19 active paying organizations as defined in our metrics appendix; seven more are in onboarding; the last cohort is too small to extrapolate long-term retention.' Such language communicates control over the business. Avoid sharing restricted information merely because an investor asks. Protect third-party confidentiality, personally identifying information and trade secrets.

Create a question-and-answer log

Investors often ask similar questions: why this market, why this team, why now, how customers are acquired, what could fail, how the round is sized and what must happen before another round. Log the question, factual answer, source, owner and status. A consistent question log prevents multiple founders from supplying contradictory numbers and shows which areas require more evidence.

Chapter workbook

Deliverable: A permission-controlled data room index using Appendix C and a one-page unresolved-items list. **Decision gate:** Do not share a document that you lack the right to disclose, and do not present draft legal documents as executed agreements. **Exercise:** Ask a colleague unfamiliar with the startup to reconstruct the top five performance claims from the data room without a founder explaining them.

CHAPTER 09

9. A Credible Narrative and Financing Decision

Tell a causal story rather than a promotional story

An effective venture narrative has a logical chain: a defined customer experiences a recurring costly problem; existing alternatives fail in a specific way; your solution removes the friction; early behavior suggests genuine demand; the delivery model can improve with scale; and the proposed financing unlocks a measurable next milestone. Every link should correspond to evidence or a clearly labeled hypothesis.

A standard investor presentation can cover customer problem, solution, market, distribution, traction, economics, team, competition, risk, financing request and use of funds. The goal is not to fit a magic number of slides. It is to help another person identify the business's central uncertainties quickly. Use charts with honest axes, time periods and denominators. Avoid selective cohorts that conceal churn or imply that pilot interest equals contracted revenue.

Size the funding request from milestones

A funding request should emerge from a forward operating plan. Identify the next milestone that materially changes the company's risk: first repeatable paid implementation, a retention cohort, an approved regulatory step, or a validated low-cost distribution channel. Calculate what people, systems, time and contingencies are needed to reach it. Then model downside conditions. Fundraising should increase the probability of achieving the milestone, not simply finance an unfocused list of expenses.

Terms matter as much as headline amount. Valuation, liquidation preferences, participation, board rights, information rights, anti-dilution provisions, option pools, pro rata rights and conversion instruments can materially affect outcomes. NVCA publishes model legal documents as starting points for U.S.-style venture financings, explicitly cautioning that they are not substitutes for transaction-specific advice. [R4] Rules for offering securities vary across jurisdictions. In the United States, SEC guidance explains that securities offerings generally require registration or an exemption. [R3] Discuss the route with properly qualified local counsel before solicitation or issuance.

Define the decision to raise—or not

Make the financing decision as a board-level choice: alternatives considered, expected benefits, dilution and control implications, downside case, legal requirements, use of proceeds, and conditions required for the next decision. The conclusion might be 'raise now,' 'postpone until proof of retention,' or 'use customer financing.' These are not grades of founder ambition; they are choices about risk and strategy.

Chapter workbook

Deliverable: A two-page investment narrative, a milestone-linked financing budget, and an alternative-funding comparison. **Decision gate:** Do not market securities or solicit investments before local legal and authorization review. **Exercise:** Write the investment case from the perspective of a skeptical reviewer, then explicitly answer the top five weaknesses.

CHAPTER 10

10. The Thirty-Day Readiness Sprint

Four focused weeks

A readiness sprint should produce evidence and eliminate ambiguity, not overwhelm a small team. In Week 1, consolidate corporate facts, define the customer segment, inventory the top assumptions and interview users and buyers. In Week 2, run one or two meaningful demand or product experiments and establish metric definitions. In Week 3, reconcile unit economics, build the 13-week cash view, and audit the cap table and key contracts. In Week 4, complete the data room index, review risks, finalize the narrative and make a financing-route decision.

Every week ends with a short decision meeting: what did we learn, which claim changed, what is newly supported, what remains unknown, and where will we spend scarce resources next? Assign one owner and a deadline to each unresolved material item. Avoid treating missing legal or financial documents as mere writing tasks; these may require qualified professional action and governing approvals.

Score with humility

Appendix A contains a 100-point internal readiness scorecard. It is a management tool, not an investment recommendation, third-party accreditation or assurance of success. A company can score well and still fail because a central assumption was wrong. A company can score poorly because it operates in an early R&D field where conventional commercial indicators are not yet available. The score prompts discussion; it does not replace judgment.

Use mandatory stop flags independently of the score: possible fraud, material legal barrier, undisclosed ownership dispute, lack of authority to access or use critical assets, unverified financial reporting, or unsafe handling of customer data. Record a stop flag as an action item with a responsible reviewer. Never use a high total score to override it.

The final readiness memorandum

End the sprint with a two-page memo: what the venture does, current stage, verified evidence, three most material assumptions, financial position, funding alternatives, recommended decision, owner and review date. A clear 'not yet ready' conclusion can be a valuable output: it prevents wasted fundraising effort and redirects resources to customer proof.

Chapter workbook

Deliverable: A dated readiness memo and the action register below. **Decision gate:** A founder should be able to hand the memo and evidence index to a trusted reviewer without live explanation. **Exercise:** Re-run the readiness score quarterly using the same definitions, and compare the reasons for change—not merely the number.

REFERENCE MATERIAL

Appendix A. The 100-Point Venture Readiness Scorecard

This scorecard is an **internal triage instrument**, not an automated investment decision. Use 0 for no credible evidence, roughly half the available points for partial evidence with gaps, and full points only when the stated evidence is documented and reproducible. Keep supporting links with each score.

Category	Points	What sufficient evidence looks like
Customer problem and segment	15	Recent interviews, buyer map, documented economic pain
Market access and competition	10	Bottom-up model, realistic alternatives, acquisition path
Product value and reliability	15	Completed use cases, outcomes, failure tracking
Demand and traction	15	Paid commitments, activation, repeat use, defined funnel
Model and unit economics	15	Price evidence, direct costs, cash visibility, scenarios
Team and governance	10	Named owners, reconciled cap table, decision controls
Documentation and claims	10	Traceable metrics, usable data room, evidence log
Risk and financing fit	10	Risk register, lawful route review, milestone use of funds
TOTAL	**100**	**Do not use a score to override a critical stop flag**

Use the following reading bands only as **internal prompts**, never as a promise: 0–39 = fundamental evidence gaps; 40–69 = focused validation needed; 70–84 = structured review possible; 85–100 = documentation may be mature enough for deeper independent review. These bands are editorial heuristics, not externally validated thresholds.

REFERENCE MATERIAL

Appendix B. Customer Interview and Experiment Sheets

Interview sheet — copy for each conversation

Date / interviewer / customer role / segment / consent and confidentiality considerations:

Most recent occurrence of problem: What happened, when, and who was affected? **Existing solution and expenditure:** What did they do and what did it cost? **Urgency and consequences:** What if no change occurs? **Purchase map:** Who decides, budgets, approves, implements and renews? **Evidence artifacts:** Process screenshots, anonymized counts, procurement rules, public documents (only when lawfully obtained). **Contradictions:** What did we expect that the interview disproved? **Next permitted step:** A specific follow-up without implying an agreement.

Experiment sheet — one claim at a time

Assumption: State the uncertain claim in falsifiable language. **Target segment:** Specify whom the test includes and excludes. **Test:** Identify the exact offer, channel, sample and duration. **Behavioral signal:** Define the action that counts as evidence. **Threshold:** Set a decision criterion *before* observing results. **Costs and ethics:** Record cash, time, privacy and consent implications. **Result:** Record numerator, denominator and exclusions. **Decision:** Continue / adjust / stop, with rationale and next owner.

REFERENCE MATERIAL

Appendix C. A Practical Data Room Index

Folder	Suggested items	Status to record
01 Corporate	Formation, charter, board approvals, register	Signed / current / missing
02 Ownership	Cap table, equity grants, option documents, conversions	Reconciled / pending counsel
03 Finance	Statements, bank reconciliation, cash forecast, taxes	Verified / management draft
04 Commercial	Customer contracts, revenue schedule, pipeline definitions	Signed / proposed / expired
05 Product	Roadmap, release notes, reliability and security summary	Live / beta / planned
06 IP and data	Assignments, licenses, domain control, data rights	Controlled / disputed / unclear
07 People	Key agreements, role map, policies, contractor IP terms	Executed / to review
08 Risk and compliance	Licenses, policies, material disputes, risk register	Confirmed / open

09 Strategy	Plan, scenarios, financing use of proceeds, milestones	Approved / draft

Access should be role-based and proportionate. Redact personal details and third-party confidential material when necessary; do not upload sensitive records into unrestricted public forms.

REFERENCE MATERIAL

Appendix D. Metrics and Definitions

Monthly recurring revenue (MRR): Contracted recurring subscription revenue attributable to a month under a documented policy; distinguish bookings, invoicing and recognized accounting revenue. **Gross margin:** (Revenue − defined cost of goods/services sold) ÷ revenue; state cost classification. **Net burn:** Cash outflows minus cash inflows during the period; define treatment of financing flows. **Cash runway:** Available cash divided by recent net burn is a rough diagnostic, not a substitute for a timed forecast. **Acquisition payback:** Cost to acquire a paying customer divided by recurring gross profit per customer for comparable periods, subject to assumptions and cohort quality. **Cohort:** Customers grouped by a common start event, such as first paid activation, with consistent comparison periods. **Activation:** The first verifiable customer action that demonstrates delivery of the product's core value. **Qualified pipeline:** Opportunities meeting pre-agreed criteria; never equate pipeline value with signed revenue. **Net revenue retention (NRR):** Opening-period recurring revenue from a defined customer cohort, adjusted for expansion, contraction and churn, divided by the cohort's opening recurring revenue; no new-customer revenue in the numerator.

REFERENCE MATERIAL

Appendix E. Reading and Source Register

Sources below were checked on **30 October 2026**. They provide useful external guidance, but the practical frameworks and fictional examples in this book are original educational synthesis. No institution listed here sponsors or endorses Silicon Founders.

- [R1] U.S. Small Business Administration, 'Plan your business' and 'Write your business plan': https://www.sba.gov/counseling/plan-your-business/ and https://legacy.sba.gov/business-guide/plan-your-business/write-your-business-plan
- [R2] U.S. National Science Foundation, NSF I-Corps customer discovery overview: https://www.nsf.gov/funding/initiatives/i-corps/about-i-corps and https://www.nsf.gov/funding/initiatives/i-corps/information-accepted-national-teams
- [R3] U.S. Securities and Exchange Commission, 'Offering Pathways': https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/offering-pathways
- [R4] National Venture Capital Association, 'Model Legal Documents': https://nvca.org/model-legal-documents/
- [R5] Strategyzer, 'Value Proposition Canvas': https://www.strategyzer.com/library/the-value-proposition-canvas
- [R6] Stripe, 'Net revenue retention (NRR) for SaaS businesses': https://stripe.com/resources/more/net-revenue-retention
- [R7] U.S. Federal Trade Commission, 'Advertising FAQs for Small Business': https://www.ftc.gov/business-guidance/resources/advertising-faqs-guide-small-business
- [R8] U.S. Securities and Exchange Commission / Investor.gov, 'Red Flags of Investment Fraud': https://www.investor.gov/protect-your-investments/fraud/how-avoid-fraud/red-flags-investment-fraud-checklist

Publication and rights note

PRACTICAL WORKSHEET / 01

Venture Readiness One-Page Memo

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Customer segment and critical problem

_____

_____

Verified evidence with source and date

_____

_____

Three biggest unsupported assumptions

_____

_____

Financing alternatives and current preference

_____

_____

Next milestone, cash constraint and responsible owner

_____

_____

PRACTICAL WORKSHEET / 02

Customer Discovery Evidence Sheet

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Interview participant role and segment (no sensitive identifiers)

_____

_____

Recent problem episode and current workaround

_____

_____

Observed economic or operational impact

_____

_____

User, buyer, approver and blocker map

_____

_____

Contrary evidence and next permitted test

_____

_____

PRACTICAL WORKSHEET / 03

Business Economics and Cash Sheet

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Price, gross revenue unit and billing period

_____

_____

Direct delivery cost with included categories

_____

_____

Operating cash and committed obligations

_____

_____

Downside scenario and cash trigger

_____

_____

Next decision date and contingency owner

_____

_____

PRACTICAL WORKSHEET / 04

Investor Data Room Exceptions Sheet

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Document or claim to reconcile

_____

_____

Why the item matters and who can verify it

_____

_____

Access permission and confidentiality restriction

_____

_____

Owner, evidence link and next action

_____

_____

Approval status and review date

_____

_____

PRACTICAL WORKSHEET / 05

30-Day Venture Decision Record

Use this page as a reusable internal working tool. Record dates, sources and accountable owners; do not invent entries.

Prepared by: _____ Date: _____

Baseline business facts

_____

_____

Learning completed in the past 30 days

_____

_____

Decision and alternatives considered

_____

_____

Remaining legal or integrity stop flags

_____

_____

Next 30-day actions and owners

_____

_____