

The Three Keeps for Start-up Founders



Keep it simple

It's easier for investors to understand and for you to manage.

Simple group structure – easier for investors to understand. They want to invest in the parent company. Unnecessarily complex group structure could be a red flag.

Simple shareholder governance – avoid creating multiple share classes (e.g. A shares, preference shares, etc.) until Series A.

Grant funding – understand what is required, the metrics you must meet, and where you agree to commit the money. Be cautious of grants that require activity that does not align with your core business.

Exception: Intellectual Property may require more complex arrangements.



Keep it organised

Due diligence – preparation accelerates fundraising

- Have a DD champion
- Have a dataroom (HighQ site, Google drive, Dropbox, etc) with documents investors will want to see.
- Keep it up to date
- Know what DD questions will be asked before you raise and have answers

Corporate information

- Keep Companies House accurate and updated.
- Accountants can help.

Warrants/Options register

- Know how much of your option pool you've allocated and how much you can still give out.

Regulation

- Know what rules apply to you.
- Diarise key dates and deadlines.

Intellectual Property

- Know who owns it
- Record who owns it and have agreements in place.



Keep it!

Equity is your most valuable asset.

Create a 12-18 month requirement plan for options. Consider employee incentives, founder top-ups, and investor requirements. Align the plan with your funding cycle. Review and adjust your plan as your company evolves.

Options and warrants

- Employees: make them earn it. Use vesting and leaver provisions.
- Third party: set performance milestones for advisors and service providers
- Both: keep underlying equity non-voting or ensure they can only exercise options on exit. Include restrictions on transferring the options (you don't want them sold to a competitor).

Any questions? Get in touch



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