

VALUATION WORKSHEET

Weighted Ranking	Factors and Issues: Impacting the Valuation of Pre-revenue, Start-up Companies	
0-30%	Strength of the management team?	
	Impact	<u>Founder's experience</u>
	+	Many years business experience
	++	Experience in this space
	+++	Experience as a CEO
	++	As a COO, CTO, CFO
	+	As a product manager
	--	Sales person or technologist only
	---	Straight out of school
		<u>Willingness to step aside, if necessary, for a new CEO</u>
	--	unwilling
	-	somewhat unwilling
	0	neutral
	+	somewhat willing
	++	willing
	Impact	<u>Is the founder coachable?</u>
	0	yes
	---	no
	Impact	<u>How complete is the management team?</u>
	--	very incomplete
	-	somewhat incomplete
	0	good start
	+	rather complete team
	++	a complete and experienced management team
0-25%	Size of the Opportunity	
	Impact	<u>Size of the specific market for the company's product or service</u>
	--	<\$50,000,000
	0	\$100,000,000
	++	>\$500,000,000
	Impact	<u>Potential for revenues in five years</u>
	-	>\$50,000,000
	+	\$100,000,000
	++	>\$100,000,000
	Impact	<u>Strength of competitors in this marketplace</u>
	---	very strong
	-	strong
	0	modest
	+	weak
	++	very weak
	Impact	<u>How large are the barriers to entry</u>
	--	very low
	-	low
	0	modest
	+	high
	++	very high

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(continued)

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0-10%	Product or Service	
	Impact	<u>How well is the product defined?</u>
	—	poorly defined
	-	some definition
	0	definition needs focus
	+	clear, focussed and succinct
	Impact	<u>Is the product compelling?</u>
	-	this product is a vitamin
	0	this product is a pain-killer
	+	this product is a pain-killer with no side effects
	Impact	<u>Can product be easily copied?</u>
	—	easily copied
	-	duplicated or replaced with difficulty
	0	product is unique and protected by trade secrets
	+++	solid patent protection
0-10%	Impact	Sales channels
	—	Haven't even considered
	-	Many possibilities identified
	0	Narrowed to one or two channels
	+	Initial channels verified
	+++	Channels established
0-10%	Impact	Stage of business
	—	Only have a plan
	-	Writing code/in product development
	0	Product ready for customer evaluation
	++	Positive, verifiable customer acceptance by beta site
	+++	Customer lined up
0-5%	Impact	Size of this investment round
	+	\$250,000 to 750,000
	0	\$750,000 to \$1,500,000
	—	>\$1,500,000
0-5%	Impact	Need for subsequent funding
	+	none
	0	<1,000,000
	—	>\$10,000,000
0-5%	Impact	Quality of business plan and/or computer presentation
	—	poor
	0	OK
	+	excellent