

>: Key questions to ask before investing in a private company

Friday, February 22, 2008 / juz

I am a retired engineer and have walked away from many 'opportunities' that didn't pass one of my 'sanity' checks. First, before investing much time with a 'startup' I want to be sure the proposed idea does not violate my idea of how nature works. Once I am convinced there is no violation of known physics and that the people are legitimate and can work together satisfactorily I am ready to consider investing.

I want detailed information about the proven talents/skills of the key players and their strengths and weaknesses as well as threats and opportunities for the private company.

I want a forecast of funds needed for at least five years to carry out the business plan that specifies expected 'breakeven'. Marketing and distribution plans for planned products are important. I want to feel the company has enough money to take advantage of opportunities and can survive even if there is a severe market downturn.

juz