

DIFFICULTY RAISING CAPITAL

Almost every company needs to raise capital. Even Bill Gates, if he was starting a company today, would need to take on some capital! Raising capital is a time, labor, legal and most importantly relationship intensive process.

Any good investor will delve deeply into the company. Investors will ask for documents, interviews and financial statements. This includes asking for a company's internal governance documents and documentation of significant company actions. A company that is found to be lacking in the execution of their company's governance obligations will likely have a hard time garnering significant investor interest.

A company that does not adhere to their governance obligations will incur a significant strike against them with a potential investor. Adhering to company governance obligations inspires confidence in an investor and shows a host of good investment criteria: good business acumen, proper risk management, an owner who "gets it" and a lower risk profile for the potential investment.

Those companies that do not adhere to company governance obligations will fight an uphill battle to prove that they meet all these investment criteria and will be a good "bet" for the investor.