



# Blueprint for growth

Building a solid,  
flexible framework  
for small business

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RoseRyan

The finance framework you set up in the early stages of your small business can have a lasting effect. It determines whether you speed ahead to your destination or get bogged down in a finance-related rut.

We've seen companies miss out on high valuations, delay their IPO an entire year, waste precious cash or suffer other serious setbacks when their financials are not in order. It's that important.

Juggling the array of finance needs—from hiring staff, tracking expenses and paying bills to keeping tabs on stock compensation, complying with regulations, tracking assets and much more—is challenging for young companies. It can mean spending too much, or not enough, or spending on the wrong things at the wrong time. And it can make critical movements come to a full stop, if your company is not built to quickly change course when outside demands call for a pivot.

## A step-by-step guide

Based on our extensive experience working with life sciences and technology companies in and around Silicon Valley, we've created the Scalable Finance Architecture for startups and small business. This detailed plan tells you every step to take and when to take it, and notes the expertise and tools you need at each juncture.

Use this powerful tool to keep track of where you are, where you want to go and how you're going to get there. Our blueprint indicates each activity's timing and the level of complexity, and it can be expanded to become a checklist for significant events.



Getting set up with a smart finance framework ensures that your company is always ready for its next stage of growth. It connects business details to the big picture so you can identify the people, processes and systems you need—at the right time.

## 7 pillars of the initial framework

To get you started, we present this high-level guide for the 7 essential areas that need your attention during the prefunding and initial funding stages. When the company is self-funded or living tightly on a friends-and-family round, reach out to experts who can cost-effectively assist you with getting these fundamentals in place.



1. **General ledger and basic accounting structure using the latest technology** A simple accounting system with a scalable chart of accounts and department structure lays the groundwork for growth and the most appropriate systems for the company's size and complexity. Accrual-based accounting with a monthly close and reporting and reconciliation processes are essential to helping you keep your company on track.



2. **Payroll and benefits** Use a PEO (professional employer organization) to handle both payroll and benefits. Outsourcing these functions ensures that you pay employees properly, file payroll taxes on time, offer competitive benefits and manage other human resources functions appropriately.



3. **Accounts payable** Ensuring that expenses are recorded in the right period and vendors are paid in a timely manner will help you establish a credit history and manage cash flow.



4. **Stock administration** Keeping complete stock records from the get-go ensures that you'll always know who owns shares in your company and how much of it they own.



5. **Human resources** This area overlaps finance. Staying compliant with regulations on consultants and employees—including keeping records as required by the state, county and city you operate in—helps you avoid significant pitfalls down the road and will pay off in saved time, money and focus.



6. **Operational accounting and reporting, forecasting and budgeting, and cash monitoring** Setting up processes to estimate, record, track and report on operational metrics is vital to sustaining forward momentum, especially when cash reserves are tight and trade-offs need to be made. Always watch your cash burn rate. And track recurring vs. one-time costs.



7. **Compliance** Keep on top of tax deadlines, and pay attention to requirements at the federal, state, county and local levels. Providing on-target compliance means you avoid costly penalties and interest, as well as a common cause of delay in closing a funding round or M&A transaction.

Design a finance framework that can scale with you and ensures that you have the right resources and systems in place when you need them.

## Building the finance framework

Many a Silicon Valley startup has made missteps in the first stage of growth. The right finance solution at the right time is critical for taking the company further along its journey. Decisions you make now will affect your future ability to secure funding and have a successful exit when the time comes.

While small businesses typically don't have the resources to hire full-time employees at this point, their savvy use of service providers and consultants can set them apart. Look for experts who know your industry and region. Silicon Valley and other centers of innovation present unique challenges as companies get started, so seek out pros who are accustomed to the fast pace and nimbleness required to advance.

Identifying your company's objectives and milestones and determining what's needed to accomplish them is the first step to designing a finance framework. We create a tailored approach for each client. Then we translate it into a simple graphic format that can be revised as milestones change.

**Contact:**  
Maureen Ryan  
510.456.3056 x122  
mryan@roseryan.com

Have a finance or accounting challenge? Don't hesitate to reach out to Maureen Ryan at RoseRyan to discuss the right finance solution.

Check out the Scalable Finance Architecture one-page diagram  
<http://bit.ly/financearchitecture>

## About RoseRyan

RoseRyan takes dynamic companies further, faster, by delivering specialized finance and accounting solutions at every stage of your company's growth. Versed in Silicon Valley's rapid pace and unique business environment, our consulting firm has helped 800+ companies achieve success since 1993. No matter the size of your company or the scale of your next endeavor, RoseRyan has the wide-ranging skills and services you require to accelerate growth.

Learn more [www.RoseRyan.com](http://www.RoseRyan.com).

More than  
**800**  
companies

Rated  
**4.7**  
out of 5 stars  
by clients

Nearly  
**25**  
years