

PERSPECTIVES

BY FINNOSIGHTS

Due Diligence

The Moment of Truth
Every Start-up Must Face

Table of Contents

01	From the Editor	Readiness is the Real Edge	2
02	Spotlight	Due Diligence Demystified: What Every Founder Should Know – <i>By Chandrashekar Nayak</i>	3
03	The Exchange	Through the Investor's Lens: Insights on Diligence with Chetan GMS, CFO, Stellaris Venture Partners – <i>By Ganesh Pai</i>	8
04	CFO Insights	The Compass, Not the Calculator: Why Start-ups Need – <i>By Harshith KS</i>	11
05	Playbook	Due Diligence Readiness Checklist – Early Stage Essentials – <i>By Swetha Bhat</i>	15
06	Bookmarked	The Hard Thing About Hard Things by Ben Horowitz – <i>By Raiza Meriya</i>	17

01

From the Editor

Readiness is the Real Edge

Friends,

Welcome to the second issue of *Perspectives by Finnosights*. We are truly grateful for the encouraging response to our inaugural edition. Your feedback and engagement reaffirm why this effort matters: to spark conversations that help us think deeper and act smarter.

In this issue, we turn the spotlight on a theme that can make or break every fundraise: Due Diligence. Our cover story, ***Due Diligence Demystified: What Every Founder Should Know***, goes beyond checklists to uncover what really matters — hidden risks, red flags, founder psychology, and the discipline of readiness.

We are also delighted to present an exclusive interview with **Chetan GMS, CFO at Stellaris Venture Partners**. Drawing from his vantage point inside a leading VC firm and his grounding at KPMG, Chetan shares candid insights on how investors evaluate companies, the soft signals they pick up,

and the advice he gives first-time founders heading into diligence.

This edition continues our focus on building financial muscle in start-ups through CFO Insights. Our feature ***The Compass, Not the Calculator: Why Start-ups Need Business Finance Early*** highlights how business finance equips founders to make sharper bets, avoid costly missteps, and convert data into decisions that sustain momentum. It's about turning finance into a competitive edge, not just a back-office function.

In the Playbook section, we bring you the ***Due Diligence Readiness Checklist – Early Stage Essentials***. This practical tool helps founders prepare for diligence with clarity and confidence, ensuring they walk in ready for investor scrutiny.

And in Bookmarked, we feature Ben Horowitz's classic ***The Hard Thing About Hard Things***. Few books capture the raw reality of building and scaling companies with such honesty, and we

believe every founder will find enduring wisdom in its pages.

As we close this edition, we wish you a festive season of renewal, light, and joy, and a New Year filled with fresh opportunities to build, scale, and thrive.

Thank you once again for reading *Perspectives*. We hope this issue informs, provokes, and inspires. As always, your feedback is welcome.



GANESH PAI

Founder & Managing Partner,
Finnosights



02

Due Diligence Demystified: What Every Founder Should Know

Inside the scrutiny that follows the term sheet and how smart founders turn it into strength for the long road ahead.

By Chandrashekar Nayak

The pitch is done. The term sheet is signed. You exhale, thinking the hardest part is behind you. Then comes the email every founder dreads: “We’re starting diligence.”

This is where the real test begins. Diligence is not about how inspiring your vision sounds. It is about whether your business can hold up under scrutiny. Numbers, contracts, compliance, even the chemistry between co-founders — nothing is off the table. For many founders, the process feels less like a meeting and more like an interrogation.

But diligence does not have to be a burden. The best founders use it as proof of their resilience,

transparency, and discipline. Handled well, it becomes more than a gatekeeper. It becomes a credibility signal that shows investors you and your company are ready for scale.

This article takes you inside that room: the types of diligence investors run, what they are really looking for, the red flags that kill deals, and how you can prepare to come out stronger than you walked in.

Due Diligence Before Due Diligence: The Early Scrutiny

Long before auditors and lawyers enter the picture, investors are already running their own informal checks. This is the “due diligence before

due diligence” — a period where conviction is either quietly built or quietly eroded. It is less about documents and more about people, markets, and momentum.

Founder Due Diligence

At the early stage, the biggest bet is not the business — it is the founders. Businesses evolve, pivots happen, markets shift. But founders do not change. Investors are asking: “Do I want to be on a 7–10 year journey with these people?”

Market Due Diligence

No matter how slick the pitch, the question is simple: is there a real, growing market here? Investors look beyond TAM

slides to gauge whether the opportunity is large enough, the competitive landscape is understood, and the problem matters deeply to customers.

Technology Due Diligence (for tech start-ups)

For tech-driven businesses, the product itself goes under the lens. Is the architecture robust? Can it scale? Is it defensible? Even the smartest codebase falters without the right people behind it.

Traction Due Diligence

Early numbers do not have to be massive, but they do have to be real. User growth, early revenues, pilots, or partnerships show the concept is not just theory. Traction is proof that the market is responding.

The Big Picture: This stage is about character and conviction as much as spreadsheets. Investors know business models may pivot, but founders remain. That is why early diligence is less about catching mistakes and more about answering: *"Are these the people I want to back for the long road ahead?"*

The Deep Dive: Finance, Tax & Legal

Once investors are convinced by your story, the pitch deck gives way to reality. The DD team step in to "trust but verify," stress-testing every corner of the business. This stage often feels intense, but it is not designed to trip you up. It is meant to

answer three big questions: Are the numbers real? Are there hidden tax liabilities? And is the company protected?

Financial DD – Are the numbers real?

The DD team dig beyond forecasts to test whether your accounts hold up. They reconcile revenues, expenses, and cash flows; comb through cap tables and past funding rounds; and check whether your claims about runway match the books.

One SaaS founder recalled the shock of having to restate revenues after investors flagged invoices booked too early. "It felt like a punch in the gut," he said. But by owning the mistake

and tightening systems, the team walked away with a hard but valuable lesson: billing is not revenue, and founders need to understand the accounting outcome of every business transaction.

Tax DD – Are there unexpected risks?

Tax diligence ensures there are no unpleasant surprises after the deal. The DD team review GST/TDS payments, payroll taxes, corporate returns, and disputes. Late filings or contractor misclassifications are common. Rarely deal-breakers, but they demand transparency and a fix.

An enterprise-tech startup discovered during diligence

Investor Gut Checks

Beyond numbers, investors test people. These instincts often drive conviction:

- **Leadership:** Confidence, clarity, and resilience under pressure.
- **Customer Connection:** A founder who understands users deeply and can sell the vision.
- **Team Chemistry:** Alignment and adaptability strong enough to survive countless pivots, highs, and lows over a 7–10 year journey.
- **Coachability:** Defends the vision but listens, adapts, and absorbs feedback with maturity.

These gut checks shape conviction as much as the size of the opportunity and the numbers on the spreadsheets.



that old GST dues and delayed TDS payments had piled up. “It wasn’t pretty, but what had to be done had to be done,” the founder said. The penalties were costly, but the wake-up call led them to hire a stronger accounting firm to keep compliance tight.

Legal DD – Is the company protected?

Lawyers want assurance the company is on solid ground. They review shareholding structures, contracts, IP ownership, and employment terms. Red flags include IP still in a founder’s name, informal employment contracts, or customer agreements with change-of-control clauses.

A healthtech startup was jolted when diligence showed their core IP was still in a contractor’s name and trademarks had not been registered. With a major branding campaign underway, the timing was brutal. The founders came clean, fixed the paperwork quickly, and won investor respect for their candor. Looking back, they say they are grateful the DD team caught it before it became a costly miss.

How Long Does It Take?

Every investor runs diligence differently, but most follow a similar rhythm. On average, diligence takes 6–8 weeks from kick-off to closure. (See *Sidebar: Due Diligence at a Glance for the typical flow.*)



Due Diligence at a Glance

Early Scrutiny (Before Formal DD)

- **Founders:** Leadership, resilience, team chemistry
- **Market:** Real demand, growth potential, competitive edge
- **Technology:** Scalability, defensibility, technical depth
- **Traction:** User growth, revenue, partnerships

Formal Diligence (The Deep Dive)

- **Finance:** Revenues, expenses, cash flow, cap table
- **Tax:** GST/TDS filings, payroll, open tax disputes
- **Legal:** Contracts, IP ownership, compliance, litigation

The Process (Typical 6–8 Weeks)

- **W0:** Kick-off → Info Request List (IRL) issued; data room shared
- **W1–2:** Document review → DD team checks accuracy and gaps
- **W2–4:** Q&A rounds → Clarifications, management discussions
- **W3–5:** Independent checks → Site visits, customer/vendor calls, tech or market audits
- **W6–8:** Wrap-up → Findings consolidated, Investment Committee decides

If Things Go Wrong

- Disclose early. Investors dislike surprises.
- Give context. Explain resource gaps or honest mistakes.
- Show a fix. Tie it to a **CP** (before closing) or **CS** (after funding).
- Stay calm. How you handle issues matters more than the issue itself

What If You Have Issues in Due Diligence?

Almost no startup passes diligence with a perfect score. Missing filings, informal contracts, or compliance gaps are common. What matters is how founders handle them.

- **Be Transparent.** Concealing problems is far worse than admitting them.
- **Give Context.** Explain resource gaps or honest mistakes.
- **Offer a Fix Plan.** Agree to conditions:
 - *Conditions Precedent (CPs):* Fixes before funding flows (e.g., registering IP).
 - *Conditions Subsequent (CSs):* Fixes after funding, within a timeline (e.g., implementing new software).

Founder Psychology During Due Diligence

For founders, diligence can be emotionally draining. The process is long, detailed, and often personal. Stress builds as every request feels like a test. Frustration grows when clarifications interrupt daily operations. Defensiveness kicks in when flaws are exposed. Exhaustion comes from late-night reconciliations.

One founder told us how he kept watching the cash runway slip while the DD team pressed for more detail. “At some point, I had to step in and say, let’s focus on what really matters,” he recalled.

The real struggle is balancing the instinct to tell the best story with the need to disclose messy realities. The best founders do both. They inspire with their vision but stay candid about flaws, always with a plan to fix them. That honesty, more than polish, is what builds investor trust.

The Red Flags to Watch Out For

Every diligence uncovers gaps. These are the recurring themes to watch for:

- **Messy Cap Tables:** Unclear ownership, unrecorded SAFEs, conflicting share classes, or poorly documented ESOP pools.
- **Unprotected IP:** Rights still with founders, contractors, or ex-employees.
- **Inflated Numbers:** Leads pitched as deals, premature revenue booking, shifting KPIs.
- **Weak Financial Controls:** Unreconciled accounts, multiple versions of revenue, fragile Excel models.
- **Compliance Lapses:** Unfiled GST/TDS, missing contracts, unpaid dues.
- **Buried Liabilities:** Hidden ESOP promises, side letters, vendor clauses, litigation.
- **Lack of transparency:** Surprises, inconsistent answers, or hiding issues until they’re uncovered.

Fix: Surface issues early, provide context, and present a clear plan. Investors value transparency — and often help solve problems — but they dislike surprises.





Final Thoughts

Once you decide to raise money, diligence is not optional. It is the rite of passage every founder must go through. It will test your patience, your discipline, and your ability to stay transparent under pressure.

The best founders do not see diligence as a distraction. They see it as a chance to prove character: to show resilience when pressed, honesty when flaws appear, and clarity when the noise builds.

Handled this way, diligence does more than unlock today's funding. It sets the tone for every future investor conversation, every boardroom debate, and every market challenge.

Smart founders do not fear diligence. They lean into it, knowing that every tough question answered with honesty builds trust that lasts far beyond the funding round.



Finnosights POV: DD Prep — The Founder's Hidden Weapon

Too many founders treat diligence as a fire drill after the term sheet. That's a mistake. The best founders flip the script and run Prep DD — their own internal diligence — well before investors do.

In practice, that means:

- **Financial readiness:** Books reconciled monthly, revenue policies clear, KPIs tracked consistently.
- **Legal hygiene:** Cap table updated, ESOPs documented, IP assigned, contracts filed.
- **Operational proof:** A data room that's live, not cobbled together after an IRL.

Prep DD does two things at once: it speeds up the current round and builds trust for the next. A founder who can hand over a clean, organized data room signals professionalism, foresight, and execution discipline. Investors notice.

At Finnosights, we've seen it firsthand: founders who walk into diligence ready don't just survive the process, they own it.



03

Through the Investor's Lens: Insights on Diligence

with Chetan GMS — Interview by Ganesh Pai

When **Chetan GMS** moved from the audit trenches at KPMG into venture capital, he carried with him a sharp eye for red flags and a discipline for financial governance. Today, as **CFO at Stellaris Venture Partners** — an early-stage VC firm that has backed breakout startups such as Mamaearth, Whatfix, and Propelld — he brings a rare vantage point on how founders should approach diligence. Having seen both the audit desk and the investor's table, Chetan shares why preparation matters, the missteps that often derail fundraises, and the practices that help startups stay investor-ready from day one.



From your seat as a VC CFO, what does a 'great' due diligence process look like for founders and investors?

A strong diligence process starts with clarity on scope: what will be covered, what's excluded, and the time period under review. The diligence team should be upfront about areas they won't cover, such as certain geographies, ESG, or legal matters.

Findings should then be grouped into Red, Orange, and Green categories, with clear distinctions

between fraud, unintentional errors, and correctable mistakes. This helps frame indemnities, conditions precedent, and compliance items.

Ultimately, diligence should not feel like a box-ticking exercise. It should be genuinely useful to both founders and investors in making informed decisions. The stage of the company also matters — for early-stage startups, distinguishing between "must-haves" and "nice-to-haves" is critical.

When reviewing a portfolio company preparing for a raise, what are the biggest financial red flags that worry you?

- **Basic bookkeeping:** Are revenue, expenses, cash flows, debtors' ageing, and bank balances recorded properly? (Surprisingly, even cash balances are often misreported.)
- **Revenue recognition:** Minor timing issues are common, but recurring mistakes are a concern.

- **Compliance:** Are filings and obligations completed on time?
- **Founder awareness:** Does the founder prioritise financial hygiene?
- **Governance:** Too many related-party transactions or founder involvement in every decision can raise concerns.

What's one area of due diligence that founders consistently underestimate or leave too late?

Founders often underestimate open liabilities and non-compliance with statutory requirements. Another common gap is incomplete documentation — whether it's revenue contracts, ESOP agreements, or labour law records.

Segregation of duties and periodic review of books are often overlooked. Founders should stay on top of key numbers such as burn rate, ARR, and quarterly revenue, not with absolute precision but with at least 90 percent accuracy.

Beyond data rooms and Zoom calls, what soft signals do VCs pick up during diligence?

- How prepared is the company?
- Turnaround time to share information.
- Is the founder on top of overall operations?
- Is there a set process, or are things chaotic and haywire?

- Clarity in responses to questions — do they really know what is happening in the company?

You've seen both early-stage chaos and growth-stage sophistication. How should finance evolve as a company matures?

In the early stages, up to Series A, a cost-effective model works best: hire one junior in-house person to act as a bridge with a strong outsourced accounting firm. This person can collate information, coordinate payments, and review MIS with the founder on a regular basis. It takes the routine load off the founder and keeps costs low.

Post Series A, companies should continue this model but consider hiring a more senior in-house

professional. As the business scales, this person can take on contract negotiations, legal work, vendor management, and treasury.

By Series B, it's important to have a strong Financial Controller who can grow into a CFO. At this stage, the finance function should operate like that of a listed company — stable, independent, and capable of reporting at board level. This sets the company up for IPO readiness.

What advice do you give to first-time founders who are about to go through institutional due diligence?

Do a pre-diligence check before the actual process begins. We have seen this work very well in our portfolio



companies preparing for their next fundraise, and it also gives founders greater confidence going into the process.

Be transparent and disclose issues upfront, with explanations. This builds trust and avoids surprises. Share all requested information in one shot instead of piecemeal as fragmented sharing delays the process and creates fatigue.

Schedule regular review calls with the diligence agency and include investor representatives to ensure alignment. And if you feel the DD team is going beyond agreed scope, raise it with the investor and explain why it isn't necessary.

What systems or rituals have you seen make the biggest difference in staying diligence-ready year-round?

- Hire a reliable accounting firm and keep books clean and up to date.
- Close books every month and review them with the founder or senior team.
- Document and organise everything for easy retrieval.
- Don't push tasks for later; piles are harder to clear.
- Complete audits on time.
- Do a quick weekly GL review (30 minutes is enough) to catch and fix issues early.

What's one belief you hold about startup finance or due diligence that most people would disagree with?

If you run your finance function as though you are a listed company, with transparency, discipline, and clean documentation, everything becomes simpler. It is not rocket science. Start from day one, keep it clean, and make finance one of the strongest functions in the organisation.

Rapid Fire with Chetan GMS

- **First thing you check in a data room?**
What's been shared, what's missing, and the quality of what's shared.
- **One founder habit that makes due diligence smoother?**
Respecting the process and understanding why requests are made.
- **One metric every founder should always know?**
Burn rate and cash runway.
- **Best finance habit a founder can build early?**
Reviewing MIS every month without fail.
- **Coffee or chai?**
Depends on the place and the maker!
- **If you weren't a CFO, what would you be doing?**
Ethical hacker.





04

The Compass, Not the Calculator: Why Start-ups Need Business Finance Early

Why forward-looking founders bring in business finance earlier than most, and how it changes everything.

By Harshith KS

You've just closed your seed round. The product is shipping, early customers are raving, and Series A conversations have begun. Then, mid-meeting, an investor leans in and asks: "What's your burn rate? How many months of runway do you have? What's your gross margin?"

You hesitate. You know the answers... sort of.

For many founders, finance feels like plumbing, invisible until it leaks. But in start-ups, leaks don't just cause mess. They can sink the ship.

The truth is simple: finance is not bookkeeping. It is not

scorekeeping. Done right, it is a compass that points to where to invest, when to pivot, and how to earn trust long before the numbers themselves become a crisis.

Why Finance Isn't Optional

Start-ups rarely die of lack of ambition. They die of running out of cash.

Too often we see brilliant teams undone not by competitors but by blind spots such as hiring too early, underpricing until margins collapse, or expanding into a new city without tallying the true cost. These are not accounting errors. They are strategy errors. And they all

trace back to one thing: treating finance as a calculator when what was really needed was a compass.

Finance in the Trenches

In the early days, founders are pulled in a dozen directions, and finance often slips down the priority list until it becomes urgent. Bookkeeping and compliance may keep you out of trouble, but they do not reveal whether the business is truly creating value. Real finance operates in the trenches, shaping pricing, refining cost structures, and stress-testing growth bets.

The best finance teams sit inside the

business, not apart from it. At ITC's Personal Care Business where I was part of the team, campaigns became joint bets where financial discipline amplified brand impact. In start-ups, this role is sharper: finance prevents speed from becoming a trap. It ensures hiring, contracts, or market entry decisions are grounded in reality, acting as both brake and accelerator, and helping founders make smarter, faster choices.

What Business Finance Really Does

Business finance is not about drowning in spreadsheets. It is about focusing on the handful of levers that actually shape survival and growth. At different stages, those levers shift, but the underlying role stays constant: sharpening decisions.

1. Financial Planning and Scenarios

Budgets alone do not cut it in start-ups. What matters is "what if?" thinking.

- What happens if revenue dips 20 percent?
- If a \$2M round closes, what is the highest return use of capital?
- Which growth bets deserve fuel, and which must wait?

Good finance leaders bring probabilities, not false precision. They help founders anticipate, not just react.

Traits of Great Business Finance Pros

1. **See patterns, not just numbers:** They connect data to industry context.
2. **Decisive:** They make tough calls quickly, because indecision kills start-ups.
3. **Candid:** They voice uncomfortable truths, even when it stings.
4. **Agile:** They adjust strategy as the business evolves.
5. **Collaborative:** They work with sales, product, and operations, not apart from them.

Bonus: The best ones more than pay for themselves by avoiding costly mistakes and unlocking efficiency.



2. Gross Margin Refinement

Margins look different depending on the business model.

- **SaaS:** Gross Margin (GM) — revenue minus direct costs like cloud hosting, support, and customer success — often sits north of 70–80 percent. But if these costs are not controlled, scale can quietly erode profitability. Finance sharpens these levers to protect margins as the business grows.

• D2C (Direct-to-Consumer):

Contribution Margin 1

(CM1): Revenue minus variable costs directly tied to production and fulfillment (manufacturing, packaging, shipping, logistics). If CM1 is negative, every order loses money.

Contribution Margin 2

(CM2): CM1 minus customer

acquisition costs (digital marketing, performance ads, referral incentives). CM2 shows whether scaling is sustainable or whether growth is burning cash.

- **Platform businesses:** For marketplace or aggregator models, key levers include take rate (platform's share of transaction value), partner incentives, and Customer Acquisition Cost (CAC) relative to Gross Merchandise Value (GMV, i.e., the total value of transactions). Tracking CM1 and CM2 here reveals whether the platform is genuinely building value or just subsidizing growth.

Each model demands its own lens. Business finance forces the tough questions early, before scale multiplies mistakes.



3. Cost Optimisation

When resources are limited, every rupee or dollar must stretch. Business finance does not wait for a crisis to slash budgets. Instead, it constantly asks:

- Can vendor terms be renegotiated?
- Is headcount tracking revenue reality?
- Are we chasing impressions instead of paying customers?

The best cost optimisation trims fat, not muscle. Done right, it accelerates growth by freeing up capital for sharper bets.

4. Business Model Exploration

Subscription versus one-time sale. Freemium versus premium. Asset-light versus owned. Each choice rewrites the financial story.

Finance runs alongside these experiments, quantifying cash flow implications, stress-testing risks, and clarifying whether the model is scalable or fragile. At Aditya Birla Fashion and Retail, we never greenlit a store without store-level economics. Start-ups face the same truth: prove the model before you scale it.

5. Performance Focus

Founders often track too many metrics or the wrong ones. Business finance filters the noise.

- Early: burn, runway, CAC, LTV (Lifetime Value)
- Growth: gross margin, contribution margin, churn
- Scale: EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), free cash flow, cash conversion

It is about discipline. It keeps teams focused on the numbers that move the business, not the ones that decorate a dashboard.

6. Commercial and Strategic Guardrails

Contracts, partnerships, and new market entries often look shiny on the surface. Finance asks the questions others might avoid:

- Does this deal strengthen both strategy and economics?
- Are we trading margin for vanity growth?
- What risks are being quietly underestimated?

The goal is not to kill ambition. It is to protect it.

The Cost of Waiting

Founders rarely say, *"I wish I had waited longer to bring finance into my business."* More often, the regret comes too late, usually in the middle of a fundraise when investor questions cannot be answered crisply, or during a sudden cash crunch when survival depends on visibility that was never built. At that point, finance is firefighting rather than guiding.

The truth is that when embedded early, business finance quietly changes the game. Investors lean in faster because they see clarity, teams make sharper bets, and founders free up bandwidth to focus on product and customers. Strong finance talent often pays for itself within months, through savings on vendor terms, smarter hiring, or

unlocking investor trust. Finance is not a budget line item, it is an enabler. Products create momentum, customers create validation, but finance builds longevity. It ensures the ship does not just sail fast, it sails far.

Final Reflection

Every founder knows the thrill of chasing growth. Few appreciate the discipline that sustains it.

The best time to bring in business finance is not when you think you need it. It is before.

Not because finance guarantees success, but because it gives you the one thing start-ups need most: the confidence that you are steering by a compass, not just punching numbers into a calculator.

Spotting the Inflection Point

You likely need a business finance team if:

- You are raising Series A or beyond
- Expanding into new markets or product lines
- Revenues cross ₹10–15 Cr (USD 1–2M ARR)
- Managing multiple revenue streams/ business models

Options:

- Outsourced partner: early-stage, for books, compliance, and basic reporting
- Fractional CFO + lean support: growth stage, for fundraising and strategic decisions
- In-house team: scale stage, for complex FP&A, controllership, and strategy





05

Due Diligence Readiness Checklist – Early Stage Essentials

By Swetha Bhat

Getting ready for due diligence doesn't have to feel overwhelming. This streamlined checklist borrows from full professional DD requests but trims to what early-stage founders (Seed–Series A) should realistically prepare. It balances investor expectations with practical founder bandwidth.

	Document/Item	Status (Ready/ In Progress/ Not Started)	Owner	Last Updated	Comments/ Action Required
Finance	Monthly MIS (P&L, Balance Sheet, Cash Flow)				
	Projections (12–18 months with assumptions)				
	Bank statements				
	Revenue proof (customer invoices / contracts)				
	Payroll summary (headcount & cost overview)				
	ESOP scheme & grant letters (if applicable)				
	Burn rate & runway summary				
	Audited Financial Statements				
Tax	Tax return (Income Tax, GST as applicable)				
	TDS / PF / statutory dues payment proofs				
	Tax Notices / assessments (if any)				

	Document/Item	Status (Ready/ In Progress/ Not Started)	Owner	Last Updated	Comments/ Action Required
Legal	Incorporation documents (COI, MOA, AOA, CIN, PAN, GST)				
	Updated Cap Table				
	Shareholder agreements (SHA/SSA/SAFE/Convertible Notes)				
	Board and Shareholder meeting minutes				
	Regulatory filings (ROC filings: Annual Return, DIR-8, DIR-12, etc.)				
	Statutory Registers				
	Key IP/trademark registrations (applications/proofs)				
Business Ops	Key customer/vendor contracts (top 5-10)				
	Org chart (with founder & leadership roles)				
	Business metrics (CAC, LTV, Paybacks, Churn/retention)				
	Product overview deck (features, screenshot, user flow)				
	Infra & data basics (hosting, stack, security practices, code repository)				



Few books capture the chaos of entrepreneurship as honestly as *The Hard Thing About Hard Things*. For founders, investors, and finance leaders, this is less a management guide and more a survival manual.

About Ben Horowitz & a16z

Ben Horowitz is the co-founder of Andreessen Horowitz (a16z), one of Silicon Valley's most influential venture capital firms. Alongside Marc Andreessen, he has backed iconic companies such as Facebook, Airbnb, Coinbase, Slack, and GitHub. Before becoming a top-tier VC, Ben lived the founder's grind himself.

From Loudcloud to Opsware

Ben's company Loudcloud, an early cloud infrastructure business, nearly collapsed

multiple times during the dot-com bust. He faced cash crunches, layoffs, and brutal pivots. Through persistence and decisive leadership, he transformed the company into Opsware, later acquired by HP for \$1.6 billion. His journey reflects the book's core theme: building a company isn't smooth; it is survival against the odds.

Hard Lessons from the Trenches

Horowitz refuses to sugarcoat. Instead of neat frameworks, he shares gritty insights forged in real battles:

1. Management Debt

Like technical debt, management debt arises when short-term fixes create long-term pain. Examples include overcompensating key

employees, avoiding tough conversations, or retaining underperformers. Just as financial debt compounds with interest, these choices erode culture and performance. Decisive leaders confront hard truths early.

2. Decision-Making Under Pressure

Engineers build products. Salespeople drive revenue. CEOs make decisions. Under pressure, there are no perfect answers, only the best call with limited information. CEOs are judged by the speed and quality of their decisions. The strongest leaders make bold choices, showing an elite mix of intelligence, logic, and courage.

3. Managing Emotions

The toughest battle is internal: fear, loneliness, and self-doubt. Many founders quietly ask, "If

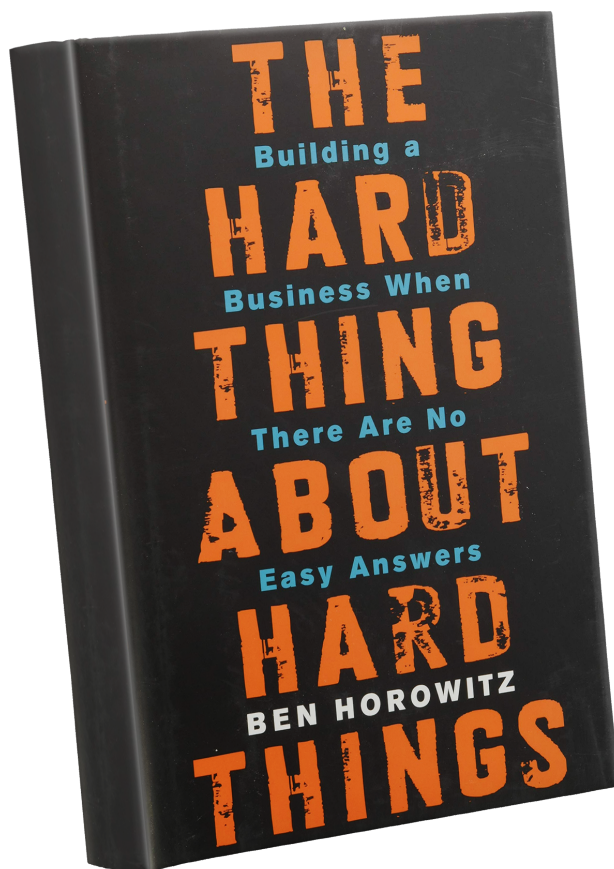
I'm doing well, why do I feel so bad?" Horowitz speaks candidly about this mental toll and shares techniques to steady yourself. Great CEOs endure the pain; they do not quit.

Why This Book Matters

This isn't a glossy management book. It is about the hard things no one talks about: layoffs, investor disappointments, losing customers, and surviving

when there is no easy answer. For anyone building, backing, or guiding companies, Horowitz's message is clear. Struggle is universal. Every legendary entrepreneur, from Steve Jobs to Mark Zuckerberg, faced sleepless nights. What separates the great from the rest is the willingness to endure.

"The Struggle is where greatness comes from."



Ben Horowitz's Top Quotes

1. Take care of the people, the products, and the profits, in that order.
2. There is no shortcut to knowledge, especially knowledge gained from personal experience.
3. Figuring out the right product is the innovator's job, not the customer's.
4. Hire for strength rather than the absence of weakness.
5. Spend zero time on what you could have done; devote all your time to what you might do.
6. Focus on the road, not the wall.



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