
ICR

# 7 Signs Your Company Isn't Ready for an IPO

**It's vital to be sure you're ready to go public before you begin the formal process. Here are seven signs that you're not quite there yet.**

## 1.

**Your messaging isn't refined.** If your message is muddled or lacks distinction, analysts aren't going to spend time sifting through it. Clarity, concision, and consistency are the keys to effective communication. Choose messaging that inspires confidence, and that you yourself can live with as a public company.

## 2.

**Your financials need review.** If you haven't fully developed your financial model, stress-tested, or figured out which metrics to focus on, these are big red flags. Settle on metrics you are confident you can hit, and lock down historical financials so accounting doesn't delay the process.

## 3.

**The timeline for expected events is uninspiring.** Investors are placing their money with you in the expectation that you'll produce positive developments that fuel share price appreciation. You need to manage those expectations by furnishing them with a timeline that you can reasonably fulfill.

## 4.

**You don't have well-established relationships with the investment community.** Forge relationships with buy- and sell-side professionals at least one to two years before an anticipated IPO. The IPO process is relatively short, and these individuals need time to get to know your company.

## 5.

**Management isn't prepared for the IPO process.** CEOs and CFOs must have a grasp of the overall IPO process and capital markets because they'll be making presentations. Invest time in practicing and understanding your various audiences. Get training, if necessary, to improve your presentation skills.

## 6.

**The back office isn't ready.** It must be as strong as every other element of your organization. Being a public company means focusing not just on what you do, but also in communicating effectively about what you do. That means your website, for example, must tell your story as well as you do out on the road.

## 7.

**You have no plan for nurturing investor relations after the IPO.** As long as your company is public, sell-side analysts are going to write regular reports about your progress, while the buy side will keep an eye on you and their investment. Investors will be paying attention to you, too, and you should devote just as much time to them as you do analysts. Before the IPO, develop a strategy to keep them all updated to help them understand your performance and evolution.

Many executives dream of the day when their business begins trading shares on Wall Street, but an IPO takes time. **For advice on your current readiness for the IPO process, or to get help if you're not ready, contact ICR.**