LEADERS IN TRANSITION · OFFER STAGE

Assess Your Employer: Financial Due Diligence

> *Not financial, tax, or legal advice. General guidance for negotiation preparation only. Confirm any figures with the company's own disclosures and your advisors.*

When you interview, you're also interviewing them. For a senior leader, the financial health and runway of a prospective employer is as important as the role itself. Use these questions to test the foundations before you say yes — and to judge how much room you'll have to make an impact.

How to use this — and when to ask

You won't get every answer, but what a company will and won't engage with tells you a great deal about its candor and health.

Ask in the right order — timing is part of the diligence. - **Early interviews (exploratory):** stick to strategy and direction — endgame, next inflection point, board alignment, modality plans. Fair, flattering questions that signal you think like an owner. - **Later stages / once they're courting you:** move to cash, burn, runway, capital stack, downside case. By now you have leverage and the right to specifics. - **At/around the offer:** confirm zero-cash date, financing plan, and option-pool runway before you sign. - **How you ask matters as much as what.** Frame everything as "so I can judge where I'll have room to make an impact," not as an audit. A company worth joining respects the rigor; the way it engages tells you as much as the answers.

Cash & runway

1. **Cash position** — total cash and equivalents on hand?
2. **Burn rate** — current monthly (net) burn, and the trend over the last year?
3. **Runway** — forecast based on the projected program development plan?
4. **Zero-cash date** — projected date under the current plan, and the key assumptions behind it?
5. **Downside case** — what does it look like, and the contingency if a key readout slips or misses?

The capital stack

1. **Last round & valuation** — terms and post-money of the most recent round?
2. **Venture debt & obligations** — any debt or obligation, and covenants that constrain spend or hiring?
3. **Option pool** — how is it sized, and how much remains to grant for new hires and the team?

Investors & the next round

1. **Backers & commitment** — key VC backers, and are they committed to the next raise — or looking to exit and replace?
2. **Insider support** — insider participation expected next round (pro-rata, inside-led bridge), and how aligned is the syndicate?
3. **Next inflection point** — the key data inflection needed to satisfy current backers or attract new investment?
4. **Financing vehicles & dilution** — what funds the business going forward (debt, priced round, bridge), and expected dilution?

Strategy, governance & exit

1. **The endgame** — partner to launch, position for acquisition, or launch independently?
2. **Board alignment** — has the board approved the current operating plan and budget, and where do management and board disagree?
3. **If changing modality** — how will developing that asset affect burn rate and cash runway?

Reading the answers

Green flags: specific numbers offered without hesitation; a clear zero-cash date and named next inflection point; lead investors committed to the next round, with pro-rata or an inside-led bridge already discussed; board and management aligned on the operating plan; a credible downside contingency.

Red flags: vague or evasive answers on cash, burn, or runway — or numbers that don't reconcile; less than ~12 months of runway with no financing plan, or investors signalling they won't follow on; the next raise depending entirely on a single binary readout, with no plan B; visible board–management tension.

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