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### **Investor RED FLAGS**

1. Not having a fully functional prototype or professional market ready product
2. Not having actual sales
3. Not having profitable sales
4. Not having quantity sales
5. Not having "skin in the game"-founder(s) have significant time & money invested
6. Not addressing and understanding your competition
7. Financial projections not supported by facts
8. Unrealistic company valuation
9. Unwillingness to give up a reasonable ownership portion
10. Large business debt-investors want to invest in future growth-not pay bills
11. Unclean and / or complicated prior ownership-too many small owners
12. Weak team-lacking expertise and / or track record
13. Weak Intellectual Property-*non*-issued patents, trademarks, copyrights
14. Unreasonable business plan / capital plan / basis for competitive advantage
15. Not addressing "scale up" issues-production, distribution, capital, people
16. Existing disputes, litigation, contractual obligations
17. Not having; business entities, bank accounts, insurance, regulation compliance, focus on the execution, operating and other legal agreements
18. First timer
19. Not recognizing potential product / customer problems
20. Focus on the product and not the business model
21. No focus on investor return
22. Asking the investor to sign a NDA
23. Being a sole founder-too possessive-no team with diversified expertise
24. Too much reliance on patents-without focus on business execution
25. No focus on economics and control
26. Not anticipating business divorce-internal friction

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