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Taking Your Company Public

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Taking a company public is a complicated but rewarding process with significant advantages to be gained in terms of access to capital, liquidity for shareholders and public relations exposure. However, if you ask any senior executive at a newly public company about major initial public offering (IPO) challenges, chances are they will put accounting and compliance at the top of the list. Most private companies do not have the "bench strength" or financial processes to adequately respond to the rigors of public company reporting.

While the JOBS Act streamlines the IPO process and provides relief to smaller companies with regard to the audit of internal controls over financial reporting, this legislation does not remove the requirement for CEO/CFO certifications of internal controls. Significant efforts are required to both prepare for an IPO and maintain compliance with regulatory standards and investor expectations after becoming a public company.

Why Go Public?

Most companies go public to raise capital through the sale of stock or by issuing bonds. Many potential investors will never invest in a private company because the offered stock is not liquid. Publicly traded companies, however, offer a liquid investment, reducing the investment's risk. These investments can bring immediate cash resources to a publicly traded company which can be used for numerous purposes, such as paying off debt, expanding the company, or marketing and development. A publicly traded company can also return to the market for additional capital by issuing a bond or a convertible bond (a type of bond that can be converted into shares of stock) or through a secondary stock offering.

Being a public company also gives both companies and their founders a sense of prestige, which may increase business or financing opportunities. And when a company's stock is sold initially, the company receives additional publicity, not only in its regional area but around the world, a valuable marketing tool for any business. Public companies can also use stock options to attract and retain quality employees, as owning stock options gives employees a formal stake in the company and a valuable financial incentive to contribute to the company's success.

Finally, going public provides the owners and founders of a company with an exit strategy by allowing them to sell their ownership holdings in the business.

Public Company Challenges

There are, however, challenges to going public that should be considered. Not only must the company's profits be shared with investors, there is less confidentiality and increased public scrutiny. Public companies must adhere to the numerous financial reporting requirements and regulations governed by the Securities and Exchange Commission (SEC), and shareholders must be informed about the company's management, business operations, and financial conditions, which creates additional costs and legal obligations. In addition, management's actions must often meet the approval of the Board of Directors and shareholders, creating an inflexible environment for those in charge. Going public is also costly, not only because of all of the filing requirements but also because of the added legal ramifications for CEOs and CFOs providing financial statement certifications under the Sarbanes-Oxley Act (SOX).

The CEO and CFO of a public company could face significant penalties if they certify that their company's internal controls over financial reporting are effective when they are not. These penalties could include prison sentences, fines, and other disciplinary action such as civil and criminal litigation, as well as being barred by the SEC from ever serving as a corporate officer or director. Furthermore, now that executives are being held personally responsible for their company's financial statements, they must not only consider their company's bottom line, but their own personal bottom lines as well. The certifications required by Sarbanes-Oxley require more due diligence for the CEO, the CFO, the audit committees, internal auditors, and the auditors in reviewing the financial statements.

Where to Begin?

Below is a brief list of some of the factors that should be fulfilled if, after weighing all options, you decide to go public:

1. Assemble a team of professionals and advisors, including a CPA, attorney and underwriter. Have them meet with your officers and directors to discuss your goals for going public. In addition, have an independent auditor audit your financial records.

2. File a registration statement and related documents with the SEC, as required by the Securities Act of 1933 before securities are offered for sale to the public. You cannot sell the securities covered by the registration statement until the SEC declares it "effective," even though registration statements become public immediately upon filing.

   Registration statements have two principal parts:

   - **Part I** - The prospectus describes the important facts about the business operations, its financial condition and management. All investors, as well as anyone who has made an offer to purchase securities, must be provided with a copy of the prospectus.

   - **Part II** - Additional information that the company does not have to deliver to investors. Anyone can see this information by requesting it from one of the SEC's public reference rooms or by looking it up on the SEC's website, www.sec.gov.

3. File any required state and National Association of Securities Dealers (NASD) documents. A final agreement can be signed with the underwriter, and an escrow account can be established to deposit money that will be distributed at closing.

4. Distribute Part I of the prospectus to prospective investors and print stock certificates.

5. You can now price and announce your offering and seal the deal.

Please note that these are the principal steps that must be completed to take a company public. For more specific information on the requirements for going public, visit the U.S. Securities and Exchange Commission's website at www.sec.gov, and consider discussing the requirements with your external advisors.

The Transition to becoming a Public Company

For many growing companies, going public means more than just selling stock to the public. It's a signal to the world that the business has matured to the point of lasting sustainability – it means that you have "made it." That's why undertaking an initial public offering (or IPO) has long been the ultimate goal for many an entrepreneurial business. An IPO not only provides access to capital to fuel growth and liquidity for founders and investors, but it provides the public market's unofficial stamp of approval.

Recent regulatory changes, such as the SOX Act in 2002, have given new meaning to the term IPO. It is not only just a public offering of stock, it can also be an intensely arduous and increasingly expensive ordeal. In order to gain the benefits of raising capital and achieving the increased liquidity that an IPO offers, companies must be more solidly established and better able to meet tougher regulatory requirements than in the past.

The Jumpstart Our Business Startups Act ("JOBS Act") became law on April 5, 2012 with the objective of creating jobs and economic growth in the United States by easing access to the public capital markets. The JOBS Act creates an express on-ramp for entities that qualify as Emerging Growth Companies ("EGCs"), permitting them to submit a registration statement for SEC staff review on a confidential basis. The confidentiality of the new IPO process for Emerging Growth Companies is only one of the many advantages that the JOBS Act has brought forth as compared to the traditional IPO process, which has been often criticized for its complexity and costliness. For more information, see our SolomonEdwards white paper entitled "JOBS Act in Practice."

IPO planning typically takes six to twelve months, if not longer. If you hope to go public in the next year, here are ten things you need to start addressing now from a financial reporting, corporate governance, and internal control point of view:

10 Key Steps to IPO Readiness

1. Assesses the capabilities of the executive management team

IPO readiness involves the acceptance and implementation of change – not just by executive management but throughout every aspect of the organization. Market outperformers show flexibility and willingness to implement change. The successful transformation into a public company depends to a great extent on a coordinated effort by internal management and the advisory team. A good internal team should be in place and functioning well in advance of the IPO. One very significant non-financial performance measure considered by a vast majority of investors in their decision-making is the quality of management, their credibility and experience. In addition, investors believe that the effectiveness of performance-based compensation policies is a key metric since it greatly affects the ability of the company to retain highly talented executive and senior management.

Fast growing companies generally have strong management teams already in place, but the demands of becoming a public company often require additional strengths and capabilities. The senior management team must have considerable financial and accounting experience in complying with increasingly complex regulatory reporting requirements. It is important that key managers possess strong communication skills to present the company's vision and its performance to the market, and to meet the often intensive informational demands of research analysts and investors.

2. Resolve potential questions on critical accounting policies

This may be the first time the company will be required to describe the significant estimates and judgments made by management in arriving at its financial results. The SEC expects that companies not just repeat significant accounting policies from the financial statements, but that meaningful and comprehensive disclosures are provided about how management makes critical estimates, how accurate the estimates have been in the past and the drivers affecting variability and volatility in the results. If non-GAAP measures are presented, disclosures must demonstrate the purpose and usefulness of the measure. Reconciliations must be provided to the US GAAP measure, which must be presented with equal or greater prominence. The SEC expects consistency between measures provided on company websites or road shows and SEC filings.

Companies should develop policies for revenue recognition and other key financial reporting and accounting areas based on a robust internal review process, as well as discussions with and guidance from their external auditors. Management should assign the development of these policies to appropriate owners who maintain current knowledge on recent updates to accounting and auditing standards and accounting guidance (from the Financial Accounting Standards Board), and make revisions and updates to internal policies and processes accordingly. Companies should ensure that proper communication and training related to key accounting policies is provided to all relevant finance and accounting staff.

Questions and comments commonly raised by the SEC during its review of financial filings often relate to the following areas:

Area	Consideration
Revenue	• Appropriateness of the revenue recognition policy and how the company assesses the basic requirements in SAB 104 • Consistency of the accounting model with the product or service delivered • Considerations made in the determination of gross vs. net reporting
Share-based payments	• Support for changes in fair value of common stock grants made within the year prior to initial filing and assumptions used to estimate the value of the stock option grants • Use of external valuation firms to assist in the valuation, including "consent" issues • Appropriate analysis of share-based awards to ensure proper accounting application and financial statement disclosures, in addition to disclosures within MD&A
Compensation	• Disclosures regarding structure of compensation arrangements, with a primary focus on executive compensation disclosures • Disclosure of the basis for setting compensation and benefits for executives
Earnings per share	• Consider the impact of convertible debt, stock based compensation, and differences in dividend • Presentation of pro-forma EPS may be required in some circumstances (e.g. distribution to owners paid from proceeds of offering and other changes in capitalization at or prior to closing of an IPO)

3. Prepare fully compliant and audited US GAAP financial statements

Preparing a registration statement to comply with SEC requirements is usually the most time-consuming part of the IPO process. As you consider going public, it's important to understand the required financial statements and related financial information that will be included within the registration statement. In addition to financial statements, there will be additional financial information presented within management's discussion and analysis, summary and elected financial and certain market risk disclosures. Certain historical and pending transactions (e.g. acquisitions) may require additional information. The SEC staff will usually review S-1 registration statements, issuing a series of comments that need to be addressed and resolved prior to declaration of the registration statement becoming effective.

The Form S-1 registration statement for an IPO must contain audited financial statements prepared in accordance with SEC and US GAAP requirements. Most private company CFOs are familiar with the basic GAAP financial statement requirements. They are, however, often less familiar with SEC rules that may require additional financial statements for recent acquisitions or dispositions - or even pending deals. To avoid unpleasant surprises, make sure all required financial statements are available, particularly if you've engaged in significant M&A transactions.

Performing a pre-planning financial reporting assessment and understanding the critical focus areas of the SEC will assist in the registration statement process. The following table addresses some of the SEC focus areas to be considered:

Focus Area	Description and Implications
Financial reporting and SEC registration statement	• SEC reporting in accordance with 1933 Act requirements. • Quarterly close requirements. • Segment reporting. • Annual consolidated financial statements in accordance with US GAAP and SEC Regulation S-X. • Required stub period financial statements. • Other required financial information, including but not limited to MD&A, 5-year elected financial data and market risk disclosures.

Financial statements	• Specific and sometimes complex rules regarding the content and age of the financial statements.
	• Select considerations include:
	  • 2 years of audited financial statements if you meet the definition of a smaller reporting company;
	  • Unaudited "stub period" financial information will be required for the current and the corresponding prior year period depending on the timing of filing/ declaration of effectiveness
	  • Financial statements of entities acquired or probable acquisitions

Focus Area	Description and Implications
Selected financial information	• Summarization of select balance sheet and income statement date for the last 5 years is generally required, and is often a complex and time consuming process.

Pro-forma	• Depending on certain circumstances, pro-forma financial information is required. Some examples include:
	  • Significant business combinations or dispositions
	  • Legal or structural changes of the company and changes in capitalization pursuant to the IPO
	  • Historical financial statements not indicative of the entity going forward

Capitalization table	• Shows the company's capitalization on an actual basis, and if applicable, as adjusted to reflect the planned sale of securities and the application of the net proceeds there from. • The capitalization table is one of several tools used to assist investors in evaluating the status, quality, and value of an IPO.
Management's discussion and analysis	• MD&A continues to be the key focus area for SEC review of registration statements. • Written objectively, disclosing both favorable and unfavorable developments, known trends, demands and commitments, and uncertainties which may have an impact on the financial condition, performance or cash flows. • Information about the quality and variability of earnings and cash flows to allow potential investors to evaluate whether past performance is likely to be indicative of future performance.
Liquidity and capital resources	• Disclose internal and external sources of liquidity, any material commitments, and an evaluation of the amount and certainty of cash flows.
Off-balance sheet arrangements	• Potential investors must be able to understand the material effects of off-balance sheet arrangements. • Include any scenarios which may cause the company to recognize material liabilities or losses related to these off-balance sheet arrangements.
Segment reporting	• Registrants are expected to disclose financial results and other information in the same manner which management views the business. • The MD&A should provide favorable and unfavorable developments in business segments, known trends, and segment results of operations.

4. Thoroughly review material contracts and employment agreements

Think of this as “corporate housekeeping.” This means getting your corporate affairs in order for the IPO process and subsequent public company life. Key tasks include reviewing your material contracts, employment agreements, transactions, insurance policies, stock and option records, websites and legal compliance to identify and fix issues before going public. Corporate housekeeping should also include candid assessments of intellectual property, human resources, tax and other key business matters.

All key business processes should be documented. These include a fair amount of financial reporting policies and procedures, such as those that aid in the preparation of financial schedules for external auditors in the support of audits, filings, executive compensation policies, all benefit plans and related disclosure requirements. Additionally, pre-public companies should design and implement a process for documenting conclusions on reporting and accounting matters. This process should include:

- Background on current transactions, issues or circumstances that warrant an explanation (e.g. transactions involving significant estimates or judgments)
- The identification of key accounting and reporting questions
- Reference to all pertinent accounting standards and guidelines
- An outline of the facts, historical trends, available data and details of significant transactions or issues
- The identification of acceptable approaches and alternatives for applying the applicable standards and guidance
- Documentation of management’s analysis and rationale for the selected alternative, applying the appropriate principle or standard

5. Establish an independent board of directors and focus on corporate governance

Fill the Board Room: SEC and stock exchange rules impose a number of requirements on public company boards and board committees. A majority of the company's directors must be independent, the audit committee must be composed of at least three directors who satisfy financial literacy tests and stringent independence standards, and the compensation and nominating/corporate governance committees must consist solely of independent directors. There are transition rules for new public companies, but you'll need a plan for timely compliance. Director recruitment - especially for the audit committee - can take substantial time. Note to venture capital-backed companies: it's unlikely that a director affiliated with a large investor (more than 20 percent stake) will qualify as independent for audit committee membership.

Prepare to Govern: Every IPO candidate company must develop a slew of corporate governance materials and practices required by SEC and stock exchange rules. You'll need charters for the board's audit, compensation and nominating/corporate governance committees, corporate governance guidelines, a disclosure policy, a code of business conduct and ethics, an insider trading policy, a related party transaction policy and disclosure controls and procedures.

The media and general public placed partial blame for the 2009 financial crisis on poor corporate governance. Many believe that boards failed to understand and manage risk and incentives appropriately. With the charges of fraud and market manipulation that arose out of the financial downturn, investors are placing a premium on corporate governance and high stock exchange standards.

Corporate governance reform is now at the top of agendas for investors, regulators and boards. Boards are reflecting on how to be more involved with governance and create greater audit committee oversight of the risk management processes.

A few best practices that directors can adopt to improve board performance include:

- Have loyalty to shareholders, not management
- Challenge management to simplify and explain the business
- Serve as ambassadors and promoters of the business
- Carefully evaluate executive remuneration plans
- Improve audit committee oversight of risk management

The following table draws a parallel for corporate governance in private and public companies:

Pre-Registrant (Private)	Post-Registrant (Public)
• Loosely structured board and committees • Limited knowledge or consideration of governance regulations • Disaggregated governance transparency and disclosure • Relatively insignificant costs	• Loosely structured board and committees • Appropriately structures board and required committees • Formal director recruiting and development strategy • Streamlined governance processes • Clear understanding of oversight roles for core board activities • Disciplined internal process to ensure flow of key information to board • Board and committee tools to facilitate effective and efficient oversight and compliance with regulations • Enhanced governance transparency and proxy disclosures • Higher costs • More frequent governance activities

6. Consider the factors that impact public perception and shareholder value

Public companies must proactively manage their reputations by communicating regularly with investors, analysts and the financial media to maintain a positive image and make sure their story is being told accurately. The public's perception of a company has a direct effect on the value of its shares and should not be underestimated. Earnings are not the only factor that affects the public's perception of a company. A company should project a positive image to its investors, customers and community and ensure that its products or services are highly visible and of interest to the public. Management plays a key role in how a company is perceived, therefore it is essential that management remain innovative and committed to the business.

Lack of adequate preparation, an adequate marketing plan or poor market timing can jeopardize an IPO. It is important to understand the suitability of the IPO for the business, given a company's business model, growth potential and the stage of the company's life cycle. A company's overall business strategy is made up of much more than just the IPO itself. Strategic transactions are powerful tools for accelerating development of the business. Therefore, while preparing for an IPO, executives should also evaluate which additional strategic transactions could enhance the value of the IPO for the company before going public (i.e. acquisitions, venture capital, private placements, mezzanine financing, joint ventures, alliances and recapitalizations). Not only should a well-planned and executed transaction add shareholder value, it should also improve the company's credibility with market analysts and investors. Investors look favorably upon a company that executes their growth strategy and engineers a business that the market can readily understand.

In addition, companies should know which financial and nonfinancial measures matter to investors. Some investors believe that the vital financial performance measures such as growth in earnings per share, profitability and EBITDA are the chief investment criteria and are key factors in portfolio allocation decisions. These financial metrics help investors determine the attractiveness of the company's valuation and how the IPO is priced. On the other hand, others believe that non-financial measures are the chief investment criteria. Non-financial measures can be seen as leading indicators of future performance. Executives who can skillfully measure, manage and communicate their non-financial performance can gain a competitive edge and may significantly improve their company's operating performance, valuation and ability to attract new investment capital.

Even after a company goes public, it should strive to maintain (or improve) the characteristics that it desired to possess prior to going public, and stick to its basic business strategy.

7. Consider ability to sustain consistent financial performance

Once a company goes public, the real work begins. A company must meet or beat the expectations that it has set. After the IPO, the executive challenge is to deliver the shareholder value promised to the stakeholders in the company's business plan, offering prospectus and other communications. Assertions will also have been made during the IPO and road show to many different stakeholders, including investors, analysts, employees, customers and the board, as well as the regulatory body, financial community and the press. Being a public company means having to be accountable for assertions made. Management must strive for accuracy in projections and forecasts so that targets are hit – quarter after quarter.

Many newly public companies seriously underestimate the level of market scrutiny that accompanies an IPO. The public markets are an unforgiving place. A private company may endure negative publicity without major repercussions. However, for a public company, a single negative news item that is not well-managed by the investor relations function can have a significant impact on a stock price. Senior management's focus should not only be on *going* public but also on *being* public. After positioning themselves as public entities long before going public, market outperformers demonstrate superior financial performance and effectively communicate non-financial attributes. Although IPO readiness can lead to a successful outcome, all of the best financial engineering will not create business prosperity. Only strong operational execution will forge the path to long-term success.

8. Establish an investor relations function

Investor Relations (IR) is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community and other constituencies, which ultimately contributes to a company's securities achieving fair valuation. The IR department is devoted to handling inquiries from shareholders and investors, as well as others who might be interested in a company's stock or financial stability.

The IR department or individual typically reports to the CFO or Treasurer. In some companies, IR is managed by the public relations or corporate communications departments, and can also be referred to as "financial public relations" or "financial communications."

Many larger publicly traded companies now have dedicated IR officers (IROs) who oversee most aspects of shareholder meetings, press conferences, private meetings with investors, investor relations sections of company websites and company annual reports. The IR function often includes the transmission of information relating to intangible values such as the company's policy on corporate governance or corporate social responsibility. Recently, the field has trended toward an increasingly popular movement for "interactive data," and the management of company filings through streaming-data solutions such as XBRL and other forms of electronic disclosure has become a prevalent topic of discussion amongst leading IROs worldwide.

The IR function must be aware of current and upcoming issues that an organization or issuer may face, particularly those that relate to fiduciary duty and organizational impact. In particular, it must be able to assess the various patterns of stock-trading that a public company may experience, often as a result of a public disclosure (or any research reports issued by financial analysts). The IR department must also work closely with the Corporate Secretary on legal and regulatory matters that affect shareholders.

While most IROs would report to the CFO, they will usually also have access to the CEO, Chairman or President of the company. This means that as well as being able to understand and communicate the company's financial strategy, they are also able to communicate the broader strategic direction of the corporation and ensure that the image of the corporation is maintained in a cohesive fashion. Due to the potential impact of legal liability claims awarded by courts, and the consequential impact on the company's share price, IR often has a role in crisis management.

In a difficult time such as the bear market of 2008-09, IROs will want to stay visible and build relationships, be factual in tone and not too quick to make promises, focus on the long-term story and balance sheet strength (as opposed to short-term earnings growth), aggressively refute rumors and address investor concerns and coordinate media relations and investor communications. Finally, IROs should remember the story is the business, not the stock price.

9. Strengthen policies, procedures and controls to meet regulatory standards

Most private companies must upgrade their financial systems, processes, and controls to meet new reporting, compliance, operational and risk management demands. This includes the treasury and cash management functions as well as financial planning and forecasting. These capabilities are needed to meet external reporting timelines and detailed disclosure requirements, and avoid errors. A company whose financial, accounting and tax departments lack experience in the public realm will typically require assistance from external parties with expertise to assist with scoping the project, identifying standards and coordinating activities. External experts can also design, document, test and certify controls and help the company to meet SOX certification and other regulatory requirements. One mistake often made by companies is to take a piecemeal approach to the development of financial systems, controls and processes rather than considering the comprehensive needs of the business in this area.

A comprehensive approach positions the company to address its needs systematically and reduce costs by:

- Identifying control gaps, and analyzing the potential costs and likely effectiveness of fixes
- Envisioning the future-state and defining both initial improvements and a timetable for later improvements
- Establishing or improving the control environment, risk management, and governance as well as an internal audit function if necessary

Systems investments need not to be onerous or overwhelming. Rather, they need to fit the current needs of the company and support future growth. Improvements should therefore aim to address gaps while building scale, reducing costs and positioning finance to partner with business units. Although funding can be an issue, particularly when a need is perceived as longer term, investments made later often far exceed the costs of laying down the groundwork in advance.

Newly public companies face numerous new risks in areas such as compliance and reporting and with regard to legislation. Public companies also face an audience of investors, regulators, analysts and journalists who have become sensitized to risk issues. This generates greater risks to a company’s reputation, which can jeopardize its foundation and its investors. Therefore, a public company requires:

- Formal risk management (and governance) structures and practices
- Ways for management to identify, assess and manage risk and to communicate with the board about risks and risk management
- Mechanisms for disclosing risks and risk management methods to the public, particularly in light of new requirements regarding risk disclosures
- Ways of systematically prioritizing risks, and of allocating risk management resources and management time and attention to specific risks

Even when an executive team and board of directors have been working together for years, they must actively develop and regularly review policies and practices that address risk. In addition, they must demonstrate to regulators, analysts, investors, and the public that risks have been both identified and are being actively managed.

This means having a board that exercises its oversight role by guiding management to identify all relevant risks, and through appropriate review obtains assurance that all risks have been managed. This sets the “tone at the top” that fosters effective risk management and positive but realistic internal and external communication about risk.

The ultimate risks of financial reporting problems can include delayed IPO filings and severe damage to a company’s reputation. For these reasons, assessing and addressing the financial reporting risk profile of an organization represents a crucial component of an effective public company filing process.

The specific financial reporting risk areas that should be evaluated, understood and addressed include:

- Risks relating to specific application of accounting principles and standards
- Consistency in applying financial reporting policies and rules
- Estimation, reliability and ongoing evaluation processes
- Forward exposure arising from changing rules or business transactions

10. Align monthly and quarterly close and reporting schedules to meet SEC requirements

The most effective and efficient financial close processes tend to be defined by a clear communication of the importance of a quick and accurate close. Efficient financial close processes are typically supported by enabling tools including:

- An overall finance calendar highlighting significant month-end, quarter-end and annual activities and deliverables
- Detailed calendars by functional area (e.g. Accounting, Financial Reporting, Financial Planning and Analysis) that integrate with the overall finance calendar
- A comprehensive close task list (or activity checklist)
- Process flows and activity diagrams, which are helpful to ensure adequate controls are in place and that the distribution of workload is optimized across the team to minimize bottlenecks in the process

Leading companies not only implement these tools, but also automate the activities within them. For example:

- Auto-alerts can be established to notify preparers, reviewers and senior management if a deadline is close to approaching or has already passed
- Workflow can be automated for the review and approval process
- Dashboards can be created and customized for multiple levels within the finance team to provide transparency into the overall process

The following actions can help compress closing process cycles:

- Determine all key stakeholders in the close process, and assign clear accountability
- Identify key events along the close cycle and eliminate bottlenecks, unnecessary steps and redundancies within steps
- Develop an approach in which portions of the close process occur prior to period-end
- Measure and monitor close process performance

A close activity checklist is a tool that enables task-level management of the close process, which in turn enables the monitoring of daily performance and the capturing of performance data that can be used to alert finance and accounting managers to areas of the process that may require adjustments or a more comprehensive redesign. The checklist, which frequently consists of a shared Microsoft Excel file, ultimately can enable everyone from staff through executives to monitor the close on a daily basis through dashboard metrics.

So... Should You Go Public?

While going public can have many positive effects on a company and its operations, these must be carefully balanced against the added requirements and pressures placed on a public company. The IPO process is demanding, and life as a public company is different from what a private company is used to. Going public drastically changes a company's culture and has a dramatic impact on the company's day-to-day operations. Management needs to make sure it understands the commitment of time and resources required for both the IPO process and life afterward as a public company. Careful consideration of all the practical aspects and pertinent factors is needed before making a final decision.

10 Key Steps to IPO Readiness

1. Assess the capabilities of the executive management team
2. Resolve potential questions on critical accounting policies
3. Prepare fully compliant and audited U.S. GAAP financial statements
4. Thoroughly review material contracts and employment agreements
5. Establish an independent board of directors and focus on corporate governance
6. Consider the factors that impact public perception & shareholder value
7. Consider ability to sustain consistent financial performance
8. Establish an investor relations function
9. Strengthen policies, procedures and controls to meet regulatory standards
10. Align monthly and quarterly close and reporting schedules to meet SEC requirements

About SolomonEdwards

SolomonEdwards is a national professional services firm focused on strategy execution. We create success for our clients by providing extensive experience, deep subject matter expertise and adaptability within ever-changing business dynamics. Through our business consulting division we execute on custom solutions to solve clients' critical business issues related to business transformation, accounting and finance, governance and regulatory compliance and mergers and acquisitions.

The Transaction & Regulatory Advisory Services practice at SolomonEdwards works closely with private equity firms, portfolio company clients as well as corporate buyers and sellers executing mergers and acquisitions. We partner to meet their unique business objectives along the full cycle of a deal. Our experienced and knowledgeable consultants provide support with pre-deal evaluation, transaction reporting, post M&A integration and regulatory compliance to ensure clients are prepared to meet and overcome any challenges that emerge throughout the transaction.

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