



How do I know when I am ready to take my company public?

A number of factors go into determining whether and when a company should “go public,” and companies may choose to go public for a number of reasons. If you are considering going public, you should assess your company’s level of preparedness to become a public company, such as through an initial public offering or IPO.



Some factors to help determine whether your company is ready for the IPO TRACK:

I P O T R A C K

INVEST

Going public takes time and money

Going public is a journey and can take several months or longer. Consider your company’s financial needs, including whether the company has sufficient cash in the short term while it is going through the IPO process, and the ongoing compliance costs of remaining a public company.

OBJECTIVES

Build a sustainable public company

Have a clear picture of the objectives you want to achieve by going public. Carefully consider the benefits and challenges of going public and whether being a public company aligns with your company’s long-term strategic objectives.

TIMING

Consider whether now is the right time to go public

As your business grows, you may face pressure from multiple stakeholders, like investors, employees, and customers, to go public. Consider investor and market demands, the overall economic climate, and customer interest in your products or services when evaluating timing. Be prepared to be flexible with your company’s timetable, as forecasting market trends can be challenging.

ASSESS YOUR MARKET

Evaluate your growth strategy and market viability

Prospective investors often value consistent revenues, strong earnings or growth potential, or a unique offering. Be prepared to communicate clearly and concisely to investors the “why” behind the company’s story, leadership team, and its objectives in going public.

KNOW YOUR MARKET

Consider whether, and, if so, where your shares will trade

If you choose to do so, plan for where your company’s shares will trade once you are public, including how that will affect your access to meaningful liquidity and capital in the future. Understand both the initial and continued listing standards of the national securities exchange or rules of another trading system where your securities may trade.

PREPARE

Get your governance and reporting systems in order

To prepare for life as a public company, consider the caliber and reliability of your company’s accounting controls and procedures and other reporting and record-keeping systems to prepare for timely and accurate disclosure and compliance with reporting, governance, and financial requirements. Be prepared to strengthen and disclose your corporate governance framework and system of management controls.

READY TO REPORT

Public companies take on a number of new and ongoing obligations

Public companies are subject to rigorous SEC reporting requirements under the Exchange Act, including annual and quarterly reports, current reports, and requirements relating to certain communications with shareholders. Generally, these reports are required to include information about the company’s business operations, financial condition, and management.

Certain of the company’s significant shareholders, officers, and directors may also be required to file reports about their ownership of and transactions involving the company’s securities. Your company and you may be liable if these new legal obligations are not satisfied.

CAPABLE AND COMMITTED LEADERSHIP AND ADVISORS

It takes a village to go and remain public

Experienced and qualified leadership at the helm, and the right team of professional advisors, can help your company navigate the process of going public and are often key factors in the company’s enduring success. For example, expanding your company to include a strong audit team and experienced directors likely will be critical to a successful IPO and integral to navigating the enhanced financial, reporting, and audit standards that apply to public companies.

You will also want to line up any underwriters, attorneys, accountants, and other professional advisors before launching on this journey.

Have suggestions on additional educational resources? Email smallbusiness@sec.gov.

ENGAGE WITH US



smallbusiness@sec.gov



202.551.5407



www.sec.gov/oasb



#SECSmallBiz

