COVID-19 is an unprecedented disruption affecting everyone, including early stage companies. Now more than ever, cash is king. It is time to manage the cash you have and plan for a possible mini-bridge financing to get you to the other side of the coronavirus crisis and to your next funding round.

First, update your cash budget (or create a cash budget if you do not already have one). You need to know how long your cash will last at your current burn rate. Take a hard look at ways to reduce your burn rate.

Next, consider a mini-bridge financing with your existing investors. Launching a new funding round during this crisis is not an option for most startups and early stage companies. But we are seeing companies quietly raise smaller mini-bridge rounds from their existing investors to get through the crisis.

A silver lining for early stage companies is that they have a long investment horizon. Early stage equity does not trade in the public market, and its value does not rise and fall with the stock market's gyrations. Your investors invested for the long term and still have an incentive to protect and grow that investment.

One solution is to do a simple mini-bridge round with your existing investors. The
idea is to keep it simple and raise a modest amount of money now. This extends your
time horizon and improves the odds of getting your company through the crisis.

You could issue more of whatever securities your existing investors purchased last
time. You can also use convertible notes or simple agreements for future equity
(SAFEs). These are uncomplicated methods for investing in early stage companies.

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