FOUNDER
THESIS CUBE CAPITAL

ISSUE 01

THE PREPARED FOUNDER PREMIUM · POST 1 OF 5

The 24-Month Window

What changes when you stop building and start preparing

> **Thesis:** *Founders who begin preparing for sale twenty-four months out achieve structurally better outcomes than those who engage at the last minute, because value is built before a process begins, not during it.*

A founder runs a $20 million ARR software business. Growing steadily. Product her customers love. On every metric she tracks, she is winning.

When she runs a sale process, she receives offers — but not the ones she expected. The gap between what she believes the business is worth and what buyers are prepared to pay is not a negotiation. It is a structural discount, applied quietly and systematically, to a set of risks she was never told to think about.

This happens more often than it should. And the most painful part is almost always the same.

Two years earlier, every one of those discounts was removable.

> *"At 24 months, you can still change the multiple.*
> *At 6 months, you can only negotiate it."*

01 The Prepared Founder Premium

This is the pattern I consistently observe in founder-led software transactions: a gap in exit outcomes between founders who began preparing 24 months before a sale and those who engaged an advisor with six months to go. The difference shows up in four places: price, deal structure, diligence duration, and the risk of a retrade when buyers discover late what they were not shown early.

The 24-month window is not about rushing toward a sale. It is about doing the work that makes the sale yours to control rather than theirs to discount.

02 What is still possible at 24 months

The value levers that move multiples are not the ones most founders spend their time on. Revenue retention quality, gross margin narrative, customer concentration, pricing power evidence, IP and contract posture, leadership independence, data integrity — these are the dimensions that sophisticated acquirers evaluate before making an offer.

At 24 months, those levers are available. A business with concentrated revenue, services dependency, and undocumented IP looks very different to a cross-border strategic buyer than one that has spent two years systematically removing those risks. The former attracts a conditional offer with structural protection. The latter attracts a clean offer at a premium.

Cross-border buyers from North America and Asia apply diligence frameworks more rigorous than most Australian founders anticipate. They are not buying your last three years. They are buying a version of your next five, and they will discount anything that makes that version uncertain.

03 The Compounding Effect

Most founders think about exit preparation the way they think about a to-do list. Items on it. Work through them. Each one independent of the others. That mental model is wrong, and the mistake is expensive.

The levers that determine exit valuation are connected, and the connections run in one direction: forward.

Each lever you address early creates the conditions under which the next becomes credible. A founder who begins reducing customer concentration twenty-four months out is not simply solving a concentration problem. She is generating the retention history that makes her revenue quality story verifiable. That verifiable retention story is what makes her gross margin narrative defensible.

Clean margins, in turn, make pricing power evidence credible, because a buyer examining a business with diversified, documented revenue is examining a fundamentally different asset.

The founders who achieve the best outcomes are not always the ones with the best businesses. They are the ones who understood earliest that preparation is a sequence, not a sprint you run before the process begins.

04 What Early Preparation Actually Delivers

The business case for early preparation comes down to three concrete outcomes.

The first is buyer quality and competitive tension. A business that has spent twenty-four months systematically removing risk attracts more buyers — and more buyers means competition. Competition means leverage. Leverage is the single most powerful force available to a founder in a sale process, and it is almost entirely a function of how desirable the business appears before the process begins.

The second is valuation. What is less understood is that valuation is not primarily a negotiation outcome. It is a preparation outcome. The multiple a buyer is prepared to pay is largely set before the first meeting.

The third is stress. Every founder who sells a business goes through one of the most significant professional experiences of their life, regardless of how well prepared they are.

Unlike selling a home, which most people navigate several times, a business sale is almost always a once-in-a-lifetime event. There is no rehearsal and no second attempt. Early preparation does not eliminate that stress. But it changes its nature, from the anxiety of someone who does not know what buyers will find, to the confidence of someone who already knows the answer before the question is asked.

05 The Value of Lead Time

LEAD TIME	WHAT THE BUSINESS GAINS BEFORE GOING TO MARKET
24+ months	★ Pricing model restructured ★ Customer concentration reduced ★ Leadership independence demonstrated ★ Contracts standardised ★ Margin normalised ★ IP fully assigned ★ Revenue quality verifiable across two fiscal years
12–24 months	★ Churn cohorts clarified and documented ★ Key-person dependency reduced ★ Security and compliance gaps remediated ★ Reference customer programme established
6–12 months	★ Surface narrative refined ★ Quick-win contract clean-up completed ★ Advisor selected and engaged
Under 6 months	★ Business goes to market largely as-is ★ Buyer underwrites current risk profile ★ Founder negotiates from the position the business is already in

If you are considering a transaction in the next two to four years, the next four posts in this series examine each of these dimensions in detail. The contact details below are a good place to start if that conversation is worth having sooner.

Cube Capital advises founders and boards of Australian software and technology companies on exit preparation and cross-border M&A transactions. The firm works exclusively on the sell side, retained by founders who want an independent view of what their business is worth and what it would take to make it worth more.

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