

Short Guide: How to Evaluate a Startup's Stability (before you join)

Not all startups are created equal. Some are on a breakout path. Others are quietly burning through capital. If you're considering joining a startup...especially early-stage...this guide will help you assess how stable (and promising) the opportunity really is.

1 Funding Stage & Financial Health

Understanding a startup's stage gives you critical insight into its risk level, maturity, and growth potential.



Funding Stage Breakdown

Note: These are rough estimates (every startup is different)

Stage	ARR	Team Size	Product Status	Learning Potential	Risk
Pre-Seed	\$0-\$100k	1-5	Idea to MVP, likely pre-revenue	Very High	Extremely High
Seed	\$100k-\$1M	5-20	MVP is live, iterating with early adopters	High	Very High
Series A	\$1M-\$3M	20-80	Solid PMF, early scale	Moderate to High	High
Series B	\$3M-\$10M	75-200+	Mature core product, adding new features	Moderate	Moderate
Series C	\$10M-\$50M	150-500+	Platform strategy forming, expansion underway	Moderate	Lower
Series D+	\$50M+	300-1,000+	Mature suite, global expansion or IPO	Low to Moderate	Low

Some notes:

- **Aggressive hiring post-Series B is common:** With PMF and a solid GTM motion, they expand AEs, SDRs, CS, marketing, product, and RevOps.
 - **Series C rounds are usually large (>\$50M)** and fund headcount expansion across functions.
 - **SaaS is labor-intensive:** You need sales, customer success, onboarding, marketing, engineering...and it adds up fast.
 - **Enterprise-focused SaaS companies** scale teams faster than PLG/SMB startups.
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How to Check a Startup's Financial Health

Use public tools:

- [Crunchbase](#): Basic funding history, key hires, investors
- [PitchBook](#): Premium investor-focused research
- [TechCrunch](#): News on raises, layoffs, product launches

What to look for:

- Total funding raised and last round date
 - Runway: How long can they operate before needing more funding?
 - Backers: Tier 1 VCs (like a16z, Sequoia, etc.) signal credibility
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Smart Interview Questions

Ask these confidently to get a clear picture of their financial health:

- “How much runway do you currently have based on your burn rate and revenue?”
 - “How do you anticipate that changing over the next 6–12 months?”
 - “What’s the current plan to reach profitability, if you’re not already there?”
 - “What are your YoY revenue growth or key customer KPIs?”
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Financial Red Flags

- Vague answers like “We’re well-funded” without details
 - No clear monetization path or pricing strategy
 - Still pre-revenue at Series A or beyond
 - “We’ll figure it out” instead of a defined plan
 - Layoffs + leadership changes + no clarity = bad combo
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✓ Green Flags

- Recent raise with clear purpose and timeline
 - Honest, confident answers to financial questions
 - Logical plan for growth and sustainability
 - 12–24 month runway and active hiring
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2 Leadership Team Quality

Strong leadership is the best insurance policy at an early-stage company.

What to Look For

- Experience: Have they scaled or sold a company before?
- Vision: Can they clearly articulate where the company is going?
- Functional understanding: Do they get sales, marketing, or product (depending on your role)?

Questions to Ask

- “How did the founding team come together?”
- “What’s the biggest strategic challenge you’re focused on right now?”

Red Flags

- Founders with no relevant background
 - Defensive or evasive when asked about the business model
 - High turnover at the executive level
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3 Revenue Model & Financial Traction

Is the business working? Look under the hood.

What to Look For

- Is revenue live, or launching “soon”?
- Is it recurring (SaaS) or transactional (project-based, services)?
- Are they dependent on 1–2 major customers?

✓ Good Signs

- Clear pricing on the website
- Growing customer base or sales pipeline

- Investors betting on revenue traction (not just vision)

Red Flags

- “We’re still figuring out monetization” after 2+ years
 - Frequent pivots or one-off deals to stay alive
 - No consistency in revenue motion
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4 Customer Base & Market Validation

You want real traction, not vaporware.

What to Look For

- Do real customers pay real money?
- Are there logos, case studies, or reviews?
- Is the market large enough to support growth?

How to Research

- Browse their website for named customers
- Search LinkedIn to see customer connections
- Check G2, Capterra, Reddit for product feedback

Green Flags

- Testimonials with outcomes (“Saved us 30%...”)
- Named customers and public use cases
- Clear ICP (ideal customer profile)

Red Flags

- “Trusted by top brands” with no logos
 - Constantly pivoting product or messaging
 - Vague buyer or market focus
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5 Team Growth, Retention & Culture

Team trends are lagging indicators of startup health.

What to Look For

- Are they growing sustainably or churning staff?

- Are roles being filled logically (sales after product, CS after sales)?
- Is the leadership team stable?



How to Check

- Search company on LinkedIn → Click “Insights”
- Review Glassdoor for culture, turnover, and leadership
- Ask, “What happened to the person previously in this role?”



Good Signs

- Steady, strategic headcount growth
- Positive reviews referencing support and learning
- Internal promotions and long-tenured team members



Red Flags

- Sudden hiring freezes or mass exits
- Reviews citing burnout, disorganization, or politics
- High turnover in the role you’re interviewing for



Final Takeaway

Joining a startup isn’t just a job...it’s an investment of your time, energy, and reputation. Ask the same questions a smart VC would.



Pro Tip Interview Question:

“If we’re successful over the next 12 months, what will the company and this team look like?”

Their answer will reveal more than any pitch deck.