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This is an amazing time for smaller organizations and startups, especially those in the high tech and IT spaces. Big enterprises need their innovation, and eagerly purchase their wares. This trend isn't going to end anytime soon either. The pace of

change in today's business world is absolutely dizzying. To CEOs and Boards of

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Such transformations require artificial intelligence, machine learning, data science solutions, technology integration and point solutions, all of which happen to be the purview of startups. And it's a massive, [\\$3.7 trillion market](#).

While these are clearly heady days for startups serving enterprise customers, such companies face a cold calculus of their own: grow fast or fail early. Growth expectations are so high that management teams understandably focus all of their attention on growth, but that means they can miss important financial management issues that can cause a lot of unnecessary headaches, or worse.

For instance, many tech and IT companies sell their products via a monthly license fee, which means they have a lot of deferred revenue. Multi-million dollar sales may be worthy of a press release, but it's not like the startup can claim that revenue all at once. Accounting rules require organizations to recognize revenue over the contractual period of time. And that, in turn, means deferred revenue must be monitored on a continuous basis to ensure there are no issues that will affect, say, your ability to make payroll. Moreover, investors will look at deferred revenue to ensure it's not getting too high, because that's an area that affects a company's valuation.

Deferred revenue is a prime example of why it's so important to have your internal systems aligned. Your accounting system adheres to GAAP rules that say that all of your sales contracts need to be recognized over a daily rate – if it doesn't, you need a new accounting system. Those dates should align with the dates you have in your CRM system. If they don't, you'll spend way too much precious time figuring out why, and then working to align them, which can be enormously inconvenient if you have a potential investor waiting to see your books.

In fact, there are many software systems that should align to your GL, such as a sales tax application, payroll solution, travel and expense management. For example, it's

safe to assume high growth companies have employees who travel frequently and

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it easier to compare your actuals, plan and forecast, in order to tell a coherent story to investors. It will also alert your management team to potential issues and emerging trends faster, so they can plan proactively.

Thinking about whether or not your internal systems are aligned may seem like it's too much in the weeds for the management team to think about. But if they're not, it could trip you up at a time when you need to be moving full speed ahead.

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