PROJECT UNDERDOGS FOUNDER LIBRARY · START HERE · S-04

THE LIFE OF A BUSINESS: IDEA TO EXIT IN 7 STAGES

The big picture of how businesses grow, what each stage asks of you, and the guides that help at each one.

TYPE: GUIDE REVIEWED: NOVEMBER 2026 TIME: 8 MINUTES LEVEL: BEGINNER

AT A GLANCE

- Most businesses move through **seven stages**: idea, test, set up, launch, run, grow and exit.
- Each stage has **one main goal**. Trying to do the work of a later stage too early wastes time and money.
- Businesses don't always move in a straight line. It's normal to go back a step, test again, or stay in one stage for years.

Why it matters

Knowing your stage tells you what to focus on and what to ignore for now. A founder still testing an idea doesn't need a five-year plan or a big office. A business that's already growing can't skip clean bookkeeping. The stage you're in decides the work that matters most this month.

The seven stages

Stage	Main goal	You know you're done when...	Library sections
1. Idea	Find a real problem worth solving	You can say who has the problem and how you'd help, in one sentence	S, I
2. Test	Prove people will pay	Strangers, not just friends, have paid you	I
3. Set up	Make the business official and organized	It's registered, has its own bank account, and you're tracking money	B, M
4. Launch	Open to the public and win your first steady customers	Sales come in most weeks	L
5. Run	Build steady sales and systems	You have predictable monthly sales and simple systems	O, M
6. Grow	Reach more customers, often with outside money	Sales are growing and the business doesn't depend on you for everything	R, G
7. Exit	Sell, pass on, or step back from the business	You've chosen your next chapter and planned for it	X

What each stage asks of you

1. Idea

Talk to people, not just to yourself. Write down the problem, who has it, and what they do about it today. Don't spend much money yet. See **I-01 Finding a Business Idea Worth Pursuing** and **I-02 Who Is Your Customer?**.

2. Test

Try the cheapest possible version: a pre-order, a sample, a market stall, a simple sign-up page. Your goal is your first paying customers. See **I-06 Testing Your Idea Before Spending Big** and **I-09 Making Your First Sale**.

3. Set up

Register the business, get a tax ID number, open a business bank account, and start bookkeeping. See **B-15 Business Setup Checklist** and **M-01 Bookkeeping Basics: Tracking Money In and Out**.

4. Launch

Open your doors or your app to the public. Focus on marketing, selling and keeping your first customers happy. See **L-07 Planning Your Launch** and **L-05 Marketing Basics: Reaching Your First 100 Customers**.

5. Run

Make sales steady and work easier. Write down how things get done, hire help when you're ready, and read your numbers monthly. See **O-06 Systems and Checklists: Running the Business Without Doing Everything Yourself** and **M-14 Monthly Money Checklist**.

6. Grow

Add customers, locations or products. This is often when investors get involved, because the business has proven it works. See **G-02 Knowing When You're Ready to Grow** and **R-01 The Money Map: Every Way to Fund a Business**.

7. Exit

Every owner leaves eventually. Planning early means you leave on your terms, whether you sell, pass the business on, or step back. See **X-01 What an Exit Is, and Why to Plan Early**.

> EXAMPLE
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> **Tasha** started braiding hair from her apartment (**Idea and Test**). After 40 paying clients, she formed an LLC and opened a business bank account (**Set up**). She rented a chair in a salon (**Launch**), then hired two stylists and moved to online booking (**Run**). Five years later she opened her own salon with a loan and a small investor (**Grow**). She's now training a manager so she can one day sell or step back (**Exit**).

How Project Underdogs fits in

Project Underdogs works with founders from about the **Test** stage through **Grow**. The program's first check helps founders move from early sales to steady growth. Graduation means the business is ready for larger investors in our network. See **UD-01 How Project Underdogs Works**.

Common mistakes

- **Skipping the Test stage.** Spending big before anyone has paid you is the most common and expensive mistake.

- **Putting off Set up.** Mixing personal and business money makes taxes, loans and investment much harder later.
- **Growing before the business runs smoothly.** Growth makes small problems bigger.
- **Never thinking about the Exit.** A business that only works when you're there is hard to sell or step back from.

Your checklist

- ☐ Decide which stage you're in today
- ☐ Write down the one main goal for that stage
- ☐ Pick two guides from your stage to read this month
- ☐ Note what "done" looks like for your stage

Where to go next

- **S-01 Start Here: How to Use This Library**
- **S-03 Tech Startup or Main-Street Business? Choosing Your Path**
- **UD-01 How Project Underdogs Works**

IMPORTANT
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