Expert Group "Start-Up Controlling"

Introducing: Expert Group Start-up Controlling

Founding

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- Founded in September 2016
- First members are from a diverse field of early-stage start-ups, growth companies as well as related divisions from large scale companies and relevant consultants

Aim

- Looking to build a platform for companies to exchange best-practices and case studies on Controlling in start-ups
- Active exchange, 2-3x per year. Additional adhoc contacts possible via Skype etc.
- Small group of people with first-hand experience on the topic

Our modus operandi

Past workshops

- We meet at varying locations within our group
- Usually combining a joint dinner the evening before with a day on site

- Constitutional meeting on 14th September 2016

- Workshop to scope expert group in more detail on 2nd November 2016

- Workshop on 7th February 2017
  - Presentation concerning BI and reporting at Mister Spex

- Workshop on 18th May 2017
  - Presentation of plan modelling software
  - Planning process for start-ups at Robert Bosch
  - Acquisition plan for further expert group members

First members from diverse background from small start ups, fast growth businesses to dedicated units in large scale companies

Dr. Jörg Engelbergs
VP Controlling
Zalando SE

Khai Tran
Managing Director
Valsight GmbH

Carolin Sauter
Controlling &
Company Building
Robert Bosch Start-up GmbH

Christina Ebert
Controlling &
Company Building
Robert Bosch Start-up GmbH

Jannis Friedag
Head of Controlling
and Analytics
Mister Spex GmbH

Dr. Walter Schmidt
angewandte strategie
und kommunikation

Martin Betzwieser
Head of Finance &
Customer Care
Zalando Lounge/Outlets

Jens Panek
CFO
Customer Alliance

Looking to build a platform for companies to exchange best-practices and case studies on Controlling in start ups

We are focused around the following areas:

① **Defining** ‚start up' around innovation, growth and culture

② How can Controlling add value in providing **information** in an exploratory environment with little structure, fast and frequent changes in reporting?

③ Which adjustments are needed in **planning** when goals are frequently changing, operational milestones are more relevant than financials and a lot is done ad-hoc?

④ What can Controlling bring to the table to help **steer** cost consciously while actively investing, in governance structures which are yet to be developed?

⑤ **How does the Controller role develop** in a start up from idea to exploration and finally commercialization? How best to **co-pilot** the business?

①

Our definition of a „Start-up"

Innovative business model and solution

Entry into **new or not yet existing markets or digitalization** of established markets

Foundation of the company targeted at **fast growth** and **gaining value**

A functional, scalable **business model is still being developed**

Culture within start-ups promotes entrepreneurial freedom, experimentation, piloting and testing

Founders play a central role in start-up companies

①

Innovation, growth and culture are particular to start-ups

„Start-up" companies are a rather recent phenomenon in the modern business

Young companies which are considered start-up have the following characteristics:

- An **innovative** business model or solution
- Foundation of the company targeted at **fast growth** and **gaining value**
- Entry into new or not yet existing markets or digitalization of established markets
- A functional, scalable business model is still to being developed

The particular **culture** within start-ups promotes

- Entrepreneurial freedom
- Adventurous and experimentation
- Constant piloting and testing
- Learning as a goal
- Fast pace

People are an essential component of what makes a start-up

Founders play a central role in start-up companies. As products in start-ups frequently build on new technologies, founders regularly have a background in MINT studies where they developed their business ideas

There are several main motivators for founders of start-up. Amongst the most important is the wish for autonomy and financial independence as well as the want to create something new and own

Founding and leading a start-up comes with many challenges. As a consequence the start-up environment regularly requires from their organization

- Ability to cope with high workload and responsibility
- Optimism and substantial self-confidence
- Readiness to assume risk and learn from failure
- Intrinsic motivation and enthusiasm
- Keen perception and ingenuity

Two words on what is not a start-up

Once a start-up moves into a **persisting business model**, it is usually not considered a start-up anymore. Former start-ups and established companies might keep successful approaches from start-ups promote incubators, begin or separate their own start-up section within their group.

Not every newly founded company is considered a start-up. For example, handicraft businesses usually do not start with an innovative business idea or with a primary goal of fast growth. They are also serving an existing and proven market. So while definitely founding a new business, this is not considered a „start-up".

②

How can Controlling add value in providing **information** in a start-up environment?

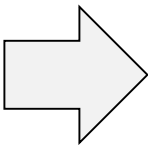| **Management and other internal stakeholders**	• How to educate founders in a for them intuitive language? • How to tackle frequent changes in what needs to be reported (avoid getting trapped in vast reports)?
Reporting infrastructure	• When to transition from Excel-based solutions to Business Intelligence software to bigger standards? • How to explore, collect and structure data in an early stage? And how to assure quality?
Investors and other external requirements	• How to tackle the needs from short-term to long-term investors or even capital markets? • How to leverage and benefit from requirements of investors?

③

Which adjustments are needed in **planning** at start-ups?

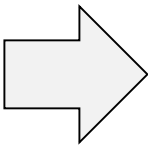| How to consider the start-up context when planning?	What are good guiding principles for planning in start-ups?

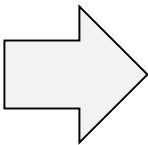|		
Planning might be needed at varying points in time due to **financing rounds**	⟶	**Flexible cycles** rather than fixed dates
Planning has to reflect **frequently changing goals** as start-ups work towards a vision	⟶	**Plan around milestones** rather than financial goals
A lot of things are **moving in parallel** with limited integration across plans	⟶	**Focus on cash** rather than P&L or Balance Sheet

④

What can Controlling bring to the table to **help steer start-ups**?

How to actively invest …		… while keeping close eyes on cash-burn?
How to be constantly in ideation …		… while actively managing the pipeline?
How to decide fast on the spot …		… while gradually introducing the right „rituals"?

How best to **co-pilot** the business?

- Active support

- Proximity to business

- Partnering role

- Adapt level of control to lifecycle of start-up

- Too much focus on numbers only

- Measure versus goals too soon

- …