Expert Group “Start-Up Controlling”
Introducing: Expert Group Start-up Controlling

Founding

- 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

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VP Controlling  
Zalando SE

**Khai Tran**  
Managing Director  
Valsight GmbH

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

**Christina Ebert**  
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**Jannis Friedag**  
Head of Controlling and Analytics  
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**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?
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
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“.
How can Controlling add value in providing information in a start-up environment?

<table>
<thead>
<tr>
<th>Management and other internal stakeholders</th>
<th>Reporting infrastructure</th>
<th>Investors and other external requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How to educate founders in a for them intuitive language?</td>
<td>• When to transition from Excel-based solutions to Business Intelligence software to bigger standards?</td>
<td>• How to tackle the needs from short-term to long-term investors or even capital markets?</td>
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<tr>
<td>• How to tackle frequent changes in what needs to be reported (avoid getting trapped in vast reports)?</td>
<td>• How to explore, collect and structure data in an early stage? And how to assure quality?</td>
<td>• How to leverage and benefit from requirements of investors?</td>
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Which adjustments are needed in planning at start-ups?

How to consider the start-up context when planning?

- Planning might be needed at varying points in time due to **financing rounds**
- Planning has to reflect **frequently changing goals** as start-ups work towards a vision
- A lot of things are **moving in parallel** with limited integration across plans

What are good guiding principles for planning in start-ups?

- **Flexible cycles** rather than fixed dates
- **Plan around milestones** rather than financial goals
- **Focus on cash** rather than P&L or Balance Sheet
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
- …