

# From start-up to scale-up. Your finance toolkit for growth.



AccountsIQ

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## Introduction

Every big business starts small. For many entrepreneurs, setting up a business is the easy bit. It's when your business scales that the growing pains really hurt.

### What does a company need to grow?

- Funding
- A shared vision
- The right people
- A great culture...

It's all those things. But there's something else that's often overlooked.

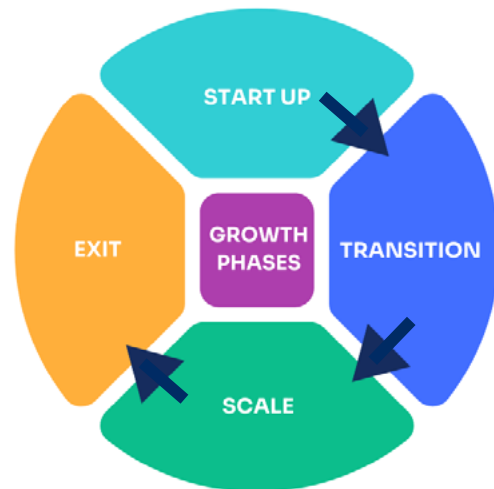
- Systems and processes

Even before you make it to rapid growth mode, you'll need professional systems and efficient, repeatable processes. These give you the control and visibility you need to sustain growth and execute on your plans.

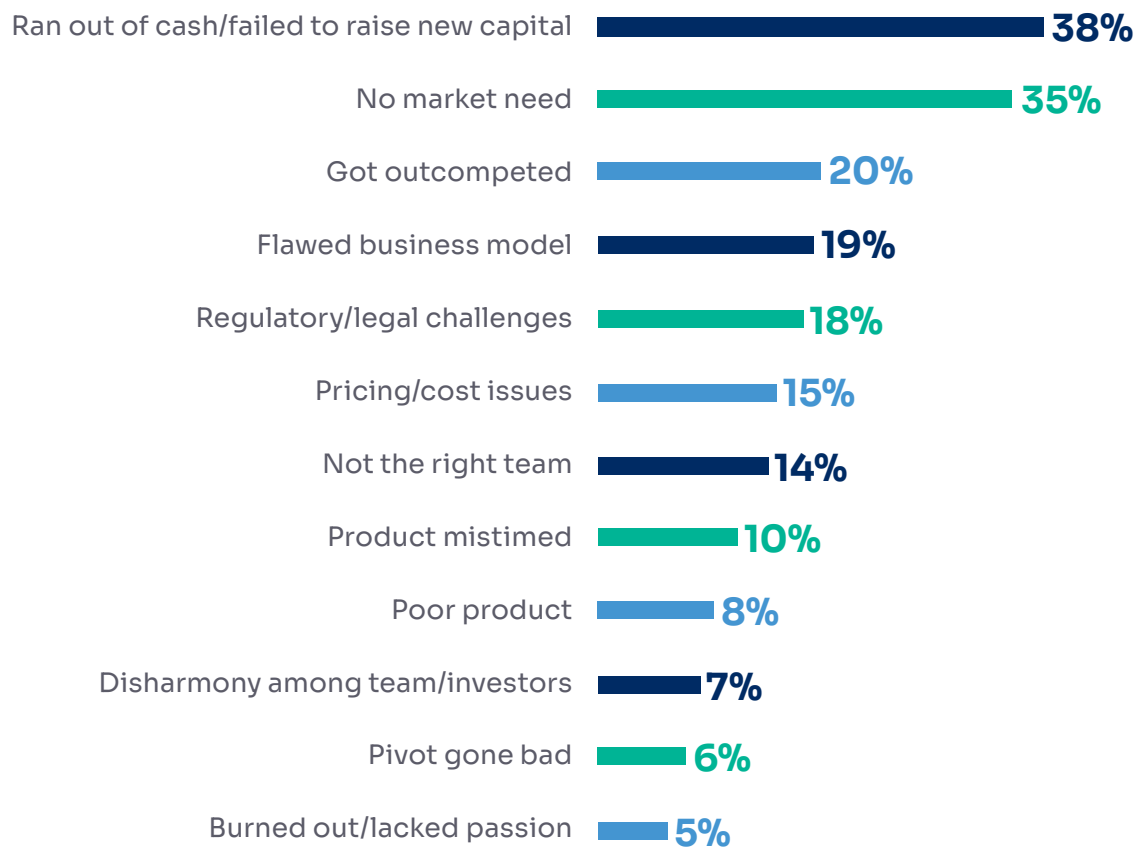
This guide outlines how finance teams can ensure they have the right tools to overcome the pain points shared by many fast growth companies.

## The Company Lifecycle

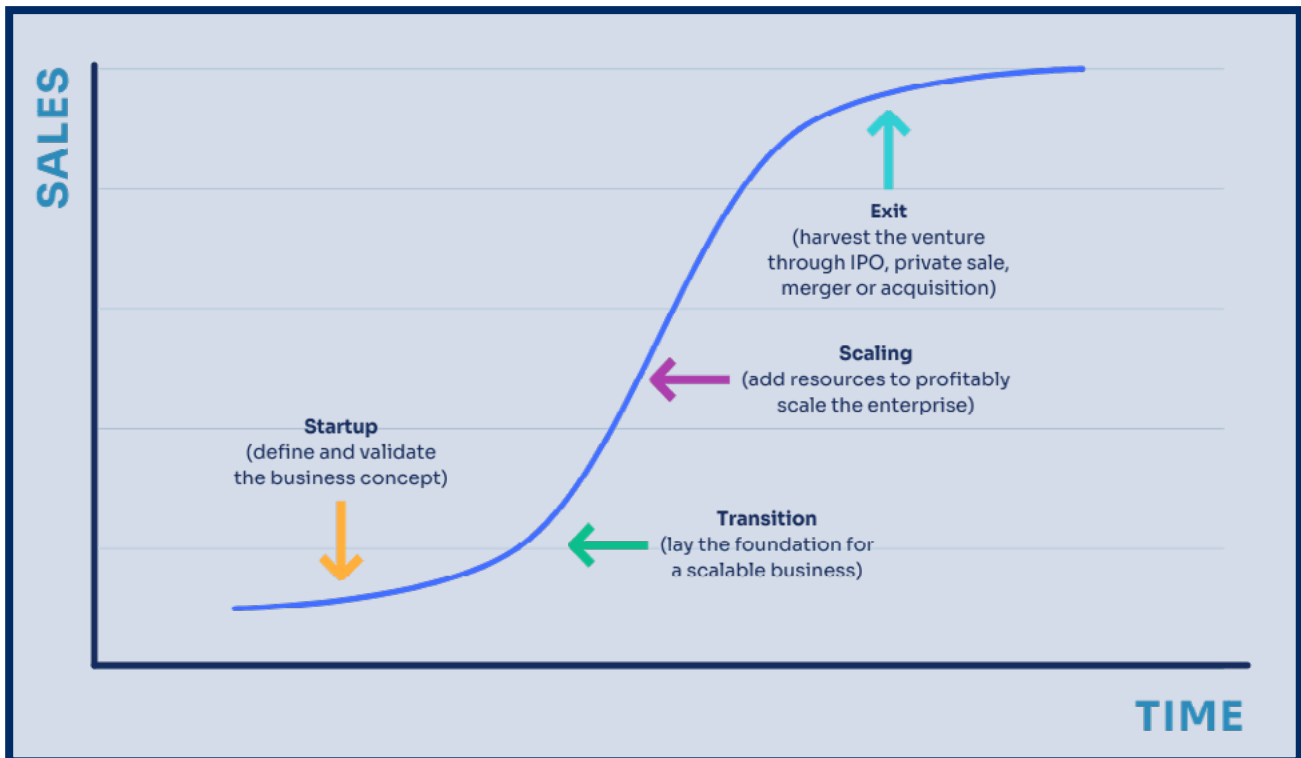
It's widely reported that 50% of start-ups fail. By that, we mean fail to scale. They never leave the start-up phase and reach the mainstream market.



## 1. Why do start-ups fail to scale?



## 2. Key success factors for high-growth companies



To Transition and Scale effectively companies generally need to:

- Drive revenue and maintain cash flow
- Source investment funding
- Ensure products/services continue to meet the needs of the growing market at a sustainable price point
- Hire a specialist management team with complementary skills and experience
- Introduce effective management, product development and marketing processes
- Leverage professional management systems and build operational capacity
- Proactively manage finances, funding and risk
- Actively monitor key financial metrics and identify emerging market segments
- Build a supportive team/partnership culture.

## 3. What Growth Toolkit do scale-ups need?

In the start-up phase most founders are so focussed on building and launching their product they don't think about systems and processes. But, without those systems and processes you don't own a business – you are the business. As you (and any co-founders) only have so many hours in a day, that severely limits your growth capacity.

To deliver a growth plan companies will need, for example, a CRM system to manage leads and customer experience. They will also need project management tools to keep everyone on track.

**When you look at the list of reasons start-ups fail, it's no surprise that the #1 system to get right is your finance system.**

## 4. What are the 7 finance pain points when growing a business?

**Fast-growing companies typically experience similar pain points or growth obstacles related to their finance systems and processes. Here are the 7 most common ones:**

**Pain point #1 Fundraising:** this can be a time-consuming, stressful process that distracts from your 'business as usual' activities and growth driving initiatives.

**Pain point #2 Outgrowing start-up finance system:** it struggles to cope with increased transaction volumes. Your finance team spends valuable time manually collating data to monitor KPIs and analyse performance. If you become part of a group of companies, either through acquisition or because you create new subsidiaries, your team also has to manually amalgamate your group accounts every month.

**Pain point #3 Multi-currency and multi-company transactions:** you expand into new markets and need effective FX and inter-company accounting.

**Pain point #4 Loss of control:** with multiple geographically dispersed team members you need an effective audit trail to control and keep tabs on all financial transactions and reports.

**Pain point #5 Lack of business intelligence:** as your business structure becomes more complex, you need real time insights broken down by product, revenue stream, country or partner to make fast, informed decisions.

**Pain point #6 Disjointed legacy systems and processes:** for efficiency and data analysis purposes your finance system needs to integrate and ensure automatic data transfers between your other systems, including your CRM, EPOS, payroll, expenses and bank.



**Pain point#7 Talent acquisition and retention:** a modern, forward-thinking finance team expects to work with the latest finance technology.

You can alleviate many of these pain points by getting on the appropriate finance system before it becomes an emergency. Your finance system should be designed to scale with you for at least the next 5-10 years.

## Reporting needs for growth

**Growing companies need real-time, actionable data to:**

- Manage cash burn rate
- Allocate resources and set priorities
- Negotiate new financing rounds
- Monitor pricing/subscription models
- Identify risks and opportunities
- Build an information feedback loop to ensure your business model can adapt and flex
- Enable informed decision-making across the leadership team
- Structure strategic thinking with board members and investors
- Instigate dialogue around financing needs and expectations
- Facilitate communication with venture capitalists that closely monitor performance
- Identify and analyse opportunities to add new entities, income streams, products or markets as they scale.



## 5. What will a Venture Capitalist (VC) expect to see in your finance operations?

Potential investors will evaluate your ability to acquire customers, grow revenue, and (ultimately) deliver profits. To help them make those assessments, your finance team will need to provide:

- Evidence of your management information analysis capabilities
- Accurate and consistent KPI tracking and reporting
- Historic and forecast revenue growth
- Detailed understanding of how and why your business is investing its money
- Easy access to key information, such as customer contracts and partner agreements.

### The tech investor's view

Finch Capital are series A/B investors in high-growth fintech companies – including AccountsIQ. Here's what they have to say about financial due diligence and reporting:

“The financial due diligence process aims to provide a thorough understanding of all the company's financials, including:

- Analysis of major customer accounts
- Fixed and variable cost analysis
- Analysis of profit margins
- Examination of internal control procedures.

“This is a time-consuming and intensive process for a company's management. It is hugely important that they have the right tools and software capability in place to generate an extensive range of reports and dashboards. This will help streamline the process as much as possible and avoid delays.”

**“Companies also need to provide investors with near real-time reporting and a consolidated view of the business as the company scales rapidly post-investment.”**

Mike Brennan, Principal at Finch Capital







## 6. What's my next step – do I really need an ERP system?

Enterprise resource planning (ERP) software is more than just an accounting package. It can help make your business more efficient, if used to its full potential. The problem for many mid-sized organisations is that an ERP is more than they need.

**You can end up paying for functionality you simply won't use.**

What's more, implementing an ERP system can be a complex, long-term (often 12-months plus) project. Even once it's up and running, maintaining such a system can take up a big chunk of your in-house IT resource.

**AccountsIQ fills the gap between entry-level accounting software and an ERP.**

Our powerful SaaS financial management system makes it easy to implement most of the benefits of an ERP into your business – but without the cost and complexity. Your business will be more agile, as we can help you get your new finance system up and running much quicker than an ERP. You can also bolt on other Cloud-based apps, such as Salesforce or EPOS, or integrate your finance system with your in-house proprietary systems.

## 7. Using your finance toolkit to successfully execute your growth plan

Fast-growing companies rely on clean and clear financial data to fuel rapid decision-making. Robust finance and accounting operations are essential for:

**#1 A clear view of your current financial position**



At the click of a button, you'll know your:

- Cashflow predictions
- Profit and loss forecasts
- Sales forecasts
- Operational costs
- Fixed overheads
- Net profit margins
- Audited accounts
- Time to achieve profitability.



## #2 Analysis and reporting

To make informed strategic growth decisions, you need the flexibility to slice and dice their financial data. For example, you'll probably need to compare:

- Recurring revenue generated by customer or industry segment
- Churn rate against marketing spend
- Performance of each department/function/location versus spend
- Subscription income by location/customer segment.

You'll also need sophisticated forecast and scenario planning tools, for example to:

- Estimate capital/other funding needed for expansion
- Assess market potential
- Model different pricing structures.

### Let's look at an example

Here's how an IT consulting firm could use the data in their AccountsIQ platform to gain relevant, real-time insights into their business operations and performance, by answering critical questions, such as:

- How profitable are our consulting projects in Asia compared to Europe and North America?
- How are each of our consultants performing by business activity?
- Are any of our branches highly dependent on revenue from just one customer?
- How much revenue from each individual customer comes from project management and how much from consulting?



## 8. Growth company success story: Zarion Software



When Ken O’Flaherty joined [Zarion Software](#), he found that their existing accounting system was bogged down with inefficiencies. As the CFO of a fast-growing tech company, he knew they needed a more sophisticated finance system to fuel their continued success.

**“I wanted an accounting solution that could grow with us in terms of feature functionality and product roadmap. AccountsIQ gave me assurance that this would be the case and it’s proven to be the case.”**

“AccountsIQ has also helped us accelerate our journey to paperless systems. Invoice and PO approvals are now paperless as standard. Where we’ve really seen a massive benefit is with remote auditing. The extraction of information is so much easier. This year we were able to close our audit in a week. AccountsIQ was fundamental in being able to do that. It’s a testament to the system.”

“As a CFO it’s my responsibility to produce the necessary information for decision making and AccountsIQ’s reporting is really good. With other systems you have to export data and manipulate it in Excel the way you want. Here I found the out-of-the-box reports in the Management Accounts pack reflects the typical needs of CFOs or FDs. Even data around analysis of cash and customers and FX, it does a lot of things very, very well and that saves a lot of headache and potential mistakes.”

# 10. 9 management reports every CFO needs to drive growth

CFOs in growth mode need a mix of historical and future looking financial and non-financial reports. Specific metrics will vary by sector, but here are nine reports every CFO should have at their fingertips.



# AccountsIQ

AccountsIQ is an award-winning financial management platform that simplifies the way finance functions capture, process and report their financial information across multiple locations.

It offers advanced consolidation features, multi-currency accounting and enhanced business analytics and is designed for medium-sized businesses. The platform offers seamless reporting, and integration capability and is fully flexible, with the ability to meet the changing needs of a growing business.

[www.accountsiq.com](http://www.accountsiq.com)