

**PRESS RELEASE UNDER EMBARGO UNTIL 15 JUNE 2022 2:00 PM**

Press Release

## Startup growth in Europe: why should you stay true to yourself to scale up?

- Although 2021 was a recordbreaking year for fundraising in Europe, investment is now slowing down, sometimes causing startups difficulties in scaling up.
- On the occasion of the 2022 edition of VivaTech, Roland Berger publishes the results of a vast study on the best practices to be implemented by startups to reach growth milestones: "*Scaling up efficiently while staying true to a company's values*".
- The interviews conducted with 40 CEOs and CxOs of thirty startups, scaleups and European unicorns have brought out a strong idea: the importance of remaining true to oneself in order to scale up.
- This idea relies on 5 principles for the successful scalability of a company, illustrated in the study by case studies.

**Paris, June 15<sup>th</sup> 2022** - 2021 was a record-breaking year for fundraising in Europe, but investment activity has slowed down recently. This new and **uncertain environment has left startups with a bleaker long-term outlook.**

Presented today at Viva Technology by Roland Berger, the leading European consulting firm, the study "*Scaling up efficiently while staying true to a company's values*" has highlighted the fact that **it is crucial to remain true to oneself in order to succeed in scaling up.**

This idea was identified through qualitative, open and authentic interviews with 40 leaders of some thirty French and European startups and can be broken down into **five fundamental principles for the successful scalability of a company.**

### Scaling up: a matter of identity

*"All the leaders that we interviewed mentioned a major principle, which may seem counter-intuitive to the agility rhetoric we often hear: the only thing that matters when scaling up is staying true to yourself," explains Anne Corteggiano, Director of External Affairs and Engagement at Roland Berger and author of the study. "This need to stay true to oneself came up repeatedly in every interview, on every topic, because scaling up seems to be above all a question of identity".*

The work conducted by Roland Berger shows that a company's identity is much more than a slogan or a logo. It refers to the creativity and capacity to innovate of the startup, **an entrepreneurial spirit that will allow it to stand out and grow with authenticity and prosperity.** This identity is formed at the crossroads of 5 fundamental principles.

## 1. Create a powerful and unifying value framework

In order to guide decision-making and the conduct of all the company's activities (sales, staff, management, environment), **the establishment of a powerful and unifying set of values is essential**. At the very foundation of any start-up, the definition of core values plays a crucial role. In order to ensure their continuation, these values must be respected and embodied by everyone starting with the managers.

Moreover, a company's image is reflected in the **positive impact it has on society and the environment**. The commitment of all employees will therefore be all the stronger if the company's values are meaningful and in line with CSR criteria. In France, the entry into force of the PACTE Act and the introduction of mission-based companies has established and formalized the importance of CSR in the founding of companies.

## 2. Build and support an agile team

In a second phase, the study recommends the **creation of a team with complementary talents, capable of blossoming along each growth phase**. In the context of the “war for talent”, startups must work on their employer brand in order to attract the best national and international profiles, especially tech profiles.

**To ensure the retention of their talents and build loyalty**, startups must immerse them into their corporate culture. Therefore, the values must be transparently exposed right from the beginning of the recruitment process. Most importantly, they need to ensure that employees believe in the project and are all moving in the same direction. Many recruitment mistakes stem from a misjudgment of the harmony between the corporate culture and the candidate's own values, and incompatibility can have serious consequences.

## 3. Adopt a relevant strategic plan

Startups need to **define a relevant strategic plan to grow, coupled with a long-term vision, from customer go-to-market to international expansion**. To do this, companies must **keep an eye on product market fit and make a point of retaining customers**. In the early days of a start-up, most of the resources are devoted to designing its product or solution, with the immediate objective of reaching many consumers in a record time. Once the product market fit is found, it is necessary to identify the business model that best suits the product in order to sustain its existence.

The managers interviewees say that startups can then expand internationally by **establishing strategic commercial partnerships** and on the condition that they **mobilize sufficient resources**. International expansion is one of the keys to scaling up, especially when a company's home market is not large enough to reach critical mass.

## 4. Enable high quality of execution and automation

**Quality of execution and automation are factors of professionalization and good governance**, the study reveals. **By structuring teams and automating low value-added tasks**, startups will gain efficiency and therefore output. While many startups start with a flat organization, it is often necessary to rethink the governance model as they grow, adding a layer of middle management to solidify their structure.

Startups also need to develop their **network of influence**. This means participating in key tech events, which are the perfect opportunity for startups to speak in front of their peers and their core target audience.

## 5. Aligning funding with the company's ambition and observing temperance

Finally, to secure their growth milestones, startups need to **define clear and sequenced funding targets over time**, by leveraging the best partnerships at each stage of growth.

At the European level, governments are now addressing the issue of financing innovative startups with high growth potential by offering numerous financial schemes. Startups can thus **rely on the multiplier effect of the public sector** by adopting a strategy of mapping available public funds (grants, loans, investors, etc.) at the national and European level.

This study conducted by Roland Berger eventually shows that the identity of a company is its main asset to ensure a long-term development. *"Identity is what drives managers and their employees to develop a project"*, concludes **Anne Corteggiano**. *"It is a company's greatest asset for reaching not only growth milestones, but also excellence. That is why we want to say to all entrepreneurs: stay true to your convictions"*.

**The full study is attached to this email.**

### **Methodology:**

The main principle and the 5 pillars identified are the result of qualitative interviews conducted with 40 leaders of some 30 French and European startups, with the systematic illustration of the latter through nominative case studies.

The corpus of interviewed companies is composed of : Ankorstore, Chance, Contentsquare, EcoVadis, Evaneos, Exotec, Innovafeed, Descartes Under, JobTeaser, Jungle, Kineis, IQM, Lunchr/Swile, Klarna, ManoMano, Miraki, Malt, Mynaric, Neuroelectrics, OpenClassrooms, OVH, Payfit, Nexthink, Qonto, Seedstars, Shift technology, Smart, Sunday, Treefrog, Peakon, Vivino, Ynsect, Wallapop.

### **About Roland Berger:**

Roland Berger is the only management consultancy of European heritage with a strong international footprint. As an independent firm, solely owned by our partners, we operate 50 offices in all major markets. Our 2400 employees offer a unique combination of an analytical approach and an empathic attitude. Driven by our values of entrepreneurship, excellence and empathy, we at Roland Berger are convinced that the world needs a new sustainable paradigm that takes the entire value cycle into account. Working in cross-competence teams across all relevant industries and business functions, we provide the best expertise to meet the profound challenges of today and tomorrow.

### **About VivaTech:**

VivaTech is the biggest startup and tech event in Europe and is recognized worldwide as a powerful catalyst for business transformation, startup growth and innovation for the common

good. Since 2016 VivaTech has brought together in Paris the world's top business leaders, startups, investors, researchers and thinkers for a unique experience combining inspiration, networking and a showcase for innovation. Starting with the 2021 edition VivaTech is now enriched with a digital platform that connects a global community of innovators. The sixth edition of VivaTech is taking place 15-18 June 2022. More information available at <https://vivatechnology.com/media> and @VivaTech.

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