

7 factors to consider when moving a FinTech from start up to scale up

I'm excited to be working with the Baton team. The company is at an interesting inflection point as it moves from a start up to a scale up. Here are seven factors that I believe are important for FinTech firms to consider as they take this next step:

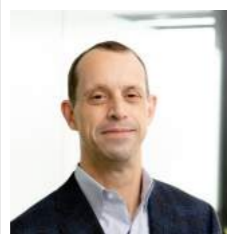
Adapting the approach

One of the first hurdles you often face when joining a young company, coming from larger organisations, is the natural hesitancy some people have that you'll bring a lot of machinery and process just for the sake of it. The objective is to bring just enough of what's appropriate for scaling up.

It's also important to recognise the changes growth requires in innovation-led firms. Firstly, there's a need for a rigorous approach on seeing that innovation from the initial idea through to delivering the value proposition in practice. Secondly, the firm must be properly resourced and structured to be able to take the innovation created and deploy it much more broadly.

Building a scale up structure

In startup companies there's a tendency to rely on a hive mind approach, where everyone can easily keep up-to-date, quite informally, of the decisions others are making and of developments with clients and within the company.



David Ornstein,
COO, Baton Systems

As an organisation grows, you need to bring in the structure to support expansion, while retaining enough flexibility. In order to do that, I've learnt it's important to be able to introduce enough management processes to institute more rigor in communication without implementing a template that isn't fit for purpose because it doesn't accommodate for the specific environment and state of the company and its products. Instead, I've encouraged my teams to consider what a defined process looks like at the top level and then identify those parts which are germane to particular business teams or functions and those which are not. This is an important preliminary step in scaling up from the hive mind to a stage of leveraging greater resources.

Retaining an agile state of mind

In software engineering we often talk of agile as being a process, but I think it's better seen as a culture.

It's important for the agile approach to be inculcated in every level of the organisation. Baton's expansion to date has appreciated the need to retain that agile mentality while introducing the structure needed for the organisation to excel at the next level of scale.

Getting the product market fit right

Scaling up requires a thorough examination of your product's market fit. I've seen some issues where firms tried to apply more broadly the success they have had in a small corner of a big marketplace, without really understanding why they had met success in the first area and what was different about the broader market they were now investing in. The initial approach is extrapolated to serve this wider market without first drilling down and gaining a deep practical understanding of wider customer needs and usage. It's clear to me that without this preparatory work, firms are frequently required to pause and perform numerous expensive iterations before the product can deliver full value.

"There's a need for a rigorous approach on seeing that innovation from the initial idea through to delivering the value proposition in practice."

The challenge is to become more rigorous, in terms of refining the product for a precise fit, so customers can derive the value from the specific innovation. At Baton, it will be vital for us to challenge any assumptions that merely scaling up will deliver the right fit.

Engineering and the 80/20 pareto

Like many things in life, with engineering 20% of the effort often gets you 80% of the total effort really required to deliver customer benefit.

There's a process of repeated product iterations, considered reflection and customer insight that's necessary to take a solution that performs well on a test bench in a limited, controlled setting to a state of commercial production readiness. Leaders of scaling organisations must think about what it takes for managers to instill the necessary disciplines. This might include a sharper focus on quality assurance, standing further back or a more rigorous approach to designing the test cases that go into the QA process.

Listen to your clients

Once a start up has in place the core building blocks the next level of internal operational growth is often customer driven. In early stages the frontline of the start up may cover the whole range of support needs, but as the company grows it's necessary to have a professionalised organisation and approach to 24/7 customer service support and SLA performance. These steps help implement valuable structural changes which measure the pulse of the customer and the product, laying the groundwork for the next stage of growth.

Investing in your team

Investing in your team and their skill sets is not just good practice but essential for growth.

In scaling up, firms often

find they need to develop new managers. When I've appointed people to their first management jobs, or the next level of organisational management, I've always tried to provide the support with appropriate training and management tools, and to set clear expectations of the role.

I find it critical to be thoughtful, open, and frank about what lies at the heart of the social contract between the firm and employee - it's ultimately a two-way value proposition: What am I expecting this person to do for the organisation? And: What is this person expecting the organisation to do for them?

I usually try to see the answer from the individual's perspective in terms of development. Delivering next year's organisational plan can match with an opportunity for the employee to grow their skills and advance their career by, for instance, presenting to wider audiences including senior management and clients.



Working within the close knit community of a start up it's generally easier to empathise with colleagues, which makes for improved team cohesion and performance. I've found maintaining those bonds through growth, whenever possible, is a critical part of visualising a scaled up organisation with a sustainable culture.

At Baton we're embarking on an exciting new journey - ramping up the firm to deliver transformative change across the entire post-trade process from trade-matching through to settlement using distributed ledger technology (DLT). I'm thrilled to be part of it and looking forward to the year ahead.

Baton
 Post-Trade • Redefined