

From startup to full-scale business: 3 essential metrics to mark the transition

As any founder will tell you, understanding the stage your business is at is crucial, as it plays a fundamental part in guiding strategic decisions and resource allocation. And one of the most challenging aspects is determining when your company transitions from still being a startup to becoming a fully-established business.

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This shift lacks a clear-cut definition or universal criteria, and yet, recognising it can significantly impact your growth trajectory, investment strategies, and overall business success.

Recent studies showed that startup owners can spend around 40% of their working hours on tasks that do not generate income such as hiring, HR tasks, and payroll. And all these activities are of course important, but not in all business stages. Moreover, as a founder you should be ready to delegate.

As a co-founder and COO who successfully raised his current business from the startup stage, I want to share some personal insights on navigating this critical transition.

What does it take to “evolve” from a startup?

First of all, achieving financial independence is a major step in the right direction. When a company reaches a point where it no longer relies on

external financing and becomes self-sustaining through its own profitability, it signifies stability and confidence. This independence allows the company to choose whether to seek additional funding based on strategic plans rather than outright necessity.

Founders should also seek market clarity and sensible product market fit. Remember: a company ceases to be a startup and becomes a mature business when it operates in a well-defined market and offers products relevant to that market. This will help position your company strategically and raise your chances of achieving success.

Thirdly, pay attention to budgeting. Well-established businesses know how to form a budget and adhere to it, and this understanding stems from being able to accurately evaluate their main growth drivers. Startups, in contrast, often struggle with budgeting due to uncertainties about sales channels, competitors, and market dynamics, which also ties in with my previous point.

Lastly, having a long-term strategy is essential. A full-fledged company should have a strategic and financial plan extending at least five years into the future. In the early stages, creating such a plan might seem impractical due to the unpredictability of revenues and products. I know it certainly felt odd to us when my company was in its first years of development. However, as your business grows, it gets better at identifying key growth areas and resources, making strategic planning both possible and necessary.

3 main indicators that show you are no longer a startup

First of all, the level of the company's operational independence from the founders plays a big part. In a startup, founders are typically deeply involved in day-to-day operations, making crucial decisions and managing

tasks directly. As the business matures, however, its day-to-day workings should be managed by a competent team that can run things by themselves, without the founders getting constantly involved. This shift allows the top brass to focus more on the company's vision and growth without being bogged down by minute management details.

Another important thing is having efficient and scalable sales processes. Sales should not rely on the efforts of the founders or a few key individuals. Instead, there should be established systems and procedures in place that ensure sales can continue and grow systematically. This ensures that a business can scale up and handle growing demands without being dependent on specific personnel.

The same is true for recruitment and HR processes. Initially, the founders may be directly involved in every hiring decision, but as the company grows, these processes should become more streamlined. Recruiting, retaining, and managing the workforce should eventually become separate from the founders, reflecting the company's ability to scale efficiently.

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