

Managing and working in a own company

Tuomo Laine

Learnings Report

Abstract—On this learning report the author reflects his experiences and learned lessons about co-founding and co-managing a company. The main activities discussed are co-founding a company, managing a company. While carrying out these activities the author has learned soft-skills relating to team-planning and -work, knowledge sharing and a set of implicit skills needed when working in a goal-oriented team based environment. In the end it can be noticed that the author has understood the importance of self-evaluation regarding ones social skills. It is also noted that since soft skills like communication and team-based interaction is usually quite implicit, some of it is hard to transfer through medias like report papers.

Index Terms—(Managerial, start-up, founder, experiences).

1 INTRODUCTION

THIS report aims to reflect the experiences and lessons learned of co-founding and co-managing a company. At the time of these activities the author was a student at Aalto University in Helsinki Finland and still finishing his bachelor's studies. The report will mainly focus on soft implicit skills learned and not so much on technological skills or talents. These experiences include among others: knowledge sharing, knowledge creation and most importantly working in a goal-oriented and team based environment. The paper consists of two main themes: the lessons learned when creating a company and the lessons learned while working in a small company as a co-founder.

2 CREATING A COMPANY

The first thing that comes to mind when thinking about creating a company is usually financial issues. How much money do I need?

- Tuomo Laine, nr. 82770,
E-mail: tuomo.t.laine@aalto.fi,
- Ossi Rautalahti, nr. 82772,
E-mail: ossi.rautalahti@aalto.fi,
Instituto Superior Técnico, Universidade de Lisboa.

Manuscript received June 22th, 2015.

When will the company be profitable? Do I have a market? With whom will I do this? Is it worth the risk? All these are relevant question which must be answered before one can actually go and sign the papers and become an owner of a company. Non dependent whether the company is founded by a single person or a group of founders, all of this questions forces the founder to use his or her social and implicit skill-set to get the answers. Business ideas can be communicated through paper and prototypes, but there will usually always be a point where the founder has to go interact face-to-face with a person, who decides whether the company will have finance, customers or other founders. This chapter will reflect on these experiences and different lessons learned when actually creating the company.

2.1 The Decision

The hardest part in a decision making process is not actually the last part of ratifying the decision. It is the difficulty to choose, which of the information is relevant and what information might be needed. In a company where there are multiple founders, which all have different backgrounds socially, and information might be at times scarce, the difficulties are

(1.0) Excellent	LEARNINGS					DOCUMENT							
(0.8) Very Good	Context × 2	Skills × 1	Reflect × 4	Summ × .5	Concl × .5	SCORE	Struct × .25	Ortog × .25	Exec × 4	Form × .25	Titles × .5	File × .5	SCORE
(0.6) Good	1.0	1.0	1.0	1.0	1.0		0.6	0.8	1.0	1.0	1.0	1.0	
(0.4) Fair													
(0.2) Weak													

usually social. How to communicate your own knowledge without creating an overload of information and making sure that other decision makers understand the relevant parts of your point-of-view. At the same time you as a co-decision maker should be able to internalize the knowledge represented by others.

The decision to found a company is by far one of the riskiest decisions both socially and financially that an individual can make. It is a great opportunity to learn about yourself and what kind of decision maker you are personally. Also it gives you the ability to evaluate this process and depending on the result develop these skills. Personally I can say that the process of communicating ideas and strategies over the course of six months taught me one thing over anything else: *there is no perfect answer or solution for any real life questions.* A good decision on paper now, can actually be the worst after four weeks. This is mainly due to external forces like global economics, consumer trends or even weather which one can't control. It is also crucial to understand that after a decision is made, no individual can be held accountable for it retrospectively. This applies at least to small companies like the one described in the activity, where decisions are almost always made as a group and not as individuals and where processes are internally very transparent.

Personally the decision of creating a company taught me that as a person when there is a great risk or stake at hand I might at times be too fixed with my personal knowledge base, and at times it is hard to internalize the knowledge shared by others. In general I think this is something that most of enthusiastic starting entrepreneurs experience. It can be hard to listen to external advises outside the to-be-created company. In a situation of high-risk and high-reward one has to balance between the rational and irrational and at these situations you should listen to the people, who don't have a stake on the situation at hand.

2.2 Risks

When talking about companies, risks are one of the main themes that come up. There are

many types of risk takers: the ones which take no risk, the rational ones and the irrational ones. Latter can also be described as the ones with a gambling problem. In a entrepreneurial world everyone is some kind of risk taker and it is rare to find a situation where founding a company would be the least riskiest option on an individual level. Risk taking characteristics are also important when considering the differences between founders in a company. If one understands their own and their co-founders risk taking characteristics it is easier for them to communicate crucial decision like pivots or financial plans. In the end it is all about fighting against odds, which are usually by default against you.

Personally I found out that I am person who avoids uncertainty and risks which offer no "plan Bs". This showcased as wanting to create an agile company which could be pivoted with little or no effort, meaning that it wasn't locked in one business model and one market. So the success of the company itself wouldn't be defined by individual products or projects but actually the agility of the company to adapt to the external environment. From this point-of-view I could be described as rational risk taker, where I invest in ideas and solutions where I feel that I have the ability to change or at least try to alter the course of actions with my individual effort. This also meant that I would not join a business venture, on which I would have felt that I could not as an individual be a crucial part of the company's success.

2.3 I As a Co-Founder

When talking about financial issues and projects that can be defined as personal both as visions and economically, it is sometimes hard to be rational and pragmatic. The company which was created was the first of its kind for all the founders which made it personal in some sense. For me this meant that at times decisions could seem more important than they really were. Also the company became part of my personal and social identity, which meant that at times it was hard to separate the individual social goals and the company's image and values. This kind of relationship between

DO NOT USE CONTRACTIONS!

a co-founder and a company can cause conflicts between the other co-founders, since usually the company cannot represent all the qualities of all the co-founders. Should the company try to achieve highest profit margins? Should the company just try to offer better services for as many customers we can but still staying profitable? Should the company just aim at something bigger and visionary?

In practice this kind of personal relationship did not affect too much the actual development process of products and services, but rather the internal cultural structures and external image of the company. These kind of decision were those, which were not made using logic and mathematical equations. Instead these were the discussion carried out at coffee tables, during after work drinks or when arguing over the name or logo of the company. These kind of talks with other co-founders taught me the importance of the "*silent-vision*", meaning the image of the company in all the co-founders head and how did they see the future. I also understood how hard it is for individuals from different social backgrounds to share these kinds of visions and how important it is for all these visions to match before the actual company is even founded. My personal belief is that in the long-run it is the internal culture of the company, which decides whether the company will succeed or not.

3 CO-MANAGING A COMPANY

The first section of this paper discussed briefly the thoughts and experiences of the process of actually founding a small company, but that is only the start of this learning experience without a match. It is the everyday life of a co-founder and all the different social and entrepreneurial challenges he or she has to face, which truly teaches the best lessons of, what the founder is as an individual and what kind of roles he or she has and what are his or her best and worst qualities. This section aims to open the personal experiences of, how I as a co-founder felt my everyday life and what I learned when working as a co-manager of small company.

3.1 I As a Communicator

it's = it is

The company which was created during the activity worked in the field on information technology creating products and services, which relied mainly on the quality of the solutions and not so much on technological challenges. This meant that the power of the company was structured around the innovation and knowledge of the individuals working in the company. One has to understand that when we talk about knowledge intensive businesses or markets, the success of a company is usually defined by it's ability to create and share knowledge both internally and externally. In practice this meant that the social and knowledge sharing skills of co-founders plays an important role. How to get the message through to others? How to avoid technological jargon and ego-boosting "knowledge showcasing" (individual sharing knowledge without any clear goal of enhancing the decision making process and thus slowing it down).

Personally I felt that my own strengths were in the communication side and especially in it's efficiency. This came out by the fact that I was in my own opinion able to easily extract the important information from others and then combining them with my knowledge base and thus seeing the big picture more clearly. This way I was also able to advance the discussions from knowledge sharing to knowledge creation or innovation, where actual concrete decisions or solutions were created. This didn't come without price, since retrospectively I feel that at times it might have damaged the social structure of the company, where my role might seemed more like a decision maker rather than an individual taking part to the knowledge sharing process. I would argue that this is one of my biggest development goals - how to be efficient without too much of an "*Let's move on, this is irrelevant.*" attitude. This means that I should learn to showcase the rationality of my individual decision making process more clearly.

From the experiences of communication I also learned about myself as a communicator. I found out that the most efficient way for me to communicate my ideas and thoughts is

through a interactive social medium, meaning that I need to be in the same space with the people I want to interact with. I also should have some kind of visual tools to support my verbal communication. This could be seen when, I for instance called another co-founder explaining some solutions for problems that we had, the vision which I had had not transferred completely through the mobile phone. It was not until I could explain the solution with prototypes, pictures, drawings that I felt that the solution was fully understood. All this can also be reflected to me as a receiver. I can more easily understand others when they represent their knowledge interactively and when it is embed into a context.

3.2 What Roles I Take?

Whenever there is a co-creation process or the organization is team-based, the team members are bound to create roles even without any explicit orders to do so. When reflecting myself as part of a founder group, where decision were made between three people I usually found myself to be a catalytic or instigative force. It seemed that many discussions were started on my behalf, but it wasn't always for good. Sometimes either the discussion subjects were irrelevant or completely non-job related. In a small company there is a limit to the innovation and idea-creation processes. At some point the company just has to start executing ideas instead of creating them.

In general the role of a instigator is hard to manage. The instigator has to know when to start planning processes and when to instigate execution over planning. In the end the company exits to create value to the owners and without execution there rarely is any value to be created for anyone. This is something that I believe to be a development subject for me as a person. I should exercise my skills on how to turn co-planning processes to effective co-execution processes. This kind of dynamic switching is crucial for small companies which has to be able to iterate and pivot on short intervals. This is also one of the only advantages that small businesses can have over larger businesses, who have more heavy internal structures.

3.3 Workload allocation

In a small company where each participant is also an employer and an employee it is important to understand that there might be times where founders should think about themselves more as workers and less as founders. This means that basic traits like for example trustfulness, quality or social-skills apply also at a level where there is just a goal, which has to be reached. The old saying that: *"A good employer is a good employee."* seems to be true.

In a practical level this means that at times it is easy to forget that there is no external workforce to do the jobs for the founders. In some scenarios there will be situation where other founders feel like they are doing more work than one, and this can create friction between the social connections inside the company. Sometimes the situation is natural, where the workload just can not be divided equally between the participants, but there are also times when this can happen slowly over time.

Personally I have learned that it is very easy for inexperienced founders to go into this kind of situation where workload isn't divided equally. This is due to too early specification in roles and activities carried out by individual founders. In this situation some of the founders might find themselves in situation where none of the other founders have the necessary skills to carry our the jobs needed even though he or she is already filled with work. This is a natural way to create conflicts financially and socially. These kinds of situations should be avoided either by financial resources in the form of hiring employees or by making sure that the all founders can always chip in on every job being performed at anytime.

4 CONCLUSION

In conclusion it can be said that the activities carried out when creating and managing a small company has given the author a chance to reflect his own strengths and weaknesses and taught important lessons on how to work in a goal oriented team-based environment. The most challenging and rewarding activities, which were reflected in this report had to do

with how to manage and share knowledge effectively.

In a knowledge intensive market and environment like markets based on the ability of the companies to innovate, the challenges are usually in internal processes and in their flexibility since the external factors are almost impossible to handle. This creates challenges for companies and their internal structures, mainly on their innovation systems. The author of this report worked as part of this kind of innovation system as one of three deciding participants. While carrying out the different activities described, the author learned soft-skills like communication techniques, implicit knowledge about team-based working methods and insights about the importance of company culture and the dynamic between co-founders or team members.

The experience also helped the author to understand the different roles team members can take when carrying out jobs or when doing co-planning. But in the end most of the learned skills and insights are very implicit in nature, and thus hardly transferable via explicit medias like a report paper. Social development seems to be a long lasting and constantly on-going process which can only be developed through practice and self-reflection with the help of co-workers and with a goal-oriented attitude.

ACKNOWLEDGMENTS

The author would like to thank the school of Institute of Superior Tecnico and Professor Rui Santos Cruz for the chance of participating in this course as an exchange student and with a non-orthodox and quite abstract subject.

*Who is The Bio??
of author?*