

Catalysing sustainable growth: Risk management and building a network for change

On this year's International Day of Climate Action, Elbow Beach Capital hosted its first ever Portfolio Day. The theme of the day was 'Catalysing Sustainable Growth', and it explored how startups can successfully balance risk management alongside commercial development to unlock sustainable growth.

By bringing together industry experts to discuss these themes, Elbow Beach helped their investees identify how they can fully take advantage of the tools available to them. The day was a great celebration of the incredible technologies that are being developed by Elbow Beach's portfolio of 18 cutting-edge startups. It was also an opportunity for founders to connect and share insights and learnings from their journeys.

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Jon Pollock, Elbow Beach Capital CEO and co-founder reflects on the day below.

Innovation is one of the most powerful tools to generate change. As we navigate the transition to a more sustainable, green world, we urgently need growth in sectors such as climate tech to provide innovative solutions to the most pressing social and environmental problems. But for startups on the road to commercialisation, managing the risks associated with this growth can be difficult. We wanted our first Portfolio Day to provide our startup founders with the tools they need to successfully navigate these risks and truly catalyse their growth potential.

The key message of the day was: act now. Taking a proactive approach to risk management is the first step to ensuring that you stay ahead of ever-evolving market dynamics, remain relevant to investors and unlock growth. Below are three key takeaways from the day for startups and founders.

1. Identify your risks

This was perhaps the most important takeaway from the day. Being aware of your business' risks is the first step to implementing robust and thorough strategies that will allow you to mitigate these potential threats. Your risk profile will change all the time and is heavily influenced by macro dynamics such as new regulations and industry changes. Simply making a list of the key risks you perceive is an easy starting point if you're not sure where to begin.

A material risk that is often overlooked is ESG. Lucy Boreham — co-founder of BayNel, a female-led ESG & Sustainability Consultancy – and Marc Lepere — leader of Executive Education on ESG & Sustainability at King's College, London and co-founder of Omnevue — explained how neglecting to integrate a thorough ESG strategy poses a material risk to scale-up success as regulations tighten across the board. In particular, the two stressed that the 'S' and 'G' aspects of the acronym are often overlooked. In reality, these are two elements that can have a significant impact on the growth potential of an organisation. Retaining satisfied staff with diverse and valuable skillsets is arguably the key to business success. Having internal and external practices that reflect this is crucial. You can watch the discussion [here](#).

2. Evidence your growth

Investors want and need growth in order to justify their investment decisions. Tracking growth at all levels of your business is vital for making your investment case and presenting valuable data that demonstrates development. The ability to evidence awareness of all aspects of your growth and potential growth will strengthen any investment pitch.

Robust ESG data can be one way to demonstrate growth. However, reporting, measuring and presenting this data is sometimes difficult for SMEs as traditional accounting practices can be expensive and time-consuming. Daniel Jeczmierny, co-founder and CEO of *Omnevue*, gave a demo of his platform, an ESG and CO2e accounting software that is designed specifically for SMEs. You can watch a demonstration of the platform [here](#).

3. Recognise that growth is dynamic

So often the focus of growth is on year-on-year revenue increase but growth encompasses much more than that. It's about driving efficiency and productivity at all levels of business and being able to evidence this to customers and investors alike. This was emphasised by our panelists: Juliet Davenport, founder and ex-CEO of Good Energy; Volker Beckers, ex-CEO of npower; and David Gudgin, Managing Director at Albion Community Power, Partner at Albion Capital and Non-Executive Director at Elbow Beach Capital. They highlighted that growth is more than numbers, and demonstrating impact is an important step on the road to commercialisation and increased customer traction. This means encouraging growth at every level of your business and acknowledging that growth means different things to different people. Knowledge growth may be a priority for employees, but for potential investors, evidence of profit growth is more significant. Businesses that are able to recognise these different needs and harness them will be better placed to continue their growth. You can watch the full panel discussion [here](#).

As a startup founder, if you can balance revenue and cost growth alongside impact and reach growth then you have a good chance of realising your valuation, driving customer traction and affecting growth.

As we reflect on the insights from the day, one of the most heartening outcomes was the connections created between the founders of our investees. Starting a business is a unique, sometimes lonely, process, and fostering a network of like-minded connections can be difficult. Creating a community

committed to driving positive change is a key step towards affecting growth within the climate tech startup ecosystem, a sector with the potential to truly change industries and societies. Elbow Beach is thrilled that our first Portfolio Day contributed to this community-making and we look forward to supporting our investees as they realise their growth.

Jon Pollock is CEO and co-founder at *Elbow Beach Capital*.

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