



Traditional values: a benchmark for start-ups?

On the importance of 'traditional values' for modern entrepreneurs

by Andreas von Specht and Felix B. Waldeier

Particularly in Germany, the outstanding position of family businesses, which have been successfully built up over several generations, is repeatedly emphasized. If one asks the family managers concerned, one can learn a lot about the importance of flat hierarchies, quick decisions or long-term thinking. In the same breath – often in contrast to rather anonymous corporate structures – there is talk of the great importance of "values". Loyalty, trust, honesty, integrity, justice and reliability – these values are often associated with Germany's family businesses. And in many cases, rightly so. However, we were also interested in how today's entrepreneurs / founders of start-ups think about the significance of such values. Do traditional values fall by the wayside with start-ups, rapid growth and permanent change? Are they even affordable? In the Berlin start-up scene, we met the successful founder of Thermondo, Philipp Pausder.

Mr. Pausder, entrepreneurial values are often closely related to the type of company. Therefore, first of all the question: In which area is Thermondo active?

Thermondo is a technology-driven heating engineer. We have fundamentally optimised the processes of changing the heating system, revolutionising the trade and opening up the possibility for the energy industry to enter into small-scale energy services. Thus, our customers come more easily and faster with good prices to a new heating service.

What significance do classical, traditional values such as loyalty, trust and honesty have for your entrepreneurial activities?

A very high significance – especially in the relationship with our employees. In today's world of



work, talent and human capital are the scarcest resources. These must be secured and promoted by a solid framework of values within the company.

And what about an aggressively growing company in the context of corporate values?

It is of paramount importance for us to attract the best and brightest minds. People who have a great passion for their job and who – often due to valuable experience and a good education – often have their pick of the jobs on the market. Fairness towards each individual employee, and reliability in agreements and in deeds are therefore the core elements of the entrepreneurial integrity experienced by the employees.

How do you lure the “best and smartest minds” into your company?

Younger top performers naturally want to earn well, conduct dialogues at eye level, and quickly feel extensive freedom and responsibility. But they also want to be part of a company for which it is worth working 50-60 hours a week. Our values and the meaningfulness of the company's content are extremely important here. For me, values thus become, in addition to other functions, a pillar of intrinsic motivation.

What role do these values play in the relationship with your business partners?

Of course, values are also extremely important in the relationship with our business partners. We are transforming an entire economic segment and are thus in the role of the change driver and innovator. It is important to understand exactly how much change we can expect from our business partners and other market participants. We have to challenge them, but we must not overburden them. In doing so, it is crucial that we prove to be a reliable, value-oriented business partner despite, or precisely because of, our differences.

Are there other values or maxims that characterise your company?

The freedom to think, to question and a very high degree of willingness to change! As a small, young and very fast-growing company we simply have to be better, faster and smarter. We can only do this if we attract the best people, as already explained. At the same time, these top talents must be given real freedom to think and act. And finally, we have to align the whole team to a common corporate goal.

Do you see a difference between the value system of traditional family businesses and that of start-ups?

For me, the values just mentioned are not always “typical” of traditional family businesses. Rather, for me they generally represent values for “good entrepreneurship”.



What do you see as the main differences between traditional family businesses and start-ups?

In my view, the biggest difference between traditional companies and start-ups is not the canon of values, but the uncompromising focus on productivity. Without productivity and the associated growth, a start-up will not reach the next round of financing. Every day is precious, and any standstill is a step backwards. Formally and informally, we set ourselves goals on a weekly and monthly basis and define clear milestones that we want to achieve during this period. There are no rigid job descriptions, but priorities and job content must be constantly and flexibly adapted to our goals and needs.

To what extent do you combine entrepreneurial values with the "uncompromising focus on productivity" you describe in order to achieve your entrepreneurial goals?

Of course, the management of a company must not only take place at the level of key figures and milestones. Employees in start-ups especially need orientation, esteem and a high degree of proximity to management due to the incredibly high dynamics and flexible job design. Only then is it possible to commit to a common goal.

When do you see a common goal or entrepreneurial success achieved?

For me, the yardstick for entrepreneurial success means having created something that no longer disappears and thus makes a lasting contribution to the prosperity of our society. To have significantly changed a market, or to have spotted an upcoming development early and then consistently implemented it, is entrepreneurial success for me. We are often told that what we are planning at Thermondo is actually impossible. That we cannot change the sector sustainably or even to digitize it. But we show that it is possible after all!

How important are sustainability and the long-term nature of success to you – and how would you define them?

Sustainable, long-term success is very important to me and for our company. We always tell our employees that we want to create a new type of company: a digital, nationwide, vertically integrated business, the gatekeeper in a small-scale energy landscape. That does not exist so far, and my incentive is it to prove that we are not a temporary phenomenon, but a pioneer. I would like people to look back in ten years and say: "Thermondo was the pioneer, others copied it." In order to be able to say this one day, we must have sustained success. For me, sustainable success means profitability with sustained sales growth.

Do you see a certain responsibility of young entrepreneurs towards society?

I consider social responsibility to be very important – and of course young entrepreneurs like us also bear it. Our activities at Thermondo, for example, contribute to the reduction of CO₂. In addition, we create jobs and train our employees for tomorrow's jobs, for which there are currently no formal courses of study. We have already created 150 jobs, by Christmas it will be just under 180.



This achievement is very important to me! Large companies generally cut jobs due to their lack of innovation. Our society therefore needs the small, innovative units because they create the jobs.

Are traditional values increasingly losing their importance in the course of globalisation and the internationalisation of companies?

Not at all! But from my point of view, the past has no universal claim to the existence of values. There are numerous examples of companies from the time before globalisation and internationalisation that did not live these traditional values at all. Basically, I do not see any signs that values are in retreat in the context of globally operating companies, but rather that they are gradually becoming more important again.

Mr. Pausder, thank you very much for this interview!



THE TRUSTED ADVISOR

THE TRUSTED ADVISOR are our firm's regularly published articles, featuring not only insights derived from our project work but also guest posts and interviews with leading business figures. They offer food-for-thought and practical advice on a variety of key topics in the leadership, ownership advisory, governance and strategy domains.

Should you wish to receive **THE TRUSTED ADVISOR** automatically and on a regular basis, please send an e-mail to: tta@avs-advisors.com

You are welcome to recommend and share our articles. All previously published articles can also be found on our website: www.avs-advisors.com/trustedadvisor

Office Frankfurt

Untermainkai 31
60329 Frankfurt
Germany

frankfurt@avs-advisors.com



Office Geneva

Rue du Mont-Blanc 19
1201 Genf
Switzerland

geneva@avs-advisors.com

Office Zurich

Tödistrasse 36
8002 Zürich
Switzerland

zurich@avs-advisors.com

Office Hamburg

Neuer Wall 80
20354 Hamburg
Germany

hamburg@avs-advisors.com

Office Paris

7, rue Georges Ville
75116 Paris
France

paris@avs-advisors.com

Office London

9 New Square
Lincoln's Inn
London WC2A 3QN
United Kingdom

london@avs-advisors.com

Office Bogotá

Edificio Bogotá Trade Center
Cra. 10 No. 97A-13, Torre A,
Oficina 701
Bogotá, Colombia

bogota@avs-advisors.com