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PERSPECTIVES

BY FINNOSIGHTS

The Leader's Most Underrated Skill

The Craft of Business Storytelling

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01 From the Editor

The Leadership Edge Nobody Talks About

"Storytelling is the ultimate compression algorithm for human attention. Everything else, data, logic, tech, feeds into it, but if you can't wrap it in a compelling narrative, nobody will give a damn."

Jen Abel, a sought-after GTM advisor to some of the fastest growing startups, called this the best thing she had read on X, and it found its way to us through a founder we admire. It set our minds thinking about one of the most potent yet underutilised and underinvested skills in leadership: storytelling.

Human beings are wired for stories. Aesop's Fables, Arabian Nights, or closer home, the Panchatantra, have ruled our imagination over centuries not because they were entertaining but because they carried ideas in a form the mind could not let go of. Strip away the fox and the grapes and what remains is a forgettable observation. Keep the story and it travels two thousand years without losing anything.

That is what the best leaders understand. The story is not the packaging around the idea. It is the interface between the idea and the world. Data convinces the mind. Story moves the person. Get it wrong and nobody pays attention. Get it right and you have made a place in their mind, the most expensive real estate in the world.

That is what drew us into this issue. We dug into the craft of storytelling as a leadership skill, and what it means specifically when you are managing people, running teams, and communicating up and down an organisation.

We spoke with Dr. Rajdeep Manwani, an award-winning speaker, on what separates leaders who are merely heard from those who are remembered. You will not want to miss it.

We share what we learned.

Ganesh Pai

Ganesh Pai
Founder and Managing Partner
Finnosights

02 The Leader's Most Underrated Skill

The Craft of Business Storytelling

A few years ago I was in a board meeting presenting the financial performance of the month.

I had dotted the i's, crossed the t's. Flux analysis prepared. Cashflow numbers at my fingertips. I was confident. I was the most prepared person in the room.

As the meeting started, I began my commentary. While most were listening with rapt attention, I could see a visible restlessness in one board member. By the time I had reached the G&A section, he lost his patience. Before I could even finish my sentence, he jumped in and asked a question I wasn't expecting.

"Let us cut to the chase. What is the story these numbers are telling us?"

I paused. Not because I didn't have an answer. I did. The story was clear to me: our sales engine wasn't firing. The pipeline looked healthy on the surface, but the conversion rates told a different truth. Lot of activity, very little accomplishment. The numbers were screaming the problem out loud: our go-to-market needed to change, and change soon.

But none of that was in the slides. The numbers were all there. The story wasn't.

That moment stayed with me. The board member wasn't being difficult. He was doing exactly what a good board member should do.

He was asking for diagnosis, not the vitals of the patient.

He wanted someone to stand behind the data and tell him what it meant. What it required. What needed to happen next.

I had done my job as a CFO. I had not done my job as a storyteller. And in that room, on that day, only one of them mattered.

Why This Gap Is More Expensive Than Most People Admit

That experience is not unusual. In my observation across years of working with founders and leadership teams, it is remarkably common. The setting changes. The scene remains the same.

For the founder, it is the pitch that had everything: the market size, the traction, the stellar team. And still did not move the investor. Not because the business wasn't fundable. Because the investor never felt the urgency of the problem being solved. The numbers were present. The story did not travel across the table.

For the CFO, it is the board update that was technically sound and practically toothless. The variance was explained. The implications were not. The board walked out with information but without a sense of direction.

For the senior leader, it is the restructuring announcement that was carefully worded, legally reviewed, strategically sound, and still broke trust. Because the why was absent. People heard what was happening. They never understood why it had to happen and what it meant for them. That gap, between what and why, is where teams switch off.

In each case the facts were present. The story was absent.

This is not a communication problem. It is a storytelling problem. The most dangerous person in an organisation is not the one who gets the numbers wrong. It is the one who gets them right and cannot make anyone feel what they mean.

Facts inform. Numbers add precision. Story makes people act.

What A Business Story Actually Is

Most people treat storytelling in business as a style upgrade. They add an anecdote to the front of their deck. They soften a number with a quote. They open with a customer moment before returning to the slides.

That is not storytelling. That is decoration.

A real business story has a structure. It has three parts, and all three must be present for the story to do its work.

A problem that is felt, not just stated. Most presentations describe a problem. A story makes the audience feel it. There is a difference between saying "customer acquisition costs have risen 40%" and walking someone through what it now costs to win a single customer, what that means for your runway, and what it will cost if nothing changes. The first is a fact. The second creates tension. Tension is the engine of every story that has ever worked. Without it, there is no reason to keep listening.

A turn that changes something. Every story has a moment where something shifts. In a pitch it is the insight that unlocked the product. In a board update it is the metric that revealed the real problem. In a difficult announcement it is the moment the decision was made. The turn is what separates a story from a report. A report documents what happened. A story explains why it matters, and why what comes next is different from what came before.

A resolution that demands a response. A story without a destination is a monologue. The resolution is not a conclusion. It is a call. It answers the question the audience has been holding since the first sentence: so what do we do now? The best business storytellers do not end by summarising. They end by pointing. This is what I see. This is what I believe. This is what I am asking you to do.

Problem. Turn. Resolution. If any one of the three is missing, you have a presentation, not a story.

How To Build Tension In A Business Story

Tension is the word that makes people uncomfortable when they hear it in a professional context. It sounds theatrical. It sounds manipulative. It is neither.

Tension in a story is simply the distance between where things are and where they need to be. It is the gap between what the data shows and what the business requires. Between what the team believes and what the market is revealing. Between the ambition and the current reality.

The most common storytelling failure in business is not that people dramatise. It is that they flatten. They smooth the tension out of the story to seem calm, reasonable, and in control. In doing so, they remove the very thing that would make the audience lean forward.

There are three practical ways to build tension without theatrics.

Name what is at stake. Before you introduce your data, your solution, or your ask, state plainly what the cost of inaction is. Not the projected cost in a footnote. The actual cost, in terms the audience cares about. For a board: runway.

For an investor: the window. For a team: their work and futures. Stake is what makes data feel urgent rather than informational.

Use the specific, not the general. "Customer feedback has been mixed" creates no tension. "Three of our top ten customers told us last month they are evaluating alternatives" creates tension. The specific is harder to dismiss. It is harder to nod along to and then forget. A named customer, a real conversation, a particular number: these are the instruments of tension in business storytelling.

Let the gap breathe. After you state the problem, do not immediately pivot to the solution. Give the audience a moment with the difficulty. A pause. A silence. A single sentence that holds the weight before you move forward. The instinct is to resolve tension as fast as possible. Resist it. An audience that sits with a problem long enough begins reaching for answers of its own. The best business conversations start there. The audience needs to feel the gap before they can care about how you plan to close it.

The Shape Of A Story That Moves People

Structure is not a constraint on storytelling. It is what makes storytelling possible. Without a shape, a story is just sequence: this happened, then this happened, then this. With a shape, it becomes an argument: here is the world as it is, here is what changed, here is what the world must now become.

The shape that works most reliably in business has five beats.

1. Set the scene. Give the audience a world they recognise. Not background. Not history. The specific world your story inhabits. A board meeting where the numbers looked fine. A market where the assumptions held. A team that was executing to plan. The scene creates the before. Most presenters skip it entirely and wonder why the audience never quite arrives with them.

2. Introduce the disruption. Something changes. A number moves. A customer leaves. A competitor appears. A conversation reveals what the data did not. The disruption is the event that makes the story necessary. Without it, there is nothing to tell. In my experience, this is the beat people most often bury in slide four.

3. Show what you saw that others missed. This is the insight beat. It is where the storyteller earns their authority. Not by being the smartest person present, but by having looked more carefully at what the disruption revealed. The conversion rates that told a different truth. The pattern in the churn that pointed to a product problem, not a sales problem. What you noticed, and why it mattered. This is also where most presenters go quiet, listing what happened rather than saying what it revealed.

4. Name the tension explicitly. State the gap between where things are and where they need to be. Make it concrete. Make it felt. This is not a slide.

This is the moment you ask the audience to sit with the difficulty before you offer the path forward. I have watched founders race past this moment countless times, anxious to get to the solution before the problem has properly landed.

5. Point to the resolution. Not a summary. Not a set of options. A direction. What you believe needs to happen, why, and what you are asking for. The resolution does not have to be certain. It has to be clear. Clarity in the face of uncertainty is precisely what makes a leader worth following.

That night after the board meeting, I replayed the story I should have told. Scene: a business generating strong pipeline. Disruption: conversion rates that had quietly been deteriorating for three months. Insight: the problem was not effort. The team was working harder than ever. The problem was that the go-to-market was targeting the wrong buyer. Tension: at the current conversion rate, we would miss the year by thirty percent. Resolution: we needed to redefine our ideal customer profile before the next sales cycle began, and I needed the board's input on two strategic options to do that.

That story would have taken four minutes. It would have told the board everything they needed to know, asked for what I actually needed from them, and left them with a direction rather than a collection of slides.

The data was all there. I just had not built it into a story.

Pitfalls To Avoid

Substituting anecdote for architecture. Adding a story to the front of your deck is not the same as building your

Portrait of a Great Storyteller, *A Finnosights observation*

Across engagements with founders at various stages of growth, three traits appear consistently in those who tell stories that move people. They are not the traits most people expect.

Stories born out of lived experience. The most compelling founders do not construct narratives. They excavate them. Their stories come from something they personally saw, felt, or lived through. That is precisely why they land differently from stories assembled for a pitch. Authenticity is not a style choice. It is a structural advantage: the audience senses it, and they trust the teller more for it.

Vulnerability at the right moment. The instinct in high-stakes situations is to project confidence. The best storytellers do the opposite at precisely the right moment. They admit the hard thing. They name the doubt. They say "we got this wrong and here is what we learned." Paradoxically, the audience trusts them more for it. Vulnerability is not weakness. Used well, it is the most persuasive tool a storyteller has.

Timing: knowing when to step forward. Great storytellers are not always telling stories. They have developed an instinct for when people are genuinely open to being moved, when the audience is curious, unsettled, willing to be led somewhere. That receptivity is the opening. They find it, and they use it. Knowing when to hold back is what separates someone who occasionally lands a story from someone who lands them consistently.

deck as a story. If the structure underneath is still a data tour, the opening anecdote is window dressing. The story has to be the spine, not the introduction.

Resolving tension too quickly. The instinct to reassure is powerful. The moment you name a problem, the urge is to immediately follow with the solution. Resist it. Let the problem land. The audience needs to feel the weight before they can care about how you plan to lift it.

Telling instead of showing. "This is a massive opportunity" is a claim. Walking an investor through the moment a first customer understood their problem was solvable is a story. Abstract claims are forgotten the moment the meeting ends. Specific moments travel home with the audience and get repeated.

Using story when the moment needs a decision. There are moments where narrative actively works against you. A board that has just surfaced a crisis needs a recommendation, not a narrative arc. When the audience has moved past conviction and into action, give them clarity and direction. The story has already done its work.

The Skill Beneath The Skill

The best storytellers in business are not the most articulate. They do not need the animated body language or the voice modulation of a broadcaster. What they have is clarity of thought and the willingness to say a hard thing simply.

Storytelling in Practice, Do's and Don'ts

Do's	Don'ts
Open with the problem your audience is living inside	Open with context that matters to you, not to your audience
Name the tension first: what is at stake if nothing changes	Bury the problem in context.
Build toward one number that carries the full narrative weight	Present every number with equal emphasis
Let a specific moment do the work of an abstract claim	Say "this is a massive opportunity" and move on
Name the turn: what changed, and what it requires now	Leave the audience to draw their own conclusions
Say the hard thing plainly and without softening	Dilute bad news until it loses its meaning
Rehearse out loud before every high-stakes moment	Assume familiarity with slides means readiness to present
Know when the moment calls for data, not story	Default to narrative when precision and direction are needed

That board member was not asking me to be a better presenter. He was asking me to be a better leader. To have an opinion. To take a position. To make the data mean something beyond itself. And to tell the truth that nobody present wanted to say out loud.

Storytelling is how that happens. Not the storytelling of metaphor and flourish, but the storytelling of structure and courage. The willingness to name the problem, hold the tension, and point to what must come next before you are certain it will work.

It means being wrong in public sometimes. Committing to a direction before you have all the answers. And trusting that a clear story, even an incomplete one, is more useful than a perfect set of slides with no direction.

Storytelling is not a skill you acquire all at once. It is built one conversation at a time, one hard truth told plainly at a time. The structure can be learned. The courage to use it is what separates those who occasionally move people from those who do it consistently.

03

What the world sees

He can't see the audience. He's never lost one.

A conversation with Dr Rajdeep Manwani, an award-winning speaker

***Dr Rajdeep Manwani** lost his sight to macular degeneration at fourteen. He is now Professor and Director of Academic Research at Sindhi College of Commerce in Bangalore, a keynote speaker who addresses corporate leaders on leadership and change, and a Distinguished Toastmaster, the highest rank in Toastmasters International, the global body for public speaking and leadership. A triple post-graduate with a doctorate in commerce, he has given multiple TEDx talks and been honoured by the President of India as a role model for people with disabilities. Across twenty-two years, he has mentored over twenty-one thousand students and executives. He can't watch a room. He has spent a lifetime learning to read one anyway. We asked him how.*

Everyone's now coached to open with a story. When the whole room knows the move, does it still land, or has "start with a story" become the advice that kills the story?

It is great advice that you can start with a story, but there are several other ways to open a speech too. I use a formula I call "Chinese Hats Seldom Impress English Queens." It stands for CHSIEQ: C for comparison, H for humour, S for statistics, I for insights and stories, E for exhibits and demonstrations, and Q for quotations. So yes, starting with a story is great advice, but if speakers and corporate individuals explored all the varieties, they could land the punch just as well. It is not necessary to start with a story. It is always good to start with impact, and that impact can come from exhibits, quotations, comparisons, or humour as much from a story.

Your blindness deprives you of slides, eye contact, gesture, the entire visual channel. You still win your audience hands down. So how much of the visual is a crutch?

I don't use slides, I don't have eye contact, I don't use gestures, because I cannot see the audience. But I feel the whole point of being a good speaker is being authentic to your style and to who you are. If I started using gestures that looked unnatural, or slides I couldn't see, it wouldn't be authentic. Every individual has their own style, and every individual has to be authentic to it. I don't discount slides or gestures or visual media. For every speaker, it depends. For a business presentation, slides may be great. Where you want to persuade an audience, eye contact may be great. Whatever you do, be authentic and be genuine in it, and believe it is going to have an impact on the audience.

Hardship has become a shortcut on stage. A painful enough story can move a room on its own, no craft required. Yours is that painful. Does it trouble you when your blindness is heard before your skill?

No, it doesn't trouble me, because I don't think I have been called just because I am blind or because I have a painful story. I do incorporate parts of my story, parts of my heart, to inspire an audience and help them understand what I have gone through. But there are hundreds of speakers all over the world who speak without having suffered any hardship, and each of them is making an impact in some way. There are thousands of TEDx speakers with millions of views, and they need not be disabled or have a painful story. So it never bothers me. I have been called to speak on navigating change, on leadership skills, on humour, and that has nothing to do with my hardship. It doesn't make much of a difference to me. You can call a rose by any other name, and it smells as sweet.

In today's day and age, when the analysis can be outsourced to a machine, what's left that only a leader can bring?

I gave a talk some time back called Head to Heart Leadership. The whole idea of just thinking rationally and intellectually doesn't take you anywhere, because intellectual wisdom and rational wisdom are now found in AI. I think a leader should be absolutely heart-driven. He should speak from his heart, feel for what he is doing, be passionate about it, and then the answers come on their own. Even if he doesn't know all the answers, he can go by his gut and by his heart. Remember, Larry Page and Sergey Brin did not start Google because they took a rational decision. Everybody told them it wasn't possible, that there was already Yahoo and Ask Jeeves. But they just felt they had to do it. JK Rowling did not take an intellectual decision to write the Harry Potter series, because everybody told her children's books were not going to sell. But she followed her passion. So leaders should also follow their passion and their heart, and that can lead you to success, whatever the audience you are speaking to and whoever you are communicating with. The analysis you can now outsource. The conviction is still yours.

As businesses scale, so must the leader. How does communication sit at the centre of that evolution, and where do most leaders fall short?

You have answered the question in the question itself, because you said communication stands at the centre of that evolution. When it stands at the centre, the leader should communicate in whatever way, with colleagues, subordinates, or seniors, that helps him reach his goals and make his vision clear. In strategic management, which I teach, we always learn that there is a difference between a vision shared and a shared vision. A good leader will only have a vision shared. He communicates his vision to everybody. But a great leader communicates in such a way that there is a shared vision, where every person, whether subordinate, peer, colleague, or anybody around him, gets involved in the vision and they move forward together. So the way forward is to communicate with a shared vision, not just a vision shared.

A story makes a point memorable. But people walk out remembering the anecdote and forgetting the argument. How do you make them keep the right thing?

A story makes a speech memorable, but people might walk out with just the anecdote. Still, do you want to risk a talk without a story, giving only the points of argument? Then they will remember neither the argument nor the speaker. When you share a story, at least if they remember the story, there is a chance they will arrive at the point of the argument later. They may think, yes, that story was there, but what was it trying to communicate to me? Without a story, you risk people not remembering anything at all. So it is always better to have one. You are right that they will remember the anecdote, but there is also a chance they will remember the message. If you just keep giving the message, nothing will be remembered.

I always remember a quote: stories sell, but facts tell. And you want to sell your ideas as a leader to your audience.

You've coached over twenty-one thousand people. The whole industry sells the promise that anyone can learn this. After twenty-two years, is that true, or is there a ceiling most people never cross?

There was a famous motivational speaker and author called Zig Ziglar. Somebody once asked him: you keep telling people they will get motivated, and you have done it for years, but do people really get motivated? So Zig Ziglar asked the man, are you clean? He said yes. How do I know you are clean? I had a bath. Do you have a bath every day, or once in fifteen years? Every day, Sir. And Zig Ziglar said, motivation is the same thing. Unless you take a dose of it every day, it doesn't stay. It is the same for a speaker. You can't change a person from inside unless he is willing to change. You can create an environment of motivation, you can create an environment of learning, but the learning depends on the person. A person learns only when he feels it is necessary and feels he can grow out of it. So anybody can learn it, but the learning comes from within. You can't force a person to learn anything. The only thing a leader can do is create the environment for him to grow, the situation where he gets inspired to learn on his own.

Off the cuff

The most overrated thing a speaker can do?

Thinking he is connected with the audience just because he asks them questions and pulls them into the answers.

The first thing you cut from a weak speech?

The speech itself. If it's weak, I won't continue with it. I reframe it and do something else.

Rehearsed or spontaneous, which one lies better?

A blend of both. You should rehearse so well that when you walk on stage, it appears spontaneous.

Applause you can hear, or a silence you can feel. Which do you chase?

I love a good applause, and I also love the silence when something has moved within the audience. It depends on the audience and on what you are speaking about.

The speaker's deadliest sin: boring them, or lying to them?

Boring them. You don't want to be called an unlicensed hypnotherapist, putting everybody to sleep. Better to lie!

04 The ₹4 Crore Question

Capitalise or expense: Why R&D is rarely your call.

By Chandrashekar Nayak & Raiza Meriya

Of all the conversations we have with founders, this is the one they least expect to turn emotional. It always does. Somewhere on the balance sheet sits a number. Months of their team's blood, in one line. And I am about to tell them it might not be an asset at all. Nobody takes that well.

Take Arjun. Not his real name. He could be any founder caught between a clean P&L and the R&D that muddies it. The number was ₹4 crore. Twelve months of engineering. The platform his company had bet the farm on. His question was simple. Could that ₹4 crore sit on the books as an asset? Or did it have to run through the P&L this year?

He knew the answer he wanted. They always do. Capitalise it, and he walks into his next round with a profit. Expense it, and he walks in with a loss. When the fund raise is round the corner, the pressure is immense. We have felt it. On the surface the question looks simple: Capitalise, or not. Underneath sits a labyrinth of fine print and what you can actually prove.

Every startup is an R&D company, whether it admits it or not

Strip a startup down and you find an R&D company. Disruption is just R&D with a market attached. Whatever Arjun's deck called it, that ₹4 crore was R&D. It was also the largest thing his company owned. And that is the trap. The standard is most suspicious exactly where a startup spends the most.

This is not a tech problem. R&D runs across the whole economy. Pharma burns years before a molecule earns a rupee. An auto venture pours capital into a platform long before a car ships. What changes by sector is one thing. When can you prove the thing will work. Pharma cannot say yes until the trials read out, so almost all of it is research. Software says yes sooner. Which is why software is where the fights break out. So let us go and stand on a software floor.

Why one team can capitalise and the next can't

Let us walk onto the engineering floor at four in the afternoon, at a coworking space in HSR Layout, Bangalore, where the hoodies and headphones are out and the coffee machine grinds the beans in the corner. You cannot see the accounting anywhere. That is the whole problem.

Two companies. Same stage, same burn, forty engineers each. Go up to the first floor. A squad of six, walled off from the rest. A roadmap on the wall with a GA (general availability) date on it. They finished the core product last year. This is the new module, and three customers have already signed for it. Every ticket goes against one project code. A risky idea dies, it lands in a separate bucket. Nobody up there has heard of Ind AS 38 or AS 26, the standards on intangible assets. But without trying, they have built exactly what the standards ask for. The thing worked, and they had proved it the day the core shipped. Customers had already signed. The cost sat in one clean column.

Now the second floor. This is where most startups actually live. Same forty engineers, same money going out the door. Real value being built, maybe more than upstairs. But you cannot see its shape. An engineer starts the day on a new feature. Then a production issue. Then a bug some customer is screaming about. The last hour goes to a teammate whose thing is now on fire. The board reads fix, tweak, investigate, misc. There is no line between building the future and keeping the present alive. Ask that team at year end how much was development and how much was maintenance. You get a shrug. Nobody actually knows.

Both companies could have capitalised. Neither hit a rule that said no. The first one can, because it can point to the asset, show it will earn, and put a number on it. The second one cannot. Not because the work was less real. Because nobody can say which rupee built an asset and which rupee kept the lights on. The standard asks for reliable measurement. A team that switches context ten times a day and tracks none of it does not have that. So the whole lot goes to the P&L. Not for failing a test of merit. For failing a test of bookkeeping.

This is why so little development ever gets capitalised, even where the rules allow it. It is rarely the feasibility test. A working product clears that early. It is that most of the spend on a live product is maintenance,

and the rest was never tracked cleanly enough to defend. The teams that capitalise are not braver. They are better organised. They decided early that one build was a separate thing, worth ringfencing.

Now move both companies to New York. File under US GAAP, and the first floor's discipline counts for far less. US GAAP expenses research and development by default, and lets you capitalise software only through narrow carve-outs that place the gate in a different spot than Ind AS does. Same work, same asset, and often far less of it on the balance sheet. The rulebook moved the gate.

So two things decide whether that spend becomes an asset. Neither of them is how good the product is. One is whether you were organised enough to prove what you built. The other is whose rulebook you happen to file under. That is why serious people, looking at the very same work, walk away with opposite answers.

What your CFO tests before it counts as an asset

Sit in the finance chair for a minute. When your CFO frowns at that ₹4 crore, they are not being difficult. They are running a checklist. And the checklist starts by refusing to assume any spend is an asset at all. Three questions decide it. Can you identify the thing, sell it or licence it on its own? Do you control the benefits? Will it throw off real revenue or real savings down the line? Miss one, and it is an expense.

Then they split the project in two. The early research phase is expensed as you spend it. Only the development phase can be capitalised, once the work is a real design and not a hope. And only if all six of these hold. This is the list your CFO is ticking while you talk:

- **Technical feasibility:** you can finish the thing.
- **Intention:** you mean to complete it and use or sell it.
- **Ability:** you are in a position to use or sell it.
- **Probable benefits:** there is a market, or for in-house tools a usefulness you can show.
- **Resources:** the people and money to see it through.
- **Reliable measurement:** you can put a credible figure on what you spent.

Now run that list back over the two floors. The first team cleared all six without trying. The second cleared five. It fell at the last one, reliable measurement. The box nobody notices, until an auditor asks to see the workings.

That one percent

Arjun fell at a different box. The fourth one. The market looked strong, he said. But two of his pilot customers had gone quiet weeks earlier. He had not called them back. He did not want to. He suspected what they would say. "It's probably fine," he told me. "We are ninety-nine percent there."

You will feel what Arjun felt. The round is weeks away. Capitalise the ₹4 crore and you walk in with a profit, and a clean story your lead can carry to their partners. It is defensible. Your auditor might even wave it through. And every instinct you have as a founder, the optimism, the belief in the build, tells you the benefits are coming. That is the exact moment to distrust yourself.

The one line I would keep:

> ***If there is even one percent of doubt that the benefits will come, expense it now. Don't carry it as an asset and write the lot off later.***

Because if you booked it on a hope, and the benefits never show up, the standard will not let you walk the number down a gentle slope. The whole balance comes off in a single quarter, the day the truth catches up. Usually that day lands in the middle of your next raise. And it says something to your investors. That what you called an asset never was one. They go back and re-read everything else you capitalised, this time with a cold eye. That lost trust will cost you far more than the number ever did.

Here is the asymmetry nobody warns you about. Capitalising is the move that flatters the year. So it is the one torn apart the moment you stumble. No founder was ever hauled up for expensing too much.

But do not read that as expense everything and sleep easy. If the six boxes genuinely hold, capitalising is not the brave choice. It is the correct one. Under Ind AS, it is not optional. Expensing a real asset is a misstatement too. It is just the kind nobody gets caught for.

So the rule is narrower than it sounds. Capitalise what you can defend to a stranger. Expense what you cannot. The asymmetry bites only in the grey zone, where the evidence is thin and the pull is strongest. That is the one percent. And there, the honest answer and the cautious answer turn out to be the same answer.

Finnosights POV:
Where boards push back

In our work with startups, we sit in on many of these high-stakes conversations. When capitalisation comes up, boards and investors turn wary on the same two fronts.

The first is technical uncertainty: a novel or unproven function, where nobody can yet say the thing will work. The accounting standards will not let you capitalise that. It is research until the uncertainty clears, and it is expensed as you go.

The second is harder. Even when the build will work, you still have to show it will probably pay off, and probably means more likely than not. For a disruptive product with no track record, that is a genuine bar. The market may not exist yet. The comparables may not exist yet. Even early traction does not settle it. However convinced the team, few can show, well enough, that the benefits will outweigh what the build cost.

And even clearing both fronts is not the end of it. Once it is capitalised, every year brings an impairment test, so the number you booked is never quite settled. That alone makes many boards think twice.

So startups default to expensing. Not out of caution for its own sake, but because the evidence is not there yet. Founder optimism is not evidence. When the numbers cannot answer the question, the P&L is where the spend belongs, until the day it can.

A few things you can never capitalise, whatever the pitch

Some spend hits the P&L the day you spend it. It does not matter how good the story is:

- Goodwill you have generated internally.
- Brands, mastheads, titles and customer lists you built yourself.
- Startup costs, like legal and secretarial in setting up a new entity.
- Training your team on a new system.
- Advertising and launch spend.

In each case the future benefit is too slippery to pin to a number. So the standard will not let you park it. And yes, that includes the brand you are proud of.

One question, three rulebooks

The same ₹4 crore can be an asset, a loss, or a little of each. It depends only on which rulebook you happen to report under.

	AS 26	Ind AS 38 / IFRS	US GAAP
Research phase	Expensed as incurred	Expensed as incurred	Expensed as incurred
Development phase	Capitalise if the six tests are met	Must capitalise once the six tests are met	R&D expensed by default. Downloadable and on-premise software waits for technological feasibility (ASC 985-20, unchanged). Cloud and SaaS follow the revised ASC 350-40 (ASU 2025-06).
Useful life	Presumption of ten years, then amortise	Finite lives amortised; indefinite lives impairment-tested	Finite lives amortised; indefinite lives impairment-tested
Revaluation	Not allowed	Only with an active market, which is never	Not allowed
Where it bites	Simple, conservative; most early startups sit here	Above ₹250 cr net worth; more judgement, more disclosure	Expense by default; why many US tech firms show heavy R&D, few intangibles

Say it does qualify. Then what?

If those six boxes genuinely hold, the asset goes on the books. You amortise it over its useful life. Only the rare asset with no foreseeable end to its cash flows escapes amortisation, and even that has to be impairment-tested every single year. You carry it at cost less amortisation and impairment.

Ind AS 38 does allow a revaluation model, but only where an active market exists, which for startup technology effectively never does. AS 26, which most early-stage companies sit under, is stricter still: no revaluation at all, and a useful life presumed not to exceed ten years. In practice that ceiling rarely binds. Software dates fast, so we usually see it written off over three to five years, not ten. Either way you disclose the lot, the useful lives, the methods, the carrying amounts, the year's movements.

You qualified. Now which costs go in?

Clearing the gate is only half the job. Even on a project you can capitalise, only some of the costs belong in the asset. The rest stay in the P&L. Here is the split under Ind AS 38 and AS 26.

Capitalise: Goes into the asset	Expense: Stays in the P&L
Developer and QA time. Salaries and benefits for the hours spent building or testing the specific asset.	**Scoping and exploring.** Early planning, weighing alternatives, testing whether the market wants it. This is research.
Developer equity. The ESOP charge for the same build time, treated as a cost like cash pay.	**Maintenance and patches.** Bug fixes, tuning, and routine updates that add no new function.
Direct third-party costs. Contractor fees, external development shops, and tools bought only for this build.	**Training.** Teaching your team to use the new system.
Materials and services. Whatever is consumed in creating the asset.	**Admin and overhead.** General overhead, selling and GTM costs, and any time not directly on the build.
Securing the right. Fees to register the patent or licence that protects it.	**Initial losses and inefficiencies.** The cost of running below planned performance before the asset is ready.

And then the next release ships

Capitalising is not a decision you make once. You make it again with every release. The asset you booked starts amortising the day it goes live, and for software that life is short, often three to five years.

Then the work keeps coming, and each piece of it has to be sorted. A new module that lets the product do something it could not do before is a fresh asset, and it faces the same six boxes on its own. A bug fix does not. Neither does routine tuning, or an update that adds no new function. That is maintenance, and maintenance is an expense the day you spend it. So the books never fully settle. Every sprint splits into two tracks. New capability you can defend, and upkeep you cannot.

One build, two sets of books

One ₹4 crore build. One year. Revenue of ₹6 crore, other operating costs of ₹4 crore. Only one thing changes across these two columns. The accounting choice. Expense the build, or capitalise it and amortise over four years.

	If you expense it	If you capitalise it
Revenue	₹6 cr	₹6 cr
Other operating costs	(₹4 cr)	(₹4 cr)
The ₹4 cr build	(₹4 cr) expensed	(₹1 cr) amortised
Reported result	**Loss ₹2 cr**	**Profit ₹1 cr**
Intangible on balance sheet	Nil	₹3 cr
Cash actually spent	Identical	Identical

What Arjun did, in the end

He called the two customers. It went as badly as he had feared. So he expensed most of the ₹4 crore. He capitalised only the slice tied to the one module with signed contracts behind it. Revenue he could point to, not hope for. His profit going into the round was smaller than the one he had daydreamed about at midnight. It was also a number he could sit across from anyone and defend.

Capitalising intangibles is not a lever for dressing up a year. It is a test. It asks whether the asset on your page is an asset in the real world. If it is not one yet, route it through the P&L. That takes nothing away from the idea, or from your ability to build it into something real.

Building a company is about picking your battles. Capitalisation is rarely the one worth fighting. An intangible routed through the P&L is not a step back. It is you telling the world: the idea is here, the build is here, the payoff has not arrived yet.

05 The Playbook

Three Solid Communication Frameworks Every Leader Should Know

Most leaders understand that storytelling matters. Fewer know how to structure one deliberately. These three communication frameworks give you a repeatable toolkit: one for everything you write, one for every conversation, one for every stage.

1. The Pyramid Principle

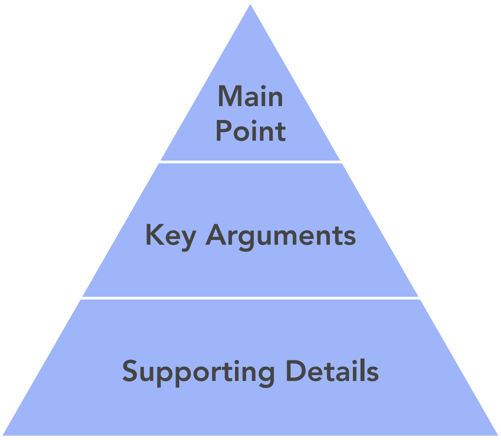
Board updates, memos and written communication

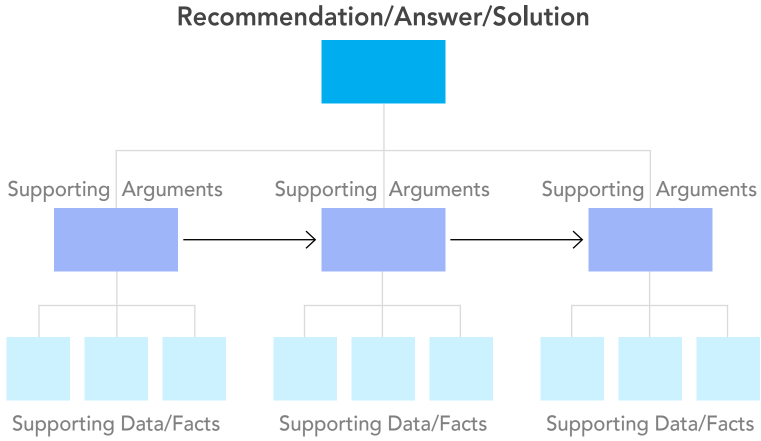
Developed by Barbara Minto at McKinsey. Lead with your conclusion. Support it with evidence. Most professionals do the reverse and lose their audience before they finish.

HOW IT WORKS	Open with the answer. Group your supporting arguments by theme, ordered by importance. Let the data sit at the base. It earns its place by supporting the argument above it, not by arriving first.
WHEN TO USE	Anything written: board memos, investor updates, internal announcements. When your reader may stop after the first paragraph, they should already know what you need them to decide.

CONCLUSION FIRST	GROUPED ARGUMENTS	SUPPORTING DATA
The decision you need them to make	Ordered by importance, not chronology	Facts that earn their place

The Pyramid Principle





EXAMPLE: BOARD UPDATE

Wrong way: "In Q3, revenue was tracking at plan. Pipeline grew 30%. However, conversion rates dropped and we believe a change is needed…" The audience has made up their mind before you finish.

Pyramid Principle: "We recommend changing our sales motion immediately. Conversion rates have dropped 18% despite strong pipeline growth, a buyer behaviour shift our current approach was not built for. Here is what we propose…"

Test everything you write: if your reader only reads the first paragraph or slide heading, will they know what you need them to decide? If not, rewrite it.

2. Situation-Complication-Resolution (SCR)

Verbal conversations, client meetings and board rooms

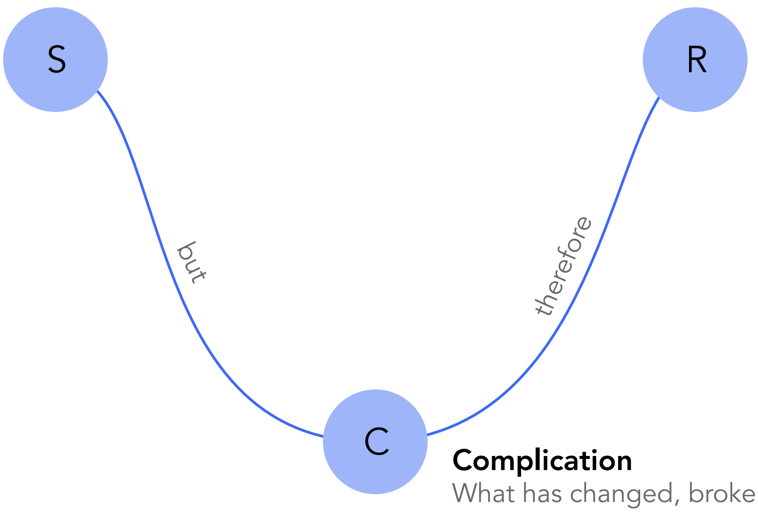
Developed at McKinsey as the verbal companion to the Pyramid Principle. Where the Pyramid Principle governs what you write, SCR governs what you say when you are in the room.

HOW IT WORKS	State the situation everyone agrees on. This builds shared ground fast. Name the complication that disrupts it. Then drive directly to your resolution: the recommendation, the ask, the next step.
WHEN TO USE	Any verbal moment where you need to move quickly: board room discussions, client conversations, investor one-on-ones. It keeps you from burying the point in context.

SITUATION	COMPLICATION	RESOLUTION
What we all agree is true. Shared ground.	What has changed or what is at risk	Your recommendation or ask

SCR Structure

Situation
Shared ground.
One sentence everyone in the room agrees on.



Resolution
Your recommendation or ask. Decide, then defend it with evidence.

Complication
What has changed, broken, or is now at risk. The reason this conversation is happening

EXAMPLE: LEADERSHIP CONVERSATION

Situation: "We are six months into the new operating model and the core business is performing to plan."

Complication: "Two of our largest clients have signalled they want faster turnaround on proposals, a capability our current team structure was not designed for."

Resolution: "We are recommending a structural change to the client team this quarter. Here is what that looks like and what it will cost."

Keep the situation to one sentence and move quickly to the complication, where your listener's attention already is.

3. Freytag's Pyramid

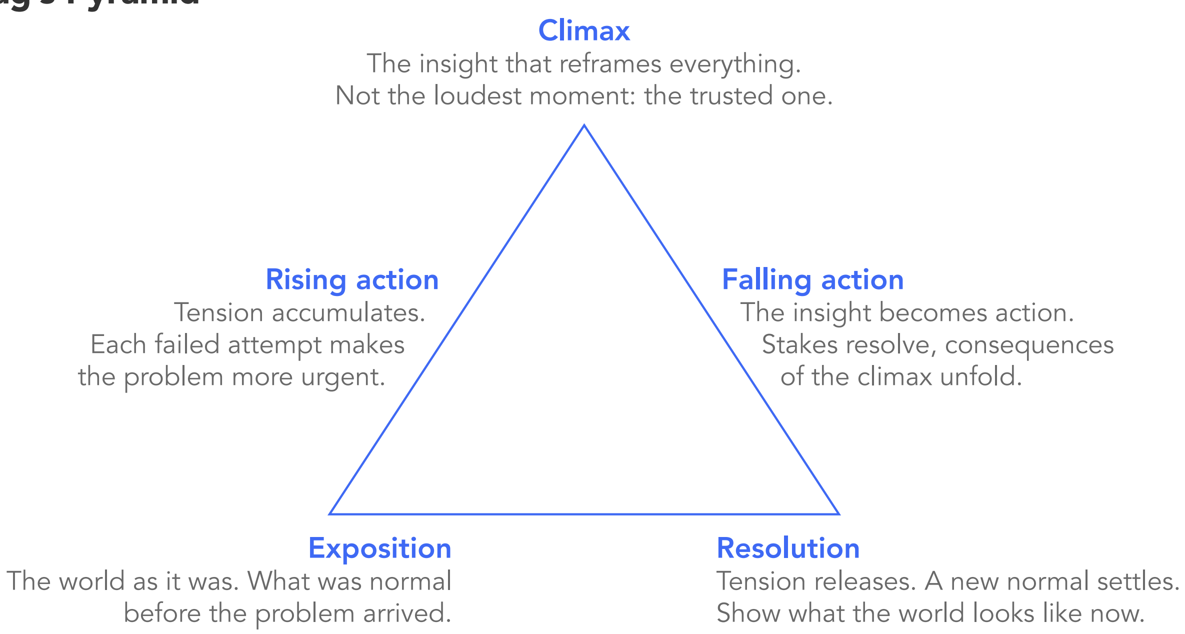
Pitches, keynotes and high-stakes presentations

Developed by playwright Gustav Freytag. Audiences are wired for narrative arc. They want to know where things started, what changed, and where they are going.

HOW IT WORKS	Five stages that build and resolve. The climax is not the loudest moment. It is the moment of realisation, the insight that makes everything else make sense.
WHEN TO USE	Investor pitches, keynotes, conference presentations. Any high-stakes moment where the audience needs to feel something before they decide something.

EXPOSITION	RISING ACTION	CLIMAX	FALLING ACTION	RESOLUTION
Set the scene. The world before.	The problem builds.	The turning point. The insight.	What you did next	The new normal.

Freytag's Pyramid



EXAMPLE: CONNECT THE DOTS STORY (STEVE JOBS, STANFORD COMMENCEMENT 2005)

Jobs told three stories that day, each a complete Freytag arc. Connecting the dots story is the first and the most instructive. A life that looked like waste, revealed in hindsight as the only path to what came next.

EXPOSITION	RISING ACTION	CLIMAX	FALLING ACTION	RESOLUTION
Adopted by working-class parents who made one promise: he would go to college. Six months in, he dropped out.	No plan. Slept on floors, returned bottles for food money. Drifted into classes on pure curiosity, including one on calligraphy.	His parents had sacrificed everything for a path he had abandoned. What he did with that freedom would quietly change everything.	That calligraphy class became the typographic soul of the Macintosh. Born from wandering, not design school.	You can not connect the dots looking forward. You can only connect them looking backwards. Trust the path anyway.

The climax is earned, not announced. Let the problem breathe before introducing the insight.

How to use these together

For anything written: Board memos, investor updates, internal announcements. Use the Pyramid Principle. Answer first, support second.

For verbal conversations: Board rooms, client meetings, investor one-on-ones. Use SCR. Situation, complication, resolution - in that order.

For pitches and presentations: Any high-stakes moment where the audience needs to feel something before they decide something. Use Freytag.

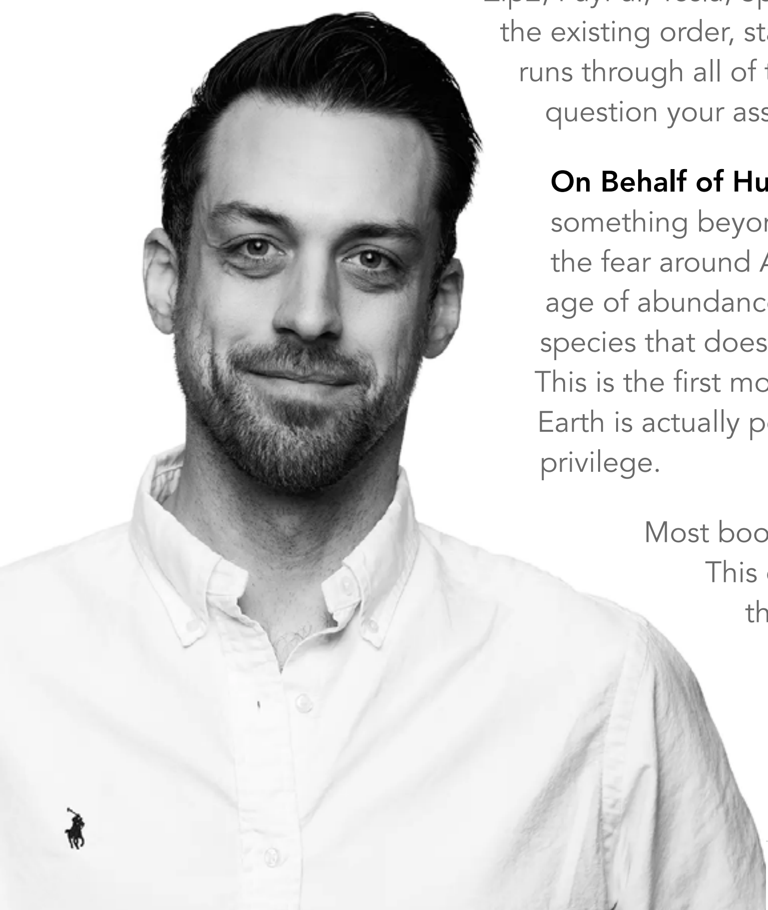
06 Bookmarked: *The Book of Elon by Eric Jorgenson*

By Swetha Bhat

When SpaceX listed, Elon Musk became the first person in history to cross the trillion-dollar mark in net worth. It felt less like a financial event and more like the scoreboard catching up with the ambition. Eric Jorgenson had spent years before that moment combing through transcripts, interviews, and tweets to understand how Musk actually thinks. The Book of Elon is the result. It is not a biography and Jorgenson never had direct access to Musk. What he built instead is a distillation of the most useful ideas drawn from Musk's own words, organised across four themes that define how he operates.

Pursue Purpose: Create more than you consume. Musk also says he feels fear, but treats it as a sign the mission matters, not a reason to stop. His intellectual hunger is perhaps the least talked about driver behind his range. He says it plainly: "I encourage you to read a lot of books. Just read. Try to ingest as much information as you can." First principles thinking and a love for engineering do the rest.

Ultra Hardcore Work: Sleeping on the factory floor was not a performance. It was proximity to the problem. He is direct about talent too: build a company where the smartest and most driven people choose to work, and that company wins. Time, he argues, is the one resource you cannot manufacture more of. For Musk, speed and doing things in parallel are not tactics. They are simply how serious people operate.



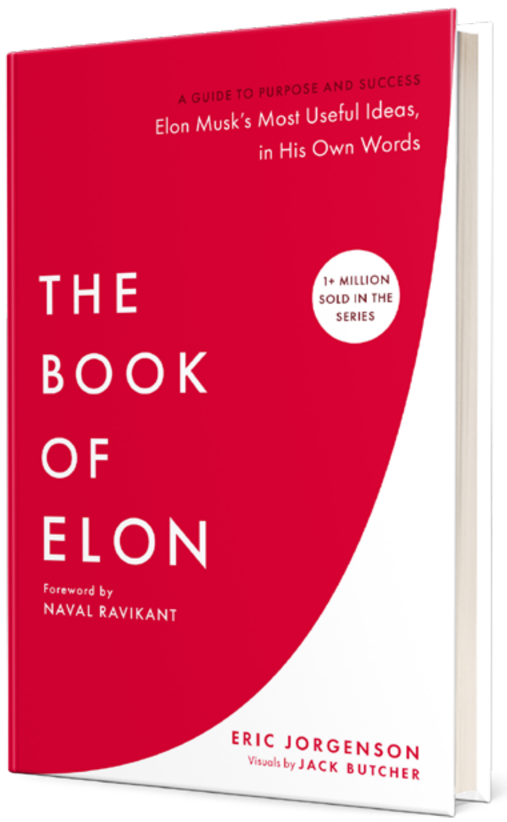
Building Companies: Revolutionising industries is not for the faint of heart. Zip2, PayPal, Tesla, SpaceX. Different industries, same instincts: disrupt the existing order, stay capital efficient, go all in. The principle that runs through all of them is unglamorous but honest: start somewhere, question your assumptions, fix what is wrong, adapt to reality.

On Behalf of Humanity: Work on things that fulfil you and contribute something beyond your own balance sheet. Musk is unbothered by the fear around AI and robotics. He believes they will bring about an age of abundance. On the bigger question, he is unambiguous: any species that does not become multiplanetary is waiting for extinction. This is the first moment in 4.5 billion years that extending life beyond Earth is actually possible. He treats that not as a burden but as a privilege.

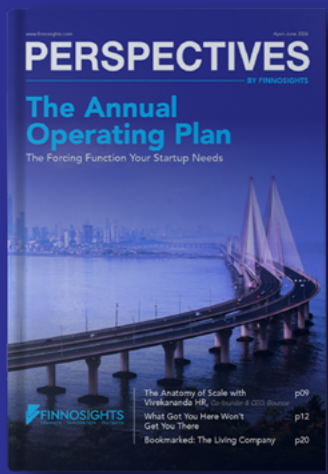
Most books on business teach you how to build a company. This one asks whether the thing you are building is worth the one life you have to build it. That is the Musk standard. It is not a comfortable question. But a very existential one.

Musk Methods Worth Stealing

1. The only fixed laws are the laws of physics.
2. The best part is no part; the best process is no process.
3. A factory moving at twice the speed is equivalent to two factories.
4. Attack the bottleneck. If you have 9,999 things working and one that isn't, that one sets the overall production rate.
5. When something is important enough, do it even if the odds are not in your favour.
6. Play life like a game.
7. Humour is a differentiator.



The Perspectives Library



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FINNOSIGHTS CONSULTING LLP
WeWork The Pavilion, 62/63, Church Street,
MG Road, Bengaluru, KA 560001

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