

LEAP 100



City A.M. has teamed up with Mishcon de Reya and other expert partners to identify 100 of the most exciting, fast-growing firms in the UK. They operate at a range of scales and across many sectors, but all are in the process of making the leap to the next level in terms of revenue. We will track the challenges and hopes of this brave and economically vital group, sharing the collective portrait that emerges on this monthly page and at cityam.com/leap-100

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Exclusively for high growth entrepreneurs

How The Clean Space's Charlie Mowat controlled his inner control freak

"M CHARLIE Mowat and I'm a control freak." Those opening words launched a recent Leap 100 roundtable. But the founder of The Clean Space wasn't alone. The room was full of entrepreneurs; each of whom struggle with the same problem. Success – while preferable to the alternative – brings its own challenges.

After Oxford University and a stint as a management consultant, Mowat started The Clean Space in 2003. The idea behind the business is a simple one: to challenge the negative behaviours prevalent in the cleaning industry, particularly the way some firms exploit and mistreat their cleaning staff. By 2013 his company was turning over £3.7m, was based in seven cities and had acquired six competitors. But he was stretched thin.

Starting and growing a company are very different undertakings. "I was exhausted dealing with people issues. I'm an entrepreneur – I just want to get on and do, do, do. I realised at that point that things needed to change; growth was starting to slow down and my stress levels were going through the roof," explains Mowat.

"More or less everyone that's an entrepreneur is a control freak," says Mowat. "That means a fear of letting go; it means a fear of people making mistakes. For me it was about people's speed of delivery and performance."

"When getting the business off the ground it's about doing... There's a problem, boom, I'm going to fix it; I'm the hero; I'm the problem solver; I'm the guy that's going to bring the big sale in."

He changed his approach though. "I had always thought entrepreneurship was all about banging the drum, being energetic and fizzy – 'come on let's get on with this, let's get on with this'. I realised that if you do that people get



fed up because people don't need that; they just need the right environment to flourish."

"The reality is that not everyone is as good as you are – there is no reason they would be," says Mowat. "They haven't been doing it 13 years. They will fail. And that failure will cost me money, growth and profit... I had to learn how to exert that control in a way that's healthy for the business but satisfied my needs."

So he attended workshops and conferences, read a lot of books and tried to

figure out what to do. Eventually he realised that he needed to let go of complete control, hiring heads of department across the business.

Mowat prioritised what mattered. "I cared about how people behave – that people represent me in the way that I want. That's really about culture. So I set about working on the culture and how to define that."

But he needed control over key decisions. "So we established some governance structures – a list of rules of decisions that needed to be made further up the chain," he explains. And he started to focus more on the strategic decisions rather than the day-to-day challenges, meeting staff on a quarterly basis and setting objectives with them that are in line with these three things.

However, it wasn't easy. The balance between excessive control and neglect is a tricky one. "Finally, six months ago, I got to a situation where I feel I've got people in place, watching them without interfering. It's been a personal journey and it's been really, really hard."

Where in the past he would be driving people, he now tries to nurture them; where he would solve their problems, he now lets them get on with it; and where he used to watch employees, he now trusts them.

Mowat lives up to the stereotype of an entrepreneur: bursting with energy, driven and with a singular vision. That he was self-aware enough to know to change tack is a lesson many are blind to. People talk a lot about pivoting the business, but that's not the only thing that needs to change when a business is scaling – as Mowat shows, sometimes entrepreneurs need to pivot too.

Charlie Mowat blogs his scale-up journey: <http://thecleanspace.com/category/scale-up-journey/>

Mowat realised he needed to let go of complete control and hire department heads

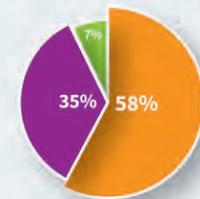
LEAPPOLLING

How involved are you in the day-to-day running of your business?



- Intimately – That's my main responsibility
- To some extent – I share the burden with other managers
- Not at all – My role is purely strategic

Do you have a succession plan in place?



- Yes
- No
- Don't know

WHAT WILL YOU DO IF YOUR FIRM OUTGROWS YOUR ABILITY TO MANAGE IT?

CHARLIE BRADSHAW, CEO, MATRIX APA
I did realise this two years ago. I had seen many peers hire expensive corporate chief executives that didn't work out, so instead I hired two C-suite directors who manage the day to day business, while I retain the chief executive role (albeit light-touch) looking after strategy and culture.

How founders can navigate the challenges of stepping back

ENTREPRENEURS are control freaks; that's what makes them successful. Their business wouldn't exist without their vision and determination to create it. But though a business demands this drive at the outset, as it grows this can become a limiting factor. To continue to thrive, the founders sometimes need to let go – either with a swift exit or transition to step back.

In a startup, everyone does a bit of everything and mucks in. But as more employees come on board, we start to see job differentiation – finance, sales, marketing, HR and business development functions develop. To make this process successful, external hires need to be integrated into the culture of the company, while internal hires require

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Jonathan Berman



training and coaching so they're able to step up. Business owners should want these hires to start acting as a collective, but there is a risk that they micromanage or become a safety net that restricts employees' personal growth.

A common tension comes when bringing in a managing director. The risk is that the team doesn't become familiar with the new hire, circumvent-

ing the new director and still reporting to the founder. This tends to undermine the managing director, which usually makes their role untenable. Ultimately, the management team needs to be responsible and be each other's first port of call when there is a problem.

Another big shift also needs to take place. The founder should actively transition from the board being subservient to him or her to a situation where they are subservient to the board. The board and management team needs to work together: 10 minds are better than one. Once the business gets to a certain size and the culture and processes are institutionalised, one individual must necessarily get less important. For a large company, it can never be the case that if the founder leaves the company would

be destroyed.

It's tricky to let go when you own the majority of the business though. And if you step back with all the equity, that means nobody running the business has ownership. Stepping back is a means to an end, but the question entrepreneurs must then ask themselves is: what is that end? Most entrepreneurs want to step back so that they scale the business, prove it can run without them and so make the business saleable.

In many ways, stepping back can be harder than building the business and there is no fixed way to go about it. Some founders take on a mentoring role, giving the management team the necessary freedom to make decisions while remaining available to provide counsel if and when it is needed. Many

founders also continue to act as a guardian of the company's culture and spirit, ensuring the principles on which they founded the business continue to thrive.

To make the most of the transition, founders must formulate a transition strategy. But this should not be done in isolation. A transition is more likely to be successful if a founder asks the management team how best they, as founder, can help. By supporting the management team in this way, founders will soon discover what the business really needs from them and which of their attributes are most valued, enabling the founder to focus their energy where it is really needed.

● Jonathan Berman is a partner in the corporate department at Mishcon de Reya.

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