

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

Organic baby food firm Piccolo has bigger ambitions than just profit

A FAIR few years ago, I lost a bet for which the punishment required me to eat a jar of baby food. I not only lost the bet, but also my battle with that tiny jar – I couldn't get past the first mouthful. It was inedible.

I have a feeling these days losing that bet wouldn't be so hard. Parents care more than ever what their offspring are consuming, with high-quality baby food on trend.

At a recent Leap 100 breakfast, Piccolo's energetic founder, Cat Gazzoli explained more about her company's rapid growth. Piccolo has only been going for just over a year but in that time, it has positioned itself at the vanguard of organic baby food, basing its recipes on impeccably sourced Mediterranean food.

Purpose is central to the way the company is structured and run. Gazzoli spent most of her career with the United Nations (UN) and was most recently CEO of Slow Food UK. "I'm not from a commercial background and that means I've spent 15 years with Key Performance Indicators (KPIs) focused on making a difference – for example, at the UN it was the Millennium Development Goals. To then try to distil social purpose into a fast-moving consumer brand is a really big leap. However, the common strand within Piccolo at the shareholder level is KPIs around social purpose," she says.

Piccolo's non-profit activities are tied up with its mission. Gazzoli has set up an independent sister charity, which delivers weaning workshops aimed at marginalised, refugee and low-income parents. Piccolo has a partnership with the National Childbirth Trust (NCT), which stems from Gazzoli's work as a food educator. She has also given 10,000 pouches of food to the Red Cross so far.

On the charitable element, Gazzoli explains: "that's really been distilled in



Cat Gazzoli explains how purpose is central to the way her company is structured and run

Piccolo from the get-go. It wasn't an add-on. In the parent and baby space, it's kind of natural to do something social at one point. And a lot of competitors do that, but only after they are very financially successful – normally after they've been sold."

"It's a huge commitment from the investors, because it means that I have staff out of the office delivering a weaning workshop in Hackney," says Gazzoli. But she has picked her investors well; Prue Leith is Piccolo's most high-profile backer, but she is also Gazzoli's mentor. Stop-in-the-street famous since becoming a judge on Bake Off, Leith is also a successful entrepreneur, starting Leiths Cookery School. They both "have always shared vision around food education – especially in the first 1,000 days."

Success begets new challenges. Gazzoli recommends being transparent

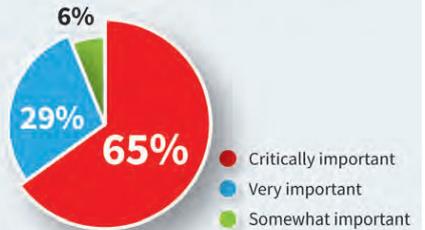
with the investors and trusts them to look at the many approaches she has been getting from additional investors. She talks favourably about getting a board early. "Before we even started trading properly, we were doing board meetings. It means that if we scaled faster than we thought – which is what happened – I have the governance and transparency structurally in place to deal with last-minute opportunities. I highly recommend it, although it's a lot more work as a founder."

Principled, ambitious and with great backers, Gazzoli clearly has the ingredients for success. The integration of a charity shows that for-profit companies may be the best way for being the change you want to see in the world.

Philip Salter is director of The Entrepreneurs Network.

LEAPPOLLING

How important is cyber security to your business?



Is your company taking steps to strengthen cyber security?



TOP RESPONSES

E The question is not what is protecting any given asset – it's how many things would have to break all at once for the security of an asset to be breached.

Mika Bostrom security engineer Smarkets

E The larger you get the more you will be attacked so it's extremely important to us to stay ahead of the curve.

Timo Boldt CEO and co-founder Gousto

Protect your new business from the beginning

NOBODY starts a business with all the answers, but for startups and scaleups, your people are your business. They, and the things they create, are your primary asset, and when it comes to protecting it, the onus is on entrepreneurs to get it right. You can't always rely on the law being on your side; you have to go out of your way to protect yourself.

In the early stages, founders and employees are understandably excited about the new product or service – nobody wants to think about things that could go wrong.

But it's simply unrealistic to think that everyone who starts with you is going to be with you until exit.

It is therefore really important to agree at the outset what is going to happen when people leave the business: you can have so-called

MISHCON COMMENT

Sharon Tan



"good leavers" and "bad leavers", and what happens to an individual's equity depends on which one they are.

Sometimes things just don't work out, so agreeing the principles and signing the right documents at the very beginning is of vital importance. The earlier you get the paperwork in place, the more likely you are to get the result you want. After all, it's easier to negotiate with someone on the basis of principles when there isn't a multi-million

valuation at stake, and it's certainly easier when you aren't already in dispute.

Entrepreneurs also need to consider what happens after a disgruntled employee leaves.

Nobody likes competition, particularly not when it threatens your fledgling business. To prevent a disenchanted former colleague from capitalising on what they learned from your business, you need to familiarise yourself with confidentiality provisions and non-competes.

Don't assume, however, that what you write is automatically going to stand up in court. Non-competes are scrutinised very carefully because the courts take the view that people need to be able to earn a living, and if they compete within reason, so be it.

If you want to give yourself the best chance of having an enforceable

non-compete, you need to tailor it to the particular individual and situation at hand. You as a business owner need to be able to justify what you've asked for. One size doesn't fit all – if you take that approach it can leave you with no protection.

What about the things your people create? If you haven't locked down your intellectual property, it's going to be an issue when you try to raise funding.

Angel investors may not have an issue with it, but by the time you get to Series A, investors will expect you to be able to demonstrate that their investment will be properly protected. They will want to see, for example, that you have filed your patents at the right time and in the right jurisdictions. If you haven't, this could be a serious problem.

Investors will also want to see that the value isn't just in you, the

founder, and other key employees – it's got to be in the company you are asking them to invest in. That, again, means you need to ensure that anyone who has created intellectual property has signed the documentation needed to transfer ownership of any associated intellectual property rights to the company.

The best time to do this is at the start. If you allow a situation to develop where an employee holds the keys to your business, you could find yourself having to negotiate from a position of weakness. In that scenario you might have to give away more than you would like in order to secure the intellectual property you need.

Sharon Tan is a partner in the employment department at Mishcon de Reya.

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LEAP COMPANY SPOTLIGHT

WHAT3WORDS

Imagine trying to send an ambulance to respond to an emergency in KwaNdegezi in South Africa, where houses have no numbers and streets have no signs. It is this question of addressing the address-less that What3Words co-founder Chris Sheldrick set out to solve, building an app that is being used in 180 countries and that has been translated into 14 languages. The system divides the entire world into 3x3m squares, and assigns each one a unique three-word moniker – Big Ben sits at clean.wider.both, while the White House is at sulk.held.raves. Suddenly, the residents of KwaNdegezi have a way to communicate where they live. So far, six national postal services have signed up to use it. And it's not just for the developing world. Businesses are integrating What3Words' system, from drone technology companies to production crews filming in remote locations. And you can meet a friend at tricky.transfers.army (in front of the Bank of England), rather than choosing the wrong exit and losing each other in the chaos. Turns out even if we know where we are (thanks to GPS), it's incredibly useful to know where we're going.

The Leap 100 understand the importance of cyber security

LAST month, large scale cyber attacks took down NHS servers across the UK, as well as disrupting an estimated 200,000 individuals and businesses across 150 countries. Cyber security, from encryption to passwords to defences against ransomware, has once again become a headline issue for businesses.

Almost all of The Leap 100 firms are taking steps to improve cyber security and protect their companies from future attacks. Some of these are technical. Two-factor authentication, for example, is an easy way to add a second layer of defence when it comes to passwords, requiring employees to use both a password and a code (either sent via text or stored on another device), to prevent hackers accessing their accounts.

Another is the use of cloud technologies, which store data safely and securely online, mitigating the risk of a ransomware attack (where hackers seize files and

demand payment in exchange for returning them). Rishi Khosla, the CEO and co-founder of OakNorth, recommends: "we are fully-hosted on the cloud with Amazon Web Services (AWS), a business that invests more in cyber security than almost any other business in the world."

But technology is only as effective as the people using it, which is why firms were also keen to stress the importance of offering employees proper cyber security training and investing in dedicated IT personnel.

Khosla also said "we remind staff on an almost daily basis to be vigilant and wary of phishing attacks", while Alexander Schey, CEO of Vantage Power, pointed to hiring "an in-house IT professional specifically to manage and protect our network".

Processes and protocols can also help. One Leap 100 firm has taken the prudent step of making sure "all machines are protected with admin passwords so no one is able

to install anything without IT approval". And password management is key. Chieu Cao, CMO and co-founder of Perkbox, stressed the need for "implementing strong information system controls, including authentication controls that require complex passwords. Passwords expire on a set frequency and are restricted after a set

number of invalid login attempts". Another respondent explained the need for strict protocols regarding customer data, including where it can be stored and who can access it.

Fundamentally, when it comes to the boring but crucial task of ensuring systems are updated regularly, the challenges of maintaining robust cyber defences become clear.

We might all know this is critical to keep data secure, but various respondents brought up the issue that, all too often, investment in IT infrastructure upgrades are postponed, as they are expensive and seem to have no immediate benefits – you only notice it when something goes wrong. It was this oversight which caused the NHS servers to be so badly affected.

The lesson is clear: invest in cyber security now, or risk a catastrophe for your business in the future.

◆ Rachel Cunliffe is Comment and Features Editor at City A.M.

Technology is only as effective as the people using it – so be sure to offer employees proper cyber security training

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Entrepreneurs ignore the status quo, challenge the rules and change the game.

We should know.

Entrepreneurs: we understand what drives them and have tools to accelerate their plans. To know more, go to theleap.mishcon.com

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