

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

Food for thought: How one founder swapped numbers for nourishment

FOLLOWING your passion requires discipline – and that mantra has worked pretty well for Gousto founder, Timo Boldt. Having raised £28m since its launch five years ago, Gousto is trying to make it easier for families and worker-bees who have massive to-do lists and want an easy way to cook food without cutting corners: it delivers fresh ingredients and recipes to your door.

As we found out at a recent Leap 100 roundtable with Boldt, discipline is also needed to grow a successful company.

Timo Boldt began his career as an analyst at Rothschilds, and by the age of 26 he was vice president of a Goldman Sachs offshoot. But in 2012 he exchanged the world of finance to follow his passion for food.

In the early days of Gousto, Boldt hired two friends he knew from Rothschilds, working constantly, including filling up the boxes personally until 5am. But this level of commitment and discipline isn't sustainable.

Gousto now sends out 500,000 meals a month and has more than 200 employees. "My leadership team is atomic, in the sense that every single person is an expert in their function," says Boldt.

"There's almost no overlap – every single person is better than I am in every function, by miles."

Like all ambitious entrepreneurs, Boldt is hugely reliant on talent and has found the need to develop the mission and values.

"Serving as a filter when making hiring decisions and underpinning performance reviews, we live and breathe our ownership values" he says.

"Most important of all, we celebrate those who demonstrate these behaviours, with weekly call outs and quarterly awards."

As the business has grown from a handful of people in London to more than 200 people across multiple sites,



things have had to change in the business. Boldt has gone from being involved in the hire of all new employees to just interviewing a few, which he has found challenging.

"We always have a 'culture fit' interview from outside the hiring department. We involve as many team members as possible in the process and encourage very open feedback about candidates."

Boldt reflects on the change in focus over the years: "in the early days, we looked for high energy, can-do mindset and people that could solve any problem."

"Today, we focus on a 10 year vision, hiring the best possible person for each role and giving them a sense of empowerment through ownership. It moves from passion and energy, to discipline and structured ownership."

Boldt distinguishes between his startup and scaleup phases at Gousto:

Gousto now sends out 500,000 meals a month and has more than 200 employees

"I've had two careers – the first as a founder for four years, the second as a professional chief executive."

Many entrepreneurs fail to make this transition, but most do so because they don't realise the different phases require a different sort of discipline and different skills.

The transition from startup to scale-up wasn't plain sailing though. Boldt describes it as a "hugely challenging journey" after his co-founder left on the way.

But he adds: "I transformed the leadership team, which meant there were some tough decisions."

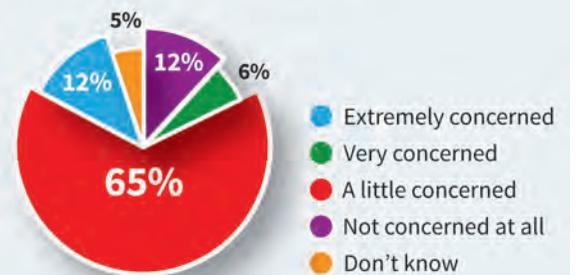
Ultimately, Boldt is driven by the customers he is serving. But he admits that you can't do this without developing new skills, giving up some control, and making tough decisions:

Boldt adds: "we're obsessed with organisational design and living by our values every day."

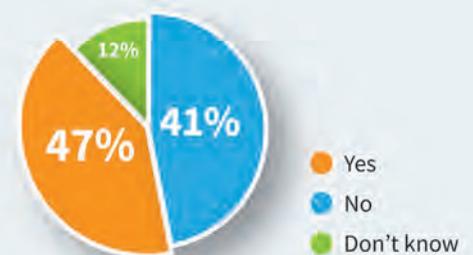


LEAPPOLLING

How concerned are you about the approaching EU General Data Protection Regulation (GDPR)?



Have you invested any capital in ensuring your systems are GDPR compliant?



TOP RESPONSES

“There are many points of detail where we will need to seek further guidance

RICHARD HODGSON CHIEF TECHNOLOGY OFFICER BRICKLANE.COM

“The lack of communication is concerning given that the fines for non-compliance will cripple nearly all startups

NICHOLAS FORD CO-FOUNDER HEARTIER

Restructuring doesn't have to be a messy ordeal

NO ENTREPRENEUR relishes restructuring their business. It can be complex and time consuming, but that doesn't stop it from being worthwhile.

Restructuring can be prompted by a number of different things – some are the consequence of success, the result of disagreements, or simply commercial imperatives. They might arise, for example, because of a founder leaving, shareholder disputes, a disposal of part of the business, or even inheritance tax planning.

Restructuring may well be unavoidable. Over the years, a company or group might have grown into a hotchpotch of different businesses, products or services,



Laura Chandler

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resulting in a need for realignment.

Sometimes restructuring is borne out of conflict. Disputes among shareholders can result in a group's assets having to be divided up, rather than continuing to be held jointly. When dealing with this sort of restructuring, it's particularly important for all parties to have a common goal – although this doesn't stop people from making

additional claims before the deal is signed. Shareholders can look to reduce the risk of disagreements in the event of a dispute by having a shareholders agreement in place from an early stage.

Shareholders often start a business with a common ethos and view, but circumstances and people change. Having an agreement in place which sets out what should happen upon a divergence of views can save a business from being destroyed as a consequence of a falling out between owners, resulting in a stalemate.

Restructuring can cut right through the business, raising many questions, which can take up an awful lot of management time to ensure that everything ends up where it should. It's important that

this commitment is understood at the outset, and all parties agree that the restructuring will result in the desired outcome. Otherwise, the wheels can quickly come off.

For example, if a group wanted part of its business to spin off into a standalone entity, it's important to ascertain what the entity needs to operate on its own. If it is dependent on services from individuals that are employed elsewhere in the group, certain agreements or licences may need to be put in place to ensure it has what it needs to continue to run and be an attractive prospect for a potential buyer.

Restructuring can also be an opportunity for a spring clean. Contracts can be redrawn, arrangements can be formalised and

staff incentivised. When businesses are at an early stage and growing organically, some attributes that are often found in more mature businesses can be understandably parked or overlooked.

A reorganisation can provide a useful opportunity to consider and address the business's current needs.

Ultimately, bad advice can result in bad restructuring. If you don't get the right advice, you could find that there are unforeseen and unintended consequences. A good law firm will take the time to understand the primary goals behind restructuring and ensure that it's done in the most advantageous manner.

• Laura Chandler is a legal director at Mishcon de Reya.

IN
PARTNERSHIP
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LEAP COMPANY SPOTLIGHT

BRANDWATCH

Born in Brighton in 2005, Brandwatch offers businesses incomparable insights into the conversations that their clients and customers are having about their products and services.

It's a social intelligence company, gleaned insights from social media platforms to fuel better decision making. It sifts through quite literally millions of exchanges, and provides tools to make sense of them. With 2016 revenues hitting £29m, the firm is at the forefront of data-driven decision making.

Brandwatch chief executive Giles Palmer was years ahead of the curve when he set the business up 12 years ago – social media existed only in a nascent form. Today the market for social media analytics is booming – a study from ReportsnReports this week estimates it will be worth \$9.54bn by 2022.

The firm is now used by over 1,300 brands and agencies – from Unilever to American Airlines, which use its visually engaging insights to influence the direction they take.

Brandwatch was recently named a global leader in enterprise social listening platforms by several independent research firms. Expanding rapidly over the last few years, the company employs 380 people in offices around the world including Brighton, New York, San Francisco, Berlin, Stuttgart, Paris and Singapore.

British firms face challenges, but we're used to beating the odds

GET THE London look." We've heard this repeatedly from Kate Moss in her glossy ads over the years. But beneath the lipstick lies a message for the City, one that speaks to the aspiration and ambition fuelling our capital.

If you want evidence of the London look in business, glance no further than the stock of high potential, high growth scaleups that embody the quest for success. It's a look that has attracted entrepreneurs from all over the world to start their businesses here, and it shows little sign of abating.

Figures reported by *City A.M.* this week show that London is creating jobs at the fastest rate in over a year, while the Centre for Entrepreneurs reveals that over 30 per cent of all businesses registered with HMRC are here in London.

The City has been the golden goose for so long, one might conclude that London's growth culture knows no limits. But the

Michael Hayman



reality is that we need to maintain it.

Powerful interests from around the world assume Brexit will dim London's light as a beacon of success.

I recently heard a German entrepreneur comment that London has been the shooting star in Europe's economy until now, but in future it will be just one star in the constellation. It's not a projection London should feel comfortable with – beneath the apparent allure of collaboration sits the prospect of decline.

That's where culture comes in. It's the set of attitudes that inspire people and their companies to succeed in the good times and the

bad. Cobra founder Lord Bilimoria told a gathering of the Leap last year that what business needs is guts. And you can make the same argument for London.

So many of the challenges facing our city are also plaguing our successful firms. But as many a founder will tell you, beating the odds is an essential part of the scaleup mindset.

This environment encourages people to attempt the seemingly impossible. Talking about her determination to teach code in one day, co-founder of Decoded Kathryn Parsons says: "we started with an impossible challenge and as we go forward will continue to set ourselves these goals."

Scaleups also carry cultures of self-improvement. Take a look at the ecommerce company Next Jump, which encourages its employees to find their weakness and not to hide it or run around it (as you would find in most companies), but be open and actively work to improve it.

"When we first started, people thought we looked like a fun place to work," says Unruly founder and recent *City A.M.* Entrepreneur of the Year, Sarah Wood. "We had people applying who just wanted to work somewhere cool. But these people were not what we were looking for. We want the geeks."

The innovative companies we celebrate through the Leap are great examples of growth cultures that should inspire London as it faces a new chapter of change.

Our successful firms often make change look effortless and that's a big part of the enduring appeal of London. People want to be here because they believe that they can make it.

But it's never as easy as it looks and beneath that glossy exterior, there is hard work at play. That's the London look.

Michael Hayman MBE is the chair of the Leap Advisory Board and co-founder of Seven Hills.

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

Mishcon de Reya

It's business. But it's personal.