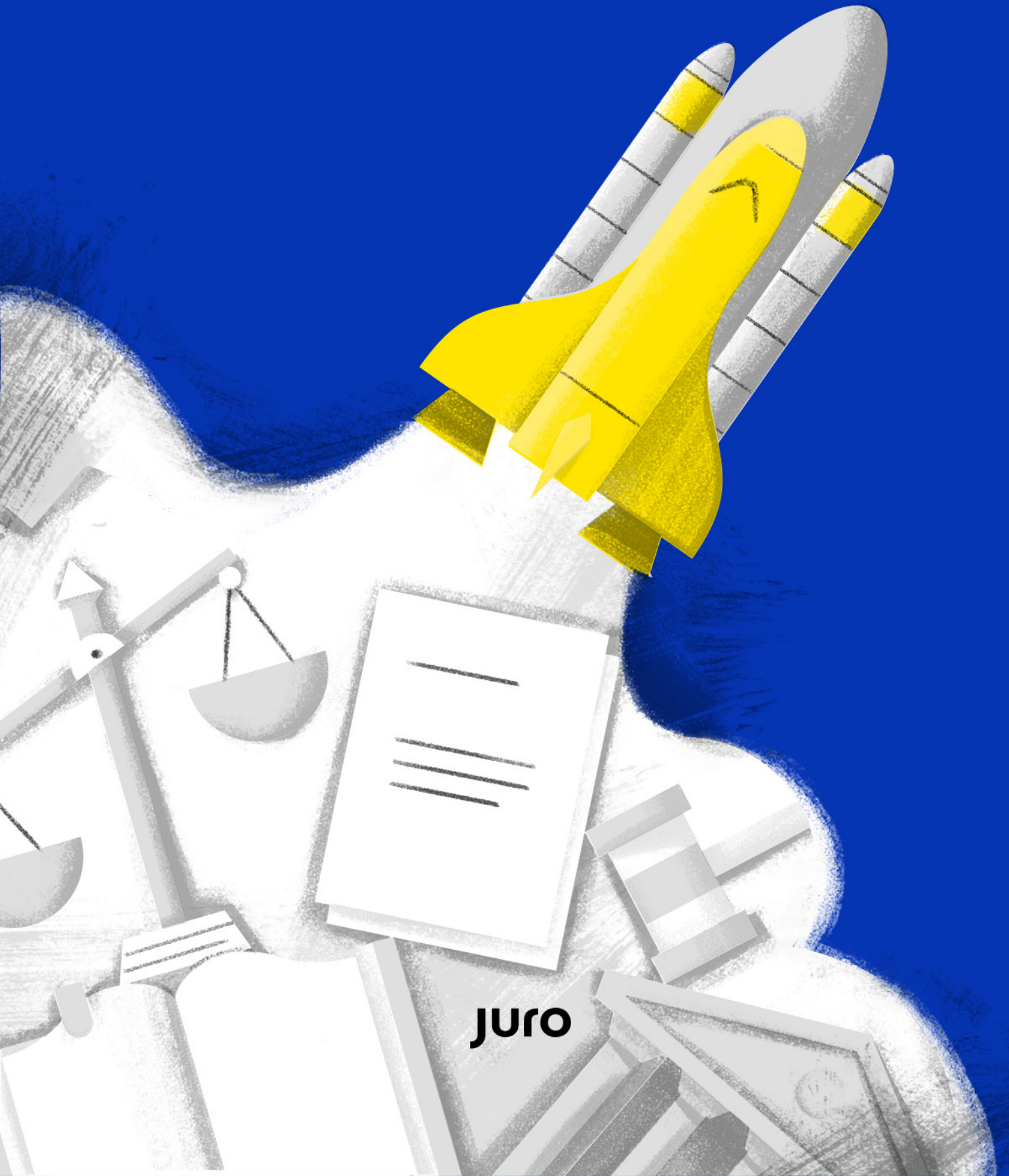


Legal for scaleups:

Create, build and scale a world-class legal function



Juro

Juro on legal for scaleups

Juro is the contract collaboration platform. By making contracts more collaborative, Juro helps businesses agree terms faster, while giving deep insight into contract data.

We would like to thank the authors of this book: Adam Glick, Henry Bennett, Stephanie Dominy, Karima Noren, Willem Wellinghoff, Taryn Strong, Ahmed Badr, Sophie Salisbury, James Sullivan, Francesca Porter, Richard Mabey, Jenifer Swallow, Alexis Alexander and Daniel Glazer. Tom Bangay and Sanaa Siddiqui edited this book.

© Juro Online Limited 2020. All rights reserved.

ISBN: 978-1-5272-6249-2

Dense legal disclaimers aren't part of who we are. But we should note that all of the views expressed in this book are the authors' own and not those of their employers, nor those of Juro. This eBook does not constitute legal advice and should not be relied upon for business or legal decisions.

Any questions? Please contact hello@juro.com

A note from Juro's CEO.

When we started to put this eBook together in early February 2020, we – like almost everyone else – had little idea about the world-changing events that were just around the corner. The novel coronavirus had already begun to spread beyond China, but the sweeping pandemic that brought so much tragic loss of life had yet to make itself known.

Since that time, alongside the incalculable cost in lives and livelihoods, the business environment has undergone extraordinary, profound changes. Those companies still able to do business are by and large operating fully remotely, with industries previously reticent making wholesale shifts to video-conferencing and remote collaboration.

People are resilient, and there's no doubt we'll find a way out of this crisis at some point. But business practices may never return fully to the pre-COVID-19 ways of working, and sadly some businesses won't return at all.

When we considered how this affects the insights and experiences that follow in this book, the conclusion we came to was this: the challenge for lawyers at scaleups of facilitating their companies' growth, whilst protecting them from legal risk, is perhaps more crucial now than ever, and certainly more crucial than it was three months ago. Certainly, this is what we are seeing amongst our in-house legal customers. Scaleups will need their finest minds at the top of their games to plot a course to continued, consistent growth.

In our experience, there's no doubt that lawyers need to be at the heart of the strategic decisions that will define the days ahead. They'll offer calm judgement and commercial insights, the way each and every one of our contributors has done throughout their careers.

This is a time when scaleup lawyers are needed more than ever. We hope the experiences that our contributors have shared so generously are useful as we work together to get through and beyond this crisis, to happier times ahead.

Richard Mabey

CEO and co-founder, Juro

London, 31 April 2020



Contents

Foreword	5
Adam Glick, Head of Legal, Intercom	
Create	
Your first 90 days	7
Henry Bennett, General Counsel, Babylon Health	
Creating an MVP contracting process	10
Stephanie Dominy, General Counsel, Snyk	
How to enable your commercial team	13
Willem Wellinghoff, Chief Legal and Compliance Officer, Shieldpay	
Working with founders: soft skills	16
Taryn Strong, legal and investment consultant	
Build	
Building your team	19
Ahmed Badr, General Counsel, GoCardless	
How can legal enable velocity?	22
Sophie Salisbury, Head of Legal, Appear Here	
Getting privacy right	24
Karima Noren, co-founder, The Privacy Compliance Hub	
Your first funding round	27
Richard Mabey, CEO and co-founder, Juro	
Scale	
Embedding an operations mindset	31
James Sullivan, Head of Legal & Company Secretary (VP), Monzo	
Legal hygiene at scale	34
Francesca Porter, General Counsel, Onfido	
Legal technology for scaleups	37
Jenifer Swallow, Director, UK LawTech Delivery Panel	
Going global: new jurisdictions	41
Alexis Alexander, General Counsel, Liberis	
Entering the US	44
Daniel Glazer, Managing Partner, Wilson Sonsini London	
Conclusion	47
Appendix: VC jargon demystified	48

What's it like to walk into a high-growth tech company as its first lawyer?



Adam Glick is the Head of Legal at Intercom. He joined Intercom as its first lawyer after two years at Nutanix as Associate General Counsel, and previous roles at Splunk and AboveNet.

“As lawyers, not every role gives us the chance to build a legal department... the beauty of working at a scaleup is that the world is your oyster”

It's your first day joining a scaleup.

You're still excited from the synergy during the interview process and energized from the break between roles. You walk into the office on day one and ask yourself, what's on fire? The company is growing, moving quickly, has great momentum, so something must be on fire – right?

Anyone else in this situation would panic, but you remain level-headed. This is your job, and your calm, 'can do' mindset is part of what got you that job. You take a deep breath, look closer, and realize that although there may be some flames, these fires are more like smouldering embers. The company isn't going to collapse around you.

These embers are manageable; your ability to extinguish them with ease and efficiency is why a high-growth tech company needs a person like you in the first place. You're expected to provide guidance and work to resolve these issues, all while building a legal infrastructure from the ground up.

As lawyers, not every role gives us the chance to build a legal department. Legal counsel at large enterprises typically focus on a finite number of issues without much deviation. Private practice can be even more regimented and hierarchical. The beauty of working at a scaleup is that the world is your oyster; any business issue that intersects with the legal department is something you can dive into, and the business will often encourage you to get involved wherever possible. You have the opportunity to build a strategic function that can not only facilitate your company's growth, but hopefully empower your colleagues to achieve their objectives faster.

Although every scaleup is different, there are legal challenges that are common to all: strategically building your legal team, mastering the company's contracting process, enabling your commercial colleagues, and even preparing for your first funding round. All of these questions are covered in what follows, by legal leaders who've seen it and done it.

You'll also find their advice on specific processes and projects that have many of us scratching our heads: what do we need to know when expanding into new markets? What important skills do you need when working with founders? How do you implement and develop a robust privacy program? And how can legal operations and technology tools assist in your building efforts?

I've been fortunate enough to work through many of these problems at companies in the Bay Area, like Splunk, Nutanix and AboveNet, before joining Intercom as its first lawyer. Each company has provided me with an opportunity to learn from others and implement best practices. They've also offered me the perspective and confidence to tackle even the biggest potential fires in the building!

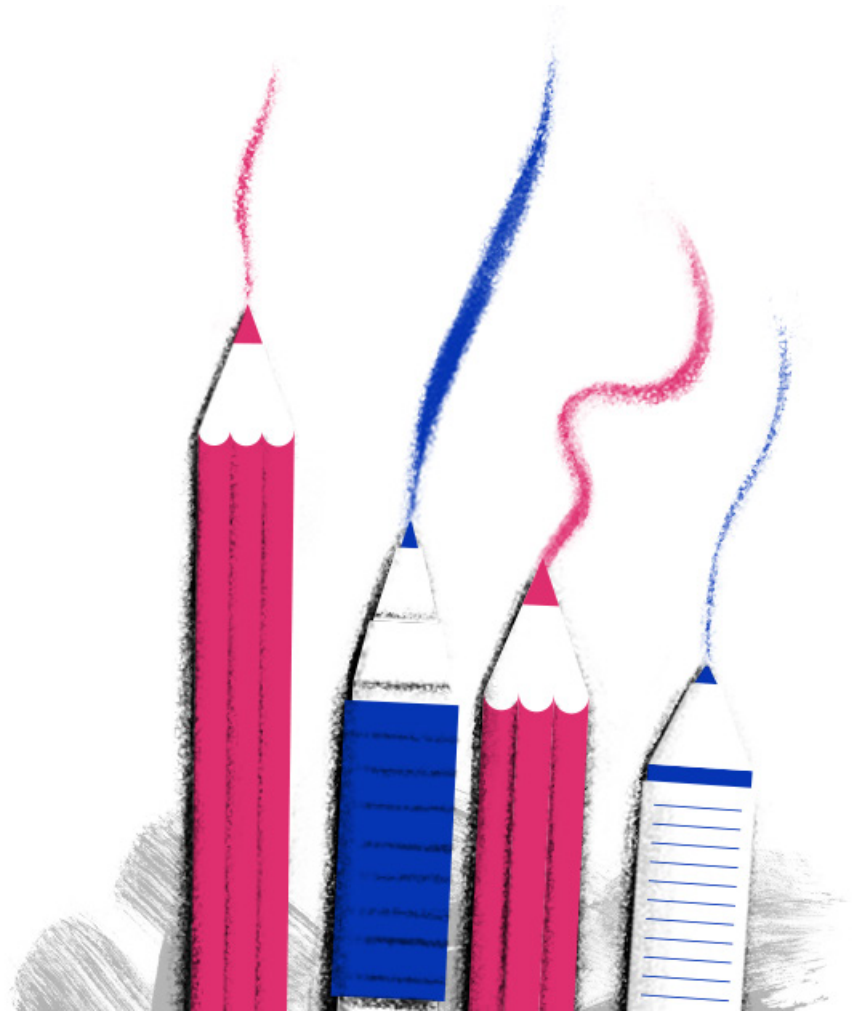
The challenge of being the first lawyer at a high-growth company is always going to be unique, exciting, and difficult – and I'm honored to have the opportunity. Remember, the process is a marathon, not a sprint; you're not there to solve all of a company's problems in a month, six months, or even a year. It takes time to develop relationships, understand the business and find high quality legal professionals in order to build an effective function that scales with your business.

This eBook explores the experiences and key insights of the first lawyers at some fast-growing and cutting-edge companies. I hope it assists you on your journey towards building a robust legal team that will make you and your business counterparts proud! 📖

Create

The first lawyer at any high-growth scaleup is responsible for creating a robust legal function. But where do you start? What should you prioritize?

In this section, we explore those questions in-depth. How did Babylon Health's GC map out his first 90 days? How did Snyk's GC create a minimal viable product for contracting that would see the company through aggressive growth? What did Shieldpay's CLO do to empower his commercial colleagues to hit their targets? And what soft skills do you need as a lawyer if this is your first time working directly with founders? Read on to find out.



Your first 90 days



Henry Bennett is General Counsel at Babylon Health. He joined Babylon after five years at Slaughter and May.

The first lawyer at a high-growth scaleup has an enormous task ahead of them: to build a robust, scaleable legal infrastructure from the ground up. Where do you start, and how do you plan ahead?

I joined Babylon as its first lawyer in 2017, when the business had neither an in-house legal team nor an internal scalable legal process. The business relied on ad hoc external advisors for transactions without full-time focus on legal business priorities. It's a situation most GCs find themselves in when joining a fast-paced scaleup.

Unlike most GCs though, I lucked out – legal affairs at Babylon were in relatively good shape, considering there was no internal legal team to facilitate the growth of the business. The founder, Ali Parsa, had a wealth of experience and knowledge with fundraising, banking, and seeing previous companies through to exit. With this in mind, the company hadn't felt the pressure to hire a lawyer at such an early stage. In many ways it was like starting with a blank sheet of paper; both exciting and challenging, knowing that you'll have to establish the structure from the ground up.

But faced with that blank sheet of paper, where do you start? What do you prioritize? And how do you make your first 90 days count? Here's what I learned from my first three months at Babylon.

“I had a perfect plan written out, detailing what the first 100 days would look like – and then I tore it up on my first day”

30 days

There's a common misconception around leaving private practice and joining a scaleup. Free from billable hours, you'll be moving towards something that resembles a relaxed, nine-to-five job. This couldn't be further from the truth; the nature of a scaleup involves hard work and long hours.

I was a sole counsel for the first six months at Babylon, which meant I was single-handedly managing the bulk of legal work. It would be easy to dive into planning and start thinking long-term, but there's a danger in bypassing the daily tasks by doing so, as well as the relationships you need to establish with the team.

I learned this the hard way. I had a few months to think about the legal function before I joined the business. I had a perfect plan written out, detailing what the first 100 days would look like – and then I tore it up on my first day. I had to extinguish some fires first.

I would recommend spending the first month interacting with your colleagues and demonstrating your capabilities as a lawyer. It's important to demonstrate not just legal skills, but all the other skills we take for granted as lawyers coming from private practice, such as good project management, organisation, and clear written communication. As a legal department of one, it's essential to interact with the rest of the business, to understand how they operate and how you can help them. I spent a lot of time speaking with tech and marketing teams, and perhaps most pressingly, the commercial team. I wanted to dispel the common perception of legal and prove my ability to add value and enable my revenue-generating colleagues.

It's essential to invest that time with other teams at first and focus on the day-to-day instead of planning too much for the future. The tasks people flag to you won't necessarily be the tasks you, as a lawyer, would think about prioritizing. The first month is unavoidably reactive, instead of proactive, and you don't have the capacity to step back and plan ahead. Instead, you keep an ever-growing list of things to think about when you have time.

There's a time for forward thinking, but it's definitely not in the first month.

“Every stakeholder believes their task should be your top priority - it’s on you to explain why your focus is elsewhere, on other tasks that take precedence”

60 days

The benefits of planning at a later stage are evident from the way you work in the first month. By this point I knew people in the business, and had established some credibility by rolling my sleeves up and doing work. Investing your first month in being reactive to their priorities rather than yours also makes cross-team collaboration easier when it comes to planning; people were more than happy to work to my requirements and priorities because I had dedicated my time to them first.

This hard work paves a path for you to create your 90-day plan, but it doesn't eliminate the challenge of balancing future-planning with daily legal tasks. This can be difficult to scope out, especially as a sole counsel. There are three key principles that can guide you:

- Look over your list of tasks and identify those that are **business-critical**. Is there anything on your list that would significantly impact the wider business if you didn't get to it quickly? For example, a time-sensitive deal that affects revenue should be the focus over and above a marketing review which isn't required for a couple of weeks
- Address stakeholders **openly and honestly**. Every stakeholder believes their task should be your top priority, and it's on you to explain why your focus is elsewhere, on other tasks that take precedence. It's all you can do as the only lawyer, especially when there isn't a large budget in place for external resource
- Maintain **regular communication** with the team. Being a one-person legal team can get lonely – so plan regular meetings with other teams to understand what their priorities are and how they operate. Avoid operating in a silo, and keep the wider team updated with what you are working on. The role and value of the legal team will be judged quickly, often by the first or second interaction someone has with it. It is a delicate balancing act

In between balancing daily work with future-planning, it's essential to create and implement processes that are ready to scale. When I joined Babylon, I didn't imagine our 200-person team growing to over 1800 in just a couple of years. You have to build to be ready for that scale, and this starts with the absolute basics.

For example, new joiners won't know who you are and will need access to legal information. Make sure you get the relevant information on a shared drive or wiki for them to access, and update it regularly. A company may have 1800 employees, but it doesn't need 1800 lawyers; I found that 50 per cent of questions could be answered through a simple FAQ document, so having that information readily available and accessible for everyone made a huge difference. We created a legal Q&A webpage that was distributed across the business and updated regularly.

Processes are constantly changing, and must continue to develop. Left to run their course unsupervised, they can't be expected to scale with the business.

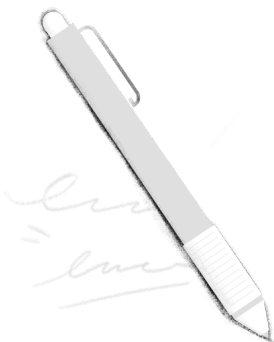
90 days

Around the 90-day mark, you've developed enough trust within the business to focus on two things that you'll need as you scale: hiring and automation.

Hiring

When it's time for the first hire, it's important to find someone proactive and ambitious; someone who wouldn't turn their nose up at admin work and understands the priorities of the business. You're defining the culture of the legal department you're creating, and it can't be one that just says 'no'.

Soon enough, you'll end up with a legal team to manage, as opposed to being the sole counsel in the function. This brings its own set of challenges – as the team grows, you have to keep track of everyone's priorities. You need to make sure



you're allocating the team's time where it really matters – it's all about establishing your risk appetite. Target the team's resources and efforts towards those tasks that deliver the most value to the business, in line with that risk appetite.

It's also important to keep in touch with the team and conduct regular meetings to identify where they dedicate their time. By addressing which tasks occupy 80–90 per cent of the team's time, you can understand how legal really functions. And, of course, as the team scales, you have to establish a more robust management strategy. Since joining as sole counsel, I now have a team of 10 – two in the US and eight in the UK.

Automation

When it comes to automation, I'm a big fan of technology and what it can do to make things easier in every industry. When considering budget or internal approval, it's important to work with a dynamic, realistic and flexible provider that offers pricing for scaleups. Some tech options are standard and fairly obvious – such as using Google Drive to create a filing system, or using Juro for contract management.


I have a benchmark for legal tech – does it make our lives easier, both for legal and for the rest of the business? And if it doesn't, what are the benefits of it making tasks a little more difficult? For example, it's easy for commercial teams to ask legal to produce an NDA, but it's a waste of our time. Using contract management software alleviates that pain for us, but the commercial team would argue that it's time-consuming for them. The legal tech we adopt has to have a tangible benefit that outweighs this, even if it makes someone's life a little less easy!

For example, using a contract automation system for NDAs involves the commercial teams taking time to learn how to use new software... but after the initial pain, the system will ensure that all NDAs are automatically placed in a central folder once signed – without risk of human error. It will also ensure that no changes are made to the document without approval from the legal team. So the net benefits far outweigh the slight pain of introducing a new piece of software.

Setting up for success

For GCs joining as the first lawyer at a scaleup, I would always suggest the following to make your first 90 days as seamless as possible:

- **Make no assumptions:** it's easy to assume that you can achieve something, based on your prior experiences, but the scaleup environment is constantly changing. It's always better to be sure than to waste time doing something that won't work out. The first few months are critical, so you need to communicate with the team, and also be happy to say 'I don't know the answer, but I will check'
- **Listen to the business:** you're an advisor, first and foremost, so you need to be flexible based on who you're interacting with. Learn the team's risk appetites, how they like working and what level of detail they want shared
- **Build your network:** it's necessary to reach out to people and find lawyers who are willing to be your support network and sounding board. Develop relationships with external counsel who you trust, and who are happy to have a chat and offer advice. They won't answer everything – a GC's job revolves around applying first principles – but they will help. Having this network in place is essential
- **Offer practical solutions:** don't give essay answers when resolving a problem. People appreciate simplicity – offer options, advantages and disadvantages for both, and speak to the team as a human first, and lawyer second

Joining a high-growth scaleup, hitting the ground running and making a meaningful contribution isn't easy. But if you wanted an easy life, you'd likely have avoided scaleups, and perhaps the law altogether. While being a tech GC is tough, if you use your first 90 days to engage with the business and establish a network, it will set you up for success as your company continues to grow. 

“If you wanted an easy life, you'd likely have avoided scaleups, and perhaps the law altogether”

Creating an MVP contracting process



Stephanie Dominy is the General Counsel at Snyk. She previously ran her own sole practice advising tech start-ups, and was an in-house lawyer in the travel industry.

There's no point looking to the future if you don't have a solid baseline, and there's nothing more foundational to legal than contracts. How do you build a minimum viable product for your contracting process?

When I joined Snyk as the first lawyer in 2018, I was responsible for supporting a two-person sales function. Now, we have nearly 100 people in our go-to-market (GTM) function alone.

We use Slack as our main collaboration platform, and the legal function has a rapid turnaround time. When I started supporting the sales team, they would send over a document for review, and I'd respond immediately. The legal team is agile, but the problem is that agility isn't scalable – it's just good firefighting. And as the GTM function continues to grow, we can't have a legal team that hires lawyers in direct proportion. I have to do more with less, and work smarter.

I realized we needed processes in place to help us resolve issues within the legal function, particularly around how contracts were managed between legal and sales. I wanted to design a contracting process that would enable sales reps to self-serve as much as possible. In the end, I created a minimum viable product (MVP) contracting process so I had a framework in place. Here's how to do it.

Align and design

Before you do anything else, you need to align your objectives with those of the business. What does the business want legal to prioritize? Take the time to list legal's objectives on their radar, but remember that your primary focus is to follow company objectives. If you aren't aligned, you won't be able to add the value the business needs.

Another point before you get started: pinpoint your priorities. The whole purpose of the contracting process is to help legal do more with less, so you need to take a deep dive into what's important; if sales is your number one priority, how do you approach tasks within the department? Do you focus on every NDA first, or only the enterprise deals?

Knowing how to structure work and where your focus lies will help you get started.

- **Step one: accessible, understandable legal documents**

Create contracts that are capable of being understood and used by anyone in the commercial team, with minimal input from legal. If the commercial team can complete a contract on a standard template, negotiate with the customer, and get the document signed without any changes, then you have achieved this goal! At Snyk, we connect with different types of customers and send a variety of complex contracts, so we try to sustain that element of sales-enabled, low-maintenance interaction between sales reps and the customer.

- **Step two: ongoing, in-depth training**

Offer training sessions for your sales team, so that they learn to identify responsibilities within sales and legal. Adopting a new system can get challenging, and a lack of context and understanding could lead to ambiguity. Teach sales how to engage with legal, and where legal expects them to take responsibility. This is an ongoing task and requires buy-in from the leadership teams.

“As the company grows, we can't have a legal team that hires lawyers in direct proportion. I have to do more with less, and work smarter”

- **Step three: a legal helpdesk**

Establish a system that can measure the legal team's success. This can be a lengthy task, so consider approaching it only once you have bandwidth and a larger team. For me, this involved implementing a legal helpdesk, using Zendesk integrated with Slack. These tech integrations ensured sales, vendor, employment and general requests were segmented into separate channels.

They also minimized disruption, so employees didn't have to change their ways of working to connect with us. CRM and customer success software like Zendesk helped us triage and manage requests. And perhaps most importantly, I used this system to measure legal's workload, efficiency, and whether we could sustain the level of work with our current headcount.

- **Step four: iteration**

This is an ongoing process that involves transforming your 'minimum viable product' system into a valuable, scalable process that drives growth in the business. Involving the wider business is useful – initially, I worked with the VP of sales to establish the right framework, but later I also collaborated with the IT ops director to implement our legal helpdesk.



Time issues and trust issues

There are a few constraints you might face when building out your MVP contracting process. Even when you know that scaling a legal team means working smarter rather than harder, it takes time to establish processes and ensure they're adopted by the wider business – time most lawyers don't have. You need to find that balance between achieving the quick wins and building out the legal team. I couldn't make a lot of the changes I wanted to until I had hired more lawyers to free my time up for more process work. You need to strike a balance between how much you can do and how much you need to postpone until you have more resource.

You also have to make the effort to get sales teams on board. Some sales reps are trained to avoid legal work altogether: they can sometimes labour under the misapprehension that the legal team alone is responsible for contracts end-to-end. This can make it difficult to implement new processes that enable sales teams to self-serve. Make sure you emphasize the shared responsibilities that go with the contract process – it's legal work, but it's also a commercial document.

Empower your commercial team at an early stage to control aspects of the document and negotiation, with appropriate safeguards in place. That basic legal training and encouragement is essential, as it reduces the reluctance some sales reps can feel towards taking over this responsibility.

A legal playbook can also help mitigate this. At Snyk we have a playbook and several resources on our intranet which help the commercial team identify their responsibilities and remove bottlenecks. It has been indispensable when onboarding new joiners and instructing external counsel.

Measure success, move forward

Measuring success can be as simple as getting in touch with the wider business. When deals close, people are happy, and we get positive responses on how we streamlined that process. You need data to measure success, but with such an MVP process in place, this kind of feedback from the business might be the only datapoint you have.

As you continue to iterate, you can pull reports and create analytics that offer a more accurate view on the legal team's progress. You can also implement tools that can help with contract automation – the legal tech space is thriving, and there's no shortage of technology to assess, trial and review.

“It takes time to establish processes and ensure they’re adopted by the wider business. You need to find that balance between achieving the quick wins and building out the legal team”

Don’t sweat the small stuff

When the company is in its early stages, and resources are stretched, sometimes you need to think ahead before you complete a task – is the methodology you’re following the most efficient use of your time? How could that methodology be challenged? How can you mitigate any problems you might face?

For lawyers looking to establish their MVP contracting process, try and keep things as simple as possible, for as long as possible.

‘Keeping it simple’ plays into every aspect of your work – handling management buy-in doesn’t have to be complicated, for example. Keep your reasoning simple, explain why you’re trying to achieve a certain task, and tie everything back to the primary objective every business has: growth. If you change this process, how will that support the wider business objectives? What will this new process achieve? You should form your reasoning based on what it means to your commercial colleagues and not just yourself.

You’ll always have too much on your plate – that’s a given. So make sure you manage your tasks effectively and prioritise high-risk legal work, and high-value commercial work. I often tell my team, “don’t sweat the small stuff”, and this is especially true for any lawyer working in a high-growth company. Building out an MVP contracting process can get you far enough to learn and iterate – and to free up your time for what really matters. 📖

How to enable your commercial team



Willem Wellinghoff is Chief Legal and Compliance Officer at Shieldpay. He is also a mentor in Barclays' accelerator programme, and was formerly VP of Compliance at LendInvest.

Everyone in a scaleup is focused on growth, and legal should be no different. You might have a million competing priorities, but enabling your commercial colleagues should be at the top of your list from day one.

Generally, legal and commercial don't get on. The commercial team perceives lawyers as blockers, always ready to say no, but the fact is, they need us; there's no revenue without legal process. And conversely, we need them; without revenue, there's no legal team!

The commercial team has targets they are aggressively trying to meet, as well as a strict timeframe for these goals. Commercial is dependent on legal to make sure contracts are legally sound and free of red flags that could place the business at risk. In most companies, legal's objectives and strategies aren't aligned with commercial's, and that's why there's friction between the two teams.

One of my goals at Shieldpay is to assist and generate business through the commercial team and effectively manage their workloads. It's important for any lawyer to understand that you need to work together in order to offer the best value to the wider business – here are six ways you can ensure your legal team enables the commercial team.

“In order to create a commercial-focused mindset, the legal team should be able to identify key requirements that would help them hit targets and close deals”

1. Set your expectations

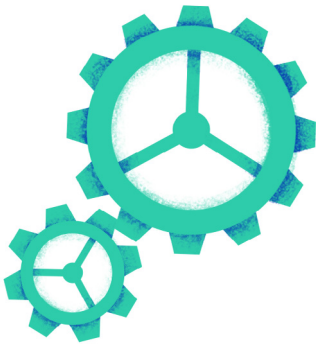
This is particularly important for any new joiners in your legal function – you should ensure they all understand the value of enabling and collaborating with the commercial team. They need to appreciate that the commercial team is the main driver of the business, and without them, there wouldn't be a legal team. In order to create a commercial-focused mindset, the legal team should be able to identify key requirements that would help commercial hit targets and close deals. It's also essential that the work you do to help them is realistic and sustainable – there's no point signing 200 business agreements for the sales team when they won't get any value from them.

2. Develop strong relationships

Lawyers need to understand exactly what makes the commercial team tick, and how they prefer to operate. Lawyers should spend time with sales reps in order to get to know them, from a work and personal perspective. Being able to connect has a positive impact on the working relationship, and can help lawyers understand how commercial operates. Lawyers can even add value by suggesting enhancements to the commercial process, helping sales reps work better and smarter. Strengthening this working relationship is mutually beneficial – by allowing the team to understand you, you showcase the legal function as an approachable, understandable resource; as enablers, instead of blockers.

3. Enable self-serving opportunities

Contracts are an obvious area where you can empower the commercial team, but you can also self-serve knowledge. At Shieldpay we have resources to help commercial interact with different teams and take over aspects of the legal process.



We have a legal and compliance shared drive, where we regularly post news, detail our policies and offer training opportunities. Everyone can access this information and feed into the resources available – we regularly add materials that are of benefit to the commercial team, based on their feedback. Having materials available that are easy to access and understand empowers the team to get involved with the legal process. This information also offers an insight into legal's risk appetite, which results in a smoother collaboration.

Sharing information comes back down to your product itself – for example, Shieldpay is quite unusual in that we have a variety of products in our portfolio. It's important to ensure that all the teams are knowledgeable about those different products and the structures that surround them – from risk appetite, to regulatory framework. This all comes back to dialogue, knowledge-sharing and conduct, and it's important that the commercial team knows how we operate with each product.

4. Nail that hiring process

I always try to hire for personality. We need lawyers that reflect the company culture, can communicate at every level and also understand the mission and values we embody. Generally, when hiring a new lawyer, it's important that the joiner has a strong business strategic sense, and that this is matched by their commercial relentlessness. It's always important to be able to lighten the mood; coming across too seriously could push people away, and you need to be able to have fun alongside possessing serious business acumen.

5. Get regular coaching

External counsel can help legal teams become more commercially-minded, and I think there's a greater variety of external law firms now working with in-house teams to offer resources and make them stronger GCs at their companies. Those leadership trainings aren't usually run by lawyers at the law firm, but instead by public speakers; people who have spent years understanding business strategy. Getting those people on board to coach upcoming lawyers is essential, as it can shape how the team operates around and thinks about the wider business.

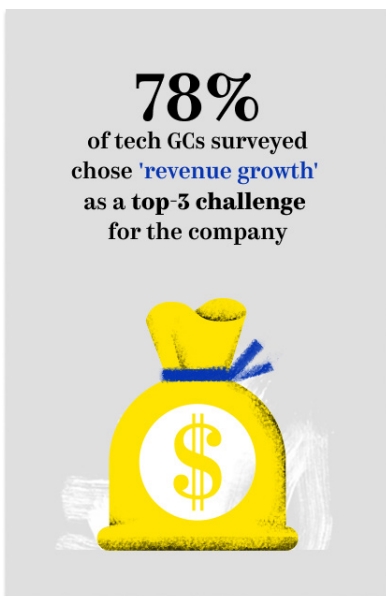
6. Overcome friction

With such opposing mindsets, friction between legal and commercial almost feels inevitable. The way lawyers are perceived within the company is so important – if you demonstrate a genuine interest in the vision and mission, but equally how that reflects in the team, you can overcome any barriers between legal and commercial.

When friction does arise, having the correct dialogue to overcome it is essential. Everyone is at one point faced with the challenge of overcoming friction, and the reality is that you have a discussion about it. Ask yourself, and others – why are you thinking about something in a certain way, and how can we resolve these issues to benefit both sides? Even though friction is unavoidable at times, your response can better enable the other team to complete their job. It's not about placing blockers, but flagging issues and resolving them to sustainably build the business.

7. Adopt the right technology

The systems you adopt also make a tangible difference – if you have to do everything manually, then your workflow isn't scalable. You need to be able to adopt the right technology and tooling to provide the right knowledge to the commercial team, allowing them to self-serve in a scalable way. While tech can make a huge difference, you should implement solutions that solve a specific problem the commercial team



We surveyed 30 CLOs, GCs and Heads of Legal at high-growth scaleups. Data gathered in 2019.

“Culture is naturally scalable. Hiring candidates that are adaptable, can align with the business culture, and can prioritize commercial objectives over their own makes all the difference”

are facing. It's important to prioritize intuitive technology that the commercial team can adopt quickly without too much disruption.

Enabling and scaling

The reality is that when you move from a sole counsel to a legal team, not everyone will approach tasks in the right way all the time – but culture is naturally scalable. Hiring and enabling candidates that are adaptable, can align with the business culture, and can prioritize commercial objectives over their own makes all the difference.

The mutually beneficial dynamic between legal and commercial needs to scale with the business, so establishing and maintaining a business culture is important. Alignment and communication also play a huge role; with a structure in place that takes those factors into consideration and is designed to withstand growth, legal can work as a powerful business partner and enable the commercial team towards success. 📖

How legal empowered the commercial team to close deals faster

Shieldpay is a payments company that is quickly becoming the global leader in securing high value transactions. Whether an individual or business, Shieldpay enables instant digital invoice payments to be received in less, streamlined and cost-effective manner.

Member of the legaltech Consortium board, Hidden Law Innovation of the year, FinTech Spotlight Award for Financial Crime and Barclay's Entrepreneurial, Shieldpay's multi-currency working payment processing process is revolutionizing payments, globally.

The challenge: a hark and forth contract cycle

Before Juro, Shieldpay's legal team had to manually create all client contracts from scratch. Legal documents needed to be personalized for e-commerce, marketplaces, and professional services. Long drafting and redrafting processes had a severe impact on both legal and commercial teams.

"We would send the client a draft version of the contract, which both parties requested back and forth before the signature stage. The end-to-end process could take anything from a few days to over a week, sometimes even longer, manual needs to be used."

The requirements: what did Shieldpay need?

"We used to have an email exchange back between our contracts and our clients. Again, within creating a bank of agreement, manual email chains to reach the signature stage before."

"The legal team also wanted to reduce the manual contract processes and improve the commercial team. "There was a greater desire to have a tool where commercial teams could manage contracts, and legal could step in where necessary to approve them."

End-to-end contract process reduced from weeks to minutes

“We're saving so much time – contracts previously taking a week to sign are now taking minutes”

— **Julian Hedges**, Chief Legal and Compliance Officer, Shieldpay

Read the full case study

Legal team, Shieldpay

Working with founders: soft skills



Taryn Strong is a legal and investment consultant. She also has experience working in fast-paced legal teams at Great Point Media and Channel 4.

Soft skills are invaluable – especially for a lawyer working at a high-growth scaleup for the first time. Here's how you can adopt and implement soft skills to succeed in your role.

Most scaleup lawyers start their careers the way most other lawyers do – in private practice. If they train at a City firm they enter a strictly hierarchical environment, rotating through various seats to be trained, before landing at the bottom of a well-defined career ladder. Partners stand at the top, directing your every move. The climb begins.

Some time later, if they decide to step off the ladder, try something new and join a high-growth scaleup as in-house counsel, they'll quickly find themselves in an extremely different environment. Hierarchy is often unclear or absent; firefighting is constant; and instead of partners, lawyers will find themselves working closely with the company's founders.

Certain soft skills will help you to thrive in this environment. Here are five that you'll need to develop to make a success of your role.

1. Personality management

In any company or role, you need to know who you're talking to and how they like to receive information. A stakeholder in finance might not care about why you need to do something, but just want to know what you need from them to make it happen. On the other hand, someone in strategy or marketing might be more interested in the broader context and background to a project, and need more detail from you.

That's true of any job, but particularly where you're dealing directly with the founders. One of your first jobs as a scaleup GC is getting to know the founders and their preferred methods of communication – do they live in email? Is face-to-face better? Are they Slack obsessives? Furthermore, how much detail do they need to make decisions – are your founders the type to want a 10-slide deck, or six bullet points?

Finding the right balance between giving detail and being clear about what you want is important, because with a scaleup's growth pressure, time is at a massive premium. It's your job as legal adviser to know your audience, identify the key players and to figure out the best and fastest way to get things done.

2. Know when to 'go formal'

While committing to Slack and joining Friday drinks are important, you need to preserve the ability to write a professional email from time to time. Platforms like Slack or Microsoft Teams are great for quick decision-making, but big-ticket issues like fundraising necessitate the existence of a written audit trail that's more formal. An email chain is easier to look back on retrospectively, and easier to share if there's an issue that requires you to bring in outside counsel.

Formal emails or minuted meetings are also a great way to emphasize the seriousness of a particular decision or activity, and make it stand out from the general hurly burly and chaos of life at a high-growth scaleup. Sometimes you just need to seem like a scary lawyer.

“Formal emails or minuted meetings are also a great way to stand out from the chaos of life at a high-growth scaleup. Sometimes you just need to seem like a scary lawyer”



3. Help them broaden their understanding of 'legal concerns'

The downside of occasionally being a 'scary lawyer' is that people don't want to bother you. Colleagues might feel they don't need to bring you into a particular project, either because they're worried you'll slow things down, or because they don't see it as a 'legal concern'.

The way to stop this happening is to work hard at being proactive, rather than reactive; if you just wait for founders to come to you with fires to put out, then that's all you'll ever be doing. Make proactivity and approachability a core part of how you work.

To be involved in strategic decisions you need to be perceived as part of commercial leadership. A big part of this is simply talking to people, getting to know other functional leads and showing them the value you can add early on, rather than waiting for them to come to you.

4. Improve your personal brand ...

The perception that lawyers, frankly, are not fun, is pretty much universal. It's changing bit by bit, but for the most part, colleagues welcoming an in-house lawyer for the first time are likely to assume that they're a bit dull, fairly straight-laced, risk-averse, and generally that person sitting in the corner in a suit while everyone else is having fun.

It can be tough to change this perception, as it's based on years of accumulated experience. But part of the joy of joining a tech scaleup, especially as the first lawyer, is that you get to define legal's brand. Founders are unlikely to have worked with an in-house lawyer before, and their experience with you will influence how they perceive all subsequent legal and regulatory hires they make.

If you start out with the mindset that you're part of the team, rather than an advisor to it, it will go a long way to changing any preconceptions. Founding teams are often tech-minded individuals with backgrounds in engineering and software development; if you can rebrand 'straight-laced' and 'risk-averse' as 'level-headed' and 'full of common sense', you'll quickly change legal's brand for the better.

5. ... but be the grownup

At the same time, in-house lawyers at scaleups need to know when to be 'the grown-up in the room'. Founders have huge amounts invested, emotionally, personally and often financially, in their scaleups. It can be difficult to manage those competing interests when times get tough, and founders might find themselves getting angry or upset by what's happening. As a lawyer it's important for you to be able to take a step back, think deliberately and ask the right questions.

For example, founders might meet a top-tier VC ahead of a potential funding round and get so excited by the exchange that they're keen to progress quickly. It's up to you to take a close look at the documents, be the voice of reason, and if necessary challenge your founders on the difference between what they were told and what you're reading.

Similarly in negotiations, if things get heated, people can lose their cool, or lose sight of why they started this whole thing in the first place. As the in-house lawyer, you can be the bridge between founders, VCs and external counsel, creating dialogue and calming things down. It might be your role to deliver bad news, or as the hard questions of other parties in the transactions – be ready to calmly step up.

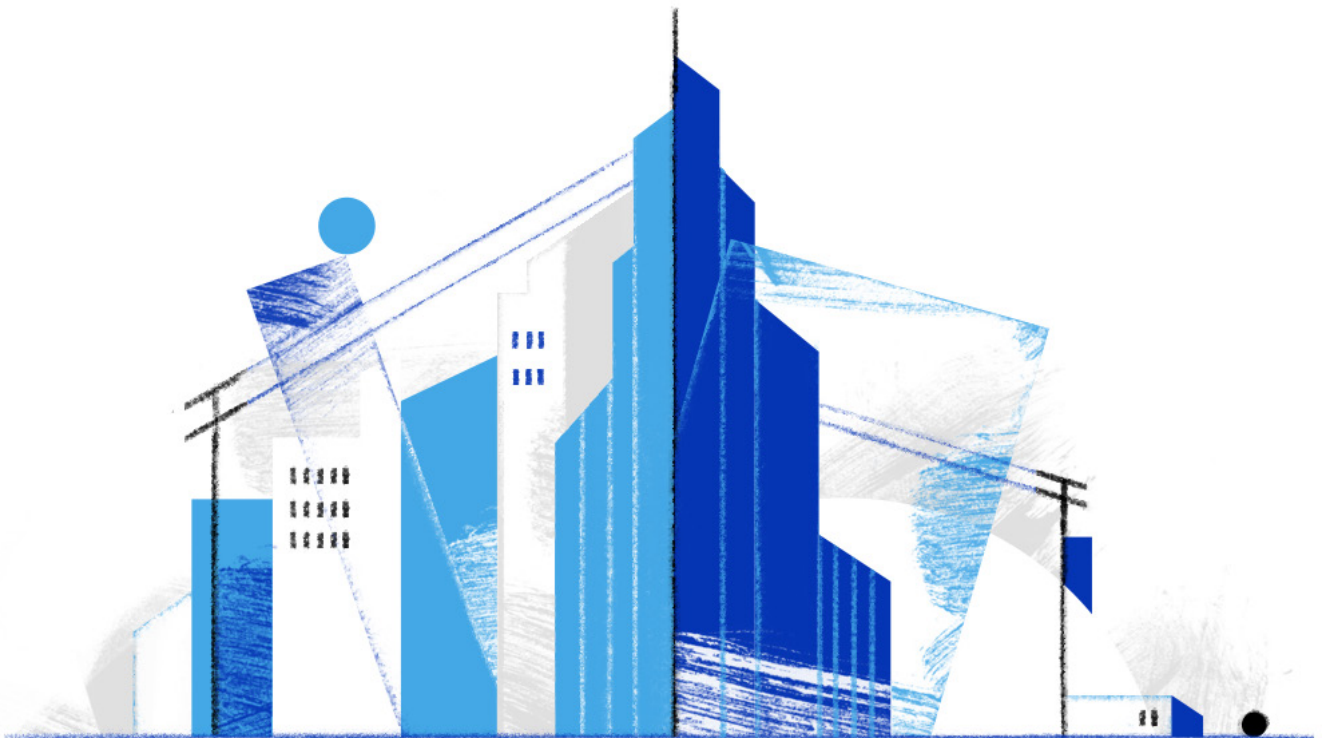
Work on these soft skills and you'll find that founders see you less like a handbrake on their commercial ambition, and more of a trusted partner and friend that can help them remove obstacles to growth. 📖

“Founders have huge amounts invested, emotionally, personally and often financially, in their scaleups. It can be difficult to manage competing interests when times get tough”

Build

Now it's time to think about the kind of legal function you want to build for the long term. Your mandate, processes and team are all going to expand: you need to make sure you build them out in the right way.

How did GoCardless grow legal from a sole counsel to a dynamic, versatile department of 12 lawyers? How did Appear Here enable velocity and power the business to success? What are the foundations you need in place to create a robust privacy culture? And how and when should legal get involved with fundraising? These chapters take a deep dive into how you can build for success.



Building your team



Ahmed Badr is the General Counsel at GoCardless. Ahmed joined GoCardless in 2015, and was previously an Attorney at Microsoft.

Once you've survived your first few months at a scaleup, you're likely to realise that reinforcements would be useful. But how do you put together a world-class team?

Legal is not rocket science. If you spend enough time reading about your legal responsibilities, you will be able to identify the tasks, challenges and priorities to get the job done. And that's how early-stage startups usually operate, with execs acting as the lawyer as they build out the business. This becomes a matter of capacity – what is the company's risk tolerance? How long can they 'get by' before it becomes necessary to hire a lawyer?

Most businesses manage without legal counsel in their early stages, but the longer they do, the more skeletons they leave in the closet. The role of the first lawyer usually involves balancing incoming work with the destruction of these skeletons. It's only after a few months that the lawyer can resume their daily legal work and have the space to start looking further ahead.

I joined GoCardless as the first lawyer in October 2015. The company had managed the legal function incredibly well, all things considered; they had an intelligent, capable team, and relied on external counsel who provided solid advice, but with a narrow view of the wider business objectives. When I joined, it was tempting to jump straight into legal firefighting, but I was keen to not get sucked into a never-ending spiral of work. Instead, I focused my time on the growing commercial team.

Prioritize commercial

GoCardless was a huge change for me. Coming from a sales machine like Microsoft, I had seen how an enterprise sales function worked, and wanted to set up the sales team at GoCardless for similar success. I wanted to ensure that legal was the grease for the machine, rather than the grit, and that was my biggest priority as the first legal hire in a scaleup. There's a lot of discussion around legal being the "business prevention unit", and I was keen to hit the ground running with solutions that would enable the sales team and allow them to thrive.

At that time, the sales process involved sending Word contracts to the counterparty's legal team. After a lengthy back-and forth process, their lawyers would agree to the terms. Post-signature, our sales team couldn't even access the fully-signed contract; they didn't have a centralized source of truth for these documents.

I made sure the fundamentals were sound, integrating Salesforce with an eSignature solution, complete with integrated fallbacks and editing restrictions. This enabled the sales team to move faster in a controlled and manageable way. Only after dedicating time to the sales function could I focus on other legal tasks.

Talk about hiring

Working at a fintech scaleup involves taking on a lot of roles along your journey. Doing so gives you valuable experience and allows the business to understand your ability to contribute to a wide range of areas. You become an adaptable 'can do' lawyer who's willing to work towards the wider business' needs and objectives, but this makes growing the team a little more challenging.

“I wanted to ensure that legal was the grease for the machine, rather than the grit, and that was my biggest priority as the first legal hire in a scaleup”

My approach to conversations around hiring has definitely developed over time, but when I was the first lawyer, I took an approach that's probably common and definitely misguided: I worked myself to capacity until I was told I needed additional resource. My strategy centered around showcasing my hard work in order to be 'rewarded' a second hire. This worked, but there are less stressful ways to get the resource you need. So how should you navigate the tricky subject of hiring?

1. **Look at what you really need.** Usually, transactional and company secretarial tasks are a massive time drain, so hiring someone to address those admin tasks can be easier than hiring another full-time lawyer.
2. **Make your first hire count.** The first hire is really important, so you should know what characteristics and qualities you're looking for in your candidates. For my first hire I prioritized drive, engagement, and smarts over someone with a wealth of experience. The scaleup environment is constantly changing, so I wanted to hire someone who had a positive attitude and could get involved with many areas of the business.
3. **Maintain an open, honest discussion with the business.** It's essential to communicate the legal function's requirements when additional resource is necessary. The efficiency of the legal team has an impact on the efficiency of the wider business, and it's important to voice this and demonstrate the benefits of a larger legal function.

The hiring process

The first legal hire matters, so you should be clear on how you'll hire them before you start. I had two priorities for my first hire: in-house experience and energy.

I focused on candidates that had in-house experience in at least one other role. Moving straight from a private practice law firm to an in-house legal team at a scaleup can be a culture shock – lawyers are going from advising to getting involved; from dealing with one or two clients to handling requests from across the entire business. And especially at such an early stage, my time was so limited that I couldn't offer opportunities for coaching; I needed to hire someone who could hit the ground running and build on their existing knowledge and experience without too much hand-holding. Now that the legal team is well-established I would definitely consider people from varying backgrounds. We're more able to influence and nurture a new hire's way of working.

Energy is also crucial. The candidate must be self-driven and motivated, in order to cope with the onslaught of tasks that come through legal's door. At a scaleup, no day is the same, so the new hire should care about efficiency, and have a process-focused mindset. If something is repeatable, then it should be automated to save time.

We didn't use a recruiter for the lawyer hire – GoCardless was lucky to be in a thriving sector that offered great benefits, great culture, and a completely different working environment to private practice. I hired a paralegal six months after I joined GoCardless, and they were happy to dive into admin work, get involved with the wider business, and free my time up for high-value legal tasks. I'm also happy to say that they're still with us, now a qualified English lawyer and taking on some incredibly challenging work.



Building out the team

As the company continues to scale, the legal function also needs to scale in order to match the demands of the business. I started looking at medium and long-term hires when it was clear GoCardless had plans to expand internationally.

I considered drivers for different demands in the team and assessed the workload of the current legal function. How many countries can one lawyer handle? How many

“Everyone in the function should feel comfortable working with each other. It doesn’t matter if you’re the best lawyer in the world if it’s too difficult to work with you”

contracts? How many product launches? And how can I be proactive about this next hire to ensure legal is ready to manage each project?

With medium and long-term hires, I also considered culture fit – the legal team is a tight-knit group, and with large projects on the horizon it’s important that everyone in the function feels comfortable working with each other. It doesn’t matter if you’re the best lawyer in the world if it’s too difficult to work with you.

There’s a reason some people prefer to work for companies like GoCardless, and it’s usually to do with the culture. Every company has its own feel, and it’s on the business to maintain that environment. In a small team of 40, it’s easy to spot when someone doesn’t reflect the same cultures and values – even at the hiring stage. As you grow, it’s important to retain that focus. Think about culture fit and build consideration of it into your hiring process.

Now I look after more than just legal – there are five lawyers in the legal team (three in the UK, one in France and one in Australia), but I also manage the privacy team of one data protection officer; a legal operations manager; a financial crime team comprised of the MLRO and deputy MLRO; a legal intern; and a regulatory compliance officer who can give us the specialist expertise we need in such a heavily-regulated sector.

There are 12 of us overall, and more than enough work across all the areas that we support to ensure we’re always busy and making tradeoffs on our roadmaps.

A constantly-changing role

If you’re a GC looking to build out a legal team at a high-growth company, it’s important to remember that your role will change. My job now looks different to the responsibilities just six months prior; I’ve found that the specifications of the role change with each funding round, and as the business continues its growth trajectory, you feel that change every time it happens.

Your goals and priorities will develop as you hire more lawyers, so your role develops too. I went from being the sole counsel handling everything to being the general counsel that must manage a team and assist the individuals in that team.

It’s also important to establish a network. The more people you can speak to who are experiencing or have been through a similar journey, the better. Everyone has their own stories, and without hearing these experiences you could end up feeling isolated. At Microsoft, I was a lawyer amongst 600 other lawyers, and over 600 other legal professionals. Whenever I had a question, there was always someone I could approach and ask. The same goes for my time in private practice – I had a free-to-access network.

At a startup, you’re usually the first and only lawyer for several months – maybe longer. You can’t ask for hardcore legal advice, or tips on how to select your next lawyer from anyone in the team, so it’s essential to broaden your network and ensure you have peers who can support you in your journey.

From being the sole counsel in legal to managing an entire team, building out your function is both daunting and exciting. By planning ahead, growing a network, and maintaining clear communication with the business, you can scale from a one-person team to a legal powerhouse. 📖

How can legal enable velocity?



Sophie Salisbury is Head of Legal at Appear Here. She joined the company in 2017, having previously trained and practised at CMS Cameron McKenna LLP.

If your whole company is geared towards velocity and growth, then legal has a key role to play. What are the practices and behaviours that ensure lawyers are enablers and not blockers?

The founders of high-growth tech companies can sometimes be reluctant to hire lawyers. Some will happily get by with expensive outside counsel until the company has hundreds of employees. We all know the misconceptions: legal is seen as a handbrake, and scaleups are geared towards rapid growth in a fast-paced environment. There's a fear that legal will introduce friction.

I was lucky when I joined Appear Here; the CEO and Founder always understood the value of having a strategic partner in legal. Not all founders share this mindset – after all, before making the hire, they've managed thus far without you – but legal tasks, processes, risk and spend will eventually become unmanageable if left unchecked.

At the core of our mission is to empower people to make ideas happen. Appear Here is the fastest way to find and book space online (our fastest booking took as little as seven minutes). Speed is core to our success as a company, so when I eventually joined as Head of Legal, I knew I had to positively impact that metric. This is my experience of how you, as the first lawyer, can hit the ground running and enable your business to maintain and increase its commercial velocity.

“I chose to dive into collaboration to dispel the belief that legal only exists to slow others down. You may be surprised at the breadth of the projects you're able to improve and accelerate”

You own growth too

When I joined the business, my role was less about looking for fires to extinguish and more about accompanying other teams on their growth curve. It was key to get involved in strategic projects and add value at an early stage. Certain areas of the business are accustomed to working with lawyers, and understand the value of inviting you in; others are worried you'll slow things down and put up obstacles for them.

I chose to dive right into collaboration with various teams to dispel the belief that legal only exists to slow others down. You may be surprised at the breadth of the projects you're able to improve and accelerate. At Appear Here, valuable projects have included:

- **Instant bookings:** signing a lease online is at the core of our offering – it's a unique feature that allows brands to book and reserve space without ever having to speak to anyone, and it's legal in nature. It needed legal input from the outset, to safely navigate the tension between speed of booking and landlords' control over their space. Achieving this meant that our sales team had the confidence to sell to landlords, without getting caught up in back-and-forth legal conversations; and customers were reassured by a user-friendly experience
- **Pricing:** we offer a dynamic pricing facility that adjusts costs in real time, based on seasonality, occupancy, and projected future demand for a space and the market as a whole. This agile system can reduce friction and save time on both sides of the marketplace, but the legal structure underpinning it is complex, and needs to be watertight
- **Product updates:** it's always valuable for legal to provide input on new features and updates, particularly in an industry like ours. Adding insight that has commercial value through the development of new features is a great way for legal to enable velocity

“If your company has an expectation of universal transparency, there’s no reason (nor excuse) for legal to be any different”

Some of these experiences are specific to a business like ours, and your opportunities to enable velocity will vary with your scaleup's business model, but there are some legal challenges and processes that are likely universal at most high-growth tech companies:

- **Building trust:** as early as possible, give your colleagues an opportunity to understand how you operate, in terms of ways of working and communicating. Conversely, use the opportunity to see how they operate – what systems do they use to collaborate? What are their objectives and pain points? Building trust here will result in smoother interactions and less friction down the line
- **Sharing knowledge:** beyond its core identity as a document that needs a signature, many of your colleagues won't have a great understanding of what contracts are and why they need to follow a particular process. And why should they? Educate your colleagues on the positions you're prepared to take in contracts and why. This knowledge empowers colleagues in commercial teams to steer negotiations themselves, knowing when to push back with an understanding of legal's position
- **Being clear on priorities:** a common theme of this eBook is that it's easy to get lost in legal firefighting, to a point where none of your daily tasks get accomplished. Sometimes, saying no is more valuable than saying yes; it helps the team identify your priorities, and also helps legal manage its precious time effectively

Transparency first

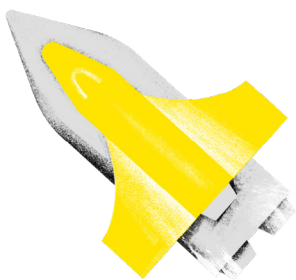
If your company has an expectation of universal transparency, there's no reason (nor excuse) for legal to be any different. Everyone at Appear Here strives to keep company information open and accessible, so the legal function needs to set rhythms to maintain this culture of transparency; from standups and all-hands meetings, to discussions during our Friday lunches where we can surface important topics in a casual setting.

I try to enable others, offer transparency, and add value by simply talking to everyone whenever I get the chance. This was one of the first things I learned joining a scaleup – involving the right people from day one and engaging different teams in discussions helps you to understand their priorities, their timeframes, and how they operate. The chances are you won't get all this information from your first meeting, so it's essential to keep those discussions going.

Keep what you have - and scale it

As the business grows, so does your legal inbox, and you'll develop strategies to ensure you're not overloaded with work. These might be small changes to processes, or outsourced solutions, but if done correctly, they can have huge, time-saving results – setting risk levels for reviewing clauses, for example, or creating standardised terms. The payoffs that follow the time investment in these challenges early on become dramatic as the business matures.

Ultimately, if you can show business leaders your ability to influence velocity in this way, then instead of inserting yourself into processes, they'll come to you first – and with their buy-in, you can build a legal legacy robust enough for hypergrowth. 📄



Getting privacy right



Karima Noren is Co-founder of The Privacy Compliance Hub, and formerly Senior Legal Counsel at Google.

In the digital age, privacy and compliance are paramount – but misconceptions and a lack of understanding can make it challenging for scaleups to implement these policies. Here's how lawyers can enable teams to lead with privacy in mind.

It doesn't matter how awesome your product is – if no-one's buying, there's no business for you to enable. A sole counsel at a startup should always focus on enabling sales to close faster, but in the back of every lawyer's mind is the nagging reminder of risk. When it comes to privacy, even a small business offering its product on a freemium model could still have a substantial privacy risk.

I was the second lawyer hired by Google in Europe. I left eight years later to work with startups – it was time to go back to the fast-paced nature of smaller businesses with large dreams. The reason why I co-founded The Privacy Compliance Hub was because my legal clients focused on enabling sales, but at the complete expense of risk and privacy.

Misconceptions around privacy

Picture the scene: you recently joined as the general counsel at a fast-growing technology company. It doesn't take long before you are swamped with work. Alongside the firefighting and daily legal grind, you're also expected to handle how the company – and its employees – manage personal information.

Does this sound familiar? This scenario involves some biggest misconceptions around privacy and personal information, and in order to broach the subject, GCs need to accept three things:

- 1. Everyone 'does' privacy.** It's a common misconception that privacy and compliance sit with the legal team. In truth, everyone is responsible. You have to reach people in different departments and bring them on board to understand the importance of privacy, as well as the role they play so issues don't arise in the first place.
- 2. You need a team.** We call them 'privacy champions' – and these are the employees from various departments who will teach others the best privacy compliance practices. This is important, especially when you're the only person in the legal function, and ties back to the first point – everyone is responsible for privacy.
- 3. Leaders need to lead by example.** Make sure the founders and leadership team are on board with the changes you're trying to implement. Resolving privacy issues and building a structure from the ground up is far more challenging if you don't have leadership supporting you.

Privacy is so vital because it concerns all of us in our private lives, and how companies handle our personal information matters. A company will only have a product or service that handles personal information well if it seeks to build and maintain a culture of continuous privacy compliance. Given the current world we live in, it's easy for that carelessness to backfire, with serious consequences.

Apple CEO Tim Cook phrased it well: "if you've built a chaos factory, you can't dodge responsibility for the chaos". It's important to build responsibly and consider privacy right at the beginning of your company's journey.

“It's a common misconception that privacy and compliance sit with the legal team. In truth, everyone is responsible”

“Scaleups move fast. Thinking of privacy from the outset and incorporating it every aspect of the business will prevent mistakes that cause data breaches”

Programme vs policy

Many people don't understand privacy compliance. Depending on the function at your organization, you view it as a singular item – security encryption, the privacy policy on your website, or marketing database, for example. Privacy is much more than that; it's a scope of elements, habits, and culture within your business – and that's why I recommend implementing a privacy compliance **programme**, instead of a privacy **policy**.

A culture of continuous privacy compliance is the ultimate goal; the only way you can get there is to help your colleagues create habits. And the only way to create habits is to implement a programme that is easy to maintain.

A privacy programme details every single element you need to consider in order to be compliant. These elements make you think about privacy in a logical way. Should the company be collecting this personal information? How should the company safeguard this information? How does the company want employees to foster its privacy culture? Which vendors should the company share information with? How can the company safely and securely share information?

At the Privacy Compliance Hub we built a privacy compliance programme centered around eight privacy promises. These promises help staff understand the importance of processing personal information with care and integrity. It pushes the company to build and maintain a privacy-centred culture in its work.

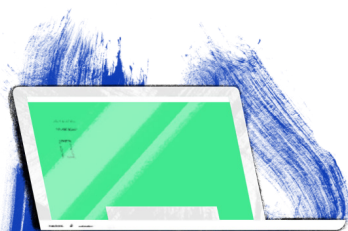
A company that understands the importance of privacy from the get-go will have a programme in place to safeguard any quick decisions. Scaleups move fast – whether it's innovating, expanding into new jurisdictions, or targeting new markets – and thinking of privacy from the outset and incorporating it every aspect of the business will prevent mistakes that cause data breaches.

Resources and collaboration

In the early stages of working at a scaleup, the lawyer is extremely busy – the first thing they will do is get a grip on their contract management. Once this has been achieved, they will turn to risk. It's essential to get buy-in from leadership before they start to work on a privacy programme, and there's a mountain of work to do in order to get the company to a state of compliance.

The only way to get everyone in the organisation to do privacy is to have a privacy compliance programme that is continuously implemented. But who is going to create this privacy compliance programme? The sole counsel could try to do it themselves, but it will be challenging to balance with daily tasks, sales enablement, and other business priorities. Luckily, there are a few options out there that can ease the burden:

- **Hiring:** Hire a compliance officer or a law grad to help you create the privacy compliance programme. With the additional hire focusing on building the programme internally, you can dedicate time to other legal work
- **External consultants:** Most lawyers at scaleups face the problem of getting buy-in to hire – understandably, the business wants to invest in commercial growth. External resource can mitigate this problem but you must ensure that the external consultant is building a privacy compliance programme that is sustainable. Privacy is a journey – not a destination
- **Online tools:** A DPIA (data protection impact assessment) can help you identify and reduce the data risks of a project. If your business is planning a project that involves handling personal data, the assessment can help mitigate the high risks involved. It's important to remember that completing a DPIA is only a starting point; it does not replace the need for a comprehensive privacy compliance programme

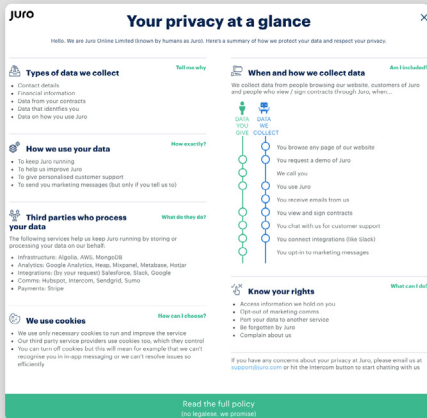


And, of course, GCs could use The Privacy Compliance Hub, where the programme, templates, records, training and methodologies are created for you. The Privacy Guy is another great resource – he makes privacy fun.

Taking control of your privacy

As a scaleup starts to grow in size, it also grows in complexity. It's so easy to fall into the trap of zero accountability, especially where privacy is concerned. Building out a privacy programme early on is essential. When you're in a team of 50 employees, these habits are easier to enforce and implement than when the company scales to 500.

Privacy doesn't exist to block innovation – it's there to ensure that the information and data you collect is managed responsibly. Create a programme; rewrite existing privacy policies for new markets, new products, and new customers; focus on transparency; and continue to engage the business in ongoing conversations around compliance. Set these programmes, habits, and cultures in place – and you can future-proof the business. 📄



How to write a privacy policy people will actually read

Juro loves legal design. So when it was time to update our privacy notice ahead of GDPR, it was important to us that our new privacy notice wasn't just a compliance exercise.

Legal documents should not be written by lawyers for lawyers; they should be useful, engaging and designed for the end user. The EU agrees: Article 12 of the GDPR mandates that privacy notices be "concise, transparent, intelligible and easily accessible". Legal design is not just a nice to have in the context of privacy; it's actually a regulatory imperative.

We created a cross-functional team, including marketers, lawyers, developers and information designer Stefania Passera, in order to create a beautiful privacy notice that people would actually read. And it worked: views of the document increased by more than 1300%.

Check it out at juro.com or find out more [here](#).

Your first funding round



Richard Mabey
is the CEO and
co-founder of Juro.
Richard previously
worked as a corporate and
M&A associate at Freshfields
Bruckhaus Deringer.

Funding rounds involve a mountain of legal work – here's how can lawyers collaborate with founders and ensure they're fully prepared for the raise.

If your scaleup chooses to be equity-funded, your attention will be drawn at some point towards fundraising.

Hints arise of a funding round on the horizon, and the legal team prepares to get involved in the process from start to finish ... but there's usually a problem: funding rounds are uncertain by nature. There's no guarantee of investment at all, let alone for the amount the leadership team is negotiating.

Founders tend to keep funding rounds close to the chest until everything is agreed, and they're ready to announce. But for lawyers, there's often a ton of work to do to prepare the company for the legal due diligence exercise.

As a former lawyer, and now a founder, here are my key learnings on how legal can hit the ground running and effectively handle their first funding round with the business.

“A common mistake lawyers make is seeking external counsel after parties have signed. Getting external counsel to assess terms post-signature is a nightmare”

Legal priorities vs founder priorities

I've been both a founder and a lawyer, which made certain aspects of Juro's first funding round easier for me. I had judgement of my own to offer on deals, and could complete some of the legal work myself and manage external counsel – but for the most part, lawyers and founders have separate priorities and need to find a way to address concerns from either side.

As a company approaches the funding round, the lawyer's main priorities and concerns should be around getting internal documents ready for the legal due diligence exercise, looking at drafts and managing confidentiality obligations in the business.

With the latter, it's important to consider: who needs to know? Is there an NDA in place? Does the whole company know? Should the whole company know?

Make sure you proactively think about those risks. The CEO might also rely on the lawyer's wise counsel and strategic advice regarding the process, so you're also acting as a sounding board for the leadership team. Legal also have a responsibility to educate the business on what the process will entail – especially if the execs have never raised before.

The priorities of legal counsel may vary to those of the founders. Normally, founders are focused on closing the round on the best possible commercial terms and this takes priority over negotiating the legal risks. If there's a misalignment on these priorities, it could lead to friction.

Legal should act as enablers, instead of blockers, so it's incumbent on them to support the wider business objectives. But it's equally important for lawyers to identify and be clear on the risks that the company may be taking on. There are few occasions where a scaleup needs 'a grown-up in the room' more urgently than a fundraiser.

Make sure your CEO is aware of what they're agreeing to – show them the consequences of the key risks so they can make informed decisions.

“External lawyers can increase the company’s cash burn considerably – any work you can accomplish in-house is a much better alternative to spending the money externally”

Finding the right external counsel

External counsel are pretty much essential for hugely consequential legal processes, like funding rounds. But a common mistake lawyers make is seeking external counsel after parties have signed the term sheet. Getting external counsel to assess the terms after you've signed up to them is a nightmare – ideally, you should involve external counsel at the earlier stages, or right before the parties sign. This means you need to be in the loop early as an internal legal counsel.

Finding the right people to help you in the funding round isn't always easy. You can search through online marketplaces, accelerators, and even partners at law firms, but the best place to start is through your own network of contacts. I was introduced to Taylor Wessing and Wilson Sonsini Goodrich & Rosati through an investor, and they helped us through our Series A in January 2020.

When outsourcing, the most important thing is to look for stage-relevant experience - if you are raising a Series A, it's unlikely that Magic Circle law firms have the right experience to streamline that transaction. If you're raising a Series D, this may be more relevant for them.

In external counsel I also look for:

- **Proactive lawyers:** they expect to engage early in the process, helping to drive the transaction process, as well as advise on the risks
- **Lawyers with a thorough understanding** of your business, working closely with me to understand the company and the specific funding round as best as possible. Law firms have hundreds of clients, and they can't possibly know your business better than you do – find those that understand you the best
- **Highly focused advice;** having external counsel who can act as a sounding board for both legal and leadership is valuable, but they need to focus on what's important

There are obvious challenges in working with external counsel – the first being budget. External lawyers can increase the company's cash burn considerably – any work you can accomplish in-house is a much better alternative to spending the money externally. As an in-house lawyer in the business, these decisions fall to you; assuming you have relevant experience, it's a choice between working on all the legal matters yourself or spending money to outsource that work and free yourself up for other tasks. Use your judgement.

Where to start

The best way to mitigate these issues is to think several steps ahead. If you get involved early and have full sight of the process, and you're working hand-in-glove with the CEO, then you can manage the funding round without getting snowed under by legal work.

At Juro, we created a data room as we went, so that when it came to funding, everything we needed was in one place. If you operate in this way now, with centralized document repositories, a lot of the work is already done when it's time to prepare for due diligence.

This is helpful over time, as the funding rounds get more complex and there's greater expectation on legal to manage the right documentation. Where legal due diligence is concerned, hundreds or even thousands of documents will need to be reviewed by investors' counsel. Most companies don't have these documents ready to go as a data room, so your work arranging them early will pay off down the line.

It's also important to ask the right questions around legal involvement in the fundraiser: what's my role in the process? As a legal leader, what are my main responsibilities? And most importantly, what do I need to do to support the business through it?



“Venture funding is fuel in the tank, and the last thing you want is to be running on fumes while you wade through legal processes you could’ve completed months ago”

Start early - and keep your eyes wide open!

If I was working at a scaleup approaching my first funding round, I would start preparations for that raise as early as possible. It's important to discuss the round with your CEO and get context beforehand – make sure you are part of the process, and not a passenger. Educate your colleagues and share your experience and insight with them.

Most importantly, focus on moving quickly – the business probably needs the money, so align with their goals and enable that growth. Venture funding is fuel in the tank, and the last thing you want is to be running on fumes while you wade through legal processes you could've completed months ago.

As you continue to progress, there's a pressure to maintain that growth momentum. VCs invest to see the company scale faster, and for a lawyer that means more contracts, more legal issues, more HR issues and more litigation risk. You should expect an increased volume of absolutely everything – from headcount to legal work – so it's important to have your eyes open to everything that's happening.

An investor wants a board seat, for example – what does this mean for the business? It might mean the investor has a 33 per cent vote in most company decisions. Is your CEO genuinely aware of their legal decision-making power? Do they have a choice?

Legal admin in a funding round seems seductively boring but it's not; a rogue provision could end the business if it eventuates and you got it wrong. Being on top of those risks is part of what it means to be a General Counsel. There are plenty of bear traps waiting for you out there, and lawyers can play a massive role in helping the business avoid them – as long as you start early. 📄

Scale

If the business really starts to take off, you'll likely be adding new employees faster than you can meet them – and many multiples more customers will join your community too. Scaleups move fast – so you need a stress-tested legal function that can scale with the business.

Monzo is one of the fastest-growing companies in the world – how did the legal team embed an operations mindset to keep up? How did Onfido's GC make sure the company's rapid growth didn't leave gaps when it came to legal hygiene? How did the first lawyer to join TransferWise use technology to support the company's objectives? How did the GC of Liberis plan for international expansion almost overnight? And what do scaleups need to know about entering the US market? The upcoming chapters delve into key learnings from legal leaders at some of the most successful scaleups out there.



Embedding an operations mindset



James Sullivan is Head of Legal & Company Secretary (VP) at Monzo and also an executive member of the Disruptive GC Network.

“We’re not trained to be systematic as much as we’re trained to be professional experts who can dive into a problem and extinguish the fire”

If your scaleup starts to hit white-hot growth, processes that aren't robust will break pretty quickly. How did Monzo create a mindset that led to frictionless, scaleable legal operations?

What is an operations mindset?

It's tricky to summarize what this mindset entails – at its simplest, an operations mindset looks at legal as a process. Yes, legal is a profession, it's regulated, and there are many professional obligations, but the work you're doing as a lawyer is part of a bigger process.

Lawyers can sometimes lose that vision amongst the day-to-day legal work and we tend to think what we do is special; we want to offer answers in an instant, but struggle to originate the answer and explain why and how we reached that outcome. We provide an individualistic service, but an operations mindset is about creating standardization and consistency across the wider business, and seeing yourself as part of the overall workflow.

It's understandable why some lawyers would struggle to embed this mindset; it all goes back to how law schools and firms train their lawyers. We're not trained to be systematic as much as we're trained to be professional experts who can dive into a problem and extinguish the fire. We might think about how we could perform better, but enabling this mindset allows us to analyse how we could perform **differently**.

Why is an operations mindset so important?

When you're scaling a business, you need to find methods with current tools and processes to avoid reinventing the wheel each time, or solving the same problem over and over again. When you're scaling as fast as Monzo, with tens of employees and tens of thousands of customers joining each week, this is even more critical.

Having someone ask you where the standard NDA is once a week is a great example of a problem you should solve once and never again, rather than constantly answering the same question. An operations mindset can help you automate processes and think about streamlining the unnecessary tasks in your workflow and solving problems in a way that allows the business to self-serve.

It's important to embed an operations mindset at the earliest stages of a business as possible. The fintech sector is a great example: when companies initially receive a license, regulators want them to innovate, succeed and increase competition, so they are given more latitude to take risks. If they're lucky, the customer base will skyrocket as they scale, and the fintech will become quite prominent.

At that point, all those initial ways of working aren't as effective and can start to break; the service is 80% viable and needs iteration to reach 100%, and regulators expect the business to start maturing their risk framework. So the team needs to change their processes and mindset, which can be difficult to do at this point because the ways of working are so ingrained across the company and it takes real time, effort and pain to change.

“The ultimate arbiter of your success is the business - they’ll measure your success by your ability to improve current processes and support their wider objectives”

How can you adopt this mindset?

It's important to place all your preconceptions aside and approach this with an open mind – changing mindsets takes time, and there's no immediate solution that resolves how your business should approach certain processes. Think in bitesize chunks and establish a solution that addresses the root of the problem, instead of the short-term. Achieve small wins and acknowledge success.

As with so many challenges, hiring the right people can help enormously. A legal operations specialist can establish, develop and own these processes, making that mindset extend out into the rest of the company beyond legal. This kind of hire doesn't necessarily need a legal background, of course: what matters is their mindset and their ability to own efficient processes, regardless of their background.

It's also important to remember that the ultimate arbiter of your success is the business – they'll measure your success by your ability to improve current processes and support their wider objectives. Legal must be open to asking for and receiving feedback, and aligning with business objectives from day one.

The benefits of an operations mindset

Lawyers struggle with being objective about outputs and producing measurable data. Their goals tend to be subjective and qualitative, revolving around “best in class” or “improvements” to certain techniques instead of measurable, objective data. An operations mindset can help teams approach problems from a data-driven perspective and think in a quantitative, measurable way that will have benefits on the wider business. This process of thought makes it easier to collaborate, as both legal and the business' goals are aligned around numbers – revenue being the most obvious.

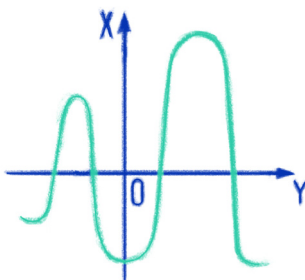
The operations mindset ensures that legal involvement is streamlined and efficient, right down to the minor details – requests are no longer brakes on the business, because legal is a useful, approachable resource that allows teams to self-serve. This improves the perception of legal overall and you move up the value chain. You're no longer a team that says no and slows down the business – you're a strategic business partner delivering solutions rather than simply giving advice.

The challenges of an operations mindset

With a project of this scale, challenges can go hand-in-hand. Here are a couple of challenges you might face when embedding an operations mindset in your team.

Transparency at scale

Many fintechs adopt a value of transparency – but transparency can be difficult to scale. With more people in the business, there's a greater chance of creating information silos or the volume of available information can be overwhelming. It's important to focus on consistency and standardization; if you can achieve both factors then you're approaching problems in the right way, with a system that is transparent and ready to scale. Empowering teams to self-serve is also an effective solution – offering an opportunity for teams to answer their own questions in a public forum is always going to be more transparent than teams coming to you for a one-off answer communicated in a private channel or email.



Buy-in

Getting people to commit to change is a massive challenge – changing behaviours is difficult, and can be a painfully slow process. You may start conceptualizing ideas, but without a solid commitment from the team, the end goal will involve a mountain of work on your part. It would be easy to give up and revert back to your original methods, but it's important to get ahead of the challenges and plan ahead for this period of frustration – in change models this is known as the valley of despair.



Getting buy-in from the wider business is essential for this reason; if you invest time and energy in something that people don't perceive will solve their problems and improve how you help them, it's going to be hard to change their minds. Lawyers' workstyle is typically individualistic, so getting a team to work together in a consistent way requires effort across the business, from leaders and lawyers alike - especially when the change won't yield immediate results. Business plans target growth, so getting people to invest time and resource to a project that doesn't immediately impact that metric can be challenging.

More time, more value

Invest both in your team, and the time taken on the project to understand the problems from their perspective. Your view on the problem is subjective, will miss data points and be driven by your own assumptions and personal biases. Identifying common themes with the legal team before you get buy-in is absolutely essential. Getting everyone in your team involved is always going to yield better results than doing it yourself and imposing a solution on them as a *fait accompli*.

Your team needs to work together. And keep in mind that embedding a new mindset is not a quick-fix; changing behaviours takes time, effort, and patience – but with an operations mindset in place, your business will be ready to scale with legal as a valued contributor towards its success. 📖

48%
of tech GCs ranked
'scaling legal processes'
as their **biggest** priority



We surveyed 30 CLOs, GCs and Heads of Legal at high-growth scaleups. Data gathered in 2019.

Legal hygiene at scale



Francesca Porter is the General Counsel at Onfido. Francesca joined Onfido in 2017, and was previously Legal Counsel at Hewlett-Packard.

If you're growing quickly, you need to set new joiners up for success. This includes their awareness of legal procedures, policies and compliance. How can you maintain legal hygiene as growth accelerates?

Legal hygiene has different meanings in different businesses, but for me it revolves around the principles of legal procedures, policies and compliance integrated into the company.

When I joined Onfido in 2017, there were over 100 employees and we were hiring around five people each month. This at the time felt like a lot to me, but the beginning of 2020 saw that number skyrocket; Onfido onboarded 40 people in January alone, with the team growing to over 350. With this rapid growth, how do you preserve the rate of learning and dissemination of information to equip new joiners for success?

At Onfido we have a week of onboarding sessions where new joiners learn about the company and the product. Legal didn't originally have a session during this week, but now we have two dedicated slots in which we run introduction sessions covering both legal processes and privacy for newcomers. It's important to provide that information to new joiners, but legal hygiene doesn't end there – it needs to be maintained as the company scales.

Why do you need good legal hygiene?

It's important for us to bring new joiners up to speed quickly, so they understand our company policies, where they can find legal resources, and how we govern deals and contracts. Often, GCs can find that new hires are unsure of the legal process; they understandably don't know who to get approvals and sign-offs from. This can be challenging when they have deals pending, want to onboard a new vendor, or need approval on marketing materials, for example. By integrating principles with new joiners every month, we can mitigate that and construct an effective self-service model to deal with a large volume of the queries we see.

Best practices

Legal hygiene is an ongoing task that continues beyond onboarding – but what else can the legal team do? Here are my key learnings:

Follow up on initial training

Most teams offer training once and never return to it again. At Onfido, we see it much more as a continuous flow of information. This is particularly important if you work in a SaaS business applying an agile methodology, where the product may change and evolve at pace. We host a sales enablement training session every Wednesday. Not everything that the sales team learns in their initial onboarding will remain true, especially at a business where the product is developing at such a rapid pace.

Above all else, the growth team needs to know what they are selling! Our weekly sessions offer an opportunity for legal, product and sales to come together and discuss updates and features, as well as what these changes mean for both clients and sales opportunities, from a contractual perspective.

“Most teams offer training once and never return to it again. At Onfido, we see it much more as a continuous flow of information”



“One of our goals is ‘10x thinking’ - it challenges you to think in terms of revolutionary change, rather than evolutionary change”

Create a resource centre

A company can design a content-rich onboarding week, but the reality is that no matter how well structured, knowledge retention will never be 100% – newcomers have to grapple with a large amount of information, and are unlikely to remember everything. We have a resource centre where employees can self-serve legal information. If they need to refresh their memory on legal policies or what is expected of them with regards to privacy and data compliance, the information is stored in a single source of truth.

There are plenty of resources available that can help you achieve this; at Onfido, we use a contract management platform for both automated contract generation and legal ticketing. This integrates with our information hub on Google Drive, and is the best place for us to store and manage playbooks, toolkits, FAQs and checklists. This also helps with version control – there's only one of each resource, and it's updated as and when it's necessary. For project planning we use Asana, and some people in the business use Confluence.

Our major focus is on removing simple, repetitive tasks and structuring ourselves in a scalable way so that we can dedicate legal time to complex, high impact matters. We have achieved this by viewing each task as an opportunity to create a scalable resource. Creating a resource centre and showcasing it in an accessible location seems like a simple task, but there are clear benefits of doing so.

Perfect your legal playbook

As a commercial lawyer joining any company, it's essential to learn about the company's standard contracting positions. When I first joined Onfido I found myself answering the same questions in client negotiations, making many of the same arguments, or repeating certain legal positions when agreeing contracts. To be more efficient, I created a legal playbook in which I included contract negotiation comments, positions and fallbacks. This legal playbook continues to expand today, with contributions from the wider team, housing one-pagers, FAQs, company negotiation positions and other resources.

Explore all your avenues

As the business continues to grow, you have to arrange and execute the same training with all the newcomers – this can take up several hours of your time. You should be open to considering alternative methods, such as creating training videos to distribute across the company. This could work for standard procedures that are less likely to change, but can be challenging to maintain if the policies and processes are constantly changing.

Within legal, it can get difficult keeping up with new material, laws and regulations in both yours and your clients industries – especially if you're in a sector like legal tech or AI. Balancing that intake of new information with your day-to-day workload can be tricky, so it's important to look at different ways to accommodate this. We created weekly training sessions called “legal eagles” for the legal team where a different lawyer each week would summarize and share their learnings from a new piece of legislation. It's a really simple yet effective solution to the new information that we receive on a weekly basis.

Follow leadership guidance

When it comes to maintaining legal hygiene as the business scales, tone at the top and guidance from the leadership team is essential. If you were to make a decision on behalf of the legal team to stop negotiating terms with certain clients, you would have the sales team disputing over how legal is slowing down the process of getting contracts over the line. You need that strict strategy in place from the business, at the senior level, to align legal and sales over the same objectives. By having clear objectives in place, the business can work together to achieve them, and it's easier to steer legal towards certain practises in order to achieve the overall goal.



Always look ahead

It's important to remember that as the company grows, expectations will also increase and there will be more that requires legal attention. Fundraising is a good example – the expectations for fundraising documents and due diligence become more pronounced as the company and its funding rounds get larger. You need to have clear document storage, good record-keeping and easy access to all of the documents that underpin the business and help you make risk-based decisions; from IP policies to licensing agreements to external counsel opinions. It's important to look around the curve and start making plans ahead of schedule so you aren't faced with a painful situation further down the line.

Never underestimate the power of your team

One of our goals at Onfido is "10x thinking" – this involves thinking about how you can improve what you do by a factor of 10. It challenges you to think in terms of revolutionary change rather than evolutionary change. When solving a problem, for example, it's important to consider: is this solution scalable? If not, can I adjust my approach to solve it in a way that is? And will this solution be effective in a year? How about two years? It can be tempting in a fast-paced start-up to solve things quickly without thinking of the wider context or long term implications.

Encouraging 10x thinking within your team and having an open collaborative environment where team members share information, resources and know-how can greatly increase the team's impact and leverage. A good way to promote this is to have KPIs each quarter, ensuring that time is being split effectively between daily work and ongoing project work. This can help to keep the whole team focused and accountable.

Above all, it's important to work together to maintain legal hygiene, and the power of your team will help you with scalable structures, buy-in, legal tech tools, and beyond. 📖

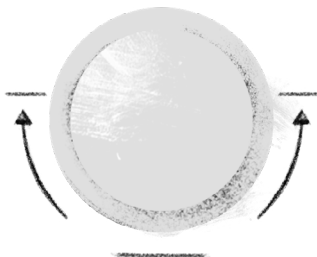
Legal technology for scaleups



Jenifer Swallow is the Director of the UK LawTech Delivery Panel.

Jenifer was formerly the first lawyer and General Counsel at Transferwise.

“From day one, you need to be looking at the big picture. It’s easy to start out at a scaleup reactively, and end up stuck in survival mode”



Legal technology isn't a panacea, but it can help you to carry the weight of your workload. How do you know what to prioritize and when – and who can help you make it happen internally?

Technology can play a key role for in-house lawyers joining scaleups. Boarding a rocket ship with a fast growth trajectory, it's easy initially to ignore tech entirely or to make knee jerk investments. A more purposeful approach can pay you back fast.

In those first months, firefighting often dominates, but there will always be fires to put out. As tempting as it is to work reactively, this is the time to step back, take a tiered approach, and build in a tech strategy. You can set the pace and know you are building foundations as well as fast growth.

Purpose before process

The first thing is back to basics. Getting clear what the business you're joining is for. What is its purpose and strategy? A SWOT analysis can be a strong anchor – what is this organisation that wants my help? What are its strengths, weaknesses, opportunities and threats? What is its responsibility to stakeholders and society? How is it placed in and responding to world events? Identifying these up-front will ensure you understand the context correctly and that you think about tech in the right way.

Next, is getting really clear on your role and strategy as GC, or whichever title you have. Founders will often hire their first lawyer with a different title to GC, for different reasons: it might be led by the salary earmarked for the role, how they value it (or not), or it might be to give them promotion options further down the line. But it's important to recognise that as the lead lawyer, whatever your title (though it does matter, so do negotiate), you are responsible for all legal matters relating to that company.

Behave like you are applying for an ABS licence to run your legal business within the organisation. What are you there for and how will you deploy? If there are carve-outs to your remit, understand them fast and get them written down. And be clear that whomever is your 'line manager', you work for the company: you report to the board and are answerable to the shareholders, not the CEO. The responsibility is yours – so is your strategy.

This means that from day one, you need to be looking at the big picture. It's easy to start out at a scaleup reactively, and end up stuck in survival mode, especially if you are resource-constrained. In the short term you'll be assessing which fires you need to put out, which cupboards to open, which carpets to look under. That's fine, but spending all your time on reactive issues or managing throughput is a dangerous place to be and disempowering. When I joined TransferWise in 2015, the company had 300 employees and had operated without in-house counsel for five years. The range and volume of issues, plans and markets were significant, but I knew I had space to be strategic and direct my focus in the right places.

Once you are clear on the big picture, you are ready to look at the process side. To help the company pursue its mission and in light of the clarity I have regarding my role in that and my responsibilities to shareholders and stakeholders, where does that lead me when it comes to systems, infrastructure, tooling?

Parsing the first 100 days or your next quarter can work well, carving out time to assess operational resilience and sustainable working in the context of your wider strategy.

“Transparency is everything. It’s not enough to get buy-in - what counts is public buy-in”

Honing in on what you really need

When it comes to tech, it’s no revelation that the humble spreadsheet can be the best place to start, when it comes to surfacing a pain point that might ultimately need a technological solution. The people and time drain of the wrong tech is even more painful than multi-year contract commitments. Gathering data through a spreadsheet is a great way to mitigate this, or working with more advanced dashboards. Having the data laid out shows you the flow of the organisation – your impact, friction, cost concentration and opportunities. Growth projections that show you the scale of issues a year from now, if left unchecked. You will know this instinctively, but having the data lights your way and lends you strength – it is one of the most important investments you can make early on.

Once you have your data and your SWOT, you can look near term at your quick wins and long term at where you need to be moving.

Obviously you will also have a healthy respect for spend. All GC costs have a direct impact on the end customer. It’s always worth going deep on the discovery phase so you can be confident of the ROI. What is the actual pain or opportunity and what are the range of solutions to address that? This separates your human/process challenges from where and how you really need tech, and strengthens your clarity if you go to market.

So often you will be in flow, responding naturally to what is needed and solving and refining as you go. But it also pays to know what’s out there in terms of the tech that can help you work smarter. Knowing what’s possible informs your thinking and how you interrogate your operations so it’s worth keeping abreast of the options. For example, the utility of computable contracts or using tech to analyse legal documents at volume and speed. In the absence of a Which? for lawtech, alongside tech press and the stands at Legal Geek, I found sharing with fellow tech GCs to be one of the richest ways of staying informed. Having this depth also helps you keep your outside counsel on their toes.

Gather input and influence

Even if your scale-up is process and hierarchy-light, it pays to get input. What are your business teams’ pain points: how do they see things? What are their biggest opportunities and how can your team help achieve those? How does all that track back into your strategy and operations and inform where you can and should be deploying tech?

Once you know you want to move forward with a new system or tech solution, no matter how ‘off-the-shelf’ those solutions might claim to be, you’ll need support from colleagues for both buy-in and implementation. When rallying colleagues and making a business case for process changes, communicating on best used channels is key. Does the team live in Slack, or Slides, or Word, or emails? Can you get them engaged real-time with what you are planning?

Transparency here is everything. It’s not enough to get buy-in – what counts is public buy-in. The fact that stakeholders in commercial or product teams viewed or commented on your business case can increase confidence and speed, and avoid burning time justifying your decisions now or later. And that conversation you had with engineering or IT, for example, is bound to open up your peripheral vision and enrich your thinking.

Starting small

At TransferWise, the spreadsheet > ‘free’ software > paid solution path was well trodden, worked well for us in those early days, and reduced friction inside the organisation.

Part of this success was also starting small and working with what’s available: embracing MVP. Hacking up a ticketing and dashboard system early on in Jira, for



example, as a graduation from Excel, because we already had a company-wide licence. And for bespoke tools, implementing one discrete solution as a pilot first. Engineers test new features this way for a reason and it also aligns well culturally with how tech scaleups work.

Demonstrating success in a small test builds the bigger business case for you and you learn a lot. For this reason, it is always worth choosing a vendor who will help you win small before you go big.

What might you need tech for?

Legal technology can be deployed in-house at various different levels:

- **Your team**

This covers how you function with your own team and the outside counsel that support you. It means focusing on the group of humans that work on the company's legal risks, and supporting their dynamism, wellbeing and collaboration – whether that's workflow management, billing, spend management, cost projections, and so on.

With outside counsel you can be a forcing function for change: systemic, industry-wide change around tech adoption, business models and better ways of working. Agitating for tech deployment and alternative resourcing models. Making that part of your engagement and reporting. Encouraging innovation, experimentation and new ways of thinking, and being a true partner in that, e.g. trialing new tech and helping solve the 'client confidentiality' barrier to shared platforms, frameworks and useable datasets for AI. At TransferWise we pioneered with our outside counsel an e-witnessing solution on a funding round, that really should be the new normal, and asserted constant pressure around D&I. You may be only one GC with a limited budget, but you represent the future and your questions and behaviour create precedents.

- **Your internal clients**

This covers the outward-facing challenges regarding your internal clients: where does the volume of work come from? Is it advisory, or transactional? For example, at TransferWise, as we expanded globally we needed ad hoc cross-border jurisdictional advice, at scale – how could I scale to meet that need, and could technology be part of the answer?

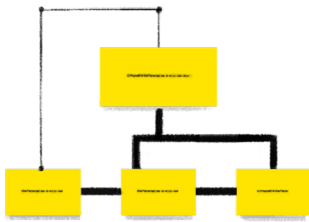
- **Company-specific legal processes**

These are the problems that are specific to your company and its business model and ethos. It might be anti-money laundering for a fintech, or the quirks of conveyancing law for a proptech business – where are the barriers to growth and speed or confidence in execution that are specific to your business, and can you overcome them with technology?

- **The big picture**

You will always face efficiency and risk challenges, but more now than ever, simply doing things faster or better or more efficiently isn't enough. You need to make space for fresh thinking from first principles. How can you do things differently to greater effect? This may or may not involve technology – you'll know when you've gone right back to the original problem and considered how to change the game entirely. As lawyers, this is not our trained propensity, but with a whiteboard and some disruptive thinkers, you'll be amazed at how you can break through old paradigms.

Tech can help to address problems and empower teams at all levels – as long as you are clear on everything that came first: on purpose.



A lean process

Scaleups can be so dynamic as to feel like chaos. When it comes to lawtech, this can have advantages. Often there's no formal procurement process. With greater autonomy you have freedom to leverage your relationships to make things happen quickly. Who are the internal superheroes and influencers, and what do they care about? Knowing who to talk to and who to leave to their own devices can make a lean process even quicker.

The less hierarchical environment of a scaleup often also means you can build your business case bottom-up: a 'grassroots' group backing your initiative, a good write-up of the plan and finance understanding the pain can be enough to enable you to move forward.

Internal stakeholders are valuable when it comes to making your tech project a reality, and your shareholders are key, but it's worth keeping the most important stakeholder to any scaleup project front and centre: the end customer. What would they expect from you, in terms of the company's purpose and your stewardship of their money?

At TransferWise, we looked to achieve the lowest price point possible for our customers, to make moving money around the world 'eventually free'. In my previous role at Mind Candy, our customers were children, meaning their specific needs were always core to our ways of working. Like everyone else in a high-growth scaleup, keeping the customer front of mind for any project is a must for legal, even if it's an internal tech project and that feels distant from the front line.

Scaleups change fast - your tech can too


Another advantage of exploring lawtech at a scaleup is that your time horizons are radically different from those at an enterprise. If you're procuring a contract lifecycle management platform at a huge enterprise, after the year-long RFP and six-month implementation, you'll be ready to get started on the year-long integration. But at a scaleup, three years is a lifetime – the entire business model could change in that time.

Making the best informed decisions you can for a sensible horizon is a must, but trying to manage for all eventualities or worrying about whether your tech will survive beyond a few years will drain you and be no more than a guessing game when you are moving at such pace. It is worth researching the size of your vendor's tech team and their growth trajectory, and of course road-test them on their commitment to ship features that matter to you. Then make your decisions, go big on implementation, keep moving.

Final thoughts

There are many different ways to tackle a tech project, but as I'm sure has been covered elsewhere in this eBook, the backdrop will be the same as for decision-making everywhere else in a scaleup: sustainable growth.

You are building foundations for the company and its footprint on the world. It is moving fast. How will your tech strategy support that? Will it remove obstacles that are causing friction? Support activity that unlocks new markets and better supports customers? Light the way and enable smart decision-making? Respect the environmental, social and governance (ESG) context in which the company operates?

If you are confident in the answers to those questions and deploy tech to support the business and your purpose as GC, there's nothing to stop your results scaling with the same or even greater impact than the company itself. And you will know the part you play for your shareholders, customers and wider society as a result. 

Going global: new jurisdictions



Alexis Alexander is General Counsel at Liberis. She joined Liberis in 2019 after four years as Senior Legal Counsel at IHS Markit.

Moving into a new jurisdiction is often a complex legal question that could benefit from months of consideration. You're unlikely to have that at a scaleup – so how do you survive and thrive as your company explores new territories?

Going global

I joined Liberis as their Head of Legal in 2018. On my first day, we talked about launching in the US – all 50 states – in 12 weeks' time. The scale of the project was incredibly daunting, but I didn't have time to dwell on the what-ifs. I rolled up my sleeves, dived into the work, and within two months, Liberis was available across all the states in the US.

Within another three months we launched in Sweden and Finland... and now we are actively applying for licenses in Germany, the UAE, Croatia and the Netherlands. When you're working across so many jurisdictions, at such a rapid-growth business like Liberis, you need to see the big picture. Here are five lessons I learned along the way.

“There’s no time for perfectionism – to prevent getting snowed under legal work entirely, it’s essential to establish your areas of focus”

1. Pick your battles

A lawyer's work requires deep analysis and deep thought – we have to take the time to consider the advice we're getting, and there's a danger of getting caught up in that approach when you're working at a scaleup. When you scale internationally, you need to establish your core risks, and make the business aware of them. Make sure you distinguish the high-risk tasks from the low-risk tasks – the latter should be options you can tolerate ignoring and amend in the future if necessary.

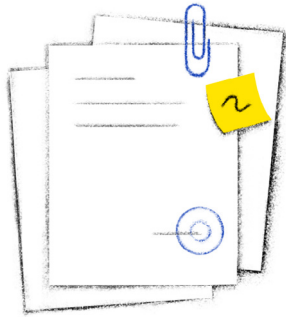
You have to constantly pick and choose your battles – for example, how much do you want to look into data protection within a specific jurisdiction? How does this task play out against the rest of your workload? Is it as important as regulatory advice you might need? There's no time for perfectionism, so to prevent getting snowed under legal work entirely, it's essential to establish your areas of focus.

Working in-house at a scaleup requires a different mentality to private practice; at a law firm, it's essential to get everything right, whereas in-house, you need to be content with getting as much as possible right, honing in on those points that are priorities for the business.

2. Create an international checklist

Risk varies depending on the product – if you have a SaaS product, regulation might not be your first priority, like it is for us at Liberis. If you're in recruitment, HR will be your focus. I received some amazing advice from a fellow general counsel, who told me to create an international checklist. This is a two-page document consisting of high and low-level risks in the expansion project.

It also allocates responsibilities across the business – in a new location, what does each team need to do? Does the business need an office? Do you need a subsidiary there? And who is involved in ensuring these tasks get accomplished? It's a great way to align the business on the risk factors involved, and mitigate as many as possible from the outset.



It's also important to think about regulatory factors and employment law in the target market; if you're deploying your product in the region, do you need to hire people there? If you do, what are the relevant laws? Depending on the product, IP could also be a factor, and finance teams need to consider the structure of tax laws in these new jurisdictions. It can get overwhelming, which is why the international checklist can keep all relevant stakeholders in the loop and act as a plan of action.

3. Outsource the admin

Outsourcing can be challenging in and of itself – especially if you're expanding across multiple regions at the same time. You need a local law firm to help with regulations, and you end up collaborating with so many different firms that it takes up a massive chunk of your time. At one point I was working with four different law firms, which distracted my focus from the core legal issues.

Scaling into the US was a massive learning experience, and it shaped how I approached future expansions. I embedded a mindset of outsourcing admin work, so I could focus on the core high-risk areas and evaluate those with key business stakeholders. With each subsequent project, I ran a request for proposals (RFP) process to identify a firm that could externally manage all our global expansions and regulatory protection, instead of interacting with a local firm for each region. I had external resource that distributed the proposal, distilled information in an easy-to-understand format, and built a platform where they could upload and manage all this information.

When you expand internationally, you need to think about admin tasks as much as the legal tasks, and focus on how you're going to ensure those tasks are managed efficiently.

4. Balance your workload

The bad news: there's no clear-cut answer on how to balance your workload. The good news: you can establish your priorities based on experience, and fall into a rhythm that suits you. Liberis is a financial services business, so I know that our key issues are always going to be regulatory – are our activities regulated? Do we need a licence? Do we need to set up a branch in the area? You have to ask yourself some key questions, and identify points of urgency in the answers. That'll help you drill down on the details.

It's important to remember that what you need, and what you get, are often different! When you're expanding internationally, you need a big legal team to help you carry the workload, but more often than not it's the GC and a paralegal bearing the brunt of the heavy lifting. You have to work with what you've got and be smart about the way you approach the task – the RFP process is a good example of this.

You can – and should – engage the business to help you achieve your tasks. If you're applying for a regulatory licence, you could align with the project manager to retrieve all the company information. You have to work as a team with the wider business and dive into the project together to ensure you're leveraging the resources you have – your colleagues. Most in-house lawyers would say they're under-resourced, so the key objective here is to be creative with your ways of working.

5. Overcommunicate

Never underestimate the amount of explanation you need to provide to the wider business. Sending a note about legal advice through the business isn't helpful – you need to educate in an action-driven way to get other teams on board with your priorities. This is also relevant within your own legal team – asking the right questions and being crystal clear about the scope of the project is essential. Make sure you emphasize your timeframes as well as the project objectives. This is an iterative process; I learned from my first experience, scaling into the US and have since refined my skills over time. You learn what the important questions are, as well as how to operate with different teams.

“When you expand internationally, you need to think about admin tasks as much as the legal tasks, and focus on how you're going to ensure those tasks are managed efficiently”

“Not everyone can handle the expectations that come with being a scaleup GC. It takes a particular kind of person to enjoy it – but if you do, it’s hard to imagine doing anything else”

Going global is a daunting task for any lawyer single-handedly managing legal at a scaleup. It’s important to think, but I would advise against thinking too much! Sometimes you just need to focus on getting it done. Draw up a checklist, identify your priorities, establish a strategy, and set up a timeframe. Think carefully about what would harm your reputation, as that’s your most valuable asset. Engage the business; as sole counsel, you’re going to need help. Once the business is aligned, you’re halfway there.

Not everyone can handle the expectations and reality that come with being a scaleup GC. It takes a particular kind of person to handle it, and even to enjoy it – but if you do, it’s hard to imagine doing anything else. 📖

Entering the US



Daniel Glazer is the Managing Partner of Wilson Sonsini's US Expansion group and London office.

“Doing business and raising money in an unfamiliar, highly-competitive environment requires thoughtful advance planning and clinical execution”

For almost every type of tech scaleup, the US is the most valuable market to enter, and success there can make or break the company's long-term ambitions. Here's what you need to know about entering the US.

For many high-growth UK companies, there's nowhere better to start and grow than the UK, and nowhere better to expand and raise later-stage funding than the United States. The US offers the promise of massive commercial opportunities and plentiful venture and growth capital. However, doing business and raising money in an unfamiliar, highly-competitive environment requires thoughtful advance planning and clinical execution.

Here is an overview of key legal and other considerations for entering the US market.

Company formation

UK/European technology companies most commonly establish US subsidiaries that are incorporated in the US state of Delaware and are registered to do business in the US state(s) where the US subsidiary has employees and/or offices. There is no “national” corporation in the US, and Delaware has been the preferred state of incorporation for over fifty years due to (among other reasons) its robust corporate law, efficient incorporation process, and the quality of its judicial system in the event of disputes.

Here are some of the most common indicators that it's time to strongly consider setting up a US entity, and **here** are the various considerations for where to establish US operations.

Employment

A UK company hiring US-based employees will generally want to employ them through a US entity. US and UK employment laws **are vastly different**, and companies should avoid uncertainty as to which applies. Employing US hires directly from a UK/European company also increases the risk of multiple tax authorities making competing claims on the same US revenue and of the parent company being exposed to **US litigation**.

US employment is a business topic that is truly foreign to many UK companies; in fact, there is no “US employment,” as the vast majority of employment laws and regulations are state-specific. Employment matters in the States are best addressed by proactively seeking to avoid problems, and a careful and competent setup can mitigate most risks and deter many disputes. Don't take our word for it; we regularly hear experienced UK entrepreneurs, executives and GCs cite US employment pitfalls when answering the question “what do you wish you had done differently when entering the US?”

Here are some of the most common hiring-related employment considerations for companies entering the US.

Employee equity

When UK emerging companies venture outside the UK, they quickly need to address whether – and how – to extend equity-based compensation to non-UK employees.

“Getting into email tennis, sending competing drafts back and forth, is time-consuming and inefficient for the UK company”

Here are a few guidelines for making this work. One key takeaway: rarely – if ever – is it advisable to provide US employees with equity in the US subsidiary. Venture-backed enterprises typically look to maximize the value of their parent company for their investors; accordingly, the parent company should be the entity in which US employees have their options (even if awards are tied to hitting business milestones associated with US operations).

US contracts

Large US companies often insist on contracting based on their standard terms. They have large legal departments, with lawyers on salary, who are there to deal with these contracts. The main focus of these lawyers often is on protecting their company (and their legal department) on a “one-size-fits-all” basis, not on getting a deal done with a UK startup. Getting into email tennis, sending competing drafts back and forth, is time-consuming and inefficient for the UK company. If outside counsel are used, it's also likely to be expensive.

How can you avoid this? First of all, review the agreement itself. There will be many provisions that are objectionable, or that don't make sense in the context of the transaction, but if you focus on trying to fix all of them the deal will never get done.

However, there will be a number of items (hopefully no more than five to ten) that you absolutely cannot accept without risking material harm to the business. For example, there may be a provision that specifies that all intellectual property used in performing the contract will belong to the US company. There may also be a provision that limits the UK company's ability to do business with the US company's competitors, or one that puts a short time limit on confidentiality obligations. There also is probably going to be a broad-form indemnification provision that assigns the UK company responsibility in circumstances where it is not at fault.

Instead of sending a mark-up, consider going back to the US company's business lead – not its lawyers – with a two-column issues list. On the left side, list their unreasonable or inaccurate provisions. On the right side, show your reasonable alternative provision and any explanation for why the change is needed. Negotiate those points at a business level, and then ask the US company's business lead to get their legal department to redraft the contract to reflect the agreement on those points. This will probably take a few exchanges of drafts before they get it right, and there may be a few outstanding issues at the end that require each side's lawyers to engage. However, when this process works, it saves everyone involved time and money, by focusing on commercial outcomes.

Here are a few other considerations when negotiating contracts with US companies.



Data privacy

Complying with UK and EU data privacy regulations often presents a significant challenge for startups based in those regions. UK and EU startups expanding to the US similarly need to be aware of US data privacy regulations and whether their existing efforts will be sufficient.

While the precise guidance will vary depending on the company, [this guide](#) addresses a few fundamental US privacy questions. In particular, UK companies need to be conscious of complying with the new [California Consumer Privacy Act](#) – make sure you keep this front of mind.

Intellectual property

When entering the US, it is important for a UK company to protect its names and brands. The process for and considerations associated with securing trademark rights in the US can be complicated – find out more [here](#).

“Litigation risk is in fact higher in the US than in most other countries, and the threat of litigation is often used as leverage to achieve favorable business outcomes”

In certain businesses, like medical devices, patents may be critical. In other businesses, like many software-as-a-service businesses that rely on algorithms and machine learning, intellectual property may be best protected through maintaining confidentiality. The scope of patent protection is broader in the United States than in some other countries, particularly in the context of software-embodied inventions. Find out more [here](#) on how to design a US patent and trade secret strategy.

Litigation

We often speak with UK companies concerned that they'll be sued the moment they step off the plane in the States. That's simply not true – usually they'll be given at least a few hours to get comfortable...

Joking aside, litigation risk is in fact higher in the US than in most other countries, and the threat of litigation is often used as leverage to achieve favorable business outcomes, whether the potential claimant is an unhappy contractual counterparty, a disgruntled employee, or an aggressive US patent or trademark owner. The US generally doesn't have the “loser pays” rule common in the UK and many other countries; in many non-US countries, the loser in litigation bears a significant part of the winner's legal fees.

Consequently, even a relatively weak claim in the US has value because the party bringing the claim knows the defendant's cost to settle the claim is likely to be less than the cost of defending it. Well-funded companies and individuals represented by contingent-fee lawyers can leverage this dynamic to assert claims they wouldn't otherwise if they were at risk of paying the defendant's legal fees.

That said, millions of companies create trillions of dollars of GDP in the US each year; someone clearly has figured out how to navigate this landscape. You can find out more on how to do so [here](#).


Using US lawyers

Retaining legal counsel is an unavoidable part of the cost of doing business in the US. In the States, the approach to legal matters is often “problem-avoidance” rather than “problem-solving.” US companies obtain proactive legal advice to minimize potential future problems; reacting to and resolving current problems is expensive and time-consuming. This dynamic can take some getting used to – find out more [here](#) on how to make it work for you.

A [2017 study](#) found that, as a result of this dynamic, US companies spend nearly double the amount on legal services for every dollar of revenue than their counterparts around the world. If you're hoping to avoid that, [this article](#) includes a few tips for UK companies on minimizing that spend and maximizing value.

Non-legal matters

There are many other matters that you need to consider when it comes to US expansion. These include issues like immigration, tax structuring and compliance, business insurance, banking, HR, payroll and benefits, government support and fundraising. Check out this US expansion [checklist](#) and [video](#) to make sure that nothing trips you up in your move stateside.

For more information on the logistics and strategy of establishing US operations, check out valuable resources like the [Tech Nation US expansion and fundraising library](#); “[Question the Questions](#)” by Octopus Ventures; and “[Crossing the Atlantic](#)” by Notion. 

Daniel Glazer is the founding partner of Wilson Sonsini's London office and US Expansion Group. He can be reached at daniel.glazer@wsgr.com and through [Linkedin](#).

Conclusion



Richard Mabey
is the CEO and
Co-founder of Juro.

“It takes a particular kind of mindset to look at a building which, from a legal perspective, has flames licking up the walls - and calmly stride inside”

When I read through the early draft of this book I was struck by two things.

Firstly, it was humbling to have battle-hardened GCs from successful scaleups like Intercom, TransferWise and Monzo share their experiences with us. But secondly, I was struck by the prevalence of a particular metaphor.

The words 'fire' or 'firefighting' appear fifteen times in this book. Hair is on fire, firefighting is constant, buildings are on fire – the majority of chapters allude to an impending inferno. To stretch the metaphor as far as possible, it takes a particular kind of mindset, and skillset, to look at a building which, from a legal perspective, has smoke billowing out of its windows and flames licking up the walls, grab a laptop, and calmly stride inside.

As a startup co-founder, technically I'm part of the problem; but as a former lawyer, hopefully I have helped Juro to dodge at least some of the issues that eventually smoulder and burn. Nevertheless, the scaleup GCs we work with as Juro customers never fail to impress with their ability to remain calm amid the chaos that often accompanies relentless growth pressure and usually being hired too late. Employees of scaleups often find themselves running as fast as possible, but it takes a cool head in legal to remind people that, as Adam Glick put it so well, this is a marathon – not a sprint.

What all of the stories in this book seem to have in common is an exceptional ability to balance. Balancing commercial enablement for your sales teams with being the grown-up in the room. Balancing speed in your legal processes with diligence and risk mitigation. Balancing your short-term needs with the company's long-term plans (however long 'long-term' actually is in the life of a scaleup). Balancing building out your team with advising the business day-to-day. Balancing risk appetite with growth ambitions. Balancing excitement about new venture capital with a sober judgement of the terms on offer.

I've never been an in-house counsel, but I did go to law school, and I don't remember there being any training on this balancing act. Which makes it all the more impressive that scaleup GCs jump from private practice to the proverbial burning building, and yet walk through it so gracefully. The rewards on offer are more than just the buzz of being in a high-growth business, or the status that comes with being a GC. Again, to borrow from Adam Glick: what could be more rewarding than building a robust, scalable, growth-enabling legal function from the ground up?

So regardless of how smokey the building you're in appears to be, it's likely that the challenges you face can be overcome. Whether it's building a team, creating an MVP contracting process, nailing your privacy policies or expanding into new markets, we've seen in this book that problems which seem overwhelming at the time can ultimately be resolved by a resourceful lawyer with an enabled team. I hope this book has offered some insight into how to create, build and scale a world-class legal function – and I'm grateful to all our authors for sharing how they built theirs. 📖

Enjoyed this eBook?

Click here to share it:  

**LEARN
MORE**

Juro is the contract collaboration platform that helps businesses agree terms faster, while giving deep insight into contract data.

To find out how Juro can help your scaleup make contracts more human, visit juro.com or [contact us](#).



Appendix: VC jargon demystified

Lawyers joining VC-backed startups as the first in the legal function will quickly need to get up to speed on the jargon-rich world that is venture capital. And while it's highly unlikely you'll ever attempt a fundraising without retaining specialist external counsel, it can't hurt to brush up on the terminology for those conversations with your founders. You never know when you might need to explain it in simple terms...



Anti-dilution

Some investors will only participate on condition of anti-dilution, meaning, a guarantee that if the company issues more shares, they don't have to buy more, but their shares aren't diluted. For example, the company might be obliged to keep a given shareholder at 20% ownership, even if that means issuing more shares. This isn't too common, but it can protect early investors from being diluted by things like employee share schemes.

Articles of association

This is a commonly understood term, but it's important to flag it as being part of this list of terminology. The articles of association are the company's constitution, defining its business, directors' responsibilities, corporate governance, and so on. An investor will likely request new articles or changes to existing articles as part of a deal.

Cap table

The share capital table sets out all the various shareholders and the shares they own. VC-backed companies tend to award people share options, or set thresholds that increase the ownership shares that people hold, based on certain triggers. This means that the cap table needs to stay up-to-date and reflect those changes – for example, what does it look like when fully diluted? The fully diluted cap table tells you who gets what percentage in full in the event of an exit, so it's a vital document that investors often request, particularly companies that have been through lots of funding rounds and lots of employees – it helps them to calculate the waterfall.

Down round

A down round can help if you need to raise money quickly. For example, if a previous funding round had valued the company at \$30m, you might open a funding round that allows people to buy in at a \$20m valuation. This 'down round' might follow a period where you've been spending heavily, for example on research and development, without shipping anything new commercially. You can't justify a bigger valuation, so you let investors buy in at a lower valuation. As an investor, this allows you to take advantage of a riskier bet – i.e. a company that hasn't increased in value.

Drag along

Let's imagine a certain percentage of shareholders want to sell their shares to a third party. That third party wants to buy 100% of the shares of the company, but not every shareholder wants to sell. But 'drag along' means that if the holders of enough of the shares – say, 50.1% – want to sell, they can 'drag' the other shareholders into the sale.



Investors might insist on terms that mean they can only be 'dragged' if they are then given a defined proportion of the sale proceeds. Drag along rights are there to make sure majority shareholders have flexibility and an easy exit route. Also see tag along.

Exit

An exit event, where shareholders and their money depart from the company, is often defined quite carefully in the articles of association, or the SSA. It might mean selling 100% of the shares, or an IPO, or selling over a certain percentage of the company's shares, or selling a particular proportion of the company's assets. Lots of important rights and obligations are linked to exits, so it's crucial to understand precisely how it's defined, and be sure about what that means.

Good leaver/bad leaver

These distinctions feel like loaded terms, but they exist to encourage people to stay as shareholding employees and protect the company from unexpected cash payouts. A good leaver is a shareholder who, through no fault of their own, is no longer part of the company. This might be because of death or long-term illness. In such a case – for example, an individual passes away during a 5-year lock-in, and her estate seeks the value of their shares – then they're usually entitled to at least some of the value, as they're a good leaver. A bad leaver is often defined as anyone who's not a good leaver. An example would be an employee in a lock-in period who wants to resign, walk out of the company, take their money and run off to the Bahamas. This person is probably a bad leaver and their request can be denied. With employees, options that vest over time usually take care of this issue. But with founders who own the shares from the get-go, for example, these distinctions exist to protect the company from unexpected cash payouts they can't plan for.

Lock-in

This is where individuals who are considered vital to the business – often founders and key employees – are 'locked in' and prevented from selling their shares for a defined period. This is common in both exits and in funding – those buying the business are ultimately investing in individuals and their ideas, and they want to make sure they remain as part of the business. Locking in key talent is common in all deal sizes and helps to protect the company's value.

Multiple

A multiple is just a means of valuing a company in comparison to a key metric. It might be a multiple of EBITDA, or a multiple of current subscribers' revenue. Investors might have a stated goal to invest, or to sell, at a particular multiple. Ordinary or preferred shares In US parlance, these are often 'common stock' and 'preference stock', as opposed to 'ordinary shares' and 'preferred shares'. Either way, this is about hierarchy – all shares in the same class have the same rights. One holder of ordinary shares has the same rights as any other holder of ordinary shares – people couldn't invest in the same share class, but end up with different rights.

Pre-money/post-money valuation

This refers to how much the company in question is worth before and after a given funding round. Investors in the same round will all invest at the same pre- and post-money valuations.

Put option/call option

A put option gives a shareholder the ability to force someone else to buy their shares. It might be that the company has an obligation to buy back the shareholder's shares; or the obligation to buy might sit with other shareholders. A call option is the other way around: a company, or other shareholders, obliges a shareholder to sell their shares to them. These are more unusual in VC deals, but they're really important if present – it's crucial to be clear on the circumstances under which a party is required to act.

ROFR

Sometimes pronounced "rofer". This means right of first refusal, regarding the issue of new shares: so if new shares are issued, the existing shareholders might have a right of first refusal to buy them first, before they're offered to anyone else (like the public). In the UK, shareholders have pre-emption rights automatically by law, unless the articles of association expressly provide for them to be bypassed. In the US, investors don't have pre-emption rights, so ROFR is more important.

SSA/SHA

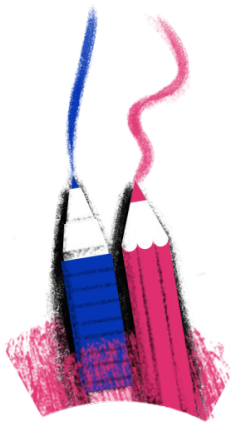
These are the two main transaction documents you'll come across. The SHA - shareholders agreement – sets out the relationship between the company's shareholders. The SSA – shareholders and subscription agreement – differs to the SHA because it covers subscribers to new shares. This distinction is useful because it helps you to separate between funding rounds.

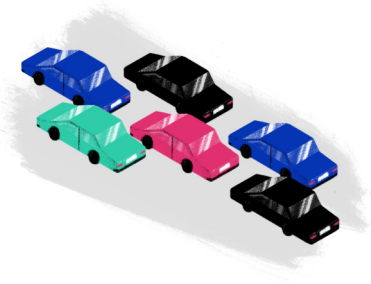
Tag along

Tag along rights are the converse of drag along rights: if a majority shareholder has triggered a sale, then a minority shareholder can 'tag' their shares along to the sale. The threshold at which this right is triggered is often a lot higher e.g. 90%. Tag along rights exist to protect shareholders from being left behind if the majority decides to sell – it means they don't get stuck with a small percentage of the company which they'd then find difficult to sell. Also see drag along.

Term Sheet

A document summarising the terms the company will agree with the investor. This includes the amount of the investment and the equity stake the investor wants to take. It can be as brief as one page, or it can be more detailed; for example, sometimes the main commercial negotiation points will be spelled out here. But sometimes a company will offer a standard term sheet on their website which they present as non-negotiable. Term sheets aren't usually legally binding – they just set out the situation. The reason for this is that investors may not have done due diligence yet, so they're not ready to be bound by terms. However, term sheets are often accompanied by exclusivity and confidentiality provisions. These usually are binding. That's because if someone breaches confidentiality, it could be harmful; or if you dedicate resource to the deal and the other party doesn't respect exclusivity, you might suffer loss if the deal doesn't happen. In both cases you want to make sure you have a remedy if your rights aren't respected, so those provisions are legally binding.





Warranties

Warranties are statements of facts about the company at a particular moment in time. Founders or management usually provide warranties to investors looking to invest in the company, and investors rely on them when they enter into the transaction. The key issue is that if founders and management give warranties personally, and they can lead to personal liability, rather than liability that sits with the company. If a founder provides a warranty, and doesn't disclose against them, and they're proven to be incorrect, then investors can sue founders personally. Often the liability is capped, but it could still be ruinous to the individual. Warranties are not to be taken lightly.

Waterfall (or 'liquidation preference')

The waterfall is often set out in the articles of association, and can also be known as a liquidation preference, or a sale preference. It sets out what happens if the company is sold: who gets what money, and when? It's quite common that VC investors are taking more risk, so they might get preference shares, meaning they're paid first, followed by the holders of ordinary shares. Negotiations with VC investors often centre around the level at which their preference kicks in. Note that founders sometimes have founder shares, ahead of ordinary shares, and behind preference shares.

These are just some of the key terms that GCs and their founders need to get to grips with, when it comes to venture capital investment. Arm yourself with as much knowledge as possible in advance, and when it's time to get serious, don't be afraid to call in the cavalry. 📖

With thanks to Taryn Strong for her insights on venture capital terminology.

The contract collaboration platform.

The screenshot displays a rich text editor interface. At the top, a toolbar contains icons for bold (B), italic (I), underline (U), bulleted list, numbered list, indent, heading 1 (H1), heading 2 (H2), link, and a list icon. The main text area contains the following content:

1. Contracts don't have to be hard.

1.1 Legal contracts are agreed at the *happiest* times in your business' life. Our purpose-built editor helps you build contracts in **minutes** seconds, keeping your **data in sync** and making contracts faster, smarter and more human.

1.2 With Juro you can ~~negotiate~~ collaborate on documents, set up **reminders** for key contract deadlines and even create conversational forms to speed up contract creation.

On the right side, there is a sidebar with the following sections:

- APPROVERS**: Includes a "Resend" button and two entries: "Richard Mabey" and "Pavel Kovalevich", each with a close (X) button. Below them is a "+ Add" button.
- SIGNATORIES**: Includes a "SHOW" button and one entry: "malcolm@gmail.com" with a close (X) button.

Juro

www.juro.com

Juro is the contract collaboration platform. By making contracts more collaborative, Juro helps businesses agree terms faster, while giving deep insight into contract data. Juro is backed by Union Square Ventures, Point Nine Capital, Seedcamp and the founders of TransferWise, Gumtree and Indeed. Juro's customer base includes Deliveroo, Skyscanner and Reach plc.

Juro

