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#TechLawHub

<u>**SCALING YOUR BUSINESS**</u>

So you have succeeded in going past the first hurdle and secured the first round of funding. Now what? No, you do not go past "Go" and collect £200. Instead, you will have the blissful headache of planning the next stage for your Tech company.

The balance of scaling your business at a pace and size that is suitable as well as managing the timing of doing so is not an easy task. A substantial number of Tech entrepreneurs would testify to the importance of "getting it right". Statistics show that more than half the so-called "High Growth Internet Startups" fail at the scaling up stage due to timing. Scale up prematurely and/or at a pace faster than your company's potential, and you risk losing it all. Scale too slowly and/or too cautiously, and you risk losing the opportunities forever.

There is a multitude of advice on scaling Tech businesses available on the wonderfully resourceful world wide web. I will therefore not bore you with all of them. Narrowing them down to the top 3 of my choice:

1. Capital

Cash is king. If you are at the point of scaling your company, there is a high chance that you may also be burning through your cash reserves. If you want to grow your business, you need cash. That is a simple fact and to this end, understanding and practical planning is key to avoid any cashflow crisis. Scaling up means more income, but it also means *bringing on* (incurring?) more expense. It is vital for Startups to understand that the time gap between the cash conversion cycle can be a dangerous place to be in if the company does not have sufficient funds to tide over the period. It is also a common mistake not to revisit and review the existing business model carefully enough during this transitional stage. Companies that look at scaling before reassessing their existing business model may find themselves in a bit of sticky situation further down the line.

2. Invest in People

Bringing the right people on board does not necessarily only mean hiring someone who would be able to fulfil a specific need within the company for now. In most cases, a reactive strategy reduces your control. These decisions should be considered carefully, taking into account the capability of growth for that person within the company. Does the candidate fit in to the company's culture? Do they share your vision? It is also important to hire for skills and talents and not just credentials. It often pays off not to rush into hiring someone simply to fill a space, and to take time and patience to find the right fit.

3. Culture

This point can, on a certain level, relate directly to the above. Attracting and retaining skilled employees starts with building a business that they want to be part of. As the famous saying goes *"find a job you love, and you will never have to work a day"*. Needless to say, if your company can

foster such excitement and enjoyment within the company, it would be very hard for your employees to not be motivated. Companies are constantly readjusting and investing in their work culture to ensure that the work environment is one that values creative problem solving, boosts morality and productivity, encourages open communication and cultivates pride and employee loyalty.

For more tips on how to scale up your Tech company, come along to our free monthly meetup on 28th June 2016.

In line with our aim to give something back to and engage with the local tech community just on our doorstep, we host monthly themed meet ups which are free to attend. We also make available essential legal documents[*], which are free to download on our website http://www.dklm.co.uk/site/services/tech-law/ to help you put in place just some of the basic legal protection you need when setting out on your venture.

You are free to use the documents as you wish but we would always recommend speaking to a specialist lawyer who can adapt and tailor legal documents to your business' specific requirements.

Feel free to follow us on Twitter https://twitter.com/techlawhub to keep in the loop about upcoming free events (and lots of tech news!)

Please feel free to contact us if you have any queries at all:

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