

Getting your early hires right

A legal checklist for founders hiring their first team

Hiring your first team members is a major milestone – but it comes with legal, structural and cultural considerations that can catch founders off guard. This checklist covers the essentials to help you build a compliant and scalable hiring foundation from day one.

1. Plan the team structure

- Define roles: who do you need now vs. later?
- Clarify employment status: employee, contractor, consultant or advisor?
- Consider co-founder vs. early hire – equity implications.

2. Employment law basics

- Compliant employment contracts in place before start date.
- Clear probationary periods and notice terms.
- Statutory rights (holiday, sick pay, pensions) built in.
- Right to work checks and basic onboarding.

3. Protecting the business

- Intellectual property assignment and confidentiality clauses included in every agreement.
- Restrictive covenants for senior hires (with care).
- Clear ownership of inventions and developments.
- Employee Handbook or basic policies (disciplinary, data, diversity & inclusion, remote working).

4. Equity and incentives

- Option pool sized in anticipation of future hires/investors.
- Decide between Enterprise Management Incentive options, growth shares, or alternative incentive plans.
- Board and shareholder consents (and filings) properly documented.
- Vesting schedules, leaver provisions and exit treatment clearly set out.

5. Culture, strategy & growth planning

- Define your values and onboarding experience early.
- Set a hiring budget (including hidden costs: national insurance, benefits, setup).
- Align hires with business objectives and fundraising milestones.
- Build flexibility into employment structures for future scale or pivot.

6. When things go wrong

- Have a clear plan for handling underperformance or terminations.
- Understand statutory protections (e.g. redundancy, discrimination risks).
- Document exit properly (settlement agreements where needed).
- Plan for knowledge transfer when key staff leave.

Final thoughts

Getting your first few hires right sets the tone for your company's culture, pace, and direction. Take the time to protect what matters – your people, your IP, and your vision. The legal foundations you lay now will pay dividends as you scale.

Let's talk

Building a team is one of the most exciting, and high-stakes, parts of early-stage growth. Whether you're hiring your first team member or scaling quickly post-funding, Ashfords can help you:

- Structure roles and contracts that flex with your growth.
- Protect your intellectual property and commercial interests.
- Design compliant equity and incentive schemes.
- Navigate employment law risks and sensitive exits.

We support founders with practical legal advice and tailored documentation across the full hiring journey – from first hires to functional teams.

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