

Lawyers as Leaders: LegalZoom CEO John Suh's Guide to Creating a Culture of Innovation

Skills and Professional Development



John Suh, CEO of <u>LegalZoom</u>, presides over a business that has evolved from providing self-help software to offering a full range small business and personal products. Over the past 15 years, LegalZoom has grown to nearly four million customers and more than 1000 employees. LegalZoom is the world's largest former of small businesses, the largest filer of trademarks, and the most recognized legal brand in the United States.

Suh is a serial internet entrepreneur. Prior to LegalZoom, he served as CEO of StudioDirect, the internet division of publicly traded Li and Fung. Previously, as co-founder and CEO of Castling Group, he helped offline companies create their internet divisions, launching category leaders such as jcrew.com, hifi.com, and barneysny.com.

When he first built his business, he recognized that founders want to focus on their products, customers, and teams rather than what he calls the "necessary evils" of law and tax. He is on a mission to democratize law as he leads a team of over 1,000 employees, firmly believing that legal help should be available to everyone.

In fact, Suh is proudest of the human potential that LegalZoom has unlocked for its customers and employers. Praised for their outstanding company culture, he believes that positive morale comes from actions, not slogans. It's no wonder that "Zoomers" see themselves as part of a family.

This notion of community isn't just from the lawyers who leave their traditional firms for more purpose, flexibility, and better work-life balance. In a candid leadership conversation with <u>Bruce Aust</u>, vice chairman of Nasdaq and president of the <u>Nasdaq Entrepreneurial Center</u> in San Francisco, Suh shared his insights about leadership and culture of innovation that are useful to lawyers and entrepreneurs who build successful companies, departments, or law firms.

1. Focus on your strengths

Suh dedicates most of his day on leadership activities that he is good at and enjoys doing. "I am not really good at details and process. So, I minimize how much time I spend doing these things," he shares. However, he realizes that coaching is his strength. "I enjoy building a collegial culture of innovation. So, I spend most of my time in these realms and let others do things I am not good at." Suh firmly believes that ultimately, "a team won't have a weakness if each member spends 80 percent of their day doing what they are good at."

2. Know your leadership style

"You need to be aware of your leadership style and where you are," Suh observes. "If you are selfaware, for example, you will realize that what makes you successful as a startup CEO will destroy a more mature company."

He credits this self-aware approach for helping him scale LegalZoom over the years. "In the early stages of LegalZoom, what made us successful and scalable was research, instinct, being scrappy, and innovation. I did everything," he explains. "As the company grew, we needed people to specialize. Companies need process and cultures of innovation."

Over time, he graduated from a player to a coach. "My job now is to shape decisions to make sure that the culture of innovation thrives and to not stand in the way of others as they aim to execute," he shares. "I aim to empower others to their job well. That is what creates a positive culture of innovation and respect."

3. Celebrate more — much, much more

Both successes and lessons learned are cause for celebration in Suh's book. "Companies need to have a culture that encourages risk-taking and <u>learning from failures</u>," he explains. "Failure provides valuable experience and lessons. Companies need to recognize that both winning and losing are valuable."

In fact, Suh adds, "if you always 'win,' it means that you and your company do not take enough risks." This bold approach is key to a true culture of innovation. "Unless you celebrate failures, people on your team won't take enough risks and innovate fast enough," says Suh. "You need to celebrate and learn from all failures."

Similarly, Suh recommends defining failure altogether. He believes that companies only fail when two or more people in the company make the same mistake — because that means a company is not good at facilitating lessons among its team members.

4. Solve an actual problem

Though startups are often synonymous with disruption, Suh contends that companies should focus on fixing problems first. "If you solve a problem, and your solution decreases prices or costs while increasing quality, then you will get a magical result that we call 'disruption,'" he says. Suh's approach ensures that entrepreneurs enter the startup arena with a true mission and game plan, not just overreaching optimism.

"[A]t LegalZoom, we aimed to democratize law. We wanted to make it accessible to everyone. Just like how most people know who their doctors are, we believe that for democracy to truly thrive, most people should know who their lawyers are," Suh explains. "It just so happened that in the process, we increased access to quality representation for many, while simultaneously reducing the price." He concludes, "Disruption is just a word that captures this result. It is not the ultimate goal."

5. Treat investors like marriage partners

Finding and selecting investors is a huge, long-term commitment that lasts four to six years. The success of your company weighs on the harmony this relationship. Suh explains: "They are on your board. They are in your business. They approve your major decisions, budget, and milestones."

Company leaders should do their due diligence when choosing investors. "Make sure you like your prospective investors, and can imagine them in your life long-term," he recommends. For example, Suh likes to bond with people over drinks and food. That way, he can use those social situations to assess whether he wants potential investors and other key stakeholders to be involved in his business and life.

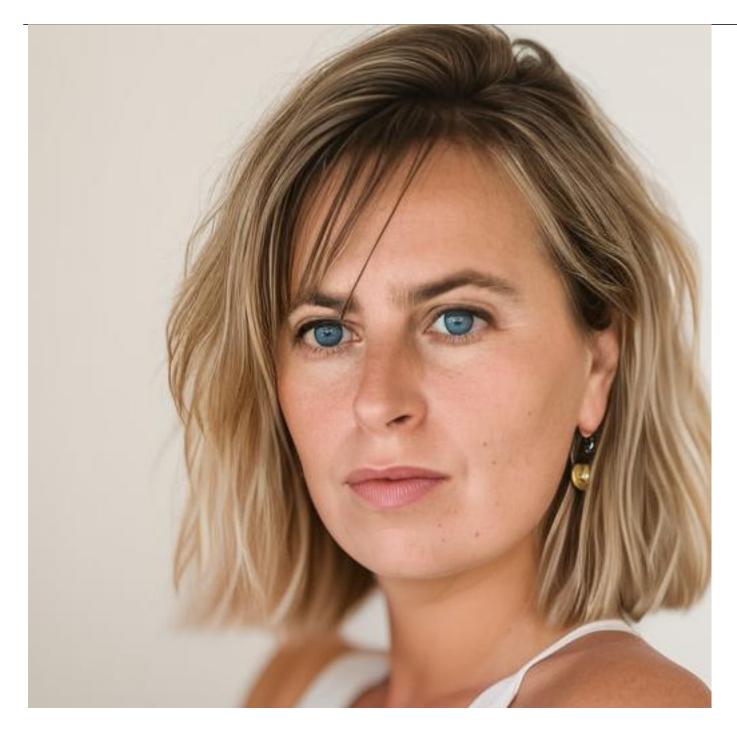
6. Profitability means freedom

Relying solely on luck is for amateurs, not entrepreneurs. During a good economy, people and businesses spend more money on building companies, while during a bad economy they spend more money on bankruptcy filings. Suh explains that LegalZoom obtained its funding just six weeks before Nasdaq crashed. Objectively, this looks like luck. But what actually made LegalZoom successful was Suh's attention to building a recession-resistant business.

"As an entrepreneur, you know that windows and doors open and close all the time. Nothing is forever opened or closed. If a door or window is open, it will surely close. If the door or window is closed, it will surely open," Suh explains. He believes that entrepreneurs and those with the entrepreneurial mindset recognize and embrace this reality. "At the end, I don't believe that you truly own your business unless you are profitable," he adds. "Profitability gives you freedom, and getting there will require much more than luck."

Ultimately, unlocking human potential isn't just for lawyers who have made the jump to entrepreneurship. Suh encourages lawyers to foster cultures of innovation within their own companies, legal departments, and law firms. His action-based approach can boost morale, build community, and lead to startup success — for your clients, or even for yourself.

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Olga V. Mack is a fellow at CodeX, The Stanford Center for Legal Informatics, and a Generative AI Editor at law.MIT. Mack shares her views in her columns on ACC Docket, Newsweek, Bloomberg, VentureBeat, Above the Law, and many other publications.

Mack is also an award-winning (such as the prestigious ACC 2018 Top 10 30-Somethings and ABA 2022 Women of Legal Tech) general counsel, operations professional, startup advisor, public speaker, adjunct professor, and entrepreneur. She co-founded SunLaw, an organization dedicated to preparing women in-house attorneys to become general counsels and legal leaders, and WISE to help female law firm partners become rainmakers.

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