

THE LOW DOWN

For those who have it, an entrepreneurial instinct is akin to a calling – a vocation to create something of value from an idea. Protecting what they have as it grows relies on timely legal advice, and seasoned legal advisers to entrepreneurs relate the rewards of that advice. Instructions grow with the business. That is satisfying and profitable. But clients speak of a tension that must be resolved between the way entrepreneurs and lawyers think and operate. A start-up must take chances, while lawyers are risk-averse. Cash can be tight, but lawyers need to get paid. Even entrepreneurs who are lawyers highlight the need for strategic legal advice to be delivered economically. Getting the balance right improves the chances of success for all.



Recipe for success: 'I knew instinctively to trademark the brand and I invested in an intellectual property lawyer when I had nothing,' says Julie Waddell

The appeal of an entrepreneur client base is obvious – instructions will grow as the business flowers. But challenges include dicey cashflows and a high attrition rate, reports **Joanna Goodman**

IN AT THE BEGINNING

The UK has a vibrant entrepreneurial culture – and the Sunday Times 100 fastest-growing private companies list paints an encouraging picture across multiple sectors. In 2025, over 800,000 new businesses were incorporated across the UK, with tech and application software hitting a record high with over 56,500 new incorporations.

The Global Startup Ecosystem Index 2026 ranks the UK as the second-largest start-up hub in the world (behind only the US) and the leader in western Europe. We are indeed a nation of entrepreneurs. The Global Entrepreneurship Monitor (GEM) Survey found that over one-third of working-age respondents intended to start a business within the next three years, were actively trying to start a business or were already running their own business.

However, it is not all good news. Panel data from the UK Longitudinal Small Business Survey, tracking nearly 1,500 SMEs over four consecutive years (2021-2024), found that only 14.6% achieved sustained growth.

Legal advisers play an important role in entrepreneurial success, not least because start-ups and scale-ups that achieve consistent growth usually establish strong foundations for their business early on. But bootstrapped early-stage start-ups cannot afford expensive legal fees, so they have to understand where legal advice makes the biggest difference. Choosing the right law firm at each stage of development is critical and some firms make special arrangements for entrepreneurs.

Another important consideration is the difference between lawyers' and entrepreneurs' perceptions of risk. While entrepreneurs are naturally risk-takers, lawyers necessarily focus

on minimising risk. The entrepreneur-lawyer relationship will depend on the stage of the entrepreneur's journey and the jurisdictions in which the business is operating. For example, UK start-ups looking to launch in the US need to understand the different legal risks that apply.

Brand value

Early legal advice can underpin entrepreneurial success. Former food writer and broadcaster Julie Waddell founded Moorish Humous & Dips, the UK's best-selling humous and dips brand, in 2012, built up the business and sold it in 2024 to Bakkavor, a FTSE 250 prepared food manufacturer. Waddell knew from the outset that she had to protect her original smoked humous recipe and the Moorish brand. Getting the legal structure right early in her start-up journey stood her in good stead when the business quickly scaled from selling humous to local delis, to a breakthrough deal with Waitrose supermarkets.

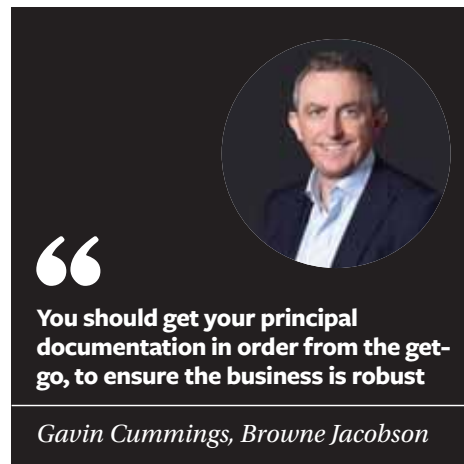
'You have to be really smart about [understanding] what you've got, what the potential opportunity is for you and your business and what you've got to protect,' Waddell tells the *Gazette*. 'It was really important to get the legals sorted super-early.'

She consulted lawyers at key junctures for the business. 'A mentor told me I needed to make sure that the factory [which made the products for supermarkets] couldn't just take my recipe. She put me in touch with an intellectual property lawyer who gave me a contract that protected my recipes and everything around the Moorish product and brand,' Waddell says. 'I also trademarked the brand early on. Later, we worked with a design agency on branding and packaging, and again we made sure that the copyright was assigned to us.'

She explains: 'If you ask someone to do something for your business, you have to make sure it belongs to you.'

Ultimately, Bakkavor acquired Moorish – and the protections that Waddell had put in at the outset paid off. 'I knew instinctively to trademark the brand and I invested in an intellectual property lawyer when I had nothing. And when I exited the business, the confidential information, the recipes, the trade mark, the brand and the commercial relationships gave our company the value that delivered the exit.'

Involving lawyers early paid off for Waddell, who is one of the very few women to achieve a successful exit in the FMCG (Fast-Moving Consumer Goods) space. 'When it came to selling the business, sorting out equity structure and remuneration, which I was advised to do by a lawyer, were crucial components of the exit deal. Having a business and brand you can sell, and having the right ownership



You should get your principal documentation in order from the get-go, to ensure the business is robust

Gavin Cummings, Browne Jacobson

COMING TO AMERICA

A major step for UK entrepreneurs is the opportunity to break into the US market. Daniel Glazer is the founding partner of Wilson Sonsini's London office, the UK outpost of the Silicon Valley law firm that represents the world's biggest tech companies, as well as advising start-ups, scale-ups and venture capital investors. In London, the firm advises UK and European tech and life science companies looking to break into the US market, from launch, through raising investment, scaling up and eventually exiting through acquisition or IPO (initial public offering) in the US.

Companies approach Wilson Sonsini at one of three inflection points, says Glazer: 'The first is when they are looking to launch or expand in the United States, and they ask us how to go about doing that. The second is when they are looking to raise capital from American investors, and the third might be when they are looking to sell to a US buyer or IPO in the United States. In other words, we advise on US fundraising, US expansion and US exit.'

A significant step is negotiating the cultural differences between the UK and the US, particularly when it comes to litigation risk. 'In the UK, if there's a business dispute that goes to court, the loser pays the winner's legal fees. Consequently, relatively few disputes go to court and most British start-ups are not particularly concerned about litigation risks,' explains Glazer. 'But in the US, each party pays their own fees, so the choice is to go to court and pay the costs, or to settle.'

'In the US, therefore, litigation risk creates leverage that you don't see in the UK. If you over-index on risk, you'll get nothing done. But if you don't take legal risk into account, you could get run over by the litigation train. So US businesses tend to bring lawyers into decision-making with more frequency,' he says, adding that this leads to a closer working relationship between (fractional) GCs and external counsel.

stake in the business as the founder and creator, is absolutely key to getting the deal through, as in the end the value was indisputable.'

Waddell explains that although she could not afford to instruct a law firm for day-to-day matters, she was guided by lawyers specialising in employment law, intellectual property law and ultimately corporate law.

Three years before she sold Moorish, Waddell brought in a professional management team – a full-time chairman and managing director – to build the brand for exit. And two years post-exit, she is working with the same partners, bringing together their corporate and commercial credentials with Waddell's experience of building and selling a successful brand, to advise other brands working towards a similar exit strategy.

Waddell's advice to entrepreneurs is to invest in the right expertise when you need it. 'There's never a right time to invest in people, because you always need them before you have the funds to pay them, but they will earn their value,' she says. 'It's also about understanding the different ways that people will help you and not being afraid to reach out and ask for help. I was astonished by how much people were prepared to help me at the beginning, and I still try to pay that forward when I can.'

Waddell is currently working as entrepreneur in residence at Exeter University, and teaching on University College London's master's in marketing science, as well as mentoring and consulting.

Lawyer as business partner

Firms which specialise in supporting start-ups tend to offer entrepreneurs more flexible arrangements. Gavin Cummings, a partner at Browne Jacobson and head of the private equity team, advises entrepreneurs 'from early-stage start-ups who need help setting up a company, taking out insurance and taking on early employees, through initial fundraising rounds to markets where they can raise seed capital and ultimately, as they become more established, to private equity and venture capital funding'.

Cummings suggests the best plan for entrepreneurs is to work with lawyers who can act as a business partner, particularly to early-stage start-ups. 'We are excited to work with fast-growth companies that are rich in tech and intellectual property, particularly when they align with the

sectors we work in,' he says.

Browne Jacobson's Grow programme is designed to support start-ups at each stage of their entrepreneurial journey. Grow clients benefit from clearly defined scopes of work, fixed-fee arrangements, a dedicated legal adviser, and introductions to industry contacts and advisers. As Cummings explains, this entails 'one of our lawyers investing time in the relationship and providing tailored advice – getting to the nub of issues rather than providing complex legal advice'.

It is important to get the foundations right at the outset. 'You should get your principal documentation in order from the get-go, to ensure the business is robust – and not sign any contracts that give away the value you're creating,' says Cummings, echoing Waddell's sentiments about the value of establishing ownership rights.

'Protect your IP, ensure that your arrangements with your shareholders provide you with sufficient protection and flexibility, and ensure you're complying with all necessary regulations, because ultimately if you're looking to raise money or exit, the basis on which you've been operating the business is going to be reviewed.'

Cummings' advice to entrepreneurs who are looking to raise investment is 'to be very clear about what you need the money for. You need to ensure the business is investable, and that you have a clear business plan, you've gained some barriers to entry, you take compliance seriously and you are building a business with opportunity'.

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The role of the lawyer when it comes to advising entrepreneurs is actually a sanity check

Ben Darby, Darby & Darby Solicitors



Managing risk

Fraser Matcham, a qualified lawyer and legal tech entrepreneur, manages his company's legal processes and disputes, but recognises that there are times when it is worth instructing external counsel: 'Although I could do a subscription agreement with investors, I'd still use a solicitor to reassure investors that their investment was secure.'

He expresses some frustration about solicitors taking time to explain the law, rather than addressing the issue at hand directly: 'I just want to know whether something is possible, how long it's going to take and how much it's going to cost.'

Another issue is risk management, particularly in respect of compliance, where lawyers have been reluctant to engage with regulators. Sometimes their fees were higher than the penalty for non-compliance. Ultimately, Matcham hired a part-time lawyer to handle risk and compliance, IP management and engagement with regulators, and a 'fractional GC' to deal with legal issues as they arose.

Matcham identifies a mismatch between the approach of lawyers and entrepreneurs to risk. 'Solicitors are always thinking about identifying and obliterating risk, while the entrepreneur's business is built on risk, and every risk is proportionate,' he says.

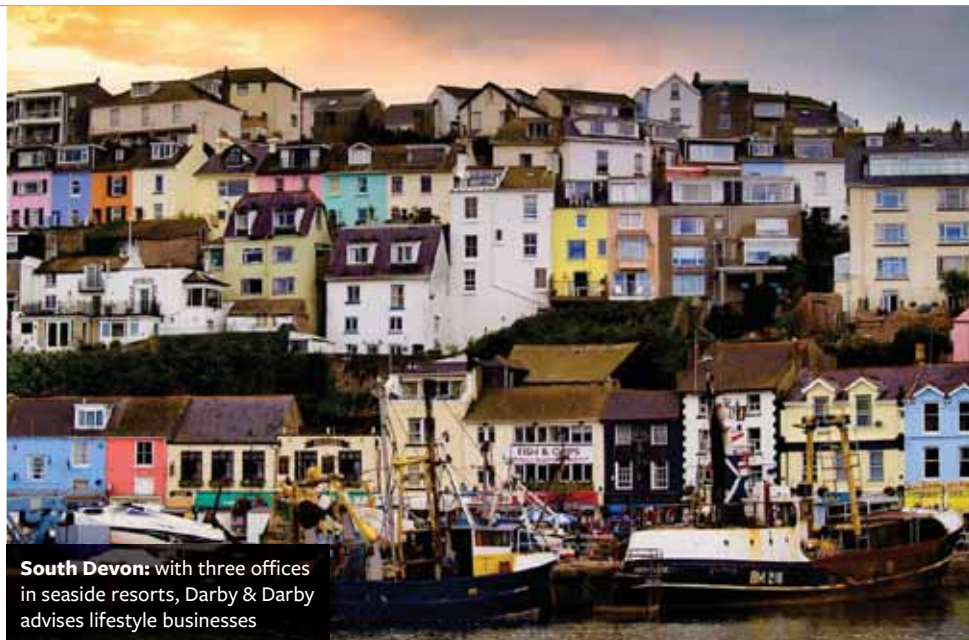
Cummings disagrees: 'Lawyers understand risk, and they can help an entrepreneur decide whether a risk is sensible given the value and the nature of the problem. Ultimately, it's the entrepreneur's decision on the level of risk they are prepared to take, and it is for the lawyer to advise on the implications, possibly explain what other businesses do in similar situations, and what is practical and pragmatic in the circumstances. Legal advice is about managing risk, not excluding risk.'

Representing start-ups involves a level of risk for lawyers, too, adds Cummings. 'We're prepared to invest our time in the right circumstances, and there is always a natural assessment of whether we can see the opportunity with a business going forward.'

'We give our lawyers scope to build relationships in areas that they are interested in. While there's no expectation that all the businesses we advise will succeed, if you work with enough new and exciting businesses, you know that some will go on the long journey, and that our lawyers are gaining value and experience from dealing with entrepreneurs, whether the business succeeds or not. Businesses that struggle also need legal advice.'

Getting the basics right

Ben Darby is managing partner of Darby & Darby Solicitors in south Devon. The firm



South Devon: with three offices in seaside resorts, Darby & Darby advises lifestyle businesses

regularly advises entrepreneurs in the West Country. He is also founder of legal tech start-up Ordli, which helps people manage power of attorney over a loved one.

Darby set up Ordli's initial legal structure himself and dips into external legal and advisory services as needed. He used online platform SeedLegals to manage fundraising, stock options and adviser agreements. When it comes to finding specialist legal advice, he consults his broad network, which includes law firms in the region and Exeter University, including the computer science department he first partnered with and SETSquared Exeter Business Accelerator, where Julie Waddell is entrepreneur in residence.

Darby's legal practice includes advising entrepreneurs. 'With three offices in seaside resorts, we tend to advise lifestyle businesses: guest houses, pubs, coffee shops, bakeries. There are also people who have learned particular skills and want to set up on their own. The work is predicated on commercial property deals and employment contracts. We often need to bring in other advisers, including accountants and commercial banking, so it's important to be able to draw on your local business network.'

Darby & Darby has three high street offices and longstanding business relationships with commercial property agents who introduce business, as well as a broad network of law firms, mentors, advisers and entrepreneurs across the region.

Darby echoes Waddell's point about the advice you take at the outset paying off later. 'Legal can be seen as an unnecessary cost at the beginning. You probably don't see the value of the money you spent on legal advice early on until much later,' he says.

Darby's top tip for entrepreneurs is to set up the right legal structure for the business early on. 'A lot of the lifestyle businesses that come to us are signing commercial property leases. They need to make sure the terms are acceptable. You need to understand arrangements for rent reviews and make sure there's a break clause to give you the freedom to pivot or exit your business,' he says.

'The role of the lawyer when it comes to advising entrepreneurs is actually a sanity check. We're effectively providing a checklist of all the things a business needs: making sure they have an accountant, that their property lease is sound, that they have protected their IP and are compliant with the regulatory framework for their sector.'

While the hospitality sector is challenging because it is seasonal, Darby advises several serial entrepreneurs who have built successful local and regional businesses. A depressed regional job market has produced a bounce in entrepreneurial activity.

Early-stage legal

Alex McPherson is founder and managing partner of Ignition Law, which specialises in advising early-stage entrepreneur-led businesses. He recognises that risk is a key consideration for start-ups and the firms advising them.

'You have to know what you're doing in terms of protecting clients and their data and managing your cashflow. It's also about spotting risks that entrepreneurs may not have fully thought through, like board control, making sure a business is investible and fair, but also knowing where the boundaries are,' McPherson says. 'A lot of law firms approach entrepreneurs on the basis that they may lose money at the

start, but hopefully they get to run their IPO (initial public offering) or acquisition.'

He adds: 'But a company that is looking for an IPO has probably outgrown us. We work with bootstrapped start-ups and well-funded scale-ups and our clients eventually outgrow us. So we have built symbiotic relationships as trusted partners of larger, City law firms. We also work with a lot of different clients, which diversifies our risk and provides a variety of work, which helps us attract top talent.'

Ignition Law recognises the importance of predictable pricing and fixed fees. 'You can get very efficient on particular products like trade marks or commercial property share option schemes,' McPherson explains. 'And there are lots of areas where we provide certainty on fees through innovative pricing models. For example, our subscription model, Virtual GC, is like having a fractional lawyer.'

'Clients have a long-term relationship with a lawyer at Ignition who leads their work; the lawyers really enjoy it because they get to know the business and feel like they're part of the team. We apply flexible credits that roll forward and we're experimenting with value pricing. We are also building a fee estimate tool that allows people to choose which services they need. We also provide quotes with a kind of success fee, so we are sharing the financial risk.'

On the topic of risk, McPherson adds that when start-ups 'fail' it may be that they restructure or merge into another business. There are also serial entrepreneurs and entrepreneurs who invest in multiple businesses, so notwithstanding some business failures, there are also repeat clients.

Aligning values

McPherson agrees with Waddell that most start-ups take legal advice at certain key stages in the growth journey. 'At the outset, it's important that co-founders' and investors' values are aligned, and we work on establishing trusted relationships,' he says. 'Our advice tends to be around balancing budgets, protecting intellectual property, setting up shareholders' and founders' agreements.'

Stage two is generally about getting



Jenifer Swallow: 'Firms and lawyers that are used to working with entrepreneurs are typically more entrepreneurial in how we structure our fees'

investors in and working towards profitability, he notes: 'At this point, it's important to focus on business structures, management accounts, employment contracts, share options and tax.'

Stage three is 'working towards maturity, thinking about risk management, capital value, perhaps bringing in non-executive directors, and maybe planning towards an exit, or restructuring, particularly when co-founders may exit or step back from the board.' The key is to manage stakeholder expectations from the start.

McPherson's advice for entrepreneurs is to find a lawyer who understands the business and will catch key issues as they arise. This is about aligning values and establishing mutual respect and trust: 'When working with entrepreneurs, you need to push back and help them focus on protecting the things that matter.'

To that end, Ignition Law trades on its credentials for representing start-ups, but also connects clients to larger and specialist practices. And because Ignition's lawyers work closely with entrepreneurs, the firm offers young lawyers a great opportunity to build up their practice quickly and develop strong connections.

GC relationship

While entrepreneurs like Waddell and Matcham (initially) consulted specialist lawyers on key decisions, this piecemeal approach has to be balanced against an

ongoing supportive relationship. Another way of developing a strong lawyer-client connection without relying on just one firm is appointing a fractional general counsel.

Jenifer Swallow, former head of Lawtech UK, is a fractional GC and start-up adviser. She explains that as start-ups go through different iterations and sometimes need to fail fast or pivot, they need 'right-size advice from their GC'.

Swallow's clients tend to be scale-ups that have raised funding, although she has worked with seed businesses for a small retainer plus stock options to make the fractional GC route viable for them. 'Firms and lawyers that are used to working with entrepreneurs are typically more entrepreneurial in how we structure our fees,' she says.

Swallow notes that GCs typically look at risk in a different way from external counsel because they are closer to the business. 'When you're fractional, you usually have a mandate to do more proactive work. [A business] might have me for seven or eight days a month, so they call on me when they need me,' she says.

Swallow cites recent work on regulatory evaluation, raising new financing rounds, and frontier-type deals concerning data training and platform integrations for AI implementations. Conversely, she notes, a fractional GC in a scale-up needs to be one step ahead of the business to anticipate its needs.

Swallow, like other lawyers advising entrepreneurs, highlights the role of the lawyer as a 'connector' who can introduce other experts so that the business can get the right advice at the right time.

'Lawyers for entrepreneurs tend to know the ecosystem,' she concludes. How can entrepreneurs find the right lawyer at the right price? 'Well, entrepreneurs need to go out and kiss a few frogs! Typically, people don't have the headspace or the time to do that – they find a lawyer and stick with them. But actually, you can be massively advantaged, or potentially disadvantaged, depending on the lawyer you choose. It's like choosing a coach or therapist – it's about finding the right alignment so that the relationship works.'

Joanna Goodman is a freelance journalist

800,000

New businesses incorporated in the UK last year

14.6%

SMEs achieving sustained growth over a four-year period

2nd

Only the US ranks higher than the UK as a global start-up 'hub'