



Unlocking the potential of the UK's Hidden Innovators

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A version of the report suitable for visually impaired individuals can be downloaded from:
www.cass.city.ac.uk/centive/current/entrepreneurship_innovation.html



Introduction

by Gordon Frazer,
Managing Director, Microsoft UK

Creating an enterprise culture for the many

The Enterprise Strategy Whitepaper launched in March by the Department for Business, Enterprise and Regulatory Reform highlighted the need for the UK to create a culture of Enterprise, Innovation and Creativity. We firmly believe in that need and support these goals. Our role as a technology leader is to help foster and sustain the conditions in which individuals, teams and organisations can continue to grow and prosper – discovering new answers to the personal and business challenges of our time.

An entrepreneurial mindset can not so much be taught in our schools and universities, although they do have an important role to play, but needs to be nurtured through all parts of our culture today. We have developed a tendency to imagine that it is only the younger members of our society who have novel ideas or are able to establish creative businesses. This is simply not the case, but although the evidence is clear that older entrepreneurs create more sustainable companies for example, we are still struggling to adapt our thinking. At Microsoft, we want to support all parts of society towards achieving their ambitions.

I believe that creating a renewed culture of entrepreneurialism and innovation requires four key elements. It needs relevant and accessible role models, it needs an effective and targeted business support framework, it needs a simple regulatory environment and above all it requires individuals to have the confidence in their experience, in their networks and in their desire to take an idea and run with it. One of the ways in which we help people realise their goals is through the support we give to entrepreneurs – start ups, small businesses and social enterprises.

As an enabler of innovation and entrepreneurialism, technology is an extremely powerful tool. It provides a platform on which new ideas can be built, it breaks down barriers to entry for new businesses and allows access to markets far beyond traditional boundaries.

However, it is not a panacea. As this report shows it is the people who make their businesses successful, who take on challenges and keep looking for solutions until they have overcome them.

In commissioning this research with Cass Business School, we wanted to look beyond those elements already well served with support and encouragement at the 'Hidden Innovators', the areas of our society that have in the past been marginalised but which will be a rich source of fresh thinking in the future. I hope that their insights and experiences can be a guide and inspiration.

As the demographics of the UK change and as we move towards a predominantly knowledge based economy we need to encourage all elements of our society to contribute their ideas, their talents and their enterprise if we are to maintain our competitive advantage in a global market. The research shows that by tapping into our 'Hidden Innovators', we could generate an additional £9 billion for the economy by 2012.

At Microsoft, our mission is to help businesses and people realise their full potential and we are committed to helping the UK to become an innovation powerhouse on the world stage. Our software and tools both online and offline help people and businesses to be successful every day. Through our partner community and R&D investments, we facilitate and encourage innovation to spread and grow. Equipping people with the skills to harness technology effectively is a key priority for us and we are working hard through developments in the latest Windows, Office and SharePoint technologies to make our platform and software as accessible as possible to all groups in society.

I hope you find this report stimulating and a useful contribution to informing new thinking about how we create an enduring and inclusive innovation culture across the UK.

Executive summary

The economic context

The technology revolution has meant that Britain is moving quickly towards a knowledge based economy. Taking a lead from the US, where entrepreneurship accounts for 80% of new jobs created and is a driving force for innovation, the UK government has funded a variety of initiatives aimed at stimulating entrepreneurship and innovation, particularly in the young.

These initiatives will produce a new generation of entrepreneurs. But what of others in the UK who are talented, have ideas and could help us compete?

The UK is a diverse society made up of many minority groups. Some are very entrepreneurial and have embraced the innovation agenda. Others have not pursued opportunities. What could be done to unlock the innovation and entrepreneurial potential of all UK citizens?

Research goals

This study sets out to investigate how all groups could become involved in the innovation agenda. The study also examines the economic potential of some of these groups.

Three groups were chosen to represent the many diverse minorities that exist within the UK:

- UK citizens of Indian origin
- People with a disability
- People who become entrepreneurs at 50+

Research findings

The cases profile the experiences of these successful entrepreneurs and the lessons they learnt in the course of bringing innovations to market. They bring out issues that are distinctive to these groups and suggest how the UK can make greater use of their potential contribution. However, although the problems they face are distinctive the value of looking at such different groups is that it can also highlight common issues for UK culture, institutions and policy. The experiences of these three groups suggest a number of ways in which the innovation agenda and entrepreneurship can be advanced in the UK:

Recommendations

Make financial support and investment more equitable across all groups

It is good to see that the Government's new Enterprise Strategy references targeted support for the over 50s. Although the details are thin at this stage, we would urge policy makers to provide equivalent support to the over 50s as they do to younger people. According to Prime, after three years, the success rate for business start-ups is 70% for over 50's compared to 28% for younger groups. The report demonstrates that a well resourced and targeted approach to supporting ethnic minority groups has paid significant dividends to date.

Business support services must take diversity seriously

It is essential to 'take diversity seriously'. Those from minority groups can become successful innovators and entrepreneurs and have much to offer the UK, but they may need tailored business support. In addition, advisors need awareness training; it is not helpful to tell a disabled potential entrepreneur they would be better 'to stay on benefits'.

We must build the entrepreneurial self confidence of the UK. This is particularly important for minority groups who may already feel at a disadvantage.

Government should strive to change the image of entrepreneurship

For many making money is not the primary reason for starting a company. Entrepreneurs are often motivated by an altruistic goal – the desire to make a difference or do something that produces social benefits. There is also a need to make entrepreneurship sound less macho. We are constantly told that entrepreneurs work 24/7 which prevents many groups from considering entrepreneurship as an option. Carers, older people and the disabled can create successful ventures even if they are part time, and new technology provides a platform.

It is essential to get the message out via the media that entrepreneurship is for all and the reasons for taking part can be about improving society, making a difference or fulfilling a dream as well as making money.

Encourage improvement as well as innovation

Innovation may be the recipe for economic well being, but by focusing so much attention on innovation, people who think their ideas are insufficiently ‘innovative’, can be discouraged from starting ventures. They too, can contribute to the vitality of the UK economy. We should also profile successful entrepreneurs who have built companies based on incremental improvements.

It is essential to get the message out via the media that entrepreneurship is for all and the reasons for taking part can be about improving society, making a difference or fulfilling a dream as well as making money.

Build the entrepreneurial self confidence of the nation and of minority groups in particular

We must build the entrepreneurial self confidence of the UK. This is particularly important for minority groups who may already feel at a disadvantage. An individual’s entrepreneurial self confidence can be increased by a combination of appropriate role models to inspire, mentoring and coaching, training opportunities to practice enterprise skills, and experiential learning.

The need for tailored encouragement and support

- **The need to provide role models to inspire**
The problem for minority groups is that they may lack relevant role models. Role models need to be similar in background so that individuals can visualise their own pathway to success (such as Levi Roots, well known for his “Reggae Reggae Sauce” venture as featured on Dragon’s Den).
- **The need for tailored support**
Practical support also needs to be tailored to specific requirements. For example, older entrepreneurs often need particular encouragement and positive reinforcement that their business idea will work. The organisation known as PRIME (the Prince’s Initiative for Mature Enterprise) fulfils a valuable role here through its understanding of their needs and motivations. We need more organisations such as this.

- **Appropriate coaching and mentoring and improved training for advisors**
Small business advisors often lack experience in new venture creation, and are therefore unable to respond usefully to the particular and immediate problems new entrepreneurs require help with. This implies better training for business advisors and a different pattern of recruitment by encouraging more serial entrepreneurs to get involved in coaching and mentoring.
- **The need for ongoing business growth mentoring if UK firms are to grow**
Those in this study reported difficulty in finding advice when they experienced typical growth problems, such as managing cash flow, broadening their skill base, and recruiting the right people. There is a need for ongoing support as the venture develops. ICT could play an important role here; online mentoring may provide a solution, offering access to experienced mentors on a needs basis.
- **The need for a continuum of support**
It is important, that policy makers recognise the multifaceted character of ‘advice’ – from signposting and information, through to coaching and mentoring and that this support is provided as the entrepreneur progresses along his/her pathway to success.

Entrepreneurship and self employment

It is necessary to differentiate between entrepreneurship and self employment and tailor policy to meet the needs of each group. Both are important to the nation, but for many years entrepreneurship has been treated as a way out of unemployment and policy has been developed to facilitate this agenda. Entrepreneurship is now linked to the knowledge economy and policy must be tailored to this aim if we are to encourage our most innovative and entrepreneurial start ups.

The economic case

If just 10% of the 8 million economically inactive could move into self-employment as entrepreneurs, based upon Prime figures there would be an increase in GDP of over £56 billion. (Average turnover of businesses run by the PRIME group of £70,000¹)

Targeted support for the Black and Minority Ethnic (BME) community together with similar support for the over 50’s could produce an additional £9 billion for the economy. This assumes a 50% survival rate for BME businesses (BME founders from all age groups), and a 70% survival rate for the over 50’s. (PRIME data suggests that whilst that companies founded by younger entrepreneurs have a failure rate of up to 72%, those started by older entrepreneurs have a 70% survival rate²).



¹Prime 2004 Towards a 50+ Enterprise Culture – www.primeinitiative.org.uk
²Prime op cit

Report context and objectives

The competitive challenge for the UK

The global economic context

The technology and communications revolution is fundamentally changing the nature of the global economy. The shift towards knowledge-based jobs is contributing to a 21st Century work revolution, placing a greater emphasis on innovation, skills and the creative economy, driven by entrepreneurial small and medium-sized businesses.

To ensure future competitiveness, the UK faces a number of opportunities and challenges:

- Adapting to an increasingly knowledge-based economy
- Fostering a climate that supports and enables innovation and entrepreneurship
- Ensuring the right mix of skills and a ready supply of innovators and entrepreneurs
- Managing significant societal shifts in terms of an ageing population and a fast-changing ethnic mix

In the US, entrepreneurship accounts for 80% of new jobs created and is a driving force for innovation. During the past ten years the UK government has focused on the development of the knowledge economy as the key to economic growth, and much is being done to encourage entrepreneurship and innovation to replicate successful US initiatives. For example, Regional Development Agencies are promoting and supporting new venture creation, and universities have been provided with funding so they can develop the infrastructure to support academic researchers in science and technology to commercialise their inventions.

Government organisations have been established to promote research and development of new technologies within the life science and IT industries. In addition, much support is being given to Small and Medium sized businesses.

Unlocking the innovation/entrepreneurial potential of all groups

But where do we find the talented people who will continue to makes these ideas happen and help us compete?

There has been a particular focus on encouraging young people to develop enterprising skills and embrace new opportunities for innovation. A range of new initiatives has been launched targeting the innovators of the future. The work of organisations such as NESTA and Enterprise Insight has raised the nation’s awareness of the opportunities that exist.

Funding has been provided to Schools and Universities to encourage them to introduce enterprise teaching as part of the curriculum, and leading business schools such as Cass Business School teach students about innovation, product development and new venture creation.

Part of the solution must be to make better use of the pools of talent that have previously been underutilised.

Organisations such as Young Enterprise and the Prince’s Youth Business Trust provide coaching and mentoring to encourage the young to seize new opportunities and embrace entrepreneurship.

These initiatives are successfully promoting innovation, but they are aimed at a small percentage of the population. University researchers are increasingly bringing new innovations to the market place and young people will create the next generation of innovators and entrepreneurs, particularly once they have some business experience. But what about the rest of society, could they be encouraged to embrace entrepreneurship?

Part of the solution must be to make better use of the pools of talent that have previously been underutilised. In the UK alone, eight million people regard themselves as unable to work, as the result of either disability or a combination of enforced early retirement and redundant skills.

There is a clear need to do more to recognise the talents, insights and experience of all groups – including older people, ethnic minorities and the disabled. These include many people who have proven experience, specific and in-depth marketplace knowledge, and special insights into serving the needs of particular customer groups.

Defining innovation

We define innovation as “the successful commercial exploitation of new ideas”³. New firms are a primary source of such innovation, developing new products and services to meet unmet needs, and new business models to deliver these in effective, cheaper, more profitable ways. Information and Communications Technology (ICT) is often and increasingly core to this innovation in what firms deliver and how they deliver it. While established large firms are also a source of innovation, Small-Medium Enterprises (SMEs) are increasingly outperforming their larger competitors⁴. The creation and growth of entrepreneurial new firms is thus of crucial importance to economic dynamism and to innovation in the economy, and for this reason, they are the focus of this study.

Unlocking the potential of the UK’s Hidden Innovators

Research goals

This study sets out to investigate how UK society can become more involved in the innovation agenda, with a focus on the over 50s, UK Indian entrepreneurs and those with a disability, to reflect the diverse minorities in the UK today.

It estimates the potential economic value of these “hidden innovators” to the UK, and gives recommendations on how we can create the conditions to enable these groups to thrive.

It asks how these groups can be more in touch with the need for innovation and entrepreneurship, and what will help them. What factors similarly can influence the creation of new ventures generally in the UK?

The report also explores how our “hidden innovators” have latched on to the potential of technology to make their ideas happen – from being simply a necessary support to the business, to providing new ways of doing business through the web.

In summary, the study explores the psyche of modern-day Britain and society’s relationship with innovation. It looks broadly at the political, economic, sociological and technological conditions that are necessary for innovation and creativity to flourish, and examines the pathways and barriers to innovation that exist for certain of the UK’s minority groups.

Research scope and structure

Based on an analysis of existing data and ‘what if’ scenarios, we have estimated the potential economic value of these groups.

A key feature of the study is a range of in-depth profiles of successful entrepreneurs, which provide a first hand insight into how individuals from each group have managed to overcome barriers and achieve business success.

First, we examine the secrets of their success, which provide useful learnings and pathways for others to follow.

Second, we identify issues particular to each of the three groups, for maximising their potential to greater effect – including special attributes and resources that equip them to become entrepreneurs and some of the barriers they have had to overcome.

These insights, combined with an analysis of existing literature on the challenges facing these groups, help to inform recommendations for creating a more inclusive innovation and entrepreneurial culture in the UK for these and other groups to thrive.

The report draws together a robust body of knowledge about the entrepreneurial start-up process and what makes for entrepreneurial success (See Annex A). Our findings add new insights to these.

These themes are explored in the interviews with our entrepreneurs (Annex B), and the resulting in-depth cases (Annex C) provide rich evidence of the importance of these issues in a vivid way that we hope is inspirational and instructive.

To test and develop our findings in terms of the wider policy issues, we also convened a series of focus groups on each of the three groups. We are most grateful to all those who participated in both the cases and focus groups.

We are moving to a situation where people will live longer, be more active for longer ... and will need to generate an income.

³Gann & Dodgson, (2007). Innovation Technology: How new technologies are changing the way we innovate. London: NESTA: 7.
⁴Developing the Future (2007). Microsoft, p26.

The three groups

Three groups were chosen to represent the many diverse minorities that exist within the UK:

- People who become entrepreneurs at 50+
- UK citizens of Indian origin
- People with a disability

Thirteen case studies featuring successful entrepreneurs from these three groups were researched to investigate the pathways and barriers to their success. They were all self-starters, without the benefit of inherited wealth. They were also all scalable with growth prospects and ambitions, rather than just ‘life-style’ businesses.

Entrepreneurs at 50+

One in six people in the UK is over sixty-five. By 2031, the average age of the population will climb from 39 to 44⁵. We are moving to a situation where people will live longer, be more active for longer, may require increased healthcare, and will need to generate an income if they are to have a reasonable quality of life. In the USA, the over-50s are making a significant contribution to the innovation and entrepreneurship agenda. They could also do so in the UK.

The five cases featuring older entrepreneurs are:

Tony Baxter founded Sandcliff AB in 1994 as a consultancy organisation, advising clients in the public sector on strategic management issues, with a particular focus on fund raising. Prior to this he had an early career in the music industry, followed by a number of senior management positions including the National Trust and Great Ormond Street Hospital.

Derek Broomfield founded Focus Cooling in 2002. This is an air-conditioning energy management company that offers installation and maintenance services to industrial and commercial customers. Derek’s earlier career had followed a conventional pattern of apprenticeship followed by engineering work, culminating in senior management positions in the air conditioning industry.

Tony Howell started an on-line auction web site for white truffles in 2007. Previously Tony worked in financial institutions in the City for a number of years, most recently as a treasury consultant. He quit this profession in 2005 and became involved in designing and installing CCTV and control systems for commercial premises, before setting up whitetruffleauction.com.

Professor Peter Jenner founded Proximagen in 2003 as a drug discovery and development company, focused on novel therapeutics to improve the quality of life for patients suffering from neurodegenerative diseases such as Parkinson’s and Alzheimer’s disease. Peter is a career scientist who has worked in this area for many years.

Sally Walton started Carry a Bag in 2006 to manufacture environmentally friendly shopping bags as an alternative to the plastic bag. The bags are handmade using strong ‘Fair Trade’ organic cotton ticking lined with recycled home furnishing fabrics. Sally’s earlier career was in writing and illustrating books on interior design and arts and crafts products.

The report also explores how our “hidden innovators” have latched on to the potential of technology to make their ideas happen – from being simply a necessary support to the business, to providing new ways of doing business through the web.

UK citizens of Indian origin

The UK is a very diverse society, which receives migrants from many nations. Some of these nations, such as India, have a tradition of entrepreneurship. In the US, migrants create more new ventures than any other group and their contribution to the knowledge economy through technology-based start-ups is significant. Whilst migrants are making a valuable contribution to the UK economy, the percentage of start-ups – particularly technology-based start-ups – has until recently lagged behind that of other groups. Furthermore, the level of innovation and entrepreneurship exhibited by different ethnic minority groups is very varied. Indian entrepreneurs have been relatively successful in the UK. By exploring their pathways and barriers to innovation we seek to learn how other ethnic groups can increase their level of entrepreneurship activity.

The four cases featuring Indian entrepreneurs are:

Rami Ranger came to England in 1971, and started Sea, Air and Land Forwarding Ltd in 1987 to ship unaccompanied baggage back to Africa for immigrants and visitors. Sun Oil Ltd grew directly out of this in 1995 as a food distribution company, and now has a turnover of £60 million.

Pinky Lilani came to England in 1977, and after raising a family, established Spice Magic in 2001 to market her book on Indian cookery. From this, she branched out into a range of other activities, including marketing spices and consulting to food companies.

Suchit Punnose came to the UK in 1995 with ambitions to run his own business from an early age. He started as a broker facilitating import and export transactions, and after a series of further ventures, established Red Ribbon Property Investments Plc as a boutique asset management firm for high net worth individuals to invest in property in India.

Neelesh Marik came to the UK in 1999 as UK Head of Sales for Infosys, following degrees at the Indian Institute of Technology (Mumbai) and Institute of Management (Bangalore), and a career in sales and marketing, management consultancy and IT. He founded Value Chain International in 2006 with four Infosys Indian colleagues.

Entrepreneurs with a disability

In the UK, as in many cultures, people with disabilities contribute to the economy by starting entrepreneurial ventures. This study examines the contribution to the knowledge economy of those with dyslexia and visual impairment.

The British Dyslexia Association⁶ suggests 10% of the general population suffer from a degree of dyslexia. However, recent studies indicate that about 19% of UK entrepreneurs are dyslexic, and that the proportion in the US is almost double this⁷.

New information technologies have the capability to liberate and empower visually impaired people in the UK, over two-thirds of whom are unable to gain any form of employment. The State does offer generous grants (up to £16,000) to buy computer equipment and special software – but the paradox is that applicants are only eligible if they have a job. Technology has also played a major role in helping many dyslexics overcome their difficulties.

The four cases featuring dyslexic or partially-sighted entrepreneurs are:

John Cavill left school at 16 with no qualifications and became an engineering apprentice. He moved into sales and marketing with high tech firms in the USA, and despite his dyslexia pioneered networking technologies as director of a subsidiary for ten years. At 40, he gathered a ‘dream team’ of expert colleagues and founded Logical Networks. When sales hit £50 million he sold the firm, and now runs Intermezzo Ventures to assist budding entrepreneurs.

Janette Beetham did poorly at school. Later both she and her son were diagnosed with dyslexia, but with determination she gained a degree in her 30s. Divorce liberated her to test her business ideas. After trying a shop, she launched evening-belle.co.uk to reach and interact with many more clients via the web. Integration of this virtual shop window with order entry systems enables Janette to run her business from anywhere.

Roger Wilson-Hinds achieved academic success despite his blindness and rose to senior jobs in education. But he was uncomfortable as an employee and, when 50, he and his wife, Margaret Wilson-Hinds, started a successful business to supply ICT equipment and teach other blind people how to use it. Illness struck. While recovering, Roger resolved to create and give away screen reader software to any blind person. Now with 100,000 users, ‘Thunder’ is gaining large fees for developing variants.

David Murdock has been visually impaired since birth. After being bolshie and outspoken at school (as he is the first to acknowledge), he progressed to post-graduate studies, but then found no-one would employ him. With two blind friends he identified an unmet need – access to many corporate websites does not comply with the Disability Discrimination Act. Clarifeye.com solves this problem for firms, and now also offers integrated systems for professional firms.

⁵see www.statistics.gov.uk. Sources: Mid-year population estimates: Office for National Statistics, General Register Office for Scotland, Northern Ireland Statistics and Research Agency. Published on 22 August 2007

⁶see www.bdadyslexia.org.uk ⁷Logan, 2008

The potential economic contribution of hidden innovators

UK economy could grow by 10% if we tap potential of over 50s

Prime suggest the economy would be 10% larger if employment patterns for the over 50's were the same today as they were in 1979⁹. In 1979, 84% of men between 50 and 65 were working now it is only 73%. Encouraging this group to embrace entrepreneurship could go some way to turning this figure around. This would increase GDP from £1,300 billion⁹ to £1,430 billion.

75% of the 1.3 million on incapacity benefit say they would like to work. If just 10% of these could be encouraged to create a new venture this could mean a further 97,500 new ventures.

If just 10% of the 8 million economically inactive could move into self-employment as entrepreneurs, based upon Prime figures there would be an increase in GDP of over £56 billion. (Average turnover of businesses run by this group is £70,000 – Prime 2004).

In the US a third of entrepreneurs are over 55 (US Census 2002). If the UK had the same dynamic, there would be 18% more entrepreneurial ventures. This should not be overlooked, particularly as the current over 50s are much younger in outlook and have better health than in the past.

Targeted support to older and disabled groups could lead to an extra 34,000 new businesses a year by 2012 – worth at least an extra £1.6 billion per year.

Governments in the UK have wanted to integrate immigrant communities and overcome relative poverty and pockets of disadvantage. As a result, the BME community have received specialised support and training for enterprise because they experienced particular barriers to entrepreneurship, including lack of confidence, lack of funding and lack of role models. Targeted support for this group seems to have been a phenomenal success, with a 12% increase in the creation of new ventures year-on-year for the past four years¹⁰.

The barriers experienced by the BME community are many of the same barriers that older and disabled groups face. If specialist training and mentoring was available together with access to funding for these groups, it could enable them to follow the pattern exhibited by the BME community. The Enterprise report 2005¹¹ prepared by Enterprise Insight suggest there are 400,000 new ventures created every year. At least 15% of these start ups are created by the over 55's.

An increase in start ups by this group of a similar 12% a year could result in an increase in the number of new start ups by 34,000 in total after four years. Whilst figures show that about two thirds of start ups fail, Prime suggests 70% of new ventures created by the over 50's succeed. We can therefore estimate that after four years there will be an additional 23,800 new ventures contributing at least a further £1.6 billion turnover to the economy.

Whilst figures show that about two thirds of start ups fail, Prime suggests 70% of new ventures created by the over 50's succeed.

Continued targeted support for the BME community, together with similar support for the over 50s, could produce an additional £9 billion¹² for the economy (assuming a 50% survival rate for BME businesses from all age groups, and a 70% survival rate for the over 50s).

Better support for dyslexics could add an extra 560,000 entrepreneurs to the UK economy

Dyslexics make up 19% or 600,000 of the 3.5 million entrepreneurial population in the UK but in the US 35% of entrepreneurs are dyslexic¹³. The fundamental difference between the two groups seems to be their level of self-confidence. As there is a similar incidence of dyslexia in the general UK and US adult populations, one might expect a similar incidence in the entrepreneurial population. If dyslexics in the UK were provided with tailored training and mentoring to increase their skills and confidence, there could be an increase in the number of dyslexics creating new ventures. If US rates were matched a further 560,000 dyslexic UK entrepreneurs would exist.

Furthermore, it is estimated that up to 50% of the UK prison population are dyslexic and many of those on drugs are dyslexic. Entrepreneurship training may be one way to encourage this group to pursue an alternative career and reduce the numbers of re-offenders.



⁹Prime 2004 Towards a 50+ Enterprise Culture – www.primeinitiative.org.uk
¹⁰http://www.statistics.gov.uk/downloads/theme_economy/Blue_Book_2007_web.pdf
¹¹Barclays 2005 – www.newsroom.barclays.co.uk
¹²http://www.makeyourmark.org.uk/policy/policy_documents
¹³Figures for average turnover of start ups taken from data of www.berr.gov.uk
¹³Logan, J. (2008). Op cit

The secrets of success – What can we learn from successful innovators and entrepreneurs?

Why do entrepreneurs start businesses? How do they go about setting them up? What personal resources do they need? What are some of the key skills? How do they create the basis for future growth? Here we give insights into our entrepreneurs' success, and the lessons for others to follow.

The following illustration explains the typical path an entrepreneur follows when setting up a business, from the initial trigger through to business set up and growth phases. Using this process, we follow our "hidden innovators" and identify their secrets of success.

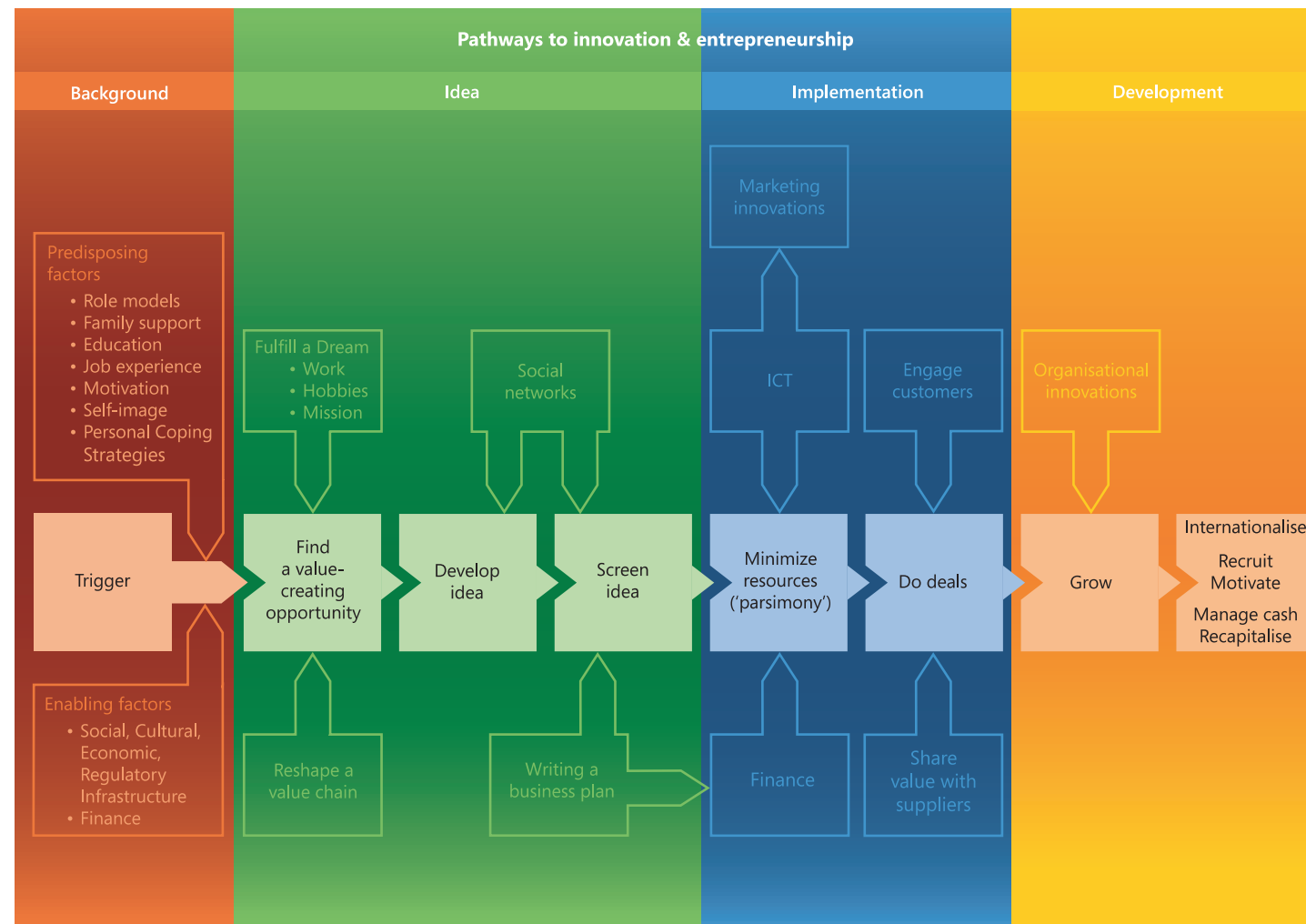


Figure 1 puts these findings and insights together into a map to show the 'pathways to innovation and entrepreneurship'.

The trigger

The trigger to starting a business is often some kind of disruptive event. Whether a person takes an idea for a new business forward, however, depends on various pre-disposing and enabling factors.

The trigger

Three kinds of common trigger occur – economic necessity (for example, loss of a job), divorce, and health scares. However, five of the thirteen entrepreneurs took a conscious decision to start out on their own independent of some disruptive event. Significantly, this included three of the older entrepreneurs. For them, there was a complex range of driving motives and enabling factors – an accumulation of expertise that made entrepreneurship seem possible, but also a sense of wanting to re-establish control in their lives:

"I was in my early 50s and had seen other people in this situation approaching the end of their working life and becoming increasingly less well-regarded. I could see people being sidelined and not having control over their environment and this prospect did not appeal. I like being in control and in charge."

All entrepreneurs seek to realise a desire for control, self-realisation and autonomy to some degree.

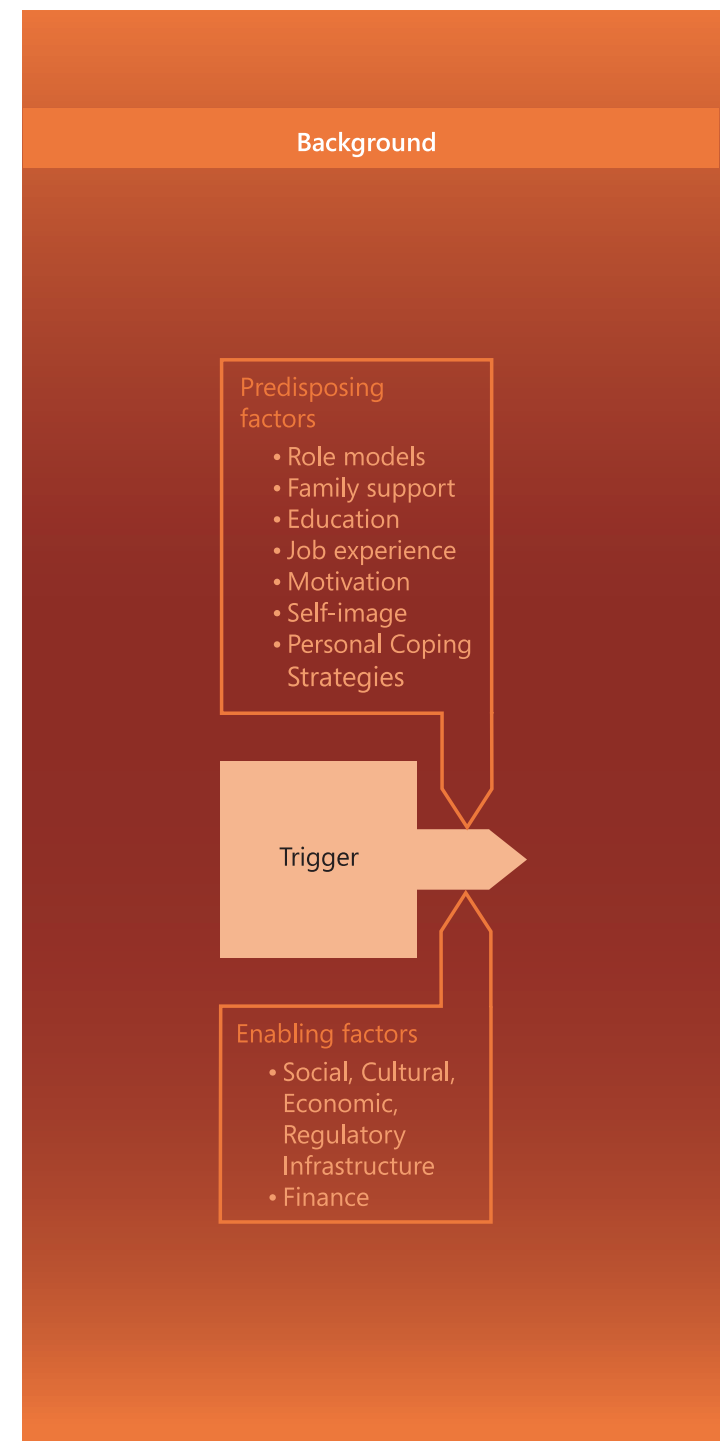
Pre-disposing factors

While role models and family are frequent factors giving support, the most conspicuous reasons are prior job experience and education in ensuring expertise. Eight of the businesses were established from this. However, it is not just any job experience, but experience that prepares one for running a business, and initially in a relatively safe environment, that is needed:

"Before you plunge into a business, get experience working for someone else so you can learn, because there's a lot more than meets the eye. Use their base to learn the tricks. Then you can judge – if you're not fit for a small job, you're not fit for a big job. Running a corner shop was probably the most important factor in my success. I learnt a lot about running a business, and it gave me a financial start."

Enabling factors

However, what distinguishes the level of new business creation is the supportiveness of the social, cultural and economic infrastructure, especially the availability of finance. Minority groups face distinctive barriers, but sometimes have special assets and advantages.



Find a value creating idea

A successful idea creates value for someone. Ideas often come from work experience, hobbies and enthusiasms. But they also arise from reshaping existing value chains to meet needs differently. This gives rise to innovative business models that disrupt how competitors operate. Many new successful businesses involve novel routes to market and novel ways of sourcing what they need.

Create value

Previous work experience opened the eyes of many of our entrepreneurs to an opportunity to do something new. In four cases this was combined with a particular passion or hobby:

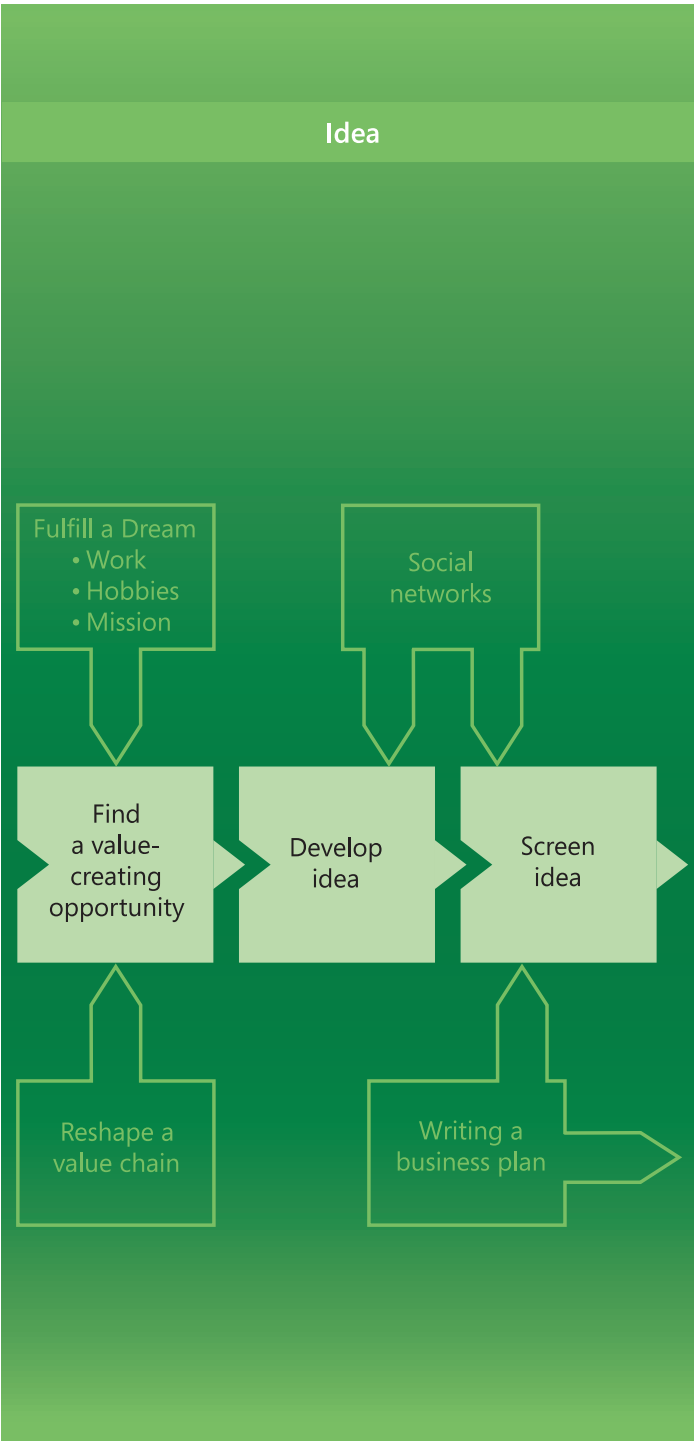
“My experience in the financial trading industry has shown me that whenever there is something that has value, then there is an opportunity to set up a trading platform to bring buyers and sellers together. Fresh white truffles have a very high value; in fact by weight more expensive than gold. The idea of a white truffle auction seemed too good an opportunity to miss out on”.

Reshape the value chain

Eight of the cases have developed original ways of doing business, and many are highly innovative in their marketing approach. ICT has opened up many opportunities for this – from the white truffle auction website, to software for value chain re-engineering, to the use of advanced web marketing tools. Often, such ideas confront scepticism and resistance. As John Cavill's US suppliers said about his idea of simultaneously using direct and indirect channels to market:

“There would be no trust in the channel; people won't understand; it won't work and we can't support it – so we won't supply. You'll be out of business in a year.”

“My experience in the financial trading industry has shown me that whenever there is something that has value, then there is an opportunity to set up a trading platform to bring buyers and sellers together.”



His eventual sale of the business for £50 million disproved that:

“Lots of people now use a dual channel business model. It is disruptive, and you have to earn people's trust.”

Similarly, when the husband and wife team of blind entrepreneurs, Roger and Margaret Wilson-Hinds, determined to give away their ‘Thunder’ screen reader software free to blind users, people ridiculed their “non-business model”. But they saw this as the quickest way to change the lives of blind people, and the way to ensure strong long-term income streams from the national and international institutions that could really pay for it:

“The web offers peer-group support and networking [especially valuable to blind people] and viral marketing. With very little money you can be round the world. Saying ‘it's free; try it’ breaks all the traditional rules.”

Develop and screen the idea

Ideas go through a 3-stage process – finding, developing, and screening an idea. Entrepreneurs shape their ideas through discussions with others and through their social networks. Writing a business plan is a way of refining and providing a reality check on an idea as a practicable business proposition. However, there is disagreement about the necessity and desirability of time spent on this, and on other formal preparations such as market research. On many occasions, it is necessary to grab opportunities during a short ‘window of opportunity’.

Shape ideas with other people, and seize opportunities – you don't necessarily have to write a business plan

Despite what students are taught and what would-be entrepreneurs are told by small business advisors, hardly any of our entrepreneurs wrote a business plan or did systematic market research prior to setting up their business. However, all those entrepreneurs who developed a business from their prior work experience went through a long period of moulding their ideas first. In fact, they did intensive preparation. This shows what really counts – observing and thinking about a market opportunity and testing it over and over in one's mind, and realistically assessing one's skills and the resources that will be needed. Business plans are supposed to expose these things, but are often merely tokenistic:

“I set up a business and then did a business plan. This is not quite true – I had one week to make up my mind, and I did a very sketchy outline plan. There was a government scheme, which paid £50 a week for new business starters, which I took advantage of. I didn't do formal market research, but I knew a lot about the size of the market, the nature of the people in it and what they wanted. And I decided to exploit my skills. I didn't talk to anybody. I think this may be regarded as a weakness of mine, in that I tend to go and do things without reference to other people. I do not easily take advice – I listen to it and evaluate it, but then make up my own mind.”

Above all, the true entrepreneur is someone who acts, and doesn't just plan. They have to be decisive, grabbing a ‘window of opportunity’ before it passes:

“I do think one part of the entrepreneurial spirit is to get things done as quickly as possible.”

Build networks – they are a valuable resource

Many start a venture drawing on existing networks. Value Chain International was started by five friends – “we knew each other as friends and colleagues, as we all had leadership positions for Infosys in various parts of the world”. This gave access to technical knowledge, extensive knowledge of the market, and to financial backers.

John Cavill contacted people he'd worked with in the IT network industry to assemble his dream team:

“What got me over the hurdles was the combination of my track record, my network of contacts, experience of the sector, reputation, relationships with manufacturers, and a proven ability to deal with bankers and accountants.”

“I do think one part of the entrepreneurial spirit is to get things done as quickly as possible.”

Others may have to create their business networks. Networks are crucial, and recognising opportunities to build them marks out the true entrepreneur as in Pinky Liliani's experience:

“Don't just talk to those who you think may be able to help you. Take an interest in everyone you meet.”

Minimise resources

People often make the mistake of thinking they need large sums of money to start a business. Increasingly, new businesses can be started with limited capital. ‘Resource parsimony’ is an important attribute of a successful start-up and a successful entrepreneur.

You often don’t need a lot of resources to start up

Only two businesses started with significant funding – Value Chain International with angel investors and the founders’ private resources; and Proximagen with an AIM flotation for its drug pipeline. The rest relied on a typical mix of personal savings, small grants, and bank loans. Janette Beetham’s business is typical:

“It was set up on a shoestring, with no borrowings”

As Rami Ranger argues:

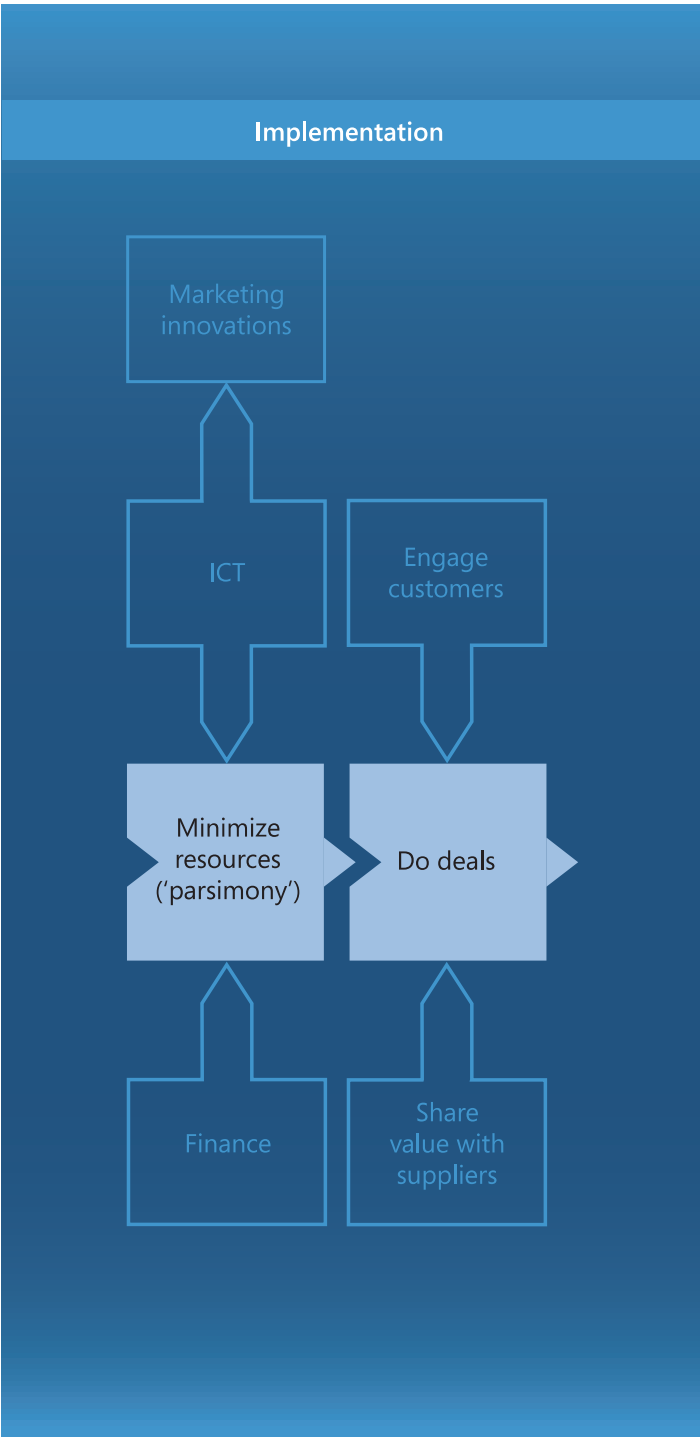
"For a service business, you don't need much. You offer your personal services. I'd go round the electrical businesses in Tottenham Court Road, giving them my card and building my relationship with the store managers, who would then recommend me to their customer for transportation. My initial business was built on word of mouth. In a service industry, it is only satisfied customers who will recommend you."

The other side of this is a continuing desire to minimise financial exposure:

"I've never taken a risk, I was very careful. If you have a rich father, you can take risks. With my humble background, I could never ever take a chance. Only desperate people take desperate measures. If you take risks, you're not a business person. In business, you take calculated risks."

This does not mean, however, that businesses started in this way are destined to remain small. Rami Ranger’s Sun Oil has grown to a £60 million a year turnover in 20 years, and David Murdock’s Clarifeye.com anticipates £4 million sales in its 2nd year, and has plans for expansion through a chain of franchises – all through internally generated funds and reinvestment.

ICT enables businesses to do many things much cheaper and to reach many more customers at great distances more easily, opening up novel channels to market.



Do deals

Entrepreneurs sell to customers, not to markets. This means understanding what people value and will pay for as potential customers. Selling is a key skill, but it is frequently misinterpreted as getting people to buy something they don’t want. On the contrary, selling means understanding customers and what they value. It is a skill deployed in a wide range of ways. Thus, successful entrepreneurs create value for customers, for suppliers, and for themselves. ‘Doing deals’ is a key process in shaping mutual shared value for all.

Sell to customers

Many would-be entrepreneurs talk about ‘markets’, not ‘customers’. This is one of the key bits of learning new entrepreneurs have to discover, and what marks out the effective business person – visualising and relating to customers as real people, with defined characteristics, which make them want to buy your product or service. Recognising and appreciating the customer is notable across all our entrepreneurs. The customer is someone they visualise as a person, with very distinct needs and characteristics:

“I wanted to see what IT could do for people’s lives. You have to able to see the other’s person’s point of view. People [like the blind] who can’t get a job are less likely to be able to articulate their need.”

In a service business, it means understanding how important the service might be to the other person, and looking after them carefully:

“Empathy for the customer is very important. You won’t succeed if the customer doesn’t need it. You must imagine how this man is going to sell. It’s my responsibility that this is sold to the end-user. You must manage your customer. Don’t let him over-stock. Have a long-term feeling for the customer.”

This ‘personalising’ of the customer, however, is analytical (thinking systematically about markets) as well as concrete (having a clear image of the customer):

“My approach has been to segment the market, and there are only three sectors that I go for. The rest I disregarded. Within those target markets, we know who the prime purchasers are, and these will be chief executives and principals, rather than departmental heads. We know who those people are, and we keep track of their movements from one organisation to another, and aim to develop personal relationships.”

Do deals that create mutual value

Mark McCormack once advised – “All things being equal, people will buy from a friend. All things being unequal, people will also buy from a friend. Make friends.”

“Get your supplier into some kind of partnership, so that if he let’s you down, he’s letting himself down.”

Rami Ranger perfectly expresses the same sentiment:

"I make strategic alliances with local people. I get my first local contact by selling them the branded product. I then say, there's a secondary brand that's cheaper, so why don't you put them both together on the shelf, and we can both make more money. And I then give them free samples to taste. To gain something, you have to lose something."

Similarly, Janette Beetham:

“Get your supplier into some kind of partnership, so that if he let’s you down, he’s letting himself down.”

Such relationships become long-term assets of the business – something accountants recognise when they put a financial value on this as ‘goodwill’.

“If you take risks, you’re not a business person. In business, you take calculated risks.”

Grow

Finally, innovation often also requires organisational innovations. New businesses need to think how they can engage and motivate people, and new entrepreneurs are often keen to imbue a business with their own personality. The way a business is set up from the beginning can affect its ability to grow in the longer term. Most certainly, there will be new challenges in managing growth – in recruitment, maintaining motivation and enthusiasm, and continuing to manage cash carefully.

Create better organisations

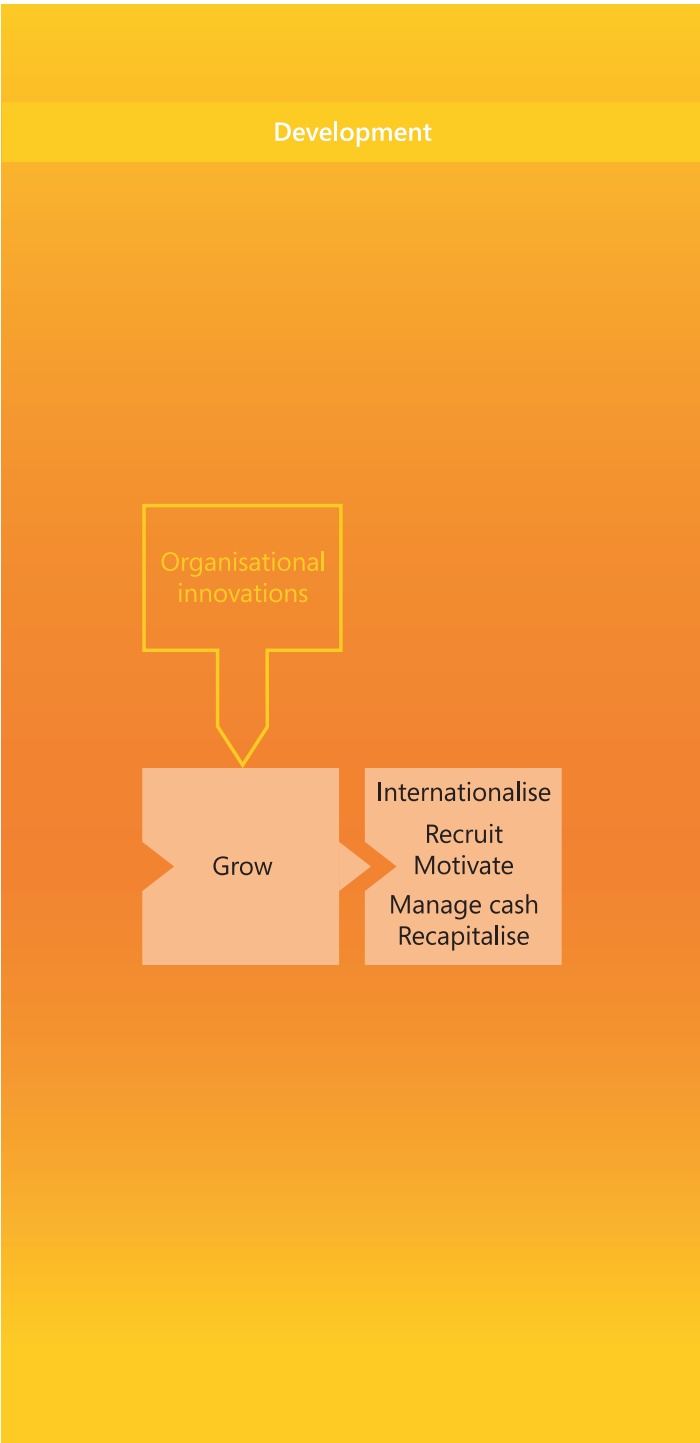
Older entrepreneurs are particularly aware of the need and opportunity to create novel ways of running a business, which often comes from their own frustrations in battling with bureaucracy. Typically, this means giving employees a financial stake:

“One of the objectives of setting up the company was to give greater financial stability to some of these [university] research workers. Now they are in the company, they have a personal stake in its financial viability and can make a personal contribution rather than be dependent on grants.”

In some cases their employment philosophy directly serves the business offering – as the website of David Murdock’s Clarifeye.com says:

“The majority of our team members have some form of disability. Because of this, we experience first hand the difficulties badly designed websites bring.”

“The majority of our team members have some form of disability. Because of this, we experience first hand the difficulties badly designed websites bring.”



Barriers and enablers for Hidden Innovators

Robert Hisrich¹⁴ suggests that entrepreneurial characteristics and innovative ideas can be found among all groups in all societies. But what distinguishes the level of new business creation is the supportiveness of the social and economic infrastructure, especially the availability of finance. In this section, we consider the barriers and enablers that face each group. Some of these are distinctive to their situation; some are shared problems. We highlight key issues and recommendations for policy.

People who become entrepreneurs at 50+

The number of businesses being set up by people aged over 50 is on the increase¹⁵, with older entrepreneurs now accounting for approximately 15% of all business start-ups in England and Wales. This compares with 10% a decade earlier. In part, this is due to demographic shifts, with more than a third of the UK population due to be over 55 by 2025, compared with currently one in four. Redundancy, early retirement, and dissatisfaction with previous jobs are other contributing factors.

Other key statistics¹⁶ include:

- Nearly a fifth of older entrepreneurial start-ups are founded using redundancy payments, and more than half are in a business area the entrepreneur previously worked in.

Businesses started by the over-50s have higher survival rates than those of younger entrepreneurs – in some cases as much as three times better.

- The average turnover for businesses owned by the over 50s is £70,000, compared with a national average of £104,000. But while this suggests a slower growth rate, only 27% of older owner-managers are relying on the business as the family's sole source of income.
- Older entrepreneurs have extensive levels of industrial and management experience, superior personal networks and a stronger financial base¹⁷ – in short, they possess more social, human and financial capital – and face fewer business risks at this stage of their lives than younger people. Older people seem to think more clearly about objectives and pitfalls.
- But they have less education than younger entrepreneurs, may have failing health, and are affected by family life cycles. Conventional wisdom suggests they are risk-averse, but the evidence is incomplete and conflicting¹⁸. Their approach is better described as prudent.
- Businesses started by the over-50s have higher survival rates than those of younger entrepreneurs – in some cases as much as three times better. But they exhibit slower rates of growth in terms of employment and sales, than businesses established by PRIME age individuals¹⁹.

- The majority of older entrepreneurs are male²⁰. On the other hand they have lower levels of health, energy and productivity and suffer from an ageist view of their prospects.

On the face of it, these findings are moderately encouraging, but as Smallwood and Obiamiwe²¹ point out:

"Impressive though this achievement is, however, it has to be set against the stark fact that there are nevertheless more people over 50 who are economically inactive now than there were in 1997... The population is ageing, and the number of people in the 50+ age group is growing at twice the rate of the population generally. As a result, despite the progress made, the number of economically inactive over-50s is not falling and seems unlikely to over the foreseeable future without fresh initiatives."

The problem is recognised by government, and being addressed by PRIME (the Prince's Initiative for Mature Enterprise), a not-for-profit company that aims to improve opportunities for the over-50s and encourage them to consider self-employment and enterprise. PRIME argues²² that more could be done to create a favourable environment for business support, to create the foundations for an expanding 50+ entrepreneurial society.

Key case themes

Being enterprise-ready
Entrepreneurial qualities and inclinations are often dormant in the older entrepreneur. All five older case studies showed signs of entrepreneurial behaviour in their earlier career, and it has taken some critical event to bring it into the open. The triggering event is therefore important – perhaps especially so for older entrepreneurs.

Readiness to continue learning
A particular personality characteristic of the older entrepreneur, is the ability to go on learning, all entrepreneurs require this in some measure but it matters more the older a person gets:

"I think it very much depends on the person – everybody has a physical age and a mental age. I always think that the age at which they have stopped listening to new music or new ideas is the age at which they have stopped developing. So if you have stopped in your "life development" then I do not think it is a good idea to start a new business". (Tony Baxter)

This could be a good indicator of the 'enterprise ready' versus the 'enterprise unready' (or 'unsuited') older person. The latter will require much more work to prepare them.

"Money was one motivation, but alleviating the symptoms of Parkinson's was another."

Consuming passions and interests

The business created is frequently a reflection of personal interests or a consuming passion to make a difference:

"It was a book that was ahead of its time and my research for it had fired me up. My response to this rejection was that if I am going to do something, I'm going to do something that I really care about." (Sally Walton)

Peter Jenner's company resulted from a lifetime of scientific research to alleviate the effects of Alzheimer's and Parkinson's disease:

"Money was one motivation, but alleviating the symptoms of Parkinson's was another. I do a lot of work with support groups up and down the country and when you look these people in the eye, you can understand the gulf between our research and their practical needs. We aim to reduce the gap."

Interestingly, none of the older entrepreneurs were in it just for 'life-style' businesses to provide an income. Most wanted to create businesses that would last and become substantial, sustainable revenue generating enterprises. This suggests the extent of true entrepreneurship among the older population may be greatly underrated.

Accumulated social, human and financial capital
The cases confirm clearly how the older entrepreneur is able to draw on previous experience, know-how, social networks, and personal financial resources. This, and the passion they bring to it, may be why such businesses started by people in their 50s have a greater tendency to survive.

Derek Broomfield and Peter Jenner were both acknowledged technical experts in their very different fields, which gave

them access to a range of other skills, especially when the need came to employ others; Tony Howell transferred his knowledge and experience of on-line trading in financial services to his idea for white truffle auctions; Tony Baxter had a thorough insight into his market from having worked in it for years.

A particular ... characteristic of the older entrepreneur, is the ability to go on learning, all entrepreneurs require this in some measure ... it matters more the older a person gets.

The late 30s are regarded as the optimum time to start a business for similar reasons, but at 50 this experience is still, or even more, valid.

Specific needs for support – confidence-raising, mentoring and advice

Despite the advantages of experience, the 'new' older entrepreneur still may need some support. This is likely to be around giving confidence to take the initial step, since the fear of failure can build up over the years. Our entrepreneurs, however, were all strong-minded, independent types. PRIME has found that around a quarter of would-be older entrepreneurs just need a little encouragement and reassurance, and then are ready to go.

¹⁴Hisrich, R.D. & Peters, P. (2002, 5th ed.). Entrepreneurship. New York: McGraw-Hill/Irwin

¹⁵Patel, S. H. and C. Gray (2006), The Grey Entrepreneurs in the UK, IKD Working Paper No. 18, Milton Keynes: Open University

¹⁶op. cit.

¹⁷Weber, P. and M. Schaper (2004), 'Understanding the Grey Entrepreneur', Journal of Enterprising Culture, 12 (2), 147-164

¹⁸Hart, M., Anyadike-Danes, M and R. Blackburn, (2007), Entrepreneurship and

Age in the UK: Comparing Third Age and Prime Age New Ventures Across the Regions, Small Business Research Centre, Kingston University

¹⁹Peters et al., 1999

²⁰Weber, P. and M. Schaper (2004), ibid.

²¹Smallwood, C. and L. Obiamiwe (2008), Improving Employment Prospects for the over 50s London: Prince's Initiative for Mature Enterprise

²²PRIME (2004), Towards a 50+ Enterprise Culture, London: PRIME Initiative Ltd

Their greater need is for coaching, mentoring and advice on specific problems, often after the business has been going for a while. PRIME recognises this as a critical issue and puts considerable effort into designing appropriate mentoring schemes. A key role of a mentor is to provide emotional support when the initial glow may have faded, the going gets tough, and the informal management procedures that contributed to the early excitement and success may no longer be sufficient:

A key role of a mentor is to provide emotional support when the initial glow may have faded.

“This was my biggest mistake. Turnover doubled but costs escalated and profit went down. We never got out of this cycle, costs were almost impossible to control. I did not have the determination from any of the people that I employed, who were psychologically tuned to be employees rather than consultants and for two years it was very rocky. So I shrunk the business down to a virtual business again and bought in consultants whenever I needed to use them.” (Tony Baxter)

Derek Broomfield also had to overcome growth problems in the second year of the business, when his company was growing quickly and he was losing control of his cash flow.

The older entrepreneur is assumed to have some advantage here, because of years of experience in a large organisation where their management skills have been developed.

However, our five entrepreneurs have typically only been on the margins of corporate life, or not had to handle growth or turnaround issues (although neither would most corporate managers). They therefore turn to training, mentoring, and consultants, but often have difficulty getting exactly the help they need.

Age is not an issue

An interesting characteristic is that none of our five older entrepreneurs like to be labelled as such. They rarely mention their age, or regard age as an issue. They talk about the generic problems and the challenges of being an entrepreneur, and actively resist the idea of being treated as a ‘special needs’ group or classed as ‘over-50s’. Obviously, this helps because entrepreneurs need to be forward-looking.

Research studies and the support environment help to pigeon-hole this group by referring to them as ‘grey entrepreneurs’, ‘third age entrepreneurs’, and so forth. ‘Mid-Career Entrepreneurs’²³ has the advantage of being unrelated to age – and certainly loses the associations with ‘retirement’. If the characteristic of the older entrepreneur is not to think of themselves as ‘old’, there is a ‘Catch-22’ here – how to signal help and advice is available while down-playing age.

‘Mid-Career Entrepreneurs’ has the advantage of being unrelated to age – and certainly loses the associations with ‘retirement’.

Recommendations for Government and agencies

1. Start-up support services need to be tailored to suit individual circumstances. Older entrepreneurs are highly individualistic and are often impatient with conventional support services.
2. In the early start-up stage, a few sessions with a ‘counsellor’ to provide confidence to overcome teething issues and build self-confidence can be useful. But at later stages the entrepreneur will need more professional ‘business advice’ and possibly very specific strategic consultancy.
3. Although entrepreneurs often find their own mentors through personal contacts, formal networks and Business Clubs are also a potential source, but they may need to broaden their reach and role. Organisations like PRIME are regarded as effective and helpful. More could be done to encourage the exchange of views between PRIME and similar organisations (such as the Indian networking organisation, TIE).
4. Older entrepreneurs seek contact with emerging trends in industry, and to belong to sector-specific networks and clubs, not to meet other older people.
5. Cases about older entrepreneurs provide good role models and good news stories.
6. Small changes to regulations and the benefits system (for example, to the ‘six months on benefits rule’ and waiving tuition fees and charges on some longer training courses) can make a significant impact while starting up a business.

UK citizens of Indian origin

Among minority ethnic groups, those of Indian origin have a reputation for being successful entrepreneurs, which is confirmed by figures for Indian-owned businesses in the UK. As a relatively successful group, Indian entrepreneurs thus reflect not so much the problems faced, as lessons for success.

Studies of the broader community of Black and Minority Ethnic (BME) businesses emphasise the need to distinguish between the different groups that make up this large and diverse category. The report on ‘Enterprising People Enterprising Places’²⁴ by the National Employment Panel and Ethnic Minority Business Forum provides an authoritative summary of statistics and issues relating to BME businesses and BME entrepreneurs:

- There are an estimated 100,000 BME owned or managed businesses in the UK (10% of all UK businesses), of which 60,000 are based in London.
- This reflects the concentration of ethnic minorities in a few urban centres – London, Birmingham, Leicester, Manchester and Leeds/Bradford.
- BME businesses have traditionally been concentrated in just a few sectors – primarily service-based in retailing, catering, and transport.

Extrapolation from the relative size of this age group suggests the number of new BME businesses could rise by 50% ...

- There is a massive generational shift in the motivation for new start-ups of BME businesses – from economic necessity to the more typical motivation for SMEs generally, to take advantage of a market opportunity.
- This is broadening the sectoral character of the new businesses created, to include IT, business services, and the creative industries.
- BME businesses make less use of support and advice, whether provided by Government agencies or professional advisors such as accountants and lawyers. Instead, they rely more on family and friends for advice.
- However, among the newer kind of businesses run by a younger, better-educated age group, conventional sources of professional advice and funding are preferred.
- Ethnic minority new entrepreneurial activity is higher than in the white population (7.4% compared with 4.7%), and particularly marked among the younger, 18-34 age group.
- Extrapolation from the relative size of this age group suggests the number of new BME businesses could rise by 50% over the next few years (up by 51,000).

These findings are rather positive for entrepreneurship among BMEs. However, certain problems persist:

- BME owner/managers remain frustrated by the lack of effective advice to help with actual business problems. The small business support services remain out of touch with the needs of this group, this has been often noted²⁵, but continues despite various initiatives. Business Links has been under the management of the Regional Development Agencies since 2005, so this may now be changing.

Problems include the confusing proliferation of services (leading to unproductive competition to meet Government targets), lack of relevant expertise, services not tailored to BME needs, and simply unawareness among BME businesses as to what is available. Proposed solutions have therefore centred on improving awareness, culturally sensitive delivery methods, and credible providers²⁶ – including delivery based on better engagement and interaction with BME communities. On the other hand, research shows that even ethnic business associations and community-based organisations are not a major source of start-up advice for BME entrepreneurs²⁷.

- There continues to be a widespread perception that raising finance for BME firms is a serious problem. However, this is more complex than may appear. Ethnicity is only one factor, with location, sector, firm size, and age being other issues. For example, BME businesses in traditional sectors tend to need money primarily for new or expanded premises in order to grow. As such businesses tend to be concentrated in deprived urban areas, banks are less willing to lend. The practice of ‘redlining’ therefore is indirectly, if inadvertently discriminatory. Moreover, BME businesses mistakenly often seek loans rather than mortgages for this purpose.

Against this background, what do our cases of UK Indian entrepreneurs reveal? How do they fit this ‘mould’? What characteristics do they exhibit that may be distinctive to Indian entrepreneurs? How do their problems compare? What issues are raised that may require a policy response? Again, we draw on our case studies and the insights of our focus group.

²³ Rae, D. (2005), ‘Mid-career Entrepreneurial Learning’, Education and Training, 47 (8/9), 562-574

²⁴ National Employment Panel and Ethnic Minority Business Forum (2005). Enterprising People Enterprising Places. London: National Employment Panel.

²⁵ Ram, M. & Smallbone, D. (2003), ‘Policies to support ethnic minority enterprise: the English experience’, Entrepreneurship & Regional Development, 15, 151-166.

²⁶ Ram, M. & Smallbone, D. (2003), op cit

²⁷ Ram, M. & Jones, T. (2002), Ethnic Minority Business in the UK: A Review of Research and Policy Developments, Centre for Research in Ethnic Minority Entrepreneurship, De Montfort University.

Key case themes

Generational shift

The four businesses are markedly different, reflecting the generational change taking place. While the food distribution company, Sun Oil Ltd, could not now operate worldwide without logistics software management and the internet, it is a traditional business. Spice Magic, promoting Indian cooking and spices, is even more so. In contrast, the two newer businesses run by young Indians are deeply based on ICT.

Neelesh Marik has degrees from the Indian Institute of Technology (Mumbai) and Institute of Management (Bangalore), which led to a career in sales and marketing, management consultancy and IT, eventually leading to the position of UK Head of Sales for the Indian technology consultancy company, Infosys. In 2006, he co-founded Value Chain International to help firms manage their supply chains more efficiently using IT.

This shift affecting BME businesses is eloquently described by Rami Ranger, a first generation entrepreneur who came to the UK in 1971 (with a degree) and experienced the stunted job prospects and discrimination that drove him to become an entrepreneur:

“Normally any country employs immigrants as the labouring class, to do jobs the host country doesn’t want to do. Ethnic Asians were forced to go into business, corner shop businesses, because they couldn’t get good money elsewhere. But now 30-40 years down the road, there are Indians who have big businesses, and others going into healthcare, IT, into big sophisticated businesses working for others in accounts, consulting, and in the City. Our next generation of Indians

will not do corner shops. Tamils have come; Afghans have come; Somalis have come. So more and more Tamils are now doing corner shops. So it’s a progression.”

The change is being driven, not just by new opportunities in ICT or other sectors and through higher education, but by pressures on older lines of business (clothing, food, and retail) from multinationals, which are closing off what were once the staple trade of immigrant communities.

Networking and international business

UK Indian entrepreneurs are particularly strong in certain characteristics that are important for entrepreneurship. They emphasise personal networking and show strong networking skills; they have an international focus; and their view of selling, deal making, and marketing is based in a personalised view of the customer relationship. As Pinky Liliani said: *“Don’t just talk to those who you think may be able to help you. Take an interest in everyone you meet.”*

There is obviously a danger in attributing special cultural qualities to one group. Sociability and networks may be a central part of Indian life, but this is true also for many other communities. Thus, while relevant for networking and the habit of personalising the customer relationship, it is not unique. It is the internationalising of networks that is particularly interesting, and perhaps rather special.

For example, Neelesh Marik’s team of Indian colleagues started up Value Chain International while scattered round the world in their different Infosys offices. All five came from the same elite higher education institutions in India and had retained their friendship links through

15 years of top management experience. The international character of Indian networks rests on something broader and deeper, however. As the members of our Indian focus group pointed out, Indians in the UK come primarily from just two areas and communities – Gujarat and Punjab:

“The Sindhi community go all over the world and maintain their links. This ‘diaspora’ is an important part of explaining the relative entrepreneurial success of the Indian community. If there’s an element of distinctiveness, it’s here. You have to look at the patterns of migration. You’re really just looking at people from these two States. A lot of people from Kerala are in the Middle East, but they are drawn solely by the oil industry. The Gujarati community [which came to England when expelled from Uganda by Idi Amin and formed the cornerstone of the new-wave small business Indian entrepreneurs in the UK in the 1970s] were in Africa for 150 years, so they had already had to acquire their survival skills”.

This internationalism is likely to play an increasingly important part in the creation of viable growth-oriented, new high technology businesses, which need to operate in international markets very quickly.

It is fostered by such organisations as TIE (The Indus Entrepreneurs), an international networking organisation that mentors and links Indian entrepreneurs around the world.

Networks for micro-finance

Strong community networks also underpin habits of raising finance, especially the need for micro-finance in the very earliest stages of setting up a business. There is a marked tendency for Indian entrepreneurs to rely on informal finance from friends and family. However, this is a not a ‘gift culture’, but one that encourages entrepreneurial business standards. It is ‘structured informal system’, with strict terms of borrowing and repayment enforced by group norms, reflecting a community structure itself governed by strong norms of behaviour and honour.

Other national cultures and sub-cultures have similar practices and export them as members emigrate and gather in new surroundings.

Mentors, role models and advice

The role of personal networks is evident also in the way the four entrepreneurs have set up and grown their businesses. They have relied little, if at all, on the kind of support much talked about now and promoted by Business Support Services, especially in relation to BME businesses – advice, coaching and mentoring.

There is a continuing need to reflect the diversity within the BME community, and the distinctive problems of different groups.

However, they all have a strong attitude of wanting to put something back into the Indian and wider Asian community, by giving their own services as mentors. Neelesh Marik, for example, is a member of TIE (The Indus Entrepreneurs network); and Pinky Liliani mentors for the Prince of Wales trust and serves a number of other charities.

This begins to address the problem that when entrepreneurs seek advice and support, they will often look for someone who has themselves been successful and whom they can relate to – whether role model, advisor, coach or mentor.

The wider problem is, then, the existence of sufficient ready role models from that particular group, which creates a ‘chicken and egg’ problem in encouraging minority group entrepreneurship. The Indian community has made strong progress in this respect: others have some way to go.

Ethnic minority groups need sufficient entrepreneurial role models who are perceived as ‘authentic’ and can provide relevant mentoring and advice.

Recommendations for Government and agencies

1. The UK is regarded as favourable to entrepreneurship, but attitudes to risk remain conservative. Institutionally, this is reflected in the bankruptcy process and laws, and at a personal and business level in the attitude to failure generally. The latter is reflected in attitudes to lending and investment. In the US, venture capitalists want to hear about failure in order to know what the person did about it – which is, after all, a better test of how they will deal with inevitable business problems, and will achieve an effective return on investment. In the UK, lenders are said

to be only interested in perceived success. There are issues here for government and the investment community.

2. There is a continuing need to reflect the diversity within the BME community, and the distinctive problems of different groups. This includes especially the way institutions (banks, government agencies) discount and fail to recognise the distinctive problems of BME groups vis-à-vis established White businesses. This can lead to the inadvertent racism of such practices as ‘redlining’ in bank lending. The UK – unlike the USA and the Nordic countries – invariably relies on voluntarism to solve such problems, rather than collect data and publicly audit private practices. The longstanding failure of Business Links to collect comprehensive data on BME businesses is indicative of this shortcoming.

3. On the other hand, treating BME businesses as a special case may itself not be helpful. Like the over-50s, our Indian entrepreneurs see themselves as entrepreneurs, facing characteristic entrepreneurial challenges with entrepreneurial qualities. Our cases are, indeed, not typical of BME businesses in inner city areas, where the focus of small business policy is quite reasonably with entrepreneurship as a way out of unemployment and combating social exclusion. Alleviating unemployment, however, is not necessarily the same as creating entrepreneurial businesses, and may tend to perpetuate the marginalisation of some groups. Entrepreneurship and SMEs involve objectives that are potentially at odds²⁸. A change in mind-set might help both to reflect the real problems of inner city BMEs and encourage growth-oriented entrepreneurs.

²⁸ Blackburn, R. & Ram, M. (2006), ‘Fix or fixation? The contributions and limitations of entrepreneurship and small firms to combating social exclusion’, Entrepreneurship & Regional Development, 18, 73-89.

Entrepreneurs with a disability

In an effort to channel appropriate assistance, social services in their various policy guises try to categorise disabled clients as having either physical disability or learning disability. The reality is often more complex. The loss of a limb may be obvious to an observer, but effective coping strategies may be concerned as much with an attitude of mind. A learning disability can stem from a brain injury, but the spectrum of causes can extend to perceptual problems and personality traits. Some of the more recently documented learning disabilities may have physical or behavioural roots, or both. For example, dyslexia can be a function of pathways between brain lobes; but, equally, it can be concerned with learning styles that differ from those of the mainstream for whom today’s education system was designed.

66% of visually-impaired people of working age are unemployed

Action for Blind People²⁹ is a UK national charity set up 150 years ago to improve employment opportunities for blind and partially sighted people. ‘Visage’ is a £3 million UK and European employment project sponsored by the London Development Agency which has invested in a series of projects over the last two years^{30/31}. Barbara Morton, as director of both, with colleagues has carried out research into employment and entrepreneurship among the blind and partially sighted:

- 66% of visually-impaired people of working age are unemployed
- Most see themselves as being unable to get a job

- Most are unemployed for a considerable time before attempting self employment
- Most have low expectations of income and look to replace their benefits and have the dignity of work or control over their work environment
- In a survey Visage carried out with clients, only 1/3rd had accessed mainstream business support
- 15-20% of visually impaired people investigating a business start up actually start their business (in line with the norm for other groups)
- But they achieve a 95% sustainability rate after 3 years (well above the norm).

Research by Boylan and Burchardt³¹ into barriers to self-employment for disabled people similarly found that:

“Self-employment is an important source of paid work for disabled people, especially part-time self-employment. Among women, self-employment represents a significantly higher proportion of paid work for disabled women than for non-disabled women, even after controlling for differences in age and educational qualifications. Moreover, for both men and women, disabled people currently out of work appear to be more open to the idea of self-employment than their non-disabled counterparts.” (p43)

However, the self-employed disabled earn only half the income of able-bodied people.

The traditional solution for blind people deemed amenable to training was to become a telephonist or a self-employed piano tuner. Over the last nine years, ‘Visage’ has acted as an incubator and fostered businesses run by and employing

visually impaired people who are now engaged in such diverse lines as digital archiving, catering, logistics management and office supplies.

In a report in 2007, ‘Visage’ describes favourably a model used in France, Belgium and Sweden – the Business & Employment Cooperative (BEC) – for fostering entrepreneurial start-ups^{31/32}. This allows the budding entrepreneur to remain on state benefits while developing a marketable offering. Once the fledgling business is ready to be spun off it repays 10% of sales to the BEC. In 2005 BECs were developing 90 firms with a combined turnover of €16.5 million.

The situation concerning dyslexia and entrepreneurship is subtly different. Perhaps because the condition is not obvious to the casual observer, stereotypical or prejudiced reactions are less likely to be provoked. In fact, dyslexic entrepreneurs are often viewed as charismatic figures. Sir Richard Branson is a case in point.

The compensatory coping strategies they develop often include increased creativity and better than average skills in oral communication, delegation and problem-solving.

McClelland coined the term ‘nAch’ to describe the propensity among entrepreneurs to have a high need to achieve³³. Successive studies substantiate the finding that, by the same token, dyslexics tend to fare poorly at school and this can leave them driven to prove they are not inferior^{34/35}.

The compensatory coping strategies they develop often include increased creativity and better than average skills in oral communication, delegation and problem-solving. As these are all ideal attributes for an entrepreneur it would suggest that dyslexics (about 10% of the UK adult population) will exhibit an increased propensity to emerge as entrepreneurs. In fact, research in the UK has found that 19% of UK entrepreneurs claim to be dyslexic, while in the USA, where business failure is less of an anathema and more a rite of passage, research shows that 35% of entrepreneurs claim to have some dyslexic traits and 23% are highly dyslexic³⁶. The same research shows that dyslexic managers tend to stay with their firms for a shorter time than non-dyslexics and often had more than one successful venture.

Key case themes

Determination to succeed to overcome difficulties at school and work

Both entrepreneurs with dyslexia encountered difficulties at school and dropped out early without significant qualifications. On the other hand, both blind entrepreneurs succeeded in pursuing tertiary education, but only after being firmly discouraged on the grounds that it would be pointless. Again, later, when both were highly qualified, they had great difficulty persuading anyone to employ them.

As a result, they attribute the root of their success to a determination to prove they were not stupid or useless. As John Cavill put it:

“I felt a high need for achievement. I had to demonstrate that I was not as dumb as people thought”.

“I began to see that success is achieved through people, not just through technologies and processes; and not by lone entrepreneurs but by entrepreneurial teams.”

The standard curriculum is clearly unsuited to people with a disability. Janette Beetham had left school as soon as she could “...feeling that I wasn’t good at anything academic”.

As a young, visually impaired graduate, David Murdock was stunned by the response he received from civil servants at job centres:

“Stick on your benefits, you won’t get a job; it’s not worth your time.”

However, all four entrepreneurs had happy childhoods in families that provided strong social support, but limited experience of entrepreneurship. Their role models upheld family values and self-confidence, rather than business acumen. Without this to help them overcome rejection elsewhere, they might not have succeeded at all.

‘Difficult’ people

Experiences at school and work like these will either destroy confidence or provoke a fight-back. It made two of our case subjects into disruptive and aggressive youths and troublemakers who later had to learn to change themselves.

David Murdock recalls that at school “I got no help at all. I was flippant, bolshie and outspoken.” After graduating Roger Wilson-Hinds became a door-to-door salesman (“To do this well you have to like people and not mind rejection”), and later, as Head Teacher of a special school for blind children, was made redundant “for being too radical”. Both eventually mastered people skills, but still refuse to suffer fools gladly.

²⁹<http://www.actionforblindpeople.org.uk/>
³⁰ for details, go to <http://www.visage-equal.org.uk>

³¹ Boylan, A & Burchardt, T. (2002) Barriers to self-employment for disabled people. Report prepared for the Small Business Service. See www.berr.gov.uk/files/file38357.pdf

³² Morton, B., Irvine, A. & Whitbourn, C. (2007) Business Incubation Model, Action for Blind People. Via <http://www.actionforblindpeople.org.uk/>

³³ McClelland (1967) The Achieving Society

³⁴ Nicolson, R.I., & Fawcett, A.J. (1999). Developmental Dyslexia: The Role of the Cerebellum. Dyslexia: An International Journal of Research and Practice, 5 (3): 155-177.

³⁵ Reid G and Kirk J. (2001) Dyslexia in adults: education and employment, Chichester. Wiley.

³⁶ Logan. J. (2008) Analysis of the incidence of dyslexia in entrepreneurs and its implications. USASBE 2008 conference San Antonio US (<http://www.usasbe.org/conference/2008/>).

Achieve control and self-esteem

This background of struggle and learning to fight rejection acted as a driving force to their becoming entrepreneurs – through a need to survive, to control their working environment, to build self-esteem, and fulfil a dream.

Most saw themselves as unemployable in a corporate environment. Two found that self-employment was the only way to satisfy the need for an income; while the other two were sacked by their employers – one on several occasions. Paradoxically, this experience was liberating and enabled them to focus on a long-held objective to be their own boss (the ‘trigger’). As Janette Beetham said, “I became ‘me’ at forty-three!”

Coping strategies

Dyslexics and the visually impaired who overcome their disabilities tend to manage in different ways. Dyslexics develop coping strategies as children that serve them well in business, learning to delegate to others who don’t have their problems with the written language and becoming team workers:

At work, ICT can compensate for disadvantages by helping to level the playing field and even allow particular acuities to deliver a competitive advantage.

“I began to see that success is achieved through people, not just through technologies and processes; and not by lone entrepreneurs but by entrepreneurial teams.”

On the other hand, blind children can easily become over-dependent on their parents or carers. To avoid this, they can become fiercely self-dependent:

“I don’t see myself as a good team worker. I don’t mind being in a team as long as I’m the boss”.

And:

“I prefer to do things for myself ... but I now see that I have to be more reasonable. A few years ago I was fine as long as everybody agreed with me!”

Needs for training, advice, coaching, mentoring

The difficulties they have to overcome create strong needs for training, advice, coaching and mentoring – not only to acquire interpersonal or business skills, but also because they have to work harder to influence and educate funders, distributors and customers to appreciate what they offer. At some point, advice, mentoring and counselling has become critical for all four, but to get help of the right kind has not been easy.

The background of advisors in small business agencies and sector advisory bodies (typically, as managers in large companies or banks) tends to be inappropriate for understanding such clients, or the ICT-mediated business models they have created, or even the problems they face in the immediate 18 months after starting a business.

A mission to put something back

Having succeeded themselves, (like the Indian entrepreneurs) they are committed to creating advisory support systems to help others in the same position. Janette Beetham recalls “receiving lots of advice and a small grant, but what I needed was mentoring and business counselling”, which prompted her to qualify as an enterprise advisor and business counsellor. Roger Wilson-Hinds laments going to frequent “business breakfasts” looking for advice, and wasting a lot of time “when we should have just got on with it”. Today he is a trustee of the Blind Business Association Charitable Trust³⁷, helping blind people get into work. John Cavill has trodden a similar path. He now serves as an advisor to the British Dyslexia Association’s³⁸ Board of Trustees to help others with dyslexia, and runs Intermezzo Ventures³⁹ to offer consultancy, coaching and teaching to budding entrepreneurs. After a long search David Murdock did find a mentor, who has now become a valued business partner.

Life-time learners

After their early difficulties, entrepreneurs with a disability tend to become ‘lifetime learners’ as mature adults and regularly undertake further studies. Recognising the value of learning, it makes them also willing to advise and counsel others.

The liberating effect of ICT

For those with a disability, new forms of ICT are an increasingly vital enabler. In daily life, ICT allows the disabled to do more of the things that non-disabled people take for granted. At work, ICT can compensate for disadvantages by helping to level the playing field and even allow particular acuities to deliver a competitive advantage.

As David Murdock’s Clarifeye.com website says: *“Testing by a group of disabled people who are directly affected by badly designed websites, will mean the advice you receive will guarantee your website will become accessible.”*

Like all new enterprises today, which make extensive use of office automation tools and the internet, Janette Beetham’s business website enables her to reach her customers and for them to interact with her ‘virtual shopfront’; while her order processing systems means she can manage and run her businesses from anywhere in the world.

But others have gone further. For John Cavill, Roger Wilson-Hinds and David Murdock, ICT forms the very essence of the novel offerings upon which their enterprises are founded.

Liberate the ...reservoir of talent emerging among disability entrepreneurs. Many wish to ‘put something back’ and share their experiences to help others.

Each employs ICT in innovative ways in combination with design, consultancy and installation services to create new markets.

In fact, without ICT, their offerings and their contributions to society and the economy simply could not exist.

Recommendations for Government and agencies

- 1. Networking groups that allow potential entrepreneurs with a disability to meet successful entrepreneurs (‘role models’) like themselves are inspirational and informative in giving relevant advice. Promote initiatives that provide such role models and networks.
- 2. Training initiatives that encourage those with disabilities to gain new venture creation skills are essential. Organisations like the School for Social Entrepreneurs and projects such as ‘Visage’ do this well.
- 3. However, since many from these groups will feel that the standard curriculum has already failed them, innovative teaching approaches are required. Such approaches will highlight inter-personal and communication skills delivered by means of mentoring, counselling and coaching. The reality that these are expensive and scarce teaching skills is a barrier that must be broken down.
- 4. Ensure that advisors for SMEs and start-ups are equipped to evaluate ICT-mediated business models.
- 5. Work towards creating a trained cadre of mentors and counsellors to carry an enterprise through the start-up phase.

- 6. Liberate the latent reservoir of talent emerging among disability entrepreneurs. Many wish to ‘put something back’ and share their experiences to help others. This can be informal and unpaid, or involve a paid non-executive role, or an equity stake in an embryonic business.
- 7. Making money is important to these groups, but ‘making a difference’ is an equal, if not stronger motivation. They did not start their ventures to become wealthy – although some have done so – and they have needed to earn a living which was denied them in conventional ways. But their main motivation was to achieve an ambition and change the status quo facing such people as themselves – usually by means of an innovative product or service that fulfilled an unmet need. The way entrepreneurship is talked about should recognise this motivation.
- 8. The liberating effect of new information and communications technologies (ICT) offers a way forward that is immediately available. Every day this is easier to use and less expensive. Technology does not have to be ultra high-tech; the benefit flows from the appropriate combination and application of current capabilities. A modest grant for IT tools and internet connectivity plus relevant training can dramatically accelerate new enterprise by people with a disability.

³⁷ see <http://www.bbact.org.uk/>
³⁸ see <http://www.bdadyslexia.org.uk/>
³⁹ see <http://www.intermezzo-ventures.com/>

Insights and recommendations

The featured cases illustrate many essential lessons for potential entrepreneurs. This includes the need for passion and determination in the face of difficulty, the requirement to create value around an opportunity, and the importance of embracing innovation. The cases show how these entrepreneurs have used ICT to create value around opportunities, build new business models, promote their ventures and streamline processes.

They also highlight aspects that may not always be fully understood: for example, the way entrepreneurs ‘personalise’ the customer relationship and the way they bring innovation into their processes and business models.

Above all, the cases illustrate the barriers that are distinctive to the groups featured in this study and suggest how the UK can make greater use of the potential contribution that such groups and other similar unheralded ‘hidden innovators’ can make. These entrepreneurs succeeded despite having additional barriers. But what of those who are not quite so brave?

We now turn our attention to recommendations that may have significance for many groups within UK.

1. Make financial support and investment more equitable across all groups

As this report demonstrates, it is increasingly clear that older people, in addition to disabled and ethnic groups offer considerable entrepreneurial potential and it is good to see that the Government’s new Enterprise Strategy references targeted support for the over 50s. Although the details are thin at this stage, we would urge policy makers to provide equivalent support to the over 50s as they do to younger people, especially as they seem better placed as a group to set up and run a more successful and sustainable business, based on years of experience and insights. According to Prime, after three years, the success rate for business start-ups is 70% for over 50’s compared to 28% for younger groups. The report demonstrates that a well resourced and targeted approach to supporting ethnic minority groups has paid significant dividends to date.

Action required
Provide more financial support to over 50s and disabled groups to encourage more sustainable and successful business start-ups.

2. Take diversity seriously

This study of ‘hidden innovators’ points to the essential requirement to ‘take diversity seriously’; we must recognise differences and the distinct needs of groups that may be marginalised. This is a particular refrain in research that highlights the diversity of black and minority ethnic groups but older entrepreneurs and those with a disability likewise have distinct needs.

These cases illustrate how they also have particular strengths and talents for entrepreneurship, and can furnish novel insights into products and services. This is particularly true of our visually impaired entrepreneurs, with their appreciation of the needs of better-adapted products for people with visual impairments.

Just as the dyslexics have developed compensating abilities, our visually impaired entrepreneurs have found in ICT the opportunity to excel and discover latent talents and ideas for new products. While the use of ICT across the sample mirrors that in new businesses generally – from being simply a necessary support to the business, to providing new ways of doing business through the web and creating a business round this – our visually impaired entrepreneurs have latched onto ICT as a liberating tool to enhance people’s lives.

Action required
The entrepreneurial spark is present in many individuals it must be nurtured rather than quashed by lack of understanding of their particular needs. Training must be made available to business advisors and other support organisations so they do not place additional barriers in front of potential entrepreneurs. How can they know whether it is better for someone to stay on benefits rather than start a new venture? That decision is not theirs to make.

3. Change the language and image of entrepreneurship

Many of the entrepreneurs in this study did not think of themselves as entrepreneurs, and some do not like the label. The cases clearly illustrate that in most cases the desire to make money was not the primary reason for starting a company. Along with the need to make a living, it is notable that entrepreneurs are often motivated by an altruistic goal – the desire to make a difference, to do something that produces social benefits – or just to realise a personal dream of some kind. We need to change the lexicon of entrepreneurship to include some of these terms.

There is also a need to make entrepreneurship sound less male; we are constantly told that entrepreneurs work 24/7 which prevents many groups from considering entrepreneurship as an option. Carers, older people and the disabled can create successful ventures even if they are part time, and new technology provides a platform.

Action required
Initiate a campaign to make entrepreneurship inclusive. Profile a wider range of role models in the media and change the terminology used. Encourage more use of technology platforms to facilitate entrepreneurship for those who may need to work mainly at home.

4. Increase the entrepreneurial self confidence (self-efficacy) of the nation and of minority groups in particular

Our focus groups suggested people in the UK do not feel confident in their ability to become entrepreneurs. This is combined with a fear of failure, which may be why more people do not create new ventures. This insight is confirmed by research from Gem (2006)⁴⁰ which suggests that up to sixty percent of the population do not believe they could create a successful new venture. The combination of role models, mentoring, coaching and training would help to overcome this by increasing ‘entrepreneurial self efficacy’.

The combination of role models, mentoring, coaching and training would help to overcome this by increasing ‘entrepreneurial self efficacy.

‘Entrepreneurial self-efficacy’ can be defined as the strength of an individual’s belief that he or she can successfully perform the varied tasks that make up the entrepreneurial role⁴¹. It is a multidimensional construct linked with task groups such as marketing, innovation, management, risk-taking, and financial control.

The literature, including the work of McClland⁴², clearly supports the need for role models as a way to increase the entrepreneurial self-efficacy of a nation; while the growing body of research based on the work of Albert Bandura^{43/44} and Lucas and Cooper⁴⁵ suggests that an individual’s entrepreneurial self efficacy can be increased by a combination of role models to inspire, mentoring and coaching, training opportunities to practice enterprise skills, and experiential learning.

Action required
Building ‘entrepreneurial self-efficacy’ will help the UK to grow more innovative start-up companies. In order for this to happen there is a need for more tailored support and advice.

5. The need for tailored encouragement and support

Most people – and certainly those in this study – need encouragement and support to take the first step towards entrepreneurship. There is widespread recognition of this need and the different ways of providing it.

- The right role models – Many entrepreneurs will describe how they have been inspired by particular role models. The problem for disadvantaged and minority groups is that they may lack relevant role models. Role models need to be similar in background. If you have a disability, meeting a successful entrepreneur with a disability is far more inspirational than meeting a high profile entrepreneur whose achievements seem unattainable.
- Tailored support – Practical support also needs to be tailored to specific requirements. For example, older entrepreneurs often need particular encouragement and positive reinforcement that their business idea will work. The organisation known as PRIME (the Prince’s Initiative for Mature Enterprise) fulfils a valuable role here through its understanding of their needs and motivations; while entrepreneurship training for mature adults requires a ‘contextual’, discovery-based approach^{46/47}. The visually impaired and dyslexic similarly have very specific issues and problems to do with their disability – innovative training helped both with the interpersonal and communication skills they lacked because of their education and disability.

⁴⁰Gem 2006, www.gemconsortium.org
⁴¹Chen, C. C., P.G. Greene, & A. Crick. 1998. Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? *Journal of Business Venturing*, 13: 295-316
⁴²McClelland (1967) op cit
⁴³Bandura, A. 1977. *Social Learning Theory*. Upper Saddle River, NJ: Prentice Hall
⁴⁴Bandura, A. 1997. *Self-efficacy: The Exercise of Control*. New York: W.H. Freeman and Company
⁴⁵Lucas W. A. & Cooper S. Y. (2004) *Enhancing Self-efficacy to Enable Entrepreneurship: the Case of CMI’s Connections*. MIT Sloan Working Paper No. 4489-04
⁴⁶Jones, A.M. & Hendry, C. (1994), ‘The Learning Organisation: Adult Learning and Organisational Transformation’, *British Journal of Management*, 5, 2, 153-162
⁴⁷Rae, D. (2005), op cit

- Appropriate coaching and improved training for advisors – Most new businesses need some form of support to get started. The classic UK support system is typically geared to developing business plans to flesh out the business proposition. But this may not be suitable for these groups, certainly it is insufficient, and is not how most of our entrepreneurs got started.

One of the strongest messages coming from the cases and focus groups was how inadequate and inappropriate the advice system is. Small business advisors are seen as invariably lacking experience in new venture creation, and are therefore unable to respond usefully to the particular and immediate problems new entrepreneurs want help with. The nature of their role is also inappropriate – being geared to ‘giving advice’, whereas what is often needed is coaching. This implies better training for business advisors and a different pattern of recruitment by encouraging more serial entrepreneurs to get involved in coaching.
- Increase the number of mentors – From early on having a mentor is invaluable – especially when the new entrepreneur starts to encounter new problems and challenges. While organisations such as PRIME and TIE (The Indus Entrepreneurs) highlight this, they cannot themselves be mentors, but must rely on volunteers to give their time. Mutual help organisations, such as the UK’s Academy of Entrepreneurs⁴⁸, dedicated to supporting established businesses, can also help through one-to-one coaching.

In practice, many of our entrepreneurs found mentors in all sorts of places through their own networks, and networks are indeed a vital resource. Indian entrepreneurs seem to have particular skills and resources in networking. Older entrepreneurs, who have a history of employment to draw on, may also have an advantage, through accumulating networks of business contacts over the years. Others without this employment history, including older women entrepreneurs, are less fortunate. There are increasing numbers of networking groups, locally and nationally providing extended “sites of interaction”. Nevertheless, finding a mentor who can be both friend and critical ally remains a personal and unpredictable process.

⁴⁸see
<http://www.chiefexecutive.com>

- Business growth mentoring – The entrepreneurs in this study suggested there is a need for ongoing mentoring. Older entrepreneurs may have useful social capital that helps them to start-up but they are still just as vulnerable, as all new SMEs are, to typical growth problems, such as managing cash flow, broadening their skill base, and recruiting the right people. All therefore need access to continuing sources of support, particularly mentors. ICT could play an important role; on line mentoring may provide a solution, offering access to experienced mentors on a needs basis. But mentoring itself is not a single panacea, and good mentors are liable to remain in short supply.

A successful idea is often a simple solution that fills a gap, or is an incremental improvement.

Action required
There is a need for a continuum of support, it is important, that policy makers recognise the multifaceted character of ‘advice’ – from signposting and information, through to coaching and mentoring. What this indicates, above all, is that different forms of so-called ‘advice’ involve quite different roles, and have different salience as a new business develops. Our business advisory services need to respond to this agenda.

6. Encourage improvement as well as innovation

During our focus groups it became apparent that the language of innovation can be both stimulating and a turn-off. As a rallying cry or remedy for the UK’s ‘problems’ it may discourage people who think their ideas are insufficiently ‘innovative’, when they may have much to contribute to the vitality of the UK economy. A successful idea is often a simple solution that fills a gap, or is an incremental improvement. A number of our entrepreneurs recognised their ideas were like this, but yet there were strong businesses and money to be made from them.

Action required
Profile successful entrepreneurs who have built strong companies based upon ‘doing something better’.

7. Differentiate between self-employment and entrepreneurship and tailor policy to meet the particular needs of each group

Finally, we need to emphasise: self-employment is not entrepreneurship. Small business policy in the UK has for many decades used the creation of small businesses as a way of alleviating unemployment. Government small grant schemes for start-up (in their various guises) are likely to do little more than enable one-person businesses. This is laudable: self-employment makes a valuable contribution and can also lead to growing businesses.

But it is based in a misconception and contradiction. The social objective to alleviate unemployment and increase social inclusion through self-employment is different from the economic objective of facilitating entrepreneurship and creating growth-oriented businesses. The support measures required and the skills necessary in the agencies delivering them are consequently very different.

This problem affects not only those in deprived urban areas with high unemployment, and hence those concentrations of black and minority ethnic groups in these areas, but also older and disability groups, where the focus of policy is to get them out of unemployment. This is a limiting perspective on what they can achieve, and on what those who are entrepreneurially minded seek.

Elements of the benefits system (such as those involving grants for equipment and training, and the ‘6-month rule’) create obstacles for older and disability entrepreneurs, and are not about supporting entrepreneurship effectively, but guarding against abuse of the benefits system. They are thus rooted in the ‘unemployment’ agenda, not in the ‘entrepreneurship’ agenda.

The policy focus is therefore actually part of the problem, as far as ‘hidden innovators’ are concerned. Since it is tied into a model of entrepreneurship as a way out of unemployment, it tends to perpetuate the marginalisation of certain social groups.

Action required
A change in mind-set and policy is required so that both the self employed and growth oriented entrepreneurs receive the tailored support that is specific to their needs, this might help both to meet the real problems of marginalised groups and encourage growth-oriented entrepreneurs.

In conclusion

There are improvements that can be made so that we can unlock the innovative and entrepreneurial potential of all groups within UK society. UK government can encourage these changes, particularly those relating to the small business advisory service. We also need new initiatives that encourage more serial entrepreneurs to become involved in mentoring and coaching. Experiential training should be open to all. The training initiatives for the young which have included: meeting guest entrepreneurs, preparing business plans and in some cases running a business for a short time have worked well. Could some of this training be replicated for others in the UK?

There is also a requirement for more organisations such as Prime who can meet the specific needs of minority groups. Prime is very successful and this model could be replicated.

Finally the media have a role to play. They can change how they portray entrepreneurs, increase the diversity of role models that are profiled, and run stories on some of the support organisations such as Prime.

Annex A: The entrepreneurship process

There is by now a robust body of knowledge about the entrepreneurial start-up process and what makes for entrepreneurial success, which includes the following themes:

- The entrepreneurial trigger to starting a business is often some kind of disruptive event in a person’s life, which causes them to attempt something new⁵⁰.
- What determines whether or not someone takes an idea for a new business forward, however, are various pre-disposing and enabling factors, including their previous work environment, role models, family, cultural support, a country’s social and economic infrastructure, and availability of finance.
- The entrepreneurial process is basically the same everywhere and most countries are not short of people with ideas: what differs is the relative supportiveness of countries’ social and economic infrastructures, and the availability of finance.
- A successful idea (‘opportunity’) is one that creates value for someone⁵¹, on a sufficient scale to sustain a business. Ideas often come from work experience, hobbies and enthusiasms, and social environments that people already know well.
- But they also arise from reshaping existing value chains to meet needs differently. People perceive opportunities differently, which is why some people become entrepreneurs and others not⁵². This gives rise to innovative business models that disrupt how competitors operate. Many new successful businesses thus involve novel routes to market and novel ways of sourcing what they need.
- Ideas go through a 3-stage process – finding, developing, and screening the idea. Entrepreneurs shape their ideas through discussions with others, sometimes over a lengthy period of time: the process of opportunity formation is a social process⁵³.
- An entrepreneur’s social networks are therefore a vital resource⁵⁴, both in shaping an idea and in implementing it through the resources they need to put together.

- Writing a business plan is a way of refining and providing a reality check on an idea as a practicable business proposition. However, there is disagreement about the necessity and desirability of time spent on this (and on other formal preparations such as market research): on many occasions, it is necessary to grab opportunities during a short ‘window of opportunity’⁵⁵.
- People often make the mistake of thinking they need large sums of money to start a business. Increasingly, new businesses can be started with limited capital. ‘Resource parsimony’ is an important attribute of a successful start-up and a successful entrepreneur⁵⁶.
- Entrepreneurs sell to customers, not to markets. This means understanding what people value and will pay for as potential customers. Sometimes, the innovator is ahead of their customers in understanding this, and then they have to educate them in a product or service’s features.
- Selling is a key skill – Mark McCormack famously wrote⁵⁷ that selling is what Harvard Business School failed to teach. This remains true of almost all business schools. Selling is frequently misconstrued as getting people to buy something they don’t want. On the contrary, selling means, first and foremost, understanding customers and what they value. It is a skill, moreover, deployed in a wide range of ways, part of the wider class of influencing skills. Thus, successful entrepreneurs create value for customers, for suppliers, and for themselves⁵⁸.
- ‘Doing deals’ is a key process in shaping mutual shared value, and the IP of the small business is often tied up in the personalised resource networks that result.
- Innovation often also requires organisational innovations⁵⁹ – at the very least, new businesses need to think how they can engage and motivate people, and new entrepreneurs are often keen to imbue a business with their own personality.

We explored these themes in the interviews with our entrepreneurs (Annex B), and developed the flow chart (Figure 1) to describe the links among these processes.

Annex B: Interview brief

A) Background

1. Please briefly outline your career as an entrepreneur – how you first set up in business, and where this has led you (e.g. have you moved on to set up any subsequent businesses? what you are focusing on now?).
2. Can you tell us a little about your background, your family and schooling? Were there any influences that made you more or less likely to consider starting your own business.
3. Were there any significant role models in your early life that influenced your career decisions?
4. Did your background act as a positive, negative or neutral driver for an entrepreneurial career? Has being (dyslexic/partially sighted/Indian/older) had any influence on the decision to start your own business and the subsequent journey?

B) The idea

5. Can you tell us the story of the enterprise you have created – what it is, how you created it – the business idea, where the idea came from?
6. Did you have any other ideas that you thought were workable but did not take forward into a business? If so, why did you not proceed with these?
7. Why did you start up a business of your own? What triggered it? What were your personal ambitions in doing this? Why then – how old were you, what were you doing at that time (e.g. what employment)? Did you start on your own or with a team? What is the business model?
8. What did you do to prepare yourself before launching this business? Did you talk to many people to develop your idea or to get advice? Did you test it in any way before launching it? Did you carry out market research? How long did all this take? Was there any pressure to act quickly?

C) Implementation

9. What did you then have to do to get it started? What resources did you have to pull together (people, finance, equipment, facilities, first customers, etc)? Was this difficult? What surprised you in starting this business that you hadn’t expected?

10. Have you had particular support or help from being part of a (dyslexic/partially-sighted/Indian/older) group, from others in the same position or from organisations representing it?
11. Equally, have you had to face particular problems, which have been difficult to overcome? Why? What would have made your task easier?
12. During the process of starting your business to whom did you go for advice, did you make use of any government small business support services or any other agencies? Have you found the UK environment supportive to small and medium enterprises?

D) Development

13. What qualities, characteristics, skills, experience did you/do you have that helped you succeed? What other things helped you succeed (e.g. friends and family support, mentors, putting together a good team, luck, etc)?
14. How did the business then develop, how has the business grown? What were the key events, the ups and downs? What did you find the hardest things to do, the most challenging? What gave you your biggest problems? How did you overcome these?
15. Did technology play any part in your business or your success?
16. What aspects of your business would you describe as innovative? Is it novel or an incremental improvement of an existing offering?

E) Lessons learned

17. What are the most important lessons or learnings you have taken from these experiences? What would you do differently another time? What advice would you give other people like you who might wish to start a business?
18. [Optional question:] How does this compare with previous ventures? What helped you from your first venture? What did you do differently in what followed?

⁵⁰Hisrich, R.D. & Peters, P. (2002, 5th ed.). Entrepreneurship. New York: McGraw-Hill/Irwin

⁵¹Muzyka, D. (2000), ‘Spotting the market opportunity’, in S. Birley & D. Muzyka (eds.), Mastering Entrepreneurship, London: Pearson, pp.31-34

⁵²Developing the Future, 2007 (2007) Microsoft Inc. p34

⁵³de Koning, A. (2000), ‘Meeting people to shape opportunities – the entrepreneur’s way’, in S. Birley & D. Muzyka (eds.), Mastering Entrepreneurship, London: Pearson, pp.180-183

⁵⁴Dubini, P. & Aldrich, H. (1991), ‘Personal and Extended Networks are Central to the Entrepreneurial Process’, Journal of Business Venturing, 6: 305-313

⁵⁵Stevenson, H.H. (2000), ‘The six dimensions of entrepreneurship’, in S. Birley & D. Muzyka (eds.), Mastering Entrepreneurship, London: Pearson, pp.8-13

⁵⁶McGrath, R. G. (2000), ‘The parsimonious path to profit’, in S. Birley & D. Muzyka (eds.), Mastering Entrepreneurship, London: Pearson, pp.42-46

⁵⁷McCormack, M.H. (1984). What They Don’t Teach You at Harvard Business School. London: Collins

⁵⁸Roberts, M., Stevenson, H.H., Sahlman, W.A., Marshall, P. & Hamermesh, R.G. eds. (2006). New Business Ventures and the Entrepreneur. 6th ed. New York: McGraw-Hill/Irwin

⁵⁹Rothwell, R. (1992), ‘Successful Industrial Innovation: Critical Factors for the 1990s’, R&D Management, 22, 3: 221-239

Annex C: The collection of case studies

A collection of case studies of the UK’s hidden innovators

The examples feature entrepreneurs from several UK communities: people of Indian descent, people with a disability, people who become entrepreneurs in middle age. Their candour and willingness to collaborate have made this study possible and we are most grateful.

In every case, the subject entrepreneurs have depended in large measure, and continue to depend, on the application of new information and communications technologies.

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Neelesh Marik and Value Chain International

The background

Neelesh Marik came to the UK about eight years ago when his employer, Infosys, a very large Indian company, appointed him as UK head of sales and marketing. He became a British citizen. In 2006 Neelesh and four business colleagues founded Value Chain International.

The company’s press office describes the firm as ‘a global information management company founded by a high calibre team of seasoned IT professionals and alumni from the best engineering schools in India and elsewhere. Headquartered in Melbourne, Australia and with offices in Singapore, India, UK and USA, Value Chain International helps businesses become more agile by operating as a real-time enterprise. Its extensive information management capabilities enable clients to transform, aggregate, bundle, distribute, monetise, monitor and control information within an enterprise’s extended value chain, thus empowering users to sense and respond just-in-time to rapidly occurring business events.’

Neelesh and his younger sister were born and brought up in India. Their father was a chartered accountant and worked in large corporate companies.

Neelesh had studied up until higher secondary level in India. His schooling happened across two cities: St Saviours, a well-known Christian missionary school in Calcutta, and Southpoint High School in Bombay, which was recently voted as one of the top four or five schools in India. He then went to the Indian Institute of Technology in Bombay to do mechanical engineering. The first-degree course lasted for four years and then he immediately did a two-year MBA at the Institute of Management in Bangalore, finishing in 1994.

When asked about influences on his career decisions, Neelesh recalls that as a child his grandfather was a significant role model – he was a very illustrious civil engineer in a company in British India and he was well renowned in his sphere. Neelesh met other role models among his peer group at the Indian Institute of technology (IITs). *“This Institute is regarded as one of the best technical institutions in the world. Some even rate it higher than MIT. At school my big ambition was to go to this institution where they would typically get 700,000 applicants, with only 2000 accepted. My role models were people who had managed to get accepted. In this sense the brand name was a role model for me.”*

Looking back, Neelesh believes that the Indian approach to education has been a positive driver for his entrepreneurial career. “I never actually practiced as a mechanical engineer, but I consider that it gave me an analytical and structured quantitative approach to business issues. This is something that was developed during the MBA. The strict entry examination to get into the Institute has given me a sense of the value of rigour. I went on to do the MBA as part of a ‘herd mentality’ – all my peers were doing the same thing. That’s a good thing to do rather than follow the influence of a role model.”

Neelesh’s first job was with Coats Viyella, a British multinational in the textile and clothing market. Coats’s subsidiary in India made threads and clothing accessories and was perceived to be a very well respected blue chip company. After doing a two month summer vacation internship he was offered a job as a management trainee. Within five years he had moved to a position of senior branch manager on the sales and marketing side.

Subsequently he went into the mainstream consumer products industry and worked for Coca-Cola where he was in charge of franchise operations for the bottling plants in Bombay. *“I stayed for 2 years before being headhunted to join Andersen Consulting in their sales, marketing and consumer products division in India. At that time Andersen were hiring people with an industrial background to blend with the people that had grown up as consultants.”*

The Idea

In the fifteen years since then he has undertaken a variety of jobs and gained experience: “in a whole host of things, including sales and marketing in manufacturing and consumer products, management consultancy and information technology. I joined Infosys and was appointed as UK head of sales and marketing. This was the reason for moving to the UK. In 2006, together with four other Infosys employees, I set up Value Chain International.”

They had all been working in the corporate environment for between 10 and 20 years and were looking round for opportunities to move into ownership of a new enterprise. Neelesh was one of five individuals in a team spearheaded by the chief executive officer that set up Value Chain international in 2006. “We did some brainstorming around a few ideas and came across an interesting technology framework and a number of small companies that were related to this technology framework.”

They put the company together by buying the intellectual property for the technology framework, by acquiring the small related companies and merging it all into one operation. *“So it was not a completely ‘ground-up, from-a-garage’ type of operation”*. The team were all working for Infosys at the time and most of Infosys’ business is writing bespoke software and packaging it as a service for large multinational clients – so they were familiar with this market.

The team knew each other as friends and colleagues. They all had leadership positions for Infosys in various parts of the world: Neelesh was in the UK then; two colleagues were in Australia, one in India and one in America. So the process took a lot of conference calls and working at the weekend to put it together.

Neelesh recalls that the idea developed from being *“an interest, to a hobby, to a passion and then to a company. It was the availability of the technology framework software that was the catalyst, making us put it together”*.

The software had been written by one individual who did not have enough time, or inclination, to develop it any further. A number of things came together: the availability of the software; the willingness of the companies to make a fresh start under new ownership; and the availability of finances from various sources. *“We were in a situation where we had all these jewels which were under-leveraged.”*

Neelesh and his colleagues did consider some other ideas for possible offerings in the information management space. *“We were looking at alternatives but this was the most attractive proposition and it was the one we decided to run with. We modelled a number of possibilities. The general problem we wanted to solve is what we call ‘info smog’ – the notion that most companies have too much information and not enough insight.”*

The value add proposition was to bring a number of things together and construct an offering that was attractive to the market and ready for the market. In short, it enables a client company to ‘monetise’ their information. That is, to make their information more valuable and thereby to improve customer relationships by introducing a number of fiscal and management disciplines. All this is underwritten by the technology framework software.

Neelesh reflects that his immediate ambitions are to see the company through a few more years of consolidation and growth.

“We are still at quite a formative stage, but in the longer term my career could move into other entrepreneurial ventures. When we started in 2006 the head office was in Australia – largely because the two partners including the chief executive officer were based in that country. But our markets in the UK and in the US are now larger. It will take a few more years to establish the market value of the company and whether we continue to run with it or sell up, only time will tell.”

In preparation for launching Value Chain International the founders spoke to a number of people. It was mainly friends and colleagues whose brains they picked. *“We did not do a tremendous amount of market research but we looked at the information management space and the business process management space, which we knew about partly because of our earlier careers.”*

They also looked at published reports in specific market areas that were available to the public. The most intense part of planning took about five months and it took about a one-year from start to finish to get from idea to launch.

The business is in two sections – content and collaboration. The content business is geared towards media and publishing where their target markets are well established mature businesses and the major publishers. This is a big company category where the firm proposes solutions to meet the particular conditions of the sector.

The collaboration business is more for companies in the medium-sized business sector for which the offering is concerned with process collaboration. This area is in an earlier stage of development and a number of different industry sectors are being explored. The result is a mix of businesses at different stages of maturity. The intention is to balance the financial risk.

Implementation

Most of the resources the founders needed were in the companies that we were acquiring. The senior management team was already in place and it consisted of the five founders. Finance came from a number of angel investors and private resources. This angel investment covered the cost of getting other resources such as infrastructure, offices and information technology. These resources enabled the team to get the business into shape. Now it has achieved a larger scale some refinancing is required and over the next three months they will be looking for finance in the capital markets.

Neelesh recalls that the team had many surprises and *“the pleasant surprises were smaller than the unpleasant surprises”*.

On the people front *“We had taken over a number of companies and we had to find out who were the employees that we wanted to retain and who we didn’t. We were looking to people who could do long haul rather than short haul”*. The operational front also brought surprises.

These were chiefly concerned with the assumptions that they had made as part of the business definition in terms of market opportunities, costs and so on.

Neelesh acknowledges that the founders took a lot more things for granted then they would do now. But because they were all working full-time for Infosys and trying to plan the enterprise in their spare time there was not a lot of opportunity to explore every situation in depth. They had some difficult times at the start but the business ‘pulled through’ and is now cash flow positive and stable.

The founders had to rely on each other’s resilience and strength of intention rather than depend on any support from their Indian background. However, three months after the firm was launched Neelesh joined an association called The Indus Entrepreneurs (TiE Silicon Valley; <http://www.tiesv.org/>). TiE is a worldwide organisation which started in Silicon Valley about 20 years ago. Globally there are about 700 or 800 chartered members who are entrepreneurs and something like 20,000 to 30,000 ordinary members. The London chapter has been going for about 10 years. The meetings are a good opportunity to network and meet people in a similar position.

Neelesh has found TiE to be an excellent forum and would recommend membership to anybody who wanted to start up a business. *“TiE is a very good network as you can draw upon the advice and support of experienced individuals who have been through a similar journey. The mentoring program in TiE is very good. Although the advice is sometimes indirect I have known people who have benefited directly, for example by being put in touch with a source of finance. During the last 12 months we have had a number of difficult points and being able to draw upon this resource has been valuable.”*

When asked about particular problems that have been difficult to overcome Neelesh jokes that he and his colleagues prayed a lot. The members of the management team had to create their own support system for each other and muddle through. *“We also had our families to see us through and put up with this level of uncertainty. My wife is a freelance language interpreter but her time is taken up at the moment by looking after our child.”*

It was particularly difficult in London because everything is more expensive. This made the ‘burn rate’ of resources very high and required an increased level of business in the UK to cover costs. The company is now about 400 people. Five are in the US, three in the UK, six in Australia, two in Singapore and these are either in management or in sales and marketing. The rest are in India: *“They are the guys that do the work”*.

The founders had some contact with the UK Department of Trade and Industry and the City of London. However, as they felt they had sufficient knowledge to set up the company they did not seek government support for small businesses. In Neelesh’s view the UK is not an especially difficult place in which to do business. *“We are working with mature international companies in the media and publishing world. We were the “new boy on the block with a difficult concept to sell” and these were the obstacles rather than the nature of the UK business climate. But because we had a customer base that had been built up from the companies we acquired at start-up we were not starting entirely from scratch.”*

Development

Neelesh recalls that the main challenges the founders faced were balancing cash flow and making all ends meet without compromising on customer service, and without stopping investing for the future. Another big challenge is managing the attrition of good people. Secondly, he feels the firm is still at a slightly uncertain stage and so managing to keep hold of good people is an important issue – especially in a market where these skills are much in demand.

The third big problem is the co-ordination of management strategy across three continents. They get together as frequently as possible but increasingly rely on data communication systems such as Skype for telephone conference calls. *“We overcome these problems by combination of individual and group effort to ‘push the envelope’ in the direction in which we want to go. We believe we have a ‘never say die’ attitude.”*

Value Chain International is purely a technology business and it makes extensive use of communications technology in order to operate. In addition intellectual property is an ongoing issue. *“This is an intellectual property based business and as we operate all over the world we need to make sure that we are protected in all these different countries.”*

The founders consider the area where the enterprise is most innovative is in its business model. The revenue from the customer comes in three streams. First there is the classic, old-fashioned consultancy fee which is paid on a rate basis. Then there is a license fee for use of the company’s intellectual property.

The third element is a revenue sharing or ‘gain-sharing’ scheme which is based on the business benefit that the firm’s recommendations deliver to the client company. *“So the more we are able to reduce the costs of an operation or to increase the company’s revenue, then the more money we make and as this rolls forward into the future beyond the immediate cost of doing the work, future revenues are assured.”*

Lessons learned

In the last 18 months there has been a lot of personal growth. Neelesh recognises that in his own case he has developed a tolerance for ambiguity. He observes that in conventional jobs in large organisations everything is structured and laid out – so the need to deal with ambiguity is small. But in the entrepreneurial world situations that are usually not well structured and so the entrepreneur has got to learn to cope with ambiguity. *“This is particularly difficult for a mechanical engineer but it has been the area of greatest learning and development for me.”*

Interpersonal effectiveness is the next biggest thing, as the management team has to work effectively together despite the problems of being located in different continents. This is not just about being able to work with people but it is also about tolerating different professional styles because each person has a different professional style or way of working. Neelesh reflects that in an ideal world everyone would have the same professional style and then everything would be harmonious. *“But that is not the case so the ability to be able to live with that knowledge and respect each other’s professional style is very important as without that everything could fall apart. This is not particularly an Indian capability. We are no longer a purely Indian company. We now have a number of nationalities working for us particularly at the management level outside India. We exist in a multi-cultural environment.”*

When asked for his advice to others who may wish to start a business Neelesh reckons the main lesson he has learned is the need to think through assumptions very carefully. *“We would have done things differently from a risk management perspective. You need to be able to balance speed with caution. You can be very cautious and not move at all. There is a saying that the safest ship is the one in harbour – but that is not it where it is supposed to be. The trick is not to proceed at a speed where you are making decisions that are flaky and tenuous and have not been carefully thought through.”*

In Neelesh’s view this is the sort of thing that experience can bring: *“This is a ‘gut feel’ oriented business – ultimately the most important lesson is that you have to make decisions.”*

Pinky Lilani and Spice Magic

The background

When you meet Pinky Lilani her warmth and passion are the first things you notice. She was born in India in the 1950’s where she attended an Irish convent school. Pinky went on to University where she completed a first degree in educational psychology and a post graduate qualification. She met her husband thirty years ago. They married after a whirlwind romance and left for England in 1977.

In India Pinky had servants so had not learned to cook. When she arrived in the UK this was one of the first things that she tackled. She soon found that she very much enjoyed cooking and that she had an ability to put together excellent Indian food using simple techniques.

Pinky is a confident person and believes her confidence and ability to talk to people has helped immensely in developing her company. Her background meant that she was confident meeting and talking to people at all levels. In fact, her interest in those around her is a very visible characteristic. It is easy to understand how this trait has helped her to gain an understanding of people’s needs and to develop a company that responds to those needs.

Pinky has also made a great success of other endeavours that are equally enterprising but not for her own benefit. She is the founder of the Asian Women of Achievement Awards. These awards honour Asian women from all walks of life in the areas of Arts & Culture, Media, Public Sector and Business. The impressive judging panel, high profile sponsors and strong media support, combined with a very competent event management team, have helped the Asian Women of Achievement Awards create an unrivalled platform for the talents of Asian women in the UK. Patrons include Cherie Booth QC and Her Highness Begum Inaara Aga Khan.

In 2006 she set up a new Award for women of all backgrounds – The Women of the Future Awards – again with high profile judges and Princess Zahra Aga Khan and Cherie Booth as Patrons. This was followed closely by the setting up of the Inspirational Women’s Network with LloydsTSB and the Ambassadors Programme with Merrill Lynch.

In addition, Pinky is a mentor with the Prince’s Youth Business Trust, a member of the Asia House special project committee, the Mayor of Croydon’s charity committee and the European Women of Achievement Awards. And she helped to set up the Women’s Interfaith Network to encourage communication and understanding between women of different faiths.

The Idea

While Pinky was learning to cook she decided to gain some additional qualifications in the UK so that she would feel equipped to teach in further education. She completed a Diploma in Management Studies; a Diploma in Marketing and a Certificate in Education. Having completed this further course of study, Pinky started teaching cookery at adult education classes. Initially this was a part-time role whilst her two sons were growing up.

This interest in teaching and her enjoyment of cooking led to a new project which eventually resulted in a highly successful enterprise.

Pinky realised that people were very interested in Indian cookery but felt it was too complicated. In the late 1990s there were few Indian cookbooks. Madhur Jaffrey had written several but Pinky thought there was room for another cookery book with simple, easy to follow recipes.

Although Pinky did not carry out formal market research, the interest from her students and those around her convinced her there would be a market for the book. She borrowed the money to publish the book from her husband – a successful Indian businessman and accountant.

Rather typically, when Pinky needed an editor she got on the telephone to Sainsbury’s food magazine and asked if they could recommend an editor who would work for her on a freelance basis. As a result she was put in touch with a young woman who turned out to be an excellent editor just starting out in her career. This newly appointed editor did not know anything about Indian cookery so everything had to be simplified. Pinky believes this is why the resulting book is so easy to understand and meets the need of its target audience.

Implementation

The book was published in 2001. Pinky took it to book shops but found that no one would stock it because she was unknown author. This setback may have dampened some peoples’ spirits but Pinky took it in her stride. She used her marketing talents to generate interest in her book. What she did is a good example of the way Pinky uses her network to support her business endeavours.

That year Miss India had won the Miss World title. Pinky knew a journalist at The Times Newspaper and invited him to cook at her home with Miss World. The journalist wrote an excellent article entitled ‘I could hardly stop my Pakoras from igniting’. He also detailed how people could get hold of the book.

Within two weeks Pinky had received 500 cheques through the post: *“This was the first breakthrough”*.

Pinky then took the article to Waterstones along with the book and asked if she could demonstrate the recipes – particularly her spicy potatoes – in their stores and sell the book at the same time. They readily agreed and Pinky started travelling the country demonstrating her recipes and selling her books in bookshops.

Development

Having established her cooking classes and book sales, Pinky found that people were asking her where they could buy the spices she uses when cooking. This led to the idea of the ‘Spice Box’ – quickly followed by a list of other accessories people could buy. Pinky observes that *“... along the way there are many opportunities but you have to be open to these”*.

Pinky suggests that many people are only interested in talking to particular types of people, perhaps those who are already successful, but she has made it her practice to talk to people from all walks of life. In the process she has found people to be warm and willing to help her. For example: she says that when she is travelling she always strikes up a conversation with those around her because you get to meet such interesting people.

This interest in others led to another breakthrough for her business. On one journey she met a person who had impressive American networks in the UK – and has also turned out to become an excellent friend. Whilst visiting this friend’s family in the US, Pinky would often shop at Wholefoods, an upmarket grocery store. She decided to ask if she could do a cookery demo and sell her books ... and to her surprise and delight, they agreed! Pinky’s company continued to grow. In addition to teaching cookery and selling related products she started to use her cooking skills as a feature of corporate training days designed to improve team-building and management performance. She has also acted as development consultant with some of the major food companies in Europe, including Sharwoods, and has advised Sainsbury’s, Safeway and Tesco on a range of Indian food products to be stocked.

Technology has played a small but vital part in her business. Her website is used both to promote the business but also for bookings and sales and to promote her social entrepreneurship endeavours.

During the time she has been developing her business, Pinky has been able to turn to family and friends for the support and advice she has needed. As a result she has not used Business Link or any other government agency.

Pinky’s passion and joy for life really are infectious. This passion and ability to engage with all-comers have certainly contributed to her success in business. She is a skilled networker and, whilst she tells you that she has never carried out formal market research, her ability to network means that she has been able to test ideas on those around her.

Rather than go to people’s homes to demonstrate her cooking, Pinky makes a habit of inviting people to her own house to cook and take part in supper parties so they can network while enjoying her cooking. And these days she also gives after dinner speeches.

Lessons learned

On reflection, Pinky feels that her business success is down to her ability to network and just to ‘get on and do things and ... make it happen’. She is convinced that people must not be shy about networking in order to build the business.

When she started her venture Pinky was able to borrow the money she required from her husband but, in her view, if you have a good business idea you can get funding and this is much easier now than when she started in the 1990s.

When asked what advice she would give other potential Asian entrepreneurs, Pinky suggests that you must not be afraid to *“get out there and try to make your venture work and not just to talk to people who one thinks may be able to help but to take an interest in everyone you meet”*.

Rami Ranger and Sun Oil Ltd

Background

Rami Ranger was born in the West Punjab, the youngest of eight children, in what is now Pakistan. After the assassination of his father, a prominent Sikh who supported a united India, his family fled to present-day India at Partition: *“My mother was the real heroine. She brought us up, having lost her country, ancestral home, and family breadwinner.”*

In 1971, he came to the UK to further his education in law, having completed a BA in History and Political Science in his native India. However, education in the UK proved expensive and in order to survive, he decided to find a job. He started as a chef in a fast food chain, and through hard work within a year he became a Store Manager and then District Manager in charge of ten stores. His aim was to make money to complete his studies. Instead, he became so successful in his job that he abandoned his study plans: *“All my brothers were highly educated and successful. My aim was to prove myself and to reach a similar level.*

“Since I was not highly educated in a secure job, it worked as an incentive for me to try my luck in business. Once you become educated, you start to think much more than people in ordinary jobs. Educated people as a rule worry a lot more than those who have little to lose in entering a new venture. The educated will always think before doing something; the less educated after they have done something.”

When the owner decided to sell his business, Rami was offered the chance to buy a franchise. He declined because of the night work, as he now had a young family. Instead, he got a job as a salesman, which meant a lot of travelling. Because of this and his young family, he decided to buy his own corner shop, as a lot of other Asian immigrants were doing: *“Ethnic Asians were forced to go into business because they couldn’t get jobs that paid well and offered promotion. Our luck changed in 1974 when Idi Amin expelled the rich Asians from Uganda. Those Asians who came here were educated and wealthy. As getting jobs was difficult, they bought corner shops to survive.”*

Rami and his wife ran their corner shop for a couple of years, but due to the long hours and poor quality of life, he decided to go seek employment with a good company. He joined an electrical retail chain and was doing very well, but found that the promotion prospects for an Indian were limited. So, once again, he decided to start his own business: *“I always say, when a bad employer doesn’t look after his staff, the staff either work for the*

competition or start their own business. So I started my own service business, where I didn’t need a great deal of capital. In the electrical chain, I was shipping electronic goods abroad especially to Africa. I thought it would be an ideal business to try my luck in.”

The Idea

“They say adversity brings out the best in you. I was unfairly treated by my employer, who would always keep me short staffed in order to make me work under extreme pressure. The last straw was when I went to see the General Manager to complain about this unsatisfactory situation. Instead of being sympathetic, he was very rude and blamed me for my unhelpful attitude. He said, ‘you know whose name is outside the shop? Then you must do as I tell you’. Since I had to accept the situation, starting my own business was the most sensible thing to do.”

He then met someone who was already in the trading business, who suggested he come and work with him, which he did initially. But after 18 months he realised his partner wasn’t giving customers what they need, and the business wasn’t moving forward: *“Had he been a good partner, I would have stayed with him. But he was taking money out of the company, and not investing. I wanted to grow it. I’d seen how not to do it, and how it could be done better.”*

The business he set up was forwarding unaccompanied baggage overseas, initially electrical goods, for immigrants to send back home to Africa. He started this from a shed in Hayes in 1987.

“Unaccompanied baggage is very big business, especially for those visiting, because it’s a lot cheaper than taking it as accompanied baggage. Visitors to Britain always have excess luggage, and immigrants like to send gifts home. In those days it was easier for people to buy from England than from Hong Kong or Japan. In Africa, there is a great demand for luxury goods.”

The target customers were visitors from the developing countries like Nigeria, Ghana, Kenya, etc. Visitors from India were not many in those days, and as a result accounted for only 1% of business. This first company was Sea, Air and Land Forwarding Ltd (SALF). Although this has grown into a multi-million pound business exporting commercial goods, transporting people’s effects by sea, air and land is still a major part of the business.

Implementation

Setting up this first business is a classic case of using minimal resources for finance, equipment and facilities, and relying on – and building – social capital:

“For a service business, you don’t need much. You offer your personal services. I’d go round the electrical businesses in Tottenham Court Road, giving them my card and building my relationship with the store managers, who would then recommend me to their customer for transportation. My initial business was built on word of mouth. In a service industry, it is only satisfied customers who will recommend you.”

In this, Rami also first demonstrated his appreciation of the importance of service, understanding what was important to his customers: *“When people entrust you with their valuable possessions, you must put their mind to rest and ensure safe delivery. It could be something personally valuable such as their wedding photographs.”*

The result was this seemingly unpromising business went from strength to strength: *“... Anyone can ship goods. The one who adds value with a professional service will win in the end. For example, I would always shrink-wrap suitcases, so that they did not get marked or damaged in transit. It’s my honour, my reputation is on that cargo.”*

Now, the business (and its sister company, Sun Oil Ltd, set up in 1995) operates from three large warehouses at Greenford, shrink-wrapping and bubble-wrapping a wide range of goods by machine. But the principle of carefully wrapping unaccompanied baggage so it arrives intact was established from the beginning, with Rami doing this by hand from a lock-up shed he’d hired: *“You have self-storage places. It cost me £120 a month to get a little shed. I’d bring the cargo there, pack it, go to the airline, weigh it, pay for the handling. There was very little overhead for me; it was all profit.”*

His need for finance and support at this time was therefore minimal, although, importantly, he had built up some capital from his shop, as well as learning basic business skills, including looking after your customer: *“Running a corner shop was probably the most important factor in my success. I learnt a lot about running a business. It gave me a financial start. Living above the shop saved me a lot, gave me a lot of financial benefit. It gave me a lot of financial cushioning for later. I bought the business for £30,000, sold it for £50,000, when house prices were only £40,000. Although corner shop people may not realise, it can be very lucrative. It also showed the importance of looking after the pennies. And how to deal with the customer. If you don’t look after them, they will go.”*

When he’d bought that shop, he had had some trouble getting a loan, so the money he saved from it was invaluable when he set up again – *“The first bank said I was too ambitious. But I had tenacity, and went to another bank and explained my financial plan, and got a loan straight away. Banks are now readier to lend to immigrants.”* Likewise, he had had little need for support from small business agencies, and has never used them, although he recognises others may benefit – *“A lot of people have. As a successful businessman, I have very little time. But those who can use the system can benefit.”*

Rami’s early success thus owed much to the business skills he’d slowly developed through a series of jobs and experiences, his empathy with customers, and his inherent personal qualities: *“To be successful in business, you have to have three things – self-respect, family honour, and work ethic.”*

These skills became increasingly evident as he built his businesses.

Development

Through word of mouth, the freighting business snowballed, and from shipping electrical goods, he was asked to source other products to customers in Africa where rich people wanted to buy British products, but had problems getting them reliably from suppliers: *“This was a blessing in disguise. I was amazed because I was able to eliminate profit centres from suppliers, and save customers transport costs of £4-500 per container. The business just grew and grew and grew.”*

The tremendous growth from this first business was able to finance the more capital-intensive second business, Sun Oil Ltd, which was established 8 years later in 1995. Not only had he built up capital, but he could now get credit and buy properties, including the warehouses to which he then moved his business. The result is that 20 years from starting as a one-man business from a small shed, his companies now employ 70-80 people (mostly fellow immigrants and Indians) and ship over 2,500 container lorry loads a year with a combined turnover of £50 million and continued growth at 30% a year. In 1999 he received the Queen’s Award for Export Achievement, and in 2005 was made an MBE for services to British Business and the Asian Community.

As forward freight and exporting businesses operating in so many far-flung countries, the businesses rely intensely on IT, using specially designed software to integrate all the paperwork for freight forwarding, and their container loads tracked through the shipping lines’ systems. 1995 was indeed a good time to start a trading business, since *“I couldn’t be in 60 countries without the internet”*.

In 1995, Sun Oil Ltd was set up to market British supermarket goods featuring blue-chip brands by Unilever, Nestle, McVities, etc. in small countries where they did not have offices. Bulk product was ‘broken down’ into smaller quantities and multiple products consolidated into container loads for small local distributors. Sun Oil’s development shows Rami’s appreciation, first, of ‘finding the right product for the right market’: *“You must identify the right product for the right market. For example, I’m based in England. I have to ask myself, why do people come to England? If I make a cheap product in this country, I’m doomed from the start. So being in England, I have to provide products they cannot buy elsewhere. So quality is very important. Any product we develop is a quality-based product. I’m catering for the top end of the market in 3rd world countries.”*

Second, it shows his understanding of the person he is actually selling to, and the need to support his customer’s own business: *“Empathy for the customer is very important. You won’t succeed if the customer doesn’t need it. You must imagine how this man is going to sell. It’s my responsibility that this is sold to the end-user. You must manage your customer. Don’t let him over-stock. Have a long-term feeling for the customer. Let him take half to start, not double. Think of the implications, the repercussions. Manage and support the customer through the distributor. I say to the customer, if you lose I will refund you.”*

The first step with Sun Oil was to market branded supermarket products. As he got to know his customers in these local markets, he then saw the opportunity to market secondary brands alongside these that were similar to these well-known brands. At this point, a third key business skill comes in – recognising where money could be made by cutting out costs and how this could be made to appeal to customers by sharing this saving with them. As Rami emphasises, *“Profit is sanity; turnover is vanity.*

“People tend to buy brands. It’s a feel-good factor. Brand leaders become brands with very heavy advertising. But I have to have a different way. I give the same quality product. I give a manufacturer a specification that will taste like the brand. People acquire that taste. I cannot give them anything that will not taste like that. So you must understand your subject. I have to give them the same ingredients, the same taste, but at half the price, because I’m not going to spend on the advertising. As a result, I keep costs low, at 30-40% less than the brand.

“Business is all about mergers, acquisitions, and strategic alliances. I make strategic alliances with local people. To gain something, you have to lose something. I get my first local contact by selling them the branded product. I then say, there’s a secondary brand that’s cheaper, so why don’t you put them both together on the shelf, and we can both make more money. And I then give them free samples to taste.”

Sun Oil products are thus branded products exclusive to Sun Oil, which keep close to the appearance of the original brand in terms of colour (which can’t be copyrighted), but not so close as to infringe the trademark – products such as Golden Country, Royalty, Pure Heaven, English Breeze, Bullet, Toilet Guard. *“I’m not here to invent the wheel, but to copy, and that also needs skills. I go to small countries where these big boys don’t want to go. Caribbean islands, with populations of half a million, 200,000; Cyprus, Malta, Seychelles, Mauritius. It’s all about finding a niche. Supplying to 60 countries, with a turnover of £1million a week, for a guy who started in business with £2.”*

The next step? Rami now has a “grand idea” to go into manufacturing, beginning with Sun Oil making its own drinks. While backward integration is generally regarded as risky for a small business because it means compounding the risk in one product, Rami has thought this out with his customary attention to cutting out costs. At present, Sun Oil buys in drinks from Belgium, Spain, Austria and Scotland, incurring heavy transport costs to bring them to London for exporting – annually, 1,000 trucks at £1,000 per load. One manufacturer in Wales will reduce these costs considerably.

Lessons

Rami’s story offers many lessons for budding entrepreneurs, and about how new immigrants to the UK can realise their entrepreneurial talents.

First, there is the value of getting experience in a small, relatively safe business environment: *“Before you plunge into a business, get experience working for someone else so you can learn, because there’s a lot more than meets the eye. Use their base to learn the tricks. Then you can judge – if you’re not fit for a small job, you’re not fit for a big job. Running a corner shop was probably the most important factor in my success. I learnt a lot about running a business. It gave me a financial start.”*

Second, at each stage, he has mastered what he was doing and broadened out gradually (although ultimately with great success), in each case with SALF and Sun Oil building up from few to many products. In this, he addresses an issue about entrepreneurs as risk-takers in which there is a good deal of misunderstanding because of the way a few who are dramatically successful as wheeler-dealers are held up as examples:

“I’ve never taken a risk, I was very careful. If you have a rich father, you can take risks. With my humble background, I could never ever take a chance. Only desperate people take desperate measures. If you take risks, you’re not a business person. In business, you take calculated risks.”

This has bred an attitude to look always at the cost of what he (and others) were doing, and where economies could be made.

Third, there are important insights about customers – understanding markets at a strategic level in terms of where there are niche openings that competitors have ignored, but then having “empathy” for the customer as a person, so you know what is valuable to them in terms of taste, quality, economy, reliability, etc. His approach to markets and dealings with customers have consequently been ‘innovations’ of his own, not taken from textbooks.

Fourth, there is the personal quality he brings to his business – identifying in a very personal way with the product and service, and using every opportunity to sell the business. The first is summed up in his comment, *“It’s my honour, my reputation is on that cargo.”* The second we loosely refer to as networking: *“Networking is very important. I became a member of all sorts of political clubs and social clubs. Meeting people is very important, because everyone now and again will need my services. They may like to move house; they have excess baggage; they’re going to America for studies, they have books. They say hidden talent is no talent, so you need to put yourself about, and tell people you meet what you do. My business card was like seeds – I’m throwing them in the field, you never know which will germinate.*

“Before we sell anything, we have to sell ourself. They say business is done on golf courses, which is true, because people are more relaxed, and you’re equal. If I were to make an appointment in an office, it’s difficult. But the same guy I can bump into, have a few drinks, he’s in a good mood, he wants to be polite, not show off his powers. I recommend people to join as many organisations as they can.” Finally, Rami has strong advice to immigrants about how to get on: *“Normally any country employs immigrants as the labouring class, to do jobs the host country doesn’t want to do. Ethnic Asians were forced to go into business, corner shop businesses, because they couldn’t get good money elsewhere.*

But now 30-40 years down the road, there are Indians who have big businesses, and others going into healthcare, IT, into big sophisticated businesses working for others in accounts, consulting, and in the City. But our next generation of Indians will not do corner shops. Tamils have come; Afghans have come; Somalis have come. So more and more Tamils are now doing corner shops. So it’s a progression.

“Europeans coming in now will progress as fast in 5-10 years, which took Asians 20-30 years. Because they are European, they have more advantages in the culture, religion, etc. They will have difficulty, but not as much as the Asians. But only those immigrants will progress who are willing to change and adapt. Those who just want to hold onto their backward practices, which made them poor in the first place, will have a problem.

“The species that will survive in the future will not be the intelligent ones, or the stronger. The ones that will survive will be those who can adapt to change.”

But can the government do anything to make things smoother for immigrants starting in business?

“The British government has already done a lot. At times, we have to be tough with immigrants. If the immigrant comes to a successful club, and says change it for me, that defeats it. In the long run, they themselves will suffer, because they will not be able to integrate as fast. It can work against the immigrant.

“The UK is a good environment for business. I didn’t find any problems, except when I was working for someone. Then I did find a problem.”

Suchit Punnose and Red Ribbon

Background

Suchit Punnose came to the UK in 1995. He started as a broker facilitating import and export transactions over a decade ago, mainly because it was a business that required little or no capital. He moved into buying goods and importing them for sale using trading profits from broking and help from his family. He says: *“I learned very early on that I would get bored easily if there was no challenge left in what I was doing and thus set about looking for a business that would give me variety of challenges”*.

Suchit became a self-trained management consultant offering his clients business plans and financial projections. Suchit was a consultant with a difference. Different because he already had experience of running his own company. He has owned businesses in retail, vehicle rental and leasing, accountancy, advertising and printing. He started meeting and interacting with entrepreneurs who wanted to plan their future ventures and raise funding for their businesses. *“I found myself researching for these businesses which increased my knowledge on various sectors such as retail, distribution, and media”*. He then moved on to business incubation, investing seed capital into businesses and mentoring the managing director or key driver.

Suchit graduated in history and feels that a degree in liberal arts is an excellent foundation for entrepreneurs. *“The diversity of stimulation offered through a non-professional and non-science curriculum is an advantage”*. His business commitments have prevented him from undertaking an MBA as yet but he is keen to undertake further study in the future.

He comes from a family with a history in business. His grandfather was a businessman and investor who had a significant influence on him during his childhood. *“My grandfather did not necessarily encourage me to become an entrepreneur but always motivated me to do something spectacular that would make my life rewarding. He taught me the following basics of business. One, it is not easy to be in business. Two, you will have very challenging phases in business. Three, your word is your honour. If you commit to delivering, then you had better do it at any cost. Four, it is ok to fail. Failure is the stepping stone to success”*.

Suchit believes his Indian background has been a neutral factor rather than a driver for entrepreneurship. Furthermore he has not met any particular resistance to his business ideas or to himself since coming to the UK twelve years ago. He has no doubt that his relationship with his grandfather is the single most crucial factor defining who he is.

The Idea

Red Ribbon Property Investments Plc is a boutique asset management firm that offers a range of services. These include an advisory service to listed funds, packaging and promoting bespoke funds for medium and large Independent Financial Advisors and for accountancy firms, and assisting wealthy individuals to invest in property in India.

Suchit started Red Ribbon as a firm offering secure joint venture platforms for ‘high net worth’ individuals who did not have the time or expertise to do property development in the UK. He has developed the business into an asset management firm. He chose property *“... because it is the most popular asset class offering the best returns over a ten to fifteen year period”*.

He has had other business ideas but believes it is important to focus on one idea at any given time. *“I do have ideas on business opportunities, but will only progress it if I am able to invest seed capital and if I am able to find a good manager for the project”*.

Suchit started his own business for a variety of reasons. He recognised that by the age of fifteen he had developed strong leadership skills. He always wanted to be the one to take the lead – in fact, he could not see himself working for anyone else. *“It is the challenge and the sense of absolute freedom to do what you want to do that has prompted me to become an entrepreneur. The realisation that this freedom could be both good and bad for my career helped me balance my decision making process”*.

Implementation

Suchit had to bring together a number of resources to start the new venture. The initial idea was formulated as a result of his personal experience in property development and consultancy. Next, he needed to find a co-investor who was on the same wave-length and had the same risk profile. Finally he had to test the market for the service – which he did by promoting the firm to suitable clients. But it was gut feeling rather than clinical market research that he used to decide whether to pursue this opportunity.

After finding the co-investor, he went about putting together a board of senior directors with distinguished records of accomplishment. It was hard work to convince these directors to lend their name to the company, especially when the company was conducting investment business. His negotiation skills and personality became very helpful in achieving this.

Looking back, Suchit reflects that he knew from the outset that the asset management sector is highly competitive and capital intensive and he expected that the growth curve would be long. However, *“... what excited me was the scalability of the business. I found it surprising that a creative solution offering access to emerging markets with an innovative fee structure could find new markets very quickly”*.

Suchit did not make use of any government agencies during the process of starting his business and did not go for formal advice. As a relative newcomer to the UK he had to rely mainly on his own business acumen. To reinforce this he has found it very useful to attend CityZone, a networking organisation hosted by Cass Business School. He is also trying to join The Academy of Chief Executives, a mentoring organisation for chief executives who meet to discuss problems and learn from other established entrepreneurs.

Development

Red Ribbon has grown to become a niche service provider in a highly competitive sector in financial services. It now has the UK’s first inheritance tax mitigation scheme offering access to the property development market in India. Key steps in the development of the firm have included acquiring fund packaging skills, gaining insight into the various possible structures, and finding professionals who offer good quality administrative services.

The business relies heavily on new information and communications technologies. *“We have a very proactive internet marketing programme where advanced web marketing tools are used to promote our business.”* (see <http://www.redribbonproperty.com>)

When asked about the qualities that have helped him succeed, Suchit highlights two: having a positive outlook and being tenacious. He believes you must have the ability to convince people and so both oral and written communication skills are essential. He also believes there is no such thing as a short-term gain. All plans have to be aligned to long-term gains.

In Suchit’s view, the business is innovative because it combines a tax efficient structure with very low overheads and an unusual fee structure.

Lessons learned

Suchit believes the UK environment is an excellent environment to start up and grow a venture. Against this background each of his new ventures has taught him valuable new lessons. He suggests that as you progress along the entrepreneurship path you constantly learn. *“It is a myriad of things from my learning curve from previous ventures and not just one thing”*.

Suchit is very clear about the advice he could offer to other people like him who might wish to start a business.

“Be ready to face failures and learn from it.

“There is nothing wrong in failing a few attempts. But be sure to learn from them.

“Be honest about your strength and weaknesses.

“Never be emotionally attached to businesses – know when to cut losses and get out.

“Be sure that you are getting into the right sector at the right time.”

John Cavill and Logical Networks

The background

John Cavill’s office occupies a wing of his magnificent Palladian mansion in Berkshire. It was not always so.

John left school at 16 years of age to begin his career as an electronics apprentice with the Royal Aircraft Establishment, Bedford. He subsequently joined Unilever Research as a research and development engineer. In his early twenties John moved into a sales and marketing career and spent 7 years working for US electronics manufacturers including DataTech/Penril and Fairchild Test Systems, where he was European Sales Manager. In 1979 John founded and was Managing Director of a new UK subsidiary of Data Translation Inc. When LAN (Local Area Networking) technology first emerged in the early 1980’s, John recognised the potential business opportunity and set up a specialist networking division, which subsequently became a market leader in its field.

In late 1988 John founded and was Chairman and Managing Director of Logical Networks plc, a UK networking services business which was VC funded by 3i plc. Logical Networks grew rapidly at an annual rate of over 55% and in 1997, when sales reached £50m and staff numbered around 200, the company was acquired by Datatec – a Johannesburg Stock Exchange Top 40 public company with annual worldwide sales for 1999 of US\$1.1Bn. John became a main Board director of Datatec Limited but left the firm in June 2000 to found Intermezzo Ventures Ltd, a new venture research and consultancy company.

In 1995 John received an EFER (European Foundation for Entrepreneurship Research) award as ‘One of Europe’s Top 500 Dynamic Entrepreneurs’ and in 1998 was nominated by 3i plc for the ‘FT/Cartier Venturer of the Year Award’. John is a visiting fellow at Henley Management College, and a DBA Research Associate undertaking doctoral research into the characteristics of entrepreneurial teams.

Now in his 50s, John’s current business interests include non exec Chairman and lead investor in Creating Careers Ltd a leading UK online learning company. He is also a member of the Institute of Directors (IOD) interview panel for Chartered Director Accreditation.

There are no entrepreneurs in John’s family. His father was a wood machinist with no ambitions to be a manager; his mother dedicated her life to bringing up John, his older sister and younger brother and sister, in their modest council house home.

John struggled at school. He failed the 11-plus and left school at 16 with an O-level in technical drawing. *“I was very good at practical subjects but struggled with learning by rote and was subsequently not very good at passing exams. It was much later when I realised I was dyslexic. When I was young the condition was not recognised but it is better understood today. It tends to run in families; my 21-year old son has it but he’s coping quite well at university. It’s likely that my father was also dyslexic as, although he was a good craftsman and well respected, he avoided moving into a management role and never seemed to write things down.”*

Having gained an engineering apprenticeship at the Royal Aircraft Establishment in Bedfordshire, where his father worked, the biggest influence on John’s career was John himself. Hard work was rewarded with the prize for Best Apprentice *“... but as an engineering apprentice I had to wear overalls and noticed that other lads of my age were wearing smart clothes to work – they were electronic apprentices. I wanted to transfer but when I asked my father for advice all he could offer was good wishes as he didn’t understand anything about electronics and thought I should stick with a career in instrumentation engineering.”* John’s application for a transfer was refused – he had no qualifying O or A-levels and needed to take a foundation course in electronics to stand any chance. *As he was already studying engineering on day release and classes at work he had to sign up for an evening course in electronics.*

John finally got his transfer and five years later qualified as an electronics engineer – immediately leaving the RAE and joining an electronics research and development team at Unilever Research. It was here that he developed an earlier ambition to become a company director. “Some my friends’ fathers had their own firms. They enjoyed an enviable standard of living compared with my family – we had no car and no television. I set myself a target: to be a director or have my own business before I was 30.”

Looking back, John perceives that being dyslexic was a driver. *“I felt a high need for achievement. I had to demonstrate that I was not as dumb as people thought”.* Eventually this determination led to a business school MA and currently to doctoral studies.

But back then he wanted to gain business experience so he moved away from engineering into a sales and marketing career working for American electronics companies in Europe. He was in his element – and relished the entrepreneurial ethos. *“A person with dyslexia is likely to be a ‘right brain’ thinker and a ‘people person’. I began to see that success is achieved through people, not just through technologies and processes; and not by lone entrepreneurs but by entrepreneurial teams.”*

The Idea

John’s idea for an enterprise began to form when he was at Fairchild. America’s domestic market for IT was dominated by proprietary offerings from IBM and Digital Equipment. John saw an opportunity for a toolset of open architecture products that worked with these to provide tailored, rather than integrated, solutions. He also saw that European companies wanted IT components from the US.

John was now 29 and his target deadline was looming. He created a business plan for marketing a portfolio of data acquisition and image processing products for R&D departments and research universities. He took a week’s leave while on a business trip to Fairchild’s headquarters in California and pitched to six companies. One of these, Data Translation, invited him to set up a UK subsidiary, based on his business plan, to sell their products and those of other US manufacturers, and agreed to fund the start-up. So John achieved his goal of a directorship by the age of 30.

The new company later exploited a Xerox invention, the ‘local area network’, with considerable success. He perceived that networking technologies could enable end users to assemble IT components by IBM, Digital Equipment and others to create a ‘best of breed solution’ that precisely matched their needs.

Data Translation Inc went public and John built up the UK subsidiary steadily. After nine years, it was earning more from re-selling other firms’ wares than the parent company’s and no longer fitted well in the group.

This idea of network systems integration and value added distribution services was way ahead of the curve and it was several years before it was copied. Today it is a major line of business for firms such as Accenture but, when John was hatching the idea, he had no competitors. Indeed, very few people had the knowledge or experience to understand the concept. This created a dilemma: he needed to create a ‘centre of excellence’ to build an interest in networking and systems integration in order to generate a clientele ready to buy his services.

John became single-minded in pursuit of his goal. His proposal to Data Translation of a management buy-out was favourably received but, much to his amazement, it fell through at the last minute and he was summarily dismissed. Suddenly John had to fight a double crisis – now nearly 40 he had to find a new income while pursuing a claim for wrongful dismissal. For some time John had been fostering an idea for a completely new offering. After a harrowing six months he won his claim against his former employer and was released from ‘gardenning leave’.

John contacted the best people he had worked with at various companies over the previous 15 or so years and canvassed his idea. His enthusiasm and leadership soon enabled him to assemble a team of four top flight managers and specialists ready to join his proposed digital networking enterprise, to be named Logical Networks, as soon as he had acquired the necessary funding.

However, some venture capitalists he approached ridiculed his two-pronged business model. They believed that by training resellers to design networks he would spawn an army of competitors who would destroy his embryonic business within a year.

On the other hand, the private equity firm 3i Group saw the merit of John’s track record of establishing a successful subsidiary for Data Translation and of his appropriately skilled ‘dream team’. These factors, combined with 3i’s preference not to have to drive the businesses it invests in – especially when they are highly innovative – removed the imperative of a seat on the board.

Implementation

So, six months after being fired by Data Translation, John’s master plan started to fall into place and his Logical Networks business idea became a reality. He surmises that what had got him over the hurdles was the combination of his track record, his network of contacts, experience of the sector, reputation, relationships with manufacturers, and his proven ability to deal with bankers and accountants.

Now he had to develop a longer-term plan. However, he was disturbed to find that several of the US suppliers he had been banking on were dubious about his innovative business model. They disliked his idea of simultaneously developing direct and indirect channels to market. *“They said there would be no trust in the channel; people wouldn’t understand. ‘It won’t work and we can’t support – so we won’t supply. You’ll be out of business in a year’”*

But they were proved wrong about the business model and a year later they were clamouring at John’s door. *“Lots of people now use a dual channel business model. It is disruptive and you have to earn people’s trust. Companies sending staff for training have to be certain you won’t pass any of their knowledge to competitors. On the other hand, the model enables you to hone the highest level of technical skills with the same staff dealing with the top end and the lower end of the market. From an early stage this enabled us to win and undertake multi-million pound projects.”*

John is philosophical about the lack of peer group support during his formative years which forced him to make his own way. *“Knowledge about dyslexia has only emerged in the last 20 years. When I was younger no-one knew what it was.”* Having prevailed, John now serves as an advisor to the British Dyslexia Association’s Board of Trustees to help others with dyslexia.

He found the same lack of support from government agencies. In the early days Business Link approached Logical Networks on several occasions. *“Unfortunately they didn’t understand a high growth business like ours or the technology market. Their people were from more traditional SMEs or were retired bank managers and were unable to add value to ‘gazelles’”*

John has seen the situation improve. The South East England Development Agency (SEEDA) has developed suitable coaching and mentoring programmes after recognising that the traditional approach which suits lifestyle start-ups doesn’t work with high growth businesses. Other useful assistance for ‘gazelles’ includes Enterprise Hub networks based on university campuses.

Development

John identifies three factors that enabled him to succeed: a need for achievement, the right skills and experience, and having an excellent team. *“Success comes from recognising an opportunity when no-one else sees it and taking advantage of it. But I’m not sure about ‘luck’; it’s more about planning”.*

John’s family has been unable to help him in his career. His brother is a software developer who gives priority to family matters and his sisters have both been hard-working administrators but are also un-ambitious. None of his extended family have demonstrated any entrepreneurial tendencies, apart from two distant uncles who were shop keepers.

John observes three types of people: *“those who won’t recognise an opportunity if it hits them in the face; those who see it but miss the boat because they don’t have any drive or imagination; and those who see it from a distance, grab it and run with it”.*

When asked how he grew Logical Networks John’s response is unequivocal: quality of service. *“Well educated people generally want to work for the big companies; I sought people with enthusiasm and dedication”.* To illustrate the point he recalls that when he needed to hire the first telesales person a recruitment agency produced the unlikelyest candidate: a 19 year old then working as a butcher at Sainsburys.

However, his determination to get into the computer industry and his night school studies persuaded John to offer a three-month trial. The recruit learned fast; studying technical manuals by night and challenging the firm’s engineers the next day. Before long he was successfully moving through the ranks and eventually selling multi-million pound deals to banks.

“After I sold Logical Networks he was headhunted by a US company to set up a subsidiary in Europe. Start-up companies need bright young people like this who are driven by a need for achievement.” People working for the largest IT companies started to join John’s firm as it became more established.

From the outset John believed it was vital for Logical Networks to use what they were selling in order to prove they could implement the technology. The first deal the new business secured was to solve a problem for BT that had defeated BT’s own engineers. Shortly after, when the firm still only had 12 employees, they designed a network to integrate the dealing room front and back office for Mitsubishi Bank. *“We were the only ones who could demonstrate that it could be done and this qualified us to tender for the installation.”* Logical Networks beat multinational competitors to win the £half-million contract.

“High level technical skills, service quality and novel marketing techniques gave us a very professional image from day one. We never looked like a start-up. It enabled us to punch above our weight.”

The new business was highly innovative in two ways. Firstly its offering was to combine and connect various new networking technologies to create business solutions that until then had not been possible. Indeed, the offering was so new that very few people understood it and as yet, nothing had been written about it other than technical user manuals. Also due to his legal battle with Data Translation, John was unable to approach any of his previous clients.

Secondly, he had to create an innovative marketing approach. One of the founding partners wrote a book to explain computer networking. John bought lists and wrote to all the IT directors and buyers in the UK. The offer of a free copy of the book in return for a two-page questionnaire for his database produced a response rate of over 10% – a rate so extraordinarily high that John’s backers, 3i plc, persuaded him to present his techniques to its investment directors at their national conference, sharing the stage with an advertising guru from Saatchi & Saatchi.

Lessons learned

John is very clear that the key success factor in business is people. *“You have to surround yourself with good people. You must pay a great deal of attention to hiring the right people. If they have a problem regarding their job role you must help them develop. Everyone at Logical Networks had a personal development budget – right down to storeman and receptionist.*

“But if they can’t respond you have to let them go. If you don’t, the good people leave and the bad people stay. It must be the same rule for everybody. On one occasion I summarily dismissed one of the founding partners rather than ignore his disruptive behaviour.”

John reflects that entrepreneurs tend to be strong-minded. *“They want to make the decisions and maintain an internal locus of control. Some seem to need to micro-manage – but, to enable high growth, you have to give people their head and accept that sometimes they will make the wrong decision”.*

The firm that bought Logical Networks was looking for high growth. In the subsequent two years the parent company acquired 29 businesses in the networking domain. With a seat on the main board John was tasked to target and acquire firms in Europe. He left in 2000 when the dotcom bubble was at its height and people were investing recklessly in business start-ups that they really didn’t understand and therefore couldn’t support.

John saw no future in this and decided to establish Intermezzo Ventures Ltd to offer consultancy, coaching and teaching to budding entrepreneurs. Intermezzo has no employees but identifies and helps promising start-ups by involving seasoned entrepreneurs who understand the market and could invest as a business angel. This service is backed by his own original research into the characteristics of entrepreneurial teams, which he is conducting at Henley Management College [see www.intermezzo-ventures.com].

John concludes with a smile: *“There is life after exit”.*

Janette Beetham and evening-belle.co.uk

Background

When Janette Beetham left school the possibility of becoming entrepreneur never crossed her mind. *“I had hundreds of ideas but I was not in the right environment to go forward with them and not with people who could encourage me.”*

During her twenties and thirties Janette was strongly influenced by her husband’s tendency to be risk-averse and seek out a safe and secure lifestyle. It was only after her marriage failed that things started to change: *“I became ‘me’ at forty-three!”*

It was then, while helping a friend to buy a wedding dress, that Janette discovered how difficult it was for larger women to buy suitable clothes for a ‘special occasion’. Janette was surprised to learn that a majority of wedding dresses are sourced in China, with classic styles up to size 30 typically on a six week delivery period. This left the purchaser having to rely on the importer to carry out final fitting adjustments.

Janette travelled the length and breadth of the country seeking UK manufacturers and this convinced her there was a gap in the market which created an opportunity for her to start her own business. In 2002, she registered the name Bridal Belle Ltd and rented a small office with storage space in a seaside town in rural Kent.

In parallel Janette continued to work as an adviser and trainer for Business Link Kent. In the process she fully explored the potential cost advantages of selling via the world wide web. With the help of two web designers she met through her work Janette launched www.evening-belle.co.uk as a virtual business and decided it was more convenient to run this from home.

Having mastered the skills to manage an online business Janette started a second – Room Beautiful Ltd – to market interior furnishings (roombeautiful.com). She is currently planning a third business on similar lines – Garden Beautiful Ltd.

Janette’s first school was in a pretty tough area but she passed the 11-plus and went to a grammar school. However, she recalls: *“I was like a fish out of water and I left as soon as I could and feeling that I wasn’t good at anything academic. It was only when I went to university at the age of 32 that it was realised I was dyslexic.”*

She reflects that two hundred years ago people needed practical

skills more than abilities with numbers and text. Dyslexic people process information in a different way from the majority and can face challenges in acquiring numeracy and literacy. With the benefit of hindsight, Janette observes that she had started to develop coping strategies from a young age.

Janette describes her parents as ‘quite needy’. Her mother was the eldest of a family of five children. She was a young carer and looked after all her siblings as well as her parents; one infirm and one disabled. Her father *“... was orphaned at the age of six and ‘hit the road’ on his own at the age of 13. At one time he sold from a suitcase on London’s Oxford Street to make ends meet. He lived a long and full life and I spent many happy hours listening to his money-making ideas – from hatching chicks and selling them to pet shops to being a self-employed ‘runner’ for a London chemist when he was 18. He went on to have some quite responsible sales manager jobs - tapping into his flair for sales and communication. He hardly ever wrote anything – but he was a real survivor”.*

Looking back, Janette believes that both her parents were dyslexic and she now knows that her own son has inherited the condition.

Janette believes that her father’s ability to spot an opportunity is part of her own make-up. Her grandmother was also an important influence: *“She was in a wheelchair and constantly faced all sorts of challenges and access problems ... but she never let anything get her down.”*

After the break-up of her marriage Janette sought counselling. The person she met introduced her to Neuro-Linguistic Programming and she found this extremely helpful. She has gone on to become an NLP practitioner and, since the diagnosis of her son as dyslexic, has used this skill to help others as well as herself through work with the British Dyslexia Association (BDA) and the Prince’s Trust.

Once Janette was on her own, following the separation from her husband, this background helped her to give her business ideas a go.

The Idea

Janette’s school days had been fruitless but by the age of 32 a desire to learn had compelled her to enroll at university to study Art and Tourism and Leisure studies (specialising in Service Management and Service Marketing). It was only at this point that her dyslexia was diagnosed and she worked on developing additional strategies for coping with her condition. Tony Buzan’s ‘mind mapping’ technique is one that Janette adapted and uses constantly. The drawing of links between issues and concepts comes naturally

to her – art was the one subject at which she excelled at school. *“Everything I do is mind-mapped so I don’t forget anything. It has transformed my life.”*

But there was still a long way to go: *“I’ve always wanted to prove myself to myself and rise to a challenge ... but I lacked the confidence.”*

Janette had followed up her original idea for Bridal Belle Ltd with extensive market research. She identified a type of customer who, needing an evening dress but having little time to look, was reluctant to go to a High Street chain and risk wearing the same expensive dress as another guest. Typically, the big stores have very limited stock and offer a maximum size of 22. And when lines are out of stock, replenishments are on six weeks delivery. The unique selling proposition would be always to stock 40 dresses in a variety of sizes up to 30, to offer online consultation, and to ensure a delivery period of 2 weeks for made-to-order garments. Furthermore, Janette would have to be able to run the business alongside her daily work. Initially her venture involved renting a local small unit. But trying to combine the role of office based business-woman with fee-earning work during a transitional stage proved too difficult.

In her late thirties Janette had attended a variety of training courses put on by Business Link programme. In 2002, part of her daily work meant undertaking assignments for Business Link which, at that time, was helping many people set up in business in her local area under a dedicated business initiative for East Kent. Through this she met two exceptionally skilled people who were honing a software package that allowed two-way communication with customers that was fully integrated with back-office functions such as invoicing and stock control. Janette acquired the package and has found it invaluable. It was ideal for the transfer from shop to online service – which was *“set up on a shoestring, with no borrowings.”*

Implementation

The NLP counselling and training had really boosted Janette’s confidence. Now in her early forties, she *“had serial ideas and now I had someone to run to. But you need to be hungry before you will make any money.”*

Janette initially found suitable suppliers in Yorkshire and has subsequently located more by attending exhibitions. After the colleague she had during these early travels went her own way: *“I decided to keep the idea going on my own’.*

Janette’s life experiences have obliged her to be self-sufficient. At a personal level she has been greatly helped by the NLP counsellor friend. She has also benefited from the advice offered to her son by a colleague at the British Dyslexia Association. This came too late to help her with her business ambitions but has been re-assuring because they suggest coping strategies that affirm those she developed for herself.

“My experiences have toughened me up. The public in general are nice ... but there are some horrible people out there.” As a trainer, Janette has gained empathy from working with prisoners and disabled people. “I will go the extra mile ... but I can’t abide cheats.”

When asked if government small business support service gave her any help Janette recalls *“receiving lots of advice and a small grant but what I needed was mentoring and business counselling. It probably goes back to my schooling – which was too rigid, too prescriptive. I need to be able to bounce ideas off someone with experience. So I had to go outside Business Link and I found a mentor through my interest in social enterprise. We help each other.”*

This sort of help encouraged Janette to become a qualified Business Counsellor at Level 4 and gain a level 5 Vocationally Related Qualification in Social Enterprise Business Advice. *“In fact what I needed at the outset is what I do for other people now – but there is no-one out there financing this type of support”.*

The people Janette met during this time have helped her to combine learning and practice and to make her own way. Her quest for business knowledge has led her to undertake a series of university courses in business and management. These, in turn, have enabled her to gain work as a trainer at various government-sponsored agencies such as Eastbourne and District Enterprise Agency (EDEAL) and Business Link and as well as voluntary sector organisations like the BDA and the Prince’s Trust. More recently Janette has found the Federation of Small Businesses (www.fsb.org.uk) *“... to be great. They help you counsel yourself and check how you respond to a problem”.*

Successive training and consultancy assignments led to the role of coordinator for Kent and Medway Social Enterprise Network. However, funding for this ran out in July 2007: *“I was made redundant and became fully self-employed.”*

Her continued interest in social enterprise has left Janette with a strong desire to help others to set up their own businesses. And her VRQ5 qualification enabled her to secure a contract with Business Link to develop a workbook to support social entrepreneurs.

All this has enabled her to maintain an external income stream for four years while launching and growing Evening-belle.co.uk.

Janette reflects that trying to do so many things at once has been very difficult. *“But having teenage children can certainly help with the IT!”*

Development

Because of the nature of her business Janette has had to develop and foster a virtual team – and building a team like this takes time. It now includes a mentor, a key supplier, the two web developers and a bank manager. *“Unfortunately the first bank manager was awful and I had to move to a different bank. Everyone must feel part of a team, with barriers down.”*

When reflecting on her recipe for success, Janette is very clear. *“Tenacity. The ability to rise to a challenge. You have to feel you are moving forward.”* Other local businesses have also been supportive. For example in providing the initial office space at a reduced rent.

Given that her business is targeting a niche market that is widely distributed across the country it soon became obvious that setting up in an accessible local public location could not respond to that wider community. Switching to a web-based service meant that managing the business could be done at home and combined with fee-earning activities for clients.

These factors have proved essential during the start-up phase. Firstly because it has allowed earnings to be ploughed back to develop the business and, secondly, because: *“It was almost exactly a year from having the idea to getting my first order.”* Evening-belle.co.uk is now ticking up three orders a week, potentially worth up to £100,000 per annum. But Janette’s abiding fear is that her reliance on suppliers could cause her to let down a client over an order. She sees that the time is coming to bring in a professional manager to put in the time and effort to progress development to the next stage. And the possibility that this would lead to a sale of the business would allow her to apply more time to developing her other businesses.

Janette believes that without technology her venturing would have been impossible: *“Trying to run it from a shop would have taken 100% of my time.”* The capability to trade online has been vital.

This is especially important when one aims at a niche market sector whose constituents represent only a small proportion of the general public.

A well-designed website that search engines discern to be relevant can be as visible as that of a multinational enterprise. When good design is combined with software that integrates customer-facing and back office facilities a small trader can enjoy reduced costs and less reliance on bank support.

The technology Janette uses fitted her key requirement – not to limit her ideas. *“The technology gives me complete administrative control. It enables me to manage referrals and keyword searches and it integrates purchase orders. I could run this business from anywhere in the world; I’d just need someone to parcel and despatch the goods.”*

Lessons learned

Janette’s experiences have prepared her to envisage further opportunities. *“I’ve learned so much; but not just about selling dresses. For example, get your supplier into some kind of partnership so that if he let’s you down, he’s letting himself down. The skills I’ve got now mean I’m ready to help more with social enterprise – where there is so much need.”*

She now feels empowered to do anything she sets her mind to and is keen to develop an idea for an ‘easy on’ clothing range that uses special fasteners. And she is interested in the concept of ‘asset lock’ that helps start-ups to reinvest profits (see www.cicregulator.gov.uk).

Janette observes empathy between people setting up in business, especially if they have learning challenges. Her advice is to find some free workshops via Business link or the local Enterprise Agency, link up with like-minded people and develop a network. *“You need to find people to talk to. Your family or partner may feel threatened by risk and try to talk you out of your idea. Try to find a counsellor with business experience.”*

In Janette’s view the key ingredient for entrepreneurial success is: *“Make your own decisions”.*

Roger and Margaret Wilson-Hinds and screenreader.net

The background

Roger Wilson-Hinds and his wife Margaret have been blind since birth. Both have had rewarding careers in teaching and then running an IT supply and training business. But in 1998 disaster struck. At the age of 60, Roger became seriously ill and all work had to stop.

While recuperating he suddenly saw with great clarity a new goal – to open up information literacy to blind people anywhere. This ambitious objective demanded the development of free software that can read out a digital file or web page displayed on a computer screen.

Although their ‘non-business model’ was ridiculed, Roger and Margaret persevered for six self-funded years. In 2004 a technical breakthrough finally meant their screenreader, dubbed ‘Thunder’, was ready to be given away (via <http://www.screenreader.net/>). Already some 100,000 blind people around the world rely on Thunder and its future is secured by strong income streams for producing variations commissioned by national and international institutions.

Roger perceives that his many and varied life experiences have contributed to this outcome. At 21, as a social sciences graduate, he set out to earn his living as a door-to-door salesman. He felt deep uncertainty but refused to let his blindness get in the way. *“To do this well you have to like people and not mind rejection.”*

After succeeding as a salesman Roger decided to become a teacher. This led to a period as an education adviser to families and local authorities. Then he was appointed Head Teacher of a special school for blind children. After being made redundant *“for being too radical”* Roger joined RNIB (Royal National Institute for the Blind) in the 1980s as development manager where he helped blind people to take advantage of new technologies.

At school Roger had found it hard to concentrate. Weekly hospital appointments and numerous operations disrupted studies and he came to feel that he and his peers were viewed as ‘cataracts, not people’. *“Those in authority were mapping out our lives for us – telling us we could become telephonists”.*

Roger remembers an exception to the rule – John Lorrimer, a blind teacher at his junior school. *“He taught us to play chess and solve problems and believe in our own brain.”* Realising he was surrounded by clever people motivated Roger not to fail and he started to study harder. This led to Worcester grammar school for blind people and from there to university. But all this studying finally finished off what little reading sight he had.

The career paths of both Roger and Margaret were subtly influenced by their family background. Margaret’s father rose to become a senior Civil Servant and was awarded the OBE for services to blind people. Roger’s family members have always preferred ‘safe jobs rather than being self-employed’. His parents were modest, working class and normally-sighted but he and his two brothers were all born blind. *“Dad was very much instrumental in encouraging us to make things, repair our own bikes, build crystal sets and listen to short wave radios. So this laid the path for an interest in technology, of course”.* Later, Roger was also influenced by Archbishop Trevor Huddleston’s book against apartheid. *“I was for the underdog and actually got arrested for demonstrating at a Test Match versus South Africa at Edgebaston.”*

Roger does not feel his blindness has had either a positive or negative effect on him: *“I haven’t allowed my blindness to be relevant. It is part of me; it’s who I am.”*

The Idea

Roger was made redundant by RNIB in 1992 when he was 52 and, needing an income, he and Margaret decided to set up in business as a disability training company. They won a government contract to teach blind people to use computers and they sold the necessary IT hardware and software to these customers. At that time any blind person who had a job could get a government grant for up to £14,000 for IT hardware and training. *“Social inclusion is supposed to be mandatory; in reality it’s about ‘freedom to pay’”*

The venture proved very profitable, but in 1998 Roger was diagnosed with cancer and all work stopped abruptly. The IT business was immediately given to a close friend – who has continued its success and today employs nine staff.

While being treated in hospital and heavily sedated, Roger had an extraordinary and life-changing experience. *“A near-death experience really switches you on. I acquired an absolute knowledge of what I had to do.”*

It was suddenly crystal clear to Roger that he must do something to help the 80% of blind people who, being unable to get a job, were ineligible for a government grant and therefore were effectively denied access to the online world. *“The idea was to open up information literacy to blind people anywhere. Giving away something valuable was definitely not a sensible business idea. But I saw what IT could do if freed up from business commercialism. And I felt I had the contacts and the skills and the money to do it.”*

Roger was well aware of a type of IT application called a screenreader. In essence, this is software that scans text on the computer screen and uses a speech output device to ‘speak’ it to the user. RNIB markets a robust example named ‘Jaws’. In the US, Serotek offers an equivalent called ‘Freedom Box’. Typically, these products retail for about £1000 per user.

Roger envisaged a low-cost or no-cost application that would not compete because it was aimed at a different target market – the many blind people around in the world who have little or no disposable income.

Roger and Margaret sought help from various government-sponsored initiatives. All the Business Link people they met seemed to be engineers who ‘understood marginal costs but could not see that the web is different’. *“The web offers peer-group support and networking and viral marketing. With very little money you can be round the world. Saying ‘It’s free; try it’ breaks all the traditional rules”.*

They attended ‘business breakfasts’ and visited executives of blind societies. *“It was a distraction but part of the learning curve when you are a disruptive technologist. We wasted an awful lot of time trying to be sensible – we should have just got on with it”.* Roger is philosophical about it today and, as a trustee of the Blind Business Association Charitable Trust (www.bbact.org.uk) he tries to help blind people get into work.

Implementation

In 2000, when Roger was 60, he and Margaret paid to attend a course at the School for Social Entrepreneurs (<http://www.sse.org.uk/>) which had been founded by Lord Young at Bethnal Green in London. There were classes for ten weeks followed by nine months of supervised work on a business idea. Roger and Margaret realised that if they wanted to implement their idea they had no alternative – they would have to fund it themselves. They discussed their idea with one of their long-time friends, Paul – a university professor of computer studies who is normally-sighted and clearly enjoys a challenge.

The visually-impaired community could offer no support. *“Quite the opposite really. And help from RNIB was minimal. To be fair, if someone had approached me with the idea in the 1990s when our IT firm was doing so well, I would have rubbished it.”*

They struggled with the technology. The key problem for any screenreader application software is that video drivers conflict with speech output devices. Paul had written the code for ‘Narrator’, a speech accessory in Microsoft XP 2000. Microsoft in Cambridge is researching speech recognition and put Paul in touch with the Disability branch at Microsoft’s Seattle headquarters. *“They’ve been very helpful. Paul went to Seattle and was given access to the ‘hooks’ in the source code.”*

Roger found the UK business environment to be quite hostile to his new idea. *“It was not long after the dotcom bubble had burst. Software was a no-no. No-one I approached could get their head round the idea of a useful but free application. The best case was when a senior man from Tesco came to see us – they charge charities many thousands to place a link on the Tesco website. He was completely baffled that we wished to give our product away.”*

On the other hand, Microsoft supports constant innovation and was interested in the solution as a freestanding or bundled commercial offering ... *“but this would not have suited ordinary blind people who have no money”.* No money was given and none was requested. It took two years to develop the software manuals and a further two years of testing. Roger had to resume doing some training to bring in money to pay a web designer. Finally, in 2005, Paul achieved the necessary technical breakthrough and ‘Thunder’ was ready for launch at the Sight Village exhibition in Birmingham where it caused something of a sensation. *“We won’t patent it – it’s all Microsoft technology – but we were at least a year ahead of the pack”.*

Development

Roger recalls a lecture by Dr Michael Tobin on blind people tending to be passive. Because they are so dependent on parents and carers they feel they have to please them constantly. Roger recognised that he had been quite reserved when young. It had been easier to be passive and he ‘hadn’t shouted for himself’. It made him realise: *“It’s in the head. You must be undaunted and stop seeking people’s approval.”*

This made him want to see what IT can do for people’s lives. *“You have to be able to see the other person’s point of view. People who can’t get a job are less likely to be able to articulate their need.”*

So he enrolled on an *“IT for All”* course but *“it was too slow; I got chucked off the course.”* The experience convinced him that starting up a technology-based business does not demand a really deep understanding of the technology: *“but you must understand what it can do for what you want to achieve.”*

When asked about the importance of having a good team, Roger is disarmingly candid. *“I don’t see myself as a good team worker but you can’t do it all on your own. I don’t mind being in a team as long as I’m the boss. I’m pig-headed ... and don’t seem to mellow with age”.*

Development of the business was very slow at first; between 2000 and 2005 take-up was minimal. It was only after it was finally decided to give Thunder away free that the business really started to take off.

Shortly afterwards, the European Blind Union suggested that an EU grant might be available for translations of Thunder. They put Roger in touch with a German company that undertook all the form-filling. Within two months, in January 2006, five partners had joined forces and a grant of €240,000 was made to fund French, Italian, German, Slovak and Estonian versions of Thunder.

The influx of cash enabled Roger to give up doing the IT training sessions and the recently recruited professional fund-raiser has already secured a further £55,000 from the Esmée Fairbairn Foundation to produce a learning disability programme.

Today Thunder has 88,000 users of whom 70,000 are unregistered. *“The download laws and data protection vary in different countries. We let anyone download what they want without having to reveal their identity. But the world is full of spoilers; when we reach 100,000 we will insist on registration.”*

The product is wholly dependent on technology. Roger recalls that *“The IT has been a real headache – it disturbs the dream. But not any more. We receive wonderful emails from around the world. I’ve just had one from three blind lads who had downloaded our free screenreader in an internet café in Lagos.”*

Roger reflects that the most innovative aspect of the business has been its business model, namely; to give the product away free and make money from associated project work. He recalls that the agencies set up to assist start-ups interpreted this as ‘a complete lack of a business model’. *“With a modern technology-enabled product one has to be willing to cast off traditional business models. The capital cost of the equipment in my office was less than three thousand pounds; compare that to the cost of a factory!”*

Lessons learned

Roger reflects that in the 90s the government would pay him for three days to train one blind person in the rudiments of IT. Now, people can take the Thunder screenreader and do it on their own. *“There is constant change in IT; one can’t plateau. So many brilliant young people are doing wonderful things. I say to the more mature person with a bright idea: ‘don’t wait; do it now.”*

Roger is sure that the way his screenreader business developed was influenced by his earlier entrepreneurial experience. *“It is very easy to think short term, to take what’s going and make some money – as we did in the 90s. But there’s always something long term you could do that would be better. Our screenreader is fabulous, it’s streets ahead, it’s mega, it’s the tops!”*

David Murdock and clarifeye.com

Background

David Murdock is the owner manager of a thriving technology business based in Glasgow. As a young post-graduate he set up his own business in 2003 *“because no-one would give me a job”*. David has been visually impaired since birth. He had a difficult time at school in his native Scotland but, after being turned away by numerous universities, he was finally given the chance to excel. He gained a degree in molecular biology and progressed to the doctoral programme. But microscope work took its toll on the little reading vision he had – so he switched to a postgraduate course in computer programming.

Now married, the time had come to stop being a student and start earning a living. But how? He and two blind student friends on his IT course tried to identify a service that was not being offered in the region. The option that appealed to them most was a service that would ensure a company's website complied with the UK's Disability Discrimination Act and was accessible to anyone, despite any physical, sensory or cognitive disability they may have.

And so clarifeye.com was born.

David recalls that his great grandfather was an entrepreneur although that business passed down another branch of the family. David's parents have salaried jobs; his mother is a teacher and his father a distribution manager. They have always been very supportive and they enabled him to go to a private school: *“... where I got no help at all. I was flippant, bolshie and outspoken. In a group I could see the solution straight away and would get impatient.”* And the sudden death of his older brother made him an angry person.

David feels he has overcome most of that now but believes the education system has let him down badly. After four years he moved to a grammar school with a visually impaired unit to do his 'Highers' in preparation for a university place. David found this unit to be 'an incredible hindrance' and he only attended one class a week. *“I prefer to do things for myself ... but I now see that I have to be more reasonable.”*

When asked about the influence of role models David reflects: *“I've never been able to model myself on somebody else. I might admire a person but I don't try to emulate them. It takes a lot for me to ask for advice. I tend to bottle it up inside.”*

Getting to university was to be yet another challenge. Although he had done well enough in his exams to warrant a place, interview after interview ended abruptly when his blindness became apparent. *“They were very rude. At one university I was literally cold-shouldered out of the building.”* But as we've seen, once he did secure a place, there was no holding him back.

The Idea

As part of the IT course, David and two blind friends, Adil and Gaffar, had researched 'accessibility' – the design of computer systems so they are usable by people with a disability. For example, Adil needs to use a screenreader (see our case study on 'Thunder') while David can just discern text if it is in a very large font. They presented their findings to a group of IT directors. *“There was no response but it had raised my own awareness of the need ... and there was a personal annoyance factor.”*

After graduating, David went to the job centre. There he was repeatedly told, in no uncertain terms, 'stick on your benefits, you won't get a job; it's not worth your time'. *“I didn't bother to go back – instead I went trekking in Alaska.”*

On his return the three friends decided to make their own luck and try to develop the opportunity presented by the Disability Discrimination Act. At that time some of the major IT consultancies were offering corporate clients a website accessibility review as a supplementary service. No-one was doing it as their only offering and, in particular, no-one was doing it who was disabled.

David, then 25, registered Clarifeye Ltd with Companies House in October 2003. Adil would be the salesman, Gaffar would do the books and accounts, David would do the technical work.

They hawked their idea round to Scottish Enterprise where they were advised on business planning and referred to Business Gateway. *“They didn't understand what Clarifeye could do. They just saw us as three blind guys asking for money.”*

However, Business Gateway did suggest an approach to the Prince's Scottish Youth Business Trust (<http://www.psybt.org.uk>), a charity that promotes and supports self-employment and business creation amongst young people. *“The PSYBT gave us lots of help ... and three thousand pounds to buy some IT equipment. The deal is, if you are successful you have to put something back in.”*

Implementation

The set up costs of the business were minimal. Clarifeye is an IT-based solution and the partners were able to work from their own homes.

The trio told everyone they could about the offering. *“None of us had much business training; we were learning as we went along.”* The breakthrough came in January 2004 when Goldman Sachs was referred to them by Blind in Business – a London-based charity that helps to ease the transition between education and employment for visually impaired individuals (<http://www.blindinbusiness.org.uk>). The bank was shocked to be told their recruitment pages were badly coded and inaccessible to anyone who relied on a screenreader. The partners specified what had to be done and the bank's IT staff put it right.

Blue-chip companies tend to have numerous websites each with constantly changing content. For example, David cleaned up 20 of Proctor and Gamble's websites and now has a contract to review them annually. Advertising and attendance at exhibitions has delivered scant results; the business has grown mainly through word-of-mouth recommendations.

Apart from Blind in Business, David has found that organisations that represent visually-impaired people, such as RNIB (the Royal National Institute of Blind People), have been of little help to his business. *“When I started Clarifeye it was a business for blind people by blind people. Not now. I don't carry a white stick, so people are not aware. It's just a business.”*

During the start-up phase it was not economically viable to rent a workshop. The business had to be run as a virtual organisation. Because they could work remotely and communicate by email, the partners started to acquire clients in America. David reckons he has never met or spoken on the phone with half of Clarifeye's clients; Adil made the contacts.

Nevertheless, the work enabled the partners to meet many people and build up a panel of specialist sub-contractors. When, after a year or so, both Adil and Gaffar decided to accept full-time posts elsewhere, David's self-reliance made him comfortable to run the company alone. *“But getting a reliable accountant was difficult. The first one I appointed filed the accounts late and caused me a lot of unnecessary trouble.”*

David also discovered he was not a natural salesperson. *“I was surprised how resistant people were when I told them how bad their websites were! I had to learn how to talk to people; I had to change my personality.”* He now talks to clients differently. He asks what they want their website to do for them, who they want to reach, what benefits they hope to gain.

David reflects that government small business support services offer 'quite a bit of help to get start-ups off the ground'. However, he deplores they way the government has removed tax relief for SMEs. *“The tax waiver on the first ten thousand pounds of profits*

was replaced by an extra 3.5% on pensions. It was apparently to gain short term popularity but it leaves you worse off.”

Development

David's friends and family have been very supportive: no money but lots of moral support. *“You have to have persistence. Things don't always go to plan. You don't get the money you're looking for. You have to learn to talk yourself up and sell yourself at a premium rate.”* But this persistence can have a heavy price. *“It cost me my marriage. I spent too much time working; my wife took second place.”*

David now has several teams of programmers. *“That was another new learning curve. A few years ago I was fine as long as everybody agreed with me!”*

When asked if luck has played a part in his success, David reflects on the importance of meeting the right person at the right time. *“Business success is about people and contacts. Remember: it's not what you know but who you know.”*

While developing Clarifeye he met up with an accomplished salesman. He also met an experienced businessman who was to become his mentor.

Both are normally sighted and they proposed a new partnership with David that would be an IT solutions company which was not concerned solely with visual impairment. They would invest in the new business – Clarifeye Computer Systems – which, in parallel with the original Clarifeye business – would operate from a retail shop to sell and repair IT hardware. This would be supplemented with 'Big in IT' – a 'paperless office' consultancy that would help professional clients such as lawyers to streamline business processes and benefit from web development services.

David's mentor *“... has taught me about business processes and the new way of doing business; assigning tasks so you can go out and make money; developing the business so that it is scalable both horizontally and vertically.”*

The shop was opened a year ago and Big on IT is now getting on its feet. After achieving a first year turnover of £250,000 from a standing start profits are being re-invested to build up the business.

There are grand plans. Work on vertical development is focusing on building a niche market share and securing wholesale purchasing deals. Horizontal growth will take the business from a single shop to a chain and franchises. David, now 29, and his partners confidently expect year two sales to hit £4 million.

Clarifeye is an IT service that is delivered by a virtual team that could not function without advanced information and communication technologies. *“What we offer clients is technology solutions put together in new ways that change the way people do their work – be it to solve problems, to reduce paperwork or to reach customers.”* As an illustration David cites an IT solution he delivered to one client; a database task that used to take three days is now a minute’s work.

In David’s view, Clarifeye is innovative because no-one else offers the same service as a single service and because, as its website conveys:

“The majority of our team members have some form of disability. Because of this, we experience first hand the difficulties badly designed websites bring, and are best positioned to advise you and make sure your website is not breaking the law and is reaching its full customer potential.

“We are often asked how we can be so sure that our service ensures the best advice for the design of user friendly and accessible websites. The answer is simple: automated tests and technical analysis by a consultant can fail, but the additional level of testing by a group of disabled people who are directly affected by badly designed websites, will mean the advice you receive will guarantee your website will become accessible.”

Lessons learned

When asked what he has learned from his experiences as an entrepreneur, David highlights the need for *“... policies and procedures. Instead of trial and error, do it the right way from the start. Train people and induct them quickly. Give them manuals.”*

His advice to other visually impaired people who might wish to start a business comes straight from the heart: *“Think carefully before you do it. Business and friendships don’t mix – it can lead to conflicts; it can even put your health at risk. Define the roles; put it all down on paper.”*

And he ends with an exhortation: *“Don’t let visual impairment set you apart. The only difference is the distance from eyes to paper. Prove them wrong when they say you can’t. You have to find out for yourself how far you can go.”*

Derek Broomfield and Focus Cooling

The background

Derek Broomfield is the son of a career soldier. He grew up in Cyprus, Germany and the UK moving regularly throughout his child hood. He became something of a rebel and whilst he did quite well academically in his early life he lost interest as he became older. When his father retired from the Army, Derek was a few months away from finishing his education.

As a result of this final disruption he left school without any qualifications and signed up for an apprenticeship in air conditioning engineering. *“My father said to me: ‘your brother is training to be an electrician so you can either train for air conditioning or plumbing’. There was little choice in the matter.”*

Derek thought that air conditioning sounded new and interesting so he chose that. His father took him along to a local company for an interview and he was told he could start on the following Monday.

Derek recalls that his rebelliousness at this time meant he *“... was not always customer friendly, particularly if the customers were ‘foolish.’”* Learning that the customer is always right was a very important lesson for him.

Derek completed his apprenticeship and proved himself to be a capable engineer. He was ambitious and in due course he achieved senior management positions, firstly in the air conditioning industry and then in facilities management in the building industry.

However, Derek became disillusioned with working for large organisations. He hated the bureaucracy. He also disliked the way people around him were being sidelined or dismissed when they reached a certain age. Furthermore, he felt the customers were not getting the best deal.

The stress, long hours and lack of work life balance had already led to divorce so he was ready for a change. He also believed he could offer customers a better service than they were currently getting from larger companies which were more interested in appeasing their shareholders than their customers.

His brother was a successful small business owner having started out as an apprentice in the electrical industry and his brother-in-law ran a successful printing company.

These people around him proved to be valuable role models. So, when two former colleagues asked him to join their successful small air-conditioning company he jumped at the chance. This opportunity proved to be pivotal: *“As a Director of this small company I gained the experience and self belief that I could run my own venture and build something of value.”*

The Idea

After working with these colleagues for some time Derek became sure he could be more successful if he went out on his own. He had always been interested environmental issues and believed there was a need for a service that offered more eco-friendly ways of heating and cooling buildings.

In 2002, at the age of 49, he founded an air-conditioning energy management company that he named Focus Cooling. The new company set out to offer installation and maintenance services to industrial and commercial customers.

He did not carry out formal market research prior to starting but had talked about it with his many contacts.

Derek initially funded the company himself with £30,000 of savings. He only produced a business plan when he needed to raise additional funding and approached all of the High Street banks. National Westminster bank was the only one which would provide a loan facility – and then only on condition that his family home if the house was used as collateral.

For Derek this meant that he had to grow the business more slowly than he had anticipated. because he did not have the resources to take on very large projects until the company had established a firm financial base.

Although he had held senior management positions in the air-conditioning industry and had been trained in management Derek felt a need to gain new skills to grow his business. He attended a Dale Carnegie communications course and a business growth programme at the University of Bristol.

Implementation

At the outset the business engaged two engineers and used numerous sub-contractors. It has since grown rapidly and expanded into the energy management field. In addition, Derek has invested in training on new eco-friendly energy management solutions and works with customers in partnership to help them make their buildings more energy efficient.

Initially the company was run from a bedroom at home but this proved to be difficult. Derek did not feel it was professional enough – particularly once he started employing more people. He purchased a commercial property to house the company and he now sublets surplus space to other small business people in the building and surveying industry. *“This has proved very useful because it means that I have a network of like minded people on the doorstep – all with very useful contacts.”*

More recently Derek has changed the focus of the company to include consultancy services and expert diagnoses. This has meant employing engineering graduates with post-graduate qualifications. Derek does not have these qualifications himself but firmly believes that this level of expertise is essential if the company is to be really successful.

Derek believes the government is not on the side of small business. He sees the Chancellor’s removal of taper relief on taxable profits as just another indication of the government’s lack of understanding of the psyche of the entrepreneur.

He also fears that the increase in bureaucracy is stifling growing companies. This increase in bureaucracy means that even with some staff to help, the directors of small companies must constantly strive to keep up to date with the latest regulations and health and safety legislation. *“All this means that running a venture in the early stages is a ‘24/7’ job.”*

On the two occasions that he has sought advice from the government’s small business support agency, Business Link, Derek has found them less than helpful. On the first occasion he required advice for a patent and on the second he needed advice about exporting. Now, when he feels the need for advice he talks to his accountant and financial manager, or the company secretary or friends who are also entrepreneurs in the same industry.

Derek’s wife comes from an entrepreneurial background and runs a small business support centre. She has also been an informal source of advice.

Development

Derek comes across as a slightly reserved man but when speaking about his area of expertise he displays both passion and a wealth of knowledge. He has quite a few business ideas that he could take forward but is too busy with the existing company to start up anything else.

Technology plays an important part in the business. It enables plans of buildings and internal installations to be sent in digital format to consultants acting for customers. This has reduced the time it takes to quote and detail can be checked very quickly. Derek was initially resistant to using IT himself and has had to learn.

Derek is more expert on the technical side of the business than the day to day running of the financial side of the business. Recognising that the tight control of finance is essential, Derek has employed experts to run the parts of the company that he is less skilled at running.

As a result he has recently taken on a masters-level graduate who is helping him invest in technology that will allow the company to work in closer partnership with its customers.

The biggest problem he has had to overcome is the lack of experienced staff within the industry. The difficulty of finding enough talented staff has prevented him from expanding the business at the rate he would have liked. He has even tried to employ workers from overseas but the lack of skilled engineers does not seem confined to the UK.

Derek’s response to this shortage has been to invest heavily in training. However, he has become irritated by the poaching of his experienced and well-trained staff by larger companies who do not invest in training and can therefore offer better salary packages. To combat this Derek has decided to offer shares in the company to his employees both to motivate them and also to ensure they stay committed.

This share option scheme has also enabled him to motivate the two new graduates he has taken on. Both are essential for taking the company forward and also for succession planning. *“I have learned how useful this extra level of expertise is for the venture. But I’ve also found it is very difficult to keep these young graduates inspired and motivated. It’s a fine balance. They want to grow the company more quickly than is sensible or feasible. And I also have to manage the fact that my older engineers are now being led by much younger individuals.”*

Focus Cooling is currently in the process of acquiring a small heating company to complement and expand the air-conditioning business. This will enable a progression into ‘eco-friendly’ heating and cooling solutions and Derek sees this move as further evidence of the innovative nature of his enterprise.

Lessons learned

Derek puts his success down to his determination to provide expertise and a good service at a fair cost. He has also become well known in the industry as a technical expert and this has helped him develop a wealth of contacts. He has differentiated his business by specialising in highly technical services and by bringing in people whose skills supplement his own.

Most recently he has employed a graduate with a Masters-level degree in engineering. He is expected to become a junior partner and enable Derek to develop the consultancy side of the business. However, Derek also finds the business all consuming and he still struggles to maintain a work/life balance.

One thing that came as a surprise was the length of time larger companies take to pay small companies. In the second year of the business the venture was growing quickly and almost failed because it lost control of cash flow. Large sums had been paid in advance to suppliers of specialist air-conditioning units.

But then several large customers decided to take over 90 days to pay for these units to be installed. In order to pay the wages and the suppliers Derek and his wife had to put the rest of their personal savings into the company. Without this commitment the business may well have gone under.

The company now has a full time credit controller in post and no-one is allowed to build up a back log of overdue invoices. Now, new clients must pay a deposit for large installations. In addition the company has established a good credit record with its suppliers so it no longer has to pay in advance for products. These steps have made things easier.

Looking back, Derek considers his finest achievement is that, over the years, he has trained a number of people who have gone on to build small companies. And many of these new businesses now provide him with a pool of reliable subcontractors that he can turn to when he encounters peaks of activity.

Sally Walton and ‘Carry a Bag’

The background

Sally Walton started Carry a Bag in 2006 to manufacture environmentally friendly shopping bags as an alternative to the plastic bag. The bags are handmade in Hastings East Sussex using strong ‘Fair Trade’ organic cotton ticking lined with recycled home furnishing fabrics such as table cloths or curtains. The patterns vary so that every single bag is unique.

Sally’s father was a test pilot for the RAF but before she was born he died while testing a plane in Florida. After a spell living with her mother’s parents in Leicester, Sally and her mother emigrated to South Africa when she was five. After school she did three years at art school and then worked in a record shop. South Africa was “a wonderful opportunity to grow up in a very exciting and wild environment.”

Back in London, Sally continued studying art and design at degree level, but this stopped when she got married and stayed at home to bring up four children. Her husband worked as an illustrator and she started working with him to create books on interior design, arts and crafts, and folk art. “ We were always freelance ... I have not worked in an office since 1975. We got used to living on our wits and did quite well at it and got established as authors and illustrators. There is a big market in America for this kind of hands-on arts and crafts book.”

This all stopped rather dramatically at the time of 9/11, which coincided with the Frankfurt book fair for that year. “Suddenly the whole market in America closed down and we had to think of other things to do. I looked at the job market and found myself unemployable ... I did not ‘tick’ one box. In some cases I did not even understand the description of the job advertised by the employment agency.”

Sally had not stayed for the final year of her degree at Middlesex so she did not have that qualification. “I had nothing but a huge amount of experience and a lot of potential to do something interesting.”

Sally had become very interested in the environmental movement. The last book that she and her husband produced together was in 1999 and called Eco-Deco. This was a book about design using recycled materials but the major publishers rejected it on the grounds that they ‘did not want to have anything to do with rubbish’. “It was a book that was ahead of its time and my research for it fired me up. My response to this rejection was that if I am going to do something I’m going to do something that I really care about.”

Sally went to the local business enterprise people to see if there was a grant available. The answer was ‘no’, but there was a course on entrepreneurship that was about to start and had places available. It lasted six months, with one teaching day every two weeks and mentoring sessions in between. “We had a workbook that we had to get through and this was a really strange situation for me. At the end of the course I was ready to go and there was a grant of 1500 pounds. I found somebody to create a web site to my design and I launched my new business in June 2006.

The Idea

The 9/11 atrocity in 2001 had a profound effect on precisely the sort of business Sally and her husband were in. “We had about ten projects going with a very large publisher in Bond Street in London, with extensive American interests. The way this business works is that in September everybody goes to Frankfurt for the annual book fair, and there the business is done. That year nobody from America went to Frankfurt and the whole thing collapsed.”

At this point Sally decided that she had to choose one particular thing out of a number of different possibilities, and focus on it exclusively. “I have worked for many years with my husband and we became moderately expert at a lot of things without being pre-eminent in any one particular area of work. I realised that to start a successful company I had to focus on something specific and the ‘carry a bag’ idea was the most promising one.”

She wanted to make a really big impact with this idea because she felt passionately about it. “I had to do it. I wanted to become associated with the idea that you don’t use plastic bags anymore. This issue has become very high profile and I now feel that I am in the right place at the right time. 18 months ago, people were surprised that there might be a business opportunity in this area.”

When reflecting on the more innovative aspects of her business, Sally highlights that what is different is that she enhances the ‘eco bag’ offering by introducing an element of fashion and style. “I had my target market in mind and it was typified by Jamie Oliver’s wife. Someone who cares about the environment and likes to be seen to be caring about the environment ... but who also wants to use well-designed products to look fashionable and smart.”

Her premise is that in order to make people carry the bags when they go shopping, they have got to be practical and stylish. “I contrast this with the Sainsbury’s ‘I am not a plastic bag’ initiative where they got a top fashion designer to design a re-usable shopping bag and then sold a limited edition in the stores for five pounds. This initiative attracted colossal press and media attention with the consequence that their bags became desirable items in their own right and were being re-sold on eBay for 400 pounds.”

In Sally’s opinion this totally misses the point of what the bag is supposed to be. “In my view it should be a bag that you want to take out to do your shopping, rather than a design item that you buy for its investment value.”

Sally likes to use the bag to get messages across. “It is one of my strengths is that I am able to come up with snappy slogans. This year we are going with the slogan ‘A bag is not just for Christmas.’”

Implementation

Sally started entirely on her own and was looking for a grant to finance the purchase of sewing equipment. Her postcode area is regarded as ‘depressed’ and attracts redevelopment grants so Sally was seeking one when she heard of the enterprise training course. “I was interested in doing it because I had always felt a stranger to accounting. We had always had somebody to look after that side of things but I felt the need to learn more about it for myself, as you can sometimes feel vulnerable if you don’t understand things. I did do a business plan and I loved it. I am a writer and love writing. So the business plan became a challenge for me to produce something interesting and decorative. It looked like something out of a Sunday supplement by the time I had finished”.

The course ended in February 2006 but the grant money did not come through until April. Sally spent the cash on sewing machines and on producing high quality postcards featuring the bags which she sent to every magazine editor she could think of. The web site was ready in June. “At the launch I had my bag featured in Country Living and that was an enormous factor. For two months the phone never stopped ringing and what with other placements the run-up to Christmas was very successful as it was featured in a lot of places as an ‘eco-friendly’ product to give for Christmas.”

Currently the bags are made by a number of home workers in St Leonards. Sally has found it quite hard to work with people in the UK: “Many of the casual workers want to have a cash-based, off the books business, and if you go to a factory then it is just is so much more expensive than India.”

Development

In January 2007, Sally received a call to say she was going to be featured on ‘Daily Candy’. “I did not know what this was but it turned out to be a daily bulletin that goes out to journalists in fashion and retail industries. It features a new product every day. Within ten minutes of the article appearing the website server had crashed and we were overwhelmed by the response. Most of it was from people inquiring for details but there were also a number of huge orders offered. These included Disney Corporation which wanted to put the bag in the British Pavilion at EPCOT in Florida.”

At the time Sally was not in a position to take on this level of business. So she embarked on a process of finding large scale manufacturing facilities in the UK. Although she came close to finalising one particular option, she eventually decided to outsource a major order from Aveda – a very big American cosmetics company with green credentials – to a manufacturing facility in India, which she knew about through her supplier of fair trade cotton. The order was to produce 1200 bags for Aveda’s annual conference. “This is my first big outsource experiment. I’m going to do the Aveda job through Bishopston Trading”.

At that time Sally was making use of ‘BizFizz’ – a government-sponsored initiative started by the New Economics Foundation and The Civic Trust that provides support for new businesses (see www.bizfizz.org.uk). It was her contact there who told her about Bishopston. This business was started by Carolyn Whitwell in 1985. Initially the firm imported fair trade organic cotton but they now have a manufacturing plant in India to make clothes (see www.bishopstontrading.co.uk).

Bishopston is the supplier of the cotton Sally uses – so the Aveda bags will be made in India. “My contact with Bishopston is through a smaller trading organisation in Wales, but the point is that the bags will be made at the location where I have always bought my fair trade cotton. I was quite reluctant to do this in one sense as I would prefer to get them made in this country but it is so much cheaper to get them made in India, and also I feel that it will do a lot to support the local economy out there.”

Sally was pleasantly surprised to find that Aveda were happy for the bag to have her brand printed on it as well as their company name. “And there is also a tag that says ‘Sally Walton with love’ that connects my name to the brand.”

Sally did not talk to many people about her idea at the start up stage but her children were helpful. All of them work in the media and public relations industry. Her eldest son is a creative director at an agency and his connections in the media and fashion business proved to be useful.

As the business has grown, she now feels the need to consult with other people and think through her options. Sally came second in an Intel ‘older entrepreneurs’ competition and so came close to winning mentoring support from Simon Woodroffe of Yo Sushi and Dragons Den, and an older entrepreneur himself.

Simon Woodroffe put her in touch with PRIME – the UK national organisation dedicated to helping people aged over 50 set up in business (see <http://www.primeinitiative.org.uk/>). She did an interview and was featured on PRIME's web site as a case study. However, her attitude is that she would use PRIME but, as she still feels young, she does not wish to be ‘put in a box as an older entrepreneur’.

Other sources of advice are closer to home and to her passion for the environment. *“The people that started the Green and Blacks organic chocolate business are friends of mine and they live locally. They started off with the same ethical focus that I have and have built up a major brand.”* They are the people who advised Sally to go for the Bishopston trading operation and set up manufacturing to be done in India.

Sally’s enterprise depends in large measure on new information technologies. However, she is struggling with the management of these technologies. The man who designed her web site *“did a fantastic job and produced exactly what I wanted. But he suddenly gave up the business and went off to run a nightclub”*.

While searching for a replacement, Sally was put in touch with an IT services firm with green credentials – for example it uses green electricity to run its servers. For a time Sally found this firm satisfactory and she was able to put stuff on the site and take it off as she saw fit. For example designs with a short life span would go up on the site and come off within a matter of days or weeks. But *“... more recently the IT person has taken more control over the content of the web site and I feel that it is slipping away from my control. This worries me. The web site is crucial to the successful growth of this company and I want to have more control over it.”*

Sally is looking forward to growing the firm into a more substantial operation. *“I tend to get scared by small things such as design details that I may have left off a particular customer request. Things that stress me are quite small things but the big things are more fun.”*

Lessons learned

Sally does not recall being influenced by any role models but feels strongly that her background has helped her enormously.

“I feel that I do not fit into any category. I don’t fit into any particular country or nationality. I feel hugely attached to my family because this is something I have made but beyond that I do not feel any real attachments.”

Looking back at her experiences and the factors that have helped her business to succeed, Sally reckons *“... it all goes back to my childhood. Everything about me just makes me want to be an individual.*

I am not a team player but I could be a team leader.”

One of Sally’s current concerns is trademarks and the question of whether she should try to trademark ‘carry a bag’. She did get expert legal trademark advice on this and was told that it would be difficult and expensive because it was a description rather than a name. *“The alternative is to trade for three years and then apply on the basis that it is an established brand. So I let it go.”*

But six months ago Sally discovered that someone else had applied to trademark the name and, contrary to the advice that she had been given, it had been accepted. So Sally was advised to re-apply on the basis that the name had now been accepted as a trademark but that she had a prior claim.

Fortunately the other applicant withdrew and Sally’s claim is going ahead *“... but this is costing a lot of money that I could have been spending on fabric and workers.”*

Sally has sought out government-sponsored support services for small businesses – the training course is an obvious example – but *“...they don’t see things in the way that I see them. They seem to have a narrow local focus that is concerned mainly with creating opportunities in local communities, rather than giving me advice on how to set up what could be a major operation. They are used to dealing with people who have very local and specific problems and trying to help them resolve them. I am way ahead of them in my vision for what is possible with this company. I do need somebody – such as a mentor – who can be more supportive to my ambitions. I would love to be able to talk to somebody about my ambitions in a confidential, consultative basis – almost a ‘shrink’-type role – so that I could feel confident about where my ambitions could lead.”*

Tony and Nadia Howell and whitetruffleauction.com

The background

Tony & Nadia Howell established White Truffle Auction in 2007.

Nadia started her career in the food industry in 1986, when she established her own restaurant in London. The following year her interest expanded to the supply side of the business, including sourcing fresh Italian truffles for sale to restaurants and to individual clients.

Truffle hunting in Italy is often a family tradition and Nadia has worked with the same group of Italian hunters for over 20 years.

Tony has worked in financial institutions in the City for over 20 years, most recently as a treasury consultant. He quit this profession in 2005 and became involved in designing and installing CCTV and control systems for commercial premises. This venture continues to operate but in 2007 Tony decided to focus on developing and managing whitetruffleauction.com.

Tony Howell was born and brought up in Kingston. His mother, who is Italian, came to the UK in the 1960s. His father is English and was a General Post Office engineer.

Tony achieved 13 O-levels – “I think this was as a result of competition with my friend” – but at A-level he did not get the grades required for university and had the option of repeating the examinations one year later or joining NatWest Bank on a training scheme.

His career in corporate finance led to a position with HSBC as a treasury consultant, looking after a number of FT-SE 100 companies and advising them on ‘interest rate hedging’ opportunities and joint ventures in emerging markets. The job with HSBC involved a lot of late night working and dealing with very substantial sums of money. At the turn of the millennium the stress brought on a health scare and Tony concluded that he needed to get a balance between work and family life.

In a strange way the health scare had given him the confidence to take on a new challenge. *“I always had that entrepreneurial streak but I never had the push to do anything about it”*.

Tony left HSBC in 2005 and set up his first venture in partnership with a lifelong friend. This is a security business, which designs and installs surveillance systems on commercial premises. But Tony could not stop thinking about the massive opportunity presented by the fact that his wife knew the food importing business. *“My experience in the financial trading industry has shown me that whenever there is something that has value then there is an opportunity to set up a trading platform to bring buyers and sellers together. Fresh White Truffles have very high value; in fact by weight they are more expensive than gold, and there is no trading platform for them. There is the annual Alba market each year in Piedmont in Italy. The business concept is to bring this market online to a global auction.”*

The Idea

Tony’s belief that high value opportunities are the more interesting ones convinced him that the idea of a white truffle auction was too good an opportunity to miss out on. The business idea was to capitalise on Nadia’s truffle experience and run a separate venture from the food importing business. He thought about it over a period of five years, did a lot of research on the Internet and spoke to his wife and some of her contacts in Italy. He needed to find out if it had been tried before and if it could be started as a business idea. His Italian contacts told him that one or two people had tried to do it before but that it had not worked out. He decided that his experience in financial trading coupled with his wife’s contacts in Italy gave him a better chance of success. He set up the business in 2007.

Some of the ideas are modelled on eBay, but the white truffle auction has some distinctive features, not the least of which is that the product is fresh and must be consumed within days, so there is much more emphasis on ‘real time’ trading. The auction process lasts 24 hours and as it works globally there are complications to do with time zones. Registered customers are informed immediately by text message that an auction has started and are invited to submit a bid, including a maximum price they are prepared to pay. So they can then go to sleep and check in the morning to see if their bid has been successful.

The proposition to the supplier is that s/he will get a global market opportunity for 24 hours and a much higher price. *“The business model is innovative because I have done it in such a way as I am not committed myself. What I am doing is creating a trading environment for truffles that is aimed at helping farmers with traditional ideas about markets. What we are doing is giving them the opportunity to put their products onto a global market.”*

The web site design itself has some novel features. There is a lot of information provided on it that is promotional and does not require registration. But in order to participate in an auction, the potential purchaser has to register. Most of these people are 'high net worth' individuals who are sensitive about revealing contact details. So Tony has gone to considerable lengths to ensure the privacy and security of his clients' information "... and from a technical point of view I have a pretty good understanding as to how the web site works and can update it myself."

Implementation

There was no special financial pressure. The main work that had to be done was to set up the operational web site and there was time pressure on this because the selling season for white truffles is in the three months prior to Christmas. So the web site had to be available by the end of September.

Tony had experience in setting up a web site – when he was at HSBC he had been part of a panel of ten people that designed the HSBC e-commerce web site for the Treasury Department. But the information technology part took a long time because of the complications of creating an auction web site. Tony came up with the architectural layout and how he wanted it to work and then worked with a Web developer over a period of seven to eight months to make it a practical auction web site.

This all went to plan, the site was ready in September and the first auctions were held in October.

Development

The white truffle auction business is still at an early stage and real auctions only started in earnest in the autumn of 2007. But Tony's intention is definitely to grow the business. "The white truffle is the highest quality and rarest variety available and is only harvested in the three months before Christmas. My intention is to build a brand based on the idea of the white truffle and expand into other truffle markets, which take place during the rest of the year.

"The other growth opportunity is to deal with the suppliers of preserved truffles, which are sold on a more conventional basis, and set up an on-line retail business. This will then fit naturally with Nadia's food importing business in that it would be holding stock. But the chief business will be concentrating on truffles." The development idea is to build a reputation and a brand for dealing in truffles online either through the auction process for the highest value of truffles or through a more conventional online ordering outlet. One part of this will be to establish a greater presence among the suppliers in Italy.

The exploitation of information and communications technology will be absolutely essential to achieve the intended growth. The business model is that whitetruffleauction.com takes a share of the purchase price. The aim is to attract more and more suppliers to the idea of selling the truffles through an online auction rather than a conventional market and build up the business in this way. Tony has not been to any business support groups but he has been going to seminars and network events run by Greater London Enterprise. Through these he has made contact with Jane Milton who runs a company called 'Not Just Food'. "These sorts of events are great for networking and getting out the message."

Although Tony has not been in contact with Business Link for the white truffle business, he did consult them regarding the security business and found them to be helpful on two particular issues. The first concerned the need for advice on designing a door entry recognition system and the second issue was connected with knowing what regulations he had to comply with when using subcontractors. These considerations have not been an issue in the truffle business.

The biggest obstacle and learning curve has been the whole concept of online marketing. Tony uses a PR consultant to deal with conventional marketing outlets such as newspapers and glossy magazines but online marketing is something quite new. The challenge is to see that your name comes to the top of a search on Google (or equivalent). The Web developer knew something about this but the whole business of search engine optimisation is what Tony is concentrating on at the moment.

Curiously, the nature of the truffle makes it more suitable for on-line marketing than conventional outlets. Glossy magazines want photographs and other materials to promote the idea of truffles generally and how they could be used in cooking. However, this is not something that can be done easily as truffles are typically used quite sparingly to add flavour to other dishes. So they do not fit into the conventional food marketing niche.

Naturally, Tony is also concerned about integrity and does not want to let this 'get out of hand'. "As the business expands I will be relying on my trusted suppliers to, in effect, authorise any new suppliers so that the quality of the product is maintained". The contacts with these trusted suppliers have been developed over many years through association with his wife's business: "It is not like family, but they are close friends".

Lessons learned

When asked for his advice to others who aspire to be innovative entrepreneurs Tony notes: "One lesson that I have learned from conventional business is that if you diversify too early, the central core expertise gets diluted and 'washed out'."

But looking back on his path to becoming an entrepreneur in middle age, Tony reflects wryly that "... I should have started earlier and followed my inclination to go for some of these entrepreneurial opportunities. I do plan to expand the business but after all that I have been through I need to maintain a sensible work life balance. I do not intend to take on more than I can cope with. At the end of the day you need to have a passion for what you are doing and to be able to talk to people about it."

Tony has two cousins who are a decade older. They set up and continue to run their own printing business, which they started right after finishing apprenticeships. Looking back, Tony considers that this example may unconsciously have been a big influence on him.

Everything Tony did in the financial sector was sales-orientated. "My ambition in retail banking was to be in charge of customer relations and be the interface between the client and the trading floors. When I moved into insurance that was a pure selling role paid on a commission-only basis – so I'm used to taking risks. At HSBC the job entailed dealing with clients and selling them products and services. I think I can interact well with people. This is important as effectively I am the business and so my relationships with suppliers and customers are critical."

Peter Jenner and Proximagen

The background

Professor Peter Jenner founded Proximagen in 2003. The company joined the AIM market of the London Stock Exchange in March 2005. Peter was born in 1946 and so was 57 at the start of the company.

Proximagen is a drug discovery and development company that is primarily focused on the identification and subsequent out-licensing of novel therapeutics to improve the quality of life for patients suffering from neurodegenerative disease such as Parkinson’s disease and Alzheimer’s disease. The Company is building a development pipeline to address the significant medical needs of these patients and has made substantial progress in four proprietary programmes. The firm anticipates licensing its programmes following successful Phase II proof of concept studies and commercialising carefully selected collaborative programmes. Proximagen also generates significant revenues from providing assessment and advisory services to major pharmaceutical companies on their drug candidates for these therapeutic areas. (see www.proximagen.com) Peter reflects that he comes “...from a relatively poor working-class background. My mother was from rural Somerset and widowed and there were no male figures in the family. I was driven by my mother to be the first member of the family ever to go to grammar school and university.”

In Peter’s view he was not particularly bright at school; he gained 4 science A-levels but all with quite modest grades. “What sticks in my mind is that immediately prior to university I read in the newspaper that pharmacists were getting a big increase in pay. I could see that the pharmacist living around the corner had a pretty good lifestyle, so I thought I would study pharmacy at university. It was there that I discovered pharmaceutical chemistry and pharmacology, two subjects that I had not done before, and I loved it.”

After five years of study and working in drug metabolism and pharmacology, a job came up in the Department of Neurology at Chelsea College and Peter changed fields completely. “The research Professor, David Marsden, and I got on like a house on fire and became close friends and this became the start of my relationship with Parkinson’s disease.” Peter discovered that he was good at addressing audiences and conveying his passion for the subject.

Looking back he believes Marsden’s legacy has been to give his researchers the freedom to explore new ideas, be creative and see the big picture. “Some of my colleagues round here are much better scientists than I am and they spend their life looking down microscopes at single synapses, but I much prefer ‘big picture science’, which is translatable into patient populations. This is what turns me on and drives me. If you’re going to do that in pharmacology then you have to work with the drug companies and I found that I was also able to do this. I realised that I understood the needs of the industry and took a businesslike view of research rather than a purely academic and scientific interest. So these companies started having me on advisory boards because not only did I understand the research but I could see the applicability of it.”

The Idea

Peter had had the idea of starting his own business for years “But in an academic environment it was blooming difficult to get it off the ground”. He kept himself going by running a consultancy business within the university for over 20 years. He recalls that this academic research group was very good at bringing in new drug molecules for Parkinson’s disease and doing laboratory assessments – turning over about a million pounds per annum. The group used the funds to support their research activities. “But it was quite frustrating because we were seeing other people’s ideas going through the process of clinical trial and we were not developing our own products.”

Despite this activity, Peter had no real new business experience in terms of finance and legal and regulatory matters. But what he did see was all the elements of a small drug company sitting around his university’s campus. These included medicinal chemistry, phase one clinical units and three teaching hospitals. “We had the capacity to exploit some of our own ideas. I went around banging on doors but I found the academic colleagues were not interested in making money and the university’s Enterprise group was not interested because of my lack of business expertise.”

This all changed when a group of venture capitalists called IP2IPO (now the IP Group) did what they had been doing at other universities and bought up a tranche of rights to intellectual property ideas. They planned to invest up to ten million pounds in a number of startup companies.

The momentum took over and suddenly the IP Group was in Peter’s office discussing business plans. “A joint investment board was set up between Kings Enterprise and the venture capital company. We got four hundred thousand pounds in seed money and off we went from there.”

The IP group recruited the chief executive officer – a young American with an entrepreneurial background in information technology, a finance officer and a former colleague of Peter’s who has been in drug development for 30 years. Peter was given a very short period of time to come up with a number of ideas for the joint investment board to get the seed capital. They embarked on a roadshow and sold ideas for four new drugs, raising 13.5 million pounds. “I literally had a quick think round the field and thought of a few ideas and wrote them down. I continue to have new ideas but unfortunately there is no slack in the system to allow us to investigate them.”

When asked why he started his own business Peter notes that the intervention of the venture capital company IP2IPO was clearly significant. But, in addition, he recalls that he was “... a bit fed up with academia and was going through a divorce so I was looking to do something different and break with the past. I decided that the best thing I could do was take up the new business challenge.” He took early retirement but the university retained him on a 20% basis and gave him a very generous retirement package and this helped him make the transition.

Implementation

At the outset Peter thought the group would be able to maintain its excellent reputation for basic research and keep a pipeline of new ideas. But this has turned out not to be the case and Proximagen remains reliant on bringing to market the four products that it started with. At the time of the flotation the company promised to develop the four ideas and bring two of them to clinical trial within a certain number of years. “This was a very aggressive target and so has been the priority objective. All of the money we raised is going to bringing two of these molecules to clinical trial.”

The original academic research group has reduced in size from 25 down to seven. One of the objectives of setting up Proximagen was to give greater financial stability to these research workers, who otherwise would be dependent on grants. Many transferred to Proximagen – so their skills have been retained by the company and they now have a personal stake in its financial viability.

Reflecting on the resource requirements Peter notes that: “We make use of university resources but pay rent for them. We have a license agreement with the college, which covers ongoing intellectual property rights. A deal was done when our building needed to be refurbished to comply with health and safety requirements.”

Prior to the arrival of IP2IPO Peter had discussed his ideas with some academic colleagues, and encountered a marked lack of interest. So he was surprised to receive strong support from the college’s senior management, including the finance director. “They wanted to get innovation going because they felt that the college was generating intellectual property that was going to waste. My family was supportive but probably did not have any real concept of what I was proposing to do. I did not talk to anybody in the financial world and realised later that this may have been to my disadvantage.”

The college got a million pounds out of the flotation, which was unprecedented, but Peter feels he has not had much support. In fact “... when it got started I felt abandoned. I found myself standing alone and left to get on with it. If I have doubts about anything it is very difficult to find someone to talk to. I do feel isolated at times and sense very much that it is down to me to make it work.”

Peter has been very disappointed by the lack of useful and proactive assistance available from Business Link or the (then) Department of Trade and Industry. “I think the UK environment is very different to the US where people are very much more willing to ‘put their money where their mouth is’ and invest in good ideas. In the UK there seems to be a reluctance to invest. Even when it happens, the resources are not really sufficient to get the idea properly launched.”

Peter sees the United States as a much richer investment area with more tax incentives. He believes a change of ethos is needed in the UK. “There is a lot of intellectual property around the place, which is not being exploited. Even if someone sees an opportunity I doubt if the support systems are in place to make it a reality. I think it needs some education generally about the value of having entrepreneurship in place within an institution, to take advantage of its intellectual property. The major thing that the universities have to learn is not to make everything so bureaucratic – you get positively discouraged.”

This experience has taught Peter the importance of having a business person running the operation; someone who understands risk management, has a successful track record of enterprise and is the sort of figure that venture capitalists and fund managers like to see in a new business venture.

Development

So far Proximagen has spent 3 of the 13.5 million pounds invested and is now approaching the heavy expenditure stage of the process. *“We have been burning money. We have molecules now that are ready to go through to the regulatory drug approval process and that is expensive. We do not have spare money around to do innovative new research so we have not gone out and aggressively promoted it. We could raise two to three million pounds per annum but that might divert us from our main focus. We are not aiming to produce a ‘blockbuster’ drug that will make billions. We are aiming to produce drugs that will alleviate the symptoms of Parkinson’s, and the side-effects of some of the existing drugs, and make millions.”*

Information technology is used extensively to keep up-to-date with developments in the patent world and also more generally to see what scientific progress is being made in universities and other competitors. This raises a dilemma. *“In the future, as we get closer to market, we may increase our exposure on the Internet to provide information about Parkinson’s disease, treatments that are available, progress with research and new products and so on. We are particularly concerned to keep in touch with patient groups. On the other hand we do need to be careful about protecting our intellectual property.”*

Peter reckons that what makes Proximagen innovative is that *“... it is not a typical biotech company as most of them go for really ‘off the wall’ ideas that are based on genetic manipulation or absolutely brand-new targets for drugs. We take a much simpler approach based on techniques that are relatively well proven and we go for targets that alleviate symptoms rather than the ultimate cure.”*

For example, sufferers from Parkinson’s disease in acute stages can be immobile for six hours a day. Peter’s team is producing a drug that will improve a patient’s quality of life by reducing that so-called off-time by two or three hours. The team is balancing this with other drugs that are perhaps more novel. Peter observes that the key is to have a portfolio of products rather than invest everything on a very high risk/high reward possibility.

Lessons learned

Now that he is sixty, Peter observes that age can have advantages. He is viewed as a key opinion leader in his field and *“that brings some gravitas in that people think I know what I’m talking about. So going out to talk to fund managers and investment bankers, most of whom have no scientific background whatsoever, was not that difficult. If you can talk convincingly about these things then they invest in you. We had no drugs ‘on the stocks’ when IP2IPO came – just ideas.”*

When asked about the characteristics that helped him to succeed, Peter asserts that *“most of it is genetic. I really do think that either you have got it or you haven’t.”* And he reflects that it helped to come from a family background *“that was aggressive as far as money was concerned, because we never had any”.*

On the other hand, Peter can’t explain where his ideas come from. *“They just pop into my head when I might be doing something quite mundane”.* So the ability to communicate is vital. *“If you cannot communicate your ideas, then it is a complete waste of time. You can tell pretty quickly when somebody has got the entrepreneurial spirit – they tend to be ‘larger-than-life’, extroverted people with driven personalities.”*

Peter concedes that money was one motivation but alleviating the symptoms of Parkinson’s Disease was just as important. *“I do a lot of work with support groups up and down the country and when you look these people in the eye you can understand the gulf between current research and their practical needs. We do aim to reduce the gap. Stem cell research could result in a cure but this could take 10 to 15 years. In the meantime patients are suffering. What we try to do is alleviate that pain.”* Accordingly the Proximagen team tunes its research programme by talking to patient groups and ascertaining what they see as important.

Peter sees himself as a practical scientist. *“We have to go out and sell ideas and entrepreneurship but there are obstacles to doing this and I would put bureaucracy at the top of the list. One part of the entrepreneurial spirit is to get things started and done as quickly as possible rather than wait for forms to be filled in or procedures gone through. Some people might find this problematic but I believe it is important to have this sort of entrepreneurial drive somewhere in the system.”*

Tony Baxter and Sandcliff AB Ltd

The background

Tony Baxter’s life experience could hardly be described as conventional. *“I had what could be called a reasonable education – I went to public school. But I left without taking any examinations because I ran off with a rock ‘n’ roll band. And for nearly 20 years I worked in the music industry. I did several things including production and running a studio and a lot of work for radio and television as well as performing and travelling.”*

After trying to get out of it several times, Tony enrolled on a three year teaching course specialising in music and history. This meant resuming study to get the exams he needed to start the course. He liked the learning but disliked the teaching and after a short job in a middle school, he went back to the music business. Tony’s father died when he was young and he never knew him. He had been a store manager. *“My mother had wanted to be a violinist but as a single parent she had to earn a living and went into teaching. Most of my extended family were in teaching and believed in respectability and education. When I was eleven I won a scholarship to Dulwich College – but I did not fit in. I was drawn towards artistic subjects but success in sport or classical subjects seemed to be necessary to get on. So I virtually dropped out in the first year and was on the verge of being thrown out almost the whole time I was there. Rock ‘n’ roll was just starting to emerge in the 1950s and I got an offer to join a band and tour American forces in Europe. That was the start of my career in music.”*

By the time Tony had reached 40 he was getting tired of *“... living out of vans. It was a very up and down existence and I decided I had to get into some sort of permanent role.”* He tried all sorts of things. With no qualifications whatsoever after 20 years in the music business he had to get whatever work he could. He eventually ended up taking a job in a department store: *“I went to Blackpool and persuaded the local store manager to let me sell keyboards in the front hall and I was so successful that they offered me a job on their fast track management scheme. Within two years I had become a store manager.”*

But Tony hated it and when he saw an opportunity to join the National Trust , as a commercial manager in the Northeast, he applied and got the job. *“I found myself running a group of National Trust shops and restaurants in the North-East region. I learnt very quickly and was promoted to head office as marketing manager for the National Trust.”*

Tony did this for six to or seven years and having found a taste for working in charity organisations he moved on to the Marie Curie Cancer Care as head of fundraising, marketing, and commercial activity. *“I had ‘passed by the door of fundraising’ on several occasions and had formed a vague idea of what went on. I set up a chain of 200 shops in two years, but then moved on again to Great Ormond Street Hospital, as the director of fundraising and public affairs. That was a much bigger and higher profile job and while I was there for three years I expanded a subsidiary in New York and launched one in Tokyo.”*

At that point, in 1994, Tony set up his own business, Sandcliff AB Ltd. *“It really pulled together all the things that I had been doing up until that point. It was providing strategic planning, fundraising and marketing services to charities and not-for-profit organisations.”* The consultancy business flourished and Tony focused on public organisations such as National Health trusts, education colleges, and museums and art galleries. Tony feels he never had any family role models or any in the music business. *“I have never aspired to be anyone else. Music and art were important to me but no academic subjects gave me any motivation to work. However, my success at getting the scholarship suggests I have some native intelligence.”*

When asked how age influences an entrepreneurial career Tony remarks: *“I think it very much depends on the person – everybody has a physical age and a mental age. I always think that people’s age can be judged by when they stop listening to new music. At that point they have stopped developing and it would not be a good idea to start a new business because you have to be fleet of foot and you have to be prepared to adapt. You have to be able to see something and grab at it without worrying too much about the consequences. You also need to be able to recognise insurmountable obstacles and learn how to get round them. You have got to have flexibility and be prepared to change your standpoint and not go for it like a bull at a gate.”*

The Idea

When he was in his early 50s, his position at Great Ormond Street Hospital was suddenly changed and he had a week to decide whether he would accept the changes. *“I had seen other people in this situation approaching the end of their working life and becoming increasingly less well regarded. I could see people being sidelined and not having any control over their environment and this prospect did not appeal. I like being in control and in charge. I took a conscious decision never to work for anybody again and go out on my own and be reliant on my own skills.”*

Tony set up the Antony Baxter Partnership (later to become Sandcliff AB Ltd) first *“...and then did a very sketchy business plan. At the time there was a government scheme which paid 50 pounds a week for new business starters and I took advantage of it. I did not do formal market research but I knew a lot about the size of the market and the nature of the people in the market and what they wanted and I decided that I would try and exploit my skills within this situation. I did not talk to anybody. I think this may be regarded as a weakness of mine in that I tend to go and do things without reference to other people. I do not easily take advice – I make up my own mind.”*

The business model is a fixed fee consultancy that requires an advance of 50% before work is started. Tony declines to work on a commission basis. He has segmented the market and disregarded all but three sectors: national health trusts, colleges of education particularly further education colleges and new universities and heritage museums and art galleries. *“Within those three target markets we know who our prime purchasers are – the chief executives and principals. We keep track of their movements from one organisation to another and aim to develop personal relationships. We contact them every six months with the principal aim of achieving a meeting to discuss funding opportunities, to understand their situation and make some preliminary suggestions about opportunities. It can involve the offer of some free consultancy.*

“All these people have requirements for money or new staff – the trick is to get in front of them and persuade them that you can deliver. Personal face-to-face contact is very important. Once you understand what they want it is very easy to construct something that will fulfil their needs.”

Implementation

It required determined and sustained selling to get Sandcliff started. Tony *“... went to everybody that I had ever known in any business to find out what people wanted”*. Public bodies get public money in order to carry out their operations. Tony argues that this only pays for the basics – the additional resources needed to achieve excellence have to come from fundraising. Within three months he had secured a six figure contract to project manage a hospital appeal that was not going well.

Tony reflects that his biggest difficulty came when he started expanding and employing staff. At this point he went to a government small business support agency for advice.

“They appointed a consultant who took me through this period of growth when I moved from an individual-led business to a management-led business. This was my biggest mistake and when it all started to go wrong. They grossly overestimated the size of the market and scaled my operation to an unmanageable size. They based their assumptions on the belief that the entire population of charities was our market opportunity and projected that turnover would be 3 million pounds. It was flawed – no other business in our sector has achieved a turnover of this size and we ended up with a structure that was far too expensive for the potential.”

Looking back, Tony feels he also made the mistake of thinking that the employees’ motivation came from being employed by the business rather than having a stake in the business. *“Turnover doubled but costs were almost impossible to control and profit went down. It was very difficult to get the staff to consider the needs of the business itself, rather than their own particular role within it. After two very rocky years I shrunk the business down to a virtual business again, offering some of my former employees work as freelance consultants. This turned the business around remarkably quickly and I was soon back on track, with increasing turnover and profit.”*

Development

Sales and marketing comes naturally to Tony. *“My marketing strategy was generally to get myself known by giving presentations and writing papers for conferences at which National Health Service managers and college principals would be present. I always sold at a level where people could make a decision.”*

Tony tries to get himself perceived as a trusted partner rather than a provider; to get himself regarded as someone working within the organisation, who is sourcing skills and consultancy on the market. *“At a client meeting I always try to sit round the table with them and never ever stand up to give a presentation. It’s amazing the difference that makes”*.

For Tony, information technology has always been extremely important. *“I almost exclusively communicate through e-mail and I use the Internet and online databases for research and contact information. I would be completely lost without it.”*

In developing Sandcliff Tony has found the most difficult aspect has been to find and retain staff and then to manage and motivate them. By the early 2000s he had a staff of twelve and a customer portfolio of 25 NHS trusts and colleges. *“By this time I was 65 and wondering what to do about it. Most of the expertise of the business was in my head and I did not think it had any real worth as a saleable entity.”*

All this changed with an unexpected offer from a much larger company. *“They wanted to get into the public sector market and integrate this into their existing customer portfolio of charitable organisations. The sale went ahead and I am halfway through a three year transition period where I continue to run the public sector side of things.”*

In parallel Tony has continued to run his music business recording studio. He also recognised that his various jobs have involved a good deal of recruiting and decided this is something he could continue to do. *“It is less ‘age sensitive’ when recruiting senior level people. My own increasing age might even give me an advantage as it adds a certain gravitas to my image”*.

Having examined the opportunity thoroughly, Tony went on a course on psychometric testing and, in 2005, set up two new companies, a headhunting recruitment agency and a psychometric testing consultancy. Already he has recruited a dozen chief executives and directors for public sector jobs.

Lessons learned

Reflecting on attributes for success as an entrepreneur, Tony singles out *“preparedness to have a go and not be constrained by convention and stories about how difficult it is”*. Tony feels he is less constrained by convention than most of his peers – and, indeed, by people who are 20 or 30 years younger than him. Tony confides disarmingly: *“I should have been much tougher – but I like to be liked too much. Consequently I can be too soft on people and not ruthless enough.”*

On the other hand he feels he is strong on leadership. But while he likes to be in charge he is more interested in the bigger picture and hates detail. *“This is a weakness but I have learned to manage it. I force myself to do administration because I know that things will fall apart if I don’t.”*

When asked about advice for others considering an entrepreneurial life Tony concedes that David Meister’s book ‘Running a profitable consultancy business’ has been an important influence. Meister categorises consultancies into three groups. The first is the highly expert knowledge providers, who are usually involved at the start of the business cycle. Tony takes up the story: *“As the cycle matures the second category comes into play. This is the “grey-haired” consultant that trades on experience and practical know how. The third category is the one that comes in at the end of the business cycle and this is the “pile it high sell it cheap” brigade which can advise on productisation and standardisation and achieving low-cost delivery of services.*

“The temptation is, as the business cycle matures you get pulled down into category three. The aim is to maintain your position in the cycle either by delivery of innovative new products or consciously deciding to go down the cycle. I place my business amongst the grey hairs. We have never pretended to be leading edge or particularly innovative, partly because my own experience is based on practice rather than some form of intellectual eminence. I am not an innovator but a gatherer of other people’s ideas. So when the temptation arises to go into I resist going into category three by finding new market opportunities in the arena in which I am comfortable. I don’t find new products I find new markets”.

Tony remains bullish about opportunities for small businesses. *“Of course you have to take risks. It is hard to break into a market but, if you have got a good product and market it properly, then you can. It is a case of spotting the opportunity at the right time and moving in.”*



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