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The Young Entrepreneurs

GERARD DARBY

RSA

RSA ONIANS FELLOWSHIP 2001

The Young Entrepreneurs

A REPORT BY
GERARD DARBY

RSA

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Foreword

The Onians Fellowship was set up in 2000 in memory of Dick Onians with funds donated by his friends and colleagues. Dick was an industrialist turned venture capitalist who believed in young entrepreneurs and in backing them in many different countries. He was greatly involved in the RSA and tragically died mid-way through his term of office as Chairman after a courageous battle against cancer.

The Fellowship set up in his memory provides funding for an individual to take time out to develop an innovative project for the benefit of wider society. The Fellowship aims to encourage personal development and to reflect Dick's support of entrepreneurs and growing enterprises.

The first Onians Fellow, Gerard Darby, was appointed in December 2000 to carry out his project entitled 'The Young Entrepreneurs' and I am delighted to introduce this report of his findings. Gerard has carried out a fascinating study of a large group of young entrepreneurs, looking at their characteristics and the lessons to be learned so that we continue to encourage entrepreneurs and improve their chances of success as they are the lifeblood of the economy. The results are sometimes unexpected but clear pointers for improvement do emerge and the project has proved a worthy one for the first award.



Dr Neil Cross, Chairman of the RSA and the Onians Fellowship

‘ *There is one common thing amongst all of us —
the sheer determination to succeed.
Nothing is going to stop you,
no one is going to stop you,
no bureaucracy or anything.
You will do it at the end of the day.
If you have faith in yourself,
then you will succeed.* ’

Stewart Goldstein

Executive Summary

The success of young entrepreneurs is a vital element of sustained economic success. Despite this very little attention seems to have been directed at this group. The general assumption, perhaps, is that the challenges are the same as for any other entrepreneur. This study challenges that assumption.

Every week people under the age of 25 start about 550 businesses and every week people in this age group fail more often than others. Little, if any, work appears to be directed at understanding this statistic and identifying what can be done to increase the success rate.

This Fellowship has been used to highlight this omission. It is far from the last word and it is hoped that it will inspire others to address this challenge. In a world where traditional patterns of work are dissolving, and the proportion of retired people in the population is increasing, the nation can ill-afford to neglect any opportunity to create successful new businesses and new opportunities for the young.

The conclusions from this study are based on face-to-face interviews with forty-four entrepreneurs and supported by quantitative research carried out by leading academic and enterprise organisations.

Key findings

There are eight 'E's underpinning the success of young entrepreneurs today.

Endeavour Young entrepreneurs are often born rather than bred and exhibit their flair for enterprise from an early age. They are succeeding regardless of a culture that does little to recognise their talents and tenacity.

Encouragement Encouragement is lacking and the young entrepreneur has to contend with cynicism, lack of useful advice and the burden of complex legislation. What little encouragement there is comes from other entrepreneurs.

Emulation The few role models currently being propagated as entrepreneurs are hackneyed, inappropriate and remote from young people's interests in business. There is an extraordinary number of inspiring young entrepreneurs that could be featured as role models for young people. Young people who come from families where a parent runs their own business are much more likely to set up in business as well.

Equity The high street banks and venture capital are not suitable forms of investment funding for a young entrepreneur. There needs to be a source of small amounts of start-up funding. Young entrepreneurs generally do not require significant funding to get started and are entrepreneurial in the way they finance the start-up of their businesses, often using a combination of different funding. One of the most popular is the entrepreneur foregoing a salary and this could be for a year or even longer.

Energy The lack of experience of the young entrepreneur is compensated for by their insatiable drive, energy and unwillingness to fail coupled with an extraordinary resourcefulness.

Education Enterprise skills are life skills that are needed lifelong and are valuable not just for entrepreneurs but for employees and those working in public services and the voluntary sector. Currently education in the UK is not equipping young people with the competencies needed for either enterprise or for working life with Higher Education promoting academic learning rather than vocational preparation.

Employees The young entrepreneurs are developing highly entrepreneurial workplaces that are attracting and retaining other talented individuals. However current employment policies and the lack of relevant advice on employment issues are some of the biggest obstacles to an entrepreneur growing his/her company.

Environment Overall the UK is failing to project a sufficient image of being entrepreneurial both within the country and around the world and this has an impact on the competitiveness of the country. A major concern amongst many entrepreneurs is the attitude to failure that is prevalent in the UK.

Key characteristics of a young entrepreneur

Four traits emerged strongly as critical to the success of the young entrepreneur:

- **A sense of integrity** with employees, customers and investors treated as partners in the business and treated well.
- The application of **common sense** to their business whilst bemoaning the fact that common sense in business is not all that common.
- **An 'uncommon sense'** of what will make a good innovation to a product or service and the resilience and resourcefulness to turn this into a reality.
- **A sense of humour** apparent from their working environments, their marketing and their personalities.

This study has also dispelled a number of myths about young people and enterprise:

- Young people are often advised when starting a business not to work with friends and family. However many of the entrepreneurs interviewed are doing so and thriving as a result.
- The stereotype of a young entrepreneur is often of an individual keen to make a fast buck and more concerned about profit than the people they work with. This study suggests the reverse is true. The young entrepreneur is motivated by the challenge of creating something and being in control of his/her own destiny. Integrity is implicit in how they conduct their business and they are operating businesses where their employees are engaged in the enterprise almost as partners.
- A legacy of the dot.com era has been the notion that a significant amount of money is required to start a business. The young entrepreneurs often needed little capital to get started and were entrepreneurial in the way they acquired their start-up finance.
- There is a tendency to assume that a young person may lose interest or enthusiasm about their business. The young entrepreneurs take a long-term view of the development of their enterprise and their relationships with customers, employees and investors.

Key messages

As a result of this study some specific messages have been identified for different sectors.

The climate and culture for enterprise

Reducing the regulatory and bureaucratic burden on small businesses, celebrating some of the entrepreneurial endeavour that takes place and recognising that failure is often a necessary component of success can better foster the climate and culture for entrepreneurship.

- **The Treasury**
Simplify the tax system and ensure that it provides adequate incentives for young start-ups to invest in the training and development of their staff.
- **The DTI**
Minimise the legislative burden for young entrepreneurs and maximise the support needed to comply with it. Make the support services for young entrepreneurs visible and accessible but make them arms-length.

■ **Those in the media**

You don't need to focus on well-worn stories of hackneyed entrepreneurs. You are missing out on some incredible stories on the endeavour and enterprise of young people who have succeeded with their business against the odds.

The investment for enterprise

The young entrepreneur presents an opportunity for banks and the investment community but a different approach and attitude is required.

■ **Those in banks and venture capital**

It is unreal to criticise the banks and venture capitalists for failing to provide funding for young entrepreneurs. The sums are small, the risks unknown and therefore different sources are required. Having said that you might consider establishing a small opportunities fund to help young entrepreneurs expand their enterprises.

■ **Business angels**

There are a lot of opportunities out there for you. Young entrepreneurs are hungry for your support and guidance. You may be able to achieve a powerful and productive working partnership with a young entrepreneur and through it gain fresh ideas for your own business.

■ **Those in large companies**

There is the opportunity to learn from young entrepreneurs and gain new management insights for your business. You are losing out on the opportunity to work with leading edge, highly energetic young businesses because of convoluted supplier selection processes and purchasing procedures.

The skills and competencies for enterprise

Enterprise is not something that can be taught but the competencies and skills needed can be inculcated more effectively in education.

■ **Those in primary and secondary education**

You can get entrepreneurs into your schools to inspire your pupils. Give your students the opportunity to see how they can apply the knowledge they have acquired. Understand that the world of work is changing and requires young people to be equipped with specific attitudes and abilities in order to succeed.

■ **Those in higher education**

Recognise that many of your graduates may not go into traditional careers and review the content of your courses in this light.

■ **Those in further education**

Give your students the commercial awareness they will need to get on in their careers.

Business start-ups seem to go in and out of fashion with the media, with funders and with government bodies. Regardless of where the economy goes, it seems highly unlikely that the underlying pattern of entrepreneurial growth can be held back for long. Entrepreneurship needs to be extolled and encouraged to a far greater extent. The young have the resourcefulness and resilience to deliver a more enterprising future and should not be held back.

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Introduction

There have been few studies on young entrepreneurs and those that have been undertaken tend to focus on the negative aspects of youth enterprises. In a number of these cases they examined 'reluctant entrepreneurs' – young people who have gone into business purely as a matter of survival in the absence of employment opportunities.

This is a study of successful young entrepreneurs all of whom sought to have their own businesses and some from a very early age. Many had to contend with scepticism, impracticalities and lack of funding to get started and often their enterprises have confounded the traditional way of doing business.

In many respects young people are well suited to the challenge of starting a business. They have less to lose, their willingness to take risks is often not hampered by the responsibility of a family to support and they have more energy. Young people today do not expect the 'job for life' that previous generations may have grown up into believing was possible and they live in a culture where adapting to change is a necessity. Yet at the same time the young entrepreneurs interviewed wanted to be in control of their destiny and building an enterprise was seen as a means of achieving this.

The recent downfall of many of the dot.coms has not stifled the enthusiasm for young people to start up in business. Many of the young entrepreneurs interviewed felt that it was a necessary and overdue reality check. However it has made funders more cautious and subsequently the availability of capital for start-ups more elusive.

Whilst capital is an obvious requirement, the young entrepreneur does have other specific needs, particularly in relation to advice, mentoring and education which largely originate from that the fact that the young person does not bring to the business the experience or knowledge that a more mature individual would have. However, as this report will show, young entrepreneurs have often cited their naïveté as an advantage.

Given that the focus is on young entrepreneurs, the majority of the businesses surveyed were small or medium-sized enterprises (SME), albeit fast-growing ones.

Despite their low profile in the media, these SMEs are crucial to the economy. The 3.7 million SMEs in the UK produce 40% of our GDP and together have an annual turnover of one trillion pounds. They employ 12 million people – around 55% of the private sector workforce – and three times as many as the FTSE 500 companies. A recent report* predicts the number of SMEs will increase by another million in this decade and over this period of time will be the main drivers of economic growth, production innovation and job creation in the UK.

The Government has set the ambitious target of making the UK the best place in the world to start a business by 2005. If this is to become a reality then there is a huge amount that needs to be done in order to foster the right environment, provide the right support and equip people with the right skills and competencies to succeed. This report aims to identify some of these issues that need to be addressed.

It may also provide a glimpse into the future of business based on the behaviours and ambitions of those forging enterprises today. It is an exciting time to be in business and we should not underestimate the role that business has in society and indeed may have in the future. As Sean Blair, one of the young entrepreneurs interviewed for this project said: 'Business, with the exception of natural weather, is one of the most powerful forces on the face of the planet today.'

① *Financing the Enterprise Society*. Foresight report from the DTI. May 2000.

Methodology

Forty-four entrepreneurs were selected for interview who were under 28 when they started their business and have demonstrated considerable success with their enterprise. This success is defined in at least one, if not all, of the following three ways:

- The business has grown at the rate of 100% or more a year
- The business has achieved significant brand awareness
- The business has received notable recognition for excellence or innovation

Face-to-face interviews were conducted with these entrepreneurs following a format that was tested with a market research specialist.

A quarter of the entrepreneurs chosen have now been in business for more than fifteen years and this group has been used to compare their attitudes against those starting out more recently. The qualitative research was supplemented with desk research drawing on studies undertaken by academic institutions and agencies supporting youth business. Along with this, relevant qualitative surveys were reviewed to see if they support the findings.

Discussions were also held with professionals involved in aspects of enterprise support such as advice, mentoring, incubation and venture capital to gain an insight into the role that these have in youth enterprise.

The RSA and Gerard Darby, the Onians Fellow, would like to thank all the individuals who have contributed freely to this research as well as those organisations that have provided information, surveys and data.

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The Eight 'E's of Entrepreneurship



The Eight 'E's of Entrepreneurship

Through this research eight 'E's of entrepreneurship have been identified – aspects that are critical to start and maintain a business and in each of these the challenges for a young person setting up on their own are deliberated.

Endeavour
Encouragement
Emulation
Equity
Energy
Education
Employees
Environment

Endeavour

The young entrepreneur exhibits an extraordinary determination to make their business dream a reality. But what motivates a young person to start an enterprise? Why do they choose that particular business area and why do they start the enterprise at that particular time?

Key findings

- Young entrepreneurs are often born rather than bred and exhibit their flair for enterprise from an early age.
- The young entrepreneur is motivated by the challenge of creating something as much as by financial gain.
- Young entrepreneurs perceive the shortcomings in products and services offered by companies as opportunities for their own enterprises. The idea for many of their enterprises originates from a service they find inadequate or non-existent.

The striving of a young entrepreneur is fuelled by a combination of a strong desire to create something, an instinctive urge to be in control of his/her own destiny and an entrepreneurial flair that seems to have been an integral part of their character from an early age.

Early endeavour

The average age the young entrepreneurs in this study started their existing businesses is 25. However this drops down to 19 when the age when they started their very first enterprise is taken into account.

For example, Peter Jones started a tennis academy at the age of 17 before going on to set up an IT accessories business. At the age of 13 Stewart Goldstein was collecting and reselling scrap metal in order to finance the equipment he needed to pursue his passion for photography, eight years later he started his own photographic agency. Harry Handelsman bought and sold seats on chartered planes in Canada before going on to develop a property business. Simon Needham with his friend, and later business partner, at weekends made money from doing pavement art before they started their multi-media design agency. Julian Leaver and Tim Slade were selling T-shirts at ski resorts in the French Alps before opening the first of many Fat Face outdoor clothing shops in Britain.

Some did not allow school or university to stand in the way of their business ideas. Two of the young entrepreneurs started their business when they were still at university. Whilst Tom Hadfield, who was still at school studying for his A levels when he was interviewed for this research, is on his second Internet venture. His first business, Soccer.net, was sold to the *Daily Mail* for a six-figure sum.

‘I have always wheeled and dealed, even at school, selling sweets or whatever, just bits here and there, make a few quid. Empty bottles with the refund thing, whatever it took to make money.’

Stephen Forster

‘Even at school we were doing deals. There was money to be made out of something.’

Simon Needham

‘From an early age, I was always thinking, I would love to have my own business when I get older. From the age eleven I was doing little things, in fact we (the partners in the business) were all doing little entrepreneurial things and it continued even at college ... At college Adam and I used to run nightclubs, John had his own design agency and we used to work together doing things.’

Richard Reed

Young and old

Inherent in the young entrepreneurs is a 'can do' attitude and a craving for challenge. With the exception of a couple of individuals whose motivation came mainly from the poverty they experienced in childhood, it is very much factors coming from inside the individual that have provoked the path of the young entrepreneur. This contrasts with 'Third Age' entrepreneurs – those starting a business who are over fifty. A survey commissioned by Barclays* revealed that the motivation for starting an enterprise amongst this group is often the result of external influences such as redundancy or retirement.

① *Third Age Entrepreneurs Profiting From Experience.* Barclays. July 2001.

The business idea

There are two main reasons why the young entrepreneurs chose their particular enterprise. One was an extraordinary passion for the business discipline whether it is design, technology or manufacturing. The other was when using a particular product or service; the young entrepreneur would realise its shortcomings and see this as a business opportunity. Occasionally the entrepreneur would also require a particular service and finding that it did not exist, would decide to create it.

So Brent Hoberman who always booked flights and hotels at the last minute and needed a one-stop place to go to see all the deals available, came up with the idea of lastminute.com. Stewart Goldstein, dismayed at the lack of imagination in the photographs he received from PR agencies while he was working in the photo desk of a national newspaper, decided to set up a photographic agency to bring fresh, creative images to the media.

Adam Twiss, who was frustrated with the Internet technologies available at the time, used his computer skills to create something more effective. Mandy Haberman invented a feeder for babies with sucking problems after her daughter was born with Stickler's Syndrome, a condition which impedes sucking. Tony Elliott, unable to find information about all the alternative entertainment and fringe theatre available in London, conceived the publication *Time Out*. Matt Roberts, appalled by how gyms failed to look after and cater for businesspeople, embarked on a venture to create fitness centres for business executives.

The enterprises have yielded good returns for their founders. However despite the consequent financial success of many of their businesses – a number of the entrepreneurs have been listed in the Sunday Times Richest 1,000 – very few mentioned personal profit as the reason for starting their business. Indeed the pursuit of making money quickly was often advanced as the reason for the downfall of many of the dot.coms. A much more evident motivation was a desire to create something and be responsible for its development.

‘Every night I go to bed and can't get to sleep thinking about it and jump out of bed in the morning, get up and go and sit down and get at it again. It is not really that I need a financial motivation to be doing this or career prospects to come out of it.’

Tom Hadfield

‘There was no motivation to make money. There was no motivation to change the world. We just thought we could do better, so we tried to.’

Adam Twiss

‘I always had this dream of creating something out of the blue.’

Rouzbeh Pirouz

‘I just wanted to cook. In the beginning I had no feeling that I am going to be a businesswoman, I just wanted to make wonderful food. And so I started cooking for people and then I realised the business part was quite fun too.’

Prudence Leith

‘I think a lot of people in this industry wanted to make a quick buck. Martha and I didn't do this for that. We did it because we loved the idea and we loved the idea of building something. I think that is important and a lot of businesses that will succeed will have that motivation.’

Brent Hoberman

A question of timing

Recognising the right time to launch a business endeavour is a matter of sound judgement rather than luck. When Brent Hoberman had the idea for lastminute.com people were browsing the web but not buying on it and so he delayed starting the business until three years later. In the same vein, Britain was mainly a nation of tea drinkers before Rob Baines launched his coffee shops just ahead of the coffee culture boom. Peter Jones was able to predict the explosive demand for mobile telephones and so started his company, Phones International, just before the market took off.

Some of the entrepreneurs took advantage of times when the economy was not so good. Harry Handelsman, founder of the Manhattan Loft Corporation, saw opportunity with the decline in the commercial property market in the early Nineties and the glut of industrial buildings to introduce the concept of loft living to London. In 1992, at the height of the recession when bank repossessions were the norm, Handelsman identified an Art Deco building in Clerkenwell, London and created the Manhattan Loft Corporation. The launch of his development was on 'Black Wednesday', the day the UK stock market crashed. Despite the recession the development became an instant hit and led to the regeneration of the area.

Entrepreneurial endeavour within the UK

Research from the Small Business Research Unit shows that some regions in the UK have a better record in the establishment of new companies than others. London significantly outperforms the rest of the country with three times as many businesses being created compared to the North East of England which, along with Wales, have the lowest rates of new business creation. Venture capital investment* in these regions follows this trend with the highest rates of investment, by a significant margin, in London and the South East and once again Wales and the North East attracting some of the lowest.

① *Report on Investment Activity*. British Venture Capital Association. 2000.

It is not surprising then that in a survey* undertaken by the Federation of Small Businesses dissatisfaction with aspects of Government-funded business support services was expressed throughout the UK, but consistently stronger levels came from Wales and the North East.

② *Barriers to Survival and Growth in UK Small Firms*. Federation of Small Businesses. October 2000.

A few of the young entrepreneurs interviewed moved to London to establish their businesses as they did not think they would be viable in their hometowns. At the same time whilst it might be assumed that an IT company could be based anywhere in the UK, given the remote working opportunities afforded by new technology, a number of those operating IT companies held the belief that they could only operate their business in London.

‘You have to be on the scene. It is just impossible otherwise. So the only way to do it and be very successful in the company that I want is to be based in London. You can do it up north, but it has to be on a smaller scale. Don't get me wrong you can have a good company in Leeds but I can't do my business in Leeds to the extent that I want to. And unless you are going to be successful and earn a lot of money, you can't afford to live in London either and I think that is where the downfall is.’

Linzi Deakin

Regional levels of entrepreneurial activity may have some reflection on a community's civic pride and their perceived capacity to be able to make things happen for themselves. In this respect linking regeneration initiatives with schemes to foster business start-ups may be an effective way forward for some areas.

The difficulty for anyone starting a business in London, or in many parts of the UK, are the high costs of renting premises. Often the deals available tie an individual into an agreement that is too long term and inflexible for a business start-up.

‘There is a buzz in London. There is an international outlook and a level of debate that differs to the regions.’

Charlie Hoult

Lessons learnt

For many young people entrepreneurship is almost their only career option. Education has a responsibility here in that it can stifle this inclination to innovate and create or alternatively nurture it.

Location has a role to play in the propensity for people to create an enterprise and more research and understanding of this should be undertaken.

- Start-up support needs to be available throughout the UK but some specific regions need specially targeted advice, information and encouragement. More work needs to be done to encourage enterprise in the North East and Wales.
- The kindling of entrepreneurial endeavour should be a feature implicit in any programme to regenerate a town or city.

Encouragement

Does a young person receive encouragement when they show a keenness to develop their own business? Where does their encouragement come from and is the level of advice and recognition adequate to encourage an individual to succeed?

Key findings

- Individuals who come from families where a parent runs their own business are much more likely to set up in business as well.
- The advisory services currently available for start-ups are not visible or accessible enough. For a young business a lot of advice is concentrated at its start-up phase, but not enough is available to help manage its growth.
- Businesses, both large and small, are failing to take advantage of the opportunities that working in partnership may provide. Many companies are simply unaware of partnership initiatives such as corporate venturing or have misunderstood how they work.

Encouragement for enterprise comes from a number of disparate areas – the family, the education system, other companies, Government and the general temperament of society. Each of these has the capacity to foster enterprise or depress it.

Encouragement from the family

The family can be one of the biggest influences for a young person starting their business. In a MORI survey of 11-16 year olds conducted on behalf of The Prince's Trust it was found that parents were their biggest influence for major decisions such as determining career paths. However there was a range of other people who had influence:

Which, if any, of the following most influence you when you make important decisions such as choosing a career?

Parents	86%
Myself	65%
Friends	54%
Teachers	50%
Other family members	45%
People/jobs I read about	35%
Careers teacher at my school	33%
Brothers or sisters	33%
People/programmes I see on TV	32%
Careers advisor who visits my school	24%
Other	1%

Source: Prince's Trust/MORI 2000

Many of the young entrepreneurs interviewed had come from families where a parent or grandparent had their own business. Other surveys show the same picture. 53% of the finalists in the 2001 Shell LiveWire Awards* and 44% in the previous year had parents who are or were also self-employed. A survey amongst young entrepreneurs conducted by Barclays* found that 56% were coming from a family where there was entrepreneurial activity.

- ① *Shell LiveWire Young Business Start-Up Awards. Regional Finalist Evaluation Report. 2001.*
- ① *Young Entrepreneurs. Tomorrow's Business Leaders. Barclays. 2001.*

Exposure to business, even at a very young age, has stayed with some of the young entrepreneurs:

‘From five years old he would take me into his work and introduce me to all the people. I got to understand how business worked.’

David Darling

‘My first memory was when I was about six years old and I remember digging under the fence and running away from school ... My father had his own business and he had a little office in the centre of Windsor. I ran away from school because I wanted to go and see his operation ... I was never happier than when I was sitting behind his office desk.’

Peter Jones

‘My grandfather was an entrepreneur and he loved what he did. He started with two clothes shops and ended up with 650. I saw how much he loved what he did.’

Brent Hoberman

Some of the young entrepreneurs did not receive the initial support of their family until it proved to be a success:

‘I was nineteen and I was like, ‘I want a multi-million pound company’ and members of my family just laughed at me.’

Stephen Forster

Stephen's company currently has a turnover of £2 million, makes a profit of some £300,000 and he now employs members of his family in the business. Indeed quite a number of entrepreneurs in our survey went on to employ family members. Seven out of the forty-four entrepreneurs that were interviewed employed their brothers and many employed friends.

Encouragement from school

Very few of the young entrepreneurs had exposure to business at school. Those that did experience a business awareness initiative such as the ones run by Business Dynamics or Young Enterprise were praiseworthy of them. However it was felt that there was not enough of these and they relied on a teacher to take the initiative and try and squeeze it into an already overcrowded timetable.

Some found that school tried to discourage them from the path of enterprise. Self-employment rarely was put forward as a career option.

‘I wasn't very happy with school. They seemed to be against children being enterprising. In my computer science I wrote my course work about a computer game and the teacher said computer games are a waste of time and it's not a proper business and they gave me a really bad mark for it – I was irate about that.’

David Darling

David, quoted above, started selling software for computer games at the age of 16 when he took a £70 advertisement in a weekly computer magazine which generated over £4,000 worth of orders. He did not go on to further education but instead decided to concentrate on the development of his computer software company with his brother. Today the business employs some 350 people and in the fourteen months to June 1999 saw profits rise to £25 million. In 2001, David won the Ernst and Young UK Entrepreneur of the Year Award.

Encouragement from large companies

One of the ideas put forward by some of the entrepreneurs was for large companies to be doing more to encourage and support the smaller businesses supplying to them.

‘In America there is a real culture of piggy backing which is very rare in this country where a big company takes a little company and helps them get going because they want them to be a supplier.’

Prudence Leith

Corporate venturing provides an opportunity to combine the entrepreneurial flair of a small, young business with the management, commercial and production skills of a large, established company and to generate business opportunities that might otherwise have been missed. For large companies it allows them to gain access to new ideas, skills or a more entrepreneurial culture. In some respects it utilises the ignorance of the small company about the standard way of doing something and as a consequence benefits from its innovative approach.

‘Sometimes people who are not involved, who don't know what the rules are and what you can and can't make, they're the people who come up with an idea that nobody thought of before and it's those ideas that do change our lives.’

Mandy Haberman

For small businesses such partnerships provide not only the potential for financial support but also greater credibility through the large company's association with the business and this, in turn, can increase its ability to attract other finance.

Despite the apparent benefits of corporate venturing and recent tax incentives to encourage its take up, it is still a relatively rare activity in the UK. A study undertaken by the CBI* found that few companies understood what corporate venturing involves. Amongst SMEs there were many misconceptions, most of which were unfounded, that large corporates are motivated by the desire to take over the small company. Large companies, on the other hand, were found not to understand the true nature and variety of the corporate venturing process and its benefits.

🕒 *Connecting Companies.*
CBI. 1999.

For those companies that had formed corporate venturing relationships, expectations were frequently met and surpassed and success could be measured not just in terms of financial gain but also against longer-term strategic aims. The lessons from such successful partnerships are that from the onset there needs to be absolute clarity on objectives from undertaking an alliance and that both partners need to have the same vision.

Recognition

Awards provide an opportunity for a young entrepreneur to gain external confirmation of their success and they also present opportunities for networking with other businesses. Schemes such as the Smart Awards and Shell Livewire were praised, although it was felt that there could be more such initiatives and that they could be used to raise the profile of youth enterprise and create more appreciation of some of the innovation in the UK.

‘Shell Livewire, that's the sort of competition that educates you as well as letting you compete. I think more things like that would be useful because they really make you focus on what you are doing and where you want to go.’

Abi Williams

Discouragement because of age

Occasionally young entrepreneurs cite the fact that, due to their age, they feel they are not regarded that seriously by other businesses. Indeed this issue was the biggest problem identified in a survey of young business managers undertaken by Barclays.

<i>Problems experienced in the course of running a business</i>	<i>%</i>
Not being taken seriously by colleagues or business contacts	44
Age discrimination by suppliers or customers	36
Difficulties in attracting funding to the business	30
Lack of support from family or friends	17

Source: *Young Entrepreneurs. Tomorrow's Business Leaders*. Barclays 2001

The young entrepreneurs interviewed who felt that they were not taken seriously by more established businesses used this to their advantage, almost as a means of taking the other business off guard.

‘In some ways it (young age) is an advantage because you have an element of surprise. If people underestimate you, you can use that as an advantage.’

David Darling

‘Anyone who underestimates someone who is in their twenties does so to their peril!’

Matt Roberts

Advice

The young entrepreneurs tended to make use of informal channels for advice such as friends and colleagues in other businesses rather than Business Links or enterprise centres. They revealed an innate ability to judge which advice to take and which to reject and a propensity to explore all the options, even those that did not appear feasible.

‘People give you very good advice along the way and you mustn't accept it all, just listen and work it out for yourself. So work it out for yourself and don't be afraid to ignore people. In fact, the moment somebody gives a bit of advice explore the opposite and the potential of the opposite.’

Sir James Dyson

One of the concerns put forward by the young entrepreneurs has been over the availability of the right advice at the right time. In this respect it was felt that the Government-supported business advice services were not visible or accessible enough.

‘I suspect a lot of it is just promoting what they are already working on. I am sure that the Government provides the kind of services that can be of great assistance to young entrepreneurs everywhere, but it is not something that occurred to me to go and look for. The Government always has a responsibility to show its services, not just to provide the services, to get them out and let people know what is going on.’

Tom Hadfield

‘When starting up a small business you can go to your local business centre, you can go to the small business centre, you can go to business link. There are at least five different Government bodies, all of which provide resources for free, none of which you really know about. It would be great if they could just concentrate on just making a single point of contact and bang that out there, so that people know that if they are thinking about setting up a small business, they have just got to ring this phone number or go into this one website.’

Richard Reed

A lot of the advice available to the young entrepreneur tends to be targeted at the first two years of start-up. However there is considerably less support to manage the challenges of business growth and issues around this such as employment, cash flow and development funding.

‘There is a lot of funding to help set up small businesses which is fantastic but it needs to do something about standing behind the businesses once it has got them started.’

Mandy Haberman

‘What you need is access to information as you need it.’

Prudence Leith

At the same time some of the issues that the young entrepreneur faces are often quite sector specific and there are few advisory services orientated to particular business areas. A useful development has come with the establishment of a web site service (www.beyondbricks.com) for Internet entrepreneurs run by entrepreneurs. A consortium, headed by entrepreneur Charlie Hoult, developed the site and run it on behalf of the DTI. The site includes opportunities for networking, advice on issues ranging from legal affairs to business planning and software that enables an individual to find out the most suitable sources of funding for their business.

Lessons learnt

Appropriate and effective advice can be a good means of encouragement for business start-ups. Those advisory services should be visible and, where possible, have sector specific information.

- The advisory services available to young people running their own business need to give more consideration to the needs of a young business as it expands and develops and to provide advice for the different stages of business growth.
- Sector specific information websites for young entrepreneurs should be encouraged.
- Careers advisory services should recognise that for some young people self-employment is a viable option.
- Large companies should be encouraged to form strategic alliances with start-ups. More practical advice should be made available to both large and small businesses considering embarking on corporate venturing activity.

Emulation

An effective way to encourage a more entrepreneurial climate is to promote successful entrepreneurs and start-ups.

Does a young entrepreneur seek to emulate a successful business or instead strive to be the business that others will emulate? What companies are the ones admired by young entrepreneurs?

Key findings

- There is an extraordinary number of inspiring young entrepreneurs that could be featured as role models for young people. The few role models currently being propagated as entrepreneurs are hackneyed, inappropriate and remote from young people's interests in business.
- A mentor can be one of the biggest assets to a young entrepreneur but it is extremely difficult to find effective mentors with the right background and right outlook.
- There are few companies that people identify with as being inspiring and entrepreneurial in their approach.

Our society does not seem to have a high regard for entrepreneurs. A survey undertaken by MORI on behalf of Enterprise Insight found that only 29% of adults and just 22% of 11-15 year olds admired people who start their own business. Yet when it comes to a professional footballer or a pop musician who may earn considerably more than an entrepreneur, society seems to espouse them and accept their financial awards far more readily.

Individuals to emulate

In tandem with this low esteem for entrepreneurs is a low profile of them. Entrepreneurship could be championed to a much greater extent in the media and, from the journalist's perspective, there are some great stories on business endeavour to be written. There is a huge number of inspiring entrepreneurs that young people can learn about and learn from. Quite a number of the young entrepreneurs interviewed bemoaned the fact there were not enough role models being promoted and those that were put forward were generally the same few individuals.

‘How many stories on start-ups have there been in the last six months compared to those that were there 18 months ago? But you need them. Small companies benefit hugely from them. I remember our first article in the Evening Standard – it was a big thing for us.’

Brent Hoberman

‘It's always good to see young people like lastminute.com. It's great to see young people in business because it does spur everyone else on to be successful.’

Stewart Goldstein

Interestingly a few of the young entrepreneurs pointed out that they deliberately avoided emulating any other entrepreneur or business as they wanted to create a product or service distinct to anything around at the time.

Companies to emulate

Some of the young entrepreneurs felt that the most effective means of learning about business and enterprise was to spend some time in an enterprise similar to the one that would be developed. The individual could then use this experience to learn about that particular market, how the business is managed and the strengths and weaknesses of that company.

‘I would certainly work for a company that I admired for a period of three or four years before I ventured out myself. In other words let’s say I wanted to start in the restaurant business, I would go and work for another restaurateur whose style I admired and find out how their business works. I would be perfectly honest with them and say ‘look my ambition is to eventually start my own business, but I want to learn from you’. And I think you would be amazed how many companies would welcome that sort of straightforwardness.’

Sir Terence Conran

‘Go find somebody who you think is truly extraordinary and say ‘I want to work with you or around you or for you and I want to learn from what you do and how you are and I want to see you in action.’ Go find somebody who is the kind of leader that you want to be. If you want to be an extraordinary leader, try and surround yourself with extraordinary leadership.’

Julie Myer

‘Because that is what I said to Pete Waterman. I said don’t pay me but can I just come down uninvited because I want to see how you do this. I want to sit in on your meetings, I want to sit in your studio and I want to follow you all over the place.

In life if you can find someone who has got a talent and you’re enthusiastic then learn off these people. If you are lucky to find someone like that, it is the most important education in the world.’

Simon Cowell

A survey undertaken for The Prince’s Trust found that on average the successful young entrepreneurs that they sampled had had almost three years work experience and the majority had been in a job that was closely related to their business idea. Their previous experience seems to have helped them to acquire the knowledge, skills and understanding of the sector in order to develop their business idea.

One of the difficulties is that there are few big businesses that are viewed as being entrepreneurial and so as well as there being a dearth of enterprising individuals, there is similarly a lack of enterprising businesses to emulate. When Accenture* surveyed business executives in 22 countries on their views on what they felt was an entrepreneurial organisation, 17% could not name a single company and the company most often named, Microsoft, was cited by only 5% of respondents.

① *Liberating The Entrepreneurial Spirit.* Accenture. 2001.

Mentoring

One of the best assets a young entrepreneur can get is a mentor but there are some important caveats in relation to this. The mentor needs the right background and a good understanding, if not direct experience, of running an enterprise.

‘Find a mentor. It is the one thing I really wanted at times. I mean somebody just to go to and ask ‘How does this work?’ ‘What do I do here?’ I learnt by trial and error which is expensive and a pain in the arse. It takes a lot out of you at times, so find somebody who will help you.’

Alistair Gosling

For the cosmetics retailer Mark Constantine his informal mentor was Gordon Roddick, co-founder of the Body Shop. One of the most useful things that he felt his mentor was able to give him was a perspective on his problems.

‘And he (Gordon Roddick) said to me ‘if you had to lose one of your senses which one would you least like to lose?’ and his was his sense of humour and that in business is extremely important. When I was stressed out and phoned him up he’d laugh and then you’d start to laugh yourself and realise there is always a way round a problem.’

Mark Constantine

Maria Stammers, a counsellor to business start-ups with the Portobello Business Trust, believes that an effective mentor is someone who takes a holistic view of the individual and their business and is proactive in enabling them to define a clear vision for their enterprise and the means to achieve it.

‘Mentors often provide information that you couldn’t read in books. They can give contacts, offer an outside eye and a different way of seeing things. An effective mentor is someone who can see every single aspect so that when an entrepreneur has a challenge or problem, they can see everyone’s point of view.’

Maria Stammers

Amongst the young entrepreneurs interviewed, there was a genuine keenness to impart their own experiences and advice to young businesses starting out. It is not surprising that time is the biggest constraint that prevents existing entrepreneurs becoming mentors.

One of the difficulties encountered by young business people is the fact that some mentors and business counsellors do not have the understanding of new business areas. For example in a study of young entrepreneurs in Scotland* just over 90% of respondents commented that the communication skills of their business counsellor were good or excellent, but only 57% suggested that the counsellor’s knowledge of their sector was of this standard.

A study undertaken by Leeds Business School* of young people who started businesses with support from the Prince’s Trust found that almost half of those who had not succeeded felt that more could have been done to assist them after start-up, particularly in terms of mentoring support. It also found that mentor support could be enhanced by improving mentors’ training and by recruiting mentors with experience of key areas including accounting, marketing and Information Technology.

- ① *Young People’s Views of Business Support: The Case of Prince’s Scottish Youth Business Service.* Paul Morand and Leigh Sear. 1997.
- ② *Evaluating Young Business Start-Up Success.* Leeds Business School on behalf of The Prince’s Trust. 2001.

Three of the businesses surveyed in this study received the support of a Prince’s Trust mentor for one year. There were mixed views on their usefulness with some feeling that their mentor lacked the business background needed to appreciate the challenges of a business start-up. In the case of Abi Williams and her partner who founded Rude Design, they felt that they almost became their mentor’s mentor:

‘When he left he actually said to us ‘you have really inspired me and I am going to join a dot.com company.’

Abi Williams

However this may not be as wrong as it appears. The mentors are often unpaid and however altruistic their motives, they clearly still need to get something back from the relationship. The University of Durham’s GLEAM programme (Graduate Learning on Entrepreneurship Assured through Mentoring) provides a participant with both business training and mentoring from an experienced entrepreneur. In an evaluation of the programme the benefits for mentors included getting new and fresh ideas to implement in their own companies, enjoyment from working with enthusiastic people and learning for themselves from the process.

The age chasm between a mentor and a young mentee often may initially appear a cultural chasm. The mentor has to work hard to both gain the confidence of and instil confidence in the mentee. Rebecca Battman was initially very sceptical of the value of her Prince's Trust business mentor but became so impressed with his advice that she invited him to become a non-executive of her company.

‘When I was told that I had got the loan but the proviso was that I had this business advisor I immediately folded my arms and thought no fifty year-old grey suit is going to come and tell me what to do in my business ... but then he quickly became my first true business friend and business confidant. I think for five years I wouldn't do anything in the business without asking him. He was a real voice of reason and he helped me through a lot of very difficult situations.’

Rebecca Battman

Lessons learnt

Combining the experience of an older entrepreneur with the energy of a young entrepreneur could make a powerful, effective alliance for both partners. More stories about young entrepreneurs can provide encouragement for would-be entrepreneurs and imbue a feeling of camaraderie for existing ones.

- A greater diversity of role models should be put forward for young people considering setting up their own enterprise to learn from.
- There is the opportunity for the media to run more stories of successful entrepreneurs, including young ones.
- Mentors should be encouraged for young start-ups perhaps with incentives for the mentor but at the same time it should not be something that becomes over-organised.
- For more established young businesses a more two-way mentoring partnership should be trialed where the young entrepreneur gains from the insights of the experienced entrepreneur and the older entrepreneur benefits from the fresh understanding of new and emerging business sectors that the young person can give.

Equity

Where does a young person get the capital to get started and where do they go for backing when they want to expand? Are the banks supportive and what are the best sources of funding for a young start-up?

Key findings

- New business areas often have low entry costs. In many cases a young entrepreneur does not require significant funding to get started.
- The young entrepreneurs are entrepreneurial in the way they finance the start-up of their businesses, often using a combination of different means of funding. One of the most popular is the entrepreneur foregoing a salary and this could be up to a year or even longer.
- Business Angels can provide both advice and financial support to a young entrepreneur. The Government's Loan Guarantee Scheme can also be an effective means of equity for a young start-up, although it needs to be promoted more vigorously.
- The fallout from the dot.com crash has meant that investment for young entrepreneurs, regardless of their business idea and plan, is far more difficult to obtain.
- Overall venture capital is not a good thing for a young business that is starting out and many young people's business concepts are too risky for high street banks. There is a funding gap that the young entrepreneur has to contend with.

Initial funding

The majority of the young entrepreneurs in this study did not require significant funding to get started. Just over a quarter of the forty-four required more than £10,000 for their initial start-up capital. This does reflect the fact that very few of the young entrepreneurs were running a manufacturing business and this in turn may have some bearing on the current status of manufacturing in the UK.

Most of the young entrepreneurs used a combination of funding means rather than one single source. The list below is presented in order of the most frequently cited sources for funding.

Sources of start up funding:

1. Foregoing salary
2. Personal savings
3. Loan from family and / or friends
4. Private company investment
5. Bank overdraft facility
6. Business angel investment
7. Princes Trust loan / grant
8. Venture capital investment
9. Short term enterprises
10. Bank loan
11. Credit card
12. Credit from debtor
13. Enterprise Allowance Scheme
14. Temporary work

A young entrepreneur is unlikely to have the assets to provide a guarantee against a loan, will not have a lot of their own capital to invest and will not have the track record to be an attractive proposition for funding. At the same time their business ideas can be quite innovative and as a consequence they are often viewed as risky. It is no surprise then that the young entrepreneurs were quite entrepreneurial in the way that they financed the start-up of their business.

A number created short-term enterprises to finance their longer-term business ambition. For example, Abi Williams and her co-founder did freelance graphic design work to finance their fashion design business whilst it was in its inception. Tim Bevan, the co-founder of Working Title Films, used the profits from his music video enterprise to finance the development of screenplays for possible feature films. Stephen Forster, faced with the prospect of having to go back to work in order to get some income whilst his music recording business grew, instead resorted to doing gigs in local pubs.

‘I wasn’t really making a great sum of money, so I started gigging in pubs round Bournemouth as a singer, which I couldn’t imagine myself doing, getting up in a pub in front of two hundred drunk louts singing who knows what, it wasn’t me. It was either that or go back to work. So I started gigging six nights a week, earning a couple of thousand pounds a month which then gave that basis on which I could concentrate on my business and it didn’t matter if I didn’t earn any more. That took the pressure off.’
Stephen Forster

Some entrepreneurs, particularly those that operate a business where there are fluctuations in work, have continued to use this approach of operating two complementary businesses. Aardman Animation has developed a very profitable sideline of television commercials that gives the company a good income when they do not have film commissions. The architectural practice Softroom have developed a small business in graphic artwork which utilises the skills of the young architects and once again provides an income when there are no commissions.

Most of the entrepreneurs interviewed had very little capital to start but this enabled them to value any money that the company made and provided a focus to generate an income quickly:

‘The business was run on a shoestring really. When we launched Sinita we did it on a budget of about £5,000. We had to make a video with £1,500 which was inconceivable, it was incredible, but then it went on to sell a million singles.’
Simon Cowell

‘We made our first telephone calls in a phone box in Leicester Square and then moved to Oxford Street. We put seven grand down as a deposit on the first month’s rent and thought ‘right we’ve now got to make money’. We knew we had to make money quickly and that just provided a focus ... In hindsight it was probably completely the wrong thing to do and we wouldn’t do it again and we were 23 and 24 and just thought sod it, let’s do it. So we struggled, but made money quickly.’
Charles Blackburn

Contrary to the perception that new media companies require significant start-up capital, few of the entrepreneurs in this sector required initial external capital. Many were making a reasonable profit within their first year that they then reinvested in the company to enable it to grow. It is only later into the continued growth of the company that significant outside funding may have been envisaged.

The rapid financial growth experienced by some of the new media companies interviewed has been significant:

<i>Company</i>	<i>Turnover</i>	<i>Profit</i>	<i>Turnover</i>	<i>Profit</i>
	<i>1st year 1997</i>	<i>1st year 1997</i>	<i>2000/1</i>	<i>2000/1</i>
Centric	£1.4 million	£40,000	£15 million	£900,000
Fortune Cookie	£60,000	£23,000	£2.67 million	£600,000

Perhaps the most unusual investment was for Alan Yau's Wagamama restaurant chain. A business studies student from Taiwan wanted to invest £30,000 in the business but his condition was that he had to read Alan's star sign prior to making the investment to get an insight into his potential for future success.

Venture Capital

Only three of the young entrepreneurs received start-up funding through venture capital. This reflects a general trend with only up to 10% of venture capital investments going to start-ups and small companies and the majority of their funding instead going to management buy-outs*. Amongst the young entrepreneurs it was generally felt that venture capital was not an appropriate form of start-up funding for a business, although some are now seeking it to help expand their enterprises.

● *Statistics for Venture Capital in Europe.*
European Venture Capital Association. 2000.

‘I don't personally recommend it for new companies. I think a company needs to give itself three years of growth in order to be able to put themselves in a position where they can say ‘yes this is the right sort of investment for a venture capitalist’. Yes you can raise money with a venture capitalist and yes you are risking money that is not your own in a sense as well, but there is no integrity in that and that's not true business practice. I would want to see anyone going into business do it off their own back if possible to ensure that they feel part of it and that it is the right thing for them to do.’

Matt Roberts

‘When you have as a company outside funding you can become quite complacent about expenditure. So you have go \$4 million of investment, which is not unusual. How discerning are you going to be about spending that when you didn't earn it? Whereas if I said to you now that you have worked your balls off for a year to earn £500,000 of profit, you are going to think bloody carefully before you spend that money.’

Gary Lockton

Business Angels

It has been estimated that there are some 18,000 business angels in the UK actively looking to make investments. Business Angels invest around £500 million a year in approximately 3,500 businesses. On this estimate they make ten times as many investments in start-ups and early stage businesses as venture capital funds and in total invest four times as much.

Business Angels offer great potential to the young entrepreneur. First of all the levels of their investment are more suited to the equity needs of the young start-up; a Business Angel is unlikely to commit more than £50,000 each to a single investment (although a third of investments involve two or more Business Angels). In contrast few Venture Capital investments are unlikely to be under £250,000. At the same time Business Angels make high-risk investments and this is reflected in the financial returns which they can obtain and, on the other hand, in the number of failures. A study by the National Association of Business Angels found that 1 in 5 investors had an average annual return of 50% or more, 33% of investment involved a total loss and 13% of investment either generated a partial loss or broke even in nominal terms.

Besides the opportunity of the right levels of equity, a Business Angel can offer important advice and mentoring to a young entrepreneur and crucially they have the right background to offer such support. Business Angels tend to be entrepreneurial themselves (almost three-quarters have founded one or more businesses) and so acknowledge the risks and appreciate the difficulties involved in a start-up and can offer their expertise and advice. 80% of Business Angels in the above study took an active role in managing the business they invested in, contributing skills such as strategic advice, marketing, finance and networking especially with potential customers and other sources of finance.

‘I think one of the best routes at the moment for a young entrepreneur is Business Angels because they will be like-minded people. They will understand the risk and understand the nature of whether the business is going to work from conversations and purely based on experience.’

Peter Jones

‘I prefer backing to a bank because the point with a backer is they put money in and they’re alongside you. Whereas with the bank you are going to suffer whatever policy they have at whatever time they have that policy.’

Mark Constantine

The value of the older entrepreneur to a young start-up was recognised by the Industrial Society in their report *Experience Necessary? The Business Case for Wisdom*. It asserts that as the new economy matures there is a real for older entrepreneurs who can bring shrewdness and experience to young enterprises: ‘Possibly the most urgent need in the dot.com industry right now is for a few warhorses – seasoned campaigners with experience of previous economic cycles who will not be scared by a downturn and who have the resilience to continue bringing value to the organisation long after the initial flurry is over.’

Business plans

The vast majority of entrepreneurs, particularly those that started their businesses in the Nineties, produced business plans prior to starting out. This reflects an awareness of their need for funding and also how advisory bodies have inculcated their importance. A survey* of regional finalists for the 2001 Shell LiveWire Awards found that 94% produced a business plan before starting their enterprise.

Shell LiveWire Young Business Start-Up Awards. Regional Finalist Evaluation Report. 2001.

A few of the entrepreneurs in this survey did not initially produce a business plan and were almost swept along by the commercial success of their idea:

‘So we set up and put quite a bit of stuff on our website and said if you like it then buy it. We didn’t really expect anyone to do so. We said here it is, there was no timeout and I remember one company e-mailed me saying ‘Hi, looks really great I’d like to buy a licence from you, can you just fax me through a pro-forma invoice’ and it was around £1,000. When you are two students a £1,000 is a lot of money – it’s 800 pints of beer in our college bar! So my first thought was someone actually wants to buy our software, they really want to buy it! My second thought was £1,000! My third was what’s a pro-forma invoice? And my fourth was where do I get a fax machine from?’

Adam Twiss

The Banks

High street retail banks tend to be the whipping boy when it comes to difficulties in attracting start-up funding. The young entrepreneurs held different views on the extent to which the banks were supporting their enterprise. A number viewed them as fair weather friends – generally supportive when things were going well but quick to turn their back on them when they were not. A few managed to get good business managers who backed their idea and as a consequence the young entrepreneur was keen to sing their praises – a PR issue the banks should bear in mind. However for the majority of entrepreneurs banks were just not perceived as partners in the business.

‘Very nice, very pleasant but ultimately very unhelpful. I have never really had a full or total belief in the ordinary high street retail banking system which even to this day, with the level of growth that we have had overcharge you. When cash flows aren’t good they stamp you down and when cash flows are good they find other ways of charging you. I don’t believe it is actually good for a young, small business / entrepreneur to have that sort of help. If you’re lucky and you find a good manager, then you are exactly that – lucky.’

Matt Roberts

One concern that was put forward on a number of occasions was the number of times a business manager would change thereby making it difficult to develop any sort of long-term relationship. The other was the failure of a bank to understand an entrepreneur's business and its related difficulties. The Royal Bank of Scotland have gone some way to try and address this through the establishment of Business Relationship Managers who remain in their particular post and location for four years and receive specialist training. This development was recognised in the Management Today/Unisys awards for customer service.

There was praise from a number of the young entrepreneurs for the Government's Loan Guarantee Scheme but it was felt that it should be promoted more vigorously and that the amount of paperwork generated by the banks to administer the loans was excessive.

The fallout after the crash

There has been a lot of discussion of the demise of the dot.coms. Many of the young entrepreneurs interviewed felt that it was an overdue reality check. However it has made many funders recoil from investment in new technology start-ups and to be apathetic towards the business ideas of young people regardless of their track record.

'A balance needs to be struck. Okay guys you made a big mistake, but then we all knew at the time what was going on was completely mad. But don't run scared of young people with ideas. Give them the benefit of your experience and say 'look either this isn't going to make money or if this is going to make money you have to do something slightly different or you are going to need to redefine what you give'. But I think we are in danger of recoiling in a state of 'we're not funding any technology, we're not funding anything new' and then we're going to die as a nation of entrepreneurs.'

Charles Blackburn

Lessons learnt

One of the biggest assets for a young entrepreneur is advice that is rooted in experience. Another is to find appropriate levels of investment that are not risk averse. Business angels can combine both of these aspects but they are not always easy to gain access to.

- There needs to be an alternative source of funding for young business start-ups that can provide small amounts of funding to businesses that are a higher risk yet potentially a good opportunity.
- Business Angels should be given the means to identify young entrepreneurs and the encouragement to invest in them.
- More high street banks should appoint business relationship managers who are given specialist training on business start-ups and remain in their post for several years.
- The Government's Loan Guarantee Scheme should be promoted more vigorously and the high street banks should seek to limit the amount of paperwork they generate to process claims under the scheme.

Energy

It comes as no surprise that a young entrepreneur needs to be highly focused and almost obsessive about their business. But how much time and energy is needed to develop and sustain a business and what fuels this? Why are there less female entrepreneurs than male ones?

Key findings

- The young entrepreneur has extraordinary energy for their business that almost borders on compulsion. This energy is fuelled by a passion for its success.
- The energy and drive that the young entrepreneur invests in their business does not dissipate that much over the years but remains a constant feature of their success.

A young entrepreneur requires an extraordinary amount of physical and mental energy for their business and needs to sustain this over quite a number of years and through the various challenges of running an enterprise.

Originally as part of this study it was planned to calculate the average amount of time that a young entrepreneur devotes to their enterprise. However it quickly became apparent that the individual is working or thinking about their work virtually all the time. During the initial years of their business they would be forsaking much of their social life to concentrate on its development and in most instances this was viewed as an inevitable aspect of entrepreneurship.

‘I was getting up in the morning and trying to squeeze in an hour sitting on the computer, checking my e-mails, sending off e-mails to people who were working for me. Then going to school, running back at lunchtime getting a quick 45 minutes on the computer and then after school trying to stay involved in out of school activities and that sort of thing but also realising that if this is going to work it needed full commitment.’

Tom Hadfield

‘For the first three years I worked seven days a week, 12/14 hours a day.’

Howard Kosky

‘And then I opened something called Soup Kitchens, so I was working my furniture making business from 8 o’clock until 6 o’clock and then go across and work in the Soup Kitchen from 6 o’clock until midnight.’

Sir Terence Conran

‘I went on holiday to the Maldives at Christmas and the only time I stopped thinking about work was when I was 25 metres underwater and I came face to face with my first shark and that kind of wiped it from my mind.’

Charles Blackburn

Where does the energy come from?

A number of factors seem to fuel this enduring energy. For many the desire to succeed is so strong that it becomes a driving force in itself.

‘It has got to be a want for it to succeed, if that want isn’t there you would give in and walk away at the first sign of it becoming a bit difficult because it will become difficult.’

Natasha Clarke

At the same time quite a number seemed to have the need to prove themselves in some way.

‘I think we all feel like we’ve still got something to prove. I’m not quite sure what it is and I’m not sure who it is to.’

Matthew Freud

Youth is clearly an advantage for getting the energy to tolerate long, stressful working days. Some of the young entrepreneurs could not envisage mustering the same amount of energy to start from scratch again.

‘It is a young man’s game in my opinion if you are going to push it that hard. Youth is what kept me going and I couldn’t do that now, I really couldn’t.’

Alistair Gosling

Female entrepreneurs

This study identified a lack of female entrepreneurs and this is confirmed by other research studies. An analysis undertaken on behalf of The Prince’s Trust* found that female young people supported by the Trust were 20% less likely to succeed. Only 8% of the entrepreneurs shortlisted in the Ernst and Young UK Entrepreneur of the Year Awards* over the past two years were female and the National Association of Business Angels estimates that just 1% of Business Angels are women.

① *Evaluating Young Business Start-Up Success.* Leeds Business School on behalf of The Prince’s Trust. 2001.

② *Entrepreneur of the Year Report.* Ernst And Young. 2001.

It seems in part that whilst women have many of the attributes valuable for entrepreneurship, the time and energy required for the business is not something easily compatible with having a family.

‘It is a natural part of being a woman that you do multi-tasks all the time. I also think women are better communicators, they are more intuitive listeners, and they think about how people feel about something, rather than thinking about imparting information in one way. They are better team players; women will naturally get together in-groups to do things, whereas men will tend to do things in single pursuit. So we have got many of the skills but we just don’t have the aggression, we just don’t want to do it because there are other things that are much more important to us. The big issue is that women want to have families and I think combining a business and a family is hard.’

Rebecca Battman

‘Being an entrepreneur burns through your personal life, so you can’t have a well balanced life. I’m forcing myself to take Saturdays off now but there has been probably twelve years of my life that I have worked seven days a week.’

Julie Myer

Low levels of entrepreneurial activity amongst women are not just a UK phenomena but are apparent in most of the 21 countries surveyed in the Global Entrepreneurship Monitor*. Despite the UK’s seemingly poor record on female entrepreneurship, in relation to the other countries surveyed in the study, it is well above the average. In addition there are encouraging signs that more women are going into self-employment and so in the future more of an equitable balance between male and female entrepreneurs may be seen.

③ *Global Entrepreneurship Monitor.* UK Executive Report. 2000.

Lessons learnt

The levels of time and energy that need to be invested in a business start-up, particularly in its infancy, need to be communicated to those young people considering starting an enterprise – not as a way of discouragement but as a means of informing them of the commitments needed. More widely as a society we perhaps need to tolerate the almost obsessive ‘nerdy’ behaviour of some and appreciate that it is an almost inevitable result of being an entrepreneur.

- More female entrepreneurs should be put forward as role models for others to learn from and be inspired by.
- Having more opportunity for young entrepreneurs to exchange ideas and experience could save a lot of valuable time and energy. In this respect a network for young entrepreneurs, possibly a virtual network, should be established that provides mutual support, sharing of ideas and the opportunity for partnerships between young businesses.

Education

Is entrepreneurship something that can be taught? What are the aptitudes that a would-be young entrepreneur requires from education and is our education system meeting the needs of young people to equip them for working life?

Key findings

- Education in the UK is not equipping young people with the competencies needed for either enterprise or for working life.
- Enterprise skills are life skills that are needed lifelong and are valuable not just for entrepreneurs but for employees and those working in public services and the voluntary sector.
- Education needs to focus on the development of competencies and in particular the three 'R's of resilience, resourcefulness and reflection.
- Learning to learn, understanding how to learn effectively and continuously, will be a key skill for the future.
- It may not be possible to teach an individual how to become an entrepreneur, but the education system can stifle such ambition. Education has a role to play in instilling the beliefs, values and competencies that will support a young entrepreneur.

In the Global Entrepreneurship Monitor (GEM)* review undertaken in 2000, the provision of quality entrepreneurship education was consistently one of the top priorities identified by the experts interviewed in each of the 21 countries which are covered by the study. As the report identifies: 'Entrepreneurship flourishes in countries with a rich educational endowment. Investment in educational infrastructure creates an asset of enormous value for society. In building their businesses entrepreneurs draw on this asset. They do so by exploiting the ideas, technologies and innovations built up over a long period and, moreover, they gain access to a rich pool of talented, capable individuals of the sort they need to build a business.'

◉ *Global Entrepreneurship Monitor*. UK Executive Report. 2000.

The study found that the UK was performing below the GEM 2000 average on the educational index. The national experts taking part in the programme identified education as the most important factor of concern.

At the same time young people do not perceive education as equipping them for the life. A survey* undertaken by the Industrial Society of some 10,000 12-25 year olds showed that the majority of young people believe their schooling should prepare them for the future, but is failing to do so. In general terms this was also reflected in this research study.

◉ *2020 Vision*. The Industrial Society. 1997.

'Education is meant to equip you for life. We've forgotten that. You can learn skills as you go along.'
Prudence Leith

The lack of real world application of learning at school or university was a source of frustration for many of the young entrepreneurs interviewed. A common view was that the balance currently seems to be too weighted towards theory and not enough practical application of the knowledge that is gained in school or university.

‘I found school very structured learning. It was very much going in and they would teach you about history, or they would teach you about geography or they would teach you about science. I was coming home and learning all these fascinating things about the other world and how the rest of the world operated and then going back and having it drilled into you that Oliver Cromwell did this and that kind of thing. But I was getting much more of a life experience outside school. And should that be the case? Should you have to go off and find your life experience when you are a teenager growing up or should school somehow integrate you with all that is going on out there? So I found school very constrained in what were allowed to look at and what we were allowed to develop interest in.’

Tom Hadfield

It could be argued to what extent should you alter the education system to accommodate the needs of what is a small minority, albeit a growing one, of individuals that will go on to become young entrepreneurs. The key is, as the organisation Enterprise Insight advocates, enterprise skills are life skills. The characteristics needed by the young entrepreneur in terms of self-belief, creativity, ability to manage and adapt to change and to communicate effectively are surely skills needed by most individuals whether working for themselves, for other people or in public service?

‘Not everybody is going to be an entrepreneur but you need to have life skills and maybe they can instil them a bit younger.’

Stephen Forster

The young entrepreneurs were keen that education developed specific competencies rather than specific skills or knowledge about subject areas. The forerunner within these competencies was the ability to think laterally and to problem solve creatively.

‘We tend to think you can be taught to do things, and when you have been taught the right way or you observe the right way or you have read the right way, that is what we should do. And the wonderful thing in business is that that doesn't work. The rules tomorrow are very different to the rules today. And just encouraging people to think differently and just to try and take a few risks, think dangerously and to do something that hasn't been done before and to do something that sounds mad.’

Sir James Dyson

‘The best thing I got from college wasn't physical design skills, it was a way of thinking and it was about turning things on their head and thinking very conceptually about them. And that is what has made this business - about thinking around problems, about thinking and creating new ideas.’

Abi Williams

The other factor that was identified a number of times was the need for interpersonal skills and to instil more confidence and self-belief. Interestingly interpersonal communication skills were often rated more highly than IT skills, particularly within new media industries.

‘The amount of personal, physical interaction in society is dwindling. People hide behind their mobile, they hide behind an e-mail. It's so easy to do so and the skill of actually dealing with people, just to deal with people, is becoming rarer than it has been before. The ability to just get on with people, to sit in a room and not know anyone and start chatting. The best thing education can do is fill people with confidence. Give people confidence in themselves.’

Howard Kosky

Learning to learn

Today's world is changing so rapidly that an individual will need to acquire new learning throughout their life and this is more so for a young entrepreneur who is often starting a business without the knowledge and experience that more mature individuals have acquired. The young entrepreneur is always learning.

‘I have learnt more in the last seven years than I ever have in any period in my entire life. I really mean that. I have learnt about people, about handling situations, about money, about marketing, about the press, about more in the last seven years than I did at college, through six years of college, or ever did anywhere in my life.’

Gary Lockton

‘From a business point of view I find it exciting because you are always learning new things whether you have a big court case and you are learning about the law or you have to file a patent and you are learning about patents.’

David Darling

The ability to learn about how to learn is being seen as a skill in itself. It is crucial, not just for the young entrepreneur, but also for any young person entering into work today where businesses rapidly have to transform themselves in response to an unpredictable business environment.

‘One of the critical failures of the current education system is we don't learn how to learn. We don't learn what learning is. I was hugely inspired by Charles Handy who said ‘those that are in love with learning are in love with life’ and in my early twenties I actually understood what learning is.

I think a huge shift would be when children actually stopped to reflect and learn about learning. Then learning is something very different. It isn't something that grown ups throw at you – something you've got to do. Instead it becomes a key to curiosity and vitality and with it you can do anything.’

Sean Blair

‘One of the things we do when we are looking at a CV is not necessarily what their qualifications are in but how they can adapt to new ways of learning. All our staff have been retrained in whatever it is they work in, so it is not necessarily what qualifications they have got, it is an indication of how well they can pick up new skills and develop their current interest. So it is very much learning and picking up new skills.’

Tom Hadfield

Guy Claxton, author of *The Challenge Of Lifelong Learning* argues for an emphasis on three other 'R's in education: Resilience, Resourcefulness and Reflection. These are very much the qualities employed by the young entrepreneur as shown later in this report.

The need for flexibility

At least a quarter of the young entrepreneurs interviewed did not fit into the education system in the conventional sense or, to take their viewpoint, the system did not fit in with them. Some had special educational needs such as forms of dyslexia, several had standards of intelligence that were so high that the system was struggling to catch up with them and a number felt that education failed to offer the challenge and stimulus they required. Four of the entrepreneurs left school with no qualifications but went on to build up extremely successful businesses.

Once again it could be argued to what extent should the system be changed for a minority. This report is advocating that free thinkers should be able to use the system rather than fit into it. Indeed it could be argued to what extent should education be viewed as a 'system' and instead be something much more flexible and malleable in order to meet the diverse and increasing needs and interests of the young people it is there to serve.

‘The education system can’t really cope with unusual people – that’s not what it’s built for.’

Demis Hassabis

There is also the issue about how talent is cultivated and appreciated in education and indeed in wider society. The establishment of Gifted and Talented Co-ordinators in some schools is a step in the right direction but there needs to be a greater understanding of how talented youth can be fostered so that they achieve their fullest potential.

Teaching business

The young entrepreneurs did not believe that teachers are the right people to teach business skills and some questioned the extent to which something that is learnt so experientially can in fact be taught.

‘Entrepreneurship I think cannot be taught. It is self-taught.’

Vijay Patel

The very few entrepreneurs that had direct experience of those initiatives that enable school children to experience business, such as the schemes run by Business Dynamics and Young Enterprise, were praiseworthy of them. However it was felt that there were not enough of them and the support for the teachers that organised them was inadequate. A number of the young entrepreneurs interviewed had already developed link with schools or colleges and many of those who had not, expressed a willingness to do so.

‘Almost every school now has local links with their local football club and the experts come in and help coach the kids and give inspiration and the small kids look up to them and the older children get to relate to an adult role model and it works very well. But why not in business?’

Tom Hadfield

‘I would go into a local school and talk once a month about business and enterprise. I know there are other entrepreneurs who would be very willing to do the same.’

Peter Jones

‘I would love to go and speak at places or help other people out. If somebody came to me and said ‘would you come to this school?’ I would do it in a shot.’

Linzi Deakin

The reality may be that despite best intentions an individual’s business priorities may make this difficult and the potential demand from schools would exceed the number of available entrepreneurs. Given that today’s young people are generally quite IT literate, the answer may be to develop more business awareness on-line affording a student with the opportunity to gain business understanding either at school or home. This is one of the approaches now being considered by the organisation Business Dynamics. They have found that almost all (87%) of the 14-19 year old students they surveyed had access to the Internet at school and almost half that number (43%) are able to get on the net at home.

Their research also identified a segment of potential 'high flyers' who exhibited an above average level of interest in the 'go-getting' careers such as advertising, marketing, the media and the City. Almost all (83%) of these young people perceived themselves as having a reasonably outgoing personality. They were mostly boys and they were twice as likely as other students to be taking a business-related subject, but what set them apart from everyone else is that they were all heavy users of the Internet as a research/homework resource.

Design colleges

The ability to develop entrepreneurial thinking is not just about being able to think creatively but also to channel creative ideas and concepts into viable business propositions. However some of the young entrepreneurs who studied in an art or design college bemoaned the fact that too much of an emphasis was put on the development of creative competencies and very little on developing business skills. As a consequence they felt ill equipped for the commercial realities of the business world.

This is pertinent in that according to the Department for Culture, Media and Sport the creative industry is growing at twice the rate of the economy as a whole. The likelihood of a student studying such a discipline having some period of self-employment is high and the number of young people choosing to study art and design is increasing significantly. A survey* of the career paths of nearly 2,000 art and design students who graduated between 1993 and 1996, by far the largest of its kind ever undertaken, found that 42% had undertaken some form of self-employment since graduating and 10% had operated their own business.

◉ *Destinations and Reflections: Careers of British Art, Craft and Design Graduates.* Centre for Research into Quality. Alison Blackwell and Lee Harvey. 1999.

'So I think colleges and further education need to stimulate ideas and let your brain roam free but equally, if you send students out into the world and they become desperately frustrated that they haven't learnt the basic things that they ought to have learnt – about life and business in the outside world, then colleges have let down those students.'

Sir Terence Conran

'People are coming out of universities, colleges and schools with brilliant ideas with potentially brilliant futures ahead of them and they know nothing about intellectual property. They don't even know that there are such things as patents and intellectual property.'

Mandy Haberman

Business Schools

Only five out of the forty-four young entrepreneurs interviewed went to a business school or studied business. With the exception of graduate enterprise programmes, it was not felt that business schools were particularly useful when it came to the realities of starting a business.

'Studying is one thing but reality is different.'

Rob Baines

'Business schools tend to train managers rather than entrepreneurs.'

Rouzbeh Pirouz

It is important to make the distinction between learning how to do business and learning how to start and run a business. The latter, by its very nature, is practical and learnt more by experience than theory. In this respect those business schools or courses that incorporated a practical component were of the most use to the young entrepreneur.

The University of Durham's programmes for graduates seeking to set up a business were singled out for praise. These involve learning business skills whilst an individual is setting up their enterprise so that there is an immediate application of learning. The other advantage of these programmes is that the participants enter with the same purpose namely to start a business, whilst the individuals attending a business school may have a variety of objectives.

‘I rate Durham’s Graduate Enterprise Programme very highly. It was a very fertile environment. One of the great things was the participants – you learnt so much from each other.’
Sean Blair

A graduate enterprise programme that was piloted at Cranfield Business School found that those students that went on to set up a business would, after the third year of trading, make profits that would match the training costs of the programme. In addition the number of graduates who entered self-employment from the Business School nearly doubled over the period of the programme.

Lessons learnt

An awareness of business and links with business can originate at school but there needs to be more opportunity for a would-be entrepreneur to learn more about it informally and outside of curriculum-constrained timetables, perhaps by the use of on-line resources.

Education should encourage creativity, lateral thinking and personal initiative. A giant leap will be made when children are taught the value of failure in order for them to learn how to succeed. Along with this an individual should be able to develop a greater self-awareness so that they learn how they learn and get to know what they don't know; greater self-confidence to push themselves beyond their perceived capabilities and greater self-sufficiency so that they are prepared for a much more uncertain and challenging working world.

- Education needs to balance far better young people's need to acquire skills and to acquire competencies. It is currently too biased towards the former.
- There needs to be a greater emphasis on how learning can be applied so that an individual can appreciate and see the value of the knowledge they have acquired.
- A review should be undertaken to ascertain how business and enterprise skills can be inculcated more effectively with creative disciplines.
- Interpersonal communication skills should be fostered within education to a far greater extent than currently takes place.

Employees

Few of the young entrepreneurs interviewed used the term 'employee' but instead favoured 'team players', 'colleagues' or even 'partners' suggesting a very different relationship from the traditional worker-manager roles.

How does a young entrepreneur manage their relationship with their workers? How does working in a start-up compare to a big company and would a young entrepreneur be happy becoming an employee?

Key findings

- Part of a young entrepreneur's success is a talent in finding, engaging and retaining talented people to work with. The turnover of employees in successful, young start-ups is very low.
- The young entrepreneurs develop highly entrepreneurial environments within their own companies where employees are expected to take initiative and are given a stake in the company. This contrasts with large businesses that are perceived by young workers to be bureaucratic, slow and unattractive places to work.
- The young entrepreneurs, particularly those in new media agencies, generally value interpersonal communication skills in would-be employees more highly than IT skills. The latter is seen as something that can be acquired more easily.
- Young entrepreneurs are unlikely to return to being an employee and many, by their own admission, believe they would not make good employees. If their business fails they are very likely to start another enterprise.
- A key skill for the future will be a young person's ability to embrace change and the opportunities it brings.

The employees in a start-up are a strong influence on its future growth and development. As one entrepreneur put it 'they are the DNA of the company' and so attracting the right people from the start is critical. However the recruitment, management and development of staff are seen as some of the most challenging aspects of running a business for a young entrepreneur. Today's young people are increasingly seeking more responsibility, more opportunity and more reward from a prospective employer and the market place for young, motivated, IT literate workers is highly competitive.

A survey* undertaken of the regional finalists in the 2001 Shell LiveWire awards scheme for young business people found that the most sought after advice was that associated with recruiting and managing staff with 95% of the finalists requiring assistance in this. However only 42% rated the advice they received as good or excellent (as opposed to 93% rating the help they were given to write a business plan as good or excellent) demonstrating that this is an area for attention by those responsible for supporting the development of business start-ups.

① *Shell LiveWire Young Business Start-Up Awards. Regional Finalist Evaluation Report. 2001.*

‘For me the hardest part of management is people management. Understanding individuals and how to get the best out of individuals and how to make them to enjoy their jobs, how to find the right people, how to know how to direct them and to build on what you have got.’

Natasha Clarke

‘It’s a science in its own right.’

Stephen Forster

Intrapreneurship

The working environment the young entrepreneur fosters for their colleagues is open, flat, inclusive and rooted in a sense of integrity. Far from being threatened by having entrepreneurial employees who can and will act on their own initiative, the young entrepreneur is engaging them with a strong entrepreneurial energy instilled throughout their companies. Ideas and resourcefulness are qualities that are not just encouraged but expected of those employed and as a result it is less distinct who the entrepreneur is because everyone tends to be acting with the same dynamic.

‘Self-starters is the key. I like people who are entrepreneurial in nature and go around problems. Bright, young, mature for their age, passionate about what they are doing and want to make their mark on the world. Viewing their job as something they enjoy doing, not just as a chore but as a passion.’

Brent Hoberman

‘We want people that are determined. We want people with a like-minded approach who are ethical in all the things that they do, they are honest, but they don’t mind hard work to get where they want to go. We will give them the vision of how to get there and we will give them the tools to go and do it, but we have got to have the people to make it happen.’

Peter Jones

‘I am looking for someone who is hungry, someone who wants to prove himself. I want to give an opportunity to someone who says ‘I want to be in your shoes in five years time’. That’s my man.’

Vijay Patel

This contrasts with the actions of many executives in large corporations who seem unable to recognise and foster the entrepreneurial talent of their young workers. A survey by Accenture* of some 880 Board-level executives around the world found that a high number of executives doubted the entrepreneurial abilities of their staff. Almost seven in ten thought that their employees lacked entrepreneurial instinct and many would claim that entrepreneurship was applicable to only some employees suggesting nervousness about loss of control if they developed a highly entrepreneurial workforce.

① *Liberating The Entrepreneurial Spirit.* Accenture. 2001.

Similarly a survey* undertaken by the Career Innovation Company of one thousand young professionals from around the world found that employers often struggle when managing young talent. It reveals that many established companies are unimaginative places to work – engulfed in red tape and internal politics and failing to match the high expectations they generate. In contrast start-ups emerged as exciting places for talented people to learn rapidly and make a personal impact, in many cases exceeding expectations and attracting the kind of vision and commitment that comes from a sense of personal ownership. Importantly this survey which was conducted in the summer of 2000, just a few months after the crash in technology share prices, shows that the attraction of start-ups has not diminished despite the down turn in the market.

② *ePeople Engaging Talent In The Entrepreneurial Age.* Career Innovation Group. 2001.

Top Factors Influencing Decision To Work For A Start-Up

<i>Factor</i>	<i>% of sample*</i>
Opportunities for rapid learning and development	78%
Presents a challenge	72%
Opportunity to make a personal impact at work	68%
Good experience for my future career	61%
Right time to take advantage of the new business trend	59%
Creating something from scratch	54%
Young and lively atmosphere in new business	52%
Opportunity to be in control of my own destiny	51%
Managing own work	51%
Working with a good management team	42%

** Saying each factor influenced decision to a great extent*

Source: Career Innovation Survey 2000

This is not just a view of young professionals but also future employees. A MORI survey of children aged 11 to 15 found that two-fifths (44%) would rather work for a small or medium-sized business than a big business and almost a quarter (23%) would rather work in the public sector than work for a business.

The young entrepreneurs interviewed were creating vibrant places to work.

‘Some guy comes in the other day and he had followed Deep End’s work for three years before applying. He knew more about the company than I did and that’s the truth.’
Gary Lockton

The experience of working in a start-up is generally meeting and sometimes exceeding the expectations of young professionals. The Career Innovation Survey 2000 found that people working in start-ups felt that their expectations were exceeded for providing a challenge, for developing opportunities for rapid learning and for affording the opportunity for an employee to make a personal impact at work.

The following table shows the main features that were disappointments for at least 30% of the respondents in either an established company or a start-up. Once again start-ups compare very favourably.

<i>Factor</i>	<i>Established Company % respondents saying worse than expected</i>	<i>Start-Up % respondents saying worse than expected</i>
Not being in control of my own destiny	30%	20%
The level of stress	30%	31%
Lack of opportunity to work with latest technology	32%	19%
Lack of fair reward for my contribution	34%	24%
Lack of performance-related reward	35%	26%
Lack of opportunity to develop new technology	36%	22%
Poor quality of management team	37%	31%

Source: Career Innovation Survey 2000

Large companies may not just be losing out in relation to attracting young high fliers and any emerging talent. Through their readiness to change, their nimble size and craving for challenge, start-ups have the means to outpace traditional companies for business.

‘New technologies, in particular the Internet, have unearthed new processes and client fulfilment opportunities, empowering agencies to strive for both the benefits of size and scale with the responsiveness and energy of any small business. To achieve this flexibility is no mean feat and surely a challenge that favours the new, emerging profitable players.’

Daryl Arnold

A talent for finding talent

The young entrepreneurs exhibited an ability to identify, foster and retain talented people to work in their businesses and extended their talent search to identifying the right suppliers to work with, the right advisors to offer guidance and the right investors to partner them.

There was a recognition that a good employee is a critical asset to the success of their enterprise and subsequently they would be rewarded by gaining a stake in the company through equity, profit share or share options. They would also be given ownership of projects with the freedom to develop them as they felt necessary, thereby developing an emotional stake in the enterprise. Investment was made in the training and development of employees, a trend that is commensurate with the SME sector that has higher expenditure on training per employee than larger organisations.

‘When I left my previous business I said next time I am going to put all my effort into finding my workmates and colleagues and the customers will find us and that has happened. One of my learnings has been the quality and kind of people you want to work with.’

Sean Blair

‘When I saw Westlife it took me 30 seconds to offer them an album deal because I looked at them and I knew those boys had something special. I just knew it. To me it was so obvious that we could create something special. I thought they had a raw talent, an amazing talent in fact.’

Simon Cowell

The turnover of employees in successful young start-ups seems very low.

‘I now have a phenomenally strong team around me and great people, really great people. I have lost four people in five years in the business.’

Alistair Gosling (currently employs 50 people)

‘In England, in our office here, we never lost a single person we paid more than £20,000 a year to except for people who left because their husbands/wives moved career.’

Adam Twiss (currently employs 90 people)

‘Only one person has left since I started this company.’

Demis Hassabis (currently employs 50 people)

Employability

The young entrepreneurs often talk of and demonstrate the need to run things as they would like to and to have the opportunity to do work that is challenging and beyond their existing skills and capabilities. They believe employment rarely offers these possibilities and subsequently many were not happy working for someone. Most do not envisage going back into employment and some believe that traditional employment has almost become incompatible with their characters. This view is supported by 86% of the young regional finalists* in the Shell LiveWire 2001 awards who said they would not take a job as an employee rather than being self-employed.

① *Shell LiveWire Young Business Start-Up Awards. Regional Finalist Evaluation Report. 2001.*

‘I’m unemployable now. I couldn’t go back to a working environment.’

Rob Baines

‘I am unemployable completely. I couldn’t work for somebody else, I couldn’t do it.’

Stephen Forster

‘I think I was pretty unemployable by about 19 or 20. You are constantly looking at things and questioning is this the correct way to do it.’

Mark Constantine

More than 25% of the young entrepreneurs interviewed have never worked for anyone else apart from holiday work or student placements. Some have flirted with brief spells of employment but these seem to have been short-lived and go against the young entrepreneur’s propensity to be in control of his/her own destiny.

Lessons learnt

If large companies do not address their failure to encourage enterprise within their businesses they may find themselves plummeting into a vicious circle of failing to retain their enterprising young talent, failing to win new business and failing to attract new talent.

The young entrepreneurs invested heavily in their employees and such investment, particularly in relation to their skills and competencies, will have an impact on the competitiveness of the UK.

- There needs to be a one stop advice service for a small business owner to go to and be able to get understandable yet comprehensive advice on employment issues. As the CBI has identified, a small business needs to be able to ask a question such as ‘One of my staff is taking maternity leave – what are the entitlements and what do I need to do?’ and find a clear answer straight away.
- The bureaucratic burden that results from employing an individual should be reduced and SMEs should be given more incentives and rewards for investing in the training and development of their staff.
- SMEs should be provided with more incentives to encourage employee shareholding and company profit sharing and the regulatory framework for providing share options should be improved.
- Large companies need to learn from the leadership styles of SMEs and develop more strategic alliances with the SME sector.

Environment

There are two environments that have influence on a young person's business: the physical environment from where the business is run and the wider environment that is shaped by Government, regulation and society's attitudes to enterprise.

Does the young entrepreneur believe we have an enterprise culture? What could be done to improve the entrepreneurial climate of the country and how is the UK's enterprise perceived by the rest of the world?

Key findings

- The Government needs to provide the incentives for an enterprise culture and to reduce the bureaucratic burden on small businesses. Beyond this it should operate an arms length policy to enterprise.
- The UK is failing to project a sufficient image of being entrepreneurial both within the country and around the world.
- A concern amongst many entrepreneurs is the attitude to failure that is prevalent in the UK.

The young entrepreneurs generally started-out from an informal base and would then expand from this.

‘We started in the back of a dining room. We used to kit it out, for business day-to-day, but when a client came over we used to get a few mates in to make it look a bit bigger.’

Gary Lockton

A few of the young entrepreneurs started in a business incubator. Research shows that when a business is started in an incubator – a mixture of premises, business advice and sometimes seed capital – the chances of success are considerably increased.

‘They (business incubators) are very good because they are designed to help people who are just starting out and so if you want to get a lease, then they are not going to insist on ten years trading figures or anything like that. It's also very cheap and at the same time they have all of the infrastructure. That was very helpful.’

Rouzbeh Pirouz

Entrepreneur Charlie Hoult has established a ‘no frills’ incubator in London for Internet start-ups that provides flexibility of space for a business to expand and contract as necessary and the opportunity to network with other businesses in the building.

‘All the companies here are all Internet/e-tech/digital companies and they have a clustering benefit and we foster that quite heavily.’

Charlie Hoult

An enterprise culture?

Debate raged amongst the young entrepreneurs as to whether there was an enterprise culture in the UK. Those entrepreneurs that have been running their business for quite a number of years generally felt it had improved since they started out but that there was still some way to go. Some of these reminisced about the entrepreneurial boom of the Eighties.

The majority of the more recent entrepreneurs did not feel that the enterprise culture went far enough and a number did not believe that you could separate out business enterprise from the overall entrepreneurial attitude in the country.

‘An enterprise culture requires a bold approach, not only to Government but to the whole system – to the financial systems, to the tax systems, to education. I just don’t think people are willing to go that little bit further. They’ll go to a certain level. They are happy to buy you a ticket to get to Peterborough but what you really want to do is go to Leeds.’

Charles Blackburn

‘I think that in the States the difference is it is just when we may say no, they will say yes. It is that last 20%. We will go to say 70% and it is that last bit when you are talking about that 100% can-do attitude.’

Alistair Gosling

Part of the difficulty in determining whether there is an enterprise culture has been the absence of an agreed set of comparative indicators that can denote the entrepreneurial climate of the country. There are only ad-hoc measurements put forward by business organisations and consultancies.

Those that did not feel the UK operated an enterprise culture would often, unprompted, point to the United States of America as the example for us to aspire to.

‘If you have a good idea in the States, you can follow it. You can have exactly the same phone call, it doesn’t matter if you’re English or American, you can call up anyone, you can pick up the Yellow Pages in New York, phone up any company and say, I’ve had a great idea ... The Americans go, ‘yes great, cool idea man, come round and we will talk about it’. Here you get, ‘oh no, sorry the manager is not in’.’

Justin Cooke

‘I lived in America for many years and did my undergraduate and graduate degrees there. I think the enterprise culture was much, much stronger in America than it is here. Not just in terms of entrepreneurs but even in terms of people who work in companies. One of the things that struck me, at one point Mondus had operations in the US, was that the US employees were much more focussed on their share options. Whereas the European employees were much more focussed on salary.’

Rouzbeh Piroouz

‘America is definitely more entrepreneurial from every statistic I’ve ever read. More people start businesses and more people want to start businesses in America and there are more business heroes in America.’

Brent Hoberman

Interestingly most of the entrepreneurs who operated parts of their business in America were not so enthusiastic about the enterprise culture there claiming it to be different, bigger – in terms of a market base – but not necessarily better.

‘It’s the most conservative market in the world. No, I would never recommend anyone go to America for an enterprise culture. It’s absolutely stifling. The banks take no risks at all. On top it’s so competitive, you have to be so ruthless when you start.’

Mark Constantine

Arthur Andersen and GrowthPlus undertake an annual benchmark report into three key areas that affect entrepreneurs and their ability to grow and create employment – funding, people and the business environment. The benchmark covers nine European countries and the United States of America and works on a scoring system. In 2000 the United Kingdom was placed top with the United States second.

United Kingdom	49
United States of America	45
Spain	43
Italy	42
Netherlands	42
Belgium	39
France	38
Germany	38
Austria	37
Sweden	34

Source: Arthur Andersen and GrowthPlus, 2000

Failure

The young entrepreneurs would particularly cite, once again unprompted, the difference between failing in the United States and failing in the UK.

‘If you fail in America, that’s fine, you can do it again. If you fail over here, people are like kicking you. I have failed, I have failed many times but that is the one ability I have got, I don’t give a toss, I will go and do it again. But a lot of people just give up.’

Stephen Forster

‘They (the Americans) take a good evaluation; they don’t necessarily look failure in the eye and judge failure as a rulebook. What they probably would say is, ‘if you haven’t had three failures, we don’t want to invest in you’. In the UK if you have had one failure it’s, hang on, you have already been down that road, I don’t think I should lend you any money.’

Peter Jones

A survey undertaken by the Prince’s Trust of businesses supported by them but that later ceased trading found that almost three quarters felt the impact on their lives of running a business was positive and they would like at some point to run their own business again. The reasons cited for failing often mirrored those that were given as challenges for businesses that were doing well – problems with cash-flow, and insufficient working capital.

It also needs to be recognised that many of the young people the Trust has supported were previously unemployed but the skills, competencies and self-confidence acquired from self-employment has given them the opportunity to go into full-time employment or further education.

Perceptions

It may simply be that apart from a different attitude to failure, it is simply a perception that the United States is better at fostering enterprise. However whether people's perception of UK enterprise is accurate or not, that perception is important. 49% of UK businesses believe that they would benefit if the UK was seen to be more creative and innovative and 45% say the UK's image abroad does not reflect the creativity and innovation of its businesses*.

▶ PACEC on behalf of The Design Council. June 2000.

The young entrepreneurs tended to express the view that the UK was not good at realising the commercial opportunities that our creative ingenuity affords:

‘I think we have a very good enterprise culture but a very bad business realisation of that enterprise. We've always been a very good nation for invention and creativity. We have always been very good at coming up with ideas and creative stuff, what we are very bad at is the commercialisation of our ideas.’

Demis Hassabis

‘I think the vision is there. I think there is more a problem with innovation in that we are very innovative but then it is usually the Americans or Japanese that take the financial risk in funding a project. So I think there is an enterprise problem from a financial point of view, rather than a creative point of view.’

David Darling

These views are also reflected in a study* into the perceptions of young people from 17 countries about enterprise in different countries undertaken by the British Council. The UK was rated well for innovation in science, engineering, technology and the arts, but behind the USA, Japan and Germany. It found that what is holding our reputation back is not so much the quality of our research, but our perceived lack of interest in translating it into commercial applications.

▶ *Through Other Eyes 2.* The British Council. October 2000.

This is illustrated when the young people in the British Council survey were asked to link three recent major inventions (the World Wide Web, Viagra and cloning) to their country of origin. Whilst all three innovations originated in the UK, only cloning was correctly identified to be British and then only by a relatively small majority:

	<i>The World Wide Web</i>	<i>Viagra</i>	<i>Cloning</i>
UK	5%	7%	47%
USA	81%	73%	34%
Japan	4%	1%	2%
Germany	2%	4%	4%
France	2%	5%	4%
Other	1%	1%	1%
Don't know/not stated	5%	9%	8%

Source: British Council, 2000

The role of Government in fostering the right environment

The assumption is that the Government is largely responsible for developing the right environment and culture for business growth. In the words of the Prime Minister, Tony Blair: 'Successful businesses are set up, and run, by enterprising individuals – but the Government shapes the environment within which they can do business.' The young entrepreneurs generally felt that the Government would be best to stay out of the picture as much as possible and simply provide the incentives to encourage business investment and facilitate business growth.

A study by the OECD looked at how easy or difficult it is to set up a new business in different countries. The table below shows that out of the countries surveyed the UK has some of the lowest barriers in terms of cost, procedures and time for setting up a new business.

Country	No. of procedures	Time (weeks)	Estimated Costs (ECU)
Australia	1	1	340
France	10	6	3400
Germany	6	16	1400
Italy	18	10	2200
Japan	6	3	4000
Netherlands	2	12	4000
Spain	7	24	330
Sweden	3	3	1130
UK	1	1	420
US	1	1	500

Source: OECD SME Outlook 2000 Edition

However the frustration amongst the young entrepreneurs is not with the procedures to start an enterprise, but more with the volume and complexity of legislation for a business when it was up and running. Some of the most vocal criticisms in the whole survey related to the amount of red tape imposed on a business and how this could inhibit its growth:

‘They (the Government) could cut the red tape because that is one of the problems that the young entrepreneur who has not had very good business training and not very much experience could get tied up in and lose their entrepreneurial enthusiasm.’

Sir Terence Conran

‘I am not sure I would go and set up another business because I just think the red tape and the requirements the Government put on us are not in anyway fostering an entrepreneurial culture. We want to bring school children in here, and we want to show them how exciting work can be in the creative industries. But then we are tied up in red tape as to what we can and can't do with them and I just think, oh forget it.’

Rebecca Battman

These comments are echoed in the results of a survey* undertaken by the Federation of Small Businesses amongst almost 22,000 small businesses. It found that greatest dissatisfaction amongst small businesses was centred on the volume, complexity, rate of change and interpretation of legislation surrounding the operation of a business.

① *Barriers to Survival and Growth in UK Small Firms.* Federation of Small Businesses. October 2000.

Lessons learnt

On the whole, the UK is not a bad place to start a business but this should not allow for complacency. Regulation and the threat of regulation can suppress enterprise and we should be mindful of initiatives outside of the UK such as the Common Company Law that could have an impact on venture creation.

The Better Regulation Task Force, an independent group established to advise the Government on the quality of its regulation, has researched and reviewed how the burden of regulation on SMEs could be relieved. Their recommendations*, hold particular validity for young entrepreneurs who want minimum regulation and maximum ease in meeting it.

The message to the Government is really to keep out of the picture as much as possible and not to try and organise entrepreneurship – something that by its very nature is almost impossible to organise. Instead it should aim to develop an environment and culture that is conducive for business start-ups through a more enterprising approach to regulation and taxation.

- The provision of services for small businesses that are sponsored by the Government should be as arms-length from the Government and given as much independence as possible.
- Government needs to ensure that it always thinks first about smaller enterprises in its policy making and legislation. Non-regulatory solutions should always be explored first and regulation should be the last resort.
- The Government should deliver easily digestible and tailored (sector and size specific) information on regulations in a variety of media.
- Business incubation centres specifically for start-ups run by young people should be encouraged to provide flexible, low rental space with the opportunity for networking and mutual support.
- An innovation fund should be set up from the income received from individuals registering patents in the UK. The fund would be used to support inventors and education around patents in design colleges.

① *Helping Small Firms Cope with Regulation*. Better Regulation Task Force. April 2000.

The characteristics of a young entrepreneur

The characteristics of a young entrepreneur

As well as inexorable energy, certain other competencies and aptitudes seemed to be concurrent with the way the young entrepreneurs managed their business and achieved their success.

The characteristics are evident in both those entrepreneurs that have been running their businesses for quite a number of years and those that started out more recently, the only difference is in the type of business that they are being applied to. So the same determination, strong self-belief and passion exhibited by Sir James Dyson when he started out with the manufacture of his vacuum cleaner is also exhibited today by a young entrepreneur in the manufacture of his computer software. The product is different but the characteristics are the same.

The Hay Group in 2000* undertook an analysis of the competencies of 17 established entrepreneurs and were able to identify nine significant competencies which drove success and which characterised those individuals as entrepreneurs. They are: confidence, integrity, self direction, initiative, selling, commitment, drive and determination, directiveness and leadership. These same competencies are, to varying degrees, concurrent with those exhibited by young entrepreneurs.

► *What Makes A Great Entrepreneur.*
The Hay Group. 2001

However there are some explicit behaviours that the young entrepreneurs in this study demonstrated:

- Acting with integrity
- Strength from naïveté
- Passion bordering on obsession
- Self-belief born out of conviction
- Common sense and an uncommon sense
- Reflection, resourcefulness and resilience

Acting with integrity

Whilst integrity was not mentioned by the young entrepreneurs that often, their behaviours underlie a great sense of integrity particularly in relation to the treatment of employees and care for customers but they assumed these behaviours to be ones that were embedded within a successful business.

‘It (our business) is all based around value and accountability and that sells well and it also builds a trusting relationship.’

Charlie Hoult

‘You really do have to consider your staff and your customers before you consider your shareholders because they will get looked after if you get the others right.’

Prudence Leith

‘I always think long term about everything – about looking after people, looking after your customers, really looking after them when they have brought your product. Think very long term about how you behave and how you design your product, not just incorporating things that make it sell but actually incorporating things that make it a great product to use and to make it last a long time.’

Sir James Dyson

Some of the entrepreneurs have developed their business brand around the integrity of the product or service. For example Innocent, the smoothie manufacturer, believed there was a niche market for fruit drinks that did not have any additives even if this meant that the shelf life of their product was reduced:

‘We figured that there has got to be a good opportunity for a company that makes completely natural, fresh drinks that make it really easy for people to do themselves some good. To be the one company that puts our stake in the ground and say look we are not ever going to adulterate it. There are quite a lot of things you buy that trade themselves as being healthy but when you actually read the ingredients it still comes across as something out of a chemistry set.’

Richard Reed

Mark Constantine, the founder of the retail chain Lush, pioneered cruelty-free cosmetics in the UK and created the five-year rule that allowed major beauty companies to implement non-animal testing policies.

‘We believe in buying only from companies that test for safety without the involvement of animals and in testing our products on humans.’

Lush Mission Statement

Strength from naïveté

The young entrepreneurs never described naïveté as a problem, but always an advantage. It seems that an ignorance of the rules allowed the individuals to break the rules and thereby innovate.

‘There was a nice naïveté about not knowing everything by the rules. I think it is why we are succeeding as a fashion label. Because we have come from a graphic design background and don't know all the fashion rules, you don't know that you can't put pink on red and you can't do this and that and we do it because it looks aesthetically right. So I think it is the same as that, you just instinctively do things and naïveté can get you into trouble, but it can also bring quite a nice quality to your business.’

Abi Williams

‘I always felt there was a real advantage on not having any business baggage. We didn’t know any better, the naïveté in us was enormous and it was great, it was a real advantage.’

Gary Lockton

‘It has actually been our naïveté that has been our key strength.’

Richard Reed

The naïveté also seems to have meant that they took risks and chances simply because they were unaware of the potential for failure.

‘I think it is Kevin Gavaban, one of the people who set up First Direct. Years ago I heard a speech that he made and he said ‘we need young people with more arrogance and naïveté because you need both of those things in spades to set up a business as a young person.’ You need naïveté because if you knew what was round the corner you probably wouldn’t do it and you need to be arrogant for similar reasons.’

Sean Blair

‘I think one of the most important things is it is really important not to know too much because you can be so put off. This business of where angels fear to tread is really, really important.’

Prudence Leith

‘The wonderful thing about being 18 is that you don’t know you are going to fail, you are too naïve almost to see failure coming.’

Tom Hadfield

Passion bordering on obsession

It would be an underestimate to say that the young entrepreneurs in the study were enthusiastic about their businesses. They exhibited an absolute passion about both the business area and their own business idea, a passion that infects those around them and that seems to be the fuel that drives their personality.

‘Certainly for us it has been a passion for what we do. I love graphic design and creativity. It’s a passion without a doubt.’

Simon Needham

‘Try to do things that you are really passionate about. Do what you can develop passionately.’

Harry Handelsman

‘You have got to be absolutely passionate about what you are doing, you have got to want to do it yourself. You have got to be passionate about something, you are either passionate about design or you are passionate about business, usually you need to be both.’

Rebecca Battman

‘We have a real passion for what we do, stemming from an entrepreneurial ideology running right through the company.’

Daryl Arnold

Self-belief born out of conviction

The entrepreneurs demonstrated a belief about themselves and their business that was hard to dent. Many cite self-belief as the key characteristic for an enterprise to succeed. For a number of entrepreneurs it was their own self-belief that kept them focused on their business against a tide of cynicism.

‘The number one thing is that you really have to believe in what you are doing. It is really hard for me to get up in the morning and get excited about this, if I don’t believe in the underlying idea ... Everyone said no way. The coffee culture was not here yet. I really believed in it. I really had conviction.’

Rob Baines

‘I think you have got to believe in yourself, that is the main thing ... I mean I was a right little one, you know, I thought I could conquer the world and I could do whatever I wanted to and I’ve always had that belief.’

Linzi Deakin

‘We lived in our own complete world and we just had this undying unquestioning self-belief that defied logic in some cases when you look back at the positions we were in and the things we did.’

Adam Twiss

Common sense and an uncommon sense

Quite a number of the entrepreneurs simply cited common sense as being the attribute that has enabled them to succeed in business whilst bemoaning the fact that many businesses fail to exhibit this essential ingredient.

‘The biggest asset I have by far is common sense.’

Howard Kosky

‘And he said, ‘It is all common sense isn’t it? But the trouble is that common sense in business just isn’t that common.’ What a great line. Honestly work that through and that is so true.’

Gary Lockton

‘If someone said to me look at my business for a day, I would look at it and see what he is doing. At the end of the day I will ask him thirty things that he has never thought of and they would save him a copper here and a copper there but by the end of the day I would have saved him enough for him to make a difference to his margins. This is not entrepreneurship, it is just common sense.’

Vijay Patel

‘Articulating a culture is critical to building a good agency team, reaching this point can only be achieved by embracing the following characteristics in order of priority: 1. Common Sense.’

Daryl Arnold

‘To be honest I think most of business is about common sense.’

Natasha Clarke

The young entrepreneurs exhibited an insightful ‘uncommon sense’ – an ability to appreciate what innovations would make a good business. Often their idea or concept went against the grain – defying the usual ways of doing things or what will usually work and as a consequence others often dismissed it as being too outrageous or impractical. It took the dogged determination and resilience of the entrepreneur to see it through to reality.

‘And they all said, ‘yes that is a great idea boys, but when you say a strawberry and banana smoothie, you really mean a strawberry and banana flavoured smoothie don’t you? Because we use building up agents or we need to put in preservatives to extend your shelf life or we need to put sugar and water in so you can get high margins’ and we were always ‘no that’s not right’. And they would go ‘no you don’t understand’. And it was only because we kept going on and on about it and refused to accept it wasn’t impossible. Of course it was possible, it is the simplest thing in the world – you are taking fruit, crushing it and putting it into a bottle. But it did take a long, long time to find people who would work with us to do that.’

Richard Reed

‘I read this article on the World Wrestling Federation that they had sold out Wembley stadium in 20 minutes – there wasn’t a pop artist on Earth who could sell out Wembley Stadium in that time. I said to them ‘I want to make a record with your wrestlers’ and they thought I was crazy.’

Simon Cowell

‘The Blink philosophy is if a pack of photographers are doing it this way, go the other way and get something completely off the wall because anyone can go and get the same picture – there’s 35,000 photographers in the UK. Everyone wants a piece of the cake but unless you can be very different, and that goes for any sort of business, you’re never going to really be successful.’

Stewart Goldstein

‘Even when I started this business 7 or 8 years ago, everybody told me not to do it, I mean everybody, except one bank manager, Mr Mark Page. He actually fought within Lloyds Bank to get the money to do it. Lloyds Bank has an ombudsman within it and he appealed to the ombudsman and the ombudsman gave in, so that was how we got the money. But everyone else, from the licensee who knew me, everybody I went to said: ‘You’re mad. Not that your idea is a bad idea, but your business proposition is daft, you are competing against big multi-nationals and you are trying to go into an industry that is dedicated to bags and selling bags, to one which doesn’t have bags where you can see the dirt. You are mad, you are going completely against the grain.’

Sir James Dyson

Resilience, resourcefulness and reflection

As identified in the section on education, psychologist and author Guy Claxton's three 'R's (Resilience, Resourcefulness and Reflection) which he advocates should be included in education are key competencies being employed by the young entrepreneur.

Resilience

Together with the self-belief shown by the young entrepreneur is a determination that they will achieve their goal regardless of the obstacles put in their way. 'No' is not a word understood by the young entrepreneur who instead interprets it as being another challenge for their creative ingenuity. Maria Stammers, who advises young people starting their own businesses, believes you can see this trait in an entrepreneur very quickly:

'They don't stop when you can't give them an answer and they don't stop till they get the right answer. At the same time they have so much enthusiasm and ambition that you want to help them and you want to be part of what they're doing.'

Many of the young entrepreneurs were told that they would not succeed and that their idea was not feasible. Rouzbeh Pirouz, co-founder of Mondus, sums up an attitude that many others experienced:

'Most of our friends thought we were mad, absolutely mad. My friends in Oxford were convinced to the last one that it was going to be a huge failure. Sometimes they still can't quite figure it out.'

The young entrepreneurs reject rejection. Typical of many of the entrepreneurs is the behaviour exhibited by Abi Williams and her partner when they received a letter from their first bank manager turning them down for an overdraft facility:

'And we went straight round there and said 'you have to give it to us because it is not even a risk for you'. And we ended up ultimately getting it because we bullied her into it.'

Simon Cowell, an entrepreneur who has made his fortune in the modern music business, believed that Robson and Jerome, the stars of the ITV series *Soldier Soldier* would be a phenomenal success if they could be persuaded to make a pop record. However they both turned down his offers of a recording contract:

'Initially they were absolutely not interested in doing it. I remember I went away on holiday with one of their lawyer's words ringing in my ears, 'if you try and contact my clients again we're going to have you up for harassment'. I went away on holiday and I was sitting there getting more and more irate and so I just got back on a plane and I phoned their parents, family and relatives saying get them to phone me and eventually the phone rings and it's Robson. 'I've been expecting your call', I said.'

Cowell went on to persuade them to record an album. His judgement was vindicated by the sales of their records – in one week they had the top selling single, video and album and the sales of their first album in the UK alone was three million.

Some of the entrepreneurs have to persuade people to do things that they would not really want to do as Tim Bevan, co-founder of Working Title Films, stresses:

‘You have to be very resilient and you have to be extremely tenacious. At the end of the day nobody really wants to make a movie and you have to go on bashing down doors until somebody does. In the early days for every film I got made, I always had a filing cabinet full of rejection letters.’

Resourcefulness

The young entrepreneurs demonstrated resourcefulness in all aspects of their enterprises from its funding to its market research. When Julian Leaver and Tim Slade were working in ski resorts in the French Alps selling T-shirts to tourists, they got the postcodes of all the English tourists who bought their T-shirts and used this information to decide where their first shop should be:

‘We knew lots of customers came from the UK and manually plotted where all their postcodes were and determined our market was in the SW6 and SW18 areas of London.’

Resourcefulness was particularly apparent in the marketing of their businesses with ideas that were often simple, inexpensive yet imaginative. Mandy Haberman’s company sent the chief buyer of a supermarket chain one of their ‘Anywayup Cups’ filled with juice with a note saying ‘If this package arrives without any of the contents spilt, call us’. The buyer was so impressed he agreed to stock the product. Sales of the cup have subsequently soared with more than seven million being sold world-wide each year.

When cook Prudence Leith learnt that the Orient Express was looking for a caterer she did a lunch for the Chairman of the company:

‘I am quite sure we got the job because when I did this lunch for James Sherwood – I’d been tipped off by one of his buyers what he liked to eat – I made little tiny croutons that looked like trains for the soup and he was so enchanted with these.’

As well as exhibiting the cliché of strength and courage in adversity, the young entrepreneurs showed remarkable resourcefulness in such times. For example when Richard Reed, one of the co-founders of the smoothie manufacturers Innocent, received a telephone call from a journalist at the *Daily Telegraph* who claimed the drinks were too expensive, he saw an opportunity to turn this to his advantage:

‘So when he came in, we went up to Sainsbury’s and we bought all the fruit needed to make one Innocent smoothie and we bought the ingredients needed to make one cappuccino which sells in the high street for the same retail price. The fruit to make one Innocent bottle cost him £2.11 and the ingredients to make a standard size cappuccino cost 11p. So he went away and wrote his fantastic article about how great value we are.’

Reflection

The young entrepreneurs reflect on their mistakes and learn from these, seemingly more important than dwelling on success. An overwhelming number mentioned the value in failing and the importance of this for learning and appreciating the difficulties of business. The issue of failure and the attitude of people to failure are some of the most frequent issues identified by the entrepreneurs.

‘The best learning has been that which I have manifested in the next business I’ve been involved in.’

Sean Blair

‘I think all the shit that has happened has been teachings and learnings. All the bad things that have happened have been a learning which ultimately has made us better businessmen.’

Simon Needham

‘There is a great saying, ‘Success is being able to manage all of your failures’ and actually people who are successful in the long run are the ones who have just dealt with failure after failure after failure and then finally they have one thing that is successful.’

Rebecca Battman

‘I think the thing about business is to make a thousand and one small mistakes to recognise them quickly and to make them once.’

Adam Twiss

‘You have to look at the personality rather than the age and personality shows whether someone can fulfil that role and truly commit himself and is prepared to learn from the mistakes as well as the successes, if a person has those skills then if they are 21 or 28 it doesn’t matter.’

Matt Roberts

Self-reflection is an attribute evident in many of the young entrepreneurs, the ability to be aware of one’s own shortcomings as well as strengths, as one entrepreneur put it ‘to know what you don’t know’. With this insight the entrepreneur can then seek to acquire those skills or alternatively bring someone in who already has them. This is seen as a critical skill as a business develops.

‘I think that what will eventually sort out those early entrepreneurs as to whether they will take it to the next level is whether they are able to adapt and grow into what they missed in terms of education and working for a large company. That’s where a lot of entrepreneurs either sell-out or subsequently fail. Only a few go beyond that growing their company into a large enterprise because they are able to adapt and learn and become a true leader.’

Alan Yau

Tips for would-be entrepreneurs

The young entrepreneurs were asked what tip they would give to young entrepreneurs just starting out. Here are just a few of them:

- Matt Roberts** *Never lose sight of your original goal. Stick to your original plans, don't stray too far off them if you truly believe in them and be true to yourself and your business.*
- Howard Kosky** *Be hard, be fair. Have an absolute passion. Realise that cash is king. Would I work for a client just to get them on the books if it wasn't going to make money for me? No, absolutely not.*
- Vijay Patel** *First and foremost really understand your business. What is it that your customer wants? What is it that you can do for your customer that is different from everyone else?*
- Richard Reed** *Recognise what is the absolute essence of your idea and normally if it is a good idea, it will be a very simple idea and it is something that you can explain to your grandma in one sentence. And once you have got that idea, don't let anyone water it down because everyone is going to be trying to. Everyone is going to try and bend it and shape it to their own means. Know when to be flexible and to be open to suggestions but also know when to keep your main thing and not have it messed around with by anyone else.*
- Rob Baines** *Find out who else has done it and have the humility to ask about their experience. You can count out so many mistakes just by doing that. Anyone who has ever approached me, and my experience of anyone I have ever approached, is that people are always willing to help.*
- Linzi Deakin** *For me the main thing is confidence and believing in yourself and listening to your stomach. Listening to your gut feelings because nine times out of ten they are usually right.*
- Peter Jones** *Don't ever disbelieve in yourself, don't give up. If you feel that it is in you, you are more likely to have that resilience. Don't let failure stop the vehicle – just jump on a different bus.*
- Sir Terence Conran** *Look for that gap in the market and ask yourself 'What can I do that somebody else can't do? What are my talents? What are my qualities? What is the market looking for that isn't available? What can I do from a price point of view that is attractive? What will give me a good margin?'*
- Natasha Clarke** *Have clear objectives, plan, do know where you want to get to and have an idea how you are going to get there. Give yourself goals so you can see whether you are achieving along the way and don't forget to review them. And I do think the people that work for you are important so know the sorts of individuals that you feel will complement your business and be very thorough when you recruit them.*
- Luke Hughes** *Do dream, but dream with your eyes open
Do be clear about what kind of life you want to lead
Do take help when it is offered
Do cherish past clients
Do keep it local
Don't believe your own PR
Don't forget that quality sells, so keep the standards high
Don't trust the banks
Don't lose sight of the cashflow
Don't concentrate on the turnover and forget the margins
Don't be impatient; remember it takes a long time.*

Simon Cowell *When someone says 'yes, I'll do the deal' then shut up. When someone says 'yes' to me I'm out of their office in a millisecond before they can change their mind.*

Be the best in one area and the other thing is have fun in what you do.

Simon Needham *If there are two people in a business and you don't really know what you're doing, get a non-exec in and spend a day a month with them. We used to say we haven't got time to sit down and just talk about it because we're too busy doing it. But the amount of success you'll have by talking about it for a day, it will have a massive impact on the business and you'll move on a lot quicker.*

Alan Yau *Focus, really focus. For an entrepreneur there are a lot of distractions and I think what makes a business succeed is really how focused that person is who is driving the entity. A focused start-up can truly achieve a bigger and quicker market share.*

Alistair Gosling *Go and work in a small business and show interest in that business and say to whoever is running them: 'I want to learn about this, I want to understand, can I see a copy of the accounts, how are you doing this, how are you doing that?' That is how you can learn an awful lot.*

Tom Hadfield *In previous industries there was a certain criteria you had to fit before you would get into it, but with the Internet age is no barrier. So there is no reason not to think big, to think on a large scale. If they can do it, so can we and I think lots of young people starting out are really constrained by their ambitions. They put down those barriers that say you will work nine to five, your career will progress at this rate and one day in a few years time you will get there. Break down all those barriers and think big. Go out and shock the world.*

Questions for entrepreneurs from entrepreneurs

What does a successful entrepreneur want to ask of other successful entrepreneurs? As part of the study some of the entrepreneurs who were interviewed were asked what they would be interested in asking or finding out from the other entrepreneurs if they could.

- Sean Blair** *Ultimately why are you doing this?*
- Simon Needham** *I'd ask them if they are going through the same issues as me because it's nice to be able to have someone to talk to that can relate to what you're talking about.*
- Simon Cowell** *Give me some tips on how you were successful.*
- Matt Roberts** *I'd be quite keen to know what is the most frustrating thing about running your own business.*
- Gary Lockton** *What is it you get out of the success of your company?*
- Linzi Deakin** *Are you still having fun?*
- Abi Williams** *Why did you do it? What was the thing that drove you to do it?*
- Natasha Clarke** *I am quite interested in where people get their inspiration from and where their ideas came from and were they ideas that they had or did they get them from other people.*
- Justin Cooke** *I would ask for advice. I would ask them to look at my company and I would like to say to them how would you make Fortune Cookie more successful?*
- Sir James Dyson** *It would probably be, let's get together and try and persuade the Government to start doing the right things by entrepreneurs and by industry.*
- Charlie Houlton** *How can I do a deal with you?*
- Alistair Gosling** *Why doesn't everybody do what we do?*
- Harry Handelsman** *What gave you your vision?*
- Matthew Freud** *Has success bought you the level of personal contentment that you thought it would?*

A closer look at a few of the young entrepreneurs

A closer look at **Justin Cooke**

Founder, Fortune Cookie



Cooking up business

Unlike most children who practise writing their signature, Justin Cooke was writing what he felt were cool sounding company names. The one he liked most of all was Fortune Cookie and at the age of 25 he registered the company name. Six months later Fortune Cookie (UK) Limited, an interactive design agency, began trading.

Justin's father, also an entrepreneur, was his inspiration – 'He has made millions and lost millions and made millions again' – and was also his education in entrepreneurship. 'I obviously learnt by some of his mistakes as well, which is fantastic. But he gave me such an amazing education so I've always been doing things, always running projects.' These projects include getting a media apprenticeship to work in the press office for the Italian World Cup, setting up and publishing a design magazine at Manchester university where he studied drama and founding, funding and organising the first student film festival in the UK.

The £3,000 start-up costs of Fortune Cookie were met from Justin's personal savings. He used his credit cards to pay for each month's running costs and then would pay off the debt at the end of the month from the profits he was making. In the first year the business turned over £60,000 with almost half of this profit.

Initially Fortune Cookie operated from a dingy basement office in London and after winning a significant piece of work with a hotel chain Justin started to employ people: 'I remember employing this deaf, anarchist web researcher with huge dreads who sat really close to the main entrance to the door and didn't wash that often. During the summer the heat was unbearable. We walked around in just our bare feet and rolled up trousers, you look back on it now and you just think – God!'

For the first couple of years Fortune Cookie was essentially his life: 'I just worked all day and all night. All I would do was I would eat, sleep and work. I didn't want to do anything else.'

'I would work until two in the morning, get my sleeping bag out of the cupboard and lie under my desk with the hum of the servers sending me to sleep.'

Justin did not write a proper business plan until two years into the business when he wanted to raise capital to expand. In 1999 he secured an investment of £500,000 from the European incubator Brainspark which had just been formed. The timing was perfect for Fortune Cookie in that the business was really taking off and the company was getting a reputation for developing innovative ways of utilising the Internet medium. These included the creation of an on-line millennium clock which as it counted down the seconds to the new millennium flashed images related to the world's history.

Fortune Cookie's UK office now employs over 30 staff with 2000 revenues of more than £2.7 million with considerable profits. Clients include companies such as Legal and General, LG Electronics, Deutsche Telecom, Europcar and Thames Water; some of the big broadcasters including the BBC, Flextech and Channel Four and high profile brands such as Michelin and Marmite.

Part of Fortune Cookie's success seems to be its ability to anticipate emerging technologies and their potential. The company was one of only a handful of UK companies offering on-line payment service provision, the first UK agency to embrace the open source community and the first UK company to develop sites for I-mode, the Japanese mobile internet service.

Customers can benefit from the fact that the business is almost always 'on' in that it has employees in different time zones – the UK, the Ukraine (Kiev) and Japan (Osaka).

In would-be employees Justin is looking for people who are going to be passionate about the medium, the job and the company. In return the company does its best to keep them. 'The thing I always loved about the big Japanese companies was the principle of long term employment. I love the principle of the company looking after you. I wish there was more of that in the modern day life.'

The employees own 15 per cent of the company and they are rewarded not just by their own performance but how they have supported their colleagues.

A strong entrepreneurial atmosphere pervades the company. When a client gives them a brief or objectives to realise, Fortune Cookie often sends it out to their employees and associates. 'A great idea might come from the Ukraine or it might come from an object developer who is in Leicester or an associate architect in London. It doesn't matter where the idea comes from, the point is that we understand the brief, we try and realise the objectives and then realise the idea,' says Justin. The company also runs a website (www.idea-a-day.com) through which an idea is released to the Internet community every day and is there for anyone to act on if they see potential in it.

Fortune Cookie is tapping into the ideas and insights of emerging talent and has formed an alliance with Middlesex University's Centre for Electronic Arts by which 'Cookies' (employees of the company) go down and lecture as part of the MA course. They also get Middlesex students to develop parts of the briefs given by Fortune Cookie clients so that they are learning from real examples whilst the company and client benefits from fresh talent.

Justin has shown an extraordinary 'can-do' attitude with his business that is typical of all the entrepreneurs interviewed for this research. He believes this attitude is an essential ingredient for any would-be entrepreneur: 'You can make it happen, that's the most important thing. If you believe in what you're doing no one can stop you, nothing can stop you.'

A closer look at **Tony Elliott**

Founder, *Time Out*



Ahead of his time

Tony Elliott had just left university before he took to the streets of London in 1968 with *Time Out*, a magazine listing the many alternative events going on at the time. Whilst he had been studying French at Keele university, he had also been running their student magazine so had acquired useful experience in page design, handling artwork, printing and selling advertising. He also had £100 – a twenty-first birthday present from his aunt to get the first issue of the magazine going.

At the time the magazine was launched there was a very receptive audience to new and alternative independent products and services. ‘There was a climate where if you did produce something that was a product – it could be a poster, it could be a record, it could be an event, then there was a ready made audience. I don’t mean it was easy to sell tons of stuff, because lots of things failed but it was kind of easier than possibly it is today,’ says Elliott.

He initially sold the magazine at free concerts and to the crowds of young people who gathered in King’s Road in London on Saturdays before persuading several newsagents to stock it. However his initial plan was not to do the distribution himself:

‘We got turned down by the distributor for the first edition because he thought it was a sex contact magazine called Way Out which was around at the time.’

He had had ‘a visit from the police who said, “if these people from *Way Out* come round, don’t touch them or we’ll bust you.” So we had to do our own distribution for the first three issues.’

Despite getting repeat advertising and a lot of cash-in-hand, the magazine lost money in its first few years. In 1973 they were some £30,000 in debt, a significant amount of money at that time. However they were helped by having a benevolent printer who would give them up to six months credit because he believed in what they were trying to do. In the following year the deficit was reduced to £9,000 and then it soon went into profit.

Elliott has always funded *Time Out* and its developments out of bank loans and the magazine’s own reserves. He is weary of venture capital: ‘Living with a venture capitalist must be an absolute nightmare. They often want these ridiculous rates of return on their capital within a period of time that is unreasonably short.’ However the banks have not always been easy in that in the early years his bank managers had difficulty understanding the business and every time he managed to establish a relationship with a bank manager he or she would get promoted and leave. The bank also refuses to take into account the brand value of the company: ‘One of the constant frustrations I have always had with this business for a long time now, fifteen or twenty years, is that there is obviously quite inherent value in the business in that it is saleable to a third party for a great deal and there is significant value tied up in the business in terms of the trademark and all the rest of it, but they will not lend you one pound against that.’

Over the years as *Time Out* continued to accumulate an extraordinary range of information on different aspects of life and leisure in London, it began to capitalise on this and to publish separate guides for eating, drinking and shopping in the capital. 'In a typical year we are probably reviewing 500 restaurants so why not pull that together into an annual summary,' says Elliott. The eating guide alone makes the company a huge and reliable profit.

The company has also diversified into a number of travel guides for cities. These are not all so instantly profitable and some make an initial loss but Elliott believes that they should have a broad range of titles if *Time Out* is going to be recognised as a serious contender in the travel information market.

The London issue of *Time Out* currently employs over 100 people and has a turnover of around £14 million a year. Elliott still aims to remain true to his original vision with the magazine:

'We certainly go out of our way to be helpful to people who are young, starting out, who have got good ideas. When I started the magazine it was like that and I still think it is.'

'We will run as the lead piece within a section, or even the cover, a piece on something that is brand new, not very interesting to a lot of people but because we think it is great.'

One of the most ambitious developments has been to launch a version of *Time Out* for New York once again financed through bank loans and employing just over a hundred staff. It was due to make a profit this year but is now unlikely to do so given the American economy. Elliott is stoic about this: 'I tend to take a very long term view of life. You kind of know what is worth hanging on to.'

Many of the entrepreneurs interviewed for this research cited America as the example of a real enterprise culture. Elliott disagrees: 'Certainly the banks in America aren't helpful at all, so it is a myth that it is easy to get money from the banks in the States, in fact it is more difficult than it is here, certainly in our experience.'

Elliott believes that any entrepreneur seeking to launch a magazine needs to be very realistic of the market demand for it which is often considerably lower than expectations. The other important factor is to recognise how long it takes for a magazine to become established: 'One of the problems when you launch a magazine is it is terribly easy to do the first issue, incredibly easy, because you have been thinking about it for ten years. Then when you get to issue six you think, oh no I have used all my good ideas and I have still got another issue to produce. And then of course, it is only when you get to issue six or nine or even twelve of a monthly, where finally the market is beginning to realise that you are there. It takes a long, long, long time with magazines.'

Time Out has become such a strong brand that the rights to the title and format are being licensed to businesses in other cities around the world who wish to launch their own versions of the listings magazine. There are currently *Time Outs* in Rome, Dubai, Istanbul and Cyprus and interest in starting ones up from as far afield as Montreal, Berlin, Cape Town and Sydney.

Elliott's own plans are to expand *Time Out* into other American cities and to have a substantial network of *Time Out* magazines around the world. His other ambition is to capitalise on the interest the *Time Out* website has which receives some 300,000 visits a month and turns over in the same period some four million pages. Currently it is free but the information available is limited because of this. It is something that Elliott believes can only change if the attitude to the Internet changes: 'If there was a proper full-blown culture for pay on-line, we could put *Time Out* weekly on-line and I could sell it to you for £1 a week. It would be much more useable because of all the interactivity and you could get access to other databases.'

What Elliott believes will prompt the change is the next generation of mobile phones, the GPRS, which are likely to feature add-on services to encourage people to buy them. So someone wanting to find out what's on at their nearest cinema or theatre will be able to get the information texted to their mobile handset for a small charge. *Time Out* will naturally be in a good position to capitalise on this from its vast knowledge base about what is happening in London. It's all a long way from a few hundred copies of a magazine being sold on street corners in London.

A closer look at **Demis Hassabis**

Founder, Elixir Studios



All the right moves

Demis Hassabis is used to doing things at an early age. At four he taught himself to play chess; at 12 he was playing chess around the world having become the world's highest rated chess player for his age; at 13 he took his GCSEs and at 15 his A levels; at 16 he got his first job as the lead programmer for what was then one of Europe's top computer games companies, Bullfrog Productions, (during which time he co-created *Theme Park* – a game which went on to sell four million copies world-wide) and following on from gaining a first at Cambridge University in 1997 he set up his own computer games business, Elixir Studios, at 21.

Demis' reason for starting the enterprise is a combination of always wanting to run his own business and revelling in a new challenge: 'Throw me in the deep end and I'll learn how to swim. In the paddling pool, I'll just do what is necessary to paddle. I love new challenges. I haven't found anywhere yet where I have drowned – but we'll see.'

His inspiration principally comes from his father who started an educational toy company and so he was exposed to living with uncertainty and the highs and lows of business all his childhood: 'I've never been worried about taking risks, I guess my parents have been doing that all their lives.'

The funding for Elixir mainly came from institutional investors but it wasn't easy. 'At the time the computer games industry wasn't something you invested in, now it is,' he says. However Demis' success in chess meant that he was able to tap some of his contacts in what he describes as 'the chess mafia' – people now working in the City who were also involved in chess tournaments in their youth. He was also able to secure a multi-million pound deal with the computer games company Eidos.

Finding the right people and keeping them is crucial to Elixir Studio's success. There is a rigorous recruitment process that means Demis interviews every single person applying to work for the company and that individual is then seen by at least six other people. 'You have to be incredibly careful whom you employ as a small start-up, one bad egg can ruin your whole environment,' says Demis. It's a caution that has paid off, the company has 50 people on its payroll and in the three years it has been running only one has left.

The rewards for working at Elixir are good. Everyone has a stake in the company and there are also profit related royalties so whenever the company makes money on a game a percentage of that will go back to the team that made it. 'It's something I really believe in,' says Demis with passion,

'if people are responsible for the success of something they should be rewarded fairly. How can you justify any other way of doing things?'

Whether those teams will be reaping those rewards depends on the success of *Republic*, the company's first game that is due out in Spring 2002. It is set in a fictional Soviet Union country, Novistrana, (which means 'new country' in Russian) in the 1990s just after the break up of the Soviet Union. The player is a political leader who

has to manipulate the population through the media, business, the military and other means in order to build up from a small powerbase to the point where he or she is able to usurp the existing president.

It's a far cry from the stereotypical computer game of shooting everything in sight – something that Demis is keen to distance himself from. 'You are going to find more games doing much more interesting things than here is a gun and go and shoot those zombies,' he says.

In fact Demis sees computer games developing into an art form. He agrees with David Darling (co-founder of the computer games company Codemasters) that the computer games industry should receive some of the tax breaks that the film industry has enjoyed: 'If you look at it in terms of an art form, there is as much creativity in computer games that go into any other medium. We have audio, we have art itself, we have programming which is technical creativity, we have design and writing skills. We need to get more and more specialists in to do these areas because games are getting so sophisticated that you need film quality artists and animators. So from an art form you can justify it but more importantly from a commercial point of view the computer games industry is a bigger exporter in terms of trade balance for the UK than film is.'

Demis believes that entrepreneurship amongst young people should be encouraged but he puts forward a number of caveats. Firstly there needs to be an awareness of the sacrifices entailed, particularly to an individual's social life. Demis works twelve hours a day, six days a week:

‘To run a company properly you are thinking about it all day and all night.’

He also advises: 'Get some real world experience first. There is no problem being young but make sure that you research the area you are going into very carefully and you have some real world experience – not just theoretical experience – of working in that world.'

Where Demis believes that the enterprise system lets young people down is mainly in relation to advice and the young entrepreneur being able to access the right people to give the right advice. As well as 'the chess mafia' for advice and support, Demis made use of some of his colleagues at Cambridge (a number of whom are now working for him) and really anyone that he came across: 'It was the case of knocking on an awful lot of doors.'

Demis believes that today's young people have the much-needed flexibility for enterprise, as they have not grown up with the job for life mentality: 'My generation are much more flexible about what they can do and they are more flexible with their skills. They are much more flexible about changing careers or trying something new, we are much more open to that. I think entrepreneurship is basically an extension of that – it is, well, let's take these risks, maybe it won't work, but let's try it. Better to try and fail than not to try at all.'

A closer look at **Matthew Freud**

Founder & Chairman,
Freud Communications



Absolute unwillingness to fail

'I don't think I ever didn't have some scheme on the go,' says Matthew Freud who today has business interests in fitness, leisure, technology and marketing. He is best known for starting up the PR agency Freud Communications (formerly Matthew Freud Associates) that boasts an impressive range of consumer, media and corporate clients including Pepsi Cola, Nike, BT, the BBC and Freeserve as well as big celebrity names such as Ant and Dec, Geri Halliwell and Chris Evans.

The first enterprise Freud is able to remember is when at the age of five he sold his brother's pet mice to other children and then charged twice as much money to take them back from the appalled parents. Several businesses later (Freud admits he missed a lot of school) and inspired from a short stay in the United States, Freud started the UK's first singing telegram company at the age of 16. Then after a brief stint as a press officer with the record company RCA, he started his PR firm in 1985 at the age of 21.

The agency was started with £100 of his own money and without any financial backing from his parents, something that now in retrospect Freud is grateful for: 'The helpful thing that my family did for me was not to give me money,' he says. There were few PR companies around at the time so there weren't any similar businesses to emulate, as he puts it: 'There wasn't a rule book. We were making it up as we went along.'

Freud's first two clients were the Irish pop group Clannad and the celebrity spoon-bender Uri Geller. Clannad paid Freud a monthly fee of £500 and Geller gave Freud a 10% commission on the deals he was able to secure for him. One of the early ones was a potentially very lucrative contract with a mining company who wanted Geller to psychically divine for gold in the Solomon Islands. Freud negotiated the deal to include an advance of \$500,000, a 2.5% gross royalty of every ounce of metal that Geller would discover as well as share options in the company. It would have made Freud extremely rich but needless to say Geller failed to strike gold.

The initial years of the company were extremely difficult and Freud believes that it was his dogged self-belief that kept it all going:

'Certainly for the first six, seven years of the company if I'd ever stopped believing in it, it would genuinely have ceased to exist.'

The first blow came when Freud, who had brought in a business partner, took a one week holiday (his first for two years) and came back to discover that his partner had run off with the company's money to Morocco.

Freud describes his most devastating setback as his 'goose in the engine' (a reference to when Richard Branson scraped together the money for his first aircraft and flight tested it without having secured insurance and a goose

flew into the engine as it took off. The engine exploded and Branson was left having to find the money for a new Rolls Royce engine). This was a libel suit over a big Christmas card with jokes inside and a multiple-choice quiz about his clients that Freud had sent out to all his major customers. Question seven was 'Which of our clients didn't pay his bill this year?' The client in question got an injunction placed on the Christmas card and took Freud's company to court. The judgement went against Freud and as well as an award of £10,000 Freud had to pay all the legal costs with the result that the company went into insolvency.

Despite advice from the advertising guru Tim Bell who told Freud to give up, 'you've been defying gravity for five years and you can't carry on doing that,' Freud went about rebuilding the company and cites his 'absolute unwillingness to fail' as his driver through this period.

He envisages that most entrepreneurs, at one time or another, will find themselves in a similar situation where they are the only ones left believing they can make their vision happen.

By 1994 Freud Communications had amassed some major brands and companies as clients and the agency was bought by the advertising firm Abbot Mead Vickers which itself was later taken over by Omnicom. Recently Freud bought the company back in a management buyout backed by Barclays Bank. Freud intends that this re-independence revives the early feelings of endeavour and enterprise: 'Freud Communications without that edge, without that belief that we could do the impossible would be a much less interesting place and probably wouldn't be successful,' he says.

Freud believes that passion and enthusiasm are some of the most important qualities to work in PR and he seeks to imbue a 'can do' culture amongst the 115 staff that work in the agency. He senses that his company tends to attract 'outsiders' – people who probably would not fit in well with a normal corporate or office structure. These outsiders are given challenging work and the opportunity to prove themselves in a sink or swim environment: 'We allow people to find out quite quickly how good they are. We kind of chuck them in the deep end and don't give them much help and say get on it with it. It means that a lot of people sink but the ones that swim are amazing.'

Freud freely admits his business is founded on an industry that they cannot control, namely the media, and so it is difficult to ensure success. However regardless of his agency's achievements and financial success (the company has had one of its best years despite the downturn in the media industry), Freud regrets that he chose PR for the focus of his entrepreneurial talent. 'Setting up a PR company is absolutely the biggest mistake I've ever made,' he claims and qualifies this reflecting: 'It always struck me very early on that I was landing contracts with extraordinary companies and winning pieces of business but actually my core product was largely a poor one. Anyone else who managed to create a start-up and then become a market leader tends to have a company valued in the hundreds of millions of pounds rather than the low tens.'

Freud is used to servicing the needs of a range of clients through his agency and deems having to watch over a broad portfolio of business interests as an extension of this discipline. These businesses include the Groucho Club, which he and several partners bought in 2001. He describes the Groucho as 'a heart and soul business' in that it requires constant attention and care. On this basis he does not believe that it is suited to being publicly quoted or being managed through a head office: 'As far as I am aware I don't think there is a single successful restaurant or club business in the world that is anything other than owner operated,' he says.

Despite having an infamous surname (he is the great grandson of the psychologist Sigmund, nephew of the artist Lucian and the son of former liberal MP, Clement) Freud has mixed views on its advantages describing it as being 'moderately helpful and moderately irritating probably by equal measure.' The most significant benefit seems to have been that it gave Freud motivation: 'It gave me the impetus to prove myself in my own right and also gave me the hunger and necessity to do it'.

The area where Freud believes that support for today's young entrepreneurs could be improved is with the financial community:

‘It seems to me that the financial institutions and VC houses don't regard youth and energy as a particularly valuable resource in business and that to me is insane because it is the only thing that I think is valuable in business creation.’

‘They will look at a business plan and they will look at the numbers and look at how well the business plan is written rather than spot someone who has the right qualities. They are much more interested in lawyers and accountants than they are in entrepreneurs.’

The importance of backing the right person and not just the right idea is something that Freud has learnt as a result of his own failures in business: ‘All of the mistakes I have ever made in terms of investment have been where I have backed an idea which seemed like a fantastic idea rather than an individual who I believed could make a successful business. Now I will only back people and I almost don't mind what they do.’

Although Freud believes that there should be more investment in young businesses, he is quick to point out that a young start-up is best initially getting by through its own resourcefulness. ‘Personally I think the discipline of running a business that isn't funded is a pretty good grounding for later on,’ he advises. He also cautions that there are no shortcuts to success: ‘If I look back on all of my experiences, I'm not sure that I've ever made easy money. I think the only money I have ever made has been hard fought and hard won and through the traditional means of endeavour and hard-work.’

The dot.com boom was a period when this principle may have been forgotten. Freud co-founded Toyzone, an on-line site for purchasing toys that folded early in 2001: ‘You occasionally get periods where there is the illusion of a shortcut to entrepreneurial success and I don't believe there really is. It's formulaic but the formula is very simple - it is absolutely about have you got the energy to create a business because you don't create it from anything but blood, sweat and tears and dogged self-belief,’ he reflects.

Despite experiencing some business failures, Freud believes that it is more Britain's attitude to success that is awry: ‘I think we have the wrong attitude to success. I think the sniping at people who are seen to be successful is extraordinary. There is certainly no celebration of entrepreneurial endeavour here.’ However he does not believe such an environment will necessarily discourage an entrepreneur:

‘I think the true entrepreneur will do it despite everything.’

Freud compares starting up a company to a parent bringing up a child: ‘It's exactly like a child and bizarrely the timescale is not dissimilar in that in the first couple of years of infancy you have to wipe its bum ten times a day, then it starts toddling and falling over a lot and there's always a difficult adolescence – it gets to the point where it hates you and starts to find its own identity. There was a good two or three years here where the culture of the company decided it didn't need me any more and it was absolutely going to go its own way and you have to do, as you would do as a parent, and just say okay.’

Freud is not only a parent to several companies but also has five children who seem to have inherited their father's entrepreneurial spirit. Freud's six-year-old son puts prices ranging from 10p to 50p on his drawings and paintings which his father obligingly buys from him. Recently, however, his son increased the asking price on one of his paintings to £2,000 but Freud was able to successfully negotiate it down to 10p – his business prowess not quite rivalled by his son's, at least for the time being.

A closer look at **Tim Bevan**

Co-founder, Working Title Films



and **David Sproxton**

Co-founder, Aardman Animation

Herding cats

The film industry is regarded as being volatile, closeted and extremely difficult to make money from with very few UK companies able to enjoy enduring success in this field. There are two companies founded by young entrepreneurs that have been able to confound this pattern.

Working Title Films is one of the UK's most successful British feature film companies with a string of hits including *Four Weddings And A Funeral*, *Notting Hill*, *Billy Elliott*, *Elizabeth* and *Bridget Jones's Diary*. It was co-founded by Tim Bevan and Sarah Radcliffe when they were in their twenties.

Aardman Animation, set up by school friends David Sproxton and Peter Lord while they were studying for their A levels, is today one of the biggest animation companies in Europe and has won numerous awards for its television commercials and animated films. The company has made 28 short films, 6 pop promotions and 180 television commercials. Aardman's *Wallace and Gromit* films have been translated into every European language, their series *Creature Comforts* for Channel Four won an Oscar and the company achieved world-wide box office sales of more than \$200 million with *Chicken Run* their first feature film.

The first break for Sproxton and Lord came when their short film, based on an idiotic superman character Aardman (hence the name of the company), was bought by the BBC programme, *Vision On*, for £25. They were then asked to create a character to interact with the television presenter Tony Hart and came up with Morph, a mischievous Plasticine creature who became so popular with children at the time that the BBC commissioned a 26 part series.

Working Title's first film, *My Beautiful Laundrette*, created for Channel Four with a budget of £500,000 (very small in relation to the cost of most feature films), was a critical success and effectively launched the company. 'On the back of that film I went all round the world and learnt how the film business worked,' says Bevan.

However despite both companies' early successes, they were far from complacent and immediately went on to develop other projects.

‘Never dwell on your successes, never sit on your thumbs.’

Advises Bevan, ‘You always use what you’ve just done in order to set up what you’re about to do and hopefully when you get more successful like us, it’s not only about what you’re about to do but what you’re going to do after that and after that and after that.’

In the ‘eighties Working Title made fifteen movies and the company’s co-founders were using the experience to understand how the industry worked. ‘Basically we learnt the business inside out and back to front. Learning from both failure and success but never standing still and always being brave, always taking risks but the main thing getting films made,’ claims Bevan.

During the same decade Aardman were making animations for the BBC and Channel Four and had also developed a profitable sideline in television commercials that enabled the young animators to try out new techniques and experiment with various forms of animation. Sproxtton views the commercials as ‘a great training school, a fully funded academy for film-makers.’

Whilst both companies enjoyed early critical acclaim for their work, real commercial success wasn’t realised until later on. In the case of Working Title this came with *Four Weddings And A Funeral* which broke the mould of UK feature films. ‘The most liberating thing about that film was we made a British film that was entertaining. You could make a romantic comedy film out of England that a lot of people want to go and see – I didn’t think you were allowed to do that in England!’ jests Bevan.

In both companies there is a division of responsibility between the company owners, one managing the creative side and the other the business affairs with inevitably some overlap. They also have in-house lawyers to oversee contract negotiations and distribution deals with, in the case of Aardman, very lucrative merchandising rights to also be negotiated.

Both Bevan and Sproxtton, independent of each other, use the same metaphor to illustrate the challenge of trying to manage creative people: ‘I describe it like herding cats,’ says Sproxtton, ‘You can get them going broadly in the same direction and then they shoot off all over the place. Understanding the creative mindset is key.’

‘Fundamentally really creative people are almost by definition unmanageable.’

Bevan believes that this is what makes the film business distinct from other industries: ‘The thing about the film business is that it’s a business of relationships. It’s very different to most businesses because it is also about how to deal with creative talent and the thing about creative talent is it’s insane. Dealing with creative talent is like herding cats basically.’

However finding and retaining this creative talent seems to have been core to both companies’ success. When Sproxtton came across Nick Park who was studying at the National Film School, he offered him the opportunity to work with Aardman and the funding to finish *A Grand Day Out*, the film he had been working on which ultimately went on to win a BAFTA award. Bevan, recognising the difficulty in finding good screenwriters has given some screen writers, such as Richard Curtis (writer of *Four Weddings And A Funeral* and *Bean*), term deals which gives them longer term relationships with the company rather than just working on one off feature films.

Aardman and Working Title have also been successful in holding onto their employees, as Bevan asserts: ‘We have a very, very low turnover of staff. All of the key creative people and key business people have been here for at least a decade and their careers have grown up through this company.’

The two companies have strong internal enterprise cultures that welcome the ideas and contributions of their employees. Working Title encourages its workers to engross themselves in all aspects of film production. ‘The young people are encouraged to get involved as much as possible in making a film and to say what they think because basically when they make a mistake, they’ll see it up there on screen and they’ll know not to do it next time,’ says Bevan.

Aardman allows staff a certain amount of 'downtime' for employees to develop their own ideas and operates a training scheme that enables young trainees to be mentored in director or animator roles and make their own one minute films. 'There is a very supportive approach which is really at the heart of the culture of the company and that is you won't fail,' claims Sproxtton. 'If your idea is strong, we'll back it, we'll push it, we'll help you, we'll support you, we'll make it work. If we think it's not strong enough, we'll help you make it stronger. If we think it's got commercial possibility, you'll be part of that.'

In the early 'nineties Bevan sold Working Title to Polygram in an arrangement that allows the company to continue to operate in a quasi-autonomous fashion but to benefit from the funding and distribution that a big American studio can offer. Bevan views this almost as inevitable if a film company wants to expand but Sproxtton, who got the backing of Dreamworks for their feature film *Chicken Run*, is disappointed that you have to go to America to get funding for big movies: 'I find it a tragedy, a film like *Chicken Run*, one thousand per cent a UK film, culturally everything in it is British but made by a lot of American money and it mostly goes back to the US. For me it's a real tragedy that we have this phenomenal depth of skills – intellectual skills, craft skills, ambition, dedication and commitment and yet we don't get the cash back.'

For a young film maker today both Sproxtton and Bevan believe the best way to start out is to work with an existing company and initially learn as much as possible from them. 'Get yourself under the wing of someone decent and know this is a job where there is no real training, where you have to do in order to learn' says Bevan. Sproxtton's advice is the same: 'You've got to learn the ropes and it's easier to learn the ropes from somebody who knows the ropes, than shin up them yourself.'

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APPENDIX: The Young Entrepreneurs

Daryl Arnold

Co-founder of Profero, the first advertising agency dedicated to delivering campaigns in the interactive media. The company has grown from four to over eighty in three years and has offices in the UK, France, Spain, Italy, Germany and Australia.

www.profero.com

Christopher Bagot

Co-founder of the architectural practice, Softroom. The company has won a number of awards including a Building of the Year award from the Royal Fine Art Commission and an award from the Royal Institute for British Architects.

www.softroom.com

Rob Baines

Founder of Tinto coffee and responsible for starting coffee businesses in some of the ecclesiastical tourist attractions in London and the South East including St. Paul's Cathedral and Westminster Abbey.

Rebecca Battman

Founder of On Brand, a design company started with a loan from the Prince's Trust. The agency has serviced the needs of diverse organisations from FTSE 100 companies to owner-managed start-ups and Government agencies to charities.

www.onbrand.eu.com

Tim Bevan

Co-founder of Working Title Films, the most successful independent film company in the UK. Films have included *Four Weddings And A Funeral*, *Elizabeth*, *Billy Elliott* and *Bridget Jones's Diary*.

Charles Blackburn

Co-founder of Centric, a recruitment agency specialising in IT professionals. The company has enjoyed growth of more than 150 per cent a year.

www.centric.co.uk

Sean Blair

One of the founders of the Nowhere group of companies which include a research organisation and an innovation training service. Blair set up his first business in 1989 and two years later won the Shell LiveWire Entrepreneur of the Year Award. In 1994 he became one of the youngest members on the Board of the Design Council.

www.Limitednowhere.com

Natasha Clarke

Founder of Pathway IT Resourcing, an IT recruitment company. It is one of the most rapidly expanding companies to come out of the UK in the last four years. In the company's first year of trading it was awarded New Business of the Year.

www.pathway-it.co.uk

Sir Terence Conran

One of the world's leading designers, furniture makers, restaurateurs and retailers. He founded and built up the chain of Habitat shops which now cover more than 20 countries. He is also the owner of the Conran Shops in London, Paris and Tokyo; a number of highly acclaimed restaurants and is the founder of London's Design Museum. He started his first business in his early twenties.

www.conran.com

Mark Constantine

Constantine started producing and selling cosmetics at 19 and supplied cosmetics and aromatherapy products to the Body Shop when it was just starting up. He went on to set up a mail order operation Cosmetics To Go which went into liquidation. In 1994 he founded the cosmetics retailers Lush Limited which today has over 30 shops in the UK and 100 world-wide.

www.lush.co.uk

Justin Cooke

Founder of Fortune Cookie, an interactive design agency. The company has grown exponentially in a short space of time and has been at the forefront of new innovations in interactive technology.

www.fortune-cookie.com

Simon Cowell

Co-founded his own record label, Fanfare, in his early twenties and responsible for developing chart success for acts including Curiosity Killed The Cat and Sonia. In 1989 Cowell joined BMG in an agreement in which he continues to own 50% of his own label. He has achieved some of the biggest sales in the music industry including more than 25 million albums and 15 number one singles with pop acts including Robson and Jerome, Westlife and Five.

Robert Darell

Co-founder of the ISIS Group, a travel agency for students that was started with a loan from The Prince's Trust. The company also operates three language schools in the UK, a school in Poland and one in Malta.

www.isisgroup.co.uk

David Darling

Co-founder with his brother of Codemasters, a computer games software manufacturer. In 2001 David won the Ernst and Young UK Young Entrepreneur of the Year as well as overall UK Entrepreneur of the Year. The company has won the Queen's Award for Innovation.

www.codemasters.com

Linzi Deakin

Started her own fashion PR agency, Surgery PR, at 28 and previously founded with her brother the footwear company Stride.

Sir James Dyson

Started out on his own at 27 and developed the Ballbarrow, the Trolleybal and built 5,127 prototypes of the Dual Cyclone vacuum cleaner prior to getting a company to invest in its production. Dyson has developed products that have achieved sales of over £3 billion world-wide.

www.dyson.com

Tony Elliott

Founder of the London listings magazine *Time Out* when he was 21. The company today publishes travel guides, books on London and a version of the magazine in New York.

www.timeout.com

Stephen Forster

Founder of the Cartel Music Group with a loan from the Prince's Trust. The Group now runs a number of companies including Copy Tracks which manufactures CDs, Smooth a record label that produces compilation albums, Dreamscape a dance label, Expanded Soul a soul music label and Infinity a website design company.

www.infinitydesign.co.uk/cartel/

Matthew Freud

Founder of Freud Communications, the largest independent consumer PR agency in the UK. Freud started the company at the age of 21 having previously run the UK's first singing telegram company.

www.freudcommunications.com

Stewart Goldstein

Established his first photographic agency at the age of 22. Goldstein has won numerous awards for his work including Business and Industry Photographer Of The Year in The British Picture Editors Awards and the PR Week Award for Best Use Of Photography.

www.blinkpictures.co.uk

Alistair Gosling

Founder of the Extreme Group at the age of 24, a company set up with the aim of supplying the world's broadcasters with quality extreme sports television programming. The company has also established an Internet business providing video content to websites and portals, a retail arm, an events company and an extreme sports channel which is now broadcasting in 20 countries across Europe with almost 8 million subscribers.

www.extreme.com

Mandy Haberman

Inventor of the Haberman feeder for babies with sucking problems and the Anyway Up Cup, a leak-proof trainer cup that seals between sips that has annual world-wide sales of more than 7 million. In 2000 Haberman was named British female inventor of the year.

www.anywayup.com

Tom Hadfield

Conceived and founded Soccernet.com when he was 12 which was later sold to the *Daily Mail*. In 1999 he launched his education website, Schoolsnet.com, which was named number one Internet Start-up of the Year by New Media Age. Hadfield is 17.

www.schoolsnet.com

Harry Handelsman

Founder of the Manhattan Loft Corporation. Handelsman's first enterprise was buying and selling seats on chartered planes in Canada at the age of 23. After years of property developments in North America, Handelsman introduced the concept of loft living to London.

www.manhattanloft.co.uk

Demis Hassabis

Co-created at 16 the computer game *Theme Park* that sold 4 million copies world-wide. At 21 Hassabis founded his own computer games business, Elixir Studios, and secured a multi-million pound contract from Eidos to devise games for them.

www.elixir-studios.co.uk

Brent Hoberman

Co-founder of lastminute.com. There are now localised versions of the website in six European countries along with joint ventures in Australia and South Africa. In 2001 the company had approximately 3.1 million registered subscribers in Europe. Research conducted by BMRB showed that lastminute.com is the second most recognised e-commerce retailer in the UK.

www.lastminute.com

Charlie Hoult

Co-founder of Wilson Harvey, a technology branding specialist. The company has doubled turnover annually for the last 4 years. In 2000 Hoult launched an office space incubator for new media companies and his consortium won a contract to deliver the DTT's Internet mentoring initiative.

www.wilsonharvey.co.uk

Luke Hughes

Started his carpentry business, Luke Hughes Furniture, at the age of 25. The company has produced furniture for the Houses of Parliament, Buckingham Palace and a number of stately homes.

www.lukehughes.co.uk

Peter Jones

Jones founded a number of businesses in his early twenties including a tennis coaching academy and an IT accessories company before founding Phones International, a mobile phone distributor. Phones International achieved sales of some £44 million in 1999/2000.

www.phonesint.com

Howard Kosky

Founded his marketing agency, The Markettiers, at the age of 24. Initially the company concentrated on the medium of radio but has since developed to embrace all broadcast media as well as the Internet. The agency has undertaken work for some of the biggest brands in the UK.

www.markettiers4dc.com

Julian Leaver

Co-founder of Fat Face, the outdoor clothing retail chain. The company has more than 40 stores in the UK and French Alps and always returns a profit. In 2000 Leaver was awarded Young Entrepreneur of the Year.

www.fatface.co.uk

Prudence Leith OBE

Founder of Leith's Good Food, Leith's Restaurant, Leith's School of Food and Wine, author of 12 cook books and a former Board member of Safeway plc, Halifax plc, Whitbread plc and the Argyll Group. Leith started her first catering business in her early twenties.

Gary Lockton

Co-founder of the Deep Group, a group of design companies with offices in London, Rome, Sydney and New York. Lockton started the company when he was 24 operating it initially out of the back of his parents' terrace house.

www.northcreative.co.uk

Julie Meyer

One of the founders of First Tuesday, the networking club for new media companies that spread into more than 100 cities around the world. Myer has raised more than £40 million of capital for start-ups in Europe and was named by *The Guardian* as one of the UK's top 50 new economy entrepreneurs. She recently founded Ariadne Capital, a venture capital company.

www.ariadnecapital.com

Simon Needham

Needham was a pavement artist before going on to start Attik, a creative communications company, with a loan from the Prince's Trust. The company offers a broad range of services including print, broadcast and web design as well as advertising and new product development. Attik has offices in Huddersfield, London, New York, San Francisco and Sydney.

www.attik.com

Vijay Patel

Founder of Waymade Healthcare Plc, a pharmaceutical company supplying directly to 5,000 retail pharmacies. The company achieved sales of £180 million in 1999 with profits of almost £12 million. Patel opened his first pharmacy at the age of 24.

Waymadehealthcare.plc.uk

Rouzbeh Pirouz

Co-founder in 1999 of Mondus, an online business-to-business service for small and medium sized companies. The concept behind Mondus was realised after winning the *Sunday Times* and 3i 1999 Technology Catapult competition, for which they received \$1.7 million in funding. Since then the company has grown exponentially with over 170,000 users world-wide. Mondus received an additional \$15 million in venture capital funding in 1999 and \$150 million investment in 2000 from SEAT Pagine Gialle, the European publisher of business directories. The company was named Europe's third most exciting private dot.com company in the *Sunday Times* e-league table.

www.mondus.co.uk

Richard Reed

Co-founder with two college friends of the smoothie drinks company Innocent. After 20 months of trading the drink was being stocked in over one thousand outlets. The company was chosen as one of '10 companies to watch in 2001' by *Sunday Business*, was shortlisted for the Shell Livewire Award and for the past two years has been awarded a Gold award for Best UK juice at The Great Taste Awards.

www.innocentdrinks.co.uk

Matt Roberts

Founder of the UK's first personal training centre at the age of 22. Roberts has now developed four centres as well as a joint venture with Sun International at the Le St Geran Resort on the island of Mauritius. In 1999 he launched an integrated medicine company providing medical testing and nutritional medicine. Roberts has also produced and presented television programmes on health and fitness for Channel Four and published a book with Dorling Kindersley.

www.personaltrainer.uk.com

David Sproxton

Co-founder of Aardman Animation, one of the largest animation companies in Europe. Sproxton founded the company with a friend when he was at school. Aardman's films and television commercials have won numerous awards including a BAFTA and an Oscar and the company's feature film *Chicken Run* achieved world-wide box office sales of \$200 million.

www.aardman.co.uk

Richard Stubbs

Co-founder of UK Explorer, one of the first company's in the UK to provide coin-operated Internet terminals for young travellers and tourists in the UK.

www.ukexplorer.com

Adam Twiss

Twiss co-founded Zeus Technology in 1995 whilst studying at Cambridge University. The company supplies dot.coms around the world with the software and expertise to build scalable Internet infrastructure and its technology now powers 1 in 35 of the world's websites. It has 90 staff with offices in Cambridge, Silicon Valley, New York and Japan.

www.zeus.com

Abi Williams

Co-founder of Rude Products, a fashion design company. The company supplies to over 100 shops in the UK and operates a mail order service. The Spice Girls, Madonna and a number of other celebrities wear Rude designs. The company was shortlisted in the Shell Livewire Awards.

www.rude-products.co.uk

Alan Yau

Founder of the restaurant chain Wagamama and now founder of Hakkasan, an oriental restaurant in London.

The RSA

Founded in 1754, the RSA is an independent, non-aligned charity. It is concerned with the release of human potential particularly through education, enterprise, the arts and design.

It has more than 20,000 fellows from all different walks of life who have a record of achievement and demonstrated their ability to make a difference to society.

The RSA organises over 100 major events a year including lectures and debates that take place across the UK and beyond. It runs a multi-disciplinary programme that includes the Student Design Awards to act as a bridge between education and industry in encouraging good, innovative and sustainable design solutions; *Focus on Food* to promote, secure, develop and sustain the place of practical food education in UK primary and secondary schools; *Opening Minds* to transform the education system for the 21st century and the Forum for Ethics in the Workplace to encourage organisations and professions to expose problems and illuminate best practice on ethics in the context of work.

The Onians Fellowship

The Onians Fellowship was set up in memory of the RSA's late Chairman, Dick Onians (1940-1999) with the aim of giving an opportunity to someone to take time out to develop an innovative idea for the benefit of the wider society.

Up to £27,000 is available for a period of up to two years to anyone under 40 who can realise an idea that contributes to the emergence of a better, more inclusive society; encourages and enables individuals to enrich themselves and reflects Dick's support of entrepreneurs and growing enterprises.

RSA

The Royal Society for the encouragement of
Arts, Manufactures & Commerce

Founded in 1754

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