Entrepreneur stories
APPRENTICESHIPS INSPIRE NEW TALENT

be current drive for apprenticeships has created a new dialogue between industries and colleges. In an often ageing workforce, talented, eager-to-learn new recruits are just what’s needed not only to boost productivity immediately, but also to ensure a healthy future for these industries and to reduce youth unemployment. In recent years, companies such as Goldman Sachs have reviewed their people management strategies and recognised an untapped section of the talent market. A cohort of Goldman Sachs apprentices have just graduated from an apprenticeship programme designed with Hackney Community College and apprentice training agency Kio. With the world’s fastest growing technology sector on our doorstep, London’s tech companies can hire the best in the world. Well-designed apprenticeship programmes developed in partnership with industry don’t just give young people the opportunity of a career – they provide the skills and new talent that industries need to maintain their success in the current economic climate.

Ian Ashman, principal of Hackney Community College, east London

SMALL BUSINESSES NEED TO COLLABORATE

budding entrepreneurs

A progress report on the Goldman Sachs 10,000 Small Businesses UK (10KSB) programme, produced by five leading academic institutions, demonstrates that it is enabling participating businesses to grow faster and create more jobs. Entitled Empowering Entrepreneurs, Accelerating Growth, it follows the initial progress report published in April 2013, and compares participants’ performance with that of similar businesses that did not take part in the programme. It concludes that participants are growing employment between 16% and 26% per year after participating in the programme, and growing turnover at between 23% and 42%.

The initiative, which is supported by Goldman Sachs and the Goldman Sachs Foundation, is designed for the leaders of established small businesses who have the appetite and potential to grow their enterprises. Michael Sherwood, vice chairman of Goldman Sachs Group, says: “Small businesses are key to the UK’s growth prospects and the health of the wider economy. We are delighted with the impact the 10KSB UK programme has had to date and look forward to seeing continued progress at the participating businesses. We hope the success of the programme will demonstrate the lasting effect that these initiatives can have.”

These articles are edited from the original versions. To read the full articles, go to theguardian.com/goldman-sachs-partner-zone

We are living in the age of the entrepreneur. For our economies to continue delivering shared prosperity and create fulfilling opportunities for work, it is essential that innovative ideas and new ways of working are constantly introduced and tested in the marketplace - and entrepreneurs are critical to this process.

Building a business is one of the hardest things you can do. Not only is it immensely hard work, but it is also a lonely undertaking. The undoubted highs are intrinsically tied to the huge challenges. Yet the 10KSB participants who are the focus of this report are evidence of how strong the support is to start your own business, and what can be achieved when you work as a team.

Tenacity and resilience are prerequisites for business success. Another is the ability to learn and adapt, and the 10KSB programme provides the opportunity for accelerated learning from world-class business schools and universities, practitioners in the wider business community and, critically, from other entrepreneurs. A key reason for the programme’s impact is how it helps entrepreneurs to tap into each other’s accumulated experience.

Speaking from my own experience, there was no 38-year plan to grow Travelex from a single shop in 1976 to where it is today and I could not possibly have predicted its evolution.

Each participant in the 10KSB programme has their own story and it is at a different stage of their business’s journey, and for each of their businesses, evolution will be different. But all are united by their desire to take their businesses as far as they can go and in this they cannot but benefit from being part of this unique entrepreneurial community.

Lloyd Dorfman CBE, founder and chairman of Travelex

businesses don’t exist in isolation; every SME is part of a wider industry and economy. However, it is all too easy as business owners to become inward-looking as we face the daily challenges that running a business presents. In doing so, it is possible that we are stifling our own potential and missing opportunities, so it is important to remind ourselves that we all have the opportunity to look outwards and seek collaboration.

Fifteen years ago, when I took the helm of my family business, Holts - a specialist retailer in precious, bespoke jewellery - it became clear to me that there was a distinct absence in the broader jewellery market. That was the beginning of Holts Academy. We began to nurture rare talent to become the jewellers and craftspeople of the future, not just for Holts but for the UK’s broader jewellery market.

The wisdom of training people who would become the competitors’ employees was queried, but by investing in the sector as a whole, we secured Holts’s future. Nick Boles, the minister for business, innovation and skills, is fond of queried, but by investing in the sector as a whole, we secured Holts’s future. Nick Boles, the minister for business, innovation and skills, is fond of finding that our experiences correspond. Trust is forged fast and it’s a challenge for every entrepreneur who has taken on an apprentice and subsequently regretted it.

Jason Holt, CEO of Holts and the Goldman Sachs 10KSB initiative, I have sometimes found myself in a room with other business owners. Common ground quickly emerges: we soon find that our experiences correspond. Trust is forged fast when you’re with people who understand the things that keep you awake at night. I have found the advice, insight and feedback of my peers to be the most valuable I could access.

There is something profoundly heady and circular about the mentoring process. You are mentored, then you mentor. Yes accumulate knowledge, then share it, pass it on for the good of your business, someone else’s business and, ultimately, the economy as a whole. In the same way that my business used the apprenticeship model to invest in an entire industry, by pooling our resources in formal and informal ways, we can make things better for everyone. Competition doesn’t need to be our only driver. Sometimes cooperation and collaboration are far more effective tools.

Jenny Holt, CEO of Holts and government apprenticeship ambassador for SMEs

It’s a challenge to find a business owner who has taken on an apprentice and subsequently regretted it
The Next Generation of Entrepreneurs

Carried out a research project in 2011 and found thatCoronation Street had more of an entrepreneurial influence on young people than ‘business reality’ shows,” says Mark Hart, professor of small business and entrepreneurship at Aston Business School, part of Aston University. Hart is a firm believer that entrepreneurship should have a place in schools. “We need to get words such as ‘business’ and ‘entrepreneurship’ into a place in schools. “We need to teach entrepreneurship.”

Hart has been working with Lord Young to develop the Small Business Charter, which will enable sharing of best practice among universities, who will achieve the standard “if they can demonstrate they’re adding significant value for students”, he explains. “As well as starting up, it’s about scaling a business too, giving them knowledge they can also take into employed roles. Too often, entrepreneurial education focuses on startups, but the UK doesn’t have a startup problem - we have a growth problem, among businesses of all sizes. We need graduates to be entrepreneurial, even if they’re working for a large corporate.”

As research by the Global Entrepreneurship Monitor (Hart manages its UK national team) shows, UK startup rates are higher than in France and Germany, but still some way behind the USA. “Many more young people are interested in entrepreneurship than before - partly as a result of improved education - but it’s going to take at least a generation for more significant growth.”

Thanks to the Goldman Sachs 10KSB programme, owners of growing small businesses can access high-quality leadership and management education, which they can use to scale more successfully. Hart explains: “We add value and help to accelerate their growth - growth is the key. They get so much from the programme that they’re only too willing to give something back, so I get them to speak to our students. Some even become mentors when our students set up their own businesses. It’s great for both parties and something that should become commonplace in universities throughout the UK.”

Mark Williams, freelance business journalist

How to Appeal to Student Talent

Talent is the lifeblood of any business, but hiring the right talent is no easy task. It involves not just knowing where to look but also an understanding of what motivates the best young talent today. The National Association of College and University Entrepreneurs (NACUE) exists to represent and strengthen that talent base.

Students are evolving, and their ambitions are different to past generations. Education has shifted from being purely an academic exercise to a serious investment in future careers, exacerbated by rising tuition fees and a ruthless jobs market. For the first time, many graduates are more skilled, for example in coding or social media, than their employers - and that forms an interesting dynamic.

The new generation no longer dreams of simply a steady salary or even a big brand name, but of the learning opportunities and ethics of the employer they want to work for. The days of a 40-year career in one firm are over. Increasingly, young people are likely to have stints in various industries. So companies have to work harder to keep their talent.

Smaller businesses are gaining in profile, partly through the rise of the student entrepreneur. Just a decade ago, this area was known for its lone wolves, supported by disconnected entrepreneurial groups or hotspots. These hotspots are often clustered around student-led enterprise societies. Today there are more than 240 thriving entrepreneurial societies throughout the country, supported by NACUE. Student entrepreneurs appreciate smaller companies, are exceptionally driven and willing to take risks. They are likely to be interested in working in an early-stage business and later becoming an entrepreneur in their own right. They come from an increasingly broad background of disciplines, and given that they like to think outside the box, they represent perhaps the finest crop of students being minted in our education system.

An entrepreneurial mindset is useful in all walks of life, and that’s good news for small startups looking for talent as well as big business. The recent Scale Up report, commissioned by the chancellor George Osborne, highlights talent as the number-one issue for smaller companies looking for high growth. If more companies can engage effectively with this young demographic, they can inject serious talent into young firms and grow fast. Small companies cannot hope to compete on pension plans with the civil service graduate scheme, but they can offer opportunities to shape the business, as well as flexible working, informality, even stock options.

The most effective way for companies to target these people is to engage with the enterprise societies or talk to enterprising students directly. NACUE is driving that process through its new Talent scheme. We want to get motivated students networks to join the scheme to showcase more of their potential to businesses. And we want businesses to get involved, too.

If we can start sharing the talent and opportunity, this will not only help the small business community, it will help open the doors of opportunity for the next generation and secure our long-term economic recovery, a win-win scenario for all.

Johnny Luk, CEO of the National Association of College and University Entrepreneurs
TECHNOLOGY TRANSFORMS STARTUPS

Developments in cloud computing, software as a service and big data have dramatically reduced the time it takes startups to commercialise ideas, creating new opportunities and making every company evolve into a technology company.

“Pre-cloud, the length of time it took a company to create a product and commercialise it would be 15 months to two years; that’s a lot less now,” says Joanne Hannaford, managing director of enterprise platforms at Goldman Sachs. “It’s allowed smaller companies to start up very quickly.”

Advancements in technology have fundamentally changed the playing field for SMEs because it allows them to ramp up infrastructure that has the reliability of larger players within days, reducing the time it takes to launch a company to a couple of weeks.

Embracing cloud computing and the development of platform technology, which supports the development of future products and research, means the lines between different companies’ offerings are becoming blurred.

“Those traditional boundaries of what makes a technology company are breaking down; every company is now a technology company. Technology is moving into areas that have historically been quite separate,” says Hannaford.

Embracing the opportunities offered by platform development and cloud computing isn’t just limited to technology startups. Hannaford says: “The other thing with this technology, from a business perspective, is that it’s not difficult for companies to use. You don’t have to be a programmer to leverage the cloud. You can be a novice. The point is these advances are aimed at everyone.”

Hannaford graduated with a degree in computer science and started working as a system administrator at Merrill Lynch. She says she was fortunate to work in a technology area that had women in senior positions from the outset.

Hannaford is now taking part in several initiatives to encourage young women to go into IT to help address issues of gender balance in spite of the increasing importance of technology in business.

There are two main routes to increasing female engagement, according to Hannaford: creating networks between young women in the industry to provide role models and information sharing; and working with young people to tell them about the career opportunities the industry has to offer.

“It’s been helpful in getting them to think through all aspects of technology careers,” she says. “Not just engineering, but things like project management and analysis.”

Christopher Goodfellow, freelance business journalist for the Guardian and FT

HOW CAN WE ENCOURAGE BRITAIN’S YOUNG BUSINESS OWNERS?

Andrew Devenport CEO of Youth Business International shares his thoughts

What are the particular challenges that young entrepreneurs face? And what are the advantages they have?

Young entrepreneurs need to feel confident enough to take a chance and embrace the risk of failure. This can be done through networking with peers, and learning that similar people have taken the plunge and lived to tell the tale. And once an entrepreneur has started up, a mentor can play a key role in providing moral support and guidance.

But young people do, of course, have an advantage over the rest of the population, because many have much more confidence. Taking a chance in your 20s can be much less stressful than doing so in your 40s, when you may have a family and a mortgage.

How can entrepreneurship be best nurtured in young people?

There needs to be a more positive view of entrepreneurship as something that can be attained by anyone, given the right kind of support.

In many countries, entrepreneurship is presented as a poor career choice – something you do if you can’t get a “proper job”. In the UK, on the other hand, we have found that entrepreneurship can be overly glamourised, and presented as a high-risk activity rather than a normal career option. So we believe that presenting a more accurate, balanced picture of what it means to run your own business is vital for developing entrepreneurship.

How does the UK compare with other economies as an environment for young entrepreneurs?

Research that we conducted in 2013, in partnership with the Global Entrepreneurship Monitor, showed that one in five young people consider themselves to be potential entrepreneurs, but only one in 27 actually starts a business. This conversion ratio is far behind countries such as Singapore and China – so it’s clear that, while awareness of entrepreneurship is high in the UK, more practical support is needed.

We also found that in the UK, young people lag behind on high-growth businesses and that fear of failure stands in the way of many young entrepreneurs. On the positive side, however, young business owners were much more positive about how innovative their businesses were, compared to young entrepreneurs in Germany, Singapore and the Netherlands.

There appears to be resurgence in entrepreneurship among young people. What factors are driving this?

In the UK and in many parts of the world, this resurgence has been driven by need over the past few years. With close to a million young people in the UK out of education, employment or training, young people have needed to be creative and devise their own means for bringing in cash. In Spain and Italy, youth unemployment has been around the 50% mark for several years, forcing young people to consider starting their own business.

Which one piece of advice would you give to a young person considering becoming an entrepreneur?

Go for it. There will be ups and downs, but you’ll learn a lot and take control of your life.
FAST-GROWING SMES ARE DRIVING BRITAIN’S REVIVAL

In the nascent economic recovery under way in Britain, there has been one shining light: small and medium-sized companies. Last year, more than half a million new startups were registered in Britain. That is an astounding number. After five years of economic strain, dynamic small businesses are playing an increasingly vital role in driving Britain's revival forward. Recognising this, we, in both private and public sectors, must do all we can to nurture these companies.

The London Stock Exchange (LSE) is convinced that these high-growth companies need to move away from bank and debt finance, towards equity finance which can be a more stable, long-term and diverse source of funding. Over the past two years, the LSE has worked closely with the UK government to try to relieve some of the financial pressure on smaller, growing companies and to increase choice for both issuers and investors. In August 2013, AIM-quoted shares were allowed in ISAs and, in April 2014, stamp duty was removed for AIM shares. The message for 2015 is clear: we need to continue on this path to help growing companies.

Marcus Stuttard is head of AIM and UK primary markets, London Stock Exchange

BUSINESS BENEFITS FROM ALTERNATIVE FINANCE

A report last month claimed that UK businesses would raise over £1.1bn from alternative finance providers in 2014. This is roughly three times the lending volume of 2013 and indicators suggest this growth will continue.

Like all business finance, alternative finance can be split into debt and equity funding. I’m going to focus solely on debt funding, mostly because it dwarfs the equity sector: of the £1.1bn total, over £1bn is debt-based finance.

So what is “alternative” about alternative finance? In some ways, alternative finance isn’t all that different from traditional finance. Businesses get a sum of money upfront in return for the promise of paying slightly more back by a specified future date. It’s a loan, and the basic premise won’t change. However, alternative finance models offer a series of significant benefits to businesses.

Speed If you compare doing business today to just 20 years ago, nearly everything is significantly faster, from email communication to researching market information. One thing that isn’t is bank finance – it still takes up to six weeks to get a loan. Alternative finance providers use technology to build automated credit-scoring systems, so there is no reason for a business to have to wait more than 24 hours for a decision on finance.

Simplicity and transparency For too long, traditional providers have obscured the full terms of finance through long, complicated contracts. A common theme across alternative finance is simple, transparent pricing. At MarketInvoice, we don’t do long contracts with break clauses, which means you can leave whenever you want. Most leading alternative finance providers ensure you won’t be stung by hidden fees and offer simple online tools to show how much you will be charged, dependent on your terms.

Service Alternative finance isn’t just about new products, it’s also about better service. And service can include the time it takes to get an appointment, to how a bank makes you feel about asking for finance.

Collateral In today’s service-based economy, a lot of businesses struggle to access bank funding because of a lack of tangible assets. Successful graphic designers, for instance, might only have computers as assets, but through alternative finance, they can raise capital against individual invoices.

The UK is experiencing a renewed entrepreneurial spirit that is dragging our economy forwards, and alternative finance is going to be central to this revival.

Anil Stocker is the co-founder and CEO of MarketInvoice

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