



"EDUCATING ENTREPRENEURS"
THE DICK ONIANS MEMORIAL LECTURE AT THE RSA -
NOVEMBER 21ST 2001 - TO MARK THE 21ST ANNIVERSARY OF
PROJECT NORTH EAST

CONTENTS

1. Introduction	2
2. Who are entrepreneurs?.....	3
3. Importance of entrepreneurs and small businesses.....	4
4. What will be the environment for and the challenges facing entrepreneurs	6
5. What need to educate entrepreneurs for?	8
6. How do entrepreneurs learn?.....	10
7. What are the key things for which we are educating entrepreneurs.....	11
8. Lessons	13
9. Implications for small business support organisations and for policy-makers - uk and international?	14
10. "The wicked issues".....	16
11. Conclusions	16



David Irwin

1. Introduction

Why are we doing this lecture? We started PNE because we wanted to make a difference; to generate new thinking; to make things happen; to encourage new possibilities; to test out some fresh approaches which, if successful, could be replicated elsewhere. From the early days of PNE, we set out to share ideas and emerging messages with others. 21 years on – the hair may be greyer or non-existent – but we still share those objectives.

Tonight provides an excellent opportunity to pay tribute publicly and say thank you to the many people who helped and supported us: people like John McCarthy and Maureen Howe from Legal & General, Mike Gunn and Louise Third, early members of our board, and long term like Monument Trust and Whitbread.

We would also like to thank and acknowledge the great support from Shell that PNE has had over many years. Shell has recognised the importance of assisting the small business sector, ever since Michael Pocock gave a seminal lecture at Ashridge in 1977. Since 1986, PNE has managed *LiveWIRE* on behalf of Shell, but PNE also managed one of Shell's six enterprise loan funds, and Shell has supported a number of PNE's smaller projects. And Shell is sponsoring tonight's event – thank you.

We started out in the North East - but always recognised the importance of travelling in the UK and internationally, to pick up new ideas and approaches – to engage in what Tom Peters calls 'creative swiping'. As well as learning internationally, PNE has been sharing internationally, and has now worked in over 40 countries.

In that spirit, we are tonight reflecting on what we have learnt over the years since 1980 - David Grayson in PNE and then through setting up PYBT; running BITC operations when BITC was the national umbrella for LEAs; and through a variety of posts within the Business Link network over 8 years; David Irwin in PNE; as national chairman of NFEA; through working internationally on enterprise support; and now as CEO of the Small Business Service (SBS).

It is a particular pleasure and privilege to be able to do so as Fellows, in the RSA – and especially on the occasion of the Dick Onians Memorial Lecture. I would like particularly to welcome Marianne Onians here tonight.

David Grayson



2. Who are entrepreneurs?

And all of PNE's achievements have only been possible thanks to the hard work and dedication of the PNE team over the years - and here I would particularly thank Sandy Ogilvie and Peter Westgarth.

Before we can talk about educating entrepreneurs, what do we mean by entrepreneurs?

Entrepreneurs are heroes, mavericks...above all, they are individuals – they have a will to win...a desire for recognition.

Many people recognise an entrepreneur when they see one, though they may have some difficulty describing their characteristics. And we may not always recognise them either!

The north east was arguably the centre of the Industrial Revolution. Names like George Stephenson, Robert Stephenson, Lord Armstrong, Charlie Parsons and Joseph Swan spring to mind. The building now occupied by Project North East was originally built by Robert Hawthorn, who became part of Hawthorn Leslie. And they are not just local heroes – they are national and international heroes!

But the north east seemed to lose its way. It forgot about the entrepreneurship and innovation that had made Tyneside great – and ended up with one of the lowest levels of self employment in Europe, an insignificant number of large companies and an apparent lack of enterprise.

This is why we started PNE with the goal of developing – by doing – new approaches to job and business creation in the region. And instinctively, even before the creation of organisations like Business in the Community, we wanted to do so by creating partnerships between business and the public sector, and community / voluntary organisations.

So we like to think that PNE is following in that pioneering spirit of Hawthorn et al. We started on a wing and a prayer – like most entrepreneurs do. We experienced how risky it was; we went through the same growth pains; and we always had to operate like our clients.

Entrepreneurship is the ability to spot opportunities, secure resources (irrespective of whether sufficient resources are already available) and take calculated risks. You can see these attributes – along with a large amount of determination – in some of the clients that PNE has helped over the years.

Nigel Vickers from Chromazone, for example, wanted just £3,500 to buy the equipment from the person for whom he had worked for three months – till his business collapsed. Imagine the reaction of the bank to someone who was 24,



with no experience, no money, no security and clearly offering a service for which there was no market. But we had more confidence – lending Nigel the money and providing him with space in our newly created Youth Enterprise Centre. A year later David Irwin did his first expansion package; a year after David Irwin did his second expansion package – and Nigel is still doing well some 17 years later.

There is a difference between entrepreneurs and the “competently self employed”. The economy needs both - and both need support. But not all small business owners are entrepreneurs – and indeed, not all entrepreneurs are running businesses. It is not just about business enterprise.

There are many social entrepreneurs as well – people who act in the same way as business entrepreneurs but to achieve social goals. And social entrepreneurs have a crucial role in building sustainable communities and harnessing what the Prime Minister has called “the power of community.”

Some entrepreneurs are people who work in larger organisations. Look for example at Tim Berners Lee – who was looking for a way to speed up his reviews of doctoral theses – and created the first browser, leading to the success of the world wide web.

But why do we need to educate entrepreneurs at all? The north east pioneers that we described earlier didn’t go on entrepreneurship courses. They didn’t undertake MBAs. They simply spotted – and grabbed – the opportunities. And built some large and successful businesses as a result.

David Irwin

3. Importance of entrepreneurs and small businesses

The RSA has always recognised the importance of entrepreneurs and enterprise – with its purpose, written in 1754, “to embolden enterprise [enlarge science, refine art,] improve our manufactures and extend our commerce”

- ▼ Today the promotion of entrepreneurship is important at a **macro-level** to create a more competitive economy and more cohesive society. There are 3.7m businesses in the UK and only 7,000 employ more than 250 people. They are responsible for 44 per cent of non government jobs and 51 per cent of private sector turnover.¹
- ▼ “Since World War II, 50 per cent of all innovations and 95 per cent of all radical innovations, have come from new and smaller firms”.²

¹ Small Business Service, SME statistics, 2001

² Prof Jeffrey Timmons, “New Venture Creation”, Irwin Educating entrepreneurs



- ▼ Research³ shows that economies with more entrepreneurial activity grow faster, so create more wealth
- ▼ More people in future will expect or will have to work for themselves, so we need to equip them with the skills that they need – as far as that it is possible. More people than ever are thinking of starting their own business, either because they want more control over their lives and career, or because they are unable to find work elsewhere.
- ▼ As the nature of work changes and as large firms continue to sub-contract more of what they do, and as more people pursue portfolio careers, we can expect more people to run their own businesses. By 2010, it is estimated that there will be 4.5m businesses.⁴
- ▼ On **a regional level**, entrepreneurship is important. In the north east, for example, over reliance on inward investment, and too few indigenous PLCs (fewer than 30) means that the economy is overly vulnerable to what happens in economies elsewhere. Research by Andersen and Fortune on what makes cities good places to do business shows that the key factors are pro-business attitudes, entrepreneurial activity and good supply of managers. So increasing levels of local enterprise are likely to lead to increasing attractiveness as a place for inward investment as well.
- ▼ Michael Porter of Harvard Business School and his Initiative for a Competitive Inner City – ICIC – has shown the effectiveness of building on competitive economic advantages, rather than addressing social disadvantage, for reviving depressed inner city areas. This is the model for an initiative, City Growth Strategies, to be piloted by the SBS very soon.
- ▼ And on **a personal level**, it helps to give people dignity and to realise their potential. Bringing people into productive economic activity gives them a stake in the system. And if the defining division in the world, for the rest of our lives, is going to be fanatical fundamentalism versus democracy and cosmopolitan diversity, then encouraging small business and entrepreneurship will become ever more important.

It is no coincidence that PNE was chaired for its first 18 years by an Anglican priest and industrial chaplain: Rev Canon Peter Dodd. Like Peter, we passionately believe that responsible entrepreneurship is a profoundly God-serving activity. All too often we lose sight of the values **of** and **in** enterprise.

There are some encouraging signs:

³ Global Entrepreneurship Monitor, 2000

⁴ "Britain in 2010", Foresight, 2000



- ▼ Younger (up to 34) respondents appear⁵ to be more positive about entrepreneurship than other age groups.
- ▼ A recent survey in the UK by Business Dynamics⁶ amongst people aged 15-19 revealed that 35 per cent would like to run their own business.
- ▼ American Universities used to tell students to go out and get experience in the workplace, learning at someone's expense, before thinking about starting their own firms. Now they have to run on-campus incubators for the students who started high school businesses.⁷

But simply hoping that more people will start in business is hardly a recipe for success. What are the barriers that might stop people from starting or from growing – and more crucially, what will the external environment look like for entrepreneurship in the next few years?

David Grayson

4. What will be the environment for and the challenges facing entrepreneurs

In 1990, on the occasion of Project North East's tenth birthday we chanced our luck and predicted the trends likely to affect small businesses over the following ten years.

What will the entrepreneur of the future look like? Large company down sizing, changes in patterns of education, etc, are all likely to lead to more people positively wanting to start their own business. But few are likely to employ people directly, at least initially. (Of the existing 3.7m businesses, only 1.1m are employers.) They are more likely to be self employed (on their own or in partnership) and to team up with others for individual contracts.

What do we anticipate over next few years?

- ▼ more serial entrepreneurs, like for example Christine Alderson, who started the Crack, a Newcastle version of Time Out, then started a Comedy café, and then launched the Newcastle Comedy Festival. Now she is making films.
- ▼ more dipping in and out (in between working for large organisations in public, private or ngo sectors) – like RSA Council member and former PNE client Sean Blair. Not least because people will have several different careers during their working life several careers through life.

David Irwin

⁵ Global Entrepreneurship Monitor, 2000

⁶ Daily Telegraph, 26 March 2001

⁷ The Economist...



- ▼ In the early days of PNE we both read avidly. Amongst other books, Alvin Toffler's Future Shock made a big impact, talking about people doing not just four different jobs in their lives, but four different careers – David Grayson never understood this was meant to be sequentially not simultaneously!

David Grayson

- ▼ more amoeba-like – like film crews, or increasingly like PNE itself, where it forms or participates in partnerships for much of its international work.
- ▼ more having several businesses simultaneously and more having a business as well as employment
- ▼ more third-age businesses because their pension is not enough or there is too long a period to be retired – Barclays' research suggests that this year has seen a 50 per cent increase on older people starting businesses compared to last year.
- ▼ We will continue to see the rapid growth of the knowledge based economy and an explosion of e-business – with businesses' competitive advantages carried in the heads of the staff; businesses will, therefore, face more difficulties in attracting, developing and retaining skilled staff – including challenges about how to motivate these people and make them feel valued
- ▼ Larger firms will continue to narrow their focus and stick to what they do best. It will be increasingly difficult who tell who is employed by them and who simply works for them – because there will be greater numbers of self-employed and free lance contractors; more interim managers; greater use of sub-contractors even on site; greater use of off site sub-contracting. This will, though, create many more opportunities for entrepreneurs.
- ▼ We continue to see increasing globalisation, even for smaller businesses, with developed economies becoming more reliant on the k-economy – and a consequent challenge for businesses to stay at the forefront. These entrepreneurs of the future are also more likely to work internationally - more likely to form partnerships internationally, more likely to seek customers internationally, etc like Ajay Sood - based in a PNE incubator in Newcastle with four staff, seven programming staff in Delhi and a co-located server in San Francisco,
- ▼ Partly as a result of 20 years of business advice, but also with manufacturers' ability to offer greater customisation, we see customers who are ever more demanding
- ▼ And we see increasing pressure to be good corporate citizens – often in the form of new regulatory requirements – on businesses of all sizes



No time tonight to rehearse these assumptions in detail - but go to the PNE website for a longer version of this lecture with accompanying data and references!

In short, being an entrepreneur will be much more in the Zeitgeist of the 21st Century There will be more – not least because of the desire for greater independence – see Shell:

"For the first time in history, large numbers of people across the globe are free to express their own values and often do so in unpredictable, unstructured and spontaneous ways. This flowering of diversity undercuts authoritarianism and conformity, and appears to weaken many long-standing social institutions - marriage, obedience to authority, and norms of sexual expression and public behaviour, for example." (Shell Global Scenarios 1998-2020.)

It can fit the spirit of more equitable globalisation; of a sense of personal identity; of the need for and power of "community" and sense of belonging - all of which are going to be more powerful forces post 11 September (often referred to as 9-11)

But all businesses have to overcome challenges – at every stage of their development – so what do we think we are educating for?

David Irwin

5. What need to educate entrepreneurs for?

It is not businesses that create success. It is people that create success – people who can spot opportunities and who have the determination to succeed. But they also need the capability, that is, a mix of motivation and competence. A challenge for the support network, then, is to raise their capability and reinforce their will to win. When we co-founded Project North East, we defined our purpose, not as being there to support businesses, but as being to help people achieve their potential. But there is no doubt that the right support does make a difference – as research to be published by Barclays Bank later this month will show.

That begs the question of what that support should look like.

But there's another issue – entrepreneurs often do not seek support because either they feel that they already know the answer, or should know the answer, or are embarrassed to admit that they do not know the answer.

Businesses progress through distinct stages as they develop. These might include, say: seriously consider, plan, inception, survival, growth, expansion and maturity.

David Irwin has looked at the stages through which businesses progress, not on the basis of the characteristics or traits beloved of academics, but on the basis

of their behaviour – which he has described as the seven ages of entrepreneurship.

Once people get beyond the ‘People like me’ don’t start business; or the ‘It’s not for me’ – I haven’t got what it takes; or the ‘It’s too difficult’ – I haven’t got the skills, then there are some interesting stages.

i. Just do it

“Just do it” is one of the beliefs of the age; don’t worry about the threats – just consider the opportunities. Successful entrepreneurs have a need to achieve – they believe in themselves and in their judgements. They tend to overestimate the likelihood of success. They are independent and stubborn and don’t want to be told what to do. They prepare – though those of us providing support would often like to them to prepare more thoroughly – and then they “just do it”.

ii. Flying solo

Our entrepreneur is now in business. It’s a great feeling – being responsible for one’s decisions and one’s future. It is extremely rewarding, talking to customers, taking orders, fulfilling those orders and getting paid. Entrepreneurs are proud of what they have achieved but are often, also, too proud or too embarrassed to seek further support. This is even truer once the business starts to employ extra staff. The most successful entrepreneurs are generally those who recognise their own shortcomings and address them.

iii. Support seekers

Securing your private pilot’s licence does not give carte blanche to fly any aeroplane in any weather conditions. It is merely a starting point. Pilots may go on, for example, to secure certification to fly on instruments. Every time they wish to fly a different aeroplane they need to gain type approval.

Running a business is very similar, though too many entrepreneurs gain their additional expertise through trial and error rather than seeking further personal development or assistance from others.

Those who do recognise that they need support when they start to do things for the first time – employing people, exporting, introducing total quality management, raising equity – are far more likely to be successful in the long run.

iv. Active networking

The pinnacle is recognition by the entrepreneur that support and advice is essential to business growth and does not need to come solely from professional advisors but can come from a myriad of sources. The most effective entrepreneurs are those who network voraciously. The Chinese, for example, are expert at networking and connections. Allan Gibb (who was one of our earliest supporters) argues that effective management development is



not only the development of “know-how” but also of “know who”. Our chairman tonight - our good friend and mentor: Sue Birley notes that it is “*essential to excel at personal networking*”. On her MBA, Sue tells her students that their most important skill is learning to use the little black address book. Networking is something that a lot of people do without ever thinking about it, but if it is carried out as a deliberate activity it is much easier to achieve results.

Once we understand that we have to assist entrepreneurs to overcome barriers to effective learning, then we can consider the best ways to help individual entrepreneurs learn.

David Grayson

6. How do entrepreneurs learn?

Entrepreneurs learn in many different ways. For many though, the only formal learning that takes place is when people are thinking of starting in business and undertake a business start up course – which is fine except that the training is too often about how to write a business plan, rather than about how to run a business.

Far too many entrepreneurs simply learn through trial and error, which can be a very effective way of learning, but can also be fatal to the business!

Many people want to learn through one to one sessions with an adviser, which is a great way for them to learn, with the learning absolutely focused on what they need to know, but it is very labour intensive.

Peer group learning can be effective, though it requires some setting in context, so is generally most effective when it is moderated by an experienced facilitator – which is why initiatives like Business Bridge and Plato are effective.

That bringing together of external support and peer group interaction may also be part of the reason why incubator workspace is so effective at raising the success rates of tenants – up to 75 per cent after five years in the UK and apparently up to 87 per cent in the US.

Increasingly entrepreneurs will turn to the internet and to e-learning, provided they recognise the need and provided their need can be met simply and quickly. This can be supplemented with good mentoring – which is why the SBS is supporting the Business Volunteer Mentors Association.

Ideally, we should start introducing entrepreneurship at a far earlier stage and be better at teaching people to recognise when they need to learn and then how to go about that learning.



The Small Business Council has recommended⁸ that “entrepreneurship and business skills should be fully integrated into the school curriculum at all levels of education” and we fully support that recommendation.

As a small digression, education clearly plays an important role in entrepreneurship. The education sector can help more by:

- ▼ Promoting the self employment option more effectively
- ▼ Educating for enterprise from an early age
- ▼ Teaching generic business skills
- ▼ Encouraging everyone to understand the importance now of engaging in life long learning
- ▼ Running a business teaches valuable business skills

David Irwin

7. What are the key things for which we are educating entrepreneurs

What are the needs of entrepreneurs? One of the things that people say to us as we travel round the world is 'David, you have to understand that the needs of business are different here'. David Grayson had similar experience from virtually every session of the Business Link national assessment panel from 1993!

The lesson is that needs of business are actually the same wherever we go - though the emphasis may well be different at different times. What is significantly different is the cultures in which entrepreneurs operate. This is important to understand both for entrepreneurs who want to form international partnerships but also for support organisations working with people from different cultures in UK.

There has been an explosion in education for entrepreneurship, though it is perhaps questionable whether educational institutions are hitting the right buttons. Entrepreneurs continue to ignore them. Yet some institutions have been successful. Look for example at the work of Babson College in the USA. They believed that whilst it was not possible to teach someone to be an entrepreneur, it was possible to teach the skills that an entrepreneur needed to be successful – and they continue to be highly ranked by external observers and students alike.⁹

We could spend the entire lecture absorbed by the "are entrepreneurs born or can they be taught?" debate! We won't!

⁸ Small Business Council Annual Report, 2001

⁹ For example, in September 2001, US News & World Report named Babson as the number one university for entrepreneurship – for the fifth consecutive year. And its MBA is ranked number one in Student Entrepreneurial Skills.



The word education comes from the Latin – educare – meaning to draw out. We see the educator's roles as:

- ▼ igniting the spark that is already there – even though the person may not yet realise it
- ▼ inspiring with what is possible
- ▼ equipping people with the tools that empowers them to go further, faster and more successfully - with the talents that God has given them
- ▼ and perhaps educating for the lifetime of enterprise and being enterprising described earlier.

In our view the biggest things that entrepreneurs need to learn are (a) that they do need to learn, and (b) how to learn.

Ideally, of course, we would like entrepreneurs to learn about the environment in which they are operating, to understand the bigger picture, to create a vision and to understand the importance of values. If businesses get their values right, then often everything else falls into place. A business's values include its approach to customers, to other stakeholders and to whether it behaves responsibly – in short, the way we do things round here.

We do not want to produce more Del-boy-spivs – but socially and environmentally responsible entrepreneurs – remembering (a) most socially irresponsible business is the one that goes bust; and (b) some people may start out like Arthur Daleys – but as they gain experience, see the wider picture.

It would be preferable, however, to inculcate this approach from the outset - which is why, for example, *LiveWIRE* is now including criteria about sustainable development in its judging process and providing advice on these issues.

Over the past few years, there has been a rapid growth in the number and reach of organisations around the world dedicated to promoting socially responsible business practice. BITC in the UK for example. Business for Social Responsibility in the US; csr europe; the National Business Initiative in South Africa. Most of these organisations tend to work predominantly with large national and multinational firms.

Generally, these organisations have not yet succeeded in engaging smaller businesses. Yet if socially responsible business makes good business sense – it is just as relevant for smaller businesses – and indeed smaller businesses supplying larger firms increasingly have to demonstrate their environmental and social credentials to be on big companies' tender lists.

The examples, the arguments and the language has to be relevant to smaller businesses. And if we really want to engage them, the best route is to develop the capacity of the small business support organisations like enterprise agencies and Business Link operators; and the small business representative



organisations like the Chambers and FSB to advise on socially responsible business.

Above all, we want to ensure that entrepreneurs are able to recognise their own shortcomings, do not feel embarrassed to ask for help, and understand the need to engage in life-long learning. We want entrepreneurs to become really good networkers. In turn, this all means that the challenge for trainers and advisers is that they, too, have the necessary "know-who" and "know-how".

David Grayson

8. Lessons

After the first 21 years, do we have any provisional conclusions?

We are tempted to be like the Chinese history student in Beijing a few years back – asked to assess the results of the French Revolution, the student replied – "it is too early to say!" However, lacking the sense of historical perspective of the Middle Kingdom – we draw three key lessons from these experiences:

- ▼ need better connectivity (connectivity amongst business support organisations; between them academics and policy-makers; with commercial sources of finance and help; and to small business support overseas)
- ▼ need more IDEA (identification, dissemination, experimentation in transferability and then application broad scale of good practice – and tools to do this)
- ▼ need for more customised support for different types of smaller businesses and entrepreneurs (which connectivity and IDEA would permit).

eg of CONNECTIVITY - Build trust between good business advisers and mainstream financial institutions: Businesses funded by equity are more likely to be successful. Research by Baring Venture Partners amongst companies in which it has invested suggests¹⁰ that the most successful businesses finance themselves largely by equity or retained earnings - certainly until the point at which the business generates enough cash to cover any loan interest with plenty to spare. Their research indicates that entrepreneurs with high debt and low equity under perform entrepreneurs with a high proportion of equity

Eg of IDEA- Ford Foundation current sponsorship to look at good practice in innovative financial schemes for smaller businesses by mainstream financial institutions and how to incentivise more.

Eg of customised support - phone ladies of Bangladesh

David Irwin

¹⁰ Richard Onians, "Making small fortunes: success factors in starting a business", RSA Journal May 1995. Educating entrepreneurs



9. Implications for small business support organisations and for policy-makers - uk and international?

Perhaps it is the impatience that comes from now being in our middle-youth - but we both feel impatient to see faster and more widespread progress. Perhaps in the early years, it is enough to innovate, to be on the cutting-edge, developing pilots and prototypes.

Now, we are more interested in how to get successful models adapted widely so that there is a scale and extent of impact.

There have been 14 small firms ministers since PNE was established - that's an average of a new minister every 18 months! More than a decade ago, Allan Gibb argued for more continuity of government and small business relations. We are not so naive as to imagine that you can or should stop new ministers developing new initiatives. But we would plead for a greater capacity in the system to learn from old initiatives before new initiatives are considered – and there is a need to create an institutional memory!

David Irwin has taken some lessons from PNE to SBS:

- ▼ The desire for a government wide approach to small business support, hence the publication, by the government in January this year, of Think Small First
- ▼ The need to champion entrepreneurship across all sectors of society and consequently SBS's support for Enterprise Insight
- ▼ The need for debt and equity products geared to every stage of a business development and therefore the launch (soon) of early stage funds to fill the equity gap in the range GBP20-100k
- ▼ Establishment of an incubator workspace loan fund
- ▼ A re-focusing the way that business advisers work
- ▼ SBS is also pushing government to make it easier for small firms to sell to it
- ▼ And a requirement that all SBS staff to spend time with small businesses every year

We must encourage entrepreneurs to want to learn. Much of the training that the network undertakes with starters is actually training in how to write a business plan, not training in how to manage and grow a business. How do we ensure that learning is just in time, not just in case? How do we ensure that it is provided in bite size chunks – say 15 minutes instead of 15 hours? How can lifelong learning by entrepreneurs be encouraged and supported? And how should it be promoted? Is this perhaps an enterprise challenge for the RSA to take up?



Native American Indians have a word 'ehama' (earth wisdom) to describe their belief that important decisions should look ahead seven generations into the future.¹¹ Seven generations is roughly 250 years – and the RSA is shortly to celebrate its 250th birthday. Is this perhaps a suitable time to consider what the RSA can do over the next 250 years to promote the concept, not just of enterprise, but of sustainable enterprise?

Another challenge – for the support agencies – is about crossing boundaries, and learning from other sectors – which is why SBS has introduced a bursary scheme both for SBS itself and for the BL network and is now creating the Business Link "U"

We need to make better use of new media and ICT to achieve our goals – particularly digital television and the web. The internet has the potential to deliver individually customised information, and we hope that the SBS's businesslink.org website will become the "Ask Jeeves" for small firms.

Where are the new PNEs? Could we start PNE today – not exactly – viz been an explosion of small business support; youth enterprise etc – and professionalised field - we had much emptier canvass on which to paint.

But maybe if starting out now, would be able to plug some gaps:

- ▼ more enterprise in schools (cf Young Enterprise numbers versus total nos of 11-18 year olds)
- ▼ better information for every business adviser on their laptops
- ▼ Global Trading exchange on Net
- ▼ transferring expertise to/from international aid agencies work
- ▼ incorporating socially responsible business deep in to dna of smaller businesses (like Ford Foundation has been helping through US chambers and National Association of Manufacturers)

We have concentrated tonight on educating entrepreneurs from a UK perspective. Of course, as we have stressed - there is much for us to learn from and contribute to, education for entrepreneurship in other parts of the world. The Prime Minister and the Chancellor have both spoken of the need for an international New Deal and, post 9-11, there is an urgent need to tackle some of the underlying problems of global poverty and inequality which are such breeding grounds for terrorism. One element of a "more equitable globalisation" strategy should be a "think small business" dimension in WTO to remove trade barriers for small firms.

David Grayson

¹¹ See www.ehamapartnership.com/offer/wcf/
Educating entrepreneurs

10. "The wicked issues"

It was another of this Autumn's RSA lecturers – Sir Michael Bichard – who coined the phrase "the wicked issues" - those that are not susceptible to easy solutions, which don't fit in neat departmental boxes etc - and yet which are the crucial ones to try and tackle.

For example - how help informal businesses to go legitimate?

Informal will include:

- ▼ legitimate businesses which then earn extra on side and undeclared
- ▼ start informal – and then find it hard to make transition or explain their past
- ▼ enterprises which only viable in informal sector and if don't have to factor in taxes etc
- ▼ activities which are per se illegal – drugs, people-trading etc

It is the second which we should be particularly interested in helping to go legitimate NB – starting in informal sector will – for some – be the way that people learn! This is a global issue to tackle.

Ferdinand de Soto in *The Mystery of Capitalism* shows how much governments put up barriers to entrepreneurs moving from the informal to the formal economy.

Next year is the Queen's Golden Jubilee – could one element of the celebrations be an initiative to encourage informal economy entrepreneurs to move from the informal in to the formal economy?

There is an analogy with some of those we met in East-West Youth contacts in the early 1980s – who were stalwarts of the Communist regimes – whom we subsequently ran in to again in the 1990s by which time they had metamorphosed into successful businessmen and consultants for western firms in CEE. Arguably, their personal transitions were part of the price to be paid to establish the new order.

This is - of course - part of the broader challenge the world over- to balance the need for regulations to protect society and different stakeholders – customers, employees, investors and communities – from bad business practice, without stifling the entrepreneurial spirit

David Grayson

11. Conclusions

One of the first and the richest networks we helped to create and build was the Education for Enterprise Network . The first EFEN conference was held in Cambridge in April 1984 - it was closed by a then relatively



unknown academic - Charles Handy - who has since inspired so many people around the world.

Charles told what proved to be an apochryphal story about the Auvergne peasant dropping acorns each day as he went backwards and forwards from his farmhouse to his fields and how after his death, local newspapers reported on the largest ever spontaneous growth of an oak forest!

We would like to think that some of the acorns we planted in PNE are now becoming young oaks.

We have tried this evening to toss out some new acorns. Some of these we would like personally to be involved in developing. Others we hope will be taken up by the RSA; by business support organisations; by foundations and companies - and maybe some by entrepreneurs.

To summarise our key messages:

- ▼ UK needs to take the promotion of entrepreneurship far more seriously - that means not settling for second best
- ▼ Middle-youth impatience - want to speed up I>D>E>A so that we get programmes with results to scale and faster - and that means fighting NIH and NIMTO (Not in my term of office!)
- ▼ There are going to be many more small enterprises - both for-profit and non-profit distributing - but formed with all kinds of different arrangements - and support services need to accommodate this variety
- ▼ We don't all learn the same way - education for entrepreneurship needs to reflect this. It would make a suitably ambitious and valuable theme for the RSA 250th anniversary to investigate best practice around the world in educating entrepreneurs
- ▼ Policy-makers and practitioners should be guided by three key lessons:
 - ▼ need better connectivity
 - ▼ need more IDEA (identification, dissemination, experimentation, application of good practice - and tools to do this)
 - ▼ need for more customised support for different types of smaller businesses and entrepreneurs (which connectivity and IDEA would permit).
- ▼ Responsible business should be an integral, axiomatic part of the entrepreneurship we are promoting and we have suggested an alliance between organisations promoting CSR and those representing / helping small firms
- ▼ We have made some recommendations to policy-makers about stability and institutional memory; joined-up efforts; eclectic 360



degree learning; better harnessing ICT; and killing several birds with one stone - eg combining help for commercial and social entrepreneurs

- ▼ Flown a kite for an Enterprise Pardon for the Golden Jubilee as a way of focussing attention on how to ease the transition from the informal to the formal economy.

Above all, we hope we have conveyed something of the sense of possibility that we started out with in 1980 - and which 21years on, burns just as brightly.

"if I were to wish for anything I should not wish for wealth and power, but for the passionate sense of what can be, for the eye, which, ever young and ardent, sees the possible. Pleasure disappoints, possibility never. And what wine is so sparkling, what so fragrant, what so intoxicating as possibility."

- Soren Kierkegaard, *Either/Or* quoted in *The Art of Possibility*

David Grayson and David Irwin
21 November 2001