

GROWTH BRITANNIA

BRITAIN'S
BREAKTHROUGH
OPPORTUNITY

sevenHILLS





GROWTH BRITANNIA

BRITAIN'S BREAKTHROUGH OPPORTUNITY

Our future economy - entrepreneurs, growth firms
and unleashing the power of belief

sevenHILLS

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THERE'S NO REASON
WE CAN'T BUILD THE
NEXT GOOGLE OR
FACEBOOK IN
THE UK.

DAVID RICHARDS
CO-FOUNDER AND CEO, WANDISCO





sevenHILLS

PREFACE

Historians may well come to refer to 2014 as the year the Great Recovery began. A time that the extraordinary potential of Britain's entrepreneurs began to be realised; a new era, the era of Growth Britannia.

The landscape for business in Britain has changed remarkably since we launched Seven Hills in 2010.

The UK has risen from the depths of recession to become the fastest-growing economy in the G7.

Entrepreneurs have led the way in this transformation: forming businesses in their hundreds of thousands, surging into new markets, and creating vibrant clusters where before there was nothing.

Incentives and support systems now abound: from the work of early-stage enterprise campaign StartUp Britain, which we co-founded, to the Start Up Loans scheme — which has supported over 16,500 new businesses — and the Seed Enterprise Investment Scheme. It is a vibrant and transformed environment in which to start and grow a business.

Last year we set out to explore how the start-up revolution could create a scale-up economy. We canvassed the views of entrepreneurs, investors, observers and advisers on how Britain can enter into a sustained phase of explosive growth.

Our question was this: what do our companies need to become billion-dollar world-beaters, putting Britain back on the global stage as an economic force to be reckoned with?

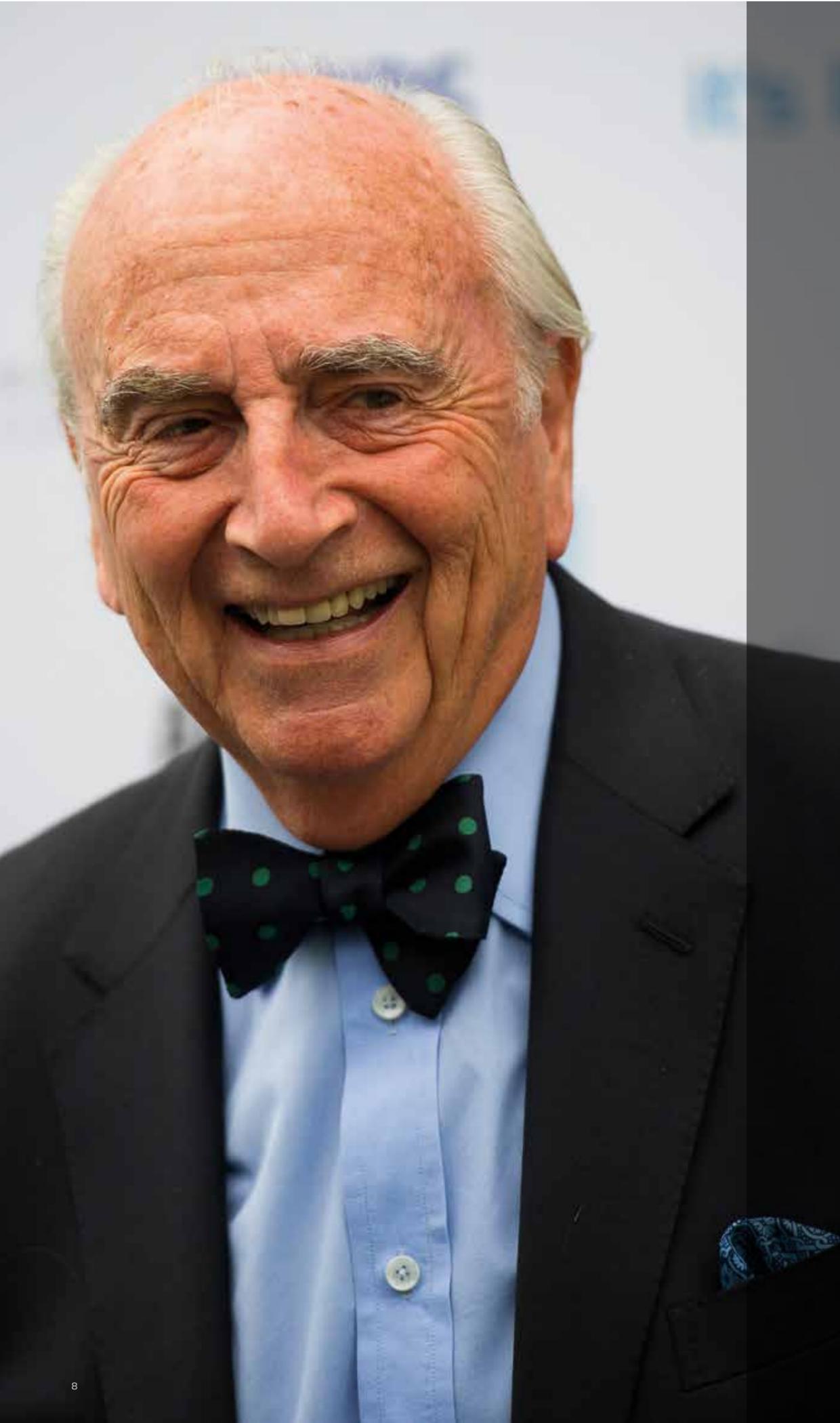
We are delighted to present these findings with Growth Britannia, a report that harnesses the insight and expertise of many brilliant minds from business in the UK and beyond.

The ideas within encompass a broad range of issues, but one theme is constant: Britain can do it. We have the ideas, the ambition and the will to succeed. If those in and around business start to believe in that, the opportunities are limitless.

We would like to thank the many entrepreneurs and leaders who gave so much time in realising the report. Our superb peer reviewers: Graeme Fisher, head of policy at the Federation of Small Businesses; David Soskin, former CEO of Cheapflights; Matthew Rock, editor-in-chief at DueDil; and Sara Murray, co-founder of buddi. Matthew Dixon and the outstanding team at Corinthia who hosted the discussions; our partners at Coutts, RBS, NatWest, London Stock Exchange, WANdisco and Trampoline Systems; Kate Bassett; Josh Davis and the brilliant team at Seven Hills who have worked tirelessly on this project.

NICK GILES
CO-FOUNDER, SEVEN HILLS

MICHAEL HAYMAN MBE
CO-FOUNDER, SEVEN HILLS



FOREWORD

THE RT HON. THE LORD YOUNG OF GRAFFHAM DL
ENTERPRISE ADVISOR TO THE PRIME MINISTER

There is little doubt that the growth in the period up to 2008 was largely illusory, founded, as it was, largely on financial services. The severity of the financial collapse that followed has wrought a transformation in the UK economy.

Today the business start-up sector has never been healthier, with over one million new firms in the last two years alone. We now have an economy where 95.5pc of firms by number employ fewer than ten people, where each year the number of self-employed creates a new record and surveys show that a majority of school leavers would like to work for themselves in the future.

All this is very satisfactory and speaks well for the decades to come, provided that we can enable enough of these hundreds of thousands of new firms grow to become the medium and large firms of the future.

That is why the series of dinners held by Michael Hayman and Nick Giles of Seven Hills that led to the report "Growth Britannia" is so valuable, gathering together as it did over 100 successful entrepreneurs in relaxed surroundings. They have collectively produced a report that focuses on growth. This report highlights the two areas that inhibit growth in our economy: first, our educational system and secondly the availability of long-term finance for growth. I have been spending the last six months immersed in a review of enterprise education, not just the enterprise that results in entrepreneurs and start-ups but also the sense of enterprise that enables a person to see the glass as half full and adopt a "can-do" attitude.

There has been an incredible transformation in the business scene, largely since the Internet achieved critical mass in the late nineties, for it is not that many years now since the definition of a small business was one employing under 500 – today most people think of small firms as as businesses employing fewer than ten.

The skills and attributes required of someone working in a large company are very different from those working in a small firm and our educational system focused over many decades on producing the type of person who would fit in with a large organisation. Team games were preferred over individual sports and individualists were quickly cut down to size.

However, large companies are run by process and entrepreneurial individualists are grit in the system. Today there is a real need for people who are enterprising in the full sense, who are able to work in small groups or even alone and above all, adopt a "can-do" mentality. Of course there is a continuing need for large companies, who employ about a third of the workforce, but this is far less than the total of those who work in SMEs and for themselves.

But this is only part of the problem. For many years we have been ignoring STEM subjects and it is critically important that we produce young people prepared to play a role in science, technology, engineering and mathematics.

The second problem which was highlighted by this report is the shortage of long-term finance for growing companies. Often this can only be supplied by issuing equity but the capital markets in the United States can provide substantial sums on better valuations than we can do in London and we see far too many companies selling out at an early stage in their development. This is a problem for the future and one that governments will have to attend to if we wish to develop a good supply of middle-sized companies in the private sector.

This report makes a good contribution to the debate from many in the forefront of the new economy on both sides of the Atlantic. They will be driving the growth that we all need in the years ahead and have a good feel of what is required. I commend the report to you.

INTRODUCTION

CONSIDER THESE THREE THINGS:

01

Approximately two-thirds of the companies that will make up the S&P 500 in ten years time have not yet been created.¹

02

According to the Wall Street Journal, there are currently 45 'billion-dollar start-ups', just three of which are European.²

03

Last year a record 526,446 new businesses were registered in the UK.³

The increasing emphasis on young companies and those yet to be born reflects a world being shaped by the entrepreneur, a trend that goes well beyond the realm of business.

The future of healthcare will not be determined by doctors, nor that of transport by railway engineers, nor that of education by teachers.

It is programmers, data scientists and technicians who are building the future, not at the heart of corporations but as entrepreneurs.

They are creating the companies driving a fundamental transformation in the way people live their lives: communicating via Snapchat, sharing across Dropbox, paying with Square. These are the billion-dollar start-ups taking the world by storm.

There are currently no UK companies on the *Wall Street Journal's* list of these overnight colossuses. The opportunity for Britain is to build the businesses that can join and grow the club. Can a company like Just Eat, valued at almost £1.5bn on its flotation in April 2014, deliver on the immense promise of its IPO?

In many respects, we are well on the way to achieving this; of western economies outside the USA, Britain is uniquely well placed to incubate the businesses that will join the world's elite.

Approximately a fifth of Europe's 25 million SMEs trade in the UK, and last year's record number of business registrations came as the high point of an entrepreneurial boom that has seen self-employment increase by 15pc since the 2008 recession.⁴

APPROXIMATELY A FIFTH OF EUROPE'S 25 MILLION SMALL AND MEDIUM-SIZED BUSINESSES TRADE IN THE UK.

And despite a popular perception that there is no money to invest in growth, investor appetites are sharpening, with London Stock Exchange enjoying its best year since 2007. What's more, when the Association of Investor Companies conducted its annual temperature check in February 2014, it found that 34pc of investors considered the UK the most attractive area for stock market investments, up from 14.6pc in 2013.⁵

All told the years of recovery have represented a fundamental shift within the UK economy, with entrepreneurship moving into the mainstream of British working life.

The question now is how those start-up acorns can become the commercial oaks on which the economy will truly rest. New companies have emerged in their hundreds of thousands since the recession, but the call now is for a transition from start-up to scale-up.

Over the last year we convened some of the leading voices from in and around the world of business to debate how this will be achieved.

Through a series of roundtable discussions, we brought together first-time and veteran entrepreneurs, investors, financiers and experts from across the world of business and asked two simple questions: how can Britain really go for it? What is needed to put our economy on the highway to sustained high growth?

In Silicon Valley, we took the opinions of leading UK entrepreneurs who have found success in America's entrepreneurial capital: Huddle's Andy McLoughlin, SwiftKey's Jon Reynolds and Bebo founder Michael Birch among them.

Overall, what they told us is that the barriers to growth are part structural and part attitudinal. This report will interrogate that hypothesis, and tackle the issues that entrepreneurs face in Britain today: from raising funding to recruiting talent, trading overseas and achieving sustainable growth.

Fundamentally, it addresses the question of attitude and belief: do British businesses really have the guts to grow? Can we defeat our own oft-stereotyped diffidence?

Could being decidedly 'un-British' – adding a dose of unashamed ambition – hold the key to our future prosperity?

METHODOLOGY

The discussions that form the basis of this report were hosted at the Corinthia Hotel over the course of 2013, courtesy of Corinthia London and general manager Matthew Dixon.

The report has been informed by the outputs of these meetings, research papers cited within and conversations with leading business figures over the course of the past year.

A review panel comprising Graeme Fisher, head of policy at the Federation of Small Businesses; David Soskin, former CEO of Cheapflights; Sara Murray, co-founder of buddi, and Matthew Rock, editor-in-chief at DueDil, generously gave their time to read and shape the initial draft.

Where not otherwise referenced or stated, quotes are taken from the roundtable discussions.

¹ www.gov.uk, "Speech by Chancellor of the Exchequer", 25.04.13

² *Wall Street Journal*, "The Billion Dollar Startup Club", 27.01.14

³ *StartUp Britain*, "New figures reveal entrepreneurial hotspots", 26.01.14

⁴ BBC, "Self-employment boom: good or bad?", 19.02.14

⁵ Association of Investment Companies, "AIC investor confidence research: confidence stable but plummets in emerging markets", 18.02.14

1

PART ONE

GROWTH PSYCHOLOGY

Is there sufficient ambition and belief to power the growth of British business? Do those building and backing UK companies have the confidence to make great things happen?

And what are the sources of growth, the booming sectors in what is an increasingly buoyant economy?

THE FUTURE OF GROWTH

2014 has been a game-changing year for business, perhaps best encapsulated by the overnight journey of WhatsApp from popular smartphone app to \$19bn valuation company.

The UK has experienced a parallel upsurge: two unheralded start-ups – DeepMind and NaturalMotion – were acquired for over \$1bn in January, and the markets have run hot with a rush of IPOs, busting the myth that there is no money to back new ideas.

“The first quarter alone in 2014 has seen several billion pounds of value creation out of the London and UK tech scene,” says Russ Shaw, founder of the Tech London Advocates campaign group. He points out that the UK has seen five £500m-plus exits in the 2014 calendar year, a ratio far surpassing the 29 New York City has seen since 2001.

Others concur that the time has come for Britain to seize its growth opportunity. “The UK and Europe are better structured for massive medtech [medical technology], fintech [financial technology] and probably fashion companies to be birthed than the States,” says Sherry Coutu, board member at LinkedIn and London Stock Exchange, and well-known angel investor.

She picks out medicine, education and financial services as crucial sectors in which the UK can capitalise on inherent competitive advantages. “If you look at the NHS, it is so dominant that the data is structured in a very similar way, so a company will be able to scale ferociously fast, whereas in America you would have to go county by county or at best state by state.”

“In financial services, New York may be a bit of a rival, but London is a leading global market, one foot in China the other in the East Coast and West Coast. I don’t think anything in the US can challenge that.”

A March 2014 report from Accenture highlighted the UK’s status as a rapidly emerging global player in fintech. Investment in the sector, which more than tripled to £2.97bn from 2008-2013, increased at an annual average of 74pc in the UK across the five-year period, far ahead of the 27pc growth experienced globally, or the 13pc in Silicon Valley.⁶

“With nearly 135,000 financial-services technology workers in the UK and four of the world’s ten biggest banks with global or European headquarters situated in London, the capital city offers great foundations for a thriving fintech cluster,” the report commented.⁷

Capitalising on London’s status as the world’s financial capital, a raft of UK companies have emerged that are revolutionising everything from day-to-day payments to international money transfers, financial recording and start-up fundraising.

Monitise, the mobile payments service founded by Alastair Lukies in 2003, has shown the way to the billion-dollar valuation: used by 25m people around the world, it handles transactions worth over £30bn. Its revenues show the hyper-scalability made possible by the global financial market: the £73m for financial year 2013 represents a 1042pc increase on the £7m generated in 2010.

The growth of TransferWise, the international payments service, is similarly stratospheric. Founded by former Skype employees Kristo Kaarmann and Taavet Hinrikus in 2009, the company was facilitating £125m of money transfers in May 2013. Fast forward 11 months and the figure went past £1bn.

The growth of such companies, which also include alternative finance pioneers such as Funding Circle and MarketInvoice, is being facilitated by a range of incubator and accelerator programmes.

Notably Level 39, the biggest fintech accelerator in Europe, opened its doors in spring 2013 and has since been flooded with over 600 applications from prospective tenants. It marked its first birthday by announcing a partnership with New York counterpart The Fueled Collective, and founder Eric van der Kleij, the first CEO of the Tech City Investment Organisation, believes the UK will continue to see explosive growth from fintech:

“The UK is carving out a leading global position in fintech,” he says. “All the ingredients are in place. The City of London has long been a financial powerhouse, and in recent decades many global players in financial services made Canary Wharf their home.

“London has a unique dual-heartbeat when it comes to financial centres, and when you couple this with London’s powerful and rapidly growing Tech City status and progressive policy environment, you have a fusion of complementary skills, and the perfectly optimised location for the creation of fintech companies.”

If financial services is proving one of the most significant growth markets for UK firms, education could well be another.

THERE IS MORE EXCITING STUFF HAPPENING HERE THAN ANYWHERE ELSE IN EUROPE.

ED WRAY
CO-FOUNDER, BETFAIR

Investment bank IBIS Capital estimates e-learning as a £91bn sub-sector of the £4.4tn global education market.⁸ What’s more, according to one of the founders of the Edxus Group, a London-based edtech investment house, it is a significantly underexploited sector. “The share of digital in the total education market is only 2pc when it is 30-40pc in other ‘content’ industries, so there is a massive growth opportunity for e-Learning ahead of us,” said Benjamin Vedrenne-Cloquet in February 2014.⁹

Edxus, founded last year, has pledged up to \$77m to consolidate European e-learning companies, and boosts the UK’s investment muscle in the space. Two of the top three global edtech investors are also UK groups in Pearson and Macmillan.¹⁰

Across a wide variety of sectors, the UK is ripe with growth potential. Figures from the British Fashion Council show the value of the UK fashion industry has increased by 22pc since 2009 to £26bn,¹¹ part of a wider upsurge in the creative industries, which outperformed nearly all sectors to grow 10pc in 2012 alone.¹²

By 2017, the UK is expected to break all previous records for car production and become Europe’s third largest automobile manufacturer.

And in the words of AstraZeneca chief executive Pascal Soriot, “Cambridge is a world-renowned bioscience hotspot that rivals the likes of San Francisco and Boston,” testament to the UK’s life sciences potential, with a significant cluster emerging in the corridor between Cambridge and London, featuring an estimated 1,400 related businesses and 37 ‘world class’ research centres.¹³

^{6 & 7} Accenture, “London is benefitting from fintech investment boom...”, 26.03.14

⁸ Ibis Capital, “Global e-learning report”, 23.01.14

⁹ Edxus Group, ‘EdTech pioneers predict user engagement and peer-to-peer learning to take front stage in 2014’, 13.02.14

¹⁰ CB Insights, ‘EdTech’s ten most active corporate-acquirers investors’, 16.05.13

¹¹ British Fashion Council, “Facts & Figures AW 2014”, 14.02.14,

¹² Gov.uk, ‘Creative industries now worth £8million an hour to UK economy’, 14.01.14,

¹³ London Standed Cambridge Consortium, ‘Review of key sectors’, November 2013

THE GREAT EIGHT

Eight breakthrough sectors in which Britain has the potential to achieve explosive growth and lead the world:

01

BIG DATA

90pc of global smartphone chips use British technology

02

SYNTHETIC BIOLOGY

UK researchers have developed a method to copy DNA up to 10,000 times faster than previously possible

03

REGENERATIVE MEDICINE

UK scientists have succeeded in reversing paralysis in dogs through stem cell transplants

04

ROBOTICS

The radar technology that will enable driverless cars has been developed in the UK, a foothold in a market predicted to be worth £13bn by 2025

Identified by the Department for Business, Innovation and Skills as 'eight great technologies' at the heart of the UK's innovation capacity and growth potential.¹⁴

05

AGRI-SCIENCE

UK research has reduced the amount of water required to grow strawberries by 80pc

06

ADVANCED MATERIALS

The University of Manchester was responsible for the discovery of graphene, the material being hailed as the new plastic

07

SATELLITES

40pc of the world's small satellites are produced in the UK, part of a space industry that has grown by 16pc since 2009

08

ENERGY STORAGE

The UK has pioneered zero-emission taxis, unveiled at the 2012 Olympics

Yet as large parts of the economy power forward with renewed growth and investment, the wider debate about the UK economy and the prospects of our businesses remains largely stuck in neutral.

Macro-economic data is scrutinised with an unhealthy fascination, and arguments are more often focused on the previous quarter's performance than the potential of the next.

In April 2014 it was confirmed Britain would be the fastest-growing economy in the G7, the latest in a slew of positive indicators on the national economic performance.

Yet the response has been at best mixed and in some instances markedly cynical. "Any talk of economic recovery is pure fiction," was the headline on an economics leader in *The Guardian* at the end of April.

The prevalence of such a glass-half-empty mentality was a constant topic of discussion among our entrepreneur discussion groups.

Many highlighted confidence as a critical ingredient too often found in short supply, either among entrepreneurs themselves or on the part of investors unwilling to give their full backing to UK firms.

Lack of confidence in the wider market is a charge quite easily substantiated, and many spoke of an inbuilt unwillingness – including within the media – to fully embrace the strength and potential of UK entrepreneurship.

A subtler question is that of self-belief among entrepreneurs themselves. Do the hundreds of thousands who start businesses each year really believe in their potential to hit the big time?

And do owners of successful small companies worry more about maintaining the status-quo than attacking the market to go for growth? Is it a lack of confidence that has made exit rather than global expansion the primary objective of some of Britain's most successful entrepreneurs?

This opening section addresses the question of how important attitude and self-belief will be in building the billion-dollar start-up culture.

THE IMPORTANCE OF INTENT

"Growth intentions matter," was the contention of an April 2013 white paper from the Enterprise Research Centre. "Large scale studies have concluded that the proportion of entrepreneurs with growth intentions in the population is a more significant predictor of economic growth than general start-up rates or self-employment rates."¹⁵

Most tellingly the report suggested that growth intentions "are a consequence of individual characteristics, and more weakly affected by environmental effects. Entrepreneurs who are risk-taking, achievement-oriented and innovative are more likely to be growth-oriented."

Put another way, it is entrepreneurs with the confidence to rely on themselves and not those around them who will ultimately succeed.

And in that respect we lag behind the US, with the report showing that there are twice as many early stage entrepreneurs with "high job growth expectations" in the US as the UK, France or Germany, taken as a proportion of the working population.

¹⁴ Department for Business, Innovation and Skills, "Eight great technologies: infographics", 09.10.13

¹⁵ Enterprise Research Centre, "Growth and growth intentions, ERC White Paper No. 1", April 2013



EXPERT VIEW

CHUKA UMUNNA MP
SHADOW SECRETARY OF STATE FOR
BUSINESS, INNOVATION AND SKILLS

OWNING THE FUTURE: THE BRITISH DREAM

I have seen with my own eyes plenty of examples of British companies that have moved swiftly from a good idea to a plucky start-up to a thriving business. One great example is Abcam, a company selling protein research tools to life scientists. It has grown from the smallest of acorns – a chance conversation at a party – into a business now valued at almost £800m.

Fast-growing companies like this – the gazelles, as they are sometimes known – are major job creators in our economy. If we are going to address the cost-of-living crisis and earn and grow our way to a higher standard of living for all, we need more entrepreneurs succeeding and creating broad-based prosperity. Our Small Business Taskforce estimated that if small firms in the UK could halve the productivity gap with European rivals, it would be worth an additional £140bn to our economy over the next decade.

It is why we, the Labour Party, have shone a bright light on the needs of the acorns in our economy, prioritising cuts in business rates for small firms over further cuts in corporation tax. It is why we have focused on fixing broken markets – in banking and energy – and more broadly in generating healthy, competitive markets where businesses of all sizes have a fair chance. It is why I initiated the UK's first Small Business Saturday to celebrate the contribution small firms make to our economy, driving half-a-billion pounds of additional spending their way.

But it is also why we need to move beyond this and create a new narrative about entrepreneurial success – a 'British Dream' that is as powerful a motivator to entrepreneurial success in the UK as its US twin. To succeed, it must be true to the British psyche, but also to the realities of what helps entrepreneurs to succeed. Here the rhetoric of the self-reliant frontiersperson succeeding alone and against the odds can be at variance with the reality. Clearly, to succeed as an entrepreneur takes a lot of gumption, self-belief and resilience. But the key to broadening the base of entrepreneurial success does not lie in loading risks on individuals, but in de-risking the process of business growth. This takes a much broader strategy where we as society collectively empower our wealth creators.

I have just returned from a visit to Washington, meeting senior US policymakers. While ideas cannot simply be translated from one country to another, the ongoing transatlantic dialogue I have engaged in since becoming Shadow Business Secretary has been influential in shaping my thinking in two important ways.

The first, from many conversations with Silicon Valley entrepreneurs, start-ups in the Cambridge cluster of which Abcam is a shining star, or indeed through Labour's NG entrepreneurs network, is the importance of entrepreneurs linking together. We need to support the strengthening and deepening of networks which can help foster better access to skills and know-how, boost the chances of success and also the ability to learn from failure.

Second is the role of government. The role of the US Government in entrepreneurial success is well documented – as a commissioning buyer of new technologies, as a proactive procurer from small firms, and as a facilitator of access to finance. It is why Labour is committed to the introduction of a Small Business Administration inspired by the US example, and to the establishment of a proper, independent British Investment Bank and a network of regional banks to improve access to finance.

By understanding what drives entrepreneurial success, we can make the British Dream a reality. In doing so we will give more people ladders up to fulfil their dreams and aspirations, while growing our way to broad-based prosperity and higher living standards for all.

THE GREAT RECOVERY

A prerequisite to mapping the growth potential of the next decade is to understand quite how rapidly the UK entrepreneurial culture has developed in recent years.

“When we started Betfair in 1999 it was incredibly hard to find anyone who had recently started a business to talk to,” says Ed Wray, co-founder of the pioneering betting exchange. “Now there are a lot of people who have done exactly that and there is a great pool of shared knowledge – there is more exciting stuff happening here than anywhere else in Europe.”

Despite a backdrop of cynicism, UK entrepreneurship, and the infrastructure that underpins it, has flourished in recent years. When the Tech City concept was first launched in 2010, it was written off in some quarters as a promotional exercise, yet at its third birthday last year it was able to show a 76pc increase in London’s tech and digital businesses, with over half a million employed.¹⁶

The UK start-up surge has mirrored the pace of change in global business. That has seen David Richards, founder of Big Data company WANdisco, refer to this as the decade of “dog years”, seven years’ worth of change crammed into each one. Where entrepreneurs were the outliers of the pre-recession UK economy, they have quickly become the norm.

As Lord Young, enterprise advisor to the Prime Minister, reported in May 2013, the number of UK companies had increased from 4.26m in 2008 to 4.8m by 2012.¹⁷ And that was just halfway through the record boom year of 2013 in which over half a million new businesses were registered. As Oli Barrett, co-founder of StartUp Britain, puts it: “You could fill Elland Road stadium every month with the founders of newly created businesses.”

These record levels of business creation have fundamentally changed the profile and perception of entrepreneurship in the UK, where not so long ago the essential association was with the television stereotypes of Del Boy and Arthur Daley, to borrow the analogy of Cobra Beer founder Lord Bilimoria.

“We are a more entrepreneurial nation now,” says one prominent financial journalist. “Entrepreneurs’ stock of trust has gone up exponentially, especially since the banking crisis.”

Coutts’ Head of Entrepreneurs Dylan Williams concurs: “It’s more acceptable now to be an entrepreneur. There’s a degree of parental approval.”

What most agreed is that the market crash of 2008 was a defining moment for the entrepreneurial culture in this country; a forest fire that spread through the corporate world and which has forever changed the thinking and expectations of young people entering the jobs market.

For entrepreneurs, it has meant a generation of graduates are reconsidering their career options. “The financial crisis was absolutely the best thing to happen [for stimulating entrepreneurial growth],” says Charles Armstrong, founder of Shoreditch co-working space The Trampery and one of the pioneers of the Tech City cluster. “Suddenly, for all these high-ability people reaching the end of education, those safe, gold watch career options looked rickety. All it takes is quite a small change and motivationally you get a lot of people deciding to start up a business.”

Young people, it seems, will be increasingly attracted to the start-up environment, as they have been in the USA, where a major survey from 2012 suggested as many as 47pc of Generation Y (born 1983-2000) work in companies with fewer than 100 employees.¹⁸ “The days of graduates going into milkround and large corporate jobs have disappeared,” says Cavendish Corporate Finance partner Lord Leigh. “A degree is not a ticket to wealth for life.”

With 27pc of new London jobs now coming from the tech and digital sector, the flow of talent towards small and high-growth businesses looks irrepressible.¹⁹

What the last half-decade has represented is a fundamental momentum shift within the UK economy, away from large companies and towards the start-up sector. The pump is primed with a generation of exciting new businesses, an eager workforce and role models aplenty to network with and learn from.

In short, Britain no longer has a start-up problem, but it may have a scale-up issue. The challenge of the next decade is to convert the enterprise momentum of the last five years into a concerted growth push.

That poses the question of whether the recent commercial groundswell has been matched by an attitudinal one? Does Britain know its own strength as an emerging entrepreneurial force?

ENTREPRENEURIAL BRITAIN IN NUMBERS

The self-employed population in the UK has **increased by 573,000** from 2008-2014²⁰

There were **526,446 new business registrations** in Britain in 2013 – almost equivalent to one a minute²¹

A fifth of mid-sized UK SMEs are now **classed as high-growth**²²

The number of active companies in the UK **rose to over 2.9m** by May 2014, up from 2.2m in 2012²³

The UK tech sector recorded its **best performance for a decade** in the final quarter of 2013²⁴

¹⁶ Cabinet Office, ‘Tech City celebrates third anniversary...’, 06.12.13

¹⁷ Lord Young, ‘Growing your business: a report on growing micro-businesses’, May 2013

¹⁸ Payscale, ‘Gen Y on the Job’, August 2012

¹⁹ Cabinet Office, ‘Tech City celebrates third anniversary...’, 06.12.13

²⁰ BBC News Online, ‘Self-employment boom: good or bad?’, 19.02.14

²¹ StartUp Britain, ‘New figures reveal entrepreneurial hotspots’, 26.01.14

²² Barclays, ‘Barclays and BGF Entrepreneurs’ index’, November 2013

²³ www.companieshouse.gov.uk

²⁴ KPMG, ‘UK tech sector records best growth performance for almost a decade...’, 28.01.14

THE BRITISH DREAM

Entrepreneurs are optimists by definition. “What I did was reckless,” says Digby Morgan founder John Maxted, on his decision to start up the recruitment leader. “I gave up a job when I was just about to start a family. I had no experience in recruitment consultancy, had never worked in sales and had no background in running a business. I was told I was mad.”

Yet, when compared to the US, some point to a bewildering lack of belief and ambition among UK entrepreneurs.

“In the US if you fail and try again until you succeed, you are praised. Here it is assumed you only have one shot to get it right,” says Max Steinberg CBE, chief executive of Liverpool Vision and the man who has brought a series of major enterprise events to the city.

“We can build great businesses in this country, no-one doubts that, but we need to communicate that better. We aren’t good enough at promoting our own abilities and skills,” is the view of Ed Wray.

It is with the US in mind that Peter Jones CBE, founding Dragons’ Den investor, has cultivated the idea of the British Dream, one where success and “making it” attain the same essential cultural significance as they have always held in America.

As Ella’s Kitchen founder Paul Lindley puts it: “An American child is brought up with parents thinking it will end up in the White House or Silicon Valley. Everyone encourages that and believes in it. They think the next generation will be better.”

Embracing that ethos in the UK will require some inbuilt mentalities to change. “Culturally we’re not that keen on showing off about things and that has a negative impact on entrepreneurs,” is the view of one senior banker.

Others highlight a lack of profile for enterprise within the mass market media. “Entrepreneurs can often get interviews and features away with the broadsheet newspapers, but the ones with mass readerships aren’t interested,” is the view of Charles Rolls, founder of luxury mixer brand Fever Tree. “It would help if a paper like *The Sun* was encouraged to run a ‘down to earth’ entrepreneur’s story every few weeks, about people who have made it in the UK and how they did it.”

And it’s not just Brits who perceive a culture that restricts entrepreneurship. Take the view of American tech business website *VentureBeat*, in a feature on UK founders in Silicon Valley. “In Britain, children grow up striving for straight A-grades in the hopes of winning a place at a prestigious university... and a graduate-level trainee position in finance or law. Respect is earned after years of climbing the ladder. It’s not an experience that’s conducive to starting companies.”²⁵

If there is a streak of fundamental reticence in the British psyche, it is no better reflected than by the ‘ambition gap’ between people who want to start a business in the UK – 38pc according to the most recent RBS Enterprise Tracker – and those who actually do, just 6pc.²⁶

Symptomatic of this reluctance to self-promote is, some said, a failure to recognise the advantages that are bestowed by the ‘Made in Britain’ pedigree.

“I can’t emphasise enough how well thought of British brands are,” says David Parker, head of investment promotion at Invest Hong Kong, the region’s inward investment organisation. “Take Burberry, they have more stores in Hong Kong than London.”

Raising the confidence barometer among Britain’s entrepreneurs will come partly from believing in this collective brand potential.

It may also arise from a healthier attitude towards failure and the hard-won lessons of experience.

“People are afraid of messing up and making mistakes,” says Mumsnet founder Carrie Longton. “Richard Branson failed so many times. It’s part of the journey.”

There is ample evidence to show that failure is the likely outcome for the vast majority of business start-ups. A third of new businesses will not make it past their third birthday, while 90pc will not see a tenth.

It is not the reality of failure but the response to it that matters above all. And there is a clear transatlantic distinction here according to Irene Graham, managing director for business finance at the British Bankers’ Association. “The American education system teaches confidence and self-belief. It says you can fail and it’s ok,” she says. “That’s something we have to embed.”

If failure is not something to be celebrated as an end in itself, the mindset that embraces it as a positive and necessary experience, rather than an embarrassment never to be mentioned, genuinely is.

Celebrating successes and being more forthcoming about failures are two traits that seem to sit more comfortably with American culture than British. But they are essential if entrepreneurs are to gain the collective confidence that the evidence shows is a fundamental part of delivering high growth.

As Sarah Wood, co-founder and COO of Tech City success story Unruly, puts it: “We should spend more time lionising the amazing start-ups that exist here, and less time navel-gazing about what we don’t do well.”

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



THEA GREEN MBE
FOUNDER AND MANAGING DIRECTOR, NAILS INC

Businesses looking to grow rapidly and achieve significant global reach need the right people to drive that progress.

And as things stand too many companies are losing out on growth potential by ignoring a group of educated, well-qualified, dedicated and capable professionals: mothers who want to continue working. They hold untold and unrealised economic potential that could transform our workforce and economy.

We need a culture change to ensure that mothers are afforded the opportunities and flexibility to rejoin the workforce and power the development of Britain’s high-potential businesses.

Flexible working isn’t a soft option, it’s a vitally important part of the 21st century economy and that needs to be recognised by employers and business owners.

A changed attitude towards flexible working, and better government support for childcare, would go a long way to removing the existing burdens on mothers that are holding back the growth capacity of many exciting and high-potential British businesses.

²⁵ VentureBeat, ‘The British Invasion: Meet the poshest entrepreneurs in Silicon Valley’, 01.01.13:

²⁶ RBS Inspiring Enterprise, ‘The RBS Youth Enterprise Tracker’, January 2014

FOR A COUNTRY TO
MAKE A COMPANY
THAT WILL SUCCEED
LIKE GOOGLE, IT HAS
TO MAKE ABOUT
100,000 COMPANIES
THAT WON'T.

PHIL LIBIN
FOUNDER AND CEO, EVERNOTE



INVENTION TO INNOVATION

“Britain may be a small island, but I would challenge anyone to find a country with a prouder history, a bigger heart or greater resilience.

“Britain is an island that helped to abolish slavery, that has invented most of the things worth inventing, including every sport currently played around the world, that still today is responsible for art, literature and music that delights the entire world.”

When the Prime Minister said those words in September 2013, it was written off variously as a “bizarre outburst”, “greatness guff” and a Richard Curtis rip-off.

Yet, *Love Actually* aside, there is a serious point to be made about our relationship with the past and present achievements of innovators in the UK.

There is hardly a mobile phone call made around the world which is not made possible by a silicon chip designed by ARM in Cambridge.

And British inventions are continuing to shape the future. Graphene, a carbon-based material discovered at the University of Manchester in 2010, is already being hailed as the most important material innovation since the discovery of plastic. Stronger than diamond, as flexible as rubber, the best electrical conductor yet found and with barely any weight, its applications are potentially limitless.

The challenge, as one entrepreneur puts it, is to “figure out the connection between creativity and commercialisation.”

Or in the words of Marcus Stuttard, Head of AIM and Head of UK Primary Markets at London Stock Exchange, “the UK has been brilliant at developing tech but not at commercialising it globally.”

That is where entrepreneurs must take the lead in identifying the market opportunities that can make the most of the brilliant discoveries

emerging from Britain’s world-leading universities and research facilities.

A House of Commons Select Committee last year identified a “valley of death” between the UK research facilities that are generating cutting-edge ideas, and the businesses that could convert it into commercially viable IP. The UK, it concluded, “has no coherent innovation policy”.²⁷

Much of the debate around the UK’s commercial innovation deficit focuses on the inability to bring together the differing cultures of academia and business. “We have some concerns about how universities interact with the commercialisation of research,” the Select Committee report noted.

The link between universities and growth is something that government has given significant attention to in the last two years. The Technology Strategy Board has pioneered a network of Catapult centres, with seven innovation centres that focus on transforming ‘high potential’ ideas into products and services that can generate growth. The centres focus on seven sectors, from cell therapy to the connected digital economy, judged to be of significant strategic importance to the economy and with global market potential.

Last autumn Sir Andrew Witty, chief executive of GlaxoSmithKline, published a report for government on maximising the commercial output of universities.²⁸

He called for a £1bn funding commitment to ‘Arrow Projects’, specific partnerships between universities and businesses to develop cutting-edge technologies, and ensure the full commercial potential of research is fulfilled.

The report further recommended that universities should be incentivised to seek out small and medium-sized businesses with innovation potential, and provide the technology and expertise to facilitate their growth.

Such partnerships are already being pushed within business schools by the Small Business Charter, an award scheme that recognises the institutions that are best engaging with and supporting small businesses, with gold, silver and bronze ratings. The Charter was a product of Lord Young’s 2013 enterprise review for government, which recognised the role of business schools as “anchor institutions” for the growth of small and medium-sized companies.

Yet as well as encouraging greater collaboration between scientists and entrepreneurs, there is a need to fundamentally change the mindset of the best talent emerging from our great educational institutions.

Silicon Valley offers the model to follow. “If you’re at Stanford you are very likely to work for a start-up and everyone knows it,” says Michael Birch, founder of Bebo, who sold his business to AOL for \$850m in 2008. “All the firms want to hire the best grads from Stanford and the University invests in its alumni.”

By contrast, he recalls his own parallel experience in the UK. “I graduated from Imperial with a degree in physics and wondered what the hell to do next. I ended up at an insurance company.”

A greater expectation and ingrained culture of entrepreneurship in the UK’s leading universities is what can start to deliver the bridge between discovery and point of sale. No amount of funding or specific initiatives aimed at converging the world of business and research can substitute for the impact of this subtle but significant shift in attitude.

Just as in the US, academic discovery is synonymous with entrepreneurial innovation, so too must Britain’s researchers believe in their own ability to create the businesses of the future.

GREAT BRITISH INVENTIONS

THE ONES YOU KNOW

- 1801 **Steam engine**
Richard Trevithick
- 1806 **Electric lamp**
Sir Humphry Davy
- 1818 **Fire extinguisher**
George William Manby
- 1825 **Passenger railway**
George Stephenson
- 1853 **Hypodermic syringe**
Dr. Alexander Wood
- 1876 **Telephone**
Alexander Graham Bell
- 1925 **Television**
John Logie Baird
- 1928 **Penicillin**
Alexander Fleming
- 1937 **Jet engine**
Frank Whittle
- 1943 **Programmable electronic computer**
Tommy Flowers
- 1963 **Carbon fibre**
Royal Aircraft Establishment
- 1989 **World Wide Web**
Tim Berners-Lee

THE ONES YOU MAY NOT

- 2007 **The first heart valve created from stem cells**
Sir Magdi Yacoub, Imperial College London
- 2008 **Bionic hand, the ‘iLimb’**
David Gow, Touch Bionics
- 2010 **Graphene, the most revolutionary material since plastic**
Dr Andre Grein, Konstantin Novoselov, University of Manchester
- 2012 **Smart fabrics, electrically conductive yarn revolutionising the military uniform**
Intelligent Textiles Ltd
- 2014 **‘Touchless tech’, gesture sensors for electronic devices**
Pyreos

²⁷ www.parliament.uk, “Bridging the valley of death: improving the commercialization of research”, 13.03.13

²⁸ www.gov.uk, “Encouraging a British invention revolution”, 15.10.13

IN THE US EVERYONE WANTS YOU TO BE SUCCESSFUL

In all our discussions with entrepreneurs America was a consistent reference point: the bigger, stronger, younger and more ambitious cousin.

An admiring appreciation of US enterprise emerges: whether envisaging, funding, growing or selling a company, apparently Americans do it more confidently, more quickly and quite simply better.

What's more, many highlight the affirmative and supportive environment for business that exists in America.

"If you start a business in the US everyone wants you to be successful. You're the young start-up and everyone wants to help you," says one experienced entrepreneur.

Increasingly UK entrepreneurs have rushed towards the American cultural and financial embrace of start-ups. That is especially true in the San Francisco Bay Area, which has an estimated British population of around a quarter of a million.

One of them is Andy McLoughlin, co-founder of cloud collaboration platform Huddle. "Everyone here is focused on making a world-beating company," he says. "We came out here in 2007 and you could immediately feel the palpable energy."

"It's fascinating to come to California because you always go home with this sense of pace," says Eben Upton, the Cambridge academic who founded educational computer developer Raspberry Pi. "It's the concentration of global talent here that makes Silicon Valley so special."

According to Jon Reynolds, who founded keyboard app SwiftKey at the age of 22 and moved to California last year, the advantage of America is simply one of scale. "There's ten times more of everything here. There are more people who have done it and been successful. There are more firms to go to for investment."

But is America, and Silicon Valley specifically, the yardstick for Britain or can it only ever be a stick with which to beat our unique and distinctive business environment?

"We shouldn't aim to create Silicon Valley," says Russ Shaw. "Silicon Valley has been around for 75 years and the UK has a culture all of its own."

Essential differences in geography and scale mean America is an unreasonable comparison, cautions Quill founder Ed Bussey, who took e-commerce pioneer Fingleaves to success in the US. "The difference is largely structural. The US market is 10 to 15 times bigger than the UK, making it much easier to grow without the huge challenges of having to expand internationally. It's not about the UK having a less entrepreneurial approach, it's just that American entrepreneurs have a thumping great market on their doorstep."

Yet that need not hold Britain back from incubating the technology giants of the future, says Charles Armstrong. "It took years and years to create the ecosystem of Silicon Valley. In five years here we'll start to see big companies pop up. Things are happening more quickly here."

Jon Reynolds, who knows the London and California clusters well, concurs: "Silicon Valley wasn't built overnight and I think we will look back in the next decade and say this was a transformational time for UK tech."

He also makes the point that, "we maintain a very strong link with the UK and I connect back every day." With a fast-growing British presence in the spiritual home of start-ups, it is exactly this umbilical cord of creativity and confidence that can power the continued growth of the UK's own tech communities.

Learning the lessons of America's success without using them to demonise Britain's potential seems to be the 'special relationship' that UK business needs.

BRITS IN THE VALLEY

The British pioneers who have blazed a trail and shown the way to UK entrepreneurs looking to make it big in the US:

HUDDLE

Content collaboration platform used by conglomerates including Unilever, Procter & Gamble, Kia Motors and by 80pc of UK Government. Founded in 2006, and opened California branch in 2010.

SWIFTKEY

Predictive keyboard app used on more than 100m devices globally, raised \$17.5m Series B funding in 2013.

WANDISCO

Big Data pioneer co-headquartered in Sheffield and Silicon Valley, which has seen its share price increase sevenfold in value since floating on AIM in 2012.

MICHAEL BIRCH

Co-founder of Bebo, which was acquired for \$850m by AOL in 2008. Recently launched members' club The Battery.

PAUL GRAHAM

Founded start-up incubator Y Combinator in 2005, which has funded over 500 companies in 30 different markets, and was recognised by Forbes as the Valley's top start-up incubator.

SIR MICHAEL MORITZ

Chairman of venture capital house Sequoia Capital, which has backed Apple, Google, YouTube, Airbnb, WhatsApp and Yahoo! among others.

RICHARD PRICE

Former fellow of All Souls College, Oxford, who founded Academia.edu, the world's largest social network for academic researchers, which raised \$11.1m Series B funding last year.



EXPERT VIEW

SARAH WOOD
CO-FOUNDER AND COO, UNRULY

TIME TO CELEBRATE UK'S SUCCESS STORIES

You hear a lot about what the UK doesn't have, where our business culture is lacking or ways in which we fall short. But it's worth pausing for a moment to reflect on what makes Britain great as a place to start and grow a business.

The UK sits at the centre of East and West, which makes it ideal for servicing a global client base. It's also uniquely placed to bridge the US and Europe, which is why so many US companies enter the European market via a London office.

The conditions for entrepreneurship are extremely benign, with some great incentives such as the EIS and SEIS schemes making it extremely tax efficient for early stage investors to support new ventures. My Bay Area friends weep when I tell them that UK entrepreneurs pay just 10pc capital gains tax on the first £10m they make. It's a fantastic initiative that not enough people know about. And it's telling that while many in the UK routinely do down our business environment, those in the supposed promised land of Silicon Valley think we don't know we're born with advantages like SEIS.

Most important, London and the Golden Triangle of London/Cambridge/Oxford have access to an international pool of talent, a fantastic mix of creativity, technology, academic institutions and serious capital on their doorstep.

That said, the European VC industry needs to change. European VCs are still far less aggressive on valuations and more risk-averse than their US counterparts, which means less capital is going in at early stages of company development. Meanwhile, at the other end of the growth cycle, the European IPO market still feels broken as wealth continues to flow to the US, meaning there's not enough trickle-down here in the UK.

The LSE [London Stock Exchange] is working hard to fix this, with the launch of its High Growth Segment and tax breaks for companies listing on the junior AIM market, but it's a slow burn. Compared with the US, we see fewer angel investors and fewer early employees willing to work for low salaries and equity.

Related to the last point, university leavers are not finding start-ups sufficiently glossy and alluring, which is exacerbated by the lack of real recognition of winners. Joining a start-up after university isn't some type of gap year before heading off to a law firm or investment bank. It's the real deal and a genuine, more exciting career alternative.

Further down the education system, another problem is brewing. I fear that the UK is suffering from a serious skills shortage right now – in particular when it comes to maths and engineering. That's in large part because the subjects aren't being made accessible enough at an early age, and young people, especially girls, are deserting the STEM subjects in droves after they cease to be compulsory. Schools and colleges need to be helped to show that the application of science, maths and engineering extends well beyond the classroom and means so much more than equations on a whiteboard. STEM subjects are a passport to exciting careers in marketing, fashion, design and film.

What the skills shortage means is that the market for top quality talent has become extremely competitive; although that's not a problem unique to London – it's just as competitive in NYC and even tougher to hire great talent in the Valley!

A dash more self-belief is the main ingredient that's missing in the UK. We should spend more time lionising the amazing start-ups that exist here, and less time navel-gazing about what we don't do well. Let's celebrate DeepMind and King and once we've produced a clutch of billion-dollar businesses, where staff become overnight millionaires, we'll see greater ambition and an influx of capital and experience into the economy and into a new generation of technology start-ups.

SELLING UP OR SELLING OUT?

A less beneficial element of the Anglo-American business relationship may be the tendency for US giants to gobble up the emerging forces of UK business.

The final week of January 2014 alone saw over \$1bn ploughed into the purchases of two UK companies: artificial intelligence start-up DeepMind, acquired by Google, and mobile game producer NaturalMotion, bought by Zynga.

“Does Britain have the capability for fostering the next Google or Electronic Arts, or is it inevitable that the UK version would sell out abroad?” asked BBC technology reporter Leo Kelion in the wake of these acquisitions.

Is it the case that Britain suffers from what Charles Armstrong defines as a “sell-out culture” and does that arise from an essential lack of belief in the ability to grow companies to global scale?

“Everyone wants to know when entrepreneurs are going to sell out,” says Caxton FX founder Rupert Lee-Browne. “We need to be more like Germany with family businesses that go on and on and on.”

Serial entrepreneur and investor Luke Johnson points to a cultural inheritance that underpins “the perennial problem of why British firms do not scale up more, with too many company founders bailing out early rather than going on to create world-beaters.”²⁹

“Perhaps the definitive book on the issue is Martin Wiener’s *English Culture and the Decline of the Industrial Spirit, 1850-1980*”, Johnson wrote in January 2014. “The central argument of the book – that once they get rich, industrialists in England adopt aristocratic values and want to become gentlemen, not wealth creators – still holds some truth.”³⁰

“If all our finest entrepreneurs cash out at the first opportunity in order to buy a country mansion and go shooting, our economy will suffer the consequence,” he concluded. “We need entrepreneurs with staying power.”³¹

Andrew Haigh, director of client propositions at private bank Coutts, highlights peer pressure as a factor behind the selling impulse. “Most entrepreneurs aren’t driven by money in building a business, but it’s still a great score of how successful you’ve been on exit.”

In the view of Lord Young, the selling culture is simply the product of its times. “In the 1950s this country was full of family businesses. Today’s culture is ‘sell up and move on’.”

But beyond the structural barriers to long-term, sustained growth, does the confidence factor again come into play?

That’s the view of one prominent City insider: “This country is incredibly inward looking,” he says. “Too many entrepreneurs don’t have the view that they can build the next FTSE 250 company. Presented with a cheque early on in development, the temptation is to take it.”

THE UK MITTELSTAND?

CBI Director-General John Cridland has frequently called for Britain to nurture its own equivalent of Germany’s admired “Mittelstand” of high-performing medium-sized businesses (MSBs).

A March 2014 report by accountants Grant Thornton showed that there are now 34,100 MSBs in the UK, with a combined annual turnover of £712bn, employing 4.2m people. That total number of businesses has seen a 5.4pc rise since 2007.³²

On average MSBs have increased capital spending by 8.3pc since 2007, and 80pc expect to increase their headcount in the next 12 months.

The next wave of growth for what Cridland has called the “forgotten army” of British business is likely to come from overseas. Grant Thornton’s report showed that 29pc of British MSBs have international operations, compared to 43pc in India, 45pc in Germany, 55pc in China and 65pc in Turkey.



KATHRYN PARSONS
CO-FOUNDER, DECODED

There is a revolution going on in London. It might be hard to see but it’s happening everywhere: in fashion, art, finance and music. Revolutionary people in traditional industries are using technology to redefine what is possible and disrupt industries that are centuries old. At Decoded, we meet people every day who want to enhance what they do best with technology. We’ve met advertisers who want to redefine the briefs that they work on, florists who want to track the flowers they deliver and financiers who want to build apps to engage their employees.

As more and more professionals become digitally literate, innovation and advancement are being accelerated at a rate never before seen in history. London is a melting pot of skills talent and ideas, and when these things are combined with technology we really do believe that anything is possible.

^{29, 30 & 31}

Management Today, Expect a Booming IPO Market in 2014, 31.01.14

³²

Grant Thornton, “Agents of Growth: The power of mid-sized businesses”, 10.03.14

CONCLUSION: FROM ENVIRONMENT TO ECOSYSTEM

Lord Young's *Growing Your Business* report highlighted a telling fact about the UK's business culture. "If we were as entrepreneurial as the United States we would have nearly a million more firms."³³

That is the challenge that Britain must rise to meet, building on the incredible progress of the past five to six years.

UK entrepreneurship has grown in scale and significance greatly since 2008, and now it must be hardwired into all aspects of UK society: from primary schools to local councils, universities and high-street banks.

More schoolchildren, graduate students, research scientists and career professionals need to be convinced of what they can achieve through entrepreneurship.

An environment that is supportive of business must become an ecosystem in which entrepreneurship is the focal point, as is the case in Silicon Valley, where the link between universities and businesses – to take one example – is fundamental.

A broad-reaching belief in entrepreneurs as game changers is what is needed above all. It is what Bebo founder Michael Birch describes as "a fearless belief you can achieve anything" with reference to the prevailing culture of the Valley.

Confidence attracts talent, which brings investment that can deliver scale. It can be the catalyst to ensure that early sales, unrealised inventions and derogatory comparisons with America become a thing of the past.

It can put the billion-dollar start-up reality within reach.

³³
Lord Young, 'Growing your business', p.1

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



DOUG RICHARD
FOUNDER, SCHOOL FOR STARTUPS

It's understandable that so much emphasis is being placed on increasing participation levels in science and maths subjects, to combat the clear skills deficit for growing tech firms in particular.

But we are risking an unhealthy bias in the education system, whereby science subjects are prioritised to the detriment of humanities, as university students rush towards degrees with more immediate economic potential.

With eyes too easily distracted towards the Silicon Valley example, the UK needs to remember that it has a global leader developing right under its nose.

The creative industries are worth £8m an hour to the UK economy, and account for 10pc of exports. The creative and artistic heritage in this country is unrivalled, and British design and architecture is prized the world over, from the iPod to Manhattan's Hearst Tower.

This needs to be better acknowledged and supported through the education system. What's more, creatives need to be given the support and advice needed to realise the commercial potential inherent in their ideas. That could release untold value within the creative sector, and to the economy as a whole.



DALE MURRAY CBE
ANGEL INVESTOR AND NON-EXECUTIVE DIRECTOR,
DEPARTMENT FOR BUSINESS

We need a positive change to the way that entrepreneurs are viewed by the British population. If you're lucky, your friends and family may understand that entrepreneurship could be the start of an exciting, rewarding and empowered career.

If you're not lucky, you'll get gibes for being foolhardy and find it difficult to gain support for when the going gets tough. Even worse, if you do become successful, you'll have the media and your social circle endlessly braying at you to "give back", because, after all, you are now so fortunate.

We need to get real about entrepreneurship. People who start businesses take enormous risks – with their finances, their careers, their reputations and their relationships. They work harder than most in the hope that they will be able to build something from nothing, employ staff, earn profits and reward themselves in the end (one day...).

British entrepreneurs would fly higher if they were patted on the back and encouraged throughout their difficult journeys.



EXPERT VIEW

JOHN CRIDLAND CBE
DIRECTOR-GENERAL, CBI

MOVE OVER MITTELSTAND, THE UK'S MEDIUM- SIZED BUSINESSES HAVE ARRIVED!

The German Mittelstand is often held up as the paragon of economic virtue. They are the firms with turnovers between £10-500m, no longer small businesses but still revered as Germany's 'growth champions'. The backbone of the economy.

It often surprises people to know then, that recent research by GE Capital shows there are more 'growth champions' in the UK mid-market – those firms growing at 10pc or more per annum – than in Germany. In fact, despite representing just 2pc of firms, the UK's medium-sized businesses (MSBs) employ 16pc of the workforce and generate nearly a quarter of private sector revenues.

Firms like Mechatherm International, a West-Midlands based manufacturer of furnaces that derives 90pc of its revenue from exports. Or The Big Word, a world-leading provider of translation, interpreting and language technology solutions. As a result of new contracts across Europe, in the United States and with the UK public sector, The Big Word employed 90 new members of staff in 2013.

But too often these stories aren't told in the UK. In fact, for too long the role and contribution of our medium-sized businesses have been under-valued and under-acknowledged. That is why championing the cause of the UK's 'forgotten army' of high-growth, mid-sized companies has been one of my personal priorities as the Director-General of the CBI.

To give it credit, the Government has heard our calls, particularly on the need to support these firms to grow overseas. UKTI is now offering tailored trade advice for all medium-sized businesses and UK Export Finance, the UK's export credit agency, is increasing its support for mid-sized businesses looking for capital to service overseas deals. These initiatives will take time to have an impact, but it's progress.

There is more that Government can do though. In particular, we need an 'all-of-government' approach to supporting these businesses. It makes little sense to offer an export guarantee, without ensuring new financial services regulations won't choke off supply of trade finance in the private market. It is no good offering Regional Growth Fund support to build a new factory, just for planning policies to deny them their application to build.

The CBI is committed to working with policy-makers to ensure their policies come together coherently to support MSBs, but we're looking for this commitment in return. That's why we're calling on all political parties to 'MSB-proof' their manifestos, to ensure their business priorities are backing our fastest-growing companies.

But we recognise policy won't provide all of the answers. There is also a great deal the medium-sized business community can do to help itself.

Networking and peer-to-peer learning is absolutely critical here. MSBs are a diverse bunch but where they're alike, as growing businesses, is in their need to adapt to transition. Our research shows that skills within MSBs trail behind their needs, particularly in areas such as management capability, talent development, financial planning and innovation. Taking the time to learn from peers and seek advice from external advisers can prove significant in helping an MSB make the transition from small to medium-sized.

For our part, the CBI has set up M-Clubs, regional clubs that allow MSB leaders to get together and share their own experiences. This has been a valuable opportunity for MSBs in the UK, with one in eight firms now attending their local M-Club.

Most importantly, MSBs need to find their voice. MSBs exist in every corner of the country, leading the economic recovery, employing more people and selling more around the world. Admirably, they do so quietly and without fuss: just getting on with the job. But I think now is the time to make some noise. To say, 'move over Mittelstand, the UK's medium-sized businesses have arrived!'

2

PART TWO

GROWTH INFRASTRUCTURE

What are the structural factors holding back British businesses, and where do the solutions ultimately lie?

Our roundtable discussions identified five fundamental issues that can empower a high-growth culture: the effectiveness of the education system, access to global talent, the rebalancing of the economy, sources of growth capital and new markets for growing businesses.

This section will examine how we optimise the environment for business and create the conditions for explosive growth.

2.01 EDUCATION AND SKILLS

THE BIG ISSUES

Education isn't meeting the needs of business: 55pc of school leavers lack the skills required for the workplace.³⁴

The skills gap among graduates is almost as worrying: 43pc of employers think they can't find enough skilled entry-level workers for the jobs they are offering.³⁵

Yet young people are becoming more enterprising. Business creation among the under-30s rose to 9.5pc in 2012 from 4.75pc in 2010.³⁶

Over 60pc of young people want a career in business, but only 17pc aspire to one in science. The critical connection between STEM (science, technology, engineering and maths) subjects and business is not being made.³⁷

³⁴ CBI, "Businesses fear skills shortage could hold back growth", 20.06.13

³⁵ McKinsey & Company, "Education to employment: designing a system that works", 2012

³⁶ RBS Group, "Closing the generational start-up gap", 10.09.12

³⁷ Department for Education

³⁸ O2, "Young people's digital skills valued at £6.7 billion by UK businesses", 21.08.12

³⁹ Young Enterprise, "Tenner: Impact Report – Results 2013"

SCHOOLS: MORE COURAGE REQUIRED

Great entrepreneurs start young. Steve Jobs was 21, Richard Branson 22 and Bill Gates just 19 when founding the companies that made their legends.

It's no different in Britain today. Famously Nick D'Aloisio earned more millions (19) than he had years (17) when he sold his news-aggregation app Summly in March 2013.

A schoolboy and three men who never completed a degree may not be the most compelling advert for the education system and its ability to teach the entrepreneurs of the future.

What's more, in the view of well-connected figures from local and national government, teachers lack necessary business experience, and schools are "frightened" of business and enterprise.

But Britain's schools, colleges and universities have a job to do. Youth unemployment is still north of 900,000 and according to Telefonica the cost of this unrealised potential to the economy is as high as £6.7bn in untapped digital skills.³⁸

"Ten years from now, many of today's SMEs won't exist," says Peter Ibbetson, chairman of small business banking at RBS. "Kids coming through now need a skill set for jobs that don't exist right now."

In other words, the mandate for the education system is less to uncover the next Branson than to prepare the vast majority of young people for the complex and fast-changing market they will encounter on leaving education.

"We need to introduce children from primary school upwards to the basics of doing business

now, so that they will adapt seamlessly to the way business is done in five to ten years time, when they are ready to start their own businesses," is the prescription of Ed Wray.

Many doubt the readiness of the school system to meet this challenge. "My daughter is at a leading school in South West London," says John Maxted. "Careers advice there is geared largely towards the traditional professions. Entrepreneurship isn't considered as a serious option."

"Education is all about slotting young people into large corporations," notes one financial broadcaster. "It pushes aside the idea of being an entrepreneur."

HOW FAR CAN TENNER TAKE US?

A number of initiatives exist to give schoolchildren a direct experience of entrepreneurship. The Tenner campaign, offering £10 of start-up capital to children aged 5-19, has been running since 2007, and is now joined by The Fiver Challenge, which will operate specifically in primary schools, jointly operated by Virgin Money and Young Enterprise.

The impact of these schemes is significant, with the 2013 evaluation report of Tenner showing 86pc of participants thought they had developed a new skill. Still, the opportunity for scale is enormous, growing the 342 competing schools into a truly nationwide competition.³⁹

In further education, the role of entrepreneurship has been significantly expanded by Gazelle, a Seven Hills client. Bringing together 23 colleges across the UK, Gazelle has launched nationwide student enterprise competitions including the IoD-backed Market Maker challenge, given its principals access to entrepreneurial leadership training provided by America's Babson College, and innovated new curriculum models including the Learning Company, in which students learn 'on the job', working for joint-venture partnerships between the colleges and local employers.

EXPERT VIEW

ELIZABETH TRUSS MP
PARLIAMENTARY UNDER SECRETARY OF
STATE FOR EDUCATION AND CHILDCARE

ECONOMIC GROWTH STARTS IN THE CLASSROOM

If you want to meet the business leaders of the future, visit a school. Those children in classrooms today are the inventors, makers, and entrepreneurs of decades to come.

If, that is, we give them the education they need. The demand for skilled people from businesses continues to grow. The world economy is changing, and rewards the highly-skilled as never before. The opportunity for each young person to leave school confident about their choices in the adult world is huge.

But at the moment, too many lack the right knowledge or skills to take advantage. And the problem starts at age 16, when the vast majority of young people decide to drop maths and science – that is the principal point where the pipeline is broken.

The UK has one of the smallest proportions of 16-18 year olds studying maths amongst developed countries. Last year, 140,000 state school pupils took physics GCSE, but just 32,000 – including only 7,000 girls – study the subject to A-Level.

That already affects our economy and businesses with ambitions to grow. We know from the high earnings these subjects command at degree level just how much they are valued by employers.

We have made some progress. A record number of students are taking A-Levels in Maths and Physics.

Now, we need a bigger shift in perceptions. 60pc of young people aspire to a career in business – but only 17pc to one in science. So it's clear we need a stronger message about what science offers: how much it can enhance their careers, long into adult life. Research suggests that the most powerful motivations for 14-16 year olds include their earning potential and job prospects. But how many teenagers know that Maths is the only A-Level with a proven earnings premium – up to 10pc in their 30s?

And how many know that this is not just about niche careers. Maths and science are universal skills, and we need to get away from the idea that only research scientists in laboratories need them. The world around us – the algorithms that power smartphones, the software that creates designer clothes – is powered by maths and science. We need to inspire our young people with these examples, and show them what Maths can do.

Role models are a big part of that inspiration. Look at the CEO of Prudential, Tidjane Thiam. He's been a government minister and top businessman, and he trained as a nuclear physicist. We need more examples of people who have succeeded in business by using analytical skills and knowledge gained by studying Maths, Physics and Computer Science.

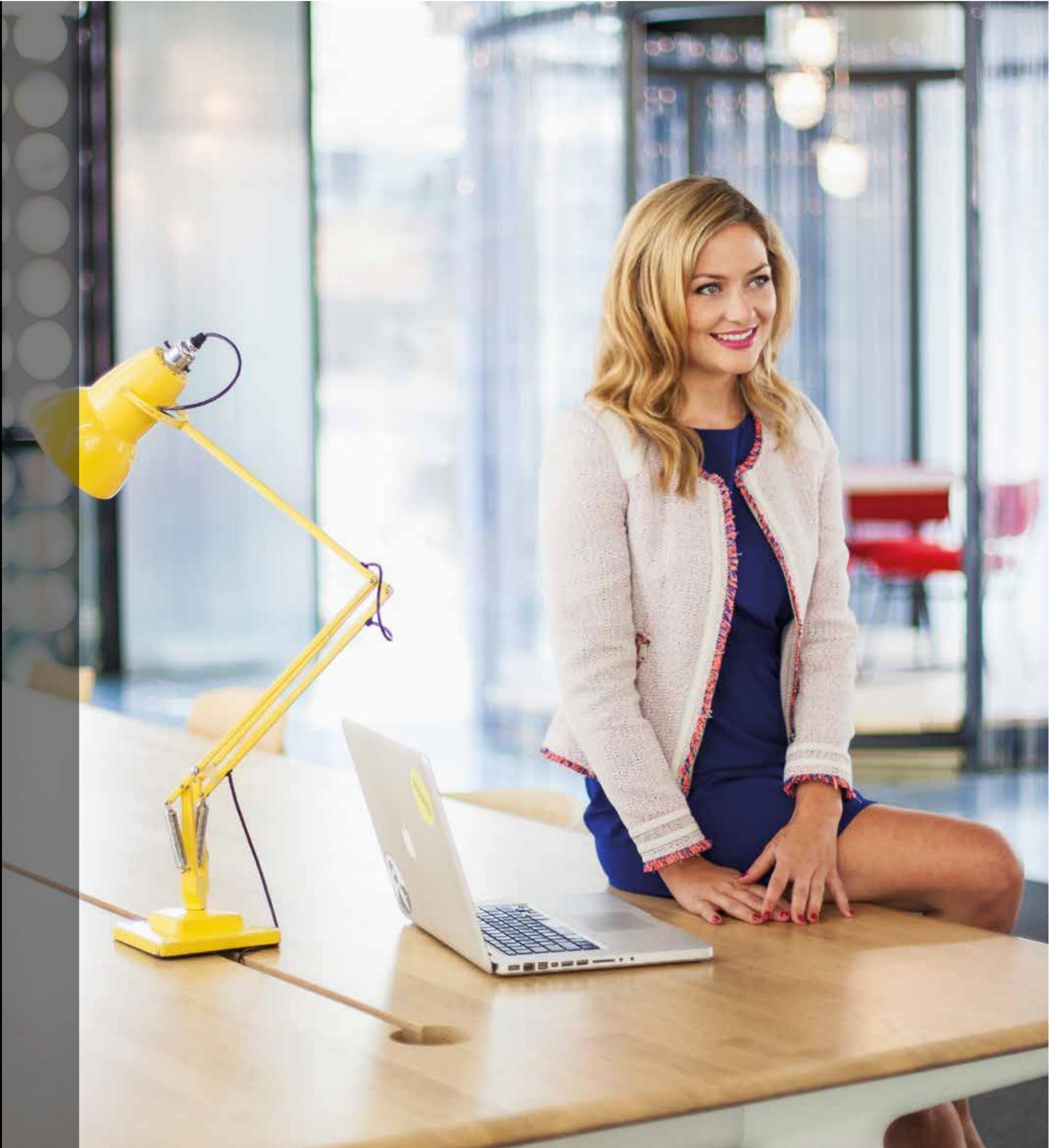
Businesses have a crucial part to play, too. The message that the best companies prize maths and science is more credible when it comes from the employers themselves.

And it's not just good for our young people: it's also in our common economic interest to achieve this culture change. In our flexible labour market, better skills mean more higher-skilled jobs. There is no upper limit on good jobs. The more top-flight mathematicians and engineers we produce, the more companies will consider bringing their operations to the UK.

You do the maths: the economic future of the nation is shaped in our classrooms.

REVOLUTIONARY
PEOPLE ARE USING
TECHNOLOGY TO
REDEFINE WHAT IS
POSSIBLE AND DISRUPT
INDUSTRIES THAT ARE
CENTURIES OLD.

KATHRYN PARSONS
CO-FOUNDER, DECODED



UNDER-25s ARE THE MOST ENTREPRENEURIAL

The perceived deficiencies of the education system are not curtailing the budding entrepreneurial ambitions of many young people in Britain.

As recently as 2010, under-30s were responsible for one of the lowest levels of business creation, but by 2012 almost 10pc of 16-29 year-olds were starting new companies.

And according to Spear's magazine, Britain has the second youngest average age for millionaires and multimillionaires in the G8 and the third youngest in the G20.⁴⁰

Lord Young, author of a report for the Government on enterprise education, acknowledges the shift to youth and credits under-25s as the most entrepreneurial demographic he meets up and down the country.

What's more, says G'NOSH founder Charlotte Knight, young people are increasingly attracted to entrepreneurial environments and small businesses. "I have graduates knocking on my door every day waving their CVs and wanting to be part of something dynamic and exciting, rather than being in a typical corporate environment."

The appetite and will among this generation of under-25s is all too clear. Yet to accelerate this trend more is needed: the right skills, the right attitude and above all a solid dose of confidence.

"Confidence is a high barrier," says Andrew Devenport, who heads up the Prince's Youth Business International, which works with young entrepreneurs in over 40 countries. "Young people are coming out of the education system risk-averse."

"Schools are teaching children *about* a lot but not to *do* a lot," says Oli Barrett, who created the Tenner programme that gives schoolchildren £10 start-up capital and a month in which to make something of it. "Millions are leaving school without the range of skills needed to succeed."

When the CBI and Pearson surveyed businesses last year on education and skills, the results were sobering. Some 55pc said school leavers lack necessary work experience, while 41pc saw deficiencies in problem solving and 35pc an inadequate attitude to work.⁴¹

A report from McKinsey found that only 43pc of employers think they can find enough skilled entry-level workers for the jobs they are offering.⁴²

That evidence leaves the exam focus of schools with much to answer for, according to BBC presenter Katie Derham. "The way our children are taught about business and economics bears no resemblance to the world I live in. We have a responsibility to show children about imagination and ideas, not just getting ten A*s."

⁴⁰ Spear's, "Where do the world's youngest millionaires live?", 06.09.13

⁴¹ CBI, 'Businesses fear skills shortage could hold back growth', 20.06.13

⁴² McKinsey & Company, 'Education to employment: designing a system that works', 2012

⁴³ Telegraph, "Sir James Dyson to create jobs for 3,000 engineers", 22.01.14

⁴⁴ CBI, 'Businesses fear skills shortage could hold back growth', 20.06.13

⁴⁵ Science Council, "20pc of UK workforce depends on science skills to do their jobs"

⁴⁶ Nuffield Foundation, "England, Wales and Northern Ireland are bottom of the class...", 14.12.10

⁴⁷ Department for Education

ENGINEERS: IN DEMAND

In January 2014, Britain's most famous living engineer, and one of its most notable entrepreneurs, announced a major investment in Britain. Sir James Dyson, whose eponymous company recorded profits of £364m in 2012, unveiled plans to triple the size of its R&D facility in Wiltshire, and create jobs for 3,000 more engineers.

It came with a warning that deserves attention. "As a country we need an extra 87,000 engineers a year to meet demand," he told the *Daily Telegraph*. "40pc of all graduates from Singapore University are engineers. Even the Philippines produces twice as many engineers as us. Either we expand here or we will be forced to do it in the Far East".⁴³

Dyson is far from a lone voice in bemoaning the UK's production line of talent in the STEM subject areas that underpin the fastest-growing business sectors in Britain today.

CBI Director-General John Cridland spoke out in 2013, highlighting a "critical lack of skills in some key industries" and arguing that, "long-term, sustainable growth will come in part from rebalancing towards high-value products and services, which demand much better technical skills."⁴⁴

In short, Britain faces a crisis in equipping the businesses of the future with the engineers, coders and analysts they need to prosper and grow.

The statistics tell their own story. According to the Department for Education, over 60pc of young people aspire to a career in business, yet only 17pc see that future in maths or science.

"Science is business, but that's not the way it's portrayed," says BIS entrepreneur-in-residence and Pistachio Rose founder Rekha Mehr. "Nobody tells you that it can be exciting, and inspire change." The very simple case for science – that it leads to jobs that pay on average 19pc better – is not being made.

Nor are entrepreneurs, who can fulfill a crucial role in championing and promoting STEM at the coalface, being given a prominent enough role in schools and colleges. "We must connect education with business," says former Dyson CEO Martin McCourt. "We need to inspire and encourage our youngsters in a gigantic way that they can achieve anything. We saw that during the Industrial Revolution: we need that kind of creative, uninhibited thinking."

THE STEM SHORTFALL

Science Council research shows that science has become increasingly important across all sectors of the UK economy, with 20pc of the UK workforce employed in science based roles, an upward trend projected only to continue.⁴⁵

Yet the education system is in a race to adapt to the fast-growing economic need for STEM skills. In 2013 there were over twice the number of English A-Level students as there were in Physics.

A Nuffield Foundation survey from 2010 showed England, Wales and Northern Ireland has the lowest level of participation in Mathematics to age 18 rated against 21 other countries.⁴⁶

The shortfall of young people taking STEM to A-Level is particularly acute among girls: in Physics just 19pc who achieved an A* at GCSE continued with the subject in 2011, while the same figure was 11pc in Mathematics.⁴⁷



SCHOOLS AND COLLEGES MUST PLACE GREATER EMPHASIS ON SELF-EMPLOYMENT AND CELEBRATE ITS CONTRIBUTION TO COMMUNITY WELLBEING.

FINTAN DONOHUE
CHIEF EXECUTIVE, GAZELLE

STARTING YOUNG

Increasingly, experts are calling for the education system to start young and instill the tenets of entrepreneurship and wealth creation from a young age.

“Enterprise education needs to start at primary school,” says Lord Young. “We need to say to children: ‘when you grow up you can get a job in a big company or you can work for yourself.’”

According to Fintan Donohue, chief executive of Gazelle, “There is a need for schools and colleges to place greater emphasis on self-employment and to celebrate its contribution to community wellbeing.”

“In an unpredictable work environment, young people need role models that can thrive and succeed in challenging environments,” he says.

Looking for proof? Listen to media entrepreneur Jamal Edwards, worth an estimated £8m at the age of 23, alongside Nick D’Aloisio one of the flagbearers for the next generation of UK entrepreneurs. “Sometimes all it takes is for one person to give you permission to have a go at pursuing your ideas.”

2.02 ACCESS TO TALENT

THE BIG ISSUES

The Centre for Economics and Business Research estimates tighter immigration controls could see £60bn wiped off GDP by 2050.⁴⁸

The UK granted just 10,179 Highly Skilled Visas in 2013 with the cap set at 20,700⁴⁹ – the US reached its cap of 65,000 for 2012 in just five days.⁵⁰

Immigration caps are not a barrier to recruiting talent, but delays and excessive red tape are – the Home Office granted just 973 Entrepreneur Visas in 2013.⁵¹

⁴⁸ CEBR, "Impact of EU labour on the UK", 10.09.13

⁴⁹ Migration Watch UK, "Britain is open for business – October 2013",

⁵⁰ BBC News Online, "US tech firms look abroad for engineers", 24.06.13

⁵¹ Migration Watch UK, "Britain is open for business – October 2013

⁵² Computer Weekly, "UK tech startups face hiring roadblock due to immigration policy", 03.09.13

⁵³ Silicon Valley Index, "Talent Flows and Diversity"

⁵⁴ Management Today, "The Great British Immigration Scandal", 26.02.13

HIRING IS A PROBLEM

Ask a high-growth business to identify the single greatest barrier to their progression and you are likely to hear about talent, and where it comes from.

"Every tech company we talk to says hiring is a problem," was the judgment of Joanna Shields, chair of Tech City, at an event to mark the Shoreditch cluster's third birthday.

With an acknowledged skills shortage in the UK, the digital businesses that are creating 27pc of new jobs in London have come to rely increasingly on the talent of migrant workers.

"60pc of our technology team and 30pc of the company's London based employees are from outside the UK," says Ed Bussey.

"The graduates that we have here and in the EU, unfortunately, are just not as good as those from universities in countries like the US and India," was the verdict of Andrew Humphries, co-founder of Tech City accelerator The Bakery, speaking last year to *Computer Weekly*.⁵²

In its increasing reliance on migrant workers London is following Silicon Valley, where 64pc of engineers were born outside the US.⁵³

Yet to hire employees from outside the EU requires businesses to apply for a Tier 2 sponsor license, and the ensuing process can be a burdensome time investment for emerging start-ups.

Taavet Hinrikus is founder of international payments service TransferWise. The first employee at Skype, he created the Shoreditch-headquartered business in 2011 with fellow Estonian Kristo Kaarmann.

"Great people are incredibly hard to come by," he told *Management Today* last year. "If you employ someone from outside the EU, that's when it's really complicated and expensive. As a small company we don't have an HR person, so it's something I would have to do on top of everything else. The process of importing highly skilled talent has to be made easier."⁵⁴

60pc OF OUR TECHNOLOGY TEAM
AND 30pc OF THE COMPANY'S
LONDON BASED EMPLOYEES ARE
FROM OUTSIDE THE UK.

ED BUSSEY
FOUNDER AND CEO, QUILL

51pc OF INTERNATIONAL STUDENTS FEEL UNWELCOME

If optimising the immigration system is necessary to provide the UK's growing firms with a short-term talent hit, the long-term answer must also see Britain's education system rise to the challenge.

Yet when it comes to higher education, there are already worrying signs that the UK is losing out as the incubator of the next generation's brightest talents.

In 2013 the number of non-EU students at UK universities fell by 1pc, the first such decline ever recorded.⁵⁵ Also in 2012-3, the number of Indian postgraduate students at Russell Group universities declined by 18pc, following a 21pc drop the previous academic year.⁵⁶

A January 2014 NUS poll showed 51pc of international students surveyed (a sample of 3,000) found the UK government unwelcoming.⁵⁷

And at the same time as Britain risks losing its share of the global education market, competitor economies are mounting vigorous recruitment campaigns.

Canada, which has seen a 60pc increase in its international student body since 2004, unveiled a plan earlier this year to double that number again by 2020, targeting an estimated \$10bn uplift to GDP.⁵⁸

Government therefore faces the challenge of reconciling the calls of business for freer access to global talent with the widespread public antipathy towards a liberal immigration policy.

A poll earlier this year from the British Social Attitudes survey suggested that as many as eight in ten members of the public believe new arrivals should be limited, and that only 4pc would support an increase.

Of those who believe that immigration is a benefit to the economy, 54pc still said they would advocate a reduction in new arrivals.⁵⁹

Specific measures to optimise the reach of business into the global talent market, without detracting from the government's stated intention of reducing net migration, may hold the answer.

Already in March 2014, the 'exceptional talent' visa route has been formally extended to allow individuals with digital expertise to apply, and be endorsed by Tech City UK.⁶⁰

This year has also seen the launch of the Sirius Programme, to attract international graduate entrepreneurs.

Furthermore, the Home Office has held talks with Tech London Advocates, the campaign group founded by former Skype Vice President Russ Shaw, which estimates that the sector will produce three quarters of a million jobs in the next five years, and that it needs nearly 300,000 recruits to fulfill its growth potential and replacement needs by 2020.

The proposals of its immigration working group, which has met with the Home Office, include:

- Ways to simplify and expedite sponsor licence application processing.
- Training programmes from the Home Office that educate young businesses in current immigration policy, to remove the cost burden of working with professional service providers and reduce incidences of application errors.
- Policies and programmes which would allow and encourage the growth of start-ups and the hiring of migrants from overseas.

THE SIRIUS PROGRAMME

A UKTI-backed scheme, the Sirius programme offers funding, mentoring and support for international graduate and final-year students looking to build businesses in the UK.

Describing itself as "the world's best graduate entrepreneurial programme", Sirius offers a package including financial contributions of up to £12,000 equivalent, a place within an established accelerator programme, mentoring and relocation support.

In its first year, the programme has attracted 1,500 applicants, well above initial expectations.

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



JEFF LYNN
FOUNDER AND CEO, SEEDRS

I think that we have all the raw materials for building great businesses, we have fantastic entrepreneurs, the entire ecosystem is growing rapidly but the one thing that really limits us versus the United States is that it's much harder to raise capital at every stage from seed, to angel, to A-round, to later growth capital. Fix the capital problem and everything else falls into place.

As much as anything it's about tone and messaging. It's about government and the media and others talking in terms of return generation and being ambitious; moving away from a culture of demonising failure and thinking what's the worst that can happen and moving towards a culture of thinking what's the best that can happen.

It's about getting government as well as business leaders as well as those in the finance industry and the media all speaking on those lines. It's about optimism.

⁵⁵ & ⁵⁶

Higher Education Statistics Agency, "Higher education student enrolments and qualifications obtained..."

⁵⁷

NUS, "International students feel unwelcome in UK as immigration bill set to 'create new barriers' to study", 10.02.14

⁵⁸

CBC News, "Canada wants to double its international student body", 15.01.14

⁵⁹

NatCen Social Research, "More than 3 in 4 want reduction in immigration", 07.01.14

⁶⁰

Home Office, "Immigration: businesses will benefit from help to recruit internationally", 13.03.14

SILICON VALLEY IS TEARING ITS HAIR OUT

Stepping back from the domestic debate, it is clear that Britain is far from alone in facing an impasse over its immigration and enterprise policies.

The USA limits the number of H-1B visas (for “highly skilled” foreign workers) to 65,000 a year, a fact that has long drawn criticism from America’s technology heartlands.⁶¹ In 2012 that quota was filled in just five days, and President Obama has advocated reforms, highlighting Intel and Instagram as two companies founded by migrants who “studied and then stayed” in the States.⁶²

“The US is closing its doors and Silicon Valley is tearing its hair out because it can’t get international talent,” says Russ Shaw. “In London you have a diverse population bringing connections and ideas. It’s the world’s only truly global city.”

LONDON IS THE WORLD’S ONLY TRULY GLOBAL CITY.

RUSS SHAW
FOUNDER, TECH LONDON ADVOCATES.

The opportunity is there for the UK to take advantage of America’s immigration logjam and position itself as the number one destination for the world’s top talent.

That, says Ella’s Kitchen founder Paul Lindley, will require a fundamental attitude shift. “As a society we don’t encourage entrepreneurs. If we don’t invite them here, they will do things elsewhere.”

“Don’t worry where you get the people from, you just need to find them,” says New Zealander and angel investor Dale Murray CBE. “Step up the game otherwise you’ll slip behind.”

⁶¹ BBC News Online, “US tech firms look abroad for engineers”, 24.06.13

⁶² Huffington Post, “Obama immigration reform speech: ‘the time is now’”, 29.07.13

BUILDING BRITAIN’S BILLION-DOLLAR START-UPS



PHIL LIBIN
FOUNDER AND CEO, EVERNOTE

How can Britain build the next Google or Facebook? The next generation of billion-dollar start-ups? Just follow the math.

For every billion-dollar startup created in the US, there are 50,000 to 100,000 companies that are born, try to raise venture capital, succeed or fail to various extents, and never quite make it to the billion-dollar level. So for a country to make a company that will succeed like Google, it has to make about 100,000 companies that won’t. One hundred thousand new companies that seriously set out to change the world. That scramble, and build things, and hire people and work ridiculous hours. Ideally every year.

Does that sound unrealistic? Here’s the good news: a country gets far more cumulative economic value from the 100,000 companies that don’t make it big than from the one that does. UK policy should focus on launching large numbers of serious start-ups, not obsessing about the unicorns. Let’s have a few consecutive years of 100,000 new start-ups in the UK and then see how many Googles we create.

How can government help?

Step 1: pass a bunch of startup-friendly laws touching on investment, education, research and bankruptcy. This seems to be going reasonably well.

Step 2, and this is important: a little bit less official touting of the coolness of entrepreneurship. In fact, why not try the opposite for a while? How about a series of government public service announcements where dour men in dark suits remind promising university students about the importance of holding down a dependable job in a big company? That ought to motivate the right sorts of people to join the 100,000 that year.



RUSS SHAW
FOUNDER, TECH LONDON ADVOCATES

There are undoubtedly some issues that the UK needs to address: particularly around shortage of talent and access to funding. In the venture community there are a handful of funds that have been successful – Index Ventures, Balderton Capital and Accel Partners to name a few – but they are still too few and far between. Money is out there, but we need to do a better job channelling it towards the tech and start-ups sectors.

The biggest trigger to unlock funding from both VCs and large corporates is the ability to demonstrate commercial success down the line. When investors can start to see the potential of lucrative exits, then the money will start to flow in faster than you could imagine.

But above all we need to recognise what we already have. The first quarter alone in 2014 has seen several billion pounds of value creation out of the London and UK tech scene: success will breed success, and what you will start to see is businesses buying other start-ups to scale.

We’re not going to see the British Google and Amazon next year, but in the next five to ten years we will see companies of that size created here, there is that potential.

WE NEED A CULTURE
CHANGE TO ENSURE THAT
MOTHERS ARE AFFORDED
THE OPPORTUNITIES AND
FLEXIBILITY TO REJOIN THE
WORKFORCE AND POWER
THE DEVELOPMENT OF
BRITAIN'S HIGH-POTENTIAL
BUSINESSES.

THEA GREEN MBE
FOUNDER, NAILS INC



2.03 CITIES AND REGIONS

THE BIG ISSUES

London is a world capital for start-ups: 17 of the UK's top 20 start-up locations are in the capital.⁶³

The capital has created ten times more private sector jobs than any other city since 2010.⁶⁴

Among young professionals in their 20s who relocate, a third move to London and never go back.⁶⁵

Across the UK, cities are home to 73pc of all highly skilled jobs.⁶⁶

⁶³
UHY Hacker Young, "London's Silicon Roundabout is top area for start-ups", 15.07.13.

^{64, 65, 66, 67 & 68}
Centre for Cities, "Annual health check of UK cities shows that the Capital is booming while other cities fall further behind", 27.01.14

⁶⁹
Reviews, *Journal of Design History*, 1993

^{70 & 71}
Linda Chandler and Philip Ross, "The anywhere working city", 2011

LONDON: CAPITAL GAINS

That London is the jewel in the crown of the UK economy is in no doubt. Study after study reinforces the fact that the capital far outpaces the rest of the country when it comes to business creation, jobs and investment.

Of the UK's top 20 start-up locations, 17 are in London; the capital has created ten times more private sector jobs than any other UK city since 2010, 79pc of the total; and in 2012/3 it attracted over a third of all foreign direct investment.⁶⁷

"There's a pool of international talent here you don't get elsewhere – which is one of the big advantages of basing a business out of London," says Ed Bussey.

Indeed London is so far advanced relative to the rest of the UK that its pre-eminence has begun to be questioned. Think tank the Centre for Cities said in a January 2014 report that London "sucks talent from the rest of the UK". A third of twentysomething young professionals move to London and never return, it claimed.⁶⁸

Yet for businesses across Britain, London must be the solution and not the problem. It can be from the capital's example that the rest of the UK learns, says Charles Armstrong. "Shoreditch is a petri dish where new things are being brewed. As they prove themselves they get replicated. Other regions are taking elements of it and that engenders more civic pride: competition between cities."

Other cities must work with and not against London, to secure their future prosperity. Huddle's Andy McLoughlin points out the absurdity of parochial competition over connectivity: "We're talking about Cambridge and London competing and they are barely 40 miles apart. I know Americans that would drive 40 miles to get a burrito."

The future of Britain's cities is as highly-connected hubs, building on the concept first outlined by Deyan Sudjic, now director of London's Design Museum, as the "100 mile city". This outlines how modern metropolises extend their influence over much wider geographical areas and demographic fields: "the city as a hundred mile force field."⁶⁹

The concept is being developed by Microsoft, with their 'Anywhere Working City', a new type of "megapolis, driven by societal expectation of a different way of working, shopping and living... enabled by new architectures of building, technology and transport."⁷⁰ Increasingly, they say, "we are becoming free to work anywhere and anytime," and the advance of technological connectivity is "[stretching] the ability of an individual to work within a cityspace by a huge distance."⁷¹

It is this sort of collaborative innovation, rather than an attempt to drive fruitless competition, that will be the future for urban Britain. And, says the Centre for Cities, some of our great cities have serious catching up to do.

SHOREDITCH IS A PETRI DISH WHERE NEW THINGS ARE BEING BREWED. AS THEY PROVE THEMSELVES THEY GET REPLICATED.

CHARLES ARMSTRONG
FOUNDER, THE TRAMPERY

“The bigger issue [than London’s success] is the underperformance of our next largest cities, such as Sheffield and Manchester,” the think tank’s chief economist said on publication of the paper. “They’re very much punching below their weight in terms of their contribution to the national economy.”⁷²

That, says WANdisco founder David Richards, whose AIM-listed software company is joint-headquartered in Silicon Valley and Sheffield, has led to a commercial credibility crisis for regional Britain. “When I tell people we have a development centre in Sheffield, they raise their eyebrows,” he told *Director* in 2013. “It’s as though [they think] you lose brain cells when you get to the north of England.”⁷³

Yet the reality is that with 27,000 people employed in the creative and digital industries in the Sheffield city region, and 21,000 graduates each year emerging from the city’s two universities, Sheffield represents a concentration not a deficit of skills and talent.⁷⁴

And when it comes to the high-growth agenda, the evidence suggests there may be a more level playing field than most would assume. While Greater London was by far the powerhouse in new business registrations last year (136,939 compared to 16,281 in Birmingham, the next biggest hub), the proportion of high-growth companies is greater in Yorkshire and Humber (24.7pc) and the Midlands (23.3pc) than the capital (19.6pc).⁷⁵

To ensure the much-vaunted rebalancing of the economy, Britain’s great cities must build on this momentum to resume their historic role as commercial powerhouses.

As Lord Heseltine highlighted in his October 2012 report, *No stone unturned: in pursuit of growth*, the vigour that characterised the industrial boom of cities such as Liverpool, Birmingham and Manchester was largely dimmed over the course of the 20th century.⁷⁶

“Local initiative gradually moved from the enterprising industrialists to the councillors of today – much more preoccupied with a social agenda than earning the wealth of pay for it,” he wrote.⁷⁷

“Government,” the report concluded, “must now reverse the trend of the past century and unleash the dynamic potential of our local economies.”⁷⁸

⁷² BBC News Online, “Centre for Cities says economic gap with London widening”, 27.01.14

⁷³ *Director*, “Man of Steel”, March 2013

⁷⁴ Welcome to Sheffield, www.welcometosheffield.co.uk

⁷⁵ *Raconteur*, “Funding Britain’s Growth”, 27.02.14

⁷⁶ Department for Business, “No stone unturned: in pursuit of growth – Lord Heseltine review”, 31.10.12

^{77 & 78} “No stone unturned”, p.6



DAVID RICHARDS
CO-FOUNDER AND CEO, WANDISCO

If we are aiming to create more tech firms with the legs to go the distance, then the first thing we need to do is stop looking to Silicon Valley for inspiration.

The UK would have a much better chance of success if we focused on boosting our specific strengths and addressing our inadequacies rather than trying to produce a decaf copy of California.

The brutal truth is that we are not good enough at translating good ideas into world-beating businesses, and we don’t have enough people with the skills or knowledge that early stage tech firms are crying out for.

If we were to start WANdisco tomorrow then we’d need people capable of getting the job done from day one. No matter how well qualified they might be, a start-up has neither the money nor time to spare on training or nurturing the talent they need from the start.

The answer to this problem, certainly for technology, lies in getting our education system up to speed. We have some of the world’s best universities, yet its entrenched resistance to technology is leaving an entire generation of graduates unequipped for the digital companies spearheading growth across the world.

There’s no reason why we can’t build the next Facebook or Google right here in the UK, but it’s very hard to succeed when you have a competitive disadvantage – it’s like trying to play cricket with one arm tied behind your back.



FRANK MEEHAN
PARTNER, SPARKLABS GLOBAL VENTURES

UK corporates have to get more deeply involved to really spur things forward. There is no reason why Vodafone or EE could not have bought WhatsApp; they have the cash, and it would have substantially transformed either of their businesses overnight.

Vodafone in the 1990s was the global giant of the tech scene, but the really big tech leaders are all in the US and Asia, and UK corporates need to have the foresight and courage to buy big, and smart, which will overnight signal to tech investors around the world that billion-dollar tech exits are possible in the UK, because UK corporates are going to drive them.

I believe that this will happen first within the Financial Tech industry, as London is fast becoming the global centre of the fintech sector, led by companies like TransferWise, DueDil and up and coming superstar Osper. According to Accenture, London accounts for 53pc of total European investment in the sector already.

WHY DO WE NEED THE REGIONAL GROWTH FUND?

A busy period of policymaking around regional growth has followed Lord Heseltine's report. Notably a Single Local Growth Fund, pooling skills, housing and transport funding has been established, worth an initial £2bn and due to be valued at £12bn by 2020-21.

The 39 Local Enterprise Partnerships will bid for grants from the central fund in the form of Growth Deals, offering them financial muscle which will be supplemented by the availability of £5bn in European structural funding over the course of 2014-20.

Such investment can have an impact but needs time to take hold, says one prominent commercial lawyer. "[Previous governments] put funding into cities such as Manchester, Leeds, Liverpool and Cardiff and transformed them. But you need to give that sort of investment a 30-year gestation period."

But not all are convinced of the role of state investment. "The digital age means there shouldn't be [a north-south] divide," says Cavendish Corporate Finance founder Lord Leigh: "Why, for example, do we need the Regional Growth Fund?"

Nor was the Heseltine report universally well received on its publication, dismissed as "more nostalgic than strategic" by Henry Overman, LSE's professor of economic geography, in the *Financial Times*.⁷⁹

Yet despite persistent criticism, the variety of existing government funding and support schemes for regional Britain are beginning to take hold.

Routinely pilloried as slow-acting, the Regional Growth Fund – whose local programmes provide grants or interest-free loans to job creating businesses – has now distributed almost £500m to projects across the UK that are creating or safeguarding up to 45,000 jobs.⁸⁰

The HS2 rail link is estimated to deliver £59.8bn in user benefits and £13.3bn in wider economic benefits once completed.⁸¹

And last year a second wave of 20 City Deals was agreed by government to devolve spending and decision-making powers.

Cities and local authorities are increasingly empowered to drive their own growth, and the onus is on them to rise to the challenge.

ENTERPRISE ZONES

Announced in 2011, the UK's 24 Enterprise Zones are designed to incubate new and growing businesses through a package of incentives, based on the model that regenerated Canary Wharf in the 1980s.

Encouraging sector-led clusters, the zones offer 100pc business rates relief over a five-year period, and in some cases capital allowances for equipment and machinery, along with simplified planning applications and optimum physical and digital connectivity.

In November 2013 a Chinese company announced an £800m investment in Manchester Airport City Enterprise Zone, while success stories also include Discovery Park in Sandwich, which took on the site of Pfizer's former European headquarters and is now home to 68 tenants employing over 1,200.

A BORIS IN EVERY CITY

Individually, many UK cities can boast convincing narratives of growth and regeneration: take Birmingham as home to the fastest rate of new business creation outside of London, or Bristol with the best employment rate of the UK's 12 biggest cities, including London.

Yet almost none of them are maximising the communications potential of their achievements and brands as the world's truly great cities do.

London and New York have in recent years been synonymous with their mayors: Boris Johnson and until recently Michael Bloomberg. They have been the voice, the face and ultimate champions of their cities.

Yet when Britain's cities had the chance to vote for elected mayors in 2012, just two took up the opportunity.

It is no coincidence that one of the two was Liverpool, which of UK cities outside London has been the most astute in its positioning over the last half-decade: as European Capital of Culture, host of the Global Entrepreneurship Congress and in 2014 the International Festival for Business. This is a city that knows how to make its voice heard and whose elected mayor, Joe Anderson OBE, allows it to be distinctive.

Without a mayor or equivalent figure, it is a struggle for cities to get a game-changing message out there. It is like Virgin without Sir Richard Branson, or the US without a President.

And with new funding and powers at their disposal, what cities lack is not the substance of regeneration but the narrative. That is a problem that can only be cured by a convincing communicator-in-chief, a Boris in every city. In a global place race, Britain's cities have some catching up to do. They need to find their voice.

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



LORD BILIMORIA CBE, DL
FOUNDER AND CHAIRMAN, COBRA BEER

We need to encourage R&D and investment. We routinely under-invest and need to up our game on that front.

For instance, we currently invest less than half, as a percentage of GDP, than America does in higher education, and less even than the OECD average. Lots of entrepreneurs come out of universities – some may drop out, but it is an established pathway. We need to invest in it and ensure there will be quality, well-educated entrepreneurs coming out of our universities in the long term, a pipeline of talent for British business.

There also needs to be greater encouragement of enterprise clusters such as Cambridge. There is the potential to develop many more, for instance in Birmingham based on high-end manufacturing, and you can eventually create a network effect with clusters feeding off each other. So far, however, only really Cambridge has this status.

What the UK has in its favour is an atmosphere of aspiration, the belief that anyone from anywhere can achieve anything. That didn't exist three decades ago when I first came to Britain. We need our businesses to think big to achieve billion-dollar valuations, and the investment infrastructure must be developed to support that ambition.

⁷⁹ *Financial Times*, "Heseltine's report is a return to an unsuccessful past", 31.10.12.

⁸⁰ National Audit Office, "Progress report on the Regional Growth Fund", 25.02.14

⁸¹ *hs2.org.uk*. "Economic benefits and jobs"

BOLDNESS AND BELIEF: THE TICKET FOR URBAN BRITAIN

EXPERT VIEW

JIM O'NEILL

FORMER CHAIRMAN, GOLDMAN SACHS ASSET MANAGEMENT AND CHAIR, THE CITY GROWTH COMMISSION

Britain's cities face a challenge: the economy may be powering forward, but London and the south-east so dominate economic performance that some commentators have been questioning if the capital is becoming overmighty.

It may not have the population density of a Tokyo, Sao Paolo or Mexico City, but I consider London to be the BRIC (Brazil, Russia, India and China) capital of the world, a hub for trade and commerce from the key emerging markets, as well as a financial centre that has even managed to put New York in the shade.

'Is London's success bad for Britain?' has been a consistent topic of debate, but it misses the really important point: what our other potentially great cities can learn from the capital. London has many positive things.

My suspicion has long been that the official data undersells the progress made by some regional cities. Nevertheless, there is a job to do in generating stronger growth across urban Britain. That is not to say we should be promoting the likes of Manchester, Birmingham and Bristol at the expense of London, but just accept London for what it is, a brilliant success, and do more to help other metro areas. We must find ways to put Britain on a level with China, Germany and the US as nations whose economies balance more evenly across a number of urban powerhouses.

One underappreciated factor in achieving this is leadership and governance within large cities. In Manchester they have grasped the nettle to some extent with the Greater Manchester Combined Authority, which galvanises thinking, and pools commitments and spend across the city.

With diverse interest groups at play, it is essential that one body can set the tone and policy direction or you lose the opportunity to unite resources behind a growth agenda.

Yet this is the exception rather than the rule, and some high-potential cities are inhibited by a classically British diffidence, lacking the ambition and conviction to drive through bold development plans.

Infrastructure is the other big missing piece of the jigsaw, and we have a pitiful record both in developing connectivity across the UK, and critically with international markets.

The travails surrounding UK airport capacity are all too familiar, and the HS2 rail project is well on its way to acquiring the same intractable status.

This is a vital infrastructure project to deliver, but also requires careful consideration as a £50bn budget programme at a time when government is busily seeking to prove fiscal probity. Is it really worth that just to get people to London quicker than they can today?

It's something we have debated at great length on the City Growth Commission, and my view is that the really important development is not journey times to London, but improved connectivity between midlands and northern cities. Think of it as essentially a tube network for the wider UK: Birmingham to Derby in the same time it takes to go from Hammersmith to Leicester Square on the Piccadilly Line. That is a genuine game changer, giving you the sort of density effect that can catalyse growth.

Ambition and infrastructure are probably the two big things UK cities need to up their game on growth. At the same time, there needs to be a recognition of the outstanding assets that already exist across urban Britain.

Universities are one major example of where talent and innovation are diversely spread: one of the most significant British inventions of the last decade was graphene at the University of Manchester, which is already seeding a whole series of spin-off companies (three have launched on the London Stock Exchange's AIM market in the past 13 months alone). And that is to say nothing of the technology cluster around Cambridge, which still puts the efforts of London's Tech City in the shade.

What we need to do is find ways of incentivising universities to retain their talent after graduation, and develop a broadly based entrepreneurial culture that can propel growth in these cities. It's a massive loss if talented and creative graduates are not being supported to develop businesses in the cities where they have studied and developed ideas with huge commercial potential.

And to come back to the airports question, the debate is entirely London focused, where there is a good argument for supporting an airport like Manchester to fly to all the BRIC and MINT (Mexico, Indonesia, Nigeria and Turkey) countries, reducing the burden on Heathrow or a London hub.

It comes back to this: cities hold the key to economic growth, as dense concentrations of people have throughout human history, from the Industrial Revolution to the rise of America and the fast-growth of Japan.

Density is an economic but above all a social catalyst. I call it the Joneses effect: in the country you might see someone with a better iPad than you once or twice a week. In a city it will be several times a day. Bring people together and human instinct is to compete, surpass and outdo. That drives spending, accelerates innovation and promotes growth and development.

London is by a long way the UK's lead urban asset (India has perhaps 25 cities greater than Liverpool, to give a sense of scale). But it has no monopoly on trade, innovation and growth.

The UK's regional cities are well equipped with talent and capital; they have what it takes and in many cases the assets are there and ready to be realised. What is missing is the boldness and belief to unlock this latent potential.

WE SHOULDN'T AIM TO
CREATE SILICON VALLEY.
SILICON VALLEY HAS BEEN
AROUND FOR DECADES
AND THE UK HAS A
CULTURE ALL OF
ITS OWN.

RUSS SHAW
FOUNDER, TECH LONDON ADVOCATES



2.04 FUNDING

THE BIG ISSUES

Over 70pc of UK entrepreneurs have found access to funding a struggle according to research from EY.⁸²

Half of entrepreneurs surveyed by Barclays needed only £2,000 to start their business, and 8pc no funding at all.⁸³

Britain's venture capital scene is dwarfed by competitors: in 2012 total VC investment in the UK was \$2.3bn, compared to \$41bn in the US.⁸⁴

⁸²
EY, "Entrepreneurs calls on G20 to stimulate job creation and growth", 27.08.13

⁸³
Barclays, "Entrepreneurs Index", 25.11.13, p. 22

⁸⁴
NESTA, "Unchaining Investment: Barriers to US venture investment in UK digital businesses", 17.06.13

⁸⁵
Guardian, "Lending to business suffers biggest fall since 2011", 03.01.14

⁸⁶
Demos Finance, "Demos Finance: current approach to SME lending is holding back growth", 04.09.13

⁸⁷
Barclays, "Entrepreneurs Index", 25.11.13, p. 22

⁸⁸
Financial Times, "Business Growth Fund plugs equity gap for entrepreneurs", 15.09.13

IT'S MUCH EASIER THAN MOST PEOPLE THINK TO RAISE MONEY

Funding is the great debate in British business today, the commercial world's own Schleswig-Holstein question. As Prime Minister Lord Palmerston once said of the 19th century's great diplomatic and constitutional wrangle: "Only three people have ever really understood the Schleswig-Holstein business: the Prince Consort, who is dead; a German professor, who has gone mad; and I, who have forgotten all about it."

What the debate certainly does not lack is participants, and a never-ending supply of statistics, reports and anecdotal evidence for adversaries to arm themselves with.

In January 2014 the Bank of England released figures showing the biggest fall in bank business lending since records began in 2011.⁸⁵ Yet according to a Demos Finance report from June 2013, only one in 25 SME applications for a bank loan in the previous year was refused.⁸⁶

Many point to the problems encountered by UK companies seeking growth funding. Yet according to Ed Wray, now a non-exec with alternative lending leader Funding Circle, "It is much easier than most people think to raise money in this country, but an increasing amount is being done by new, innovative means – for example P2P."

What seems clear is the availability or otherwise of funding has done nothing to discourage Britain's entrepreneurs from getting off the ground. In a recent report from Barclays, half of entrepreneurs surveyed needed less than £2,000 to start, and 8pc required no funding at all.⁸⁷ When you can set up a company in Britain for £14 and in under an hour, the barriers to entry are clearly low.

The pressing question Britain faces is not around start-up capital but funding for growth. Is finance the critical hurdle for high-potential SMEs that struggle to fuel their engine into fast-growth? As Patrick Jenkins, the *Financial Times's* banking editor wrote in September 2013: "entrepreneurs routinely complain they struggle more to find backing after a few years of relatively successful operation than when they first start out."⁸⁸

Is Britain truly what one government insider described to us as "a financial valley of death for many firms"? And what can be done to bridge the equity gap for growing businesses?

HOW MANY PEOPLE KNOW ABOUT SEIS?

According to Dale Murray CBE, a successful tech entrepreneur and noted angel investor, the problem may lie as much with entrepreneurs as it does with investors. “Entrepreneurs are discouraged when finding finance,” she says. “Many are loss averse and reluctant to borrow. Or at the other end of the scale they’re over optimistic, and don’t understand how much capital is needed to grow.”

Yet others have harsh words for venture capitalists in the UK. A number of entrepreneurs we spoke to highlighted the problem of VCs seeking excessive equity and up front rewards.

As Charles Armstrong puts it: “The VC system is very parochial. In Europe it’s mostly national investors and there’s more pressure to recycle funds. That’s the corrosive thing we have here. Most entrepreneurs I know say they had the vision but the rug was pulled from under them. There’s an undue pressure on quick returns, and investors had enough of a vote to force their hand.”

Since 2011, the banking industry has been operating a specific solution to the growth-funding problem. RBS, Lloyds, HSBC, Barclays and Standard Chartered co-deliver the Business Growth Fund, which offers growth capital of between £2m-£10m to companies with turnover ranging from £5m-£100m.

Other government schemes are judged long on potential and short on delivery. “SEIS is, in my opinion, by far and away the best scheme to encourage investment in start-ups but how many people actually know about it,” queries Ed Wray, while E2Exchange founder Shalini Khemka reports that a survey of her network showed 70pc of members had heard of EIS, but didn’t understand it.

It also bears remembering that many entrepreneurs are succeeding in sidestepping traditional funding routes altogether. Think crowdfunding equity schemes such as the ‘shaving bond’ from King of Shaves or Brewdog’s ‘equity for punks’.

But while alternative finance continues to grow rapidly, it still shoots more in the start-up than scale-up range. The total funding facilitated by Crowdcube, the equity crowdfunding platform, represents what would be a modest injection of growth capital for genuinely high-potential, scalable firms at £16m.

THERE’S ANOTHER WAY

Research from NESTA showed that the alternative finance market in the UK has grown 91pc since 2012, and is estimated to be worth £1.6bn this year.⁸⁹

Peer-to-peer lending grew 211pc last year, and equity based crowdfunding steeped by 618pc.⁹⁰

Funding Circle leads the peer-to-peer lenders, giving out £16m a month to small businesses, with an ambition of cornering a minimum 10pc of the SME lending market reckoned to be at least £84bn each year.

Last year the company garnered a total £60m investment by government – via the Business Bank – and agreed a partnership with Santander.

Criticised at the time, such tie-ups may hold the future for business finance in the UK: serious capital getting behind nimbler mechanisms for distributing it to entrepreneurs than either the banks or government can devise.

AN INFRASTRUCTURE FOR GROWTH

A 2013 analysis by MIT of the world’s leading ‘innovation clusters’ made telling reading from a UK perspective. Tech City was duly listed as one of the eight global leaders, alongside the likes of Silicon Valley, Beijing, Boston and Bangalore.

Yet on one measure London trailed badly – the availability of venture capital. The study estimated Silicon Roundabout’s share at \$161m, against \$11.2bn for San Francisco, \$3.6bn for Boston, \$1.2bn in Beijing and \$1bn in Israel.⁹¹

“It’s no good thinking we have developed a private equity industry that compares with the US,” says one business editor. “We really haven’t. It’s done well in pockets, in bio-science for example, but on a broader scale we’re still miles behind the US.”

Statistics from innovation charity NESTA bear out that conclusion: venture capital investment in the UK stood at \$2.3bn in 2012, compared to \$41bn in the US.⁹²

“It appears that the slower, less profitable UK exits may be both driving down performance of UK funds, and persuading the best UK companies to incorporate in the US to take advantage of more favourable IPO markets,” its Unchaining Investment report concluded.⁹³

It’s the mindset surrounding venture capital, as well as the degree of availability that matters, says WANdisco founder David Richards. “There is no reason we can’t create the next Google or Facebook in the UK,” he told the *Financial Times* in January 2013.⁹⁴ “But to create a vibrant ecosystem you need venture capital. And [the UK] VC industry is managed primarily by accountants who won’t take risks... The whole VC industry is not broken but the technology bit is.”⁹⁵

That being the case, it is perhaps no surprise that Britain’s fastest-growing, most high-potential tech firms are being cherry picked by America, notably the acquisition of Autonomy by HP in 2012, and this year the successive sales of DeepMind and Natural Motion.

That pair of acquisitions was grist to the mill of an argument which says the UK does not have the infrastructure to fund billion-dollar start-ups. Britain is home to any number of schemes to channel funding to growing businesses. But as far as private equity is concerned, we are bringing a knife – and a fairly blunt one at that – to a global gunfight.

Either the environment for capital and growth changes, or expect to see the highest-potential entrepreneurs beat the well-trodden path to the investment promised land of America and Silicon Valley.

^{89 & 90} NESTA, “The rise of future finance”, 13.12.13

⁹¹ MIT Technology Review, “World Innovation Clusters”, 30.07.13

^{92 & 93} NESTA, “Unchaining Investment: Barriers to US venture investment in UK digital businesses”, 17.06.13

^{94 & 95} *Financial Times*, “Happy to swim against the tide”, 01.01.13



EXPERT VIEW

SHERRY COUTU CBE

FOUNDER, SILICON VALLEY COMES TO THE UK;
BOARD MEMBER, LONDON STOCK EXCHANGE GROUP;
ADVISOR, LINKEDIN AND CARE.COM

OPEN DOORS TO THE WORLD'S TALENT AND FUNDING WILL FOLLOW

There is little doubt that the environment for entrepreneurship in the UK has transformed in the past two decades.

When I started my first two companies as an entrepreneur, there was hardly any funding available for start-ups; the enterprise scene was nowhere and didn't compare at all to what it is today.

Now we are well stocked for early-stage finance, with angel investors putting more than £1bn into the UK economy each year (significantly more than venture capitalists, it should be noted).

The pinch point has moved from the funding of start-ups or ideas to the funding of growth.

The truth is that angels' pockets are only so deep, and the venture capital scene is mainly bunched around the £30m bracket with the Enterprise Capital Funds (ECFs) predominant.

For UK entrepreneurs that means you may find yourself tied to a source of capital that simply isn't big enough to fund the long-term growth potential of your company. There are countless stories of entrepreneurs with big ambitions who have been constrained by the venture capital that they chose in the early days.

The important thing to remember if you are an entrepreneur is to keep your options open. Entrepreneurs in the UK and across Europe need to be mindful that the funding sources on our doorstep may not be able to provide the capital needed to grow sustainably. If you rely solely on a funder with only £30m under management you are likely run into a shortage of capital; you only need to look at the hundreds of millions regularly secured by US venture-backed companies such as Knewton, Proteus Digital health, Edmodo or Class Dojo. Note that two of these companies

are run by Brits who moved to the US. All of them have UK operations and could have been started and scaled up here.

That doesn't mean you shouldn't start out with an ECF or UK-domiciled fund. The likes of events app Yplan, global relocation company Moveguides, business information service DueDil and taxi app Hailo all secured their first capital funding from an ECF, then hustled on the East and West Coasts to get follow-on funding from American venture capitalists.

That's allowed all four companies to raise funds at good valuations that allow them to accelerate their growth. Their experience shows that entrepreneurs who choose not to be constrained by the limitations of the UK market can find a warm reception in the US. It really is up to the entrepreneur to seek out sources of funding where they are most readily available.

That said, investment is a two-way street and there are signs that American VCs are starting to explore the UK market as one with a significant and growing proportion of fundable prospects. The US market is slightly overfished, and you're already starting to see the likes of Greylock Partners, Oak, General Catalyst, and NEA invest over here (behind ECF funds), a good indication of things to come.

What's more, there are many companies that will do far better if they're based in the UK than if they were in the US, especially in certain sectors like financial services, healthcare and education. These are the sectors where the markets, distribution channels and talent pools exist in the UK, and that means you will see American capital come over here.

To help that trickle of US funding become a flood, one major issue for UK companies needs to be addressed and that is access to talent.

Since the companies needing access to growth capital coming out of the UK are in many cases as good or better than those in the US, the talent pool to bring them alive is much weaker. Initiatives such as entrepreneur visas have played a significant role in bringing in the best talent to the UK, but they fall short in focusing on founders and not the team the founders need to recruit around them to help grow that company to epic proportions. It defeats the point to have a talent scheme for entrepreneurs that doesn't allow them to bring a team with them.

Because the talent isn't here in the depth that growing companies need, in the short term we need to import it from places with lots of scale-ups. It's damaging to the economy if UK businesses can't get access to the people they need from around the world and we need to build contingencies into the immigration system that recognise that. If, for instance, a company that is growing faster than 90pc of businesses in the country puts in a visa request, it should be expedited in recognition of the potential value-added to the economy.

Freeing up the recruitment pathways for fast-growing companies is what will make a real difference in the short-term; then the UK starts to look a more credible destination for investors, and the serious growth capital will follow. After that, we can start to work on helping students and teachers to understand that the best career path is probably to create a company or join a fast growth company after they graduate. This can help 'home-grow' our own talent into these positions, so we no longer have to import it.

FOR BRITISH BUSINESSES
TO THINK BIG THEY
MUST THINK GLOBAL
FROM DAY ONE.

LORD BILIMORIA CBE, DL
FOUNDER AND CHAIRMAN, COBRA BEER



2.05 NEW FRONTIERS

For Britain's growth companies to take flight they need the right routes to market, both around the world and with our own government as a major purchaser.

THE BIG ISSUES

The government's target of increasing UK annual exports to £1tn by 2020 will require an average 10pc annualized growth.⁹⁶

Up to 150,000 small and medium-sized businesses not currently exporting could do so sustainably, according to the Department for Business.⁹⁷

The UK risks missing out on the rapid growth of public procurement contracts in emerging markets, set to almost treble in the next 15 years.⁹⁸

Central government must double its spend with small firms to achieve its target of a 25pc market share in public sector procurement for small and medium-sized companies.⁹⁹

⁹⁶ National Audit Office, "Supporting UK exporters overseas", 16.10.13

⁹⁷ Department for Business, "SMEs: the key enablers of business success and the economic rationale for government intervention", December 2013

⁹⁸ CBI, "UK must adapt its exports approach to tap into £452bn overseas procurement market", 11.04.14

⁹⁹ Lord Young, "Growing your Business", p.19

THINKING BIG

"For British businesses to think big they must think global from day one," says Lord Bilimoria, chairman of Cobra Beer, and founding chairman of the UK-India Business Council.

The demographics underpinning the imperative for British companies to export are simple enough. The UK population stands at 63.7m, compared to 500m across the EU, 1.24bn in India, 1.35bn in China and 314m in the USA.

The evidence is also clear that businesses who do venture into the global market see significant benefits: 58pc of entrepreneurs surveyed by the UKTI in 2012 said exporting enabled a "level of growth not otherwise possible",¹⁰⁰ while 29pc of small and medium-sized companies surveyed by Barclays said that they saw a positive impact on their bottom line within six months of beginning to export.¹⁰¹

Yet the reality of the UK as an export nation has proved more complex. Government has stated a target to double exports to £1tn by the turn of the next decade, one described as "ambitious" by PwC's chief economist John Hawksorth, and which the Labour-led Public Accounts Committee has warned is set to be missed.

What's more, ONS figures showed that goods exports were at their lowest level for over three years in February 2014,¹⁰² while manufacturers' organisation EEF has highlighted that 'export intensive' firms (those with more than 25pc of turnover dependent on export) have declined from 40pc in 2012 to 28pc in 2012.¹⁰³

¹⁰⁰ UKTI, "Basics of exporting", 11.04.14

¹⁰¹ Barclays, "Businesses that export grow by almost a third in just two years", 04.10.12

¹⁰² Telegraph, "British exports at three-and-a-half year low", 09.04.14

¹⁰³ EEF, "The Route to Growth – an industrial strategy one year on"

^{104 & 105} OC&C Strategy Consultants, "The Global Retail E-mpire", 20.01.14

¹⁰⁶ Department for Business, "SMEs: the key enablers of business success and the economic rationale for government intervention", December 2013

¹⁰⁷ "BCC: knowledge gaps and language skills hold back exporters", 10.06.13

¹⁰⁸ CBI, "UK must adapt its exports approach to tap into £452bn overseas procurement market", 11.04.14

The picture is not entirely bleak, and there are pockets of high performance. In e-commerce Britain is a world-leader, and a January 2014 report from Google and OC&C Strategy Consultants showed that the UK enjoyed a trade surplus of £720m in 2013, powered by online fashion pioneers Asos, Net-a-Porter and Farfetch.¹⁰⁴ By contrast the US surplus in e-commerce was £110m and that of Germany just £12m.¹⁰⁵ If no longer ruling the waves, Britannia has shown itself to be ruling the web.

Following that lead, the UK needs its businesses to export, and growing firms can only achieve genuine scale by establishing an overseas market. Department for Business figures show that as many as 150,000 small and medium-sized companies that do not currently export have the potential to do so sustainably.¹⁰⁶

One significant barrier to export is an understanding of the opportunities afforded by the global market to UK businesses. When the British Chambers of Commerce surveyed non-exporters last year, 58pc said they did not feel they had a suitable product or service.¹⁰⁷

Yet as the CBI has recently highlighted, exporting momentum may come less from British companies parachuting themselves into international markets, than seizing the opportunities being generated by the growth of emerging economies.

Its research has shown that public procurement of goods and services in markets including China, Turkey and Indonesia will increase almost threefold to £452bn by 2030, of which the UK is set to capture only £11bn at current rates.¹⁰⁸

MANY SMALL FIRMS DO NOT CONSIDER GOVERNMENT WORK AN OPTION

If public procurement in the overseas market presents a significant opportunity, it is no different on the home front, where the annual £230bn public sector spend on goods and services presents a massive development opportunity for companies of all sizes.

Government remains the single largest purchaser in the UK, and has set a target of giving small and medium-size businesses 25pc of the public procurement market by 2015. Yet, as Lord Young commented in his report last year, there is much work to do in increasing and simplifying access for small companies to public sector contracts.

“Findings from my review point to significant constraints in the procurement process and discouragement across the wider population of SMEs that public procurement is impenetrable to new entrants. The fact that so many small firms do not consider government work an option is a measure of the scale of the turnaround required.”¹⁰⁹

A government consultation that followed Lord Young’s report concluded with a commitment to legislate to abolish pre-qualification questionnaires, create a single online portal for procurement opportunities, and build the requirements of small business into the design of the procurement process.¹¹⁰

If on the one hand public procurement is a major and under-accessed market for small and medium-sized companies, it is also widely regarded as a significant catalyst for driving innovation.

“The public sector can overcome market failures by enlarging the market for certain goods and services, thus ensuring sufficient critical mass to encourage R&D investment,” says Dr. Elvira Uyaraa, senior lecturer in innovation, management and policy at Manchester Business School.¹¹¹ “Procurement can also help overcome systemic failures... by articulating and signaling unmet needs to the market.”¹¹²

The sheer buying power of the public sector gives it a significant role in supporting the development of innovative products, while the work of the Technology Strategy Board has developed connector organisations between government and small business, notably the Small Business Research Initiative (SBRI).

The SBRI has helped fund companies including Intelligent Textiles, a Surrey business that has pioneered the military ‘e-jacket’, providing a single power source which obviates the need for weighty multiple batteries. The company now has contracts with the Ministry of Defence, the US Department of Defense and BAE Systems.

The entrepreneurial role of the public sector, as a catalyst for innovation, is particularly important to combat the historic British under-investment in R&D, highlighted by Thomson Reuters’ October 2013 list of the ‘top 100 global innovators’.

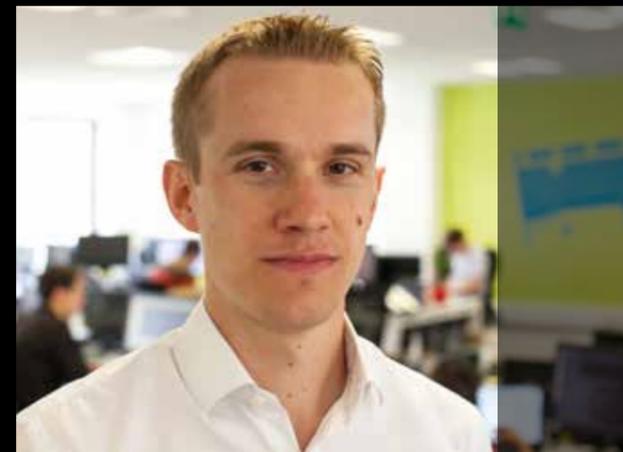
Not a single UK company was ranked on the list, with the report commenting: “Another notable absence is the lack of representation on the list from UK-based organizations. This is the second year in which the United Kingdom is missing, a fact that is underscored by the low R&D investment as a percent of GDP in that region. The United Kingdom was the lowest of the U.S., Japan and France in R&D spend through 2010.”¹¹³

Businesses in France spend 53pc more on R&D than those in the UK, the report highlighted, although the French economy is only 14pc larger.¹¹⁴

While progress is beginning to be made, the investment in R&D is an area in which the UK continues to lag behind competitors.

To catch up, businesses must be supported to take advantage of the two great markets which so many fall short of: the public sector and the global stage.

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



JON REYNOLDS
CO-FOUNDER AND CEO, SWIFTKEY

The UK is moving in the right direction when it comes to nurturing the tech entrepreneurs of the future but I expect this vision to take ten years to fully come to fruition. As Silicon Valley has demonstrated, for a flourishing ecosystem, we need to have generations of entrepreneurs reinvesting in the next generation. We’re still in the first wave and it’s going to take time to build.

Starting at the grassroots, we need to change the way entrepreneurship is viewed, particularly among those still at school. It needs to be seen as a viable, valuable career option and we must encourage the right skills – including the greater take-up of STEM subjects. Entrepreneurship in the UK is still associated with talented extroverts such as Sir Alan Sugar or Sir Richard Branson. They contribute a great deal but ‘quieter’ attributes, such as problem-solving, working collaboratively and being keen to learn are just as fundamental to entrepreneurship.

This culture shift needs to carry on beyond school. By continuing to have world-class universities, accessible and affordable to all with talent, we create the environments where great ideas can emerge. SwiftKey would not exist had I not attended university: my co-founder Ben Medlock and I met there and it taught us practical skills – my Physics degree taught me problem-solving and Ben did the PhD that inspired our unique technology.

The last piece of the puzzle is confidence – setting our sights beyond creating companies that are ‘just’ big in the UK to building businesses that lead global markets. In the US failure is not seen as a career gap that needs explaining away, it’s understood that it enhances your skillset the next time round. The environment in the UK has changed hugely in the five years since I started SwiftKey, but there’s further to go.



ED BUSSEY
FOUNDER AND CEO, QUILL

The UK has much of what is needed to create globally successful companies, and there is no shortage of ideas or ambition.

One of the crucial issues faced by high-potential companies is around the supply of talent. There simply isn’t enough to go around, and this is the problem we must address to unlock the full potential of our business culture. Like many high-growth technology based companies, Quill is carrying a significant number of vacancies – over ten vacancies on top of our current headcount of 18 – for well-paid positions that prove hard to fill.

There are two distinct solutions, one domestically focused and the other international. In the long term we must be producing a deeper and more digitally-capable skills base via the education system. Coders, developers and technicians will be the industrialists of the future, and that is where the focus must be, from primary school upwards.

Our businesses must also be hubs for the brightest and best from around the world. Companies need the freedom to hire talent from wherever they can find it, and that means there is an urgent need to streamline and simplify the immigration system. It needs to be fit for purpose for lean start-ups which don’t have the infrastructure or resources to manage complex visa processes, which prohibit many entrepreneurs from accessing the international talent they need to achieve rapid and global scale.

¹⁰⁹ Lord Young, “Growing your business”, p.20

¹¹⁰ Cabinet Office, “Analysis of the responses to the consultation on making public sector procurement more accessible to small and medium-sized enterprises”, 07.12.13.

^{111 & 112} NESTA, “Review of Measures in support of public procurement of innovation”, 04.11.13

^{113 & 114} Thomson Reuters, “2013 Top 100 global innovators, findings and methodology”, October 2013

CONCLUSION

A comment worth repeating is that of Huddle founder Andy McLoughlin, who has built a pioneer Tech City company into a Silicon Valley success story.

“Everyone here is focused on making a world-beating company,” he says of the California culture.

Put simply that is the level of ambition Britain needs to fulfill its growth potential. And it is a very real and tangible potential.

Most of the entrepreneurs and experts we spoke to were agreed that Britain has many significant advantages: outstanding higher education, admired brands, a pro-business tax and legislative environment, city hubs.

The UK is also proving itself to be an early adopter of the digital technologies and cultures that are shaping the future: the number one e-commerce retailer, a pioneer of alternative finance methods and an enthusiastic proponent of co-working.

Now the country at large must get hooked on the levels of self-belief that have powered a vibrant cluster in Tech City, described by one of its leading lights – Charles Armstrong – as an “amniotic sack of optimism.”

“Television is going to change more in the next five years than it has in the last 50,” Comcast CEO Brian Roberts told *The Economist* in December last year. It could be a prescription for societies and economies as a whole.¹¹⁵

The future is coming fast around the corner: Amazon deliveries droned to your doorstep, a driverless ride in to work, a DNA diagnosis in the post.

This is no longer the stuff of science fiction but the substance of the businesses of the future. The sectors and technologies that will supercharge economies.

That is the nature of the opportunity for Britain as the nation rediscovers what growth looks like after years of recession. After the most transformative downturn in our history there can be no going back to the companies, jobs and norms of the past.

Entrepreneurs will own the future, and Britain must believe it can lead the way.

¹¹⁵
The Economist, “Thinking outside the set-top box”, 14.12.13

BUILDING BRITAIN'S BILLION-DOLLAR START-UPS



MARCUS STUTTARD
HEAD OF AIM AND HEAD OF UK PRIMARY MARKETS,
LONDON STOCK EXCHANGE

The first thing to say is that we must not begin by being too hard on ourselves; Britain already builds billion-dollar start-ups. The UK is home to a thriving entrepreneurial culture that has truly come into its own in recent years particularly.

Our challenge is two-fold I believe. Firstly we need to ensure that from a funding perspective, we create a fully-joined up funding ladder for companies, so that as they embark on their journey from start-up to billion-dollar status, they are supported by the widest range of growth-focused finance options.

Secondly, once companies reach that billion-dollar mark, we need to show companies and their investors that the UK is the right place to continue to call home. That means providing a public equity and debt market that supports larger high-growth companies.

Fantastic progress has been made on both these fronts in the last five years but, like these companies, we are on a journey and there is still more to achieve.



PAUL LINDLEY
FOUNDER, ELLA'S KITCHEN

I'd like to see UK companies take a braver approach to exporting, and make the most of the phenomenal opportunities offered by international markets.

The truth is that there are more similarities than differences with consumers around the world. People buy for fundamentally the same reasons abroad as they do in your home market. So entrepreneurs need to have confidence in their brands as saleable on a global basis.

That's not to understate the amount of work that goes into breaking a new market. Research is vital, and different countries will have significant cultural, legal and societal differences that you need to take into account.

And your business model may vary from country to country. We have variously used distributors, subsidiaries, and worked directly with retailers across a variety of markets.

A lot of entrepreneurs worry about exporting, but we need to encourage more British brands to go global if they are to achieve significant growth. The more companies that succeed, the more that will follow in their footsteps.

A PLAN FOR GROWTH

FIVE WAYS TO ACCELERATE BRITAIN'S GROWTH CULTURE:
ISSUES AND ACTIONS PROPOSED BY SOME OF THE
UK'S LEADING ENTREPRENEURS

5

01 EDUCATION INSPIRING THE NEXT GENERATION OF TALENT

UNITE EDUCATORS AND EMPLOYERS

New partnerships to ensure that each of the UK's 24,372 schools and colleges is working with at least one local business to streamline curricula, improve work opportunities and focus on the needs of the local economy

A TENFOLD INCREASE FOR TENNER

Extend the reach of Tenner by tenfold in the next five years, giving a quarter of a million schoolchildren in the UK the opportunity to experience starting something

02 TALENT GIVING ENTREPRENEURS ACCESS TO THE WORLD'S BEST TALENT

OPTIMISE THE ENTREPRENEUR VISA

Increase Tech City's allocation of 200 'exceptional talent' visa endorsements in proportion to initial demand in 2014/15

RESTORE THE POST-STUDY WORK VISA

Make it easier for businesses to employ international students educated at UK universities; stop deporting the talent we are training

03 NUTS AND BOLTS REMOVING EVERYDAY BARRIERS TO GROWTH

SPEED UP LATE PAYMENTS

Halve the 60 day window for settling invoices; ensure businesses are recompensed within a month of invoicing

INSURE THE FUTURE

Extend national insurance concession for small businesses creating jobs and double the £2,000 discount for every tenth hire

04 FUNDING MAXIMISING THE INVESTMENT POTENTIAL OF UK COMPANIES

SEIS: SHOUT IT FROM THE ROOFTOPS

Promotional campaign for SEIS, to attract new investment from the UK and abroad

FLY FOR FUNDING

Trade missions for firms seeking Series A funding, to the deeper pockets of Silicon Valley VCs

05 BELIEF SETTING THE TONE, SHOWING THE WORLD BRITAIN CAN DO IT

A BORIS IN EVERY CITY

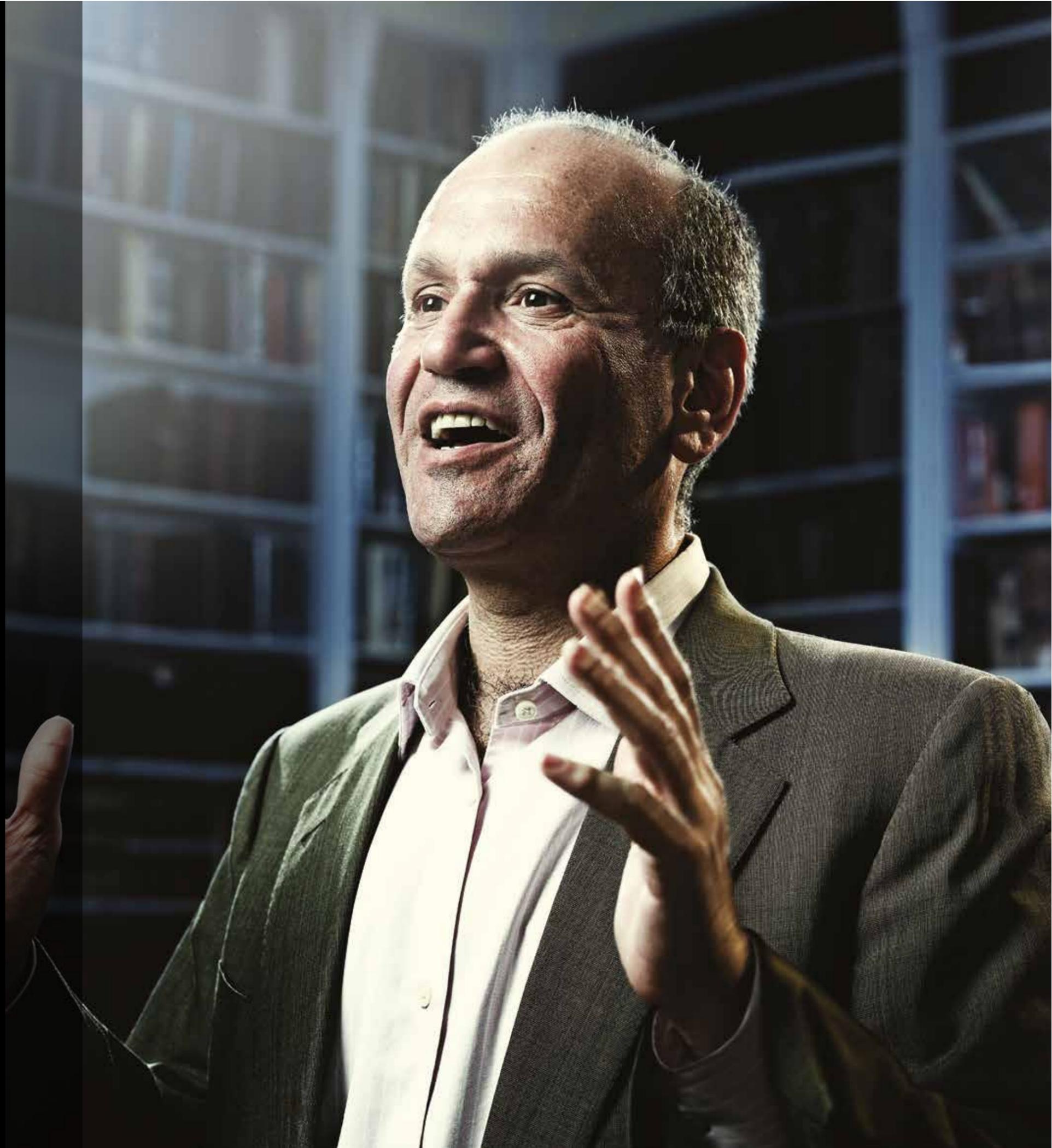
Elected mayors or equivalent centralised powers to allow the UK's leading cities to trumpet their assets and attract new investment

THE PHOENIX EFFECT

A UK equivalent of Singapore's Phoenix Awards, celebrating the entrepreneurs who have bounced back from commercial failure to build outstanding businesses

IN THE CREATIVE
INDUSTRIES, THE UK
HAS A GLOBAL LEADER
DEVELOPING RIGHT
UNDER ITS NOSE.

DOUG RICHARD
FOUNDER, SCHOOL FOR STARTUPS





sevenHILLS

GROWTH BRITANNIA A REPORT FROM SEVEN HILLS

Growth Britannia is brought to you by campaigns company Seven Hills.

We are a high-growth business with enterprise at our core. Founded in January 2010, we have become one of the leading forces in the promotion of entrepreneurship in the UK.

We are the co-founders of StartUp Britain, the national campaign by entrepreneurs for entrepreneurs that is fully backed by HM Government, and the co-creators of both MADE: The Entrepreneur Festival and ACCELERATE – the UK's two leading festivals for start-ups and fast-growth, high-potential businesses.

We are actively involved in empowering the UK high-growth debate through initiatives such as SUMMIT: The Future of Growth, delivered in partnership with Bloomberg Television.

And we work with some of the country's leading entrepreneurs, founders, CEOs, investors, corporates, educationalists and policymakers.

We believe that ideas can change the world, and that campaigns make sure they do.

FOR MORE INFORMATION

online
www.wearesevenhills.com

email
info@sevenhillsgroup.co.uk

phone
+44 20 7199 2200

