

Business Working life

Giving budding entrepreneurs the firmest foundations

BEN GURR FOR THE TIMES

GOING FOR GROWTH

An intensive annual programme for selected young people is aimed at creating sizeable businesses

Being self-employed does not make you a would-be tycoon, as a charity chief focused on business people tells **James Hurley**

Talk in the corridors of power about an explosion of interest in start-ups and the attractions of being your own boss might be just the thing to delight the boss of a charity aiming to “develop the next generation of UK entrepreneurs”. Or it might simply be misleading.

Neeta Patel argues that the government is being disingenuous when it boasts about soaring self-employment and company registration figures. According to the former private equity, insurance and media executive who now runs the New Entrepreneurs Foundation: “The myth we are all buying into is that entrepreneurship and self-employment are the same thing. One is not a shorthand for the other.”

By pretending that Britain’s army of two million self-employed people are all go-getting tycoons, the government gives the wrong impression to young people, she says. “The government’s agenda is: ‘Let’s say self-employed people are entrepreneurs.’ Self-employed people generally earn less, find it hard to win new business, but some might have a better quality of life. Entrepreneurship is starting businesses that create jobs.”

Her organisation wants to equip hundreds and eventually thousands of Britain’s brightest young adults with the skills not only to go into business for themselves, but also to create sizeable ventures. The foundation, now four years old, runs a highly selective, “intensive” annual programme that aims to provide about 40 promising participants with all the “highs and lows” of running their own show. The organisation’s founders include Sir Nigel Rudd, the City grandee. There are lessons from established entrepreneurs and experts in everything from pitching for investment to sales strategy.

Ms Patel says that one of the most important lessons is adding a healthy dose of realism to some very self-confident budding business people. “People who take part rate their leadership skills lower at the end of the course than at the beginning. That’s good. The value is the fact they have realised they don’t know everything.”

While she says it is welcome that more universities and schools are promoting entrepreneurship as an alternative to conventional employment, she adds that they also have a responsibility to “bust” the self-employment myth. “I’m not sure every young person has realistic expectations about entrepreneurship. There is no one path you can follow that will make you rich and more attractive. And it’s not easy.”

Ms Patel has been running NEF



Olivia Martyn believes that the New Entrepreneurs Foundation has helped to give her the confidence to pick up her handbag business idea and run with it

for three and a half years. Thus far, the London-based organisation has seen its alumni create 40 companies, ranging from fashion to food, advertising technology to ecommerce. Its course is aimed at final-year university students, recent graduates and non-graduates alike who can “demonstrate a keen interest in becoming a successful entrepreneur... We are about developing the people rather than the ventures. If you select people with the right attitude and give them support, they’ll have a better chance of success as entrepreneurs. It is not ‘in one year’s time you will be Richard Branson’. It’s about creating the entrepreneurs of the future and it’s a long game. Some will fail, others won’t launch anything for a long time. We’re creating an ecosystem.”

NEF has ambitions to expand to cities including Manchester, Birmingham and Cardiff, “anywhere where there’s lots of entrepreneurial activity”, but Ms Patel admits that is subject to the support of corporate donors that include 3i, Diageo, Next and Virgin.

She believes it is vital to have a charity providing such a programme despite an explosion in recent years in the number of “accelerators” for start-ups, which offer support including office space, funding and mentoring in return for an equity stake.

“There is a danger of too many badly thought-out

Neeta Patel believes it is important to add realism to some very self-confident people

accelerators masquerading as support and help for entrepreneurs. They are all commercial ventures, looking for that one business to give them ten, twenty or fifty times’ returns. For that they are willing to sacrifice 100 small businesses. It is a standard venture capital model that has been rebranded.”

She says that there are now 600 accelerators or “incubators” competing for start-ups in London alone. “Every week there is a new one. I take it with cynicism. I wonder how many will survive five years down the line. It is hard to make the numbers work.”

There is some self-interest here. Ms Patel admits that it can be tricky to cut through the “white noise” that she says these accelerators create in order to attract attention to NEF, which does not ask to take an equity stake in participants’ ventures. Not that it appears to have any difficulty in generating applications: 1,000 people fought for the 40 places on last year’s course.

One of them was Olivia Martyn, 23, who has gone on to set up Olive Cooper, a handbag company. Her start-up has already secured a seed-funding round from Jeffrey Cooper, the retail entrepreneur.

Ms Martyn says that the NEF experience gave her the inspiration to “take the plunge... I wouldn’t have had the confidence to hand in my notice [as a marketer] and go full-time without NEF. I would probably still be working

‘Loan schemes do little to create high-growth start-ups’

Neeta Patel is wary of government claims that Conservative-led policies are resulting in a boom in entrepreneurship – and the taxpayer-backed start-up loans scheme, which has provided more than £150 million of public money to tens of thousands of new ventures since it was set up in 2013, is a case in point.

“It is great if you know what you want to do, but there is a danger you are just throwing money at the

wall and seeing what sticks.” The New Entrepreneurs Foundation boss suspects that the scheme has created another pillar to prop up Britain’s self-employment boom that ultimately may do very little to inspire scalable businesses.

“Most of the loans go to people who don’t employ anyone. It’s a tick for helping self-employment, certainly, but does it create high-growth start-ups? No.”

Projections from when

the project was set up predicted that about 40 per cent of the loans were unlikely to be repaid. At the last count, one third were in arrears.

The foundation does not provide funding for start-ups, but does offer a small salary for participants, which Ms Patel says allows it to “focus on the individuals”.

However, she admits that the toughest part of her job is the battle to attract sponsors and entrepreneurs in a crowded market.

a normal job and carrying out little projects on the side.

“The course filled in gaps in my knowledge and taught me what to think about before you even start a company – logistics, securing investment and what to spend it on, how you’ll get customers and how to approach them.”

NEF has given her the practical skills and personal network to grow more quickly, she says. She hopes to secure more equity finance for Olive Cooper soon, an option that she admits she was entirely unaware of before taking part in the programme. “I thought starting up was all about savings and getting money from friends and family.”

However, Ms Martyn questions whether the naivety about entrepreneurship that Ms Patel identifies in some young people is really such a bad thing: “I think everyone has high expectations that their company will be a big success. If you knew too much when you went in, you probably wouldn’t do it at all. Naivety pushes you further.”

Ms Patel admits that she doesn’t mind a bit of youthful exuberance, after a varied career that took in spells at Legal & General, the British Council and the Financial Times.

“Years of work can take the positivity out of you. It’s rare to work with people who are positive and untainted. This is the best job I’ve ever had.”