

The establishment phase

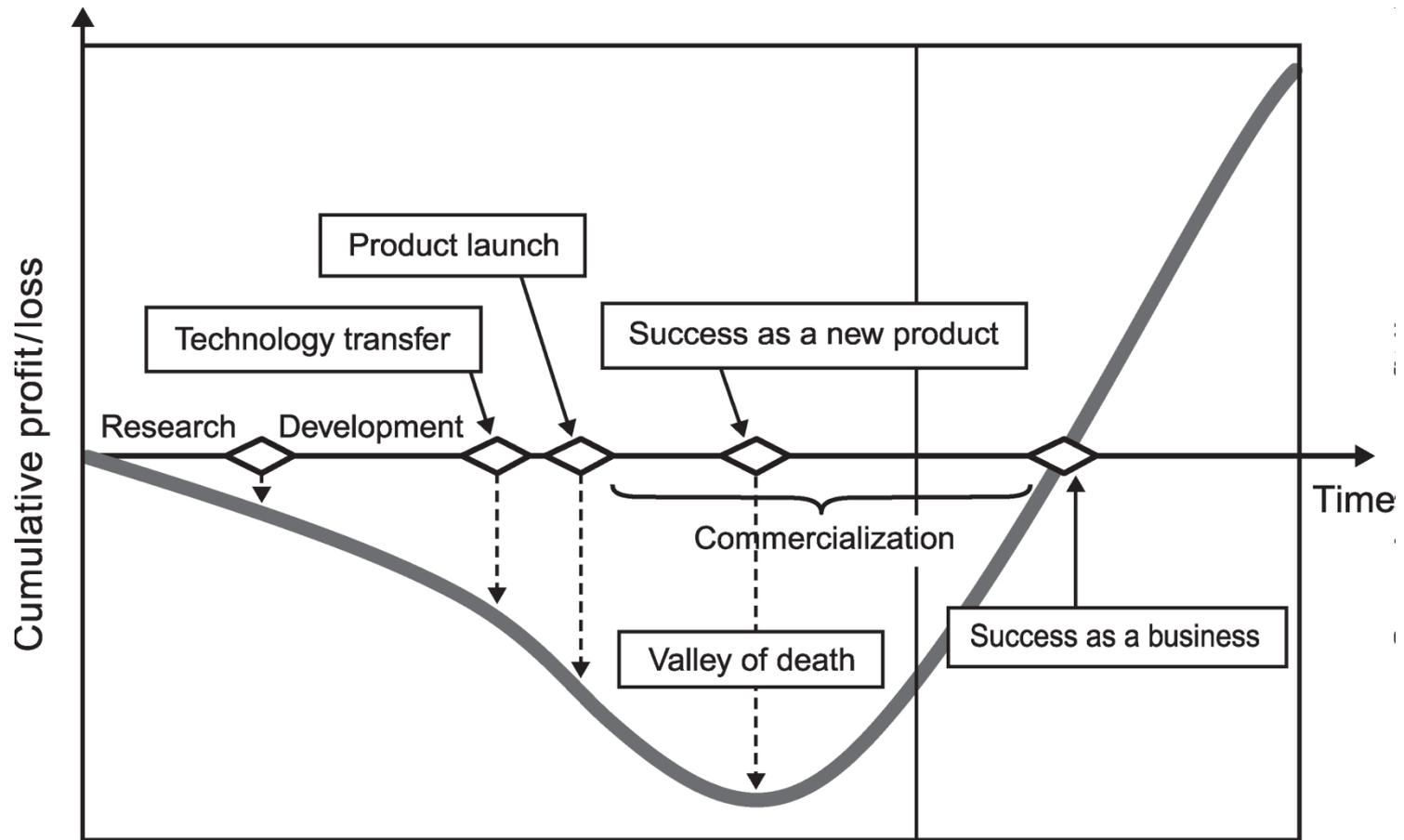
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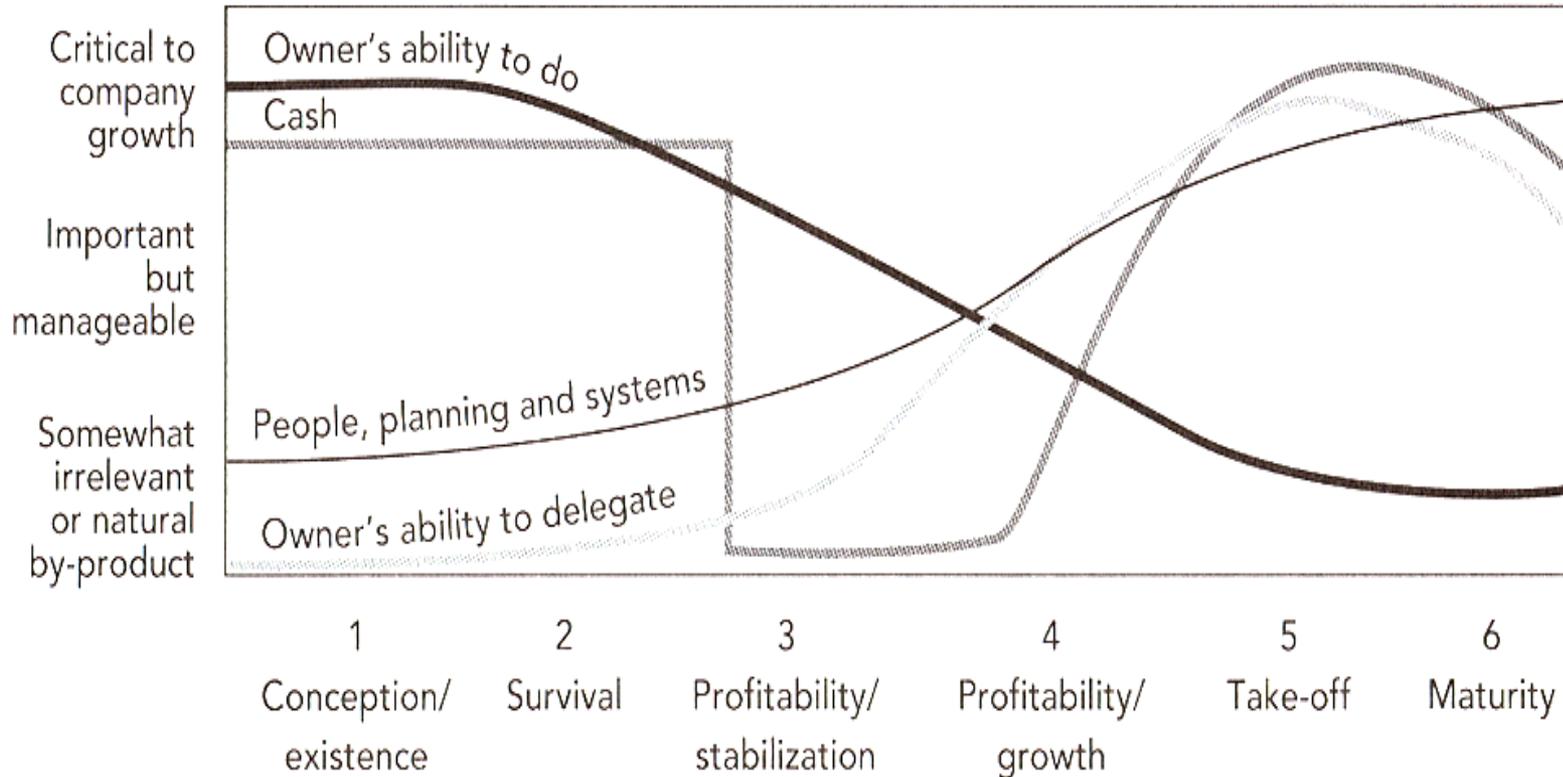
Introductory remarks



Changing financing needs – getting through the valley of death



Changing resource and capabilities needs



Establishment phase – policy scenarios

- ❑ Consider different policy and support needs of different types of firms:

- ❑ Scenario 1: Mainstream businesses

- ❑ Scenario 2: Innovative start-ups

- ❑ Scenario 3: Women-owned firms

Scenario 1: Mainstream start-ups in the establishment phase

Supporting mainstream start-ups

- ▣ Some common trends are evident across the OECD. Emergent trends in mainstream business support around the establishment phase are around
 - Making business support easier to access
 - ▣ Supporting access to finance
 - ▣ Business support simplification

- ▣ Tunisia does relatively well in mainstream business with a TEA rate of 9.4 per cent, a little below the 11.2 per cent average for the 'efficiency driven' economies (GEM 2008)

- ▣ Levels of 'perceived opportunities' are very low in Tunisia, however, 15 per cent compared to an average of 36 per cent in the 'efficiency driven' economies (GEM 2008)

Supporting the mainstream – easy access

Policy Case 1: www.businesslink.gov.uk

- █ UK government service Business Links provide one of the most extensive on-line resources
- █ National information service supported by regional delivery agencies
- █ Combines efficiency of national service with advantages of local (and very personal delivery)
- █ Note even where resource is not used by firms can be used by business advisors



The screenshot shows the Business Link website interface. At the top, there is a navigation bar with the Business Link logo and the text "Practical advice for business". Below this are four tabs: "My Business", "What's new?", "Do it online", and "Director".

On the left side, there is a vertical menu of categories, each with a colored square icon:

- Starting up
- Finance and grants
- Taxes, returns & payroll
- Employment & skills
- Health, safety, premises
- Environment & efficiency
- Exploit your ideas
- IT & e-commerce
- Sales and marketing
- International trade
- Grow your business
- Buy or sell a business
- For professional advisers
- Your business sector

On the right side, there is a main content area. It starts with a welcome message: "Welcome to businesslink.gov.uk, the official government website for businesses of all sizes". Below this is a paragraph: "Business Link is a free business advice and support service, available online and through local advisers. [Read more about us.](#)".

There is a map of the United Kingdom with regional boundaries. Below the map, it says "Local support and services" and "Select your region from the map, enter your postcode below or call the Business Link Helpline on Tel 0845 600 9 006." There is a "Postcode" input field and a "Go" button.

At the bottom, there are two promotional boxes. The left one is titled "Budget 2010" and features a red briefcase icon. The text says "Budget 2010 Find out how the Chancellor's statement affects your business". The right one is titled "Tools Directory" and features an image of a hand using a tool. The text says "Tools Directory Interactive tools to help you run your business".

Supporting the mainstream – spreading finance

Policy Case 2: Ensuring demand, ensuring supply

- ❑ Complex issue and perhaps first step is identification of financing ‘gaps’ in any given country

- ❑ Responses on two tracks:
 - ❑ Demand side - Diagnostic programmes and tools to help identify financial needs and improve ‘investment readiness’ (e.g. UK, Spain and Greece ‘Ready for Growth’ programme)

 - ❑ Supply side - Measures to promote SME lending which in the UK have included:
 - ❑ CDFI – state backed micro-finance organisations
 - ❑ Credit and export guarantees
 - ❑ Public-private venture funds

Scenario 2: Innovative firms in the establishment phase



On innovative firms in the establishment phase

- Many of these will be the high-growth gazelles which we are all seeking
- They need not necessarily be high-tech or in high-tech sectors (think Walmart!) although many will be
- Evidence suggests these firms account for around 5-10 per cent of start-ups but will account for 70+ per cent of new jobs
- Key developments here are:
 - Enabling informal venture funding (business angels)
 - Supporting non-technical or services innovation
 - Building university-industry collaboration

Innovative Start-ups – angel funding

Policy Case 1: Ready2Invest (UK)

- ▣▣▣ Key development here over recent years has been the increasing development of business angel networks, and the role of public policy in facilitating such networks
- ▣▣▣ The UK Ready2Invest programme have used workshops, case studies and social networks to encourage high-worth individuals to consider becoming business angels and joining investor networks.
- Important links have also been made between angel networks and other elements of support system – e,g. Incubators

Promoting Innovative Start-ups – service innovation

Policy Case 2: TEKES ‘Serve’ Measure

- ❖ SERVE scheme operated by the Finnish government agency TEKES. Innovation grant measure which aims to:
 - ❖ encourage the development of innovative service concepts and service business models in companies;
 - ❖ strengthen and diversify service related innovation activities, especially in SMEs;
 - ❖ improve productivity and quality of service activities in various industries.
- ❖ Provides grant support of up to 50 per cent of project cost
- ❖ Addresses internal resource constraints on firms – particularly finance, risk and skills.
- ❖ Key success factors are very broad eligibility criteria in terms of what it will support and particularly support for non-technological innovation – development of new business models for example.

Promoting Innovative Start-ups – university links

Policy Case 3: Innovation Vouchers

- ❑ Perceived weakness in the Netherlands of links between universities and SMEs and therefore missing potential synergies
- ❑ Scheme issues innovation voucher worth €7500 to an SME to pay for university services – SME then gives to university
- ❑ Wholly government funded – no SME contribution
- ❑ Advantages:
 - ❑ Empowers SME to approach university
 - ❑ Encourages universities to work with SMEs
- ❑ Key success factors in the Netherlands have been light touch administration of scheme with automatic award of voucher if firm meets basic eligibility criteria.
- ❑ Scheme has been success in stimulating new contacts and copied in UK, Ireland and Belgium.

Scenario 3: Women-owned firms in the establishment phase



On women-led firms in the establishment phase

- ❖ Low levels of women-led start-ups are common internationally and raise both economic and social issues
- ❖ Tunisian situation is pretty typical with female TEA rate around 5 per cent and male around 13-14 per cent (GEM 2008)
- ❖ Social, cultural and domestic issues are important here but beyond this women are often said to face particular barriers to enterprise.
- ❖ Many issues here but focus on two areas:
 - ❖ Boosting confidence and aspiration
 - ❖ Broadening networks and management skills

Promoting women's enterprise – confidence/aspiration

Policy case 1: Going for growth?

- ⌘ Unfortunatly this remains an issue Recent evidence suggests that (even) in the UK women are often less confident and have lower business objectives (Interesting to ask: Why?)
- ⌘ Prevents women starting businesses and going into self-employment with negative social and economic implications
- ⌘ Organisations like Prowess in the UK, Catalyst in the US and the Women's Business Network and here in Tunisia work of Centre of Arab Women for Training and Research (CAWTAR) valuable in this respect
- ⌘ Key actions are:
 - ⌘ Promoting examples of successful women entrepreneurs
 - ⌘ 'Enabling' women business owners through training and mentoring
 - ⌘ Establishing networks
 - ⌘ Supporting equality charter schemes

Promoting women's enterprise - networks

Policy case 2: Centre for Women & Enterprise (CWE), MA

- ⌘ Evidence suggests that women only networks can be very important during the establishment phase with on-line networks playing an increasingly important role (e.g. www.giantpotential.com)
- ⌘ CWE run a broad range of networking events organised along cultural and aspirational lines. These include:
 - ⌘ Monthly women's networking events
 - ⌘ 'Coffee and capital' equity breakfasts for women and financiers
 - ⌘ 'Destination success' – an annual network event bringing together new and successful women entrepreneurs
 - ⌘ Latina entrepreneurs networking events
 - ⌘ An on-line business directory to assist with marketing
- ⌘ CWE also run a comprehensive series of training courses for women 'envisioning' and 'growing' their business as well as providing mentoring services
- ⌘ A word of caution - broader networks are needed for growth, however.

Final remarks

- ▣ Key challenge of supporting SMEs in the establishment phase is getting the right support to the right person at the right time
- ▣ Best practice suggests the need for flexible provision with a single entry point and a system which is strongly demand -led
- The innovation vouchers are a clear example of this type of initiative but building a responsive support system seems central
- Experience suggests that there is also a need for differentiated support targeted at the needs of particular groups