START-UPS

A toolkit for entrepreneurs



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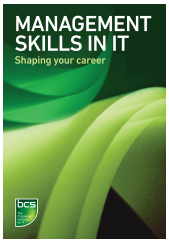

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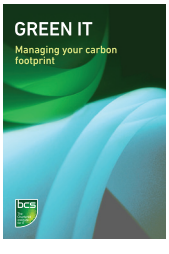

New legislation, rising energy costs and increasing demand for green credentials have moved sustainable IT upto the business agenda. This ebook offers advice on how to incorporate sustainable practices in your business strategy.

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FOREWORD

A stereotype has grown up in this country, fostered by the TV evangelism of *The Apprentice* and *Dragons' Den*, that entrepreneurship is only for narcissists and bullies. The subtext of this TV image of business is that only if you are greedy and ruthless enough in the war zone of modern capitalism will you succeed. And that success must always come at the expense of others.

Our BCS Entrepreneurs – many of them serial entrepreneurs – tell a different story and the articles in this ebook show that entrepreneurialism is for (almost) everyone.

Entrepreneurs are not risk-junkies; they are sensible risk managers. They are not superhuman; they are super self-aware and know when to bring in others to help. They do not all have a market-breaking idea; many succeed simply by working harder to build on their own strengths and experiences.

They are certainly not born to succeed; they learn to succeed by listening to the market, to their peers and to those who have been there and done it before. Far from 9 in 10 'failing', most may be said to succeed in their own terms and many succeed spectacularly. Far from being outliers, entrepreneurs are the backbone of the economy. Their businesses account for most of UK employment and more than £1.5 trillion of revenue each year.

As the risk of actually starting a business diminishes with better incentives and fewer barriers, the challenge for UK plcs is to nurture and support their small army of entrepreneurs to become the business leaders of tomorrow.

Information technology will drive very few of these businesses, but it will enable and support every one of them. Marrying the right technical skills to financial and market insight will be vital to their success.

While all the media attention focuses on the top 0.1 per cent of digitally driven entrepreneurs, the real revolution lies elsewhere – in the hundreds of thousands of digitally inspired and digitally supported businesses that are the backbone of our economy. We hope that this ebook inspires a few more of them to release their inner entrepreneur.

Ian Ryder, Deputy CEO,
BCS, The Chartered Institute for IT

SECTION 1: ENTREPRENEURIALISM

1 NATURE VERSUS NURTURE IN ENTREPRENEURIALISM

Some think that entrepreneurial skills are largely innate, others that they can be taught; of course, there's a middle line. The issues were discussed by Christopher Thomas, Director at Sports Fusion; Timothy Barnes, Director of UCL Advances; and Emma Jones from Start-up Britain, Founder of Enterprise Nation. Brian Runciman MBCS hosted and reports.

What constitutes the entrepreneurial mindset?
EJ: It's about who feels passionate about pursuing something that could be a business. I think as long as you are committed to hard work, to seeing an idea go through, being persistent and not giving up, that gives you the credibility to have the entrepreneurial mindset. Most people in Britain have it. We run Start-up Saturday for those with an idea and I see people from all backgrounds: those in employment, mums, students, people who have spotted a gap in the market, those who have a hobby they want to turn into a living and more.

TB: The creative element is important because you need to be able to spot an opportunity and to think about it in a way that brings you to a solution that no one else has seen. Sometimes that's about you as a creative person or about timing – such as a technology that may not have been there in the past. You need the ability to look at things a bit differently. There are a lot of ideas of risk being part of the entrepreneurial mindset. I don't think it's a desire or appetite for risk that needs to be there, but it does need to be something that people are comfortable with. They need to understand its balance against potential rewards. A low-risk, low-reward business is just as much about being an entrepreneur – and it might be the only thing you want to do – it's a valid entrepreneurial contribution.

For me there are lots of people out there with the entrepreneurial mindset. People who do things on the high street, doctors who set up a new NHS practice, architects, flower shops, newsagents – they are all entrepreneurs, which is about planning for tomorrow without regard for the resources at hand today.

CT: I'd like to move the emphasis to a degree back onto the word risk – I can't quite see what would distinguish an entrepreneur from other businesses if it's not the word risk. It doesn't have to be financial; it could be in terms of our own identity, where we position ourselves in society. So being able to do that and to potentially fail is an inherent part of entrepreneurship. I think that creativity is vital, but also the ability to genuinely, in a balanced way, judge whether you have a competitive advantage. Jack Welch said if you don't have competitive advantage, don't start a business. I would say that competitive advantage is vital, and I'm not

an advocate of that being a unique selling point (USP) – you could just be better at doing something other people do, you could just work harder. You have to be very clear about why what you're doing will be make a difference. I am opposed to USP or 'how is your product different?' It doesn't need that.

The other thing that is very pertinent to my definition of an entrepreneur is the ability to recognise that you need very different skills at different stages of the process. It is like bringing up a child – there's a huge difference between a 3-year-old, a 10-year-old, a teenager and a young adult. I regard my business as being a teenager. I'm proud of it and very excited about where we are, but now it needs to grow up and do other things. You are constantly faced with that need to keep adapting.

TB: This feeds back to the mindset. There is an impression in the minds of many people that haven't experienced entrepreneurialism that the risky point is the start and that there is some wonderful line on a chart that, when passed, is safe. In fact it starts and grows and then plateaus, then grows a bit more. Then you have to risk it all to grow again, and then risk it all again. At any point it could fail – and then you could be right back down the snake to the start and lose everything. It's a haphazard, chaotic process.

EJ: I think the terminology we use has put off quite a few people. The greatest risk now is not to take steps to start a business. It's becoming more risky to stay in employment and people are being clever now about minimising risk when they are starting out. We brought out a book, *Working 5 to 9*, about keeping a day job and building a business at the weekend. The great thing we have at our disposal at the moment is technology. In any business now – from fashion to food to finance – people are embracing low-cost tech to get their product out there to make sales. You can start a business now for less than £100 – where's the risk in that? The only risk is in not doing it.

We took a survey on the BCS website on whether people think entrepreneurs are made or born. Were you surprised that only 60 per cent felt that entrepreneurialism can be nurtured?

EJ: I've been in self-employment for 12 years and what I've recognised is that, if you are born into a family of business owners or entrepreneurs, you are more likely to start a business. Not because of any sort of gene, but because this was what surrounded you when you grew up and it's a natural choice to make. But people who have a good idea absolutely can be taught to take an idea, make a business plan and turn it into a business.

What we are seeing growing businesses do is focus on what they do best and outsource the rest. So I'm seeing small businesses going global because they are using Facebook, AliBaba.com and Twitter and are outsourcing production, manufacturing and fulfilment. They are not increasing headcount or costs, but they are increasing their profitability.

TB: The general point is good. There are lean models to follow and you can get plenty of analytics and test things quickly – these are all good points. But this is a bad moment to talk about outsourcing, with G4S (formerly Group 4 Securicor) bringing something of a question mark to the way it works. Perhaps that's a bit

unfair – it is worth reinforcing that there are clearly good things in it. I started my first business at the age of 12 and I was working in the dot-com years for an investment company and it was great, because we were putting the first £250K into a business to build the website and bring in servers – but now the combination of things like WordPress, Eventbrite and online banking means you can easily test an idea. The idea that risk is negative is wrong. It is inherent in a business idea that there is something out there that has not been done or been proven. We should call it opportunity – risk is not a bad thing. Entrepreneurs like somebody with a problem, because people pay to have them taken away. Seeing a business idea after you've heard someone in the pub complaining about something is entrepreneurial – it's about seeing an opportunity and having the ability to provide a solution that might or might not work. That's not about risk being evil; it's something that lots of people can do. We can educate, we can train, we can mentor, we can show people the pitfalls and we can help them get to where they want to be.

That leads nicely to asking how entrepreneurialism can be taught or enhanced.
CT: If we can properly define what we mean by entrepreneurial skills we can get an answer more easily – so I'll have to use my own definition. I think what we can do to enhance skills is to take away the things that people currently associate with entrepreneurship. For example young people think that the TV programme *The Apprentice* is entrepreneurship. It almost makes me cry that we are losing the potential we have in our young people by giving them the impression that that's what you have to do to succeed.

What do you see as the problem with *The Apprentice*?
CT: The whole premise, the structure – I can obviously distinguish that it's a TV programme that needs to deliver to an audience – but it's the bullying environment, the aggression, the competitiveness, the lack of collaboration, the lack of time, the lack of respect given to people whose skills aren't as forthright as others. This sets us back a million years. So to teach things we need to take this away. We are losing the battle because somebody else is setting the agenda. Entrepreneurship can just be career management – a consultant working from home – but what I'm thinking about is starting a business, making employment and generating wealth.

EJ: There is a positive aspect of enterprise at the moment – in 2011 and 2012 there were record numbers of people starting a business. People are making the most of training to get the confidence, contents and contacts to make an idea into a business.

TB: Being open to advice is something all entrepreneurs need. We need to encourage people to have a go. The worst that can happen is that people don't want to buy something – and that's positive because you can learn from it. Most people who want to start a business have a passion, which has come from something they've done – perhaps at work or in their spare time. Like Willett who invented a new type of golf tee to keep it in the ground – and that came from his experience of playing golf. What you can do is learn from others – how to negotiate, how to sell. You never need to be the best person in the room at everything you need to do. You need an understanding of what other people do because you are the person at the centre of the universe of your business, so hire better people than you.

EJ: In the UK at the moment the private sector is stepping up – opening accelerators and incubators – the government are giving tax advantages. But where we could do more is in experienced entrepreneurs giving back their time to mentor the next generation. The government recently launched start-up loans for people under 25, who are paired with a mentor. What they don't have is industry contacts and a network – helping them with this can hasten their progress by learning from others' mistakes. We need more of that – an army of mentors.

Is there anything else that the UK government can do to enhance this?

CT: Government needs to understand the area better to learn when to intervene and when not to. It can't make things happen, but it can foster the development of things. We need to find a way of showcasing what we consider to be entrepreneurs. I'm a bit concerned about the focus on the exceptions – those who make billions. Success doesn't always have to be financial – showcasing entrepreneurship in its broader sense is what the government can do. The channel for doing that is BCS – it's uniquely positioned. In terms of education, the best things I've done have been the failures.

TB: I think the government can listen to people who've failed as well as those who've succeeded; helping identify the barriers and problems – so that other people can avoid them. The loan scheme is a good idea, but is let down in the detail management. I'm worried about its implementation.

EJ: We work closely with government with Start-up Britain. There are people working out the loan scheme details, so I have every confidence it will be successful. Lord Young's big missive is for the government to give people more confidence to work in the economy, because start-ups are a bright spot. These entrepreneurs need to work in an optimistic environment. Figures round small business are very bright right now – and the media and government need to sync up on that.

The full video is at **www.bcs.org/video**

If you have been inspired, whether or not you are currently a BCS member, you will find details and joining information on the BCS Entrepreneurs Specialist Group webpage (**www.bcs.org/entrepreneur**) or alternatively at:

http://www.linkedin.com/groups/BCS-Entrepreneurs-4605504/about

http://twitter.com/bcsentrepreneur

http://www.youtube.com/bcs1957

Anil Hansjee, Chair of Innovation and Entrepreneurs Working Group, says:

> 'Innovation and entrepreneurship are vital in terms of helping drive the UK economy forward.'

We aim to enable generations of digital entrepreneurs, by creating a world class environment for business and professional advancement.

Through its 10 workgroups, BCS Entrepreneurs provides a focus for digital thought leadership, working on shared innovation projects, creating networking opportunities, events, tools and resources designed to support entrepreneurs and our influential community of over 70,000 BCS members.

Connect and help us to help you.



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