

# Enterprising Voices: Supporting the Drive for Recovery

Presented by the British Library Business & IP Centre on behalf of its users, 'Enterprising Voices: Supporting the Drive for Recovery' brings together a range of suggestions from small business owners and industry experts on how they think Government can achieve its aim of making the UK the most enterprising economy in the world and help our aspiring entrepreneurs drive the recovery.

## Foreword

*Innovation, enterprise and confidence are the keys to economic recovery. Developing a culture that empowers and motivates the UK's aspiring entrepreneurs is of the utmost importance.*

*'Enterprising Voices' brings together some of the leading lights in small business today, gathering the thoughts, concerns and aspirations of grass-roots business people. Representing those on the front line of the UK's economy, this report puts forward some solid suggestions of how Government can help to stimulate growth by supporting small business.*

*Since 2006 the British Library Business & IP Centre has been nurturing business talent, providing entrepreneurs with the chance to collaborate, network and seek advice in an open, inspiring environment. It is quite right that the Centre has provided a place for the articulation of these opinions and I am proud to be associated with the British Library's drive to support our aspiring entrepreneurs in generating our future wealth.*

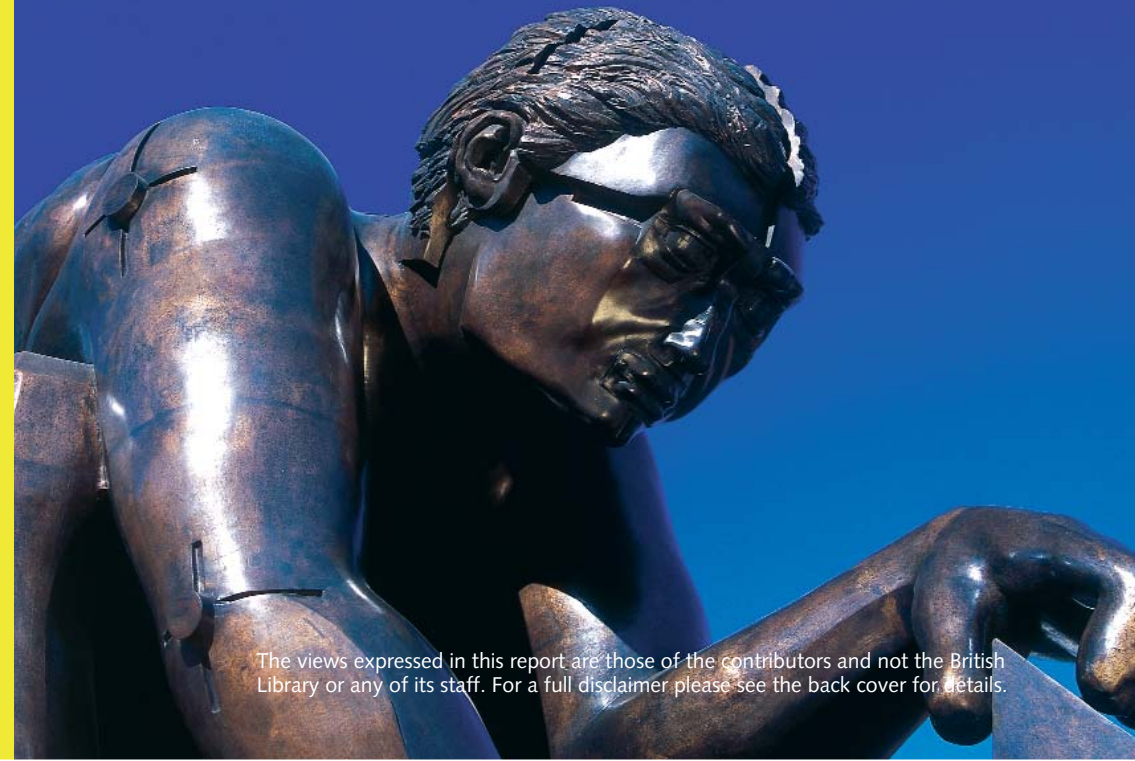
**Rachel Elnaugh,**  
Entrepreneur, Author and Business Mentor



## Executive Summary

The British Library Business & IP Centre sits at the heart of the UK's SME community, providing free access to an unrivalled source of business information and advice. Since its launch in March 2006, the Centre has helped over 100,000 aspiring entrepreneurs explore that initial spark of inspiration and turn it into a successful business.

'Enterprising Voices' brings together the views and opinions of businesses and industry experts who use the Business & IP Centre. It looks at ten broad themes and offers suggestions from the contributors of how Government can help SMEs drive economic recovery in the UK and achieve the Department for Business Innovation and Skills' vision of making the UK "the most enterprising economy in the world and the best place to start and grow a business."



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# 10 Ways to Drive Recovery

1

## On Business Support

*The biggest problem with existing services is the regional disparity ... Government efforts should focus on centralisation of information and ensure that support is evenly distributed.*

**Cally Robson**

Founder, She's Ingenious!

2

## On Funding

*To ensure well researched start-ups are able to secure finance, banks need to be 'encouraged' to return to a more old fashioned approach, taking time to properly assess individual business propositions.*

**Johnny Martin**

Independent Financial Advisor

3

## On Tax Relief

*If the Government is serious about encouraging enterprise in the UK, they need to avoid gimmicks like the VAT cut, and offer start-ups a genuine exemption from tax for at least 18 months whilst they get up and running.*

**Doug Richard**

Former BBC Dragon

4

## On Intellectual Property

*To help entrepreneurs protect their ideas Government should consider introducing a fast track scheme for small business fighting infringement, or back a UK-wide insurance scheme.*

**Denise Nurse**

IP Lawyer and Co-Director of Halebury solicitors

5

## On Technology

*Having a future-proof data network is more important than short-term tax relief and could be funded through taxes levied by Ofcom based on individual data usage.*

**Tom Jeffs**

Founder of specialist small business IT support firm Lucidica

6

## On Procurement

*Pre-qualification for government contracts is hugely onerous and lends itself to big business. SMEs simply cannot afford the resources to constantly apply for contracts – the whole process needs to be simplified.*

**Scott Johnson**

Building Contractor

7

## On Employment

*Although vital for providing equal opportunities for women, maternity leave places a huge burden on small businesses. The Government should think about increasing the existing level of subsidy for maternity to cover the crippling hidden costs.*

**Janvi Patel**

Employment Lawyer and Co-Director of Halebury Solicitors

8

## On Apprenticeships

*Now is the time for Government to look at subsidising a national internship scheme for SMEs, to improve job prospects and promote entrepreneurship as a valid career choice for new graduates.*

**Rajeeb Dey**

CEO of Enternships (Entrepreneurial Internships)

9

## On the Rise of Social Enterprise

*Excessive risk taking in pursuit of profit is an inherent characteristic of our current corporate structure and if allowed to continue will cause further financial crises. What is needed is greater scrutiny and a review of our Corporate` charters to ensure businesses give due consideration to their actions.*

**Paul Barry-Walsh**

the Fredericks Foundation

10

## On Creating Opportunity

*If the Government wants to encourage more single parents back into the workplace then they need to formally recognise entrepreneurship as a valid option for those on job seekers' allowance.*

**Julie Hall**

Founder of Women Unlimited

1

## Business Support

In October 2008 the Government introduced a new *Solutions for Business* initiative, designed to streamline business support services and help unlock the nation's entrepreneurial talents. The initiative aims to consolidate some 3,000 different publicly-funded services into just 30 products, so that entrepreneurs can identify the right support quickly and easily.

**Cally Robson** (pictured), founder of online support service for female inventor-entrepreneurs She's Ingenious!

*"Streamlined services would help simplify the process of accessing support – however, it is important to remember that one size never fits all. Small businesses' needs vary widely, so a variety of support options is crucial."*

*"A bigger problem with existing services is regional disparity."*

*"Government efforts should focus on the centralisation of information about the kind of services on offer and on making sure that support is distributed more evenly."*

*Real Business* magazine's small business manifesto, 'Saving Britain's Future', recommended the British Library Business & IP Centre as a potential model for regional business hubs:

*"The Centre, which has helped over 100,000 entrepreneurs since its launch in 2006, provides a template that could be replicated in Cardiff, Belfast, Edinburgh, Birmingham, Leeds and Bristol to create a national network offering a plethora of services for entrepreneurs."*



2

## Funding

In January 2009 the Government introduced three new schemes to help SMEs through the credit crunch, providing access to £20 billion of investment in bank loan finance.

Award winning entrepreneur and Inventor in Residence at the British Library, **Mark Sheahan** (pictured) regularly talks to inventors and entrepreneurs looking for investment:

*"Financial backing from Government is absolutely vital for nurturing innovation in the UK. However, existing finance schemes have come under criticism for being overly complex and many entrepreneurs are unaware of the support available."*

*"Creation of a central database for all the various government schemes, combined with simplification of the application process, would massively improve the accessibility of government finance."*

*"To ensure the new 'Loans Guarantee Scheme' provides genuine grass-roots level support for entrepreneurs, Government should think about operating a naming and shaming policy for any banks caught not making funds available to start-ups with solid business ideas."*

Financial Advisor for SMEs and producer / presenter of the highly acclaimed DVD 'Talk Money', Johnny Martin advocates a return to a more traditional role for banks:

*"Good communication is crucial and irrespective of any government scheme; if a bank gets a call from a customer out of the blue for urgent refinancing they will struggle because banks are not in the business of providing loans to cover losses."*

*"To ensure well researched and planned start-ups are able to secure finance, banks need to be 'encouraged' to return to a more old fashioned approach, taking time to properly assess individual business propositions. Banks already applying this approach, such as Triodos, have found it to be very successful and profitable despite the recession."*



3

## Tax Relief

Subject to the same tax system as established multinational corporations, numerous entrepreneurs have put forward suggestions for tax reform to help support small business owners drive recovery. Former lawyer, now founder of the Caribbean themed Mahoe Café, **Vanessa Hutchinson** (pictured) believes Government should introduce a tax holiday for first time entrepreneurs:

*"With investment capital in limited supply, easing the tax burden on new SMEs for the first few years is an excellent way to motivate enterprising individuals."*

*"Whether qualification is worked out according to the capitalised value of the business, perhaps £750,000, or based on the number of years of trading, the Government must consider offering new small businesses tax breaks on everything from Income Tax and National Insurance, to Business Rates and VAT."*

*"Corporation Tax in particular poses a big problem for start-ups. Small businesses struggle as it is to raise the necessary finance, but taxing the interest earned on various investment and loans as profit deprives businesses of much needed working capital."*

Former BBC Dragon and founder of School for Startups, Doug Richard, has argued that tax relief is the best way to incentivise aspiring entrepreneurs:

*"It takes a good 18 months of solid work before a new business starts to really establish itself. If the government is serious about encouraging enterprise in the UK, then they need to avoid gimmicks like the VAT cut, and offer start-ups a genuine exemption from tax until they get their businesses up and running."*



4

## Intellectual Property

In October this year the Intellectual Property Office announced the introduction of a new application process to help small businesses protect their ideas more effectively – making copyright, trademarks and design rights cheaper and easier for entrepreneurs to understand and use. However, entrepreneurs say the patenting process remains lengthy and expensive.

The reason patenting is so expensive is because of the highly specialised nature of the work, explains **Denise Nurse** (pictured), Co-Director of Halebury solicitors.

*"Expert advice will always be needed to ensure the patent is airtight, but to help fuel innovation, Government could potentially offer independent inventors and entrepreneurs financial support during patent development through a profit share scheme."*

*"Government must also take steps to help entrepreneurs enforce their intellectual property rights in the courts. The development of a fast track scheme for small businesses fighting patent infringement or the creation of a UK-wide insurance scheme could be vital in helping SMEs protect their businesses from their rights being infringed."*

British engineer and inventor, Jim Shaikh is about to launch an innovative new baby feeding product. Having recently been through the patenting process he raises concerns about the pressures put on innovators:

*"When developing and patenting a product, timing is absolutely critical. Once you have started, deadlines on the business are dictated by the patenting process, forcing entrepreneurs to make tough decisions very early on."*

*"One of the biggest questions is where do you plan on patenting the idea? Currently each country charges individually, sending costs through the roof. The creation of single EU wide system in which costs are incurred only in the home country would help protect British innovation, and ensure inventors are properly rewarded for their enterprising ideas."*



5

## Technology

The internet has transformed core elements of UK industry, communications and our public services. Yet the UK currently ranks 41st in the world for broadband speeds, with nations including Lithuania, Latvia and Bulgaria achieving almost double our average speed.

However, the situation is even worse than these raw statistics reveal, says **Tom Jeffs** (pictured), CTO of Lucidica – the IT Department for small business:



*"We are a small island with a strong central telecoms network and high population density. For the UK to fall behind France or Germany is simply not acceptable; something has gone wrong with our digital strategy."*

*"ADSL runs two speeds, one of download for when you are downloading content from the internet or receiving email, and one of upload for when you are sending emails or uploading data. The second is hardly used by consumers, and as such it's never been marketed, or developed – in fact, while the UK languishes at position 41 for download in the world, it stutters even further at position 61 for upload."*

*"While consumers are blissfully unaware of our pitiful upload, small businesses are either hit with frustration or in their pocket when they try to access their data remotely, or reliably share data."*

*"The answer has to be to ask businesses to pay for what they value. While as a small business owner I would usually press for a lower tax burden, having a future-proof data network is more important and could be funded through taxes levied by Ofcom based on individual data usage."*

6

## Procurement

Government contracts are of increasing importance to SMEs, representing a valuable route to a market worth £175 billion per annum.

Services such as [www.competefor.com](http://www.competefor.com) and [www.supply2.gov.uk](http://www.supply2.gov.uk) have both made government contracts more accessible, although entrepreneurs such as building contractor **Scott Johnson** (pictured), say SMEs still face substantial hurdles:

*"As it stands the pre-qualification for government contracts is too onerous and lends itself to big business. SMEs simply don't have the resources to compete when pitching for work."*

*"In most cases contract sizes are also too big, excluding large numbers of SMEs. Public sector procurement personnel are often so risk adverse that they tend to favour the larger more well-known businesses."*



Saad Saraf, of Media Reach Advertising, agrees with these observations:

*"A government agency recently announced a tender looking for marketing agencies with experience connecting with hard to reach audiences. This should have been perfect for my agency as we're specialists in reaching multi-cultural and ethnic audiences – but the agency had added a clause excluding organisations with turnover under £10 million, taking us out of the running right at the start."*

In October 2008, concerned by the number of businesses struggling as a result of late payment of invoices, Lord Mandelson urged public sector organisations to pay small businesses with public sector contracts within 10 working days under the Prompt Payment Code.

However, Saad argues:

*"I have always had a positive experience with public sector clients and never experienced any real difficulty with the previous 30 day payment deadline. If anything, government needs to do more to target late payment by private sector companies who often take anywhere between 45 and 60 days to pay!"*

## 7

## Employment

With recession biting and redundancies rising, employment tribunals and conciliation cases have risen by over a fifth in the past year. Whether there is solid ground for these claims or not, under UK Employment Law any business, regardless of size, must go through the same procedures.

Sue Barlow of Lawsolve argues that this is stunting the ability of SMEs in the UK to restructure effectively:

*"SMEs in particular feel the financial burden of employees who litigate and are often forced to settle out of court. Current regulations do impose fines for 'vexatious' claims, but fines need to be increased to act as a deterrent.*

*"The best way to avoid costly claims is to ensure SMEs are able to access good quality employment advice at an early stage to draw up contracts of employment and put in place appropriate HR procedures. I would suggest the Government part-fund regional advice services, bringing together panels of expert firms who could provide specialist advice."*

Even with effective contracts and HR policies, the Co-Director of Halebury solicitors, **Janvi Patel** (pictured), argues that some areas of Employment Regulation, such as maternity leave, impose an unfair level of responsibility and financial burden on small businesses:

*"Vital for ensuring equal opportunities for women in the workplace, maternity leave is a major burden. Currently Government does contribute towards the majority of statutory maternity pay (SMP), but this does not take into account hidden costs of recruiting and training cover.*

*"For organisations employing fewer than 30 people, the Government could assist by contributing in excess of SMP, for example 120% of SMP – creating more job opportunities for women and supporting innovative new companies at a time when most are struggling."*



## 8

## Apprenticeships

Every year the Government spends just under £1 billion on apprenticeships, providing nearly a quarter of a million places across 80 industries, and throughout 2009 has reasserted this commitment by announcing further investment in nationwide schemes with both the private and public sector to create new job opportunities.

**Rajeeb Dey** (pictured), CEO of Enternships, wants the Government to use some of this investment to help create a nationwide scheme of entrepreneurial internships:



*"Blue chip companies and big business offer numerous internships and opportunities and invest heavily, scouring universities for talent – but only a very small percentage of people will be able to take advantage of these.*

*"SMEs have a lot to offer new graduates and people who have been made redundant – work experience with them can help provide people with the skills and inspiration to set up their own businesses. SMEs themselves can also benefit from the additional help and new skills brought in by eager graduates or those with experience looking to change paths. A scheme of Enternships would help to demonstrate that there is another option to the traditional corporate route when it comes to finding a job.*

*"Enternships should be recognised as part of the academic system – with students receiving accreditation for securing and fulfilling internships during studies as students do in the rest of Europe. Combined with a national training scheme to help SMEs understand how to get the best out of interns and apprentices, this approach would seriously improve the abilities and quality of candidates entering the job market, and improve their overall contribution to the economy."*

9

## The Rise of Social Enterprise

In the past two years the Business & IP Centre has seen a huge rise in interest in social and ethical enterprise. Overwhelming 76% of users said they incorporate green, ethical or social principles in to their business.

Speaking on the benefits of socially responsible businesses in light of the recession, **Paul Barry-Walsh** (pictured) of the Fredericks Foundation believes that:

*“Excessive risk taking in pursuit of profit is an inherent characteristic of our current corporate structure and if allowed to continue will cause further financial crisis. This is in stark contrast with mutuals such as the Co-op Bank and privately owned institutions such as Hoares Bank, who have found operating under more conservative principles has enabled them to prosper in this hiatus.”*

*“Corporates are amoral answering only to shareholders who are ill equipped to direct or control – leading to systemic risk, environmental impact, and employee exploitation. What is needed is greater scrutiny and a review of our Corporate charters to ensure businesses give due consideration to the social and environmental implications of their actions.”*

Leading ethical entrepreneur, Kresse Wesling, believes the rising trend in ethical entrepreneurship will play a key role in helping the Government reach targets on the environment.

“When it comes to tackling major issues such climate change and global poverty, there is a whole generation out there that needs to be turned on, not turned off. Government needs to lead internationally and inspire the UK’s businesses to change.

“For organisations that fail to move with the times and clean up their act, Government needs to force change with harsher penalties. For example, if Government wants to make real impact on the environment they need to quintuple landfill fees and massively increasing fly tipping fines.”



10

## Creating Opportunity

In October 2009 the Government announced welfare reforms to encourage more than 75,000 single parents with children over the age of 10 to return to work.

Offering an alternative and often more flexible route to success, Julie Hall of Women Unlimited suggests that entrepreneurship can provide a great opportunity for groups who have traditionally encountered greater challenges following a more conventional career path:

“Opening up the entrepreneurial option is the key to unlocking the UK’s true economic potential. For example, if women in the UK were as entrepreneurial as their US counterparts, the UK would have around 750,000 more businesses.

“If the Government wants to encourage more single parents back into the workplace then they need to formally recognise entrepreneurship as a valid option. Those on job seekers’ allowance who want to start their own businesses should be credited for attending workshops at places like the British Library Business & IP Centre in the same way individuals are currently recognised for attending training sessions to develop new skills.

“Mobilising economically disenfranchised groups through entrepreneurship will not only create opportunities for potential business owners, but will also help to create countless flexible jobs.”

Business & IP Centre user **Dee Wright** (pictured) set up her business three years ago and now employs 12 people:

*“As a working mother, I fully appreciate the importance of flexible working, so when I set up my business I was determined to make it a core part of my mission statement. I constantly strive to help my staff juggle their work with other life commitments, and as I expand the business on a national scale I hope I can provide lots more opportunities for those looking to re-join the workforce.”*



# British Library Business & IP Centre

- Funded until 2011 with £3.6 million from the London Development Agency, the British Library Business & IP Centre has helped over 100,000 entrepreneurs since it was opened in March 2006.
- The Business & IP Centre offers free access to the world's largest collection of published business material and intellectual property information, including £5 million of market research data and 60 million patents.
- The Centre has delivered over 2000 workshops and one-to-one advice sessions – offering direct support and guidance for over 20,000 entrepreneurs on the basics of business – from market research to protecting your ideas.
- The Business & IP Centre works with over 150 partners, including high profile entrepreneurs such as former BBC Dragons Rachel Elnaugh and Doug Richard, to create a comprehensive support network.

## Contact

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