A MANIFESTO FOR YOUTH ENTERPRISE
MAKING THE UK A BETTER PLACE FOR YOUNG PEOPLE TO START UP IN BUSINESS
Contents

RBS Inspiring Enterprise 4
Foreword 5
The Manifesto 6
The mission 12
what is it we want to achieve?

Inspire 16
encourage young people to think about enterprise

Educate 21
give young people the skills to turn intention into reality

Enable 26
give young people the resources to turn intention into reality

Grow 31
help young people to sustain and grow their business

Learning 36
work together to make this journey as seamless as possible

Conclusion 39
RBS Inspiring Enterprise

At the Royal Bank of Scotland Group, we are encouraging a more entrepreneurial culture. From the classroom to the boardroom, we are inspiring and enabling enterprise at every stage of the journey.

We know that starting and running a business can be both exciting and challenging. We understand that entrepreneurs and businesses need the right combination of support, advice and funding to succeed. That’s why we provide a wide range of products and services for businesses of all shapes and sizes, in every sector of the economy.

We also know that people need help to explore the idea of enterprise, unlock their potential and gain the right skills, knowledge and networks before they can achieve their ambitions. This is what Inspiring Enterprise is all about.

Inspiring Enterprise draws together the work that we do, including our work with partners and charities, to help people explore and develop their enterprise potential. While we will always support entrepreneurs and businesses of all shapes and sizes, we are focusing additional efforts on three groups that could play a stronger role in the entrepreneurial economy, if given more support.

We have committed, by the end of 2015, to:

- Help 100,000 young people to explore enterprise, develop their skills and start up in business, whatever their background;
- Inspire and enable 20,000 women to explore and unlock their enterprise potential;
- Support 2,500 social enterprises, working in partnership with the sector to improve access to expertise, markets and finance.

In summary, Inspiring Enterprise is how we encourage more people, in more communities, to explore enterprise, build their skills and ultimately, to start up and succeed in business.

For more information, please visit www.rbs.com/inspiringenterprise

The RSA

The RSA has been a source of ideas, innovation and civic enterprise for over 250 years. In the light of new challenges and opportunities for the human race our purpose is to encourage the development of a principled, prosperous society by identifying and releasing human potential. The RSA is reviving its tradition of encouraging enterprising responses to today’s challenges through its nascent Enterprise programme, a central strand of which – Generation Enterprise – is exploring how we can encourage and enable more young people to start and run successful ventures.

To find out more about our work on youth enterprise, please email Benedict Dellot at benedict.dellot@rsa.org.uk or Julian Thompson at julian.thompson@rsa.org.uk
We’re delighted to share this report, which draws together a wide range of views, research and insights to present what we’ve learned in the first year of RBS Inspiring Enterprise.

When we created RBS Inspiring Enterprise, we did so in the knowledge that there was already a huge amount of enterprise support available to young people in the UK. Indeed, as a bank that opens around 2,000 new business accounts every week, we have been closely involved with a large number of initiatives over the years. This runs from our own efforts to provide business advice and support, through our award-winning partnership with The Prince’s Trust, to a wide range of finance initiatives, business awards, conferences, events and sponsorships. Our experience suggested that one of the best ways to help lots of young people to be more enterprising was to work with the enterprise support sector at the grass-roots to inspire more people to start up and succeed in business.

We have been delighted with progress. Our large partnerships with The Prince’s Trust and Find Invest Grow are stronger than ever, making enterprise more visible and accessible to thousands of young people right across the UK, from every background imaginable. Demand for our grant funding for smaller initiatives – put into place because we recognised the very particular value of local expertise and networks – has far outstripped our expectations and we’ve been able to support some great enterprise programmes, some of which are featured in this Manifesto.

We have also been learning along the way. With the support of the RSA and others we have explored a range of topics and issues, publishing our research on our website (see rbs.com/inspiringenterprise). We’ve also encouraged those we’re working with to collaborate and learn from one another, both face-to-face and online, through our Inspiring Enterprise network. This Manifesto is a summary of all that we’ve learned so far.

It is perhaps worth recognising that most – if not all – of our findings are relevant to the support system for all entrepreneurs and small businesses, not just for young people. If our sources are to be believed (and we’ve spoken to a lot of people) then it is highly likely that considering and applying the principles laid out in this report could make a big improvement to the way we support enterprise in the UK.

We hope you find this Manifesto useful. We will continue to use what we’ve learned to inform our own approach as a business bank, a large corporate and a supporter of grass-roots enterprise development. Ultimately, this insight will help us ensure that RBS Inspiring Enterprise achieves its goal of helping more people, in more communities, to explore enterprise, build their skills and to start up and succeed in business.

Finally, I would like to thank the RSA, particularly Benedict Dellot, Julian Thompson and Adam Lent. They have provided a vital mix of challenge and nurture throughout the development of RBS Inspiring Enterprise over the last 12 months. I am in no doubt that it is better for our collaboration.

Thom Kenrick
Head of Sustainability Programmes
The Royal Bank of Scotland Group
THE MANIFESTO
The entrepreneurial journeys of young people

There has rarely been a better time in recent years for young people to start up in business. Economic growth is picking up pace, unemployment levels are gradually falling, and society as a whole is becoming more confident about the future. Yet arguably more could be done to help young people realise their entrepreneurial potential. Too few young people have a firm intention to start a business, and even if they do many choose not to act upon their ambitions.

This Manifesto for youth enterprise draws upon insights gathered through RBS Inspiring Enterprise to set out a number of practical actions for how we can overcome these challenges. Our vision is for support organisations, business and wider society to be there for young people at every stage in their entrepreneurial journey – from exposing them to the very idea of enterprise through popular media, to building their entrepreneurial acumen at school, to helping them start and run their very own business. Our ambition is to:

**INSPIRE** – Help young people relate to the idea of entrepreneurship and think about how it can be used to achieve their life ambitions – greater freedom, more meaning and, yes, money too. This means bringing entrepreneurship back down to Earth and creating a culture that promotes, rather than sidelines, enterprise.

**EDUCATE AND ENABLE** – Give young people the abilities and resources necessary to turn their entrepreneurial ambitions into reality and start a business. This means threading entrepreneurship throughout their learning, giving them experience at the coalface of running a business, and providing hands-on, practical support – not just advice and guidance from a distance.

**GROW** – Help young people who have started a business to sustain and grow it. This means creating the all-important demand for their products and services, and preparing them for major milestones such as recruiting their first member of staff and dealing with more serious clients. Part and parcel of this is helping those who drop out of trading to re-enter business should they wish to.
From bigger to better

Hitting these touch points is only one part of the solution, however. Those working to support young people should also consider working together more closely to make this entrepreneurial journey as seamless as possible. This means evaluating activities, learning what works and what doesn’t, and sharing best practice. As we learned through the RBS Inspiring Enterprise activities, this kind of reflection and collaboration occasionally falls by the wayside, meaning that the tremendous energy given to supporting young entrepreneurs in the UK is not channelled as effectively as it could be.

In short, our ambition is for the work of the youth enterprise support community to become less about size and numbers, and more about results. Bigger would make way for better; quality would take precedence over quantity; and outcomes would come before outputs. It is only by making this fundamental shift that we can help more young people achieve their entrepreneurial potential – ultimately for everyone’s benefit.

Of course, entrepreneurship is by its very nature an independent, disruptive force that is supposed to challenge the status quo – not be nurtured by it. And this poses the question of whether we can stimulate it at all. Yet we know from the experiences of many support initiatives – some of which are featured in this Manifesto – that efforts can yield impressive results. The ‘principles’ outlined below are intended to build upon the lessons of previous years and help take enterprise support to the next level.
Set a challenge
Most of us want greater numbers of young people to start and run successful businesses, but rarely do we set our sights on a clear aim to work towards. Setting a series of ambitious but realistic goals could help to improve the focus of our activities and galvanise us into action.

Rehumanise entrepreneurship
Entrepreneurship is a means to an end, not just an end in itself. We could do more to show young people how it can be used as a vehicle to achieve a variety of life’s objectives – greater freedom, the chance to act upon a good idea, and, yes, making money too.

Remove the cultural dampeners
Culture can be one of the biggest factors that dampen young people’s entrepreneurial intentions. We should make sure that parents, teachers and wider society add to a culture that promotes entrepreneurship as a good path to take in life, rather than one that dismisses it.

Shine a light on everyday entrepreneurs
Young people are often exposed to a clichéd image of the ‘entrepreneur’, which can distort the reality of what life is like for those running a business. We should avoid the trap of putting a certain type of entrepreneurship on a pedestal and instead shine a light on the everyday entrepreneurs that young people can relate to and be inspired by.

Thread enterprise learning throughout education
Enterprise education can have a powerful impact in developing both the soft and hard skill sets of young people. Yet sometimes it is left on the margins of the curriculum, meaning it only reaches the most proactive students. More young people could be exposed to enterprise-related learning by embedding it throughout school curricula and FE/HE courses.

Get beyond the classroom
‘Chalk and talk’ teaching can only go so far in preparing young people for the world of business. Engaging young people in ‘learning by doing’ activities, such as ‘mini-company’ initiatives, would give them a much better sense of what it really takes to start and run a successful business.

Foster deeper educational partnerships
With limited time and resources at their disposal, there is only so much that schools, FE colleges and universities can do on their own to support young people. We should consider drawing upon the assets of the wider business community to make enterprise education as relevant, rich and meaningful as it can be.

Make support more hands-on
Support for young people tends to take the form of either money or advice, but this on its own may be too passive in the age of the lean, bootstrapping start-up. Giving young people hands-on, practical help would enable them to take their product or service to market more rapidly.
Get beyond London and the vogue industries
Support is often perceived as being too heavily centred on London and the vogue industries such as the creative and technology sectors. Future efforts could be geared more towards helping young people on the fringes, such as those living outside the capital and who are starting up in less popular industries of business.

Enlist the power of the internet and informal support
Friends, family, co-founders and the internet are seen as the major ‘hidden presence’ helping young people realise their entrepreneurial potential. We should aim to recognise the support they provide and tap into their skills, knowledge and connections.

Be there for those further downstream
The majority of support for young people appears to be directed at those who are in their very early stages of starting a venture, rather than those further downstream. Future support efforts should consider doing more to help those who have already started a business to sustain, adapt and grow it.

Stimulate demand not just supply
It is often forgotten that fledgling businesses need customers if they are to survive and grow. As well as helping young entrepreneurs get their businesses up and running, we could also play a valuable role in creating demand for their products and services.

Value failure and create routes back into business
Dropping in and out of business is part and parcel of life as an entrepreneur, yet this is often seen as business ‘failure’. Promoting the notion that failure is a necessary building block for skills development and learning would encourage more young entrepreneurs who drop out of business to start again.

Join forces and collaborate
The youth enterprise support community offers an abundance of help to young people starting up in business. But this in itself can present issues, with the duplication of services and confusion among young people about what is on offer being two particular challenges. Working closer together would ensure that those in the support community complement rather than compete with one another’s efforts.

Know what works and share the learning
Flux is a common feature in the youth enterprise support ecosystem. Evaluating activities and sharing best practice would help ensure that we learn from failures and build on successes. The ecosystem of support should be entrepreneurial itself and be willing to sacrifice the bad for the good.
THE MISSION
WHAT IS IT WE WANT TO ACHIEVE?
Why do we see a saviour in start-ups?

Our economy may be on the mend, but many young people still struggle to make their way in life. Close to a million remain unemployed, and the longer this continues the deeper the scars that will be inflicted. Those that have been termed ‘NEETs’ face not only financial insecurity but also bouts of anxiety and depression. Even for those who do find work, there is a strong chance these jobs will be characterised by insecurity and low pay. It can sometimes seem as though zero hour contracts and temporary work are the only options available.

A movement has been building in recent years arguing that there is in fact another route for young people: entrepreneurship. Politicians, activists, journalists and others have begun to rally behind the idea that starting up in business is now very much a viable means for young people to earn a living. Indeed, new research by the Federation of Small Businesses shows that unemployed people are now more likely to find work through self-employment than within large firms. A record 14 percent of the workforce – the equivalent of around four million people – now work for themselves.

But the benefits of youth enterprise are not limited to young people. We all have a stake in helping our younger generation start up in business. These same entrepreneurs will be the employers of the future. They will also be the innovators, driving the creation of more and better quality products. This is not only a motor of growth, it is also a means of maintaining the economic diversity of our towns and cities. In short, youth enterprise is essential to building the kind of vibrant society and healthy economy that many of us are striving to realise.

What’s holding youth enterprise back?

Against this backdrop, the government has decided to plough great efforts into encouraging and enabling more young people to set up in business, for instance through the Start Up Loans scheme and Business in You campaign. Similar efforts are being committed by the devolved governments of Wales and Scotland, albeit in the form of different policies. Scotland, for instance, now has its own Minister for Youth Employment. Beyond government, support organisations like The Prince’s Trust and Young Enterprise continue to grow, and we are witnessing the emergence of many micro-organisations run by and for young people, for instance Livity, MyBnk and Enabling Enterprise.

The extent to which these new and enlarged initiatives are successful will only become clear some years into the future. However, we already know that start-up rates have increased sharply over just the past few years. Findings from the Global Entrepreneurship Monitor (GEM) survey
shows that entrepreneurial activity among 18–29 year olds increased from around 5 percent in 2008 to 7.5 percent in 2011 (see Figure 1).\(^6\)

That these figures have yet to dip – even with an economy getting back on its feet – suggests that the recent surge in start-ups is not the short-lived anomaly some assumed it would be. The RBS Enterprise Tracker – a quarterly poll tracking people’s entrepreneurial attitudes and behaviours – shows that the level of start-up rates among young people has remained surprisingly buoyant over every quarter of the past two years.\(^7\)

Despite these positive signals, however, the landscape of youth enterprise continues to be affected by at least 3 key challenges:\(^8\)

- **The intention deficit** – Too few young people have a clear intention to start a business compared to other developed countries. Young people in France, Germany and the US are all more likely to say they expect to start a business in the next three years. Only 1 in 10 young people in the UK say they have serious entrepreneurial intentions.

- **The ambition gap** – Too few young people act on their entrepreneurial ambitions. Of the 10 percent of young people who do say they want to start up in business, on average only a third are actually doing so. This fares poorly when compared to older generations, who nearly always fulfil their ambition to start a venture.

- **The drop out rate** – Too few young people stay in their business for a significant period of time. Approximately a third drop out within their first twelve months in business, compared to 1 in 10 people over the age of 30.

### Learning from RBS Inspiring Enterprise

As part of RBS Inspiring Enterprise, the RSA and RBS Group took on these three challenges and travelled across the country to talk with young people about their experiences of entrepreneurship – whether they had considered it, what barriers they had faced and what support they found most valuable in overcoming these. We also spoke with several enterprise support organisations to hear their views (see Box 1 overleaf).

The rest of this Manifesto summarises the findings from our activities – from cross-country workshops, to 1:1 in-depth interviews, to open innovation competitions – and uses them to put forward a number of principles and practical actions for how we can all better support young people at different points along their entrepreneurial journey. We begin with a call for the enterprise support community to set their sights on an ambitious target.
As part of our collaboration with RBS Inspiring Enterprise, the RSA and RBS set out to explore how more young people could be encouraged to start and run successful businesses. Starting in late 2012, we embarked on a series of activities that would bring us into contact with over 120 inspirational people – including support organisation practitioners, council officers, academics, policymakers, angel investors and of course young entrepreneurs themselves. Much of this Manifesto is owed to their contributions and insights. Our activities included:

- **Cross-country workshops** – events in Leeds, London, Glasgow and Bristol that brought together young entrepreneurs and support organisation representatives to discuss the issues facing young entrepreneurs.
- **1:1 interviews** – in-depth conversations with young entrepreneurs to hear first-hand accounts of how they got to where they are today (this resulted in a spin-off report, Disrupt Inc.).
- **Inspiring Enterprise network day** – a conference bringing together members of the different support organisations funded by RBS to consider how they could work better together in future.
- **MyKindaCrowd** – a competition that drew ideas directly from young people about how they could be better supported to start up in business.
INSPIRE
ENCOURAGE
YOUNG
PEOPLE TO
THINK ABOUT
ENTERPRISE
Principle 2  »  REHUMANISE ENTREPRENEURSHIP
Entrepreneurship is a means to an end, not just an end in itself. We could do more to show young people how it can be used as a vehicle to achieve a variety of life’s objectives – greater freedom, the opportunity to make a difference, and, yes, making money too.

Most of our young people viewed entrepreneurship in a positive light. For those we spoke to it conjured up images of success, hard work and determination – all ideals they could relate to. Findings from the RBS Enterprise Tracker poll echo these sentiments, with 18–30 year olds much more likely to say they would prefer to be self-employed than be a conventional employee. It is perhaps surprising then that few young people are seriously considering entrepreneurship as a career option. According to findings from the GEM survey, only 1 in 10 have a firm intention to start a business in the next 3 years.

As revealed in our workshops, part of the reason may lie in our methods for promoting entrepreneurship and the extent to which they tap into the hearts and minds of young people. When asked why they started a business, most of our young people said that ‘opportunity’ was the main driving force, rather than ‘necessity’. For some this meant having a good business idea they wanted to turn into reality, while for others it boiled down to wanting to be their own boss and engage in something more meaningful. This is perhaps one of the reasons why young people are more likely than other age groups to want to start a social enterprise.

“I think entrepreneurship is sort of like a pragmatic anger”
YOUNG ENTREPRENEUR

Our conversations with young people and enterprise support organisations, however, indicate that such ‘uses’ of entrepreneurship may be currently overlooked in enterprise campaigns. Starting a business is often promoted as an end in itself, rather than the means towards a better life. Rather than focusing on starting up a business for its own sake, campaigns might be more effective if they were to tap into people’s desires for autonomy and meaning, which are often the wellspring of their entrepreneurial intent.

Principle 3  »  REMOVE THE CULTURAL DAMPENERS
Culture can be one of the biggest factors that dampen young people’s entrepreneurial intentions. We should encourage parents, teachers and wider society to add to a culture that promotes entrepreneurship as a good path to take in life, rather than one that dismisses it.

What came out strongly through our Inspiring Enterprise workshops was the powerful influence that others can have on a young person’s perception of entrepreneurship as a good path in life – whether that be parents, teachers, friends or the media. Many of these were thought to generate a ‘fear of failure’ that can choke off entrepreneurial ambitions, creating...
the impression that the risks of starting a venture are too large to bear.

Parents in particular were thought to have a powerful influence on entrepreneurial aspirations. Many of our young people said that parents had “railroaded” them into certain professions seen as having greater social standing, for example law, medicine and finance. Likewise, the education system was seen by some as dismissive of entrepreneurial endeavours, with many teachers and head teachers favouring a conventional career path over self-employment. This may explain why the UK is way below average on the measures of people who see entrepreneurship as a good career choice. Helping to nurture a culture that promotes entrepreneurship is therefore one of the first steps we can take to encourage more young people to start up in business.

“We don’t live in a culture which encourages people to take risks... to go it alone. It’s alien to us.”

YOUNG ENTREPRENEUR

Box 2: Young entrepreneur – Katharine Hibbert, Dot Dot Dot

Katharine Hibbert started Dot Dot Dot in June 2011. Her aim was to help people find low-cost accommodation by setting them up as volunteer guardians in homes that would otherwise be empty. Katharine was inspired to start her business having researched the issues of squatting during her time as a journalist. Like many others we spoke with, she believes that “entrepreneurialism is about setting something up to make things happen.” Dot Dot Dot has grown into a 6-strong team that houses almost 100 guardians across the London area.
Principle 4  » SHINE A LIGHT ON EVERYDAY ENTREPRENEURS

Young people are often exposed to a clichéd image of the ‘entrepreneur’, which can distort the reality of what life is like for those running a business. We should avoid the trap of putting a certain type of entrepreneurship on a pedestal and instead shine a light on the everyday entrepreneurs that young people can relate to and be inspired by.

Many of these cultural issues may be caused by a narrow understanding of what an ‘entrepreneur’ is and does. Our young people were concerned that certain ideas of entrepreneurship are being promoted at the expense of less mainstream ones. Recent surveying of young people found that when asked to visualise ‘enterprise’, nearly 60 percent named a ‘celebreneur’ (Alan Sugar, Steve Jobs and others). Only 5 per cent named a local start up. Such a heroic backdrop to entrepreneurship may damage the entrepreneurial outlook of young people who cannot relate to figures like these.
Our one on one interviews with young entrepreneurs revealed another side to entrepreneurship that could be promoted more widely. We found that while many young people live up to the common stereotype of the driven, risk-loving entrepreneur, there are many others who do not. Instead, these people ‘stumble’ into entrepreneurship through chance encounters and see their venture more as a team game than an individual pursuit.

Promoting this side of the entrepreneurship ‘story’ could be a powerful way of making it more appealing to young people and wider society. It may also help to make existing entrepreneurs aware that their activities are indeed ‘entrepreneurial’. Many of our young people who were selling goods and services were reticent about describing themselves as ‘entrepreneurs’, meaning they were less likely to seek out valuable support. The RBS Enterprising Student Society Accreditation (ESSA), which certifies the efforts of those running student societies as entrepreneurial, is a good example of how this challenge could be met.¹⁶

Role models may also be key to making this happen. A theme that emerged in every workshop we organised was the importance of having someone in the family or wider community who could promote enterprise on young people’s terms and in their language. The consensus was that people with the same background, gender, age and interests are often in a far better position to convey the benefits of setting up a business than a national figurehead or distant organisation. This might be achieved, for example, by inviting more local self-employed people to take part in initiatives like Inspiring the Future,¹⁷ which invites entrepreneurs to talk with young people in schools about their experiences.

“There’s a mythology about entrepreneurship. It’s almost heroic.”
SUPPORT ORGANISATION PRACTITIONER
EDUCATE
GIVE YOUNG PEOPLE THE SKILLS TO TURN INTENTION INTO REALITY
**Principle 5**  » THREAD ENTERPRISE LEARNING THROUGHOUT EDUCATION

Enterprise education can have a powerful impact in developing both the soft and hard skill sets of young people. Yet sometimes it is left on the margins of the curriculum, meaning it only reaches the most proactive students. More young people could be exposed to enterprise-related learning by embedding it throughout school curricula and FE/HE courses.

The task of starting a business is rarely straightforward. Many of our young people thought they needed to develop more skills before they could handle the pressures associated with running a start-up. These feelings are mirrored in the latest results of the RBS Enterprise Tracker, with 23 percent of 18–30 year olds saying a lack of skills is a barrier to starting their own business, compared with 18 percent of all ages.¹⁸

“*We need to build interest and awareness for people who don’t know what they want.*”

YOUNG ENTREPRENEUR

Such skills include technical know-how, for example the capacity to manage cash flow and take care of bookkeeping. It also includes ‘soft’ competencies such as the ability to network, act on opportunities and communicate with others. There are legitimate doubts over whether some of these skills can even be taught. Yet we know from recent analysis of GEM survey data that certain types of learning activities can lead to as much as a doubling of the odds of starting up in business.¹⁹

It is also worth recognising that both the technical and soft skill sets are useful for any work, whether self-employed or not. By helping more young people to recognise and develop their enterprising skills and competencies, we can prepare them for whatever workplace they choose in the future.

It is somewhat concerning then that few of our young people thought enterprise education in schools, FE colleges and universities is living up to its potential. Some even said they had received no enterprise education whatsoever, despite 50 percent of schools reporting they have some kind of activity in place. As our young people pointed out, the cause of these problems may lie in our tendency to run activities through ‘bolt-on’ courses that reach out only to the most motivated students – those who self-identify as entrepreneurial. A more effective option would be to embed enterprise education throughout the school curricula, enabling more students to take part by default and making the learning more relevant to wider studies.

**Principle 6**  » GET BEYOND THE CLASSROOM

‘Chalk and talk’ teaching can only go so far in preparing young people for the world of business. Engaging young people in ‘learning by doing’ activities, such as ‘mini-company’ initiatives, would give them a much better sense of what it really takes to start and run a successful business.
When describing their experiences of enterprise education, more often than not our young people would present an image of themselves sitting in a classroom and taking notes from a teacher. This style of chalk and talk learning has proven to be a good method for developing technical skills such as the ability to manage cash flow, write business plans and coordinate marketing. The skills associated with business nous and instinct, however, such as knowing customers and acting on opportunities, are better nurtured as part of learning by doing activities that take place at the coalface of a business.

This might involve work placements within small firms like those organised by Enternships (see Box 4), or participating in student-run enterprises located in colleges and universities, for instance restaurants and cafés. One international study showed that students who participate in mini-company programmes are 50 percent more likely to start their own company.²⁰ By offering both chalk and talk and learning by doing opportunities, the education system would put young people in a much better position to deal with the day to day realities of running a business.²¹

“There’s no school that can teach you how to be a sales person. You just have to go and sell things.”

SUPPORT ORGANISATION PRACTITIONER

Box 4: **Support organisation – Enternships**

Enternships is an online platform helping young people access entrepreneurial work placements, internships and jobs. Since it was founded in 2009, Enternships has connected over 35,000 students and graduates to more than 5,000 start-ups in 20 countries. The site recently formed a partnership with Wayra, the world’s largest accelerator, to channel graduates into entrepreneurial roles within their start-ups. Enternships hope the experiences young people have within these firms will give them the skills “to be successful in their own right.”
Principle 7 » FORGE DEEPER EDUCATIONAL PARTNERSHIPS

With limited time and resources at their disposal, there is only so much that schools, FE colleges and universities can do on their own to support young people. We should consider drawing upon the assets of the wider business community to make enterprise education as relevant, rich and meaningful as it can be.

Many of the participants in the Inspiring Enterprise workshops thought the lack of high quality enterprise education was understandable. They were particularly sympathetic about teaching staff, acknowledging that many may be unfamiliar with the world of business and will not have necessarily anticipated they would be promoting business to their students in the way now expected of them. Likewise, many sympathised with the head teachers and Vice Chancellors who, with their budgets under pressure, have chosen to spend funds on other ‘core’ activities.

Despite this, our young people still felt that more could be done by educational institutions to prioritise entrepreneurship and enhance

Box 5: Young entrepreneur – Charlie Jardine, Rusty Can Ltd

Charlie Jardine’s business, Rusty Can Ltd., manufactures and sells waterproof ‘onesies’ called BobyBags at festivals across the UK. While at university he was awarded a number of grants to help get his business off the ground, but he still feels that campuses lack a “culture that is conducive to entrepreneurialism”. He says that out of 33,000 students at Leeds University, only 60 people applied for their entrepreneurship scholarship. Charlie is close to finishing the development of his first products and plans to launch them in the UK next year.
According to some of our support organisations, part of the solution to delivering enterprise education in straitened times lies in forging closer relationships with employers, who may be able to take on some of the responsibility. At present, however, the level of employer-educator engagement in many places could be seen as light-touch, with work experience making up the vast bulk of opportunities available to young people. On top of this, micro-businesses are underrepresented in schools, with large firms twice as likely to engage as they are. Bringing these actors closer together — for instance by inviting businesses to actively shape the wider curriculum or by organising work placements in start-ups for teachers — could help to make enterprise education more hands on in nature and relevant to the surrounding economy.
ENABLE
GIVE YOUNG PEOPLE THE RESOURCES TO TURN INTENTION INTO REALITY
**Principle 8  MAKE SUPPORT MORE HANDS-ON**

Support for young people tends to take the form of either money or advice, but this on its own may be too passive in the age of the lean, bootstrapping start-up. Giving young people hands-on, practical help would enable them to take their product or service to market more rapidly.

Much of the help offered by the large and diverse support community comes in the form of grants or loans. This is perhaps unsurprising given that surveys regularly highlight finance as one of the biggest obstacles young people face in getting their business off the ground. Yet our conversations with young people up and down the country indicate that finance may be less of a barrier than originally thought.

Many of those we spoke with were reticent about relying on external finance, particularly if they had been to university and were left with large debts. Some also felt that young people were becoming “distracted” by the pursuit of a loan.

“Current support is essentially chat. Practical support is lacking.”

YOUNG ENTREPRENEUR

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**Box 7: Support organisation – National Market Traders Federation**

The National Market Traders Federation (NMTF) in Barnsley is the leading trade body for traders in the UK’s markets industry. Funding from the RBS Inspiring Enterprise initiative enabled the NMTF to boost an established scheme called First Pitch which helps entrepreneurs to start up on their first stall. Through this, 200 people have been offered 5 free days of market trading, 100 of which have gone on to receive a further year of support from the NMTF and their local market operator. This includes free insurance, retail training, rent discounts and mentoring from a trading expert.
Our young people instead took pains to praise the more practical assistance they had received, for instance low-cost help with designing a website, managing their books or finding office space outside of the home. Such in-kind support is more in line with the lean start-up model now popular with entrepreneurs, which involves keeping costs to an absolute minimum and developing products to test at the first available opportunity. We should therefore consider moving away from the traditional support model that puts finance and advice centre stage and instead become more hands-on, nuanced and targeted with the help we offer.

**Principle 9  » GET BEYOND LONDON AND THE VOGUE INDUSTRIES**

Support is often seen as too heavily centred on London and the vogue industries like the creative and technology sectors. Future efforts could be geared more towards helping young people on the fringes, such as those living outside the capital and who are starting up in less popular areas of business.

Organisations supporting young entrepreneurs are faced with the question of not just ‘what’ to provide but also ‘who’ to provide for. Many of our young people felt that enterprise support services are overly centred on London, particularly the most forward-thinking and experimental schemes such as ‘hack days’ and hub workspaces. Perhaps a sign of this imbalance, the latest RBS Enterprise Tracker reveals that Londoners are nearly 50 percent more likely to say that now is a good time to start a business. Authorities in large cities and the devolved governments may be able to counter this problem with their own activities, but young people in smaller towns and rural areas are more reliant on the independent support community.

Our young people said that this is just as much of a sectoral issue as it is a geographic one. Young people operating within industries such as the technology, retail and creative sectors tend to receive a disproportionate amount of attention, while others in the spheres of logistics, catering and manufacturing are somewhat overlooked. For individuals wishing to make their way in these industries, there is only so much value that can be derived from an enterprise support community that leans more towards mainstream sectors.

This indicates that more effort should be made to help young people access help wherever they are based and in whichever industry they work. The National Market Traders Foundation in Barnsley is a good example of a support organisation catering to young people across the country (see Box 7).

“There seems to be a lot happening in London…. but I can’t imagine what it would be like to set up a business in Birmingham or Manchester.”

SUPPORT ORGANISATION PRACTITIONER

Alongside this, it would be wise to make people aware of the support that is already out there, however small. The RBS Enterprise Tracker indicates that 60 percent of people say they have never received any support to help them understand what is involved in starting a business. Despite the tremendous growth of support services over recent years, this suggests
that conventional services still find it difficult to reach those they need to. One way of overcoming this problem would be for organisations to allocate a fixed amount of their budget to marketing their services, as has been recommended of government schemes by Lord Young.

**Principle 10 ▶ ENLIST THE POWER OF THE INTERNET AND INFORMAL SUPPORT**

Friends, family, co-founders and the internet are seen as the major ‘hidden presence’ helping young people realise their entrepreneurial potential. We should aim to recognise the support they provide and tap into their skills, knowledge and connections.

Where the enterprise support community is unavailable to help, friends and family frequently are. Our young people described friends and family as a hidden presence who are more able

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**Box 8: Young Entrepreneur – Sarah Drummond, Snook**

Sarah Drummond is the Co-Founder of Snook, a Glasgow based service design agency that works with a variety of different organisations – public, private and third – to improve their impact through the use of design thinking. Their clients include Barnardo’s, Stirling Council and the Scottish Government. Sarah recalls learning very quickly after starting her business that she needed practical help to get things done, for instance the person she found who helped manage all of Snook’s accounts. “It wasn’t just advice”, she says, “it was somebody doing something for you.”
than others to show what is relevant and possible. The RBS Enterprise Tracker echoes these comments, indicating that young people are more likely than the general population to turn to friends and family for advice, and less likely to approach government agencies or professional services.29 Alongside friends and family are business co-founders. Our young people described business partners as an invaluable source of both emotional support and practical help, yet the importance of these relationships often goes unnoticed.

Face-to-face support is not the only source of help, however. Many of our young people said the internet tended to be their first port of call. 84 percent of those surveyed through the RBS Enterprise Tracker said they would use websites to access information, compared to 38 percent who would turn to Business Link.30 Tapping into more of these sources of help – for instance by marketing enterprise support to parents or channelling young people to co-founding matchmaking websites31 – would help to amplify and extend the reach of conventional services.

“A lot of the students I talk to have read a lot of online material, watched a lot of online videos, and have gone and found resources they feel comfortable with.”

SUPPORT ORGANISATION PRACTITIONER

Box 9: Support organisation – Young Enterprise’s Enterprising Futures initiative

Enterprising Futures is an initiative run by Young Enterprise that seeks to help young women disproportionately affected by the economic downturn to discover entrepreneurship. Through workshops taking place across the country, their aim is to engage with over 1000 students who have been identified by their schools as being either at risk of not achieving their potential, or as likely leaders of the future. Each event uses inspirational women speakers and mentors to encourage and enable young women to break the mould and start their own business.
GROW HELP YOUNG PEOPLE TO SUSTAIN AND GROW THEIR BUSINESS
**Principle 11 ▶ BE THERE FOR THOSE FURTHER DOWNSTREAM**

The majority of support for young people appears to be directed at those who are in their very early stages of starting a venture, rather than those further downstream. Future support efforts should consider doing more to help those who have already started a business to sustain and grow it.

The difficult task facing many young people who have managed to start a business is subsequently sustaining their venture. It is estimated that around a third of young entrepreneurs fail to make it past their first year, compared to just 1 in 10 of those over the age of 30. Some may view this as inevitable, particularly given their low skills base and levels of experience. Yet not all the obstacles young entrepreneurs face are insurmountable, whether that is hiring staff, managing cash flow or dealing with more powerful clients.

Many of our more experienced young entrepreneurs complained of being left to manage these challenges on their own. Whereas both nascent entrepreneurs and those who are far larger are well catered for by the support community, there appears to be less support for businesses just beginning to take root. One of our young entrepreneurs described how her enterprise was too big to benefit from basic grant programmes, yet too small to warrant attention from accelerator programmes or investors. Allocating greater efforts towards those marginally further along in their entrepreneurial journey would help ensure that the growth potential of more young entrepreneurs can be realised.

“There are lots of agencies trying to help students make the first two or three steps, but once they’re a little bit established it can be quite difficult to get the right kind of advice.”

SUPPORT ORGANISATION PRACTITIONER

**Principle 12 ▶ STIMULATE DEMAND NOT JUST SUPPLY**

It is often forgotten that fledgling businesses need customers if they are to survive and grow. As well as helping young entrepreneurs get their businesses up and running, we could also play a valuable role in creating demand for their products and services.

Many of our young entrepreneurs thought that support efforts are geared too heavily towards the ‘supply’ side of the spectrum – helping entrepreneurs get started and ready to sell – at the expense of the ‘demand’ side – helping entrepreneurs find a market for their goods. The fundamental rule that businesses require consumers to buy their products and services can often be forgotten during debates about how we can better support young entrepreneurs. Yet without a market that demands the things young entrepreneurs sell, there is little hope for them to survive beyond the very early stages of their venture.

Stimulating demand may at first sound like a foreign concept, but it is becoming increasingly
Grow

As a lever in supporting the business community, it is popular. Lord Young’s recent report on microbusiness growth highlighted the impact the government could have if it wielded its £230bn procurement power more intelligently.

Large corporates too could play a role in boosting the demand for the products and services of smaller firms, for instance by building young entrepreneurs into supply chains or allowing them to use their distribution channels. A good example is PitchUp by StartUp Britain, which is working with Sainsbury’s and John Lewis to offer shelf space to young entrepreneurs in their stores (see Box 10).

There is also scope for entrepreneurs to buy from one another, not least because SMEs account for 99 percent of UK businesses and nearly half of all turnover. The rise of what Social Enterprise UK call the ‘sound pound’ – where social enterprises and third sector organisations buy from one another – is just one demonstration of how this can work in practice. Big business can help here too by providing the support and infrastructure to facilitate such marketplaces. The recent launch of Bizcrowd.com – an online business community and marketplace backed by RBS and NatWest – is one example that has seen 14,000 SMEs sign up in just 8 months.

Box 10: Support scheme – PitchUp by StartUp Britain

PitchUp is a new initiative run by StartUp Britain that helps young entrepreneurs sell their products in major retail outlets. Their recent competition with John Lewis saw 300 applicants apply for product placements in the department store. The winning 12 start-ups have been offered mentoring and practical guidance in design, pricing and packaging to make their final product ready for sale. PitchUp has run a similar scheme with Sainsbury’s and hopes to organise regular competitions with other major companies.

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Principle 13  VALUE FAILURE AND CREATE ROUTES BACK INTO BUSINESS

Dropping in and out of business is part and parcel of life as an entrepreneur, yet this is often portrayed as business ‘failure’. Promoting the notion that failure is a necessary building block for skills development and learning would encourage more young entrepreneurs who drop out of business to start again.

Few of our young people described their entrepreneurial journeys as plain sailing. Some had not made it past their first 3 months of trading, others experienced rapid growth before a sharp decline, and a number stayed small and continued in that way for years before finally coming to a close. Regardless of their experiences, the vast majority felt they had come out stronger on the other side.

The challenge is convincing the public and other would-be young entrepreneurs that this is the

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Box 11: Young entrepreneur – Phil Pinnell, Meals from Scratch

Phil Pinnell is the Co-Founder of Meals from Scratch, a food start-up that creates cooking kits for people to make fresh meals from home. Having traded steadily for a number of years, in 2012 Phil decided it was time to scale the business and take their products to the next level. They used the government’s Enterprise Finance Guarantee Scheme to find the necessary capital, and worked with academics at LSBU to extend their products’ shelf life. Meals from Scratch now sells to 3 leading supermarkets, which Phil says would not have been possible without this kind of support.
A study by Kingston University on business closures found that 60 percent of entrepreneurs continued as a business owner elsewhere after shutting up shop. Yet as our workshop participants argued, there is still a long way to go before the UK recognises this pattern and views business closure in a positive light. Dispelling the myths around failure may encourage more young people to start up in business, as well as embolden those who have ended a venture to start again.

“*If you fail in a business here, you would not want to leave the house, you wouldn’t want to go out on the street.*”

YOUNG ENTREPRENEUR
LEARNING WORK TOGETHER TO MAKE THIS JOURNEY AS SEAMLESS AS POSSIBLE
Principle 14  » JOIN FORCES AND COLLABORATE
The youth enterprise support community offers an abundance of help to young people starting up in business. But this in itself can present issues, with the duplication of services and confusion among young people about what is on offer being two particular challenges. Working closer together would ensure that those in the support community complement rather than compete with one another’s efforts.

The youth enterprise support community has committed increasing amounts of energy to supporting young people at each stage of their entrepreneurial journey, whether through campaigns, enterprise education or start-up finance. While the growth in support is extremely valuable, our young people indicated that it may have unintentionally created new obstacles. Many spoke of being confused about the wide array of options available to them, from the multitude of grant programmes on offer to the various mentoring initiatives at play – all of which use their own terminology.

The growth of the ecosystem may have also led to duplication, with many services in local areas simply replicating the offers of one another. At its best, a diverse support sector can lead to a differentiated offer and a better quality outcome for young people, but at its worst it can be characterised by siloed working and an unwillingness to signpost young people in the right direction. Working more closely together would ensure that the organisations in this space complement rather than compete with one another’s work. Indeed, we found a number of promising examples where organisations had been proactive in learning from mistakes, spotting and filling genuine support gaps and pivoting their work to accommodate new entrants and exits in the market. Running regular networking events for the support community and organising secondments between organisations are just some ways that we could encourage more organisations to follow their lead.

“In terms of support structures; there’s almost a danger of there being too many of them that they become disjointed.”
SUPPORT ORGANISATION PRACTITIONER

Principle 15  » KNOW WHAT WORKS AND SHARE THE LEARNING
Flux is a common feature in the youth enterprise support ecosystem. Evaluating activities and sharing best practice would help ensure that we learn from failures and build on successes. The ecosystem of support should be entrepreneurial itself and be willing to sacrifice the bad for the good.

Part and parcel of building a more effective support system for young people is knowing ‘what works’. Many of our young people and support organisations felt as though outputs had occasionally taken precedence over outcomes, with few services thoroughly evaluating their
activities. The result is that we risk repeating the practices that don’t work and struggling to replicate the ones that do. As we heard at our Inspiring Enterprise network event, even when support organisations do track their impacts, that best practice is not always shared.

Yet this problem is certainly not limited to the youth enterprise support community. Across all policy areas, meaningful evaluations appear to be few and far between. A recent survey found that a quarter of UK charities do not measure their impact in any way. This is one reason why Nesta has created several ‘What Works’ centres to coordinate impact assessment in fields such as policing and local economic growth.

By championing evaluation and sharing best practice in a similar way among the enterprise support community, we would help to make sure that we learn from failures and build on successes together.

Those funding the work of support organisations may also have a role to play in this agenda. At present, organisations often have to change their practices every few years to meet the conditions of new bodies, meaning there is little incentive to track the impact of their existing schemes. By extending funding cycles, we can ensure that services have the space to plan for the future and arrange meaningful evaluation procedures.

“I think there’s a real issue at the moment in the difference between outputs and outcomes.”

YOUNG ENTREPRENEUR
Conclusion

Support for young entrepreneurs has improved substantially in the past few years. Whether it be a national campaign to promote entrepreneurship or a major government scheme channeling finance to start-ups, support initiatives have proliferated in number and helped to take enterprise to the mainstream. Yet, as Inspiring Enterprise research has shown, arguably more work could be done to help young people realise their entrepreneurial potential.

This Manifesto argues that our starting point should be to ensure that the enterprise support community is there for young people at every point along their entrepreneurial journey – to inspire, to educate, to enable and to grow. However, this is only one part of the solution. Our findings indicate that young people also want to see support services work closer together so that their energy is channelled more effectively – to complement one another’s efforts rather than to duplicate them.

We hope that the principles laid out in this report are useful in guiding the work of the enterprise support community – whether that be support organisations, government, local authorities, educational institutions, the media, banks or the wider businesses community. In practice, this could mean anything from schools encouraging pupils to undertake work experience in local small businesses, to the media showcasing a wider range of entrepreneurial role models and dedicating more column space to ‘everyday’ entrepreneurship.

Our findings suggest that the more these changes are made by the support community in

Box 12: Lessons for The Royal Bank of Scotland Group

Through Inspiring Enterprise, the Royal Bank of Scotland Group is seeking to help many more young people discover and explore entrepreneurship. We’ve set ourselves a target of helping 100,000 young people by the end of 2015.

With this in mind, RBS has as much to take away from this Manifesto as any other organisation. Indeed, our particular focus on working with the enterprise support sector makes these findings particularly relevant. One year into Inspiring Enterprise and we’re delighted to be supporting a fantastic range of activity – from our national partnerships with The Prince’s Trust and Find Invest Grow, to local, specialised projects with small charities like SmallWoods in Telford.

We’ve already created an Inspiring Enterprise network to help RBS and all our Inspiring Enterprise partners collaborate and learn from one another. Over the coming months, we will work with this network to consider how the principles in this report might inform and improve our activities, from how we measure our impact to how we encourage greater learning and collaboration across the enterprise support community.

The Manifesto also holds lessons for the wider work of the RBS Group. For example, language and imagery has been revealed as critical to the entrepreneurial aspirations of young people. This could have a bearing on who we consider to be our target audience and how we reach, engage and support entrepreneurs and businesses in future years – whether they are young or old, big or small.
unison, the greater the impact that is likely to be made. Indeed, some of the principles outlined in this Manifesto will only ever be realised if those working to support young entrepreneurs join forces. In practical terms, this will mean working together more effectively to understand and recognise what works (and what doesn’t), share best-practice, and focus on quality and outcomes.

The task for all of us now – including the RSA and RBS – is to turn these insights into reality and use them to help make the UK a better place to start up and grow a business.
Endnotes


3. ONS (2013) Self-employed up 367,000 in Four Years [Briefing paper]. London: ONS.


5. For more information see www.startuploans.co.uk


7. For more information see www.inspiringenterprise.rbs.com/resources/research-publications


16. For more information see http://theessa.com

17. For more information see www.inspiringthefuture.org


21. See for example the work of the Studio Schools Trust at www.studioschoolstrust.org

22. For a good example of enterprise education see Mason, C. and Arshed, N. Teaching Entrepreneurship to University Students through Experiential Learning: A case study.


26. Ibid.


29. Ibid.

30. Ibid.

31. Co-founding websites include www.founder2be.com and www.cfounderslab.com


36. For more information see www.nesta.org.uk
To find out more about Inspiring Enterprise, please visit www.rbs.com/inspiringenterprise

Alternatively, you can email us on inspiring.enterprise@rbs.co.uk