enterprise

Education for Capability: Developing New Enterprise

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1. INTRODUCTION : DEVELOPING NEW ENTERPRISE

A) AIMS

URBED, as an organisation, concentrates on finding practical solutions to the economic problems of run-down urban areas. Thus the development of training programmes is a means toward the creation of viable employment and the encouragement of new enterprise. The joint sponsors of the programme, Training Services and Hackney Business Promotion Centre, reflect URBED's dual aims. By involving: City University Business School, Shell (UK) and two of the clearing banks, we also bring in the supportive environment.

Training to be effective needs to involve learning by and through experience. As Lao-Tse put it, 'I hear and I forget; I see and I remember; I do and I understand'. Furthermore, a programme needs to extend over the natural development period of a business, both 'pre and post natal'. Finally, from our point of view, programmes should offer scope for integrating the person and the business.

B) CONTENT

URBED's approach has three distinct features. First there is a strong emphasis on learning while doing, and in association with others. Second, we cater for the different kinds and levels of business and personal development by operating in stages. Each of the stages are both linked and self-contained, as can be seen below:

TABLE 3: START YOUR OWN BUSINESS PROGRAMMES

1.	THINKING ABOUT IT	Two day Workshop	One or more business ideas that reflected both the person's interests and social needs
2.	ASSESSING THE PROSPECTS	Week-end session for those whose ideas are not yet firm	A more clearly worked out business plan; Greater insight into entrepreneurial aptitudes and market opportunities
3.	PREPARING TO GO	Five day course on basic business techniques	An understanding of what it takes to start and run a successful business
4.	TAKING THE PLUNGE	12 weeks to get going, with one day a week in the classroom	A realistic business plan, and the first steps taken towards starting a business

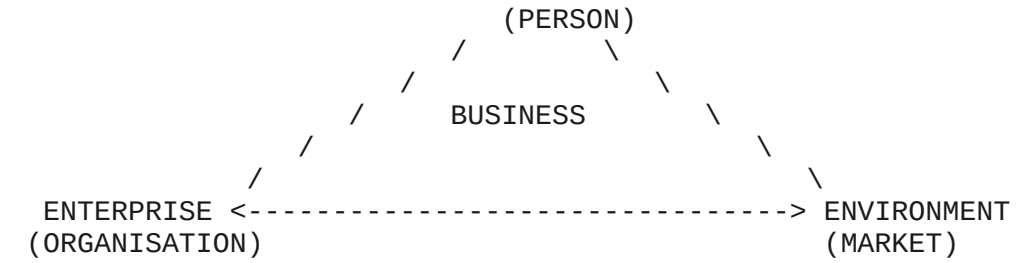
Third, there was an emphasis on getting into business. Having helped prospective people develop business ideas (Stage 1), the programme moved on to the development of the entrepreneur's business idea (Stage 2). The business techniques introduced at Stage 2 were then put into practice (Stage 3) as participants began to take the 'plunge into business'. The following sections deal basically with the scope and results of each stage.

2. THE START YOUR OWN BUSINESS PROGRAMMES

(i) Thinking About It: Creating Your Business Idea*.

This workshop is intended for people with an interest in self-employment, but who have, as yet, no definite idea upon which to base a business. The approach we take is based on the SELF <=> BUSINESS field as illustrated in Figure 1.

Figure 1: THE SELF-BUSINESS TRIANGLE



(ORGANISATION) a (MARKET) .

*This workshop is due to be run, for the first time, in May 1980.

A match has to be created between the person and

(i) a business idea, as well as (ii) his business activities. The first relates the business to its 'external environment and the second to its internal

functions. We call the self-business-market match SBM and the self-business-organisation fit SBO.

A) SELF-BUSINESS-MARKET

To create a match in this area, we do two things. Firstly, we get workshop participants to generate thoughts about what is going on in the world around them. They use brainstorming techniques to outline trends, needs, and developments. Secondly, the participants focus upon their own background, interests, and intentions. Specifically, as shown in Figure 2, they focus upon their:

- LIFE HISTORY or personal 'biography';

highlighting themes, events and experiences from the past that have relevance to a future business

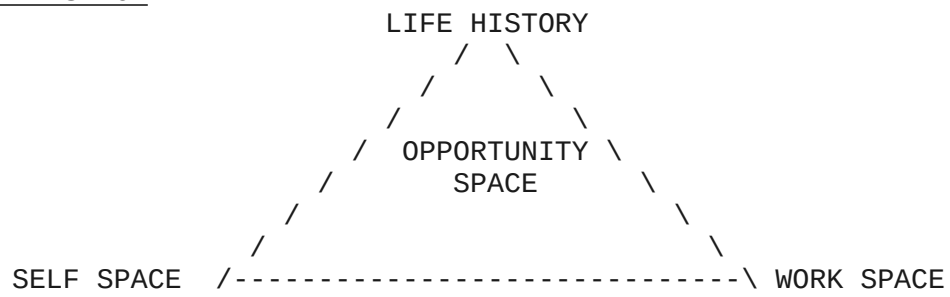
- SELF SPACE or 'leisure' pursuits;

highlighting important features of their current occupations, other than work

- WORK SPACE, that is the content of their present and/or recent work experience and organisation, and

OPPORTUNITY SPACE, that is their future intentions and prospects, arising out of their past and present. situations.

Figure 2: IDEA SPACE



SELF SPACE \ WORK SPACE

Within this opportunity space a new business idea is born. It is an amalgamation of the person's attributes and society's needs; it knits together past, present, and future. The next step is for the idea to be developed into a business proposition.

B) SELF-BUSINESS-ORGANISATION

A business is an idea in a Form with a Demand. No matter how attractive the idea to the public, until it is given a tangible form it cannot actually reach them. For example, until Edison had set up a laboratory, got hold of materials and a work force, and created a phonograph that worked, his idea of a

* See Edward de Bono's recent paperback on Opportunities for some very interesting thoughts and practices concerned with creating opportunities.

phonograph got him nowhere. "The idea of an 'instrument that could mimic' needed a form before it could be marketed as a product. It only became a 'phonograph business' once people demonstrated the willingness and ability to pay for it. Having been turned into a business, it needed to be operated, staffed, administered, financed, and the product sold. These are the activities of business.

Different types of people/entrepreneurs approach these activities in different ways, depending on their backgrounds, motivations and attitudes. Some people see themselves as 'sales-people'; others as 'technically minded'. In our workshop we use a 'Relationships Awareness Test'* through which people can check out their personal motivations, strengths and weaknesses. Basically there are four prevailing attitudinal types:

the caring type (blue) corresponding often with our outgoing craftsman

- the assertive type (red) who may have something in common with the classical entrepreneur
- the analytical type (green) who is often a professional person
- the rainbow (multi-coloured) or hub type who has something in common with the gamesman or outgoing opportunist.

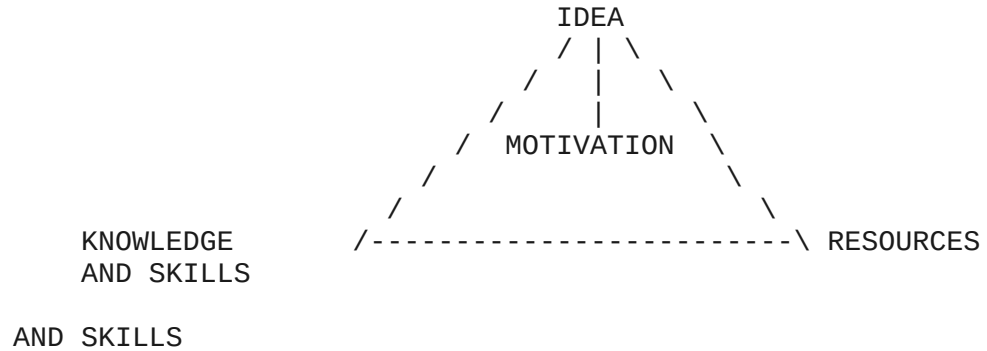
* The 'Test' is administered in this country by Tony Morrison, and is devised by an American psychologist.

The analytical type, for example, may see himself as good at finance and poor at selling. Yet he should be able to develop an approach to marketing that draws on his analytical bent. Similarly, the caring type may be good with people and poor with books. Yet again, he should be able to find a way of caring for paperwork. So this part of the workshop is concerned with fitting the person to the business activities he must undertake, and, where appropriate, indicating where delegation and collaboration is required. For it is the people in the business who develop and maintain its activities.

(ii) Assessing the Prospects: Developing Your Business Idea

The weekend session on 'assessing prospects' is summarised in Figure 3 below:

Figure 3: ASSESSING YOUR PROSPECTS



Participants are divided into 6 to 8 small groups according to the stage of development of their business idea: vague idea, taken first steps, part time or full time business. Within these small groups, stimulated by one of our facilitators, they work through their idea, their knowledge and skills, their resources, and their motivation. They alternate between self assessment, on pre-set worksheets, and interaction with others in the group. Prior to these group sessions are talks given by both theorists (academics) and practitioners (entrepreneurs) on all of the above key aspects. We deliberately involve entrepreneurs from previous programmes as trainers, to keep the exchange going between work and education. Finally, associated with the weekend workshop is a New Enterprise Network that brings about an exchange of information, contacts, and ideas.

(iii) Preparing to Go: Acquiring Business Techniques

A five day intensive course serves as the knowledge and skill base for the action learning programme to follow. The course is divided up not in the conventional way - finance, marketing, administration, but in accordance with the SELF <=> BUSINESS FIELD. The three fundamental forces that we have identified are Innovation, Organisation and Collaboration. The week

is structured on an iterative basis, so that participants can look at these processes twice over (see below).

Our entrepreneurs are initially exposed to the overall development of a business. Using Marks and Spencer as a case study, they have the opportunity to study its evolution from 1863 to 1980. They are able to see the basic processes - innovation, organisation and collaboration - occuring and recurring. Participants are taken through a process of reflexion, whereby their own prospective business' evolution is compared with Marks and Spencer's, especially at the early stage of the latters development.

TABLE 4: PREPARING TO GO: COURSE STRUCTURE

DAY	THEME	TOPICS
1	Developing a Business	Business Evolution, Marketing, Personal Motivation
2	Getting a Business Organised	The Cash Flow Merry Go Round, Sources and Uses of Finance
3	Getting a Business Moving	Making Use of People: Bank Manager, Accountant Planner
4	Developing Your Business Organising Yourself	Defining the Business, Accounting for Yourself, Coping with Your Paperwork
5	Making things Happen for You	Negotiating, Getting hold of People, Premises, Money

(iv) Taking the Plunge: Developing Your Business

In many ways the 'action learning' programme represents the core of our educational activity and philosophy.

a) Action learning in theory

The idea of action learning has largely been developed by Reg Revans:

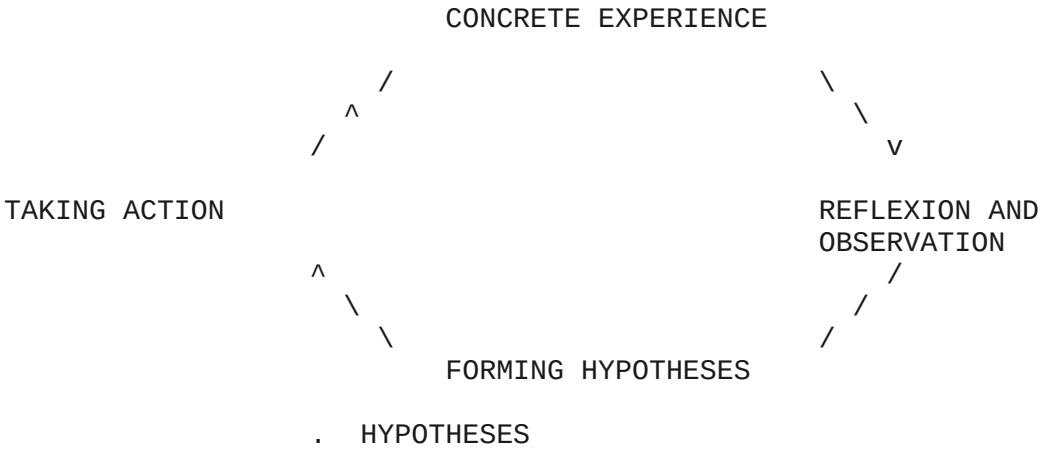
> "Managers are not employed to describe, nor even to recommend; they are employed to act. They learn to do this more effectively only after they know the result of their own, worked out plans, implemented by themselves. In the risky situation of being accepted by others or not, each manager needs the support, not of confident experts, but of those who are themselves going through the same tricky process".

Reg Revans, the doyen of action learning, has developed programmes based on this philosophy for managers in India and Egypt, Belgium and Britain, America and Australia.

Action learning is contained within a cycle of action and reflexion. As illustrated below, learning takes place as we move from action, to an observation of

the results of such action, onto the formulation of hypotheses about the causes of such results. These hypotheses will affect the future actions we take, and so the cycle goes around and around. As David Kolb of M.I.T. has explained, this learning cycle in fact conforms with scientific method.

Figure 4: THE LEARNING CYCLE



The action learning 'set' of 5 or 6 people, which meets at regular intervals inbetween fieldwork, is the vehicle through which reflexion complements action. The 'set advisor' or facilitator ensures that such reflexions are appropriately focussed and exchanged. He therefore ensures that the interaction between SELF <=> BUSINESS is a fertile one.

The set finally serves as a microcosm of the business world. Within it the individual entrepreneur innovates, organises and collaborates. He uses others to develop and test out new ideas, to help him organise himself, and to negotiate and trade with.

b) Action Learning in URBED practice

The Action Learning Sets

At the end of the 5 day course, the 15 participants were divided into sets of 5. The allocation was based on two major considerations:

- a mix of personality/entrepreneurial types, based on the 'Relationship Awareness Test'. Basically the attempt was made to include craftsmen and opportunists, and introspective and outgoing types in each set.

- maximum diversity of type, business, age, and stage of development in two of the sets. There was therefore restricted diversity in the third, and so it acted as a control.

Participants subsequently spent one day a week within these sets, together with a 'set advisor'. The function of the 'advisor' was primarily one of oiling the wheels of the group, rather than giving information and advice. In other words he had a role to play in facilitating the four kinds of action learning processes outlined.

LEARNING FROM/THROUGH OTHERS

The following excerpt from a set meeting gives an indication of how learning through others take place:

G One problem is when I answer the phone, trying to arrange for a demonstration, and they say "what firm?" I fall to the bottom of the priority list. I have no firm.

O. This raises the question of credibility that comes up with all of us. How much are you prepared to kite fly?

R What do you think Joe?

J You've got to incorporate a bit of duplicity. People like to deal with something.

G I can convince, on the academic side.

B You've no need to apologise. You're a potential customer. I shall say I am engaged on a survey of word processing systems.

In this excerpt, Gill, whose business is at a very early stage, is drawing on Joe's experience as a hustler, Brian's as a salesman, and Oliver's as somebody at the same stage of development as herself. She combines their advice to come up with her own solution integrating her academic bent with their selling/hustling approach. In the process of so doing, moreover, she is also acknowledging her dependence on others, and is learning to respect their different values and viewpoints. Furthermore, she is taking advice and even criticism and assimilating it.

LEARNING FROM/THROUGH EXPERIENCE

Participants entered our programme with a wide range of experience, within and without the business world. Supplementing the 'past history' was the immediate experience they gained, through spending 4 - 6 days in the week developing their businesses. Within the group, in the classroom, they were given time and space to report and reflect on past and present experience. They examined its contents, its relevance, turned it over and looked at it afresh.

Decisions were made and learning derived at one and the same time.

0. Urbed are trying to get me involved in their Brunel project; it's about environmental improvement. If my cousin, who is a landscape gardener gets a contract out of it, I get a commission. The question is, what do I charge for my services? Also, I don't want to get too involved. I want to keep my options open.

J Remember what the guy on the course said, if you've got something good, don't sell it.

O Let me give you some family history. My father was a gypsy. My brother and I went to University. He runs a rock 'n roll show, a bus carrying lighting crews; he's bought 16 coach bodies from a bankrupt firm. He's now buying an accounting machine to service all the people renting places on his site.

J The guy's a clever man.

Meanwhile I went to Africa and got involved with appropriate technology and vegetables in allotments.

J This brother is taking out the fruits of the land, and Oliver is putting them back. .

B You can always reconcile social good and profit.

There is a coming together. Both my brother and I are interested in small business in the East End. I fixed up Bunny and Ben there.

J What's the question then?

Where should I be going?

R You're answering it yourself already by doing it - making contacts, bringing people together, seeing opportunities, bridging gaps.

I guess I could get involved with Urbed and then use the time to further my interests.

LEARNING TO DEAL WITH INFORMATION

Each week participants were urged to set objectives and to retrospectively review progress.

What's your business? What have you done so far? Where do you go from there?

J (Looks down the list of typed objectives from last week) - I've been too busy to find premises, I'm working on my priorities. I've checked out a lawyer - falling asleep Brian?

B What you need to set up is an agency arrangement with your supplier of drinks dispensers.

J It needs delicate wording. Found out I needed a V.A.T. number.

R What do we feel about Joe's progress?

M For me, Joe is back to the beginning. I don't see much.

B Can't you learn about administration as you sell?

J Advice from the group is OK, but it's up to me to make the final decision.

This particular dialogue is rich with information exchange and with a testing out of the different ways of processing it: asking relevant questions, seeking appropriate advisors, giving and taking advice to and from the group. Joe and the set are also checking out together which of his objectives or achievements are more realistic. In the final analysis, Joe takes in what he wants, but ultimately asserts his control over his own destiny.

LEARNING TO TURN WORDS INTO ACTION

One of the essential qualities of the entrepreneur is his ability to turn words or ideas into actions or

activities. Many of the more academically qualified of our participants found difficulty in integrating their thoughts with a convincing plan of implementation. This was illustrated in one particular simulation, involving Gill (word processing) and a potential collaborator (Oliver's brother). At the end of the first scene the set advisor made the comment:

> "Gill, you give marvellous presentations, but your report backs here are incredibly low key. Take off a half hour and come back with a prepared case...."

At this point Gill left the room, and, after returning half an hour later, the play was resumed. At the end of it the following comments were made:

R The whole thing came across more impressively this time. You need always to present this positive image.

G I took off the half hour you gave me to prepare, by sitting down and closing my eyes.

M You need to do that more often!

In the course of the simulation, Gill was able to rehearse a negotiating stance. The prospect of making an actual deal that evening obviously made for a sense of urgency. The change in behaviour from the first simulation to the second, was induced by that urgency rather than by any from the set

'advisors'. Moreover, the next week Gill had the opportunity of describing the actions she had taken with Oliver's brother that evening.

R The main thing in the role play was portraying commitment. How did it come out in practice?

O The basic conclusion is that, provided the technicalities can be sorted out, they have the basis for a deal. A decision will be made in 6 weeks.

R What does this all imply for you, Gill?

G I've got to be harder nosed.

O My brother wants you to come up with a deal.

The Set 'Advisor'

Each of the groups, or sets, was attached to a different set advisor with his own particular personality, interests and background. Although each of the three had worked with groups extensively, and was also familiar with small business, inevitably there were variations in the approaches to action learning. In the Table, we have summarised these differences as they appeared to the participants in the respective groups and to the set advisors themselves.

PERCEPTIONS OF SET ADVISOR

Set	Respondent	Comments on the Advisors Role
1	Members	"He animated the group, reflecting back and organising what was said, though there were some sterile periods". "He organised the group and gave advice here and there". "Our 'advisor' was an integral part of the set". "He made the group work and set a direction".
	'Advisor'	"I see myself as an organiser of the group's interactions, primarily in relation to setting direction, processing their thinking, and facilitating the building up of connections between one person's train of thought and another's".
2	Members	"He was good on networks, contacts, tips and amiability". "Has credibility as a self-employed person", "His incisive mind is applied to solving problems". "He acted as a co-ordinator". "He opened my mind to a new way of looking at things".
	'Advisor'	"I saw myself initially as a processor of interactions, and later as a resource person and atmosphere builder". "I had intended to be quiet and let it happen, but in practice, I intervened a great deal".
3	Members	"His role was not a dominating one, but he kept us on the right lines, insisting on objectives, pointing out needs, and instructing when required". "He used his expert knowledge throughout". "He helped solve my problems and guide me on the right lines". "By not dominating, he made us lead ourselves".

Advisor "I saw myself as a clarifier and critic (no-one else challenged people much), and as an organiser and resource person".

The Limits of Action Learning

The action learning method offers plenty of scope for entrepreneurial development, given the right educational structure and atmosphere. More specifically:

the method stimulates people's desire to co-operate, thus providing for an informal, supportive environment. Such co-operation may both provide access to resources and extend market opportunities. However, the desire for collaboration needs to be reinforced if full advantage is to be gained from it.

. the set advisor needs to intervene in the group to help organise, stimulate and channel the interactions. Firstly, the opportunities that exist for combining ideas across the different businesses are often not taken up. Secondly, the scope for the setting up of imaginary situations and negotiations between set members is much greater than is realised. Finally, entrepreneurs, who may be skilled in developing their business ideas, are often unskilled in organising group activity.

. reporting back needs to be centred upon key issues or problems, and involve objective setting and monitoring. Unless participants set a time, space, and direction for each person's activity meetings can become rambling and purposeless. Fresh injections. of method, tempo and setting are also desirable.

. the action learning set is not the complete answer to new enterprise development. Whereas it serves most of our educational objectives, and provides a supportive environment, it needs reinforcing on the instructional side.

Action learning therefore, for all its strengths has one major weakness. Because the reflection takes place in groups, the scope for rigorous application of business techniques, and for a critical appraisal of them, is very restricted. Such rigorous analysis is best accomplished by individuals on their own, with an expert, or in response to an appropriate challenge. Experts were made available about half way through the programme. However, our favoured approach was to offer appropriate challenges. These were offered in the form of a meeting with a bank manager, a written business plan, and an oral presentation of the plan to a panel of experts.

Two thirds of the way through the course, participants were invited to make an imaginary presentation to a bank manager. Three quarters responded, and a representative from Midland Bank offered to co-operate. This highlighted the value for both parties of simulating a negotiation which is real in terms of the people involved, and yet not real. in terms of the exchange of resources. The simulation was also opened up to student on-lookers for discussion of the process involved.

Bank managers and Business Schools alike, nowadays, are placing increasing emphasis on the business plan. This is very much a reflection of a logical, analytical approach to starting a business. It parallels the emerging emphasis on business techniques. In our programme we tried to bring plan and reality as close together as possible. For example, we suggested that people incorporate actual brochures, letterheads, plans of premises, invoices, articles of association, names of witnesses and suppliers, and so forth, in the final plan. Given the range of educational back-ground on our programme, we were not surprised to find that the length of the plan varied from 3 pages to 53.

The conventional N.E.P.* incorporates a series of reports on progress made to a panel of experts. In our programme, the group interaction replaces the majority of these. However, we did see it as being important to lay on a final presentation with two panels made up of representatives from TSD, Urbed, City University Business School, London Enterprise Agency, Hackney Business Promotion Centre and the local banking community. The intention was as much to provide an opportunity for feedback for the participants. In fact the presentation culminated in an open discussion between the two sides on how the interaction could be improved.

The Learner's Perceptions about Action Learning

So far, we have considered what action learning is, both in theory, and as adopted for Urbed practice. It is now important to look at the way the participants conceived of the programme as a whole. In other words, what did they feel they gained out of the learning situation? In response to the specific question 'what do you think makes for a successful programme', the following replies were given (13 responses):

*New Enterprise Programme

EDUCATIONAL ORIENTATION

Orientation	Criteria	%	Total %
Instruction: imparting knowledge and skills	Business techniques	16	
	Bringing bits together	10	26
Education: personal and entrepreneur development	Gaining confidence	9	
	Acquiring discipline	9	
	Self-organisation	9	
	Widening ideas	6	39
	Gaining commercial attitudes	4	
	Developing Self-knowledge	2	
Supportive environment	Support/encouragement	10	
	Space	10	35
	Networks	9	
	Learning from others	6	

On the basis of the summary comments tabulated above, some firm conclusions can be drawn. First, although "business techniques' remains the single most important category, as an overall proportion, it only represents 16%, the balance of response very much emphasises personal and'entrepreneur development. Second, there is a category of responses that needs to be included that relates to the supportive environment. Third, the actual elements specified under what we have termed 'personal development', are revealing in themselves: confidence, discipline, widening of ideas, networks, commercial attitudes, and self-knowledge.

In summary, instruction, education, and a supportive environment each played a critical part with the sort of training programme that our prospective entrepreneurs considered effective...

3. LINKING THE PERSON, THE BUSINESS AND THE ENVIRONMENT

New Enterprise Programmes* are beginning to make an impact on both training and business development. This is very much to be welcomed. But there is always the danger that courses become divorced from both the person (as entrepreneur) and the economy (as environment). Too heavy emphasis on fact and technique detracts from the person; too little an emphasis on reciprocity detracts from the environment. In other words, the development. of entrepreneurs and of the local infra-structure needs to go hand in hand. This is more easily achieved on a localised basis, as Clive Woodcock has stressed:

* See David Watkins' paper

'There is less of a need for
well-meaning academically based
courses and a greater need for
a parochially based type of
operation which can help
people to help themselves'.

'The training of entrepreneurs, therefore, should involve vertical and horizontal linkages. Vertically, there needs to be a matching of courses with the stage of the business' development. URBED has attempted to achieve this match, first by offering its programme in stages; and second, by allowing the entrepreneurs, through an action learning approach, to move at their own pace. Horizontally, linkages need to be established between the enterprise and the entrepreneur on the one hand, and between the business and the environment on the other. By focussing primarily on entrepreneur development and by involving the supportive. environment in programme design and implementation, the Start Your Own Business Programme has gone some way towards achieving both of these aims.

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and
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*A fuller description of 'Stages of Development' is available in the report on Training Entrepreneurs, Urbed Research Trust, 1979.

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