Training Entrepreneurs

Ronnie Lessem

November 1979

The Urbed Research Trust
13 New Row
London WC2

TRAINING ENTREPRENEURS

SUMMARY

This report sets out the conclusions from an experimental programme aimed at helping new businesses start in an inner part of North-East London. The programme was undertaken by Urbed (Urban and Economic Development) Ltd., in association with the Hackney Business Promotion Centre and City University Business School. It was funded by the London Borough of Hackney, and the Training Services Division of the M.S.C.

This report aims to answer six main questions:

1) Why are there not more small firms?
2) What conditions do new firms need?
3) What role can training play?
4) How did URBED's approach work?
5) What are the lessons for training?
6) What are the lessons for local economic development?

The report concludes that:

1) The community needs more small firms to employ people, turn good ideas into viable products or services, and to make use of redundant resources. However, few entrepreneurs have the capacity to start up unaided.

2) New businesses depend not only upon an appropriate entrepreneur, but also upon a market opportunity, access to

resources, and a generally supportive environment.
3) Training can assist prospective entrepreneurs by providing administrative know-how, business techniques, managerial insights, and opportunities for personal development.

4) URBED's training programme enables prospective entrepreneurs to learn while starting their business, through one another, and

at a pace that is dictated by the business's development. Thus the programme is in stages:

- thinking about it : a one day conference
- assessing your prospects: a weekend workshop
- preparing to go : a four day course
- taking the plunge : one day for each of 12 weeks

5) Education should start from the person - as entrepreneur. this involves above all:

- bringing the entrepreneur and the enterprise closer together
- developing the person's ability to organise himself
- increasing his scope for negotiation and collaboration

6) The enterprise's environment and the entrepreneur's abilities need to be developed side by side. Training establishments, therefore, should be constructing bridges between the entrepreneur, his enterprise and the economic environment.

*This report has been compiled by Ronnie Lessem for the URBED Research Trust

TABLE OF CONTENTS

1. Why are there not more small firms?

i) more new firms are needed 1
ii) opportunities abound 1
iii) few start in the U.K. 2
iv) the obstacles are discouraging 2
v) failure can be avoided. 2

2. What conditions do new firms need?

A) Market opportunities 3
B) Access to resources 3
C) An appropriate entrepreneur 5
D) A supportive environment 7

3. What role can training play?

A) Books on small business 8
i) Administrative know-how 8
ii) Business techniques 9
iii) Management insights 10
iv) Entrepreneurial development 11

B) British training programmes
i) small businesses 12
ii) new enterprises 13

4. How does URBED's approach work?

A) Aims of the programme 14

B) Course content 14

i) Thinking About It : One day conference
ii) Assessing the Prospects : Weekend Workshop
iii) Preparing to Go : 4-day course
iv) Taking the Plunge : 12-weeks learning while starting your business
(a) Action learning in theory
(b) Action learning in practice.

5. Lessons for training

A) The role of the trainer 24
B) The role of the training establishment 30
C) Linking the person, the business, and the environment 33

6. Lessons for local economic development

A) The inner city context 34
B) Types of entrepreneur 35
C) Entrepreneur and economic development 35
D) Entrepreneur and environment 36

APPENDICES

A1	Definitions of the Entrepreneur	39
A2	The Development of Small Business Theory	43
A3	A New Enterprise Programme - Induction	46
B1	Conference Information Pack	47
B2	Conference Publicity	49
B3	Conference Publicity/Information	50
B4	Starting Your Own Business (SYOB) Programme 1979	51
B5	SYOB Week-End Session	53
B6	Preparing to Go - Residential Course	54
C1	The Role of Set Advisor	56
C2	Participants in Action Learning Sets	57
C3	Action Learning in Practice	58
C4	Action Learning and Entrepreneurial Activities	62
D	The Market and Marketing	72
E1	Starting a New Business Programme*1980 - Introduction	74
E2	Starting a New Business Programme*1980 - The Three Stages	75
E3	Successful Starts	77
F	Local Enterprise Trusts	78

1. WHY ARE THERE NOT MORE SMALL FIRMS?

This report considers the feasibility of training entrepreneurs. Few would disagree with the need to encourage more firms to start, but there is considerable disagreement over the scope for the expansion of small enterprises, and the reasons why the birth rate is so low in the U.K. compared with our competitors. We therefore need to review briefly the available evidence on the start-up of new enterprises.

i) More new firms are needed

Considerably more firms need to start and survive, if we are to:

- create much needed jobs, both directly and indirectly: studies by Birch in the U.S.A. indicate that new small enterprises account for some 60% of the new employment created in manufacturing over the last year. (1)

- turn good ideas into viable products and services; small firms tend to be more innovative; they are responsible for many of the main post-war innovations, like the transistor radio and the copying machine. (2)

- utilise redundant resources; in the past new firms have typically made use of second-hand premises in inner city areas. (3) The special conditions of the inner city gave rise to the idea of the 'urban seedbed', providing an outlet for the drive and talent of successive waves of immigrants.

ii) Opportunities abound

Despite the trends towards concentration, which have been particularly acute in the U.K., there are still plenty of opportunities for small firms:

a) consumer tastes are always changing; .a small firm that is close to the market can respond faster than a large firm which sub-contracts most of the work.

b) changing technology and relative prices of resources create new possibilities; large firms, whose patterns of supply are relatively fixed, can be at a disadvantage compared with the small firm that deploys new methods. Not only are many economies of scale no longer so easy to achieve, but the cost of many items of capital equipment is falling.

iii) Few start in the U.K.

The birth rate of new firms in the U.K. is generally low, and in poorer regions like the North is very low indeed. The failure rate is also high, and many who start soon go under. The figures suggest that the death of old firms is not being made good by the birth of new ones. (4)

iv) The obstacles are discouraging

In a world where high status, earnings and security are all associated with jobs in the professions or the private and public bureaucracies, it is not surprising that those with any choice tend to set aside the thought of starting or running a small business. There is nothing new in this. For centuries Britain has depended for many of its entrepreneurs on successive waves of immigrants. .(5) Starting a business is like playing a game of snakes and ladders in which the snakes are everywhere and the ladders are reserved for those who are already established.

v) Failure can be avoided

An analysis of the careers of successful businessmen suggests that while luck played a role, the main reason for success was usually their persistence in implementing a basically sound strategy. (6) However the new enterprise encounters one risk after another, without the resources to withstand a major mishap.

We have found that there are a series of stages which a new business goes through; at each point it is vital to balance income with outgoings, resources with commitments. Not only does the entrepreneur lack the experience of having overcome the various obstacles, but he or she is often ill-qualified to cope. For the desire and opportunity to start a new business are not sufficient if the capability is lacking. The risks of failure can be reduced by such measures as:

- starting. with a well thought out idea or plan
- having the necessary personal skills, or joining with colleagues who provide what is missing
- being introduced into a supportive environment.

It should therefore, theoretically, be possible to induce more firms to take the plunge and to stop some going under for lack of 'know-how', insight and support. This is the thinking behind the idea of training programmes for

entrepreneurs.

2. WHAT CONDITIONS DO NEW FIRMS NEED?

New firms need entrepreneurs with know-how and insight who are able to exploit opportunities and make effective use of resources. The new firms also need an environment that is supportive in that it provides access to resources and encourages entrepreneurial activity.

A) MARKET OPPORTUNITY

A business is essentially about meeting human needs for goods and services. The most fundamental factor in setting up an enterprise is therefore establishing a gap in the market where the business has a competitive edge. Because demand, technology and competition are changing all the time, new opportunities are continually emerging, and old ones disappearing. While the new business has the immense advantage of being able to choose what market to, enter, there is the countervailing disadvantage of lack of knowledge, and customer inertia, both of which favour the established business.

The new business may be motivated by many considerations, from meeting a market need or practising. a craft to providing wealth for the owner or the employees. Nevertheless, whatever the motive, the business will be up against the scepticism or ignorance of customers and the greater experience of established competitors, who have moved down the 'learning curve!'.

This creates the Catch 22 situation, in which it is hard to obtain experience without having started up, and yet impossible to start without some resources which are only available to those who have some 'track record'. The new firm therefore needs a 'break' if it is to grow from an idea into a reality. It is the essential role of the entrepreneur to create that "break".

B) ACCESS TO RESOURCES

The seed of enterprise can only be fertilised by coupling a number of resources. The potential entrepreneur's chances of success will depend on his ability to meet a market need at a price that covers the cost of resources. This means finding a need where a few customers will pay a great deal, or where many customers will pay a little, or where there is some way of obtaining more value from resources than other businesses can. This makes it essential to gain access to:

(i) information

(ii) premises

(iii) personnel

(iv) finance

(i) Information

In developing any sound business, a strategy will be required. This is best developed through planning rather than experience, simply because the infant business cannot afford many mistakes. Information, and to a lesser extent advice, is therefore the first requirement. Information must embrace customer needs (the marketing plan), the methods of meeting them (the operations plan), and sources of working capital and long-term finance (the financial plan). The new enterprise lacks the staff resources of the large firm to ask and answer the key questions. It also lacks first-hand knowledge from the market place.

(ii) Premises

The most essential tool for obtaining resources is writing paper, and this requires an address. Hence premises are the second consideration, and because they are an incidental to the business and an overhead, they need to be as cheap as possible. Furthermore, because the entrepreneur's time is at a premium, they need to be where it is easiest to get work sub-contracted. In cases where close contact with customers is needed, they must be close to the market as well. This means that inevitably they will not be purpose-built, and will be inadequate in many ways. However it is better to be born in a 'manger than to have nothing left over to pay the other bills.

(iii) Personnel

To start with the entrepreneur will want to employ as few staff as possible. He can do this by sub-contracting and buying in specialised services. Collaboration between marital (or unmarried) partners is likely at this stage, to bear much fruit! Later he will be concerned that the type of people he needs, and particularly the management, can get to work easily, and this has a bearing on location. Later on still, he will need to develop a team of individuals, displaying a commitment towards the firm, and its purpose.

(iv) Finance

Finance comes last because it is only required to assemble other resources, and because given its high cost, it should be avoided as much as possible. Independence from borrowing can achieved, as a large electronics group did, simply by persuading customers to pay in advance of receiving supplies, and having low stocks of work in progress. However, there are many other ways of minimising external borrowing. For example, many entrepreneurs start up their businesses part-time. Most firms, though, will need some risk-capital to cover working capital at least, assuming other items can be obtained on credit.

C) APPROPRIATE ENTREPRENEUR

The entrepreneur* is the person who brings the resources together in order to exploit a market opportunity. He is someone who acts as go-between, taking the initial risks that are involved in overcoming the credibility gap. There are many small businessmen who are not entrepreneurs, and equally many entrepreneurs who are not in business.

(i) Background

Our spirit of enterprise is often thought to lag behind other countries'; thus Technical Development Capital has stressed there is an abundance of good ideas but a lack of people committed to carrying them through. This can be due to all or any of the following:

a) a restrictive class system which favours background and professional jobs, rather than achievement and manufacture,

b) an irrelevant education, which does not develop personal and group competence.

c) a lack of incentives and high marginal rates of taxation, which make it harder to finance risk-taking and expansion.

d) the availability of more status, security and rewards in big corporations and the State.

However, the constraints can sometimes act as a spur to enterprise, exemplified by the 'self-made man'. An analysis of successful entrepreneurs indicates that they are rarely inspired by dreams of great rewards, but instead driven on by motives such as securing independence, proving themselves, or doing something better. (7) All of these motives are as strong today as ever. Now that the recession has closed off many of the safer job opportunities, there are a number of groups that could play the entrepreneurial role, including:

- craftsmen and tradesmen, unable to secure employment
- redundant executives
- women insufficiently fulfilled at home
- business graduates or engineers with advanced degrees who cannot obtain the jobs they believe they merit
- immigrants, with traditions of hard work and independence, and some capital
- former community workers or teachers who are fed up with the 'system'
- individuals who want to prove the value of alternative life styles, such as cooperatives or appropriate technology.

*For a summary of the theory of entrepreneurship, see Appendix A1

Though these groups are all likely to consider setting up businesses, in practice they are only likely to do so if three conditions are satisfied. First they must be unable to find existing work that matches their talents. Second they must have the time to develop an idea to the point where finance can be raised. Finally, they must be relatively free from the need to 'play safe', for example because they have private means or no dependents.

(ii) Entrepreneurial Types

As well as variations in background, there are also important differences in the outlook of those who start new ventures which have a bearing on the help they need if they are to succeed. American studies have distinguished between the 'craftsman' and 'opportunist' entrepreneur. (8) The one is aiming towards skill, and product/service development; the other toward the customer, the market, and the environment. Thus, for example, some accountants are 'craft' orientated and others respond to "markets' or 'opportunities'. This will have significant implications for training. There is also a distinct difference in style, between the 'introspective' and 'outgoing' entrepreneur. As far as the 'craftsman' is concerned, the former is more task orientated, and the latter is more likely to want other people around. With the 'opportunist', we can see a difference between the traditional go-getter-working for himself and the more educated 'gamesman' or social 'entrepreneur'. Whereas the former has had to battle his way into his own position, the latter is more likely to be motivated by a wider social purpose.

The analysis below allows us to classify entrepreneurs into four main types:

	Introspective	Outgoing
Craftsman	"Artist - Craftsman" "Professional"	"Friendly Greengrocer"
Opportunist	"Classical business Entrepreneur "	"Social Entrepreneur or Gamesman"

Many businesses start as 'one-man bands', but it is more common for people to have a partner. Analysis of business failures shows that a major cause of collapse is disagreement between partners. By appreciating what qualities are needed for a particular type of business, it should be possible to draw together a balanced group, and many successful businesses are due to an outgoing/opportunistic salesman having teamed up with a more introspective and craftsman-like production man.

D) SUPPORTIVE ENVIRONMENT

The entrepreneur stands between his business and the environment. Unless there is a mutually supportive relationship between the individual and his outside world, the business will not flourish. The outside world supplies the resources to which the enterprise needs access:

(i) Information

Large firms have their own capacities for gathering information from the outside world in the form of market research and intelligence. Small firms rely on the entrepreneur's own personal networks. In addition, Chambers of Commerce and Industrial Liaison Bureaux (based in Colleges) traditionally, and the Small Firms Information Service, more recently, provide a service. The big problem is to make the information exchange operational at the ground level. Small businessmen are particularly suspicious of bureacratic organisations, and bureaucratic organisations are often cynical about 'small business.

(ii) Premises

'Getting premises' is often cited as the major problem in starting up. Some local authorities have responded by creating new forms of workspace for small users. Nevertheless, Planning Officers are often seen to be a hindrance rather than a help. Most property is in the hands of private landlords, who also have an unfavourable image.

(iii) Personnel

Large firms are well served by 'Employment Bureaux', and some of the time by schools and Colleges. Liaison between small firms and these personnel sources is less well established. Careers and Industrial Liaison Officers, as well as people involved in work creation schemes, all have a role to play in developing contacts.

(iv) Finance

Perhaps the most important individual, within the supportive environment, is the local bank manager. The major clearing banks are putting increasing emphasis on their services for small firms; correspondingly they are expecting more sophisticated forms of budgetary control from them. The relations between both bank manager and accountant and the small businessman, while critically important, often leave much to be desired.

The major source of finance, in fact, is not the bank, but the customer. Several large firms, are expressing intentions of directing their purchasing power towards the small man. It is very likely, though, that their basic ideas and assumptions will have to be altered before Purchasing Managers at the ground level make such policies operational. For managers, as for entrepreneurs, learning involves as much a change of attitude as a securing of knowledge and skills.

3. WHAT ROLE CAN TRAINING PLAY?

major distinction can be drawn between instruction - the systematic imparting of knowledge, information or skills, and education which involves the broader development of the person. Inbetween the two lies training, which 'directs growth', as the following table indicates:

TABLE 1: EDUCATIONAL DEFINITIONS

Terms	Definitions
'Instruction'	The process of nourishing or rearing; development of powers; formation of character
'Training'	Managing a plant, branch or person, so as to cause it to grow in some desired form or direction
"Education	Imparting knowledge, information and skills in a systematic manner

These distinctions are useful in analysing differences in the kinds of help available through textbooks or manuals, and through training programmes.

A) SMALL BUSINESS MANUALS

The knowledge and information that a businessman needs can be divided into four main categories:*

- administrative know-how
  business techniques
- management insights
- entrepreneur development

(i) Administrative Know-how

There is a profusion of books and pamphlets aimed at helping the small businessman, including those with titles like Starting Your Own Business. Most of these are angled towards 'instruction' rather than 'education'. They are aimed at providing administrative know-how rather than facilitating personal change (education). Seemingly, 'you've either got what it takes or you haven't', and many a checklist is provided'to test this out. The chapter headings of a representative text (9), very much reflects this administrative bias.

*For a more detailed appraisal of the theory, see Appendix A2

Setting up in Business	Registration, Incorporation
Your Business Premises	Accommodation, Addresses, Offices, Shops and Factories, Decorating and Furnishing
Communications & Security	Post, Telephone, Telex, Fire Precautions
Basic Equipment	Office Equipment, Printing, Processes
Advertising	Press, Magazines, Posters, Media
Public Relations	Conferences, Exhibitions, Personal, PR
Finance Organisation & Banking	What do you need the money for?
Budgeting & Accounts	Estimating, Petty Cash, V.A.T., Wages
Buying a Going Concern	Franchises
Professional Advice You Need	Accountants, Solicitors, Insurance
Employing Staff	Part, and full-time; wages, salaries and N.H.I.

(ii) Business Techniques

With the development of 'scientific management' and post graduate business studies in America and then in this country, a new language was born. Accounting turned into 'measurement and control', selling into 'marketing', manufacturing became 'operations analysis' and personnel evolved into 'behaviourial science'. A super discipline of 'business policy' was evolved. A language of techniques and procedures replaced the presentation of straight facts and information. The way that this business language has filtered into the world of small business is most vividly illustrated by Geoff Wood's book on 'Bigger Profits for the Smaller Firm (10). Although this book is not particularly orientated towards people starting up, it is nevertheless indicative of the approach that might be taken by a business school.

How to increase Profits	Management techniques for the Smaller Firm; Marketing Budgeting, and Production Control, Costing and Work Study
Managing for Profits	Manage for results, Management Control, Budgeting, Production Control, Profit through people
Marketing for Profit	What business are you in? Finding new products, pricing creating an image, selling, advertising and sales promotion
Accounting for Profit	Classifying costs, standard costing, marginal costing and decision making
Productivity for Profit	Work study and measurement, management controls
Profit is not Enough	How to stay solvent; cash flow budgeting; control of profits; debtors, creditors, stocks.

(iii) Management Insights

Wood's approach serves as a bridge between the language of business techniques and that of 'management'. In the transition from one to the other, the emphasis switches from technique and analytical method, to insight and to involvement with people. Whereas the business technician deals with an impersonal business, the manager deals with an 'organisation'. John Deeks' Small Firm Owner Manager, is the definitive British work with a managerial emphasis. (11) Using the conventional terminology of management, he differentiates between the 'entrepreneurs' and the 'administrators'.

'Entrepreneur	"Administrator
Innovating	Objective Setting
Risk-taking	Policy formulation
Tactical planning	Strategic Planning
Negotiating	organising
Inter-personal Communications	Formal communication
Troubleshooting	Control

A similar approach is adopted by the Americans, Tucker and Swayne, who relate management functions to the entrepreneurial

process. (12)

	High <----------> Low		
Planning	Tactical Planning	Budgeting	Forecasting
Organising		Structuring the Organisation	
Staffing	Recruiting Qualified People		Training People
Directing	Motivating, stimulating creativity in achievement		Assigning responsib-ilities
Controlling	Rewarding	Measuring	Taking corrective action

(iv) Entrepreneurial Development

Whereas writers like Deeks, Tucker and Swayne describe an entrepreneurial approach to management, they offer little advice on how to stimulate its development. Little seems to have been written on this since the classic American work on 'Enterprising Man'.(13) This classic is by Collins, Moore and Unwalla at Michigan State University who have made a serious attempt to link entrepreneurial and enterprise development. Having conducted intensive interviews with some 200 entrepreneurs

in their localities, they found

> 'the act of entrepreneurship to be that of bringing
>
> ideas, skills, money, equipment and markets together into a profitable combination. The economist, the accountant, and the banker tend to look at these arrangements in terms of the financial and material resources involved. The entrepreneur sees always the bringing together of people into a new arrangement.'

They also concluded that formal education and entrepreneurship were poles apart. The 'school for entrepreneurs', as far as they were concerned, needed to offer 'coursework' in Drifting, Basic Dealing and Protegeship, over many, many years. Firstly, through a long period of 'Drifting' the entrepreneur picked up a wide repertoire of technical skills and abilities; he broadened his grasp of the "transactional nature of personal relations". Secondly, through 'Protegeship' he became an intense student of entrepreneurial behaviour, watching his sponsor's every move; he learned the rudiments of bringing resources together, of setting up structures, of creating and severing relationships. Finally, having graduated from Drifting and Protegeship, he was ready for the 'course' in Basic Dealing; he learned how to bring together ideas, skills, money, and facilities in a 'deal'.

We must conclude, though, that, as far as textbooks on starting a business are concerned, the language of administration predominates. While the enterprising man has been left behind, the business technician (to a greater extent) and the manager-entrepreneur (to a lesser extent) are gradually entering the picture.

TABLE 2: LANGUAGES OF ENTREPRENEURSHIP

Language	Orientation	Focus Person	Unit	Key Exponent	Emphasis
1 Administration	Know-how	Administrator	Company	Douglas	Very Strong
2 Business	Technique	Businessman	Business	Wood	Rapidly Increasing
3 Management	Insight	Manager	Organisation	Deeks	Slowly Increasing
4 Entrepreneurship	Personal Development	Entrepreneur	Enterprise	Moore, et al	Very weak

B) TRAINING PROGRAMME

(i) Small Business

Whereas Start Your Own Business texts provide administrative know-how, small business courses emphasise business techniques. Quite recently (September 1978), Bennett and Reynier published their extensive study of educational programmes for small business. (14) They mailed 265 relevant establishments and discovered that 142 of these offered some form of provision. The most significant provider was further education (including Polytechnics) with 37%. Universities were responsible for 18% and Industrial Training Boards for some 15%.

The precise breakdown is shown below, the numbers in brackets represent the total numbers of courses offered:

Administrative Know-how	30%	Legislation (29), Sources of finance (15), Personnel (12) Sales (10), Exporting (9), Starting Up (3)
Business. Techniques	47%	Finance (28), Production (19), Marketing (18), Personnel (12) Start Up (3), Management Techniques (22)
Managerial Insights	22%	General Management (37), Relations at Work (14)
Person/Entrepreneur	13	Start Up' (2)

Not unexpectedly, within academic establishments, business techniques have become predominant. Of these, finance and marketing/sales are most popular. Also, general management is much more popular than in the texts. This is probably because it is often the generalists who are drawn to small business, because of their broad view of the organisation. Finally, and not surprisingly, the entrepreneur, in the true sense of the word, is undervalued.

(ii) New Enterprise

Only 1% of the courses offered explicitly dealt with new business formation. The main exceptions are the New Enterprise Programmes (N.E.P.). These have all been sponsored by Training Services in the last 18 months, in six locations. The longest standing have been those run by Manchester and Durham Business Schools in the North of England. More recent ones have been run by the Welsh Development Agency in Wales, and by Sundridge -Park Management Centre, London Business School, and URBED/ City University in London. All have followed more or less a similar basic programme (see Appendix A3) with the exception of URBED's approach.

The conventional New Enterprise Programme starts with a one month taught course, in which business techniques and administrative know-how predominate. For the remaining 12 weeks, prospective entrepreneurs develop their businesses in the field, while getting tutorial support from staff members. Participants also develop a business plan, which is vetted periodically by a panel: of experts.

Thus courses for both existing and new small firms are strong on instruction, covering administrative know-how and business techniques. The N.E.P's* involve much more fieldwork than most other programmes. How much management insight and entrepreneurial aptitude is gained in the process is open to question, and to further research. This report has only attempted to answer the question with respect to the URBED programme.

* From the 14 participants in the first Manchester 'course there emerged, after 18 months, 7 businesses, employing a total of 60 people. (16)

4. HOW DOES URBED'S APPROACH WORK?

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, reflected URBED's dual aims. By involving City University Business School and two of the clearing banks, we also brought 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'.

B) CONTENT

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

TABLE : START YOUR OWN BUSINESS PROGRAMMES

1. THINKING ABOUT IT Saturday, January 27th	One day Conference	Introduction to sources of assistance; Basic administrative know-how
2. ASSESSING THE PROSPECTS Saturday, February 24th Sunday 25th	Week-end session for those whose ideas are not yet firm	A more clearly worked out business plan; Greater insight into entre-preneurial aptitudes and market opportunities
3. PREPARING TO GO April 2nd - 5th	Four day course on basic business techniques	An understanding of what takes to start and run a successful business
4. TAKING THE PLUNGE April - June	12 weeks to get going, with one day a week in the class-room	A realistic business plan, and the first steps taken towards starting a business

Third, there was an emphasis on getting into business. Having exposed prospective entrepreneurs to the administrative know-how required in starting up (Stage 1), the programme moved on to the development of the entrepreneur's business idea (Stage 2). The business techniques introduced at Stage 3 were then put into practice (Stage 4) as participants began to take the 'plunge into business'. The following sections deal basically with the scope and results of each stage.

(i) Thinking About It: One Day Conference

The conference was run as a partnership between the Hackney . Business Promotion and URBED, with the former acting as hosts and providing the speakers and the latter preparing the information pack, (Appendix B1) and co-ordinating the publicity (Appendix B2). The event was symbolic of the borough's attempt to stimulate indigenous entrepreneurship and thus was seen to be much more than a 'training day'. It was also to provide an initial pool of Hackney - Islington based entrepreneurs, from which future stages of the programme could draw.

As a course of instruction (Appendix B3) with limited objectives, the event was very well received. The fact that the majority of speakers were practitioners and professionals, rather than academics was appreciated. The lectures were much more effective than the group discussions, where the absence of skilled 'group facilitators' was noticeable. Suggestions for improvement from participants, which are worth repeating, include:

"Could you explain the sequence of running a business"

"Could you provide a noticeboard for people to make contact on"

"Include some women and black experts rather than all white males"

As a promotional activity, the event was only partially successful. Although extensive publicity was carried out. (through advertisements in local papers, posters and cards in the streets, libraries and confectioners, as well as through letters to bank managers, estate agents, and college teachers), only 50 out of the 100 attendants were actual or prospective entrepreneurs. The remainder were advisors, students** and local and London-based interested parties. Not only do these statistics reveal the difficulties of reaching potential entrepreneurs in a large city, but they also highlight the importance of prior publicity, especially when one is focussing

upon a particular locality.

(ii) Assessing the Prospects: Weekend Session*

Unlike the one day conference, which is a well established event in America, if not yet in this country, the week-end

session on 'Assessing the Prospects' was a much more novel

*See Appendix B4 for details of this programme (Stage 2),

as well as those for Stages 3 and 4.

**Some 25 students attended the conference, mostly from the local leather college (Cordwainer's)

undertaking. The aim was to enable people to test the viability of their business idea, as well as their own motivations and aptitudes - both entrepreneurial and managerial (Appendix B4). Thus the programme was more 'educational' (personal development) than 'instructional' (knowledge and skill). It relied heavily on a team of 'facilitators' working with small groups, and the use of assessment checklists. The groups were formed according to the stage of development of an individuals business idea: from vague idea to 'definite idea' "taken first steps', and 'in business' - part or full-time. Finally, a 'New Business Worksheet', of some 8 pages, was sent out in advance (raising questions as to business, product, and market; marketing; organisation and administration; finance and resources) as well as an information pack (Appendix B5).

The responses we received from more than half of the 28 participants endorsed the achievement of our objectives: 13 of the 15 respondants found the week-end to be very worthwhile. They found it helped them to a greater or lesser extent to work through their business plan, clarify their ideas, and identify their strengths and weaknesses.

TABLE 4: ASSESSING THE PROSPECTS: COURSE EVALUATION

Objective	Completely Fulfilled	Partly Fulfilled	Not Fulfilled
Clarify market opportunity	42%	33%	25%
Work through business plan (1st steps)	45%	33%	22%
Identification of strengths/ weaknesses	40%	38%	22%

The greatest room for improvement lies with 'clarifying market opportunities' where we relied on 'instruction', rather than upon interaction. In fact it was the 'group interactions' and the 'meeting of other people' which were looked on most favourably. The group sessions were not mere discussions, but were structured through appropriate 'instruments' and skilled 'facilitators'. The major conflict arose between those expecting specific help - "more concrete help, less wishy-washy", and those who expected the week-end to be about assessing prospects.. The major unfulfilled need was expressed by 5 respondants: "we would appreciate more individual attention". Thus, not only were small groups appreciated, but individual attention was also desired.

(iii) Preparing to Go: 4 day Residential Programme

The 4 day intensive programme on 'business techniques' served as the 'knowledge and skill' base for the action learning programme to follow. Thus it was both part of an overall, 13 week package, for 15 carefully selected participants, and was also offered as a self-contained course for 4 non-sponsored people. Participants sponsored by the TSD had to be unemployed or only 'marginally' employed (just starting in business). 15 out of some 40 applicants were selected on the basis of 'the person' and 'the idea'. The business ideas worksheet, used in the weekend, doubled as a selection form. The intensity and brevity of the induction course, distinguished it from the other N.E.P's. The programme (Appendix B6) was divided between Marketing (concept and techniques), Finance (sources and applications), Administration (paperwork, people, premises) and Planning (information -.sources and problem-solving).

TABLE 5: PREPARING TO GO: FOCUS OF ATTENTION

Topic	Administrative Know-how	Business Techniques	Management Insights	Person/ Entrepreneur
Marketing	10	70	10	10
'Adminis-tration'	70	10	-	20+
Finance	20	60	10	10
Planning	20	10	70	10
TOTAL	120	150	90	50
TOTAL %	30	37	21	12

All 19 participants found the intensive course helpful (8 quite helpful, 11 very helpful). The most successful day, on finance, was the best co-ordinated, most clearly structured, contained a good variety of experts and practitioners, and focussed largely on a single technique - cash flow.

+An evening session devoted to personality style in relation to entrepreneurship (relationships awareness test) accounts for the 20% in this section.

Therefore, the main conclusions we have drawn are that:

. speakers should be well briefed in advance;

. the day's convenor should play an active co-ordinating role;

. people want to be spoon-fed at this stage of the game;

. but they appreciate a variety of people to do it, and a mixture of lecture and discussion, . information and relection;

. continual reference both to their own situations and also to an on-going case study,

is very valuable.

(iv) Taking the Plunge: 12 Week Programme

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". (15)

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. Particularly well-known applications, in this country, have been in the General Electric Company and in a number of hospitals. The basic tenets of action learning are:

you learn from and through others by listening to them; learning to respect their opinions; giving and taking advice, support and criticism; accepting and comparing one another's values; and allowing oneself to become dependant on others.

you learn from and through experience by looking critically at, assessing the relevance of, and looking afresh into, past experience.

you learn to deal with information by asking useful questions; describing situations as well as acting upon them; conceiving of people, information and things in relation to each other; predicting the consequences of actions, and comparing predictions against actuality.

*See Appendix C1 for a description of the 'set advisors' role.

you learn to turn words into actions by taking risks; learning while doing; carrying out actions as well as describing them; but changing your behaviour only when you wish to.

b) Action learning in URBED practice

Introduction

At the end of the 4 day course, the 15 participants were divided into sets of 5. The allocation was based on two major considerations:

- mix of personality/entrepreneurial types, based on the 'Relationships 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, and. as a control, restricted diversity in the third.

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. The way in which action learning actually took place is described in Appendix C3.

Conclusions

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.

* This was administered during the 4-day course.

\+ For actual descriptions of businesses, ages, types see Appendix C2.

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.

Development

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 onlookers 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 background on our programme, we were not surprised to find that the length of the plan varied from 3 pages (see Appendix B3) 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 involve the 'supportive environment' in the programme as 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.

Interim Evaluation

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):

TABLE 6: EDUCATIONAL ORIENTATION

Orientation	Criteria		Total
Instruction: imparting knowledge and skills	Business techniques	16	26
	Bringing bits together	10	
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.

Post Course Evaluation*

A post course evaluation was conducted by Michael Saunders - Senior Lecturer in Behaviourial Science at South West London College - two months after the programme ended. As shown in Table 7 below, six out of the fifteen firms were definitely established and exhibiting growth potential; another four were still operating at subsistence level; three were still battling to take off; and two seemed to have gone out of business.

TABLE 7 POST COURSE EVALUATION

Business	Trading Position 2 Months after Course End
EXHIBITING GROWTH POTENTIAL	COMMENTS
Auto-Electrics Repair	4 employees. Customer base needs to be developed.
Building Contracting	Employee taken on; business in hand.
Computer Staff Agency	Target sales virtually achieved. West End premises secured.
Jewellery Manufacturing	New products, markets and premises developed in successful launch strategy.
EARNING A LIVING	
Warehousing & Distribution Service	Confidence aroused after first £1000 business secured.
Print Workshop	2 full-time and 3 part-time employees. Technical problems with machinery.
SUBSISTENCE INCOME	
Land Management Services	Husband and wife in self-employment. Many options still open.
Catering Equipment Supplies	One full-time and one part-time employee. Market segmentation still to be done.
Knitwear Workshop	Extreme difficulties experienced in finding local premises.
Restaurant	Finance very recently raised to purchase freehold - unforeseen event.
SEVERE SET-UP PROBLEMS	
Word Processing Typewriting Service	Difficulty in raising finance. Significant prospects still in the offing.
Snack Bar	Prolonged ill-health. Planning permission refused first time.
Canal Barge Transport	U.K. market probe fallen through; business prospects being sought in Holland.
FAILED	
Diamond Abrasives Compounds	Finance fallen through
Office Machinery Repair	Whereabouts unknown

*The evaluation was conducted for his Summer project, as part of his M.B.A. at City University Business School. Another M.B.A. project, undertaken by Kevin Lee of the G.P.O., dealt with the Selection of Entrepreneurs. A third such project involved a student from the Ministry of Defence developing operational systems for the knitwear workshop. In the course of so doing he was reflecting on different technologies and economies of scale.

Saunders spent up to a day with each entrepreneur, trying to capture the qualitative nature, rather than the quantitative extent, of activity. Specific 'case studies' are included as Appendix C4. His focus was upon the way in .which the action learning approach may have contributed to the entrepreneurs' success or failure. Of particular significance, in most cases, was:

. the inevitability of adverse, unforeseen circumstances. Thus the entrepreneurs' ability to deal with the unpredictable was

critical;
the need to complement short term, operational concerns, with long term strategic thinking,

. the importance of establishing a network

of friends and/or associates.

As a result, action learning's contribution is potentially important if and when it:

develops the entrepreneur's ability both to plan ahead and also to adapt to unforeseen circumstances

. enhances his ability to set objectives that extend beyond the immediate and the operational

creates a personal supportive environment and increases the entrepreneurs' ability to recreate his own.

5. LESSONS FOR TRAINING

A) THE ROLE OF THE TRAINER

People involved in training entrepreneurs act out two roles: planning and implementing training programmes; and creating and representing training establishments. In the first role the main concern-is with the business entrepreneur; in the second with the business environment. In the training of potential entrepreneurs, a programme needs to provide administrative know-how and business techniques, as well as managerial insights and scope for entrepreneurial development. In addition a supportive environment, which can offer informal support and encouragement as well as specific access to resources, is required. In general terms, a combined programme for formal teaching and action learning can offer all of these things. However, more specifically, trainers need to take account of the different types of entrepreneurs and the stages of their business development.

(i) The Development of the Embryo Business

Because there was no fixed programme of activities for our participants, we were in a position to observe their respective development paths. For each was encouraged, subject to advice and criticism by 'set advisors' and peers, to follow his own direction and pacing. The only significant constraint was the business plan, required at the end of the three month period.

The growth of 5 embryo businesses within one particular set was monitored over the three month period. Thus, for example, Brian, having outlined his business opportunity, moved straight into selling. At the same time he was forced, by' the group, to undergo some kind of self analysis. This 'analysis' was related to Brian's desire to remain independent from the influence and advice of others. The analysis was followed, through chance or logical development, by a series of diversifications. Brian's business moved from Contract Computer Staff to Sales Agency.

TABLE 7: EMBRYO BUSINESS DEVELOPMENT

Name and Business	Phase 1 ----------> 2	----------> 3	----------> 4
Brian (Contract Computer Staff)	.Describing the business opportunity	.Selling and Self Analysis	.Diversification and business re-definition
Gill (Word Processing Typing Service)	.Testing out the business she may be in	.Setting up the operation securing contacts, gaining credibility	.Channelling commitment: estimating cash flow; segmenting the market; developing an image

TABLE 7: EMBRYO BUSINESS DEVELOPMENT (CONTD..)

Name and Business	Phase 1	2	3	4
Joe (Distributing Drinks Dispensers)	.Marketing: consolidating on strengths	.Administration: alleviating weaknesses	.Breaking through the technique barrier: costing, and budgeting	.Integrating person and business
Maurice (Snack Bar)	.Product differentiation .Establishing husband/wife roles	.Matching capabilities and possibilities	.Preparing the Business Plan .Seeking Planning Permission	.Developing a business image; .Preparing facilities
Oliver (Land Management Services)	.Developing his market opportunity; .Forming a husband-wife partnership	.Integrating himself, the business and society	.Collecting options for himself and others	.Moving from dream to reality: market research; developing a business image

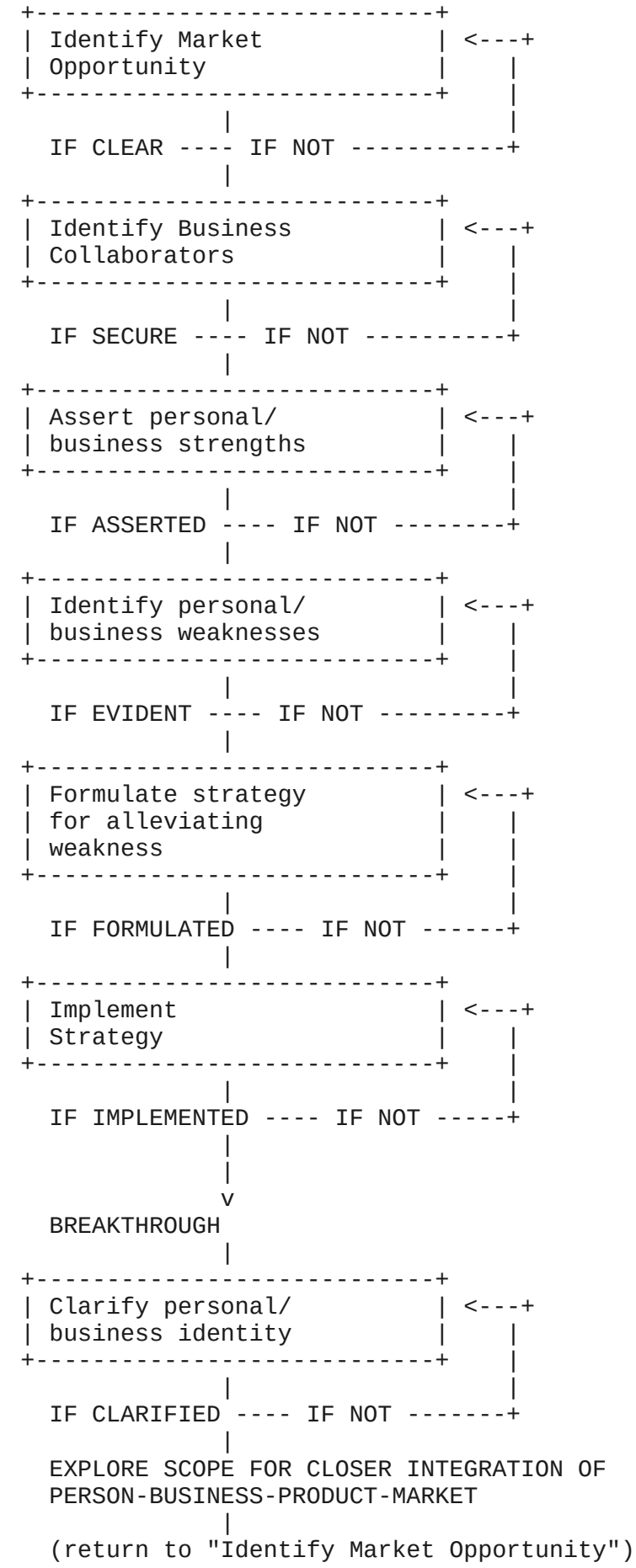
(ii) Learning and Development Stages (See Figure 1)

The starting point, for all five of our prospective entrepreneurs, was the market opportunity. For the three opportunists (Brian, Joe and Oliver) this represented a launching pad into personal and business development. For the craftsman, Maurice, the opportunity was reflected in the uniqueness and quality of his product. Moreover, for outgoing Brian and Oliver, the respective roles of gamesman and social entrepreneur were fitting. In. contrast, Joe was much more the classical entrepreneur, battling his way into, position.

Almost as important as the opportunity is the partnership, formal or informal. Whereas Brian had a conventional business partner who was supplying working capital, both Maurice and Oliver had wives who were playing significant parts. Maurice's wife had a very logical mind which she applied to the development of his business plan. Oliver's spouse served both as a designer, drawing pictures to present to local authorities, and as a sounding board. The fact that neither Joe nor Gill had partners involved in their businesses accelerated their need to find associates. The entrepreneur and his/her market opportunity had thus to be complemented by a supportive network of partners, collaborators,

and advisors.

Figure 1: Embryo Business Development



Having identified market opportunities, and gathered together associates, the participants then began to consolidate upon entrepreneurial strengths. Brian and Joe began selling and negotiating, the former relying on his experience as a salesman and the latter on his background as a hustler. Oliver displayed his abilities as an intermediary, bringing people and ideas together in imaginative ways. Maurice immersed himself in his product, producing a menu, as did Gill in her's - starting to research the market for word processing machines. Entrepreneurial strengths thus spanned trading, negotiating and selling ability; powers of imagination; personal commitment and product knowledge.

From strength, the prospective entrepreneurs, through chance or necessity, moved onto personal and business weaknesses. Maurice discovered that all the competitors in his street had 'long faces' as business was bad. Brian, following his selling routine, was upbraided for not opening up to the group. Joe showed himself to be very disorganised. Oliver revealed his personal doubts as to whether he wanted to become a social or business entrepreneur. Gill suffered a credibility crisis. Thereafter, a strategy for alleviating weaknesses was developed. Maurice conducted some market research and found a supposed market niche. Brian became the group's professional advisor. Joe withdrew from selling and began setting up his administration. Oliver secured a first customer, and Gill followed up potential

collaborators.
Only after both asserting their strengths, and also alleviating weaknesses, did participants break through the "business technique barrier'. Personal and entrepreneurial development, as well as the harnessing of a supportive environment, preceded the systematic application of business skills. Thereafter, Maurice developed his business plan; Brian diversified; Joe prepared his first budget; Gill did a cash flow analysis; and only Oliver remained collecting options, having not yet resolved

his business-society conflict.

(iii) The Training Role in Stages

When we examine the trainers role at different stages of the embryo business' development, the person as entrepreneur appears very much in the foreground. Comparatively speaking, administrative know-how and business skills recede into the background. In Table 8 we see an actual ordering of business elements as they applied to our 5 prospective entrepreneurs. People returned again and again to their market opportunity and the definition of their business, as well as to an organisation and planning of their own activities.

To-ing and fro-ing apart, participants followed very different development paths. For example, Brian (outgoing opportunist) secured collaborators early and Maurice (introspective craftsman) secured them late. Gill and Joe launched quickly into paperwork and Oliver left the books very much to the end. However, there was a general tendency for premises and finance to be sought later rather than earlier.

*The table (see below) represents the order in which people coped with the different business elements.

There are three major conclusions that we can now draw. First, a training programme needs to cater for the different development paths of individual businesses. This is something, in fact, to which action learning is particularly well suited. Second, information, techniques and insights dealing with product/market development and self-organisation (planning and motivation) are particularly important. So the aspects given most consideration in recent texts and courses - administration (paperwork) and finance (cash flow) - remain in the background, as far as the embryo business' development is concerned.

Indeed, as already mentioned, all 15 students on our programme found that factors relating to personal development and to a supportive environment were at least as important as business techniques.

TABLE 8: THE ORDERING OF BUSINESS ELEMENTS

Element	Ordering				
	B	G	J	M	
Business/Product/Market	1,3,7,9	1,4	1,12	1,4,7,12	1,6,9,11
Marketing (pricing), selling, promoting)	4,6	12	2	2,3,8	
Operations (systems)	11	5	9	11	
Premises" (and facilities)	10	7	10	6,10	
Paperwork (books, legal, V.A.T.)	-	3	4	-	
People (collaborators, advisors, employees)	2	6,9	6	9,13	2,8
Finance (sources and applications)	12	2,11	7	8	
Management (planning, self-organisation)	8	8,10	3,5,8,11	5	3,5,1°

tiv) Developing Learning Modules

On the evidence of our action learning programme, and the embryo business development contained therein, the person-entrepreneur and his supportive environment lie at the heart of new enterprise development. The three key tasks that emerge are the identification of the business (personal motivation combined with market opportunity), collaboration and transactions with others, and the planning and directing of one's own activities (self-organisation). In fact, as shown in Table 9, all business elements could be placed under these three major headings.

*None of the 5 participants monitored were in manufacturing, and Maurice had secured premises before the course began. Premises could well have been an early concern for a group of manufacturers craftsmen.

The primary entrepreneurial capabilities are at the higher level

while the secondary skills and. knowledge are lower down.

TABLE 9 EDUCATIONAL DESIGN

	Matching You and Your Business	Organising Yourself	Collaboration ané Negotiation
Entrepreneurial Development	.Harnessing motivation -Developing creativity and imagination -Developing self-assertiveness -Establishing a self-business identity	.Increasing one's ability to: -Plan tactics -Set goals .Solve problems -Troubleshoot..	-Developing negotiating skills -Developing ability to take calculated risks .-Gaining skills in conflict resolution
Business Techniques & Management Insights	-Forming a business strategy .-Developing marketing knowledge/ skills -Diagnosing one's business strengths /weaknesses	Developing knowledge and- skills in: -Work study/ measurement costing, budgeting, pricing inventory/ quality control cash flow analysis	Increasing one's ability: .to motivate people .to communicate in person, and on paper .to bring people together in novel and effective ways
Administrative Know-how	Gaining knowledge about: -business incorporation and registration -premises and accommodation -advertising and public relations	Gaining know-how in: -Office . procedures -basic equipment books and stationary book-keeping	Getting to know about: -professional advisors .employing staff -finance and banking

For. example, before starting up a business, the entrepreneur needs to know where to find premises of what kind, whether or not to form a limited company, and how to publicise his activities. Yet all this administrative know-how must form part of a wider business and marketing strategy. Finally, unless the person(s) has the motivation, commitment and assertiveness to 'make things happen', no business will be established. Such commitment arises out of a matching between the person (motivation) and the business (market opportunity).

In conclusion, this report proposes that a Start Your Own Business Programme, should not be based upon business techniques or administrative know-how. Programmes should neither be designed around finance, marketing and operations nor around paperwork, premises or personnel. Rather the interaction between the person-entrepreneur and

a) the market opportunity: person-business matching

b) the organisation: self-organisation, and

c) other people: collaboration and negotiation,

should form the basic building blocks. Know-how, techniques and insights should follow on from entrepreneur development. In practical terms, this means there should be courses on:

Matching you and Your Business

- generating motivation and opportunities
- Deciding what business you are in
  starting on the right lines

Organising Yourself

- establishing a way of working
  developing a business plan
  coping with the paperwork

Negotiating and Collaborating with others

- bringing people together and doing deals
- developing communication skills
- tapping the advice and information networks

These roughly compared with URBED's three stages: Assessing Your Prospects, Preparing to Go and Taking the Plunge. This sort of breakdown is much more in tune with the natural evolution of a business than is the conventional division into business functions. However, the relationship of the entrepreneur and the enterprise to the environment still needs to be strengthened.

B) THE ROLE OF THE TRAINING ESTABLISHMENT

All training establishment identify themselves with a region of concern. In some cases this may be national and international; in our case it has been local and metropolitan (London, inner city). The need to identify in this way arises out of the relationship between a business and its environment. Big business is intimately associated, for example, with banking headquarters, and central government (for money); and higher education and employment bureaux (for people). Small businesses interact with a more localised network of branch bank managers, local authority planning officers, as well as professional advisors of one kind or another. Unfortunately this "supportive environment' is sometimes reputed to be more of a hindrance than a help. Imagine banks and employment bureaux being perceived as a hindrance to large companies!

(i) The Training Establishment as Intermediary

In the Start Your Own Business Programme, URBED acted as intermediary between the Training Services, the Borough of Hackney, City University Business School, and prospective entrepreneurs in the London area. In addition, Barclays and Midland Banks and the London Enterprise Agency were partially involved. For in the same way as the trainer needs to help the entrepreneur become more responsive to his environment, so the training establishment needs to help the environment become more responsive to the entrepreneur.

This mutual interaction can be most easily established when there are clear benefits to be realised on each side. For example, the banks gain access to customers, while the entrepreneurs gain access to finance. Large companies might develop new sources of supply, while the small company meets potential customers. For such interaction to occur, the supportive environment needs to be involved in the design, implementation and follow up of the training programme. The role of the intermediary is to bring people together at the appropriate times in appropriate ways.

(ii) The Establishment as ''Family Therapist!

Whereas the psychotherapist deals with his clients on a one to one basis, the family therapist deals with the family group. The psychological health of a particular child is clearly affected by his relationships with his parents. Similarly the well-being of the parents is reflected in their dealings with their children. By analogy, the psychological health of a new, and growing enterprise is strongly affected by its relationships with the institutional environment. In many ways, big companies and banks act as parents to new businesses, while fellow entrepreneurs might act as brothers and sisters. The role of family therapist, or trainer of entrepreneurs, is to get the parents and children to understand each other better. Subsequently they should be in a better position to respond to each other's needs. Again, the trainer has a part to play in encouraging this response. For example, once banker and entrepreneur have met on neutral ground and discussed each other's needs and resources, they may well leave it at that. The trainer, as facilitator, needs to encourage them to go beyond this new found understanding to a setting up mutually beneficial arrangements.

(iii) Training as Reciprocal Learning

Like parents and children, institutions and entrepreneurs need to learn from each other, if their relationship is to be a healthy one. A lack of communication between 'advisors' and 'practitioners' is often caused by a lack of mutual understanding. The so-called 'helping agencies' also need to see themselves as 'being helped', or else an imbalanced relationship arises. The trainer has a part to play in adjusting this imbalance between the entrepreneurs and the different resource providers or helping agencies.

(a) Information

Small firms tend to be sceptical of the value of a government sponsored, centralised information service (SFIS). Similarly, people within the SFIS sometimes see themselves as being undervalued. A training programme could provide the context and the stimulus for the establishment of a locally based service, through which resources and needs could be gradually matched. Similarly, the proverbial accountant or solicitor, so often maligned and so seldom praised, could be brought into the programme, not only for his expertise, but also to learn.

(b) Premises

Premises are of more than physical value. They serve as a symbol of emergence and a source of Credibility. Often the lack of their availability prevents the prospective entrepreneur from moving on to more important things like finding customers. Yet, at the same time, he may be exaggerating his needs for premises. He may not realise that, at an early stage of development, he could Operate quite comfortably from his y stage home. The role of the Planning or Industrial Development Officer, in a local authority should be interactive, rather than active

or reactive. Mediated through the training programme, he would not merely provide for, or discourage the practitioner from the acquisition of premises. Rather he would come up with a solution to the entrepreneur's problem - whether or not the local authority has the premises themselves - through engaging in a dialogue with him.

(c) Finance

A very similar situation applies with finance. The banks are increasingly seeing their role with regard to 'small firms, as providers of both advice and resources. To do this combined job well, they need to find out exactly what makes the business tick. So the branch bank manager has as much to gain from learning about the entrepreneur's business as the entrepreneur has from learning about the bank's. Branch managers, in the context of a training programme, can challenge the participant to produce the cash flow analyses that they require and then comment on the result. There is nothing like a realistic challenge to evoke an appropriate response. As for the customer, especially if it is big business, the educational context is particularly appropriate. On the one hand Purchasing Officers can get a real feel for their prospective customers, without needing to commit themselves 'for real'. On the other hand, the entrepreneur can get much needed information about, and practice in, selling to big business. For organisations feeling their way towards a shift in their procurement policies, this provides for a gradual evolution.

(d) Personnel

In the same way as bank managers and information, planning and purchasing officers can be brought together with the entrepreneur under the guise of a training programme, so can a School or College Careers Officer. However, 'Personnel', as far as the individual starting in a business is concerned, is much more to do with partners, collaborators and advisors, than with employees. In that sense, a Business Promotion Centre, like that in Hackney, can both serve and benefit from a New Enterprise Programme.

The business expertise brought together under its wing, can interact with the entrepreneurs on the training programme. Conversely, such a programme may provide the springboard for the development of a Business Promotion Centre, or small business club.

The most important 'Person' in the business, is the entrepreneur him, or herself. In that context, a local community (local authority, banks, colleges, large firms, chambers of commerce, trades councils, community workers) have a vital role to play in 'trawling for entrepreneurs' to feed the courses (see Appendix D). All too seldom is a Start Up Conference seen as a continuing process, from active marketing long before the event, to continuing involvement long after.

C) 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 an 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 (17)

> "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.

6. LESSONS FOR LOCAL ECONOMIC DEVELOPMENT

URBED's Start Your Own Business Programmes are only a means towards an end. The end is the creation of viable employment through the encouragement of new enterprise in run-down inner city areas. The means is a training programme that encourages more new firms to start up and then helps them on the way. The 'help' consists not only of instruction (information) and education (personal development) but also of a supportive environment. This supportive environment is both small and informal - the action learning group and large and institutional - the surrounding infra-structure. A healthy business needs a healthy environment, and vice versa.

A) THE INNER CITY CONTEXT

1. An inner city area needs a WIDE RANGE of new enterprises, if it is to be revitalised, and if its spare resources are to be used:

a) successful new firms have started quite recently

b) most new businesses start by repairing, selling or distributing someone else's product

c) some new enterprises spring up in pioneering a field of activity, such as environmental improvements or word processors, on the fringe of the city centre.

2. Run-down areas can serve as a fertile SEED BED:

a) a number of entrepreneurs still live in such areas, particularly minority groups and socially orientated entrepreneurs.

b) poor areas contain a high proportion of craftsmen and artisans who, .given a chance, or if they are made redundant, will set up on their own.

c) the city fringe is close enough to the city centre to attract new businesses. including, for example, computer staff bureaux, as well as building contractors and office machinery repairers.

d) designers and other people with technical expertise graduate from colleges in the city.

3. However, REACHING potential entrepreneurs is EXTREMELY DIFFICULT:

a) by definition, they have no defined status or address

b) they are very varied in their background and motivations

c) they are at different stages of development from vague idea to part-time business

d) they are often distrustful of educational establishments and government agencies.

B) TYPES OF ENTREPRENEUR

l. Some entrepreneurial types are UNLIKELY CUSTOMERS for training programmes:

a) the determined and opportunistic, classical entrepreneur will go it alone, come "hell or high water'. However, he probably accounts for a minority of current start ups, (though he represents most of the traditional success stories).

b) the natural small businessman, who because of his traditional upbringing and informal network of family and friends, will not seek out institutionalised help.

c) the 'voyeurs', who are always considering starting up, but never have enough information and resources to actually do so, are unlikely finally to commit themselves

2. Other types of entrepreneur are MORE LIKELY COURSE CUSTOMERS:

a) the various people who have recently (or will prospectively) become unemployed, and who are going into business because they have little alternative. They are seeking out formal support because they are moving onto unfamiliar ground and lack informal backing.

b) the educated entrepreneur, who likes to be sure of his ground before proceeding, and who is not afraid of exposing his ignorance. He may even regard the programme as a resource to be exploited.

C) ENTREPRENEUR AND ECONOMIC DEVELOPMENT

Each of these types of entrepreneur can make an impact on the local economy, and both their needs and contributions

will differ:

a) Some just pay rates

b) others will provide employment

c) some will become involved in the local community

d) others will provide a valuable product or service

e) some will merely present problems.

D) ENTREPRENEUR AND ENVIRONMENT

A Starting Your Own Business programme can be an excellent way of CHANGING the business ENVIRONMENT. In fact if this does not happen, the programme cannot be considered,

over the longer term, to have been a success. In our particular case:

1. The programme helped to launch the Hackney Business

Promotion Centre.

a) it gave the centre a sense of early ACHIEVEMENT

b) it generated PUBLICITY and the idea that something can be done

c) it opened up CONTACTS with businesses that had problems.

2. Our programme helped to change the attitudes of people within large institutions:

a) it worked through banks, and generated continuing REFERRALS

b) it played a part in beginning to CHANGE LENDING CRITERIA, by educating the bank managers involved about what new businesses needed.

c) it STIMULATED large organisations to become involved with small business. The London Enterprise Agency, representing large companies, has now made new enterprise programmes a key element of its activities. This is because such programmes are positive and straightforward.

d) it enabled a COLLEGE, the City University Business School, through both its staff and its students, to become involved with the LOCAL business COMMUNITY. This provided spin-off benefits for both courses and student projects.

e) it secured NATIONAL PUBLICITY in the newspapers and on television, for the idea of helping new businesses start in a local area,

E) IMPLICATIONS FOR LOCAL AUTHORITIES

1. The Local Authority will NEED TO PLAN:

a): working out in advance where the training programme fits in with its overall industrial development plans

b) Setting up liaison arrangements between the following local authority functions

industrial and employment development
careers and education
planning and environmental, and
community development and public relations

for dealing with prospective entrepreneurs.

2. There is no point running a programme, unless. there is ADEQUATE FOLLOW THROUGH, particularly with regard to:

a) . start-up premises

b) information and advice

3. The local authority should, through the training programme, build up a PARTNERSHIP with the PRIVATE SECTOR. This should especially involve banks, estate agents, large companies with a stake in the locality, and the trade unions, if possible. This is probably best achieved through an independent Local Enterprise Trust, like the Hackney Business Promotion Centre (See Appendix F).

4. Finally, the focus should be on USING LOCAL RESOURCES to the full, especially colleges, banks, estate agents, and local success stories. In the process of training entrepreneurs to become more resourceful, training establishments and their sponsors need to become more resourceful themselves.

BIBLIOGRAPHY

1. Birch D., The Role of Small Firms in Creating Employment Massachussetts Institute of Technology, 1979.

2. Vernon & Edgar, Anatomy of a Metropolis, Harvard University Press, 1959.

3. Falk N., Think Small: Enterprise and the Economy - Fabian Tract, 453.

4. Dennis R., The Decline of Manufacturing Employment in Greater London - 1966-1974, Urban Studies, 15,1.

5. Falk N., Growing New Firms: The Role of the Social Entrepreneur, Built Environment, Vol. 4, No.3.

6. Timmons, et. al., New Venture Creation, Irwin, 1976.

7. Boswell J., The Rise and Fall of Small Firms, Allen and Unwin, 1971.

8. Smith N., The Entrepreneur, Michigan State University, 1968.

9. Douglas P., Run Your Own Business - Dent, 1973.

10. Wood E.G., Bigger Profits for the Smaller Firm - Business Books, 1972.

ll. Deeks J., The Small Firm Owner Manager - Praeger, 1975.

12. Tucker & Swayne, The Effective Entrepreneur - General Learning Press, 1973.

13. Collins, Moore & Unwalla, Enterprising Man - Michigan State University, 1964.

14. Bennett & Reynier, Management Development for Small Business, Thames Valley RMC, 1978.

15. Revans R., Developing Effective Managers - Longmans, 1974.

16. Watkins D., The New Enterprise Programme - Manchester Business School Journal, 1979.

17. Woodcock C., Time to stop talking and get off the bandwagon, Small Business Guardian, August 24th, 1979.

APPENDIX A1 DEFINITIONS OF THE ENTREPRENEUR

The 17th Century French Economist Cantillon described the entrepreneur as:

> 'the agent who buys means of production at certain prices in order to combine them into a product that he is going to sell at prices that are uncertain at the moment at which he commits himself to the costs'. (1)

This was a very much traditional economist's definition, with the emphasis upon resource allocation and risk taking. Cantillon's 'small businessman' and 'entrepreneur' would be interchangeable.

It was Joseph Schumpeter (2), a political economist, who first began to personalise the entrepreneur, while at the Same time describing his social role:

> 'The Schumpeterian entrepreneur is an innovator and more. It is his job to locate new ideas, and to put them into effect. For him today's practice is never good enough for tomorrow'. (3)

This emphasis on the personal qualities and especially the motivations of the entrepreneur were seriously taken up by David McClelland (4), in the 1950's. His concept of the 'Need for Achievement' (NACH) is often quoted today, reflecting the entrepreneur's supposed need to undertake moderate risks, make responsible decisions, and receive feedback on his performance. Less visible attention has been paid to the creative aspect of the entrepreneur's work. For example Curran and Stanworth, in focussing on the 'social marginality'

of his position, describes the process whereby:

> "he creates a new set of social relations where none existed before'. (5)

Much has been written, then, on the psychology and sociology of the 'entrepreneur'. In fact, after a survey of some 70 books and articles, we extracted the key attributes, outlined in Table 1, (overleaf).

As we can see, the attributes can be broadly categorised according to the following entrepreneurial roles:

- creating and innovating
- asserting himself

  engaging in transactions
- resolving conflicts
- exercising will (power)

~

ASSERTION

Manipulation:
Grasping acquisition
Greed and avarice
Ravager and befouler
Troubleshooter
Exploiting change
Controlling

CREATIVITY

Native wit
Introducing something new
Invent and discover
Diversify products
Spread new methods
Threaten habits
New Approach
Action experiment
Unique response
New synthesis
Imagination
Opportunistic
Innovation
Adaptive
Setting new patterns
Generating new possibilities
New combinations

Intuition
Joy of creating
Mental freedom
Art
Cultivation
Social innovator

TRANSACTION

Adopt and popularise
Conservation of capacities and resources
Multiple decision points
Making deals
Exchange and transaction
Tactics
Negotiating
Mediator
Combining means
Balance
Gathering resources together

CONFLICT

Unhappily divided
Self-protection
Mistrust
Not being controlled
Collision course
Escape route
Crises avoided
Private kingdom
Marginal
Irreconcilable dichotomies

WILL

Risk taker
Brave uncertainty
Devotion to duty
Singleness of purpose
Initiative
Bold faith
Striving
Will to conquer
Conviction
Hardy

All these descriptions of entrepreneurship, in fact, takes us a long way from the 'resource allocation' role originally prescribed by classical economists. Norman Smith of Michigan University returns to this allocational emphasis in defining the entrepreneur as:

> 'the individual who is primarily responsible for gathering together the necessary resources for the business'. (6)

In fact it is Smith who makes the very useful distinction between the 'Craftsman' and 'Opportunist' entrepreneur. Whereas the former is orientated towards skills and products or services, the latter is responsive to the environment and to market opportunities. This distinction is vital because most of the entrepreneurial attributes described above (Table 1) apply to the Opportunist, but not necessarily to the Craftsman. In fact the tendency for people to use the terms 'entrepreneurship' and 'small business' interchangeably results in great' confusion. As we shall see, this confusion can have very damaging effects in an educational context.

Smith's original distinction, while very useful, is too simple. In the first place the so-called 'craftsman' can include a skill orientated tradesman, restauranteur or professional. There is nothing physically exclusive about the term, if we are to extract the desirable meaning out of it. For example, some accountants are 'craft' orientated and others respond to 'markets' or to 'opportunities'.

Furthermore, there are two very different kinds of craftsman, as highlighted by Maccoby,. in his study of large organisations. Maccoby distinguishes between the one type (which we shall term introspective) orientated exclusively towards the product or service, and the other (which we term 'outgoing') who likes having other people around. The 'introspective' are more driven, compulsive and autocratic, while the outgoing are more life loving, tolerant and democratic.

A similar distinction can be made between two kinds of opportunist. The one is your traditional 'go getter' who has had to battle his way into position, often very much acting in his own, personal interests. The other is the conventionally educated business or social entrepreneur who has a much more open outlook:

> 'The modern gamesman is best defined as a person who loves change and wants to influence its course. He likes to take calculated risks and is fascinated by technique and new methods. He sees a developing project, human relations, and his own future, in terms of options and possibilities, as if they were
>
> a game. He is co-operative and competitive, a team player but a would-be star'. (7)

Thus entrepreneurship is many-faceted. The entrepreneurial

stereotype - thrusting, creative, mediating - only genuinely applies to the opportunist entrepreneur. Yet the majority of small businessmen are one or other form of 'craftsman'.

> "research indicates that a typical owner-managed company in its early years is likely to have been founded on a product strength'. (8)

Moreover, in today's climate of mounting unemployment, many a 'company man' is being encouraged to go into self-employment. The one common motivation that does seem to cut across craftsman and opportunist is a need, or desire to do one's own thing. An early but extensive American study of people starting up showed that 84% were formed to find the owner a job to satisfy a desire for independence. (9)

A more important factor, linking all entrepreneurial types, is the business process involved. Strangely enough, there is a big gulf between those looking at the entrepreneur as a person and at the enterprise as a business. Most texts on starting a business will include a short section on personality and motivation, and then move on to business information and procedures. It is this phenomenon that leads us on to considering the role played by education in

entrepreneurship.

SOURCES

1. Research Centre in Entrepreneurial History - Change and the Entrepreneur - Harvard University Press, 1949.

2. Schumpeter J., The Theory of Economic Development - Oxford University Paperback, 19.

3. Baumol W., Entrepreneurship in Economic Theory American Economic Review, 58, No.2.

4. McClelland D., The Achieving Society - Free Press, 1961.

5. Curran and Stanworth - Smaller Business .- Gower Press, 1974.

6. Norman Smith - The Entrepreneur - Michigan Press, 1968.

7. Maccoby M., The Gamesman - Secker & Warberg, 1976.

8. Ford and Rowley - Marketing and the Small Industrial Firm - Management Decision, 17, 2.

9. The Small Business Administration (SBA) - The First Two Years: Problems of Small Firm Growths and Survival - 1961, S.B.A.

APPENDIX A2 THE DEVELOPMENT OF SMALL BUSINESS THEORY

Whereas business and management education has evolved over a long period, courses for small businesses have developed only recently. Their theoretical foundations are thus very weak.

Two distinctive strands of 'management education' have developed during this century. The one strand, of 'business administration', started with a commercial emphasis (facts and information) and continued to predominate in very basic courses for secretaries, national diploma students It tends to be taught in a very formal way (lectures and essays) and be frowned upon by 'modern educators' and by the. more 'scientifically minded' alike. Subject such as. company law, book-keeping, and company formation seem to lend themselves to rote learning. Out of that same strand, however, in more recent years has risen a more scientific and quantitative approach to business administration. Techniques have evolved in production, marketing, financial and even personnel management that require rigorous application rather than plain memorising. They form the substance of most business school programmes.

A second strand of thought, however, has developed almost completely separately over the same time period concerned with the management of people in organisations. This 'management' stream started up in a 'mechanistic' way - as if people were objects - and yet, even at that stage, was more concerned with qualitative functions (planning, controlling, staffing, directing, communicating) than with quantitative methods. In the last thirty years, though, a more 'organic' approach has evolved, a concern for values, attitudes and expectations has predominated over a concern for formal structures and procedures. More recently, through a so-called socio-technical approach, there has been an attempt to merge these 'social'' and 'technical' strands in the context of a whole managerial or organisational system.

In fact, the division between partial and holistic approaches has characterised both 'business' and 'managerial' studies. In the former case, a whole business policy or strategy has emerged that takes account of all the parts of the business. In the latter case, Peter Drucker and Reg Revans, amongst others, have attempted to look at managing as a whole, as well as at its different functional parts. Thus the manager, as a 'man of action', stands over and above his managing parts, as planner, organiser or whatever.

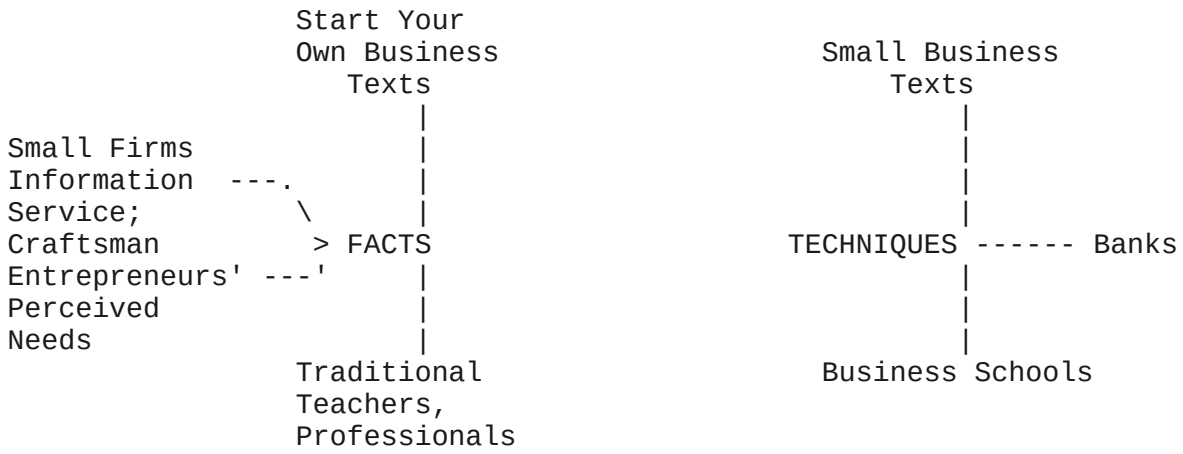
TABLE 1: BUSINESS AND MANAGEMENT THEORY

	Parts	Whole
Business: Facts	Commerce	-
Techniques	Business Admin.	Business Policy/ Corporate Strategy
Management: Insights	Functions of	Management and
Functions	Management	Organisation

When we turn to small business courses, the major focus of tension and attention is upon two, rather than five, 'fields of force':

FACTS — TECHNIQUES
COMMERCE ADMINISTRATION — BUSINESS MANAGEMENT

This marks the relatively immature state of the subject. In fact, we can further identify those interested parties currently reinforcing this destructively simple split:



On the RHS are the Business Schools, and the 'modern academia', reinforced lightly by accompanying texts, and heavily by the banks, with their recent emphasis on cash flow and a business plan. In fact, the banks have probably done more than anyone to reinforce this analytical approach. On the LHS are a vast array of interested parties: not only the traditional teachers of 'commerce', the professionals (accountants, solicitors, tax inspectors, company formation agents, civil servants) and the start-up texts, but also the small business people themselves. The unopportunistic small businessman, in particular, perceives his needs in terms of straight information. This is partly due to the fact that he is averse to techniques (analysis) and partly because he is tuned into problems (what is the answer) rather than opportunities (how can I derive benefit).

The 'entrepreneur', then is perched uneasily, and not exactly, in the middle. The only real support he has got for a third educational force (because he usually cannot verbalise it himself) is from 'perceptive practitioners' who have written "success blueprints'. The chapter heads of one of these (written by Alvin Taylor) is indicative:

TABLE 3: CHAPTER HEADS

HOW TO RUN YOUR OWN BUSINESS
The customer is king
Never miss a sales opportunity
Take opportunities as they arise
Harness available skills
Know your subject
Commitment is all
Keep a firm grip on the purse
Know your financial position
Pick complementary people
Delegate work and responsibility
Build confidence
Don't let the business run you
Plan and monitor
Expand cautiously
Business is people

Small business theory, though, has not been developed to provide conceptual backing for these success blueprints. There is still a long way for the theory to go.

APPENDIX A3
NEW ENTERPRISE PROGRAMME 1979 - LONDON BUSINESS SCHOOL

WEEK 1

Mon. 23 April		
	09.00-10.15	Introduction (Gorb/Jones)
	10.30-11.45	Developing the Small Enterprise
	11.50-13.05	(continued) Birley
	14.30-15.45	Tutorial Groups (Jones/Wilson/Heard)
	16.00-17.15	Library Session (Vernon)
	17.20-18.30	Free
	Evening	Formal Dinner
Tues. 24 April		
	09.00-13.05	Operations (Hill)
	14.30-15.45	Individual Tutorials
	17.20-18.30	Jones/Wilson/Heard
Wed. 25 April		
	09.00-13.05	Marketing (Kanter)
	14.30-15.45	Tutorial Groups
	17.20-18.30	Jones/Wilson/Heard
	Evening	Cocktails
Thurs. 26 April		
	09.00-13.05	Measurement & Control (Likierman)
	14.30-17.15	Developing the Small Enterprise (Birley)
	17.20-18.30	Guest Speaker
	Evening	Formal Dinner
Fri. 27 April		
	09.00-10.15	Commitment & the New Enterprise: Law (Aikin)
	10.30-11.45	Commitment & the New Enterprise: Tax (Ashton)
	11.50-13.05	Tutorials & Clinics (Jones)
	14.30-15.45	Financial Evaluation (Bradley)
	16.00-18.30	(no session)

WEEK 2

Mon. 30 April
09.00-10.15 (no session)
10.30-13.05 Developing the Small Enterprise (Birley)
14.30-18.30 Individual Tutorials & Clinics; Tutors & Faculty

Tues. 1 May
09.00-13.05 Operations (Hill)
14.30-18.30 Individual Tutorials & Clinics; Tutors & Faculty

Wed. 2 May
09.00-13.05 Measurement & Control (Likierman)
14.30-15.45 Tutorial Groups
17.20-18.30 Jones/Wilson/Heard

Thurs. 3 May
09.00-13.05 Marketing (Kanter)
14.30-15.45 Meet MSc Start-up Group
16.00-17.15 Jones/Wilson/Heard
17.20-18.30 The Wilson Enquiry
Evening Formal Dinner

Fri. 4 May
09.00-13.05 Commitment & the New Enterprise: Tax (Ashton)
14.30-15.45 National Economy & the Small Business
16.00-17.15 (continued) Budd
17.20-18.30 (no session)

WEEK 3

Mon. 7 May
- all day — Public Holiday

Tues. 8 May
- 10.00 start — Marketing (Kanter)
- 14.30-18.30 — Project Presentation

Wed. 9 May
- 09.00-13.05 — Operations (Hill)
- 14.30-18.30 — Project Presentation

Thurs. 10 May
- 09.00-13.05 — Measurement & Control (Likierman)
- 14.30-17.15 — Project Presentation
- 17.20-18.30 — Free

Fri. 11 May
- 09.00-10.15 — Commitment & the New Enterprise: Law
- 11.50-13.05 — (Aikin)
- 14.30-15.45 — Guest Speakers
- 17.20-18.30 — (no session)

WEEK 4

Mon. 14 May
- 09.00-10.15 — Special Operations Clinic (Hill)
- 10.30-13.05 — Operations (Hill)
- 14.30-15.45 — Changing Roles - Should Enterprises Care?
- 17.20-18.30 — (Hand)
- Evening — Informal Dinner

Tues. 15 May
- 09.00-13.05 — Developing the Small Enterprise (Birley)
- 14.30-18.30 — Individual Tutorials & Clinics; Tutors & Faculty

Wed. 16 May
- 09.00-13.05 — Marketing (Kanter)
- 14.30-18.30 — Individual Tutorials & Clinics; Tutors & Faculty

Thurs. 17 May
- 09.00-13.05 — Measurement & Control (Likierman)
- 14.30-17.15 — Project Review (Tutors)
- 17.20-18.30 — Meet TSD
- Evening — Formal Dinner

Fri. 18 May
- 09.00-10.15 — Commitment & the New Enterprise: Law (Aikin)
- 10.30-11.45 — Midland Bank Presentation
- 11.50-13.05 — Feedback Documentation (Gorb)
- 14.30-15.45 — Programme Review & Summary (Gorb)
- 16.00-17.15 — Administration (Jones)
- 17.20-18.30 — (no session)

APPENDIX B1

INFORMATION PACK - INTRODUCTORY CONFERENCE - 27th January, 1979

INDEX OF CONTENTS

1. Programme of day.

2. "Starting Your Own Business" - a leaflet describing full series of future events.
3. "Sources of Information" - a sheet appealing to attendees for their help in offering advice.

4. Questionnaire - a questionnaire to gain details on participants, and opinions on the day's proceedings.
5. "Grants and Loans" - a list of main types of grants available (some specific to Hackney), with brief facts & people to contact.

6. "Premises" - a short list of vacant premises in Hackney, by size of space and brief description.
7. "Help from Hackney" - summary of help in Hackney.

8. "Hackney as a Business Economy" - a few basic statistics and details on Hackney.
9. "Useful Addresses" - a list of addresses of use to Hackney businesses.

10. "Hackney Business Promotion Centre" - a leaflet introducing centres' aims.

11. "LIC News" - 3 copies of London Industrial Centre Newsletter.
12. "Pamphlets published by Small Firms Information Service" - title list and authors.

13. "Payment of Wages & Salaries" - a case study published by Barclays Bank.
14. "Business Advisory Service" - a guide to Barclays Business Advisory Service.

15. "Establishing a Business in the U.K." - a guide by NAT WEST (24 pages), including how, where, labour, sources of capital, tax and trade regulations.
16. "Small Firms Employment Subsidy" - 2 leaflets, one for manufacturing firms in Great Britain, the second for non-manufacturing in special areas.

17. "Personnel Management and Industrial Relations Practice" - advice published by ACAS.
18. "Individual rights for employees" - a guide published for employers by ACAS.

19. "David Casey Associates" - a summary sheet of advisory services provided by DCA.
20. "QMC-IRL News" - a newsletter on industrial research company sponsored by Queen Mary's College, Mile End Rd., London E.1.

21. "The National Federation for Self-Employed" - a guide to being self-employed, and a membership form for NFSE.
22. ICFC Annual Review, 1978.

Exhibition on Day

-H.B.P.C. (Hackney Business Promotion Centre) - TOPS (Training Opportunity Schemes) - Nat-West Bank - Menmore Industries - a disabled workshop in Hackney.

APPENDIX B2
CONFERENCE PUBLICITY

come and see some people who could help

Saturday 27 January 1979
10.00 - 16.00 hrs
at the

ALEXANDRA NATIONAL HOUSE
Finsbury Park
London N4

Information & tickets

Hackney Business Promotion Centre
1-11 Hoxton Street
London N1 6NL

01-739 9606

APPENDIX B3

CONFERENCE PUBLICITY /INFORMATION

STARTING YOUR OWN BUSINESS?

The Hackney Business Promotion Centre* is a new organisation set up specifically to assist small businesses. With backing from a number of bodies, it is launching a programme to encourage more people to start new businesses, and to help them over the hurdles.

The programme begins with a one day conference to discuss ways of getting going. This will lead on to opportunities for further assistance, including:

- week-end workshops to help people work up ideas into plans
- a training course
- and counselling clinics

Other practical and direct forms of help are planned.

CONFERENCE

The conference will be of special value to anyone who has just taken the plunge, or is considering doing so. It will deal with the following problems:

- How do I sell what I do?
- Should I be a company or what?
- How can I cope with the paperwork?
- How do I get money from a bank?
- Where else can I get funds?
- How do I use professional advisors?
- What should I do about premises?
- How do I hire (and fire) staff?

- What help is available in Hackney?

There will also be group discussions dealing with different types of business.

*HACKNEY BUSINESS PROMOTION CENTRE
The Hackney Business Promotion Centre Ltd. is a non-profit making voluntary organisation set up by local industry and backed by local and central government. (For more information on the Starting Your Own Business Programme, please phone Judith Hockley, on 01-739 9606).

- -

BOOKINGS
Return this slip with your cheque/P.O. to Hackney Business Promotion Centre Ltd., 1-11 Hoxton St., E.1. Book now to ensure a place. The fee is £5.00 (£2.50 for students & those not in full-time work); this includes lunch, refreshments and an information pack. Reservations will be acknowledged.

APPENDIX B4

STARTING YOUR OWN BUSINESS
TRAINING PROGRAMME

This is a five stage programme to help those thinking of going into business get through the critical stages. It is designed for anyone considering starting a new business in North East London, whether

- profit making or cooperative
- retail, service or manufacturing

It is organised in five stages

1) Thinking about it) Sponsored by the Hackney Business
2) Assessing the prospects) Promotion Centre (A)
3) Preparing to go)
4) Taking the plunge) Free to anyone sponsored by the
5) Making progress) Training Service Division (B)

(A) Contact Dennis Statham : Hackney Business Promotion Centre, 1-11 Hoxton Street, London N1. 01-739 9606
(B) Contact Ronnie Lessem : URBED Ltd., 12/13 Henrietta Street, London WC2. 01-836 1894/9032

STAGE	WHAT IT IS	WHAT YOU GET OUT OF IT
1. THINKING ABOUT IT Saturday January 27th	One day conference	Introduction to sources of help
2. ASSESSING THE PROSPECTS Saturday Feb 24th-25th	Week-end session for those whose ideas are not yet firm	A more clearly worked out business idea
3. PREPARING TO GO April 2nd - 6th	Five day course on basic business techniques	An understanding of what it takes to start and run a successful business
4. TAKING THE PLUNGE April - June	13 weeks to get going, with half a day a week in the classroom and the rest of the time in the field	A realistic business plan and the first steps taken
5. MAKING PROGRESS July onwards	Advice clinics	Advice and support

STARTING YOUR OWN BUSINESS PROGRAMME

STAGE 2: ASSESSING THE PROSPECTS

Many people think of starting a business, but lack the confidence to do so. Often their problem is that they have not put enough time into thinking through their ideas.

METHOD: A week-end session to help individuals or groups to come up with better business ideas by analysing their goals and resources, and working out the next steps.

TIMING: Saturday and Sunday, February 24th-25th 1979
PLACE : City University Business School, Islington.

COST : £10 inclusive of meals and information pack.

PARTICIPANTS: 20-40 people who may, or are about to start a business in North East London.

TOPICS: Goals
- why do you want to start a business?
- what do you need to start and to survive?
- how do you tell a good business idea?

Resources
- how can you assess your strengths and weaknesses for starting a business?
- what resources are available?
- how do you find a market gap?
- have you got what it takes?
- how can you improve your chances of success?
- what are the crucial first steps?

STAFF : The session will be run by Ronnie Lessem of URBED, who lectures at the City University Business School on entrepreneurial management, and who has experience of a wide range of small enterprises. The rest of the staff will be drawn from people who have been involved with starting up new ventures.

Details from:

Mr. Dennis Statham,
Hackney Business
Promotion Centre,
1-11 Hoxton Street,
London N1.

01-739 9606

or

Mr. Ronnie Lessem,
URBED,
12/13 Henrietta Street,
London WC2.

01-836 1894/9032

STARTING YOUR OWN BUSINESS PROGRAMME

STAGE 3: PREPARING TO GO

Many people have good ideas which never materialise; others take the plunge, only to go under. In both cases a well-thought out business plan can help the new business focus on profitable opportunities, obtain the resources required and avoid the pitfalls.

METHOD: A five day training course by experts and practitioners on how to launch a successful new firm, focussing on the key factors for success, basic management techniques, and showing how to prepare a business plan to secure the resources required.

TIMING: April 2nd - 6th, full-time during the day.
PLACE : City University Business School, Islington.

COST : The Training Services Division (TSD) is prepared to pay for suitable candidates who have not already started their business, for whom it forms the first week of the 13 week programme (Stage 4). The cost for unsponsored people will be about £75.

TOPICS: Key factors for success
- what do successful new firms have in common?
- why do most firms fail?
- how can you overcome the most common hurdles?
- is there an entrepreneurial type - and what if you are not it?
- how do you go from an idea to reality?

Techniques
- the business plan
- market research and product development
- salesmanship and securing the first customer
- pricing and getting paid
- budgeting and controlling cash flow
- administration and paper work

Resources
- forming a company
- raising finance
- finding premises
- securing staff
- minimising tax
- utilising advice and information

STAFF : The course will be run by Ronnie Lessem, who lectures at the City University Business School on entrepreneurial management and who has experience of a wide range of small enterprises. The rest of the staff will be drawn from people who have been involved with starting up new ventures, and there will be a number of visiting speakers from organisations that might provide resources.

Application forms from:

Mr. Ronnie Lessem,
URBED,
12/13 Henrietta Street,
London WC2.

01-836 1894/9032

APPENDIX B4

STARTING YOUR OWN BUSINESS PROGRAMME

STAGE 4: TAKING THE PLUNGE

Starting a business takes time, but this can be cut by following a planned approach.

METHOD: Immediately following the five day course (Stage 3) is a 12 week programme that provides help in preparing and carrying out your business plan. The programme will be based on learning while doing. In other words, you will be developing your knowledge and skills at the same time as you begin to convert your plan into action. The course will be divided into 'sets' of people entering similar, but not competing businesses. They will meet weekly for half a day with experts, and people who could provide resources. For the rest of the time you will be out putting your plans into action.

Participants will be expected to come with specific business ideas, which will be refined and tested out over the period. Introductions will be given to organisations providing various kinds of resources. The intention is that all those with viable ideas will be able to find the essential resources they need by the end of the programme.

TIMING: April to June, full-time.
PLACE : City University and elsewhere in North East London.

COST : The Training Services Division (TSD) is prepared to pay for suitable candidates who have not already started their business, for which it forms the follow-on to the five day training course. Participants will also receive £25-45 a week plus a budget for market research and other expenses. The cost for unsponsored people will be about £200.

TOPICS: (A typical programme)

Week	Stage
1	Define what business you are going to enter
2	Do some market research and talk to customers
3	Decide what you are going to sell
4	Work out how to produce it and make prototypes
5	Find out what is needed for success
6	Establish who would do the work (partners, employees, advisors, suppliers)
7	Find possible premises
8	Estimate your cash flow
9	Determine what help is available
10	Apply for finance
11	Secure customers
12	Establish a company, and programme for implementation

Application forms from:

Mr. Ronnie Lessem,
URBED,
12/13 Henrietta Street,
London WC2.

01-836 1894/9032

APPENDIX B5

STARTING YOUR OWN BUSINESS WEEKEND 24/25 FEBRUARY, 1979

INFORMATION PACK - List of Contents (in order given out)

1a) "Start Your Own Business 1 Participant Details" - one page questionnaire to collect basic details (very similar to first conference).

1b) "Agenda" - timing of events in two days. Very different from the original programme.

2a) "What do you need to start & survive" - Nick Falk 4 pages.

2b) "How do you spot a good business idea" - extract from John Davis book. 4 pages and 2 page brainstorm.

2b(1) "New Businesses Work Sheet" - a worked example on Telegraph Textiles using worksheet devised for course.

2b(2) "Application Forms for SYOB programme" - 2 pages of personal details followed by 8 pages new business worksheet.

2c) "Entrepreneurial Work Sheet" - 1 page questionnaire on skills.

2d) "Management Skills Work Sheet" - 1 page questionnaire on skills.

2e) "Financial Appendix" - Summary of. grants and loans available (same as January conference - 4 pages).

2£) "Sources of Information & Advice" - 2 pages on Books, Statistical data and SFIS booklets (Books and data available at week-end).

APPENDIX B6

PREPARING TO GO — A FOUR DAY RESIDENTIAL COURSE — STARTING» YOUR OWN BUSINESS

Date: April 2nd - 5th

Location: City University Business School, 23 Goswell Road, London, E.C.1. (Course)

Finsbury Hall of Residence, off Goswell Road, London, E.C.1l. (Residence)

Method: A 4-day residential training course by experts and practitioners on how to launch a successful new firm, focussing on the key factors for success, basic management techniques, and showing how

to prepare a business plan to secure the resources required.

DAY	TOPICS	CO-ORDINATOR
MONDAY	1. Marketing	Tom Payton Ronnie Lessem
	1.1 the idea of market-ing/product development	(City University)
	1.2 researching your. market	
	1.3 promoting your sales, and arranging for distribution	
	1.4 pricing your product/ service and securing payment	
	1.5 getting your first customers	
TUESDAY	2. Administration	
	2.1 forming a company/ starting on the right lines	Nick Falk (URBED)
	2.2 securing premises	
	2.3 taking on staff	
	2.4 minimising tax	
	2.5 doing the books	
	2.6 coping with the paperwork	
	2.7 putting yourselves together	

DAY	TOPICS	CO-ORDINATOR'
WEDNESDAY	3. Resources/Finance	
	3.1 working out what finance you need (cash flow)	Chris Cadell (URBED)
	3.2 establishing what resources you have. on hand	
	3.3 getting hold of resources for free, or for credit	
	3.4 finding the other sources of finance	
	3.5 presenting a case to the bank	
THURSDAY	4. The Business Plan	
	4.1 developing your business plan	Ronnie Lessem
	4.2 getting hold of the information	
	4.3 making decisions	
	4.4 planning for action	

APPENDIX C1 THE ROLE OF 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.

TABLE: 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 anothers".
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 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 the right lines". "By not dominating, he made us lead ourselves
	"Advisor'	saw myself as a clarifier and critic (no one else challenged people much), and an organiser and resource person".

APPENDIX C2

MIX OF PARTICIPANTS IN SETS*

SET	FORMAL EDUCATION	NAME	AGE	ENTREPRENEURIAL TYPE	BUSINESS STAGE	BUSINESS TYPE
1	High	Bernard	41	Self-contained Opportunist	Advanced	Contract Computer Staft£ Agency
	High	Gemma	48	S/C Craftsman	Early	Automatic Type~ writing Service
	Low	Jim	29°	Opportunist	"Inter- mediate	Catering Equipment Distrib- ution
	Low	Michelle	51	Craftsman	"	Snack Bar/ Restau- rant
	High	Ossie	35	Opportunist	Early	Land Manage- ment Service
2	Medium	Derek	29	S/C Craftsman	Advanced	Restau~ rant
	Low	Herbie	50	Outgoing Crafts- man	Inter- mediate	Repair of Office Machinery
	Medium	Jack	30	Outgoing Crafts- man	Inter- mediate	Print Workshop
	Medium	Kevin	50	S/C Craftsman	Inter- mediate	Bulk Ware- housing/ Distrib- ution
	High	Robert	36	S/C Opportunist	Early	Canal Barge transport
3	Medium	Bill	27	Outgoing Crafts- man	Inter- mediate	Building Contrac- tor
	Low	Bertie	26	"	"	Auto- electrics Repair
	Medium	Derwent	24	Opportunist	Advanced	Jewellery Manufac- turer
	High	Melvyn	32	Craftsman	Inter- mediate	Knitwear Produc- tion

APPENDIX C3 ACTION LEARNING IN PRACTICE

At the end of the 4 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.

A) Learning from/through Others

The following excerpt from a set meeting gives an indication of how learning through others takes 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.

G I shall say I am engaged on a survey of word processing systems.

* This was administered during the 4 day course.

\+ For actual descriptions of businesses, ages, types

See Appendix C1.

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.

B) 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.

O Urbed are trying to get me involved in their Brunel project; its 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, @ bus carrying lighting crews; he's bought 16 coach bodies from a bankrupt firm. Now he's buying an accounting machine to service all the people renting places on his site.

J The guy's a clever man.

O 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.

O 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?

O Where should I be going?

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

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

C) Learning to deal with Information

(i) Students

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

R What's you're 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 its 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.

(ii) Staff

The set advisor played a particularly important, and varying role, in each group, in dealing with information (see Appendix C1). Although each played a part in organising the reporting back, there was a difference of emphasis in each set.

D) 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, Gemma?

G I've got to be harder nosed.

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

APPENDIX C4 ACTION LEARNING & ENTREPRENEURIAL ACTIVITIES

For a business research project, Michael Saunders spent up to a day with 14 of our 15 entrepreneurs, two months after the course had ended. He was particularly concerned with finding out how the action learning approach had helped or hindered their

'development. Each case study involves:

a factual, progress report, and
. comments and opinions on business development.

The cases are presented in approximate order of success as at

August, 1979:

A. EXHIBITING GROWTH POTENTIAL

1) Auto-Electrics Repair

2) Building Contracting
3) Jewellery Manufacturing

4) Computer Staff Agency

B. EARNING A LIVING

5) Warehousing and Distribution Service

6) Print Workshop

C. 'SUBSISTENCE INCOME/PART-TIME BUSINESS
7) Land Management Services

8) Catering Equipment Supplies

9) Knitwear Workshop

10) Restaurant

D. SEVERE SET-UP PROBLEMS

11) Word Processing Typewriting Service

12) Canal Barge Transport

13) Snack Bar

E. FAILED

14) Diamond Abrasives Compounds

AUTO-ELECTRICS REPAIR

Progress

He has been successful in his auto-electronics business in that he has a suitable site and premises. Work is coming in but in his own words, "quite a bit" less than anticipated. He is thus demonstrating an ability to compare planned and actual performance and examine the reality of the "gap". There has been a delay in buying major items of equipment, e.g. a compressor. Money is being put aside for this, the first item is scheduled for September, the rest by December. He is paying himself and his partner about £40 a week each.

His success has been achieved by building on previous contacts; by trying to concentrate on commercial work; by talking to people and by applying the intuitive experience gained from work in this field. He has also sought what might be called the moderating counsel of a friend, not in the same business, but in furniture.

Problems have revolved around the delay in obtaining equipment and the slow build up of customers. Delay in having the telephone connected has meant that he has been unable to advertise his services. Business has also suffered from the delay in obtaining spare parts. This means that he has to spend non-revenue earning time trying to find these.

'In terms of performance criteria he is solely at the stage of covering overheads. He has no concept yet of a percentage margin which constitutes "success", also no concept of such

things as repeat business.

Comments

He is a natural self-starter and it is difficult to decide the exact influence of the course on him, in any sense without considering the specific influence of AL. There are many gaps in his forward planning and his breadth of vision in reconciling conflicting priorities while actively pursuing opportunities. He is in a business and market where he can maintain himself at a moderate level by a reactive rather than a proactive policy and response. The test for him will be whether he can move away from this to a more active planning stance, but the fact that he mentions activities which he will "get around to" suggests the influence of more business minded colleages in the AL set. The role set he has formed - wife, partner, customers and business contacts - are evidence of a positive desire to build networks and work through others. He has deliberately used his furniture business contact as a sounding board which suggests a straight carry over from AL. He has also expressed the wish to make contacts with people in a similar line of business for a reciprocal exchange of spare parts. The nature of his business encourages inter-firm information exchange e.g. he has to travel round small garages to find out what other people are charging for similar jobs.

BUILDING CONTRACTING

Progress

Progress has been quite clear. Some of the infrastructure has been established, e.g. registering the business. Two months building work is in hand. A full-time labourer is about to join for 6 months.- Money is flowing in and the tax situation is being worked through. The basic tools have been acquired though he still needs a ladder and a cement mixer. Problems also include the lack of an accountant, the lack of storage space and the lack of time to look for it.

Comments

He is happy to carry out work received as a result of personal recommendations from satisfied clients; in fact he can turn down jobs like ripping out plaster which are unhealthy and not particularly attractive financially. This leaves him free to concentrate on plumbing which requires few tools and has a psychological benefit in that it offers technical problem-solving which has its own appeal. He is so immersed in the work that he is likely to leave more to chance and less to a controlled and planned approach to managing a business.

' JEWELLERY MANUFACTURING

Progress

Success in his jewellery concern has been largely according to what was planned. Business is good and orders are increasing. Problems are caused by financing as this is a business where the costs of raw material mean a lot of ploughing back. The current increase in the price of gold is an external event which has created excellent commercial opportunities but has a disadvantage in that he must respond to it possibly neglecting development of his own lines, e.g. blue cold and the Christmas

range.

The new product, blue gold, has been registered and he is making some useful selling innovations to market it. The tide of business - and this is common to some others ~ means that build up activities like sounding out prospects have been neglected.

Comment

A clear success story. Of particular note is his opportunism not only in terms of product development but also in marketing and sales. He has made useful contacts and networking has led to the use of a Hatton Gardens address, the possibility of new premises nearby in Shoreditch and a point-of-sale outlet in association. with a fashion magazine. Learning from experience has led to concentration on a key area. In order to project a name and generate orders a one-off: trial piece has to be of excellent quality. He has progressively improved his technique over the last year or so to reach this standard.

COMPUTER CONTRACT STAFF AGENCY

Progress

He was markedly successful in acquiring an office service in Kensington where he plans to sell the use of the phone number and address. He had integrated the separate businesses and setting up his own company was a major advance. He had set a target for his computer staff agency of 15 operational personnel on his books. In August 1979 the number had reached two-thirds of that target.

He had been successful by using old contacts, cutting 'corners' and reducing the item previously spent on interviewing. Spending a lot of time telephoning was important together with the promise of higher pay to potential 'placementees'.

Problems of this nature seemed to have been met by using his experience as an area salesman for a similar business, also his own persuasive powers and skill.

On the work analysis side he spends an hour or two (or will do so) in the Kensington office. Collects calls by ringing in at the end of the day. Does visits in the morning, telephone calls afternoon and particularly evening.

Comment

He gave a succinct picture of progress, success and problems. Superficially he seems to be a competent businessman, especially in the way he organises his day. One suspects that these skills and attributes are a carry-over from his previous working- life and the interesting point of conjecture is what the influence of AL has been. He is obviously able to learn positively from his experience, e.g. he no longer

spends 'excess' time on interviewing. Evidence of a management skills approach also comes through in the idea of target setting, i.e. number of staff 'on the books'.

He is "self-contained" but the interactive process has rubbed off to the extent that he acts as sales agent for others. As an opportunist he takes a firm's wares round to other firms on a consultancy basis also prepares contacts for another course participant. This has interesting implications for the working of a supportive role set. For him it is largely commercial business associates and clients rather than family and friends.

Progress
Success is represented by a turnover of £1000 with the promise

of more to come. Problems of telephone connections and accommodation are common to several other people. Accommodation has been earmarked for a future date and some Canadian contacts have been made. Overall business targets seem to be running about one month late.

Comment

He is confident of success and seems to be reasonably happy about the future. Like others his success can be traced back to (a) his previous job, and (b) the circumstances in which he came to the course. This has implications for pre-course success as a predictor for the criterion of post-course success and needs to be tested with some more objective indicators. Similarly if success in a small business is the dependent variable and the person profile pre-course is the independent variable, AL becomes one of the intervening variables. One can conjecture that AL helps successful people become more successful but this is obviously relative in the absence of some consistently applied objective criteria. Only through more depth probing can these issues be opened up for closer examination.

'PRINT WORKSHOP

Progress

Success was largely in terms of establishing a printing business of two full-time people and three part-time working in the evenings. A job lot of machinery had been acquired, premises also and a trickle of customers.

His major problem has been a technical one. One of his machines has had a consistent history of poor running and inadequate performance, i.e. no reliable black copy. This affects a good deal of the service he can offer and has put the business 6 weeks back from what was planned.

Reactions to the machine breakdown are interesting. They include:

- chasing up supplier, getting diagnosis of fault

- spraying the machine a new colour

- learning its working and putting right minor faults.

There has been little attempt to seek out customers, although business cards have been distributed.

Comments

He has applied fundamental business techniques, i.e. he has produced a cash flow statement, etc. However the machine breakdown has obscured the systematic approach exemplified by AL so that activity has perhaps lost some of its momentum. To what extent has he swung from a proactive to a reactive stance? Subsidiary activities which could take place while the machine is idle are not in evidence and this is something which undoubtedly would have been stimulated if he was still meeting with his group. On the other hand, interaction is part and parcel of the cooperative way of working, and this is providing a degree of internal support akin to the set, during

LAND MANAGEMENT SERVICES

Progress

Has had considerable success defined in a variety of ways, e.g. an URBED contract allowing a fixed number of days work at a per diem rate. This seems to be his main support at present although some money is coming into his company from related projects. He is spending his time - or some of it, at least - attending meetings with certain London Boroughs where development projects are being discussed. He is assisted in this closely by his wife, who does design work and who is art-trained. Another possible project is marketing and selling mini-computers to farmers in Wiltshire. The unusual point to note here is that his company has a sufficiently wide province to encompass all these diverse and seemingly unrelated activities.

Comments

On the face of it, he seems to be the definitive "social entrepreneur". He is a fixer who brings demand and supply together, establishing needs and using his networks to fulfil them. In this he has delightfully complemented whatever AL has had to offer. His method of coping with disparate activities which at any one time are at varying stages of completion seems to be to establish parameters which act as criteria governing the results aimed for and the decisions needed to lead to those results. This is a very good use of the synthesising attributes of AL action skills. For example his general criteria include working closely as a husband and wife team. He wonders himself whether he is in fact a social entrepreneur and feels keenly the conflict inherent in the self-interest/social concern balance. He wonders also whether it is ever possible to be truly altruistic and has realised the implication of people only "buying" self-interest which alone will have true credibility. He needs this credibility, to present himself commercially even at the relatively modest (in monetary terms) level to which he aspires.

His work analysis, covering a week's activities of himself and his wife, shows a wide range of networking and contact making, leisure activities and "interest". What can one make of this? At first sight there is a dilettante impression but judgement depends on the criteria used. It may be that the combination of AL, whether on course or as part of everyday life, and a "restless spirit" provides an over-rich cocktail which demands the clarification he is seeking before judicial comment can be made. Hopefully the discipline engendered by the systematic side of AL will. provide a means of sorting out a complex of disparate thoughts and activities "to make sense" to both of them, if to no-one else, where conventional commercial criteria - beyond the level of day-to-day existence - cannot be applied.

CATERING EQUIPMENT SUPPLIES

Progress

Success has been considerably moderated by the need to reduce his one full-time employee to one part-time. Business is said to be 25% down. The reason he gave for this was an incorrect market forecast. Interestingly enough this learning seems to have come out from customer feedback rather than from feedback in the AL set. The point seems to have been made during the course but not really taken in-until made in the course of business. We might conjecture that he has learned the value of feedback and is better able to listen to it and decide on its implication and whether to act on it.

The main problem, he says, is that he has approached his market at the wrong level, namely cafe owners. The nature of his product is such that the approach should be to a contractor.

He wants to expand but so far sales do not permit this; he is at present clinching 1 or 2 deals a week for catering equipment. Only one cash customer, so far the rest are on credit. Now he is contacting Town Halls to find out where a new sports and leisure centre is being built.

Apart from marketing and product-mix problems he is faced with the need to create a better business front to get credibility but without customers this is difficult to achieve.

Comment

He is strong in selling skills and although the need for a marketing orientation and a "business policy" approach

seems to have been established in the AL set, true reinforcement has had to wait until the realities of the business situation. He is learning now - the need to decide priorities and work thorugh them systematically as some need action before others.

AL seems to have given him greater insight but most of all as a result of "learning by doing" rather than by a conceptual ability to take in and reconcile competing and conflicting pieces of information. There is little evidence of the use of a supportive role-set which could provide a moderating, stabilising and clarifying influence. His floundering may be an indication of the real need for this as a honeymoon stage of development when real events can easily overcome a willingness to approach the establishment of business in a planned way.

KNITWEAR WORKSHOP

Progress

His success was in terms of children's knitwear selling well and getting a good reception in the local shops. He said that this was largely owing to the designs (colour, stripes, etc.) and the use of pure wool, not mass produced.

His problems were lack of permanent premises and adequate funding. Presently he operates in two houses, one for manufacture, the other for storage. He is receiving some help from a City University student but spending quite a lot of time physically looking around for new premises. There is a current possibility of a school building becoming available, also another edifice owned by the local council but at present occupied by a tenant.

As regards funding - there is a promise of a grant from Islington which now seems unlikely owing to local government cuts. He has approached Hackney London Borough which seems hopeful as it is politically a different situation.

Comment

He is self-assured and "committed". He has extended the networking side of set activities and interaction by working with another course member e.g. visiting Scotland to look at community developments there. He seems to be concerned with learning actively by using the environment. He has a sense of priority, namely his concentration on a search for premises and for a source of funding. The fact that he is involved in a.social enterprise rather than a commercial one may have obscured for him some of the financial realities implied. One suspects that this reduces his cutting edge a little; he may not recognise the pressures which others, are more commonly faced with and plan for.

RESTAURANT

Progress

Progress seemed to be going ahead as planned but a major setback was encountered soon after leaving the course. The property in which he was interested suddenly became available as a freehold at a substantially increased rate. He went to his bank but received no help as insufficient collateral could be found. He finally managed to acquire the required sum at a favourable rate from a finance company. The restaurant will now go ahead although it is not yet certain whether the small subsidiary hotel will be run as a joint business. Contracts were due to be exchanged in mid-September.

Comment

Here is a case of a firm and assured plan almost coming unstuck It is an example - among others - where a seemingly unexpected event has threatened to undo all the preparatory work carried out over many weeks. Two points are at issue. First is whether the event could have been anticipated - to what extent was it the result of factors outside his control; could it not have been a contingency to be taken into account. Second is the extent to which AL has contributed to his ability to solve problems even of this magnitude by listing solutions, evaluating them and taking action.

WORD PROCESSING TYPEWRITING SERVICE

Progress

Her success is reflected in a range of preparatory and start up activities rather than in trading and hard cash. She has been trying to get finance to lease machinery. She has certain options open for obtaining a site and premises via a course member's networks. She has received details of a possible source of finance from another. She has selected her machine from a range of possibilities and worked out leasing or straight purchase cost plans. She will be seeing a demonstration of this machine with some associates. She has also worked out a possible staffing organisation to meet the needs of her operation.

Comments

This case is remarkably similar to Land Management Services. As others develop an idea to a product both she and he develop sideways producing parallel ideas and schemes. Their product is a range of ideas, their attributes imagination and a liberal view of themselves in relationship to the environment and the world of work. Her contacts are manifold, she moves freely and easily in a male-dominated world. She has taken the initiative to run a continuation series of meetings of her set. Again like him, one could perceive her as dilettante or as taking in ideas to get the best possible entrepreneur-product-relationship. One asks whether an AL experience has failed her in not giving her the means to move purposefully from thinking to action. This may be true but it also underlines the fact that the will must be there as well as the means. Her range of previous careers have probably given her too broad an outlook so that she has insufficient single-mindedness to focus on one project and see it through. AL can flourish with those of sufficient intellectual calibre to make use of the learning opportunities provided. Ina business sense it may be that the mixture requires certain other ingredients - a clear opportunity for example, anda clearly identified product/market relationship - for the learning to result in a satisfactory commercial conclusion.

CANAL BARGE TRANSPORT

Progress

His business is barge transport; especially inland waterways. At the time of contact he had two barges and was travelling in Holland surveying business prospects. He had also done some similar prospecting in the North West.

Comments

Judging by his associates' remarks his business seems to be in limbo. He is skilled in business policy and highly intelligent and articulate. Has this blinded him to possible learning at the embryonic stage of the AL set? He is also described as a "romanticist" - does this by definition preclude learning?

SNACK BAR

Progress

His success was quite apparent during the course when he was engaged in the preparatory work involved in setting up a snack bar in a South coast resort. He went into great detail even travelling to France to get first-hand information on a technical culinary problem. A serious blow was dealt by the decision of the local authority to refuse authority for change of use. His reaction to this has been to appeal but the immediate result is that his plans for the future are in turmoil. He has also been suffering from a prolonged illness, since the end of the course.

Comment

His reaction is to try to pick up the pieces. In a letter he SaySs..... "and, of course, suggestions and help from the group will be welcome". Here he is obviously feeling the need for group support such as he enjoyed in the AL set on the course. This is his reaction in time of crisis. Arguably

this contribution could be made by a role set if this is a means whereby what the AL set offers can be transferred to business life. He shows a certain dependence on others in this respect and this may prove to be a drawback.

DIAMOND ABRASIVES COMPOUNDS

Progress...

His business was in the abrasives field. He anticipated a steady demand with the means of supply and manufacture readily catered for. A partner had not been able in the event to provide the necessary finance so that the business was considered to have come to an end.

Comment

This case is a surprising one. From the business plan success should have been assured. One would expect some move to find alternative sources of finance on a 'learning by doing' basis. This seemingly helpless, 'carried away by events' posture may be a temporary one. Again it will be interesting if AL has helped create a coping mechanism that will come into play at a later stage. One would expect this to take the form of looking round for ideas and using contacts, thinking through the real need, i.e. can I sell a bit to make a bit to enable me to carry on? and also the rudiments of situational and problem analysis. If this sort of thing does not happen, one is entitled to ask how closely was he integrated into his set; could his colleagues have been "harder" on him to prepare him for 'urgent' learning situations such as he is now in?

APPENDIX D THE MARKET AND MARKETING

THE MARKET

In the light of the difficulties we experienced in tapping into a localised, 'Start Your Own Business' market, it is very important to try and define what that market is. We have already done this in terms of entrepreneurial type: craftsman (self-contained and outgoing) and opportunist (self-contained and outgoing). A second, and more conventional segmentation, is by industry sector: making (craft, light manufacturing, construction and repair); distributing (warehousing and transportation); selling (retail, agency) and servicing (of people, things, information). A third, recently emerging differentiation is by purpose, that is business entrepreneur versus social entrepreneur (co-operative, working community, job creation project). A fourth, very important segmentation, is by origin/motivation (woman at home, twilight entrepreneur craftsman, graduating student, retired person, redundant executive, ethnic minority/recent immigrant, professional, community entrepreneur, large company new venture division). Finally, there is the question of the stage of development of the business concerned from vague idea (possible) to definite idea (potential), from part-time (incremental) to just about full-time (marginal business). These market categories are summarised in the Figure below:

TABLE 1 MARKET SEGMENTATION

Background and Motivation	Sector	Type	Development Stage
Woman at home	Making	Outgoing	Possible
'unofficial' entrepreneur	Repairing	opportunist	Potential
recent immigrant	Distributing	Introspective	Incremental
retired person	Selling	opportunist	Marginal
redundant executive	Service	Outgoing	
graduating student		craftsman	
craftsman		Introspective	
community entrepreneur		craftsman	
new ventures			
division		Purpose	
		Business Entrepreneur	
		Social Entrepreneur	

MARKETING

Marketing, as a whole process, involves market research and forecasting, product development, pricing, selling, distribution and promotion. This is something to be borne in mind by all those who talk simply in terms of publicity. We feel, in the context of this report, that the market research and product development work is already included, and that pricing, selling and distribution are not of immediate concern. So we shall

concentrate on promotion.

From the experience of our previous programmes, the networking approach was generally more effective than media advertising. On the other hand, given the market segmentation demonstrated in Table I above, advertising may be more selectively undertaken. As far as the 'networks' are concerned each of the 'motivational' groups have different associations. These have to be identified and separately tapped. The sort of matrix drawn up in Table 5 should help in this process.

TABLE 2: PROMOTIONAL MATRIX

wee,

Motivational Group	Promotional Outlet	MEDIA				
	Networks	Display	TV	Radio	Magazine	Press
Craftsman						
Twilight Entrepreneur						
Graduating Student						
Woman at Home						
Retired Person						
Redundant Executive						
Ethnic Minority						
Professional						
New Venture Division						
Community Entrepreneur i						

In a localised context, it is very important to bring the 'community infra structure' to bear upon this marketing (outreach) exercise. Particularly the local authority (industrial development, planning and health and safety officers) and the branch banks (local and district) should be involved, because of their immediate contacts. Estate agents, accountants and solicitors in an area, the trades council and chamber of commerce, local colleges of further and higher education, and even neighbourhood community workers and supervisors of skill centres, are important marketing sources. Moreover, in many cases, as for example with college lecturers and branch bank managers, it is very important to establish, and consolidate upon, personal contacts if a meaningful outreach programme is to be established.

In conclusion, there are three critical factors in marketing. First, the market needs to be clearly segmented. Second, separate media and networking campaigns need to be launched. In a local context the latter tends to be more effective... They need to be undertaken personally, or delegated to people with the respectively appropriate contacts. Third, publicity material must be attractive to the eye and jargon-free. Finally, the marketing needs to be planned well in advance, and carefully monitored, when applied.

APPENDIX E1

STARTING YOUR OWN BUSINESS: A 3 PART COURSE TO GET YOU GOING

WHO? This practical programme helps people with good ideas and drive to start successful new businesses.

Perhaps you
* have a good idea, but have never run a business
* want to make your hobby or part-time business your full-time employment
* work for a large organisation, and want a new start
* are already working on your own, but need more know-how
* are considering starting a cooperative or social enterprise.

WHAT? The programme offers training in management, entrepreneurship, business techniques and administrative know-how and is offered in three stages:

1. Assessing Your Prospects: a weekend workshop
2. Preparing To Go: a five day course
3. Taking The Plunge: a 12 week action learning programme

HOW? It is designed to make getting started easier:
* you learn in stages, and choose when to move on
* you are only away for one week, and then you spend one day a week in the classroom and the rest out putting your plans into effect
* you get help and encouragement from each other and from staff who are familiar with the problems you will face
* you have access to specialised expertise and resources
* you receive a special information pack, which saves time in knowing who to contact for what

WHY? People who have done our programme say it helped them:

'a fantastic programme: anyone going into business needs it'
B.T., Trojan Auto Electronics

'It's a good course, with a lot of data'
J.T., Jetco Catering Equipment Supplies

'I gained appreciable business expertise, some useful networks, and more confidence about setting up'
M.M., Bootstrap Enterprises

'I've become less of a dreamer and more commercial in my attitudes'
D.W., Paws Jewellery Manufacturers

WHERE? City University Business School, Lionel Denny House, London EC1 (Barbican). The main course is at City University Business School, near the Barbican. The programme is run by URBED (Urban and Economic Development) Ltd, an independent company specialising in the problems of small firms, in association with the Training Services Division and the London Enterprise Programme (LEntA/G.L.C.)

For more details contact the course coordinator
Clare Gregory, URBED, 359 The Strand, London WC2R 0HP
Tel: 379 7525

APPENDIX E2

ASSESSING YOUR PROSPECTS

Many people think of starting a new business but lack the confidence to do so, or the knowledge of how to go about it.

Method This weekend workshop helps you to think through your ideas (mainly in small groups) and to assess whether you have what it takes.
Time December 8th/9th, March 15th/16th and July.
Cost £15 inclusive of meals and information pack. (This is subsidised.)

Topics Vetting the idea
* why do you want to start a business?
* what do you need to make it work?
* getting contacts
* how do you know it's a good idea?
Assessing yourself
* have you got what it takes?
* how can you improve your chances of success?
* what are the crucial first steps?

Staff The session is directed by Ronnie Lessem of URBED, who lectures on entrepreneurial management at the City University Business School. Each group of 5-7 people will be led by a staff member with experience of starting new ventures.

PREPARING TO GO

Many people have good ideas which don't come off. Others take the plunge only to go under.

Method A five day course on how to launch a successful new business.
Time 24th-28th March and late September.
Cost £115 (including VAT). However the government's Training Services Division will pay for suitable candidates who take stages 2 and 3.

Topics How to start
* developing the business idea
* defining your market
* preparing a business plan
How to run a business
* forming a company
* hiring and firing staff
* costing and pricing
* managing your time and other people's
* coping with the paper work
* doing the accounts
How to find resources
* securing customers
* choosing premises
* raising money
* finding partners

Staff The staff and speakers all have specialised knowledge of the business techniques, administrative know-how, and resources that a new firm most needs.

TAKING THE PLUNGE

Starting a business takes time, but time can be cut only by following a planned approach.

Method A 12 week 'action learning' programme in which you spend one day a week at the City University Business School, in small groups, and the rest putting your plans into action.

Time April to June and September to December.

Cost The Training Services Division (TSD) is prepared to pay for suitable candidates who have not developed a full-time business. Participants will also receive £25-£45 a week plus a budget for market research and other expenses.

Topics In the course of 12 weeks you will
* define the business you are going into
* do some market research and talk to customers
* decide what you are going to sell
* start to find premises
* work out your cash flow
* apply for finance
* secure customers
* set up a company
* form an action plan

Staff Each group will be taken by a member of our staff, and the groups will also be able to call on specialised experts.

APPENDIX E3

STARTING A NEW BUSINESS? WHAT PARTICIPANTS SAY

Brian Davies, Impex International Ltd

After a number of years in industrial engineering research work, including computer programming, I moved into the field of technical sales. In the following years I sold mini-computer systems, computer services, and, most recently, contract staff agency services that is, supplying programmers and systems analysts on a short-term basis to data processing departments needing specialists.

As I got more involved in the business side of the agency, and learned about the economics of the operation, I began to see the way in which a small new agency could operate on lower mark-ups. The agencies that I knew had started as breakaway operations and had become very fancy operators with high charges. The high established levels of charges gave the opportunity for a new company to come in.

When I came on the course, I was very ignorant of the routines of small business. Now I know much more. In addition I have learnt to present and defend my ideas more convincingly. It's been a mental discipline, a means of progressing my plans, of preventing vagueness and of comparing options.

Over the last three months or so, I have decided to extend my original idea of starting a contract staff agency to offering a general marketing and sales agency service to technical companies requiring representatives in the London area. As I began to establish the original agency I saw how my time and activities could be organised to take advantage of other opportunities that arose at the time. The overall 'theme' was to establish a high rate of income quickly without heavy financial commitments which could only be obtained against personal (i.e. family house) securities, which at my age and with my responsibilities I did not feel justified in risking.

I would say that this course has definitely helped me to sort out my ideas and priorities and to set my business up on a sound basis. Now it's up to me.

APPENDIX E3 (CONTINUED)

Ben Brown, Builder (sole trader)

I graduated from university in English literature, and then took a job in advertising, for three years. It wasn't long before I got frustrated. For a long time I had been interested in building work, and, when given the chance I started doing renovation work. Gradually I built up skills in bricklaying, carpentry and decorating, and especially plumbing. It then began to strike me - why not go into building on a full-time basis.

When I began the course I discovered that I had to work out what was special about what I could offer. I realised that the essential difference between my building service and others, was my reliability. This will be my selling point, over and above the inherent quality of the work. I also gained, through the course, some very practical business skills especially cash control. I can now organise my time and work much better.

During the action learning programme I had the opportunity, and was encouraged to go out and seek new business. At the same time I got a lot of moral support. I have, in fact, completed three jobs since the end of the course (10 weeks ago) and have an order book for a year. Some of my clients came through other people on the programme. I am now looking for a lad to work with me.

URBED, 359 The Strand, London WC2R 0HP

John Wratten, Inkwell Print Workshop Ltd (cooperative)

Four friends, working together on a local traffic campaign, had been to an evening meeting and had retired to the local pub. Conversation drifted over this and that, when suddenly we all realised that we were saying the same thing. Our work experience had arrived at a crossroads, and we were each looking for a new start. Could we move together? And what could we do? We decided on printing. The Inkwell Company was conceived.

The training course enabled me to make a true assessment of the business idea. My first cash flow analysis showed me that it would have been disastrous to do what we had first intended. The course gave me a business language and acumen, and space to start the ball rolling. I also cooperated with my learning group as well as with my partners.

We opened for business on 9 July 1979. John and Norma will be employed full-time, with Bernie, Dennis and Bob working part-time as the work load requires. However, in the first six months, the only salary withdrawal will be Norma's. The others have agreed to plough their wages back into the enterprise, and Norma, her overtime. Now there's commitment for you!

Bunny Thomas, Trojan Auto Electronics (partnership)

Trojan Auto-electronics was started on a part-time and weekend basis on cars in the summer of 1977 with a £150 van and £25 worth of materials. At that time we only dealt with wiring problems, and small mechanical repairs. We had no plans to start a business, but just wanted to earn some extra cash. We started to get a couple of jobs a week, and people started recommending us to their friends. We also started getting work from car sales rooms and motor repair shops without electricians. When the winter came we decided to stop trading, and that's when a lot of work started coming.

In November a friend in the Body Repair and Spraying business let us have part of his garage for our own use. We were repairing the electrics and mechanics. It was then we realised we had a good business, providing we had our own premises and concentrated on electrics only. We also felt that help was needed; hence my application to join the business course on 'Starting a New Business'.

When I started the programme I was looking for help with book-keeping, and in coping with authority. By the time the course was over all the bits and pieces had come together. During the programme I was able to keep the business going and even expand it. Funnily enough I made a couple of very useful contacts with others on the course. I ended up sharing huge premises with one - not in very good condition, but cheap and with plenty of room for expansion - and another fellow going into the building trade helped to fit it up for me.

And now, touch wood, everything is going along well.

Oliver Shirley, Land Management Services Ltd.

When I came on the programme, I had just become unemployed. My job, as project officer on the Havering Urban Fringe Countryside Management experiment, had come to an end.

The product I can now offer is a comprehensive land management service, including landscape and nature conservation, recreation management and urban environmental improvement. In fact Urbed have become my first customer.

I started the course in a state of indecision, and unsure of my direction. While on it I've had the time to explore options, plan my business and gain encouragement from fellow participants. You become co-operative within your learning group and competitive outside. Business and personal growth are complementary. I discovered my role as an intermediary, fixing up Bunny with premises, Gill with a collaborator and Ben with business.

I am now personally employing somebody for the first time. I think I've also managed to reconcile my business and social interests.

APPENDIX: NEWSPAPER CUTTING

SMALL BUSINESS GUARDIAN

Putting all your trust in local enterprise

Edited by Clive Woodcock

By Nicholas Falk

IN SEARCHING for ways of encouraging the growth of productive small enterprise, one approach which is attracting support from large companies and local authorities is that of the Local Enterprise Trust.

Recently 40 people involved with some of the pioneering schemes gathered at the University of Aston Management Centre to review progress, and to discuss some proposals for structural changes to encourage small businesses.

Whatever the reasons for the dismally low rate of new business formation compared with our industrial competitors, there is general agreement among those directly concerned with small business, backed up by research findings, that a locally supportive climate is essential.

The basic aim of a Local Enterprise Trust is to be a "small, local, energy releasing organisation, independent of established interests, that is committed to helping create non-subsidised employment."

The method varies from place to place to suit local circumstances, but there seem to be a number of common elements.

The first is that though they may be sponsored by some large organisations, like ICI in Runcorn or the London borough of Hackney in the case of the Hackney Business Promotion Centre, they involve a coalition of other interested parties. Resources can come from local businesses, professional people, banks, colleges, and public organisations like the MSC.

Bill Humphrey, who runs the Community of St Helens Trust, emphasised their appeal is not to charity but to basic community self-interest.

In the case of divisions of large companies that attraction is finding a cost-effective way of creating alternative employment opportunities to avoid communities being over-dependent on one large employer and to ensure that they are operating in a place which is in itself prosperous and where the morale of the whole community is high. Though they lack charitable status, they act as a trust, in the sense that they can be trusted to act in the community's wider interest.

The second element is that they are essentially local. There are plenty of bodies like the Development Associations in each region, and the Small Firms Information Services that aim to provide encouragement.

However they find it hard to deal effectively with the tiny embryonic and infant enterprises that make up much of the clientele of the Local Enterprise Trusts. In some cases, such as Antur Aelhaearn in Gwynedd, Wales, the area is as small as a village, though it can be as large as a town or even half a county, as in West Somerset. To succeed a trust must be parochial.

A third element is that the trust is about enterprise, not just in the sense that it deals with small, and particularly new business, but also in the sense that it operates in an entrepreneurial way. The terms "catalyst" and "enabler" were used again and again. Hence a local enterprise trust offers real advantages to its backers in being close to the ground, unconstrained by bureaucratic rules and jealousies, and having a range of expertise and resources to draw on from different parts of the local community.

A number of lessons emerged from the conference at Aston. The best way to start is by finding committed people from a broad range of interests, and then to get on with building credibility through achievements.

The way to tap the resources of large organisations, particularly their invaluable human resources of skill and know-how, was to start at the top and convince chairmen and chief executives which then made it easier to work with those lower down the organisation.

Though age and the backgrounds of the full-time managers of the various schemes varied, they all had had considerable business experience, and shared a commitment to giving the small businessman a helping hand (and sometimes a shoulder to cry on).

There are clearly a wide range of ways in which new businesses can be encouraged. In the case of West Somerset, the Small Industries Group which acts as a clearing house, has produced a trades directory, and has organised its second exhibition in Minehead. Antur Aelhaearn has set up a knitwear factory.

The Community of St. Helens Trust has not only begun to give advice to local banks on whether to fund particular projects, but has also small seed capital funds of its own and from Merseyside County Council to invest. It aims to stress the importance of the resources of its supporters, and has for example a panel of more than 20 accountants who have volunteered to help, while one of its backers, Pilkington, is developing some small units on spare property it owns.

Halton, which was initiated by ICI's Business Opportunities Project at Runcorn, has managed to persuade 10 leading local organisations to guarantee £22,000 of the £25,000 estimated annual running costs. Clyde Workshops, which is a subsidiary of the British Steel Corporation, has converted the old offices and workshops of an ironworks into small units. These are let on short leases, with common services, management advice and loans towards buying equipment. Letting started the moment building work began, and within two months two-thirds of the accommodation had been let to 39 different firms, for three-quarters of which these were their first premises. The Hackney Business Promotion Centre has also acquired a building to act as a seedbed and mounted a series of training programmes, aimed at giving potential entrepreneurs confidence and direction by working out and implementing their business plans.

The conference considered nearly 30 proposals for adjusting the legislative, financial and trading systems to favour small business development, by removing discrimination and barriers to fair competition.

The most radical proposals dealt with the problems stemming from concentrations of power. As far as finance was concerned, there was a widespread feeling that measures were needed to make it easier for small firms to deal with large organisations, both in buying from them, through for example the publication of discounts, and in selling to them, through for example providing public capital towards collaborative arrangements.

There was a concern with the amount of finance in the hands of organisations who could not take any risks because of their aims and composition.

Support was given to the idea of public guarantees to provide an incentive to financial institutions, particularly for the provision of premises which was generally agreed to be the most common obstacle to getting started.

As far as the controversial problem of regulations was concerned, there were suggestions that there should be a realistic minimum standard for all to comply with, plus extra regulations that would be mandatory on large organisations, but would only serve as a code of practice for tiny firms or in areas of high unemployment.

As well as the six local enterprise trusts that are being monitored and reported on regularly, there are known to be others that are in operation. In addition there are about 20 more localities in which this type of initiative is being planned and developed.

The Foundation for Alternatives and the Intermediate Technology Development Group are working together on a network principle seeking to foster and serve such local autonomous groups who are dedicated to the development of their communities' prosperity. John Davies of 10 Grenfell Road, Beaconsfield, Bucks, is at the centre of this network.

Nicholas Falk is a director of URBED (Urban and Economic Development) Ltd, a non-profit research and consultancy group.