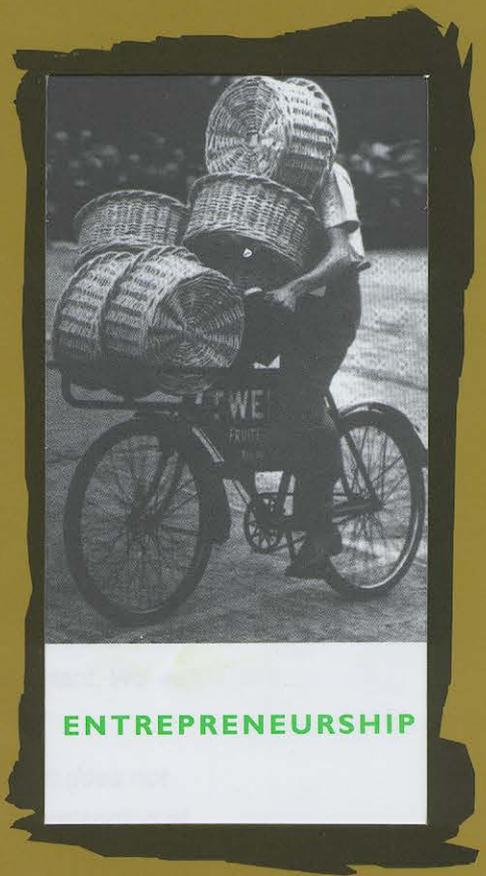


LLOYDS BANK
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QUARTERLY SMALL BUSINESS
MANAGEMENT REPORT

HIGHLIGHTS

This is the twenty-first of a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on Entrepreneurship. The principal findings were as follows:

1. **Are entrepreneurs 'born' or 'bought'?** - Over 87% thought that successful small firms are usually self-started or alternatively bought by others, compared with only 13% who considered them bought.

2. **Definition of success** - The most common definition of success was steady growth of turnover and profits, though, by way of supporting exploration of new markets and keeping good staff, strategy.

3. **Business viewpoint** - Another point made by respondents concerned their view of the relationship between entrepreneurship and success as measured by steady & sustained turnover. One said "Entrepreneurship is not necessarily successful (over 50%) usually attributed to people who have failed".

4. **Role models** - The majority of respondents did not identify themselves as entrepreneurs, the fear of entrepreneurship - the failure element. These 'non-profit' figures are the result of a survey of most entrepreneurs so far.

5. **Support for small business sector** - Most respondents (52%) thought that the Government should do more to support small business.

6. **Need for entrepreneurs** - Some respondents reflected upon what would be the consequences of a shortage of entrepreneurs. The majority thought that the economy would be more depressed and that it is hard to start a new business and start up a firm.

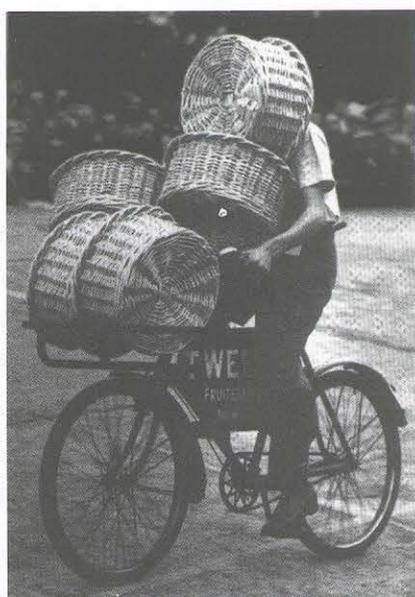
7. **'Bottlenecks' in business creation** - Other respondents commented: "There does not seem to be any bottleneck in the current sector, I do not know and lack of understanding of what drives the entrepreneur".

8. **Manufacturing sector under pressure** - Respondents from the manufacturing sector reported to be experiencing more pressure than their business services and retail/distribution. They were far more likely to claim more success as a result of entrepreneurship, success and success with small firms as a key entrepreneurial activity.

9. **State education** - Approaching one third of respondents did not think that the state education system had made a major success in producing the management understanding.

LLOYDS BANK
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Entrepreneurship



ENTREPRENEURSHIP

**QUARTERLY SMALL BUSINESS
 MANAGEMENT REPORT**

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

**John Stanworth, Emeritus Professor,
University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
<http://business.kingston.ac.uk/sbrc>

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Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

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- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
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- 2 Quality Standards & BS 5750June 1994
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- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

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- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
- 4 Business Support Agencies.. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship..... May 1998
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- 3 Employment Strategies.....December 1998
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2002 (Vol.10)

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- 3 Crime Against Small Firms June 2003

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- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

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- 2 Managing IT May 2006
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2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the twenty-first of a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Entrepreneurship**. The principal findings were as follows:

- **Are entrepreneurs 'born' or 'taught' ?** - Over 80% thought that entrepreneurial skills were essentially self-taught or, alternatively, taught by others, compared with only 13% who considered them 'in-built'.
- **Definition of success** - The most common definition of entrepreneurial success was 'steady growth of turnover and profits', though, for women in particular, 'successful exploitation of new markets' and 'keeping good staff' featured strongly.
- **Narrower viewpoint** - Another point made by respondents concerned the link often made between entrepreneurship and success as measured purely and simply in narrow financial terms. One said: "Entrepreneurship is not defined in universally acceptable forms ... [it is] usually attributed to people who make money faster."
- **Role models** - The majority of our respondents did not identify closely with the glitterati from the field of entrepreneurship - the Richard Bransons, the Alan Sugars and the Anita Roddicks. These high-profile figures are too exceptional and far removed from the everyday lives of most entrepreneurs to have much meaning.
- **Respect for small business owners** - Most respondents (59%) thought that small business owners in our society are 'highly' or 'reasonably' well respected.
- **Need for entrepreneurs** - Some respondents reflected upon what they saw as national characteristics influencing levels of entrepreneurship: "As the world becomes more competitive, entrepreneurship will be ever more important. We Brits have a good track record and must keep at it !"
- **'Winners' in business disliked ?** - Others are less optimistic: "Britain does not like 'winners' in the business sector. Why ? Jealousy and lack of understanding of what drives the entrepreneur."
- **Manufacturing sector under pressure** - Respondents from the manufacturing sector appeared to be experiencing more pressure than their counterparts from business services and retail/distribution. They were far more likely to claim mere 'survival' as a measure of entrepreneurial success and 'coping with uncertainty' as a key entrepreneurial ability.
- **State education** - Approaching one-third of respondents claimed that the state educational system had made a 'major' or 'useful' contribution to their management understanding.

Lloyds Bank Plc Small Business Research Trust

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ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report.

The Trust acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds Bank plc in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds Bank plc.

Lloyds Bank Plc Small Business Research Trust

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds Bank/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on *Entrepreneurship*.

PAST SURVEYS

1993 (Vol.1)

- No.1 *Surviving The Recession***
- 2 *Using Your Time***
- 3 *Management Style***
- 4 *Financial Management***

1994 (Vol.2)

- 1 *Purchasing***
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- 3 *Financial Management***
- 4 *Tax Compliance***

1997/8 (Vol.5)

- 1 *'Europe' & Small Businesses***
- 2 *Employee Recruitment***
- 3 *Information Technology***
- 4 *Business Support Agencies***

THE SAMPLE

This report is based on responses received from a panel of some 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. Over half of the participating firms employ fewer than 10 people and over one-third of the firms are less than 5 years old.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out mainly during March/April 1998.

ENTREPRENEURSHIP

What is 'Entrepreneurship', can it be measured and how can it be fostered? These questions have loomed large in debates in recent years as policy-makers and others have attempted to encourage entrepreneurial behaviour. A number of psychologists have attempted to identify a single personality trait or group of traits which could be said to constitute the 'entrepreneurial personality' and to then predict where and when it is most likely to be found.

However, the almost inescapable conclusion drawn from research in the field to date is that, in the words of leading psychologist in the field, Professor Liz Chell, "there is a great deal that is equivocal and inconclusive about the trait approach to entrepreneurship" and that there is a "low correlation between the assessment of the trait and actual behaviour." In a nutshell, psychologists have made little if any progress in this field to date.

In fact, it is sociologists rather than psychologists, that have experienced most success in predicting who is most likely to set up small businesses and when. We know that approximately 2 out of every 3 new businesses are set up by men. Thereafter, the frequency with which the self-employment option is chosen appears to depend greatly upon two key factors. First is the range or absence of alternative economic roles available to the individual. Thus, downturns in the labour market

appear to result in upturns in the numbers of people becoming self-employed and vice-versa.

Next is the availability of role-models, particularly within the aspiring entrepreneur's own family. The spirit of the process at work here is encapsulated in the following statement from the Report of the Committee of Inquiry on Small Firms which reports in 1971:

".. it is our impression that the general climate of opinion is now so antipathetic to business and particularly small business that except for those whose father is in business on his own account and for whom entry into small business is not only encouraged, but relatively easy, the tendency is for young people not to adopt business as a career."

Research by the Small Business Research Trust has demonstrated that around 7 million people in Britain have had experience of self-employment at some time in the past, representing about one quarter of United Kingdom labour force. Those from self-employed families are more likely to themselves become self-employed. Further, should a small business fail, its owner appears to have greater resilience in bouncing back if they come from a family with a history of self-employment. Thus, socialisation patterns, particularly during childhood, but also in later life, appear to go a long way towards explaining the origins of enterprise.

THIS SURVEY

The results of this current research indicates that our respondents did not think that successful entrepreneurs are a different breed to the rest of society or that they originate from a different planet. Most felt that levels of individual motivation are vitally necessary for success as an entrepreneur, as is true of almost all other walks of life. One of our respondents made this point as follows:

"It's your attitude not aptitude that determines your altitude."

Another respondent said:

"There is a large amount of luck in business. This is incalculable."

Again, this could be said to apply to most other walks of life. The importance of being in the 'right place at the right time', for instance, is a feature of many successful careers whether they be in management, football, acting, or life generally.

Another point made by respondents concerned the link often made between entrepreneurship and success as measured purely and simply in narrow financial terms. One said:

"Entrepreneurship is not defined in universally acceptable forms ... [it is] usually attributed to people who make money faster."

Elaborating on this point, another respondent noted:

"Entrepreneurship is about [the achievement of] an overall quality of life and not just about business growth and financial riches."

The point to emerge here is that many successful entrepreneurs achieve success in a manner that is not necessarily flamboyant or highly visible and, though government Ministers may direct many of their praises towards the Richard Branson's of this life, the contributions of the silent majority of entrepreneurs should not be overlooked. This point was reinforced when we found that the majority of our respondents did not identify closely with the glitterati from the field of entrepreneurship - the Richard Bransons, the Alan Sugars and the Anita Roddicks. These high-profile figures are too exceptional and far removed from the everyday lives of most entrepreneurs to have much meaning.

Some respondents reflected upon what they saw as national characteristics influencing levels of entrepreneurship:

"As the world becomes more competitive, entrepreneurship will be ever more important. We Brits have a good track record and must keep at it!"

Another view expressed was less optimistic:

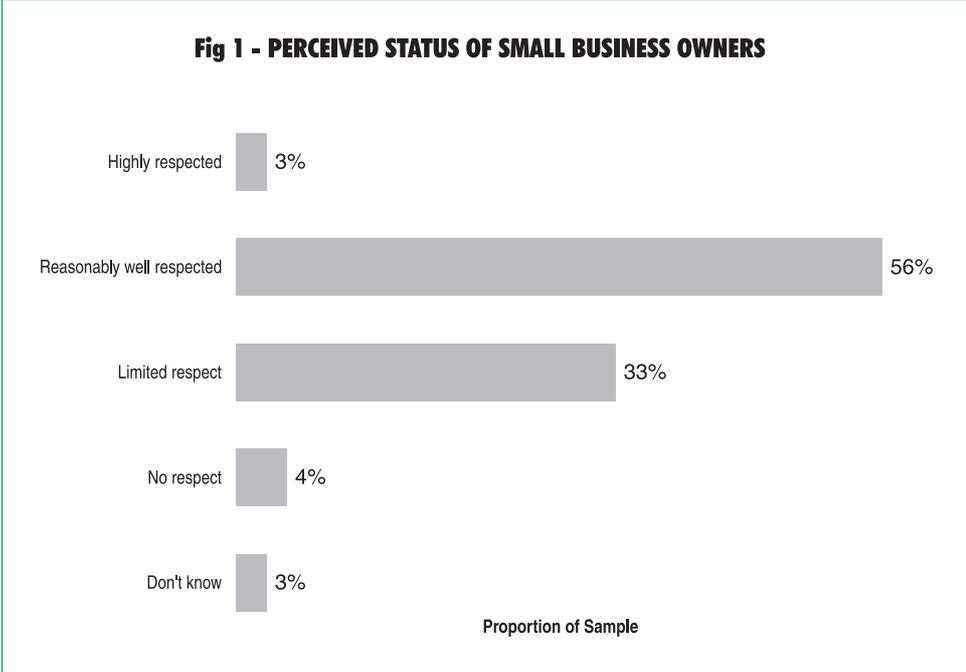
"Britain does not like 'winners' in the business sector. Why? Jealousy and lack of understanding of what drives the entrepreneur."

Other views touched on attitudes towards help agencies:

"I believe 'entrepreneurs' will largely 'help' themselves rather than seek agency advice."

The current report is based upon responses to the questionnaire sent out to our regular panel of small business men and women recently (**Appendix 2**).

Females are less optimistic about the status of small business owners

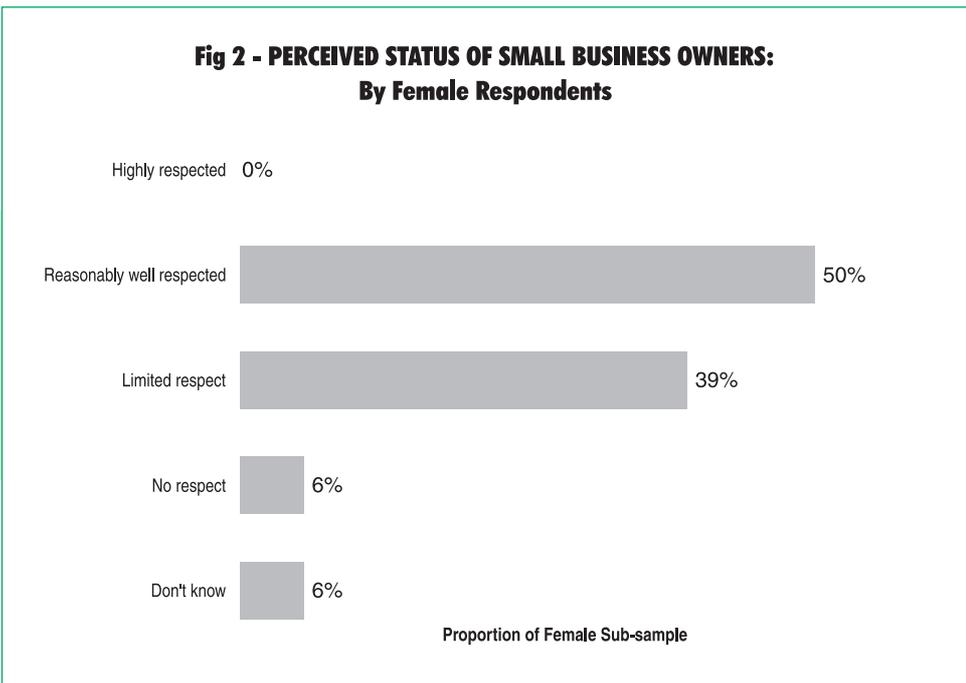


THE STATUS OF SMALL BUSINESS OWNERS IN SOCIETY

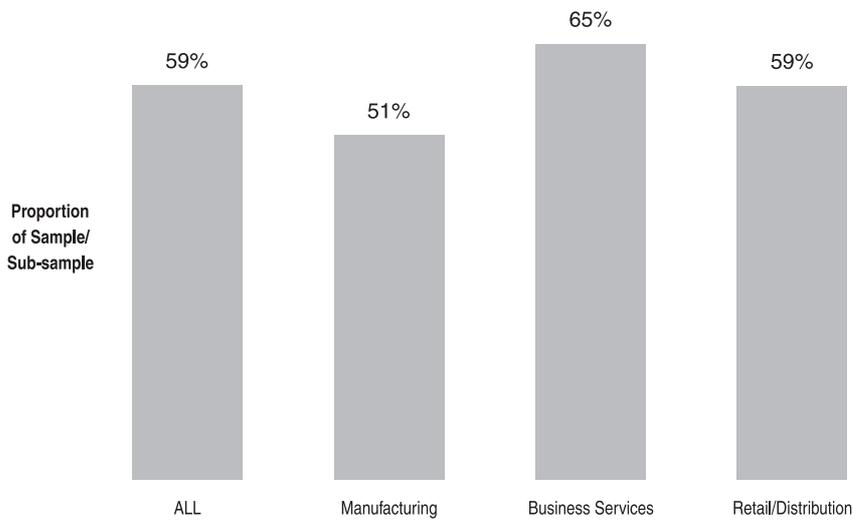
Answers to a question on the status enjoyed by small business owners in our society show that 59% thought that small business owners were 'highly' or 'reasonably' well respected (**Figure 1**). However, whereas the statistics in Figure 1 relate to both male and female respondents in our sample, **Figure 2** separates out just female respondents and they were less

optimistic on this point. Female respondents, for example, were less likely than their male counterparts to consider small business people 'highly' or 'reasonably' well respected (50% against 60% for males) and were more likely to consider that they enjoyed only 'limited' respect or 'no' respect.

Figure 3 hints at certain differences across sector boundaries, with only 52% of manufacturing owner-managers



**Fig 3 - PERCEIVED STATUS OF SMALL BUSINESS OWNERS
'Highly/Reasonably Well Respected': By Sector**



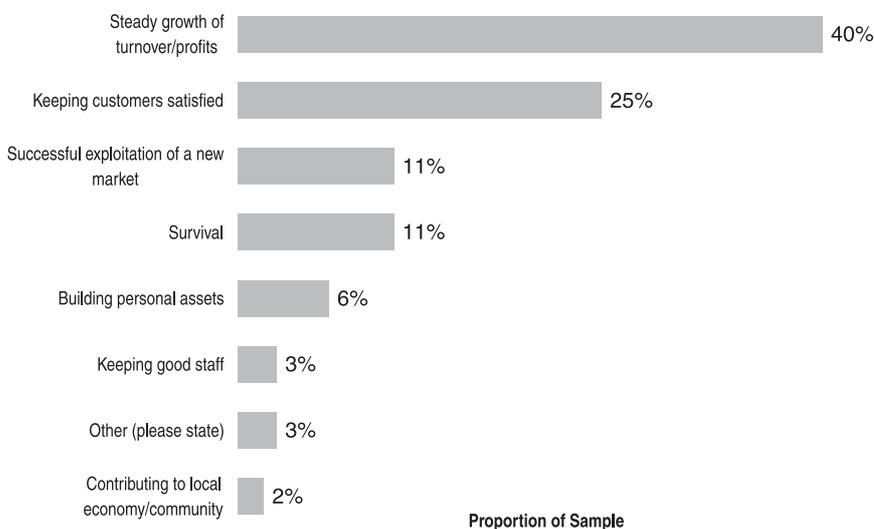
**Business Services
perceive the highest
status for small
business owners**

considering that small business owners are 'highly' or 'reasonably' well respected, compared to 59% from the retail/distribution sector and 65% from the business services sector.

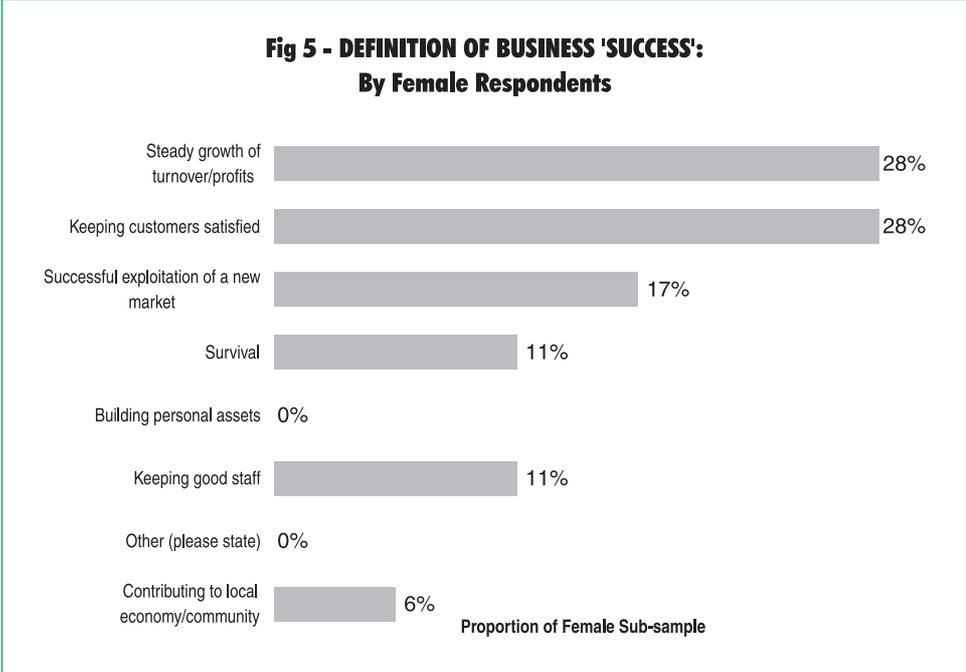
ENTREPRENEURIAL SUCCESS

Respondents were asked how they rated or defined 'business success'. **Figure 4** shows that 'steady growth of turnover/profits' came top being chosen by 40% of respondents, followed by 'keeping customers satisfied' with 25%. Interestingly, once again, there were gender differences here. **Figure 5** shows that female respondents were less concerned with profitability (only 28% compared with 43% for males) and were

Fig 4 - DEFINITION OF BUSINESS 'SUCCESS'

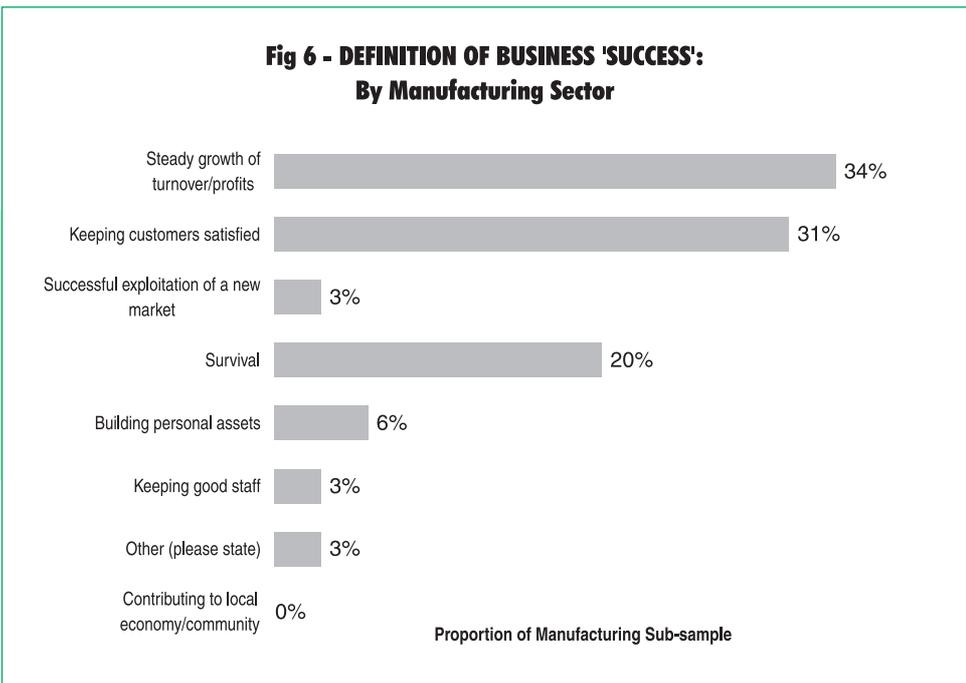


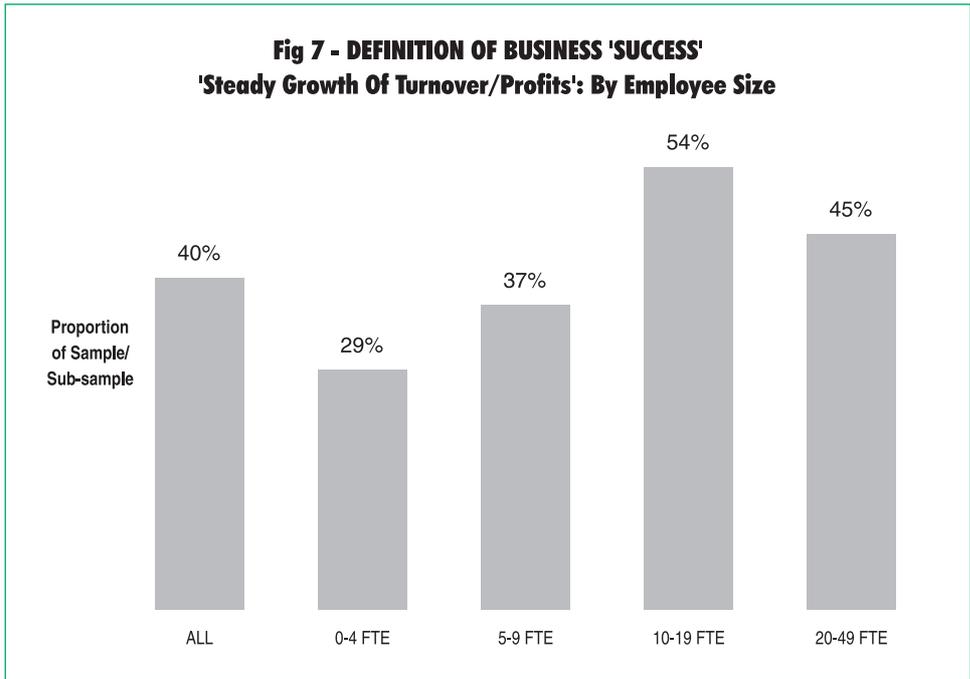
**20% of
Manufacturers
are concentrating
on survival**



more concerned than their male counterparts with 'successful exploitation of new markets' (17% against 10%) and 'keeping good staff' (11% against just 1%).

Figure 6 looks at responses from the manufacturing sector and shows that 51% selected either 'keeping customers satisfied' or, alternatively, simply 'survival'. The figure for 'survival' here was around double that for the sample as a whole and treble that for the other two sectors - business services and retail/distribution.

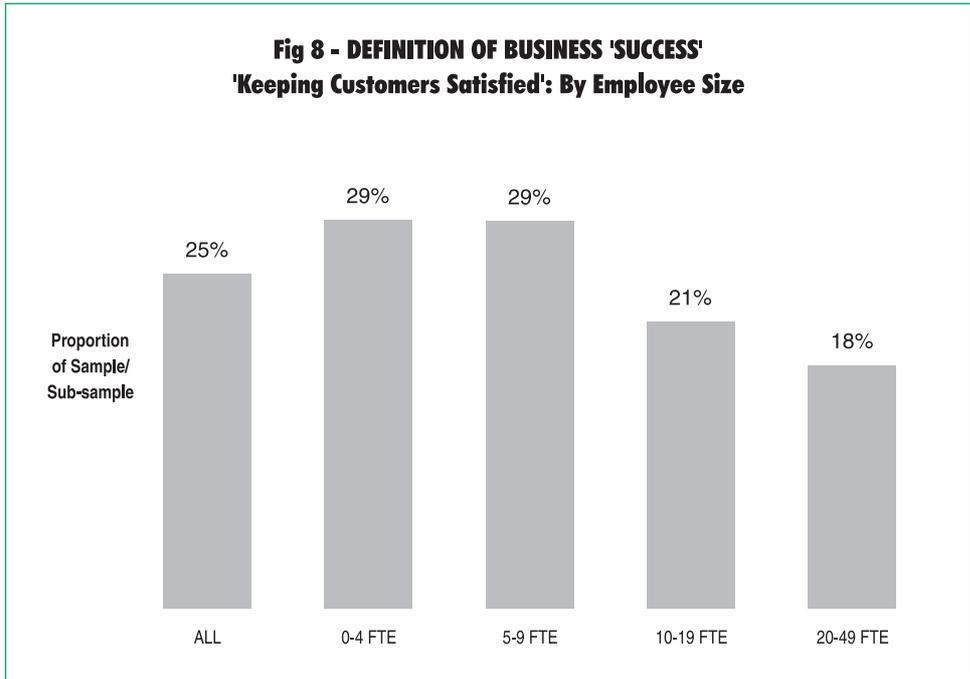




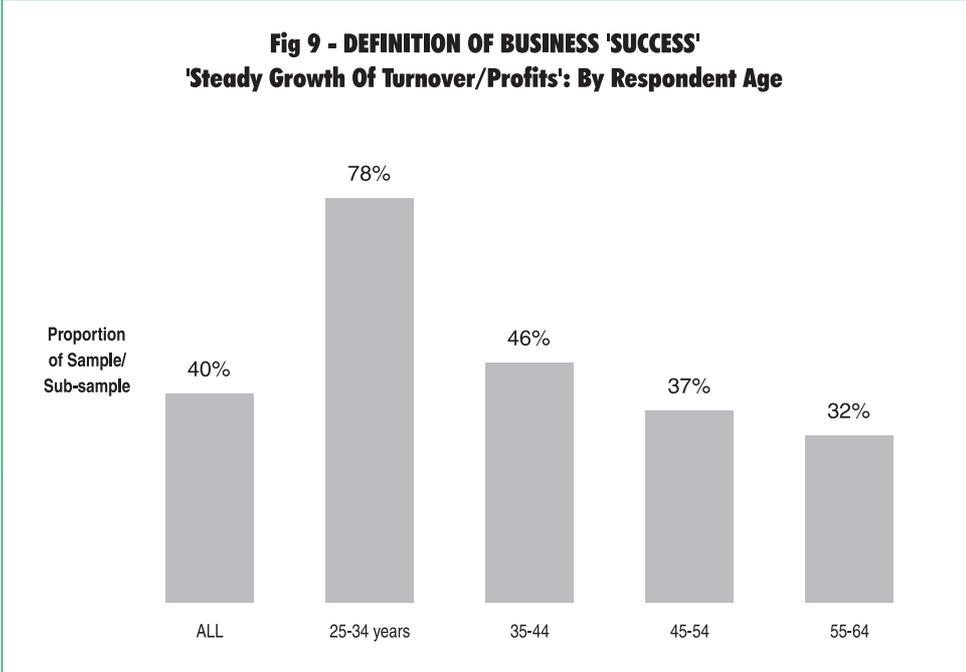
... concern with profits and sales turnover increased with size of business ...

Figures 7 and 8 demonstrate variations in responses with size of business assessed in terms of full-time equivalent (FTE) employees. Figure 7 shows that concern with profits and sales turnover increased with size of business whereas attachment to customers declined.

Finally, on this point, Figure 9 shows that concern with profitability and turnover was higher amongst younger owner-managers than their older counterparts.



Interest in steady growth in turnover/profits greatest amongst younger respondents

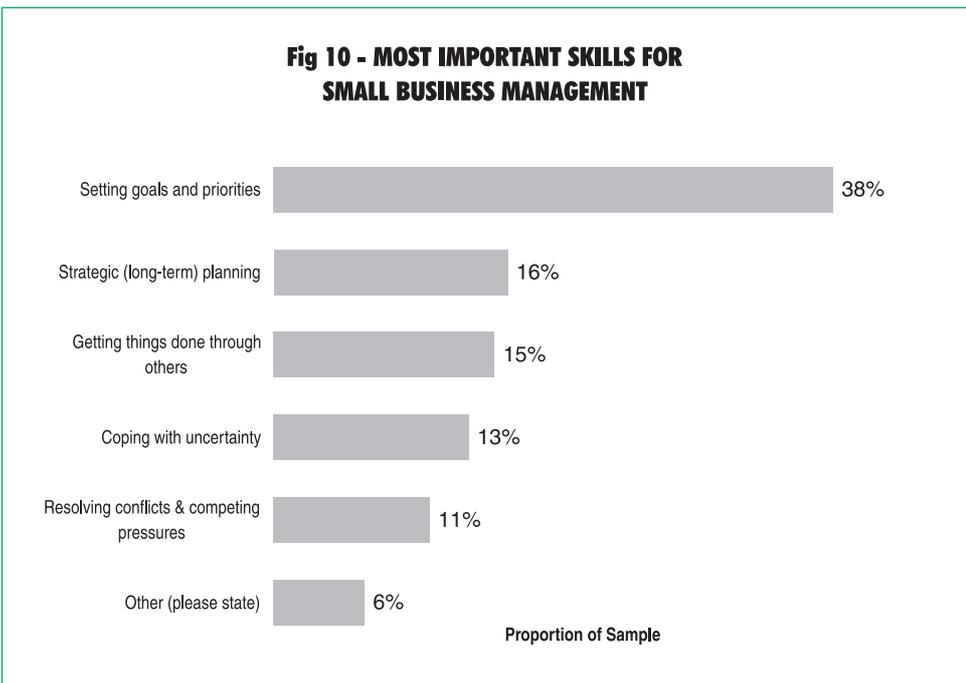


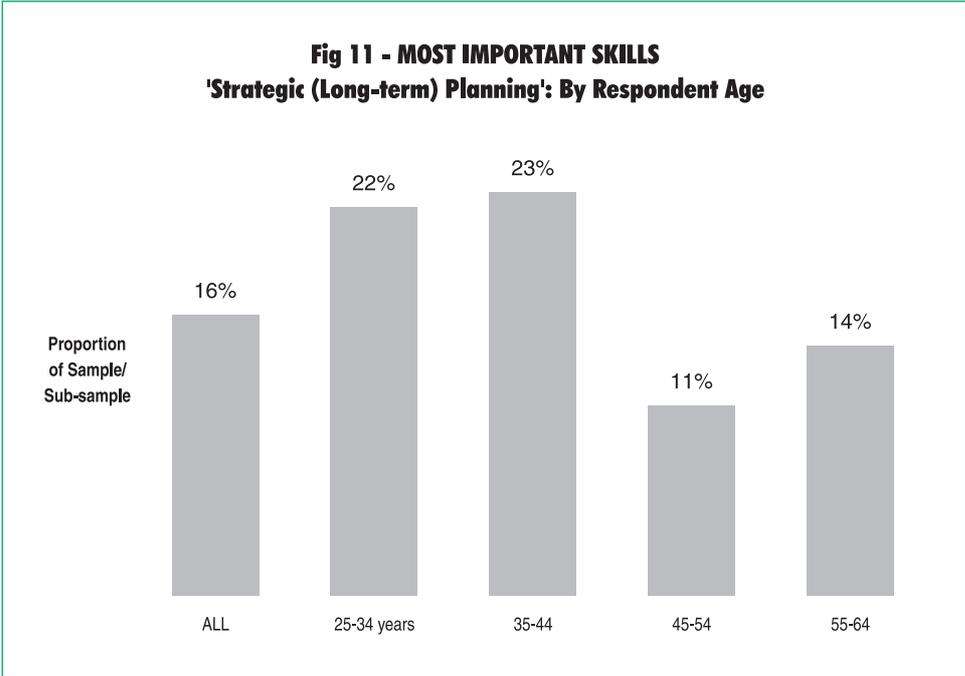
KEY ENTREPRENEURIAL AND MANAGERIAL ABILITIES

Figure 10 shows that 'setting goals and priorities' was the most highly rated ability for successful small business management though, as **Figure 11** demonstrates, there was a high emphasis put on 'strategic long-term planning' by younger respondents.

The 'other' options offered by respondents were:

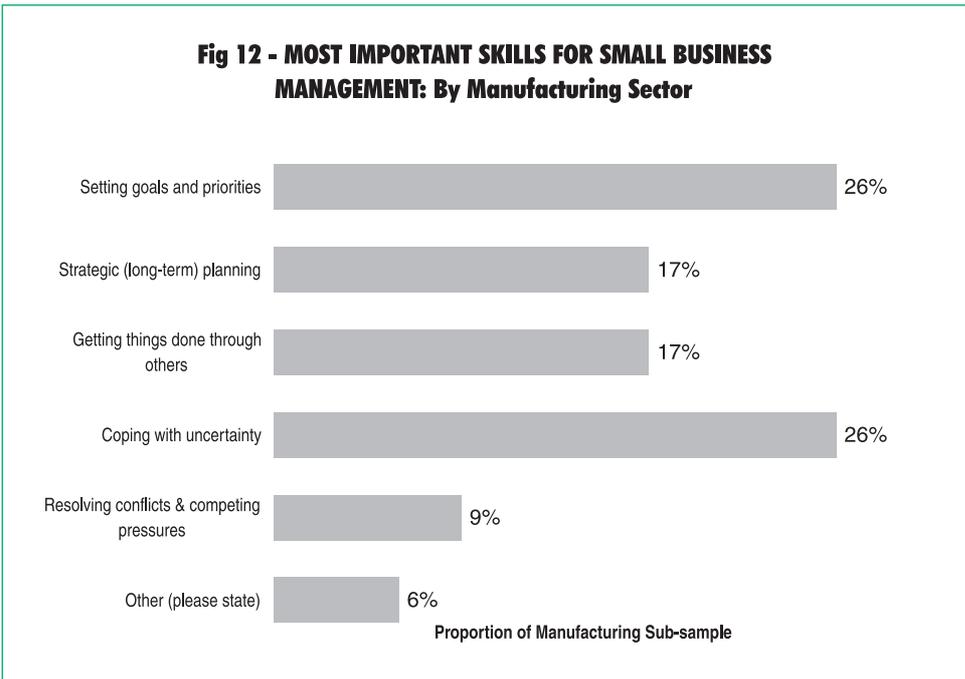
- Cash book management
- Ensuring the goals set are met
- Mix of all the options listed
- Motivating and inspiring staff
- Turning ideas into reality
- Understanding clients' needs and serving those needs



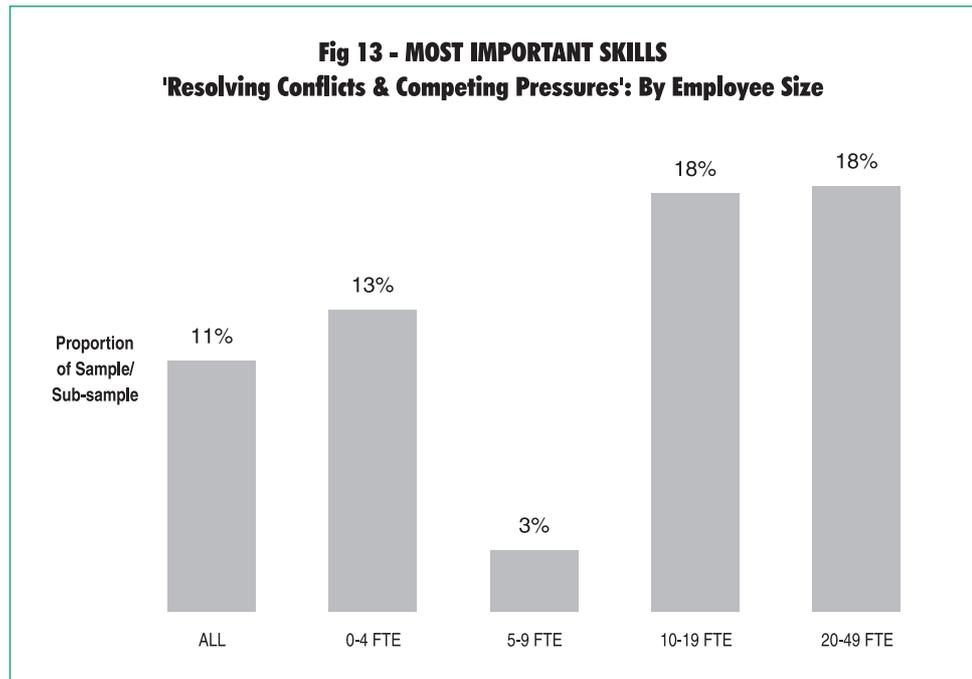


In line with the emphasis earlier placed on 'survival' by manufacturers in Figure 6, we see a strong emphasis placed on 'coping with uncertainty' amongst manufacturers in **Figure 12** (double that retail/distribution and 5 times that for business services). Also here we see only 26% opting for 'setting goals and priorities' against over 40% for the other two sectors.

Finally on this point, we see in **Figure 13** an emphasis on 'resolving conflicts and competing pressures' increasing with size of firm, after a dip at the 5-9 level. It is not surprising that managers experience increasing pressures of this kind as their businesses grow and involve larger numbers of individuals and groups, many with their own separate agendas and demands.



'Coping with uncertainty' is considered an asset in Manufacturing



ENTREPRENEURSHIP AND EDUCATION

Respondents were asked their experiences of state education in providing a contribution to an understanding of management. **Figure 14** shows that a majority of respondents considered that the educational system had made at least some contribution towards providing them with useful knowledge and understanding.

Figure 15 shows sector differences on this point which point towards respondents from the business services sector being least likely to feel that the educational systems had helped them with an understanding of business. **Figure 16** shows differences across different age groups with, over all, older respondents being most likely to feel positively about the role of education (though they were less likely than other age groups to feel that education had made a 'major' contribution here).

State education offered some contribution to over 60% of respondents

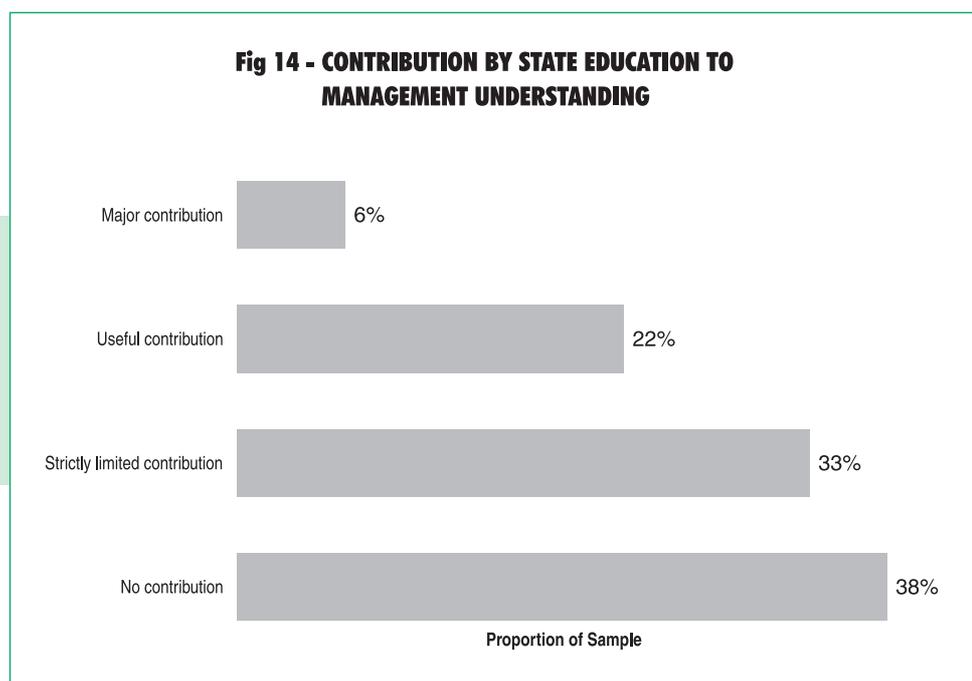
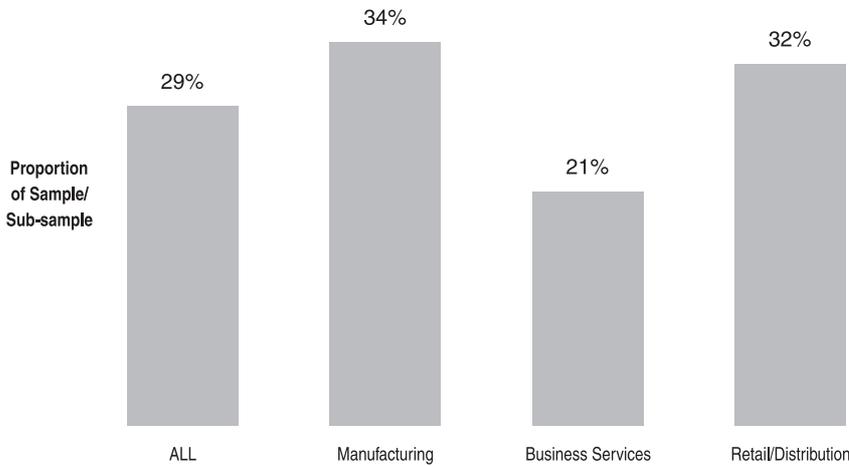


Fig 15 - CONTRIBUTION BY STATE EDUCATION TO MANAGEMENT UNDERSTANDING 'Major/Useful Contribution': By Sector

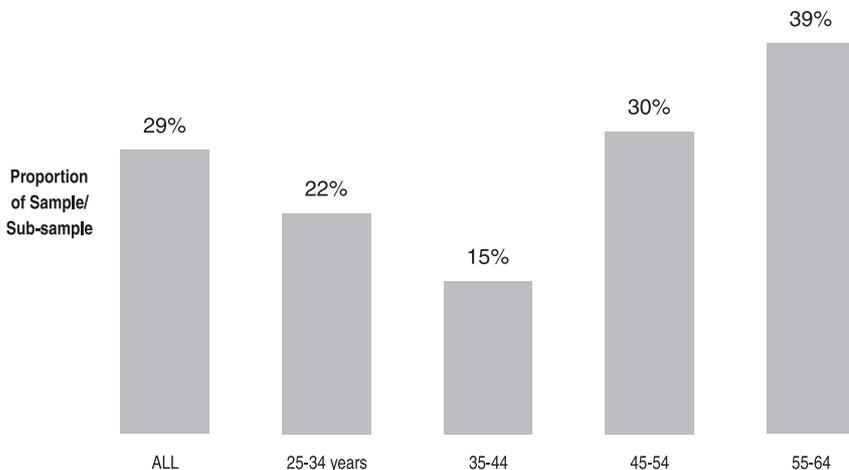


Business Services were least impressed by state education

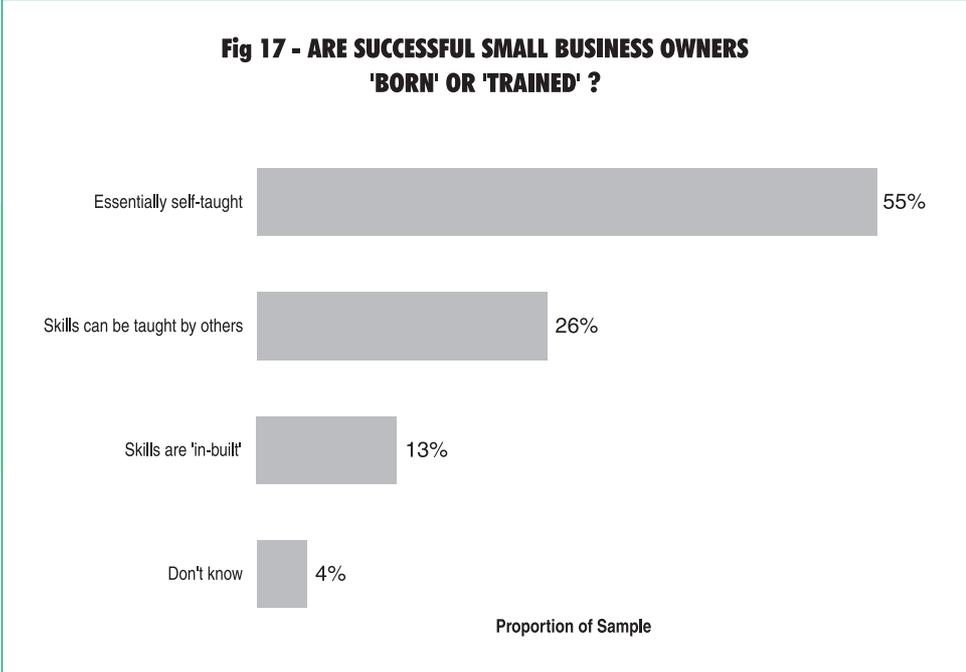
Most people pass through the state education system at some point and thus the system is an easy target for blame for the ills of society at large. In recent years, the numbers of pupils and students studying 'Business Studies' has increased at all levels, from GCSE through to 'A' level GCE and, finally, degree studies. Of necessity, much of the study materials will be somewhat general - there is unlikely ever to be a GCSE in VAT form-filling - but much of the decision-making process in

deciding to study business subjects or not at school is now down to the individual.

Fig 16 - CONTRIBUTION BY STATE EDUCATION TO MANAGEMENT UNDERSTANDING 'Major/Useful Contribution': By Respondent Age



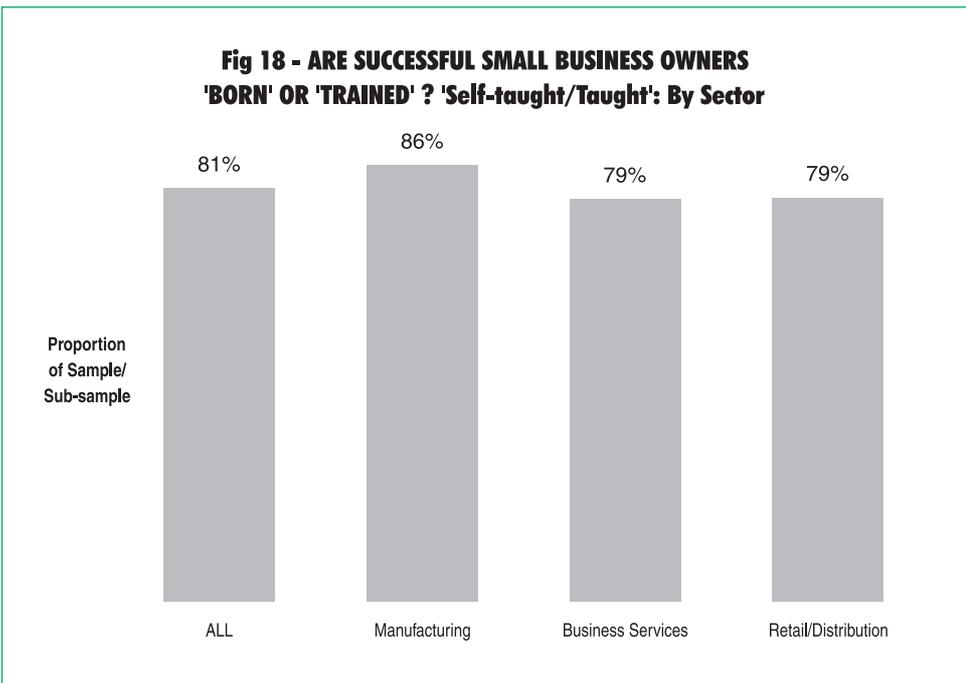
Four out of five respondents felt that the skills could be learned one way or another

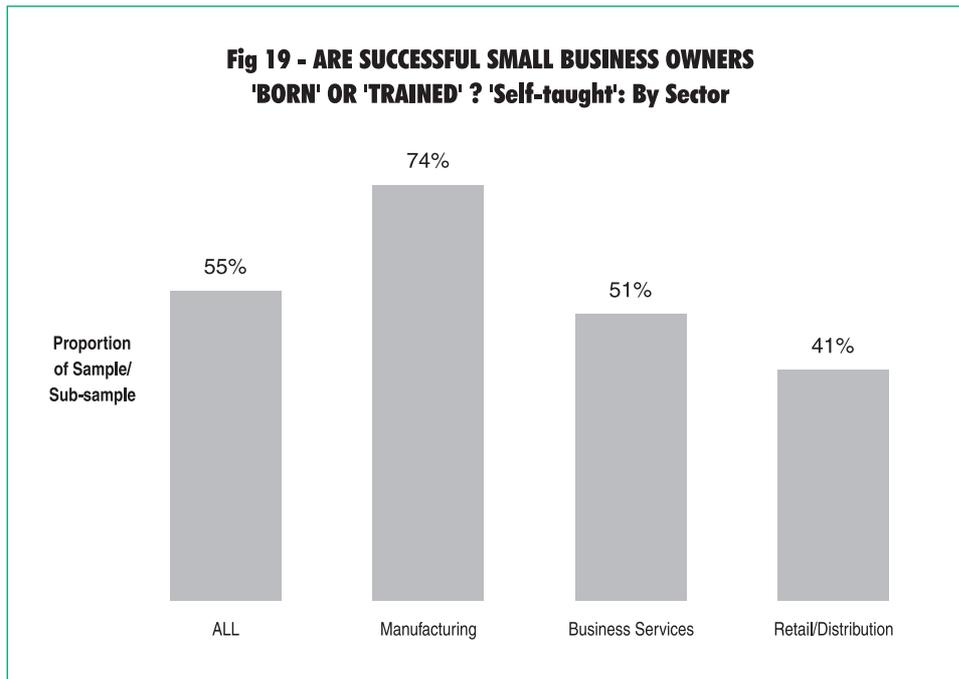


ARE ENTREPRENEURS SIMPLY 'BORN' OR CAN THEY BE TRAINED?

Figure 17 shows that only 13% of our sample thought that entrepreneurial skills were 'in-built' to the extent that they could not be acquired by a process of learning. Most claimed to be self-taught rather than taught by others and there were absolutely no gender differences in our responses here. Figure 18 combines the 'self-taught' and 'taught by others' categories and finds

no real differences across the 3 different sectors. Figure 19 looks just at respondents who felt that entrepreneurs are self-taught, based presumably largely on their own personal experiences. Here, the differences are dramatic with respondents in manufacturing titing very strongly towards the 'self-taught' option. For manufacturers, the ratio of 'self-taught' to 'can be taught by others' was 7:1, compared with 2:1 for business services and 1:1 for retail/distribution.





Some of the comments made by respondents here probably say more than the bare statistics in capturing what respondents really felt:

“Undoubtedly some are born with a natural aptitude for business skills, but I believe the vast majority succeed as a result of personal ambition, total commitment and dedication coupled with sheer hard work. Experience is the most effective way of learning management skills, although obviously learning from others plays an important part.”

The point made here is clear. It is that ambition, drive and motivation are vital to success, that much of the necessary learning takes place on the job and often through observing others. Different individuals were seen as possessing

differing levels of potential in this field. One respondent said:

“Everyone has it (entrepreneurial flair) but most avoid making the effort.”

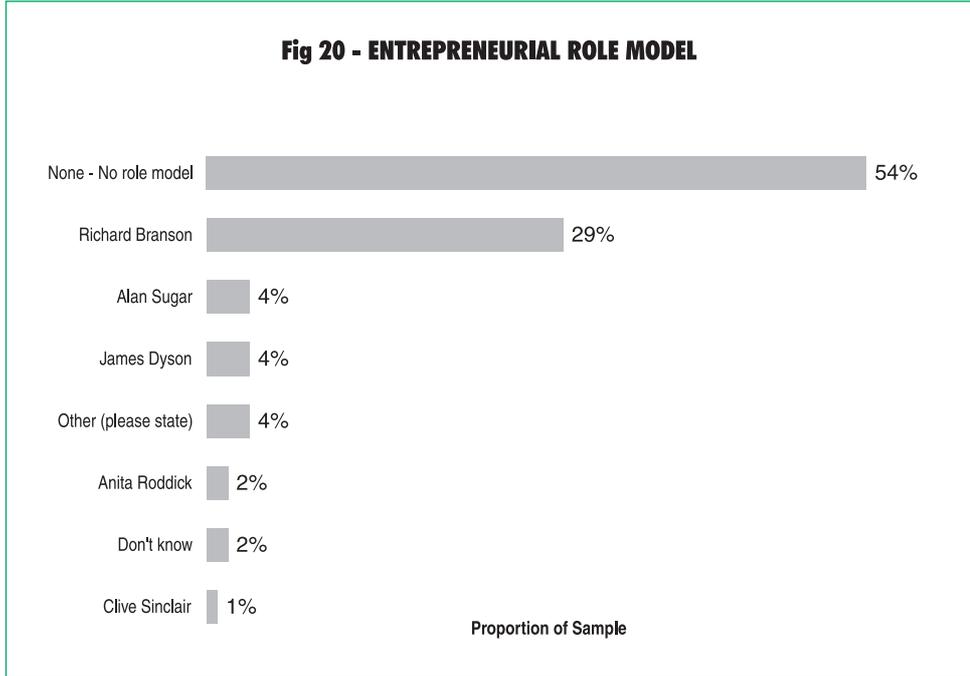
Some respondents pointed to both the difficulties and satisfactions involved in entrepreneurship:

“Entrepreneurship is as difficult to do as it is to spell - climbing mountains every day without ropes but masochistically enjoying it. The only job in government that has any parallels would be the Northern Ireland Secretary.”

This tendency to draw parallels with other field of activity extended to the acting profession for another of our respondents:

“Going into business is like joining the acting profession. Many are good, many struggle, some make a steady living, but only a few make it big.”

Fig 20 - ENTREPRENEURIAL ROLE MODEL



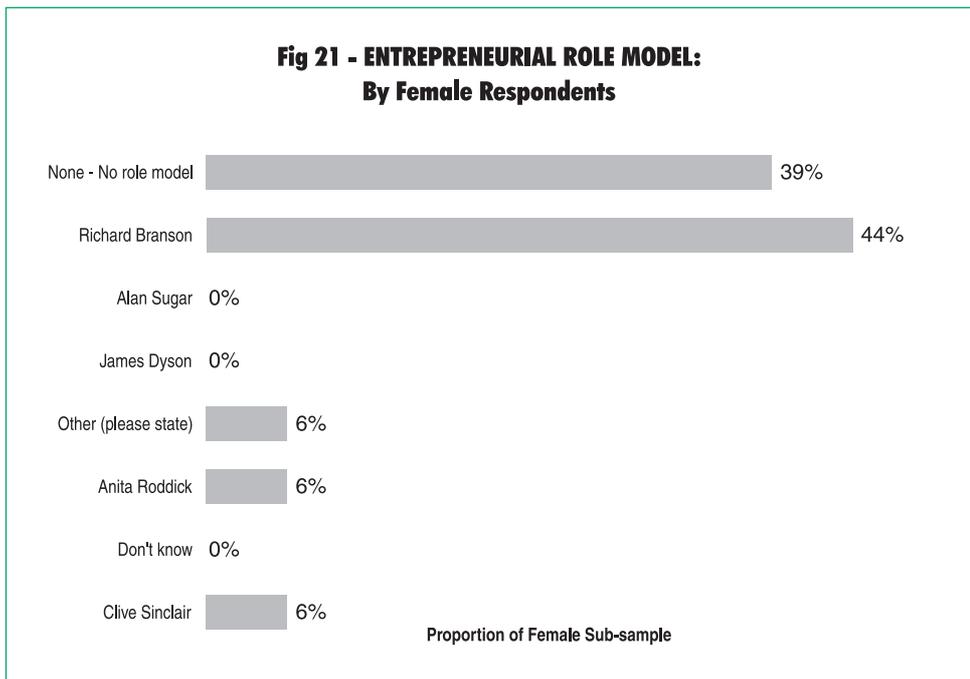
ROLE MODELS

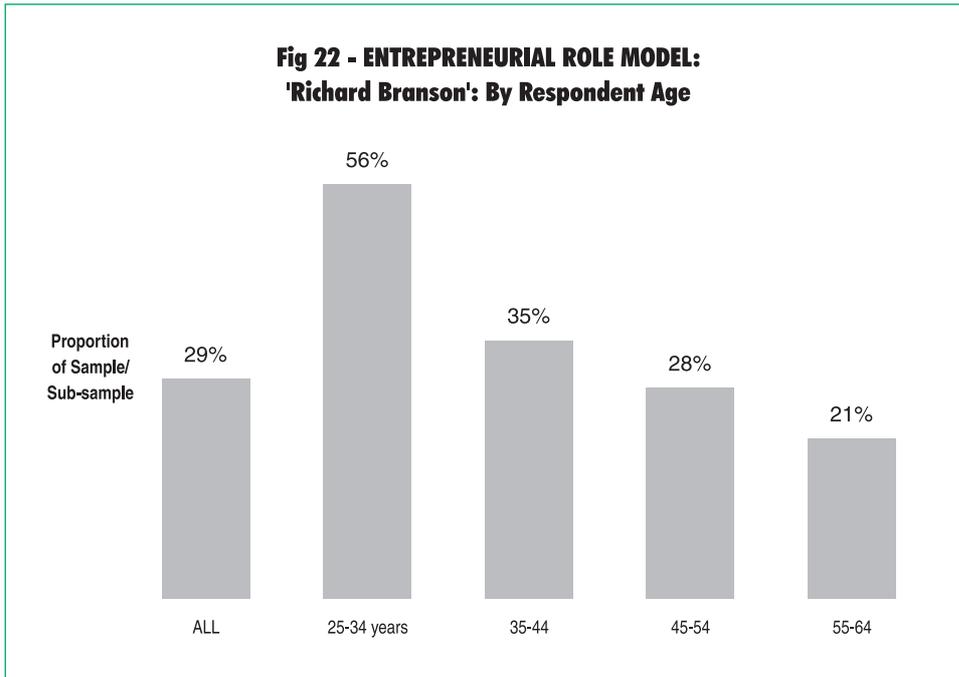
It was noted earlier that people with self-employed family role-models are more likely to themselves become their own boss than those without such role-models. We offered a range of well-known entrepreneurs names and asked respondents to add any others they might wish in identifying well-known role-models. **Figure 20** shows that over half our sample did not identify strongly with any of these

public role models though, for those who did, Richard Branson came out a clear leader. **Figure 21** shows that this trend was particularly strong amongst women and **Figure 22** demonstrates that young people in particular found Richard Branson a strong entrepreneurial icon - in fact the response rate rose to 56% for respondents in the 25-34 year old age group.

One woman respondent said:

Fig 21 - ENTREPRENEURIAL ROLE MODEL: By Female Respondents





"I wish there were more female role-models. One role-model I have is the idealised version of myself - [knowing] how good I can be on a good day."

RESPONDENTS' COMMENTS

Respondents' comments are shown on the following pages.

Another respondents made the point which has emerged from so many research studies that:

"Start-up and building a business I feel is strongly influenced by family background and work experience within a family business."

MANUFACTURING

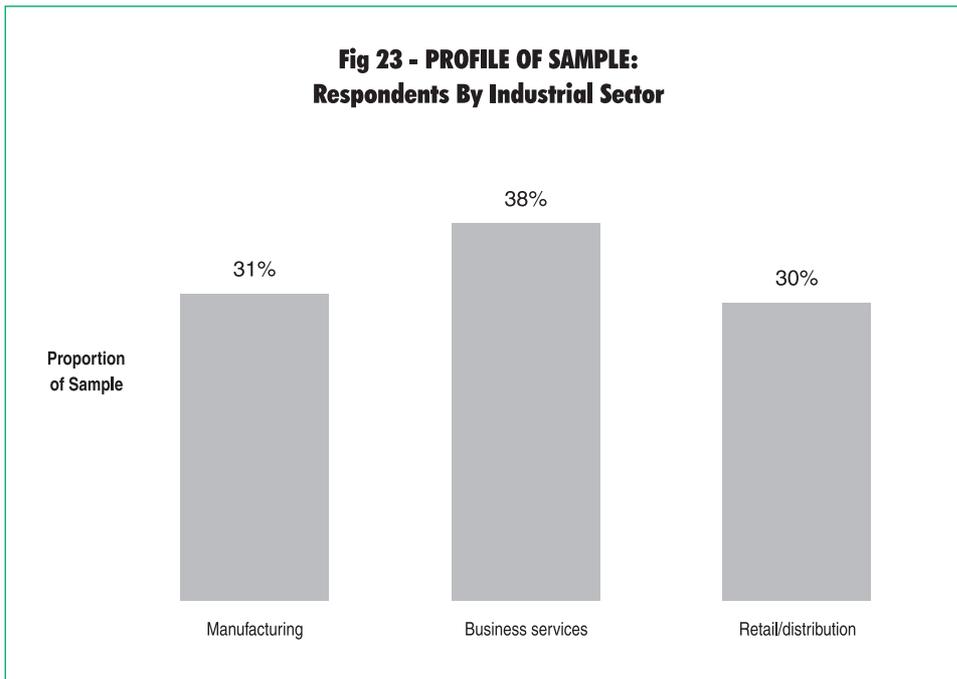
Colour Cosmetic Products Manufacturer and Retailer	<i>"Financial people do not generally know how money is made."</i>
Electric Motor Repairs	<i>"It's attitude not aptitude that determines your altitude."</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"Many small businesses fail, some quite quickly, others - a few, after maybe 10-20 years due to stagnation. Quite a lot could at some point be classed as successful. 'IF' support could be given and taken by the management, the real cost benefits to the economy would be large and give a higher return than helping start-ups. The main agency involved in these situations is the banks - nothing surprising about that. Whether 'business angels' [private investors] at a pre-terminal point will ever be a possibility?"</i>
Fibreglass-handled Hand Tools	<i>"Entrepreneurship is not defined in universally acceptable forms and is usually attributed to people who make money faster."</i>
Fireplace Manufacture & Gas Fire Sales	<i>"Going into business is like joining the acting profession. Many are good, many struggle, some make a steady living, but only a few make it big."</i>
Kitchen & Furniture Manufacturers	<i>"I did not see anything [in the questionnaire] about working extremely hard or working 24 hours a day, or about the necessity to be a bit ruthless, about making some decisions not liked by staff in order to progress."</i>
Machinery for the Tufted Carpet Industry	<i>"In my opinion [the] greatest influence by far on entrepreneurial activity was not a business person but Margaret Thatcher - [I] doubt that anyone at The Open University thinks that though."</i>
Manufacturer of Micro Bore Precision Metal Tubes	<i>"Entrepreneurship is about an overall 'quality of life' and not just about business growth and financial riches."</i>
Manufacturing Broom Clamps and Holders, Yard Scrapers	<i>"Parasites would not know the meaning of the word 'entrepreneurship'."</i>
Office Screen Systems	<i>"Do it yourself, fund it yourself and do not expect any help."</i>
Party/Carnival Goods	<i>"There is a large amount of luck in business. This is incalculable."</i>
Printing, Graphic Design, Copy Service	<i>"'High flyers' are the exception, e.g. No.7's [the role models listed in Q7]. Government agencies still do not understand and appreciate what most SMEs need; lots of money [is] wasted on 'ideologies'."</i>
Resincast Giftware	<i>"DTI etc. should help small businesses with just a few hundred pounds to spend rather than dishing out hundreds of thousands to large concerns who invariably waste it or fiddle it in the first place."</i>

BUSINESS SERVICES

Accountancy, Audit, Tax & Management Consultancy	<i>"The financial services sector tend to take a pessimistic view of 'entrepreneurship' because they often focus on their own profitability and targets rather than fully appreciate that risk and the reward for risk-taking are often the basis that drives the entrepreneur."</i>
Architect	<i>"I wish there were more female role models. All of the above [listed] don't appeal - one role model I have is probably the idealised version of myself ... how I know I can be on a good day."</i>
Chartered Accountants	<i>"Entrepreneurs get off their backside and do it. They use initiative and take risks. They should be better supported because they create wealth for everyone."</i>
Commercial Cleaning	<i>"There are a bewildering array of taxes, NI contributions, VAT etc. to learn when starting a business. Help needed here !"</i>
Consultancy & Training	<i>"It is the ability to 'see' the big picture and have destinations with good maps."</i>
Consultant Naval Architects & Marine Engineers	<i>"You can learn and practice all the management techniques in the world but without talent and drive you will get nowhere."</i>
Graphic Designers	<i>"Government agencies sometimes seem to see us as an extension of social services, not an enterprise which involves heavy personal risk to the entrepreneur."</i>
Implementation & Audit of Quality Standards	<i>"Entrepreneurship can be spectacular - in success or failure ..."</i>
International Freight Forwarding Services	<i>"Entrepreneurship, to me, is all about risk management. I.e. not just being prepared to take risks but to assess those risks and manage them."</i>
Management Systems Consultancy	<i>"It is often difficult to put commercially good ideas into effect through lack of funding/financial support from any source."</i>
Management Training Courses	<i>"As the world becomes more competitive, entrepreneurship will be ever more important. And we Brits have a good track record and we must keep at it ! A good example of developing entrepreneurship: a client of ours in the construction industry recently acquired an ailing competitor (for next to nothing) and put 6 of their own young managers in to get it back on its feet. What a great way to develop entrepreneurs !"</i>
Public Relations and Marketing Consultancy	<i>"Flexibility, a willingness and enthusiasm always to be learning and open to new ideas, and an ability to nurture all team members are all vital."</i>
Telephone Marketing and Telephone Sales Company	<i>"Britain does not like 'winners' in the business sector. Why - jealousy and lack of understanding of what drives the entrepreneur."</i>
Textile Marketing	<i>"Q7: Undoubtedly some are born with a natural aptitude for business skills, but I believe the vast majority succeed as a result of personal ambition, total commitment and dedication coupled with sheer hard work. Experience is the most effective way of learning management skills, although obviously learning from others plays an important part."</i>

RETAIL AND DISTRIBUTION

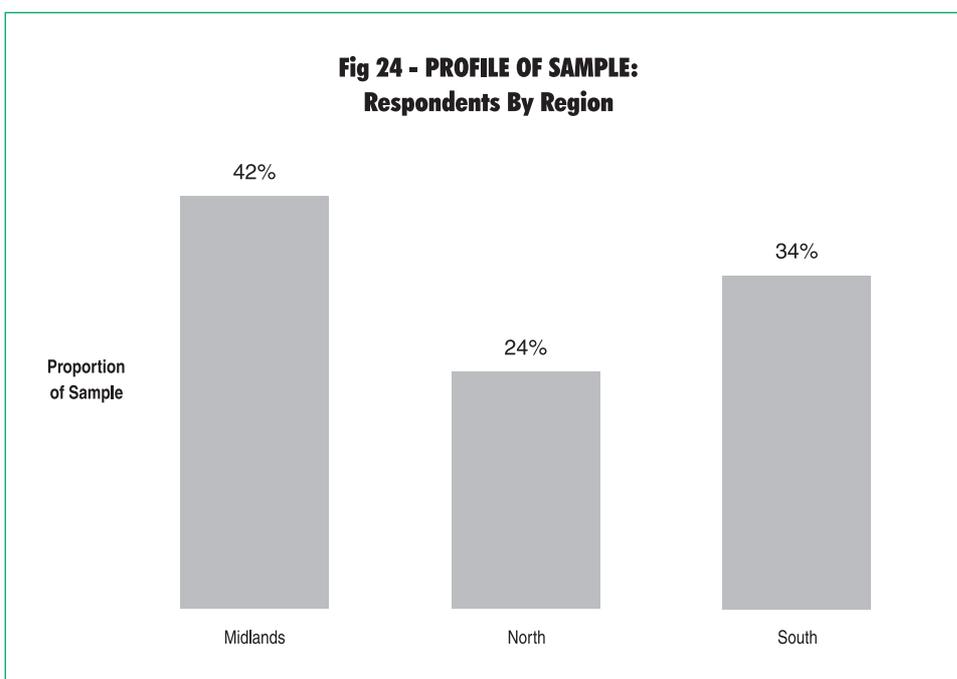
Carpet Selling and Fitting	<i>"Business is simply institutions and people complicate it."</i>
Computer Environmental Services	<i>"I believe 'entrepreneurs' will largely 'help themselves' rather than seek free agency advice - more government concessions re tax and other benefits would help."</i>
Florist	<i>"Government should help more. Larger businesses shouldn't take advantage of small businesses."</i>
Hardware and Pet Store	<i>"Entrepreneurship is as difficult to do as it is to spell ! Climbing mountains without ropes every day but masochistically enjoying it ! The only job in government that has any parallels would be the Northern Ireland Secretary. Yes, give us rate relief and free banking please but don't hinder and let us get on with the job. Allow the market place to decide whether we rise or fall."</i>
Photographic Products and Services	<i>"The banks are less than helpful. They do not 'charge' private individuals but 'load' their charges to small businesses. Even for changing £10 notes into £5 notes - that they no longer supply in 'holes in the wall'."</i>
Specialised Accessory Equipment to Process Industries	<i>"Start-up and building [a] business I feel is very strongly influenced by family background and work experience within [a] family business."</i>
Supplier of Computer Systems for Business	<i>"Everyone has it but most avoid making the effort."</i>

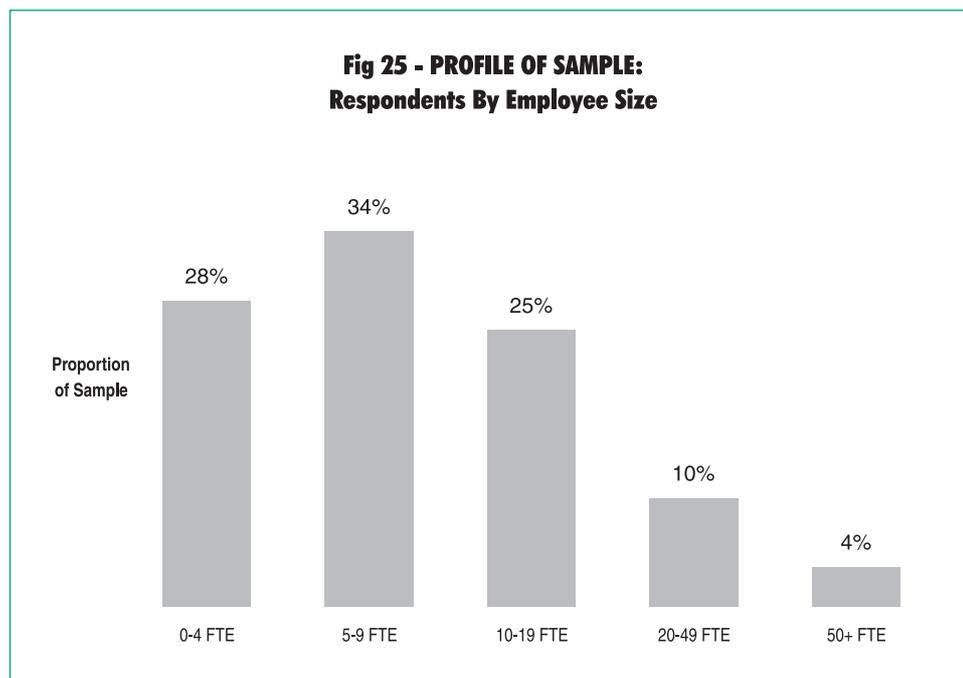


APPENDIX 1 - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey. The analyses involve key variables, and **industry sector**, **region** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation.

Industrial sectors - based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands - previously classified as 'other' - are now allocated to the foregoing sector which offers the closest match.





Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been included in the breakdowns for the sectoral and regional analyses, but have been excluded as a '50+FTE' band in the employee-size analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Distribution of firms

The highest concentration is in business services (38%), followed by manufacturing, see **Figure 23**.

In this survey, the Midlands region is the largest, with 42% of the sample's respondents (see **Figure 24**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/distribution have had fewer full-time equivalent employees. Overall, the sample is biased towards smaller businesses. (**Figure 25**). For this survey, 84% of the respondents were male, and 16%, female.



Lloyds Bank/Small Business Research Trust
**Quarterly Small Business
 Management Report - No.21**

This questionnaire will take approximately 5-10 minutes to complete - most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: 'Entrepreneurship'

- 1** a) Please indicate the number of people working in your business (including yourself):
- Full-time : _____ A
- Part-time (16 hours/wk or less) : _____ B
- b) Your age last birthday:
- 16-24 years A
- 25-34 B
- 35-44 C
- 45-54 D
- 55-64 E
- 65 or over F
- c) Your gender:
- Male M
- Female F
- 2** Status of Small Business Owners - How do you feel UK society at large views small business owners, such as yourself ?
- Just ONE ✓ only*
- Highly respected A
- OR** Reasonably well respected B
- OR** Limited respect C
- OR** No respect D
- OR** Don't know E
- 3** Entrepreneurial Success - Currently, which one of the following most closely constitutes business 'success' for you ?
- Just ONE ✓ only*
- Successful exploitation of a new market A
- OR** Contributing to local economy/community B
- OR** Building personal assets C
- OR** Keeping customers satisfied D
- OR** Keeping good staff E
- OR** Steady growth of turnover/profits F
- OR** Survival G
- OR** Other (please state): H
- _____

- 4** **Entrepreneurship & Management - Which of the following do you think is the most important ability for successful small business management:** **Just ONE ✓ only**
- Setting goals and priorities..... A
 - OR** Strategic (long-term) planning..... B
 - OR** Getting things done through others..... C
 - OR** Resolving conflicts and competing pressures D
 - OR** Coping with uncertainty..... E
 - OR** Other (please state): F
-

- 5** **Entrepreneurship & Education - Based on your own experience of state education, has it provided you with:** **Just ONE ✓ only**
- Major contribution to management understanding.. A
 - OR** Useful contribution to management understanding. B
 - OR** Strictly limited contribution to mgt. understanding... C
 - OR** No contribution to mgt. understanding D

- 6** **Entrepreneurial Skills - In your view, are successful small business owners usually 'born' rather than 'made' ?** **Just ONE ✓ only**
- Yes - such skills are innate or 'in-built' A
 - OR** Yes - entrepreneurs are essentially self-taught..... B
 - OR** No - the important management skills can be taught by others C
 - OR** Don't know D

- 7** **Role Models - The following may be seen by some as entrepreneurial role models for UK business owners. Which one do you relate to most strongly ?** **Just ONE ✓ only**
- Alan Sugar A
 - OR** Anita Roddick B
 - OR** Clive Sinclair C
 - OR** James Dyson D
 - OR** Richard Branson E
 - OR** None - I don't see anyone as a role model F
 - OR** Don't know G
 - OR** Other (please state): H
-

8 **'Entrepreneurship' - If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services sector), then please comment**



ISSN 0968 - 6444
CL416

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