



Global Entrepreneurship Snapshot

Spark Global Business

Foreword

We need now more than ever to look at how we can develop evermore innovative solutions to the challenges we face. This applies as much to my own sector, Local Government, as it does to Public Sector as a whole. The challenges we face in the United Kingdom are replicated around the world.

We need to ask ourselves how we can unleash entrepreneurialism in the organizations we lead and manage. The same problems can only be solved in the future by new solutions.

A culture of entrepreneurialism must be present to support such innovation. This document describes an 'entrepreneurial ecosystem'. Do we all believe this is alive and kicking in our workplace? Where it is not, I suspect we wish it were.

We need to think about how we bring together the different talents and skills that we have around us and create an environment in which entrepreneurialism can flow. Too often we lead organizations in which our staff do not feel it is worth coming up with new ideas. We are too used to hearing certain 'killer phrases' like 'we have tried that before' that put people off making suggestions.

However if we can build the right 'ecosystem' we can start to challenge this.

In this document there is a reference to mentoring. When people have ideas, let's not underestimate how valuable a mentor can be to suggest and to challenge and to support. Often the best mentor can be a foil to ourselves; someone with experience who has a different background or approach and who looks at opportunities in a different way.

Read this report and think about whether this describes how you want your organization to be; challenge yourself on whether it is where you are today.



Tom Whiting

Director of Resources

London Borough of Harrow, United Kingdom

Introduction

There's no denying that we live in times that celebrate entrepreneurship. With economies fragile and in flux and, with the onus being on the private sector to drive employment and growth, entrepreneurship is lionized in the press and social newsfeeds.

Governments talk of being entrepreneur- and small business-friendly; anyone who starts or runs a business is referred to as an entrepreneur and entrepreneurs are generally assumed to be the type to embrace risk, are ambitious, innovative and job creators.

Part of the reason for this is simple: the media can find better stories and programs in following an entrepreneur than a successful business owner. Programs such as Dragon's Den / Shark Tank and The Apprentice position entrepreneurship as the 'showbiz' elements of business.

This is not to say that this raised awareness is a bad thing – the spotlight on it is driving the culture of social entrepreneurialism – the commitment to develop meaningful solutions to (global) community needs but there is also a danger that everyone wants to be an entrepreneur when, in reality, they may not have the right psychological makeup (Entrepreneur DNA).

Some people are better suited to be employees and they should be encouraged to be so.

Entrepreneurs, by their nature are big-picture people – they think big; they constantly look ahead; they are 'imagineers' and ideas people. What a large percentage of these people lack is the ability to complete / finish what they begin – one of the reasons why entrepreneurs fail more than they succeed.

As the public sector starts to look to be more entrepreneurial, we are seeing a shift in the way that organizations are being run – the established management methods that work extremely well in, say, government do not necessarily work so well when managing people with a specific remit to be different and 'think outside the box'.

As is referenced in this snapshot, cities are taking on Chief Innovation Officers; the private sector is developing business development funds; the theory of enterprise ecosystems is being realized. Times are a-changing!

There is never a right way to be entrepreneurial (but there are many wrong ways) but what is important is that, once there is a commitment to be entrepreneurial, that the right kind of environment (entrepreneur ecosystem) is in place.

Whether you are a start-up with the next social media giant in your sights, a local council seeking to monetize services, a university exploring ways to build an ecosystem that will positively impact on local, national and international issues... this snapshot is for you.

To support this snapshot, we have conducted surveys on LinkedIn, Twitter and Facebook as well as with our international networks to secure a wide demographic of respondents.

This snapshot sets out the results of the surveys and also highlights activity in various countries.

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Historically, entrepreneurs were considered to solely seek out ways to transform ideas into money. The most obvious form of entrepreneurship is that of starting new businesses (startup); however, in recent years, we are extending this definition to include social and political forms of entrepreneurial activity.

In addition to this, we see the evolution of intrapreneurship – a time when large organizations seek to develop internal entrepreneur ecosystems.

Entrepreneurial activities range in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many new job opportunities.

Many high-value entrepreneurial ventures require different forms of capital to both start and grow the business.

Angel investors generally seek annualized returns of 20-30% and more, as well as extensive involvement in the business.

Many kinds of organizations now exist to support entrepreneurs including specialized government agencies, business incubators, science parks, and some NGOs.

When you review the model designed by Professor Daniel Isenberg, a Professor of Entrepreneurship Practice at Babson Executive Education, you will see the scale of the environment that supports and encourages entrepreneurship.

Spark's work is deeply rooted within Entrepreneur Ecosystems and our work with mindset and attitude sees us moving more into such entrepreneurial initiatives as social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship (where we are more interested in the improvement of knowledge as opposed to generation of profit).

Entrepreneurship is invariably intertwined with community needs. At the macro-level, we have, for example, the World Bank's overall strategy for Latin America and the Caribbean centered on reducing poverty and boosting shared prosperity:

- ❖ Reduce poverty, inequality and the gender gap
- ❖ Boost growth, productivity
- ❖ Create more efficient States
- ❖ Green growth, global involvement
- ❖ Avoid natural hazards, manmade disasters

In the Middle East, Dubai's Department of Economic Development reported a 4% rise in total commercial licenses registered compared to last year.

Non-for-profit network Young Presidents' Organization released a confidence index this week indicating a rise in optimism for MENA executives. Stronger oil prices and continued diversification in the economy in MENA have helped to improve business sentiment.

Dubai Expo 2020 is expected to create more than a quarter of a million jobs, according to a recent Oxford Economics report covering economic impact.

Sub-Saharan Africa is home to 6 of the 10 fastest growing markets in the world. Economic growth in the region is predicted to measure a strong recording of 5% - 7% growth in the coming years. Most importantly, millions of Africans are finding a path from poverty to greater opportunities, development and prosperity.

Viewpoint: Daniel Oliver

We spoke with social entrepreneur Daniel Oliver about what Social Enterprise really offers economy and society:

Social Enterprise is rapidly growing worldwide, yet a widespread understanding of what this approach to enterprise is and what it offers is still catching up. As a relatively emergent approach to businesses, not constrained to one legal form or any one traditional sector, this is understandable.

Though in the short term this is a barrier to 'mainstreaming' – local, national and international achievements of social enterprise are undeterred – statistics released by the Federation of Small Businesses, BIS and Social Enterprise UK show social enterprise is actually outperforming the mainstream economy.

Social enterprises surveyed in 2010/11 showed a 37% increase in turnover on the previous year, the UK sector as a whole has turnover of £24bn and is shown to employ more people relative to turnover than mainstream SMEs.

The cooperative economy has an annual turnover of £33bn.

The Social Enterprise UK (main national membership body) and EU definitions are very similar.

- ❖ Social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its 'social mission': which means it will know what difference it is trying to make, who it aims to help, and how it plans to do it.
- ❖ It will bring in most or all of its income through selling goods or services. And it will also have

clear rules about what it does with its profits, reinvesting these to further the 'social mission'.

Against a gloomy national, and world economic outlook a revenue model for addressing social need that creates jobs and growth sounds pretty attractive.

Amongst policy makers, think tanks, politicians, civil servants and indeed the general public there is a slight frustration that traditional broad 'public' and 'private' sectors have been slow to find immediate or lasting solutions to the current socio-economic challenges.

The 'social' sector is by no means the answer to all our woes and is still relatively small, but does seem to be utilising new partnerships and models for delivery to be at the centre of change, and offering answers to some key questions.

My case study based research in the UK and USA and that of colleagues in national social enterprise bodies, has shown these are just some of the areas where social enterprise is leading new models of delivery:

- ❖ Community Investment in Services
- ❖ Health and Social Care
- ❖ Affordable Housing
- ❖ Regeneration and Placemaking
- ❖ Sustainable Energy
- ❖ Economic Development

This document covers such issues as entrepreneurship, intrapreneurship, entrepreneur ecosystems, localism & public sector led entrepreneurialism.

The Snapshot

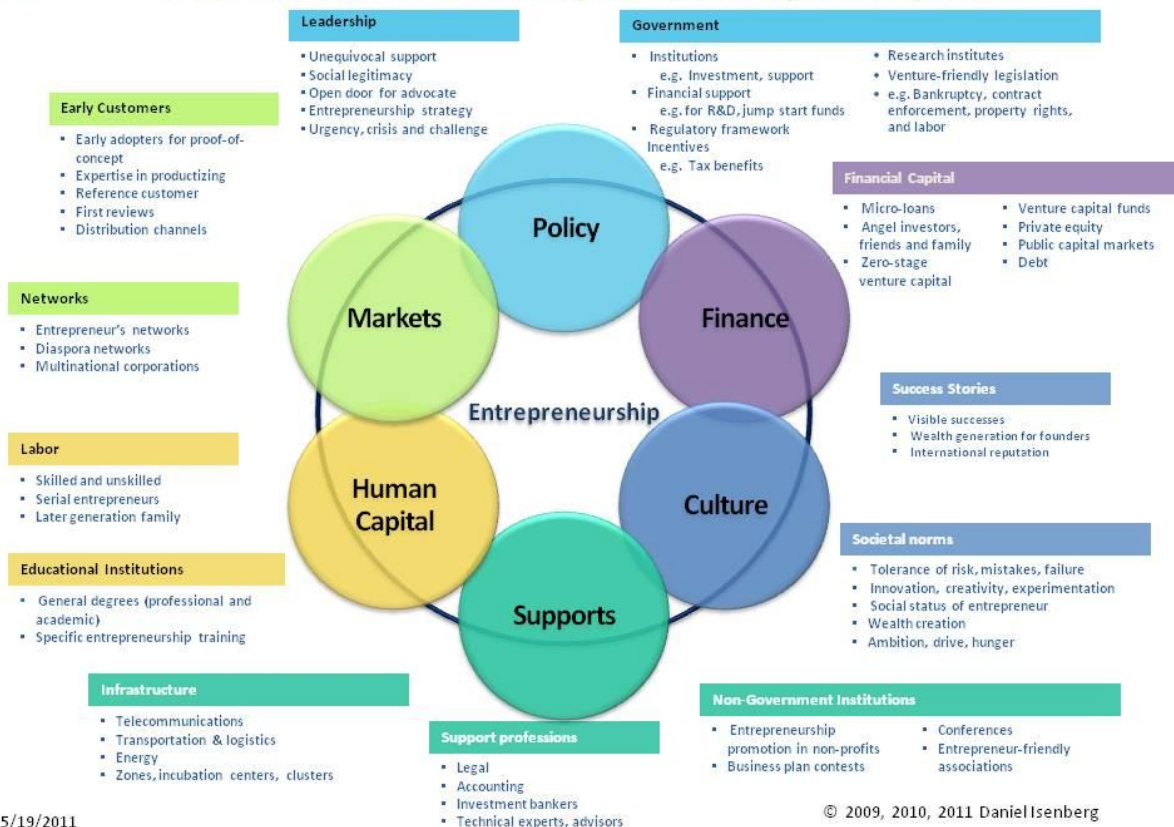
There are lots of views about what entrepreneurship is and what can be done to facilitate it – different regions have different social and economic issues and it is reasonable to assume that the entrepreneur ecosystem is constructed in different ways – but the underlying framework and principles should be pretty constant.

With regards to ‘what is an entrepreneurship ecosystem’, Professor Daniel Isenberg, a Professor of Entrepreneurship Practice at Babson Executive Education, has established the Babson Entrepreneurship Ecosystem Project (BEEP). He is not only published on the subject but has taught at Harvard, Columbia, and the Technion. Add to this, Professor Isenberg has been an entrepreneur, venture capitalist, and angel investor.

Professor Isenberg launched BEEP to help societies around the world create the policies, structures, programs and climate that foster entrepreneurship. In this capacity, he is currently conducting extensive ecosystem facilitation programs in cities in Denmark, Canada, Colombia, US, Mexico, and Brazil. When speaking of ‘entrepreneurship ecosystems’, most policy makers and practitioners refer to Isenberg’s model attached. As Isenberg has written, it is not just the model, but how to use it that is very important, including developing an “ecosystem mindset”.

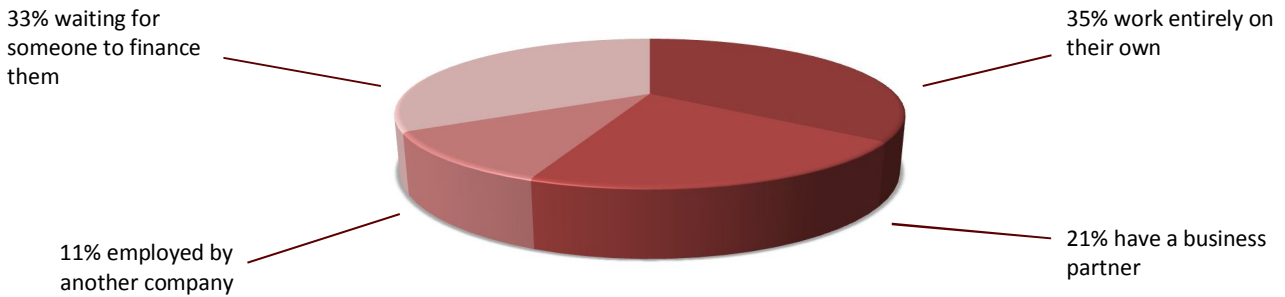


Domains of the Entrepreneurship Ecosystem

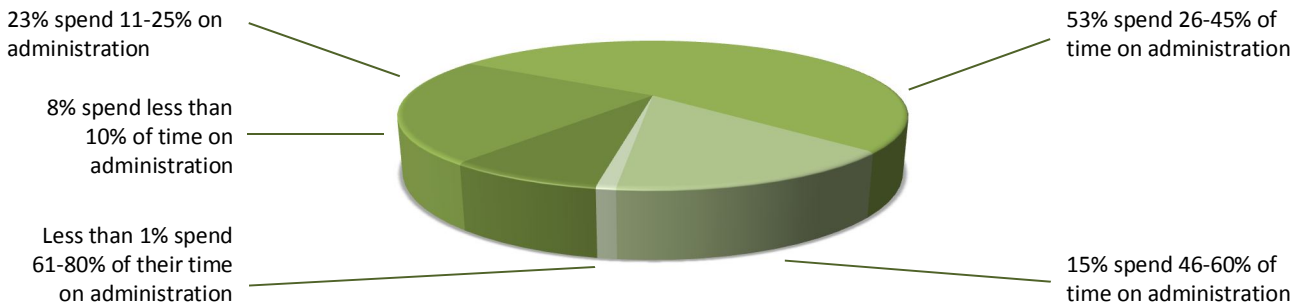


Based on the above entrepreneur ecosystem, Spark asked a series of questions on LinkedIn, Twitter and Facebook and our own international networks.

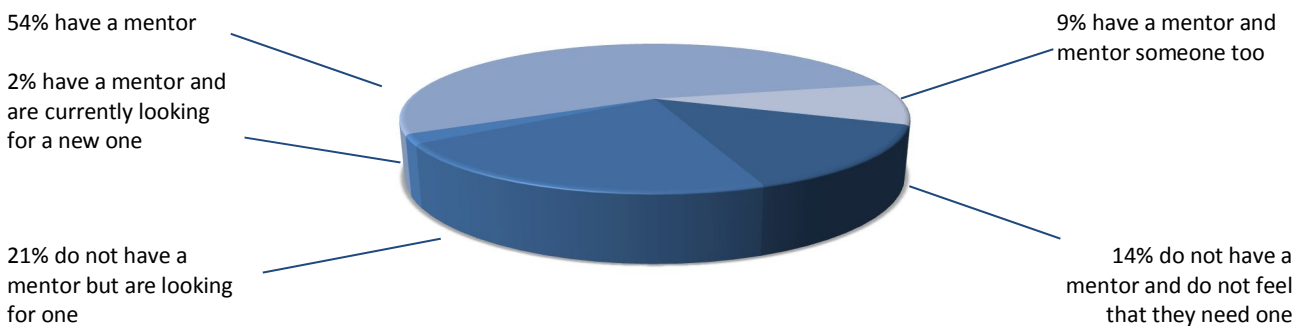
“As an entrepreneur...”



As an entrepreneur, how much time is spent on administration?

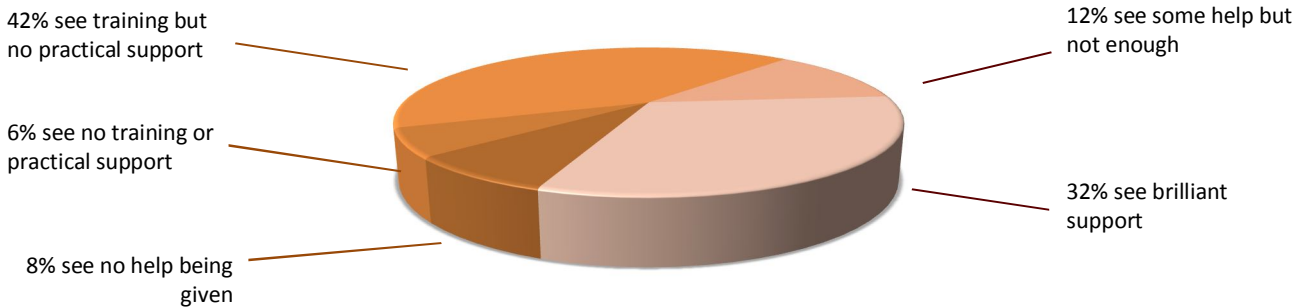


As an entrepreneur, do you have a mentor?

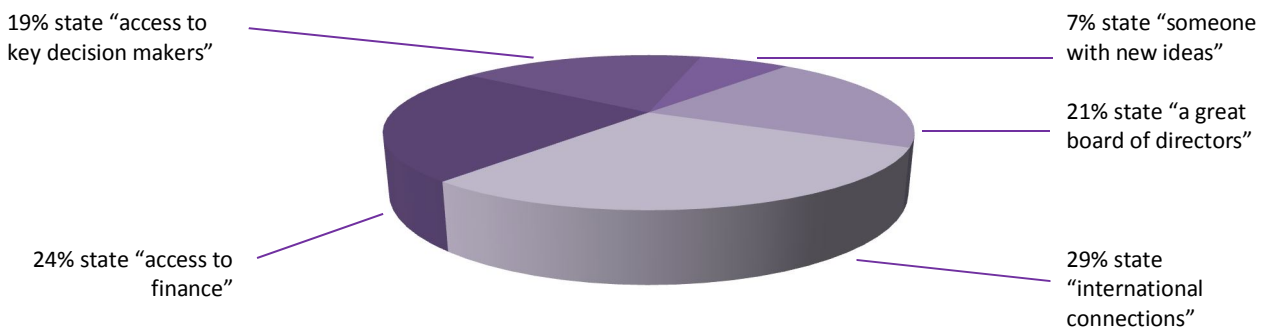


(Source: surveys and polls taken during April & May 2013
Question sets run on LinkedIn, Twitter, Facebook, Associate Network)

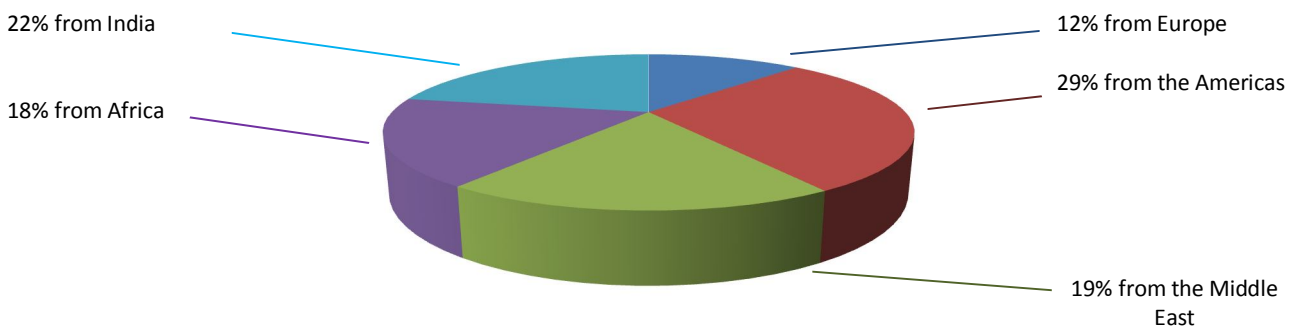
“When it comes to young people starting their own business...”



What is the most important tool to help you to develop your business?



Where in the world are you?



(Source: surveys and polls taken during April & May 2013
Question sets run on LinkedIn, Twitter, Facebook, and Associate Network)

Snapshot: Africa

Economic Development is urgently needed in Rural Areas and Under Developed Suburbs for the purpose of economic empowerment, education, job creation, and the delivery of services and products.

This argument for economic development in rural areas and under developed suburbs in Africa has been debated (and is ongoing) in neighbourhoods, local governments, central governments, United Nations and the World Bank during the past fifteen years yet, during this period no institution or organization has been able to deliver a sustainable concept.

SMME (Small Medium & Micro Enterprises) form the base of economic development and no economy can move forward neither grow without a sound base.

In his 2005 book, *"The End of Poverty: Economic Possibilities for Our Time"*, the American economist Jeffrey Sachs argues that extreme poverty – defined by the World Bank as incomes of less than one dollar per day – can be eliminated globally by the year 2025, through carefully planned development aid. He presents the problem as an inability of very poor countries to reach the "bottom rung" of the ladder of economic development; once the bottom rung is reached, a country can pull itself up into the global market economy, and the need for outside aid will be greatly diminished or eliminated.

In many circles in Africa, it is felt that the only concept that can ensure sustainable development is one where government, business and the people work together and place entrepreneurship as their #1 priority.

As Sachs states, "development and empowerment will take its natural course towards self-actualization".

In his presentation to South African parliament, Daniel Heever, Lecturer at Haikou College of Economics in China promotes enterprise education and states that "it is critical for SMME owners to be educated in entrepreneurship in order to be sustainable and grow with their business – and that government, with already-established institutions, should be prepared to educate the people".

He advocates localized entrepreneur ecosystems (to the point of creating enterprise centers in houses within townships) and considers it to be the responsibility of national & international companies, central government, state funding enterprises and businesses to help create sustainable environments.

"The package should be a diverse combination of small entities ensuring 'cross marketing' and 'enhancing' each other in one small business next to a house or bigger business complex. Diversify, diversify, diversify is the key, creating 4 -5 jobs in a compact business."

Heever feels that the biggest issue for small business is to keep overheads as low as possible and get the foot in the door and that this can be addressed when a state-owned company with directors from all spheres (business owners, state officials, funding partners) is formed to oversee the development and distribution of product and services – and that the small business owner should also contribute to a 'rescue fund' that, in time, is large enough to also become its own 'development fund'.

CEO of the African consultancy Bantsho Management and Marketing Strategies, Vusi Montsho tells us about a few of the projects that he is seeing:

Plumbing

49 young unemployed, yet trained plumbers have been divided into groups: namely Plumbers and Water Leak Detectors & Community Educators. Water Leak Detectors & Community Educators identify leaking taps and pipes and also educate the community on wise water use and demand management, whilst plumbers will have an opportunity to be exposed to the real world of plumbing.

Car Wash Businesses

In its analysis of areas of 'quick wins' for youth employment creation, the West Rand District Municipality (WRDM) identified an opportunity for the establishment of 4 car wash services in all the local municipalities in the West Rand. The car wash business has the potential to create sustainable youth-owned businesses and to ensure that the businesses grow organically, by initially ensuring local municipality support and then growing the businesses into successful private sector-oriented service providers. The businesses use green and environmentally friendly products and methods of operation to ensure compliance to creating the West Rand as the greenest region, in line with the Green IQ Strategy. There are currently 25 young people benefiting from the initiative.

Eco-Environmental Recycling Art

Starting in July 2013, 40 young people will be trained in and exposed to the creation of art products from recycled material. The project will also contribute to the reduction of environmental degradation and the creation of a healthier, greener environment and the establishment of vegetable gardens for a greener West Rand as envisaged in the West Rand District Municipality's (WRDM) Green IQ Strategy.

West Rand Youth in Local Schools Maintenance

240 young people have been selected to partner in the maintenance of their schools, and by virtue of that, also become co-custodians of school assets. The people selected will have already received training in trade skills, especially in the built environment (e.g. community house building / construction, painting, paving, carpentry, plumbing and gardening). Further training is provided by local colleges.

Spark in Africa

Spark is delivering enterprise education to young Nigerians as part of the Niger Delta Amnesty Programme.

This is the biggest youth development programme in the world (some 23,000 young Nigerian's have joined the Presidential Amnesty Program since 2009, with 15,000+ already within the training phase).

This is an end-to-end program that focuses on building emotional awareness & skills, factoring in elements of career coaching and personal development that supports highly relevant vocational skills training.

Off the back of this, deep in Nigeria is the Ajoakuta area within the Kogi State. The Federally owned and managed Ajoakuta Steel Works has a 14 acre training centre able to hold 3,000 students in any one day. Fully equipped to provide vocational and developmental training, catering and accommodation for the full 3,000 people at any one time, it makes a perfect centre for developing Nigerian and African Union youth.

A Public/Private Partnership has been created to establish a Nigerian based centre of Excellence for African Youth Development and will become a central African location that will use the UK model of transition to engage, skill and develop young Africans across a range of areas; including the establishment of Africa largest and most effective Entrepreneur Eco System

Transition Towns

Transition Towns is an approach working to build flexibility in response to peak oil, climate destruction, and economic instability - inspiring, encouraging, connecting, supporting and training communities as they create initiatives that rebuild resilience and reduce CO2 emissions.

Transition Towns is a brand of localization – environmental and social movements ‘founded (in part) upon the principles of permaculture’, based originally on Bill Mollison’s *“Permaculture, a Designers Manual”*.

The Transition Towns brand of permaculture uses David Holmgren’s 2003 book, *“Permaculture: Principles and Pathways Beyond Sustainability”*.

These techniques were included in a student project at the Kinsale Further Education College in Ireland where the movement is considered to have started. Following its start in Ireland, it then spread to England.

Transition initiatives can now be found in Australia, USA, Bulgaria, Netherlands, France, Romania, Belgium, Canada, Denmark and many more.

A key concept is the idea of a community-visioned, community-designed and community-implemented plan to proactively transition the community away from fossil fuels.

The term ‘community’ in this context includes all the key players – local people, local institutions, local agencies and the local council.

Initially, ‘transition’ was linked to the creation of a series of local currencies in towns (e.g. in the UK, we see the Totnes pound, the Lewes pound, the Stroud pound, the Bristol pound, as well as the Brixton pound in London).

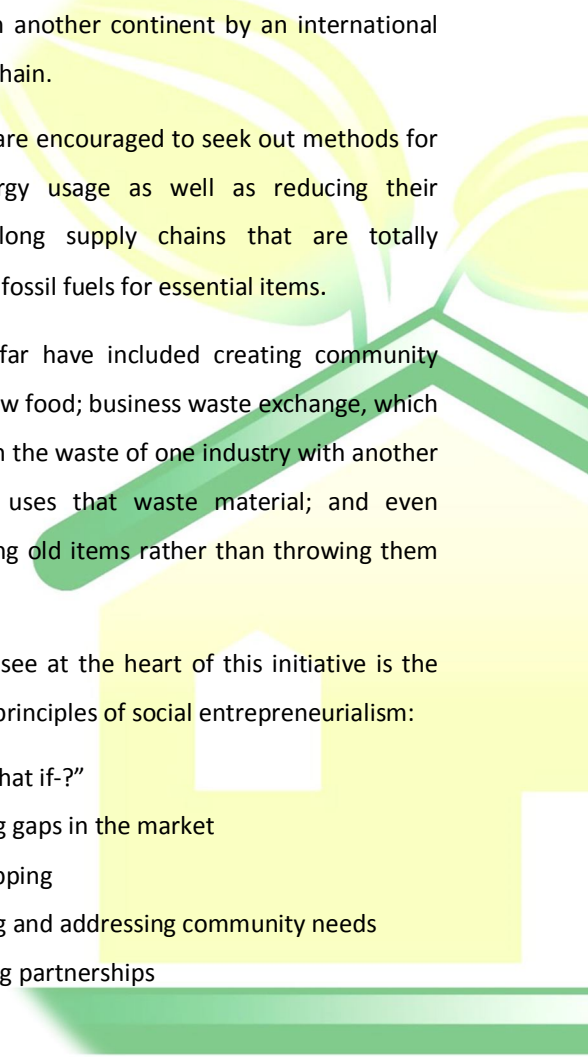
What we see is a raised awareness of sustainable living – whereas ecologically-aware consumers will consider the carbon footprint of ‘food miles’, the Transition Town will be looking at ‘food feet’ – using local produce in local stores as opposed to food freighted from another continent by an international supermarket chain.

Communities are encouraged to seek out methods for reducing energy usage as well as reducing their reliance on long supply chains that are totally dependent on fossil fuels for essential items.

Initiatives so far have included creating community gardens to grow food; business waste exchange, which seeks to match the waste of one industry with another industry that uses that waste material; and even simply repairing old items rather than throwing them away.

What we can see at the heart of this initiative is the concepts and principles of social entrepreneurialism:

- ❖ Asking “what if-?”
- ❖ Identifying gaps in the market
- ❖ Boot-strapping
- ❖ Identifying and addressing community needs
- ❖ Developing partnerships



At the moment, there are opportunities to stimulate economic and business development in towns, cities, regions and nations and, whereas historically the public sector pulled markets out of recession, the onus this time round has been on the private sector. In the construction of large entrepreneur ecosystems, it is important to be aware of the wider landscape – not every business being set up is technology-based; not every issue facing our communities is technology-driven.

Bearing this in mind, Spark, in partnership with the Verde Finanze Group are deploying Your City, Inc.

Your City, Inc. is a business development fund in a legal structure utilized by major banks (in some instances, filed on the U.S. stock exchange).

Unlike traditional BDC funds which focus around single sector (e.g. technology), this is a geographical solution – focusing attention around a single town or city.

While traditional funds may look to develop 25 new businesses in Silicon Valley, Your City, Inc. concentrates on developing 5 new businesses in 5 separate locations.

There are venture capitalist groups that are creating funds focused on developing companies in a specific city but are not demonstrating (at the moment) that the companies will generate jobs and revenue specifically for their city.

Economic development is mostly focused on getting big companies to open a location in that town – a ‘quick hit’ for improving unemployment figures, even if the work is unfulfilling – ‘importing employment’ as opposed to growing the economy organically.

With stakeholders in the local public and private sectors, as well as the 3rd sector, coupled with community engagement, Your City, Inc. can help to encourage a sense of civic pride whilst raising local revenues for re-investment into services.

As an example, the fund can comprise private investment, public resources (matching financial contributions with access to assets instead of money) and crowdfunds from local citizens.

As the network of local entrepreneur ecosystems grows, we will be able to ‘twin’ towns and cities globally sharing best practices; providing access to local markets; utilizing the development of businesses that will operate from both locations. Pairing with cities across the developing world will also allow utilization of impact investing dollars which will take our social impact to a larger, more global level.

Chief Innovation Officers

In the United States, a small but growing number of cities are adding a new position to their administrative ranks: **chief innovation officer**.

In 2013, Kansas City joined other cities like San Francisco, Philadelphia, and San Leandro, California.

Lea Deesing is the chief innovation officer for Riverside, California (300,000 residents) and she feels that, by having a specific officer in place, there is an opportunity to focus on the development of the city. Riverside has around 225 technology projects at any one time and, of those, 25 are placed on a priority list, which is adjusted weekly.

As with the majority of the public sector, there's limited money and manpower to contend with – and this means that innovation must be weighed against a range of other public services – as Deesing says, "We do have to carefully balance our resources."

Your City, Inc. provides the financial framework to build local entrepreneur ecosystems to generate jobs and income for your town / city.

Snapshot: Latin America

Latin America is a region of the Americas where Spanish, Portuguese, and variably French are primarily spoken. As of 2010, its population was estimated at more than 590 million and its combined GDP is 5.16 trillion United States dollars.

Country	Population (Millions) 2010 (source: UNDP)	GDP (Nominal) (Millions) 2012 (source: IMF)	Adult Literacy (%) 2010 (source: UNESCO)
Argentina	40.4	472,185	98
Bolivia	9.9	27,012	91
Brazil	194.9	2,449,760	90
Chile	17.1	272,119	99
Columbia	45.0	378,713	93
Costa Rica	4.7	44,313	96
Cuba	11.3	N/A	100
Dominican Republic	9.9	59,429	90
Ecuador	14.5	72,466	92
El Salvador	6.2	24,421	84
Guatemala	14.4	50,303	75
Haiti	10.0	8,335	49
Honduras	7.6	18,320	85
Mexico	113.4	1,207,820	93
Nicaragua	5.8	7,695	78
Panama	3.5	34,517	94
Paraguay	6.5	22,363	94
Peru	29.1	184,962	90
Uruguay	3.4	52,349	99
Venezuela	29.0	337,433	96

Population and economy size for Latin American countries

The view from the World Bank:

- ❖ Latin American economies expected to grow 3.3%-3.5% in 2013-2014
- ❖ More than 73m people were lifted out of poverty and 50m joined the middle class in past decade
- ❖ Despite social and economic gains LAC remains a very unequal region, with 82 million people living on less than \$2.50 per day
- ❖ With weakening global economic tailwinds but strong domestic demand, Latin American economies are expected to show solid growth in 2013-2014
- ❖ The consensus forecast for growth is 3.3%-3.5% for 2013-2014, with some countries such as Panama, Chile and Peru, posting above average growth rates.
- ❖ The region's economic powerhouses are still seen to be Brazil and Mexico and they will continue on a growth path in 2013 with the former bouncing back to 3.2%, and the latter rising to 3.6%.

In the past thirty years, Brazil has transitioned to a globalized democracy, growing into the undisputed entrepreneurial capital of Latin America (Brazil has the third largest entrepreneurship community in the world, behind China and the United States).

One in four adults is self-employed, and small businesses make up two out of three new jobs in the private sector. Women run almost half the country's startups (49% compared to the global average of 37%). Within Latin America, Brazil boasts the largest e-commerce market, and the upcoming 2014 World Cup and 2016 Olympics are inspiring business activity.

Thiago de Carvalho, Entrepreneurship Center Coordinator at Insper Institute of Education and Research) is 'on the ground' in Brazil and sees "a nation 'running late' with regards to entrepreneurship-related activities – whilst one of the first papers on Angel Investment in the US was released in 1983, in Brazil a more broad discussion of the subject begun in 2010".

In a country of c. 200 million, there are 5 million students – at the Fundação Getulio Vargas School of Business Administration in São Paulo (FGV), one of the top business schools in Latin America, students increasingly turn down job offers from major banks and consulting firms to start their own businesses.

However, de Carvalho notes that, "whereas it is possible in the US or Europe to apply for a college, master or PhD program in entrepreneurship, in Brazil there are business degrees where you might take one or another entrepreneurship course, far from reaching the broad spectrum of the area – and there's no sign that this is going to change soon".

In Argentina, however, Mundos E Foundation are delivering specific entrepreneurship programs.

Nahuel Daima, Institutional Development Director with Mundos talks about one of their programs, 'Company Creating Degree' which is for entrepreneurs wanting to create or grow their own businesses.

Delivered at Cordoba University, Mundos E's program works around 3 central axes:

- 1) The human aspect focuses on the entrepreneur and its team;
- 2) Opportunity detection and business modelling;
- 3) Tools for business

Edgardo Donato – General Director of Mundos E believes that "developing entrepreneurs is one of the bases of social-economic growth and life quality in a society".

In 2008, the *Economist* wrote, "Brazil does not lack go-getters" and de Carvalho's opinion is, "if we care to help in developing the more than 1 million businesses that are founded annually and extend the life of those 700 thousand that close every year in Brazil, there's the need to create a solution that's not available today – and I feel that it is likelier that the answer will come from the private sector".

\$5 Challenge

The \$5 Challenge was inspired by social entrepreneur Demetri Patitsas with the intent of cultivating entrepreneurial talent and confidence among world youth and students.

Patitsas outlines his own entrepreneurial journey before issuing students with 'The \$5 Challenge' – take a \$5 bill and make as much money as you can within 5 weeks through any creative, ingenious, and legal means possible.

Students can collaborate, work solo, make gains, and/or lose it all, safe in the knowledge that the key thing is to try. Students put their entrepreneurial aptitude to the test with returns being as high as high as \$2,000 with a student movie night.

To date, the \$5 Challenge has been taken up in 22 countries and 14 US states.

Entrepreneur Ecosystems

Entrepreneur ecosystems have underlying principles – for the ecosystem to work, you need individuals, organizations or institutions to provide the support to the individual entrepreneur – providing education, resources and opportunities that ensure the success of the entrepreneur’s venture beyond the initial launch.

As we referred to at the start of the snapshot, in 2010 Professor Isenberg proposed that entrepreneurs are most successful when they have access to the human, financial and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs.

Parties representing the elements (entrepreneurship stakeholders) have an interest in there being more entrepreneurship in the region.

In regions which have extensive amounts of entrepreneurship (e.g., Ireland, Silicon Valley, Iceland, etc.) many of the ecosystem elements are strong and typically have evolved more or less simultaneously.

Similarly, the formation of these ecosystems suggests that governments or societal leaders who want to foster more entrepreneurship as part of economic policy must strengthen several such elements simultaneously.

- ❖ Government
- ❖ Schools, colleges, universities
- ❖ Private sector
- ❖ Family businesses
- ❖ Investors
- ❖ Banks
- ❖ Entrepreneurs
- ❖ Social leaders
- ❖ Research centers
- ❖ Military
- ❖ Labor representatives
- ❖ Students
- ❖ Lawyers
- ❖ Cooperatives
- ❖ Communes
- ❖ Multinationals
- ❖ Private foundations
- ❖ International aid agencies

It is fair to say that an ecosystem does not exist if only one element is in existence.

Key Conditions

- Is tailored – don’t try to be the next Silicon Valley
- Needs less administration and bureaucracy – entrepreneurs don’t set up a business to do business administration
- Supports the failing ideas as much as the successes
- Shortens the gap between entrepreneur and financier
- Has a central focus to marshal the resources
- Promotes successes, which in turn attract new ventures
- Has a breadth of engaged entrepreneurship stakeholders
- Has a social structure - building local, national, international networks

Entrepreneurship stakeholders may include

From our interviews with entrepreneurship stakeholders, it is evident that most ecosystems have many elements in place but they are disjointed / disconnected. One cause may be private sector dominance – what is the motivation to create an holistic offering if you cannot profit from it?

On the other hand, it is generally accepted that government-owned entrepreneurship initiatives are slowly strangled by committee and political interests!

There has to be, of course, a happy medium that brings objectivity and structure to an entrepreneur ecosystem but ensures that the framework doesn't stifle innovation.

Harri Tallinn is a Partner in CPD in Estonia and he has been able to outline a working entrepreneur ecosystem that has a happy mix of both public and private sector engagement:

In terms of mind set in other countries, there is definitely a startup bubble in Estonia that is strongly encouraged by its president, Toomas Hendrik Ilves – a multi-linguist who has taught English in America, director and administrator of arts in a Canadian arts center, and an Ambassador.

As Tallinn tells us: “with a flagship entrepreneurial success like [Skype](#) to refer to, the Estonian startup landscape has been booming lately. Estonia's oldest

and biggest startup competition Ajujaht (BrainHunt) just finished its sixth season and it had more than 200 ideas competing for a prize money of 50 000 euros (it has even moved to national television to promote entrepreneurship to a wider audience).

There are many incubators available in different fields and recently two accelerators have been created with first two international patches successfully graduated. Currently, the state is running a competition to tender to establish up to two more accelerators. Business angels have formed an organization to be able to better attract startups and to educate the field.

Estonia now has two accelerators, several incubators and many other top-down as well as bottom-up activities. The University of Tartu is creating new and innovative international [curricula](#) for higher education. Estonia's startup scene is booming and after a highly competitive Seedcamp event in London in spring 2012 (out of 20 selected teams, 4 were from Estonia), it was referred to by US venture capitalist Dave McClure as #estonianmafia.

Snapshot: India

As you would imagine with such a diverse and dynamic area as India, there are many aspects to the entrepreneurial picture. We hear the rise of the lower parts of the hierarchy; diminishing gaps between education and workplace and an entrepreneur ecosystem trying to cope with the sheer scale of the region.

On the one hand, there are suggestions that economic growth has deepened inequality in an already hierarchical society; others feel that the emergence of Dalit (formerly known as untouchables, the lowest in India's caste hierarchy) millionaires are a sign that the wage gap between Dalits and other castes have narrowed and their standing has improved.

In fact, Dalit activists like Chandra Bhan Prasad like to call it a "golden period" for Dalits where "material markers are replacing social markers".

On the flipside, 2013 research by Lakshmi Iyer, Tarun Khanna and Ashustosh Varshney has found that scheduled castes and tribes, the most disadvantaged groups in Hinduism's hierarchy, owned very little businesses despite a decade of economic growth and a long history of affirmative action.

With information taken from the 2005 economic census covering more than 42 million enterprises, researchers found schedule castes owned less than 10% of all enterprises although they make up over 16% of the population (scheduled tribes owned less than 4% of non-farm enterprises despite being 7.7% of the population).

The pattern of low ownership of businesses among the most disadvantaged groups, is not specific to any one region or state in India – even in states like Kerala, Andhra Pradesh, Tamil Nadu and Maharashtra that were among the first to have social movements to end caste discrimination, ownership of enterprises is low.

States with high population of the disadvantaged groups also show that they are under-represented in ownership of businesses.

Suggested reasons for this include caste discrimination (members of other castes refusing to work with the lowest castes); lack of knowledge; illiteracy; problems with securing finance; and differences in the size of worker networks.

Dr Varshney, at Brown University in the United States feels that, given that deeper social changes in societies like India take a lot of time, decades of affirmative action and more than two decades of economic liberalisation are yet to unleash entrepreneurial energies among the most disadvantaged. He also feels, however, that the rise of the Dalit millionaires is politically, economically and socially very significant.

However, ownership of business among OBCs (Other Backward Castes or the 'middle castes' who are "neither suffering the extreme social and economic discrimination of the Scheduled Castes, nor enjoying the social privileges of the upper castes") has grown. OBCs comprise 41% of the population; owned 43.5% of all enterprises, and accounted for 40% of non-farm employment.

Bearing in mind that that affirmative action for OBCs was only introduced in the 1990s, this is quite an achievement – but the concept of entrepreneurship is still frowned upon.

According to sociologist MD Usha Devi, a professor at the Institute for Social and Economic Change in Bangalore, "we suffer from a dependency syndrome in India, of working for someone than creating jobs. Even the students in colleges are taught to become employees and never employers," she says.

Deepinder Goyal quit his job at consulting firm Bain & Co to set up the website 'foodiebay.com'. The company, now called Zomato.com received \$2.3 million in funding in 2011, broke even in 2012, and has expanded to west Asia and Europe. "My parents extremely happy and proud now," says Goyal.

Add to Goyal such entrepreneurs as Sumit Jain (28, left Oracle to set up the property portal CommonFloor.com) who also received parental advice to 'get a job', and he also persevered. In fact, Jain has successfully grown his business to 250 employees and aiming for \$25m revenue in 2014.

This parental desire for their children to be employed has wide repercussions – as Isec's Usha Devi tells us, entrepreneurs are black-listed in the marriage market too, where they are mostly regarded as 'unstable.'"

So, bearing in mind that there seem to be societal, financial and familial barriers for the current Indian entrepreneurs, what is in place to help the entrepreneurs of tomorrow?

The Kairos Society sees how India is one of the fastest growing major economies of the world and is undergoing radical transformation along many dimensions. Kairos India started in 2010, and has more than 90 fellows spread across the country (fellows are highly entrepreneurial and innovative

students who are either running their own start-ups or a part of start-up while still being at a college campus).

Hemant Sahal, Founding President of Kairos India tells us that they partner with several stakeholders in the ecosystem like incubators and accelerators to collaborate on events and initiatives that foster entrepreneurship among student communities locally. Kairos India envisions playing a critical role in fostering impactful entrepreneurship in the region and scaling it to neighbouring countries in the sub-continent.

Within the educational environment, Radha Iyer PhD, Associate Professor at K. J. Somaiya Institute of Management Studies and Research in Mumbai sees enterprising ideas from students. She tells us that she sees many MBA students with ideas that address services rather than technology (generally, the technology startup space is pretty saturated – and many of the investors in India have a technology focus). Ideas witnessed include:

Services

- ❖ Real estate agency providing easy availability to young IT staff who move after their education to various cities looking for jobs
- ❖ Portal dealing in second hand electronic and white goods for young IT professionals
- ❖ Common crèche / day care center at work places with a large population of young working mothers
- ❖ Activity center for senior citizens as many of them are empty nesters
- ❖ One stop store to address needs of home repairs – plumbing, maintenance, electrical
- ❖ Car-pooling to reach destinations faster & reduce carbon footprint & beat the traffic snarls

Customer centric

- ❖ Customized shoes
- ❖ Comparison sites for insurance, garments
- ❖ Adventure sports
- ❖ Artificial jewellery / accessories, bracelets, earrings & bangles as cost of gold is prohibitive

Education

- ❖ Newsletters for children in schools

Technology

- ❖ Near field (NFC)
- ❖ Web portals - for auctions & bids of products

Social enterprise ideas include Education; Libraries; Vocational training; Rural tourism; Markets for tribal arts.

We asked Dr Iyer what is next for this current cohort of students – and her opinion was that the students seem to have ideas but, as seems to be common in India, desire for risk is low. Most students tell her that they intend to work for a couple of years and then think about starting a venture. This is actually in line with a lot of entrepreneurial thinking – it is rare (on a global basis) that students leave university and immediately set up their business.

Dr Iyer feels that institutions should allow for deferred placements and that campus companies / ventures should be graded as credits to encourage start up experiences.

In terms of the ecosystem in India, Dr Iyer confirms Hemant Sahal's view that many of the component pieces are in play:

Private sector support

- ❖ [The Indus Entrepreneurs](#) provides mentoring, networking & knowledge series
- ❖ Private incubators & accelerators like [Hatch](#)
- ❖ [Venture Nursery](#) provides boot camps, training, mentoring, advisors in residence & entrepreneurs in residence for start ups
- ❖ [TLabs](#) provide, mentorship, guidance & support to test drive the minimum viable product of the entrepreneurs & invests in start ups

Funding

[Indian Angel Network - IAN](#), [Mumbai Angels](#), and [My First Cheque](#) provide funding and mentoring

Community

- ❖ [Ascent](#) (the Mariwala Foundation) helps to leverage the power of Entrepreneur groups
 - ❖ [Next Big What](#), [Your story.in](#) and [Start up central](#) keep the young & entrepreneurial abreast with the entrepreneurial ecosystem with news, stories, start up advice & competitions
 - ❖ The [National Entrepreneurship Network](#) (NEN) provides critical support to start-ups and early-stage entrepreneurs through high-impact entrepreneurship education; access to mentors and experts; fast-track access to incubation and funding; and learning tools and materials. It partners with over 470 top-tier academic institutes in India to help them develop vibrant entrepreneurship ecosystems on campus, which develop and support new and future entrepreneur
-

In 2013, the World Bank sees India regaining economic momentum and recording 6.1% GDP growth in the current fiscal year and it is expected to increase further to 6.7% in 2014-15. The World Bank's optimism stems from positive data points in the areas of manufacturing, inflation and better export numbers.

But what do young Indian entrepreneurs think of the state of the entrepreneur ecosystem in their country?

Abhishek Shetty is a 19-year-old youth empowerment speaker and author and he uses Modelling as his way to develop his skills. "When I was 17, it was my ambition to be a global youth empowerment speaker and author. Instead of immediately working on my dreams, I decided to model past successes and failures and so I took time to observe and learn from the best and worst in my field. To become an author, I firstly developed the habit of reading – I read books in different genres before deciding which genre to specialize in. I picked personal development and I then read over three hundred books on that specific subject. To become a youth empowerment speaker, I studied the world's best professional communicators. I made a list of the world's top hundred professional speakers and watched them in action on YouTube,

making notes about what was unique about each speaker.

Farrhad Acidwalla though born in Pune is from Mumbai. He finished his schooling at Bombay Scottish School and is currently studying at HR College of Commerce and Economics, Mumbai. At the age of 12, he started an aviation website which was a successful community. He then went on to venture in more projects. At 16, he founded Rockstah Media. After passing out of school, he has given many seminars at various events and has also been invited by colleges to speak on entrepreneurship and his experiences of managing a business.

Bearing in mind Acidwalla's commitment to developing other entrepreneurs, Shetty tells us, "you can apply the modelling concept to entrepreneurship if the right role models are there in the first place. Working with a mentor or role model helps you to avoid making mistakes that have already been made; capitalize on the things that have already worked for the successful people; and develop a world-class mindset"

Spark in India

Spark is involved in many exciting initiatives in India ranging from the development of incubators to develop the ideas of students through to working with a Leadership and Innovation school in the design and build of a Spark Academy.

We see massive potential in India: 1 in every 11 people on Earth is Indian and under 25 years of age. We appreciate the impact of culture on Indian entrepreneurs but also realize that there are fragmented ecosystems that are hindering their success.

Snapshot: North America

As with many parts of the world, one of the key messages is that, despite trends, pockets of intense entrepreneurial activity exists and there seems to be a national consensus that encouraging entrepreneurship is part of the answer to a sluggish economic recovery.

Kyle C. Murphy, Serial Entrepreneur and Lecturer of Strategy & Entrepreneurship at Pepperdine University, California tells us *“enterprise innovation hubs like Silicon Valley have long been the envy of other regions, and while some larger U.S. cities such as New York, Boston, Austin, and Los Angeles as well as smaller cities like New Orleans and Pittsburg have burgeoning startup ecosystems, other cities like Atlanta and Dallas are far behind.”*

Many of Spark’s American Associates confirm the belief that nearly every area of the country is investing resources in promoting entrepreneurship, introducing numerous programs aimed at training, or helping entrepreneurs. But, as Murphy mentions, some areas are faring better than others.

Education & Organization Development Consultant, Michael Brownstein tells us that *“there are almost 7 million young Americans (18-24 years) who struggle to stay connected to steady employment or education. In 2006, this number was nearer 4 million. There is something clearly not working for this growing population, and we need to find solutions that can make a positive difference in their lives.”*

Seeing San Francisco employ a Chief Innovation Officer suggests, for example that the city is serious about building an entrepreneur ecosystem – but this doesn’t just include political will (as seen in Professor Isenberg’s BEEP) – it calls for more stakeholders.

Supporting Finance

Banks do not seem to be as supportive and we are now seeing entrepreneurial financing too (the Jumpstart Our Business Startups (JOBS) Act in 2012 includes provisions for equity crowdfunding which is being increasingly seen as a viable alternative to fund startups and small businesses). The Small Business Administration tells us that many small businesses do not rely on external finance but more on personal savings.

Supporting Culture

Women represent 56% of attendees at U.S. colleges but only 28% of businesses are majority women-owned. Of these, almost 9 out of every 10 produce revenue of \$50,000 or less (statistics show this is due to the owners being stay-at-home mothers looking for extra part-time income). According to Inc. magazine, motherhood, lack of management experience, and traditional socialization have all been cited as reasons for delayed entry into entrepreneurial careers.

Ian Fenwick, CEO of Verde Finanze, California has been working with female college students (neither mothers nor entered the workplace) on entrepreneurial development and sees a clear lack of consideration of ‘entrepreneurship’ as being an option for them. Their focus was still on getting into a job with potential for career advancement without hitting the “glass ceiling”, and that had family-friendly policies for when they do decide to have children.

Fenwick's message is simple: *"there is no glass ceiling when you start as CEO, and you can be the one that determines those family-friendly policies for your kids and those of your staff"*.

There are over 10 million Latino children in U.S. public schools, (1 in 5 students – a shift from 1 in 8 in 1990) with the numbers expected to increase significantly over the coming decades due to birth rates and immigration trends.

Over 50% of students in California schools are Latino but a barrier cited as a problem is that most don't speak English, or at least not to the level where they can keep up with other students. If we are to work with young people and 'lift their horizons', we need to equip them to not only aspire to move away from low-level jobs but also give them the tools to achieve it.

There is still an entrepreneurial streak within this group as evidenced by the proliferation of landscape and gardening businesses. By working with Latino students during the K-12 years, we can guide them towards that level of entrepreneurship but in sectors that will open many new doors for future generations within the Latino community. With states such as California having a Latino majority, it is time to change their "unskilled" reputation.

Supporting Education

Ralph Griffith started his first company at 23 and now runs a successful small business consulting group. He has a BA, MBA, and DBA – and wrote his dissertation on Entrepreneurship in Higher Education. He has also been a full-time Professor of Entrepreneurship and Program Coordinator at Delta College (University

Center, Michigan) for the past 3 years. He feels that, among the main issues in the field of entrepreneurial education is the question of why some entrepreneurs choose to go directly into business, while others invest the time to pursue academics and develop instruments such as business plans through the aid of formal education.

As Fenwick points out with the Latino community, (a lack of) English language skills may be seen to be a hindrance but the entrepreneurial capability is there, regardless of language – but we may be seeing fewer entrepreneurs heading into further education because of it.

Dr. Doan Winkel, Assistant Professor of Entrepreneurship at Illinois State University feels that entrepreneurship education in the United States is at a crossroads. *"Educators are battling with how to remake traditional curriculum focused on the outdated business plan. Educators look to the 'experts' (those schools from the coast that always top the rankings) for leadership and are fearful of the disruptive possibilities of Massive Open Online Courses (MOOC) and related entrepreneurial endeavors."*

Intrapreneurship Workshops

The Startup Experience is designed to bring the entrepreneurial spirit back to the company. Over 3 days, participants learn to apply the tools and techniques from the startup world to identify new opportunities, solve problems, and make tough decisions in a faster and better way.

An interactive workshop, the program is a combination of seminars from world leading experts in intrapreneurship and hands-on workshops session where participants get to practice the tools on their own organization.

The workshop consists Strategic Vision and Strategy ; Organizational Culture and Alignment; New Product Design; Intrapreneurship and New Business Development; Open Innovation and Partnerships

Griffith concurs with Dr Winkel's view concerning this tipping point, *"there are many factors that might play a part in the decision making process for an entrepreneur to start a new business. Many of these factors may also influence the factors that lead entrepreneurs to seek seeking formal education."*

In Griffith's own College, he sees the Delta College entrepreneurship program having approximately 300 students annually who enroll in one or more entrepreneurship courses. Of these, many of them are returning to formal education after a hiatus from their small business or are currently running their business while enrolled in formal education.

His current research into the motivation to seek out enterprise education is expected to realize a number of higher education benefits: a key one is that a thorough understanding of the criteria that lead an entrepreneur to seek formal education will provide colleges and universities insight to be better prepared to meet the dynamic educational needs of entrepreneurs; second, Griffith is seeking to better understand and provide preliminary rationale for the idea that formal education increases entrepreneurial success.

The Last Mile

The Last Mile was founded by two Silicon Valley entrepreneurs who wanted to recreate the development of business growth and success from their technology accelerator, in a prison setting.

Working with the California Department of Corrections, they were able to start this in San Quentin Prison with the goal of training selected inmates for a paid internship upon release within the Silicon Valley technology sector. Participants are guided towards creating a business idea and plan, and then finally pitching it to an audience of invited guests & fellow inmates at a Demo Day.

The goal of the program is to provide a sense of hope upon release that they can succeed as free men, rather than return through the revolving door of recidivism.

"The education of entrepreneurs in a formal setting is still in its infancy relative to the sciences and humanities, for instance. A thorough understanding of the role of formal education in entrepreneurial success could help identify the factors that lead to better outcomes for small business owners."

With the call for experiential learning to support the MOOC model that is currently favored in many educational establishments, Dr Winkel feels that there is much passive anticipation going on in the ivory towers across the United States but there is also much active change happening.

Programs like [USASBE Launch!](#) are engaging university students in actual entrepreneurial behavior in order to enable sustainable student enterprise. Initiatives such as [Lemonade Day](#) and [Lean LaunchPad](#) are exposing elementary and middle school students to entrepreneurial thinking and basic entrepreneurial skills. There is a growing cultural shift in the education ecosystem - a move toward student-centered action.

As Griffith puts it, *"a formal business education coupled with creativity may help an entrepreneur make informed decisions regarding the future of their business and may lead to additional sustainable economic growth both locally and regionally."*

Supporting Resources

Brownstein tells us *“helping students use their entrepreneurial skills constructively has been a successful approach in developing students’ persistence to complete high school and other degree programs. We need to continue to think creatively about how we can tap the aspirations and abilities of youth to succeed. Entrepreneurship education holds enormous promise.”*

From an incubator / accelerator perspective, Murphy reflects on the gaps between the likes of Austin and Atlanta and feels that the answer is not easy to establish as commonly referenced indicators (e.g. location to universities, local funding sources, and government programs) has greatly varied amongst the aforementioned cities.

One hypothesis he proposes is that innovation hubs that are succeeding have done so by focusing one or

two niches to seed the community. He makes an analogy to a garden – it is best to start with just a couple types of plants to make sure you understand the environment and soil, and then once those plants have matured, the garden can be planted with broader variety. Boston’s startup scene began with medical and biotech; Los Angeles was media and gaming; and Silicon Valley was microprocessors. Murphy feels that, unfortunately, too many communities are trying to create an innovation hub by throwing everything in the garden and hoping something blossoms.

“Like startups themselves, it’s best to focus on one thing and be really good at it than try to be everything to everybody.”

The final point on this comes from Brownstein, *“It is essential that students receive an education that empowers them to take ownership for their learning and control over their lives”*.

Spark in North America

Spark is in partnership with USASBE Launch! - An exciting global student startup competition designed to provoke and reward undergraduate students from any discipline who can

- ❖ Design an impactful idea,
- ❖ Identify, test and validate business model hypotheses using customer development tools and
- ❖ Show traction which measures how well a startup is delivering its business model and how well the target demographic is accepting that business model

Our contribution includes the provision of entrepreneurship mentoring, resources and tools to help them develop an entrepreneurial attitude and mindset.

Snapshot: Europe

Ever since the European Council held a special meeting in Lisbon in March 2000 to agree a new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of a knowledge-based economy, there has been a focus on 'entrepreneurship'.

In the Presidency Conclusions, one of the calls to action was for *“specific action to encourage the key interfaces in innovation networks, i.e. interfaces between companies and financial markets, R&D and training institutions, advisory services and technological markets.”*

More recently, the European Commission has incorporated the promotion of entrepreneurship into its Europe 2020 growth strategy.

José Manuel Barroso, President of the European Commission states an intention to create an EU that has a smart, sustainable and inclusive economy that will deliver high levels of employment, productivity and social cohesion. To this end, the Union has set objectives for employment, innovation, education, social inclusion and climate/energy to be reached by 2020.

Each Member State has adopted its own national targets in each of these five areas. For example, with regards to the United Kingdom, the Commission issued six country specific recommendations (CSRs):

- ❖ **Sustainable public finances** achieved by continuing to prioritise the reduction of debt and deficit, whilst balancing this with targeted growth-enhancing expenditure.
 - ❖ **Improve the housing market** by taking measures to increase the housing supply and strengthen the rental market, whilst avoiding a return to imprudent mortgage lending.
 - ❖ **Reduce youth unemployment** by such means as improving the quality of vocational training on offer and reducing the number of young people without sufficient skills to enter the jobs market.
 - ❖ **Provide support to low-income households** by ensuring the tax-benefit system is both fair and offers clear work incentives whilst improving the affordability and quality of childcare provision.
 - ❖ **Provide access to finance for businesses** by encouraging banks to lend to businesses, whilst avoiding excessive risk taking.
 - ❖ **Invest in energy and transport infrastructure** to continue to meet the needs of the rest of the economy over the coming decade. The UK should look to provide greater certainty in investment from both public and private sources.
-

In the Entrepreneurship 2020 Action Plan, the European Commission states “*small firms depend on entrepreneurs - the individuals who have the ideas and are willing to take the risks necessary to get a firm off the ground. Europe needs more entrepreneurs and the Commission is looking at ways in which potential entrepreneurs may be encouraged to set up firms*”.

As was referenced earlier with regards to Latino students in the United States, the EC feels that there are cultural factors which discourage too many people from starting a business and that a more entrepreneurial culture is created, starting with young people and from school education.

Whereas the Commission feels that an inability to access funds is also an obstacle to entrepreneurship, this does not correlate with the view from America’s Small Business Administration that the majority of startups use personal savings rather than banks or investors.

This phenomenon – “necessity entrepreneurship” reflects a greater hunger than “growth entrepreneurship” – and this may be the crux of the matter in parts of Europe: the default option when starting up a business is to seek external funding rather than using personal funds or bootstrapping – it is almost as if there is a laziness in the European entrepreneur ecosystem that is not reflected in areas where funds are harder to come by.

The European Commission is focusing on encouraging unemployed people to start businesses; on improving the sustainability and quality of work of self-employed businesses; and on supporting social entrepreneurs. Meanwhile, the European Social Fund is working to

support entrepreneurs through its financial and business support services. It is also assisting female entrepreneurs, as well as disadvantage or disabled people, who are interested in starting their own businesses.

But as Government in the UK continues to promote business startup (looking to encourage more than 500,000 people over the next 12 months into self-employment), many businesses that are already trading go unnoticed: if you are not registered as a limited company, do not employ staff or pay VAT then you are unlikely to appear in the British Government business statistics; paying tax and national insurance is not enough.

Tina Boden, co-founder of the global micro-business community, Enterprise Rockers, tells us that “*invisible businesses exist all over the UK (one Local Enterprise Partnership estimates that 30,000 invisible businesses are trading)*”.

Boden’s assessment is that many of these are a business that employs between 0 & 9; are in rural locations where employment opportunities are limited and the only way to generate an income is by running your own business, turning a hobby into a revenue-generating entity or establishing a need in a community that a service you deliver can fill.

Her assertion that it is not only important for the morale and confidence of the micro business owner that their business is recognised but for community development as well is backed up by Steve Wells, a business advisor to ENACTUS (formerly Students In Free Enterprise) as well as a Director of AIM to Succeed.

“This entrepreneurial mindset is something that many people have, but few are able to effectively access on a day to day basis. Therefore creating organizations that nurture this entrepreneurial activity, giving people an outlet for it, nurturing it, and enabling them to see the results gives them greater confidence in their abilities and potential outcomes which in turn creates stronger, more effective and more profitable organizations.”

This sentiment is echoed by Harri Tallinn when he talks about Estonia and it is evident that confidence breeds success which raises confidence, *“We’re confident in believing that success stories will be appearing in the following years and Estonia’s startup scene will keep booming, but not just that – it’s time to start turning startup boom into creating profitable sustainable companies -and that’s even trickier. Soon Skype will not be the only known success story from Estonia.”*

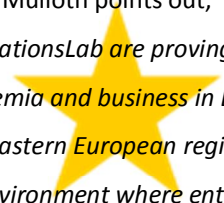
Bala Mulloth is Assistant Professor of Entrepreneurship and Innovation Management at Central European University (CEU) Business School in Hungary. He is also the Faculty Director of CEU InnovationsLab, an incubator focused on providing learning opportunities for students, such as testing ideas for new ventures, research opportunities for faculty, and curriculum development. Prior to moving to joining CEU Business School, he was the Senior Manager of Polytechnic Institute of New York University's Office of Innovation Development, Technology Transfer and Entrepreneurship.

It is Dr Mulloth’s view that Budapest is fast becoming a hub for entrepreneurship and innovation – *“there*

appears to be a robust ecosystem where universities/business schools, venture capitalists and non-profit organizations are working together to promote entrepreneurship at several levels”.

Some of the recent breakout Hungarian ventures such as [Prezi](#), and [LogMeln](#) are prime examples of Hungarian-based technology companies that have been able to create a global presence and customer base.

As Dr Mulloth points out, *“Incubators such as InnovationsLab are proving to be a bridge between academia and business in Budapest and the Central and Eastern European region. Such Labs that provide an environment where entrepreneurs learn from fellow entrepreneurs and mentors as they grow their businesses, seems to be a growing trend in the local and regional startup scene.”*



But does the entrepreneur in mainland Europe get the oxygen of publicity that the United States or United Kingdom may offer up?

Well, Estonia has [Ajujaht](#) (BrainHunt) – the largest startup competition in Estonia with an aim to promote entrepreneurship as an alternative to being an employee. Having just finished its sixth season with a prize of 50 000 euros, eight weekly shows were aired on Estonian National Television including the grand finale being broadcast live. Ajujaht offers an intensive two-month-long training programme for selected teams, including personal mentors. After the grand finale, an alumni programme keeps the teams going, with support in taking steps forward.

Results are starting to appear in the business of [Click&Grow](#), the winner of Ajujaht's 2010 season which is selling a smart flower pot all over the world and with their latest innovation - Smart Herb Garden – they have just raised over \$625,000 from Kickstarter from more than 10,000 backers.

Spark in Europe

As a British organization, Spark is delivering on a number of initiatives including:

- ❖ Spark Academy in secondary schools
 - ❖ Spark Academy in college / FE
 - ❖ Entrepreneurship Mentoring
 - ❖ Monetization of public assets
 - ❖ Incubation / Acceleration support services
-

Ecosystem in Action

With a PhD in Entrepreneurship and Innovation, Dr Noga Gulst is a Lecturer in entrepreneurship at Ashqelon Academic College and CEO of Cavalcom in Israel. This is her perspective on what is going on, on the ground in her nation.

Israel is referred as “the start-up nation”. In the last decade, in average, 650 new venture companies opened every year and only 350-400 were closed (www.ivc-online.com).

Every successful entrepreneur that his / her new venture is sold worldwide will become a cultural hero.

This sale will be announced on the news, even merger or acquisition negotiations between Israeli new ventures and worldwide companies become a news item. The feeling is that the entire country has succeeded. On the other hand, when a venture fails, it is treated as a learning stage that each entrepreneur should pass.

The government initiates many supporting programs for different stages of new ventures.

Novice and nascent entrepreneurs can receive pre-seed funding as a grant (even before opening the venture) for research and development (R&D), submitting patent and so on. In addition, they can use governmental consultants that will help them in their first steps and/or enter technological incubators where they will receive salaries during the R&D stage.

After starting their new venture, the entrepreneurs will continue to receive funds from the government, as long as they continue innovating.

In Israel, entrepreneurship and innovation is something that children grow into.

Just last year, 3000 pupils joined the “young entrepreneurs” program, were they have invented and developed an innovative product.

The winning group from Israel won second place in “Europe’s Young Entrepreneurs” competition.

This program teaches the pupils their first steps as entrepreneurs, they start their new venture, research and develop and finish with a commercial product.

This innovative environment will continue when they will join the army (for 2-3 years) and afterwards when they go to university or start their first venture.

Interesting enough, the salaries of high-tech new ventures are between the highest salaries in Israel, even higher than doctors and lawyers. Therefore, every Israeli mother would like that her son or daughter will become an entrepreneur rather than doctor.

In the ecosystem model suggested on page 7, six domains are mentioned; policy, finance, culture, support, human capital and markets.

In Israel the entire ecosystem is in favour of entrepreneurs and entrepreneurship with a strong commitment to helping them succeed and to support them during times of failures.

Final Thoughts

In all fairness, there wasn't a particular master-plan when it came to producing this snapshot: we simply asked some key questions and then spoke to the people who were kind enough to contribute their own thoughts and views. It was only when we started to draw all the various pieces together that we saw common themes.

No matter where they are in the world, common messages kept coming through – and those messages are what make up our final thoughts for this snapshot.

Necessity Entrepreneurship vs. Growth

Entrepreneurship

There seems to be greater engagement by countries / states that are being entrepreneurial for need rather than out of mere growth. In conversations with Henrik Scheel at Startup Experience, he tells us how their high-impact weekend events have produced ideas ranging from rural farming in India to employment in Jordan – at a time when Silicon Valley is focusing on the next Instagram / Facebook / Coinbase, there is growing social entrepreneurship that specifically addresses community needs.

Growth of intrapreneurship

In terms of addressing community needs, this offers up a fantastic opportunity for the public sector to be entrepreneurial. The public sector, with decreasing revenues and increasing demands for exemplary services, is becoming entrepreneurial out of necessity – and this creates an interesting situation inasmuch as organizations founded on process and rigour are now having to consider retaining a resource with a specific remit to break the rules. We anticipate a growth in the demand for entrepreneurship mentors as well as enterprise education in the workplace.

Entrepreneurial education and training

We hear about the disparity between education and the workplace – of academia bemoaning that the private sector does not offer jobs to students and of the private sector complaining that the educational system is not given the students skills suitable for employment. Whilst there is an issue that the current workplace is using skills that the educational system has yet to develop training lessons in, the larger problem is experience. The right experience and the right qualifications make each student highly employable. As Harri Tallinn mentions, the University of Tartu is developing a new flexible master's program that is inter-disciplinary (combining design, technology and business); practical (current real life projects supervised by experienced lecturers and mentors from the industry) and international (global perspective in theory as well as in practice). Our own Spark Academies focus on a mix of 15% theory and 85% practical application – and our Spark Partnering Model involves students in setting up real-life businesses as part of their coursework.

Public Sector as the ‘honest broker’ of a complete ecosystem

Entrepreneurs need to be able to flourish and grow – and this calls for the right kind of ecosystem. As Professor Isenberg outlined in his model, the best kind of ecosystem has many facets but, from what we can see, they are disjointed, as there are too many financially interested stakeholders. As the public sector slowly develops its own entrepreneurial streak, maybe it is time to position them as the ‘honest broker’ pulling together the relevant stakeholders and applying decades (centuries!) of experience in administration and management in order to build the best ecosystem within their jurisdiction. When you consider such activities as Transition Towns, Your City, Inc. and Chief Innovation Officers... well you can see how this would plug together.

Role models and mentors

It is obvious from speaking to Ian Fenwick in California that there are certain demographics falling below the radar with regards to knowledge and education. As Tina Boden mentioned, there are large underrepresented and unrecognized business owners that are also being ‘let down’.

What was really fascinating to read, was the contribution of Dr Gulst – a piece about how an entire NATION is the entrepreneur ecosystem – Professor Isenberg’s BEEP made real, if you will.

As someone who is interested in enterprise / entrepreneurship / intrapreneurship, Dr Gulst has obliquely asked us all a very important question about how well-formed and robust our own ecosystems are: *do we have Professor Isenberg’s six domains of policy, finance, culture, support, human capital and markets?*

In the foreword of this snapshot, Tom Whiting wrote, “when people have ideas, let’s not underestimate how valuable a mentor can be to suggest and to challenge and to support.”

We think that it is the responsibility of the all entrepreneurship stakeholders to provide such a supporting environment (full, fully-functioning ecosystem) – the question is this...

Are we up to the challenge?

Contributors

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Neil Fogarty
Spark Global Business



Daniel Oliver
Social Entrepreneur



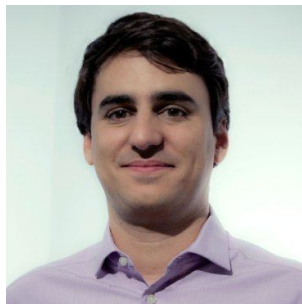
Professor Daniel Isenberg
Babson



Daniel Heever
Haikou College of Economics



Vusi Montsho
Bantsho



Thiago de Carvalho
Insper Institute of
Education and Research



Nahuel Daima
Fundación Mundos E



Harri Tallinn
CPD / Ajujaht



Hemant Sahal
Kairos Society



Radha Iyer
K.J.Somaiya Institute



Abhishek Shetty
Youth Empowerment



Farrhad Acidwalla
Entrepreneur & Speaker



Kyle C Murphy
Pepperdine University



Michael Brownstein
Brownstein & Associates



Ian Fenwick
Verde Finanze



Ralph Griffith
Delta College



Doan Winkel
Illinois State University



Henrik Scheel
Startup Experience Inc.



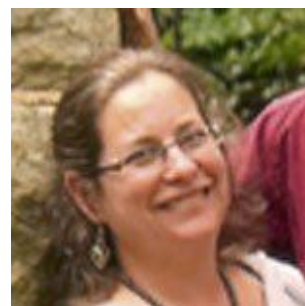
Tina Boden
Enterprise Rockers



Steve Wells
Aim To Succeed



Bala Mulloth
Central European University Business School



Dr Noga Gulst
Ashquelon Academic College

Speak With Spark

Spark provides advice, business services, consultancy and development (ABCD) in entrepreneurship and intrapreneurship. We travel extensively to meet entrepreneurship stakeholders and welcome the opportunity to work with you to create sustainable business environments – “from the classroom to the boardroom”.

Other Spark documents:



“ Please contact michelle.williams@sparkglobalbusiness.com if you would like to see any of our other reports or to organize a meeting with one of the Spark directors.

DIRECTORS

Neil Fogarty

neil.fogarty@sparkglobalbusiness.com

Jamie Dunn

jamie.dunn@sparkglobalbusiness.com

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