



**Enterprise
Nation**



Enterprising Regions

A review of what makes for an enterprising area

Contents

- 03** **Introduction**

- 04** **Creating a buzz –
what makes an enterprise city?**

- 11** **Five Enterprising Locations**
 - Manchester
 - Brighton
 - Bristol
 - Sunderland
 - Northamptonshire

- 18** **Resident entrepreneurs**
 - Katy Cowan, Boomerang Communications Ltd
 - Jaya Chakrabarti MBE, Nameless.co.uk
 - Darren Fell, Crunch

- 21** **Conclusion**
 - Appendix 1:
Research Method Note

Introduction

Britain needs entrepreneurial cities where go-getting people can create new, flourishing businesses. And if they all have to be based in London then the great imbalances of the British economy will only get worse.

This report looks at what politicians, policy makers, business support organisations and the business community itself needs to put in place to encourage the spread of new businesses and the creation of wealth right across the country.

Some of what is needed is obvious – we all know businesses need access to finance and high-speed broadband, for instance.

What is harder to achieve, because it is less tangible, is the right atmosphere to stimulate creative minds and encourage enterprises to strike out on their own, to experiment and learn from their mistakes.

This buzz or vibe is comprised of many things – ranging from trendy cafes and bars where people can meet informally to discuss new ideas; inexpensive workplaces where small businesses can network and learn from each other in a collaborative environment; established businesses and universities keen to help, advise and encourage young entrepreneurs; to places with a stimulating cultural life.

This may simply describe a 'young' city and youth would appear to be a necessary characteristic for many – though not all – of the people involved starting new businesses.

Entrepreneurial cities also need to attract positive media attention. It's not enough for city authorities to assert that theirs is a great place to do business. They need the proof which comes from nurturing successful businesses.

That means local authorities working harder to understand the needs of small businesses and go out of their way to create an environment where – for everybody's benefit – a new company can flourish and grow.



Creating a buzz – what makes an enterprise city?

The dominance of London in the British economy tends to divert attention from the growth of entrepreneurial new businesses outside the capital.

As Government policy shifts towards devolving more power over economic growth to city regions, it is important for policy-makers to understand what goes into creating an environment in which start-up businesses can become established, flourish and grow.

We have conducted research among the members of Enterprise Nation to establish what they consider to be the essentials for establishing an Enterprise City.

And we have put their views to the test by comparing what they see as essential with what's available at five of the more successful English locations of varying sizes and locations.

We chose Brighton, Bristol, Manchester, Northampton and Sunderland because – for their size – they are among the most entrepreneurial towns and cities in England with growing numbers of new business registrations. The number of business start-ups each of them can boast suggests they are getting something right.

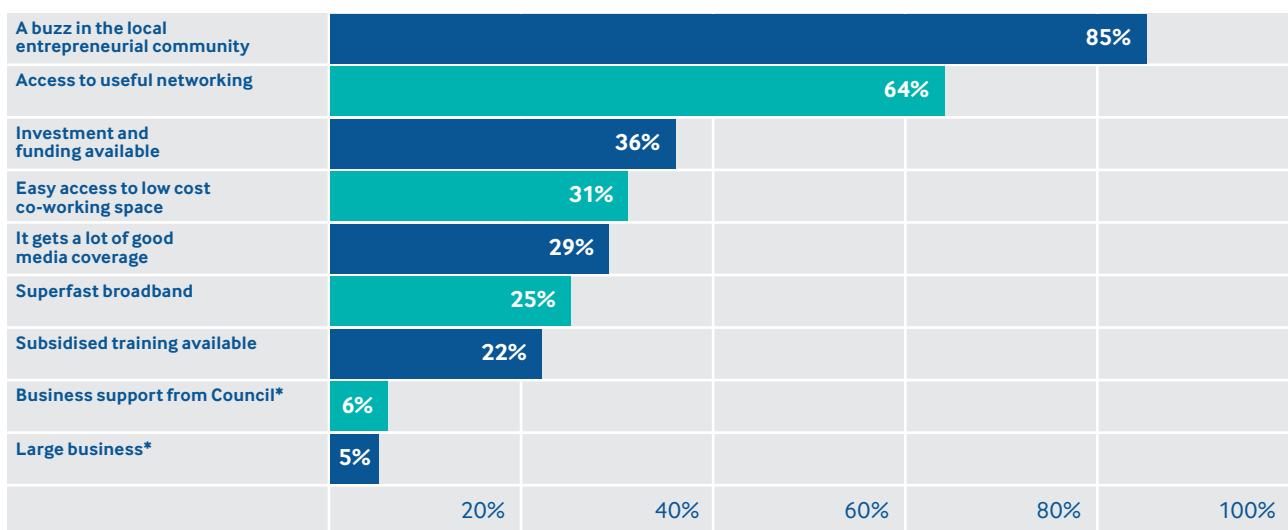
So what have they got in common and does it match the criteria identified by our survey of Enterprise Nation small businesses?

What do entrepreneurs want and where can they find it?

According to our Regional Enterprise survey, the top five characteristics that an enterprising area exhibits are (Table 1):

1. A buzz in the local entrepreneurial community;
2. Access to useful networking;
3. Availability of investment and funding;
4. Easy access to low-cost co-working spaces;
5. Good media coverage.

Table 1. What makes an area enterprising?



Based on 163 responses to the question 'What makes an area

A city with a 'buzz' is clearly the number one attraction for the young entrepreneur.

It is, of course, hard to define what goes towards making a 'buzz'. But a brief look at our five 'enterprise cities' reveals, among other things, that they all have a relatively young population. The UK median age is 43 whereas for Manchester it's 30; for Bristol, it's 33; Brighton and Northampton 36; Sunderland it's 42.

Young entrepreneurs are naturally attracted to cities which offer low-price homes and workspaces, both of which are increasingly hard to come by in London. Beyond that, our survey shows the 'buzz' is created by:

- ▶ Opportunities to network with like-minded creative people;
- ▶ Positive media coverage;
- ▶ Lively entertainment and arts opportunities;
- ▶ Access to business advice and strong business-support networks;
- ▶ Access to finance;
- ▶ Entrepreneurial public servants who understand small business (and preferably have run or are still running one).

Yes but why here?

Other reasons why a business chose a specific location included the fact that it was home-based, there was availability of business support and there were good communication links and infrastructure.

Furthermore, 11% of respondents were motivated by the fact that a large client was based in the area, while government support, EU investment and broadband represented just around 6 per cent or less of the reasons motivating business creation in the area.

Overall, the top three reasons for starting a business in an area are:

1. The presence of complementary businesses;
2. Proximity to important clients;
3. Business support from the local council/LEP or public sector organisations.

It is clear the creation of an enterprise city depends as much as anything else on the presence of bigger businesses, public sector entities and supportive local authorities. There is no doubt that proximity to clients and the presence of complementary businesses, for instance, depend as much as anything on the lure of major organisations.

The lure of the south

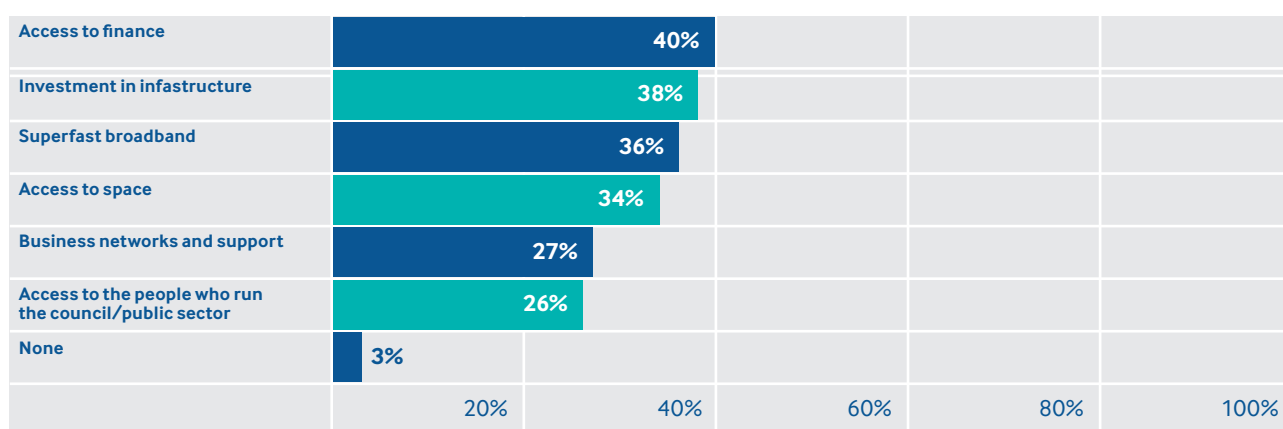
Our survey showed 11% of businesses relocated regions after set-up. Of those that relocated, the majority moved to the South East (27%), South West (27%) and London (20%) despite the higher costs generally associated with these regions. The main reason is to be closer to an existing client, though lifestyle choice also plays a part.

Missing out

While the majority of the surveyed described their area as enterprising, more than 90% admitted there is scope for improvement of the present business conditions.

According to survey, the need of superfast broadband (38%), followed by further infrastructure investment (38%), better access to finance (37%), workspaces (35%) as well as to the people who run the council (26%) are the top area of improvement that could enhance the business environment in the regions, and help them unlock their full potential.

Table 2. Which of the following do you think could help improve conditions for business in your area?



Based on 163 responses to the question 'What encouraged you to start your business in this area?'

Enterprising cities

We took our Regional Enterprise survey findings and applied them to our five enterprising locations and found that most of the criteria for creating the ‘buzz’ needed in an enterprising city were to be found in each of them, with Manchester and Bristol ticking all the boxes while Northampton ticked the fewest (five out of nine).

The state of **infrastructure** was examined in terms of transport links and connectivity as well as the availability of workspaces for start-ups and established businesses. While well-developed transport infrastructure (e.g. fast train connections to London and international airports) is generally perceived as beneficial for enhancing regional entrepreneurial activity, the availability of **(co) working spaces** is of crucial importance.

Co-working spaces offer young enterprises numerous benefits: they are often a lower cost alternative to renting a regular office space; they usually offer free amenities such as coffee, guest speaker seminars, etc. which make interaction between members much easier; and they put start-ups in close proximity to one another and provide the perfect ground for exchange of ideas, testing of innovation as well as getting through to the right connections that can help them overcome challenges and grow.

According to our research, MediaCity (Manchester), the Skiff (Brighton), the Engine Shed (Bristol), the Evolve Business centre (Sunderland) as well as the Enterprise Zone (Northampton) have all played a key role in satisfying start-ups’ needs and providing the right conditions for them to flourish.

The majority of infrastructure projects seem to have involved an active approach by the respective city council. **Forward-looking local government** appears to be a commonly exhibited characteristic within the chosen enterprising regions.

Yet, while city councils, LEPs and Regional Development agencies have often been initiators of projects and initiatives aimed to improve the business environment, the key to success is adopting a multi-stakeholder approach involving the public, private and academic sectors.

Business support through mentoring, information provision, management and strategy advice is also among the vital conditions for healthy start-up demography. As Tracey Johnson, Enterprising Barnsley, put it: “You wouldn’t accept medical advice from anything other than a healthcare professional, and business support from business people is a crucial factor in the success of any programme to encourage growth.”

It is not surprising successful enterprising locations have managed to address the business support gap. The abundance of advice and mentoring offered by public as well as private/industry networks in Manchester, Brighton, Bristol, Sunderland and Northampton has helped budding entrepreneurs to start up and grow.

ICAEW Business Advice Service (BAS) member and Chartered Accountants, Pomegranate Consulting, is an excellent example of a private company that shows significant involvement with start-ups. The Manchester based firm offers drop in business clinics on a Saturday morning when people have time off from the day job to come in and chat about their business over a cup of coffee. During the sessions the team meets predominantly new business start-ups. Apart from giving entrepreneurs’ free help and advice Pomegranate Consulting is also involved in mentoring entrepreneurs, as well as attending various entrepreneur events around Manchester where advisers also meet kids; the “young budding entrepreneurs” of the North.

The presence of large student communities, together with **proactive universities** which link them to entrepreneurs, are found to have successfully fostered a business spirit. Universities were present in all of the analysed cities and their collaboration with businesses seem to be delivering excellent results,

not only by improving the appeal of entrepreneurial activities among young adults but also by increasing their work prospects.

The availability of **trendy places, entertainment, and networking events** that strengthen the links among the start-up community are vital for boosting the entrepreneurial vibe in Manchester, Brighton and Bristol, adding an extra appeal to the area. Not only do they facilitate interaction and encourage aspiring entrepreneurs to turn their business idea into reality, but they also attract established enterprises to relocate to the area. As Eric van der Kleij, head of FinTech accelerator Level 39, points out: “It’s very cost-effective to set up a start-up in other areas of the UK, but you also have to have the lifestyle. You can’t ignore that – it’s a critical thing.”

While those are less present in Sunderland and Northampton, we expect them to show a significant improvement over the coming years.

While **investment** is not equally available throughout the examined cities, Manchester, Bristol and Brighton display greater access to alternative financing which is seen as more suited to start-ups’ needs. In addition, the former two cities have managed to attract accelerators and incubator programmes which seem to have given the entrepreneurial community

an additional boost. Yet, other cities should not be discouraged by the scarcity of access to alternative financing. Instead, they should work towards improving their performance in the other factors so that they attract media attention and investment.

“Building an entrepreneurial ecosystem and driving investment requires that a location first enables the environment to help creative entrepreneurs develop ideas – for example allowing and encouraging dynamic and creative socialising facilities that help stimulate creativity (funky coffee houses, cool bars, galleries, clubs...), mentors, networking events, links to skills hubs like universities – create the environment for an entrepreneurial ecosystem, investors follow the entrepreneurs!”

Andrew Humphries

Serial Entrepreneur, Co-Founder of The Bakery & UKTI Dealmaker

Table 3. Success factors across enterprising locations

	Manchester	Brighton	Bristol	Sunderland	Northampton
Infrastructure	✓	✓	✓	✓	✓
Business support	✓	✓	✓	✓	✓
Large company pull effect	✓	x	✓	✓	x
Media coverage	✓	✓	✓	x	x
Lower costs	✓	x	✓	✓	x
Cluster	✓	✓	✓	✓	✓
Forward looking local government	✓	✓	✓	✓	✓
Multi-stakeholder collaboration (e.g. public-private-academia)	✓	✓	✓	✓	✓
Lifestyle (availability of events, cafes, etc.)	✓	✓	✓	x	x

London versus the rest

The dependence of the British economy on London and its financial and business services sector poses serious risks that could have substantial negative economic, social and political implications.

According to the Small Business Survey, almost 2.7 million SMEs in the UK wished to grow (ie to achieve more than 5% annual increase in turnover or employment), nevertheless, only 640,000 of them actually did. A possible explanation for this could be the high costs associated with running a business in London.

The last few years witnessed a strong increase in the costs of living and working in London which led to the city overtaking Hong Kong as the most expensive capital in the World. According to analysis of commercial property figures by Colliers International, the area of Shoreditch, where the Tech City is located, has seen a 46% increase in property rates between 2013 and 2014, which is very likely to lead to negative implications for businesses, with increasing costs becoming a greater barrier to growth. This argument is supported by a recent YouGov survey which found that 70% of London's small businesses struggle to expand their businesses in the city.

The ascendancy of the services sector and its concentration in London and the South East have led to a reaffirming divide between the North and the South, sharpening inequality and affecting the regional balance in the economy. Between 2007 and 2013 London's economy grew by 24% while the rest of the UK experienced only 15% growth.

While globally growth is increasingly driven by developed and urban cities, the UK lags countries like Germany where economic activity has a much more evenly distributed – seven out of the eight biggest cities outside London perform below the national average in terms of GDP per person.

Advances in technology have created greater opportunities for work outside the capital. Yet, as with the majority of entrepreneurial activity, the growth in start-ups was largely driven by an increasing number of homepreneurs in London.

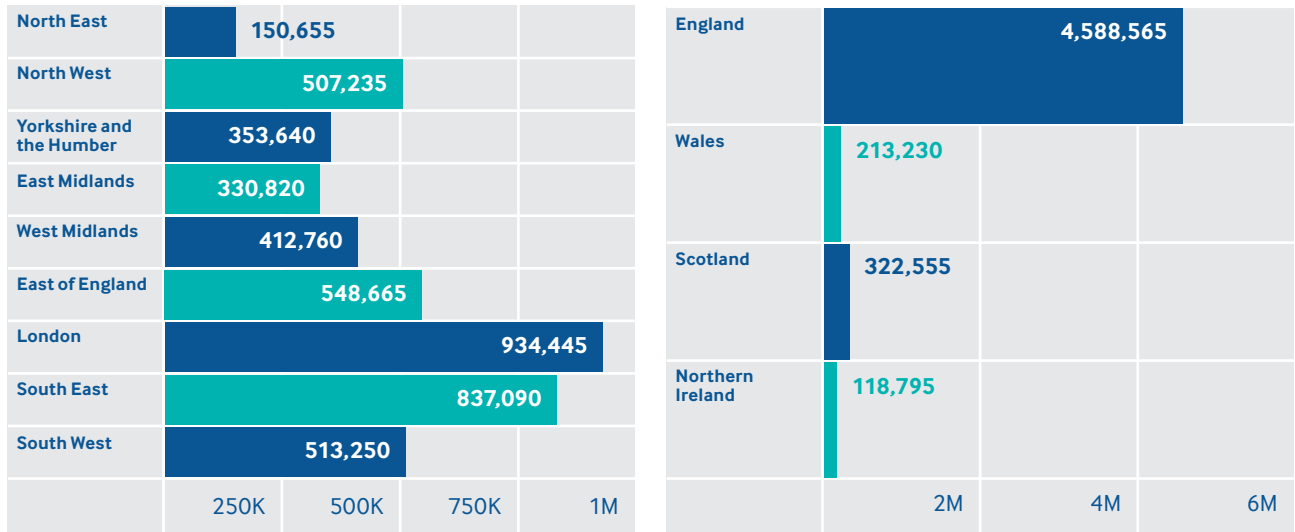
According to the City Growth Commission 'if the UK's top 15 metros were to realise their potential, it is estimated they would generate an additional £79bn growth'. Improving regional economic prospects throughout the UK could, by increasing employment and spending in the local economy, also reduce inequality. The lower costs of living and working outside London have the potential to offer better quality of life for many of the mid-earners.

As a result, we have lately witnessed an increased interest, by politicians and the media, in the 'Northern Powerhouse', suggesting the benefits of enhancing the business environment outside London have finally been realised. But how realistic is the likelihood of reviving Britain's regional economies?

Business creation across UK

According to BIS (2014) statistics, there were 5.2 million private sector businesses at the start of 2014. Between 2013 and 2014, a total of 330,000 new businesses were created, which represented a 6.7% annual increase. The growth was driven largely by increasing self-employment and non-employing businesses, accounting for 80% of new businesses established between 2013 and 2014.

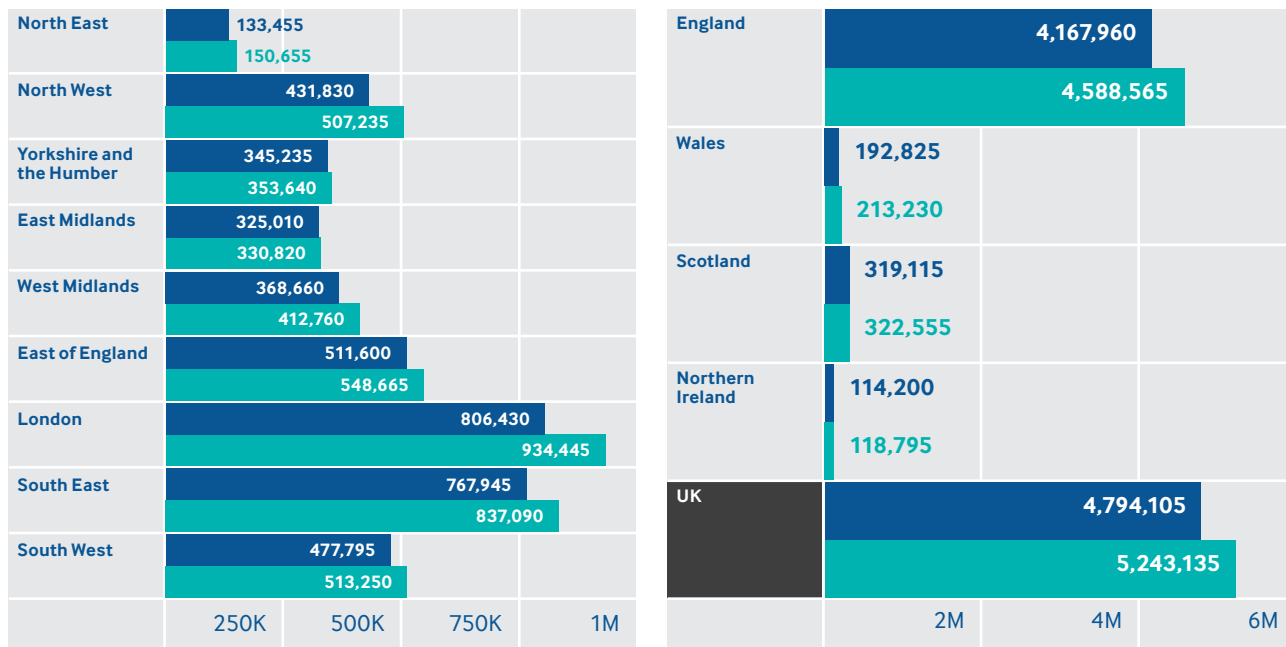
Table 4. Distribution of the business population across UK



Source: Department for Business, Innovation and Skills

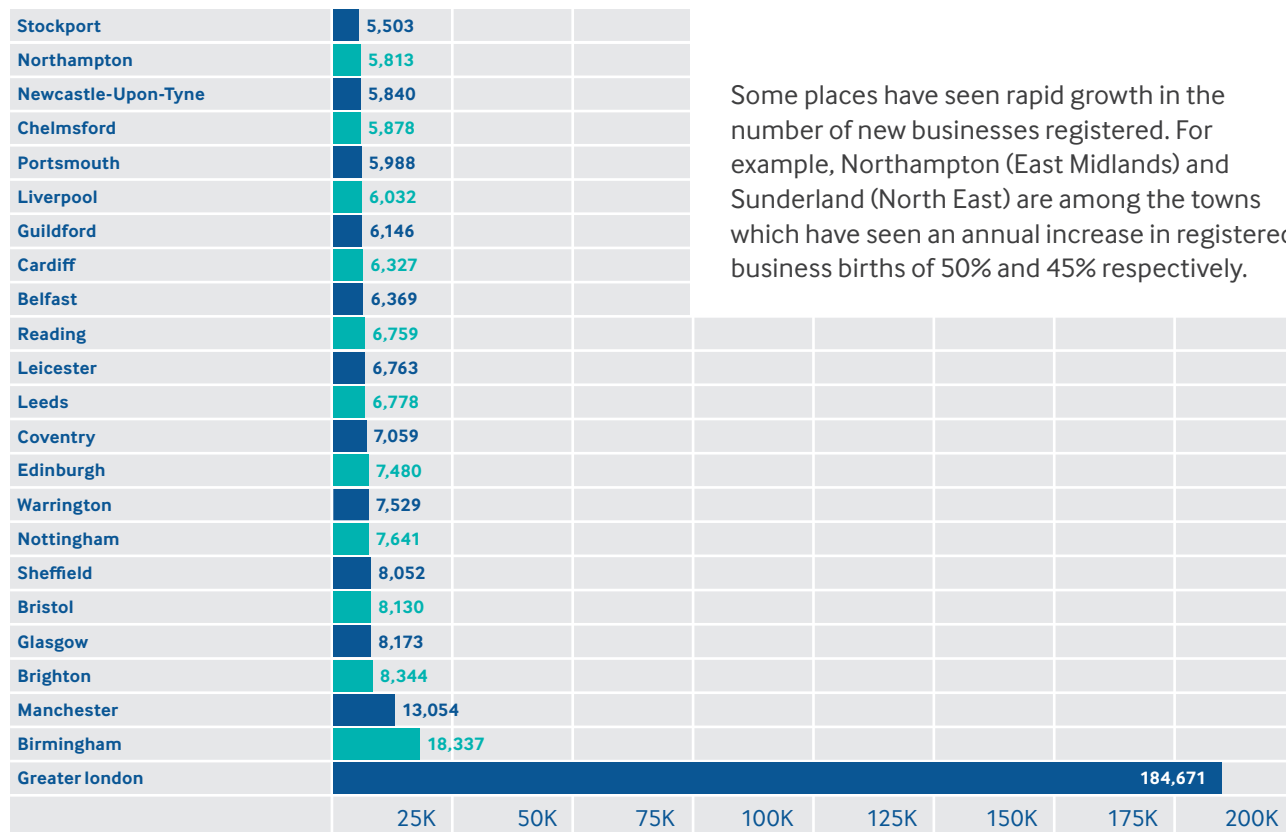
London and the South East are the most popular locations within England. Table 5 shows that not all regions registered an increase in the number of businesses between 2012 and 2014. After London, the North West and the South East regions saw the strongest businesses growth, with, respectively, 75,405 and 69,145 new business registrations.

Table 5. Distribution of the business population across UK 2012-2014



Source: Department for Business, Innovation and Skills

Apart from London, the regions displaying the greatest increase in business population are the North West (17.5%), The South East (9%) and the South West (7.4%). Some of the most important drivers of this growth are the developments in the larger cities such as Manchester, Brighton and Bristol, which all displayed a strong increase in newly-registered businesses per 10,000 people of the local population. In fact, Manchester scores even better than London when measured in terms of number of start-ups per 1,000 people – 25.34 vs. 21.94.



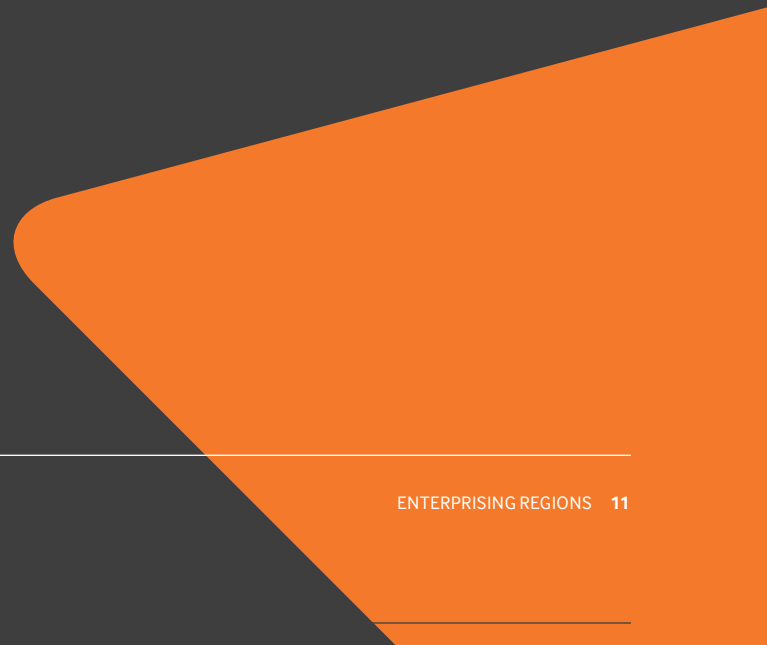
Some places have seen rapid growth in the number of new businesses registered. For example, Northampton (East Midlands) and Sunderland (North East) are among the towns which have seen an annual increase in registered business births of 50% and 45% respectively.

Source: Department for Business, Innovation and Skills

Five Enterprising Locations

The following section examines the entrepreneurial conditions in Manchester, Brighton, Bristol, Northampton and Sunderland in terms of the following indicators which we consider important for businesses to thrive:

- a) Presence of cluster or network benefits
- b) Availability of business support in the area
- c) Access to finance
- d) Quality of the infrastructure and investment in infrastructure
- e) Media attention, culture and lifestyle
- f) Access to Talent



Manchester – North West Region

- ▶ Ranked as number 1 city to start a business in the UK outside London¹ (ebay)
- ▶ Number of new start-ups (2013): 3.385²

Business support

- ▶ Accelerate ME, the UK's first startup accelerator for students;
- ▶ Manchester Entrepreneurs (2008) with nearly 4000 members;
- ▶ Manchester Science Park;
- ▶ SpacePortX co-working space;
- ▶ The Landing;
- ▶ Manchester Central Library;

Cluster/ Business network

- ▶ Media cluster
- ▶ Drinkabout Manchester
- ▶ TechBasin Beers
- ▶ Draw North West
- ▶ Northern Sohos
- ▶ Northern Digital
- ▶ Manchester Startups

Access to finance

- ▶ The Idea Alive accelerator;
- ▶ Manchester City Council's co-investment initiative to build new syndicates of angel investors around local businesses.
- ▶ North West Fund – £155m;
- ▶ Only 16% of start-up loans in the North West;
- ▶ Greater Manchester Investment Fund (GMIF);
- ▶ Manchester Business Loans – £24m government-backed initiative;
- ▶ Northwest Business Angels – investments of between £10,000-£50,000;
- ▶ Angels Den regional managers;
- ▶ Hubbub crowd funding platform for students;
- ▶ Government Connection Vouchers – a direct grant scheme – up to £3,000 for businesses looking to upgrade to high-speed internet.

Positive media image and entrepreneurial culture

- ▶ BBC and ITV relocation attracted media attention;
- ▶ Thriving cultural scene
- ▶ Manchester Central event space;
- ▶ Manchester Albert Hall;
- ▶ Palace Theatre;
- ▶ Phones4u Arena stadium;
- ▶ Manchester's Northern Quarter;
- ▶ Appealing image of relatively low living costs; house prices lower than the average;

Infrastructure

- ▶ Hubs – MediaCityUK;
- ▶ Work space;
- ▶ Co-working spaces at the classroom at the Hive, Open space;
 - Central Working;
 - SpacePortX;
 - Landing;
 - Sharp Project and hot desks at the Campus
 - Manchester Business Park;
 - Carrington Business Park;
 - Atlas Business Park.
- ▶ £3.5 billion invested in digital and technology infrastructure;
- ▶ Broadband – Average broadband speeds (Mbit/s): 17.8;
- ▶ Broadband investment – £12 million of government funding for ultrafast broadband to 6,200 businesses;
- ▶ Transport connection – Manchester Airport is the third largest in UK; fast train connection to London (2:09h) and possibly half the time if High Speed Rail 2 project goes ahead;
- ▶ Transport Investment – £1.5 billion public sector fund for transport schemes;
- ▶ £650 million Enterprise Zone at Manchester Airport City will create 10,000 full-time jobs in the region by 2027, and provide a direct connection to China;

Access to talent

- ▶ 5 universities in the area;
- ▶ Student population of over 100 000;
- ▶ Collaboration between academia and business – the Shed, offers space for graduates;
- ▶ Plans for coding school to train and retain talent;
- ▶ Manchester Leadership Programme' currently being developed

¹ Start-ups Cities Index, 2014; Ebay Report, 2015;
² ONS, 2014

Brighton – South East Region

- ▶ 3rd highest start-up rate in 2012 in the UK³
- ▶ 66 new businesses per 10,000 people in 2013
- ▶ Number of new start-ups (2013): 1960⁴

Business support

- ▶ Conferences: Develop; d-Construct; Brighton digital festival;
- ▶ Business support organisation Wired Sussex;
- ▶ Freelance network Brighton Farm;
- ▶ Coast 2 Capital is the Local Enterprise Partnership (LEP) for Brighton and Hove;
- ▶ Hove Business Association
- ▶ Brighton & Hove Chamber of Commerce;
- ▶ Sussex Enterprise;
- ▶ MD Hub;
- ▶ Sussex Innovation Centre – part of the University of Sussex and Brighton’s leading science park;

Cluster/ Business network

- ▶ Highest density of digital companies in UK – the Silicon Beach is a growing digital, tech and creative cluster;
- ▶ B2B cluster;
- ▶ Fused businesses combining creative art and design skills with technology expertise delivered fast growth;
- ▶ Success of cluster largely due to strong collaboration between public and private organisation, and academia.
- ▶ Successful start-ups: Clearleft (UX consultancy), Spannerworks (search firm, bought for £10M), games community, Boss Alien, Studio Gobo, Candy Labs, Shortrout Games (2)

Access to finance

- ▶ Digital businesses admit having difficulties accessing finance (2);
- ▶ Accelerators:
 - Happy Start-up school accelerator;
 - Entrepreneurial Spark since 2015;
- ▶ Scarcity of investment funds;
- ▶ Equity and debt financing – Finance South East – the LEP has committed £5 million of capital to create a new funding escalator comprising a loan scheme and an equity fund managed by The FSE Group;
- ▶ Coast 2 Capital – grants from £5,000 up to £250,000;
- ▶ Grant programme – Business Growth Grants by the Regional Growth Fund – up to 25% of a project for grants of up to £100,000

Positive media image and entrepreneurial culture

- ▶ Well known to the media and labelled ‘the capital of the UK’s rebellious, alternative economy’
- ▶ Has a unique culture – ‘atmosphere of friendliness, openness and connectivity, where people are willing to share support and knowledge’
- ▶ Lifestyle is a key pull factor to the city;
- ▶ Rich variety of bars and restaurants;
- ▶ Salaries are found to be lower than those in comparable cities;
- ▶ House prices are higher than the region’s average;

Infrastructure

- ▶ Workspace – Brighton has the fifth largest concentration of office space in the South East of England;
 - New England Quarter;
 - Jubilee Street development;
 - Woodingdean Business Park.
- ▶ Co-working spaces:
 - Brighton Media Centre
 - The Skiff
 - The Werks
 - Hot desk space at Bizspace Hove
 - Flexible and professional office space at the The Sussex Innovation Centre.
- ▶ Location advantages and good transport infrastructure – close proximity to London and Gatwick airport; daily ferry connections to France;
- ▶ Broadband – postcode with second highest superfast broadband penetration;
- ▶ Average broadband speeds (Mbit/s): 24.1
- ▶ Property – average house prices for Brighton and Hove were £260,343;

Access to talent

- ▶ 2 major universities – the University of Sussex and the University of Brighton;
- ▶ Over 35,000 students;
- ▶ Local universities have strength in creative arts and humanities;
- ▶ CENTRIM links business and graduates;
- ▶ 48% of entrepreneurs are arts and humanities graduates;

³ Centre for cities, 2015

⁴ ONS, 2014

Bristol – South West Region

- ▶ Ranked as third top city to start a business in the UK outside London
- ▶ Identified as a 'Super City' in 2011⁷
- ▶ Number of new start-ups (2013): 2,570⁶
- ▶ Survival rates (2009-2012): 60.6%⁵

Business support

- ▶ Bristol & Bath Science Park;
- ▶ Incubator – SETSquared – university partnership offers advice packages including mentoring and funding for early-stage firms;
- ▶ The Engine Shed;
- ▶ The Guild;
- ▶ BathSPARK;
- ▶ TechSPARK;
- ▶ WebStart Bristol;
- ▶ Bristol Games Hub;
- ▶ Invest Bristol & Bath;
- ▶ Strong advice and cooperation network between companies;
- ▶ The West of England Local Enterprise Partnership (LEP) collaborates with external organisations providing business support;
- ▶ BRAVE Enterprise – provides training courses and workshops to start-up businesses.

Cluster/ Business network

- ▶ Globally significant tech cluster;
- ▶ Identified as a 'Super City'
- ▶ Home to inspiring collaborations between industry, academia and government;
- ▶ Home to global leaders: Aardman Animation, Amazon (IMDB) and Hewlett Packard;
- ▶ Innovators – Ultrahaptics 'ultra-sonic' technology, and Open-Bionics 3D printable artificial limbs;
- ▶ Rich heritage in aerospace, high-tech and natural history film-making

Access to finance

- ▶ Accelerators schemes: ESpark; WebStart Bristol; Companies' networks; SETSquared;
- ▶ Incubator – Webstart Bristol;
- ▶ The West of England Growth Fund – grants between £10,000 to £80,000 to businesses and projects;
- ▶ The West of England LEP – grants from the Regional Growth Fund; £25m to invest into Bristol and the wider West of England.
- ▶ Between £10,000 and £1m to businesses supporting research and development, training, capital investment, and recruitment of disabled or disadvantaged workers.
- ▶ Microcredit Fund – loans of up to £7,500; 6% fixed interest rate;
- ▶ South West Loans Fund – up to £50,000 with a 1% amount payable on the funding drawn down.
- ▶ LEP – business rate discounts of up to £275,000 for businesses wanting to move into the Temple Quarter.

Positive media image and entrepreneurial culture

- ▶ Positive image of the region as a growth driver;
- ▶ Named the 'European Green Capital for 2015' by the European Commission;
- ▶ High quality of life;
- ▶ The city has a lot to offer on the entertainment and culture side: theatre, flagship museum M Shed, the Bristol Hippodrome, independent cinemas (e.g. Horts and Watershed);
- ▶ Property prices – on average £192,920 – slightly higher than average house prices for the South West region of £184,049;

Infrastructure

- ▶ Bristol Temple Quarter Enterprise Zone;
- ▶ Bristol and Bath Science Park (BBSP) – lab space, hot-desks and a "grow-on centre";
- ▶ The Harbourside;
- ▶ Co-working spaces: the Engine Shed Enterprise Centre;
- ▶ Average broadband speeds (Mbit/s): 24.5 (high);
- ▶ Transportation – good range of transport links.
 - Bristol Airport;
 - M32 and M5 motorways connection to London (90 minute drive);
 - Good train connections
 - Bristol Council has plans to invest £400m in transport infrastructure to reduce energy usage;
 - Port – Royal Portbury Docks reaches over 42 million people;

Access to talent

- ▶ 2 universities – the University of Bristol and the University of the West of England (UWE).
- ▶ University of Bristol collaborates actively with businesses;
- ▶ The university runs the RED programme (Research and Enterprise Development);
- ▶ Engineering talent (e.g. motion capture and micro-robotics);

⁵ Startups, 2014b

⁶ ONS, 2014

⁷ HSBC, 2012

Sunderland – North East Region

- ▶ Number of new start-ups (2013): 900

Business support

- ▶ Incubator space for graduate and student businesses at The Enterprise Place at Sunderland University
- ▶ The Hatchery
- ▶ PNE Enterprise
- ▶ Sunderland University;
- ▶ Sunderland City Council;
- ▶ Evolve Business centre;
- ▶ Sunderland Business Network;
- ▶ Enterprise Club
- ▶ Digital Catapult Centre initiative
- ▶ Sunderland Software City (2009);
- ▶ Dynamo North East;
- ▶ Collaboration through events like Dynamo 14, Thinking Digital, Industry Conference, DIBI, and VRTGO;

Cluster/ Business network

- ▶ Software and digital business cluster – More than 1300 active companies in the region;
- ▶ Presence of large companies (or their departments) in Sunderland and the North East area: Sage, EE, British Airways, Accenture, Nissan, Virgin Money, nPower, Tesco, Procter and Gamble, and Balfour Beattie;
- ▶ Government departments – HMRC and DWP

Access to finance

- ▶ Sunderland City Council grants;
- ▶ More than £600,000 awarded to start-ups in the region⁸.
- ▶ 510 New Enterprise Allowance scheme beneficiaries;
- ▶ The North East Business & Innovation Centre;
- ▶ Transmit Start-Ups;
- ▶ Creative Industry Finance;
- ▶ NorthStar Ventures;
- ▶ NBSL;
- ▶ Generator;
- ▶ Finance for Business North East Accelerator Fund – backed by the European Regional Development Fund and the European Investment Bank
- ▶ Accelerators – Ignite100

Positive media image and entrepreneurial culture

- ▶ History in inventing products;
- ▶ Sunderland Software City – the only software cluster invited to join the prime minister’s trade visit to China in December, 2013;

Infrastructure

- ▶ £2 billion Regeneration projects attracted by Sunderland City Council⁹
- ▶ European support to the region – £125million has been invested via the European Investment Bank;
- ▶ Workspace:
 - The North East Business and Innovation Centre (BIC);
 - Rainton Bridge;
 - The Digital Catapult Centre (2015);
 - Stanfield and Pennywell Business Centres;
- ▶ Broadband – Average speeds (Mbit/s): 18 (average)
- ▶ The first city in the UK to offer blanket superfast broadband and its own Cloud¹⁰
- ▶ Transport connectivity: Newcastle airport within an easy reach

Access to talent

- ▶ Sunderland University – computer science research;
- ▶ 100,000 students
- ▶ Dynamo North East is working with schools, colleges, universities, and employers to ‘fix the education pipeline’¹¹

⁸ Virgin Money, 2013

⁹ E-volve Sunderland

¹⁰ Sunderland Software City (a)

¹¹ Policy Exchange, 2014

Northampton – East Midlands

- ▶ Number of new start-ups 2013): 1445

Business support

- ▶ Northampton Waterside Enterprise Zone;
- ▶ The University of Northampton – The University’s Enterprise Club;
- ▶ Northamptonshire Growth Hub;
- ▶ Inspire2Enterpris;
- ▶ Geneyus;
- ▶ Hothouse (student-led support);
- ▶ County Council overview website of business support;

Cluster/ Business network

- ▶ Northamptonshire is at the centre of the UK’s high performance technologies cluster, with up to 1500 companies involved in high performance technologies; (29)
- ▶ ‘Northampton University to be ‘Silicon Valley’ for social enterprise’;
- ▶ ‘Northampton offered the best environment for business success in 2013, ... among the top 20 most enterprising UK towns and cities of 2013.’;
- ▶ Successful collaboration between Northamptonshire County Council, NEP and The University of Northampton, NEP’s
- ▶ Technology Startups Meetups in Northampton

Access to finance

- ▶ Velocity Business Support – access to finance, vouchers for growth, innovation, digital enterprise (9)
- ▶ Enterprise Inc is a funding and support for students, recent graduates and academics in the East Midlands who are planning to start a business.
- ▶ The Enterprise Club has partnered with Santander to help students establish a business – £500 start up grant and ongoing business advice and mentoring.
- ▶ The NEP provides a wide range of funding access possibilities:
 - Locate – offering grant funding of up to £20,000 to existing businesses wishing to relocate or expand;
 - NEP and South East Midlands LEP secured £4 million for the local High Performance Technology (HPT) Network to support business growth and jobs creation.
 - Growing Places fund – NEP was allocated £5.8m to direct towards targeted investment in infrastructure;
 - INV-ENT – creative & cultural industries (CCI) funding by Northamptonshire County Council (NCC) – £1.3m has been invested in 105 local projects;

Positive media image and entrepreneurial culture

- ▶ Reputation as an entrepreneurial area
- ▶ The University of Northampton -internationally recognised as a leader in supporting Social Entrepreneurship; Named the ‘Changemaker Campus’, by Ashoka U, a prestigious values-based award;
- ▶ Northampton’s Cultural Quarter – Royal & Derngate, 78 Derngate, the NN Gallery and museum.;
- ▶ Construction of new cultural business hub in 2015 for £6.5 million

Infrastructure

- ▶ SEMLEP’s investment in the Enterprise Zone included £5m towards the new railway station, £3m to improve the road infrastructure in the area and £3.6m towards improvements to St James Mill Road.
- ▶ Good transportation network and central location (20)
- ▶ Easy access to two airports – East Midlands and Birmingham International
- ▶ Broadband – Average broadband speeds (Mbit/s): 23.4 (high)
- ▶ Northampton University innovation centre;

Access to talent

- ▶ Northampton University
- ▶ Knowledge Transfer Partnerships (KTPs);
- ▶ Challenge 2016, helping young people to find a job in the area;

Summary

Manchester – North West Region

Overall, Manchester seems to tick all the boxes, by having managed to increase opportunities and build on its available resources. According to our research, it seems creating the infrastructure that could host start-ups and established businesses (e.g. co-working spaces and hubs) has been the number-one condition that facilitated the creation of a digital and media cluster in the city. This was possible through fruitful collaboration between the public and private sectors, as well as academia. Manchester's creative vibe together with the lower costs of living and working, as well as the wide availability of cultural and entertainment events, appear to be another pull factor in the area. The rest of the success factors, such as networking opportunities, events and investments seem to have naturally evolved as a consequence and now play a vital role in boosting the entrepreneurial ambiance in the city.

Brighton – South East Region

Overall, the existing evidence points to several key success factors that have contributed to Brighton's entrepreneurial character. The city's cluster has to large extent been created thanks to the forward looking local council, the collaboration between public, private and academic sectors, and the strong engagement of chambers of commerce and industry organisations in supporting start-ups. This abundance of business support is believed to be one of the most important aspects allowing enterprises in Brighton to flourish (see case study). Nevertheless, the availability of infrastructure, such as office and co-working spaces, as well as the many cafes where entrepreneurs can interact, should not be underestimated. The same is true for Brighton's attractive geographical location and lively lifestyle which represent another pull factor for businesses to relocate.

Bristol – South West Region

The most recognisable success factors in Bristol appear to be the cluster benefit, with 80% of cluster members indicating they perceive the strong advice and cooperation network between companies to be a

significant benefit. Nevertheless, cluster development has been aided by a number of other pull factors, including: 1) the fact that large companies are based here, 2) a forward-looking local government which has systematically worked towards building the infrastructure that would fit the needs of start-ups as well as established businesses, and 3) the existence of vital collaboration between business and academia, which has fostered the entrepreneurial spirit in students and made their connection with business leaders easier.

Sunderland – North East Region

The major enterprise-formation factors that facilitated the rise of start-up activity in Sunderland relate to infrastructure developments and business support facilities such as those offered through Sunderland Software City. For that, both the successful collaboration between public and private organisations as well as the sufficient utilisation of European funds contributed to the uplift of the entrepreneurial culture in the city. Nevertheless, the presence of successful software companies in the area, acting as role models, is also likely to have stimulated business activity in the sector, and hence aided the cluster creation.

Northampton – East Midlands

Northampton's business pull-factors stem from a tight synergy between public investment programmes for the region, through the South and East Midlands Enterprise Partnership and the local Northamptonshire one, which started to invest substantially in the Enterprise Zone in 2011, as well as the input of academia. Hence, The University of Northampton has created a Growth Hub and developed a strong focus on social entrepreneurship to strengthen social cohesion and links between business and youth. The town has benefited greatly from the recent investments stimulated by its proximity of the Silverstone motor-racing circuit, home to a high performance technologies cluster.

Resident Entrepreneurs

Three entrepreneurs offer the reasons as to why they located and developed their business in Bristol, Brighton and Manchester.

Crunch.co.uk

Date started 2008	What Fast-growth cloud-based accountancy service	Turnover £5m	Employs 155
Founders' names Darren Fell, Stephen Crouch	Previous companies Pure360	12 month target 50% growth	Based Hove

Why did you start-up in Brighton?

I had been working in London starting up and then running email marketing firm Pure360 since 2001 to 2008. For about a year I'd been working on the proposition and business plan for Crunch as well as preparing Pure360 for market. I successfully sold Pure360 in 2008. It had been a busy time and it felt like it was time to move to the seaside.

I'm no stranger to Brighton. Previously I had studied electronic engineering at nearby Brighton Tech so knew the area well and was keen to get back to a place with space, fresh air – and a beach.

What was/is the most valuable factor for the rise in entrepreneurship in the area?

According to some studies Brighton is way ahead of other areas when it comes to freelancing and digital businesses. I put that down to the Brighton culture – partly because of its hippy past it's a place where you can be free and be creative.

What do you find most helpful for businesses to flourish?

There's a great support network here. The Sussex Innovation Centre and Wired Sussex as well as a lot of other like-minded digital firms like Brand Watch.

Was it easy to attract funding?

Right at the beginning in 2007/8 we managed to attract some great investors. People like Paul Birch co-founder of Bebo and ex-Skype chairman and eBay and AOL strategist Michael Van Swaaij. We have a lot of interest from investors and private equity firms on a regular basis. They see a great business opportunity, they don't that care that we're not in London.

Do you feel you are missing out because you are not based in London?

Not at all. Almost all of the people I worked with in London have now left and many of them have come here to Brighton, attracted by the sunnier way of life. They're not sitting on the 06.53am on the train into London, they're planning the day's business while walking on the beach. That may sound a little prosaic – but it's partly right. We did at one stage have an issue with recruitment – there is a finite number of specialist enterprise java producers in Brighton. However because of the great location, many were happy to simply relocate.

Do you help with the entrepreneurial culture in the area? Has that been a business priority?

We are involved with many initiatives, but we haven't found it necessary to start our own because there already is a wonderful business-focused culture here that suits our needs very well.

Boomerang Communications Ltd

Date started 2007 as a sole trader; 2009 as a limited company	Founders' names Katy Cowan & Tom Cowan	What An independent PR agency helping brands and companies to embrace the new media landscape	Employs 6 Based Manchester
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Why did you start-up in Manchester?

We moved to Manchester because there are more opportunities for winning business here, it is a more credible location. Winning new business is easier when you're based in a city like Manchester. Your profile is raised and you have a larger audience of potential clients.

It is also easier to recruit the right talent and be part of a growing creative community.

Manchester is where a lot of other businesses gravitate towards and are based – for the same reasons. It's a 'cluster' – and therefore it generates opportunities, attracts talent and encourages growth in the local economy, which further attracts talent and people to the area, including more new businesses.

What was/is the most valuable factor for the rise in entrepreneurship in the area?

Manchester has become a good alternative to living and working in London. The increasing property prices are being one of the main drivers for people to move outside of London. Nevertheless, the realisation that a better life exists beyond the M25 is also an important factor. There's a better quality of life in Manchester, and it's growing fast with huge regeneration underway as the population grows, attracts talent and drives the city's continuous improvement. Manchester seems to have the wow factor. BBC being here helps.

What do you find most helpful for businesses to flourish?

Having the right people on board plus a thriving economy where the government supports small business such as ours and there's confidence in spending overall.

Was it easy to attract funding?

Council and LEP support were irrelevant to us. We've never required support or funding. Everything we've done has been off our own backs, completely bootstrapped and we've had to learn as we've gone along.

What are the remaining challenges for businesses in Manchester?

Finding talent. Although Manchester is growing, there's still a lack of talent in the local area, particularly on the web developer side of things. We need Manchester to continue to grow and become a Northern powerhouse; offering an attractive alternative to London.

Do you help with the entrepreneurial culture in the area? Has that been a business priority?

YES – we run Creativeboom.co.uk from Manchester and are always singing the city's praises. We're proud to be based here, and proud of this growing city. We believe championing Manchester has helped to raise its profile. Also, we support lots of small businesses and freelancers that we outsource some work to.

Nameless.co.uk

Date started
1999

Founders' names
Jaya Chakrabarti, MBE

What
Fast-growth creative
web communications
technology media group

Employs
12
Based
Bristol

Why did you start in Bristol?

I studied for my BSc in Physics and MSc in Advanced Electronic Metals at Bristol University and was studying for a PHD when I took a much-needed change of direction and discovered I had a passion, and a skill, or business. Bristol was a natural choice, it's got a fantastic business culture steeped in tech, which has its roots in a well-established scientific community specifically in the field of semi-conductors – it was once called Silicon Gorge. Another advantage is that Bristol University brings with it a huge and well-qualified talent pool.

What was/is the most valuable factor for the rise in entrepreneurship in the area?

Part of the BBC being based in Bristol, coupled with a strong scientific university culture was pivotal in the development of the right conditions to create a creative tech cluster. The 1990s saw many of the BBC departments creating multi-media spin-offs, developing a new breed of 'creative warriors' here. As a result there is now a rich creative network in Bristol that supports lateral thinkers and problem solvers like Nameless. Things like the excellent Watershed Creative Space for example. If we'd based Nameless in London, we wouldn't have lasted two years because we would have had to conform to the London-centric view of what a tech company is and been the same as all the rest. As it is our offering is fresh and more valuable for the longer term. Another factor is that the City Council is forward thinking around infrastructure. The Heart of the South West LEP and Business West offer a good support network for start-ups now and into the future.

House prices

House prices here are a lot cheaper than in London, which is important for young firms employing a young workforce. You can't expect your staff to be creative when they are still more worried about paying the rent than they are anything else. If they are struggling financially, it will affect the business.

Do you play a role in supporting the emerging start-up culture?

I am on several boards and offer advice to the local LEP, Business West and of course Nameless conducted the successful A Mayor for Bristol Campaign, I also chair the Bristol Manifesto and sit as an advisory member on the Bristol Chambers of Commerce's Initiative Board. Stoking the Bristol fire is always a priority as is throwing a spotlight on its successes.

Conclusion

With the entrepreneurial conditions highlighted in this report in place across the UK, we will reap economic and social reward. The result will be higher rates of StartUps and growing businesses, and a more productive and innovative workforce; outcomes many policy makers are working towards.

Entrepreneurs and small business owners have told us why they move to areas or decide to base a business in their home town. They want the infrastructure within which to operate and a vibrant lifestyle to match. They want strong networks and routes to market, as well as a public service that understands small business and its growing importance to the UK.

With learnings from successful locations such as Manchester and Bristol, matched with stories from resident entrepreneurs, this report offers a checklist for any area with a plan to see its small business sector flourish.

On the day the report is published, Enterprise Nation announces the appointment of 12 Enterprise Champions who, as business owners in their own right, are connected in their areas and have a commitment to creating the strong networks and entrepreneurial buzz that the community is after.

The entrepreneurial success of so many areas is often down to the work and commitment of a bunch of entrepreneurs who spot gaps in the market, step in to act, and set the scene for others to succeed.

We hope you have enjoyed the contents of the report.

With sincere thanks to Vyara Ruseva for her work in researching and producing this report, and to ICAEW team; Nigel Hastilow, Stephen Ibbotson, Clive Lewis, Harpreet Panesar, and James Baglin for input, edits and support.

Appendix 1: Research method

The Enterprising Regions Survey was an online survey sent to the Enterprise Nation community of 70,000 small businesses on 1 July 2015

The survey was open for 1 week and results in this report are based upon the 163 responses received during that time (1st July- 8th July 2015)

The Survey was also included in a post on the Enterprise Nation blog <https://www.enterprisenation.com/blog/posts/do-you-live-in-the-most-enterprising-area-in-britain>

