



UK Entrepreneurship

idinvest
PARTNERS

February 2018

“IT IS NO SURPRISE TO US THAT LONDON'S ENTREPRENEURIAL DNA STANDS OUT FROM THE REST OF THE UK. LONDON'S UNIQUE ECOSYSTEM, TALENT POOL AND GLOBAL OUTLOOK CONTINUES TO PROTECT UK ENTREPRENEURS FROM THE POTENTIAL IMPACTS OF BREXIT”

Dan Rogers, CSO and Co-Founder of Peakon



FOREWORD



Entrepreneurs have confirmed their position on the world stage and received recognition for the crucial role the entrepreneurial spirit plays in supporting both economic and social progress. In France this year we have welcomed President Macron's pro-business agenda and vision for a start-up nation. However, this progress masks the still significant challenges facing the next generation of entrepreneurs across Europe. Issues such as financing and economic security cannot be overlooked.

We are heartened to again see such a strong entrepreneurial sentiment amongst the British people, especially amongst the younger generation, and excited to support the growth of the UK companies of the future.

Christophe Baviere, CEO, and **Benoist Grossmann**, Managing Partner

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INTRODUCTION AND METHODOLOGY

INTRODUCTION:

Idinvest Partners is pleased to share the findings of its second barometer tracking the UK's attitude towards entrepreneurship.

Idinvest Partners surveyed a representative sample of the UK population to find out:

- Has the DNA of a UK entrepreneur changed?
- How strong is entrepreneurial motivation amongst the population?
- Are they optimistic or pessimistic in a post-Brexit environment?
- Do they believe that Britain is still the best place to start a business?

The UK version of this barometer is presented in tandem with the French Idivest Partners Index, which has been published with Le Figaro since 2009.

METHODOLOGY:

Online survey carried out by Viavoice on behalf of Idivest Partners between the 15th and the 22nd of January 2018.

United Kingdom: Sample size of 1,500 people, plus an additional sample of 300 young people (18-29 years old), and a further additional sample of 300 people in Scotland.
In total: 2,100 unique online respondents.

Representation determined through the quota sampling method according to the following criteria: gender, age, respondent occupation, region

KEY FINDINGS

The British public remains positive, despite the uncertainty on the horizon resulting from the Brexit negotiations. When we compare the results with the 2017 Barometer, there is undoubtedly a greater sense of caution, reflected in the 20% decrease in the percentage of the population motivated to start a business. However, these findings also show that would be entrepreneurs in the 18-29 age group's commitment to starting a new business has not been dented and that they are demonstrating a youthful resilience and optimism. Respondents in this age category were 20% more likely to be motivated to start a business. Unsurprisingly, young respondents were also found to rate 'ambition' and 'risk-taking' as more important personal values for entrepreneurs than those in the older generation.

KEY FIGURES:

- A start up capital: 49% of Londoners are motivated to start a business, which is 16% higher than the UK as a whole
- 33% of the population still consider the UK as one of the best countries to start a business, down from 44% in 2017
- Germany, Scandinavia and Sweden are thought of as the best locations to start a business in Europe outside of the UK
- 31% of the total population surveyed have a definitive plan to start a business in the next year, which means that currently almost 1 out of every 3 people living in the UK hopes to become an entrepreneur in 2018
- Results show that 'uncertainty on the outcome of Brexit' is perceived as the strongest constraint to starting a business in the UK
- Entrepreneurs are systematically more optimistic than the overall population on issues such as economic growth (+17%), employment (17%), purchasing power (+18%) and inflation (+12%)

REGIONAL FOCUS

- Londoners are 11% more optimistic about the UK's entrepreneurship prospects in comparison to Europe than the rest of the UK
- Southern England is most pessimistic about the UK's prospect for entrepreneurship in comparison to Europe
- London was voted as the best place to start a business in 2 years time, closely followed by Central, Southern and Northern England
- Northern Ireland and Wales were voted as the least promising locations to start a business in 2 years time
- 57% of respondents from London are either optimistic or very optimistic about the 12 month outlook for the British economy
- 59% of respondents from Scotland are either pessimistic or strongly pessimistic about the 12 month outlook for the British economy

THE BRITISH ECONOMY IN 2018

- Results show that 'uncertainty on the outcome of Brexit' is perceived as the strongest constraint to starting a business in the UK
- Overall, 49% of the population are optimistic about the the 12 month outlook for British economy compared to 57% in 2017
- However, 68% of those respondents who were motivated to start a business are either optimistic or strongly optimistic about the 12 month outlook for British Economy
- More broadly, the top two concerns for the UK population on the economic outlook for the UK are inflation and economic growth

YOUNG BRITISH ENTREPRENEURS

Compared with the general population of entrepreneurs, UK entrepreneurs between 18 and 29 show some particularities.

- 80% of young would be entrepreneurs believe that their generation have unique strengths and skills. These specific strengths are identified as:
 - A better knowledge of new technologies and digital practices;
 - A better knowledge of consumer trends;
 - A strong drive for autonomy and flexibility.
- 53% of them believe it is easier for them to set up a business than it was for previous generations
- 76% of young people motivated to start a business and living in London say it is 'easier' to set up their project compared with older generations

THE FUNDING CHALLENGE

The challenge of funding remains at the core of UK entrepreneurs' concerns. For 37% of those surveyed, 'financing needs' is the main issue affecting their final decision on whether to launch their company.

When confronted with a variety of funding sources, the UK still focuses primarily on traditional sources such as:

- personal savings (49%);
- one or more bank loans (27%);
- public sector assistance (23%).

THE PROFILE OF A BRITISH ENTREPRENEUR

31% of those interested in starting a business already have a concrete plan to execute the project in the next coming year (2% more than 2017). In comparison with the last survey, the motivations behind entrepreneurship have slightly changed over the last twelve months. While 'financial success' and 'expected increase in income' were the first motivations in 2017, this time these financial motivations arrive in second place, behind a set of motivations linked with the desire to be 'free and independent' and to develop 'an idea for a product or business with potential'.

Overall, in two years' time, the sectors considered most attractive and promising for entrepreneurs across all age groups in the UK are set to be:

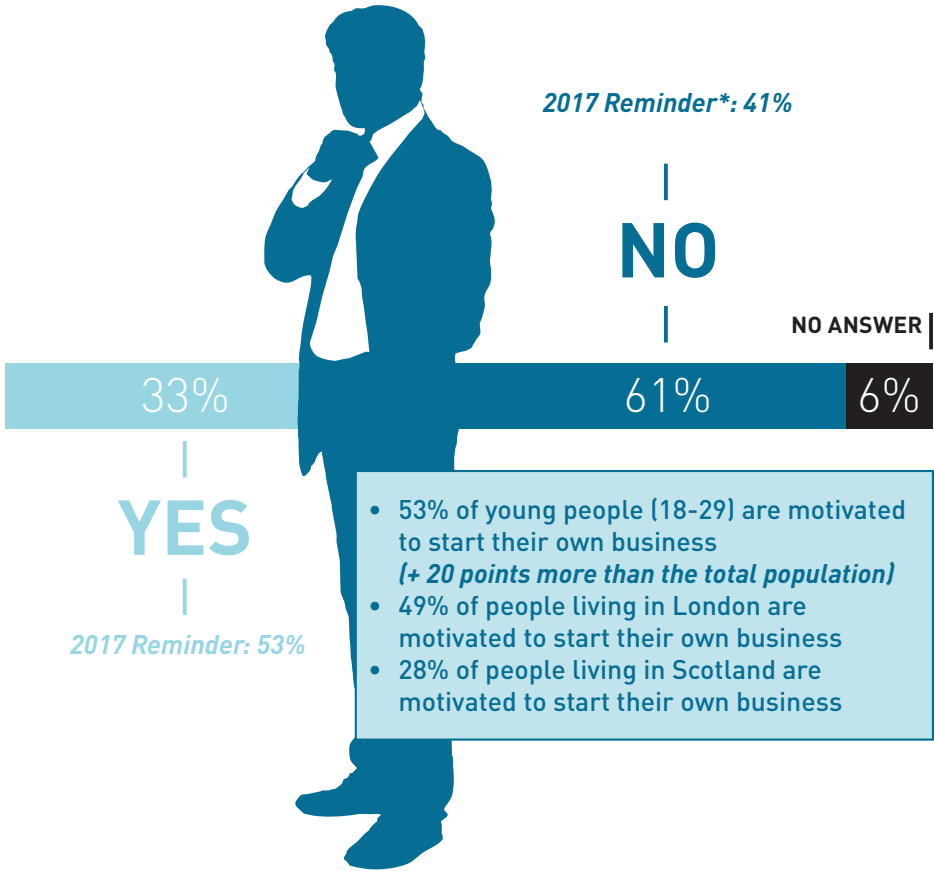
- Science and technology;
- Information and communication (with a focus on young entrepreneurs);
- Finance and insurance;
- Manufacturing, energy, water and mining (with a focus on young entrepreneurs);
- Real estate (with a focus on young entrepreneurs).



THE ENTREPRENEURIAL ENVIRONMENT

ENTREPRENEURIAL MOTIVATION

IF YOU HAD THE OPPORTUNITY, WOULD YOU START YOUR OWN BUSINESS?



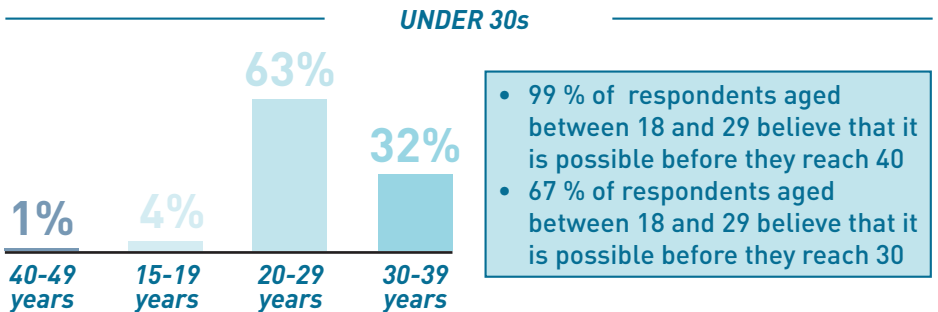
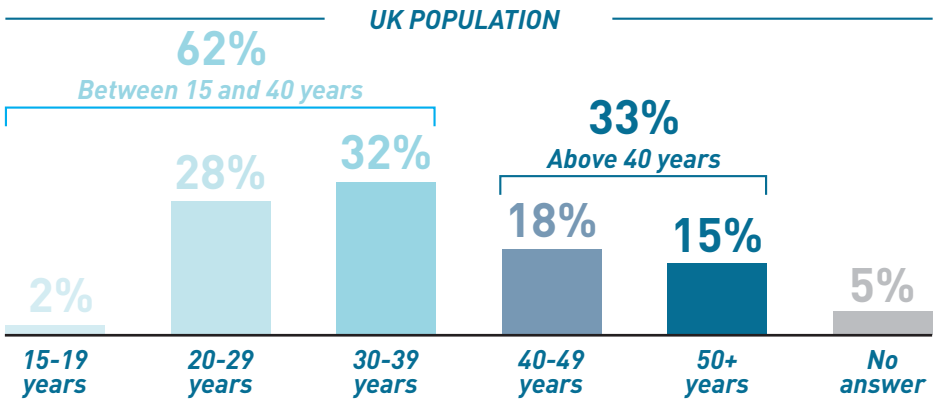
*THE FIRST UK IDINVEST BAROMETER WAS CONDUCTED IN FEBRUARY 2017 AMONG 1,500 RESPONDENTS.

AGE AND EXPERIENCE

AT THIS MOMENT, IF YOU HAD THE OPPORTUNITY, WOULD YOU BE MOTIVATED TO START YOUR OWN BUSINESS?



AT WHAT AGE DO YOU THINK THAT YOU WOULD BE MOST LIKELY ABLE TO START YOUR OWN BUSINESS?



SAMPLE: PERCENTAGE OF RESPONDENTS MOTIVATED TO START THEIR OWN BUSINESS BY AGE

ENTREPRENEURSHIP IN THE UK

COMPARED WITH OTHER MAJOR EUROPEAN ECONOMIES SUCH AS FRANCE, GERMANY OR ITALY, DO YOU BELIEVE THE UK IS PERCEIVED AS ONE OF THE BEST COUNTRIES TO START A BUSINESS INTERNATIONALLY?

2017 Reminder: 44%

THE UK IS ONE OF THE BEST COUNTRIES TO START A BUSINESS

2017 Reminder: 29%

NEITHER BETTER NOR WORSE

NO ANSWER



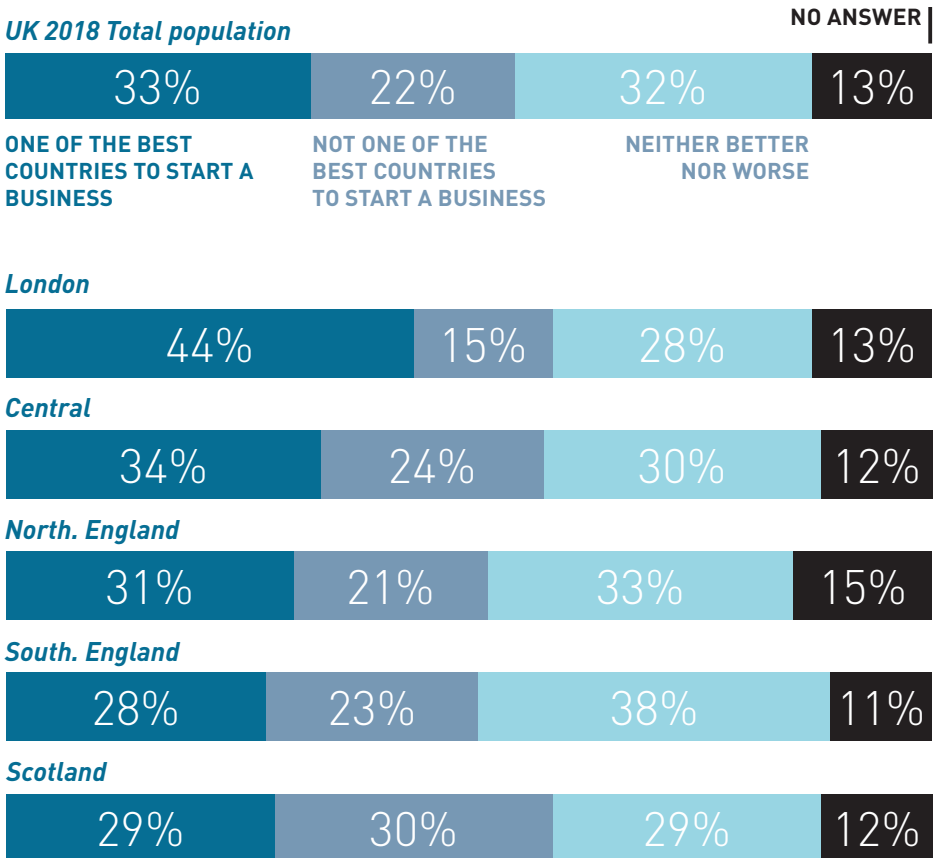
- 52% among people motivated to start their own business *(+19 points)*
- 35% of young people between 18 and 29 years old *(+2 points)*

THE UK IS NOT PERCEIVED AS ONE OF THE BEST COUNTRIES TO START A BUSINESS

2017 Reminder: 17%

ENTREPRENEURSHIP IN THE UK (REGIONAL BREAKDOWN)

COMPARED WITH OTHER MAJOR EUROPEAN ECONOMIES SUCH AS FRANCE, GERMANY OR ITALY, DO YOU BELIEVE THE UK IS PERCEIVED AS ONE OF THE BEST COUNTRIES TO START A BUSINESS INTERNATIONALLY?

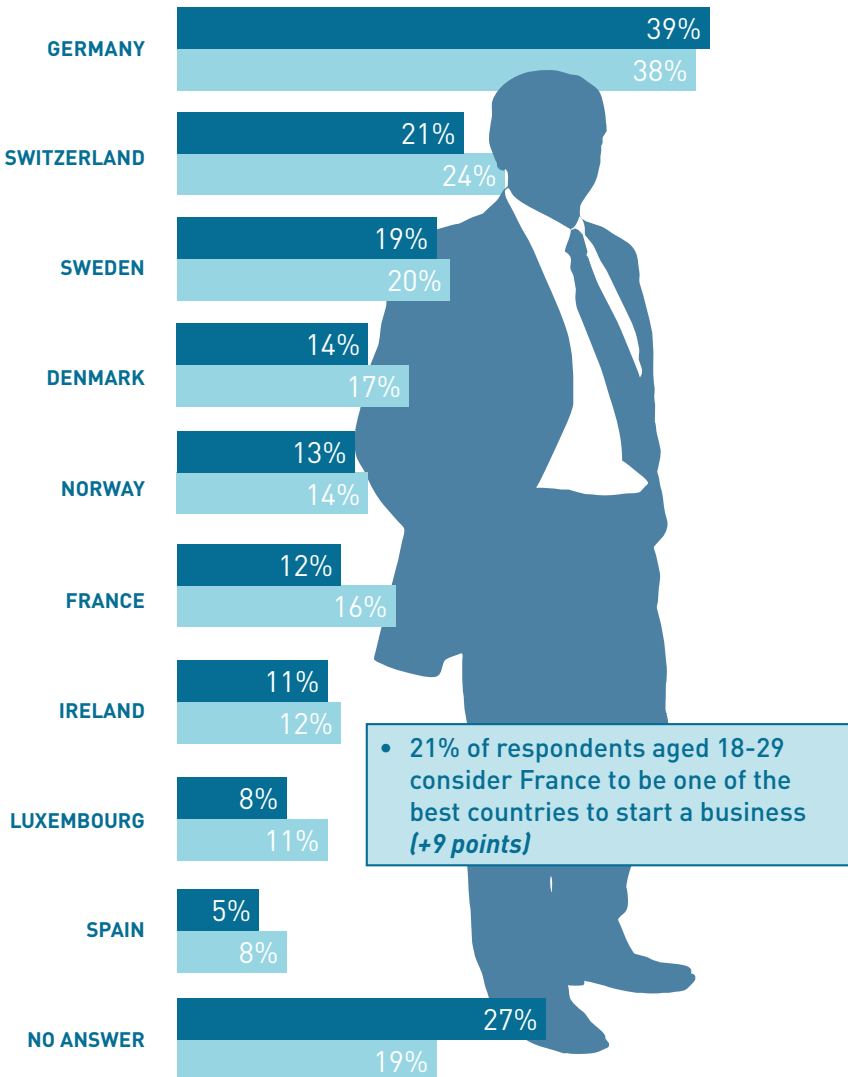


IINVEST BAROMETER: "UK ENTREPRENEURSHIP" - FEBRUARY 2018

BEST PLACES TO START A BUSINESS IN EUROPE

OF THE FOLLOWING COUNTRIES, WHICH ONE(S) DO YOU BELIEVE HAS THE BEST REPUTATION TO START A BUSINESS?

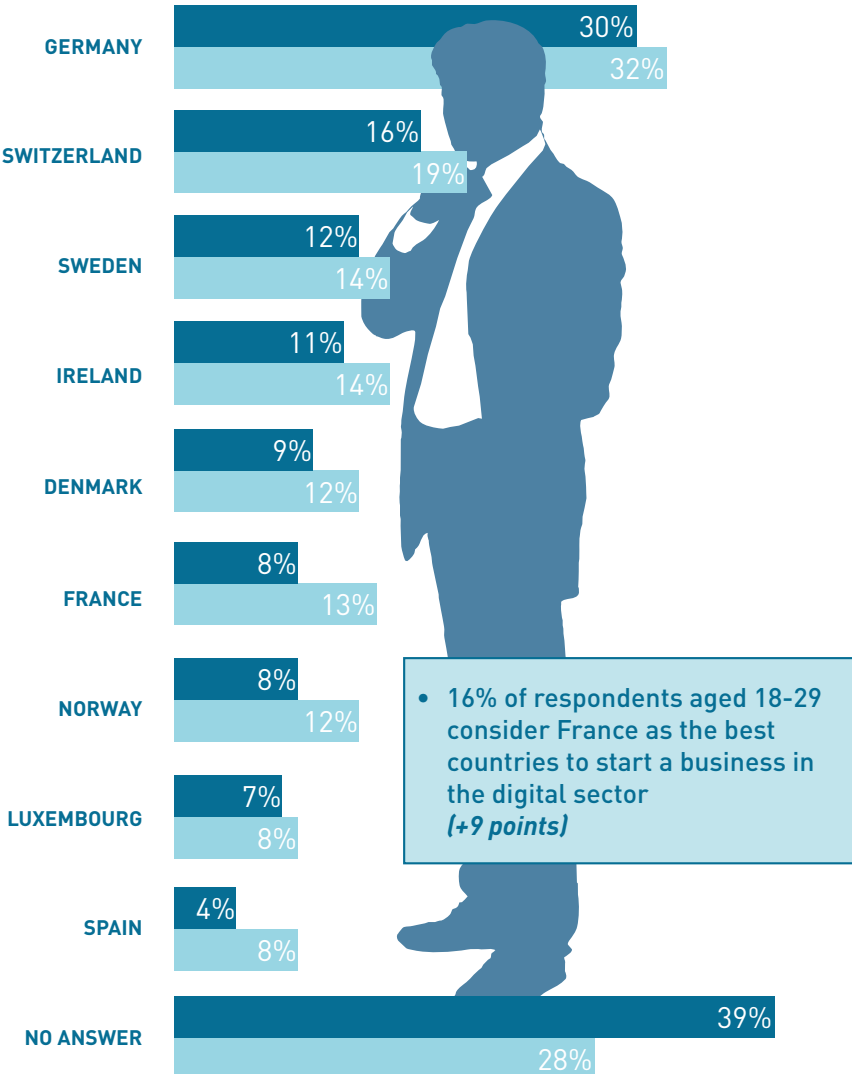
- UK TOTAL POPULATION • PEOPLE MOTIVATED TO START A BUSINESS



BEST PLACES TO START A DIGITAL BUSINESS IN EUROPE

OF THE FOLLOWING COUNTRIES, WHICH DO YOU THINK HAS THE BEST REPUTATION TO START A BUSINESS IN THE DIGITAL SECTOR?

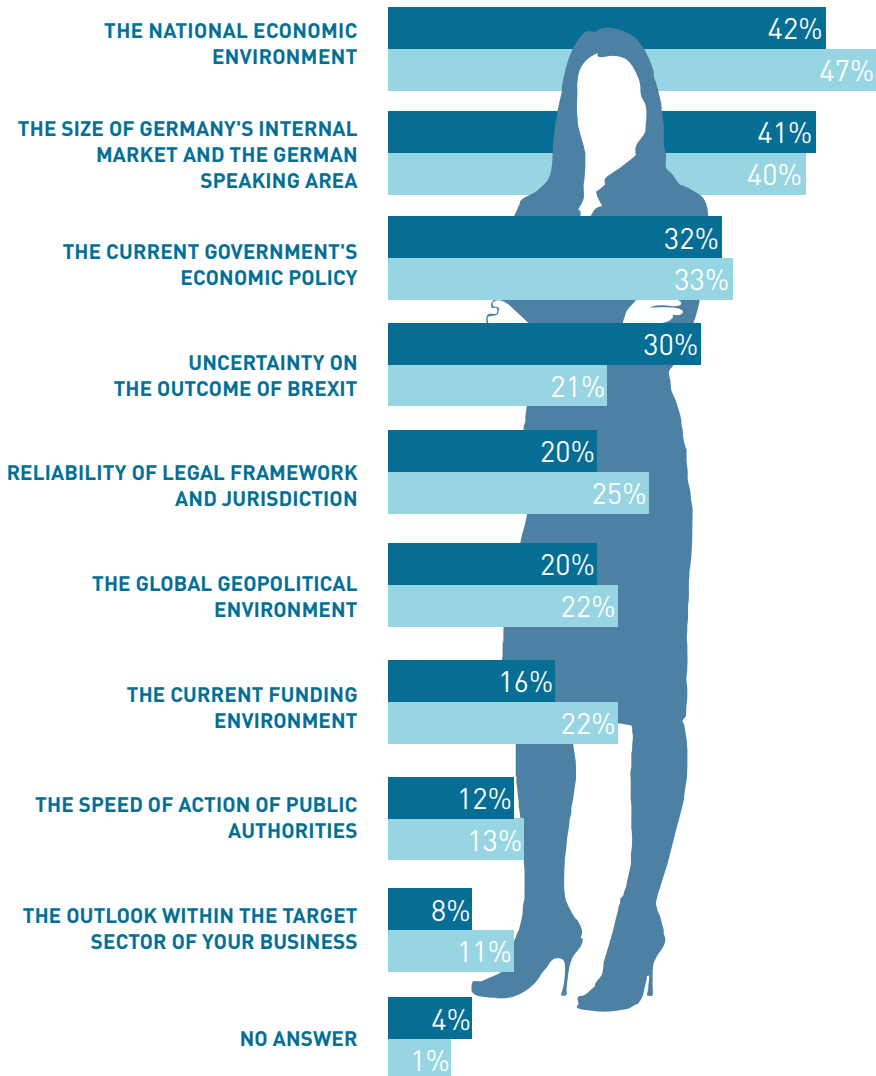
• UK TOTAL POPULATION • PEOPLE MOTIVATED TO START A BUSINESS



FOCUS ON GERMANY

WHY DO YOU BELIEVE THAT GERMANY HAS THE BEST REPUTATION TO START A BUSINESS?

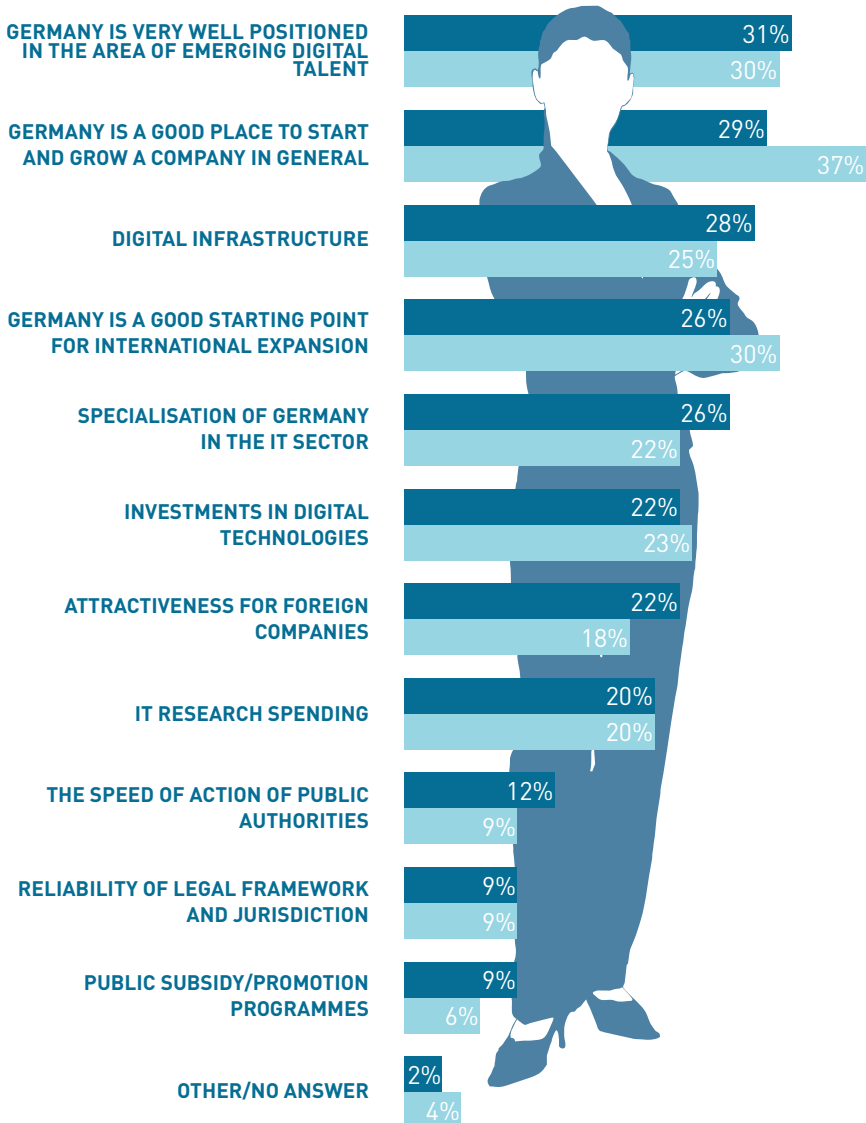
• UK TOTAL POPULATION • PEOPLE MOTIVATED TO START A BUSINESS



FOCUS ON GERMANY

WHY DO YOU THINK THAT GERMANY HAS THE BEST REPUTATION TO START A BUSINESS IN THE DIGITAL SECTOR?

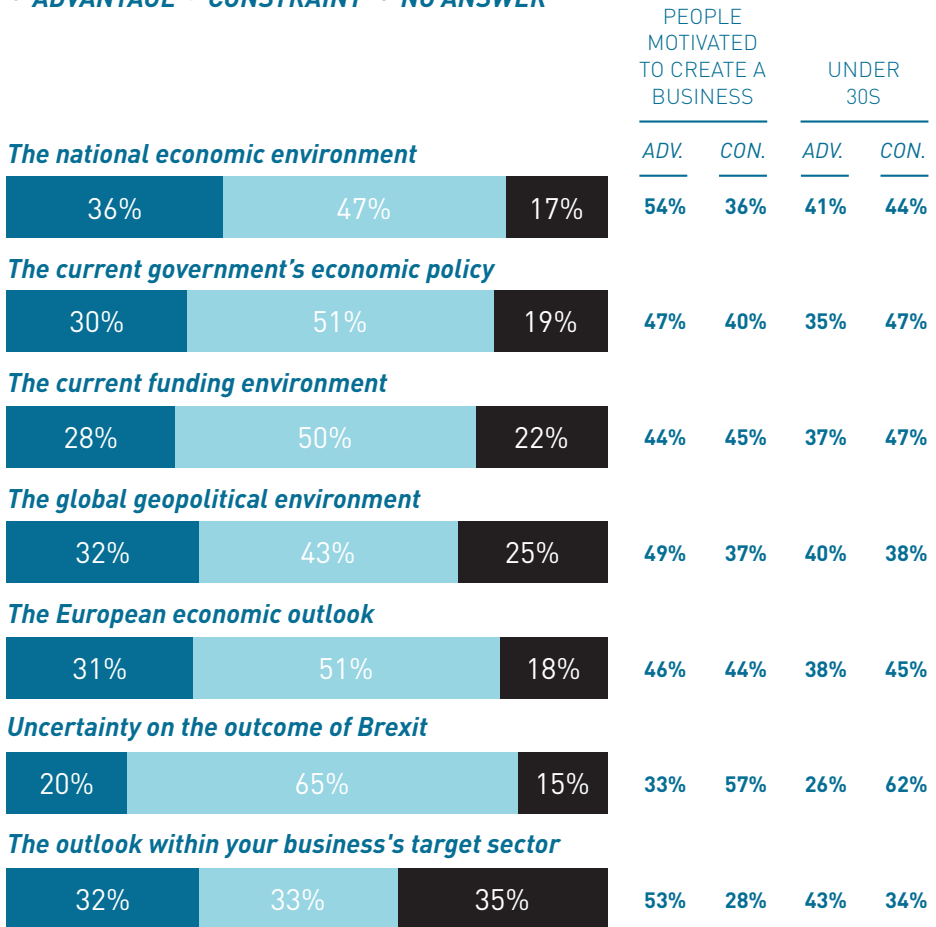
• UK TOTAL POPULATION • PEOPLE MOTIVATED TO START A BUSINESS



UK START-UP ENVIRONMENT

FOR THE FOLLOWING ITEMS, WOULD YOU SAY THAT THEY CURRENTLY REPRESENT MORE AN ADVANTAGE OR MORE A CONSTRAINT TO START A BUSINESS IN THE UK?

• **ADVANTAGE** • **CONSTRAINT** • **NO ANSWER**



SAMPLE: 1,500 RESPONDENTS

SAMPLE:
498
RESPONDENTS

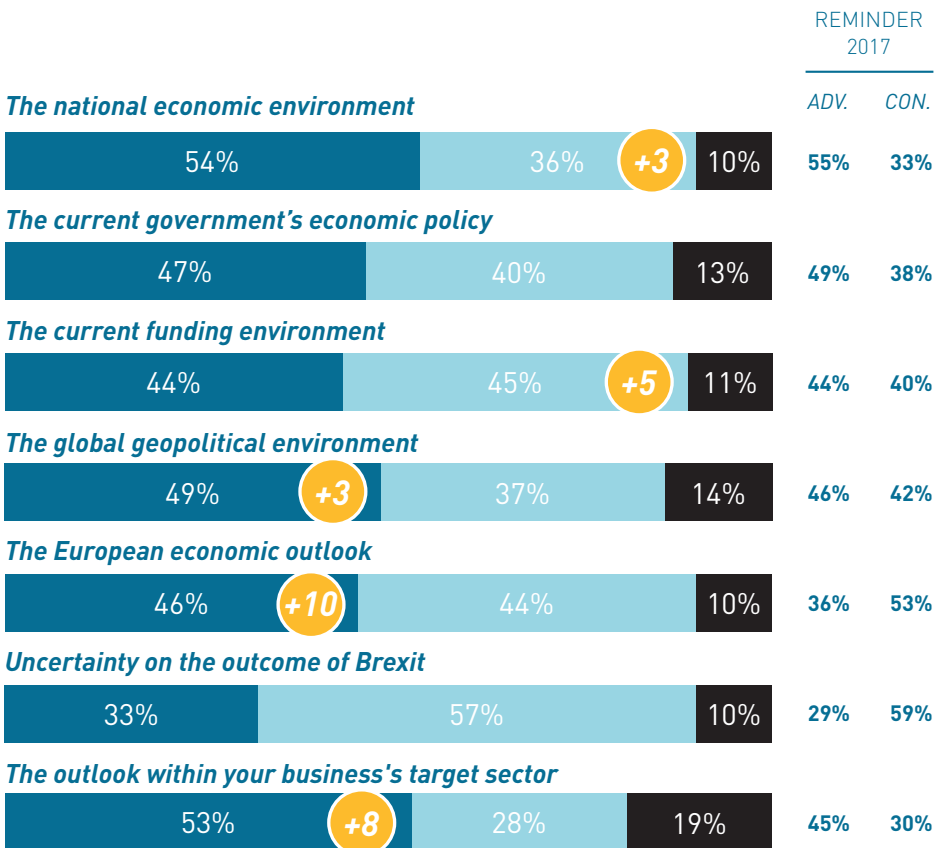
SAMPLE:
617
RESPONDENTS

• **People motivated to create a business and under 30s are systematically more positive**

UK START-UP ENVIRONMENT

**FOR FOLLOWING ITEMS, WOULD YOU SAY THAT THEY CURRENTLY REPRESENT MORE AN ADVANTAGE OR MORE A CONSTRAINT TO START A BUSINESS IN THE UK?
(AMONG PEOPLE MOTIVATED TO CREATE A BUSINESS)**

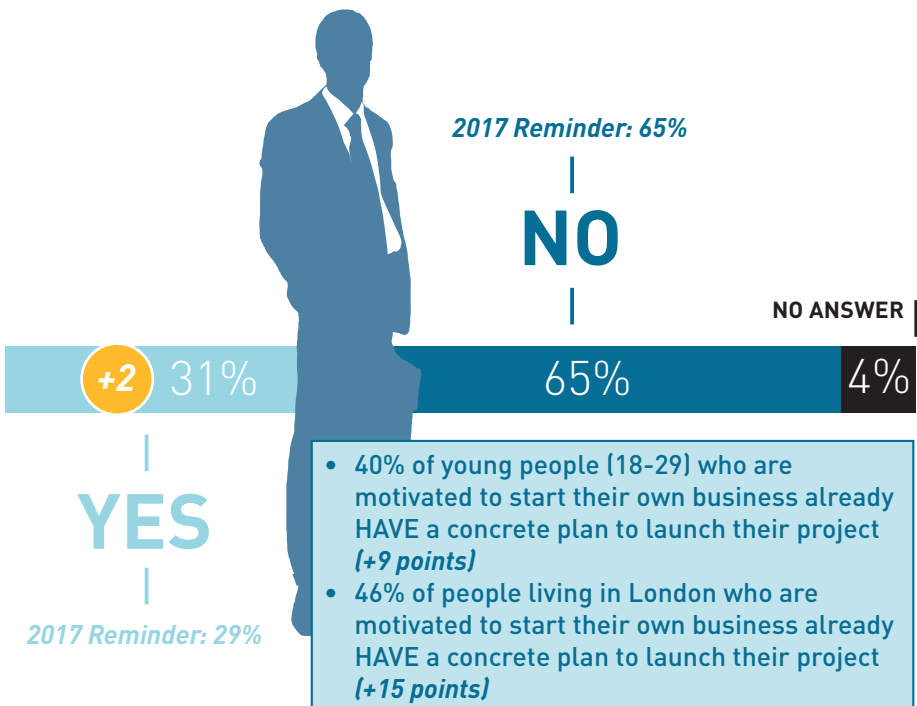
• **ADVANTAGE** • **CONSTRAINT** • **NO ANSWER**



THE PROFILE OF THE ENTREPRENEUR

ENTREPRENEURIAL STATUS

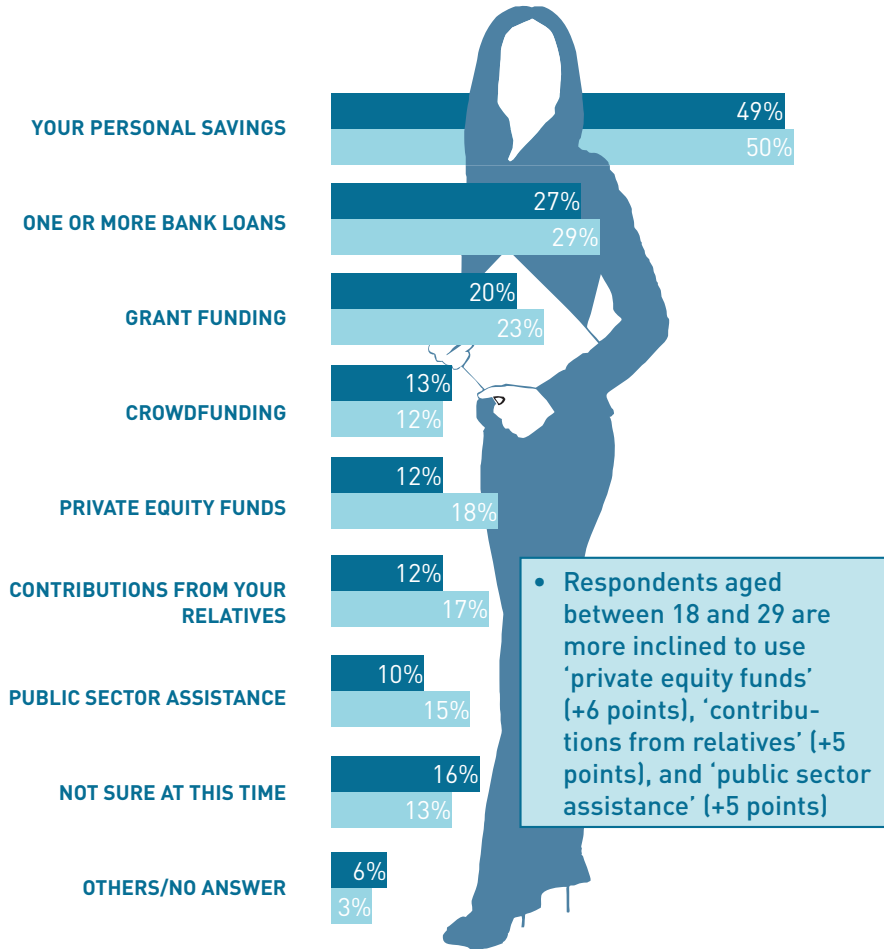
DO YOU CURRENTLY HAVE A CONCRETE PLAN TO START YOUR OWN BUSINESS THAT YOU INTEND TO CARRY OUT IN THE COMING YEAR?



SOURCES OF FINANCING

WHAT SOURCES OF FINANCING WOULD YOU HOPE TO ACCESS IN ORDER TO START YOUR OWN BUSINESS?

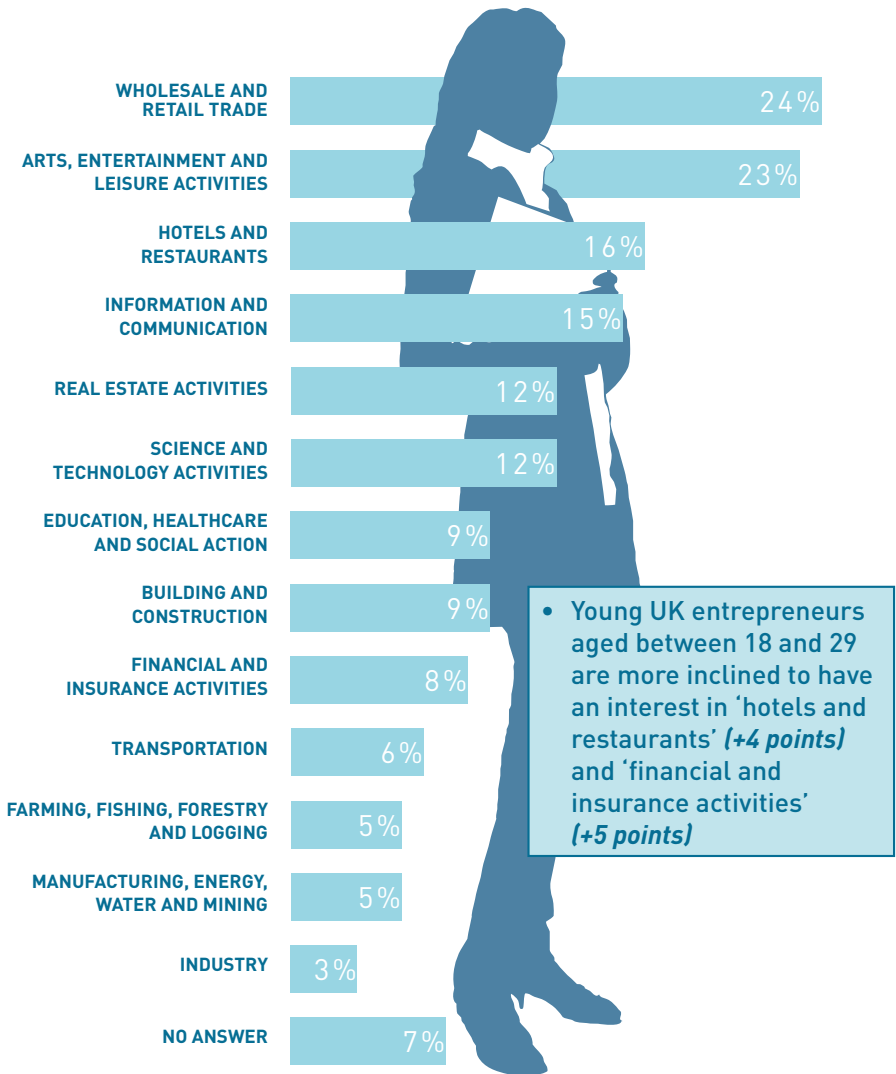
- ALL ENTREPRENEURS
- YOUNG ENTREPRENEURS (18-29 YEARS)



SAMPLE : PEOPLE MOTIVATED TO START A BUSINESS

SECTOR SPOTLIGHT

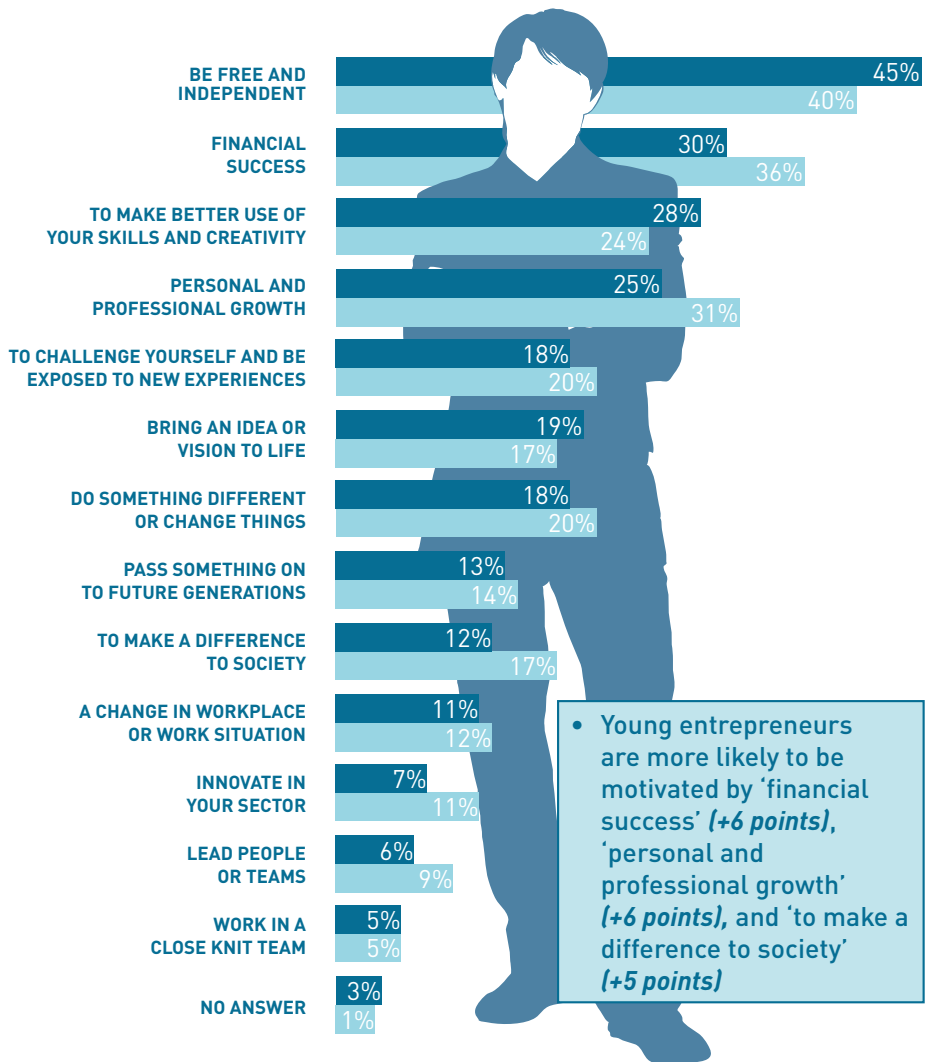
IN WHICH INDUSTRY SECTOR WOULD YOU BE INTERESTED IN STARTING YOUR BUSINESS?



MOTIVATION: LONG-TERM FACTORS

WHY DO YOU WANT TO START YOUR OWN BUSINESS?

- ALL ENTREPRENEURS • YOUNG ENTREPRENEURS (18-29 YEARS)

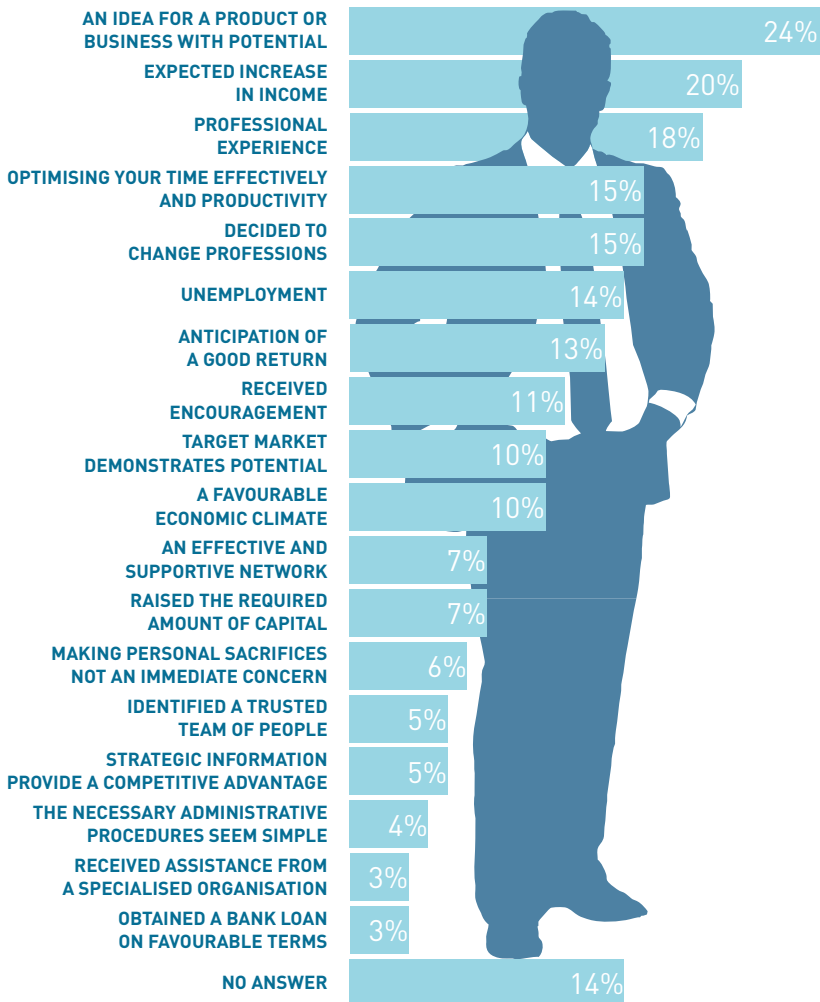


SAMPLE: PEOPLE MOTIVATED TO START THEIR OWN BUSINESS

MOTIVATION: SHORT-TERM FACTORS

WHAT ARE THE REASONS THAT LED YOU TO PLAN TO START YOUR OWN BUSINESS?

(ALL ENTREPRENEURS)

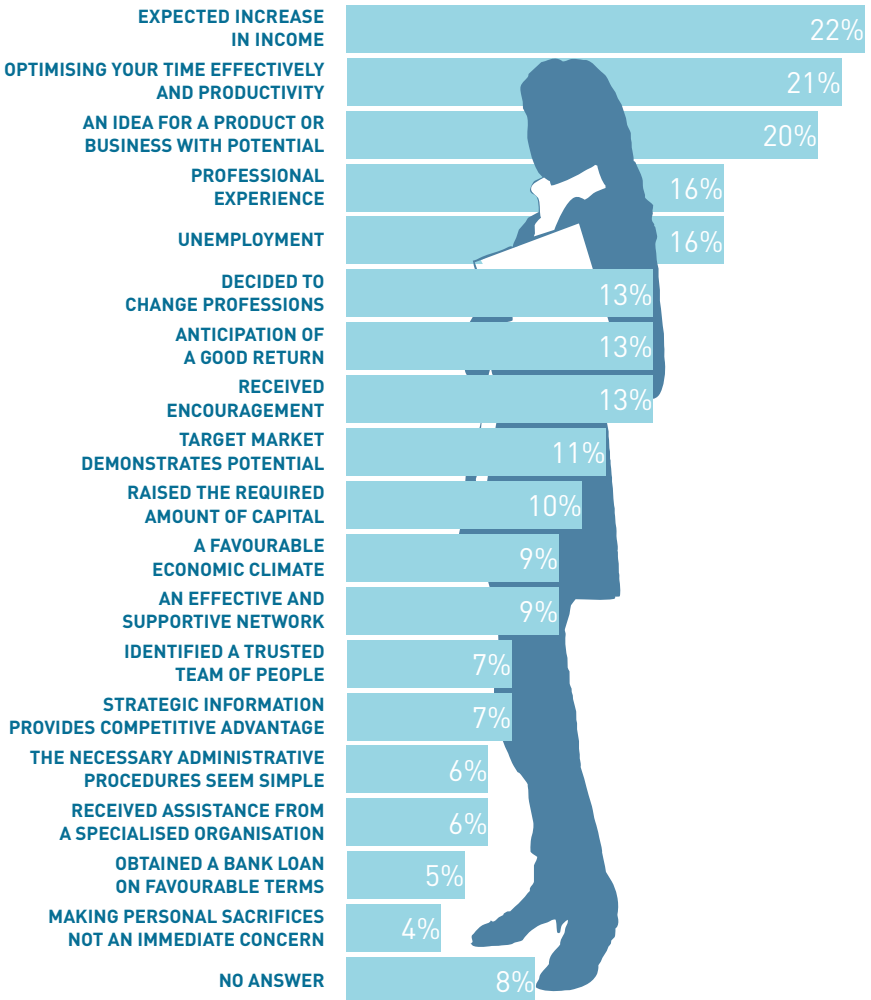


SAMPLE: PEOPLE MOTIVATED TO START THEIR OWN BUSINESS

MOTIVATION: SHORT-TERM FACTORS

WHAT ARE THE REASONS THAT LED YOU TO PLAN TO START YOUR OWN BUSINESS?

YOUNG ENTREPRENEURS (18-29 YEARS)



SAMPLE: PEOPLE MOTIVATED TO START THEIR OWN BUSINESS

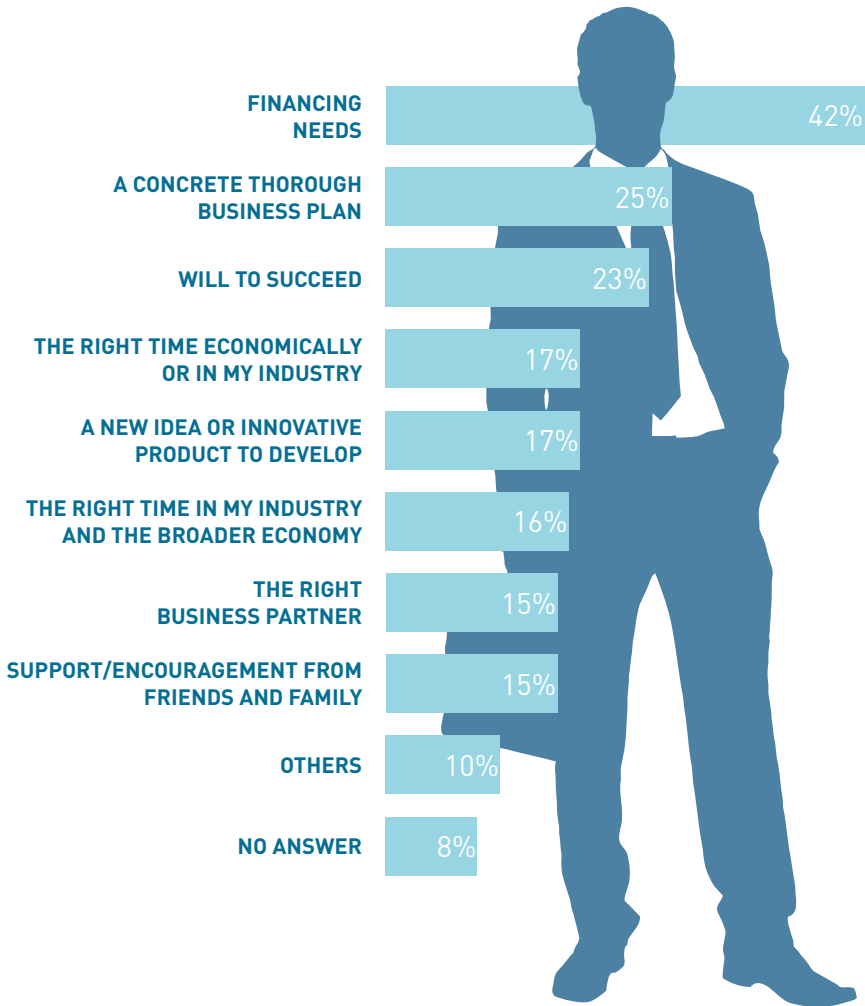
MOTIVATION

TOP 5 SHORT-TERM FACTORS

<i>ALL UK ENTREPRENEURS</i>	<i>YOUNG UK ENTREPRENEURS (18-29 YEARS)</i>
AN IDEA FOR A PRODUCT OR BUSINESS WITH POTENTIAL	EXPECTED INCREASE IN INCOME
EXPECTED INCREASE IN INCOME	OPTIMISING YOUR TIME EFFECTIVELY AND PRODUCTIVITY
PROFESSIONAL EXPERIENCE	AN IDEA FOR A PRODUCT OR BUSINESS WITH POTENTIAL
OPTIMISING YOUR TIME EFFECTIVELY AND PRODUCTIVITY	PROFESSIONAL EXPERIENCE
DECIDED TO CHANGE PROFESSIONS	UNEMPLOYMENT

THE FINAL DECISION

WHAT IS THE DECIDING FACTOR THAT STANDS BETWEEN YOUR CURRENT SITUATION AND ACTUALLY STARTING YOUR OWN BUSINESS?



TOTAL GREATER THAN 100%: MORE THAN ONE ANSWER POSSIBLE
SAMPLE: PEOPLE MOTIVATED TO START THEIR OWN BUSINESS

THE FINAL DECISION – REGIONAL FOCUS

WHAT IS THE DECIDING FACTOR THAT STANDS BETWEEN YOUR CURRENT SITUATION AND ACTUALLY STARTING YOUR OWN BUSINESS?

ALL UK ENTREPRENEURS TOP 3 DECIDING FACTORS

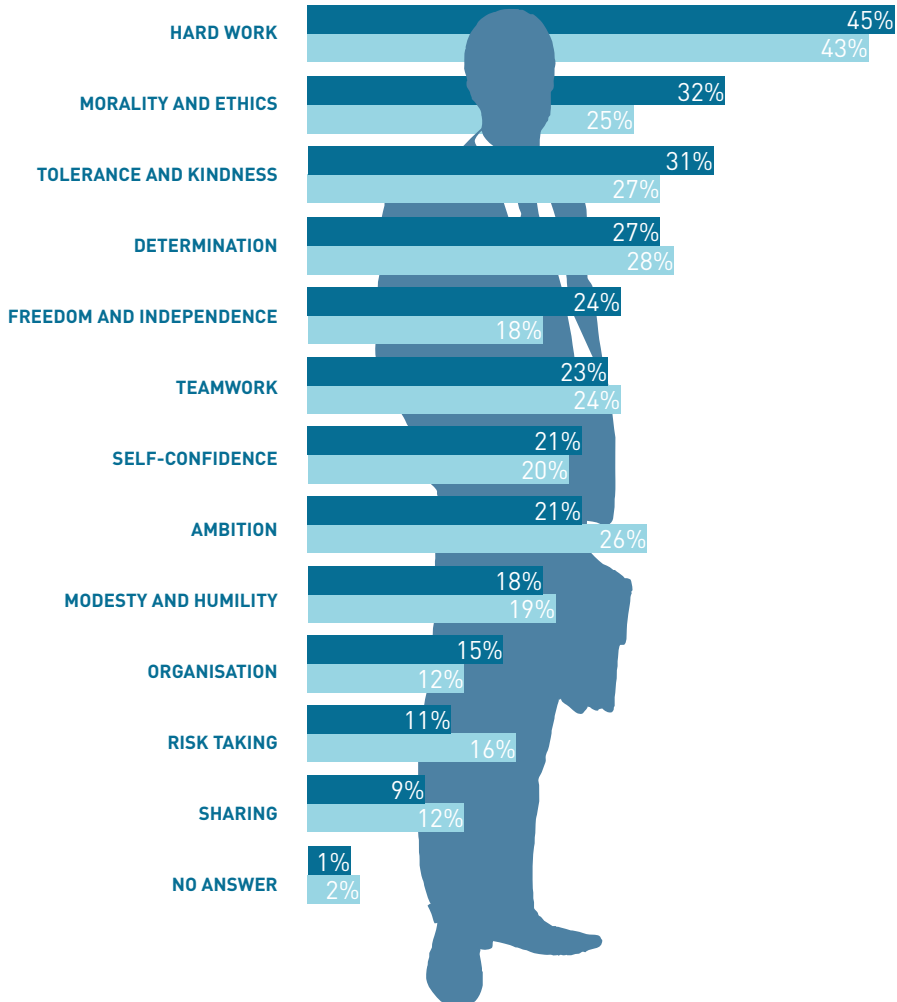
FINANCING NEEDS
A CONCRETE THOROUGH BUSINESS PLAN
WILL TO SUCCEED

<i>Scotland</i>	<i>Northern England</i>	<i>Central</i>	<i>Scotland</i>	<i>Southern England</i>
FINANCING NEEDS	FINANCING NEEDS	FINANCING NEEDS	FINANCING NEEDS	FINANCING NEEDS
THE RIGHT BUSINESS PARTNER	A CONCRETE THOROUGH BUSINESS PLAN	WILL TO SUCCEED	WILL TO SUCCEED	A CONCRETE THOROUGH BUSINESS PLAN
A CONCRETE THOROUGH BUSINESS PLAN	THE RIGHT TIME IN THE INDUSTRY	A CONCRETE THOROUGH BUSINESS PLAN	A CONCRETE THOROUGH BUSINESS PLAN	A NEW IDEA TO DEVELOP

PERSONAL VALUES

WHICH PERSONAL VALUES ARE YOU MOST ATTACHED TO?

• ALL ENTREPRENEURS • YOUNG ENTREPRENEURS (18-29 YEARS)



SAMPLE: PEOPLE MOTIVATED TO START THEIR OWN BUSINESS

ECONOMIC CONFIDENCE IN THE UK

THE BRITISH ECONOMY

OVER THE NEXT TWELVE MONTHS, HOW OPTIMISTIC ARE YOU ABOUT THE BRITISH ECONOMY ?

- **VERY OPTIMISTIC** • **FAIRLY OPTIMISTIC**
- **FAIRLY PESSIMISTIC** • **VERY PESSIMISTIC** • **NO ANSWER**

UK TOTAL POPULATION

OVERALL « OPTIMISTIC » 49 %



- 55% of respondents aged 18-29 are either optimistic or very optimistic **(+6 points)**
- 57% of respondents from London are either optimistic or very optimistic **(+8 points)**
- 59% of respondents from Scotland are either pessimistic or strongly pessimistic **(+14 points)**
- In 2017, 57% of all respondents in the UK were 'optimistic' **(- 8 points in 2018)**

UK ENTREPRENEURS

OVERALL « OPTIMISTIC » 68 %

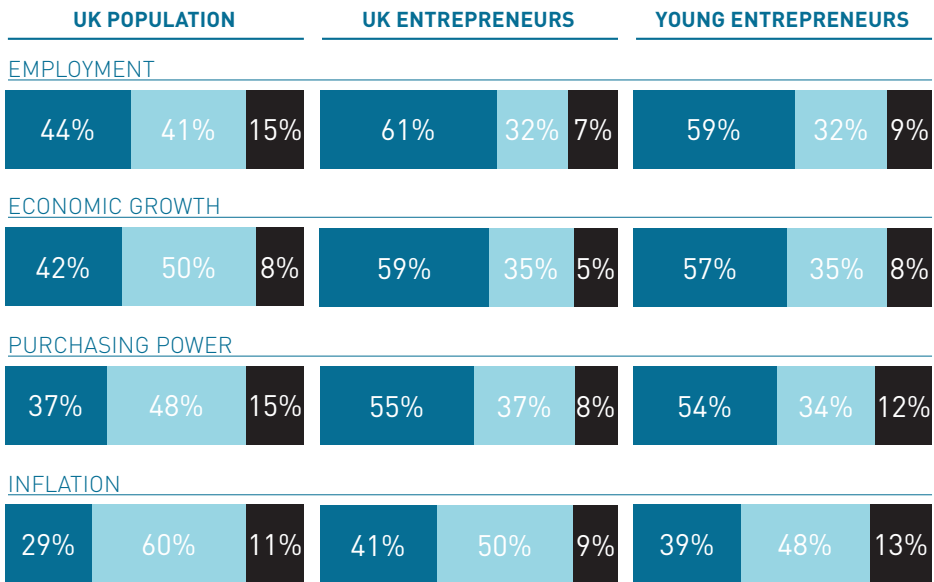


- 68% of UK respondents motivated to start a business are either optimistic or strongly optimistic **(+ 20 points than the national average)**
- 68% of young people motivated to start a business, in the 18-29 age group, are either optimistic or very optimistic **(+13 points than the rest of the UK young respondents)**
- In 2017, 67% of all respondents in the UK that were motivated to start a business were 'optimistic' **(+1 point in 2018)**

BRITISH ECONOMIC OUTLOOK

OVER THE NEXT SIX MONTHS, WOULD YOU SAY YOU ARE RATHER OPTIMISTIC OR PESSIMISTIC ABOUT... ?

• **OPTIMISTIC** • **PESSIMISTIC** • **NO ANSWER**



• People motivated to create a business are more optimistic about the British economy than the average respondent. Yet, there is a common negative perception regarding 'inflation' in the next six months

REGIONAL OUTLOOK FOR ENTREPRENEURSHIP

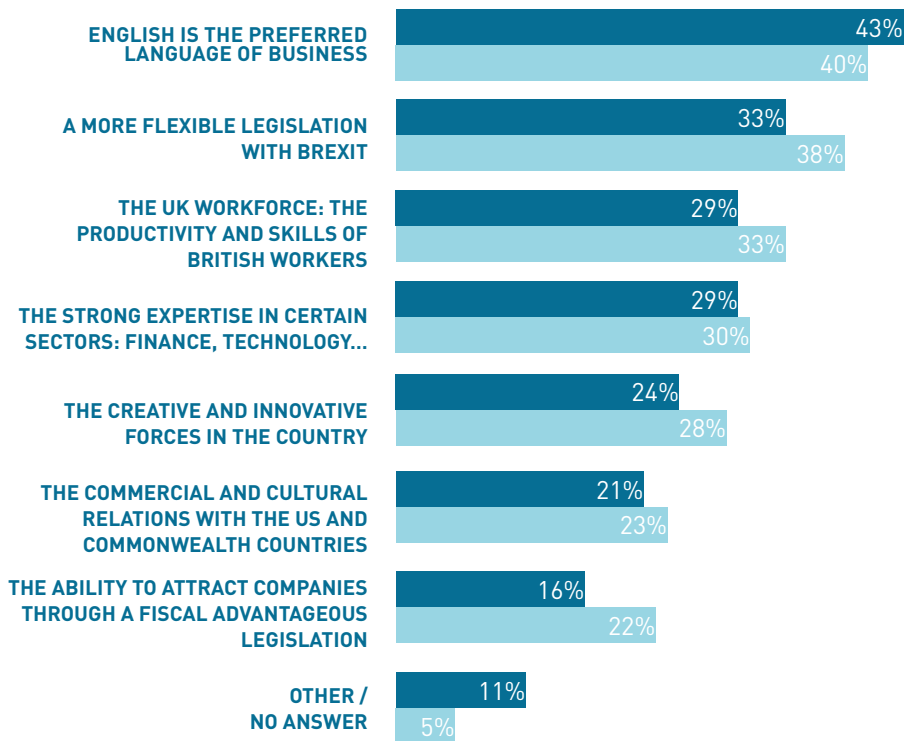
IN YOUR OPINION, IN TWO YEARS' TIME, WHICH UK REGIONS WILL BE THE BEST PLACE TO START A BUSINESS?



ECONOMIC ADVANTAGES

IN YOUR OPINION, IN TWO YEARS' TIME, WHAT WILL BE THE MAIN ECONOMIC ADVANTAGES OF THE UK?

- UK TOTAL POPULATION • PEOPLE MOTIVATED TO START A BUSINESS

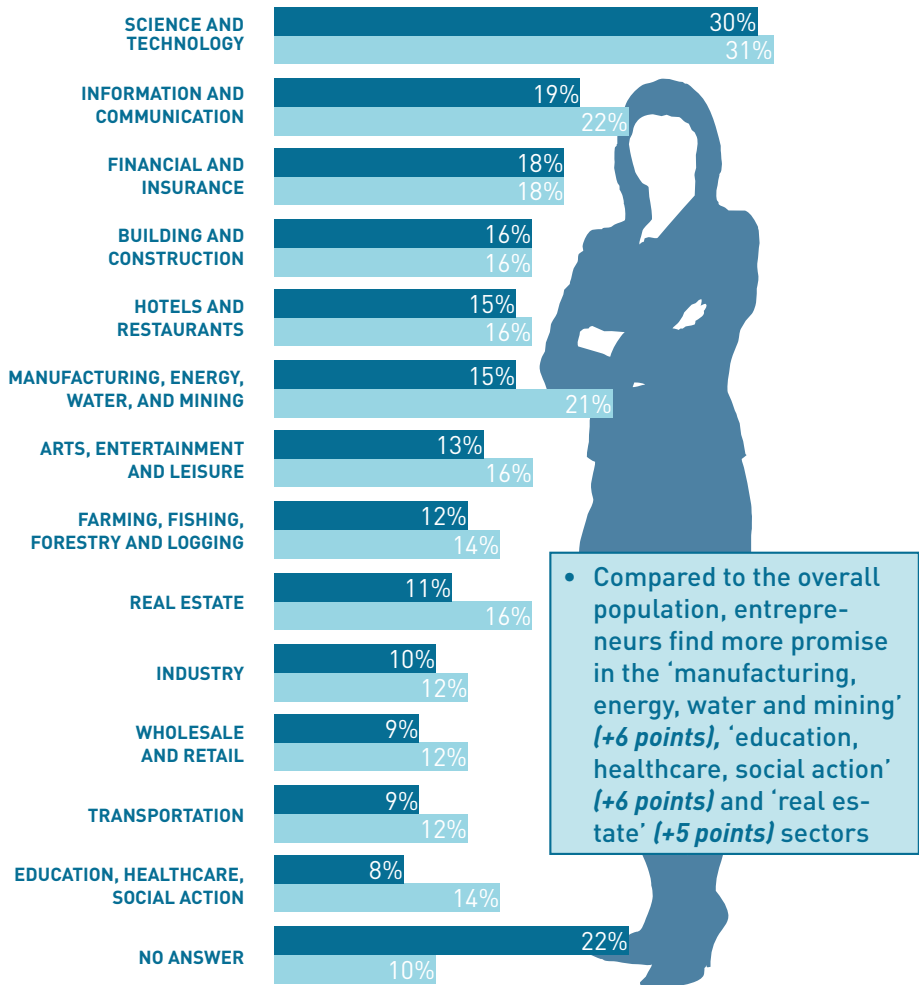


TOTAL HIGHER THAN 100%, MULTIPLE ANSWERS ALLOWED

SECTOR OUTLOOK

IN YOUR OPINION, IN TWO YEARS' TIME, WHICH SECTORS WILL BE MOST ATTRACTIVE AND PROMISING IN THE UK?

- UK TOTAL POPULATION
- PEOPLE MOTIVATED TO START A BUSINESS



YOUNG ENTREPRENEURS

WOULD YOU AGREE THAT CURRENTLY IT IS EASIER FOR YOUNG PEOPLE TO SET UP THEIR COMPANY COMPARED WITH OLDER GENERATIONS?

- **STRONGLY AGREE**
- **MOSTLY AGREE**
- **MOSTLY DISAGREE**
- **STRONGLY DISAGREE**
- **NO ANSWER**

YOUNG POPULATION (18-29)

OVERALL « EASIER » 53 %



- 62% of young people (18-29) motivated to start a business say it is 'easier' to set up their project compared with older generations **(+ 9 points)**
- 76% of young people (18-29) motivated to start a business AND living in London say it is 'easier' to set up their project compared with older generations **(+ 23 points)**

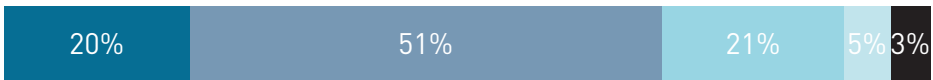
YOUNG ENTREPRENEURS

DO YOU THINK YOUR GENERATION HAS THE UNIQUE STRENGTHS AND SKILLS NEEDED TO BECOME AN ENTREPRENEUR AND START THEIR OWN COMPANY?

- **STRONGLY AGREE**
- **MOSTLY AGREE**
- **MOSTLY DISAGREE**
- **STRONGLY DISAGREE**
- **NO ANSWER**

YOUNG POPULATION (18-29)

OVERALL « AGREE » 71 %

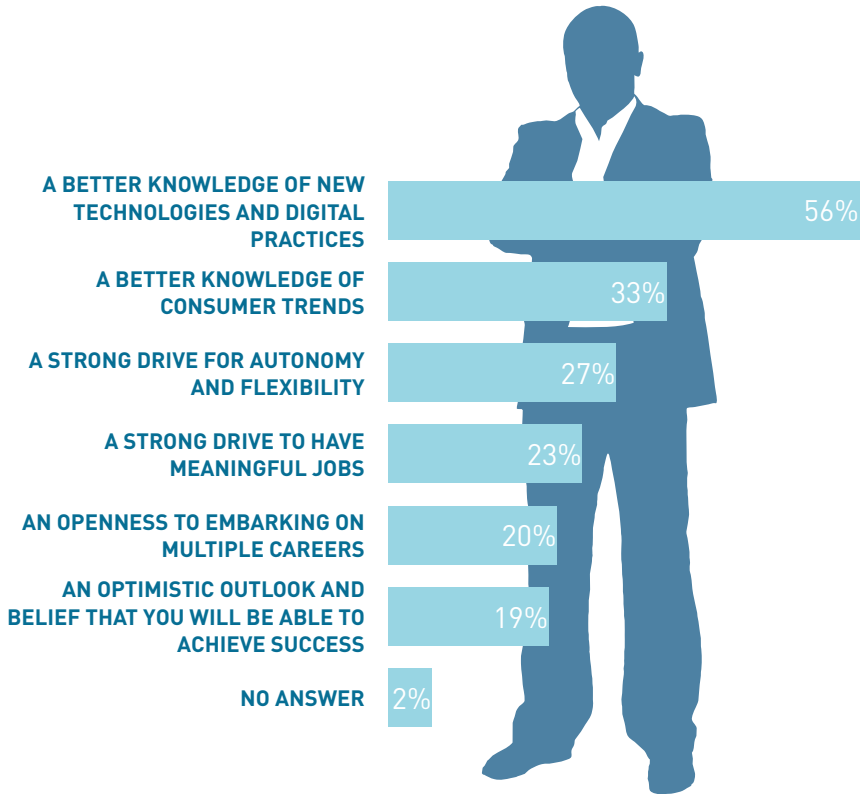


- 80% of young people (18-29) motivated to start a business 'agree' that their generation has unique strengths and skills to become entrepreneurs (+ 9 points)

- 4 of every 5 young people in the UK motivated to start their business think that 'their generation has the unique strengths and skills' needed to start their business

YOUNG ENTREPRENEURS

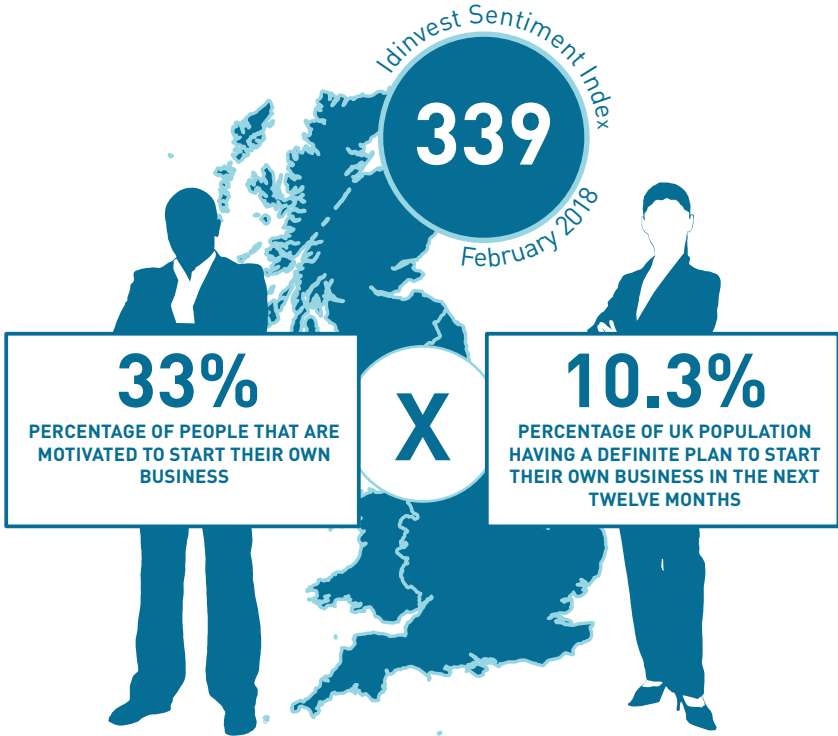
WHICH ARE THEIR SPECIFIC STRENGTHS COMPARED WITH PREVIOUS GENERATIONS?



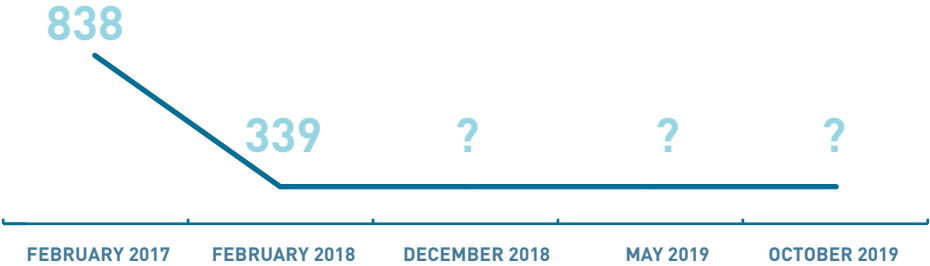
SAMPLE: 440 YOUNG RESPONDENTS WHICH "AGREE" THAT THEIR GENERATION HAS 'UNIQUE STRENGTHS AND SKILLS NEEDED TO BECOME AN ENTREPRENEUR'

ANNEX :

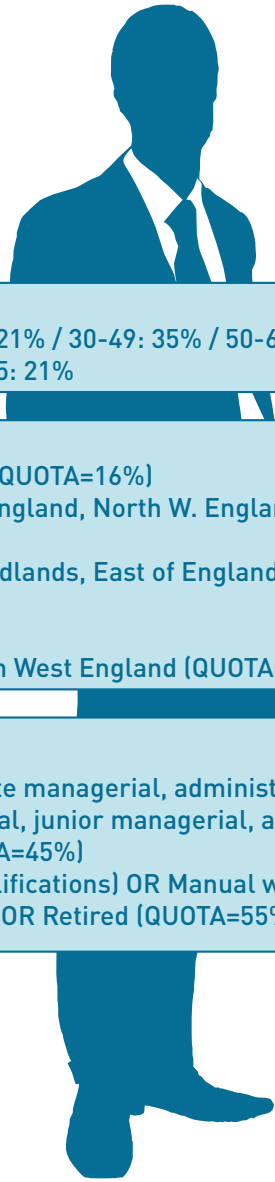
IDINVEST SENTIMENT INDEX FEBRUARY 2018



The Idinvest Sentiment Index is calculated by multiplying the percentage of people that are motivated to start their own business by the total percentage of UK population having a definite plan to start their own business in the next twelve months. The index allows us to build a comprehensive picture of how entrepreneurship sentiment in the UK population evolves over time.



SURVEY DETAILS



GENDER
Men: 51%
Women: 49%

AGE
18-29: 21% / 30-49: 35% / 50-64: 23%
Over 65: 21%

REGION

- N. IRELAND, SCOTLAND, WALES (QUOTA=16%)
- NORTHERN ENGLAND: North E. England, North W. England, Yorkshire and Humber (QUOTA=24%)
- CENTRAL: East Midlands, West Midlands, East of England (QUOTA=25%)
- LONDON: London (QUOTA=13%)
- SOUTH: South East England, South West England (QUOTA=22%)

OCCUPATION (final recode)

- Senior managerial OR Intermediate managerial, administrative OR professional OR Supervisor, clerical, junior managerial, administrative or professional OR Student (QUOTA=45%)
- Manual worker (with industry qualifications) OR Manual worker (with no qualifications) OR Unemployed OR Retired (QUOTA=55%)

