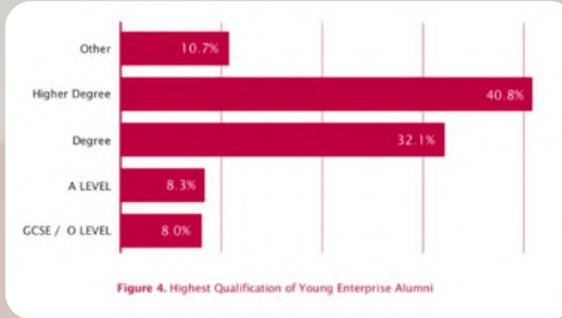


## WHO ARE THE YOUNG ENTERPRISE ALUMNI?

**R**espondents were asked to choose their highest qualification from five categories. They were a highly educated group.

Almost one in three had a first degree (32.1%), while 8.3% had a higher degree. The largest group chose A Levels as their highest qualification (40.8%) (Figure 4). Just one in ten chose GCSEs as their highest qualification.



An alternative view to the importance of educational qualifications was provided via focus groups and interviews with Young Enterprise alumni:

**Female Young Enterprise alumnus 2002-** “Because it’s like all the smart kids go to university, and then they have to pick up a vocation. But, actually in hindsight they are probably much smarter if they structure their own apprenticeships. Then, they are not going to come out with 18 grand of student debt over their heads and they will start their career much earlier. They are learning on the job.”

“YOU CAN’T SWIM BY READING A BOOK, YOU HAVE TO AT LEAST PADDLE AROUND A BIT WHILE DOING IT AND YOUNG ENTERPRISE GIVES YOU THAT, THE CHANCE TO PADDLE.”

-Female YE Alumnus 2005

## BUSINESSES RUN BY YOUNG ENTERPRISE ALUMNI

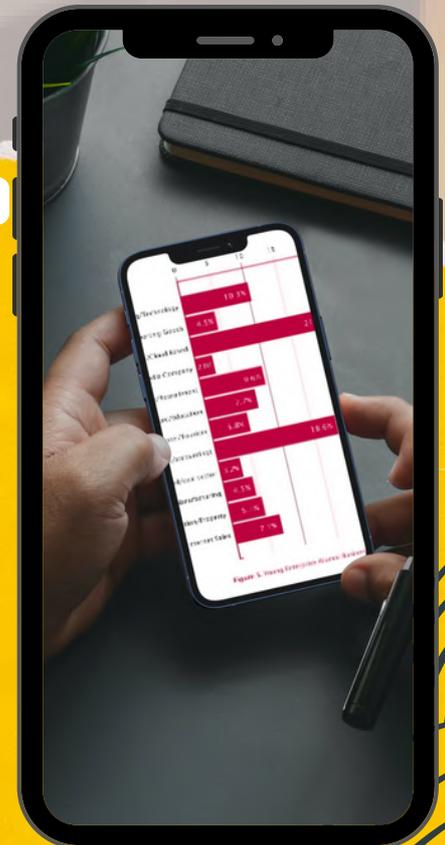
This contrasts strongly with the typical British small firm. Latest national statistics show that the largest proportion of small firms are in construction (19.3%)<sup>10</sup>. This is followed by professional, scientific and technical areas (13.3%). The third largest sector, based on national statistics, is the wholesale, retail and repair sector (10.7%).

One alumni firm provides mathematical modelling and bespoke application development. The second largest category of Young Enterprise alumni businesses is professional, scientific, technological, legal and accounting consultancy (18.6%).

“There is no doubt that I owe both my place at University and my career to my Young Enterprise experience.” Andrew Dodds, Sales Support Manager - Cumberland Building Society. Took part: 2000

A significant proportion of firms run by Young Enterprise alumni, are digital and ‘cloud’ computing-based businesses (21.2%). These include cloud infrastructure services and platforms, storage, and service-oriented architecture.

Next comes engineering and technology design (10.3%), with their owners saying their firms provided advanced engineering and product development; engineering solutions, high pressure engineering and environmental technologies.



## YOUNG ENTERPRISE ALUMNI AS SERIAL ENTREPRENEURS

Previous research has looked at the concept of serial entrepreneurs; and at the relatively negative perception business failure has in the UK compared to the US. In particular, research in the UK has identified the existence of serial entrepreneurs, that is the tendency of some people to set up and close businesses, and go on to establish new businesses (Rosa 1998). Stokes and Blackburn (2002) investigated the concept of business closure and what actually happens to both the business and the owner as well as the motivations behind these closures. So we asked Young Enterprise alumni business owners about their previous experience of business ownership and also whether they were involved in setting up additional businesses.

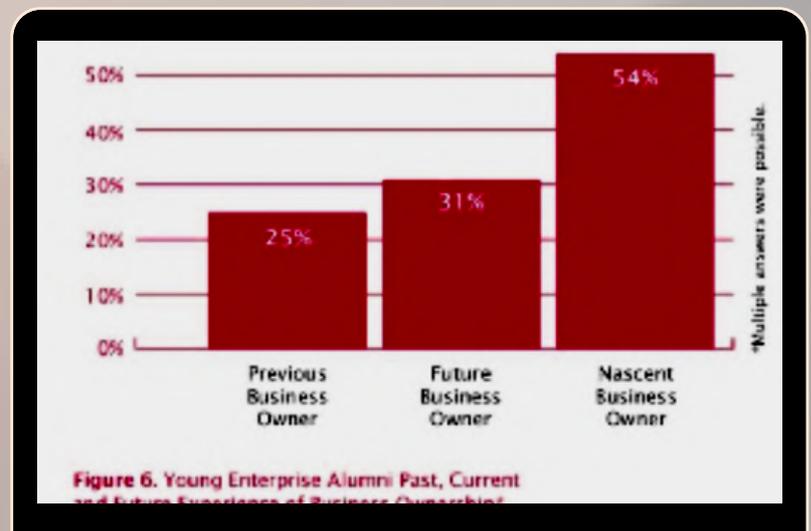
“...the culture is different in America because they encourage you to do it and if it fails then they give you a pat on the back and say ‘well done for trying. Get up and do it again.’ In the UK people are just sort of sat there waiting to see if there are any cracks. Then if you fail it’s like “well you really should go back to the drawing board.”

Male: young Enterprise alumnus 2005

“So many people said ‘that was a real risk you took. That was brave, very courageous.’ But not really, a real risk would be to re-mortgage your house when you are 45 and you’ve got a family. To actually do it in your 20s...if it all goes wrong, the lessons that you learn are much more worthwhile than what you would have been learning as an employee.”

Male Young Enterprise Alumnus 2002

A remarkably high proportion of one in four Young Enterprise alumni said they had been a business owner in the past; nearly one in three reported that they would like to set up an additional business in the future. Interestingly, over half were setting up another business in addition to their current firm. People who are at the beginning stages of setting up a business are described by the Global Entrepreneurship Monitor as nascent entrepreneurs. But, in the case of the Young Enterprise alumni, they are not nascent entrepreneurs, but rather experienced business owners starting nascent businesses.



The results are perhaps surprising but they confirm the prevalence of serial entrepreneurs in the UK and that Young Enterprise alumni may be less deterred by the prospect of failing than others as they have previous experience of running an enterprise on a Young Enterprise program. Businesses may close for a wide variety of reasons, not just because of the ‘failure’ of the business. Other explanations include: mergers; closure to set up an improved business model; succession issues in family firms resulting in new firms; employee buy-outs, to name but a few.

# CHARACTERISTICS OF YOUNG ENTERPRISE ALUMNI BUSINESS

Businesses run by Young Enterprise alumni are different from the average in a number of ways, notably legal status. Most UK small firms are sole proprietors (62.4%), limited companies only make up 27.7%, and partnerships account for 9.8% of the small business stock. A limited company is one where the owners are liable to lose only what they have invested or promised to the company if something goes wrong.

By comparison, far more businesses run by this sample of Young Enterprise alumni are limited companies (42%). One third of alumni run businesses were sole proprietors concentrated particularly in internet sales, consultancies, and importing goods. Partnerships made up just 17% of the total and included digital businesses, advertising agencies and restaurants. Some of the health and education businesses described themselves as social enterprises (2%), and 1% of businesses were public limited companies.

The popularity of limited company status among alumni may reflect the fact they operate in resource-intensive areas, such as engineering, technology and manufacturing, or the relative size of these businesses. But it may also be that Young Enterprise alumni have a greater understanding of risk, and of the need to safeguard themselves by limiting their exposure.

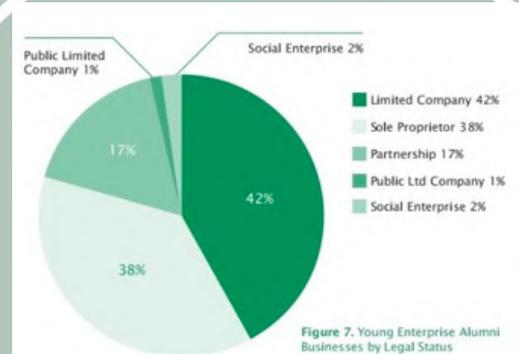


Figure 7. Young Enterprise Alumni Businesses by Legal Status

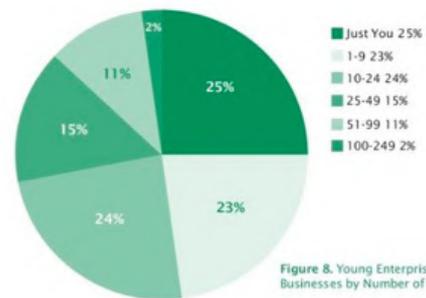


Figure 8. Young Enterprise Alumni Businesses by Number of Employees

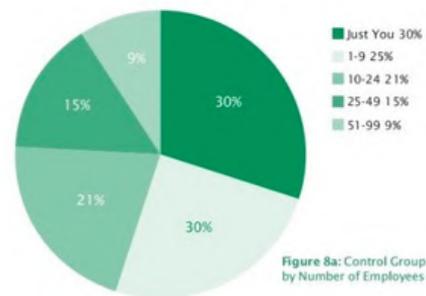
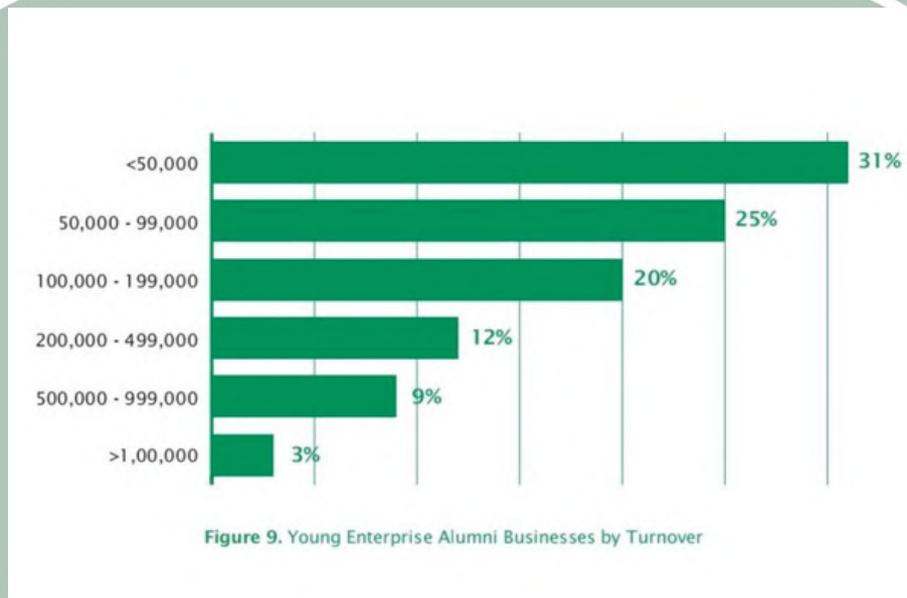


Figure 8a: Control Group Companies by Number of Employees

# CHARACTERISTICS OF YOUNG ENTERPRISE ALUMNI BUSINESS



Given the diversity of the firms that Young Enterprise alumni ran it may not be surprising that their turnovers also varied widely. Nearly one third had an annual turnover of less than £50,000 (31%) (Figure 9).

But it is remarkable that one in eight (12%) turned over between £200,000 and £499,000; while 9% scored £500,000 to £999,000. Three in every 100 businesses had a turnover of over £1m, a level none of the control group businesses had reached.

Young Enterprise alumni firms tend to be larger than the average small business in the UK based on national statistics for 2011. Only one in four have just the owner working in the business. Approximately one quarter have between 10 and 24 employees, and 15% have between 25 and 99 employees. Just over one in ten employs between 51 and 99 employees, and 2% employ 100 to 249 employees. By contrast the average small business in the UK is most likely to be a sole proprietor with no employees.

“WHEN YOU LOOK BACK IT REALLY WAS GREAT PRACTICE.”  
REBECCA WELHAM,  
WELHAM JONES FUNERAL DIRECTORS. TOOK PART: 2002.

# SUMMARIZE

The main finding is that Young Enterprise alumni are significantly more likely to be running their own business than average. Many Young Enterprise alumni are 'serial entrepreneurs', and have run their own business in the past, or are currently setting up additional businesses. Some run several businesses already.

This sample of Young Enterprise firms by contrast are likely to be a digital business; consultancies; engineering and technology design along with several other sectors.

For instance 12% of Young Enterprise businesses have a turnover of greater than £500,000k compared with 3% of businesses in the control group.



**"WITHOUT YOUNG ENTERPRISE NONE OF THIS WOULD HAVE HAPPENED."  
MARTIN BILLING, BRINGING THE OUTSIDE IN. TOOK PART: 2004.**



Finally, the evidence presented in this report demonstrates that Young Enterprise has made a contribution to society and potentially to the economy as well. This is through the activities of Young Enterprise alumni, like those in this research, who are more likely than average to run their own business; be serial entrepreneurs and show resilience in developing strategies.

"The evidence presented in this report demonstrates that Young Enterprise has made a contribution to society and potentially to the economy as well. This is through the activities of Young Enterprise alumni, like those in this research, who are more likely than average to run their own business; be serial entrepreneurs and show resilience in developing strategies." - **Kingston University Business School**