ENDERS | ANALYSIS

Women as entrepreneurs in the UK

Closing the gaps

- Female-led and equally-led employers numbered 550,000 in the UK in 2019, a 40% share of 1.4 million businesses. These are often sub-scale businesses requiring financial and digital skills to scale up
- Female-led businesses cluster in education, health, food and accommodation, the latter being highly exposed to the pandemic. The more protected and dynamic ICT sector has low female engagement, which higher levels of study of STEM subjects will remedy
- Consumers are embracing digital to live and work through the pandemic. Enterprises that are digital and digitally-enabled will survive and flourish, supported by initiatives from Google, Facebook and others

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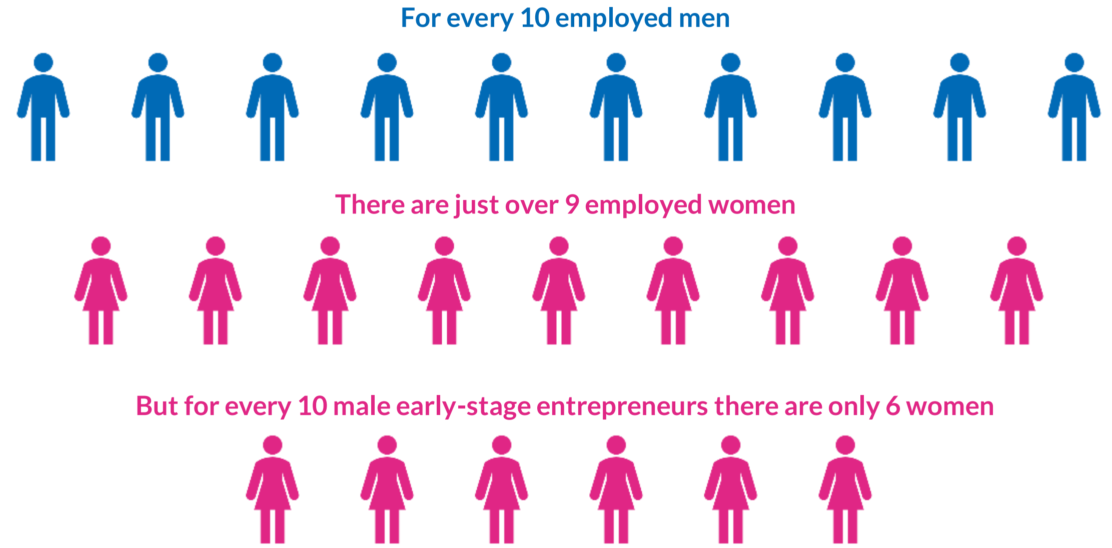
In the past five decades, women have transformed their prospects for life through higher education, joining the labour force and becoming entrepreneurs, despite still present barriers, realising ambitions that previously were off limits. Yet, there is more to accomplish.

The most important gap closed by women since the 1970s, when records began, is participation in the labour force, due mainly to the rise of full-time work: for every 10 employed men, there are just over 9 employed women. **Despite this near parity in the labour force, large gaps persist between women and men as entrepreneurs and business leaders, also likely applying to BAME members of the population, although official data is sparse.**

The entrepreneurship gap between women and men starts at the early stage of business formation. **In the UK, for every three female early-stage entrepreneurs, there are five male counterparts** (Figure 1). This gap is structural, persisting for at least the past two decades, despite the UK's addition of an extra 2 million SMEs (Small and Medium Enterprises) over this period to reach a total of 5.9 million in 2019.

Figure 1: Labour force participation and early-stage entrepreneurship



[Source: Enders Analysis, GEM, ONS]

The Alison Rose Review of Female Entrepreneurship[1] highlighted to the Government in 2019 the economic gains from levelling up female entrepreneurship. NatWest removed the barrier to business development posed by access to bank loan financing through bias training for loan officers and attention to male-to-female loan ratios. Banks adopting these best practices improve their performance.

Access to equity finance however remains 'male, pale and stale' in the UK, resulting in a vast 'inclusiveness' gap among digital enterprises. **Most Venture Capital companies lack women on their investment committees**. Overcoming this gap requires access to mentors, networks and business angels.

The deep recession in the UK's B2C sectors and the paradigm shift to digital is the business and consumer story of the pandemic in 2020. There remains a fear that these gender gaps in UK entrepreneurship could widen in the recession and the pandemic, alongside existing gender and wage gaps in the employed workforce. B2B service sectors are more insulated.

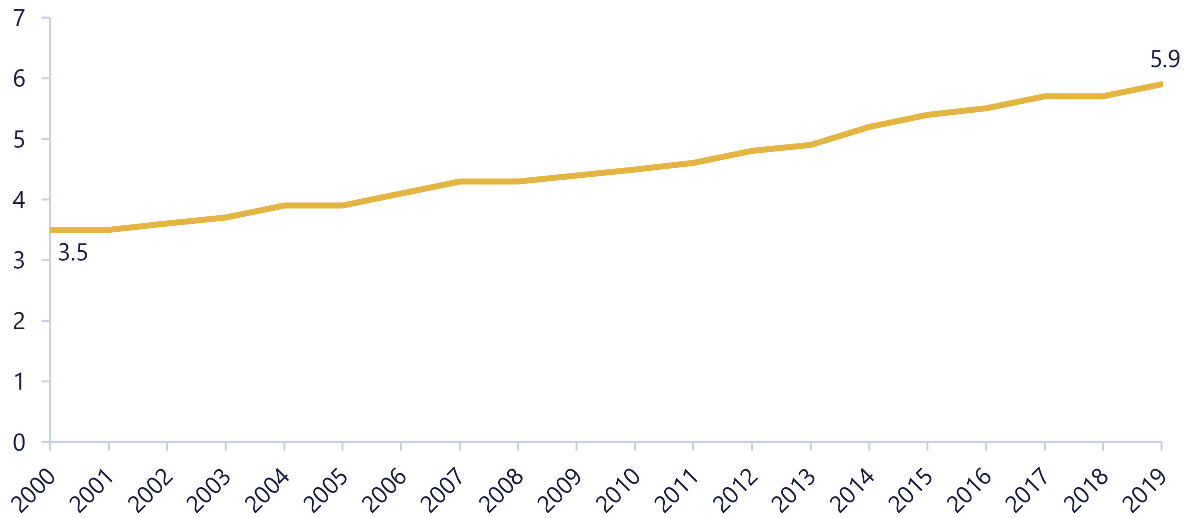
SMEs that are able to challenge their longstanding offline business models and pivot to online, will survive and power the recovery, as was the case in 2008-09. Digital skills are crucial to both SMEs and the customers they serve. Initiatives from Google, Facebook, LinkedIn and other entities are available to support SMEs pivoting to online to keep and serve their customers.

[1] HM Treasury, March 2019, The Alison Rose Review of Female Entrepreneurship.

UK Entrepreneurship

Before the pandemic struck in 2020, enterprise growth in the UK had boomed, with 2 million more registered enterprises in the UK at the end of 2019 compared to 2000, the dawn of the digital age, to reach 5.9 million businesses (Figure 2). Also important is that business creation just offset destruction in 2007, when the last recession unfolded, and powered the economic recovery in 2008 and ever since.

Figure 2: Number of private sector businesses (millions)



[Source: Department for Business, Energy & Industrial Strategy, Enders Analysis]

The UK's 5.7 million Small and Medium Enterprises are typically defined as businesses with less than 250 employees; just over 200,000 businesses are classed as large. These SMEs are the bedrock of the UK economy, accounting for almost two in three jobs at the end of 2019.

SMEs include 1.4 million employers and 4.3 million sole traders:

- Employers span medium-sized businesses with 50-249 employees, small businesses with 10-49 employees and micro businesses with up to 9 employees. Surveys of employers provide the evidence on female and male entrepreneurship produced by the Longitudinal Small Business Survey (LSBS), and is reported in further detail below. In brief, the UK had 550,000 female-led or equally-led companies in 2019, a stable share of the underlying population of employers.
- Sole traders have propelled UK enterprise growth over the past two decades. The UK's 4.3 million sole traders are a highly varied group, ranging from management companies for freehold properties and contractors to other businesses that outsource, overlapping with the self-employed. The National Federation of Self Employed & Small Businesses reported the total number of ethnic minority-led SMEs hovering around 250,000 in recent years.[2]

The pandemic and the recession pose an entirely unique set of challenges to existing SMEs and has increased insolvencies, while stalling business creation.

[2] Around 17% of all ethnic-led firms (including employers and non-employers) were led by a woman in 2018. Close to three out of four ethnic-led businesses, both male and female, were self-employed with no employees. These tend to divide into two kinds of business: long-established firms, often with roots in South Asia or the Caribbean. Others are new businesses from a wide range of countries including Africa and the Middle East. There are growing numbers in technology-intensive sectors (electronics, pharmaceuticals, and advanced manufacturing). See National Federation of Self Employed & Small Businesses, July 2020, Unlocking opportunity: the value of ethnic minority firms to UK economic activity and enterprise.

B2C sectors are by far the more exposed to the revenue hit from the pandemic. Financial skills are crucial to business survival rates in the context of Government-sponsored programmes to furlough employees, provide post-furlough wage support and guarantee up to 80% of bank loans to eligible SMEs.

The most significant hurdle facing all businesses at present, particularly SMEs, is that of the accelerated digital transformation resulting from the pandemic. The uncertainty around when offices and high streets will reopen, and indeed what that may look like, has pushed millions of households to rapidly adapt and develop sticky online habits, much of which is set to remain post-pandemic. This is pushing all businesses to reconsider and adapt their existing business models—many of which have remained unchallenged for decades—and makes it more important than ever for businesses to have an online presence.

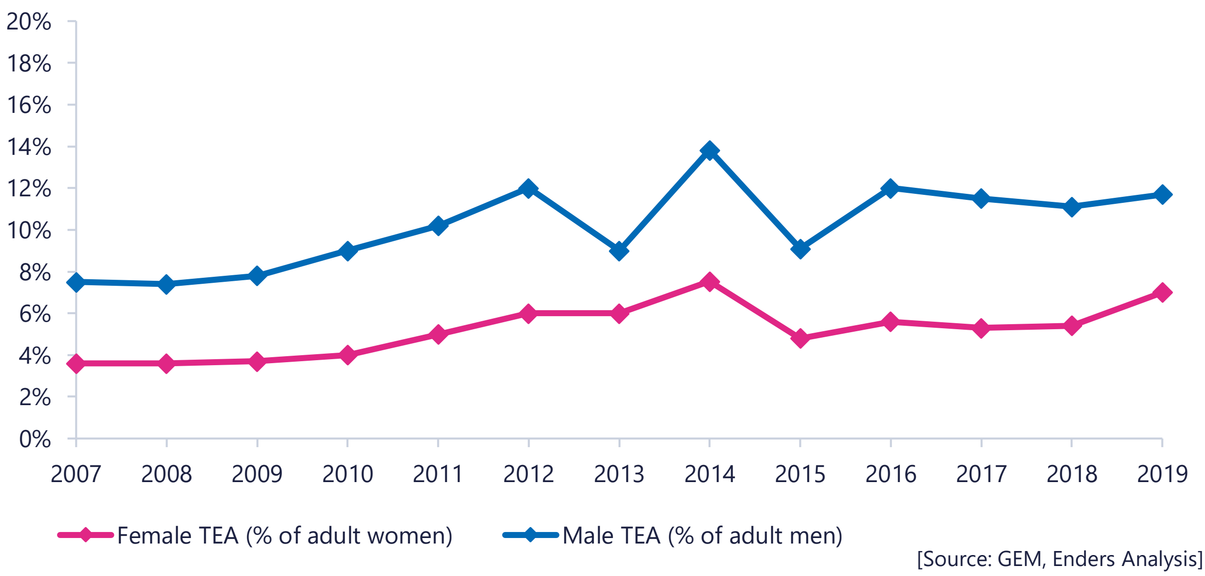
B2B sectors, such as professional services, appear more insulated from the paradigm shift to online that is hitting the high street and B2C businesses serving office and consumer-related demand. Working from home is the new paradigm for those employees able to do so, and many businesses are adopting flexible working practices for the future. The current paradigm of working from home however poses new challenges for onboarding new colleagues, collaboration and innovation.

Despite remarkable business resilience thanks to the digital age, further opportunities for innovation in professional services, education and the health sector include better tools for distance working and service provision.

Early-stage entrepreneurship

The proportion of men and women who start or run new businesses is tracked in detail across 50 countries by the Global Entrepreneurial Monitor (GEM), providing a robust and consistent annual database. Women in the UK are less likely than men to be engaged in total early-stage entrepreneurial activity (TEA), defined as owning or running a business that is less than 3.5 years old. In 2019, the share of the female working-age population engaged in TEA was 7% compared to 12% for men (Figure 3).

Figure 3: Female and male early-stage total entrepreneurial activity, UK

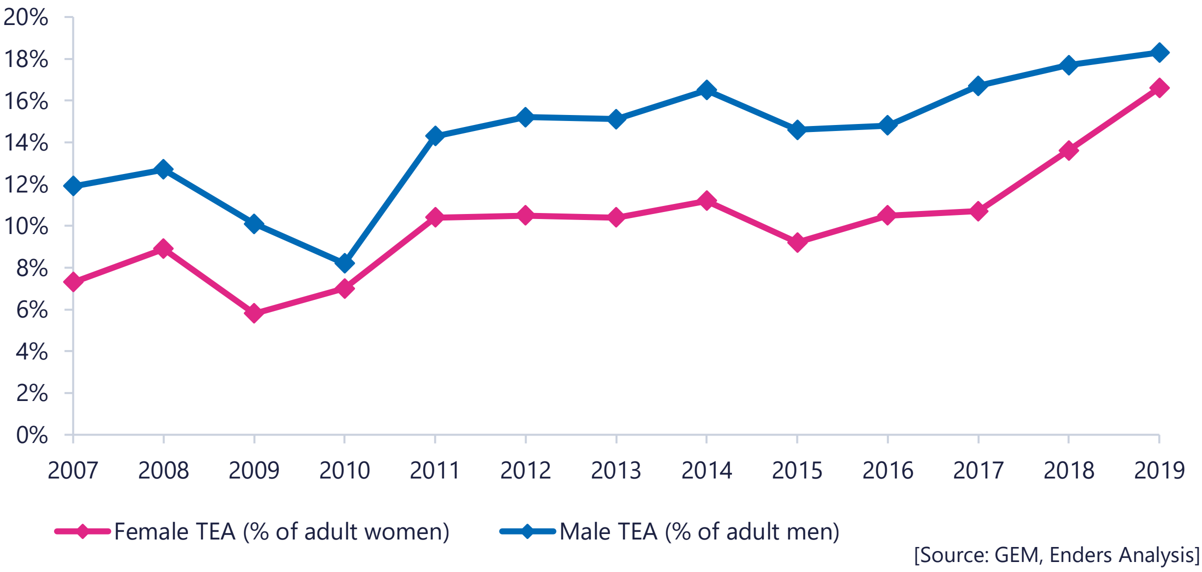


[Source: GEM, Enders Analysis]

The recession in 2009 provoked a burst of entrepreneurial activity, due to the absence of alternative employment; the Covid-19 recession will also spur entrepreneurial activity as society pivots towards the new online paradigm. As the pandemic continues, there is concern that the gap between men and women entrepreneurs will widen due to the specific barriers facing women—including their disproportionate primary childcare responsibilities in the context of continuing home working.

In most high-income countries, GEM data indicate that men are almost twice as likely to be entrepreneurs as women. The UK underperforms the US on both male and female TEAs, where the US male TEA stood at 18% in 2019 and the female TEA stood at 17% (Figure 4).

Figure 4: Female and male early-stage total entrepreneurial activity, US

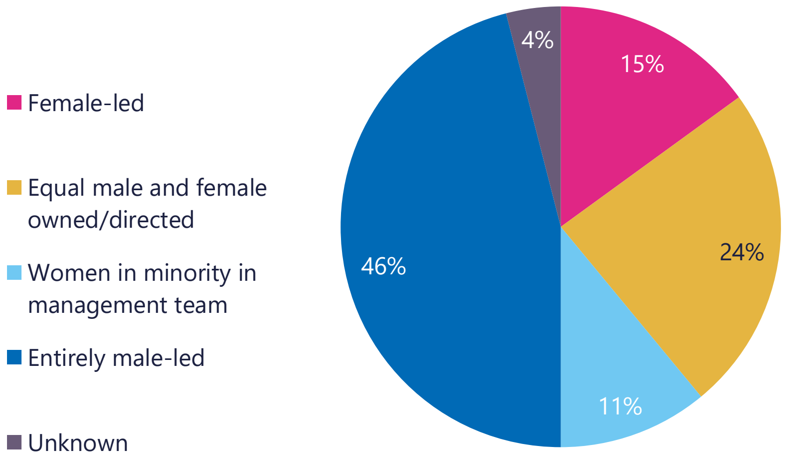


[Source: GEM, Enders Analysis]

Female businesses cluster in SMEs

According to the Longitudinal Small Business Survey (LSBS), **550,000 of employers are led or equally-led by women**. LSBS reports that 15% of employers are female-led (either entirely led by women or in a majority) and 24% of enterprises are equally-led (Figure 5). However, with 46% of enterprises being entirely male-led, and 11% being majority male-led with a minority of women in the management team, 57% of UK enterprises are male-led.

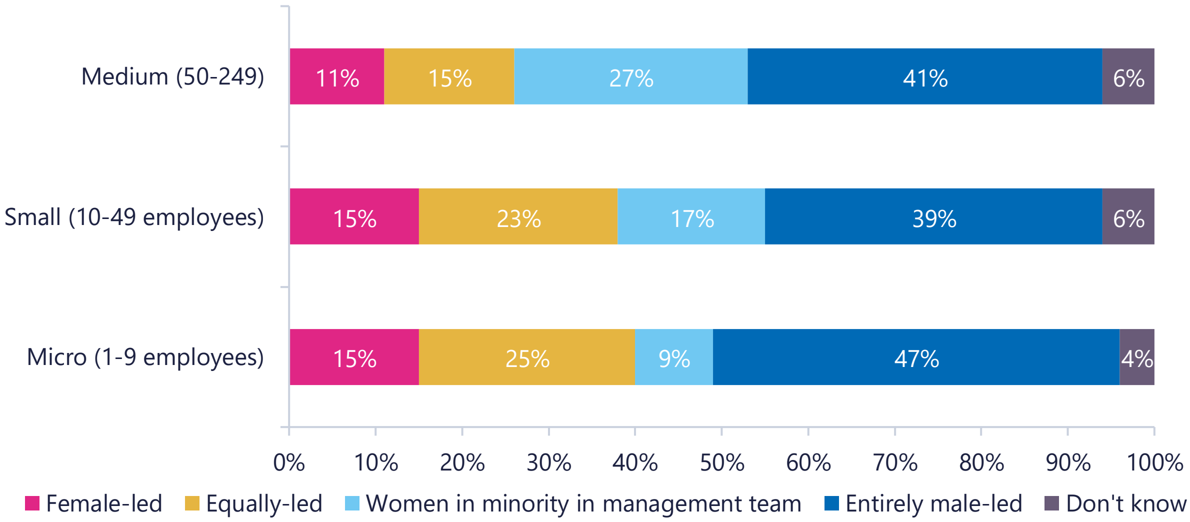
Figure 5: Gender of SME leaders, 2019 (%)



[Source: LSBS, Enders Analysis]

Women are more likely to lead smaller companies than larger ones. Women led or equally led 40% of micro businesses, 38% of small businesses, but only 26% of medium-sized ones (Figure 6). These proportions have plateaued and even shrunk over the past five years. This is in part due to societal expectations for women to take time off work to pursue primary care of children, as most companies tend to scale-up between 5-10 years of being created.[3]

Figure 6: Gender of leaders by business size, 2019 (%)



Jointly-led includes equal-led and women in minority businesses.
[Source: LSBS 2019, Enders Analysis]

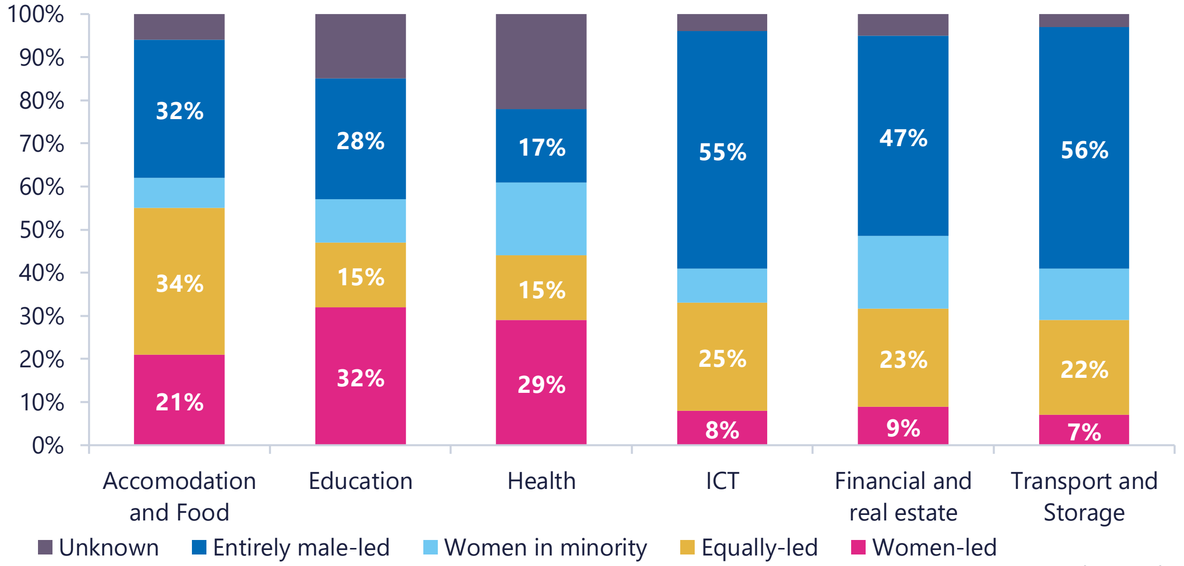
There are likely to be more entirely male-led than female-led enterprises in all sectors aside from education—women-led businesses accounted for 32% of education employers. Other female-led or joint-led sectors performing well included accommodation and food service (combined 55%) and health (44%) (Figure 7).

B2C sector SMEs (particularly micro businesses) have been particularly exposed to the pandemic, and women are overrepresented in these sectors, both as owners as employees, versus B2B businesses. The creation of new businesses within these sectors has consequently also dropped. As at 31 July, 43% of the eligible workforce—1.62 million people—were furloughed in the accommodation and food services sector, and the looming partial lockdown set to continue and tighten over the next six months looms ominously.

Women-led or jointly-led businesses were less likely to be found in B2B sectors including Transport and Storage (29%), Financial and Real Estate (32%), and ICT (33%). **The lack of female businesses in ICT is concerning. An obvious factor is the low participation of women in the study of STEM (Sciences, Technology, Engineering and Maths) subjects.**

[3] Department for Business, Energy & Industrial Strategy, June 2020, Longitudinal Small Business Survey: SME Employers (businesses with 1-249 employees)—UK 2019.

Figure 7: Gender of leaders by sector, 2019 (%)



[Source: LSBS, Enders Analysis]

The issue begins in schools. While girls outperform boys in most STEM subjects at GCSE level, they are underrepresented in their uptake at further education levels. Boys were three times more likely to take Physics and twice as likely to take Maths and ICT at As and A2, while girls were twice as likely to take English, Psychology, Sociology and Art & Design.[4]

For core STEM subjects[5], 40% of undergraduate enrolments in 2018/2019 were women, a historically high level of engagement.[6] In the past, the low proportion of females within STEM had reinforced gender stereotyping, affecting career choices, and leading to gender gaps in occupations.[7] It remains essential to promote and encourage females to pursue STEM subjects from early on in their education to prevent them being unable to pursue certain career paths.

The STEM skills gap held by some women subsequently presents barriers to entrepreneurship. High value sectors, such as transportation, financial services, manufacturing, and the ICT sector are typically dominated by males, where business owners are more likely to have STEM backgrounds. Within the ICT sector for example, 32% of entrepreneurs pursued STEM degrees versus 12% of entrepreneurs overall.

However, women are 2.5 times more likely than males to start a business in a lower productivity sector such as education and services,[8] suggesting that **entrepreneurs start businesses in sectors they are familiar with and in line with their educational backgrounds**.

Enhancing STEM and digital skills will increase the flow of women into higher productivity sectors, assist them to scale up their businesses and improve productivity. The UK therefore needs to ensure that a lack of technology and digital skills does not perpetuate already existing biases.

There needs to be support for women and girls to develop STEM and entrepreneurial skills starting at the education level, to allow women to pave a way to becoming entrepreneurs in higher productivity sectors.

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[4] Cambridge Assessment, AS and A Level Choice, Gender makes a difference.
[5] Physical Sciences, Math Sciences, Biological Sciences, Computer Sciences, Engineering & Technology.
[6] This figure drops to 26% of undergraduate enrolments when biological sciences are excluded. HESA, What do HE students study?
[7] Elena Makarova, Belinda Aeschlimann, Walter Herzog, July 2019, The Gender Gap in STEM Fields: The Impact of the Gender Stereotype of Math and Science on Secondary Students' Career Aspirations.
[8] HM Treasury, March 2019, The Alison Rose Review of Female Entrepreneurship.

The Alison Rose Review of Female Entrepreneurship encouraged organisations to support schools by highlighting the value of studying STEM subjects and getting public and private organisations to collaborate on education materials focused on entrepreneurship, financial literacy and self-belief aimed at both men and women.

Role models help to improve uptake. The UK's STEM Ambassadors Programme arranges for engineers and scientists to go into schools to engage with pupils, and the Stimulating Physics Network and the Advanced Mathematics Support Programme work with schools in England. In addition, the National Centre for Computing Education (NCCE) supports teachers in England to improve the take up of computing among girls. At HE, extra funding and mentoring schemes are in place for female STEM students. Starting in 2019, Maths4Girls,[9] a project connecting girls with role models who use maths in their careers, seeks to increase female interest in maths and encourage them to study into A-Levels, university and beyond. Code First Girls offers free coding training courses for women, as well as mentoring on how to pursue a career in tech. Founders4Schools, an organisation established in 2011 by Sherry Coutu, sends business leaders into schools to inspire entrepreneurship.

Persistence in policies and shifting attitudes have led to change. **In 2019, over one million women were in core-STEM occupations for the first time.** This is an increase of 350,000 in the last ten years. However, women still only make up 24% of this population and looking by sector reveals that **women in tech roles has flatlined since 2009 at 16%**.[10] Women are typically more likely to hold occupations within health and social work, retail or education, the same sectors in which women are more likely to start businesses. Within STEM, over half of businesses expect the growing shortage of skills and future workforce to worsen in the next decade.[11]

Baseline and specific digital skills are increasingly in demand across all sectors and sizes of organisations and may be one strategy to increase the growth of entrepreneurial firms. Combining skills such as spreadsheet and word processing tools like Excel and Word, as well as enterprise management software like Oracle or SAP hosts great benefits for entrepreneurship. While 55% of men are confident that they possess entrepreneurial skills and capabilities needed, only 39% of women believe they have the skills to succeed.[12] Despite this gap, **digital and technological advances can expand the opportunities for female entrepreneurs; more flexible hours, networking capabilities and relief of some financial burdens**.

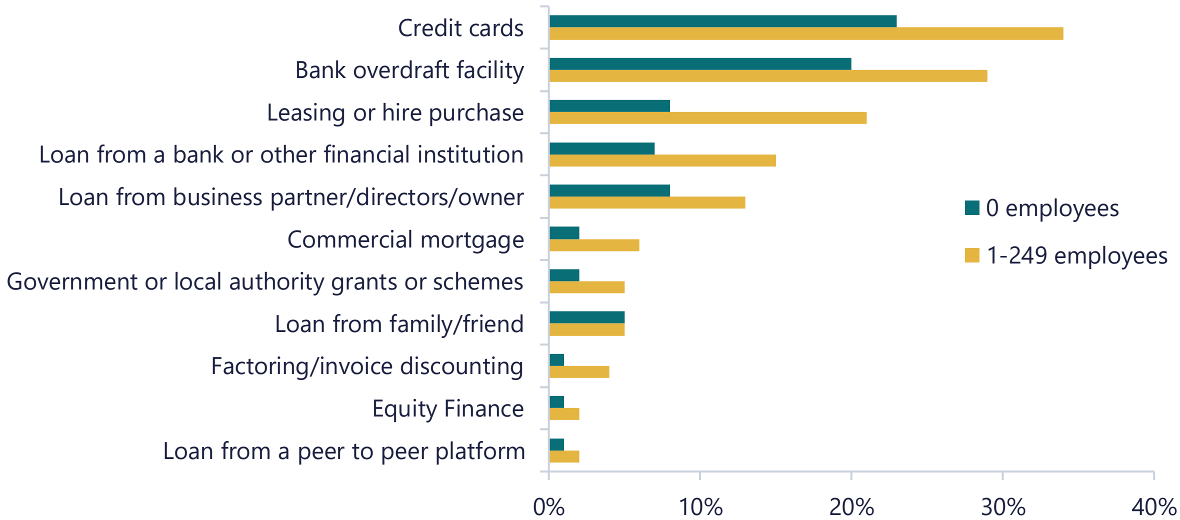
[9] Maths4Girls is a partnership with 100 Women in Finance and supported by Mina Gerowin.
[10] Wise, 2019 Workforce statistics – One million women in STEM in the UK.
[11] Stem Learning, May 2018, Skills shortage costing STEM sector £1.5bn.
[12] HM Treasury, March 2019, The Alison Rose Review of Female Entrepreneurship.

Sourcing financing: a barrier to business development

While the UK has had a thriving SME sector, it faces acute challenges in terms of scaling-up. The expansion of 1 million in the business population in the past two decades is almost entirely explained by soaring numbers of sole traders, businesses that are not employers. Sole traders overlap with self-employed workers to some extent.

Securing external funding is a crucial component for companies looking to scale-up and grow beyond their day-to-day operations. **While two-thirds of SME businesses and 46% of sole traders used some form of external finance in 2019, most are not using the right kinds of finance to survive or to fuel growth**, relying on personal credit cards (34% 1-249 employee businesses, 23% 0 employees) and overdrafts (29% 1-249 employees, 20% 0 employees) to meet their cashflow needs (Figure 8).

Figure 8: Types of finance currently being used by SMEs



[Source: LSBS 2019, Enders Analysis]

Few SMEs took out commercial loans in 2019 (15% 1-249 employees, 7% 0 employees). Reliance on credit cards and overdrafts gives quick access to cash without having to wade through red tape to apply and obtain a loan. At both the start-up and scale-up level, **women are less likely to take on debt than men**, and typically ask for amounts of money several orders of magnitude lower. The risk associated with assuming debt has been magnified by the pandemic. Businesses operating in physical sites may not have the appetite to accept the debt required to retain their premises for an extended period of time. If they do not pay their rents, there will be domino-like effects on commercial landlords, which in turn will require loans to service their liabilities.

However, accessing the more formal forms of debt or equity finance are key to scaling up. There are some advantages and disadvantages to both, principally, equity finance carries no repayment obligation whilst debt financing does not require the owner to sacrifice any control of their business.

With respect to obtaining financing, *The Alison Rose Review of Female Entrepreneurship* found that women launch businesses with on average 53% less capital than men. This is due to a combination of factors:

- Women are more prone to self-financing, being less aware of funding options and less likely to assume debt;
- Nearly half (46%) of all-female would-be borrowers did not seek finance because they expected issues with the loan process, nearly double the proportion of men who are expressed the same concern

These issues with the loan process may arise because of unconscious bias among financial service providers, which training could readily alleviate. Rose claims NatWest has become a better lender under her tenure by recognising, addressing and tracking the matter of unconscious bias, and male-to-female loan ratios are no longer heavily skewed towards men. These practices are being shared with other banks, through HM Treasury's code for financial service providers, *Investing in Women*.[13]

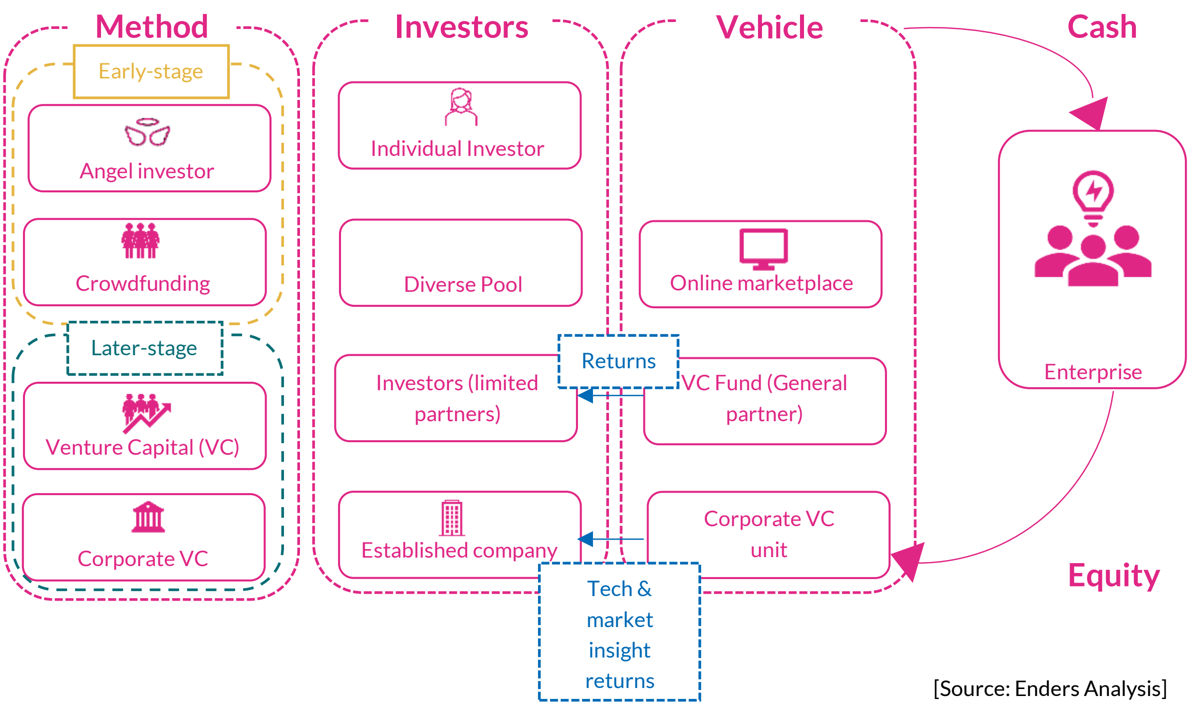
Female-led businesses are therefore far less likely to become medium-sized businesses than male-led businesses.

Research published by Oxford Economics indicates that since 2015, lending to SMEs has decreased by 3% in the ongoing low interest rate environment, creating an opening for alternate finance. Peer-to-peer (P2P) lending forms part of the alternative financing ecosystem. Such loans are taken out by a tiny proportion of SMEs (2% 1-249 employee businesses, 1% of 0 employees)—a typical P2P borrower will seek an unsecured loan of c.£50k.

Evidence for gender dynamics in P2P lending is scarce (an unsurprising fact, in the context of a relatively new sector). A report by Female Founders Forum described P2P uptake amongst female entrepreneurs as 'stubbornly low'—the percentage of female fundraisers across P2P business lending platforms in 2013-15 was c.34%.[14] Baroness Susanne Kramer has encouraged more female entrepreneurs to consider P2P lending as "*The process is often easier and quicker than you would expect from a bank*."

Entrepreneurs seeking to scale-up their business will explore one of the five broad equity funding avenues to obtain the cash to fund activities: angel investors, crowdfunding and accelerators in the early stages of business development, and venture or corporate capital funding in later stages (Figure 9).

Figure 9: Comparison of common equity investor structures



[Source: Enders Analysis]

[13] HM Treasury, March 2019, The Alison Rose Review of Female Entrepreneurship: government response.
[14] The Entrepreneurs Network, March 2017, Untapped Unicorns: Scaling up female entrepreneurship.

Beauhurst reports equity investment in UK start-ups and high-growth companies across all sectors raised £4.77bn in H1 2020, a fall of 30% against H1 2019.[15] 911 deals were announced, with a pronounced drop in first-time fundraising as early-stage investors concentrated on existing portfolio companies (mostly in the seed stage) to minimise risk. Deals fell with start-ups in fintech and artificial intelligence, investor darlings, whilst digital security and eHealth deals soared.

Angel investing constitutes the private form of early stage investment commonly used before a founder turns to a venture capitalist at a later stage in their enterprise's development. Investments made by angel investors and through crowdfunding tend to be smaller than those involving venture capital (VC), and as many female-founded companies remain in early stages of growth, with an average initial investment of £25k, and the average follow-on investment of £7.5k.[16] VC finance deals are several orders of magnitude greater—globally, venture capital tracks towards later stage, mega-deal activity—for three of the last six quarters over 40% of the total UK VC deal value has consisted of deals over £75m.[17]

Female-founded businesses secured only 16% of PE/VC deals in 2019, compared to 24% of crowdfunding deals, and 20% of angel investments.[18] Crowdfunding is an attractive route for funding for women entrepreneurs due to its accessibility for those without an investment background.

The typical investor is still 'male, pale and stale'. Only a small fraction of angel investors are women—somewhere in the region of 9-14% depending on surveys—and roughly half are London based. In a survey by the British Business Bank in 2018, only 7% of angels identified as a non-white ethnic group compared to 13% UK-wide, and 30% in London in 2011.[19]

Likewise, in the VC market, **women comprised 30% of VC personnel** in **2019**—compared to the almost parity (47%) achieved in the wider-UK workforce. At a senior level, the picture is even starker: **63% of firms have no senior women on investment teams**, and **83% of firms report having no women on their investment committees**.[20] This picture is improving—the number of females working in venture capital firms is slowly increasing (+3% since 2017), largely at the junior and mid-level. Improvements will take time to flow through the system—it usually takes c.2 years to reach a mid-level position, and 5-8 years to reach a senior role in venture capital. The highly gendered composition of funding bodies invariably has a negative impact on women seeking to access funding from these institutions.

Female-led investment bodies serving female entrepreneurs in the UK include:

- the female-focused angel network Angel Academe, founded by Sarah Turner and Simon Hopkins;
- a number of female specific VC funds, the Female Ventures Fund, chaired by Lesley Gregory as part of Innvotec with £10m to deploy and;
- Ada Ventures, launched in December last year with a £27m fund

Gender bias in SME funding

As Debbie Woskow, co-founder of AllBright, a women's members' club and backer of female-led companies, stated: *"men back men"*.

While 31% of women surveyed highlighted the importance of networking as a business skill, compared to 21% of men, only 30% of women said they already knew an entrepreneur versus 38% for men[21]. Improved

[15] Beauhurst, July 2020, UK Equity Investment H1 2020.
[16] UK Business Angels Association, British Business Bank, June 2018, The UK Business Angels Market.
[17] KPMG Venture Pulse, Q2 2020, Venture Capital investment maintains robust stronghold in Q2 2020, according to KPMG Private Enterprise's Venture Pulse.
[18] Beauhurst, December 2019, Female entrepreneurs.
[19] Nation-wide figures are taken from 2011 ONS census data—underrepresentation of ethnic minorities could be even greater.
[20] Diversity VC, July 2019, Diversity in UK Venture Capital 2019.
[21] HM Treasury, March 2019, The Alison Rose Review of Female Entrepreneurship: government response.

networking opportunities for women could increase access to mentors and unlock funding opportunities. Contacts and networking are paramount to obtaining equity investment—the vast majority (82%) of businesses that receive venture capital funding come in via a pre-existing relationship.

Subconscious biases to hire, promote or provide funding to people with the same characteristics is a well-documented phenomenon. Unconscious biases mean that women are subject to distinct differences in questioning during the pitching process. 'Promotion' questions focused on the profitability and scalability of the venture are more frequently addressed to men, while women are disproportionately asked 'prevention' questions—to highlight the risk and potential for loss in their proposed business.[22]

Ventures that are female-focused, such as new breast pump technology or a period-tracking app, are more easily overlooked or misunderstood by male-dominated funding bodies—without female lived experience, their ability to assess the viability of a product or venture that addresses a gap in the market for women (that would be blindingly obvious to a woman) is inhibited.[23]

These biases in funding are also cultural. The cultural myths that dominate perceptions of successful entrepreneurship are based on a select few, white male success stories—the "white-male-founder-who-dropped-out-of-Harvard-and-wears-hoodies".[24] The desire to repeat such infamous success stories obstructs the creation of new ones.

This sexism can also manifest in more overt forms: sexist comments and inappropriate sexual advances are both commonly reported and documented by female entrepreneurs. Sarah Turner, founder of Angel Academe, commented that "'*most of the women we're investing in have stories of some sort of bias including real #metoo incidents where they think they are meeting an investor and they think it's a date over a drink*".[25]

[22] Harvard Business Review, Dana Kanze, Laura Huang, Mark A. Conley and E. Tory Higgins, June 2017, Male and Female Entrepreneurs Get Asked Different Questions by VCs — and It Affects How Much Funding They Get.
[23] The Economist, November 2019, Silicon Valley is bad at making products that suit women. That is a missed opportunity.
[24] Caroline Criado Perez, March 2019, *Invisible Women: Exposing Data Bias in a World Designed for Men*.
[25] Financial Times, May 2019, Why female founders are tapping female investors for cash.

Digital and digitally enabled businesses: Initiatives

Businesses able to pivot to online to find their consumers have fared better. The burden is larger for SMEs—larger businesses have greater resources at their disposal. Key digital skills include a web presence, the ability to sell online, making use of the cloud and digitalising 'back office' functions.[26]

Initiatives are required to build SMEs' confidence with digital skills, along with more targeted approaches for specific demographics, such as women and BAME communities, who face challenges with their confidence and self-efficacy to adopt digital skills.

Public/private partnerships in the UK offering support to SMEs include:

- Growth Hubs, which are local public/private partnerships led by the Local Enterprise Partnership (LEP) and offer regional support. The 38 hubs provide business advice across England and also provide a range of courses for topics such as social media, cloud computing and online marketing.
- Local Digital Skills Partnerships (LDSPs), which create a picture of digital skills provision at a local level and seek to deliver targeted and innovative digital skills interventions through their partnerships of public, private and third sector organisations. They gather regional data to identify where there are digital skill shortages and design programmes to address these.

Private initiatives include LinkedIn courses: the platform offers courses which include Entrepreneurship foundations and digital skills. The platform has reported a 3x increase in learning usage amid Covid-19 lockdowns, where 1.7M hours of learning were watched in the first week of April versus 560k hours in first week in January.[27]

Additionally, Grow Your Digital Skills with Accenture, Digital Boost (a partnership between BCG Digital Ventures and Founders4Schools) and the Digital Business academy by Tech Nation are all examples of courses and services relating to developing digital business skills.

However, despite the range of resources available for SMEs to attain digital skills, in many cases uptake of these remains low.[28] **Barriers persist with low confidence, lack of time, motivation and clarity when looking to learn, adopt and use digital skills**. Building digital capability requires not only the knowledge of digital skills but also the confidence to apply them; future programmes should therefore focus more on supporting owners' concerns and mindsets surrounding the application of digital skills.

Digital start-ups are another focus of attention. **Silicon Valley Comes to the UK (SVC2UK)** supports entrepreneurs on their journey to scale, removing barriers and opening up the ecosystem, through events. Their Good Growth summit in November 2020 connects world-leading investors and serial entrepreneurs to academics, students, policy makers and first-time founders.[29]

A number of opportunities are available specifically for female entrepreneurs. RBS has launched a £1bn Female Entrepreneurship Fund, with a target to help create at least 50k new businesses by 2023. After research suggested that 51% of aspiring female entrepreneurs said the pandemic made them want to start a new business, Barclays announced LifeSkills, a three-year commitment to support women in business and entrepreneurship through providing skills, along with looking to engage with secondary schools and all-girls schools across the UK.

[26] Good Things Foundation, June 2019, Improving Digital Skills for Small and Micro Businesses.
[27] Hari Srinivasan, April 2020, Turning to Learning to Adopt to Our New Realities.
[28] Good Things Foundation, June 2020 Improving Digital Skills for Small and Micro Businesses.
[29] https://svc2uk.com/2020-digital-summit/

Google for Startups

More than 800,000 start-ups employ over 4.5 million people across Europe. The sector has generated more than €400 billion in revenue to date. And Europe continues to be a rising hub of entrepreneurship globally. In 2018 alone, start-ups raised a record $23bn in investment, closing the gap with the US.

But another gap remains to be closed. Start-ups are the engine behind digital transformation, but if technology is going to work for everyone, it has to be built by everyone. And in the wake of Covid-19, there's more onus than ever on rebuilding an economy for all.

Google for Startups' mission is to level the playing field for businesses that are getting started, strengthen their communities and create opportunity for everyone. The initiative sets out to help start-ups by providing access to skills, community, technology and investment.

Since 2012, Google has been operating Campus, a space for startups in the heart of Old Street in London Silicon Roundabout. Campus entrepreneurs, together with those from our partner organisations in the UK: Seedcamp, Code First: Girls and TechHub (which regrettably had to close its doors earlier this year), created 14,000+ jobs and raised $1.8bn for their ventures.

Google for Startups UK team works closely with high potential start-ups. And over the last two years, women and underrepresented founders have been its core focus. Google reaches more than 18,000 female founders in EMEA and 40% of Google for Startups participants in EMEA are women.

In the last 1.5 years, two cohorts of Google for Startups Women Founders in the UK created an additional 79 jobs, raised over $10,000,000 and added over $77,000 monthly recurring revenue.

And it's not only women. With less than 0.5% of VC funding going to Black-led start-ups, and Black people making up less than 3% of the VC community, Black founders in Europe disproportionately lack access to the networks and capital needed to grow their businesses. In September Google announced its first ever pan-European Black Founders program, with 10 of the companies coming from the UK. And Google recently announced a $2,000,000 non dilutive fund for Black Founders in Europe.

Google also directly invests through several funds within Alphabet and Google globally. These include Corporate Development (for all mergers, acquisitions and strategic investments across Google and Alphabet), GV (seed, venture, and growth stage funding for technology companies), Google Assistant Investments (early stage funding for companies developing the future of the Assistant), Gradient Ventures (investing in the future of AI), and Capital G (late-stage growth venture capital funding).

Google is dedicated to partnering with and supporting start-ups — and to making the next generation of founders and companies more diverse, inclusive, and equitable.

Google Digital Garage

Google believes that everyone should have access to the opportunities created by digital. That's why in 2015, Google UK launched a programme to upskill individuals and businesses across the UK with free digital training. The idea behind Google Digital Garage was simple: provide people with free access to digital training, regardless of location or education.

Since then, Google has taken this the length and breadth of the UK—running nine digital skills centres open to the public six days a week, delivering events in over 500 towns, cities and villages, and touring the country from the Outer Hebrides all the way down to Penzance, Cornwall.

Since 2015 they've trained over half a million people through in-person and online training, reaching over 50,000 people through face-to-face training last year. Whilst Covid-19 has prevented running training in-person, it has accelerated the need for digital skills across all walks of life—from increased amounts of remote working to keeping in touch with family and friends. That's why the programme is now fully online, and in a little over six months they have trained over 15,000 people through live webinars.

Not only has the format of the training evolved, they have also evolved the subjects. From starting with the fundamentals of digital marketing for small businesses, they grew to include help on specific topics like using analytics to find your audience, setting up e-commerce or creating video content, and also started helping people use digital skills at work. Whether that's giving people the right tools to find new jobs, starting a completely new career in coding, or simply taking on new digital projects—the programme goes well beyond Google products and services.

Since 2017 they have helped 100,000 people grow in their career or their business in the UK. They estimate over half of those helped are women—women like Morgane Cabella, an entrepreneur from Belfast.

Morgane knew she wanted to embark on a new career in video production and branding but she didn't know where to start when it came to launching a business, and was struggling with converting customers from her social media pages. So she turned to the Google Digital Garage in Belfast for help, signing up for all the courses available and quickly grasping the business and digital marketing fundamentals that she needed to turn her hobby into a career.

Morgane launched her business in March 2020 amidst an overall drop in demand for marketing services and video production, so the skills she gained from the Digital Garage courses were crucial in helping save her fledgling business.

After two months in lockdown focused on building a strong web presence, as restrictions eased she was ready to deploy her online marketing strategy. By applying her training she was able to capture leads and grow her business even in the most turbulent times, securing three crucial new clients over the summer.

And Google want to help more businesses like Morgane's. That's why in July this year Google committed to helping one million local businesses stay open using their products, tools and training. In addition they are offering 10,000 hours of free 1-1 online mentoring from Google and their network to help small businesses.[30]

[30] Find out more at g.co/ukopenforbusiness.

Facebook for Business

Facebook provides resources to SMEs to bring them online. There are a number of free self-paced courses and tutorials to build digital marketing knowledge and digital skills. Business owners can learn about who they want to reach and their customers' journey before determining their marketing goals. Courses demonstrate the importance of developing a brand and an online presence and how to make content stand out. Owners can then use their business page to turn connections into consumers, with offers, appointments, events and 'shop now' features. Alongside providing online courses to help develop and utilise different digital skills, Facebook has also run in-person events. 'Facebook Community boost' in 2018 hosted 1,000 entrepreneurs in London to help enhance their digital skills.

Additional courses demonstrate how to use Facebook ads to maximise reach. One option is to take a quiz to assess which ad plan provided by Facebook could be most beneficial. Here, Facebook can advise an array of ad options and measures provided by them once the user has set their ad objective. These may include generating the right audience by considering location, gender and age targets, using better graphics and setting up an ad budget. There is the opportunity to learn about Facebook Pixel, an analytics tools which helps measure the effectiveness of an ad campaign and the behaviour of individuals visiting the company Facebook page.

> **Case Study:** Missoma, *Marisa Hordern* [Leading demi-fine jewellery brand]
>
> ***Goal:*** Use their Facebook content to engage with users and draw new customers to their website
>
> ***Solution:*** A 3-month campaign combined product imagery with Facebook's immersive Instant Experience ad format. The team also launched video ads and created a lookalike audience for targeting
>
> ***Results:*** 6x increase website visits, 2.3x increase in purchases, 2.1x increase in revenue

Facebook also hosts a section specifically for 'Small Business', which alongside their general tools includes 'boost my business' video content and articles with up to date resources, such as how smaller businesses can build resilience during Covid-19 or access grants available. Since Covid-19, Facebook has created $100m in cash grants and ad credit for 30,000 small businesses in over 30 countries. Facebook has also partnered with Be the Business (a not-for-profit helping firms share best practices and boost productivity) to help SMBs in the UK recover, offering advice and digital skills training through 12 virtual events.

Facebook provides a number of resources to help support female entrepreneurs. In particular, they have partnered with FSB, Enterprise Nation, Allbright and NatWest who support their #SheMeansBusiness initiative. This initiative helps entrepreneurial women across the globe connect, share advice and learn digital skills to build up their businesses online. Starting in 2016, it has since helped train 30,000 women in the UK and hopes to double this in the next two years, while globally they have trained 500,000 women in 48 countries. The platform hosts trainers to teach women the best way to utilise Facebook and their associated apps from a business perspective. In addition, there are a number of online events and the opportunity to connect with business advisers and other female entrepreneurs.

A new book 'Make it Work: Lessons from Life in Business' has been created as part of the programme, it narrates real life stories of women in business, in a bid to advise and inspire the next generation. Last month Facebook also hosted their largest online event in partnership with NatWest and Enterprise Nation, which brought together a collection of female entrepreneurs who spoke about building resilience during challenging times. Similar events such as 'The Festival of Female Entrepreneurs' are in the pipeline to continue to bring together influential female entrepreneurs to share ideas.

About Enders Analysis

Enders Analysis is a research and advisory firm based in London. We specialise in media, entertainment, mobile and fixed telecoms, with a special focus on new technologies and media, covering all sides of the market, from consumers and leading companies to regulation. For more information go to www.endersanalysis.com or contact us at info@endersanalysis.com.

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