

Entrepreneurship in Ireland 2007

Global Entrepreneurship Monitor (GEM)



The Annual Report for Ireland
PAULA FITZSIMONS & COLM O'GORMAN



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ENTREPRENEURSHIP IN IRELAND 2007



GLOBAL ENTREPRENEURSHIP MONITOR (GEM) THE IRISH ANNUAL REPORT

Paula Fitzsimons

Colm O’Gorman

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Enterprise Ireland, Forfás, and the Gender Equality Division of
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A hallmark of the Global Entrepreneurship Research Association (GERA) is the degree of assistance that the national teams willingly give to each other. We are grateful to the GEM national teams in Denmark, Finland, Norway, Switzerland and the United States for the early stage entrepreneurship profiles of their countries that are included in this year's report.

We would also like to thank those recent entrepreneurs who agreed to be featured on the cover of this year's report. We hope that their achievements will be an inspiration to others.

As always our sincere thanks must also go to our sponsors, Enterprise Ireland, Forfás, and the Gender Equality Division of the Department of Justice, Equality and Law Reform, whose generous continued sponsorship underlines their commitment to entrepreneurship and makes possible Ireland's participation in GEM.

Finally, our sincere thanks go to the many readers of the GEM annual reports. By your comments it appears that many of you find the information of value in a wide variety of circumstances. We are grateful for your feedback and for your continued interest in the research.

Paula Fitzsimons

Colm O'Gorman





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FOREWORD

The GEM report contains some very heartening news this year. The number of entrepreneurs increased in Ireland during the past year to the extent that 2,700 individuals are setting up new businesses each month throughout the country. Responding to opportunities, many of these entrepreneurs are motivated by a sense of independence that being their own boss confers. Some will just create jobs for themselves. The majority, however, will become employers. A small number will go on to create large businesses. Each will be contributing in their own way to delivering the strategic, economic, regional, social and personal benefits that are associated with a dynamic entrepreneurial economy.

I am particularly heartened to see that more women than ever are setting up new businesses and that the gender gap in this regard is finally beginning to narrow. The challenge is not only to have more men and women setting up new businesses but to ensure that they have the appropriate skills to enable their new businesses to thrive and develop. Those entrepreneurs that have an aspiration for growth can draw their inspiration from an increasing number of successful Irish entrepreneurs.

The GEM report again highlights the very positive culture which holds entrepreneurs in high esteem and encourages others to follow their example. Many countries do not have this inherent advantage and policy makers in these countries are challenged to try to create more pervasive entrepreneurial mindsets. Ireland is starting with a significant advantage in this respect. Our challenge is to further strengthen the innovative quality of the entrepreneurs, so that more start-ups can aspire to and achieve growth.

The improvement this year in the rate of informal investors is to be welcomed. The majority of investors already know the entrepreneurs and tend to be drawn from their family and friends. This is an important source of initial investment for the new business and assists the entrepreneurs in bridging the finance gap.

Entrepreneurship can assist Ireland in facing the challenge to sustain growth, to deepen competitive advantage in a knowledge economy and to strengthen the enterprise base. It can also make a significant contribution to creating vibrant regions and to achieving greater social inclusion. In this respect the entrepreneurial talents of those newly arrived into Ireland will contribute further to strengthening the economy in the years ahead. For all of these reasons, providing a conducive environment for innovative entrepreneurs is a central plank of enterprise policy and will continue to be so into the future.

Each year the GEM report provides the information on which good entrepreneurship policy can be based and progress towards a truly entrepreneurial society assessed. I thank the authors for another fine report and for their continued commitment to highlighting the impact of entrepreneurship.

Mary Coughlan, T.D.

Tánaiste

Minister for Enterprise, Trade and Employment

June 2008

FEATURED ENTREPRENEURS



1. ALAN DUNNE



2. ALVINA GROSU



3. AOIFE O'DRISCOLL



4. CARL JACKSON



5. DAVE MURRAY



6. JANE KELLY



7. LAURA THORP



8. MARTINA DELANEY



9. PETER ANNY-NZEKWUE



10. SHAUN McCOLGAN



11. SIOBHAN COX-CARLOS



12. VINCENT LYNCH

FEATURED ENTREPRENEURS

A profile of each of the following entrepreneurs is included in Section 4 which describes the characteristics of those who have recently set up new businesses in Ireland.

1.

Entrepreneur: Alan Dunne

New Business: Powervation

Activity: Designs, markets and sells integrated circuits

Location: Limerick

2.

Entrepreneur: Alvina Grosu

New Business: Culturewise Ireland

Activity: Intercultural Training, Research and Consultancy

Location: Cork

3.

Entrepreneur: Aoife O'Driscoll

New Business: Concepts Plus:

First Product-ElevEase The Shower Step

Activity: Designs, markets and sells new and innovative products

Location: Bray, Co Wicklow

4.

Entrepreneur: Carl Jackson

New Business: SensL

Activity: Development and sales of Silicon low light optical detector modules for use in medical imaging and security applications

Location: Cork

5.

Entrepreneur: David Murray

New Business: Incoras Solutions

Activity: Provides specialised software solutions and services to manufacturers of mobile devices and silicon chips.

Location: Dublin 4

6.

Entrepreneur: Jane Kelly

New Business: Big Mountain Productions

Activity: Original content for TV and digital platforms

Location: Dundalk, Co. Louth

7.

Entrepreneur: Laura Thorp

New Business: Laura's Bakery

Activity: Wholesale bakery specialising in high quality biscuits using spelt flour

Location: Kilcoole, Co. Wicklow

8.

Entrepreneur: Martina Delaney

New Business: Handy Baby Products

Activity: Design and manufacturer of Innovative Baby Care products to make the caring of infants and children easier, safer and healthier

Location: Dublin 17

9.

Entrepreneur: Peter Anny-Nzekwue

New Business: Xclusive Magazine

Activity: Monthly lifestyle magazine for Africans in Ireland

Location: Dublin 15

10.

Entrepreneur: Shaun McColgan

New Business: Modern Timber Homes

Activity: Construction of timber frame homes

Location: Letterkenny, Co. Donegal

11.

Entrepreneur: Siobhan Cox-Carlos

New Business: Artist/Gallerist

Activity: Promoting her own artwork and that of other emerging and mid-career artists

Location: Strokestown, Co. Roscommon

12.

Entrepreneur: Vincent Lynch

New Business: Donseed

Activity: Web hosted workplace management application

Location: Tralee, Co. Kerry



DEFINITIONS

Nascent entrepreneurs

Nascent entrepreneurs are those actively planning a new venture. These entrepreneurs have done something during the previous twelve months to help start a new business, that he or she will at least part own. Activities such as organising the start-up team, looking for equipment, saving money for the start-up, or writing a business plan would all be considered as active commitments to starting a business. Wages or salaries will not have been paid for more than three months in respect of the new business. Many of these individuals are still in fulltime employment. The rate is for those in the adult population aged 18-64 years inclusive.

New firm entrepreneurs

New firm entrepreneurs are entrepreneurs who at least part own and manage a new business that is between 4 and 42 months old and have not paid salaries for longer than this period. These new ventures are in the first 42 months after the new venture has been set up. The rate is for those in the adult population aged 18-64 years inclusive.

Total early stage entrepreneurial activity (TEA rate)

Total early stage entrepreneurial activity is the combination of nascent entrepreneurs and new firm entrepreneurs. In some instances, this rate is less than the combined percentages for nascent and new firm entrepreneurs. This is because, in circumstances where respondents qualify as both a nascent and a new firm entrepreneur, they are counted only once. The rate is for those in the adult population aged 18-64 years inclusive.

High growth expectation early stage entrepreneurs

Growth expectations are measured in terms of the number of jobs expected after five years. High growth expectation early stage entrepreneurs are defined as those early stage entrepreneurs expecting to employ twenty or more staff within five years.

Established business owners

In addition to those individuals who are currently involved in the early-stages of a business, there are also many individuals who have set up businesses that they have continued to own and manage for a longer time. These individuals are included in the established business owner index which captures the percentage of individuals in a population that have set up businesses that they have continued to own and manage and which has paid wages or salaries for more than 42 months. The rate is for those in the adult population aged 18-64 years inclusive.

High growth expectation established entrepreneurs

This year we also provide a measure of expected jobs growth for established businesses. We identify those that expect to employ ten or more in five years time and where this will represent at least fifty percent growth in the number of current jobs.

High export orientation entrepreneurs

High export orientation entrepreneurs are those entrepreneurs that expect to have at least fifty percent of customers outside the country. This measure is applied to both early stage entrepreneurs and to established entrepreneurs.



HIGHLIGHTS

ENTREPRENEURSHIP IN IRELAND 2007

I. GEM 2007 highlights

An average of 2,700 entrepreneurs started new businesses every month in Ireland during the period January 2004 to June 2007. This is a significant number of entrepreneurs!¹

The rates of entrepreneurship in Ireland in 2007 represent a small increase over the previous year. In 2007 8.2% of adults were early stage entrepreneurs and 9% of adults were owner managers of businesses older than 42 months. Of all early stage entrepreneurs, half were nascent entrepreneurs and half were new firm entrepreneurs.² As a result of all this activity, Ireland continues to be to the fore in Europe and the OECD in terms of the numbers among its adult population that are engaged in entrepreneurial activity.

There are very positive attitudes to entrepreneurship in Ireland. Cultural and social norms continue to be positive, though respondents reported lower levels of awareness of stories of successful new businesses in the media. Factors such as continued economic growth during 2007, positive demographic features, including inward migration, and a very strong self belief by adults in Ireland as to their skills to start a new business, suggests there is a pool of future entrepreneurs in the country. The number of adults, however, who report that 'fear of failure' would prevent them starting a new business, is relatively high.

The gap between the involvement of men and women in entrepreneurship narrowed in 2007 due to higher numbers of women starting new businesses, than was previously the case. This increase will be welcomed by policy makers, development agencies and the media who have turned the spotlight on the issue of encouraging and supporting a greater level of entrepreneurial activity among women.

Rates of early stage entrepreneurial activity for women were 5.9%, compared to 10.6% for men. The rate of early stage entrepreneurial activity among men in 2007 is unchanged (10.6% in 2007 and 10.5% in 2006). The rate of early stage entrepreneurial activity among women in 2007 at 5.9% is higher than the 4.2% reported in 2006.³

The focus of activity among early stage entrepreneurs in 2007 is quite different to that reported in the previous year and reflected changes in the economy during that year. In 2006 entrepreneurs were equally focused on the consumer sector (32%), the business sector, (32%) and the transformative sectors (construction and manufacturing) (30%). In 2007 the consumer sector gained in popularity (44%) among early stage entrepreneurs, while fewer entrepreneurs than previously were focused on the transformative sector (21%) reflecting the slow down in the construction sector and the general trend in the economy from manufacturing to services. Levels of activity by entrepreneurs in the business sector remained broadly similar.

The rate of high growth expectation among early stage entrepreneurs fell in 2007. This is disappointing as the policy focus is very much on growth. The rate of high growth expectation among early stage entrepreneurs in Ireland in 2007 was 0.65%, ranking Ireland eighth in the OECD. These figures are lower than those reported for 2006, when the rate was 1.3%, ranking Ireland third in the OECD.

However, this year we also report on expected jobs growth for established businesses. Eleven percent of all established entrepreneurs in Ireland in 2007 expect to employ ten or more within five years and to grow employment by 50%. This ranks Ireland second in the OECD.

¹ Twelve individuals who have recently set up a range of new businesses are profiled in section 4. This section examines the characteristics of Ireland's new entrepreneurs.

² A nascent entrepreneur is someone who has done something during the previous twelve months to help start their new business. A new firm entrepreneur at least part owns and manages a new business that is between 4 and 42 months old.

³ Section 3 discusses how women entrepreneurs are narrowing the gender gap.



In 2007 levels of informal investment in new businesses started by others (3.3%) was nearly twice the rate reported in 2006. This is the highest rate of informal investment activity that GEM has detected for Ireland in the last five years. This increase is most welcome as the level of informal investment in Ireland has been out of sync with the rate of early stage entrepreneurial activity for some time. However, even with this increase, Ireland continues to lag behind many other OECD countries, including the US, in terms of the level of informal investment activity. The importance of informal investment can be expected to be even more pronounced with the tightening credit situation.

II. IRELAND'S ENTREPRENEURSHIP POLICY

The Small Business Forum Report published in 2006 recommended that the *Government should formally adopt a national entrepreneurship policy focussed on optimising the number of start-up businesses, and in particular on maximising the number of start-ups aspiring to and achieving high growth.*⁴ This recommendation was taken up and further echoed in *Towards the Development of an Entrepreneurship Policy for Ireland*, which was published by Forfás in September 2007.⁵ GEM provides measures that allow Ireland to benchmark its performance on these objectives.

Optimising start-ups

In an entrepreneurial society, a significant number of individuals of working age within the population must decide to take the entrepreneurial, rather than the employment route, as a way of making a livelihood and a career.

There are a large number of entrepreneurs in Ireland and the county is characterised by a high rate of both early stage and established entrepreneurial activity.

In 2007:

- One in every twelve of the adult population was involved in actively planning or had recently started a new business. Among the most active age group (25-34) this involvement in early stage entrepreneurial activity increased to one in nine (11.5%).
- 115,000 people in Ireland were involved in starting a new business between January 2004 and June 2007. This is about one in every twenty four people. This is the

equivalent to over 2,700 individuals setting up a new business in the county every month.

- In 2007, 115,000 people were actively planning to start a new business (nascent entrepreneurs). This is about one in every twenty four people.
- There were 247,000 individuals in Ireland who own and manage a business they started prior to 2004. This is one in every eleven people.

Relative to other OECD and EU countries, the rates of early stage entrepreneurship and of established entrepreneurship in Ireland compare very favourably.

- Ireland ranks 6th in the OECD for nascent entrepreneurs.
- Ireland ranks 3rd in the OECD for new firm entrepreneurs.
- Ireland ranks 2nd in the OECD for established entrepreneurs.

Starting from this position, the Forfás Report on Entrepreneurship concludes that *the current level of entrepreneurial activity in Ireland is seen to provide a very good starting point from which the country can progress to join the ranks of the elite group of the most entrepreneurial nations in the world.*

A dynamic entrepreneurial environment by its nature implies that there should be both ease of entry and exit for entrepreneurs. In 2007 the rate of exits by entrepreneurs was 1.9% of the population, for those that reported that the business was discontinued. A further 0.8% reported that they exited from their business but the business continued. The two main reasons for exiting were the 'business was not profitable' (24%) and 'personal nature' (23%). 'Problems getting finance' was not a common reason for exiting (7%).

The Small Business Forum and the subsequent Forfás report on entrepreneurship recognised that there were certain groups within Irish society who represented an untapped and relatively underdeveloped source of entrepreneurship. Women were seen to be one such group. GEM reports that in 2007 the number of women who reported having recently started a new business significantly increased on previous years. Their greater involvement in entrepreneurial activity has narrowed the gender gap to 1.8

⁴ *Small Business is Big Business*, The Report of the Small Business Forum, May 2006, page 55.

⁵ *Towards the Development of an Entrepreneurship Policy For Ireland*, Forfas, 2007



(men to women early stage entrepreneurs) compared to 2.5 in 2006. This is a considerable improvement.

Maximising high growth start-ups

In Ireland, as in countries across the OECD and Europe, the majority of entrepreneurs starting a business do not expect their new business to grow to a large size. The small numbers of businesses that do grow significantly, however, make a disproportionate contribution to employment growth. For this reason the main development agency, Enterprise Ireland, focuses in particular on supporting new enterprises with high growth potential (High Potential Start-ups).⁶

While the GEM measures of entrepreneurial activity are not confined in this way, they do include such firms. In particular GEM can measure the proportion of entrepreneurs with high growth expectations and those that expect to have many customers overseas.

Jobs growth: While the majority of early stage entrepreneurs do not expect their new business to grow substantially, they do expect to have some employees (71% in 2007 and 75% in 2006). A small number of early stage entrepreneurs expect to employ twenty or more within five years. These are referred to as high growth expectation early stage entrepreneurs.⁷

- Of the 225,000 early stage entrepreneurs in Ireland in 2007, we estimate that 17,900 are high growth expectation entrepreneurs.
- Ireland ranks 8th in the OECD in terms of the rate of high growth expectation early stage entrepreneurs.

This year we also provide a measure of the expected job growth for established entrepreneurs.

- 26,000 of the 247,000 established entrepreneurs in Ireland in 2007 expect that they will employ ten or more within five years and that this will represent at least a fifty percent increase on current employment.
- Ireland ranks 2nd in the OECD in terms of the percentage of established entrepreneurs expecting to employ ten

or more (and increasing employment by 50%) over the next five years.

Internationalisation: Internationalisation is also a measure of potential growth and economic impact. Measuring high export orientation as being those entrepreneurs who expect to have at least fifty percent of customers outside the country, Ireland ranks relatively high compared to other OECD countries in terms of internationalisation.

- 17,000 early stage entrepreneurs (7% of all early stage entrepreneurs) expect to have 50% or more of their customers outside of Ireland.
- Ireland ranks 6th in the OECD in terms of early stage entrepreneurs with more than fifty percent of customers outside the country.

In terms of established entrepreneurs, Ireland has the highest rate of established entrepreneurs with more than fifty percent of customers outside the country.

- 36,800 established entrepreneurs (15% of all established entrepreneurs) have 50% or more of their customers outside of Ireland.
- Ireland ranks 1st in the OECD in terms of established entrepreneurs with 50% or more of their customers outside of their home country.

III. THE ENVIRONMENT FOR ENTREPRENEURSHIP

Ireland will be characterised by a strong entrepreneurial culture, recognised for the innovative quality of its entrepreneurs, and acknowledged by entrepreneurs as a world-class environment in which to start and grow a businesses.

This is the vision for an entrepreneurial society which is set down as being achievable in the background statement on entrepreneurship published by Forfás during 2007.⁸ This report was prepared in advance of a formal statement on entrepreneurship policy.

In order to achieve this vision the Report recommends that *maintaining and further developing an environment that is conducive to entrepreneurship and ensuring a flow of future entrepreneurs by leveraging a positive culture and the resources of the education system*

⁶ The criteria of a High Potential Start Up (HPSUs) is as follows: manufacturing an export orientated product, or, offering a service that is internationally traded; offering a product or service that is innovative or technologically advanced; aiming to realise sales of €1million and employment of 10 or more within 3 years; and located and controlled in Ireland.

⁷ What is being assessed here is the aspiration of the entrepreneur. It is a forward looking measure. While not all will achieve their ambition, without the aspiration for growth, the achievement of growth is most unlikely.

⁸ Towards Developing an Entrepreneurship Policy for Ireland, Forfás, September 2007. This report can be downloaded from the Forfás website www.forfas.ie



should be strategic objectives of Ireland's entrepreneurship policy.

GEM provides insights into the social and cultural norms concerning entrepreneurship. Overall, Irish people continue to have positive attitudes to entrepreneurship. In 2007:

- More than eight of every ten adults believe that successful entrepreneurs are held in high regard (83%).
- Nearly seven of every ten adults report having seen positive media coverage of successful entrepreneurs (68%).
- More than six of every ten adults believe that entrepreneurship is a good career choice (63%).

The personal context of Irish adults also continues to be very positive. In 2007:

- One in every two adults believes that they have the skills and knowledge to start a new business (49%).
- Nearly one in two adults perceives good opportunities in their local area (46%).
- Four of every ten adults have an entrepreneurial role model in that they report that they know someone who started a business in the recent past (39%).

However, in 2007 as in the previous year, nearly four of every ten adults reported that 'fear of failure' would prevent them starting a new business (37%).

The GEM panel of key informants consulted during 2007 considered the prevailing cultural and social norms to be the strongest attribute in fostering a conducive environment for entrepreneurship. Government policy and Government programmes were also seen in a positive light. While entrepreneurial opportunity was very much perceived as being tied in with a buoyant economy.

A critical aspect of the environment is the availability of finance. The rate of informal investment activity reported in 2007 was 3.3% of the population. This suggests that 91,000 adults have invested in someone else's new business in the previous three years. This is a high rate relative to previous years and reflects concerted efforts to increase the number of those investing informally in new and developing businesses.

Notwithstanding this welcome increase in informal investors in 2007, access to debt and equity finance, particularly at the very early stages, continues to be cited most frequently

by members of GEM's key informant panel when commenting on challenges within the Irish environment for entrepreneurship.

Just over half of all informal investors invested in businesses started by a close family member. As few as one in twelve are investments in businesses operated by entrepreneurs previously unknown to the investor.

The median amount invested was €20,000. It is clear that for many informal investors, the motivation behind their investment is more altruistic than commercial, since four of every ten investors expect to lose half or all of their investment (43%).

The lack of a clear entrepreneurship policy and no central champion, who is universally recognised as the lead promoter of entrepreneurship in Ireland, underpinned the key informants' perception of the weaknesses in Government policy and programmes in respect of entrepreneurship. Insufficient support from the educational sector at all levels was also frequently mentioned by the key informant panel: *no coherent entrepreneurial education strategy* – was a typical remark in this context.

IV. COMPARISONS WITH OTHER COUNTRIES

The Forfás report on entrepreneurship highlights the fact that based on various indicators Ireland is only just behind the elite group of the most entrepreneurial countries in the world, both as regards performance and framework conditions. Ireland continues in 2007 in its position to the fore across OECD and EU countries in terms of the rate of entrepreneurial activity (early stage and longer established) in the country.

The challenge as set out within that report is not to be satisfied with that position but to keep investing in entrepreneurship as a key condition for a Golden Age in Ireland.

In order to facilitate an understanding of how Ireland compares internationally across a range of relevant measures, Section 2 sets out international comparisons (OECD and EU) in detail and focuses in particular on a comparison between Ireland and the US, which is often held out as exemplar of an entrepreneurial society. Detailed comparisons are also made with other relatively small European countries, namely Denmark, Finland, Norway and Switzerland.

V. RECOMMENDATIONS

Building on the results of the latest GEM research and mindful of all the suggestions put forward by GEM's national panel of key informants, the authors put forward recommendations as to the measures required to realise the stated national objective to optimise the number of start-up businesses and in particular to maximise the number of start-ups aspiring to and achieving high growth.

- The National Entrepreneurship Policy, should demonstrate a commitment at the highest levels of Government to further strengthening the environment for entrepreneurship and should provide clear direction for a coherent approach to its implementation.
- A National Policy for Entrepreneurial Education should be developed, which is complementary to the National Entrepreneurship Policy.
- The financial requirements of entrepreneurs and their ease of access to finance should be monitored on an ongoing basis and any gaps in the availability of finance should be addressed.
- The spotlight should continue to be focused on less entrepreneurial groups to increase their involvement in entrepreneurship.
- In encouraging women and other groups, which are less entrepreneurial at this point in time, to consider starting a new business, the focus should also be on encouraging them to have an aspiration

for growth and equipping them with the skills to realise the full potential of their new enterprises.

- The development agencies should specifically target those entrepreneurs with growth aspirations, with a view to developing the management and organisational capabilities and resources required to achieve their growth ambitions.
- Through an awareness campaign, the development agencies should specifically target entrepreneurs that are focused on the domestic market with a view to encouraging them to look inside their businesses to identify export potential. These entrepreneurs should be supported through a variety of means to realise that potential.

The GEM research suggests that most people in Ireland are well disposed towards entrepreneurship, that many individuals are early stage or established entrepreneurs, and that the environment is relatively supportive of their entrepreneurial efforts. The implementation of the recommendations above will, the authors believe, go a long way to assisting Ireland to attain its objective of being among the most entrepreneurial of the developed countries in the world, with all the positive benefits that that can bring to the Irish economy and to people throughout the country. As the GEM report clearly illustrates, we are starting from a good position. Let's build on it.







SECTION 1

ENTREPRENEURSHIP IN IRELAND IN 2007

1.1 INTRODUCTION

There is a clear recognition of the benefits of entrepreneurship, and a desire at the highest levels to further encourage entrepreneurs. Micheál Martin T.D., then Minister for Enterprise, Trade and Employment, wrote in the foreword to the 2006 GEM report that *a thriving entrepreneurial economy can deliver a range of*

economic, regional and social benefits. The earlier reports from the Enterprise Strategy Group⁹ and the Small Business Forum¹⁰ also recognised the importance of entrepreneurship to Ireland's current and future economic prosperity. GEM provides a snapshot in time of the extent and nature of entrepreneurship in Ireland in 2007 (Table 1.1).

TABLE 1.1 A 'SNAPSHOT' OF ENTREPRENEURSHIP IN IRELAND IN 2007

	Aspirations to start a business	Nascent Entrepreneurs	New firm Entrepreneurs	High growth expectation early stage entrepreneurs	High export orientation early stage entrepreneurs	Exits	Established Entrepreneurs	Growth expectations established entrepreneurs ¹¹	High export orientation established entrepreneurs
Measures used in GEM	Aspire to start a business in the next 3 years	Actively planning a new business	Started a business (that pays wages) in last 3 and a half years	Expect 20 or more jobs within five years	Expect more than 50% of customers to be outside country	Have closed a business in previous 12 months and the business was discontinued	Owns and manages a firm they started in 2003 or earlier	Expect 10 or more jobs and 50% growth within five years	More than 50% of customers outside country
Percent of population	11%	4.2%	4.2%			1.9%	9%		
Percent of entrepreneurs				8%	7%			11%	15%
Number of people	308,000	115,000	115,000	17,900	17,000	51,000	247,000	26,000	36,800

1.2 ENTREPRENEURIAL ACTIVITY IN IRELAND

The rate of early stage entrepreneurial activity in Ireland in 2007 was 8.2% (Table 1.2)¹². This means eight in every hundred of those aged from 18 to 64 are early stage entrepreneurs. These individuals are actively taking efforts to start a new business or have started a business within the previous 42 months which is now paying the entrepreneur a wage for more than three months.

The rate of nascent entrepreneurial activity is 4.2%. This means that one in every twenty four of the adult population (18-64 years) is actively planning to start a new business. This equates to approximately 115,000 people.

The rate of new firm entrepreneurial activity is 4.2%. This means that one in every twenty four of the adult population (18-64 years) has started a business in the last 42 months. This equates to approximately 115,000 people.

TABLE 1.2 EARLY STAGE ENTREPRENEURSHIP IN IRELAND, 2007

	Rate	Number of Entrepreneurs
Nascent entrepreneurs	4.2%	115,000
New firm entrepreneurs	4.2%	115,000
Total Early Stage Entrepreneurship¹³	8.2%	230,000

⁹ Ahead of the Curve, the Report of the Enterprise Strategy Group (<http://www.forfas.ie>).

¹⁰ Small Business is Big Business, The Report of the Small Business Forum, May 2006.

¹¹ This measure is growth to ten or more employees in five years time, representing at least a 50% increase in jobs.

¹² Adult population: The analysis in this report is based on the adult population aged between 18 and 64 years of age. References to Irish people are to those that are in this age bracket.

¹³ Nascent entrepreneurs and new firm entrepreneurs do not sum exactly to total early stage entrepreneurs as some individuals are both nascent and new firm entrepreneurs. These are only counted once in calculating total early stage entrepreneurs.



TABLE 1.3 ENTREPRENEURIAL ACTIVITY IN IRELAND: 2003-2007

Year	Nascent entrepreneurs	New firm entrepreneurs	Total early stage entrepreneurs	Established entrepreneurs	Future aspirations to be an entrepreneur	Closed a firm
2007	4.2%	4.2%	8.2%	9.0%	11.2%	1.9%
2006	4.5%	2.9%	7.4%	7.8%	9.8%	1.8%
2005	5.7%	4.7%	9.8%	8.1%	12.6%	2.3%
2004	4.4%	3.6%	7.7%	6.5%	11.0%	1.3%
2003	5.1%	3.8%	8.1%	6.7%	11.3%	2.5%
Average	4.8%	3.8%	8.2%	7.6%	11.2%	1.9%

The average rate of entrepreneurial activity for the five year period 2003 to 2007 is 8.2%, with a range from a low of 7.4% (2006) to a high of 9.8% (2005) (Table 1.3)¹⁴.

In the paragraphs that follow a pen picture of Ireland’s early stage entrepreneurs is set down against various characteristics:

- Motivations to start the business
- Extent of fulltime involvement in the business
- Choice of sector of the economy in which the new business is/will be active
- Personal characteristics such as gender, age, education, and income status
- Amount and sources of finance used to start the business.

Motivations

The great majority of entrepreneurs in Ireland are motivated by opportunity - ‘because I saw an opportunity’. Very few consider that they are driven into entrepreneurship through necessity – ‘because I had no better alternative for work’. More than nine of every ten entrepreneurs report opportunity, rather than necessity, as their motivation for entrepreneurship (94% opportunity compared to 6% necessity).

Using a more detailed classification of motivation, it becomes apparent that the desire to be independent is the primary driver of entrepreneurship in Ireland. Four in ten early stage entrepreneurs reported that their primary motivation was to ‘be independent’ (38%) while a further one in three reported ‘mixed motives’, either to increase income or independence (35%). A smaller number reported their primary motive as the desire to increase their income (18%) and one in ten reported ‘maintaining income’ or ‘no better

alternative’ as their primary motivation (9%).

Time commitment

Most entrepreneurs plan to work full time in their new business but a significant minority plan to work part time. In 2007 seven in every ten early stage entrepreneurs are currently, or plan to be, working fulltime in their business (71%). This means that three in every ten (29%) are, or plan to, work part-time in their business.

Sector

Early stage entrepreneurs differ in terms of sector of activity in which their new business is focused. In 2007 early stage entrepreneurs reported consumer sectors most frequently (44%) as the sector in which their new business will be active. This was followed by business sectors (34%), transformative sectors (construction and manufacturing) (21%), and extractive sectors (2%). The focus of activity in 2007 is quite different to that reported in the previous year with the consumer sector gaining in popularity (previously 32%) among early stage entrepreneurs, while the transformative sector fell from 30% in 2006. Interest by entrepreneurs in the business sector remained broadly similar.

Gender

The rate of entrepreneurial activity has always been higher among men than women in Ireland. Moreover because of the relatively high level of early stage entrepreneurial activity among men and the more average level of entrepreneurial activity among women, Ireland has been characterised by a very wide gender gap. In 2007, the rate of entrepreneurship among men continued to be higher than that of women. However, as the percentage of men engaged in early stage entrepreneurial activity in 2007 (10.6%) remained at more or less the level as the

¹⁴The statistical margin for error associated with the sample size used in the 2007 GEM report means that the rate of entrepreneurship in Ireland in 2007 falls within the range of 7.0% to 9.5% (95% confidence interval).

previous year, while early stage entrepreneurial activity increased for women (5.7%) the gender gap between men and women narrowed considerably. The issue of gender is explored in more detail in Section 3.

Age

In 2007, the most entrepreneurial age groups are among those aged between 25 and 54 years of age with nearly nine in every ten early stage entrepreneurs in this age bracket. Across this broad age span, more than one in ten of the population is engaged in early stage entrepreneurship. The least entrepreneurial age group is those aged between 18 and 24 years, where just over one in fifty is engaged in early stage entrepreneurial activity. Activity among this age group was lower in 2007 (2.3%) than it had been in 2006 (5.1%), while a greater proportion of those in 45-54 age group were early stage entrepreneurs in 2007 (9.6%) than was the case the previous year (6.3%). (Table 1.4)

Education

Rates of entrepreneurship are highest among those with third or fourth level (postgraduate) education. For this group of the population, approximately one in ten adults is an early stage entrepreneur. In contrast, for those with only some secondary education as their highest level of educational attainment, only one in every twenty three is active as an early stage entrepreneur (4.4%). This outcome is broadly similar to the previous year. (Table 1.4)

Income

For those whose household income falls into middle third of household incomes in the population rates of entrepreneurship are twice as high as for those in the lowest third of household incomes. (Table 1.4)

1.3 THE FINANCING OF EARLY STAGE ENTREPRENEURSHIP

Most entrepreneurs expect to need relatively little finance to start their new business (Table 1.5). The median planned investment is €30,000. Three quarters of all early stage entrepreneurs expect to start with less than €100,000. However, a significant number, one in four of all early stage entrepreneurs (25%), anticipate needing greater than €100,000 to start their new business.

Eight of every ten entrepreneurs expect to invest less than €100,000 of their own money

TABLE 1.4 EARLY STAGE ENTREPRENEURIAL ACTIVITY BY AGE, EDUCATION, INCOME

	Early stage entrepreneurial activity
AGE	
- 18 to 24 years	2.3%
- 25 to 34 years	11.5%
- 35 to 44 years	10.9%
- 45 to 54 years	9.6%
- 55 to 64 years	3.4%
Education	
- Some secondary	4.4%
- Secondary (Leaving Cert or equivalent)	5.3%
- Post secondary (Third Level)	11.6%
- Graduate experience (Postgraduate)	8.2%
Income	
	Percentage of all entrepreneurs
- Lowest 33% of population	21%
- Middle 33% of population	44%
- Highest 33% of population	35%

TABLE 1.5 FINANCING NEW BUSINESS

	Mean €	Median €	Percentage of all
Anticipated finance required			
€1 to €100,000	25,000	20,000	75%
€100,000 to €1,000,000	288,000	200,000 ¹⁵	25%
All (€1 to €1,000,000)	90,000	30,000	100%
Anticipated own investment			
€1 to €100,000	22,000	10,000	81%
€100,000 to €1,000,000	257,000	250,000	19%
All (€1 to €1,000,000)	67,000	25,000	100%

in their new business. The median planned own investment by entrepreneurs is €25,000. However, one in five (19%), plan to invest over €100,000 in their new business.

1.4 GROWTH, INTERNATIONALISATION AND INNOVATIVENESS OF EARLY STAGE ENTREPRENEURS

Of the 230,000 early stage entrepreneurs in Ireland in 2007:

¹⁵ Not all respondents provided their anticipated finance requirements or their anticipated own investment. A smaller number responded to the question about personal investment. This explains why the reported medium planned investment is lower than the reported medium anticipated finance investment in the €100,000 to €1,000,000 category.





- 8% of all early stage entrepreneurs expect to employ twenty or more within five years. This is equal to 17,900 early stage entrepreneurs.
- 7% of all early stage entrepreneurs expect to have 50% or more of their customers outside of Ireland. This is equal to 17,000 early stage entrepreneurs.

A much higher number of early stage entrepreneurs report that they believe that their new business is innovative. More specifically:

- 45% report that their product or service is new to some or all customers.
- 64% report that few or no competitors offer the same product.
- 31% report that they are using new technology (technologies not available five years previously).

1.5 GROWTH AND INTERNATIONALISATION OF ESTABLISHED ENTREPRENEURS

Established entrepreneurs are those that are owner managers of businesses that are more than three and a half years old. The rate of established entrepreneurs is 9% in 2007, or approximately 247,000 individuals. Of these:

- 11% expect to employ ten or more (and to have a minimum of fifty percent in jobs growth). This is approximately 26,000 entrepreneurs.
- 15% of all established entrepreneurs have 50% or more of their customers outside of Ireland. This is approximately 36,800 established entrepreneurs.

1.6 EXITS BY ENTREPRENEURS

Entrepreneurial activity is associated with both market entry and exit. The rate of exits by entrepreneurs was 1.9% of the population in 2007, for those that reported that the business was discontinued. This equates to 51,000 entrepreneurs closing a business. The rate has averaged at 2% each year for the period 2003 to 2007. A further 0.8% or 21,500 individuals reported that they exited from their business but the business continued.

The two main reasons for exiting were the 'business was not profitable' (24%) and reasons classified as of a 'personal nature' (23%) e.g. (Table 1.7). 'Problems getting finance' only accounted for 7% of exits.

TABLE 1.7 REASONS FOR EXIT

Business was not profitable	25%
Personal nature	23%
Opportunity to sell the business	16%
Retirement	16%
Exit was planned in advance	9%
Problems getting finance	7%
Found another job or business opportunity	5%
Total	100%

1.7 THE ENVIRONMENT FOR ENTREPRENEURSHIP

The recently launched National Development Plan emphasises the importance that the Government attaches to the nature of the environment for business in general: *The State's primary responsibility in relation to enterprise policy is to ensure that the broad environment and essential framework conditions continue to underpin and support the development of a sustainable enterprise sector.*¹⁶ Within this broad scope of providing a pro-business environment, in an entrepreneurial society, *the goal is to create an enabling environment to facilitate the implementation of innovative ideas in new businesses.*¹⁷

Reflecting this imperative, the vision for the national entrepreneurship policy envisages that Ireland will be *acknowledged by ambitious entrepreneurs as a world class environment in which to start and grow a business.*¹⁸ The means of achieving that status underpins the objective in the report *Towards Developing an Entrepreneurship Policy for Ireland* to build on the progress to date and further develop within Ireland a conducive environment for entrepreneurship. The findings from GEM research give important insights into the progress being made to further improve the environment for entrepreneurship in Ireland.

Cultural and social support for entrepreneurship

The cultural and social norms of a country and the attitudes of its population towards entrepreneurship have a significant bearing on the propensity of the adults within that society to become entrepreneurs. GEM's findings give a good insight into these important aspects of the environment.

¹⁶The National Development Plan 2007-2013 - Transforming Ireland - A Better Quality of Life for All, Government Publications, January 2007, page 176.

¹⁷Entrepreneurship, Geography and American Economic Growth, Zoltan Acs and Catherine Armington, Cambridge University Press, 2006, chapter 7, A Formulation of Entrepreneurship Policy, page 158.

¹⁸Towards Developing an Entrepreneurship Policy for Ireland, Forfás, September 2007

Irish people have positive attitudes to entrepreneurship. In 2007:

- More than eight of every ten adults believe successful entrepreneurs are held in high regard (83%).
- Nearly seven of every ten adults report having seen positive media coverage of successful entrepreneurs (68%).
- More than six of every ten adults believe that entrepreneurship is a good career choice (63%).

These figures, while positive, compare less favourably to those reported in 2006. In 2006, a much higher percentage reported seeing positive media coverage (84% in 2006, compared to 68% in 2007). Similarly, in 2006 70% reported that entrepreneurship was a good career choice, compared to 63% in 2007.

The personal context of Irish adults is positive, and broadly in line with those reported in 2006, in that many individuals believe they have the skills and knowledge required to start a business, many perceive opportunities for new businesses, and many report knowing a recent entrepreneur. In 2007:

- One in every two adults believes they have the skills and knowledge to start a new business (49%).
- Nearly one in two adults perceives good opportunities in their local area (46%).
- Four of every ten adults have an entrepreneurial role model in that they report that they know someone who started a business in the recent past (39%).

In addition to the above aspects of personal context, GEM measures the degree to which 'fear of failure' might prevent an individual from starting a business. In 2007, nearly four of every ten adults reported that 'fear of failure' would prevent them starting a new business (37%).

Reflecting the positive attitudes to entrepreneurship, and a positive personal context, a large number of individuals aspire to starting a business in the next three years. In 2007, 11% of the adult population, or 308,000 individuals, reported that they plan to start a new business in the next three years. This is an improvement on the 2006 outcome (9.8%) and is in line with the average over the last five years (2003-2007).

When asked to comment on the strengths of the environment in Ireland with regard to entrepreneurship, one in three of all comments made by GEM's panel of key informants¹⁹ relate to the pervading social and cultural norms which are perceived as being extremely positive. Comment was frequently related to a *Can do attitude and a new era of self confidence*. There was a view that there was a much greater openness to individuals taking the plunge than would have been the case previously. With this came a much greater *social acceptance* of entrepreneurs and their new enterprises and an *encouragement of success*.

The general view was that role models – *Celtic tiger success role models* – were very visible and were accorded high status. The track record of these successful entrepreneurs is perceived as acting as an inspiration to others. This is combining with a desire on the part of young people to have greater control over their lives. This is feeding in to a *strong entrepreneurial spirit of individualism* combined with a *new sense of self belief*. The media is also perceived to play a role in creating this positive culture.

Informal investment activity

GEM research has clearly shown that countries with a high level of early stage entrepreneurial activity tend to have a high level of informal investors to assist entrepreneurs in bridging the financing needs of their new enterprises. Hence the level of informal investors is an important element in the creation of a conducive environment for entrepreneurship.

Ireland has been out of sync in this regard having a much lower level of informal investment among its adult population than would be suggested by the relatively high level of early stage entrepreneurial activity. 2007 saw the beginnings of a change in this regard. In 2007, 3.3% of the population in Ireland in the previous three years had invested in other people's businesses. This compares with 1.7% in 2006. The improvement in 2007 in the level of informal investment means Ireland's ranking in the OECD improved from 16th of 22 OECD countries in 2006 to 9th of 20 OECD countries in 2007.

Notwithstanding this welcome increase in informal investors in 2007, access to debt and equity finance, particularly at the very early

¹⁹ As part of GEM annual research, the opinions of GEM's national key informant panel are ascertained regarding their view of the strengths and weakness of the Irish environment for entrepreneurship and the manner in which the environment could be further improved. This panel is made up of both experts and entrepreneurs.





stages, continues to be cited most frequently by members of GEM's key informant panel when commenting on weaknesses within the Irish environment for entrepreneurship.

The rate of informal investment activity reported in 2007 suggests that 91,000 adults have invested in someone else's new business in the previous three years. The median investment was €20,000. The two most frequent responses to the question *how much had been invested* were €50,000 and €20,000.

Just over half of all informal investors invested in businesses started by a close family member (54%) (Table 1.6). As few as one in twelve invested in businesses operated by strangers.

TABLE 1.6 INFORMAL INVESTOR'S RELATIONSHIP TO INVESTEE.

Close Family	54%
Other Relative	4%
Work Colleague	4%
Friend or Neighbour	30%
Stranger	8%

Many informal investors are not prompted by pure commercial motives in making their investment as four in every ten investors expect to lose half or all of their investment (43%), with a further three in ten (28%) expecting just to get back their original investment. Only three in ten (29%) expect to make a profit as they anticipate getting back at least one and half times their original investment.

Other aspects of the environment

Government policy and Government programmes are generally seen in a positive light by the key informant panel. Perhaps not surprisingly, the experts mention government policy in a positive light more frequently than do the entrepreneurs: while the entrepreneurs mention the support available through government agencies and programmes more frequently than do the experts. Taken together, government policy and government programmes were mentioned in a positive light by the key informant panel as often as were the support provided by cultural and social norms.

These positive comments span a wide range of Government policy and support programmes from the more generic - *pro business approach of the government* – to specific mention of the

fiscal regime (low corporate and personal tax rates and positive fiscal incentives for investors, BES and seed capital scheme). The ability to move and change policy quickly in the light of changing conditions was married to a belief that some key policy makers are recognising the importance of entrepreneurship. The nature of support available from the national and local enterprise agencies was perceived as being both practical and of a high quality.

The lack of a clear entrepreneurship policy and no central champion, who is universally recognised as the lead promoter of entrepreneurship in Ireland, underpinned the key informants' perception of the weaknesses in Government policy and programmes in respect of entrepreneurship. Insufficient support from the educational sector at all levels was also frequently mentioned by the key informant panel: *no coherent entrepreneurial education strategy* – was a typical remark in this context. The key informants were also concerned about the ever increasing burden of red tape and by the rising cost base.

The contribution of immigrants is seen by GEM key informants as positively contributing to a conducive environment for entrepreneurship. As is the case in other countries the perception is that those newly arrived into the country are more entrepreneurial than those born within the country.

Entrepreneurial opportunity is very much perceived as being tied in with a growing economy and buoyant consumer spending, particularly by the experts. Hence, there is a concern, that with slower growth, entrepreneurial opportunities may not be as plentiful in the future.

Improving the environment

The key informant panel were asked for their suggestions as to ways in which the environment for entrepreneurship could be further improved. In all they made 144 recommendations. More than one third of all recommendations made were focused on the area of Government programmes (52). The key informants also focused on suggesting improvements in the educational sector with regard to it fostering a culture of enterprise among students at all levels and imparting necessary skills to both students and teachers alike (27). The broader area of Government policy was also the focus of many of the recommendations (28) See Appendix 1 for the full list of the recommendations made.



SECTION 2

INTERNATIONAL COMPARISONS

2.1 INTRODUCTION

As the GEM consortium carries out its research each year in the same manner in over forty countries throughout the world, GEM is in a position to report not only on the level and nature of entrepreneurial activity in Ireland but to bench mark this activity against a range of comparable countries. This has enabled Irish policy makers to know the base from which they are starting in their efforts to make Ireland among the most entrepreneurial of the developed nations.

In this section we compare the extent and nature of entrepreneurship in Ireland to a selection of OECD and EU countries. These comparisons are in three parts.

Broad selection of OECD and EU countries:

We begin with a summary of Ireland's ranking in terms of the levels of entrepreneurship for a selection of OECD and EU countries. We provide brief commentary on the extent and nature of entrepreneurship across these countries, highlighting where Ireland ranks. Two reference groups of countries are used. The first group is countries from the OECD. Twenty of the thirty member countries of the OECD are included in the analysis²⁰. The second group is EU member countries²¹. Seventeen member countries are included in the comparison, including

thirteen of the EU-15. Tables include a list of twenty three countries. All but Latvia, Romania and Slovenia (EU member countries) are members of both the OECD and the EU. This section is followed by tables for each measure discussed.

The United States: As the US is often referenced by the European Commission among others as the exemplar in terms of entrepreneurial activity, entrepreneurial activity in Ireland is compared to that within the United States. While the US doesn't hold 'top spot' on GEM rankings, it is frequently ranked higher than Ireland on a number of important measures of entrepreneurship. Indeed, previous GEM reports have highlighted how Ireland has 'lagged' the most entrepreneurial developed nations such as the US.

Four small European countries: The level of entrepreneurial activity in Ireland has always been described as to the fore within Europe. We look at a number of relatively small European countries which are committed to increasing their levels of entrepreneurial activity, namely Denmark, Finland, Norway, and Switzerland and compare the level and nature of entrepreneurial activity between Ireland and these other countries.

²⁰ OECD countries in 2007 not included are Australia, Canada, Czech Republic, Germany, Korea, Luxembourg, Mexico, New Zealand, Poland, and Slovak Republic.

²¹ Of the EU-15 countries all but Germany and Luxembourg are included. Of the ten accession countries Hungary, Latvia and Slovenia are included; Cyprus, Czech Republic, Estonia, Lithuania, Malta, Poland and Slovakia are excluded. Of the two most recent accession countries Romania is included, Bulgaria is excluded.



2.2 ENTREPRENEURIAL ACTIVITY ACROSS THE OECD AND EU

Ireland compares favourably with OECD and EU countries for all the measures of entrepreneurial activity - early stage entrepreneurs (8.2%), made up of nascent entrepreneurs (4.2%) and new firm entrepreneurs (4.2%),²² as well as for longer established entrepreneurs (9.0%). (Figure 1, Figure 2, Table 2.1 overleaf and Table 2.10 at the end of this section)

Across the OECD

- Ireland ranks 4th in terms of the numbers of its

adult population that are active as early stage entrepreneurs, behind Iceland, the US and Portugal, and is 6th for nascent entrepreneurs and 3rd for new firm entrepreneurs.

- Ireland is ranked 2nd in terms of the proportion of its adult population that are established entrepreneurs.

Across the EU

- Relative to other EU countries, Ireland ranks 2nd in overall early stage entrepreneurship, 4th in nascent entrepreneurs, 2nd in new firm entrepreneurs, and 2nd in established entrepreneurs.

FIGURE 1. EARLY STAGE ENTREPRENEURIAL ACTIVITY IN OECD AND EU COUNTRIES

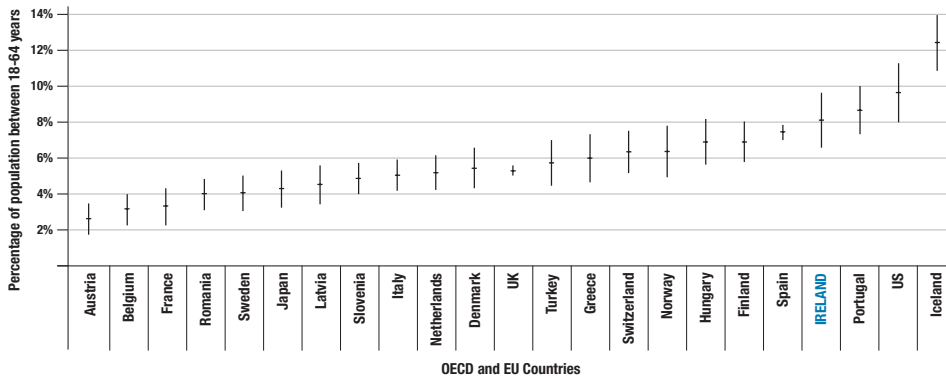


FIGURE 2. NASCENT ENTREPRENEURS, NEW FIRM ENTREPRENEURS, AND ESTABLISHED ENTREPRENEURS IN OECD AND EU COUNTRIES

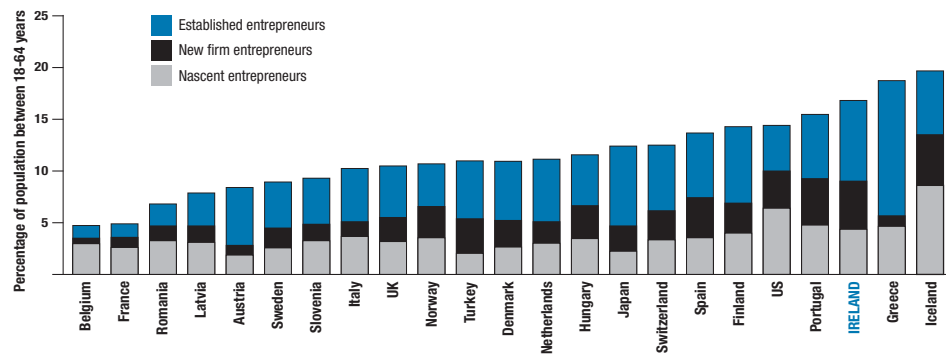


TABLE 2.1 IRELAND'S ENTREPRENEURIAL RANKING IN OECD AND EU, 2007

	Ireland's ranking in OECD	Countries ranked higher than Ireland in OECD (high to low)	Ireland's ranking in EU	Countries ranked higher than Ireland in EU (high to low)
Nascent entrepreneurs	6th	Iceland United States Portugal Greece Finland	4th	Portugal Greece Finland
New firm entrepreneurs	3rd	Iceland Spain	2nd	Spain
Early stage entrepreneurship (Nascent and new firm combined)	4th	Iceland United States Portugal	2nd	Portugal
Established entrepreneurs	2nd	Greece	2nd	Greece

²² Nascent entrepreneurs and new firm entrepreneurs do not sum exactly to total early stage entrepreneurs as some individuals are both nascent and new firm entrepreneurs. These are only counted once in calculating total early stage entrepreneurs.

ENTREPRENEURIAL CULTURE

It is often argued that a prerequisite to entrepreneurial activity is a culture that facilitates and encourages those that engage in entrepreneurial activity. The EU has argued in the Green Paper and subsequent European Action Plan that the absence of 'entrepreneurial mindsets' in many European countries has militated against the emergence of new firms in Europe.²³

For many years, Ireland has recognised the importance of having a supportive culture to nurture enterprise development. Indeed part of the remit of the County Enterprise Boards is to support, in such manner as may be deemed expedient, local developments likely to contribute to enterprise creation and business development or other economic benefits and in general to foster in the area an awareness of the need for enterprise creation and development.²⁴

GEM measures entrepreneurship culture on three dimensions:

- Is it perceived as a good career choice?
- Does success at entrepreneurship have a high status?
- Is there supportive media coverage of entrepreneurs?

Relative to other countries, Ireland ranks high on the second two of these measures—second to Finland in terms of the percentage of Irish people who consider that success at entrepreneurship has a high status; and fourth to Iceland, Norway and Finland in terms of the perception of a supportive media coverage of entrepreneurs. However, in terms of perceptions that entrepreneurship is a good career choice, Ireland ranks much lower, ninth in the OECD and seventh in the EU (Table 2.11 at end of this section). The lower ranking on this dimension in 2007 reflects the indications of a changed attitude among Irish people in respect of entrepreneurship as a good career choice in 2007 compared to 2006.

In general, however, Ireland is perceived to have a supporting culture towards entrepreneurs and their new enterprises and does not have the difficulties faced by many countries to turn around a less supportive culture. Culture by its nature is extremely difficult to change and government and its agents alone are usually not in a position to bring about such a change. The challenge in Ireland is to further

strengthen the culture by harnessing the resources of the education sector to this end.²⁵

Personal Context for Entrepreneurship

Role models, opportunities, skills and knowledge, and fear of failure are all aspects of personal context that are associated with the decision to start a business. In general where individuals have entrepreneurial role models, where they perceive opportunities in the local environment, and whether they believe they have the skills and knowledge to start a business, they are more likely to engage in new firm creation. These factors reflect an individual's life and career experiences, including parental influences, the influence of the education system, and work experience, as often opportunities are embedded in the entrepreneur's knowledge about markets.

GEM measures these perceptions across the adult population. Ireland's ranking for each of these measures is as follows (Table 2.12 at the end of this section):

Across the OECD

- In terms of those who know someone who has recently set up a new business, Ireland ranks seventh.
- In the general perception of opportunities in the local environment, Ireland ranks seventh.
- In the general perception of having the skills and knowledge to start a business, Ireland's ranking is fourth.
- Fear of failure would prevent a relatively high percentage of Irish people starting a new business and Ireland ranks sixth of twenty OECD countries in this regard.

Across the EU

- In terms of those who know someone who has recently set up a new business, Ireland ranks seventh.
- In the general perception of opportunities in the local environment, Ireland ranks fifth.
- In the general perception of having the skills and knowledge to start a business, Ireland ranks fourth.
- Fear of failure would prevent a relatively high percentage of Irish people starting a new business and Ireland ranks sixth of seventeen EU countries in this regard.

In addition to measuring the entrepreneurial context of the population, GEM measures

²³ Action Plan: The European Agenda for Entrepreneurship, European Commission, February 2004.

²⁴ The Industrial Development Act, 1995

²⁵ Recommendation of the Forfás Report Towards Development an Entrepreneurship Policy for Ireland, September 2007.





the prior entrepreneurial experience of entrepreneurs. Ireland ranks mid-table in terms of the number of entrepreneurs with prior entrepreneurial experience (Table 2.13 at the end of this section).

Motives for entry and exit

In OECD and EU countries most entrepreneurs can be described as being 'opportunity driven' rather than 'necessity driven', that is they are starting a new firm because of a perceived opportunity rather than because they believe they have no better employment opportunities. This is the case in Ireland. Ireland ranks third in the OECD and in the EU in terms of the percentage of entrepreneurs that are driven by opportunity rather than by necessity (Table 2.14 at end of this section).

The distinction between 'opportunity' and 'necessity' masks to some extent a broader array of motives that underpin entrepreneurial activity. Looking more closely at the primary motivations of opportunity driven entrepreneurs, it is obvious that the desire for independence is high among Ireland's early stage opportunity driven entrepreneurs (Table 2.15 at the end of this section). This is reflected in Ireland's ranking across the OECD and EU in this regard.

- In terms of the proportion of opportunity driven early stage entrepreneurs that are motivated by independence, Ireland ranks fifth in OECD and fourth in EU.
- On the other hand, entrepreneurs motivated by a desire to increase their income, ranks Ireland seventeenth in the OECD and fifteenth in the EU.

In considering the time commitment of entrepreneurs to their businesses, it has been noted previously that 71% of early stage entrepreneurs in Ireland expect to work full time in the business. In this respect, Ireland ranks relatively high in terms of the numbers of early stage entrepreneurs giving or proposing to give a full time commitment to their new business (fifth in the OECD and seventh in the EU). In contrast, however, Ireland, with almost three in every four (71%) established entrepreneurs working full time in the business that they own and manage, has a lower proportion of its established entrepreneurs working full time than is the case elsewhere. In this regard, Ireland ranks fifteenth in the OECD

and thirteenth in the EU (Table 2.16 at the end of this section).

Entrepreneurship, by definition, involves market judgements by entrepreneurs, and therefore there are always exits as well as entry. Closure of a business is often a decision motivated by factors other than its 'failure'. It is often more accurate, therefore, to talk about 'exits', the decision to close a firm, rather than of 'failure'.

GEM measures exits in terms of those that exit and the business is discontinued and those that exit but the business continues. In Ireland 1.9% of the adult population reported that they exited from a business that was discontinued. Ireland is 6th highest in the OECD (and 4th in EU). A smaller number, 0.8% of the adult population report they exited and the business continued. Ireland ranks 8th in the OECD (and 4th in EU) (Table 2.17 at end of this section).

The reasons for exits from businesses that did not continue are broadly similar in Ireland compared to other countries. However, it is interesting to note that 'problems getting finance' was cited relatively infrequently in Ireland (Table 2.18 at end of this section).

NATURE OF EARLY STAGE ENTREPRENEURIAL ACTIVITY: SECTOR, GROWTH, INTERNATIONALISATION AND INNOVATIVENESS

GEM classifies early stage entrepreneurial activity into four sectors: consumer related sectors, sectors where a business is the primary customer, 'transformative' sectors, such as manufacturing and construction, and extractive sectors (Table 2.19 at the end of this section). Reflecting the change in the focus of the activity of Ireland's early stage entrepreneurs in 2007, early stage entrepreneurs are now more prevalent than previously in consumer sectors (44%) and less prevalent in the transformative sectors, which include construction and manufacturing (21%). While the proportion engaged in business sectors remained broadly similar (34%). This has had an impact on Ireland's relative rankings in these respects across the OECD and the EU.

Across the OECD

- In consumer sectors, Ireland ranks fifth.
- In business sectors, Ireland ranks seventh
- In transformative sectors Ireland now ranks sixteenth in the OECD²⁶

²⁶ The greater focus by Ireland's early stage entrepreneurs on the transformative sectors (30% in 2006) was reflected in Ireland's 14th position in this respect across 22 OECD countries in 2006.

- In extractive sectors, which were always fairly low in Ireland, the country ranks sixteenth.

Across the EU

- In consumer sectors, Ireland ranks third
- In business sectors, Ireland ranks fourth
- In the transformative sectors Ireland now ranks fifteenth
- In extractive sectors, Ireland ranks fourteenth.

Employment Growth in Early Stage Entrepreneurs

When we look at the employment intentions of early stage entrepreneurs it is apparent that given the high level of early stage entrepreneurs in Ireland, Ireland is ranked well across the OECD (5th) and Europe (3rd) in terms of the proportion of the adult population that expect to become an employer as a result of new business activity. Looking more closely at the proportion of early stage entrepreneurs that intend to become an employer, Ireland ranks lower at about the mid point across the OECD and EU – 10th in OECD and 7th in Europe. This implies that a relatively high percentage of early stage entrepreneurs in Ireland are setting up new businesses as a self-employment activity (Table 2.20 at end of this section).

In all countries, a small percentage of early stage entrepreneurs expect to grow rapidly. In terms of those that expect to employ twenty or more within the next five years Ireland ranks eighth in the OECD and sixth in the EU, or slightly below the OECD average and above the EU average. The corresponding ranking of high growth expectation early stage entrepreneurs as a proportion of all entrepreneurs is lower for Ireland, twelfth in the OECD and ninth in EU (Table 2.20 at the end of this section).

This year we also include a measure of growth expectations in established firms. In terms of established entrepreneurs that expect to employ ten or more in five years, and at least 50% growth in employment, Ireland ranks second in the OECD and first in the EU on these measures (Table 2.21 at end of this section).

International orientation

While many new firms focus exclusively on their domestic market, with some engaging in limited international activity, there is increased evidence that many entrepreneurs are international in their outlook from very early stages in a new venture's life. GEM measures this in terms of the percentage of customers that are outside the country.

- In terms of early stage entrepreneurs with more than fifty percent of customers outside the country, Ireland ranks relatively high, sixth in the OECD and fifth in the EU (Table 2.23 at end of this section).
- In terms of established entrepreneurs, Ireland has the highest rate of established entrepreneurs with more than fifty percent of customers outside the country. However, in absolute terms this is less than one in five of all established entrepreneurs (Table 2.22 at end of this section).

Innovativeness

GEM measures innovation in terms of the newness of the product/service, the extent of competition, and the newness of technology used.

- In terms of the newness of the product or service to customers, Ireland is mid ranking, twelfth in the OECD and eighth in the EU (Table 2.24 at end of this section).
- In terms of the number of entrepreneurs reporting that few or no competitors offer the same product, Ireland ranks second (to Denmark) in the OECD and EU (Table 2.25 at end of this section).
- In terms of those that are using new technology (technologies not available five years ago) Ireland ranks eighth in the OECD and fifth in the EU (Table 2.26 at end of this section).

WHO BECOMES AN ENTREPRENEUR?

GEM global research highlights the fact that different age groups are more entrepreneurial than others, with older people (55-64 years) and younger (18-25) typically less entrepreneurial. There are differences across countries, however, in the spread of entrepreneurial activity between age groups. Given Ireland's high rate of early stage entrepreneurship it is not surprising that Ireland ranks high across most age groups.

Across the OECD

Across the most entrepreneurially active age groups (25-54 years) Ireland is ranked particularly high in terms of the early stage entrepreneurial activity of those within that age group (Table 2.27 at the end of this section).

- For those aged 25 to 34 years, Ireland has the fourth highest rate.
- For those aged between 35 and 44 years, Ireland ranks third.
- For those aged 45 to 54, Ireland ranks second.

Ireland's relative ranking among younger and older age groups is lower.





- For those in the youngest age group (18-24 years), Ireland ranks seventeenth.
- For those in the older age group (55 to 64 years), Ireland ranks eighth.

Ireland has a relatively small number of its early stage entrepreneurs in the youngest age category – just 4% of all early stage entrepreneurs. This is the smallest proportion of early stage entrepreneurs across all the OECD countries. In contrast, 15% of US entrepreneurs are young people (Table 2.28 at end of this section).

Across the EU

A similar pattern can be observed in Ireland's relative position across the EU with high rankings in the most entrepreneurial age group and much lower ranks in the youngest and oldest age groups (Table 2.27 at end of this section).

- For those aged 25 to 34 years, Ireland has the second highest rate.
- For those aged between 35 and 44 years, Ireland ranks fourth.
- For those aged 45 to 54, Ireland ranks first.
- For those in the youngest age group (18-24 years), Ireland ranks thirteenth.
- For those in the older age group (55 to 64 years), Ireland ranks fifth.

As well as entrepreneurship rates differing by age, they also differ by level of educational attainment. Again, given Ireland's high level of early stage entrepreneurship, Ireland ranks relatively high across each category of education (Table 2.29 at the end of this section). Ireland ranks seventh in the OECD and fifth in the EU for three of the four categories: primary/some secondary, completed secondary, and postgraduate. In the third level category, Ireland ranks second in the OECD and the EU (Portugal ranks highest).

In general, across the countries in the OECD and EU levels of entrepreneurial activity are lowest among those from households whose income is classified in the lowest third of all households²⁷ (Table 2.30 at the end of this section). In sixteen of nineteen OECD countries, entrepreneurial activity rates are lowest for those from lower income households. In many EU countries the rate of entrepreneurial activity increases as household income increases from low, to middle, to high. Ireland differs from EU countries in this regard, as the rate

of entrepreneurial activity is slightly higher in the middle income group. Ireland ranks second in the OECD and first in the EU in terms of early stage entrepreneurial activity in the middle income group. As the rate of early stage entrepreneurship is high in Ireland, Ireland ranks fifth in OECD and second in Europe for the low income group, and ranks fifth in the OECD and third in the EU for the high income group.

A comparison of Ireland with other OECD and EU countries in terms of gender is contained in Section 3 of this report.

FINANCE: INFORMAL INVESTMENT ACTIVITY

Entrepreneurs starting new firms frequently turn to others to help them finance their new business. The most significant sources of finance for most new businesses internationally are the entrepreneurs own funds and funds from informal investors. Informal investors are mostly family members but also include work colleagues, friends and strangers.

GEM measures informal investment activity across countries in terms of 'providing funds for a new business started by someone else'²⁸. Ireland ranks 9th in the OECD and 5th in the EU on this measure (Table 2.31 at the end of this section). Ireland's relative position was greatly enhanced in 2007 given the increase in informal investor activity identified in 2007 compared to the previous year. In 2006 Ireland was ranked 16th across the OECD (22 countries) in terms of the proportion of its adult population that were informal investors.

SUMMARY OF IRELAND'S POSITION ACROSS OECD COUNTRIES IN 2007

Ireland's ranks relatively high in the OECD on the following:

- New firm entrepreneurs- the percentage of adults that are new firm entrepreneurs (3rd).
- Established entrepreneurs- the percentage of adults that are established entrepreneurs (2nd).
- Culture: on two measures of culture- the percentage of Irish people who consider success at entrepreneurship has a high status (2nd); and who perceive supportive media coverage of entrepreneurs (4th).
- Personal context: on one of four measures of personal context- the perception of having the skills and knowledge to start a business (4th).

²⁷ Norway is not included in these figures.

²⁸ This excludes the purchase of stocks or mutual funds



- Opportunity driven entrepreneurship- the percentage of entrepreneurs that are driven by opportunity rather than by necessity (3rd).
- Fulltime early stage entrepreneurs- the percentage of early stage entrepreneurs that are engaged fulltime in their business (5th).
- The percentage of early stage entrepreneurs in consumer sectors (5th) and business sectors (7th).
- High growth orientated established businesses- the percentage of all entrepreneurs that expect to employ ten or more and at least fifty percent growth in jobs (2nd).
- International early stage entrepreneurs- the percentage that expect more than fifty percent of customers outside the country (6th).
- International established entrepreneurs- the percentage with more than fifty percent of customers outside the country (1st).
- Innovative early stage entrepreneurs- on one of three measures of innovation, the number of entrepreneurs reporting that few or no competitors offer the same product (2nd).

Ireland's mid-table rankings in the OECD:

- Culture- the perceptions that

entrepreneurship is a good career choice (9th).

- Personal context: on two of four measures of personal context- the percentage of population who know a recent entrepreneur (7th); and the perception of opportunities in the local environment (7th).
- High growth early stage entrepreneurship – the percentage of all entrepreneurs that are high growth orientated (10th).
- Innovative early stage entrepreneurs- on two of three measures of innovation, the newness of the product or service to customers and the use of new technologies (12th and 8th).
- Youth entrepreneurship- the rate of entrepreneurial activity among young people (18-24 years) (7th).
- Informal investment activity- the percentage of people 'providing funds for a new business started by someone else' (9th).

Ireland's 'bottom-of-table' rankings in the OECD:

- 'The fear of failure'- a relatively high percentage of adults report that fear of failure would prevent them starting a new business (Ireland has the sixth highest rate).
- Fulltime established entrepreneurs- the percentage of established entrepreneurs that are fulltime (15th), though the vast majority of established entrepreneurs in Ireland are fulltime (70%).



2.3 IRELAND AND THE US

The United States is often regarded as the 'exemplar' in terms of entrepreneurship. This is in terms of the rate of entrepreneurship, the economic impact of new firms through the rapid growth of new firms, access to capital for new and growing firms, and in terms of society's attitudes to entrepreneurship. As the GEM project is based on a common methodology, we can compare Ireland to the US in terms of the extent and nature of entrepreneurship.²⁹

The rate of early stage entrepreneurial activity has been higher in the US than in Ireland for the last five years. In 2007 this was still the situation, with early stage entrepreneurship rates of 9.6% in the US, compared to 8.2% in Ireland.³⁰

- One of the characteristics of the US is a very high rate of nascent entrepreneurs (Table 2.2).
- The proportion of the adult population that have recently started a new business is higher in Ireland than in the US.
- The percentage of people that have invested in someone else's new business, so called business angels or informal investors, has been consistently higher in the US than it has been in Ireland. This has made it more difficult for Irish

entrepreneurs to get their financing needs over and above from their own resources than it has been in the United States.

- The rate of closures is higher in the US (3%) compared to Ireland (1.9%).

GEM has consistently highlighted very positive attitudes among the population in Ireland towards entrepreneurship during recent years. This is again the situation in 2007.

- General attitudes towards entrepreneurs and entrepreneurial success are more positive in Ireland than in the US (Table 2.2).
- Individuals in Ireland and the US are similar in terms of their perceptions of their own ability to engage in entrepreneurship (Table 2.2).
- A higher percentage of Irish people report that the fear of failure would prevent them from starting a new business (37% in Ireland compared to 23% in the US).
- Irish people continue to see many opportunities for entrepreneurship, perhaps reflecting the continued levels of economic growth in the economy during 2007. Less people in the US see opportunities.
- Despite this, a slightly higher percentage of people in the US aspire to start a business in the coming three years, 14.4% in the US compared to 11.2% in Ireland.

TABLE 2.2: IRELAND AND THE US: THE ENVIRONMENT FOR ENTREPRENEURSHIP AND EARLY STAGE ENTREPRENEURIAL ACTIVITY

	IRELAND Percentage in adult population	US Percentage in adult population
Current Entrepreneurial Activity		
- Nascent entrepreneurs	4.2	6.5
- New firm entrepreneurs	4.2	3.4
- Early stage entrepreneurs (TEA)	8.2	9.6
Future Aspirations for Entrepreneurship		
- Might you start a business in the coming three years? (%YES)	11.2	14.4
Informal Investing		
- Have you invested in someone's business in the last three years?	3.3	4.9
Exits		
- Closures of businesses in last 12 months by entrepreneurs	1.9	3.0
	Percentage in adult population	Percentage in adult population
The Cultural Context for Entrepreneurship		
- Is entrepreneurship considered a good career choice? (% YES)	63	50
- Are successful entrepreneurs are held in high regard? (% YES)	83	50
- Is there positive media coverage of successful entrepreneurs? (% YES)	68	50
The Personal Context for Entrepreneurship		
- Do you know a recent entrepreneur? (% YES)	39	32
- Are there good opportunities? (% YES)	46	25
- Do you have the knowledge and skills to start a business? (% YES)	49	48
- Would 'fear of failure' prevent you starting a business? (% YES)	37	23

²⁹ This section includes an overview of entrepreneurship in the US written by the US national GEM team.

³⁰ The rate of early stage entrepreneurial activity reported by GEM is within a band of + or - 1.5 percentage points in the US and 1.3 percentage points in Ireland. Therefore, statistically the rates are within the same band.



There is a higher rate of entrepreneurship among women in the US (7.2%) than in Ireland (5.9%). Prior GEM reports also reported a wider 'gender gap' in Ireland compared to the US. However there was an increase in the rate of early stage entrepreneurship among women in Ireland in 2007 and a 'narrowing' of the gender gap in Ireland. This means that in 2007 the 'gender gap' in Ireland and the US is similar (Table 2.3).

It would appear that individuals with different levels of education are active as early stage entrepreneurs in Ireland compared to the United States. In Ireland a higher proportion of those with third level and post graduate levels of education are likely to be early stage entrepreneurs. In the United States it is those with just high school education (secondary school) that are the most entrepreneurial. For this category of the population, the US rate is twice that of the rate in Ireland.

In both Ireland (94%) and the US (84%) the

majority of early stage entrepreneurs report they are pursuing an opportunity (Table 2.3). Of those that report they are exploiting an opportunity, a higher percentage in the US (44%) compared to Ireland (26%) report that their primary motive is to increase or maintain their income. Of all opportunity driven early stage entrepreneurs, in Ireland two thirds (65%) and in the US about half (52%) report independence as their primary motive.

In both the US and Ireland a significant minority of early stage entrepreneurs report they will be only involved in their new business on a part-time basis: 29% in Ireland and 35% in the US (Table 2.3).

The nature of early stage entrepreneurship is very similar in Ireland and the US in terms of sectors of activity. Both countries have a high percent in consumer sectors (Table 2.3). In previous years Ireland would have lagged the US with regard to the focus on the consumer sector.

TABLE 2.3: IRELAND AND THE US: EARLY STAGE ENTREPRENEURS

	IRELAND Percentage in adult population	US Percentage in adult population
Who is starting new businesses?		
- Men	10.6	12.0
- Women	5.9	7.2
Who is starting new businesses?		
- Some secondary or less	4.4	5.6
- Secondary completed	5.3	11.7
- Graduate	11.6	9.2
- Post graduate	8.2	7.8
	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Type of business - fulltime or part-time?		
- Percentage that are fulltime	71	65
- Percentage that are part-time	29	35
	100	100
Type of business?		
- Extractive sectors	2	2
- Transformative sectors (const)	21	21
- Business sectors	34	35
- Consumer sectors	44	42
	100	100
Why start a new business?		
- Opportunity	94	84
- Necessity	6	16
	100	100
	Percentage of all opportunity driven early stage entrepreneurs	Percentage of all early opportunity driven early stage entrepreneurs
Motives of opportunity driven entrepreneurs		
- Independence	65	52
- Increase income	22	34
- Main income	4	10
- Other	9	4
	100	100



Given the relatively higher impact from the entrepreneurial activity of those whose businesses grow significantly, it is important to note that there are more high growth expectation early stage entrepreneurs in the US. The rate of high growth expectation among early stage entrepreneurs, as measured by expected job creation (twenty jobs or more within 5 years) is nearly twice as high in the US compared to Ireland (Table 2.4). There are no differences in terms of the rate of early stage entrepreneurs that expect that more than 50% of their customers will be outside the country (though given that Ireland has a lower overall rate of total early stage entrepreneurship, this means that a higher percentage of all early stage entrepreneurs in Ireland have such expectations).

There are relatively small differences between

Ireland and the US on three measures of innovation (Table 2.4). The largest difference is that 37%, nearly four in ten, US early stage entrepreneurs are using new technologies, compared to 31%, or three in ten, in Ireland.

The rate of established business owners is much higher in Ireland (9%) than it is in the US (5%) (Table 2.5).

Irish established entrepreneurs are more positive about future growth expectations and are more export orientated (Table 2.5). Slightly over 10% of established entrepreneurs in Ireland, compared to 7% in the US, expect to have ten or more jobs in five years, and to have increased employment by at least 50%. Similarly, 15% of established Irish entrepreneurs have high levels of exports, compared to 12% in the US.

TABLE 2.4: IRELAND AND THE US: GROWTH, INTERNATIONALIZATION AND INNOVATION BY EARLY STAGE ENTREPRENEURS

	IRELAND Percentage in adult population	US Percentage in adult population
<i>Growth expectations in early stage entrepreneurs</i>		
- Any jobs now or in 5 years	5.8	6.7
- Expects more than 19 jobs in 5 years time	0.7	1.3
<i>International activity</i>		
- Expect more than 50% of customers to be outside country	1.0	1.0
	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
<i>Innovation</i>		
- Product/service is new to some or all customers	45	49
- Few or no competitors offer the same product	64	61
- Using new technology (technologies not available five years ago)	31	37

TABLE 2.5: IRELAND AND THE US: ESTABLISHED ENTREPRENEURS

	IRELAND Percentage in adult population	US Percentage in adult population
Established entrepreneurs (Businesses older than 42 months)	9.0	5.0
	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs
<i>Growth expectations of established entrepreneurs</i>		
Percentage that expect 10 or more jobs and over 50% growth	10.5	7.1
<i>International activity of established entrepreneurs</i>		
Percentage with more than 50% of customers outside country	14.9	11.8
	Percentage in adult population	Percentage in adult population
More than 50% of customers outside country	1.34	0.59

OVERALL, HOW DO IRELAND AND THE US COMPARE?

- The US reports a higher rate of early stage entrepreneurship. The US has a higher level of adults with a future aspiration to be an entrepreneur, a higher rate of nascent entrepreneurs, and a higher rate of entrepreneurial exit, suggesting a more dynamic entrepreneurial environment. In contrast, Ireland has a strong rate of new firm entrepreneurs.
- More early stage entrepreneurs in the US have high growth expectations.
- The rate of informal investment activity in the US is higher. Other evidence shows that formal venture capital activity is

higher in the US. Combining these two factors suggests that entrepreneurs in the US have better access to both informal and formal venture capital.

- Ireland reports more positive attitudes among the population towards entrepreneurship. However, there is a much higher 'fear of failure' in Ireland than there is in the US.
- While the desire for independence is the strongest motive for entrepreneurship in both Ireland and the US, a higher number of early stage entrepreneurs in the US report the desire to increase their income as their primary motive for becoming an entrepreneur.





OVERVIEW OF ENTREPRENEURSHIP IN THE UNITED STATES IN 2007 ¹

MAIN CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

The level of early-stage entrepreneurial activity in the United States for the year 2007 is at 9.6%; a combination of nascent entrepreneurs (6.5%) and new business owners (3.4%). The overall level of nascent, new and established business is at 14.1%

There are gender differences in early-stage entrepreneurship in the United States with 62.2% of the early-stage entrepreneurs being male and 37.8% female. Of these, the majority identify an opportunity (80.3% of males and 84.8% of the females) rather than a necessity motive for their entrepreneurial activity.

Early-stage entrepreneurs in the United States believe their businesses have high potential with 22.0% expecting to create more than 10 jobs and over 50% growth in 5 years compared with 7.1% of established business owners.

DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY

Over 49.2% of early-stage companies plan to offer products that are new to some customers contrasting with only 31.2% of established business owners making this claim. More than 37.0% of early-stage ventures will use the very latest or new (less than 5 years old) technology in their business as compared to 10.9% of established businesses.

More early-stage entrepreneurs in the United States are under 34 years old (41.6%) than established business owners where the most active group (33.1%) are over 45 years old. At least 61.8% of these early-stage entrepreneurs have at least some college education, with 51.7% having at least a college degree.

UNIQUE NATIONAL CHARACTERISTICS

Early-stage entrepreneurial activity in the United States is generally within the Consumer-oriented services sector (42%) with the Business-oriented services sector (34%) close behind followed by the Transforming sector (21%). There is little early-stage activity in the Extractive sector. Most of these early-stage companies (63.3%) expect at least some of their customers to be outside the United States, and 12.4% expect a quarter or more of their customers to be outside the country.

Experts in entrepreneurship overwhelmingly believe that there is sufficient equity funding (75.5%), debt funding (74.6%), and private funding (80.0%) for new and growing firms.

Government support for entrepreneurship is believed to be stronger at the local level (55%) than at the national level (45%).

CURRENT ISSUES

The slump in the housing market is causing distress in the banking and home building industries. Many small businesses and nascent entrepreneurs will be affected if the slump in the home building industry is prolonged; however the Federal Reserve is responding with a substantial cut in the interest rate.

Venture capital investments continue to grow with a 14% year-to-year increase in the annual amount invested in portfolio companies in 2006 followed by an 11% increase in the first six months of 2007.

Proposed tax legislation currently under consideration by congress would change the treatment of venture capitalists' profits from capital gains to ordinary income, affecting early-stage companies that represent the highest investment risk, but that also created the most jobs and opportunities for the American economy.

¹The summary of entrepreneurship in the United States in 2007 has been written by Dr. I. Elaine Allen, Research Director, Arthur Blank Center for Entrepreneurship, Associate Professor of Statistics and Entrepreneurship, Babson College



2.4 IRELAND AND 'SMALL' EUROPEAN COUNTRIES: DENMARK, FINLAND, NORWAY AND SWITZERLAND

In this section Ireland is compared to four other 'small' European countries³¹. The countries selected for comparison purposes are Denmark, Finland, Norway and Switzerland³². Relative to these countries Ireland reports a higher rate of early stage entrepreneurial activity³³ (Table 2.6). While rates of nascent entrepreneurship are similar across Ireland, Finland, Norway and Switzerland, Denmark reports a lower rate of nascent entrepreneurship. In contrast, these four other countries report very similar rates of new firm entrepreneurship (range of 2.7% to 3.1%), compared to Ireland's rate of 4.2%.

Of the four other countries, it is Denmark that reports the highest rate of new firm entrepreneurship (3.1%). Ireland reports the highest rate for closures of businesses by entrepreneurs during the previous 12 months.

Relative to Ireland (3.3%), rates of informal investment activity are much higher in Switzerland (5%), higher in Norway (3.9%), similar in Finland (3.3%) and lower in Denmark (2.1%).

The cultural context in Ireland appears more supportive than any of the other four countries. However, 'fear of failure' is highest in Ireland.

TABLE 2.6: SMALL EUROPEAN COUNTRIES: THE ENVIRONMENT FOR ENTREPRENEURSHIP AND EARLY STAGE ENTREPRENEURIAL ACTIVITY

	IRELAND Percentage in adult population	Denmark Percentage in adult population	Finland Percentage in adult population	Norway Percentage in adult population	Switzerland Percentage in adult population
Current Entrepreneurial Activity					
- Nascent entrepreneurs	4.2	2.3	4.3	3.9	3.5
- New firm entrepreneurs	4.2	3.1	2.7	2.8	2.9
- Early stage entrepreneurs (TEA)	8.2	5.4	6.9	6.5	6.3
Future aspirations for Entrepreneurship					
- Might you start a business in the coming three years? (%YES)	11.2	7.7	8.7	8.9	9.6
Informal Investing					
- Have you invested in someone's business in the last 3 years?	3.3	2.1	3.3	3.9	5.0
Exits					
- Closures of businesses in last 12 months by entrepreneurs	1.9	0.9	0.7	1.4	1.5
The Cultural Context for Entrepreneurship					
- Is entrepreneurship considered a good career choice? (% YES)	63	56	37	55	48
- Are successful entrepreneurs are held in high regard? (% YES)	83	79	85	57	73
- Is there positive media coverage of successful entrepreneurs? (% YES)	68	36	68	70	61
The Personal Context for Entrepreneurship					
- Do you know a recent entrepreneur? (% YES)	39	44	55	36	35
- Are there good opportunities? (% YES)	46	71	53	46	35
- Do you have the knowledge and skills to start a business? (% YES)	49	36	40	36	41
- Would 'fear of failure' prevent you starting a business? (% YES)	37	36	33	17	35

³¹ These countries are those that have populations larger than Ireland, but less than eight million in total. Populations are Ireland 4.2 million, Norway 4.6 million, Finland 5.3 million, Denmark 5.4 million, and Switzerland 7.4 million.

³² For each of these countries we include a short overview of entrepreneurship written by the national GEM team.

³³ As the GEM total early stage entrepreneurial activity rates are within a band, the rates in Ireland are not statistically significantly different between Ireland and Finland, Norway and Switzerland. Ireland has a statistically significantly higher rate than Denmark. Margins of error are + or - 1 percentage point in Denmark and Switzerland, + or - 1.1 percentage points in Finland, and + or - 1.3 percentage points in Norway and Ireland.



Ireland has a higher percentage of people who believe they have the skills and knowledge to start a new firm. On the other aspects of personal context Ireland is similar, though a much higher percentage of individuals in Denmark perceive opportunities, while a higher percentage of individuals in Finland report knowing a recent entrepreneur. The consequence of a relatively positive supporting cultural context and a broadly similar personal context is that a higher percentage of the population in Ireland anticipate starting a business in the future.

Early stage entrepreneurs in Ireland differ from those in these other small European countries (Table 2.7). In terms of the 'gender' gap (the ratio of male to females) Denmark (1.4) and Switzerland (1.5) have a lower gap between the

rate of participation by men and women. In contrast, Finland (1.9) and Norway (2.0) have a 'gender gap' slightly higher than that reported for Ireland (1.8).³⁴

Early stage entrepreneurs in Ireland are primarily driven to exploit an opportunity, as is the case in these other small European countries (Table 2.7). Irish early stage entrepreneurs are more likely to be engaged in entrepreneurship on a fulltime basis (71%) compared to approximately 60% for Denmark, Finland and Switzerland. In contrast, in Norway less than half of all early stage entrepreneurs expect to be engaged fulltime (Table 2.7).

The nature of entrepreneurial activity differs across the five countries (Table 2.7). Ireland and Switzerland have higher rates in

TABLE 2.7: SMALL EUROPEAN COUNTRIES: EARLY STAGE ENTREPRENEURS

	IRELAND Percentage in adult population	Denmark Percentage in adult population	Finland Percentage in adult population	Norway Percentage in adult population	Switzerland Percentage in adult population
Who is starting new businesses?					
- Men	10.6	6.2	9.0	8.6	7.6
- Women	5.9	4.6	4.8	4.3	4.9
	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Type of business- fulltime or part-time?					
- Percentage that are fulltime	71	58	58	44	62
- Percentage that are part-time	29	42	42	56	38
	100	100	100	100	100
Type of business?					
- Extractive sectors	2	2	8	4	9
- Transformative sectors (construction and manufacturing)	21	26	30	30	20
- Business sectors	34	35	28	38	25
- Consumer sectors	44	37	33	28	46
	100	100	100	100	100
Why start a new business?					
- Opportunity	94	95	85	94	84
- Necessity	6	5	15	6	16
	100	100	100	100	100
	Percentage of all opportunity driven early stage entrepreneurs	Percentage of all opportunity driven early stage entrepreneurs	Percentage of all opportunity driven early stage entrepreneurs	Percentage of all opportunity driven early stage entrepreneurs	Percentage of all opportunity driven early stage entrepreneurs
<i>Motives of opportunity driven entrepreneurs</i>					
- Independence	65	56	59	43	72
- Increase income	22	35	30	33	13
- Maintain income	4	8	4	17	8
- Other	9	1	7	7	7
	100	100	100	100	100

³⁴ This would not have previously been the case. The increased number of women entrepreneurs reported in Ireland in 2007 has contributed to the greatest narrowing of the gender gap in Ireland evident since GEM research began.



consumer sectors, with correspondingly lower rates in transformative sectors (e.g. construction and manufacturing).

In terms of expected jobs growth Ireland ranks behind Switzerland and Denmark, and is similar to Norway and Finland (Table 2.8). In terms of International orientation Ireland is ahead of Denmark, Finland and Norway. On measures of innovation (newness of product/service offering and the extent of competition) Denmark ranks marginally ahead of Ireland; Norway scores lowest on the two measures, perhaps reflecting the relatively high percentage of entrepreneurs that are part-time in Norway; and the five

countries have similar scores on the newness of technology measure.

Finally, in terms of established business owners, Ireland again ranks higher than the other four countries (Table 2.9).

One in ten established entrepreneurs in Ireland expect to employ ten or more within five years and increase employment by fifty percent. This is a higher percentage than in any of the four other countries. Switzerland and Ireland, followed by Denmark, have much higher percentages of high International orientation established entrepreneurs.

TABLE 2.8: SMALL EUROPEAN COUNTRIES: GROWTH, INTERNATIONALIZATION AND INNOVATION BY EARLY STAGE ENTREPRENEURS

	IRELAND Rate in adult population	Denmark Rate in adult population	Finland Rate in adult population	Norway Rate in adult population	Switzerland Rate in adult population
<i>Growth expectations</i>					
- Any jobs now or in 5 years	5.8	4.0	4.7	4.3	5.1
- Expects more than 19 jobs in 5 years time	0.7	1.0	0.4	0.8	0.7
<i>International activity</i>					
- Expect more than 50% of customers to be outside country	1.0	0.8	0.7	0.8	1.1
	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
<i>Innovation</i>					
- Product/service is new to some or all customers	45	56	48	26	48
- Few or no competitors offer the same product	64	65	45	37	42
- Using new technology (technologies not available five years ago)	31	26	29	35	31

TABLE 2.9: SMALL EUROPEAN COUNTRIES: ESTABLISHED ENTREPRENEURS

	IRELAND Rate in adult population	Denmark Rate in adult population	Finland Rate in adult population	Norway Rate in adult population	Switzerland Rate in adult population
Established entrepreneurs (Businesses older than 42 months)	9.0	6.0	7.6	5.9	6.6
Exits – closures of businesses in last 12 months by entrepreneurs	1.9	0.9	0.7	1.4	1.5
	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs
<i>Growth expectations of established entrepreneurs</i>					
Percentage that expect 10 or more jobs and over 50% growth	10.5	5.5	0.7	5.1	4.1
<i>International activity of established entrepreneurs</i>					
Percentage with more than 50% of customers outside country	15	12	3	3	18
	Rate in adult population	Rate in adult population	Rate in adult population	Rate in adult population	Rate in adult population
More than 50% of customers outside country	1.3	0.7	0.2	0.2	1.2



OVERVIEW OF ENTREPRENEURSHIP IN DENMARK IN 2007 ¹

TRENDS AND COMPARISONS TO OTHER COUNTRIES

The level of early-phase entrepreneurial activity in Denmark is today about the typical for developed countries. Indeed, for several years, Denmark has been in the middle among the developed countries. In recent years there has been a considerable increase in new businesses accompanied by a decline in discontinuations, resulting in an increase in the stock of existing businesses. However, during the same recent years, the attempted startups have been stagnant, and intentions among people to start new businesses have been declining.

On the whole, the framework for entrepreneurship is more favourable today than a few years ago and is about as favourable as the typical for the developed countries. Denmark has a level of entrepreneurship that is about typical for the developed countries and a framework that is about typical. This is easily understood. When a country has a framework that is typical, then we also expect the resulting level of activity to be typical.

GROWTH EXPECTED IN STARTUPS AND IN FIRMS IN DENMARK

Entrepreneurs have expectations that are very high, and starters have expectations that are extremely high. The expectations tend to be higher than what is realistic. There has even been a historical rise in recent years in the expectations of starters: today's starters have higher expectations than those of starters a few years earlier. Likewise, nowadays owner-managers have higher expectations than those of owner managers earlier.

Starters have far higher expectation than owner-managers for future growth, relative to current size. For both kinds of entrepreneurs, expectations are shaped to a notable extent by their personal characteristics, both background and entrepreneurial characteristics formed later in life. Starters' and entrepreneurs' growth-expectations are enhanced by being male, skilled, networking, risk-willing and opportunity-recognizing, and their background in terms of gender, age, schooling and further education also have indirect effects upon their expectations.

For the entrepreneurs in both the startup phase and in the operation-phase, innovativeness and growth-expectations tend to go hand-in-hand, as a positive coupling. Their coupling, though, is weak within existing firms and stronger within startups. Similarly for the entrepreneurs in both phases, export and growth-expectations tend to go hand-in-hand and are positively coupled. Their coupling, though, is weak within existing firms and stronger within startups.

POLICY PROMOTING GROWTH-ENTREPRENEURSHIP

It seems impossible to predict, with reasonable precision, who will grow. So a policy aimed at predicting the winners is not feasible. Given that Danish starters are highly ambitious, and even more ambitious than typical in the Nordic countries, even if only typical among the developed countries more broadly, the volume of growth-entrepreneurship is more likely to be enlarged by boosting the overall volume of entrepreneurship in the country. This policy consideration becomes even more pertinent when our leading indicators of entrepreneurship show decreases in recent years. Specifically, the intentions among adults to start a business in the foreseeable future have been declining in recent years, and attempts at starting seem stagnant. These leading indicators of future startups makes it even more pertinent for policy-makers to consider focusing policy toward increasing people's interest in entrepreneurship and to boosting the prevalence of entrepreneurial activity in the population.

¹The summary of entrepreneurship in Denmark in 2007 has been written by Dr. Thomas Schøtt, Associate Professor, Department of Entrepreneurship and Relationship Management, University of Southern Denmark



OVERVIEW OF ENTREPRENEURSHIP IN FINLAND IN 2007 ¹

MAIN CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

The 2007 prevalence rate of early-stage entrepreneurial activity is 6.9%. This is statistically significantly higher figure than in 2006, thus showing the increasing trend nationally. The index figure for established business ownership is 7.6%, which shows a slight decrease from last year. The rate of overall entrepreneurial activity in Finland has somewhat improved during the past year to 14.0% in 2007.

The gender balance has shifted toward males in 2007 indicating that the increase in activity is mainly led by men. Individuals aged between 35–44 years are the most actively involved in early-stage entrepreneurial activity, but there has been an upturn among the youngest age group of 18–24 years. The vast majority of Finnish early-stage entrepreneurs are trying to take advantage of business opportunity. However, even if a small figure in global comparison, the necessity-driven activity is gendered and tends to be twice as common among female as opposed to male entrepreneurs. Level of education continues to be positively associated with new business involvement.

Nearly two thirds of new business activity emerges in the service sector: consumer services dominate but business services are narrowing the gap. Every third new firm is involved in exports. Very innovative or highly growth-oriented new entrepreneurial activities are relatively rare phenomena in Finland. Particularly in high-expectation entrepreneurship Finland lags behind other Nordic countries.

DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY

From 2000–2007 we observe three distinct periods in early-stage entrepreneurial activity. TEA increased at first, facing then a decline and a few rather stable years until entrepreneurial activity increased considerably in 2007. Further analysis suggests that the development of early-stage entrepreneurial activity is closely related to GDP development in Finland. Thus, the recent increase in early-stage entrepreneurial activity seems to be affected by growth of the economy in general. It may also reflect the persistent economic policy agenda in Finland with its strong focus on promoting entrepreneurship.

UNIQUE NATIONAL CHARACTERISTICS

National framework conditions for entrepreneurial activity are considered to be fairly supportive in Finland. Conditions are most favorable in terms of physical infrastructure, IPR protection and advancement of female entrepreneurship. Business infrastructure, existence of entrepreneurial opportunities as well as government's entrepreneurship policy and support for high-growth are valued relatively highly. The potential areas for improvement are related to stagnating market dynamics, individuals' entrepreneurial capacity, entrepreneurship education and the creation of a more entrepreneurial culture in the society.

CURRENT ISSUES

In terms of promoting entrepreneurship, 2007 marks reorganization in Finland. Related to the change of Government, a new policy programme for employment, entrepreneurship and work life has been introduced. In addition, two focal Ministries responsible for entrepreneurship policy have merged, forming a new Ministry of employment and industries effective in early 2008.

¹The summary of entrepreneurship in Finland in 2007 has been written by Prof. Anne Kovalainen, Turku School of Economics, Finland



OVERVIEW OF ENTREPRENEURSHIP IN NORWAY IN 2007 ¹

MAIN CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

In Norway, after declining levels of early stage entrepreneurship to 2004, economic growth again spurred increased entrepreneurial levels in 2005 and 2006. In 2006, the early stage entrepreneurial activity leveled out at 9.1 %. The early-stage entrepreneurial activity rate in Norway fell in 2007 to about 6.5 percent. This is the lowest score Norway has ever reported since the country started to participate in the GEM project in the year 2000. The decline is stronger among men than among women. The percentage of women among Norwegian entrepreneurs has increased in the last 2 years, and continues to increase despite the lower early stage entrepreneurial activity in the country. As reported in previous years, there is hardly any necessity entrepreneurship taking place in the country - almost all entrepreneurial activity is opportunity based.

EFFECT OF ECONOMIC GROWTH

One major explanation lies in the fact that high levels of economic growth from 2003, has changed the business environment in Norway significantly. The number of bankruptcies is down by 18%, the lowest figure reported in 14 years. The unemployment rate is very low, and the work force has increased significantly. About 80.000 foreigners are currently employed in Norway, and there is a fierce competition among established firms for labour. The interest rate has increased in the past 2 years and is now 5.5%. It is expected to increase to about 5.75%-6.0 % before it will stabilize and perhaps decline. The price of crude oil is at an all-time-high providing large income to the Norwegian government. However, more favourable environments for start ups in Norway, producing high early stage entrepreneurial rates, are curtailed by increasing shortage of labour, creating very favourable conditions for those who are employed. The favourable conditions in the economy may not create as strong incentives for entrepreneurship, as employment rates increase, and incentives for employees improves faster, thereby reducing the propensity of new business start-ups.

The Norwegian GEM expert panel confirms this development. Even though the overall entrepreneurial framework conditions in the country are considered better than ever before, Norway scores lower than other western countries on culture promoting entrepreneurship, ability to innovate, opportunities for high growth firms, motivation for entrepreneurship in the population, government priority, and dynamism in the home market. Still, it's good news for Norwegian entrepreneurs that the overall access to financial resources has improved considerably in the last few years. Other areas have improved as well, although not as strongly as the access to finance: improved technology transfer and technological development. When comparing the expert data with other western GEM countries, one can see effects on the focus on entrepreneurship in the school system, since Norway scores higher than average on education of children and young people.

The adult population survey reveals that, contrary to what one would expect, in 2007 there is a decrease in the number of business opportunities in the population, the number of people who perceive themselves to possess the necessary entrepreneurial capabilities, and the number of people who perceive entrepreneurship to be an attractive career path. Moreover, in line with the bankruptcy risk statistics, there is a decrease in the proportion of the adult population who report that the fear of failure prevents them from starting a new firm. This indicates that it is not the fear of failure which prevents people from starting new business, but scarcity of labour creating good conditions for employees.

¹The summary of entrepreneurship in Norway in 2007 has been written by Lars Kolvereid, Professor of Entrepreneurship, Bodø Graduate School of Business, Norway.



OVERVIEW OF ENTREPRENEURSHIP IN SWITZERLAND IN 2007 ¹

MAIN CHARACTERISTICS OF ENTREPRENEURIAL ACTIVITY

The rate of early-stage entrepreneurial activity (TEA) is 6.3% (of the adult population) which is slightly more than 2005². With this value Switzerland ranks higher than the average of the other European Countries but lower than the US. Most businesses (70%) are started in the service sector.

The established business ownership rate is 6.6% which is high by European comparison. Altogether 13% of the adult population in Switzerland are active in any kind of entrepreneurial activity (Early-Stage and established businesses).

As early stage entrepreneurs, men are more active than women. The start-up rate of men is 1.5 times higher than that of women (7.6% compared to 4.9%).

Entrepreneurship in Switzerland is mainly opportunity driven. Only 15% of all businesses are started because people have no better choice for work.

Businesses in Switzerland are often export-oriented. However, the share of companies active in the technology sector (high or medium) is only average. Furthermore, most entrepreneurs have only modest growth intentions. Only 15% of all founders expect to have more than 10 employees in 5 years time.

DEVELOPMENT OF ENTREPRENEURIAL ACTIVITY

The rate of entrepreneurial activity is slightly higher than in 2005. The good business climate is probably the main reason for this increase.

The general population is somewhat sceptical about the economic prospects. Only 35% of all adults see good opportunities for starting a business in the next 6 months, compared to 39% in 2005.

UNIQUE NATIONAL CHARACTERISTICS

Switzerland has a population of about 7.5 million. Foreigners account for around 20% of the resident population, which is high by international comparison. In Europe only Luxembourg and Liechtenstein have higher proportions.

Switzerland is not a member of the EU although it is surrounded by EU-countries. There are a number of bilateral agreements which adapt Switzerland to the EU situation. The agreement on the free movement of peoples has increased the number of EU nationals working in Switzerland in recent years.

CURRENT ISSUES

Switzerland performs very well in terms of nearly all available indicators of science, technology and innovation. It is one of the richest countries in the world and is home to some of the world's leading financial firms. The level of Venture Capital investments, however, is only average compared to other European countries.

Unemployment is very low in Switzerland and wages are high. This means that the opportunity costs for starting and running a business venture are high.

¹The summary of entrepreneurship in Switzerland in 2007 has been written by Prof. Thierry Volery, Swiss Research Institute for Small Business and Entrepreneurship, University of St. Gallen, Switzerland

²Switzerland did not participate in GEM in 2006. Hence the comparisons are with 2005.


TABLE 2.10 ENTREPRENEURIAL ACTIVITY, OECD AND EU

	Nascent entrepreneurs Percentage in adult population	New Firm entrepreneurs Percentage in adult population	Early stage entrepreneurs Percentage in adult population	Established entrepreneurs Percentage in adult population	Early stage entrepreneurs EU Ranking (of 17)	Early stage entrepreneurs OECD ranking (of 20)
Austria ^{1 2}	1.5	1.0	2.4	6.0	17	20
Belgium ^{1 2}	2.7	0.4	3.1	1.4	16	19
Denmark ^{1 2}	2.3	3.1	5.4	6.0	8	13
Finland ^{1 2}	4.3	2.7	6.9	7.6	4	6
France ^{1 2}	2.3	0.9	3.2	1.7	15	18
Greece ^{1 2}	4.6	1.1	5.7	13.3	6	10
Hungary ^{1 2}	3.8	3.1	6.9	4.8	5	7
Iceland ¹	8.5	4.5	12.5	8.8		1
Ireland^{1 2}	4.2	4.2	8.2	9.0	2	4
Italy ^{1 2}	3.6	1.5	5.0	5.6	10	15
Japan ¹	2.2	2.2	4.3	8.6		16
Latvia ²	2.2	2.3	4.5	3.4	12	
Netherlands ^{1 2}	2.7	2.5	5.2	6.4	9	14
Norway ¹	3.9	2.8	6.5	5.9		8
Portugal ^{1 2}	4.8	4.1	8.8	7.1	1	3
Romania ²	2.9	1.3	4.0	2.5	14	
Slovenia ²	3.0	1.8	4.8	4.6	11	
Spain ^{1 2}	3.5	4.3	7.6	6.4	3	5
Sweden ^{1 2}	1.9	2.4	4.2	4.7	13	17
Switzerland ¹	3.5	2.9	6.3	6.6		9
Turkey ¹	1.9	3.7	5.6	5.5		11
United Kingdom ^{1 2}	2.9	2.7	5.5	5.1	7	12
United States ¹	6.5	3.4	9.6	5.0		2
EU average	3.1	2.3	5.4	5.6		
OECD average	3.6	2.7	6.1	6.3		

TABLE 2.11: ENTREPRENEURIAL CULTURE, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	Entrepreneurship is a good career choice Percentage in adult population	Success at entrepreneurship has high status Percentage in adult population	Supportive media coverage of entrepreneurs Percentage in adult population
Austria ^{1 2}	2.4	35	72	57
Belgium ^{1 2}	3.1	45	51	37
Denmark ^{1 2}	5.4	56	79	36
Finland ^{1 2}	6.9	37	85	68
France ^{1 2}	3.2	65	70	43
Greece ^{1 2}	5.7	66	66	43
Hungary ^{1 2}	6.9	58	67	24
Iceland ¹	12.5	66	74	85
Ireland^{1 2}	8.2	63	83	68
Italy ^{1 2}	5.0	73	69	44
Japan ¹	4.3	29	48	61
Latvia ²	4.5	54	71	65
Netherlands ^{1 2}	5.2	85	69	61
Norway ¹	6.5	55	57	70
Portugal ^{1 2}	8.8	66	67	51
Romania ²	4.0	61	62	50
Slovenia ²	4.8	58	76	68
Spain ^{1 2}	7.6	72	61	46
Sweden ^{1 2}	4.2	52	67	63
Switzerland ¹	6.3	48	73	61
Turkey ¹	5.6	75	82	62
United Kingdom ^{1 2}	5.5	55	74	57
United States ¹	9.6	50	50	50
EU average	5.4	59	70	52
OECD average	6.1	57	68	54

¹ Member of OECD

² Member of European Union


TABLE 2.12 PERSONAL CONTEXT, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	Know a recent entrepreneur Percentage in adult population	Opportunities in local area Percentage in adult population	Skills & knowledge to start-up Percentage in adult population	Fear of failure prevent start-up Percentage in adult population
Austria ^{1 2}	2.4	42	51	52	36
Belgium ^{1 2}	3.1	31	16	37	24
Denmark ^{1 2}	5.4	44	71	36	36
Finland ^{1 2}	6.9	55	53	40	33
France ^{1 2}	3.2	49	23	33	49
Greece ^{1 2}	5.7	29	29	48	59
Hungary ^{1 2}	6.9	30	28	44	29
Iceland ¹	12.5	63	69	46	39
Ireland^{1 2}	8.2	39	46	49	37
Italy ^{1 2}	5.0	38	39	51	42
Japan ¹	4.3	23	9	15	37
Latvia ²	4.5	42	34	26	43
Netherlands ^{1 2}	5.2	34	42	39	21
Norway ¹	6.5	36	46	36	17
Portugal ^{1 2}	8.8	39	33	58	35
Romania ²	4.0	42	26	29	28
Slovenia ²	4.8	49	48	48	30
Spain ^{1 2}	7.6	33	34	45	50
Sweden ^{1 2}	4.2	47	50	42	31
Switzerland ¹	6.3	35	35	41	35
Turkey ¹	5.6	34	39	49	31
United Kingdom ^{1 2}	5.5	26	39	49	36
United States ¹	9.6	32	25	48	23
EU average	5.4	39	39	43	36
OECD average	6.1	38	39	43	35

TABLE 2.13 PRIOR ENTREPRENEURIAL EXPERIENCE, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	Nascent entrepreneurs Percentage with prior entrepreneurial experience	New firm entrepreneurs Percentage with prior entrepreneurial experience	Early stage entrepreneurs Percentage with prior entrepreneurial experience	Established entrepreneurs Percentage with prior entrepreneurial experience
Austria ^{1 2}	2.4	31	11	23	8
Belgium ^{1 2}	3.1	16	0	14	10
Denmark ^{1 2}	5.4	49	28	38	28
Finland ^{1 2}	6.9	39	35	38	25
France ^{1 2}	3.2	21	17	20	3
Greece ^{1 2}	5.7	25	12	23	17
Hungary ^{1 2}	6.9	22	25	23	32
Iceland ¹	12.5	42	36	40	36
Ireland^{1 2}	8.2	33	24	28	16
Italy ^{1 2}	5.0	29	33	31	16
Japan ¹	4.3	39	13	25	19
Latvia ²	4.5	14	35	25	38
Netherlands ^{1 2}	5.2	19	23	21	11
Norway ¹	6.5	49	12	40	22
Portugal ^{1 2}	8.8	33	32	32	16
Romania ²	4.0	38	42	36	10
Slovenia ²	4.8	20	19	20	22
Spain ^{1 2}	7.6	21	16	18	10
Sweden ^{1 2}	4.2	38	38	39	25
Switzerland ¹	6.3	22	23	22	15
Turkey ¹	5.6	37	27	31	29
United Kingdom ^{1 2}	9.6	42	30	39	33
United States ¹	5.5	33	23	28	19
EU average	5.4	28	24	27	18
OECD average	6.1	32	23	29	20

¹ Member of OECD

² Member of European Union



TABLE 2.14 MOTIVES FOR ENTREPRENEURSHIP, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	Opportunity entrepreneurs Percentage of all entrepreneurs	Necessity entrepreneurs Percentage of all entrepreneurs
Austria ^{1 2}	2.4	92	8
Belgium ^{1 2}	3.1	94	6
Denmark ^{1 2}	5.4	95	5
Finland ^{1 2}	6.9	85	15
France ^{1 2}	3.2	74	26
Greece ^{1 2}	5.7	89	11
Hungary ^{1 2}	6.9	76	24
Iceland ¹	12.5	93	7
Ireland^{1 2}	8.2	94	6
Italy ^{1 2}	5.0	83	17
Japan ¹	4.3	66	34
Latvia ²	4.5	85	15
Netherlands ^{1 2}	5.2	87	13
Norway ¹	6.5	94	6
Portugal ^{1 2}	8.8	90	10
Romania ²	4.0	83	17
Slovenia ²	4.8	90	10
Spain ^{1 2}	7.6	84	16
Sweden ^{1 2}	4.2	90	10
Switzerland ¹	6.3	84	16
Turkey ¹	5.6	60	40
United Kingdom ^{1 2}	5.5	87	13
United States ¹	9.6	84	16
EU average	5.4	87	13
OECD average	6.1	85	15

TABLE 2.15 MOTIVES OF 'OPPORTUNITY DRIVEN' ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurship Percentage in adult population	Independence as primary motive Percentage of all opportunity driven entrepreneurs	Increase income as primary motive Percentage of all opportunity driven entrepreneurs	Maintain income as primary motive Percentage of all opportunity driven entrepreneurs	Maintain income as primary motive Percentage of all opportunity driven entrepreneurs
Austria ^{1 2}	2.4	65	23	4	8
Belgium ^{1 2}	3.1	34	38	14	14
Denmark ^{1 2}	5.4	56	35	1	8
Finland ^{1 2}	6.9	59	30	4	7
France ^{1 2}	3.2	70	10	20	0
Greece ^{1 2}	5.7	36	60	3	0
Hungary ^{1 2}	6.9	43	40	17	0
Iceland ¹	12.5	46	37	4	13
Ireland^{1 2}	8.2	65	22	4	9
Italy ^{1 2}	5.0	52	39	6	3
Japan ¹	4.3	58	25	13	4
Latvia ²	4.5	30	70	0	0
Netherlands ^{1 2}	5.2	68	6	11	15
Norway ¹	6.5	43	33	17	7
Portugal ^{1 2}	8.8	25	53	18	4
Romania ²	4.0	48	52	0	0
Slovenia ²	4.8	63	30	3	4
Spain ^{1 2}	7.6	53	35	8	4
Sweden ^{1 2}	4.2	51	26	3	20
Switzerland ¹	6.3	72	13	8	7
Turkey ¹	5.6	42	35	21	3
United Kingdom ^{1 2}	5.5	65	26	6	3
United States ¹	9.6	52	34	10	4
EU average	5.4	52	35	7	6
OECD average	6.1	53	31	10	7

1 Member of OECD

2 Member of European Union


TABLE 2.16 FULL TIME ENGAGEMENT BY EARLY STAGE AND ESTABLISHED ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs	Fulltime in business	Established entrepreneurs	Fulltime in business
	Percentage of all adults	Percentage of all early stage entrepreneurs	Percentage of all adults	Percentage of established entrepreneurs
Austria ^{1 2}	2.4	68	6.0	77
Belgium ^{1 2}	3.1	69	1.4	71
Denmark ^{1 2}	5.4	58	6.0	58
Finland ^{1 2}	6.9	58	7.6	57
France ^{1 2}	3.2	66	1.7	87
Greece ^{1 2}	5.7	89	13.3	76
Hungary ^{1 2}	6.9	63	4.8	75
Iceland ¹	12.5	53	8.8	71
Ireland^{1 2}	8.2	71	9.0	70
Italy ^{1 2}	5.0	85	5.6	90
Japan ¹	4.3	52	8.6	73
Latvia ²	4.5	79	3.4	70
Netherlands ^{1 2}	5.2	53	6.4	74
Norway ¹	6.5	44	5.9	42
Portugal ^{1 2}	8.8	66	7.1	79
Romania ²	4.0	82	2.5	93
Slovenia ²	4.8	80	4.6	87
Spain ^{1 2}	7.6	90	6.4	90
Sweden ^{1 2}	4.2	46	4.7	60
Switzerland ¹	6.3	62	6.6	71
Turkey ¹	5.6	78	5.5	83
United Kingdom ^{1 2}	5.5	68	5.1	79
United States ¹	9.6	65	45.0	69
EU average	5.4	70	5.6	76
OECD average	6.1	65	6.3	73

TABLE 2.17 ENTREPRENEURIAL EXITS, OECD AND EU

	Early stage entrepreneurs	Entrepreneur exited in last 12 months and business continued	Entrepreneur exited in last 12 months and business discontinued
	Percentage in adult population	Percentage in adult population	Percentage in adult population
Austria ^{1 2}	2.4	0.3	1.3
Belgium ^{1 2}	3.1	0.6	0.6
Denmark ^{1 2}	5.4	0.7	0.9
Finland ^{1 2}	6.9	1.0	0.7
France ^{1 2}	3.2	1.1	2.0
Greece ^{1 2}	5.7	0.8	1.8
Hungary ^{1 2}	6.9	0.2	1.3
Iceland ¹	12.5	1.2	2.4
Ireland^{1 2}	8.2	0.8	1.9
Italy ^{1 2}	5.0	0.7	1.2
Japan ¹	4.3	0.0	2.0
Latvia ²	4.5	0.1	0.6
Netherlands ^{1 2}	5.2	0.3	0.5
Norway ¹	6.5	0.9	1.4
Portugal ^{1 2}	8.8	1.3	2.6
Romania ²	4.0	0.4	2.1
Slovenia ²	4.8	0.3	1.2
Spain ^{1 2}	7.6	0.4	0.6
Sweden ^{1 2}	4.2	0.7	1.4
Switzerland ¹	6.3	1.6	1.5
Turkey ¹	5.6	0.8	1.8
United Kingdom ^{1 2}	5.5	0.7	1.2
United States ¹	9.6	1.8	3.0
EU average	5.4	0.6	1.3
OECD average	6.1	0.8	1.5

¹ Member of OECD

² Member of European Union


TABLE 2.18 REASONS FOR EXITS, OECD AND EU

	Entrepreneur exited in last 12 months and business discontinued	Opportunity to sell business		Business was not profitable		Problems getting finance		Found another job or business opportunity		Exit was planned in advance		Retirement		Personal nature		Consequence of a single incident	
		Percentage in adult population	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting	Percentage of all entrepreneurs exiting
Austria ^{1,2}	1.3	0	18	5	0	9	20	43	5								
Belgium ^{1,2}	0.6	26	14	0	11	17	11	21	0								
Denmark ^{1,2}	0.9	11	17	6	19	0	5	38	4								
Finland ^{1,2}	0.7	16	7	0	23	10	20	21	3								
France ^{1,2}	2.0	5	14	19	7	8	5	38	4								
Greece ^{1,2}	1.8	10	45	12	9	5	4	11	4								
Hungary ^{1,2}	1.3	3	37	30	0	10	10	16	5								
Iceland ¹	2.4	16	15	11	18	11	0	29	0								
Ireland ^{1,2}	1.9	16	24	7	5	9	16	23	0								
Italy ^{1,2}	1.2	6	20	23	4	0	35	8	4								
Japan ¹	2.0	3	9	21	14	5	37	11	0								
Latvia ²	0.6	0	28	21	29	0	7	15	0								
Netherlands ^{1,2}	0.5	16	3	9	11	8	16	37	0								
Norway ¹	1.4	12	27	8	7	24	0	22	0								
Portugal ^{1,2}	2.6	12	41	3	2	0	2	40	0								
Romania ²	2.1	2	48	12	4	0	5	19	10								
Slovenia ²	1.2	0	28	18	5	8	11	21	9								
Spain ^{1,2}	0.6	8	34	14	8	3	11	22	0								
Sweden ^{1,2}	1.4	6	9	7	19	0	4	18	37								
Switzerland ¹	1.5	19	20	9	8	5	8	24	7								
Turkey ¹	1.8	0	42	14	7	12	4	17	4								
United Kingdom ^{1,2}	1.2	7	27	4	20	8	10	19	5								
United States ¹	3.0	10	15	4	23	9	9	27	3								
EU average	1.3	8	24	11	10	5	11	24	5								
OECD average	1.5	10	22	10	11	7	11	24	4								

¹ Member of OECD

² Member of European Union


TABLE 2.19 SECTOR OF ACTIVITY FOR EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs	Extractive sectors	Transformative sectors (construction and manufacturing)	Business sectors	Consumer sectors
	Percentage in all adults	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	3	29	44	23
Belgium ^{1 2}	3.1	11	11	33	45
Denmark ^{1 2}	5.4	2	26	35	37
Finland ^{1 2}	6.9	8	30	28	33
France ^{1 2}	3.2	1	37	32	29
Greece ^{1 2}	5.7	1	25	23	51
Hungary ^{1 2}	6.9	6	42	31	22
Iceland ¹	12.5	8	29	33	31
Ireland^{1 2}	8.2	2	21	34	44
Italy ^{1 2}	5.0	4	27	34	35
Japan ¹	4.3	0	6	44	50
Latvia ²	4.5	6	44	26	24
Netherlands ^{1 2}	5.2	9	22	40	28
Norway ¹	6.5	4	30	38	28
Portugal ^{1 2}	8.8	n/a	n/a	n/a	n/a
Romania ²	4.0	4	35	25	36
Slovenia ²	4.8	10	22	31	37
Spain ^{1 2}	7.6	5	28	26	41
Sweden ^{1 2}	4.2	8	37	22	33
Switzerland ¹	6.3	9	20	25	46
Turkey ¹	5.6	9	39	17	35
United Kingdom ^{1 2}	5.5	3	26	31	40
United States ¹	9.6	2	21	35	42
EU average	5.4	5	29	31	35
OECD average	6.1	5	27	32	37

TABLE 2.20 EXPECTED EMPLOYMENT GROWTH FOR EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs	Any jobs or any jobs expected	Any jobs or any jobs expected	Expected 20 or more jobs	Expected 20 or more jobs
	Percentage in adult population	Percentage in adult population	Percentage of all early stage entrepreneurs	Percentage in adult population	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	2.0	81	0.3	12
Belgium ^{1 2}	3.1	1.9	59	0.2	7
Denmark ^{1 2}	5.4	4.0	74	1.0	19
Finland ^{1 2}	6.9	4.7	68	0.4	6
France ^{1 2}	3.2	2.1	65	0.1	4
Greece ^{1 2}	5.7	3.7	65	0.1	2
Hungary ^{1 2}	6.9	4.3	62	0.3	4
Iceland ¹	12.5	9.7	78	2.2	18
Ireland^{1 2}	8.2	5.8	71	0.7	8
Italy ^{1 2}	5.0	2.3	46	0.2	4
Japan ¹	4.3	3.3	76	0.6	13
Latvia ²	4.5	2.9	64	0.7	15
Netherlands ^{1 2}	5.2	3.8	74	0.4	8
Norway ¹	6.5	4.3	67	0.8	12
Portugal ^{1 2}	8.8	6.1	69	0.6	7
Romania ²	4.0	2.2	54	0.7	17
Slovenia ²	4.8	3.5	74	0.7	15
Spain ^{1 2}	7.6	6.5	86	0.3	4
Sweden ^{1 2}	4.2	3.3	80	0.7	18
Switzerland ¹	6.3	5.1	82	0.7	12
Turkey ¹	5.6	5.4	96	2.0	36
United Kingdom ^{1 2}	5.5	3.8	68	0.6	12
United States ¹	9.6	6.7	70	1.3	14
EU average	5.4	3.7	69	0.5	9
OECD average	6.1	4.4	72	0.7	11

¹ Member of OECD

² Member of European Union


TABLE 2.21 EXPECTED EMPLOYMENT FOR ESTABLISHED ENTREPRENEURS, OECD AND EU

	Established entrepreneurs Percentage in adult population	Expect employment growth to 10 or more in 5 years, with minimum 50% growth in employment Percentage of all established entrepreneurs
Austria ^{1 2}	6.0	0
Belgium ^{1 2}	1.4	3
Denmark ^{1 2}	6.0	5
Finland ^{1 2}	7.6	1
France ^{1 2}	1.7	0
Greece ^{1 2}	13.3	1
Hungary ^{1 2}	4.8	2
Iceland ¹	8.8	15
Ireland^{1 2}	9.0	11
Italy ^{1 2}	5.6	1
Japan ¹	8.6	7
Latvia ²	3.4	8
Netherlands ^{1 2}	6.4	7
Norway ¹	5.9	5
Portugal ^{1 2}	7.1	3
Romania ²	2.5	7
Slovenia ²	4.6	3
Spain ^{1 2}	6.4	2
Sweden ^{1 2}	4.7	2
Switzerland ¹	6.6	4
Turkey ¹	5.5	8
United Kingdom ^{1 2}	5.1	4
United States ¹	5.0	7
EU average	5.6	3.5
OECD average	6.3	4.4

TABLE 2.22 INTERNATIONAL ORIENTATION OF ESTABLISHED ENTREPRENEURS, OECD AND EU

	Established entrepreneurs Percentage in adult population	Established entrepreneurs with more than 50% of customers outside country Percentage in adult population	No customers outside country Percentage of all established entrepreneurs	1-25% customers outside country Percentage of all established entrepreneurs	26-75% customers outside country Percentage of all established entrepreneurs	26-75% customers outside country Percentage of all entrepreneurs
Austria ^{1 2}	6.0	0.5	45	40	13	3
Belgium ^{1 2}	1.4	0.3	33	43	10	13
Denmark ^{1 2}	6.0	0.7	57	25	11	7
Finland ^{1 2}	7.6	0.2	65	33	1	2
France ^{1 2}	1.7	0.0	65	35	0	0
Greece ^{1 2}	13.3	0.4	79	16	3	2
Hungary ^{1 2}	4.8	0.2	64	27	7	1
Iceland ¹	8.8	0.9	26	59	7	8
Ireland^{1 2}	9.0	1.3	50	31	13	6
Italy ^{1 2}	5.6	0.5	62	18	17	3
Japan ¹	8.6	0.5	67	22	6	5
Latvia ²	3.4	0.7	46	26	12	16
Netherlands ^{1 2}	6.4	0.4	53	38	6	4
Norway ¹	5.9	0.2	42	50	6	2
Portugal ^{1 2}	7.1	0.8	33	51	11	5
Romania ²	2.5	0.2	18	61	21	0
Slovenia ²	4.6	0.8	26	48	14	12
Spain ^{1 2}	6.4	0.5	62	26	9	4
Sweden ^{1 2}	4.7	0.3	69	23	4	4
Switzerland ¹	6.6	1.2	28	50	10	12
Turkey ¹	5.5	0.4	64	25	4	7
United Kingdom ^{1 2}	5.1	0.3	60	31	6	3
United States ¹	5.0	0.6	26	56	9	9
EU average	5.6	0.5	52	34	9	5
OECD average	6.3	0.5	52	35	8	5

¹ Member of OECD

² Member of European Union



TABLE 2.23 INTERNATIONAL ORIENTATION OF EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early Stage Entrepreneurs	More than 50% of customers outside country	No customers outside country	1-25% customers outside country	26-75% customers outside country	76-100% customers outside country
	Percentage of adult population	Percentage of adult population	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	0.3	38	43	6	13
Belgium ^{1 2}	3.1	0.6	33	37	19	10
Denmark ^{1 2}	5.4	0.8	57	26	8	10
Finland ^{1 2}	6.9	0.7	68	19	8	5
France ^{1 2}	3.2	0.5	27	49	22	2
Greece ^{1 2}	5.7	0.2	71	21	7	1
Hungary ^{1 2}	6.9	0.5	76	15	4	5
Iceland ¹	12.5	2.6	25	50	11	14
Ireland ^{1 2}	8.2	1.0	46	32	16	6
Italy ^{1 2}	5.0	0.5	51	26	15	9
Japan ¹	4.3	0.4	61	24	8	8
Latvia ²	4.5	1.1	46	24	15	14
Netherlands ^{1 2}	5.2	0.6	47	34	15	3
Norway ¹	6.5	0.8	51	34	7	8
Portugal ^{1 2}	8.8	1.2	33	50	10	8
Romania ²	4.0	0.5	17	65	15	3
Slovenia ²	4.8	1.0	26	44	20	10
Spain ^{1 2}	7.6	1.1	57	21	14	8
Sweden ^{1 2}	4.2	0.4	65	21	7	7
Switzerland ¹	6.3	1.1	24	48	15	13
Turkey ¹	5.6	0.8	57	26	7	10
United Kingdom ^{1 2}	5.5	0.6	55	30	7	7
United States ¹	9.6	1.0	21	63	11	4
EU average	5.4	0.7	48	33	12	7
OECD average	6.1	0.8	48	33	11	8

¹ Member of OECD

² Member of European Union



TABLE 2.24 NEWNESS OF PRODUCT/SERVICE FOR EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs	Product/service is new to all customers	Product/service is new to some customers	Product/service is new to no customers
	Percentage in adult population	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	17	28	56
Belgium ^{1 2}	3.1	17	32	51
Denmark ^{1 2}	5.4	23	33	44
Finland ^{1 2}	6.9	12	36	52
France ^{1 2}	3.2	9	37	54
Greece ^{1 2}	5.7	13	23	64
Hungary ^{1 2}	6.9	1	12	87
Iceland ¹	12.5	14	31	54
Ireland^{1 2}	8.2	8	37	55
Italy ^{1 2}	5.0	19	30	50
Japan ¹	4.3	12	36	52
Latvia ²	4.5	10	22	68
Netherlands ^{1 2}	5.2	18	21	60
Norway ¹	6.5	8	19	74
Portugal ^{1 2}	8.8	13	23	64
Romania ²	4.0	6	30	64
Slovenia ²	4.8	17	33	51
Spain ^{1 2}	7.6	20	28	51
Sweden ^{1 2}	4.2	16	14	70
Switzerland ¹	6.3	17	31	52
Turkey ¹	5.6	40	29	30
United Kingdom ^{1 2}	5.5	9	26	65
United States ¹	9.6	14	35	51
EU average	5.4	13	27	59
OECD average	6.1	15	28	57

TABLE 2.25 COMPETITORS FOR EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs	New business has many competitors	New business has few competitors	New business has no competitors
	Percentage in adult population	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	46	44	10
Belgium ^{1 2}	3.1	49	43	8
Denmark ^{1 2}	5.4	35	45	19
Finland ^{1 2}	6.9	55	39	6
France ^{1 2}	3.2	55	44	1
Greece ^{1 2}	5.7	68	27	5
Hungary ^{1 2}	6.9	64	32	4
Iceland ¹	12.5	46	40	14
Ireland^{1 2}	8.2	36	52	12
Italy ^{1 2}	5.0	61	32	7
Japan ¹	4.3	66	32	1
Latvia ²	4.5	70	25	5
Netherlands ^{1 2}	5.2	53	39	8
Norway ¹	6.5	63	30	7
Portugal ^{1 2}	8.8	55	36	9
Romania ²	4.0	68	30	2
Slovenia ²	4.8	47	40	13
Spain ^{1 2}	7.6	59	32	9
Sweden ^{1 2}	4.2	57	26	16
Switzerland ¹	6.3	58	38	5
Turkey ¹	5.6	66	31	4
United Kingdom ^{1 2}	5.5	44	46	9
United States ¹	9.6	39	44	17
EU average	5.4	54	37	8
OECD average	6.1	54	38	9

¹ Member of OECD

² Member of European Union


TABLE 2.26 NEWNESS OF TECHNOLOGY FOR EARLY STAGE ENTREPRENEURS, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	New business is using the very latest technology (less than 1 year) Percentage of all early stage entrepreneurs	New business is using new technology (1-5 years) Percentage of all early stage entrepreneurs	New business is using established technology (5+ years) Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	14	10	76
Belgium ^{1 2}	3.1	21	19	60
Denmark ^{1 2}	5.4	7	19	74
Finland ^{1 2}	6.9	14	15	71
France ^{1 2}	3.2	8	21	70
Greece ^{1 2}	5.7	8	14	78
Hungary ^{1 2}	6.9	0	10	90
Iceland ¹	12.5	13	18	69
Ireland^{1 2}	8.2	7	24	69
Italy ^{1 2}	5.0	12	29	60
Japan ¹	4.3	9	32	59
Latvia ²	4.5	9	20	71
Netherlands ^{1 2}	5.2	7	13	80
Norway ¹	6.5	25	10	65
Portugal ^{1 2}	8.8	14	22	64
Romania ²	4.0	0	23	77
Slovenia ²	4.8	7	25	69
Spain ^{1 2}	7.6	11	17	73
Sweden ^{1 2}	4.2	9	10	81
Switzerland ¹	6.3	9	21	69
Turkey ¹	5.6	9	23	69
United Kingdom ^{1 2}	5.5	7	21	72
United States ¹	9.6	13	24	63
EU average	5.4	9	18	73
OECD average	6.1	11	19	71

TABLE 2.27 EARLY STAGE ENTREPRENEURIAL ACTIVITY BY AGE, OECD AND EU

	Early stage entrepreneurs As percentage of adult population	Early stage entrepreneurs aged 18-24 years As percentage of adult population aged 18-24	Early stage entrepreneurs aged 25-34 years As percentage of adult population aged 25-34	Early stage entrepreneurs aged 35-44 years As percentage of adult population aged 35-44	Early stage entrepreneurs aged 45-54 years As percentage of adult population aged 45-54	Early stage entrepreneurs aged 55-64 years As percentage of adult population aged 55-64
Austria ^{1 2}	2.4	1.9	2.0	2.6	3.8	1.4
Belgium ^{1 2}	3.1	1.9	5.2	4.6	2.6	0.7
Denmark ^{1 2}	5.4	2.4	6.1	7.9	5.3	3.8
Finland ^{1 2}	6.9	4.9	9.3	10.7	7.6	1.7
France ^{1 2}	3.2	1.0	5.7	3.3	3.1	1.9
Greece ^{1 2}	5.7	5.7	7.1	8.2	5.4	1.1
Hungary ^{1 2}	6.9	5.5	7.4	7.4	6.3	7.2
Iceland ¹	12.5	5.1	12.4	17.6	14.6	10.1
Ireland^{1 2}	8.2	2.3	11.5	10.9	9.6	3.4
Italy ^{1 2}	5.0	7.0	8.6	4.4	4.0	1.8
Japan ¹	4.3	3.0	5.2	4.0	4.1	4.8
Latvia ²	4.5	3.5	7.7	6.4	3.2	0.5
Netherlands ^{1 2}	5.2	6.8	6.8	7.3	3.1	2.2
Norway ¹	6.5	4.0	9.3	8.2	6.7	2.9
Portugal ^{1 2}	8.8	7.0	11.4	12.1	5.8	5.6
Romania ²	4.0	1.1	7.5	4.1	3.7	1.6
Slovenia ²	4.8	4.7	8.1	4.8	3.5	2.4
Spain ^{1 2}	7.6	5.0	11.8	8.1	6.4	4.3
Sweden ^{1 2}	4.2	3.1	4.7	5.4	4.6	2.6
Switzerland ¹	6.3	3.3	6.1	8.6	7.9	3.3
Turkey ¹	5.6	6.2	7.9	6.4	2.3	1.5
United Kingdom ^{1 2}	5.5	3.9	7.4	6.6	5.8	3.2
United States ¹	9.6	9.2	12.1	10.6	9.4	5.8
EU average	5.4	4.0	7.5	6.8	4.9	2.7
OECD average	6.1	4.5	7.9	7.8	5.9	3.5

¹ Member of OECD

² Member of European Union


TABLE 2.28 PERCENTAGE DISTRIBUTION OF EARLY STAGE ENTREPRENEURIAL ACTIVITY BY AGE, OECD AND EU

	Early stage entrepreneurs	Early stage entrepreneurs aged 18-24 years	Early stage entrepreneurs aged 25-34 years	Early stage entrepreneurs aged 35-44 years	Early stage entrepreneurs aged 45-54 years	Early stage entrepreneurs aged 55-64 years
	Percentage of adult population	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Austria ^{1 2}	2.4	11	16	28	35	11
Belgium ^{1 2}	3.1	8	33	35	19	4
Denmark ^{1 2}	5.4	6	23	35	21	15
Finland ^{1 2}	6.9	10	26	33	26	6
France ^{1 2}	3.2	5	38	24	21	12
Greece ^{1 2}	5.7	13	29	34	20	4
Hungary ^{1 2}	6.9	11	27	22	20	20
Iceland ¹	12.5	7	23	32	25	13
Ireland^{1 2}	8.2	4	36	30	23	7
Italy ^{1 2}	5.0	15	37	23	18	7
Japan ¹	4.3	8	26	21	19	26
Latvia ²	4.5	13	37	32	16	2
Netherlands ^{1 2}	5.2	17	26	35	14	8
Norway ¹	6.5	8	29	30	23	9
Portugal ^{1 2}	8.8	11	32	32	13	11
Romania ²	4.0	4	48	22	19	6
Slovenia ²	4.8	13	39	22	17	9
Spain ^{1 2}	7.6	8	38	27	17	10
Sweden ^{1 2}	4.2	11	23	30	23	13
Switzerland ¹	6.3	7	20	35	28	10
Turkey ¹	5.6	23	40	27	7	3
United Kingdom ^{1 2}	5.5	10	27	29	23	11
United States ¹	9.6	15	27	25	23	10
EU average	5.4	10	31	29	20	9
OECD average	6.1	10	29	29	21	10

TABLE 2.29 EARLY STAGE ENTREPRENEURIAL ACTIVITY BY HIGHEST EDUCATION LEVEL, OECD AND EU

	Early stage entrepreneurs	Early stage entrepreneurs with primary and/or some secondary education	Early stage entrepreneurs who completed secondary school	Early stage entrepreneurs with third level education	Early stage entrepreneurs with postgraduate education
	As percentage of adult population	As percentage of all adults with primary and/or some secondary education	As percentage of all adults who completed secondary school	As percentage of all adults with third level education	As percentage of all adults with postgraduate education
Austria ^{1 2}	2.4	2.2	2.0	5.3	3.5
Belgium ^{1 2}	3.1	1.9	2.9	3.2	3.8
Denmark ^{1 2}	5.4	4.6	5.3	5.0	5.9
Finland ^{1 2}	6.9	5.3	6.3	5.9	9.2
France ^{1 2}	3.2	1.8	1.8	3.3	5.7
Greece ^{1 2}	5.7	1.9	4.2	10.9	5.2
Hungary ^{1 2}	6.9	3.4	8.4	7.1	9.8
Iceland ¹	12.5	11.6	12.1	9.8	13.9
Ireland^{1 2}	8.2	4.4	5.3	11.6	8.2
Italy ^{1 2}	5.0	1.1	5.2	4.9	6.3
Japan ¹	4.3	1.6	3.9	5.5	4.4
Latvia ²	4.5	1.2	3.7	4.2	6.9
Netherlands ^{1 2}	5.2	-	4.9	6.9	8.1
Norway ¹	6.5	n/a	n/a	n/a	n/a
Portugal ^{1 2}	8.8	6.7	8.9	14.0	9.9
Romania ²	4.0	-	1.1	3.1	8.2
Slovenia ²	4.8	2.2	5.0	7.2	6.1
Spain ^{1 2}	7.6	6.1	7.2	8.5	9.4
Sweden ^{1 2}	4.2	1.3	3.9	5.0	4.7
Switzerland ¹	6.3	2.8	4.9	7.9	-
Turkey ¹	5.6	0.8	3.4	7.9	8.9
United Kingdom ^{1 2}	5.5	2.7	3.3	2.2	2.4
United States ¹	9.6	5.6	11.7	9.2	7.8
EU average	5.4	2.8	4.7	6.4	6.7
OECD average	6.1	3.3	5.3	6.7	6.4

¹ Member of OECD

² Member of European Union

Note: As education systems differ across countries, categories are aggregated in some countries



TABLE 2.30 EARLY STAGE ENTREPRENEURIAL ACTIVITY BY HOUSEHOLD INCOME, OECD AND EU

	Early Stage Entrepreneurs		Household income in lowest third of population		Household income in middle third of population		Household income in highest third of population		Established Entrepreneurs		Household income in lowest third of population		Household income in middle third of population		Household income in highest third of population	
	Percentage in adult population	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs	Percentage in adult population	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs	Percentage of all established entrepreneurs
Austria ^{1 2}	2.4	38	32	30	6.0	26	35	39								
Belgium ^{1 2}	3.2	8	44	48	1.4	17	28	55								
Denmark ^{1 2}	5.4	16	33	51	6.0	14	30	56								
Finland ^{1 2}	6.9	18	38	44	7.6	14	36	50								
France ^{1 2}	3.2	18	36	46	1.7	19	36	45								
Greece ^{1 2}	5.7	30	38	32	13.3	31	32	37								
Hungary ^{1 2}	6.9	20	24	56	4.8	14	10	76								
Iceland ¹	12.5	24	25	51	8.8	20	27	53								
Ireland^{1 2}	8.2	21	44	35	9.0	21	38	41								
Italy ^{1 2}	5.0	44	13	43	5.6	34	36	30								
Japan ¹	4.3	36	48	16	8.6	32	39	29								
Latvia ²	4.5	4	30	66	3.4	11	11	78								
Netherlands ^{1 2}	5.2	20	27	53	6.4	13	25	62								
Norway ¹	6.5	n/a	n/a	n/a	5.9	n/a	n/a	n/a								
Portugal ^{1 2}	8.8	18	36	46	7.1	16	26	58								
Romania ²	4.0	15	20	65	2.5	9	20	71								
Slovenia ²	4.8	8	39	53	4.6	12	29	59								
Spain ^{1 2}	7.6	29	30	41	6.4	23	31	46								
Sweden ^{1 2}	4.2	23	28	49	4.7	20	33	47								
Switzerland ¹	6.3	24	42	34	6.6	22	38	40								
Turkey ¹	5.6	42	27	31	5.5	33	41	26								
United Kingdom ^{1 2}	5.5	21	36	43	5.1	15	34	51								
United States ¹	9.6	29	41	30	5.0	21	30	49								
EU average	5.4	20	34	46	5.6	19	31	50								
OECD average	6.1	25	34	41	6.3	22	33	45								

¹ Member of OECD

² Member of European Union



TABLE 2.31 INFORMAL INVESTMENT ACTIVITY, OECD AND EU

	Early stage entrepreneurs Percentage in adult population	Informal Investors Percentage in adult population	Informal Investors EU Ranking (of 17)	Informal Investors OECD Ranking (of 20)
Austria ^{1 2}	2.4	2.0	14	17
Belgium ^{1 2}	3.1	2.7	10	13
Denmark ^{1 2}	5.4	2.1	13	16
Finland ^{1 2}	6.9	3.3	6	10
France ^{1 2}	3.2	5.6	1	2
Greece ^{1 2}	5.7	2.6	11	14
Hungary ^{1 2}	6.9	0.8	17	20
Iceland ¹	12.5	7.6		1
Ireland^{1 2}	8.2	3.3	5	9
Italy ^{1 2}	5.0	3.0	9	12
Japan ¹	4.3	1.8		18
Latvia ²	4.5	1.6	15	
Netherlands ^{1 2}	5.2	2.3	12	15
Norway ¹	6.5	3.9		6
Portugal ^{1 2}	8.8	3.8	3	7
Romania ²	4.0	4.6	2	
Slovenia ²	4.8	3.2	7	
Spain ^{1 2}	7.6	3.2	8	11
Sweden ^{1 2}	4.2	3.7	4	8
Switzerland ¹	6.3	5.0		3
Turkey ¹	5.6	4.7		5
United Kingdom ^{1 2}	5.5	1.4	16	19
United States ¹	9.6	4.9		4
EU average	5.4	2.9		
OECD average	6.1	3.4		

¹ Member of OECD

² Member of European Union



SECTION 3

NARROWING THE GENDER GAP

3.1 GEM PINPOINTS THE GENDER GAP

Since the first Irish GEM reports, the authors have been indicating that women in Ireland were under represented in the population of business owners both in established businesses and in those more recently started, relative to their numbers in the population as a whole. They have also been indicating that what was particularly pronounced in Ireland was the gender gap between the level of men and women's participation rates in entrepreneurial activity. This was caused by a rate of early stage entrepreneurial activity among men that was higher than the OECD average, relative to the more average rate of entrepreneurial activity among women. While GEM research indicates that in almost all countries men are more involved in planning and starting new businesses, GEM research in Ireland indicated that a wider gender gap existed in this area than was common in many countries, particularly the more entrepreneurial of the developed countries.

3.2 POLICY SPOTLIGHT ON WOMEN ENTREPRENEURS

As the benefits of entrepreneurship were clear and being acknowledged more generally³⁵, an objective to ensure that the environment was conducive, so that more individuals could become entrepreneurs, moved further up the policy agenda. From the evidence provided by GEM, it was apparent that if more women were to be involved in early stage entrepreneurship, the rate at which people in Ireland would be setting up new businesses could begin to rival the United States and the other of the more entrepreneurial of the developed countries.³⁶

Accordingly, drawing on the research in this area provided by GEM, the national policy³⁷

spotlight has indeed turned very clearly on women entrepreneurs in the last few years. Forfás in its background report to a national entrepreneurship policy followed the lead of the Small Business Forum³⁸ and highlighted the fact that women represented a relatively untapped and underdeveloped source of entrepreneurship in Ireland.³⁹ The report, having analysed the situation in depth, made a series of recommendations as to how this situation could be improved.

The media also frequently turned the spotlight on women entrepreneurs in both news and feature items in recent times and a significant number of conferences for women entrepreneurs were held on a regional and national basis, culminating in National Women's Enterprise Day in November 2007. The County Enterprise Boards also continued to be very active in this area. They report, for example, that membership of their enterprising women networks has now reached almost 6,000, having doubled in just one year.⁴⁰

3.3 MORE WOMEN ENTREPRENEURS IN 2007

Given this context, it is heartening that GEM can report that in 2007 there was a stepped increase in the number of women involved as early stage entrepreneurs (5.9%), up from 4.2% in 2006. Moreover, the 2007 rate of early stage entrepreneurial activity among women in Ireland shows a definite increase on the average rate for the previous five years (4.9%). (Table 3.1)

Early stage entrepreneurial activity is made up of those in the very earliest stages of actively planning and setting up a new businesses (nascent entrepreneurs) and new firm entrepreneurs, who have set up a new business in the previous three and a half years.

³⁵ *Fostering Entrepreneurship* The OECD Jobs strategy OECD, 1998; *Action Plan: The European Agenda for Entrepreneurship*, European Commission, February 2004.

³⁶ *Small Business is Big Business*, The Report of the Small Business Forum, May 2006, page 55.

³⁷ *Towards Developing an Entrepreneurship Policy for Ireland*, Section 5: Encouraging Entrepreneurial Activity among Under Represented Groups, Forfás, September 2007

³⁸ *Small Business is Big Business*, The Report of the Small Business Forum, Section 5.6.1, May 2006

³⁹ The other groups identified by the report as having untapped entrepreneurial potential were immigrants and the wider Irish Diaspora.

⁴⁰ Section 5 of the Forfás report states that membership reached 5,795 in 2006 compared to 2,820 just one year previously



TABLE 3.1 WOMEN EARLY STAGE ENTREPRENEURS 2003-2007

	Nascent Entrepreneurs	New Firm Entrepreneurs	Total Early Stage Entrepreneurial Activity
	Percentage in adult population	Percentage in adult population	Percentage in adult population
2007	2.8%	3.3%	5.9%
2006	2.7%	1.5%	4.2%
2005	3.0%	2.7%	5.5%
2004	3.4%	1.9%	5.0%
2003	2.5%	1.5%	3.7%
Average 2003-2007	2.8%	2.2%	4.9%

Interestingly, the increase in early stage entrepreneurial activity among women in Ireland in 2007 was related to the number of women who had actually set up new businesses (new firm entrepreneurs). The proportion of women who had recently set up new businesses was at the highest level recorded in the previous 5 years, while the proportion of women who were nascent entrepreneurs remained at broadly the same level during that time. (Table 3.1)

As a result of the significant increase in the number of women setting up new businesses in 2007, on average just over 1,000 women are setting up new businesses throughout Ireland each month.⁴¹

The welcome increase in the level of early stage entrepreneurial activity among women in Ireland has improved the country's relative position within the OECD and across the EU countries, as these averages have not changed since 2006. While Irish women are still some way behind women in the United States in terms of early stage entrepreneurs (7.3%), the gap is narrowing (Table 3.2 below and Table 3.10 at end of this section).

In most countries the rate at which women are involved in entrepreneurial activity remains relatively stable year on year, as can be seen from the case of the United States. Similarly, the rate at which women were involved in actively planning and setting up new businesses in the UK remained stable between 2006 and 2007 (3.6%). Against this background, the rate of increase in

TABLE 3.2 WOMEN EARLY STAGE ENTREPRENEURS 2006 AND 2007

	Women in 2006	Women in 2007
	Percentage in adult population	Percentage in adult population
<i>Early Stage Entrepreneurial Activity</i>		
Ireland	4.2%	5.9%
United States	7.4%	7.3%
Average across the OECD	4.3%	4.3%
Average across the EU	3.5%	3.6%

entrepreneurial activity that has taken place among women in Ireland is all the more remarkable.⁴²

In Ireland GEM has reported a difference between the rate of entrepreneurship for men and women in Ireland in each of the years since the data have been published with no real narrowing in the gender gap in early stage entrepreneurial activity between men and women, except in terms of the less active participation by men in entrepreneurial activity from time to time.

In 2007 with the increase in the proportion of women active as early stage entrepreneurs, and with no real increase recorded in the number of men entrepreneurs, the most significant narrowing in the gender gap between women and men entrepreneurs since 2003 is evident. (Table 3.3)

TABLE 3.3 IRELAND'S EARLY STAGE ENTREPRENEURIAL ACTIVITY BY GENDER 2003-2007

Year	Early stage entrepreneurs	Men Early stage entrepreneurs	Women Early stage entrepreneurs	Rates as ratio (Men/Women) ⁴³	Women rate as % of men
2007	8.2%	10.6%	5.9%	1.8	56%
2006	7.4%	10.5%	4.2%	2.5	40%
2005	9.8%	14.2%	5.5%	2.6	39%
2004	7.7%	10.4%	5.0%	2.1	48%
2003	8.1%	12.5%	3.7%	3.4	30%

The narrowing of the gender gap that is apparent among early stage women entrepreneurs is also a marked improvement on the situation with regard to longer established entrepreneurs (Table 3.11 at end of this section). For those that are owner managers of

⁴¹ In total an average of 2,700 individuals are setting up new businesses in Ireland each month (1650 males and 1050 females).

⁴² It should be noted that the rate of female entrepreneurship also increased substantially in Iceland (5.7% to 7.4%) and Denmark (3.3% to 4.6%) in 2007 compared to 2006.

⁴³ The number of times a man is more likely to be an early stage entrepreneur relative to a women.



businesses that they set up before 2003, there are almost two and a half times (2.4) as many men as there are women. This puts the current ratio of 1.8 for early stage entrepreneurs in perspective.

Since GEM data has been available, it has been apparent that throughout the developed countries men are more frequently engaged in entrepreneurial activity than are women. The narrowing of the ratio between men and women early stage entrepreneurs in Ireland in 2007 has significantly improved Ireland's ranking in terms of gender balance compared to other developed countries.

A word of caution must be sounded, however, in interpreting these figures. The stepped improvement in the number of women starting new businesses in Ireland in 2007 and the narrowing of the gender gap, relates to 2007 only. Will this rate be sustained or further increased in 2008? We cannot say with any degree of certainty at this stage. GEM, however, will continue to monitor and report on these changes as they happen year on year.

3.4 PERSONAL CONTEXT

The personal context of individuals is important in predicting the likelihood of entrepreneurial engagement. This is more marked for women than it is for men (Table 3.12 at end of this section).

The most pronounced difference between men and women appears to be in their having recent entrepreneurs in their circle of acquaintances with much fewer women knowing entrepreneurs (29%) compared to men (49%). This situation is broadly similar to the previous year but the signs of a widening in this gap are becoming apparent. For women the impact of knowing another recent entrepreneur would appear to be much more influential than it is for men. Women who know another recent entrepreneur are almost five times (4.8) more likely to be early stage entrepreneurs.

As in 2006, it was evident that fewer women (42%) throughout the population have confidence in their ability to start and run a successful business, than have men (56%). For

both genders it has a significant bearing on their being early stage entrepreneurs. Once again, however, the greater impact is on women entrepreneurs. Men who have this self belief are four times as likely to be early stage entrepreneurs. Women, who believe that they have the necessary knowledge and skills to start a new business, are thirteen times more likely to be early stage entrepreneurs. Very few women, who do not have a belief in their own skills, are to be found among early stage entrepreneurs.

The increase in the proportion of women who perceived good entrepreneurial opportunities in their environment was sustained in 2007 and remained at almost two in every five (42%). This holds firm the considerable improvement in the perception by women of exploitable opportunities.⁴⁴ The perception of entrepreneurial opportunities continues higher among men (50%) than among women, but only marginally so. Again the impact of this factor on women is more pronounced than among men as women who perceive good opportunities in their local area are two and a half times (2.4) more likely to be early stage entrepreneurs.

Fear of failure has a negative impact on 35% of men and 40% of women in relation to their decision to become an entrepreneur. A slight increase in the percentage of men that would be affected by fear of failure is evident in 2007 (35% compared to 31% in 2006), while the rate for women is broadly the same. While fear of failure acts as a greater brake on entrepreneurial activity among women than it does among men, it is much less strong as a predictor of early stage entrepreneurial activity for both men and women than are the other more positive attributes.

3.5 MEN AND WOMEN EARLY STAGE ENTREPRENEURS

Men and women are generally in their late thirties when they become early stage entrepreneurs with women being on average slightly older than men. The majority of men and women have third level or post graduate education, with women entrepreneurs particularly characterised by their having high levels of educational attainment (Table 3.4)⁴⁵

⁴⁴ In 2004, 37% of women and 48% of men perceived entrepreneurial opportunities in their local environment. In 2006, the percentage of women who perceived exploitable opportunities had increased to 43% while the proportion of men remained broadly similar (45%).

⁴⁵ As the Forfás report points out given the high correlation between high educational attainment and entrepreneurial activity for women, it is significant that the number of women with third level qualifications in the most entrepreneurial age groups (25-34 years) is increasing very rapidly for women and is now well ahead of men in the same age group (47% compared with 34%). Moreover in the younger age group (18-24 years) there are a significantly higher percentage of women who are students than there are men (41% compared to 30%). The Forfás report draws the conclusion that this suggests that there will be a larger pool of talented women within the population in the years to come with the confidence and ability to become entrepreneurs.



The majority of those that become early stage entrepreneurs are working full time. One in five women, however, comes to entrepreneurship following a period spent as a homemaker or working part time (Table 3.4).

TABLE 3.4 EARLY STAGE ENTREPRENEURS BY GENDER (2003-2007)

	Men Entrepreneurs	Women Entrepreneurs
Age (Mean)	36	38
	Percentage of all early stage entrepreneurs	Percentage of all early stage entrepreneurs
Education		
Some secondary	12	5
Secondary (Leaving Cert or equivalent)	27	22
Third Level	41	41
Postgraduate	20	32
Work status		
Full-time	86	71
Part time	6	14
Homemaker	0	6
Not working (student, retired, disabled or other)	8	9
Income		
Lowest (third of the population)	19	17
Middle (third of the population)	47	53
Highest (third of the population)	34	30

While men (82%) and women (84%) in Ireland similarly believe that a successful new businesses confers status on its founder, more men (67%) than women (59%) believe that starting a new businesses is a good career choice, although their opinion in this area does not overly impact on their personal decision whether or not to start a business.

3.6 THE TYPES OF BUSINESSES BEING STARTED

Men and women in Ireland are starting different types of new businesses.⁴⁶ Looking back over the last five years it is evident that four in every five women early stage entrepreneurs are starting or planning to start new businesses in four sectors: Retail Trade, Hotels, and Restaurants (30%), Business Services (18%), Personal/Consumer Services Activities (16%) and Government, Health, Education, Social Services (15%).

With the exception of the Business Services Sector, where men entrepreneurs are very active, relatively few men are involved in setting up new businesses in sectors favoured by women. The construction sector was also important for

men (15%) while being much less important for women entrepreneurs (5%). Manufacturing is the not particularly important for either men or women early stage entrepreneurs (Table 3.5).

TABLE 3.5 SECTORAL FOCUS OF EARLY STAGE ENTREPRENEURS (2003-2007)

Sector	Men	Women
	Percentage of all male early stage entrepreneurs	Percentage of all female early stage entrepreneurs
Agriculture, Forestry, Hunting, Fishing	6	3
Mining, Construction	15	5
Manufacturing	9	6
Utilities, Transport, Storage, Communications	9	2
Wholesale Trade	6	2
Retail Trade, Hotels, Restaurants	12	30
Financial Intermediation, Real Estate Activities	6	3
Business Services	26	18
Government, Health, Education, Social Services	4	15
Personal/Consumer Services Activities	7	16
All Sectors	100	100

These differences reflect differences in the qualifications and previous work experience of men and women in Ireland. For example in 2007, 88% of women in the work force were working in services compared to 51% of men, while 23% of employed men worked in construction, compared to less than 2% of women.⁴⁷

Given the sectoral focus of many of the new enterprises set up by women, these frequently lie outside the eligible criteria to receive financial support from the development agencies. Despite the different sectoral focus of their new business ventures, men and women are fairly similar in the extent to which they expect to have customers in overseas markets (Table 3.6).

3.7 MEN AND WOMEN ENTREPRENEURS HAVE SIMILAR FINANCING REQUIREMENTS

There is a widespread perception that women's businesses, because of their different sectoral focus, have lower financing needs

⁴⁶ The four aggregate sectors used in GEM are Extractive sectors, Transformative sectors, Business sectors (where a business is the primary consumer) and Consumer sectors (where the consumer is the primary consumer). In this section we present a more detailed breakdown of sectors, using ten categories. So for example, 'Business Services' referred to in this section is a narrower definition than the 'Business sectors' referred to in Section 1 and Section 2 of this report.

⁴⁷ Source CSO Quarterly National Household Survey, Q1, 2007



TABLE 3.6: THE INTERNATIONAL ORIENTATION OF MEN AND WOMEN ENTREPRENEURS 2003-2007

	Men Percentage of all male early stage entrepreneurs	Women Percentage of all female early stage entrepreneurs
Customers in Overseas Markets		
75% to 100%	9	7
25% to 74%	12	12
1% to 24%	37	44
None	42	37

than business started by men. There is also a perception that they invest less in their new businesses than do men.

To test the veracity of this perception or otherwise, the GEM data was combined for new firm entrepreneurs for five years (2003-2007) and disaggregated on the basis of gender. It is clear from an analysis of the information available that this perception is misplaced. The newly created businesses of men and women entrepreneurs have broadly similar financing needs and the investment intentions of these new firm entrepreneurs is broadly similar.

Table 3.7 examines the expected financing needs by gender of recently established businesses (2003-2007) and the intention of the entrepreneurs concerned with regard to the amount of their personal funds that they plan to commit to the new enterprise. The great majority of new firm entrepreneurs expect to invest less than €100,000 of their own funds. This is true for both men and women. For both men and women entrepreneurs, nine of every ten expect to invest less than €100,000.

TABLE 3.7 NEW FIRM ENTREPRENEURS 2003-2007: PLANNED FINANCIAL REQUIREMENTS AND INVESTMENTS BY GENDER

	Men	Women
Estimated total finance required (median)	€25,000	€30,000
Estimated total finance required (mean)	€107,000	€91,000
Planned own finance invested (median)	€15,000	€15,000
Planned own finance invested (mean)	€30,000	€56,000

TABLE 3.8 NEW FIRM ENTREPRENEURS 2003-2007: FINANCING BY GENDER (LESS THAN €100,000)

	Men	Women
Estimated total finance required (median)	€15,000	€11,000
Estimated total finance required (mean)	€21,500	€17,400
Planned own finance invested (median)	€11,000	€10,000
Planned own finance invested (mean)	€18,700	€19,400

The majority of entrepreneurs that have recently started new businesses reported that their new business needed an initial total investment of less than €100,000. This is true of both men and women. For men three quarters (74%) needed less than €100,000; while for women two thirds (64%) needed less than €100,000.

Table 3.8 illustrates the financing requirement of those new firm entrepreneurs that have started businesses between 2003 and mid 2007 in instances where the new enterprise needed an initial investment less than €100,000.

A significant cohort of both men (26%) and women (36%) who have started new businesses over the last number of years, however, expect that their new businesses will need an investment of more than €100,000. While these are not the majority, their number is not insignificant.

3.8 THE GROWTH CHALLENGE

The majority of men and women early stage entrepreneurs expect to become employers and owner managers of micro businesses. Their expectations in terms of the number that they expect to employ within a five year period are broadly similar. Using data for the period 2003-2007, the differences are most evident at the margins: among those who do not expect to become an employer and those who have very high growth aspirations. More women (27%) than men (19%) are starting a new business primarily to create a job for themselves and do not expect to become employers. At the other extreme, while it is the exception for both men and women entrepreneurs to expect to employ



more than 20 over a five year period, more men (16%) than women (8%) entrepreneurs have such high growth aspirations (Table 3.9).

TABLE 3.9: THE GROWTH EXPECTATIONS OF MEN AND WOMEN ENTREPRENEURS (2003-2007)

	Men Percentage of all male early stage entrepreneurs	Women Percentage of all female early stage entrepreneurs
Growth Expectations (Jobs in five years)		
No Jobs	19	27
1 to 5 jobs	41	42
6 to 19 jobs	24	23
20 or more jobs	16	8

As fewer women entrepreneurs have high growth expectations, the challenge is to encourage more of them that start a new business to have the aspiration to build significant businesses. It is for this reason that a pilot initiative for women entrepreneurs called 'Going for Growth' was developed in 2007. This initiative is aimed at women who have the ambition and the determination to grow their business. Its design and development was supported by the National Development Plan (NDP) Gender Equality Unit within the Department of Justice, Equality and Law Reform. Enterprise Ireland is supporting its implementation⁴⁸.

This pilot initiative has recently got underway and the initial indications coming from the participants are very positive. 'Going for Growth' roundtables have been set up in eight locations around Ireland. They are centered around eight lead women entrepreneurs. These successful women entrepreneurs are giving their time voluntarily to support other women entrepreneurs to fulfill their growth ambitions.

One of the lead entrepreneurs is Mary Ann O'Brien, the 2007 Image Business Women of the Year. Mary Ann is the founder and managing director of Lily O'Briens Chocolates. Founded in 1992 and called after her eldest daughter, Lily, the company, which was started in Mary Ann's kitchen, has grown into an internationally recognised brand, with a turnover of over €21 million. The business now operates out of its own custom designed factory in Newbridge, Co Kildare, where 100 staff are employed in producing award winning luxury chocolates, most of which are exported. Committed to constant innovation, Mary Ann

has very valuable experience of creating new markets for her chocolates and of competing and winning market share against much larger established companies. *Being a woman is not a barrier to growing a business*, according to Mary Ann O'Brien, *lack of self belief can be*. Mary Ann believes that women must have the confidence not to limit their entrepreneurial ambition but to aspire to build really world-class businesses.

⁴⁸Details of the initiative may be obtained from its National Director, Paula Fitzsimons, paula@fitzsimons-consulting.com or from the website goingforgrowth.eu

TABLE 3.10: EARLY STAGE ENTREPRENEURS BY GENDER, OECD AND EU

	Early stage entrepreneurs Percentage of adult population	Men early stage entrepreneurs Percentage of adult male population	Women early stage entrepreneurs Percentage of adult female population	Ratio of rates of early entrepreneurial activity Men : Women	Women rate as a percentage of men
Austria ^{1 2}	2.4	3.1	1.8	1.7	60%
Belgium ^{1 2}	3.1	4.3	2.0	2.2	46%
Denmark ^{1 2}	5.4	6.2	4.6	1.4	73%
Finland ^{1 2}	6.9	9.0	4.8	1.9	54%
France ^{1 2}	3.2	4.1	2.2	1.9	53%
Greece ^{1 2}	5.7	8.0	3.5	2.3	43%
Hungary ^{1 2}	6.9	9.3	4.5	2.1	49%
Iceland ¹	12.5	17.4	7.4	2.3	43%
Ireland^{1 2}	8.2	10.6	5.9	1.8	56%
Italy ^{1 2}	5.0	6.7	3.3	2.0	49%
Japan ¹	4.3	3.5	5.2	0.7	150%
Latvia ²	4.5	7.7	1.4	5.5	18%
Netherlands ^{1 2}	5.2	6.6	3.7	1.8	56%
Norway ¹	6.5	8.6	4.3	2.0	50%
Portugal ^{1 2}	8.8	11.7	5.9	2.0	51%
Romania ²	4.0	5.0	3.1	1.6	62%
Slovenia ²	4.8	6.8	2.7	2.6	39%
Spain ^{1 2}	7.6	9.7	5.5	1.8	56%
Sweden ^{1 2}	4.2	5.8	2.5	2.3	43%
Switzerland ¹	6.3	7.6	4.9	1.5	65%
Turkey ¹	5.6	8.7	2.4	3.6	28%
United Kingdom ^{1 2}	5.5	7.4	3.6	2.1	49%
United States ¹	9.6	12.0	7.2	1.7	60%
EU average	5.4	7.2	3.6	2.0	50%
OECD average	6.1	8.0	4.3	1.9	53%

TABLE 3.11: ESTABLISHED ENTREPRENEURS BY GENDER, OECD AND EU

	Established entrepreneurs Percentage of adult population	Men established entrepreneurs Percentage of adult male population	Women established entrepreneurs Percentage of adult female population	Ratio of rates of established entrepreneurial activity Men : Women	Women rate as a percentage of men
Austria ^{1 2}	6.0	7.3	4.8	1.5	66%
Belgium ^{1 2}	1.4	1.9	0.9	2.0	50%
Denmark ^{1 2}	6.0	8.5	3.4	2.5	40%
Finland ^{1 2}	7.6	10.3	4.8	2.1	47%
France ^{1 2}	1.7	2.5	1.0	2.6	38%
Greece ^{1 2}	13.3	14.6	12.0	1.2	83%
Hungary ^{1 2}	4.8	5.9	3.8	1.5	65%
Iceland ¹	8.8	13.4	4.0	3.4	30%
Ireland^{1 2}	9.0	12.7	5.4	2.4	43%
Italy ^{1 2}	5.6	8.9	2.2	4.1	24%
Japan ¹	8.6	8.7	8.6	1.0	98%
Latvia ²	3.4	4.9	2.0	2.4	41%
Netherlands ^{1 2}	6.4	8.6	4.1	2.1	47%
Norway ¹	5.9	8.2	3.5	2.3	43%
Portugal ^{1 2}	7.1	9.8	4.4	2.2	45%
Romania ²	2.5	3.3	1.7	2.0	51%
Slovenia ²	4.6	6.8	2.3	3.0	34%
Spain ^{1 2}	6.4	8.2	4.6	1.8	56%
Sweden ^{1 2}	4.7	6.9	2.5	2.8	36%
Switzerland ¹	6.6	8.6	4.6	1.9	54%
Turkey ¹	5.5	9.5	1.3	7.2	14%
United Kingdom ^{1 2}	5.1	7.6	2.5	3.0	34%
United States ¹	5.0	6.5	3.5	1.9	54%
EU average	5.6	7.6	3.7	2.1	49%
OECD average	6.3	8.4	4.1	2.1	49%

¹ Member of OECD² Member of European Union

* The number of times a man is more likely to be an early stage entrepreneur relative to a women




TABLE 3.12: PERSONAL CONTEXT BY GENDER

	KNOW A RECENT ENTREPRENEUR		OPPORTUNITIES IN LOCAL AREA		SKILLS AND KNOWLEDGE TO STARTUP		FEAR OF FAILURE WOULD PREVENT STARTUP	
	Percentage of adults responding yes	Percentage of adults responding yes	Percentage of adults responding yes	Percentage of adults responding yes	Percentage of adults responding yes	Percentage of adults responding yes	Percentage of adults responding yes	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
Austria ^{1 2}	47	38	53	49	62	44	29	42
Belgium ^{1 2}	34	28	19	14	48	27	23	26
Denmark ^{1 2}	47	42	75	66	47	26	36	36
Finland ^{1 2}	60	49	58	47	47	32	29	38
France ^{1 2}	55	43	27	20	42	26	47	50
Greece ^{1 2}	36	22	31	26	51	45	58	60
Hungary ^{1 2}	34	26	31	24	54	35	27	32
Iceland ¹	73	54	72	65	60	33	35	43
Ireland^{1 2}	49	29	50	42	56	42	35	40
Italy ^{1 2}	45	31	45	33	59	41	36	49
Japan ¹	20	26	9	8	13	18	38	35
Latvia ²	48	36	34	34	30	23	42	44
Netherlands ^{1 2}	40	27	48	36	52	28	18	24
Norway ¹	40	31	50	42	46	25	17	17
Portugal ^{1 2}	46	32	37	28	63	53	30	41
Romania ²	44	40	27	25	35	25	22	34
Slovenia ²	57	42	53	42	59	37	26	33
Spain ^{1 2}	38	29	37	31	50	40	46	53
Sweden ^{1 2}	52	41	57	44	51	33	26	35
Switzerland ¹	39	30	39	31	50	33	32	38
Turkey ¹	41	26	45	33	61	37	23	38
United Kingdom ^{1 2}	30	21	44	34	57	39	34	38
United States ¹	37	29	28	23	56	41	24	22
EU average	45	34	43	35	51	35	33	40
OECD average	43	33	43	35	51	35	32	38

¹ Member of OECD

² Member of European Union



SECTION 4

PROFILING IRISH ENTREPRENEURS

4.1 INTRODUCTION

Section 1 profiled entrepreneurship in Ireland in 2007. In particular Ireland's early stage entrepreneurs were described. These are made up of a combination of those who are actively planning a new business (*nascent* entrepreneurs) and those who have recently set up (*new firm* entrepreneurs). Given the importance of those who have recently set up new businesses, we have dedicated this section to looking in detail at those who have started new businesses in Ireland in recent years, by combining the GEM datasets for the five year period 2003 to 2007.

We also provide examples of some *new firm* entrepreneurs⁴⁹ through the profiles of the entrepreneurs featured on the cover in order to *bring life* to the numbers presented and to stress the fact that entrepreneurs are people not statistics! They are a wide variety of individuals from all parts of the country setting up different types of businesses. While they are very different people, they all share the entrepreneurial experience.

While many new firms started by entrepreneurs may be focused on 'local' markets and may replicate existing products and services, they are an important component of Ireland's economic development at national, regional and local levels. Entrepreneurs, and the new firms that they start, are also the mechanism by which innovations and new ideas are tested in the market place. Their arrival also has a positive economic effect on existing business by forcing them to enhance their operations and product and service offerings.

4.2 NEW FIRM ENTREPRENEURS IN IRELAND (2003-2007 DATASETS)

The number of new firm entrepreneurs

Since the year 2000⁵⁰, almost 4 % of the adult population or 29,700 individuals have been

involved in setting up new businesses each year (Table 4.1). This equates to an average of 2,500 individuals starting a new business every month over this period.⁵¹

Men are more likely to have started a new business in Ireland (Table 4.1), with a rate among men of 5.4% compared to 2.2% among women. Approximately 21,200 men and 8,500 women started a business each year during this period. This equates to approximately 1,800 men and 700 women starting a new business each month.

TABLE 4.1 NEW FIRM ENTREPRENEURS IN IRELAND

	New firm entrepreneurs in population	Average number per annum	Average number per month
Men	5.4%	21,200	1,800
Women	2.2%	8,500	700
Total	3.8%	29,700	2,500

New firm entrepreneurs: age, education, and work status

The great majority of those setting up new firms are in their mid twenties to mid forties (Table 4.2). Seven out of every ten new firm entrepreneurs are within this age group. This suggests that entrepreneurs have typically gained some work experience prior to start-up.

More specifically, in terms of 'youth' entrepreneurship, 2.1% of those aged 18-24 years of age were new firm entrepreneurs. While this rate is much lower than the 25 to 44 age group, it still equates to approximately 2,700 'youth' new firm entrepreneurs each year. Of those aged 55 and over 1.5% were new firm entrepreneurs. This is approximately 1,700 new firm entrepreneurs per annum.

⁴⁹ New firm entrepreneurs are entrepreneurs who at least part own and manage a new business that is between 4 and 42 months old and have not paid salaries for longer than this period. These new ventures are in the first 42 months after the new venture has been set up.

⁵⁰ By aggregating data collected each year for the five year period 2003 to 2007 GEM can offer insight into the scale and scope of new firms entrepreneurial activity in Ireland from 2000 to 2007, as new firm entrepreneurs refers to those who have started new businesses in the 42 months prior to each of the surveys.

⁵¹ In Section 1 we reported that approximately 2,700 entrepreneurs start new business each month. This figure is based on the GEM 2007 survey. In Section 4 we now refer to 2,500 entrepreneurs each month. This figure is slightly lower as it is based on an average of the GEM 2003 to GEM 2007 surveys.



TABLE 4.2: NEW FIRM ENTREPRENEURS- AGE, EDUCATION, WORK STATUS

	Percentage in cohort of adult population
Age	
-18 to 24 years	2.1
- 25-34 years	5.4
- 35-44 years	5.8
- 45-54 years	2.8
- 55 -64 years	1.5
Education	
- Some secondary	1.6
- Secondary (Leaving Cert or equivalent)	2.9
- Post secondary (Third Level)	5.3
- Graduate experience (Postgraduate)	4.7
Work Status	
- Fulltime, Part-time	5.1
- Not Working	0.4
- Retired, Student	0.6

Individuals with third level and postgraduate education are much more likely to be new firm entrepreneurs than those who don't complete their Leaving Certificate.

Those in employment, whether it is part time or fulltime, are much more likely to become new firm entrepreneurs (Table 4.2).

New firm entrepreneurs: sectors of activity

Each year GEM categorises entrepreneurial activity in terms of four aggregate categories⁵². In this section we present a more detailed sectoral analysis, dividing new firm activity into ten categories. Of the ten sectors, one sector, Business Services, accounts for one in four of all new firm entrepreneurs (Table 4.3). An estimated 7,900 individuals have been involved in starting businesses in this sector each year. The second most popular sector has been the Retail Trade, Hotels, and Restaurants sector, with 16% or 4,800 entrepreneurs per annum.

Construction related activities was to be the sector of choice for 13% of all new firm entrepreneurs, or 3,800 per annum. Other construction related entrepreneurship such

TABLE 4.3: NEW FIRM ENTREPRENEURS BY SECTOR OF ACTIVITY

Sector	New firm entrepreneurs	
	Percentage of all new firm entrepreneurs	Number per annum
Agriculture, Forestry, Hunting, Fishing	6	1,700
Mining, Construction	13	3,800
Manufacturing	7	2,000
Utilities, Transport, Storage, and Communications	8	2,300
Wholesale Trade	5	1,400
Retail Trade, Hotels, and Restaurants	16	4,800
Financial Intermediation, Real Estate Activities	4	1,300
Business Services	26	7,900
Government, Health, Education, Social Services	6	1,900
Personal/Consumer Service Activities	9	2,600
Total	100	29,700

as real estate activity would be included in other sectors, increasing the overall amount of entrepreneurial activity dependent on the construction sector.

The Manufacturing sector accounted for 7% of all new firm entrepreneurs. This equates to approximately 2,000 per annum.

New firm entrepreneurs: growth and internationalisation

International research clearly demonstrates that those firms that achieve high growth make a very significant contribution to employment growth. About one in six new firm entrepreneurs (16%) are high growth expectation entrepreneurs (that is they expect to employ twenty or more within five years). This is about 4,900 new firm entrepreneurs each year. At the other extreme, 19%, or one in five new firm entrepreneurs, expect to have no job creation over the coming five years (Table 4.4).

In terms of international orientation, nearly 4 in every 10 new firm entrepreneurs expect to have no customers in overseas markets, while a

⁵² The four aggregate sectors used in Section 1 and Section 2 of this report are Extractive sectors, Transformative sectors, Business sectors (where a business is the primary consumer) and Consumer sectors (where the consumer is the primary consumer). The ten sectors referred to here are a more detailed classification. So for example, 'Business Services' is a narrower definition than 'Business sectors'.



TABLE 4.4 NEW FIRM ENTREPRENEURS: GROWTH AND INTERNATIONALISATION

New firm entrepreneurs		
	Percentage of all new firm entrepreneurs	Number per annum
Growth Expectations (Number of jobs in 5 years)		
- No jobs	19	5,700
- 1 to 5 jobs	40	11,900
- 6 -19 jobs	25	7,200
- 20 or more jobs	16	4,900
Total	100	29,700
Export Orientation (Customers in overseas markets)		
- None	38	11,300
- 1 to 24%	44	13,100
- 25% to 74%	11	3,100
- 75% to 100%	7	2,200
Total	100	29,700

further 4 in 10 expect to have less than one quarter of their customers in overseas markets (44%) (Table 4.4). At the other extreme, 7% of new firm entrepreneurs expect to be highly international, expecting to have more than 75% of customers in overseas markets. This equates to about 2,200 per annum.

New firm entrepreneurs: planned financial requirements and investments

On average, most new firm entrepreneurs require relatively small amounts of money to start their new business, a median of €30,000. This means that half of all entrepreneurs expect to start with less than €30,000. Most entrepreneurs plan to invest relatively

small amounts of their own funds (medium €15,000). The vast majority of new firm entrepreneurs (71%) expect to need less than €100,000 to start their new firm, with nine in every ten (90%) expecting to invest less than €100,000. (Table 4.5)

A small percentage of new firm entrepreneurs have relatively high financial needs. Each year, approximately 8,600 new firm entrepreneurs have a financial requirement of €100,000 or more. Similarly, approximately 3,000 new firm entrepreneurs have a planned own investment in their new firm of €100,000 or more. It is these entrepreneurs that have the greatest financing challenges as the gap between their own investment and the total amount required is very wide, with many needing external finance of €100,000 or more⁵³.

4.3 PROFILES OF NEW FIRM ENTREPRENEURS

In this section we profile twelve Irish entrepreneurs. The purpose of these profiles is to illustrate some of the themes discussed in this report. The entrepreneurs are suggested to us primarily by our key informants and by those involved in supporting entrepreneurship across the country. The idea is to focus in particular on the person rather than on the new business, but this obviously gets mentioned. The type of questions that the profiles set out to capture are the reasons the individuals decided to become an entrepreneur, the unexpected challenges that they encountered, their highs and lows, who supported them along the way, whether they would do it again now that they have experienced at first hand what is involved, and whether they would recommend entrepreneurship to others. We hope that these pen pictures bring the topic of entrepreneurship to life for those who read them.

TABLE 4.5 NEW FIRM ENTREPRENEURS: FINANCING

	Mean	Median	Percentage of all new firm entrepreneurs	Number of new firms per annum
Anticipated finance required				
€1 to €100,000	€20,400	€15,000	71	21,100
€100,000 to €1,000,000	€300,100	€211,800	29	8,600
All (€1 to €1,000,000)	€102,000	€30,000	100	29,700
Anticipated own investment				
€1 to €100,000	€19,000	€10,000	90	26,700
€100,000 to €1,000,000	€209,500	€113,400	10	3,000
All (€1 to €1,000,000)	€38,000	€15,000	100	29,700

⁵³The category €100,000 to €1,000,000 is based on a relatively small sample.



ALAN DUNNE

Alan Dunne graduated with a BEng in Electronic Engineering, from the University of Limerick (UL) in 1987. At that time the majority of his classmates were heading abroad mostly to the US and the UK in search of work, as there didn't appear to them to be any great prospects in this country. Alan explains that while most of his classmates were looking for jobs in multinationals, he found himself working in a string of SMEs for the next ten years, both in start-ups and in mid-sized indigenous companies. *I found this to be most rewarding from a job satisfaction perspective, you did feel you were contributing directly and your contributions had an immediate and perceptible effect on the company.*

By the time he was offered a job with Enterprise Ireland, managing the commercial outputs of a research centre in the University of Limerick, Alan knew that he wanted to start up his own high tech company. At that stage it was a general aspiration rather than a specific identified opportunity. He considered, however, that with a lot of funded research being carried out in the centre, it was a matter of keeping an eye out for the best opportunities. Having decided that he was going to spin out a high tech company, he then set his sights at filling in gaps in his own experience. Alan completed the UL MBA from 2003 to 2005 and this copper-fastened his resolve to give the start-up route a go.

It wasn't long before an opportunity arrived, on the back of a research agenda being pursued by Dr Karl Rinne and Dr Eamon O'Malley. Both were experienced engineers who had recently returned to UL to pursue research careers, with a view to commercialising their ideas. While Karl and Eamon fine-tuned the technology, Alan started looking at potential routes to commercialisation.

The fledgling company planned to design, market and sell integrated circuits (ICs) to the global power supply industry with manufacturing being carried out in the Far East by a third party IC fabrication facility. This model, known as the "fab-less" IC design company, is a well established business model in the semiconductor arena.

It became apparent very quickly that they would need substantial funding in order

to establish a company. The main reasons for this were as follows: (i) Their potential customers were in the USA and Asia, with few customers in Europe and none in Ireland; (ii) Although planning to outsource their manufacturing, expensive IC design tools would be needed in order to design the new ICs; and (iii) experienced design engineers would have to be recruited. None of this comes cheap!

The three entrepreneurs decided to go the Venture Capital route to secure adequate funding. Before they could approach VCs, however, they needed to put a Business Plan together and to establish whether there was an adequate market for an IC design company of the type they had in mind. They applied to Enterprise Ireland for funding under their CommercialisationPlus programme, which are funds for commercialisation of third level research. Their application was successful and enabled them to hire a consultant, Antoin Russell, an industry expert, to carry out the market segmentation, detailed market analysis and to assist in the writing of a business plan.

At this stage, Alan and his fellow nascent entrepreneurs made initial approaches to the Irish VC community. *Their feedback at this stage was we that were too early stage; we needed to get our technology in front of customers for validation. This was an obvious problem for us with fast diminishing funding and the prospect of expensive customer visits to the USA.*

Early 2006 was crunch time. A decision had to be made - whether or not to set up a company and step out of the comfort of their secure jobs (Enterprise Ireland and UL). *We all agreed that this was a huge opportunity and we decided to leave our present employment and commit fulltime to Powervation Ltd, which was incorporated in January 2006.* In addition, Antoin Russell also joined the company as CEO. *This was a huge boost to the company as Antoin was an experienced Power Industry executive who brought a great network of industry contacts to the party, as well as a unique insight into the power industry.* Alan believes that incorporation was also important to both provide a legal entity to licence the technology IP from the University of Limerick and to put some "skin in the game" from a VC perspective.

Another funding route that was being



considered at that time was the opportunity to partner with incumbent semiconductor power companies that were looking to climb the technology ladder offered by Powervation's technology. Two such partners were identified and both progressed to the stage where one of the partners had a commercial offer on the table for Powervation to carry out design services in the power sector. While this was attractive the founders felt that this route, while giving them access to short-term funds, would divert them from their long term strategic objective of becoming a force in the power semiconductor arena.

To keep costs down, it was decided that Alan and Karl should remain in their present jobs for the moment, while Antoin and Eamon became full time Powervation employees. The new company secured incubation space in the InnovationWorks building. At the same time the founders invested their own funds in the company with the aim of securing funding. This was eventually achieved in the form of seed funding from a Dublin based VC company, 4th Level Ventures, and matched by R&D funding from Shannon Development. This allowed Alan and Karl to join the company full time and gave the new company a funding runway to develop a technology demonstrator, secure customer validation and secure Venture Capital A-Round funding.

The latter part of 2006 saw the executives flat out meeting Irish VCs and visiting customers. *What became obvious was our timing was very bad - practically all the Irish VC funds were fully subscribed and they were now entering a fund raising phase, i.e. they were out of funds to invest.* This experience leads Alan to comment: *This appears to be a characteristic of the Irish VC community. Their funds are in sync - so they are either all fund raising or all investing.* This situation forced them to look further afield for VC funding in the UK and the US. Alan comments: *In hindsight this was fortuitous as the required funding was outside the range of most Irish VCs (approx. €7 million).*

Early in 2007 Powervation had a breakthrough in technology - *we felt we really had something different, something that would cause ripples in the power supply industry.* The founders went on the road with the technology and there was definite interest. They had initial customer validation. But more than that, Alan explains that in presenting and demonstrating the technology to Intel,

there were more people in the room at the end of the presentation than the start – *half way through they were calling their colleagues in saying "you gotta see this". Even better, when we got home we were contacted by Intel's VC wing, Intel Capital and by the end of February we had a Term Sheet on the table, the holy grail of VC funding.* The only condition was that a second investor was needed. Within a month another investor was on board and due diligence started in earnest. By May, Powervation had approval from both boards and the final legal phase was about to begin. *Then disaster struck, for strategic reasons the second VC pulled out – we were back to square one, but we were now out of cash. The summer of 2007 was spent in threading water mode, surviving by running on fumes, but putting all our efforts in to replacing the second investor, Intel stuck with us.*

By August two new investors had been lined up and others were waiting in the wings. From September to November due diligence and legal proceedings were completed with the round closing on 20th November for €7million. The consortium consisted of Intel Capital (US), Scottish eEquity Partners (UK) and VentureTech Alliance (US), with 4th Level Ventures following their initial seed investment.

Alan reflects on the outcome of a turbulent two years: *So here we are, €7m in the bank and €7m available to follow which gives us sufficient to get our first two products to market, scale up the business and open sales/marketing offices in Silicon Valley.* The founders have achieved a great deal in a very short time. Powervation has attracted a powerful syndicate of investors very knowledgeable in the sector and their investment represents a range of firsts. Investment in Powervation was the first investment by a Silicon Valley VC in Ireland for a considerable time and was Intel Capital's first investment in this space in many years. It was also the largest Irish early stage VC round in 2007 and the first digital power start up outside the US...the list goes on!. With employee numbers now up to eleven, the company has just opened an office in Silicon Valley. Asked if he would do it again, Alan replied: *Would I do it again? ... Of course! The highs make up for the lows, and the depth of the lows make the highs so much sweeter.*

For more information on Alan Dunne's new business go to www.powervation.com



ALVINA GROSU

Alvina Grosu, who holds a PhD in psychology, travelled a long way from the place of her birth in Moldova, formerly part of the USSR, to arrive as an asylum seeker in Cork in the search for personal and professional freedom. The transition from asylum seeker to entrepreneur was not an easy one.

The Ireland she arrived into in 2001 was quite different to what she expected. She had expected to hear Irish spoken on the street and instead heard Hiberno-English and a different train of thought prevalent. This made integration quite difficult, even for one with Alvina's linguistic skills. She had to learn to cross the cultural divide for her own survival. She was an academic who knew about culture and cross cultural differences and now she found herself having to apply that knowledge in a very practical way.

She realised that if she was to make a good life for herself, she would have to integrate. She threw herself into voluntary work in the community, as she was unable to undertake paid work while her application for asylum was being considered. She worked with voluntary groups, particularly those concerned with immigrants and found the networking very beneficial. Up to this point she had no knowledge of networking but quickly realised that in the environment of Ireland and of Cork, it was vital.

She was finally granted residency because her daughter was born in Ireland. This same daughter now speaks with a Cork accent and is learning Gaelic.

Obtaining recognition of my qualifications took ages. The Psychology Society of Ireland and the Mental Health Association were most helpful in this regard. They gave me very valuable advice and guided me in my efforts to get my qualifications recognised. This made me realise that while I was very lucky to meet the right people at the right time, not everyone would have my luck. This experience brought Alvina to the realisation that those, newly arriving into Ireland, needed guidance and insights into how the system works and that information and advice of that nature was not always readily available.

Alvina describes her nomination, through her work with an immigrant voluntary

organisation, to go on a Common Purpose Leadership Programme in 2004 like *winning the lottery*. She found herself among senior managers from the public and private sector and from other voluntary organisations. She found the experience a little intimidating at first but greatly benefited from the experience. The talk within the group on one occasion turned to enquiring to the reasons that East Europeans were so rude. *I explained that what appeared rudeness to an Irish person was nothing of the sort, but rather a different set of culture and social norms conditioning the behaviour.*

Arising from this discussion, one of the other attendees, Stephen Mason, a regional manager for the Bank of Ireland, asked Alvina if she would share her insights with a group of bank officials who were increasingly dealing with individuals newly arrived into Ireland. Following from this, Alvina realised that other service providers were also interested to learn from her knowledge and experience and other requests came in for her to run workshops and give presentations.

She realised that there was a need to put a more professional image on her heretofore ad hoc approach. Out of this, the idea for her new business Culturewise was born. Again she considers that she was lucky in that the enterprise programme aimed at immigrants, Emerge, was being established in Cork at about this time. She applied and was given a place on the programme. The programme set out to cover more than the usual topics in a start your own business course. It also explained to the participants how to do business in Ireland, and helped them to network among the Irish business community.

The location for the Emerge programme was a training room in South Cork County Enterprise Board (CEB). As she looked around the room at the posters setting out the ways in which the CEB could support new and developing businesses, Alvina realised that there was nothing comparable in Eastern Europe and that this had to be a very good place in which to set up a new business.

Raising the necessary finance to start the business was a problem common among the group. Sean O'Sullivan, the CEO of the Enterprise Board, in a presentation to the group explained how a good business plan could be considered by the CEB for a variety of supports.



Alvina describes herself as a *reluctant entrepreneur* as setting up her own business would not have been her first choice. She came from a culture where the badge of success was a job in the public sector. When she was in a position to do so, she looked for a job in Ireland, but had difficulty in finding employment, as the usual response to her application was that she was over qualified and that she had no experience in Ireland.

In setting up Culturewise, Alvina was motivated to make a living for herself and her daughter, as staying at home was not an option.

Moreover, in her home country environment there was an expectation that women would work even when their children were very small. But Alvina was motivated by more than an economic drive. She wanted to find self fulfilment through her work by making Cork society more open and the life of newcomers easier.

In 2005 she made the decision to set up a business for herself, in 2006 she graduated from the Emerge course and by July 2006 she had become self employed, exactly five years after arriving in Ireland. She now has two other people employed in the business on a part time basis.

She is very grateful to all those who helped

her along the way without whose combined support she could not have taken the initial steps - those who ran the Emerge programme, the executives of the South Cork CEB, and the business mentor who explained to her how to do business in Ireland.

The demand for the training, research and consultancy services offered by Culturewise is certainly there and Alvina has landed contracts with the HSE as well as with the banks. She realises the need to build the business rather than to fall into the trap of being a self employed expert. *Otherwise if I am sick, I simply do not get paid!* Moving from start-up to growth is her latest challenge.

In terms of its content, Culturewise is highly innovative and over the last 18 months Alvina has found herself having to work extremely long hours to develop the training courses and other services from scratch. These have taken their toll. Because of having gone through the experience herself, Alvina does not underestimate the effort involved in setting up a new business, particularly for someone newly arrived into the country. *I certainly would do it again if I were to have the benefit of the advice and guidance that I had along the way. Without that – never!*

For more information on Alvina Grosu's new business go to www.culturewise.ie



AOIFE O'DRISCOLL

When Aoife O'Driscoll was choosing which course to apply for through the CAO she knew that she wanted to be in business but she wasn't quite sure which area she wanted to focus on. She was attracted to Fiontar in DCU as it appeared to offer a diverse business, finance, computing and entrepreneurship course so it was the answer to her indecisiveness. *As I embarked on college life, I realised that it was enterprise that excited me and knew that I would follow my career path in that direction.*

Earlier GEM reports were a large aspect of Aoife's enterprise studies. *I very much admired those who had the courage to set up their own business and I was determined to be one of them. I was particularly struck by the low number of female entrepreneurs and decided to do my best to improve matters!*

Various work placements through college re-inforced Aoife further in her determination to become an entrepreneur. *I realised that ultimately I did want to be my own boss and to be in control of my own career as opposed to working for other people.*

When she was in second year in college, Aoife came up with the idea which is behind her new venture. *Due to the frustration of the everyday awkward task of leg shaving, I decided that there must be an easier way and so ElevEase-The Shower Step concept was born.*

The essence of the ElevEase-the Shower Step is simplicity itself making an every day task easier and safer. It easily fits into the corner of any shower unit at knee height and eliminates the need for awkward bending and stretching, while carrying out functions such as leg-shaving, leg and foot washing, exfoliating and applying tanning lotion. ElevEase also has a built in space to fit most razor sizes. This simple but highly innovative product is held in place with strong adhesive so there is no need to get the drills out!

As part of her enterprise studies, Aoife had to interview an entrepreneur. She discussed her idea while interviewing Dave Brennan, a successful entrepreneur. Dave instantly recognized that the shower step idea had great potential. He knew Andrew Middleton, a design engineer specialising in the plastics industry and approached him with Aoife with

a view to carry out the design engineering on ElevEase. Dave had sold his office supply business and was looking at various new projects. He agreed to join Aoife in the new venture as Managing Director, while she took on the role of Sales and Marketing Director and Andrew became Design and Technical Director.

For two years now, the three have been researching and developing ElevEase, the Shower Step. They initially conducted market research to establish whether there was a need for the product and discovered that there was significant demand as most women find it awkward to shave their legs in the shower. During this time, Andrew Middleton was developing the concept with his business contacts in China and looking for a suitable manufacturer

The market research and focused group sessions revealed some unexpected but very positive findings. It became apparent that women could see many other uses for ElevEase such as exfoliating, tanning, even for washing legs and feet. Men could also see potential benefits with the product. Besides the cosmetic aspect, pregnant women and people with mobility issues found ElevEase very beneficial as it completely eliminates the need for awkward bending and stretching in the shower.

The trio exhibited the new product at The Professional Beauty trade show in RDS in Dublin in September 2007 and the response from the general public Aoife describes as heartening.

Production started a few months ago and ElevEase is now on sale in bathroom stores nationwide.

As they moved ElevEase from concept, through market research into production and launch, the three founders were determined that theirs would not be merely a one product business. The new company they started is called Concepts Plus. Concepts Plus focuses on developing new products from concept to market in order to "Make Life Easy" and is currently in the development stages of a number of new, innovative products. As Aoife explains: *Concepts Plus rests on the premise that everyone has at least one good idea. We encourage inventors to develop these ideas and help bring them to the marketplace as we have done with ElevEase.*



As with every new business there were challenges along the way. *One of our initial challenges was finding the right packaging and general identity for ElevEase. After getting in touch with many graphic designers, nothing was being produced to the standard that we had set and extortionist prices were being set. Then we heard about a company called Absolute Graphics in Bray. They organised our photography for the packaging, our imagery, corporate identity and website design and implementation. Since then they have been designing and printing all of our promotional material.*

Another initial challenge that the new company faced was organising finance for the venture. Dave, through his business contacts approached a number of his business colleagues who saw the potential in ElevEase and they became investors in the new venture.

Aoife considers that they have been very fortunate with the support they have received from all quarters. *The support has been phenomenal since ElevEase has begun - from our investors, to friends and family, to my lecturers in FIONTAR, resident experts in the Invent Centre in DCU and the Wicklow County Enterprise Board. Finally, the Enterprise Platform Programme in IT Carlow, which has accepted us on to the programme, has been a fantastic support.*

Caroline Kennedy, Kennedy PR, spoke at a seminar in DCU in which she talked about

how she set up her successful business. Aoife met her at the seminar and found Caroline to be most encouraging. With her team, Caroline is now working with Aoife on a PR campaign to support ElevEase.

Still only 22, Aoife believes that she has learnt a great deal from setting up her own business, *If I were to advise others, she says, I would say that one of the most important things is to get the product right before going to market by conducting as much market research as possible. Market research sounds daunting but it can be as simple as picking up the phone and organising a meeting with your potential customer and seeing what they think of your product/service.*

Aoife also feels that it is important to be as positive as possible despite the inevitable setbacks. She believes that it is important to seek as much advice as possible through outlets such as the Invent Centre or the County Enterprise Boards. *There are a lot of people out there willing to help you set up your own business.*

Asked if she would do it all again, Aoife replies *I would do it again in a second, the job satisfaction and experience is fantastic as you have to wear many hats from finance to marketing to sales as opposed to concentrating on one specific area of business so every day is dynamic. Multi-tasking skills have definitely come into play!*

For more information on Aoife O'Driscoll's new business go to www.elevease.com



CARL JACKSON

Growing up on the East Coast of the United States, Carl Jackson had always been drawn towards technology and trying to understand how things worked. He was fascinated in particular by computers and by cars. Carl always got on well with his father and when he was casting around with regard to what course to follow in college his father advised him to try engineering as it would give him a good technical base and he could choose at a later stage what area to specialise in. Carl thought the advice sound and went on to gain a BSc and MSc in electrical engineering from Clemson University, South Carolina.

Carl also owed his entrepreneurial determination to his father. Not because his father had set up his own successful business—quite the reverse. His father, a materials engineer, had always worked for large corporations. Carl for his part was determined to have greater control over his own life and the shaping of his career. This inevitably led him to think about starting his own business.

He had previously met some researchers from the National Micro - Electronics Research Centre (NMRC)⁵⁴, in Cork at various conferences and had been impressed by them. He renewed the acquaintance when he came to Ireland at the start of what he thought would be a two year period in Europe. That was ten years ago this summer. At that time he visited the NMRC and was immediately struck by the excitement that pervaded the place, by the quality of the people and the facilities that were available. While the centre was smaller than equivalent centres in the US and in Europe, that brought with it many attractive features. It was well funded and there were funds available for those undertaking a PhD. His Masters supervisor also encouraged him to try his hand at a doctorate and thought that the NMRC sounded ideal.

From the outset Carl Jackson's choice of research was determined by areas in which he thought there would be good commercial potential as his resolve to become an entrepreneur was as strong as ever. Silicon forms the cornerstone of research in the NMRC and Carl's research focused in particular on ways of making silicon detect light. This was a new area that was accessible to someone with Carl's background and appeared to offer exciting new

opportunities for commercial applications.

With his research still to be written up, Carl wanted to set up a new business to tap into its potential. But the time was not right and he did not have the right mix of people. Instead he set up a consulting company Photon Detection Systems, specialising in providing optical solutions through the development of novel optical sensors and the design and production of custom optoelectronic modules. That was in 2003. One year later with his PhD completed, Carl was in a position to spin out his research into a new venture – SensL began to emerge. The consulting company took a back seat and is currently *parked*. The new venture would require all Carl's focus and attention to get it off the ground.

Carl realised that a start-up team should have a mix of skills. He knew that many good research ideas remain firmly in the lab because the research lacked the essential commercial know how to bring it from the lab into the commercial world. He did not want the fledgling venture to suffer a similar fate. Carl had met Joe O'Keefe who was working with another UCC campus technology based company. Joe had a good mix of skills as he had an MBA as well as an engineering background. Joe could see the potential of Carl's ideas and agreed to become a cofounder.

The other member of the start-up team was Dr. Alan Mathewson who had been Carl's research supervisor. Alan had a depth of knowledge in applied research as he was Associate Director of the NMRC and the director of the Silicon Technology Applications Research group in the Institute.

None of the three had any real money to put into their new venture. They approached Enterprise Ireland whose executives were very receptive. *I cannot say enough good things about those guys. They offered us a CORD grant which provides matching funds to cover the cost of developing prototypes and doing initial market research. The only catch was that we had to spend the money first before we could claim it - and we didn't have that sort of money to start with! We needed to find another investor.*

Although many of their friends and associates were advising them not to deal with a VC at this very early stage, they felt that they



did not have a choice. Enterprise Ireland introduced the founders to Dermot Berkery of Delta Capital. From the outset they found Delta very supportive and prepared to back them at that very early stage. The VC firm provided both guidance as well as financial support.

University College Cork (UCC) has a shareholding in the new company and SensL still holds its ties with Tyndall as its silicon is manufactured there. SensL is now four years old and has already come through some tough challenges. *The initial funding was a challenge and the decision to give up equity in order to get funding for the fledgling venture was tough. But we knew that it was the right decision.* Another challenge that the new business had to overcome was facing up to the fact that the technology on which it was based had to be reworked, as it did not work as well when they began to manufacture it commercially as it had initially in the lab. Going back to the drawing board set them back a year. That is another problem now solved. *On the market side competitors have begun to emerge that were not there previously. This is not all bad news as their presence helps to verify the market and create a demand for our new products.*

SensL is now in a position to capitalise on its research and is making the transition into sales with a heavy emphasis now on gaining a foothold in both the US and European market. They have opened a sales office on the West coast of the US and Joe O'Keefe, one of the

founders, has relocated there. The customers that SensL is targeting at present are in the medical imaging, radiation and biomedical areas. The company already has 20 people directly employed and has ambitious aspirations for growth.

Carl's advice to anyone thinking of starting a new business is simple. *Move on your idea quickly and wholeheartedly. If it is a good idea you will not be the only one to think of it. But by moving quickly you may get the benefit of being first into the market. Six months to a year can make the difference between being a winner and an also ran.*

Carl also speaks of the importance of having the back-up and understanding of family: *You may have no salary or a variable salary for some time. In the early days you run the risk of losing what little salary you might be getting from the business. It is a very real risk.* For Carl, his wife Ruth provided that support. They both lived on one PhD stipend (hers) while the company set out to find the initial funding. That situation is thankfully now in the past and Carl is very optimistic about the future:

Things are fantastic right now. We have never been in a stronger position. We are always learning of new applications to which our technology can be applied. This is just the beginning!!

For more information on Carl Jackson's new business go to www.sensl.com

⁵⁴ NMRC is now known as the Tyndall National Institute.



DAVE MURRAY

Dave Murray, an electronic engineering graduate from the UK, moved to Ireland in 1999 to work with an Irish technology firm that was growing rapidly. Six years later he had handed in his notice to follow his dream and set up his own business.

The son of parents *who had steady local government jobs*, Dave Murray grew up in Oxford. He studied electronic engineering in the University of Birmingham. A keen guitarist, he completed a final year project in university that explored how to digitally manipulate recordings of vinyl records so that scratches could be 'masked' out. This project helped Dave to find a job after graduation with Oxford Digital (now Sony Oxford), a small professional audio firm located in Oxford that had a contract with Sony to develop one of the world's first digital mixing desks. Following restructuring and redundancies, Dave moved to Reading for a job with Racal Communications, a large UK technology firm.

Three years later, as the early micro-chips for GSM phones were becoming available, Dave moved to GEC Plessey Semiconductors, based in Swindon, and got experience in developing embedded software. It was at this stage that Dave met his current business partner, and co-founder of Incoras, Colin Tattersall. Colin also worked for GEC Plessey, leading a multi-site project in Devon. In 1998 Colin left GEC Plessey and co-founded Beach Solutions. Beach Solutions continued to develop tool technologies that were conceived during a European Framework V Project that Colin had coordinated in GEC Plessey.

In 1999 Dave and his wife moved to Dublin: *I met an Irish nurse in Oxford; we got married; and one year later we decided it was time to move to either Cambridge or Dublin*. Dave did a job interview in Dublin with Silicon Systems Ltd (subsequently Parthus): *following the interview I walked to St. Stephen's Green on what was a lovely sunny February day. All my prior jobs were in 'un-remarkable' industrial parks in 'un-remarkable' towns in England and I thought working in a Dublin city centre location would be a very pleasant change*.

By chance his new job in Dublin put him back in contact with Colin Tattersall. *During my first few days in my new job, my boss asked me to follow up on an EU white paper that coincidentally had*

been written by Colin. Dave and Colin worked together again for a few months. *Part of this experience involved me seeing Colin's small start-up firm in the UK*.

The following few years were exciting times for Dave as Silicon Systems Ltd., now renamed Parthus, grew rapidly and was listed on the NASDAQ in New York. *It was very exciting, the company had amazing energy, an entrepreneurial spirit was actively encouraged and then there was all the hype around the IPO in New York*. However, Dave and his colleagues at Parthus quickly saw the other side of the 'dot.com boom': *By 2001, it was clear the boom was over and things began to head downhill. Parthus went through traumatic times*. Over the following few years the firm was restructured and later merged. This meant that the nature and focus of the operation in Dublin had changed: *We had lost critical mass in Dublin and we didn't have the autonomy to make decisions- it was then that I knew it was time to move on*.

By the end of 2005 he had become frustrated in his job: *On the first day back after the Christmas holidays, I handed in my notice. I was interested in starting a firm and I knew there were opportunities to apply development tools and procedures used in other industries to the development of software for multi-media applications for use on mobile phones, as the mobile phone industry was lagging other industries*.

He read 'Starting a Business in Ireland' and attended a one-day start your own business course run by Brian O'Kane (www.startingabusinessinireland.com). Brian advised Dave to apply to both the M50 Enterprise Platform Programme (www.m50-enterprise.ie) and to Enterprise Ireland (EI) (www.enterprise-ireland.com). By April 2006 Dave had a business partner, an idea, a place on the M50 Programme, which gave him an office in NovaUCD (www.ucd.ie/nova), and approval for an EI feasibility grant. *The M50 programme and the EI feasibility grant were a fantastic buffer for me. My 'modest' savings, I was planning an extension to our home at the time, also helped ease the transition from my previous salary to my M50 programme salary. What we didn't have were customers, and we knew it would take a year to get our first customer*.

The initial time on the M50 Programme was spent working intensively on a business plan. Three months into the programme



Dave and Colin, who remained based in the UK, began talking to venture capitalists and private investors in Ireland. *A one page flyer got us in front of most venture capitalists, but our timing was unfortunate. 2006 was the final year of the first National Development Plan (NDP). Since most VC funds and the BES scheme were tied into the NDP cycle it meant 2006 was a difficult year for private funding in Ireland.* Eventually in mid 2007 with the new NDP underway one venture capital firm did consider Incoras seriously, agreeing valuations, etc., *at the end of the day they felt that they just didn't know enough about our sector, and decided not to invest.*

The need for funding was solved by participating in an EU Framework VII project. For a number of months Dave had played a role in the OpenMAX IL working group, an international collaboration to develop standards in 'media authoring and accelerating'. Members include micro-chip corporations such as Texas Instruments and mobile phone producers such as Nokia. Incoras was invited to become a partner in an EU Framework VII bid. Given Colin's experience and involvement in the EU's Framework V programme, Colin and Dave decided they would lead the application: *While this involved many months of work, we realized that Incoras had much more at stake in the project than any of the much larger partners.* In October 2007, the two year project got approval from the EU. *On reflection it was a blessing that the VC investment did not happen. The EU project has secured sufficient funding to complete the first phase of development work without the added pressure of an investor on-board.*

In 2007 Incoras also reached the Dublin final of InterTrade Ireland's Seedcorn business

plan competition (www.intertradeireland.com). Incoras is nearing the end of the first phase of its business plan. Phase 1 was about product development and getting some early trials with customers in Europe. Incoras is currently working on these trials with firms across Europe. Looking back Dave reflects that they have been able to achieve the technical development timelines set out in the plan, though have had to do this with a smaller team than they had otherwise planned.

What's next? Phase 2 will involve a choice for Incoras: go back to investors and VC's and raise finance or try to build sales organically, funding on-going work through service activities. Phase 2 will focus on building sales in Europe, the US and Asia-Pacific.

According to Dave, who has an Irish and UK perspective on starting a high tech firm, *the support networks in Ireland are great. The M50 programme gave me the confidence to start Incoras, and the opportunity to spend time with others starting a business; NovaUCD is a great location and again allows me to network with other start-ups; Enterprise Ireland have been very good, and our DAs⁵⁵ have repeatedly pointed us in the right direction. I expect as we enter Phase 2 of our development, EI will become even more important to us.*

Would Dave do it again? *Yes, I have no regrets. It has been very exciting, we've had big challenges. I have learnt a lot about business and a lot about myself.* His advice to others is: *Give it a go! If you believe in it, put together a plan, run it by someone in the support agencies, and if it stands up to their scrutiny, there is something in it!*

For more information on Dave Murray's new business go to www.incoras.com

⁵⁵ Development Advisors, commonly referred to as DAs



JANE KELLY

2005 was something of a red letter year for Jane Kelly and her husband Philip McGovern. In January, they started a new business, Big Mountain Productions; in February they had their first child; and in March they won their first commission, a development deal with BBC. It has not been less eventful since -quite the reverse. As Jane exclaims: *We've been on a rollercoaster for the last three years!*

Jane and Philip have over 30 years experience in television production in Ireland, the UK and US across a wide range of programme genres from Current Affairs to Factual Documentary to Comedy. Their decision to start their own production company was based not only on that wealth of experience, but on their great enthusiasm to make terrific programmes for the small screen. This is reflected in their mission for Big Mountain Productions: *We are passionate about our programmes, love bringing ideas to screen, want to discover new talent to help us grow and deliver great TV to audiences and broadcasters worldwide.*

For as long as Jane can remember, she always wanted to be in the media, and wrote her first report for the Parish Newsletter at 13. From Belfast originally, she read History and Politics at Edinburgh University. From there she won entry to the prestigious BBC Producer Trainee scheme, beating a 1000 other applicants to the post along with 6 others!

For his part, Philip went to school at Roscrea, Co. Tipperary, before gaining a place at DIT in Dublin. He later trained with RTE before embarking on a long and award-winning career with the state broadcaster.

Despite meeting on the set of a television series, they each separately built up solid track records both within broadcasting corporations and in the Independent sectors in Ireland the UK.

When the couple started to tell broadcasters that they were setting up their own company, the commissioners could not have been more welcoming. In fact, one commissioner told them that he had been patiently waiting for them to do so.

Jane is very realistic in her assessment that television production in Ireland and the UK is a crowded and competitive environment and that it presents many challenges to a new

company: *As a new start up you have to punch above your weight, constantly.*

The couple have found that they have plenty of ideas for programmes and their wide ranging network of contacts means they can get those ideas to the right programming commissioners first. *We know our markets and are already exploring ways to get our branded shows to bigger audiences worldwide.*

Big Mountain Productions, set up as an independent television company, specialises in popular documentary, original formats and events for local, national and international television markets.

We have a reputation for big bold television events that break new TV ground. Our original format JAM, a live factual entertainment music event show for cool teenagers stripped across the week brought new viewers to TV, has been re-commissioned by RTE each year for 3 years and is distributed worldwide by our distribution partners, 'Outright' (formally Screentime Partners). Starting out as a rock music mentoring based series, they have expanded the brand into other genres including musical theatre and classical music.

Big Mountain Productions is fast gaining a reputation for innovative programmes that connect with an audience. For example, their documentary 'Tiago and The Tunnel,' a ratings winner for BBC 1 NI, brought a brand new voice to television. Tiago Serrado is an enigmatic 10 year old with a unique take on life as a Portuguese immigrant in one of the most notorious sectarian interfaces in Portadown – The Tunnel.

Very recently, their drama documentary series, 'High Society,' using the personal testimonies of cocaine use amongst the Irish middle classes from the book 'The High Society,' got the whole nation talking.

And in an Irish television first, this year Big Mountain Productions have gained unique access to a state organisation for an upcoming primetime series for RTE 1.

Jane and Philip started the company with their own funds and the first year was all about R & D. They had built a new house in the mountains on the Cooley Peninsula in Co. Louth and turned their barn into an office. Very quickly, they secured their first couple of commissions and needed to move into



bigger premises. *Tom Collins, the then Director of the Dundalk Institute of Technology, and Irene Monaghan of the Regional Development Centre were early advocates of our business and joined in our vision of starting not only a new business but also a production sector in North Louth.* This vision is beginning to become a reality and Big Mountain Productions are also now members of MIDAS – a cross border digital cluster.

Jane undertook the North Eastern Enterprise Programme, which she believes gave her valuable business insight and with support from the WIN Business Centre in Newry, they were also able to establish their business in Northern Ireland. *From the start, we were determined to encourage and grow a sustainable production sector where previously there had been none.*

Jane is very appreciative of the support which the fledgling business has received from Enterprise Ireland: *We have received enormous support from Enterprise Ireland as a HPSU and are about to receive mentoring from one of the leading media consultants in the UK as part of EI's package of support to help drive our company growth.*

Big Mountain Productions retain a small core staff, the numbers employed increase substantially on a contract basis for each project.

Three years on, Jane and Phillip have a growing business, two young children and an enthusiasm that is infectious. There is no shortage of ideas that they want to turn into television and beyond. They know that this is the key to the future growth of the business: *We've been described as dynamic and enthusiastic, groundbreaking and great to work with, but we know that we're only as good as our last show.*

Jane's advice to any new media start up is simple: *Really look at what you have that's different to everybody else and make sure your customers know about it.*

And as for her advice to people starting a business and a family at the same time – *Don't expect to sleep a lot!*

For more information on Jane Kelly's new business go to www.bigmountainproductions.com



LAURA THORP

On her 21st birthday, in September 2004, Laura Thorp signed the lease for Laura's Bakery. Laura's Bakery is a wholesale bakery that specialises in high quality biscuits sold through coffee shops and health food stores. The bakery differs from other bakeries in that they use Spelt flour, a special grain that appeals to those interested in a healthier, and tastier, biscuit. In addition Laura does not use any artificial additives or preservatives in her products. Laura's products are distributed by outlets in Ireland such as Bewley's, Butlers, Avoca, Nude, and Munchies.

Newcastle Co. Wicklow was home to Laura and her three older sisters. Laura's mother worked as a physiotherapist, while her father was self-employed, having had a number of businesses. Most recently he was involved in a horticultural business. As a teenager Laura was a 'great organiser' with a strong interest in science and an aspiration to start her own business. What now looks like a 'sign of things to come', sixteen year old Laura and a friend made and sold biscuits at a local parish fair. Like many of her classmates in secondary school, Laura decided to study at university. She was accepted into Science in Trinity College Dublin and started her degree in October 2002.

Unable to find summer work following her first year college exams (which she passed!), Laura decided to try her hand at selling biscuits in Blackrock Kitchen Market in the Blackrock Market in Co. Dublin: *I spent the week in the family kitchen at home making biscuits, and then I spent the week-end trying to sell the biscuits at a stall I had hired for the week-end. I did this over a number of weeks of the summer- but was unfortunate in that sales were slow due to poor weather and my location at the back of the market. However, this was the time I began 'hatching' a plan to start my own biscuit making business.*

When Laura shared her idea for a bakery business with her family they were supportive of her: *my parents were always supportive of everything I did.* Her father suggested she talk to a local accountant/business advisor. She says his positive response was very important- 'while he said he didn't know if I would get the capital funding required to start a bakery, he had no doubt that I would end up self-employed.' Laura returned to Trinity College

in October 2003, but her focus had shifted from studying science to starting a bakery: *I began reading books about entrepreneurs and 'manuals' of how to start a business, I signed up a 'Start Your Own Business' adult education evening course in Bray, and I worked on my business plan.*

In the spring of 2004, she took the decision to leave her university programme and to work on starting the business. Her initial research involved getting the 'golden pages' and phoning suppliers looking for quotes for the equipment needed to start a commercial bakery; and contacting the Health Board to learn about what regulations governed baking and selling food products. During this time she wrote a business plan, estimating the capital required. Laura's decision to use Spelt flour in the baking of her biscuits stems from her older sister's avoidance of wheat products and the lack of tasty treats available for her.

Laura's plan estimated that she would need over €100,000 to get the business started, about half of which would be spent on equipment. Laura approached Wicklow County Enterprise Board, who appointed a mentor to work with her. She met with the mentor several times and they worked on developing her application for a (50%) capital grant towards the purchase of equipment. She was awarded the grant. This enabled her to approach her local AIB branch in Greystones. With the support of her father, as guarantor to the loan, AIB gave her a business loan. The remainder of her capital came from loans from her family and friends. Aged twenty one she was able to sign the lease and begin equipping her bakery in September 2004.

As Laura set about fitting-out the premises she began looking for orders for her yet to be produced products. Using samples made up at home she approached food outlets and health food shops. *One day I dropped samples at the reception of Butler's Chocolates: later that day I received a call from Butler's Chocolates looking to place an order. Butler's have been a great supporter of my business.* By December, when she was ready to start producing on a commercial scale, Laura had orders waiting to be filled.

The initial months and years were a 'steep learning curve'. Laura had to cope with producing and selling her six 'Spelt' products and her two 'non-Spelt' products; running a new business; and hiring others and training



them into the business. She had to raise further capital, a second capital grant and a preference share investment from Wicklow County Enterprise Board and an equity investment from some extended members of her family.

A combination of hard work, eighteen hour days and the ability to learn from experience helped her through this time. In addition, reflecting her own lack of experience, Laura was prepared to listen to advice from others: *on one occasion, a consultant recommended by a distributor helped me extend the shelf life of our products.* This consultant, and a few others, became important and trusted advisors to Laura.

During this time Laura says that her age was not a barrier. *In many ways age was an advantage: I didn't have any other commitments such as a mortgage; I had a lot of energy; and my youth got the business a lot of free publicity- it was a great story.* However, managing staff twice her age was difficult initially, particularly as Laura had never been employed herself.

Monthly sales volumes are now ten times what they were in the early months. Laura

has significant growth ambitions for the business. She intends to grow the business beyond the initial market position and to enter the retail market and to distribute through multiples in Ireland and the UK. This will require introducing new products and new brands. As a first step, Laura has recently signed a contract to supply over three hundred outlets in the UK.

Laura's successes have been recognised. As an entrepreneur Laura has won a number of awards: she was a finalist in *Shell LiveWire Awards* in 2005 and she was the winner of the 2007 County & City Enterprise Boards *Women Mean Business* magazine 'Breakthrough' Award. In addition her products have won a *Great Taste Award* and an *IFEX* award.

What is Laura's advice to others? Most importantly, she says *you must maintain your self belief and determination. Running your own business is one big learning curve- it is the most holistic education experience you could have. It stretches every aspect of your personality.* Reflecting on her own experience, Laura recommends that *you surround yourself with people who support you, who have a positive view of what you are doing and who don't bring you down.*



MARTINA DELANEY

Established in October 2003, Handy Baby Products Limited specialises in designing, manufacturing and distributing products aimed at making the experience of caring for infants easier, safer and healthier for both parents and babies.

Dublin born Martina Delaney had worked for many years in the area of personnel recruitment and outsourcing. She was based in Jersey and working in the financial services industry. Also based in Jersey at this time was her sister, Suzanne Browne, who was working as an e-commerce development analyst.

Martina found that in Jersey there was a strong focus on lifestyle and wealth and the best way to maximise the two elements was perceived as either working for yourself or trading in the markets.

In 2001 Martina and her sister gathered the skills and knowledge that they had accumulated and returned to Ireland, full of drive and ambition and with their eyes trained on setting up their own business.

Soon after returning to Ireland, both Martina and Suzanne started families and like all new parents their life, priorities, plans and careers changed dramatically. What did not alter, however, was the commitment of both sisters to starting and running their own business and in October of 2003, Handy Baby Products was established. The original motivation for start up was driven by lifestyle considerations and the sisters hoped to run a business that would allow them to work from home, care for their children and make a few euros at the same time. However, with three children under 20 months between them, the early days were certainly a challenge for the sisters. *During the day we shared child minding and spent the evening working until the early hours of the morning to keep on top of things.*

The idea for Handy Baby products arose for the sisters through their experience as new mums. Both sisters often spent time surfing the net trying to find out as much as possible about their impending arrivals or simply looking for baby products. It soon became apparent that they were not alone- in fact online retail was becoming very popular, especially in the nursery industry. The idea emerged of starting an online baby

website that would carry products aimed at making the experience of caring for infants easier, safer and healthier for both parents and babies.

The idea soon proved to be a popular one and within a year the website had grown from carrying one product to selling over 100. Handy Baby Products had also begun to import and distribute a number of ranges into major nursery stores throughout Ireland, including Mothercare and Smyths Toys. The duo soon secured a regular slot on Ireland's top morning TV programme, Ireland AM and were well received in the press, amassing numerous write-ups in national papers and magazines, as well as front page slots in the Irish Times and Business & Finance. By January 2005 the spare bedrooms were well past their capacity and the move was made to commercial premises.

At this stage Suzanne and I were quite well known and respected in the Irish nursery industry and our relationship with buyers meant they were able to get products to the shop shelf fairly quickly. Also as parents of babies, toddlers and young children they were able to weed out what worked and didn't work for babies very quickly. Before long, the pair found themselves coming up with simple and practical ideas for baby products that were not already in the market place. Our outlook was that if we ever had an issue or problem with something whilst trying to either bath, feed or safe proof the house, then it was more than likely that so did ever other parent around the world. With this in mind, the decision was made to branch out into designing and developing as well as manufacturing and distribution. In 2006 they launched their own brand of unique baby products- Clevamama™ - designed by Mums for Mums. Their signature product is the Splash and Wrap Baby Bath Towel, which has won several awards both for the packaging as well as the product itself. They currently hold 14 pieces of intellectual property throughout Europe and the USA, which comprises of patents, trademarks and design patents & utilities.

Martina has found working with her sister to be a rewarding and valuable experience. Having focused on admin and sales for most of her business career, Martina found that her skill set complimented that of her sister's, who specialized in IT and was very strong in the areas of customer care and project



management. By putting their knowledge and experience together, they found that their abilities transposed well to running a business. *By learning from each other, we both know every aspect of our business and can step into each other's shoes at any time.*

Indeed, the support that the sisters have given each other has been invaluable, at a personal, as well as professional, level. *In the earlier years there were times when you just felt like giving up, but when one of us was low, the other was high and we supported each other through those times- by now it's part of our job description!* Martina is also thankful for the support and encouragement of their families in the early days, especially their husbands.

Throughout the development of Handy Baby Products, the sisters have made use of the state supports available to them. From day one, they got in contact with Fingal County Enterprise Board and when a move into business premises took them away from Fingal's jurisdiction, Dublin City Enterprise Board proved to be equally helpful. *The Enterprise Boards are fantastic supporters of local enterprise and have access to areas that, as a start up, you might not have heard of or be able to afford. They are willing you to succeed as much as you are willing yourself!* Most recently the sisters have joined Enterprise

Ireland's (EI) High Potential Start Up (HPSU) group of companies, which further enhances their ability to develop and bring innovative products to a global market.

To all future entrepreneurs who might be thinking of setting up, the best piece of advice that Martina can give is research, research, research! *Your research should give you a good idea of whether you're on to something. Coupled with that, a well written business plan is key- ink on a page looks different to the picture in your head and it is essential that you see the cold face of your plans.*

Looking back on the development of Handy Baby Products so far, Martina reflects that there is nothing that she would do differently, despite the sleepless nights and teething problems of start-up. We feel we took the right routes; the road curved in the right direction for us and we changed the curve when it was necessary. We have had some serious lessons along the way and have made some mistakes but they are essential and key if you are to learn anything about the development of a business. We feel that it is important to learn these lessons early in business, rather than later!

For more information on Martina Delaney's new business go to www.handybaby.com



PETER ANNY-NZEKWUE

Peter Anny-Nzekwue studied English and Literature at universities in Nigeria to Masters level. Peter, the son of two civil servants, showed an interest in writing, publishing, and business from an early stage. *While at university I was Editor-in-Chief of a campus magazine before moving on to work as a features writer for a newspaper house. I started a communications business in Nigeria. The business acted as an agent for an ISP provider as well as running a Business Services Centre that offered services such as designing booklets, lamination, typing and photocopying.*

In 2002 Peter moved to Ireland. At the time he had moved to Ireland with his family the business environment for his communications business was getting more difficult. Peter felt he already knew Ireland as he had read and studied writers such as Samuel Beckett and James Joyce: *for me coming to Ireland was coming to the home of the literature I had read while I was growing up- it would allow me to experience what I had read.*

During the three years it took for his immigration application to be processed in Ireland, Peter was not allowed to work. However, he wanted to keep writing so he started an online literary review on a voluntary basis. The review, named *DublinQuarterly*, (www.dublinquarterly.com) is now in its fourth year. The online review includes unpublished short fiction, poetry and essays, interviews with authors and book reviews. Contributors are from all over the world.

In 2006 Peter could start working in Ireland. As it was his aspiration to be self-employed, he was advised by a job facilitator at the social welfare office to do a start your own business programme with *Emerge*. *Emerge* is an EU-funded pre-start-up programme for ethnic entrepreneurs run at four centres across Ireland. Peter and eleven others started on the programme at the BASE centre in Blanchardstown, Fingal in February 2006. The twelve participants explored how to start and run a business in Ireland. For Peter it was important to learn about Irish business and taxation procedures: *while I had run a business in Nigeria, the business environment in Ireland is very different- in business in Nigeria anything goes, everything is more informal and there are fewer procedures.* In addition the *Emerge* programme required him to focus on writing

his business plan and preparing cashflow projections for the business. The programme *opened our eyes to the reality of doing business in Ireland, and many of the participants fell away, deciding that being self-employed in Ireland was not for them. On the programme we learnt that grants are very hard to get and that we would most likely have to fund our businesses with our savings and with bank loans.*

While attending the *Emerge* programme Peter considered what sort of business he might start: *I needed a business opportunity that involved writing but that would also allow me provide for my family.* He explored the possibility of a magazine for immigrants in Ireland. However, looking around he discovered that there were already magazines and newspapers, including 'free sheets' targeted at the immigrant market (for example *MetroEireann*). He talked to an Irish friend he had made through the *DublinQuarterly* who was involved in the local newspaper business. From these conversations Peter realised that he should not focus on the immigrant market but that he should focus exclusively on the African market. This was the market he knew and there were no magazines targeted exclusively at Africans in Ireland. Peter decided that he would position the magazine as a lifestyle publication. *My new magazine, Xclusive (www.xclusive.ie), would be entertaining, newsworthy and thought-provoking with a contemporary look.*

Peter worked on getting the resources he needed to start the magazine. Peter and his family began saving small amounts. A contact developed through the *DublinQuarterly* helped him identify printers in Ireland, UK and Poland that might produce *Xclusive*. An Irish printer offered the best terms so he started with them. He approached friends and contacts to become unpaid contributing editors on a range of topics. A classmate from university in Nigeria, who had his own video producing business in Ireland, became his unpaid photographer, using his existing business as an opportunity to get photos for *Xclusive*. *However getting the finance I needed to cover the capital costs of start-up proved challenging. I managed to secure a business loan from a small financial firm in Dublin, but the price is heavy, the very high interest rate puts pressure on the business.*

Working from home Peter wrote and produced the first edition and sent it to the printers for circulation in March 2006. *I thought distribution would be easy- I would*



put it in the boot of my car and personally distribute the magazine to shops across Ireland. It was a disaster. I didn't know the outlets, I didn't know the terrain, and the shops and consumers didn't know the product. We didn't distribute or sell many of the first issue. Undaunted by this set-back, Peter went back to the drawing board: I addressed the publicity problem by producing posters and getting time on BEN TV, a TV channel from the UK targeted at the black community across Europe, that is also watched by Africans in Ireland; I organised for friends, and friends of friends, to act as distributors across Ireland, using Bus Eireann to send copies to them. They knew the newsagents that had a large African clientele. People did this for free. Thankfully my persistence paid off and the second and subsequent issues of Xclusive were distributed through newsagents across Ireland.

The magazine is now a seventy page full colour monthly lifestyle magazine with articles and photos of social events, fashion, religious events, and musical events. Current circulation is 6,000 copies per month. Xclusive has moved into business premises with three staff and has thirteen contributing editors. Xclusive is now distributed by a private distribution firm. Peter experimented with different prices, retailing initially at €4 before a special one-year anniversary price of €2, leading Peter to set the price at €3. A recent major achievement for Peter was securing shelf space in Easons. The magazine is also now distributed through some outlets in Belfast and London.

Peter is proud of his achievements: Xclusive is Ireland's only African lifestyle monthly and the first and only African magazine to break into the mainstream Irish media market. To

celebrate the magazine's first anniversary in March 2007, Peter launched the Xclusive Awards to encourage initiatives and practices that impact positively on the lives of African people in Ireland.

Peter has ambitions for the business. *My next challenges in terms of growing the business is to secure more advertising sales among major companies operating in Ireland and to further develop my distribution network to include major supermarket chains.* Beyond that Peter sees the possibility of producing a Nigerian version of Xclusive in Ireland, and printing and distributing it through an office in Nigeria. He believes this business model could allow him produce magazines for Africans living across Europe and the US.

Did he face any disadvantages when starting a business in Ireland? According to Peter *it is harder to get things done when you lack local contacts- in Nigeria I would have had friends from primary school, from secondary school, from university who would have facilitated important contacts that could help my business grow faster; I don't have the same contacts here in Ireland.*

Peter's offers some advice to other African immigrants in Ireland interested in starting a new business: *first, leave your business experience behind and learn about doing business in Ireland; second, business will be tough in the beginning so prepare yourself for this; and third start a business in an activity that you know and enjoy. Xclusive has worked for me because I have a passion for what I do.*

For more information on Peter Anny-Nzekwue's new business go to www.xclusive.ie



SHAUN McCOLGAN

Shaun McColgan set up his first business in Co. Donegal when he was 16. That was a hire business for lawnmowers and strimmers. He subsequently set up a pitch and putt course on his father's land. This was all while he was still in school. *I always enjoyed doing things with my hands- carpentry work, or fixing things or most of the time, when I was younger, taking things apart. At school some of my favourite subjects were mathematics, woodwork and metal work.*

Following in the family tradition after school, Shaun decided to pursue a career in construction and attended a course in Construction Management in Letterkenny IT.

In 1992 when he completed his construction management studies, he faced the reality that jobs in the building industry were few and far between. He decided to try his hand in the US and to gain some experience there.

When Shaun was in America he had the opportunity to partner with a friend already there and work on timber frame homes. These were well developed in the US. He returned from the US in 1995 and wanted to set up a timber frame business. The concept was very new in Ireland at the time, however, and the banks were reluctant to back a new business in this area.

Undaunted Shaun was determined to set up another business even if his original concept could not be a runner at that time. *I never worked for anyone in my life and setting up a business just seemed natural to me.* He set up McColgan Construction Ltd a sub contract carpentry business in Dublin which he ran for 9 years. This business was very successful and went on to employ between 30/40 people.

Shaun still harboured a longing to set up a timber frame house business and he thought the time might be opportune as timber frame homes were now becoming more accepted. He realised that while timber frame homes were beginning to be prevalent in the Dublin area and along the East of the country, they were still relatively unusual in the North and West. This presented an opportunity to exploit this potential market and also provided the means of facilitating his return to Donegal.

He wound down the business in Dublin and

moved back to Donegal at the beginning of 2004, having identified a few key men who would form the nucleus of the new business. These were also from Donegal and working in Dublin. *Donegal people always want to go home, so I had no difficulty persuading them to join me in my new venture.*

Setting up in Donegal was challenging, however, as all Shaun's contacts had been made in Dublin and he had to start again from a Donegal base.

I set up Modern Timber Homes in April 2004 and did not let the first kit out of the factory until August, as it was essential to have everything right from the start. You only get one chance to make or break your reputation in this business, so you must start as you mean to go on.

When Shaun started he had two staff and it took about three weeks to produce one house. Two and a half years later he was producing ten houses per week. At the start most of Shaun's customers were in Donegal, but he quickly moved to supplying customers all over Ireland. Shaun out-sources most of his design to a design team in Armagh and to an engineer in Dundalk. This is all done using email, to speed up the process. Speed is important as one of the main advantages of timber frame houses over traditional masonry houses is that they can be completed in half the time.

Shaun is particularly grateful to Donegal County Enterprise Board who backed him from day one. They provided capital investment which was very important for purchasing the saws and other equipment. *Getting the banks on board was more difficult, as I had no experience in manufacturing. I managed to get positive cash flow going from the beginning so that the business was able to fuel its own growth.*

Modern Timer Homes went from strength to strength and within three years had a turnover of €5.6 million with 60 people employed. In 2006, Shaun set up a second company, Modern Timber Trusses to provide an essential input into the timber frame company. In 2007, he set up a third company, Modern Development, which is a turnkey business to provide fully completed timber frame homes, not just the frame.

From the very outset we were growing so quickly, our main challenge was managing



growth. Then the slowdown in the construction industry happened. It was like hitting a wall. We had been growing on all fronts and picking up an award each year for the new business and suddenly everything changed! The last twelve months have proved challenging but I believe we will come out of it stronger. Now we have to restructure and re-plan and look to new markets for new opportunities. We have to take tough decisions.

Shaun McColgan is now in the process of setting up a new factory in Romania – Modern Timber Homes (Europe). Romania reminds Shaun of Ireland 15/20 years ago. His ambition is to introduce that market to timber frame homes. The reaction so far has been very positive.

Shaun McColgan comes from a large family which admired and respected hard work. *Whatever you get, you work hard for - You get out of things what you put into them.* These were family mottoes and have characterised Shaun McColgan's approach to starting and developing businesses. *Starting up a business is hard work, but so is managing it once you have got it up and running. You have to keep your motivation high and continue to work hard if you want success.*

Shaun McColgan would encourage others to follow his example and become an entrepreneur. *If you have the drive and ambition you should go for it! The benefit of running your own business is that you are your own boss. You don't have anyone telling you what to do. Also, when I was living in Dublin I heard of a lot of jobs leaving Donegal. I was in a position to bring work back into Donegal and I got a lot of recognition for this. It is very satisfying for me personally and also for my staff.*

But he cautions - *it is not for the faint-hearted.* His advice to new entrepreneurs is simple - *Do your homework before your start. I knew my product and my market inside out. That's the only way. You have to make sure that the market is ready for your product. There is no point in being ahead of the market. Timing is everything. Then watch your cash flows.*

Asking Shaun if he would do it all again seemed a foolish question when by his own actions he has proven that he is prepared to do it again and again. Romania is the latest venture for this driven serial entrepreneur.

For more information on Shaun McColgan's new business go to www.moderntimberhomes.ie



SIOBHAN COX-CARLOS

Siobhan Cox-Carlos is an artist and business woman whose painting hobby has become her life's passion and has formed the basis of her new enterprise.

Attending college as a mature student she graduated with an honours degree in Fine Art from the Limerick College of Art and Design in 2004. This was a turning point for her. She found that working as a professional artist gave a new impetus to her work and her interest as a curator/gallerist promoting the work of other artists, many of them, like herself, emerging on the contemporary Irish arts scene.

Her great interest in art was a serendipitous affair initiated by viewing a half hour programme on the T.V. 'Paint along with Nancy'. *I only ever saw it on this one occasion but it was enough to whet my appetite to attend a night class in the Longford V.E.C. the following winter.* That was 21 years ago and what started as a hobby very quickly became the passion in her life.

Always wanting to learn more she attended many courses before she found out about the part-time Diploma course in Galway/Mayo Institute of Technology. This was ideal as she only had to attend one day a week for six years and it meant that she could be at home with her children for the rest of the time. Siobhan then studied fine art at the Limerick College of Art and Design.

Shortly after finishing college she was awarded a residency in a contemporary art space in Fort Lauderdale, Florida for 3 months. She shipped her degree show work to exhibit as part of her residency where she was the only Irish representative. Last summer she was an invited artist at The Central Bank, Dublin and in the McBride Contemporary Art Gallery in Killarney and she also had a residency in Cill Rialaig in Kerry.

She built on her earlier experience of organising local exhibitions for other artists and has turned her new home, which is based in the heart of rural Roscommon, into an art gallery. It is a contemporary space and translates into a very nice bright gallery making it ideal for exhibitions of her own and other artists' work.

I am amazed and delighted with the response

to these events- both from the artists I have made contact with and from the audiences. There have been as many as 150 attending on the opening nights which are very exciting. Siobhan feels that there is quite a vacuum for graduating artists in terms of showing and selling their work on leaving college. She believes that there is a niche in the market, particularly in the West of Ireland for an artist led initiative such as hers. I am very happy to promote the artists that I am exhibiting and am delighted when I make a sale for them or if they are taken on by a gallery as a result of showing with me.

While Siobhan has found it at times very isolating to work as an artist in Co. Roscommon, she has been delighted at the unexpected invitations and opportunities that have become available. *My biggest thrill happened when I was artist in residence in the Las Olas Art Centre in Fort Lauderdale, Florida. They had regular events over the three month period. One morning I came in to find a row of Salvador Dali's paintings hanging alongside mine!*

During this time Siobhan also attended a series of parties in Palm Beach and met a wonderful old lady, who, when she heard that Siobhan was an artist, asked her if she would like to submit a painting to her charity auction on St. Patrick's Day 2006. Siobhan was delighted to accept the invitation. It transpired the Ball and Auction with the theme *Fairy Tales Really Do Come True*, was being held in Donald Trump's summer home Mar-a-lago in Palm Beach. Siobhan attended the Ball and Auction and yes she had the pleasure of meeting Mr. Trump!

Siobhan considers herself somewhat of a maverick in the art world. *I'm basically figuring out the best way forward as I go, like my art it seems to be an organic process with doors opening at just the right time.* She has been fortunate enough to be in a position to show and promote her own work both at home and on an international level. This summer sees Siobhan ready to forge new contacts with the American arts scene where she hopes to spend 6-8 weeks, as part of a residency in the Grand Canyon and Santa Fe, painting and networking with galleries on behalf of herself and other Irish contemporary artists.

Siobhan's family have always encouraged and supported her. *When I host the exhibitions in*



my home, two of my sisters help me. One on sales, the other with the reception, food and drinks and my sons and daughter meet and greet on the night if they can attend.

Siobhan has also found Deirdre O'Murchada of RosWIN, the Roscommon Women networking organisation to be very supportive and encouraging as has been Peter Wrafter and Anne Browne of the Roscommon County Enterprise Board.

Networking plays a huge part in what I do, both making contact with artists to show and the viewing audience. People have travelled from as far away as Cork, Dublin, Sligo, Westmeath, Meath, and Offaly.

For Siobhan the down side of running her own

business is the paperwork: There is a huge amount of paperwork. It is the bane of my life! I do not have an office space and find this one of the biggest negatives. I have bought a big filing cabinet so order may be on the way! Also my lack of computer skills is very irritating. I have more than the basics but haven't mastered downloading and filing images yet.

Would Siobhan recommend entrepreneurship to others? *Yes but it is not for everyone. You have to be passionate about what you do, believe in yourself, be disciplined and keep on going. You have set-backs but you just have to get back up in that saddle....*

For more information on Siobhan Cox-Carlos's new business go to www.siobhancoxcarlos.com



VINCENT LYNCH

After graduating with an honours BA in Insurance and European studies from the University of Limerick in 1996, Vincent Lynch set off for London where he worked as a Lloyds Insurance broker for three years. He followed this by working for a year with the international insurance broking giant, Marsh, before taking up the position of Global Risk Manager at the Tralee headquarters of Kerry Group, an international food ingredients company.

It was during this time that Vincent came into contact with three Tralee based entrepreneurs, Donal Sugrue, Sean Ryan and Edmond Buckley. The trio had recently started up a company called Donseed, which offered solutions to Construction related companies to support the management of a transient workforce operating across multiple, remote locations. In 2006, Vincent started working with Donseed on shaping the fledgling enterprise.

The middle months of 2006 were primarily focused on planning, market research and initial product development. The team needed to evaluate the funding necessary to launch the business initially in the Irish and U.K. construction markets. By the end of 2006, through a combination of private equity and state funding, the funding for the project was in place. Soon after, the management team was formed.

From its launch at the beginning of 2007, Donseed's mobile biometric solution was well received and by the year's fourth quarter, the company's technology was being used on over 100 construction sites across Ireland and the UK. It was during this time that Donseed also attracted the attention of both the AIB Seed Capital Fund and Enterprise Ireland. By January 2008 the company was in a position to announce that a further €1.2 million in funding had been secured.

The announcement came alongside serious growth plans. In March 2008, the company was employing eight, and expected to employ about 30 by 2010.

Having got Donseed off to a good start, Vincent is optimistic about the future. *Of course, it is always difficult to tell what will happen around the corner, but with a customer base growing in line with expectations, we are*

well on our way to meeting the targets set out in our business plan. Looking to the future, Donseed plans to secure its footing in the Irish and UK construction, energy and retail markets over the next two years with major exporting expected to begin in 2010.

Donseed is a provider of mobile workplace management solutions. Its customers use Donseed to track real time attendance reporting across multiple sites, eliminate time leakage, save costs from completing, checking and keying timesheets, support the delivery of Health & Safety compliance and provide a facility for the project management team to share contract documentation online in a secure environment.

Looking back at his decision to become an entrepreneur, Vincent pinpoints the chance to really find out how much he could achieve as being a significant motivator. *I knew that getting involved in a "start up" would be a great learning experience and that it would further develop both my business and interpersonal skills.*

One of the aims of Donseed's founding team was to build a team culture based on a flat business structure where titles counted for very little. *It's all about the customer so the team needs to work together and be willing to take on tasks across functions to ensure the customer is given the service that differentiates Donseed as a real business partner.* Vincent has found that he is expanding his knowledge and skills through interaction with staff brought onto the team for their specialised areas of expertise. He also enjoys the knowledge that together, through Donseed, they are bringing additional employment to Tralee.

Vincent has no doubts that were he given the chance, he would do it all again. *I love having the potential to drive a business forward and having the buzz and excitement of every day being different.*

Despite the early success of the venture and the personal satisfaction that Vincent has gained through his involvement with Donseed, there have been challenges along the way. *Coming from a background spent in multinationals and having to become a 'Jack of all trades' during the early days, was quite a change.* He believes that this is, however, a good thing and that having an active role in all areas of the business during the early days is the quickest and most effective route to a thorough understanding of the business.



A more difficult challenge was learning to deal with the odd knock. Looking back on it now, Vincent recognises that even the best products encounter resistance at the beginning, especially when you are offering a leading edge solution. *While sales leads were aware of the benefits of our unique offering, the construction industry had traditionally been slow to embrace technology. The biggest challenge was signing the first customer and we were fortunate that this happened within weeks of our formal launch. Not every sales lead meeting results in a sale but the conversion rate is increasing as “word of mouth” spreads across the construction and more recently the energy industry.*

Another lesson that Vincent learnt in the early days was to differentiate between being ‘good’ busy and ‘foolish’ busy. He comments that at the start, *it’s all about sales but it can be easy to get caught up in the day to day operations of the business and it is important not to keep yourself so busy that you lose sight of the big picture.*

Looking back on the highs of the last few years, Vincent picks out a few particular moments that were especially meaningful for him. *One of the landmark highs was winning Donseed’s first Irish, and then UK contract and being able to see the benefits of the product through the eyes of the customer. Another moment that really felt like success was being the first company to access the AIB seed capital scheme.*

Vincent is quick to share the credit for the successful launch of Donseed and highlights the input of the management team and the support received by the company in its early days. He points to Shannon Development as being very helpful initially. The company then began to build a relationship with Enterprise Ireland, first locally and then at national as

well as at international levels. Vincent points to these state supports as being a very helpful resource.

Vincent believes that much of the success of Donseed can be attributed to the tireless efforts of the company’s directors and the staff who have taken on board the growth ambitions of the enterprise, working whatever hours necessary to build the business. He also points to the supports of other local entrepreneurs in Kerry as being of particularly high value for the company.

Vincent believes that that there are some lessons he has learnt over the course of his involvement with Donseed that would be valuable to anyone starting a business. *The first is to listen to your customers at all times and not to presume that you know their particular needs. Researching your target market carefully is another step that I feel is particularly important and allows fledgling enterprises to identify the ‘lowest hanging fruit’, that is, the quickest sale opportunity.*

He also emphasises the importance of customer feedback. *Asking your first customer why they bought the product allows you to use that information to sell more effectively to your second, third and fourth.* From a logistics point of view, he found that using a CRM from the start to track all sales and account management activity was hugely beneficial and something that all new businesses should consider. Likewise, he found publishing advertising and editorial pieces in relevant trade magazines to be hugely beneficial. *Above all however, I believe in the importance of really studying and analysing mistakes as without this step, it is near impossible to progress, learn and grow as a company.*

For more information on Vincent Lynch’s new business go to www.donseed.com



SECTION 5

RECOMMENDATIONS

GEM research suggests that there has been an average of 29,700 individuals setting up new businesses in Ireland each year for the last eight years. It is they, through the new enterprises that they are setting up, that contribute to the strategic, economic, spatial, social and personal benefits that entrepreneurship can convey. They are the local heroes. National policy is clear. It is to optimise the number of start-ups while maximising the number of new enterprises that go on to achieve growth. For Ireland to be a truly entrepreneurial society and to take its place among the most entrepreneurial countries of the developed world, we need more entrepreneurs like those who have started new businesses in the country in recent years. We need to tap into the latent entrepreneurial talents of individuals from all parts of the country and from all segments of the population. The search is for those with the skills and ambition to start and successfully grow innovative new businesses.

Building on the results of the latest GEM research and mindful of all the suggestions put forward by GEM's national panel of key informants, the authors put forward their own recommendations as to the measures required to realise the stated objective to optimise the number of start-up businesses and in particular to maximise the number of start-ups aspiring to and achieving high growth.

- The positive outcomes that can flow from a truly entrepreneurial environment are well known. They comprise a range of strategic, economic, spatial, social and personal benefits. GEM has highlighted the many positive aspects of the environment for entrepreneurship in Ireland. Government has a role to play in maintaining and developing the conditions in which entrepreneurship can thrive. Accordingly, **the National Entrepreneurship policy should demonstrate a commitment at the highest levels of Government to further strengthening the environment for**

entrepreneurship and should provide clear direction for a coherent approach to its implementation.

The National policy should seek to bring to reality the vision of a truly entrepreneurial society set out in the Forfás report - *Towards Developing an Entrepreneurship Policy for Ireland:*

The aim should be that Ireland would be characterised by a strong entrepreneurial culture, recognised for the innovative quality of its entrepreneurs and acknowledged by entrepreneurs as a world-class environment in which to start and grow a business.

- GEM research clearly demonstrates that within Ireland those that continue their education after second level are more likely to start new firms. Accordingly, the Government's focus on encouraging participation in education and a commitment to continuing education is well founded for this and for the many other benefits that flow from having a highly educated population.

Education also has a more specific role to play in reinforcing a positive culture towards entrepreneurship and in providing students with the necessary skills to have confidence in their ability to identify an opportunity and to set up their own business.

To this end **a National Policy for Entrepreneurial Education is needed, which is complementary to the National Entrepreneurship Policy.** This policy should establish a general framework while defining concrete actions with clear measurable objectives covering all levels of education in a coherent and complementary manner. The policy should also address the means of further accelerating the transfer of knowledge out of the third level research into commercial new ventures.





- Finance is critically important for entrepreneurial activity. All new enterprises are not the same, however, and entrepreneurs use very different levels of finance. GEM has shown that many entrepreneurs require relatively small amounts of finance at start-up, for others the requirement is more substantial. In most cases entrepreneurs are not able to find their total start-up needs from their own resources. This necessitates the need to seek out other sources of equity and debt financing. **The financial requirements of entrepreneurs and their ease of access to finance should be monitored on an ongoing basis and any gaps in the availability of finance should be addressed.**
- The drive to bring Ireland's rate of early stage entrepreneurs up to the level of that of the most entrepreneurial of the developed countries has recently focused on increasing the number of women involved in entrepreneurship. GEM research had first highlighted the gender gap and had reported that the number of men involved in early stage entrepreneurship within the country is quite high.

The focus on women in recent times by policy makers, the development agencies and the media has created a context in which more women are setting up new businesses and the gender gap has considerably narrowed. The spotlight effect would appear to be having positive results. **The spotlight should continue to be focused on less entrepreneurial groups to increase their involvement in entrepreneurship.**

In encouraging women and other groups, which are less entrepreneurial at this point in time, to consider starting a new business, the focus should also be on encouraging them to have an aspiration for growth and equipping them with the skills to realise the full potential of their new enterprises.

- New firms that achieve high rates of growth make a disproportionate economic impact on the local and national environment. The Forfás report - *Towards Developing an Entrepreneurship Policy for Ireland* argues that policy in Ireland should seek to maximise the number of start-ups

aspiring to and achieving high growth. GEM research suggests that a significant minority of all entrepreneurs aspire to high growth.

The development agencies should specifically target those entrepreneurs with growth aspirations, with a view to developing the management and organisational capabilities and resources required to achieve their growth ambitions.

- Given the limited size of the Irish market, many entrepreneurs wishing to grow their business must look at a relatively early stage of their development to international markets. This is increasingly possible as many activities that were once exclusively locally traded, through advances in communication technology, can now be traded internationally. GEM evidence shows that many new businesses do expect to have customers overseas. However, as the focus of the development agencies has been primarily on manufacturing and internationally traded services, many entrepreneurs that are currently engaged in locally traded services may not be aware of the supports available to assist them in moving into international markets.

Through an awareness campaign, the development agencies should specifically target entrepreneurs, that are exclusively focused on the national market for goods and services, with a view to encouraging them to look inside their businesses to identify export potential. These entrepreneurs should be supported through a variety of means to realise that potential.

The GEM research suggests that most people in Ireland are well disposed towards entrepreneurship, that many individuals are early stage or established entrepreneurs, and that the environment is relatively supportive of their entrepreneurial efforts. The implementation of the recommendations above will, the authors believe, go a long way to assisting Ireland to attain its objective of being among the most entrepreneurial of the developed countries in the world, with all the positive benefits that that can bring to the Irish economy and to people throughout the country. As the GEM report clearly illustrates, we are starting from a good position. Let's build on it.



APPENDICES

APPENDIX 1: RECOMMENDATIONS OF THE GEM PANEL OF KEY INFORMANTS

All of the recommendations made by the key informant panel are reproduced here. The only editorial has been to group them into headings for ease of reference by the reader. They are presented in rank order leading with Government programmes, which are predominantly run by the national and local development agencies or by private contractors on their behalf.

In some instances, the experts and entrepreneurs consulted gave detailed commentary on their suggestion. In other instances, they summed up their thoughts more succinctly.

Those who made these comments have extensive knowledge and considerable experience in the whole area of entrepreneurship and have given considerable thought to ways in which the environment can be made even more attractive for entrepreneurs and an even greater spirit of entrepreneurship nurtured.

It should be pointed out, however, that the points made reflect the views of those consulted who may or may not be aware of current legislation in relation to State aid and the current programmes that are available. They do not necessarily reflect the views of the authors and are reproduced here without comment as to their suitability.

GOVERNMENT PROGRAMMES

- All state agencies should develop programmes which have adopted best practice in supporting entrepreneurship in the developed world.
- There should be one agency to support entrepreneurs.
- One stop shop where aspiring entrepreneurs could get advice on finance and tax.
- Improve the services of Enterprise Ireland.
- Expansion of Enterprise Ireland's current narrow focus.
- Simplify Enterprise Ireland's investment procedures.
- Proactively promote the support initiatives that are out there for start-ups.
- Short term – Improve cohesion between all state development agencies to drive for / development of new market export revenues for HPSUs.
- Continue existing entrepreneurial programmes. However they need to be continually evaluated and improved with an emphasis on mentoring, etc.
- Everyone starting a business that has expertise / 3rd level education should be given one year's salary of €30,000 tax free.
- Make it less financially risky to take the step from PAYE or other to self employment. Perhaps a solution would be to grant aid the person on the merit of their project and under the supervision of a mentor. This could be similar to a CORD grant scheme but with less onerous conditions attached.
- It would seem that the main focus of state support is on businesses which have export potential. Exporting and understanding the international market is very scary for someone starting out, thus there should be a realignment of focus on national business. Thus assisting people who want to work for themselves in the national economy. There is a possibility that through the confidence built up on the national market, international opportunities will present themselves.
- Better structure to help start-ups access export markets – state led exporting.
- State research funding support should leverage contacts / partnerships with entrepreneurs.
- Programmes designed to bridge considerable gaps in international marketing and communications – many start-ups lack sales / marketing / communications expertise needed to break into lucrative international markets.
- Set up a network to introduce people to each other with different skills. Have something like a business dating site where you can input your profile and search for other people that may have the skills you need or vice versa to start a successful business.



- Significantly reduce the red tape required to receive grant aid and mentoring from the local County Enterprise Boards.
- People in government agencies should have a greater knowledge of the area of enterprise their department covers.
- Ongoing “aftercare” following start-up programmes.
- State agencies should engage in more training of agency staff on an ongoing basis to improve their capacity to meet the needs of entrepreneurs in their interactions with them.
- Reduce balance of academics / civil servants who train and support entrepreneurs, in favour of using more entrepreneurs or owner managers.
- Help the bureaucrats, who are meant to support early stage entrepreneurs, to appreciate they need to be more urgent in their responses to cries for help.
- Rotate all development agency staff into private companies for a period of two years every five years.
- ‘Civil Servant’ proof the part-time staff of agencies. Secondments from Corporation Tax section into the CEB doesn’t really work.
- Offer private sector managers one year sabbaticals in development agencies. Every chance to cross fertilize private/public people in industry or enterprise should be encouraged.
- Major audit of people working in support agencies as a lot of them have no idea of practice of running a business and can be obstructive.
- Providing budding entrepreneurs with access to established entrepreneurs.
- Foster mentoring of new entrepreneurs by established entrepreneurs. Approach people.
- Use ‘older’ entrepreneurs to school emerging entrepreneurs with regard to tips / mistakes. Currently early stage entrepreneurs learn from their peers, academics and trainers. Big gap here.
- Needs to be a more sophisticated and disciplined approach to tapping into the skills and networks of the current generation of “serial entrepreneurs”.
- Securing greater appreciation of and demand for development of management skills.
- Encourage innovation.
- Cluster entrepreneurs by common area of business for shared learning. Current clusters are geographic; therefore no centres of excellence type benefits are facilitated.
- Greater infrastructural support for female entrepreneurs.
- Initiatives to encourage under-represented groups – females, immigrants, etc.
- Coaching of more entrepreneurs.
- More access to mentoring.
- Support that is genuinely tailored to needs of entrepreneurs – not programme / budget driven.
- Increased tailored supports for entrepreneurs.
- Further enhancement in networking activity.
- Mentor existing companies so as to enable them to become HPSUs.
- Improve social support infrastructure for women to facilitate greater entrepreneurship by women.
- Facilitate growth pathways indigenously and internationally by making routes apparent, mentoring those with the aspirations and supporting the high growth business in a structured way – whether they are domestically traded or not.
- Medium term – focus on attracting business team leaders back into Ireland for start-ups / HPSUs.
- Ensuring that a flexible system applies the same focus on entrepreneurs and small businesses as it did in the past on FDI.
- Make employment of staff 3-6 easier for early stage companies. It is hard to grow beyond 4 – the magic number. Tax incentives?
- More focus on higher value entities – many start-ups / SMEs are focused on sectors where Ireland has lost cost competitiveness.
- Foster improved co-operation between companies (established SMEs) in seeking to win business internationally.
- Focus on developing existing SMEs – innovation, export, succession.
- Incubation programmes
- Make it easier to operate on a cross border basis.
- Target young people.



GOVERNMENT POLICY

- While greater cross-government departmental co-ordination would be welcome, the policy still needs to be driven by a central 'Champion'.
- Creation of small national agency exclusively focused on entrepreneurship.
- It must begin with a clear vision of what the country (government) wishes to achieve and how it should be done. This can be contained in an 'Entrepreneurship Policy'.
- Entrepreneurship to be promoted as government policy to all of the nation. This would become as integral to the government's message as health education, road safety, Irish language or tourism.
- Implement all the recommendations of the Small Business Task Force (Macari report).
- Act on suggestions in recent Forfás Entrepreneurship Report.
- Within EU regulations find a way to get startups qualified for, and where competent, securing government procurement tenders.
- Government purchasing programme for early stage Irish companies. Incentivise or force established businesses and government to purchase, e.g. 10% of goods and services from early stage business. Tax incentives for this purpose?
- Use public sector procurement to support entrepreneurial companies.
- Public sector procurement policy and practice needs to change to give start-ups better access to contracts. Odds are currently stacked against start-ups and SMEs.
- Local procurement.
- Proactive support through tax incentives.
- Reform labour laws / regulation to reduce constraints on enterprise.
- Reduce red tape.
- In establishing start-ups maybe make a new legal entity that has a special tax and legal status for the first two years before full laws apply.
- Limit the amount of time spent and admin costs on non core work by the founders.
- Make it easier to get started and become productive in a more protected environment.
- Less regulation.
- Reduce admin burdens, particularly in start-up phase.
- VAT at point of entry.
- Reduce rate of increase of public utility and other government costs.
- Proper government support.
- More streamline process to access entrepreneurship process.
- Drive investment in management training and development.
- Establish a national centre for creativity to work with education, public and private sectors.
- Reducing inflation and enhancing national competitiveness.
- Rates relief for commercial property.
- Tackle the cost base immediately.



EDUCATION

- Coherent policy at national, regional and local level on entrepreneurship education.
- Education system – develop integrated programmes from primary through second level to third level. More promotion of entrepreneurship within education system.
- Build entrepreneurship into every curriculum, the sciences, engineering, etc.
- Structured approach at encouragement 1st, 2nd, 3rd level.
- Education at all levels to encourage entrepreneurship as a realistic route.
- Foster more creativity through the school system.
- Reform educational curriculum to facilitate teacher (school)/(enterprise) mobility.
- Attracting and nurturing entrepreneurship from schooling.
- Entrepreneurship awareness programmes to be mandatory for all teachers and lecturers.
- Mandatory enterprise component in all 2nd and 3rd level programmes.
- Primary school curriculum should include “entrepreneurship” as a core subject
- Introduction of entrepreneurship classes in primary schools.
- Career guidance in secondary schools to also embrace the idea of students setting up their own business at some stage – not necessarily when they immediately leave school.
- Core status for entrepreneurship on schools curriculum.
- Have ‘Enterprise’ as subject for Leaving Certificate.
- Management skills modules at second level education.
- Long term – greater supports from industry and government towards topic in transition year .
- Need to encourage technology graduates. Higher points with science subjects in Leaving and perhaps even a non refundable grant for science students.
- Incentivise a greater number of students to pursue science subjects – through points system bias and perhaps scholarships.
- Entrepreneurship modules for all 2nd and 3rd level students.
- Education at 2nd and 3rd level, plus more integrated assistance for immigrant community (to include language training).
- Teach it in schools – secondary school programme. Build it into course models at 3rd level colleges.
- Encourage children at school level and college level to develop business ideas.
- Make entrepreneurship a required subject in all 3rd level courses.
- College courses.
- Campaign to get bright kids to pursue wealth-creating careers through their 3rd level education.
- Universities should incentivise staff to work more closely with enterprise.

FINANCE

- As well as building business angel networks there should be an attempt made to build “experience” networks of those interested in joining start-up ventures.
- Attempts at building angel networks so far are too process-orientated and need to become more entrepreneurial themselves in how they are operated.
- Further development of business angel networks.
- Increase availability of seed funding – make BES more flexible – new forms of funding to transfer investment in property to investment in firms.
- Find a way to encourage seed capital and early stage investment.
- Minimize the personal financial risk associated with starting a business. Students can get loans, entrepreneurs find it much more difficult and usually rely on family or friends support. Banks should have some funds available for high risk borrowers.
- Provide realistic seed capital amounts for very early stage firms and better tax incentives for external investors.
- Debt financing, in our experience, is not an option for start-ups. This should be more closely investigated as an option.
- Creation and support for alternatives to banking sector.



- Help with finance during initial stages and 1st-3rd year in business.
- Government to provide micro-finance especially for young people who may just need a few 100/1000 euro to get going.
- Change rules on SEED / BES schemes.
- Fiscal measures to favour investment in productive sector (some such measures have already been taken).
- Have some form of a grant for business service start-ups.
- Business tax relief on sale of business.
- Develop more knowledgeable VC base in specialist areas such as life sciences and improve links to overseas VC.

CULTURAL & SOCIAL NORMS

- Promote role models, particularly at local level. This will encourage entrepreneurship at local level.
- Deploy existing successful entrepreneurs to schools to tell their story and encourage / inspire young students.
- More promotion of entrepreneurship in society through use of role models, “heroes”, etc.
- Case studies, e.g. daft.ie
- Bang the drum louder and fight the attitude of some that “I knew him; his father was sergeant in the guards”.
- Publication and dissemination of success stories.
- High profile competitions.
- Shop window more success stories.

R&D

- Switch emphasis in government R&D programmes from new research to the diffusion of existing knowledge.
- Drive industry investments in innovation and R&D.
- Drive third level investment in R&D, skills development and technology transfer processes.
- Bring R&D closer to commercialisation, i.e. get SMEs working with universities / 3rd level colleges.
- Pick five or six key sectors to focus on going forward – bio pharma, food, e-trading, ICT, R&D capability.
- Better link between 3rd level R&D spend and commercialisation and entrepreneurship.
- Tax credits for all R&D spend by early stage companies (< 5years old).

PHYSICAL INFRASTRUCTURE

- Regional planning should involve the identification of “niche” opportunities.
- Lower the cost of rent, as is currently slowly happening– guess that it is market driven.
- High speed broadband availability.

PROFESSIONAL & COMMERCIAL INFRASTRUCTURE

- Open up the professional services.
- Reduce rate of increase in costs of professional services.

MISCELLANEOUS

- Negotiate with employers / trade unions a ‘right’ of access to enterprise training – like pension / holiday entitlement



APPENDIX 2: GLOBAL RESULTS AT A GLANCE

The GEM study includes a wider group of countries than those referenced in this report.

Table 1 provides an overview of entrepreneurship measured by GEM. The

early-stage prevalence rate (or TEA index) is nascent entrepreneurs and new firm entrepreneurs combined, while the overall rate of entrepreneurship is early stage entrepreneurs combined with established entrepreneurs.

TABLE 1: PREVALENCE RATES OF ENTREPRENEURIAL ACTIVITY AND BUSINESS OWNER-MANAGERS ACROSS COUNTRIES 2007, AGES 18-64

	Nascent Entrepreneurial Activity	New Firm Entrepreneurial Activity	Early stage Entrepreneurial Activity*	Established Business Owner-Managers	Overall Entrepreneurial Activity	Number of Observations
HIGH-INCOME COUNTRIES						
Austria	1.5%	1.0%	2.4%	6.0%	8.4%	1,996
Belgium	2.7%	0.4%	3.2%	1.4%	4.6%	2,028
Denmark	2.3%	3.1%	5.4%	6.0%	11.1%	2,001
Finland	4.4%	2.7%	6.9%	7.6%	14.0%	2,005
France	2.3%	0.9%	3.2%	1.7%	4.8%	1,576
Greece	4.6%	1.1%	5.7%	13.3%	18.7%	2,000
Hong Kong	5.7%	4.3%	10.0%	5.6%	15.0%	1,701
Iceland	8.5%	4.5%	12.5%	8.8%	19.8%	2,001
Ireland	4.2%	4.2%	8.2%	9.0%	16.8%	1,897
Israel	3.6%	2.0%	5.4%	2.4%	7.4%	1,885
Italy	3.6%	1.5%	5.0%	5.6%	10.4%	2,000
Japan	2.2%	2.2%	4.3%	8.7%	12.6%	1,569
Netherlands	2.7%	2.6%	5.2%	6.4%	11.3%	2,597
Norway	3.8%	2.6%	6.2%	4.8%	10.6%	1,503
Portugal	4.8%	4.1%	8.8%	7.1%	15.4%	2,023
Puerto Rico	1.6%	1.7%	3.1%	2.4%	5.2%	1,830
Slovenia	3.0%	1.8%	4.8%	4.6%	9.3%	3,020
Spain	3.5%	4.3%	7.6%	6.4%	13.4%	27,880
Sweden	1.9%	2.4%	4.2%	4.7%	8.8%	1,712
Switzerland	3.5%	2.9%	6.3%	6.6%	12.7%	2,148
United Arab Emirates	4.6%	4.1%	8.4%	3.4%	11.8%	2,097
United Kingdom	2.9%	2.7%	5.5%	5.1%	10.5%	39,582
United States	6.5%	3.4%	9.6%	5.0%	14.1%	1,583
MIDDLE- AND LOW – EUROPE AND ASIA						
China	6.9%	10.0%	16.4%	8.4%	24.6%	2,666
Croatia	5.3%	2.0%	7.3%	4.2%	11.1%	1,541
Hungary	3.8%	3.1%	6.9%	4.8%	11.7%	1,500
India	6.0%	2.6%	8.5%	5.5%	13.9%	1,601
Kazakhstan	4.3%	5.3%	9.4%	5.8%	14.8%	2,000
Latvia	2.2%	2.3%	4.5%	3.4%	7.7%	2,000
Romania	2.9%	1.3%	4.0%	2.5%	6.5%	1,739
Russia	1.3%	1.3%	2.7%	1.7%	4.3%	1,939
Serbia	4.8%	4.0%	8.6%	5.3%	13.7%	1,766
Thailand	9.4%	18.6%	26.9%	21.4%	47.4%	1,999
Turkey	1.9%	3.7%	5.6%	5.5%	10.8%	2,400
MIDDLE- AND LOW – LATIN AMERICA AND THE CARIBBEAN						
Argentina	7.8%	7.1%	14.4%	10.0%	24.1%	1,719
Brazil	4.3%	8.7%	12.7%	9.9%	22.4%	2,000
Chile	7.3%	6.5%	13.4%	8.7%	21.4%	3,662
Colombia	8.0%	15.5%	22.7%	11.6%	33.6%	2,082
Dominican Republic	9.8%	7.2%	16.8%	7.6%	23.2%	2,081
Peru	15.1%	12.2%	25.9%	15.3%	39.0%	1,861
Uruguay	7.4%	5.0%	12.2%	6.6%	18.5%	1,634
Venezuela	14.5%	7.1%	20.2%	5.4%	24.9%	1,709

* This measure corresponds to the Total Entrepreneurial Activity (TEA) Index.

