

THE SCALE-UP INSTITUTE

ON UK ECONOMIC GROWTH

Sherry Coutu CBE

#scaleup

<http://www.scaleupreport.com>

Tuesday October 13

UK RESEARCH MONEY Conference.



“We want nothing less than to make the UK the technology centre of Europe. This is the path we need to take to create new jobs, new growth and new prosperity in every corner of our country.”

George Osborne, Chancellor of the Exchequer

“This report makes a compelling case for getting behind the UK’s high growth ‘scale-ups’ and I hope all political parties seriously consider its recommendations.

These firms are already having a transformational impact, ***we just need more of them to grow.***

Helping them access the talent they need, develop their leadership and access new markets are the priorities.”



**JOHN CRIDLAND,
DIRECTOR-GENERAL
CBI**

“This report clearly demonstrates the significant benefits that can be achieved through Government, business and universities working together to help close the scale-up gap.

World leading universities such as Cambridge play a crucial role in creating business through the generation of innovation, entrepreneurship, and funding opportunities, but it is the talent and expertise of our students and academics that will help these businesses grow.”



**LESZEK BORYSIEWICZ,
VICE CHANCELLOR OF
CAMBRIDGE UNIVERSITY**

"Sherry Coutu's 'Scale-Up Report' zooms in on one of the most pressing growth challenges faced not only by the UK but many other advanced economies: how do you move beyond creating start-ups, and prepare the ground for companies to grow and create meaningful economic impact?"

This focus on the quality and not just the quantity of entrepreneurship helps the reader to gain new insights into what policy steps should be taken.



Professor Michael Porter
Harvard Business School



Neelie Kroes ✓

@NeelieKroesEU FOLLOWS YOU

Special Envoy Startups NL
startupdelta.org. Formerly Vice President
of @EU_Commission @DigitalAgendaEU.
Follow my successors @GOettingerEU,
[@Ansip_EU](#).



81 Neelie Kroes @NeelieKroesEU · 10h

@scoutu thanks for your inspiring interview on scale ups in the @FD, precisely the next step for NL @StartupDelta. Greetings from Cambridge!



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THE SCALE-UP REPORT

ON UK ECONOMIC GROWTH

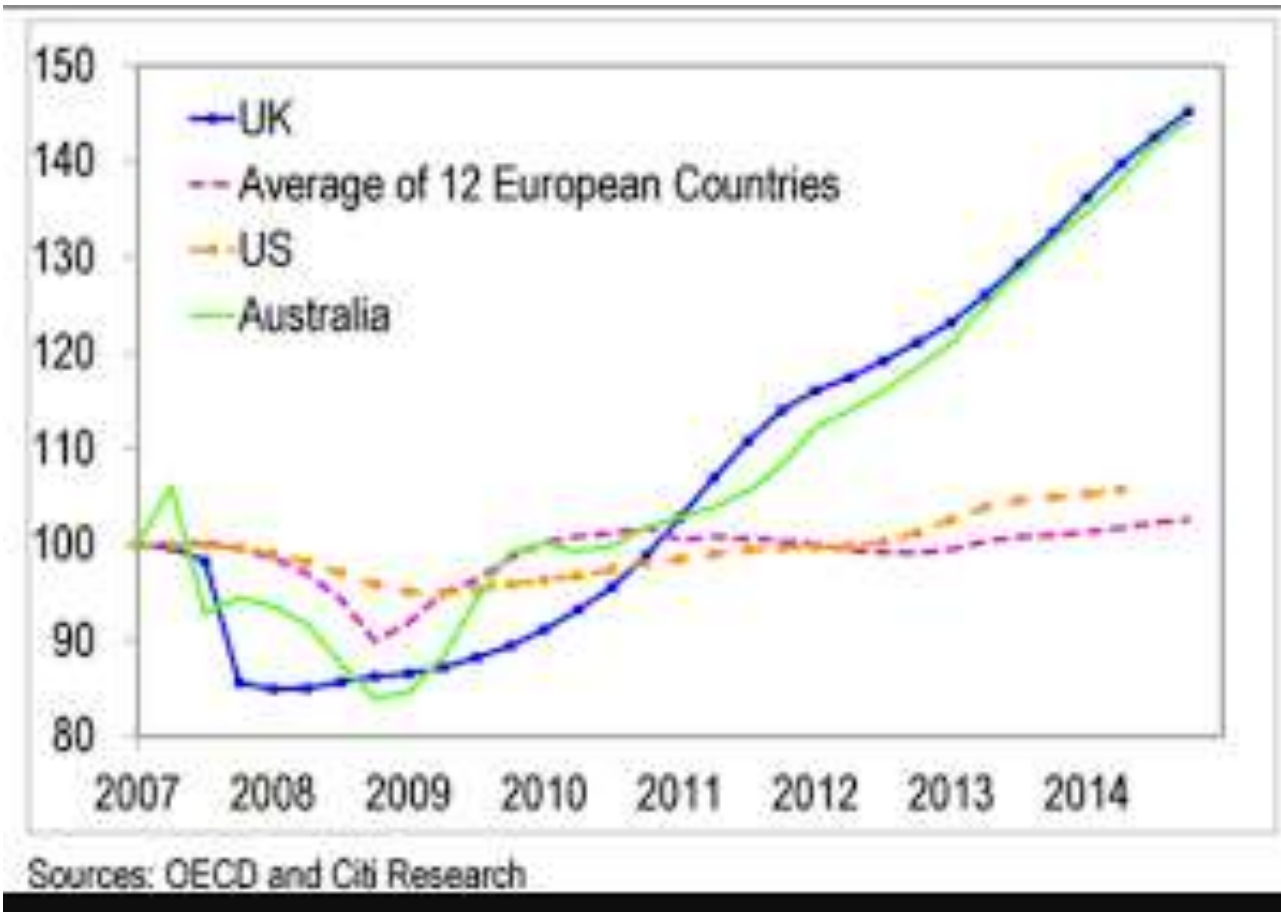
Definition

An independent report to the government
NOVEMBER 2014

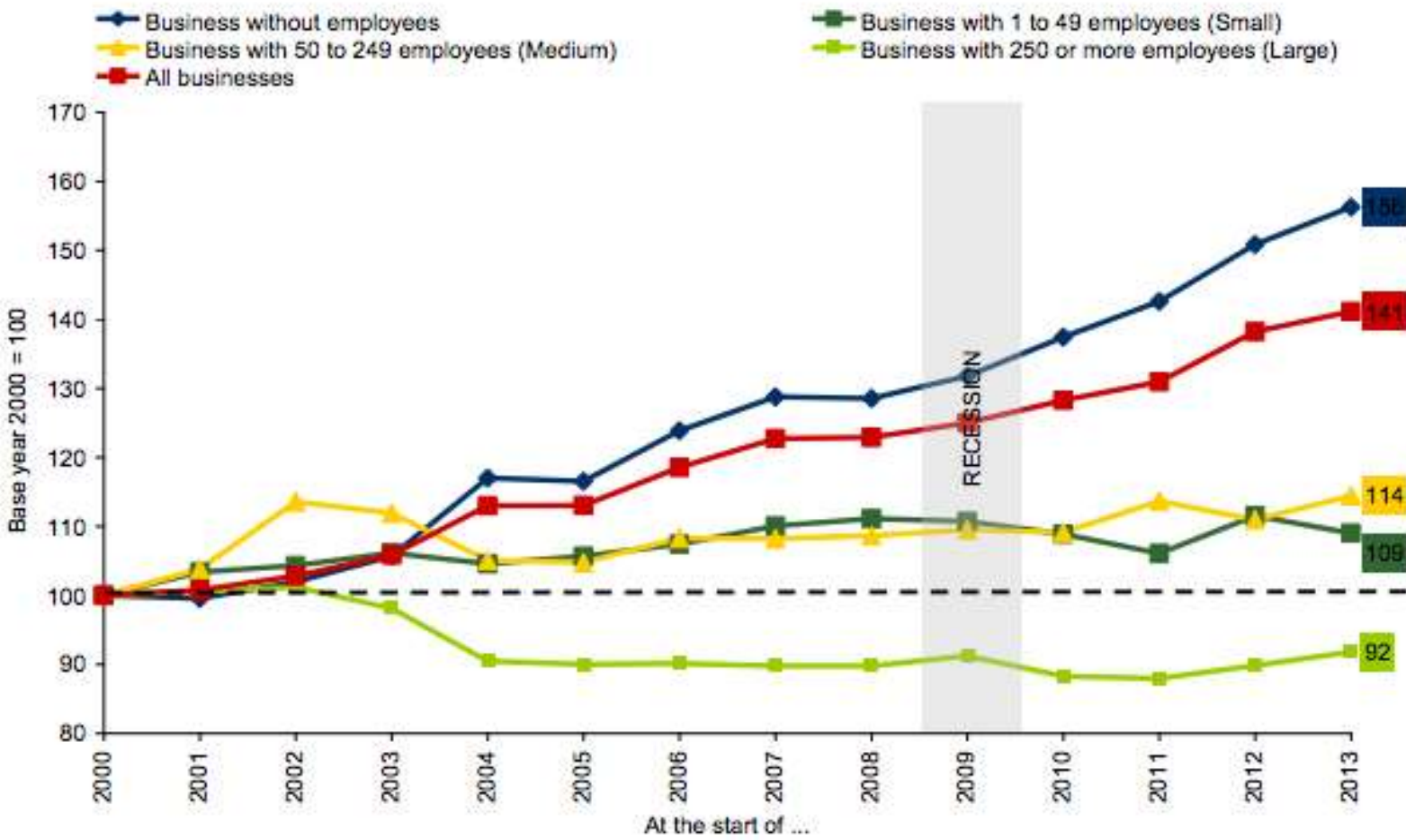
A 'scale-up' is an enterprise with average annual growth in employees or turnover greater than 20 per cent per annum over a three year period, and with more than 10 employees at the beginning of the period



We are doing very well on Start-ups...



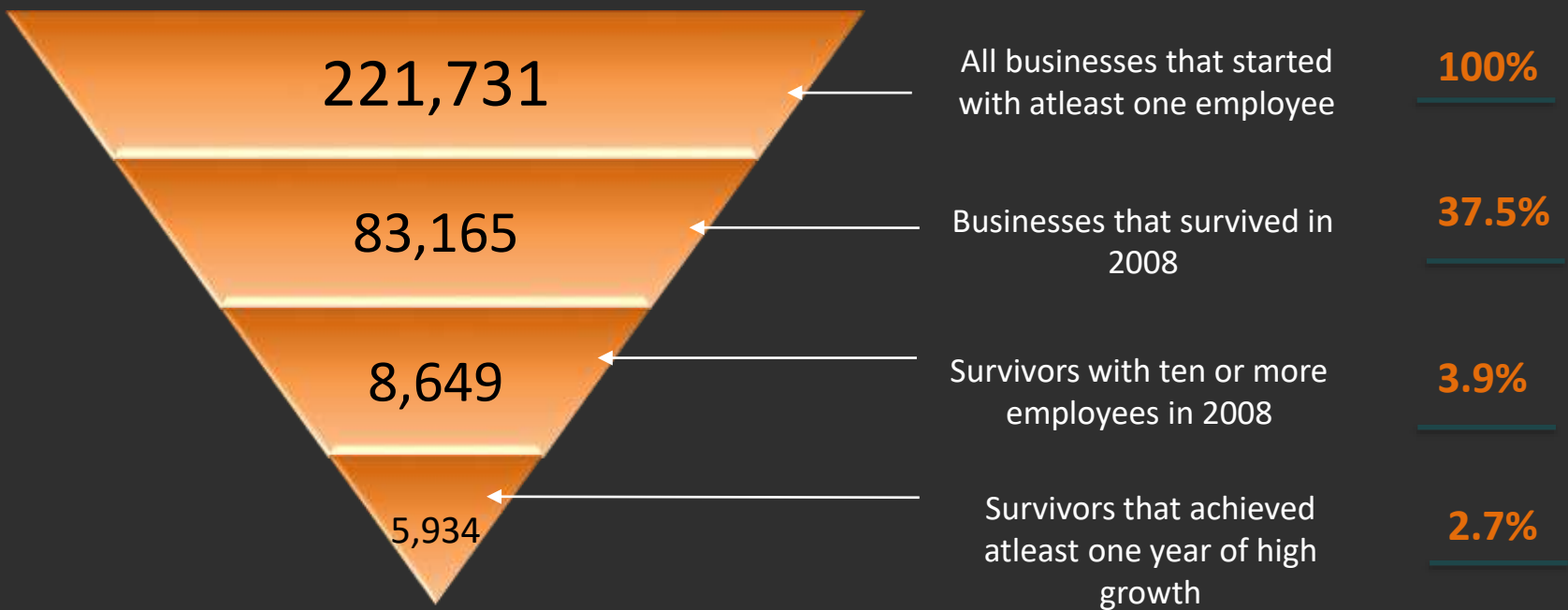
But we are doing less well on growing them.....



https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254552/13-92-business-population-estimates-2013-stats-release-4.pdf

Very Few Start-ups Survive and Grow

UK businesses that started in 1998 – ten years later



JOB CREATION IS LINKED TO COMPANIES THAT ARE HIGH GROWTH (2014)

1%
36 %

About the Skills Gap

1M

Number of new science, engineering and tech professionals required in the UK by 2020 (Royal Society 2014)

5.8M

The number of people forecast to be needed in the app economy by 2018 (OECD)

About the Skills Gap

100%

Net New Jobs created in Europe in the past 5 years were from companies less than 5 years old...

OECD (2014) Young SMEs, growth and job creation

About the Skills Gap

990,000

Open jobs today in Britain
(source Adzuna)

STARTUPS DO NOT CONTRIBUTE TO NATIONAL OUTPUT

Research by the academic David Storey found that the

Just one per cent have sales of more than £1 million six years after they star

1 %

STARTUPS DO NOT CONTRIBUTE TO NATIONAL OUTPUT

Research by the academic David Storey has found that the

median annual sales of a six-year-old firm in the UK are less than £23,000

£ 23,000

STARTUPS DO NOT CONTRIBUTE TO PRODUCTIVITY

BIS data show that in the UK average turnover per employee is:

- £170,000 for firms with 250 plus employees
- £164,000 for firms with 50 to 249 employees
- £134,000 for firms with between 10 and 49 employees³⁹

SCALE-UPS HAVE HIGH QUALITY JOBS

<http://www.scaleupreport.com>

Of the employees surveyed in these high-growth companies who had joined the company from another employer, 80 per cent stated that they were 'satisfied' or 'very satisfied' with their current job compared to 46 per cent when asked about their previous job

ON UK ECONOMIC GROWTH

Sherry Coutu CBE

CONCLUSION

Scale-ups are not start-ups

And we should focus our attention and policies on scale-ups

QUESTION

What **percentage** of our resources and attention are focused on scale-ups?

ANSWER

**GIVEN THAT ECONOMIC GROWTH COMES
FROM SCALE-UPS AND NOT STARTUPS,
HOW DO YOU FEEL ABOUT YOUR ANSWER
TO THE PREVIOUS QUESTION?**

What can be done to provide more support for companies who have survived the startup phase and are looking to grow?

What are some of the key challenges companies face as they look to accelerate growth?

6 main gaps to focus on...

1. The Evidence Gap: public and private sector organisations identify, target and evaluate their support to scale-up companies
2. The Skills Gap: help scale-ups find employees with the skills they need
3. The Leadership Capacity gap: building leadership capability
4. The Export Gap: accessing customers in other markets / home market
5. The Finance Gap: accessing the right combination of finance
6. The Infrastructure Gap: navigating infrastructure



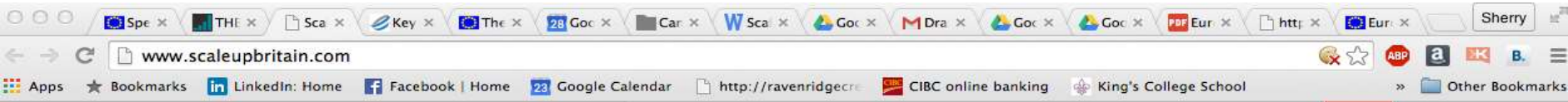
The Report identified 6 main gaps to focus on...

The Evidence Gap: public and private sector organisations identify, target and evaluate their support to scale-up companies.



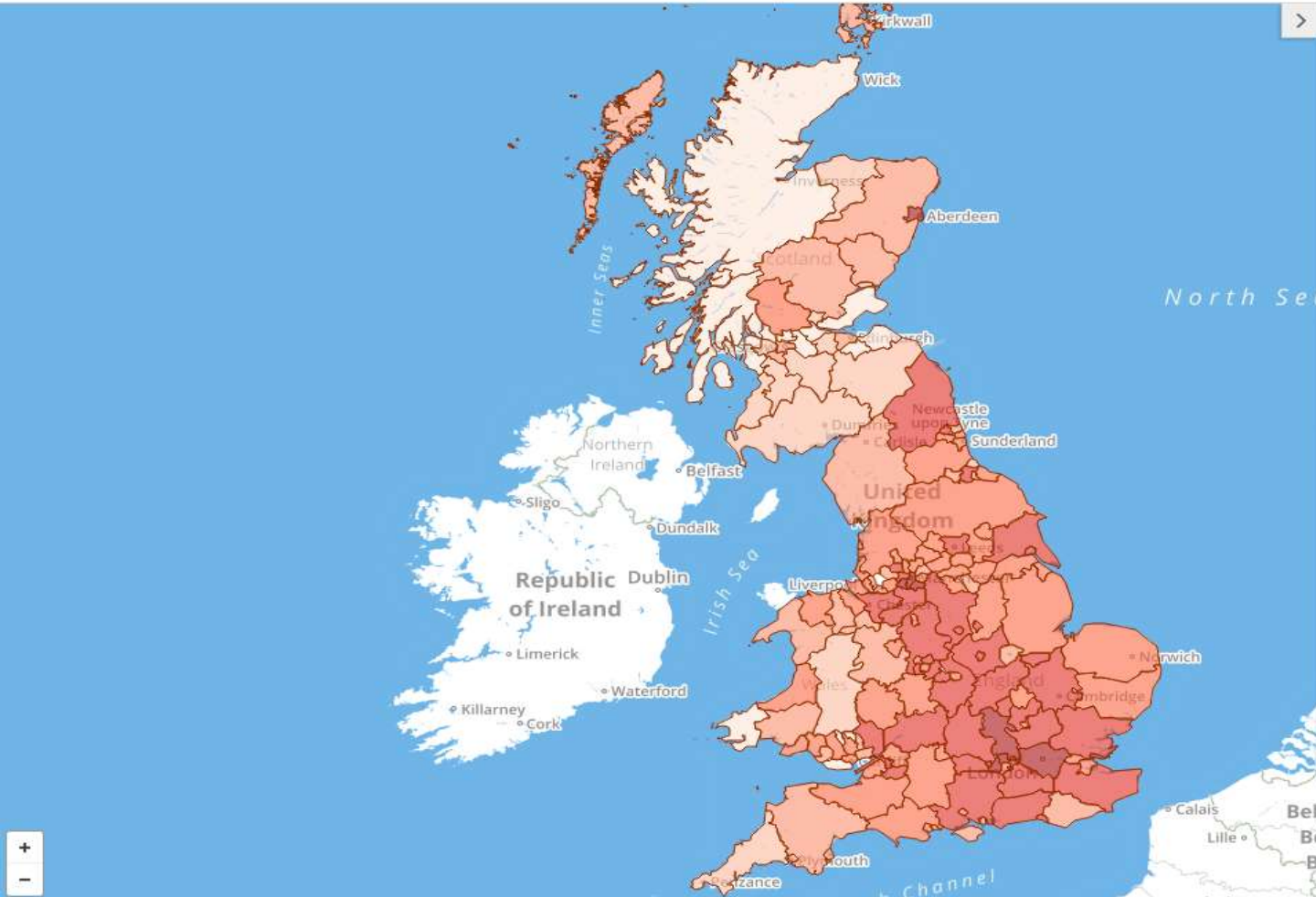
AND ARE BEING TRACKED LOCALLY...

<http://www.scaleupreport.com>



ScaleUpBritain↑

Map Top 50 Report



Britain's high growth companies visualised
by Trampoline Systems
zoom or select a region for more detail

UK wide
7,633
High growth companies

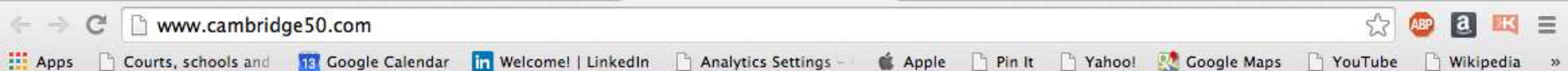
190bn
Total Revenue (£)

899,613
Total Employees

Top 50 Report

No. of Scale-ups per 100k residents

5.4	8.4	13	22	35	58
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Cambridge 50 tracks the fastest-growing companies in the Cambridge cluster

Cambridge 50 was put together by Cambridge businesses and the academic community to support economic growth in the Cambridge cluster. The site makes it easy and transparent to identify the fastest growing companies and find contacts to invest, work or partner with them.

All the companies listed have grown by at least 20% per annum over two successive years, measured by their revenue or the number of people they employ. You can sort them by sector to see which industries are growing the fastest. You can also see how many companies in Cambridge are already generating revenues of £1 million, £10 million, £25 million, £50 million, £100 million and £250 million.

Number of companies by revenue

	> £1 Million	> £10 Million	> £25 Million	> £50 Million	> £100 Million	> £250 Million
Latest	954	106	42	20	15	12
Previous	945	105	44	19	12	12
	Current			Previous		
New Scale-ups	53			41		

AND ARE BEING TRACKED LOCALLY... By Revenue (overall)

<http://www.scaleupreport.com>

Top 50

Rank (Revenue)		Rank (Employment)		Company name	Sector	Revenue ▼	Rev growth %	Employees	Emp growth %
Current	Previous	Current	Previous						
1 ▲	2	1	1	XAAR PLC	Manufacturing	£140m	59 ▲	692	38 ▲
2 ▲	3			EASTERN COUNTIES FINANCE LIMITED	Financial and insurance activities	£78m*	79 ▲	414*	79 ▲
3 ▲		4 ▲		DEEJAK BUILDERS (RUSHDEN) LIMITED	Construction	£24m	38 ▲	79	-18 ▼
4 ▲	5	2 ▲	4	GILEAD SCIENCES INTERNATIONAL LTD.	Manufacturing	£23m	23 ▲	99	10 ▲
5 ▲	7			FREDERIC SMART & SON LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£23m	128 ▲	16	23 ▲
6 ▲				BLUE TREE LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£14m*	114 ▲	33*	106 ▲
7 ▲	13			EXEJUJET (UK) LIMITED	Transportation and storage	£13m	114 ▲	74	61 ▲
8 ▲		3 ▲		THE CAMBRIDGE SATCHEL COMPANY LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£13m	48 ▲	96	68 ▲
9 ▲				J F LINDSAY CONSTRUCTION LIMITED	Construction	£11m	21 ▲	65*	
10 ▲				LINGUAMATICS LIMITED	Information and communication	£10m*	25 ▲	91*	25 ▲

AND ARE BEING TRACKED LOCALLY... By Employees?

<http://www.scaleupreport.com>

Top 50

Rank (Revenue)		Rank (Employment)		Company name	Sector	Revenue	Rev growth %	Employees ▼	Emp growth %
Current	Previous	Current	Previous						
1 ▲	2	1	1	XAAR PLC	Manufacturing	£140m	59 ▲	692	38 ▲
2 ▲	3			EASTERN COUNTIES FINANCE LIMITED	Financial and insurance activities	£78m*	79 ▲	414*	79 ▲
4 ▲	5	2 ▲	4	GILEAD SCIENCES INTERNATIONAL LTD.	Manufacturing	£23m	23 ▲	99	10 ▲
8 ▲		3 ▲		THE CAMBRIDGE SACHEL COMPANY LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£13m	48 ▲	96	68 ▲
14 ▲				PROVIDOR LIMITED	Mining and Quarrying	£5.9m	50 ▲	95	98 ▲
10 ▲				LINGUAMATICS LIMITED	Information and communication	£10m*	25 ▲	91*	25 ▲
3 ▲		4 ▲		DEEJAK BUILDERS (RUSHDEN) LIMITED	Construction	£24m	38 ▲	79	-18 ▼
7 ▲	13			EXECUIJET (UK) LIMITED	Transportation and storage	£13m	114 ▲	74	61 ▲
18 ▲		5 ▲		AMBERSTONE TECHNOLOGY LIMITED	Administrative and support service activities	£4.8m*	42 ▲	70*	43 ▲
9 ▲				J F LINDSAY CONSTRUCTION LIMITED	Construction	£11m	21 ▲	65*	
19 ▲				FETCH & CARRY (U.K.) LIMITED	Transportation and storage	£4.7m*	208 ▲	52*	206 ▲
15 ▲		6 ▲		GLOBAL DIGITAL MARKETS LIMITED	Administrative and support service activities	£5.6m*	109 ▲	48*	109 ▲

AND ARE BEING TRACKED LOCALLY... By Employee Growth...

<http://www.scaleupreport.com>

Top 50

Rank (Revenue)		Rank (Employment)		Company name	Sector	Revenue	Rev growth %	Employees	Emp growth % ▼
Current	Previous	Current	Previous						
19 ▲				FETCH & CARRY (U.K.) LIMITED	Transportation and storage	£4.7m*	208 ▲	52*	206 ▲
15 ▲		6 ▲		GLOBAL DIGITAL MARKETS LIMITED	Administrative and support service activities	£5.6m*	109 ▲	48*	109 ▲
6 ▲				BLUE TREE LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£14m*	114 ▲	33*	106 ▲
14 ▲				PROVIDOR LIMITED	Mining and Quarrying	£5.9m	50 ▲	95	98 ▲
13 ▲		10 ▲		BAUFRITZ (UK) LTD.	Construction	£6.3m*	101 ▲	19*	90 ▲
2 ▲	3			EASTERN COUNTIES FINANCE LIMITED	Financial and insurance activities	£78m*	79 ▲	414*	79 ▲
8 ▲		3 ▲		THE CAMBRIDGE SACHEL COMPANY LIMITED	Wholesale and retail trade; repair of motor vehicles and motorcycles	£13m	48 ▲	96	68 ▲
7 ▲	13			EXECUJET (UK) LIMITED	Transportation and storage	£13m	114 ▲	74	61 ▲
12 ▲				CAMGRAIN (SERVICES) LIMITED	Agriculture, Forestry and Fishing	£6.6m	69 ▲	16*	
21 ▲		9 ▲		MISSION THERAPEUTICS LIMITED	Professional, scientific and technical activities	£3.2m*	69 ▲	24*	60 ▲
17 ▲	18			CR EDIT 360 GLOBAL LIMITED	Information and communication	£5.2m	56 ▲	24*	

AND ARE BEING TRACKED LOCALLY... By Revenue Growth...

<http://www.scaleupreport.com>

Keynote speech by Europe x THE SCALE-UP REPORT ON x ScaleUp Britain x Startup Europe Partnership x Sherry

www.scaleupbritain.com/#/lists

Apps Bookmarks LinkedIn: Home Facebook | Home Google Calendar http://ravenridgecre CIBC online banking Other Bookmarks

Top 50

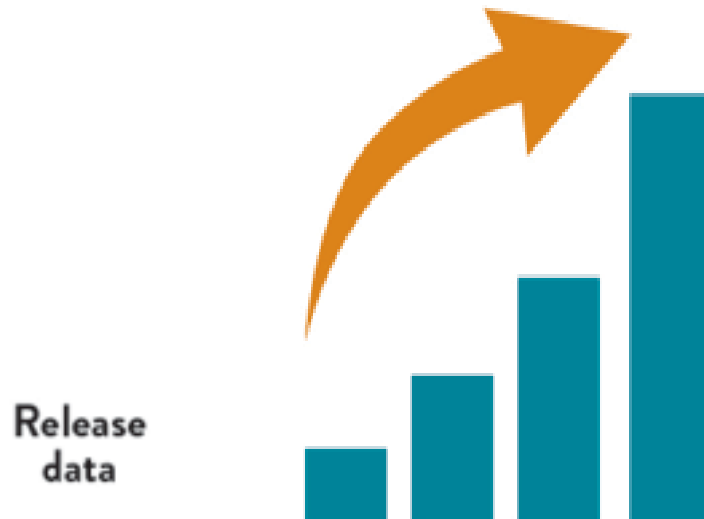
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21 ▲		9 ▲		MISSION THERAPEUTICS LIMITED	Professional, scientific and technical activities	£3.2m*	69 ▲	24*	60 ▲
26 ▲		8 ▲		CAMBRIDGE ASSESSMENT OVERSEAS LIMITED	Education	£2.2m	59 ▲	27	29 ▲

AND ARE BEING TRACKED LOCALLY...
By valuation?

<http://www.scaleupreport.com>



KEY RECOMMENDATIONS



Recommendation 1:

RELEASE the names of scale-ups

→ **Gov't already holds the information**

so that local public and private organisations can identify, target and evaluate their support to scale-up companies, and evaluate their impact on UK economic growth.

Case Study: [Cambridge Cluster Map](#)

The Report identified 6 main gaps to focus on...

The Skills Gap: improve the ecosystem so scale-ups can find employees with the skills they need



Closing The Scale-Up Gap: Human Capital – Schools & Universities



- **Entrepreneurship in curriculum?**
- **Entrepreneurs on board of Governors?**
- **Local Scale-up leaders in the class-room as role-models?**
- **Proportion of Local Scale-up companies featured in careers fairs?**
- **Proportion of work experience features local scale-up companies?**
- **Extra-curricular student entrepreneurship activities / clubs?**
- **Proportion of students visiting scale-ups on ‘open days’?**

The Report identified 6 main gaps to focus on...

The Leadership Capacity gap: building their leadership capability

The Export Gap: accessing customers in other markets / home market

The Finance Gap: accessing the right combination of finance



Highly effective programmes in 20 other countries

HUMAN CAPITAL

367

people employed, on average, by Endeavor companies

HUMAN CAPITAL

400K+

high-quality jobs created by Endeavor Entrepreneurs (80% created from growth post-selection)

SOCIAL CAPITAL

50K+

hours of mentoring provided by Endeavor VentureCorps in 2012-2013

FINANCIAL CAPITAL

\$6.8BN

revenues generated by Endeavor Entrepreneurs in 2013

68%

average annual growth rate in first two years after engaging with Endeavor

75+

Endeavor Entrepreneurs would have qualified for the Inc. 500 list of fastest-growing US companies

\$332M

raised in equity capital by Endeavor Entrepreneurs in 2012

43

Endeavor companies have been acquired since 1997

HUMAN CAPITAL

40K+

candidates have received professional feedback since 1997

990

High-impact entrepreneurs selected from 629 companies

400K+

high-quality jobs created by Endeavor Entrepreneurs (80% created from growth post-selection)

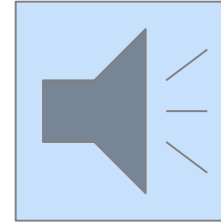
367

people employed, on average, by Endeavor companies

150+

Endeavor Entrepreneurs have started another company post-selection

KEY RECOMMENDATIONS



Draw attention to scale-up companies and their leaders so that it is easier for them to act as **role models** to others and to find **customers**, **partners** and **investors**, both at home and overseas.

Case Studies: Elite, Mentorsme, Venturefest, SVC2UK

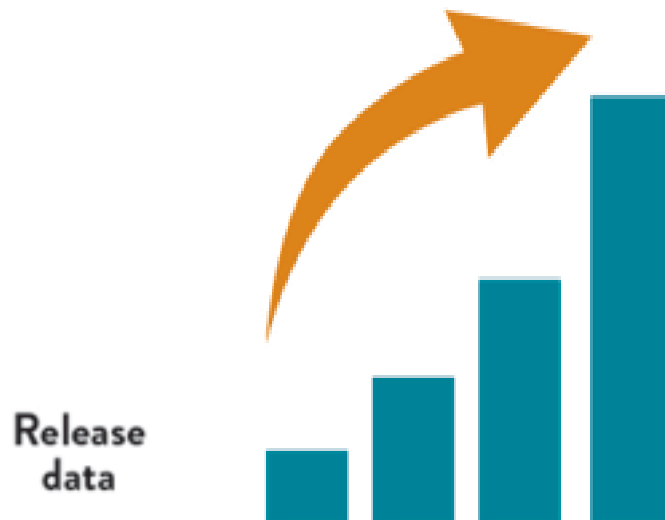
KEY RECOMMENDATIONS

Recommendation 4

A Minister should be made responsible for reversing the scale-up gap by 2025

a **task-force** appointed to deliver

a **scale-up report** to the Prime Minister every November for the next five years.



Case Studies: Manziales-Mas, Columbia, Scale-up Milwaukee, Endeavor, Singapore

Closing The Scale-Up Gap: Local Government



- **Celebrate scale-up growth events in your city with the media**
- **Invite scale-up leaders to share their experience with students**
- **Celebrate new customer wins and help create new ones**
- **Encourage local universities to offer courses to scale-up leaders**
- **Meet with a selection of scale-up leaders every month (3 hours)**
- **Persuade real-estate leaders to offer scale-up friendly terms**

Closing The Scale-Up Gap: Media



Shine a light on our most successful scale-up leaders and their companies rather than only start-ups.

Profiling successful scale-up entrepreneurs at key mile-stones to inspire others (especially the next generation)

Reviewing and holding to account initiatives and policies in entrepreneurship:

- **Are they about starting or growing businesses?**
- **Are they actually providing evidence to support their claims?**
- **What is the cost per job created?**
- **Are they collaborative?**

Closing The Scale-Up Gap: Lawyers, Accountants, Bankers:



- **Identify mentors with experience and find effective ways to share their knowledge**
- **Publish** the the amount you procure from scale-ups
- **Offer infrastructure / co-working spaces:**

Closing The Scale-Up Gap: Large Corporates



Long-term:

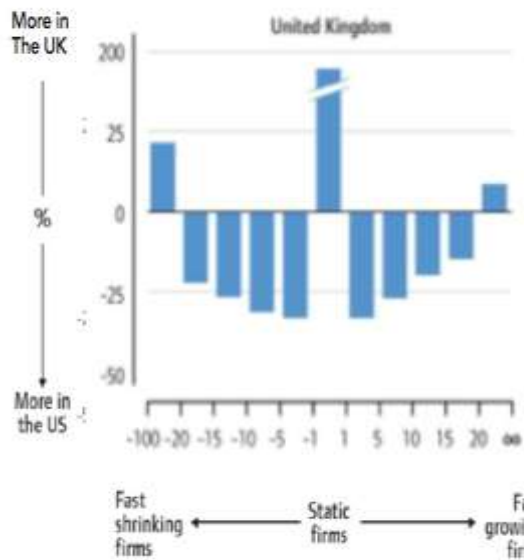
- **Support existing initiatives that help teachers and schools develop future entrepreneurial talent**

Med-term

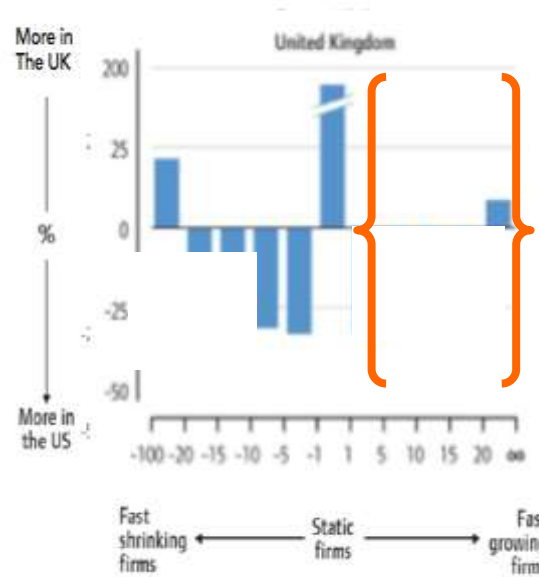
- **Identify & Sponsor infrastructure for product dev't and testing**
- **Publish** the the amount you procure from scale-ups
- **Support formal skill-building programmes for local scale-up leaders**
- **Support informal skill-building programmes for local scale-ups**

Let us start today: We can Reverse The Scale-up Gap

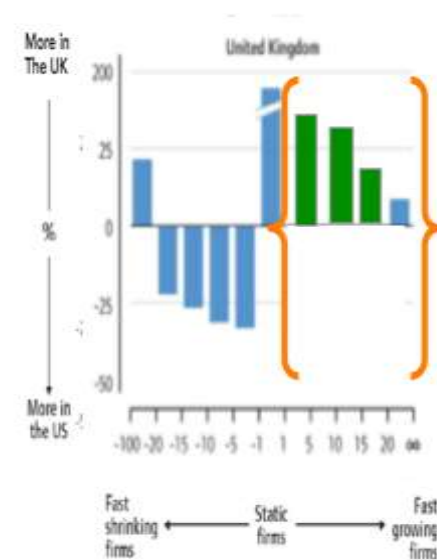
2014



2020



2034



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