

Press release

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**“Scale-up” companies could contribute a million new jobs and
an additional £1 trillion to UK Economic Growth by 2034**

***Independent report lays out path to economic growth for leaders of cities & clusters so they can
boost job and wealth creation in their communities***

London, 17 November 2014 – Sherry Coutu CBE, today launches the *Scale-up Report on UK Economic Growth*. The independent report spells out a strategy to secure economic growth by supporting businesses across Britain in their ambition to “scale-up” more quickly. Targeting more support to the companies who are already growing fast will give the UK a much better chance to ‘create the next Google’.

Britain has been very successful at creating new businesses, and now starts more companies per capita than the US. However, not enough of these start-ups are scaling-up into large companies, and Britain still has a lower proportion of large companies than the US and other nations. It is high-growth “Scale-Up” companies that contribute a disproportionate amount of jobs and growth to the economy.

The report argues that closing this “Scale-up gap” is the single most effective thing that leaders in government, business and academia can do to drive economic growth. It also provides 30 simple case studies for leaders of local communities to drive the growth and prosperity of their communities.

Independent analysis of the recommendations in the Scale-Up report demonstrates the significant economic value and competitive advantage that a focus on Scale-Ups can create for the UK:

- According to analysis carried out by RBS, closing the Scale-up gap could create 238,000 additional jobs and £38 billion in additional annual turnover in the UK within three years.
- According to analysis carried out by Nesta, closing the Scale-up gap could help boost Britain’s productivity, which would be worth up to £96 billion per annum to UK economic output.
- According to analysis carried out by Deloitte, the implementation of the report’s recommendations could deliver a potential £225 billion in additional GVA and 150,000 net new jobs over the next 20 years.

Whichever analysis is considered, closing the Scale-up gap will bring a significant benefit to the UK in terms of jobs and wealth creation. The estimates above point to an additional one million jobs on a gross basis or 150,000 jobs net. Meanwhile, additional turnover from customer orders alone would amount to £1 trillion on a gross basis or £225 billion on a net basis.

Sherry Coutu, author of the report, comments:

“Britain’s Start-up community is flying. The next stage of creating wealth, prosperity and jobs will come from focusing on Scale-ups. We have the chance to identify and support

the companies that are already creating new jobs and help them further drive the UK economy.

“People often ask if the UK could be home to the next global success story, like a Google or Facebook. The answer is yes, and there are plenty of great initiatives already showing we can do it. But we need to be more effective at identifying the companies that have the greatest potential, and making sure they can find the most talented people and serve more customers, in more countries, more easily. Britain has built a fantastic base of skills, capital and regulatory support. Focusing on closing the “Scale-up gap” to the US and other countries is the next natural step that will help Britain create a string of world leaders.”

The report’s findings are based on an analysis of 50 Scale-up programmes piloted in 20 different countries. The research also involved interviews with the CEOs of more than 200 Scale-ups in the UK.

The report identifies five important issues hindering our Scale-up leaders:

1. Talent shortages
2. Leadership capacity building
3. Accessing customers in home markets and overseas
4. Accessing the right combination of finance
5. Navigating real-estate moves more easily

These issues are all easily addressed using simple, proven techniques that are already being deployed in many cases in the UK. The report makes 12 recommendations for action. Some are directed to central government, which holds the data, and some are directed towards local government and community stakeholders, who will directly benefit from supporting their local champions:

1. National data on Scale-ups should be made available by central government to enable support to be better targeted
2. Public bodies should be evaluated on how well they are helping Scale-ups
3. Public funding programs should be further geared towards Scale-ups
4. A government minister supported by an industry task-force should be made responsible for reversing the ‘Scale-up gap’ that the UK currently faces and report to the Prime Minister annually
5. The Department for Education and Local Enterprise Partnerships should assist in connecting Scale-up businesses with students as potential employees
6. Local governments, colleges and universities should assist Scale-up companies in developing and acquiring the talent they need
7. Companies should be able to apply to the Home Office for a newly-created “Scale-up Visa” that allows them to bring in specific personnel from overseas with the skills to help them deliver on immediate business needs, for fixed periods
8. Public learning syllabuses/initiatives should ensure effective understanding of what it takes to Scale-up and help prepare future Scale-up leaders
9. Government should use its convening power to help raise the profile of Scale-ups and their leaders, and establish them as role models

10. The UK Listing Authority, HMRC and the UK Border Authority should report on their regulatory efficiency broken down by Local Enterprise Partnership, and in relation to regulatory peers in other countries, to keep reducing any drag or delaying effect of regulation
11. Government and industry must continue to work together to close the finance gap for fast-growth companies
12. Government and industry must work together to give access to infrastructure on a flexible and timely basis

The report has been released to coincide with Global Entrepreneurship Week and Silicon Valley Comes to the UK (SVC2UK) 2014, two important events focused on helping UK companies scale up.

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Notes to editors:

The UK has a lower share of large businesses than many international peers, including the US. Large firms with more than 250 employees account for 0.5 per cent of firms in the UK but 0.7 per cent in the US. If the number of large firms with more than 250 employees in the UK increased to the same proportion as in the US, this would add 2,000 large businesses, creating three million jobs and add £516 billion in annual turnover.

In 2013 Scale-up companies contributed 36% of UK Gross Value Add (GVA) growth, and 68% of UK employment growth, despite only representing 1% of total UK businesses [source: Mark Hart, Aston University]

About Scale-Ups

There are currently 8,923 rapidly growing “Scale-up” companies across the UK, spanning the creative, science and technology sectors. Scale-up companies achieve sustained periods of rapid growth. A number of measures are used to define scale-up companies. In this report, the following definition was used:

“Scale-ups are enterprises with average annualised growth in employees (or in turnover) greater than 20 per cent a year over a three-year period, and with 10 or more employees at the beginning of the observation period.”

About the Scale-Up Report

- This is an independent report commissioned by the Information Economy Council, a joint initiative between the UK Government and the private sector. The report was conducted by serial entrepreneur and investor, Sherry Coutu CBE
- The report conducted a review of a wide range of academic research into the dynamics of business and economic growth. In particular, the report builds on research conducted into 'high impact' entrepreneurship by experts at the universities of Aston, Oxford, Cambridge, MIT and Harvard, as well as the Babson Entrepreneurship Ecosystem Project, Boston Consulting Group (BCG), Nesta, the OECD, Endeavor, Kauffman, the Enterprise Research

Centre (ERC), Prelude, and McKinsey. It also draws on two recent reports focused on economic growth in the UK: the Adonis Review and the McKinsey/Centre for Cities report into economically significant clusters.

- It conducted workshops with practitioners, investors, business leaders & policymakers to understand current practice and future plans.
- It interviewed hundreds of Scale-up policy-makers and practitioners from the UK and overseas.
- It conducted a survey of hundreds of UK Scale-up leaders to understand from their point of view and in their voice what the main barriers were to their growth.
- It curated case studies of the most effective initiatives aimed at supporting scale-up companies (see the Appendix).
- Deloitte and Royal Bank of Scotland both devoted teams to support the analysis of the potential impact on the UK economy if the gap is successfully closed.
- The draft report was run past the academics upon whose research this report was built for endorsements and the steering committee of stakeholders.

About Sherry Coutu:

- Sherry is a serial entrepreneur and investor, one of the most influential people in the global tech sector, with deep roots in London, Cambridge and the US West Coast. She was born in Canada, and came to the UK over 20 years ago.
- She serves on the Boards of the London Stock Exchange, Zoopla PLC, Cambridge University (Finance Board), Cambridge Assessment, Cambridge University Press, Raspberry Pi, and Artfinder,
- She is on the Advisory Board of LinkedIn.com, Crick Institute and on the Harvard Business School European Advisory Council.
- She has invested in 50 companies as an angel investor and an LP in 5 Venture Capital Firms.
- She was voted by TechCrunch as the best CEO mentor / advisor in Europe in Nov 2010. In May 2011, she was voted by Wired magazine as one of the top 25 'most influential people in the wired world', and one of the top ten most influential investors and women.
- She was awarded a CBE in 2013 for "Services to Entrepreneurship".