How Prince’s Trust support increases business sustainability
FOREWORD

SINCE 1983, WE HAVE SUPPORTED OVER 80,000 YOUNG PEOPLE TO SET UP BUSINESSES.
As The Prince’s Trust reaches its 40th anniversary, I’m pleased to launch this new report on one of the longest-standing and best-known aspects of our work, the Enterprise programme. The opportunity to set up their own business remains a vital route to success for many unemployed and disadvantaged young people.

Since 1983, we have supported over 80,000 young people to set up businesses.

Above all, however, we should never forget the determination and dedication shown by every young person on this programme. The consistent and extensive support of NatWest has also been crucial to the continued development of The Trust’s Enterprise programme over many years. It is through this generosity that we were able to commission a 2013 evaluation, and now to build on that to look specifically at sustainability. Independent evaluations of this type are vital to us as to ensure that we continue to do the best possible job for young people.

I hope the impact of this evaluation will spread to other organisations which support start-up businesses, and beyond them to Government and policymakers who can ensure a positive environment for young entrepreneurs. This evaluation shows that starting a business is a hugely positive opportunity for unemployed young people, and that the right support, both from organisations like The Trust and from Government, is imperative.

Richard Chadwick
Director of Programmes and Development
The Prince’s Trust
WE ARE LONG-TERM SUPPORTERS OF THE ENTERPRISE PROGRAMME, AND HAVE PROUDLY HELPED THOUSANDS OF YOUNG PEOPLE EXPLORE THEIR BUSINESS IDEAS.
NatWest and The Prince’s Trust share a common mission: to offer more young people the opportunity to turn their big ideas into reality by starting their own business. We know that self-employment is a great way for young people to achieve financial independence, as well as the pride and satisfaction that comes from being your own boss.

NatWest was one of the very first supporters of The Prince’s Trust when it was established in 1976, and today we are the largest and longest standing supporter of The Trust’s Enterprise programme.

This evaluation follows a study The Trust commissioned with our support in 2013, which gave some very positive findings about the Enterprise programme, but identified a gap for an evaluation of the sustainability of the businesses started by young people on the programme. It is a tribute to The Trust that this evaluation has found such high rates of business success among the young people involved. This demonstrates that our support has made, and continues to make, a real and lasting difference to the lives of thousands of young people.

Whenever I meet young people who have taken part in The Prince’s Trust’s Enterprise programme, I am inspired and impressed by their determination to overcome the barriers they have faced in their lives, and their drive and ambition to succeed as young entrepreneurs.

Contributing to such a life-changing scheme is an important part of our commitment to supporting entrepreneurship amongst a diverse range of people for whom it might otherwise seem a distant dream.

NatWest has maintained a large-scale, UK-wide partnership for 16 years. During that time, we’ve invested over £21 million in the future of young people through The Trust, and engaged our staff in fundraising and volunteering activities as well. We are long-term supporters of the Enterprise programme, and have proudly helped thousands of young people explore their business ideas.

I am delighted that we have recently renewed our commitment, and look forward to seeing many more young people starting up and succeeding in business with support from The Trust and Natwest.

Alison Rose
CEO
NatWest Commercial and Private Banking

NatWest and The Prince’s Trust share a common mission: to offer more young people the opportunity to turn their big ideas into reality by starting their own business. We know that self-employment is a great way for young people to achieve financial independence, as well as the pride and satisfaction that comes from being your own boss.
The Prince’s Trust and NatWest commissioned Wavehill to undertake an evaluation of business survivability of participants of The Prince’s Trust Enterprise programme.

The research was conducted between October 2015 and January 2016 with the aim of:

→ Assessing the success of business sustainability for those between two and three years post start-up

→ Understanding the contribution of volunteer support on business survivability and growth

→ Identifying good practice, areas for improvement and learning to inform any future developments of the programme

Methodology

The research process included: a telephone survey of 550 Trust-supported entrepreneurs two and three years post start-up (those who started a business with full start-up support from The Trust in 2012 or 2013); a second telephone survey of 80 individuals who accessed only pre-start training from The Trust; and interviews with Enterprise programme staff and volunteers. Quotas were used as part of the sampling of individuals who had been helped by The Trust, to ensure it was representative in terms of the young people’s background characteristics.

The Enterprise programme

The Prince’s Trust Enterprise programme helps unemployed young people aged 18-to-30 with support and funding to assess their business ideas and decide whether self-employment is right for them; if not, support is offered to access other work or training opportunities.

The programme consists of the following four stages, alongside up to three years of ongoing mentoring for young people who launch a business:

1. Information Session: A taste of what to expect from the programme

2. Explore Enterprise Course (EEC): A four-day course about planning and running a business

3. Support to build a business: One-to-one sessions and sometimes, small ‘Will It Work’ grants for test trading

4. Launching a business: Young people wishing to start a business present their plans to a Launch Group which determines ongoing mentoring and start-up financial support. Those choosing not to start a business are offered progression mentoring instead

Many young people, having completed stages 1, 2 and possibly 3, choose to set up a business themselves prior to stage 4 without further support from The Trust. Throughout this report, we refer to these young people as having received “pre-start training”. In contrast, those who completed all four stages of the journey are described as receiving “full start-up support”. A fifth (20%) of 8,682 young people joining the programme in 2014-15 received full start-up support.
Before enrolling on the Enterprise programme in June 2012, Alan was struggling to find work and was regularly securing less than 16 hours a week.

His father mentioned perhaps starting a business with the support of The Prince’s Trust and the idea for Al’s Garage - which provides servicing, brakes, MOT work, exhausts, clutches and general repairs - began to grow.

Alan attended the Explore Enterprise Course, which proved to be vital.

He said: “I never knew how it worked or anything before that course. They got me to understand it all, and it has helped keep the business going. If I hadn’t done the course, I’m sure my business would now be struggling.

“The support made it much easier to start-up my business. My mentor helped me make my business plan more in-depth and detailed, which was useful for the Business Launch Group when I had to present my business idea. Together with the information I gained and the funding I was given, it all helped to keep my business going. I still see my mentor from time to time – it keeps me motivated.”

Over the next five years, Alan hopes to expand the business and employ more staff.
EXECUTIVE SUMMARY

This evaluation explores the extent to which businesses established by young people supported by The Prince’s Trust Enterprise programme survive and grow.

The research followed up with young people who started their businesses in 2012 or 2013 and reveals that 76% of those who received full start-up support from The Prince’s Trust were still running their business two years later, and 73% three years later. In fact, these businesses enjoy higher rates of survival than those typically found across the UK.

This indicates that, with the right support, self-employment is a viable option for unemployed young people.
This relatively high survival rate holds true for all young people who received full start-up support from The Prince’s Trust, regardless of their background, additional needs or level of education.

The evaluation also collected young people’s impressions of the support they have received since starting their business, and both the benefits and the challenges of running their own business.

It provides evidence for how and why starting a business is hard work, recognising that it takes time to grow a business. It identifies particularly what it is that has helped these businesses survive, and reveals that the four-day Explore Enterprise Course (EEC), along with up to three years’ business support from The Trust's network of volunteers, are key elements which have a lasting impact.

The Trust’s person-centered approach is highly evident in the delivery of the Enterprise programme, which is designed to ensure there is sufficient time to help the young person achieve the best outcome for them, irrespective of whether it be self-employment or not.

The evaluation highlights how the Enterprise programme has helped move young people away from unemployment, providing them with the skills and one-to-one support to help them create sustainable businesses.

More than seven in 10 (71%) young entrepreneurs who had accessed full start-up support from The Trust could not identify anything missing from the support they received. The remainder identified primarily specialist (for example sector-specific) business support but also networking opportunities. Where The Trust has piloted these enhancements, it is suggested that they can help businesses survive and grow quicker, which may enable young people to derive a sustainable income from their business sooner.
FINDINGS

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Self-employment is a viable option for unemployed young people

Of the young people who received full start-up support through the Enterprise programme in 2012 and 2013, 76% were still running their business two years later, and 73% three years later.

In fact, businesses which receive full start-up support from The Prince’s Trust enjoy higher rates of survival than those typically found across the UK. This is all the more impressive given the relative inexperience of the young people supported on the Enterprise programme, highlighting that, with the right support, self-employment really is a viable option for unemployed young people.

Age does seem to make a difference however, with a clear correlation between the age of the entrepreneur and the chances of the business surviving. Of those aged 18 to 24 who started a business, 54% are still running that business three years later. This rises to 70% for those aged 25 to 29, and rises again to 79% of those who are now over the age of 30.

These self-employed young people also provide some further employment, with 34% employing part-time staff and 10% employing seasonal staff.

It is encouraging to note the high level of self-employment reported by young people who had initially set up a business with The Prince’s Trust. Three-quarters (75%) told researchers that they are currently self-employed; this will include those who have set up subsequent businesses as well as those still running their original business. Indeed, some mentioned to researchers that they are now running their second or even third business.
Comparison of two year and three year survival rates between Prince’s Trust supported businesses and UK-wide survival rates.

Business Demography Data, Two Year and Three Year Survival Rates, Office for National Statistics (based on businesses started in 2011 and 2012.

“IT’S CHANGED MY LIFE SO MUCH, I NEVER THOUGHT I WOULD BE ABLE TO ACHIEVE WHAT I HAVE AND I COULD NEVER HAVE DONE IT WITHOUT PRINCE’S TRUST.”

1 Business Demography Data, Two Year and Three Year Survival Rates, Office for National Statistics (based on businesses started in 2011 and 2012.)
FINDINGS

Background isn’t a barrier to self-employment

The Enterprise programme helps unemployed young people from a variety of backgrounds, including the hardest to reach, moving them away from joblessness to set up their own businesses.

For many young people, this is the most fulfilling employment option; the primary motivations for starting a business being to follow their own interests (57%) and to be their own boss (57%).

For others however, a need for flexible working arrangements, due to caring commitments or health issues, is another important motivation (29%).

Significantly, for those aged 18 to 24, almost a quarter (24%) noted that they could not secure a job. For them, therefore, starting a business offered a viable alternative to unemployment.
Comparison of two year survival rates between unemployed participants and those unemployed participants who face additional barriers

Of those young people from minority and disadvantaged backgrounds, or those with additional needs who decide to start a business with full start-up support, their businesses are as likely to survive as those of other unemployed young people on the Enterprise programme. These young people are not being held back as a result of their circumstances and many of their businesses go on to survive, proving that young people across a variety of disadvantaged groups can be successful entrepreneurs.

Comparison of two year survival rates across participants’ qualification levels

Similarly, this research shows that a lack of qualifications or educational achievement should not be considered a barrier. Of those who received full start-up support, young people educated to GCSE level are just as likely to still be running their business in year two (77.4%) as those who gained a university degree (77.5%).

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2 These include: Offenders and ex-offenders; mental health needs; homeless; looked after; care leaver; single parents; refugees and asylum seekers; disabled; educational underachiever.

3 Qualification levels:

- **Entry level** – Entry Level Certificate; Foundation Diploma; BTEC Level 1 Certificate
- **Level 1** – GCSE grades D – G; Level 1 NVQ
- **Level 2** – GCSE at grades A*–C; BTEC level 2; Level 2 NVQ
- **Level 3** – AS and A level; BTEC level 3; Level 3 NVQ
- **Level 4** – Diploma; Certificate of Higher Education; BTEC level 4
- **Level 5 and above** – Foundation, Bachelors, Masters degrees and PhD
Starting a business is hard work

The reality of starting a business is that it requires dedication, perseverance and resilience. Young people spend an average of between 30 and 40 hours per week running their Trust-supported businesses in the first three years.

Half of these businesses (50%) had a turnover of less than £13,750 and a profit of less than £6,250 in their second and third years. Nonetheless, by comparison, only 61% of all UK business under three years old are likely to have made any profit or surplus in their last financial year (2012 Small Business Survey). For this reason, just over half (54%) of these young people have needed to supplement their earnings with additional income, whether through state benefits, part-time employment or help from family or friends.

It is noticeable that the need for the additional sources of income appears to decrease as the business develops.

In terms of support for the business itself, young people assemble this from various sources. To finance the start-up of their business, almost half (49%) draw on personal savings, and 19% benefit from a contribution from family or friends. Family and friends are also the main source of informal business advice and support that young people access outside of The Prince’s Trust (20%). Of those who accessed a start-up loan through The Trust, 93% were happy that the repayment process worked for them.

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<th>How young people receiving full start-up support supplement their earnings from their business with additional income</th>
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<tbody>
<tr>
<td>Working tax credits</td>
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<td>Part-time regular employment</td>
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<td>Support from family and friends</td>
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<td>Other benefit support</td>
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<td>Ad-hoc employment</td>
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<td>Full-time employment</td>
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<td>Other</td>
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Green: Still receive now
Yellow: Have received at some point since start-up
It takes time to grow a business

Everyone faces challenges in starting a business and therefore growing a business takes time. Nevertheless, 96% of Trust-supported businesses in their second and third years reported that they were either very satisfied (52%) or satisfied (44%) with what they had so far achieved with their business.

These young people felt more financially secure than they had at start-up and also reported increased confidence in their business. Even where young people were no longer running their business, almost two-thirds who had received full start-up support (64%) felt it was likely they would start another in the future.

FOR ME, IT WAS LIFE-CHANGING AND TO BE HONEST, IT’S AS SIMPLE AS THAT. I HAVE CONSIDERED EMPLOYMENT BUT RUNNING MY OWN BUSINESS HAS OPENED SO MANY DOORS FOR ME.
There are specific things that help businesses survive and grow

Certain elements of the Enterprise programme are key ingredients for business success. When asked which aspects of the Enterprise programme young people had found most useful it is notable that the four-day initial Explore Enterprise Course (EEC) and business mentoring were by far the most popular responses (58% and 43% respectively).

Elements of the Enterprise programme considered most valuable to those accessing full start-up support

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<th>Element</th>
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<tr>
<td>Explore Enterprise Course (EEC)</td>
<td>58%</td>
</tr>
<tr>
<td>Business Mentoring</td>
<td>43%</td>
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<tr>
<td>Start-up Loan</td>
<td>29%</td>
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<tr>
<td>Business Launch Group</td>
<td>11%</td>
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Sixty-two percent of those receiving full start-up support felt that accessing finance was the main obstacle they were facing in starting their business prior to engaging with the Enterprise programme. However, of the 68% who received a start-up loan, only 40% described it as being among the most valuable programme elements.

These findings reinforce anecdotal perspectives amongst delivery staff that whilst finance is often the hook to engage young people in the programme, the EEC and business mentoring are the critical elements that the programme offers.

Enterprise programme participants who received business mentoring but not a loan or grant were overall just as likely to report that their business was still surviving (74%) compared to those who received both (71%). Access to a start-up loan is nevertheless important, and is critical for certain businesses that have higher start-up costs, for example those that need to purchase equipment.

After accessing finance, the next most important barriers those surveyed cited in starting their business, was ‘knowing how to start a business’ (53%) and ‘knowing where to get guidance’ (45%). The value that they give to the EEC highlights the importance young people place on having time to explore their business idea and plan extensively prior to launch.

Along with the ongoing one-to-one mentor support, they viewed this time as essential for the sustainability of their businesses.

The Trust’s person-centered approach is highly evident in the delivery of the Enterprise programme, which is designed to focus on taking the time required - sometimes up to a year - to help the young person achieve the best outcome for them, irrespective of whether it be self-employment or not.

“My mentor was so fantastic and he really boosted my confidence, so that I feel more comfortable talking to and working with people on a professional level.”
FINDINGS

The Prince’s Trust Enterprise programme is adding value

The higher survivability rates of Trust-supported businesses compared to other businesses, as evidenced here, point to The Trust’s programme as making a real difference to young people’s success.

Young people themselves whom we spoke to reinforced this conclusion. A third (33%) of those who received full start-up support felt it was unlikely that they would have started their business without the support of the Enterprise programme.

Of the remainder, a quarter (25%) felt it unlikely that their business would still be surviving had they not benefitted from the support, 46% felt their business was more successful or had grown quicker thanks to the support and 80% said the support accelerated their start-up.

Looking back, young people are extremely happy overall with the support they received through the Enterprise programme (90% satisfied or very satisfied) and 95% of young people would recommend the Enterprise programme to others or have already done so.

“IT’S CHANGED MY LIFE. I’M DOING A JOB THAT I LOVE AND I’M GOOD AT AND I FEEL LIKE IT’S THE TRUST THAT HAVE GIVEN ME THE CHANCE TO DO THIS.”
Bethan came across The Prince’s Trust Enterprise programme through her local job centre, at a time when she was in and out of work, claiming Jobseeker’s Allowance and struggling with anxiety.

Having long held an interest in working in hair and beauty, she was urged to enroll on a course by her adviser, and referred onto The Trust upon completion.

In March 2012, she launched Paint Me Pretty by Bethan, which offers hair and beauty treatments in the comfort of clients’ homes. She said: “For me, the biggest thing about being involved with the Enterprise programme was how The Trust managed to make me think that I am good enough to do it. I don’t even believe I’d have a business if it wasn’t for The Prince’s Trust and everything they’ve taught me, I really don’t.”

“The Explore Enterprise Course was the thing that really helped my business survive for the first few months. I’ve still got my booklet and sometimes if I’m stuck I look through it and see what I’ve written in there to get some ideas.” Bethan has since become a Young Ambassador for The Trust and has returned to deliver talks on her experience of running her business to other young entrepreneurs.

Now in her own premises, employing three staff, Bethan has big plans for the future, possibly expanding to a second branch.
More than seven in 10 (71%) young people who received full start-up support from The Trust could not identify anything missing from the support they received.

The remainder primarily identified additional opportunities to access specialist (for example, sector-specific) business support, but also networking opportunities.

Very few young people seek specialist support from elsewhere, and staff and volunteers suggested that young people often don’t have the confidence to access external agencies, and they build up a sense of trust and understanding with The Trust.
We are aware of an external imperative to support an acceleration of business growth, so that the business can provide a sustainable income for the young person as early as possible. The new welfare system, Universal Credit, will expect self-employed claimants to be more financially self-sufficient than at present, with business owners able to pay themselves the equivalent of the minimum wage from the second year onwards.

Innovation on The Trust’s programme may offer some potential solutions. Between 2012 and 2015 The Prince’s Trust delivered European-funded enhancements to the Enterprise programme in some regions as pilots.

These offered varying combinations of dedicated business coaches, business sustainability managers, one-to-one sessions with specialist mentors and group workshops (on accounting or marketing, for example) alongside the standard elements of the Enterprise programme. In some cases, specialist mentors and workshop sessions have continued beyond the lifetime of the funding thanks to volunteer support.

Feedback related to these initiatives has been highly favourable, accompanied by suggestions that businesses are more likely to survive and grow more quickly as a result.
Having moved to Brighton to pursue a career in the creative industries, Stacie was confronted by fierce competition and struggled to secure employment.

She was claiming Jobseeker’s Allowance when a friend mentioned The Prince’s Trust Enterprise programme. Stacie had been keen to start her own business but lacked confidence and was worried about managing financially.

She said: “You think no one will help you, and that you can’t live on no money when trying to start a business. The Prince’s Trust was able to support me whilst I was claiming benefits - I thought I’d be stupid not to do it.”

She launched SJ Consultancy, a marketing and design company, in 2012. After completing the Enterprise programme, Stacie chose not to receive financial support but did work with a mentor to develop her business plan.

She said: “I had someone that I was able to ask questions to, even silly questions. Having someone to chat to was invaluable.”

Now in her own office with an intern, Stacie continues to develop her technical and business skills. She plans to continue to grow her business and take on additional staff.

“The Trust gave me the confidence to start my business and believe that my goal was achievable. That’s the main thing that’s made a difference with start-up, survivability and growth.”
ACKNOWLEDGMENTS

The Prince’s Trust and Wavehill would like to thank all the young entrepreneurs, volunteer mentors and members of staff who gave up their time to talk to researchers and share experiences. We are also grateful to NatWest for providing the funding to make this evaluation possible.

“WHEREVER I GO I TELL PEOPLE IT’S THE BEST THING I’VE EVER DONE AND IT’S TURNED MY LIFE AROUND. EVERYONE AT THE PRINCE’S TRUST HAS A BIG HEART AND THEY TRULY CARE.”