

THE ENTREPRENEURIAL COMMUNITY

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Who Are The Entrepreneurial Community?

It is often argued that the SME sector represent the Entrepreneurial Community, and that small companies are the source of future job creation. But who are the small companies?

In the UK, a small company is one which turns over less than £6.5 m., has net assets of less than £3.26 m., and has less than 50 employees.

99.9% of British businesses fall into this category, which means that further refinement of the definition is needed before it can become useful in a practical sense.

A more useful way of looking at the SME sector is in terms of the development path of the SME business.



The SME Development Path

We find it useful to categorise the SME development path as follows:

Seeds: This is the pre-revenue stage where the business may be incurring cost, but has no corresponding revenue.

Seedlings: The business has started to generate revenue, but costs still predominate. There is no fixed office and staffing is by freelancers.

Saplings: The business is generating enough surplus to maintain a fixed office and to support a staff function (e.g. a book-keeper). It has hired a number of direct staff.

Trees: The business is generating enough surplus to allow the owners and the initial funders to receive a return.

All of these companies are ‘small businesses’.



What Do Suffolk SMEs Look Like?

Based upon our 2004 survey of Suffolk SMEs:

Motivation: Most SMEs are set up so that the owners can exercise control over their lives.

Location: Most SMEs set up in Suffolk because it is a great place to live and the people are nice.

Obstacles: The biggest obstacle to the SME community is the inherent conservatism of the people of Suffolk and the lack of a developed business community.

Improvements: More networking opportunities and a more developed business community would help to encourage SMEs in Suffolk.

Other interesting results were that 14.5% of SMEs didn't trade in Suffolk and that over 40% had no growth aspirations at all.



The Entrepreneurs And The Creatives.

We need to give some thought to how the two communities mesh together.

The Entrepreneurial Community stated that they felt that more networking opportunities and a more developed business community would help to encourage SMEs in Suffolk.

The Creative Community needs a vehicle whereby the creative hotspots within the county are joined together to achieve critical mass.

These two features come together when the SMEs focus on providing services within the Support Economy that then enhances the Dream Society.



The Support Economy.

Our patterns of consumption help to determine the logic of the business enterprise. In turn, the nature of society helps to determine our patterns of consumption.

This is the key factor that establishes the link between the nature of society, the economy, and the logic of the business enterprise.

In a “Post Modern” society, autonomy and diversity have come to replace the authority, conformity, and hierarchy of society under Managerial Capitalism.

People have come to judge themselves on their own terms and not the terms of others. This means that they act more as individuals and see others as individuals.

This phenomenon is “The New Society Of Individuals”. The new society of individuals is giving rise to a new model of consumption.



The Dream Society.

The basis of the Dream Society is myth, ritual, and the story. It is the story value that creates the added value.

In the Dream Society, our purchases are an expression of our personal values, our self-identity. When we buy a product or service, we are buying a very specific story - about ourselves - attached to it.

Successful companies will be those that can leverage the value added in the story value.

The knowledge-intensive company is essentially a social construct because the corporate culture (i.e. the people who make up the company) are its main asset. Value is created at the point where staff interact with each other and the customer base.

The value of companies will be determined by the value of the employee networks contained within the boundaries of the company.



What Does A Future SME Look Like?

It would be useful to consider the attributes of a successful, future focussed SME. Our top five are:

1. Whilst having a small operational base, it will be global in scope and located on the sixth wave.
2. It will be well connected both on-line and off-line.
3. The products or services offered will say something about the customers who use those products or services.
4. It is likely to be driven by human values rather than corporate rules.
5. Everybody coming into contact with that SME will feel part of a greater whole, part of a family.

This is our list. Yours may well be different.



How Can We Encourage Future SMEs?

If we accept our vision of a future focussed SME, it's success can be enhanced by:

1. A first class technological structure that allows on-line inter-connectivity.
2. An infrastructure that enhances off-line inter-connectivity and fosters the development of informal networks.
3. A working environment that enhances and celebrates both creativity and innovation.
4. The development of a creative hub that acts as a magnet for creative agents, to form a creative cluster, from which business development arises.

