

## **New Entrepreneurs Foundation – Summary Results from Phase 2 of the Longitudinal Impact Study**

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### **Background**

NEF is a UK education charity which aims to develop entrepreneurial leaders of the future. It runs a unique and structured one-year entrepreneurial development programme for bright, young aspiring entrepreneurs. The vision is that the programme should provide the participants with the skills, confidence and networks to go on and build market leading, global businesses.

NEF commissioned Dr Coleridge in 2014 to devise and conduct an appropriate study to measure the long- term impact of the NEF programme on its participants. The first study was conducted in 2014-2015, and the second study in Summer 2016.

The study comprised 'before and after' questionnaires and in-depth interviews with samples of NEF candidates from each of the six cohorts plus interviews and questionnaires completed by a 'control' group. The control group was drawn from those who made it to the final stage of the NEF selection process but did not participate in the programme, either because they were not selected or they had turned down the offer of a place.

In total, 93 'before and after' questionnaires, 20 other questionnaires, and 56 in-depth interviews have informed the findings of this research. The study also incorporated NEF's own tracking of the most concrete outcomes of the NEF programme in terms of businesses started, investment raised and employment created. The study also assessed the impact of the programme on behaviours, skills and confidence.

## Summary of results

### New business and job creation

- NEF's own tracking of its five cohorts of Alumni (155 candidates) shows that the candidates have created **62** live businesses, raised nearly **£11m** in early stage funding, and created more than **650** jobs.
- The study showed that NEF candidates are more likely to start a business than the control group. Over 40% of those embarking on the programme have live businesses at the end of it; and these figures have been higher for the Class of 2015 (60%) and Class of 2016 (50%). Among those in the control group, the rate of live businesses was much lower; among the 42 individuals surveyed, only 11 (26%) had launched businesses which had created 38 jobs

### Entrepreneurs encouraged

- In the first phase of the study, we found that 79% of NEF Alumni who were not already running a business reported that they were more likely to start businesses as a result of their participation on the programme. This finding was sustained in phase two of the study, with 80% of the Alumni interviewed reporting that they were more likely to do so.

Some comments from Alumni not currently running a business include:

*"I am surrounded by people who want to build global businesses, people with a global outlook. Post-Brexit, it makes more sense than ever to use my connections to those people to start with bigger ambitions".*

*"I've become more creative and more willing to try out new ideas. It's just what happens when you're with other creative people".*

*"NEF breaks everything down into next steps so you're always thinking a few years ahead and therefore thinking about the unattainable".*

- Among the 31 control group members interviewed and surveyed (in phase one and phase two of this research) who had not started a business, 20 (65%) indicated that they had become inclined to believe that starting a business was less likely for them. Of the eleven control group members who were running a live business, three indicated that this was simply a way to pay the bills and that they were not passionate about it.

## Innovation enhanced

- A common theme that emerged from both phase one and phase two of the research was that the scope of entrepreneurial ‘change the world’ ambition had changed. Those alumni still employed in companies often professed to be as bold as those running their own businesses. Interviewees strongly confirmed that they were behaving in a more entrepreneurial way at work – with their employers clearly reaping some benefit.

*“This was an investment by my employer and I learned so much from being constantly asked to share what I was learning. Having to simplify it and communicate it to my co-workers so it wouldn’t seem just like theory was huge”.*

*“The combination of an informal group within the NEF cohort, and also constantly being placed into formal, corporate, intrapreneurial environments is a huge influence on learning how to innovate in the real world, where so much of the resource depends on your comfort with formal things as much as with creativity”.*

*“NEF encouraged me to question ‘why’ at work. My CEO and colleagues never did that. I feel that I have become more problem-focused rather than quick solution driven”.*

*“I learned to start thinking about what the CEO was going through on a day to day basis, the decisions he was facing, and his priorities – I completely lost the paycheque mentality I could see in so many people around me”.*

*“A huge upside wasn’t just the learning from other NEFers about tools and opportunities. The whole ecosystem of entrepreneurship is huge and it was like having 30 people out there scouting for things that would be interesting to me”.*

*“Now being an entrepreneur is a career. I don’t think only about the scalability of my idea but also about using cash flow to make more interesting moves in the future”.*

## Expertise developed

Respondents to the research were asked to self-report how they believed their competence in five particular skill areas, identified in academic entrepreneurship literature as being critical for entrepreneurship, had changed before and after the course, or in the case of the control group, since they had applied for the course. This was done by asking them to rate their skills in a given area (market research, creativity, leadership, teamwork and finance) on a scale of 1-6. As expected, overall the candidates reported that their skills had developed as they moved into the workplace. The key points that emerged from this second phase of the study were:

- Alumni, especially those not running a business, reported a significant lift in their market research skills – and this was especially supported by data from the interviews. Many reported that these skills were gained through their work placement, where a number worked in business development functions, examining and evaluating opportunities for their employers.
- Scores on creativity rose very substantially, and it was here that the largest gap between NEF alumni and non-alumni self-reporting was seen, suggesting a substantial impact from the NEF experience.
- Self-reported team working scores for both the alumni and non-alumni group were broadly similar which suggests that it is the general workplace experience that builds confidence in this area.
- NEF Alumni reported a significant absolute change in their leadership ability.

**Comment from Dr Coleridge:**

*While the sample size of the control group is too low to be completely definitive, this comparison does strongly suggest that the NEF programme is having an extraordinary impact on the young people participating in it and on their ability, opportunity, and will to start a new business*

**Notes on Survey design:**

The survey and interviews were designed, based on the academic entrepreneurship literature, to measure the effect of the NEF programme on the development of:

- Entrepreneurial intention (Bird 1988, Souitaris et al 2007) and confidence
- Entrepreneurship-related cognitions such as
  - 'entrepreneurial alertness' (Gaglio and Katz 2001; Alvarez et al 2013)
  - Tolerance of uncertainty (McMullen & Shepherd 2006)
  - Pattern recognition (Baron & Ensley 2006) and vision
- An 'entrepreneurial mindset' (McMillan and McGrath, 2000) in employment
- Skills such as market research, creativity, teamworking, team leadership and financial management

Over time, the research is seeking to measure the processes by which participants move to expert (eg, Gartner; Kruger, 2007) entrepreneurial behaviours

For further information on any of the research, please contact NEF CEO, Neeta Patel, at [neeta@newentrepreneursfoundation.com](mailto:neeta@newentrepreneursfoundation.com) or +44 (0) 7590666022