SWP 2/88  PROGRESS REPORT ON THE ENGLISH GRADUATE ENTERPRISE PROGRAMME 1985/86

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PROGRESS REPORT ON THE ENGLISH GRADUATE ENTERPRISE
PROGRAMME 1985/1986

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INTRODUCTION

The GEP in England is a primarily government sponsored (MSC) training initiative, with initial private sector support from BP, Nat West, Arthur Andersen and B.I.M., to assist first time graduates, with business ideas, to start their own businesses. Launched first in Scotland in 1983, it was developed and launched in England from 1984. At the present time, with national unemployment starting to decline, this training initiative has come into question both from within Government (questioning the cost inputs of the programme but concerned only with the employment outcome measure) and from without (from academicians e.g. David Story, claiming "that it has never been shown that the net effect of subsidising small firms is to create more wealth in the community"). This paper is not intended to rebut either major criticism but will attempt to:

1. Describe the programme concept and design, with flaws and successes;
2. Outline the business outcomes of GEP 1 at Cnffield (1985 programme), with relevance for outcome measurement;
3. Review the programme impact on student entrepreneurship, with respect to academic concern;
4. Draw conclusions for the design and measurement of future training initiatives of this type.
I. Programme Concept and Design

The average age of graduates on the first three English programmes was 24, with a median age of 23. Most studies of entrepreneurship and new business creation consider the early thirties to be the more successful age group for launching new ventures. Therefore, programme design in both recruitment and delivery, had to reflect both the starting objectives of the government sponsors of the programme as well as the particular training requirements of the students.

The programme owed its origin to government concern that UK college graduates were less interested in self-employment and small business than, for example, careers in accounting (Exhibit 1) and were less enterprising than equivalent graduates for example in the USA (Exhibit 2). There was also concern with graduate unemployment, running at over 10% in the depressed employment climate of the early 1980's, with large firms reducing their graduate intake (Exhibit 3). These concerns were not set as specific objectives for the programme. Stated objectives as such were initially high-minded but somewhat vague (Exhibit 4). After 3 years of experience, however, these now could and should be made detailed and specific.

Recruitment

UK pre-university and university training is deliberately specialist. However with less than 10% of UK graduates specialised in business studies (compared with over one-third in the USA), the typical student recruited to the programme needed a broadly based business development training that would be both stimulating and at the same time replicate the sometimes painful early learning experiences of starting a new business (e.g.
Exhibit 5). To meet the admittedly broad programme objectives, therefore, the programme commenced with awareness seminars at major English universities and polytechnics. It also provided support to students in completing a mini-business plan application form from a network of some 42 locally based academic counsellors. The process culminated in a two day selection and training weekend for all those who completed the application forms. The process of taking students from raw idea into business is summarised in Exhibit 6. It was characterised largely by self-selection as the students, guided by the application form and with positive support from the counsellor, undertook simple first steps in market research to validate their ideas. As the number of training places increased, nearly 3 out of 4 students who completed the application forms, were finally rewarded with places on GEP or other training initiatives (Exhibit 7). Analysis of student ideas and educational background, as well as achievement in recruiting numbers of graduates specified, has been documented.

Training Programme

The actual training and support programme is summarised in Exhibit 8. It comprised some five individual weeks training at management schools, interspaced with eleven non-residential weeks of market research activities funded by a grant, culminating in a Sales Exhibition for buyers. The programme was organised around the development and presentation of a business plan for each new business. This was intended to both validate the original business idea and to provide a mechanism for attracting start-up funds for each venture. Teaching methods included use of workbooks with students receiving specific instruction in skill areas, then undertaking research and applying the analysis to their own businesses. The programme used case instruction primarily for the purpose of providing role models of former students. It also used clinics with outside panels of experts (lawyers, estate and patent agents etc.).
Students were motivated by the personal, practical focus of the training (e.g. developing own sales brochures and press releases, some of which were examined as case examples and considerably improved upon by local sponsor, First City Advertising). The practical nature of the private company support to the programme, in the form of product development aid by BP, bankers panel advice by National Westminster Bank and accounting assistance from Arthur Andersen for the year following the completion of training, was both imaginative and supportive for the students. Finally, it was found necessary to increase the training time allocated to practice selling training (e.g. each student was involved and videoed in a selling exercise, increased sales exhibition training etc.) following feedback from earlier course participants in the field (Exhibit 9). While finance training was modified to increase time on breakeven and cash-flow analysis, with less on contribution accounting and return on investment analysis.

2. **BUSINESS OUTCOMES, GEP 1, 1985**

Although initial objectives for the English GEP were general rather than specific, quantifying the business outcome for each student was recognised at the outset as being a necessary task for three major reasons:

a) to permit training programmes to be revised in the light of actual student business experience;

b) to encourage students to maintain contact and to provide a self-learning device on their own achievements;

c) to ensure that Government as the main sponsor, and the private sponsors, received "value for money".


To this end a voluntary quarterly audit report was designed (subsequently semi-annual, see Appendix 1) and a data base established at Cranfield. GEP 1 students have now been trading for more than 18 months (therefore outside the further 12 months Government's assistance often provided by the Enterprise Allowance Scheme). As shown in Exhibit 10, nearly three quarters of the 36 starters are still fully employed in their own enterprise, with only 17% having entirely abandoned their original venture in favour of full-time employment, 8% continuing with part-time employment. This compares to the 41% first eighteen months failure rate quoted by Ganguly and is about the same as other start-up courses, although the age of participants is considerably younger. In addition, several in employment claim to be considering new entrepreneurial activity (e.g. "when funds improve"); none are unemployed. Of the 26 businesses currently still trading, 85% reported that they were trading above break-even point (one, below break-even, has a 2 year lead-time in bringing his kit-cars to market), and 70% reported that they were "confident" or "very confident" about the future.

Exhibit 11 gives an indication of the financial performance of those still pursuing their own business activity. As might be expected, turnover is increasing faster than net profitability. If we group the GEP 1 businesses and regard it as a single holding company (with business lines ranging from Dockspeed freight transport, through the manufacture of folding bicycles to the sale and distribution of plastic greeting cards) we could report that in the 12 months June 86 - June 87, GEP 1 Company sales turnover was £1,448,688, and net profit was £135,918, giving a margin of 9½% on sales (excluding a £42,000 property asset windfall, and after deducting losses of those businesses below break-even). The total investment cost for the MSC in this programme was approximately £250,000 (see Exhibit 12). A businessmen, therefore, might view the GEP 1 Company as an investment producing a two-year payback, a simple return on
investment of more than 50% per annum! This would ignore however, the further, usually small, amounts of private sector investment and the fact that "net profit" is mostly calculated prior to owner's drawings. The figures, therefore, simply provide a first indication of the underlying health of the businesses.9

Viewed in employment outcome terms, however, a legitimate concern of the primary Government sponsor, results have not been as encouraging. Current full-time employment, including student entrepreneurs, stands at 41 for the latest 24 businesses reporting; together with a reported 32 part-time workers (including 14 full-time for 10 weeks at Oxford Activity Camps) and some 76 indirect workers (including 15-20 agents for plastic cards, clearly carrying other people's merchandise lines as well). These low employment levels, however, should be seen in perspective, given the relative youth of the student entrepreneurs. Business school training and counselling has consistently emphasised the need for caution in early start-up stages (referred to as the Spider approach to entrepreneurship - see Exhibit 13). The use of part-time employees has constantly been encouraged during the early phase of development, while the entrepreneurs learn to manage and to react to markets. Similarly, caution has been advised in not entering into any long-term property commitments and sub-contracting recommended rather than direct manufacturing. Clearly, for youthful entrepreneurs, profits have to be earned and track records established before any significant finance can be attracted into the business. A few case examples might make these points more clearly:

a) Dockspeed has been the largest employer in GEP, with 5 full-time employees; each employee, however, has been clearly based on a newly leased vehicle, following leasing company satisfaction with the profit progress of the company;
b) Howard's Originals, a novelty greeting card company, despite being the most consistently profitable company (over £10,000 p.a. net profit in each of first two years) has only now obtained a significant loan. This will enable the company to move from home to rented premises and to engage for the first time a warehouse employee;

c) Anthony Robinson's holograms contract with Rigby Electronics and Mark Sander's folding Strida bicycles, (Exhibit 14) have provided no recorded full-time employment other than for the entrepreneurs themselves, as all their work is subcontracted to licenced manufacturers. Clearly, however, there is an unquantifiable sub-contract employment benefit.

One may conclude, therefore, that some twenty-six new businesses have been satisfactorily started, with a positive, if modest, return to the entrepreneur owners and a capacity, as yet undetermined, to make a real contribution to new employment, particularly over the period of some 2-5 years after start-up. A data base for GEP 1, 2 and 3 training programmes and a mechanism (semi-annual reports) to monitor progress exists at Cranfield. In judging the performance of GEP business outcomes therefore, wealth creation should come first, as this is the only sustainable way of creating genuine new employment, and a suitable time span allowed to measure the subsequent employment achievement.

3. IMPACT ON ENTREPRENEURSHIP

The question is frequently asked 'Would these student entrepreneurs have undertaken their enterprises anyway, without the costly support framework of the Graduate Enterprise Programme?' During the selection workshops for GEP 3 in March/April 1987, some 214 applicants for the GEP programme completed a market research
questionnaire on their intentions regarding starting their own business. Only one out
of ten indicated that their interest in starting their own business derived from the GEP
programme itself; but out of the remaining nine, one half indicated it had not been their
intention to start up immediately after graduation. The GEP programme, therefore, has
provided an incentive for young people to accelerate and bring forward the timing of
their projected business start-up. This, after all, is what might be perceived as a
legitimate purpose of any educational experience: to provide concentrated skills training
and "real world" experience, short circuiting the necessity for young people to gain
experience by actually being employees and perhaps in the process losing their original
entrepreneurial ambition. To further confirm this assertion, just over one third of the
applicants (36%) indicated that they had actually already received offers of full-time
employment. Following selection, few students failed to attend the GEP training (see
Exhibit 7, a 90% acceptance rate following selection). We might conclude therefore that
just over half of the participants on the programme owe their start, or more importantly
the timing of the start of their own business, to the encouragement of the GEP
programme.

A further question that could be asked is 'Has failure to be selected for the GEP
reduced the number of potential business start-ups?' Some 92% of the 214 applicants
interviewed for GEP 3 indicated that they intended to set up their own business
regardless of whether or not they obtained places on the GEP (a not unnatural response
during selection). A further survey of unsuccessful applicants for GEP 1 and 2
programmes produced a small response (19 only, due to address location difficulties).
This small survey confirmed that over 95% had intended to set up in business, regardless
of GEP places but in the event, following a negative decision, only 6 (32%) did actually
set up their business after graduation. To the extent, therefore, that two thirds did not
proceed with their earlier entrepreneurial intentions, the GEP has to accept either that
they have reduced or at least delayed some potential business start-ups; however, in response to a further question, nearly two thirds of respondents accepted that they thought the GEP selection decision was correct!

Furthermore of the six who set up in business, and who clearly did not think that the GEP selection decision was correct, five indicated that their business was currently trading profitably; none of their success is due to GEP! But at least they were not deterred from starting up by the GEP. While nearly all found some benefit in the two day selection weekend teaching workshops, one might conclude that really determined and potentially successful entrepreneurs are not dissuaded by selection decisions!

Finally, this research amongst GEP applicants did provide some information on family backgrounds, motivation and what the student entrepreneurs were seeking from GEP.

More than one third of the students indicated entrepreneurial antecedents in that 38% had fathers who owned their own businesses, 12% had mothers owning their own business; 28% of the total had grandparents who had owned their own businesses! The majority (61%) were starting their own business primarily to be independent rather than to make money (22%); more than half (51%) ranked training as the most important element of GEP, ahead of counselling (29%) and money (18%). This latter interest in business training was perhaps not surprising given that nearly two thirds (68%) were just completing their undergraduate degree, with nearly half (45%) having had less than 12 months work experience.
4. CONCLUSIONS

This report was written to provide some evidence from a specific MSC programme to fuel the debate on public and private support for small enterprise training. In a climate of almost total private company aversion to financing or assisting "high risk" start-ups, one might maintain that as long as the financial and employment returns for such investments are positive (and closely monitored) then Government is right to create "infrastructure" upon which the private sector can subsequently build by providing further venture capital and private investment (which is clearly what venture capitalists prefer to do, well after "start-up"). In this respect the training (not financing) of graduate entrepreneurs is no different to the clearance and refurbishment of inner city areas, in that it is a necessary pre-requisite to further development by encouraging subsequent future private investment.

Nonetheless changes in design and administration would improve the programme:

1) **Set clear objectives for the trainer and the trainee:**

As data on the effectiveness of such programmes is assembled, a redefining and a re-setting of specific business objectives should be undertaken. Objectives such as "encouragement of entrepreneurship" cannot be assessed and more measurable financial as well as employment objectives should be set;

2) **Set objectives and evaluate in Input/Output terms each Programme:**

Management within Government departments by cost input comparisons amongst programmes should be modified to include financial output measures (turnover, net profit and number above/below breakeven) and pay back (financial and
employment) time horizons and targets compatible with the age and experience of programme participants.

3) **Monitor these objectives regularly:**

Monitoring of such programmes should become mandatory rather than voluntary upon participants and institutions. This does not mean a host of inspectors, auditors or forms, but a simple requirement for participants accepting places on such programmes to file management reports to the usually supportive provider data base so that future education, guidance and an informal review might take place. This suggests also that Government requires the management and provision of data be mandatory upon the providers of training, with access for independent verification.

Some of these suggestions are currently being considered for the Mark 2 GEP and we hope they will be introduced to this significant and positive graduate programme.
EXHIB

SURVEYS SHOW FEW UNITED KINGDOM GRADUATES ENTER SMALL BUSINESS OR SELF-EMPLOYMENT

1982 - ONLY 6\% OF KEY MANAGERS IN SMALLER FIRMS WERE GRADUATES OR EQUIVALENT

14\% IF CHIEF EXECUTIVES ARE INCLUDED

Source: The Stirling Survey

1983 - ONLY 500 OUT OF 150,000+ GRADUATING STUDENTS OPTED FOR SELF-EMPLOYMENT

NEARLY 14,000 UNDERTOOK ACCOUNTANCY TRAINING

Source: Careers Service Destination Survey
IN USA, SIGNIFICANT NUMBERS OF GRADUATES START THEIR OWN BUSINESS....

- UNDER 30's STARTED 1 IN 3 NEW VENTURES
- A SIGNIFICANT GROUP WERE IN THEIR EARLY 20's WITH COLLEGE DEGREES
- THE CHANCES OF FAILURE THE SAME AT 24 AS AT 35!
- THE BIGGEST PROBLEM FOR YOUNG GRADUATES - 'BEING TAKEN SERIOUSLY'

Source: National Federation of Independent Business (USA) - 560 members

WHICH THE BRITISH G.E.P. HAS ATTEMPTED TO START TO REMEDY

- LAUNCHED IN STIRLING, SCOTLAND 1983
- FIRST ENGLISH GEP LAUNCHED AT CRANFIELD IN 1984/5, SIMILAR PROGRAMME IN WALES AND N. IRELAND
- SECOND ENGLISH GEP, BASED AT CRANFIELD, DURHAM AND WARWICK 1985/6
- THIRD ENGLISH GEP, BASED AT CRANFIELD, DURHAM, WARWICK, MANCHESTER AND BRISTOL 1986/7
WHAT'S GOING ON IN THE UNITED KINGDOM

"LARGE COMPANIES ARE NOW REDUCING THEIR LABOUR FORCES MORE THAN EVER BEFORE. THEY HAVE NO ALTERNATIVE, INDEED IT IS IN THE COUNTRY'S BEST INTERESTS THAT THEY SHOULD.

THAT MEANS THAT SMALL BUSINESSES CAN BE THE ONLY SOURCE OF REDUCTION IN UNEMPLOYMENT".

John Bolton, author of "Bolton Report"
Source: Financial Times, 14th October 1986
GRADUATE ENTERPRISE PROGRAMME BROAD OBJECTIVES

- TO STIMULATE ENTREPRENEURSHIP AND INTEREST IN SMALL BUSINESS AMONGST STUDENTS
  - IDEA GENERATION - SELF EMPLOYMENT -
  - TO CHANGE ATTITUDES
  - RISK TAKING AND FAILURE

HOW

- CHALLENGE STUDENTS WITH BUSINESS IDEAS
  - REAL BUSINESS OUT OF HOBBIES
- PROVIDE TRAINING FOR BUSINESS START UPS
  - FINANCE AND MARKETING
- PROVIDE A COUNSELLING SUPPORT NETWORK FOR NEW BUSINESSES
  - PLANNING AND REVIEW

Source: GEP, Cranfield
YOUNG PEOPLE ARE GOOD AT MAKING MISTAKES .....  
AND STARTING NEW BUSINESSES

"I HAVE NO REGRETS ABOUT DIVING IN THE DEEP END. WHEN YOU’RE YOUNG YOU CAN MAKE A FOOL OF YOURSELF. IT’S VITAL TO DO EVERYTHING POSSIBLE IN THOSE 10 YEARS AFTER SCHOOL ..... BUT IT TAKES TIME AND YOU’VE GOT TO BE PREPARED TO MAKE MISTAKES".

ROBIN BIRLEY, aged 27  The Guardian 1st March, 1985

- 1st sandwich bar, Fenchurch St., 1979 age 21
- 1986 profits £75,000 p.a., 3 sandwich bars
ENGLISH GRADUATE ENTERPRISE PROGRAMME IS GROWING

<table>
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<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>NO. OF SEMINAR LOCATIONS</td>
<td>31</td>
<td>44</td>
<td>65</td>
<td>200</td>
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<tr>
<td>NO. STUDENTS ATTENDING 1ST SEMINAR</td>
<td>1003</td>
<td>1499</td>
<td>2020</td>
<td>4000</td>
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<tr>
<td>NO. STUDENTS SELECTED</td>
<td>40</td>
<td>70</td>
<td>125</td>
<td>350</td>
</tr>
<tr>
<td>NO STUDENTS ATTENDING PROGRAMME</td>
<td>36</td>
<td>67</td>
<td>110</td>
<td>300</td>
</tr>
</tbody>
</table>

| NO. TRAINING CENTRES (ENGLAND) | 1 | 3 | 5 | 9* |

* (including Scotland and Wales)

Source: Report on Recruitment and Selection, Cranfield Working Paper
THE ENGLISH GRADUATE ENTERPRISE PROGRAMME

TRAINING

- Management School Training

1987

July - Dec (16 weeks)

. 5 weeks residential business school training

. 11 weeks non-residential market research with academic counselling

& Private Company Support Programme

1988

Jan - Dec

12 Months
Arthur Andersen Counselling and Aftercare.
B.I.M.

British Petroleum product development support

National Westminster Bank's advice on obtaining finance

FINANCIAL SUPPORT

1987

MSC Training Allowance
£40-62 per week for 16 weeks (5 weeks at Management School)

Market Research Budget
Up to £1200

1988

Student may be eligible for MSC Enterprise Allowance
£40 per week for 52 weeks
<table>
<thead>
<tr>
<th>AREA</th>
<th>NUMBER OF COMMENTS</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and sales related</td>
<td>7</td>
<td>Need good sales catalogue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Need more selling time!</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finding sales outlets!</td>
</tr>
<tr>
<td>Finance, or lack of</td>
<td>5</td>
<td>Need working capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Need to update Business Plan to obtain more working capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Costs not anticipated in first Business Plan</td>
</tr>
<tr>
<td>People</td>
<td>3</td>
<td>Loyalty of agents poor!</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under-staffed!</td>
</tr>
<tr>
<td>Production</td>
<td>2</td>
<td>Bottlenecks - need more outworkers</td>
</tr>
<tr>
<td>Personal - loneliness!</td>
<td>3</td>
<td>No one to complain to!</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>Sunday trading laws!</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Company law.</td>
</tr>
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</table>

Source: Cranfield GEP 1 Semi-Annual Survey
### GEP 1: 18 MONTHS ON

<table>
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<tr>
<th>CATEGORY</th>
<th>NUMBERS</th>
<th>%</th>
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<tbody>
<tr>
<td>Full-Time, Self-Employed, Trading</td>
<td>26</td>
<td>72</td>
</tr>
<tr>
<td>Part-Time Trading (with Full-Time Job)</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Full-Time Job</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Course Totals</td>
<td>36 Participants</td>
<td>100%</td>
</tr>
</tbody>
</table>

Those with full-time jobs include:

- one training to be an accountant
- one in financial services
- property development
- market research
- and one in an enterprise agency

Source: Cranfield GEP Database
GEP 1 COMPANY TURNOVER INCREASING FASTER THAN NET PROFITS

Source: CRANFIELD
GEP DATABASE
**GRADUATE ENTERPRISE PROGRAMME**

**BUDGETED COSTS**

**CRANFIELD 1985**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment (seminars, publicity, counselling)</td>
<td>£40,000</td>
</tr>
<tr>
<td>Accommodation</td>
<td>£41,000</td>
</tr>
<tr>
<td>Teaching, Counselling &amp; Administration</td>
<td>£100,000</td>
</tr>
<tr>
<td>Market Research Grants (1250 per student)</td>
<td>£45,000</td>
</tr>
<tr>
<td>Student Allowance (16 weeks)</td>
<td>£23,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£249,040</strong></td>
</tr>
</tbody>
</table>

*Source: Cranfield GEP Budgets MSC Allowances*
THE SPIDER'S APPROACH TO ENTREPRENEURSHIP

- When a spider falls, it doesn't get hurt
- It lands and moves on to weave another web!

1. DON'T GET HURT

- Test market, market stalls first, stores last (market testing)
- Short leases not long (property testing)
- YTS not full-time employees (people testing)
- Shoestring early finance don't guarantee loans (finance testing)
- Good margins to cover selling costs (price testing)

2. WEAVE ANOTHER WEB!

- Recognise what was good/remedy weaknesses
- Recognise opportunities (Connectair! Scoops!)
- Make new mistakes not old ones
- Keep making it 'good, different & newsworthy' (Bob Payton)

Source: Cranfield, After Professor Mintzberg, McGill University.
 Except for specialised racing machines, most bicycles - and especially most folding bicycles - don't carry the fashionable aura of high tech. Mark Saunders (above) thinks he's changed all that. Report by John Diamond. Photographs by Sandy Porter

The Strida folds up, when not bringing the glow of health (and saddle sore?) to the unfamiliar cheek, into a stick on wheels

Nothing quite so understates a new invention's case as the synoptic description on the title page of its patent registration. Thus Mark Saunders's new bicycle, the Strida, a prodigy of a machine which may have millions of us up and pedalling healthily any day now, is to the Patent Office no more than "Improvements Relating to Collapsible Bicycles".

Saunders is 28, an engineer who gave up designing vending machines for Mars Bars to return to college and study for an industrial design MA conferred jointly by Imperial College's Engineering Department and the Royal College of Art. It's the sort of course that annually produces share-of-things-income copy for the industrial trade papers as students peer optimistically into the future and come up with the Twenty-First Century Toaster or the Ford Cortina for the year 2000. Invariably the designs look sleek in that futuristic, Buck Rogers School of Art way, and equally invariably they turn out to be no more than inventive concepts waiting for the 21st-century technology to come along and make them work. Saunders's design is different. Futuristic as his bike looks, it works now and has just gone into full-scale production. Saunders might not have invented the wheel, but he's redesigned its closest relative almost from scratch.

There have been, and are, folding lightweight bikes on the market, but the truly collapsible ones are seldom really lightweight and the really lightweight ones can be devilish to fold and unfold. And those that combine both desiderata can make an unexpectedly large hole in the pocket, and are to be found almost exclusively in cycle-trade outlets, which the uncommitted may find intimidating.

The Strida weighs 22lbs and breaks down to a sort of bulky, wheeled...
Riding Stick continued

Having pushed the bike up a steep hill, I had a chance to ride it. I was surprised at how light it felt and how easy it was to control. The handling was excellent, and I was able to ride it at high speeds without any problem.

The paint job was also impressive, with a shiny, glossy finish that made the bike stand out. The seat was comfortable, and the handlebars were ergonomically designed.

Overall, I was very impressed with the bike and would recommend it to anyone looking for a high-quality, fast, and comfortable riding experience.
APPENDIX 1

Confidential

SEMI-ANNUAL BUSINESS AUDIT REPORT:
END SIX MONTHS TO JUNE 1988

Name of person: ...........................................................................................................................................
Name of business: ........................................................................................................................................
Where did you attend the GEP course? ......................................................................................................
What year did you start the GEP course? ...................................................................................................

Please complete and return this form in the envelope provided. The purpose of the Audit Report is to provide a means for you to let us hear about new opportunities and problems that you have experienced as your business has progressed. We may even be able to help! It will enable us to monitor the effectiveness of the programme as a whole. All information relates to the last six months.

In return we will mail all contributors with the GEP newsletter summarising results and comments. This helps us all to keep in touch.

SECTION 1: Business account

1.1 Are you still in business on your own account? Yes □ 1

No □ 2

If 'No', please let me know what happened in a separate letter or on the back page.

SECTION 2: Sales

For the last six months, please indicate:

2.1 Invoiced sales value (in £'s).

£ ........................................

2.2 Total number of customers sold to.

........................................

Any comments? (e.g. names of new major accounts etc.)
SECTION 3: Profits

3.1 Were you operating above your breakeven point over the past six months? Yes □ 1  No □ 2

3.2 What was your pre-tax profit (loss) for the last six months (in £'s)? £ ........................................

SECTION 4: Employees

4.1a How many full time and part time people were directly employed by your business, including yourself, in the last six months? Full Time  Part Time

4.1b How many full time and part time people were indirectly employed (e.g. outworkers)?

4.2 Do you expect to be taking on more people during the next six months? Yes □ 1  No □ 2

Any comments? (e.g. type of people taking on etc.)

SECTION 5: New products/Markets

5.1 What new products did you launch/new markets did you enter in the last half year?
**SECTION 6: General**

6.1 What are the main problems that you are currently experiencing in any of the following areas?

<table>
<thead>
<tr>
<th>Area</th>
<th>Problems</th>
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<tbody>
<tr>
<td>Finance/Accounting</td>
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<tr>
<td>Marketing/Sales</td>
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<td>People/Communication</td>
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</tr>
<tr>
<td>Production/Operations</td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
</tr>
</tbody>
</table>

6.2 How confident are you about the success of your business over the coming six months or so?

- Not at all confident [ ]
- Fairly confident [ ]
- Confident [ ]
- Extremely confident [ ]

6.3 Have you contacted any professional advisors in the last half year (e.g. accountant etc.)?

Please list

6.4 Do you feel that you require further advisory help?  

<p>| | |</p>
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<tbody>
<tr>
<td>Yes</td>
<td>[ ] 1</td>
</tr>
<tr>
<td>No</td>
<td>[ ] 2</td>
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If 'Yes', where from?
SECTION 7: Newsletter update

7.1 Please use the space below to add information that would be of further use or interest:

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THANK YOU FOR YOUR CONTINUED HELP IN COMPLETING THIS QUESTIONNAIRE!
References


3. David Trippier, Minister for Small Firms, Dept. of Employment. "I am dismayed by the fact that only one-third of one per cent of graduates in this country go into starting their own businesses from scratch, compared with two per cent in the United States and two and a half per cent in Japan". The London Evening Standard, Thursday, 22 January 1987.


9. Based on the evidence of the first four surveys (GEP 1, three surveys and GEP 2, one survey) student entrepreneurs seem to have little difficulty providing turnover, employee, new product/customer and break-even information. Net profit clearly creates difficulty; few of these numbers are produced by accountants or are audited. The net profit numbers and net losses reported are therefore, best estimates and are "management accounts" not audited numbers; but our interpretation of them is that they are a good guide to the underlying health of the businesses concerned.

EXPORTING HANDICRAFTS

A check list

Be prepared to answer the questions and your chances of success will greatly improve.

1. Do you have sales?
2. Do you have catalogues?
3. Do you have photos?
4. Do you have prices?
   (With clear reference to written description or photos).
5. Do you have details of the product?
   (Size, colour, pattern, etc.)
6. Can any of these be changed to suit a customer's requirements?
7. What is your production capacity?
8. What are the comparative freight rates?
   (Land/sea/air)
9. What are your delivery times?
10. What are your policies on exclusivity?
11. What are your payment terms?
12. Is there any seasonal variation in production?
13. Do you have information on the producers?
   (Number of employees, hours of work, length of training, wage rates).
14. Has your product been properly tested e.g., for colour fastness, shrinkage?
15. Do you know about, does your product fulfil the necessary health requirements? (e.g., mohair must be certified "anthrax free").
16. Do you know about, and does your product fulfil any special requirements of the country you will be visiting? (e.g., the Federal Republic of Germany requires that ceramics be labelled 'not for food use...').
17. Have you obtained details of import documentation required for your product in the country with which you wish to trade? Similarly the export documentation your own country requires?
18. Are the products properly packaged for export? (air and sea freight packaging varies). Have you provided adequate protection against pests, humidity or damp?
19. How much of the product is consumed locally and how much is exported?
20. What are the projections for the product? (i.e., is production/export expected to increase?).
21. Does the country/this product benefit from any tariff concessions or customs agreement which would reduce its cost to the importer?
22. Who else is importing your product?