

How a recession set entrepreneurs free

Some people have seen the recession as the perfect time to go it alone and start a business. **Mark Hunter reports**

You might think that a recession is a daft time to start a business, especially if you are a young graduate venturing out into the big, bad world of work for the first time. Better, perhaps, to play it safe, to try to squeeze into a big company and climb the corporate ladder.

But you might be wrong. The downturn, it seems, has done little to dim the appetite for striking out on your own. Data published for Global Entrepreneur Week, which began on Monday, shows that entrepreneurs are rising to the challenge and launching businesses despite the recession.

A survey by Deloitte, the business advisory firm, found that three quarters of entrepreneurs in the East of England had found business opportunities during the recession. Research published by Kingston University shows that 58 per cent of small businesses have introduced new services or products during the past year. Gill Jennings and Avery (GJ&A), a London-based intellectual property law firm, says that the number of patent applications from individuals or small businesses doubled during the first half of this year compared to last.

Peter Finnie, a partner at GJ&A, believes that this surge of creativity may be a direct result of the recession. "With redundancies and unemployment on the rise, innovators are more likely to set up businesses on their own," he said.

Many of those taking the plunge are finding that the conditions for start-up companies are surprisingly favourable. Competition during a recession is less severe, premises costs are lower and



Ian Walker, above right, and David Lambert found it hard to find financing when they set up their laundry business

'I can't say it's much easier this time round'



suppliers more willing to drop their rates.

Simply being a start-up can help. "I have a lot more freedom to duck and weave and adapt to difficult times than if I was working for a big company," Patrick Windle, an event management graduate from Leeds Metropolitan University, said. He has eschewed a place on a graduate programme in favour of launching his own business — the Shaky Jakes milkshake bar in Leeds. He is now looking for premises for a second outlet.

However, Julie Meyer, chief executive of Ariadne Capital, a company

that specialises in finance for entrepreneurs, emphasised that while a recession can help to focus the entrepreneurial spirit, good ideas are not enough. "Hard times can build the tension necessary to create a great team, product and go to market, but if a company is under-capitalised it won't succeed. Enough capital to hit the next milestone, but not so much that you don't have the right discipline. The need to improve gets lost when you have too much money and not enough paranoia."

Banks remain reluctant to invest in new ventures, so where does the entre-

Crossing the divide

Case study LaundryRepublic

As former City consultants, Ian Walker and David Lambert were no strangers to the world of finance. But when it came to raising capital for their own business venture last autumn, they found it a little more difficult on the other side of the financial divide.

"We were getting quoted silly interest rates of 18 per cent or more," Mr Lambert said. "Fortunately, both Ian and I were able to fund the company ourselves." LaundryRepublic is a 24-hour laundry and dry cleaning service in Central London that serves more than 2,500 residential and commercial units and is expanding rapidly. Indeed, the company is doing so well that Mr Walker and Mr Lambert are returning to those original reluctant investors seeking external financing for their expansion plans. "I can't say it's much easier this time round," Mr Lambert said, "but at least they are letting us in the door."

preneur go to seek capital? One bet is the library. Over the past three years the British Library's Business and Intellectual Property Centre has offered advice and resources to more than 100,000 entrepreneurs and small businesses. Neil Infield, the centre's manager, has noticed no decline in interest since the recession began.

"My impression is that there has been an increase in demand, often from professionals who have been made redundant," he said. "I've dealt with three ex-architects who have had good ideas for businesses and have come to us for advice on setting up."

BEN GURR FOR THE TIMES