THE SCALEUP MANIFESTO: HOW BRITAIN IS BECOMING THE SCALEUP NATION OF THE WORLD
BACKGROUND

The Department of Business Innovation & Skills commissioned *The Scaleup Report* and requested Sherry Coutu to lead the review. It was compiled through detailed research, analysis and interviews undertaken with leading industry sectors, academics, business leaders, entrepreneurs and policy makers.
‘SCALEUP’ OECD DEFINITION:

A ‘scaleup’ is an enterprise with average annual growth in employees or turnover greater than 20 per cent per annum over a three year period, and with more than 10 employees at the beginning of the period.
WHY SCALEUPS MATTER

**SCALEUPS ARE PRODUCTIVE**
High levels of productivity twice as common in firms that are scaleups³

**SCALEUPS CREATE JOBS**
3 x as many per week as FTSE 100 in 2014⁴

**SCALEUPS ARE INNOVATIVE AND INTERNATIONAL**
With those exporting 3x more likely to introduce products or services that are new to their sector than businesses which are entirely domestic⁵

**SCALEUPS ARE ACROSS ALL SECTORS**
2016 scale up survey had scaleup CEO respondees from: construction, manufacturing, automotive, chemical engineering, advertising, marketing, hospitality, retail, food and drink, oil and gas, energy and utilities, creative, games, property development, fintech, life sciences, recruitment, education, healthcare, consultancy, bioindustry, and IT/software⁷

**SCALEUPS ARE DIVERSE**
927 female-led businesses with £1M-£250M in revenues growing on average at 28% p.a. 336 of them were found to be growing at > 50% per annum. Their contribution was an additional £2bn to UK plc in 2015⁸

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³ [Source]
⁴ [Source]
⁵ [Source]
⁶ [Source]
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⁸ [Source]
NATIONAL GROWTH ACROSS SECTORS

Information Technology, London
Food & Drink, Edinburgh
Staffing & recruitment, London
Manufacturing, Cambridge
Advertising Technology, London
IN 2014 THE REPORT IDENTIFIED
6 MAIN GAPS TO FOCUS ON:

The Evidence Gap
public and private sector organisations identify, target and evaluate their support to scale-up companies

The Skills Gap
improve the ecosystem so scale-ups can find employees with the skills they need

The Leadership Capacity Gap
building their leadership capability

The Markets Gap
accessing customers in other markets/home market

The Finance Gap
accessing the right combination of finance

The Infrastructure Gap
navigating infrastructure
2016

SO WHERE ARE WE NOW?
Our partners are drawn from the scaleup ecosystem of corporates, entrepreneurs, financiers, educators and public policy.
THE NATIONAL AND LOCAL PICTURE
SCALEUPS AT A NATIONAL LEVEL

9,979
IN 2013: THIS WAS THE NUMBER OF SCALEUPS IN THE UK

10,754
IN 2014, THAT NUMBER INCREASED

11,575
IN 2015, THE AMOUNT GREW FURTHER
SCALEUPS AT A LOCAL LEVEL

ONS, 2015
BUSINESS INVENTORY GROWTH AND REVENUE INDICATOR MAP

NUMBER OF INDICATORS RANKED IN LOWEST THIRD, BY LEP (MAX 12)
2016

THE CHALLENGES AND NEEDS OF UK SCALEUPS IN 2016
321 Scale Ups from a broad range of sectors.
PUT THE SPOTLIGHT ON SCALE-UPS

SHARE DATA

97%
SCALEUPS want to be identified as a Scaleup internally

63% favoured opt-in system

90%
SCALEUPS want to be identified as a Scaleup externally

33% favoured opt-out system

#scaleup scaleupinst scaleupinstitute.org.uk
We recommend that **Scaleup status** is officially recognised as a formal business classification and that national datasets are utilised to allow the verification and identification of a company’s “scaleup status” so that national, local public and private sector organisations can interact with these businesses in a more effective manner and collectively drive economic growth more easily.

Local Stakeholders should have funding they receive from Central Government tied to whether or not their strategy addresses closing the scaleup gap and whether or not this strategy is working.
TALENTS & SKILLS
I would be able to grow my company faster if university graduates had the skills needed to meet my customer demand.

82% of Scaleups Agree
Please identify the **3 skill sets** where you see the biggest gap.

Skill sets with the biggest gap

<table>
<thead>
<tr>
<th>Skill Sets</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business skills</td>
<td>34%</td>
</tr>
<tr>
<td>Management skills</td>
<td>30%</td>
</tr>
<tr>
<td>Technical skills</td>
<td>29%</td>
</tr>
<tr>
<td>Social skills</td>
<td>28%</td>
</tr>
<tr>
<td>Finance skills</td>
<td>12%</td>
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</tbody>
</table>
RECOMMENDATIONS 2016

The Department for Education and Local Enterprise Partnerships use their convening and promotional power to guarantee that students at schools, colleges and universities come into contact with the top 50 scaleup business-leaders within 20 miles of their establishment and that an API to the National Pupils database, with suitable protections, is made available so that the impact of these interventions can be measured.

A ‘Scaleup Visa’ should be made available in communities where there are 100+ scaleup companies to enable scaleup leaders to recruit staff they need to expand their capacity to grow.
BUILDING LEADERSHIP

I would be able to grow my company faster if it were easier to develop the leadership talent at my firm

88% of Scaleup CEOs 2016

Flexible short leadership course available at local university and/or business schools

Access to peers/non-executive directors who have done this before

28% of Scaleup CEOs 2015

48%
I would be able to grow my company faster if it were easier to find mentoring and professional support schemes near me that were effective...

71% of Scaleup CEOs 2016 agreed
DRIVING ECONOMIC DEVELOPMENT THROUGH SCALEUP ECOSYSTEMS
DRIVING ECONOMIC DEVELOPMENT THROUGH SCALEUP ECOSYSTEMS
DRIVING ECONOMIC DEVELOPMENT THROUGH SCALEUP ECOSYSTEMS- LOOKING AHEAD

• **Swindon and Wiltshire:** Inspire Elite launched in October 2016 aims to support 100 local scaleups

• **Greater Cambridge and Greater Peterborough:** Dedicated ScaleUp and Growth Manager launched ‘School for Scaleups’

• **Worcestershire:** scaleups now embedded in strategic priorities of the local LEP and Growth Hub

• **West of England:** scaleup roundtables with MPs showcasing local growth companies, events for scaleups to support their needs and challenges

• **Birmingham and Black Country:** Scaleup 1000 to be launched January 2017 and Scaleup Champion put in place
Local stakeholders should prioritise matchmaking between peers and non-executive directors who have scaled businesses before. Local educational establishments should consider as a priority the introduction of flexible courses designed to help scaleup leadership teams with their development needs.
ACCESS TO MARKETS
I would be able to grow my company faster if it were easier to attract larger corporates as customers in the UK.

86% of Scaleups agree in 2016

From in 2015
What do you see as the biggest difficulty in attracting larger corporates as customers?

- Senior management buy in: 21%
- Initiation: 21%
- Qualification: 11%
- Consistent support mechanisms throughout the life of engagement: 5%
- Being able to deliver the size of contract required: 5%
- Negotiation: 5%
- Evidence of monitoring at board level: 2%
I would be able to grow my company faster if the government were a customer.

72% of Scaleup CEOs agreed in 2016.

From in 2015
What do you see as the main barriers to being able to do business with the government?

Main barriers to doing business with the government

- Process and procedures being onerous: 35%
- Access: 35%
- Awareness: 33%
- Support: 20%
- Qualifications: 14%
I would be able to grow my company faster if I were invited to join international trade missions that introduced me to potential overseas companies I could sell to or partner with.

- 70% of Scale-Up CEOs
- 84% of size 11–19 employees
Which of the following markets are most relevant to your business?

Most relevant international markets

- European Union: 27%
- North America: 29%
- Asia: 19%
- Middle East: 13%
- Indian Subcontinent: 2%
- Latin America: 2%
- Africa: 2%
RECOMMENDATIONS 2016

Public bodies should report on the level of procurement they source from and the collaboration they have with scaleup companies and their funding should be tied to increasing this amount.

Large Companies should report on the level of procurement they source from scaleup companies and the collaboration they have with scaleup companies. Any contracts they get from Government should be tied to increasing this amount.

Agencies that interact frequently with scaleups, like the Border Authority, Listing Authority and HMRC should have fast-track procedures for scaleups and they should report on their efficiency in relation to peers in other countries.
I would be able to grow my company faster if more private and public help was given to introduce me to overseas investors.

Increases to 70% if they expect to continue to grow > 20%

63% of Scaleups agree
Government and industry should ensure that progress is made closing the finance-gap and ensure that growth finance is included as core curriculum in all local scaleup leadership courses.
<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>If I was identified as a scaleup internally across government departments (on opt in basis)</td>
<td>97%</td>
</tr>
<tr>
<td>If I was identified as a scaleup externally (on opt in basis)</td>
<td>90%</td>
</tr>
<tr>
<td>If it were easier to attract larger corporates as customers in the UK</td>
<td>86%</td>
</tr>
<tr>
<td>If applicants had the skills needed to meet my customer demand</td>
<td>82%</td>
</tr>
<tr>
<td>If interactions with Government Departments were easier</td>
<td>82%</td>
</tr>
<tr>
<td>If it were easier to find mentoring and professional support schemes near me that were effective</td>
<td>71%</td>
</tr>
<tr>
<td>If the government were a customer</td>
<td>72%</td>
</tr>
<tr>
<td>If I had better access to bank loan finance</td>
<td>70%</td>
</tr>
<tr>
<td>If interactions with regulators were easier</td>
<td>70%</td>
</tr>
<tr>
<td>If universities and large corporates opened up their research and development facilities to me</td>
<td>70%</td>
</tr>
<tr>
<td>If office space and buildings were available on flexible, short-term contracts</td>
<td>69%</td>
</tr>
<tr>
<td>If I could more easily hire talent from overseas who had scaled up a company before</td>
<td>65%</td>
</tr>
<tr>
<td>If more private and public help was given to introduce me to overseas investors</td>
<td>63%</td>
</tr>
<tr>
<td>If I had better access to venture capital finance</td>
<td>62%</td>
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<tr>
<td>If it were easier to attract large-company executives to join my company for the next phase of their careers</td>
<td>56%</td>
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ACCESS TO MARKETS
Corporate collaboration
Develop leadership

Assist international expansion

Improve skills

Champion success stories

Increase collaboration

Release data

#scaleup
@scaleupinst
Q&A WITH AUDIENCE

Chaired by Professor George Gaskell, LSE
THANK YOU

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