

Southside Partnership Case Study 2018

Supports into self-employment in Dun Laoghaire Rathdown



Social Inclusion & Community Activation Programme

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Introduction

Southside Partnership DLR's Enterprise Programme has been helping unemployed people set up in business for over 20 years. The Programme forms an integral part of the Social Inclusion and Community Activation Programme (SICAP). In 2018, a key objective for Southside Partnership DLR (SSP) funded through SICAP is to provide specialised enterprise supports to targeted individuals. SSP recognises that in order to ensure long-term business viability, people require a variety of supports and the Enterprise Programme has been designed to meet the different needs of people interested in starting a business as well as of individuals who are developing their business.

The Enterprise Programme

The Programme works with individuals who are in different stages of creating a business: people considering self-employment as an option; people who have started a business but are in the early stages of start-up (under 18 months in business) and people who are developing the business (more than 18 months).

Any unemployed person interested in becoming self-employed can access information on the options available if he or she wants to start a business through the Programme. This includes information on the Back to Work Enterprise Allowance and Short Term Enterprise Allowance schemes¹ run by the Department of Employment Affairs and Social Protection. Enterprise Officers also run introductory workshops on starting a business, to give people an insight into all the elements that should be taken into account when setting up a business, especially in relation to key areas such as business planning, business plan development, basic accounts, marketing and managing finances.

¹ The Enterprise Allowance Scheme is a scheme run by the Department of Employment Affairs and Social Protection and is targeted at people who are unemployed and receiving social welfare payments. The scheme allows you to keep some of your social welfare payments for a specific period of time (depending on your payment and the length of time you have been unemployed) while you are setting up your business. For those on the BTWEA there is also the possibility of accessing an Enterprise Support Grant (ESG).

Anyone who is interested in becoming self-employed can make an appointment with an Enterprise Officer who will review their business idea and business plan with them and provide them with support to apply for the Enterprise Allowance Scheme.

Training, generally in the form of small group training, is available for people considering self-employment as an option and for those already in business. The courses are generally morning or day-long workshops covering a range of topics including: starting your own business, bookkeeping, taxation, sales and marketing, pricing and social media.

In the period 2015 – 2017, 554 people were supported through SICAP and the Enterprise Programme to progress into self-employment. Between January and September 2018, the programme provided supports to 268 people; 86 of these progressed into self-employment. 22 training workshops have been delivered so far this year benefitting 151 people.

Who are the people interested in self-employment?

In 2018, 268 people received supports through our Enterprise Programme; of these (60%) were men and (40%) were women. This distribution tends to match the live register figures, where more men than women are found on the live register. The majority of people interested in self-employment (74%) are over 35, while most (60%) fall between the ages of 36 and 54. Individuals are overwhelmingly Irish (85%). In terms of length of time in unemployment, 34% have been unemployed for less than a year and 37% have been unemployed for longer than 12 months.

When we look at the profile of those progressing into self-employment, the proportions are similar to those receiving support in that 64% are men and 36% are women. Only 2% of those who progressed into self-employment are under the age of 24 and the majority of people (61%) fall between the ages of 36 and 54. Here too, the majority (91%) of people who progress into self-employment are Irish. The majority of people taking up the BTWEA or the STEA were unemployed for over 12 months: 36% between 13 and 24 months and 17% for more than 2 years. However, there were also a significant number of people (45%) who were unemployed for less than a year. Of the people who progressed into self-employment, 64% progressed

onto the BTWEA scheme and 36% went onto the STEA. The majority of people (78%) who started a business this year set up as sole traders. Only 14% formed limited companies.

Why become self-employed?

The reasons and motivation for becoming self-employed can vary. All of the people coming through the Enterprise Programme are unemployed and wish to explore self-employment as an alternative to looking for an employment contract. Some people had always liked the idea of starting a business and saw this as an opportunity to go down that path. Others found it difficult to get an employment contract, especially in certain sectors, so they feel obliged to become self-employed.

Challenges for the Programme

For staff, managing the expectations of people coming through the Programme, can be a challenge. Many of the clients who have made the decision to become self-employed are anxious to begin and might feel frustrated at having to revisit or rework their business plan. Being as prepared as possible before setting up business is key and staff need to ensure that the person has researched their proposal as fully as possible.

Sometimes clients can feel overwhelmed with the amount of work involved in setting up a business. While all of those interested in becoming self-employed have experience in their area of business, for some, this is the first time running a business so there is a huge learning curve and doubts can set in. Our staff will work with clients to build their confidence and self-belief.

There can also be practical barriers that individuals have to face. Although financial supports to cover costs, such as public liability insurance, can be applied for through the Enterprise Support Grant, this support is rarely available straight away. The lack of funding for some of these initial costs can result in delays in starting a business.

The range of supports and services offered to people setting up in business through SSP is limited somewhat, as there is currently no scope within the office space that the team currently operate from, to develop a suitable base for an Enterprise Centre.

One of the biggest challenges for our Enterprise team has been managing reducing budgets. We are convinced that our clients benefit greatly from a combination of one to one supports and small group training options, but maintaining this level of support requires funding and therefore reductions in budgets in recent years have resulted in some reductions in services. In 2018, SSP secured funding, through the Skills and Opportunities Fund operated by Ulster Bank, to run additional training and provide business mentoring to people in self-employment. This work complements the work that is funded through SICAP.

Lessons learned

- Training and mentoring is key as it ensures that people have a broader range of skills and knowledge, are more aware of the pitfalls and challenges ahead, have a clearer idea of their own strengths and weaknesses, are more confident about their abilities as an entrepreneur and are aware of the need to test the commercial viability of their idea. We find that those who most benefit from the supports attend group training as well as receiving one to one mentoring type supports.
- Supports should be tailored to meet the needs of the people using them. For example, many of the 'Start your own business' courses on offer elsewhere require a longer term commitment from individuals and for someone trying to get a business off the ground, this might not be feasible. SSP offers half day or day-long workshops on a range of subjects that suit people who find it difficult to commit more time to training, but recognise the importance of such training. This training comes in the form of stand-alone modular workshop style training sessions
- A personable approach: Feedback from people using the service has been positive in relation to the friendly, relaxed and professional mentoring and advice that is provided. Starting your own business can be a challenge and people can have many reservations and doubts. So, it is important for them to

be able to discuss their ideas in a friendly, supportive and non-judgemental atmosphere.

- Recognise that people need continued support even when the business is up and running. It takes many years to build a business and people need support through the different stages of the business development cycle: Pre-enterprise, Early stage start-ups and Developing start-ups.
- A dual focus on a) business development skills, such as marketing, sales, finance, etc. and on b) business owner development skills, such as presentation, communication, networking, stress management, etc. Running a business can be stressful and very demanding, and those embarking on this 'journey' need to look after themselves and work on their personal development as much as on their business.
- Provide opportunities for people to network and meet other people with business experience. Participants on our programme tell us that for them, unstructured informal conversations with peers and mentors can be of great benefit. Sometimes they need someone to listen to their proposal and have the opportunity to talk it through with them.

What our clients say

We talked to our clients about some of the challenges and learning they experienced in relation to setting up a business and this is what they said:

What skills are needed to run a business?

Those running their own business tend to be passionate about what they are doing, have a belief in themselves and a belief in the value of their product or service. Discipline is important, although at the beginning there might not be a clear structure to a person's working day it is important to stay organised and have a routine. One of our client's advice is to "stick with a routine every day, whether you are productive or not". To run a business you need to be good at problem solving and decision making. You also need an openness and willingness to learn. Two key assets are

flexibility and patience. You should always have a plan A but do not forget to have a plan B and a plan C. Finally, having the ability to sell your product or service is crucial.

What are some of the main challenges when starting a business?

Taxation and bookkeeping are often named by people going into business as being a major challenge. While most people setting up their own business are experts in their area of business, they have less experience in bookkeeping, taxation, company law and managing people, so there is a lot of learning to do, and very quickly. As one person put it, "We might know about our particular industries, but then you get into taxation and all these things and your brain melts."

Setting up in business is a huge learning curve and you need to learn about a lot of different areas all at the same time. The information is there, but it is not necessarily all in the same place. Depending on your specific business sector you might need to seek specialised information from one source or another. It is important to give time over to looking for, reading and processing all the information you will need to set up your business.

The people we talked to feel there is limited support available for small businesses. While many acknowledge the importance of schemes like the Back to Work Enterprise Allowance Scheme, the experience for some of them has been that there are limited opportunities for accessing grants and funding for continued support for people who have started a new business. While there are very good start-up programmes out there, these often only provide support while you are still under their umbrella.

Losing motivation can also be a big challenge for people. There will be good days and bad days or good weeks and bad weeks and it can be hard to stay motivated.

Isolation is mentioned by many owners of small businesses as being a major challenge. Isolation can mean that people struggle with trying to work through an idea and it can help to talk it out loud with someone.

One business owner noted that credibility was a big issue for him starting out. Potential clients want to see your past work and although you may have many years of experience in the sector, you have little or no portfolio to show as a business.

Clients are always advised to be careful not to sell themselves short and to be aware of the dangers of not valuing their services. It might be tempting in the initial phases of your business to lower prices in order to get business, but it is worth investing time showing people why your service is worth more.

What advice would you give people starting their own business?

Talk to people; it is ok to ask and look for advice. Avail of all the supports and services that are on offer. Tell people what you are doing. If you look for advice or support from a service and the response is not positive one day, go back another day. Nobody can do it on their own so don't be afraid to look for help.

Finding someone to talk to and to use as a soundboard is also seen as a means of combating the isolation that can go with the territory. As one business owner put it, "Resilience is about connecting with people. If you get isolated on your own it's hard to sustain it. You need to connect with people to keep you going." Others recommend seeking out people, possibly former colleagues, who can act as your mentors, and who you can meet for a coffee for informal chats.

Remind yourself why you went into business in the first place. You spend a lot of time trying to convince other people why your business is good for them, but don't forget to remind yourself how the business benefits you. This can be anything from not having a boss, to having more flexible hours, etc. This will keep you motivated during difficult times. Someone recommended identifying milestones that help you measure the progress you are making towards a particular goal or objective. These can be opportunities to stop, reflect and see how far you have come and what you have achieved.

For many, starting a business is an opportunity to work on something they are very passionate about. However, they can be so enthusiastic about this work that they get distracted by doing the work they enjoy and forget about the other sides of the

business. As one entrepreneur highlighted “Be very time conscious about the time it takes to work **on creating** your business and the time that you spend **working in** your business. You can get so caught up on **working in** your business that you don’t have any time left to **work on** your business.”

People can also become so enthusiastic about the work that they develop very ambitious businesses and try to do too much. Being too dispersed, or trying to be all things to all people, means you risk diluting your focus. The individuals we spoke to emphasised the importance of identifying your niche and of being very clear who your audience is and what you are providing. Business owners also warned against growing the business too fast and the need to scale your growth.

The final word of advice is in relation to staying power. The knocks and the falls are ‘part and parcel’ of running a business, but as one entrepreneur reminded us “Failure does not define you”. What defines you more is perseverance and staying power. One of our clients who is just starting out observed, “I have learned in the last couple of months that things take time. I just have to be patient. I have to keep working on it and keep pushing”

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