

**Economic Development and Transport Committee**

**Date:** Thursday 15 July 2004  
**Time:** 2.00pm to 5.15pm  
**Venue:** National Assembly for Wales, Cardiff Bay  
**Title:** An introduction to Potentia a pre-start business support programme that encourages people from under-represented groups to set up their own businesses

## 1. Introduction

1.1 "Economic inactivity is a term used to describe people of working age who are neither in work nor unemployed. In other words, they are not working, not looking for work and/or not available for work."

1.2 Potentia has been approached by the Economic Development and Transport Committee of the National Assembly for Wales to provide information about the programme and to describe how it works with its clients from under-represented groups to consider setting up their own business.

## 2. Background to Potentia – The Evidence Base

2.1 Newidiam were commissioned in December 2000 to undertake a research project to address the lack of comprehensive information about newly-established businesses in Wales. The following were identified: -

- Disabled people
- Lone parents
- Mature people
- Young people
- Ethnic minorities
- Welsh speakers
- Women
- Unemployed or inactive

2.2 The report published in 2001 concluded that the common barriers and business support requirements for under-represented groups establishing and growing a business include:-

### **Common Internal Barriers**

- Lack of relevant skills and business experience
- Limiting personal circumstances especially the lack of flexible, affordable and quality childcare for self-employed parents
- Lack of credibility within the business environment
- Low personal and business confidence
- Tendency to be dependent on benefits or grants
- Overcoming the attitudes and assumptions in terms of stereo-typing and cultural differences

## Common External Barriers

- Access to funding is the main barrier for URGs to establish and grow a business, often due to their lack of capital assets and track record to secure funding.
- Access to appropriate and reasonably priced business premises, especially for those wishing to grow or move from their home base.
- Access to business information, support and advice, especially when dealing and accessing the plethora of business agents.
- Local economic conditions and infrastructure, especially for groups located in rural and economically deprived areas.

2.3 The above research identified that certain groups in society face more barriers than most when setting up in business and need extra support in the early stages. The Potentia project has been set-up in order to encourage people from six under-represented groups to consider setting-up their own businesses. The project is managed by the WDA and its service is delivered by specialist organisations who understand the needs of their particular groups. Partner organisations and their target groups are as follows:-

Disability Wales People	Disabled
Chwarae Teg	Lone Parents (obj. 1)
Ethnic Business Support Programme	Ethnic Minorities
Menter a Busnes	Welsh Speakers
Prime Cymru	Mature People 50>
Prince's Trust Cymru	Young People <30

2.4 Potentia receives EU funding and was set-up in the Objective 1 area of Wales in April 2001. Delivery in the non-objective 1 area started several months later. It's sister project, Women's Enterprise Wales is run by Chwarae Teg and provides a similar service to women.

2.5 A majority of Potentia's target group also represent a high proportion of those who are most likely to be described as economically inactive.

"Inactivity has remained prevalent because those on benefits and inactive are not generally looking for work (although around one third would like to work) and the

financial incentives may be weaker for those on higher rate benefits". (ED & TC/Paper 3)

2.6 The evidence is reinforced by the Action Research carried out by Cyfenter. Interviews have been held with 1,400 people who have set up in business recently, and a further 600 who were in the process of setting up. Within the 600 there were a number who were not in work, the barriers to starting up were identified as follows:

Factors preventing start-up for people in receipt of benefits:-

	Number of respondents	Percentage
Lack of finance	123	56%
Lack of confidence	49	22%
Dependent upon benefits	47	21%
Financial risk	39	18%
Haven't received the right support	37	17%
Lack of experience	34	15%
Concerns about keeping the business going	27	12%
Care responsibilities	20	9%

Concerns about growing the business 20 9%

Lack of affordable and reliable childcare 17 8%

2.7 The project also undertook some 200 in depth interviews which allowed the issue to be explained in greater depth.

Below are some of the issues respondents in receipt of benefits have identified as causing a barrier or preventing them from starting their own business, clear amongst them are the loss of benefits which has been the subject of an independent report commissioned by Cyfenter.

"I haven't really overcome any of my concerns. I'm still worried about losing my benefits and not having enough money in the beginning when I start my own business."  
(Pre-start, Male, 31-40, Disabled Person)

"It's very worrying going from benefits into self-employment, but you've got to take the risk haven't you."  
(Pre-start, Female, 18-30, Lone Parent, Welsh Speaking)

"It is a big problem, Housing benefit is an indirect benefit which means it is automatically paid into my account. The accountant said even though I could gain some money out of the business I could lose even more through benefits."  
(Pre-start, Female, Disabled person)

“There wasn’t any security for going into self employment. I was advised I would have to make the business secure or I wouldn’t be able to come back on invalidity allowance”

(Post-start, Female, 50+)

“I haven’t sought advice because I’m worried that my benefits will be taken away from me.”

(Pre-start, Male, 31-40, Disabled Person)

- 2.8 Lack of confidence, and worries about the benefits trap are very significant, and it is in this context that Potentia aims to work with its clients to increase their confidence, identify transferable skills and to help them assess whether their business idea is viable and realistic.

### **3. Delivering Potentia**

- 3.1 To the end of March 2004 Potentia has assisted 6,229 individuals, which has led to the establishment of 2,005 businesses and created a total of 3,951 jobs.
- 3.2 During Phase I of the project, April 2001 – December 2003, Potentia promoted entrepreneurship to individuals and helped to increase the capacity of the mainstream to work with people from diverse backgrounds.

3.3 Potentia develops their clients' capacity to take the initial steps into self-employment. Potentia partner activities include the following:-

- Recruit and promote business support amongst their respective URG market
- Provide personal development support and techniques such as confidence building workshops, exploring enterprise sessions and one to one advice
- Support the client to consider the pros and cons of self-employment in their own particular circumstances, including individuals on benefits
- Provide help and support in selecting and defining a client's business idea
- Provide help and support with the early stages of research and development of that business idea
- Introduce the client to the mainstream when appropriate to access business start up support
- Work with the mainstream to provide any additional support that the client may require and to ensure that the needs of the clients are fully met

- Provide support and information to the client when accessing support from governmental agencies.

3.4 In addition to these positive action activities, Potentia will during Phase II (1.1.04 – 31.12.06) continue with its mainstreaming remit to ensure that mainstream business support organisations become more inclusive of Potentia’s target groups. The project will help existing mainstream providers to give stronger support to those wishing to start their own businesses from diverse backgrounds through the following activities:

- The continued delivery of the Diversity Training Programme, delivered via six half-day modules, which aim to raise awareness and understanding of equality and diversity issues to enable staff working within the business

support

arena, including the WDA business support providers, local authorities, banks, the private sector and other organisations, to offer a tailored service to a broader range of clients.

- The provision of Diversity Consultancy Support for each mainstream organisation to support them to develop Diversity Action Plans and tackle issues of equality and inclusivity within their service provision.
- Work closely with the mainstream business support

providers in developing and delivering joint marketing activities aimed at under represented groups

- Provide information regarding diversity issues related to business support through the re-vamped Potentia website (to be completed in August 2004) and through its quarterly newsletter Release. Both media will include examples of good practice, a 'how to section' on communicating with diverse groups and case studies.

#### **4. Working with other projects and organisations**

##### **4.1 Potentia partners work closely with other complimentary services and organisations.**

Partners work closely with Business Eye, the New Business Support Providers as well as banks and local business people such as accountants and solicitors to ensure that clients receive the support that they need in considering starting their own business.

##### **4.2 Partners also work with government agencies such as Job Centre plus, Broker Cymru and Access to Work, a broad range of charitable organisations such as the Shaw Trust and the Citizens Advice Bureau who offer specific support to those on benefits. Partners have an excellent working relationship with the Wales Co-operative Centre through the Enterprise Rehearsal Project and Menter a Busnes via the Taste of Enterprise initiative.**

4.3 The recent becauseyoucan campaign which encourages people in Wales to think about setting up their own business recently targeted young adults in the 25-35 age group, and the current campaign is aimed at women. Potentia along with other pre-start and post-start up providers is working closely with the campaign to ensure that those responding to the advertisements are receiving the support that they need whilst considering setting up their own business venture.

## 5. Client Case Studies

5.1 Although the majority of businesses set-up following support from Potentia tend to be lifestyle businesses, some enterprises do develop into growth businesses, and a number of these have been set-up by people who were initially in receipt of state benefits.

5.2 Please find attached case studies from Potentia partners.

## 6. Conclusion

6.1 The above provides some background information regarding the Potentia programme. Partners are currently working with a broad range of organisations in the

community to ensure that the programme offers support to its target audience whatever their background. One of the most recent initiatives is working with the community on the Gurnos estate in Merthyr Tydfil to raise awareness of self employment and to encourage local people to set-up their own enterprises.

The following individuals will be representing Potentia at the Economic Development and Transport Committee on Thursday 15<sup>th</sup> July, 2004.

Iain Willox – Director of Enterprise Support at the WDA.  
Iain has been involved in Potentia from the beginning, and can discuss the project in relation to other business support initiatives.

Jon Luxton - Client adviser for Potentia through Disability Wales  
Jon is an experienced client adviser who has first hand experience of working with disabled clients on all aspects of pre-start up support. Jon also advises clients on benefits working in partnership with the most appropriate local organisation. He is also an experienced Disability Equality trainer.

Siân Gale – Potentia Project Manager

Sian has worked on the project for four months covering maternity leave. She can answer questions directly relating to the project. Sian is a fluent Welsh speaker and can respond in Welsh.

If you have any queries regarding the above please contact:-

Sian Gale  
Potentia Project Manager

029 2082 8715  
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See attached client studies



## Potentia - Prime Cymru Case Study

A secretary turned embroiderer and a logger turned poet are producing something unique in West Wales. Mike and Wendy Gaskell have set up home-based business 'Courting Cavebear' creating poetically personalised mementos.

The couple decided to go into business for themselves after finding it difficult to find jobs. 'We were both on incapacity benefit due to long term illness with no prospect of jobs,' said Mike, so we contacted Prime Cymru, the Llandovery based organisation that assists people over 50 to set up in business. The client advisor for the area, Dave Ward, supplied advice, encouragement and contacts to such agencies as Cultural Enterprise, Women's Enterprise Wales (managed by Chwarae Teg,) Broker Cymru and the local Disability Employment Adviser. That help gave us a firm base to launch from and now we have our own business, our website and sales are starting to move up,' added Mike.

Their range includes embroidered greetings cards, ring pillows, naming cushions and collectable teddy bears. Items can be made individually unique for each recipient. Designed by Wendy and made with traditional materials like mohair, these bears are not children's toys but precious collectables

for grown-ups. Once the bear is made and given a name, Mike customises it by writing a poem relating to it.

The couple, from Talgarreg near Llandysul have a share in the Enfys retail outlet in Tywyn, which is a co-operative venture with other craft workers so expense is kept to a minimum and contact with customers is up close and personal.

**‘For more information on Courting Cavebears, telephone 01545 581036 or Email: [wendyembears@ukonline.co.uk](mailto:wendyembears@ukonline.co.uk)**

## Potentia - ETHNIC BUSINESS SUPPORT PROGRAMME CASE STUDY

### Kutemba Enterprises

A mother and volunteer charity worker who took time out to care for her children has proved that it's never too late to achieve your business ambitions.

Kutemba Robertson, 38, from Swansea, eventually opened a shop to promote Fair Trade, an organisation that supports the rights of third world producers against multinational buyers, despite facing numerous hurdles.

The Social Development, Planning and Management graduate had worked with communities in Zambia during her studies at Swansea University. She spent a further two years researching the market and then decided to start a business selling goods from around the world.

Kutemba needed finances, but having spent years receiving benefits she had no credit rating. One accountant asked for £1,000 up front for advice – impossible for Kutemba at the time.

The Ethnic Business Support Programme, part of the Potentia project, gave free advice and support to put Kutemba back on

track by introducing her to Business Connect and finding crucial workshops to show how best to start a business.

Her shop, Kutemba Market Enterprises, is located in a unit alongside other small businesses in Swansea City Centre. She sells chocolates, wooden utensils, jewellery and recycles mobile phones and computer print cartridges for the charity Traidcraft.

“I hope to eventually expand the business and organise trips abroad to the communities that are helped by Fair Trade. I would advise anyone in a similar situation to me to consider setting up their own business. It is difficult but well worth it in the long run.”

### **Potentia - Disability Wales Case Study**

Lisa has experienced bouts of depression since her early 20's. Due to her impairments, at times Lisa finds it virtually impossible to leave her house and has never responded well to her medication. The severity of these bouts means it is impossible for her to find traditional work as no employer is willing to provide the flexibility she requires.

Lisa's dissatisfaction with her medical treatment led her to look towards alternative medicine fuelling an interest she already had. Her interest developed, leading her to her undertaking formal training in the holistic therapies: Reflexology, Reiki and Indian Head Massage.

She soon realised that she had an opportunity to become her own boss, organising her business around her needs. Lisa contacted Enter Disability Wales and met with Jon Luxton, the Client Advisor in her area. Jon helped Lisa to find solutions to the major barriers preventing her from working: lack of self-confidence, lack of information on self-employment, transport issues and the benefits trap.

Together they went through Lisa's business ideas and access needs and she decided upon the Enterprise Rehearsal route. She was awarded a grant of £500 from Broker Cymru and £300 from the Job Centre Plus to help with her business costs. Lisa also receives on-going support from Access to Work regarding her extra transport costs.

In December 2003, over ten years since she last worked, Lisa started her own business (Head over Heels). She now practices Reiki from her friend's clinic in Cardiff and Reflexology from her Merthyr clinic. Lisa is looking to expand by developing her own clinic and developing her work in others.