



BARRIERS TO INCLUSION RESEARCH REPORT

Author: **Dr Marilyn Comrie OBE**

Funder: **The Growth Company/GM Business Growth Hub**

ACKNOWLEDGEMENTS

The main focus of the study is threefold:-

1. to establish the experiences of ethnic minority businesses (EMBs), particularly in relation to business support
2. to identify opportunities, challenges, barriers and support needs for innovation-active EMBs, and
3. recommend positive action that Greater Manchester's innovation ecosystem can take to tackle inequalities and address under-representation through the UK Shared Prosperity Fund and other public funds

This report was co-authored by Dr Marilyn Comrie OBE and Rupert Greenhalgh on behalf of the GM Business Growth Hub.

The research project was supported by Professor Monder Ram OBE from the Centre for Research into Ethnic Minority Entrepreneurship at Aston University.

About GM Business Growth Hub

GM Business Growth Hub, part of The Growth Company, helps businesses at all stages of their growth journey with a broad range of services delivered by its experts, as well as public and private sector partners. These services include one-to-one and peer-to-peer business support, events, specialist programmes and funding. GM Business Growth Hub is a community of specialists with a passion for helping businesses across Greater Manchester to realise their full potential.

About the Growth Company

The Growth Company is an award-winning social enterprise with a 30-year history of enabling growth, creating jobs, and improving lives.

They help people and businesses across the UK to develop, grow and succeed through a range of employment, skills and business support services. Their combined offer provides unrivalled insight, which means they are uniquely placed to help the places they work with to shape and deliver the best services to meet local priorities. The Growth Company delivers profit with purpose and has been awarded a Gold Mark for its commitment to social value and impact.

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GM Business Growth Hub

ABOUT THE BLACK UNITED REPRESENTATION NETWORK

Headquartered in Manchester and established in Feb 2020, BURN is a membership organisation which exists to leverage the power of allyship to tackle racial inequities in Greater Manchester and deliver a levelled-up city region through wealth building. BURN's mission is to increase the number of Black professionals on decision-making boards, capacity build Black-owned businesses to innovate and win procurement tenders in addition to increasing export opportunities with Africa and the Caribbean.



ABOUT THIS PAPER

Inequalities in accessing and benefitting from business support services in Greater Manchester currently exist, particularly for innovative ethnic minority businesses (EMBs). Yet while successive attempts to modernise service delivery and improve the diversity of businesses accessing this support have been made, the same problems recur. This paper seeks to understand why this is the case, to identify the barriers that stand in the way of diverse innovators wanting to grow their business and put forward recommendations for overcoming these barriers. The paper is largely the words of those interviewed.

ACKNOWLEDGEMENTS

We would like to thank all 20 interviewees for giving their time and candid insights to support this research paper. We would also like to thank Professor Monder Ram OBE, co-author of Time to Change: A Blueprint for Advancing Ethnic Minority Businesses, an expert on ethnic minority entrepreneurship, for his input as part of the research process. We are also very grateful to all those who participated in the research for their generosity in sharing their time, experiences and perspectives. We hope this study will be the catalyst for impactful change.

In addition, we are deeply grateful to Donna Edwards, Rupert Greenhalgh, Matt Richardson and Dr Cormac Neeson for reviewing a final draft of this paper. All opinions and any errors are the authors' alone.

The full list of interviewees is as follows:

ETHNIC MINORITY BUSINESS OWNERS

- Ray Evans, SRi Forensics Ltd
- Roger Kadama, Phoenix Innovate
- Azhar Quaiyoom, Q Sustain
- Dijonn Taylor, Savvy Guest Ltd
- Andre Smith, One Touch Football
- Raphael Ogunrinde, Calyx Drinks
- Julian Dowe, Football 4 Football
- Carl Stone, Lucid Group
- Jamaal Brathwaite, Jobseekers
- Amman Ahmed, Music For Pets
- Omar Latif, Fluxxt Group
- Adwoah Botchey, Adeche Atelier
- Adeel Farooq, Rev Glue
- Lorna Stewart, Women on the Mic
- Ngozi Weller, Aurora Wellness
- Anya Spencer, By Inspiration
- Dan Sodergren, YourFlock
- Omotoyosi Osikoyaj, Vmodel
- Adedayo Ikudaisi, Voltacharger
- Olu Alemoru, Nutmeg Animations Ltd



Lisa Maynard-Atem,
Director, The Black United Representation Network CIC (BURN)

GREATER MANCHESTER INNOVATION ACCELERATOR LEADS FOR:-

- **Future Homes** – University of Salford
- **Turing Innovation Catalyst** – University of Manchester
- **Energy Accelerator for Non-Domestic Buildings** – Energy Innovation Agency
- **GM Advanced Diagnostics Accelerator** - Health Innovation Manchester
- **AR Edtech for Hydrogen Skills** – The Blair Project
- **GM Electrochemical Hydrogen Cluster** – Manchester Metropolitan University
- **CEAMS** – Rochdale Development Agency
- **Centre for Digital Innovation** – Manchester Metropolitan University
- **DEVOTE** – University of Manchester
- **MediaCity Immersive Technologies Innovation Hub** – The Landing at Media City UK

EXECUTIVE SUMMARY

Background

- This report, written by The Black United Representation Network CIC (BURN), was commissioned by the Growth Company (GC)/GM Business Growth Hub to understand barriers faced by ethnic minority businesses (EMBs) in accessing innovation support and networks.
- It aims to inform development of inclusive innovation policies and targeted interventions in the city region.

Methodology

- The study comprised a brief literature review, 20 in-depth interviews with EMB owners, analysis of GC survey data, and a focus group with 10 innovation accelerator leads.

Key Barriers

- **Developing and commercialising new products/services:** Lack of generational wealth, business know-how, networks and funding to support R&D and commercialisation.
- **Accessing innovation support and networks:** Perception that existing networks are too insular. Lack of awareness of support available. Significant discouragement due to inadequate long-term support.
- **Accessing funding and investment:** Most EMBs are self-funded. Struggle to raise investment in Greater Manchester compared to London. Perception that investment is even harder for all-Black teams.
- **Accessing skills:** Lack of time and resources to attend training. Need for bespoke, hands-on support like bid-writing assistance.

Recommendations

- Develop sustainable, customised business support delivered by diverse providers.
- Create a Diverse Founders Network for peer support and to improve integration into wider innovation networks.
- Improve access and trust through partnerships with diverse communities and support providers.
- Gather better data on EMBs to drive evidence-based policymaking.
- Create a targeted Diverse Founders Investment Fund run by diverse finance professionals.
- Represent EMBs in innovation policy formulation and on key decision making boards.

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Foreword

The Growth Company, together with the GM Business Growth Hub, has been at the forefront of working with innovative businesses and people across Greater Manchester for 30 years. During this time, we have worked continuously to ensure that we are engaging effectively with all communities, and while we have seen significant improvements in the number of Ethnic Minority Businesses (EMBs) engaging in the support provided, we know that despite our efforts, we are only engaging with a fraction of the innovation-led EMBs that we could and should support.

That is why this study and paper were commissioned, to ensure that the voices of the ethnic minority business community were clearly heard, and on the back of that, to make a series of recommendations which would help inform and improve future service design and delivery which ultimately will lead to a more inclusive society and enhanced economic growth.

We are very grateful to those involved in this work and we will continue to work with the Black United Representation Network, and others, to bring about change. We are hopeful that others can also use these findings to create an equitable and stronger local economy where all local residents and businesses can thrive.

Donna E Edwards

MD Business Support & Business Finance

The Growth Company



1.0 INTRODUCTION



Azhar Quaiyoom and his team from QSustain

Innovation-led growth and tackling persistent inequalities are key policy priorities for Greater Manchester. Despite ongoing efforts and interventions, structural inequalities still exist in access to business support and innovation networks for ethnic minority businesses (EMBs). This reality is encapsulated by a Black entrepreneur in our study who shared that:

“As Black people we don’t have generational wealth so you have to work much harder to prove yourself before anyone will invest in you. If you’re born into a network, you can get that funding more easily as well as the technical know how you need to thrive.”

This research report appears at a time of intense interest and momentum in achieving inclusive, innovation-led growth in Greater Manchester. It aims to foreground and spotlight the lived experiences and perspectives of ethnic minority innovators operating within the city-region. With up to a third of Greater Manchester’s population being from ethnic minority backgrounds, adequately addressing the specific barriers that EMBs face in accessing innovation networks, funding streams and tailored business support is critical for the region to achieve its economic goals.

The GMCA has secured £83.9 million in UK Shared Prosperity Funding, with £5.78 million earmarked for the Innovation Ecosystem Access Service (E19) to support local businesses. However, inequalities remain in access for EMBs. This research aims to build evidence on where these inequalities exist and inform development of inclusive innovation policies and targeted interventions for EMBs in Greater Manchester.

‘Barriers to Innovation’ is a research study that draws primarily on in-depth interviews conducted with 20 Black and Asian innovators across different sectors, backgrounds, age groups and educational levels. Despite the diversity of the sample group, their candid reflections reveal a striking consensus on the deep-rooted flaws that exist within current business and innovation support structures in Greater Manchester.

Together, the insights gathered from these innovators offer a unique insider view into how the ambition, creativity and economic contribution of EMBs are often constrained or hindered by multiple systemic barriers throughout their entrepreneurial life cycle. These barriers particularly affect their ability to access appropriate sources of finance and business support that enable sustainable growth.

This report puts forward a set of clear recommendations that are informed directly by the perspectives of EMBs themselves. If implemented, these recommendations have the potential to help close Greater Manchester’s £3.8 billion productivity gap by addressing existing inequalities in business support provision.

At its core, this report aims to inform the development of more inclusive innovation policies, networks and targeted interventions. Understanding the specific barriers that EMBs face is the crucial first step in creating solutions that can overcome long-standing racial inequities. By intentionally foregrounding and spotlighting the voices of ethnic minority innovators, this report shines a light on the tangible changes that are needed for Greater Manchester to fulfil its aspirations of becoming an integrated, innovation-led economy where all businesses can thrive.

2.0 DIVERSITY AND INCLUSION IN ENTREPRENEURSHIP AND INNOVATION: A POLICY CONTEXT

This section provides an outline of the current policy context for ethnic minority firms and innovation in the UK. It draws on three recent and relevant reports that focus on the issues of diversity and inclusion in entrepreneurship and innovation. These are:

- Kašperová, E., Roberts, R. and Ram, M. (2022) *Time to change: A blueprint for advancing the UK's ethnic minority businesses*. London: NatWest Group
- *Alone, together: Entrepreneurship and Diversity in the UK* (British Business Bank, 2020)
- *Supporting Diversity and Inclusion in Innovation* (Innovate UK, 2020)

These reports are policy focused and of key relevance to the proposed study, as they offer insights, evidence, and recommendations on how to support and promote ethnic minority entrepreneurs and their innovation potential. They also cover a range of topics that are important for understanding the context, challenges and opportunities for ethnic minority firms and innovation in the UK, such as their economic contribution and potential, the impact of Covid-19, the role of finance and business support, and the need for better data and evidence. Each of these topics is considered in turn.



2.1 Economic contribution and potential of ethnic minority entrepreneurs

EMBs are integral to the UK economy and fulfil an important social role. They contribute over £25 billion to the GDP, employ over one million people, and provide essential goods and services to diverse communities. Recent research suggests EMBs contribution to GDP could increase fourfold to £100 billion with the right kind of business support (Kasperova, Roberts and Ram, 2022). Beyond their economic impact, EMBs provide employment opportunities and foster social inclusion for ethnic minority communities who face exclusion from wider labour markets. Yet EMBs are often overlooked and undervalued. They are often seen as a homogeneous group, rather than a diverse and dynamic population with different needs, aspirations, and potentials.

2.2 The importance of diversity and inclusion in entrepreneurship and innovation

All three reports highlight the benefits of diversity and inclusion for entrepreneurship and innovation, such as enhancing creativity, productivity, competitiveness, social impact and economic growth. They also acknowledge the challenges and barriers faced by entrepreneurs from different backgrounds, such as ethnic minorities, women, disabled people, LGBTQ+ people and others.

2.3 EMBs and the potential for innovation

All three reports recognise the potential and contribution of ethnic minority businesses to innovation, both in terms of generating new ideas, products, services and markets, and in terms of addressing social and environmental challenges. They also showcase examples of successful and innovative ethnic minority businesses in various sectors, such as technology, health, education, energy, fashion, food and others. Innovation is found to be influenced by factors such as education, skills, networks, access to finance, and market opportunities. A key lesson for policy-makers and support providers is the need to recognise and support the innovation potential of EMBs, and address the barriers and challenges they face in developing and commercialising their innovations.

2.4 The impact of Covid-19 on diverse entrepreneurs

All three reports examine the impact of Covid-19 on diverse entrepreneurs and find that they have been disproportionately affected by the pandemic due to various factors, such as the sectors they operate in, their

access to finance and support, their health and wellbeing, and their household and caring responsibilities. At the same time, Covid-19 presents an opportunity to rebuild a more inclusive and resilient economy that supports diverse entrepreneurs.



Olu Alemoru,
Nutmeg Animations

2.5 The need for better data and evidence on diverse entrepreneurs

There is strong consensus on the need for better data and evidence on diverse entrepreneurs to understand their characteristics, experiences, needs and contributions. There needs to be more robust and consistent methods of collecting, analysing and reporting data on diversity and inclusion in entrepreneurship and innovation.

2.6 The role of finance and business support in advancing diverse entrepreneurs

Finance and business support are identified as key enablers for advancing EMBs. Commonly identified gaps and barriers in accessing finance and support include: a lack of awareness, trust, confidence, information, networks, representation and tailored services. Amongst the various actions to improve the availability, accessibility, affordability and appropriateness of finance and support for diverse entrepreneurs are: increasing outreach, engagement, transparency, accountability, diversity, innovation and collaboration among finance and support providers.

2.7 The role of policy and practice in promoting diversity and inclusion in entrepreneurship and innovation

All three reports stress the role of policy and practice in promoting diversity and inclusion in entrepreneurship and innovation. They also point out the limitations and gaps in the current policy and practice landscape, such as lack of coordination, integration, evaluation, communication and stakeholder involvement.

Conclusion

This section has summarised some of the key findings and messages from three reports that provide a policy context for the present study on ethnic minority firms and innovation in the UK. The main points are:

- Ethnic minority entrepreneurs make a significant contribution to the UK economy and have a high potential for growth and innovation.
- Diversity and inclusion are important for entrepreneurship and innovation, as they enhance creativity, productivity, competitiveness, social impact and economic growth.
- Ethnic minority businesses have a high potential and contribution to innovation, both in terms of generating new ideas, products, services and markets, and in terms of addressing social and environmental challenges.
- Covid-19 has disproportionately affected diverse entrepreneurs, but it also presents an opportunity to rebuild a more inclusive and resilient economy that supports them.
- There is a need for better data and evidence on diverse entrepreneurs to understand their characteristics, experiences, needs and contributions.
- Finance and business support are key enablers for advancing diverse entrepreneurs, but there are gaps and barriers in accessing them that need to be addressed.
- Policy and practice play a crucial role in promoting diversity and inclusion in entrepreneurship and innovation, but there are limitations and gaps in the current policy and practice landscape that need to be overcome.

3.0 SCOPE AND METHODOLOGY



Anya Spencer,
By Inspiration

This section of the report presents the methods used to conduct the study on ethnic minority innovators in Manchester. It explains the main objectives, research questions, and data sources of the study, as well as the methods of data collection and analysis.

The study aimed to achieve three main objectives:

- To explore the experiences of EMBs, especially in relation to business support
- To identify the opportunities, challenges, barriers and support needs for innovation active EMBs to participate in Greater Manchester's innovation ecosystem, with the aim of reducing inequalities
- To recommend new customised interventions that Greater Manchester can adopt to tackle under-representation and support diversity and inclusion within its innovation ecosystem

The study was guided by the following research questions, based on the existing knowledge base and the findings of the Time To Change report:

- What are the barriers, challenges, opportunities and support needs for Greater Manchester's minority owned businesses to participate in innovation?
- How is Greater Manchester's innovation ecosystem engaging with EMBs and supporting greater participation? If not, why not?
- What types of specialist business support programmes and customised initiatives are needed to level the playing field and how should these be funded?

The study used a mixed-methods approach, consisting of three phases:

- **Phase 1:** A review of existing data and literature on the involvement of EMBs in business innovation and the wider innovation ecosystem. The study utilised quantitative data from the GC Business Survey Results BAME Owned Businesses May 2023 and GM Innovation Eco-System Insight report March 2023.
- **Phase 2:** We approached 31 x minority owned businesses who were innovation active to participate in this study. Eleven declined because of disenchantment, their weariness of participating in numerous surveys and studies that resulted in nothing being done. In-depth interviews with 20 minority ethnic firms were conducted to understand their journeys and gather qualitative data. The interviews were conducted by The Black United Representation Network CIC (BURN), a specialist research agency, between June and July 2023. The interviewees were selected from different sectors, sizes, and stages of growth, and represented a range of ethnic backgrounds. The EMBs for the in-depth interviews were selected from the following networks:-

- Members of The Black United Representation Network
- Growth Company/GM Business Growth Hub clients
- TIE UK who run a Black Business Network
- Companies located within Bruntwood Sci-Tech workspaces
- Asian Business Network

This research represents the voice of these businesses and provides a snapshot of their perspective on the barriers they face when navigating the business support and innovation ecosystem within Greater Manchester, how they feel about it, and what they would like to see change.

The interviews were either held face-to-face, via Teams or respondents electing to self-complete the survey between May and September 2023.

Two-thirds of the respondents were Black. Respondents were Black or Asian entrepreneurs and directors of firms that were 51% owned by people who were Black or Asian – with one exception, the Lucid Group which was 33% Black owned, which provided a useful comparison.

The respondents came from a diversity of backgrounds including gender, age, educational achievement, size, barriers accessing finance and investment, as well as business support/innovation networks.

- **Phase 3:** A focus group with 10 innovation asset leads to capture how they currently engage with minority owned businesses and what challenges and opportunities they face. The focus group was held on 27th July 2023 and facilitated by the research team. The participants included representatives from universities, accelerators, incubators, innovation hubs and networks.

4.0 ANALYSIS OF QUANTITATIVE DATA ON ETHNIC MINORITY BUSINESSES IN GREATER MANCHESTER

In the pursuit of understanding the unique experiences and challenges of EMBs within the Greater Manchester Innovation Ecosystem, this study has employed a comprehensive approach that includes both qualitative and quantitative methods. This section focuses on the quantitative aspect of the study, which is crucial for identifying businesses with innovation potential and needs to be enhanced.

The term 'innovation' in this context refers to the development of new products, services, processes, or ways of working, either by employees or by people who run their own businesses. Adopting a diversity and inclusion perspective on innovation is essential to understanding how the talents and needs of everyone can be realised and addressed in a diverse, multicultural society.

The study analysed quantitative data from two surveys conducted by the Growth Company on the business support needs of Black, Asian and minority ethnic clients. These surveys, namely the GC Business Survey Results BAME Owned Businesses May 2023 and the Business Growth Hub's GM Innovation Ecosystem Insights 2023. GC Business Survey Results BAME Owned Businesses, provide a rich dataset for understanding the unique experiences and challenges of EMBs.

This section presents the key findings from the quantitative data analysis, shedding light on the unique experiences and challenges of EMBs in the Greater Manchester Innovation Ecosystem.

Some stand out issues from both surveys which were consistent with the findings of the qualitative research include:

- The experiences of Black and Asian owned business are different. Grouping all minority owned businesses under the umbrella term of BAME leads to distortions in assumptions.
- Confidence levels are similar among firms owned by White, Black, and Mixed ethnicity owners but slightly lower among Asian-owned firms.
- BAME-owned businesses face challenges related to accessing new domestic sales opportunities, developing business models, managing finances, developing new products/services, and workforce development and skills.
- Black and Asian-owned firms have weaker cash reserves compared to other ethnic groups which, by assumption, may affect potential for future investment / financial resilience.
- BAME-owned businesses seek support in areas such as business planning, sales & marketing, innovation, workforce development, financial advice, and managing environmental impact.



- BAME-owned businesses are actively investing in innovation, with higher rates of investment in new or improved services and products compared to White-owned firms.
- 30% of businesses have introduced new or significantly improved products, surpassing White-owned firms (25%) and the GM average (22%).
- More can be done to support investment in digital transformation. Black-owned businesses show a 4% investment rate in digital products, while Asian-owned businesses demonstrate a higher rate of 7%, and White-owned businesses have an average of 8%.
- Black majority firms were much less likely to use University R&D support than other groups in the study.
- The direct costs of innovation are prohibitively high for 26% of businesses, higher than White-owned firms (18%) and the GM average (16%).
- There is a focus on customer-facing and managerial roles and skills difficulties experienced mostly in customer facing sales, and marketing roles, leadership across all levels, and advanced ICT skills (beyond basic computer literacy).

Greater Manchester (GM) Innovation Ecosystem Insight Survey

This report examines the issues SMEs face, making recommendations on how GM can create more accessible innovation support and facilitate new business-led innovation initiatives. A strong innovation eco-system benefits all who are part of it. Finance and investment opportunities for businesses increase, skills gaps are more easily recognised, routes to commercialisation become clearer and faster, and the whole city-region benefits from inclusive growth.

Main Findings:-

SMEs and the Innovation Eco-system

Innovation is essential for all businesses, regardless of their staff numbers or revenue, leading to improved turnover, productivity and competitiveness. However, not enough SMEs are currently benefitting from the innovation support that's available at local and national levels.

There are many SMEs that, for a number of entirely understandable reasons, are not making use of the facilities, networks, specialist programmes and finance support that's out there.

The innovation landscape is complex to navigate. There are numerous business support offers from public and private providers. Filtering, assessing and selecting the most appropriate is time-consuming and often unappealing, given perceived uncertainties about the tangible return on the SME's investment, whether monetary or resource.

Not only do SME leaders frequently lack confidence about who to approach for support, they often don't know what to ask for, as they're uncertain exactly what it is they need.

Common issues identified:

1. Networks are crucial to building a stronger innovation ecosystem in GM. However, a 'Network of Networks' is needed to bring together and join up disparate networks so they can better share, learn and benefit from each other.
2. Networks should be professional and commercial rather than just talking shops. They should be focused on solutions to barriers to innovation, such as investment finance, leadership and management, and skills.
3. Places are important, and the innovation ecosystem needs to better integrate different geographies, local authorities, and hyperlocal organisations and innovation networks.

4. The ecosystem needs to be coordinated more effectively, linking its constituent parts and providing a coordinated business support offer.
5. Investors and private investment are critical stakeholders in a thriving ecosystem, particularly in the early-stage innovation ecosystem across GM. A clear GM approach is required to address the persistent market failures, including capital markets and information gaps.
6. Innovation data in GM is crucial for identifying businesses with innovation potential and needs to be enhanced. Data needs to be harnessed to greater effect to better identify companies that are investing in innovation but do not access support or collaboration opportunities.

Conclusion

The quantitative findings of this study provide valuable insights into the unique experiences and challenges of (EMBs) in the Greater Manchester Innovation Ecosystem

The data analysis reveals that the experiences of Black and Asian owned businesses are distinct, and grouping all minority-owned businesses under the umbrella term of BAME can lead to distortions in assumptions. This finding underscores the need for more nuanced approaches to supporting EMBs that take into account the unique experiences and challenges of different ethnic groups.

The findings also highlight the challenges that BAME-owned businesses face in accessing new domestic sales opportunities, developing business models, managing finances, developing new products/services, and workforce development and skills. These challenges underscore the need for more targeted and customised business support interventions for EMBs.

Furthermore, the findings reveal that BAME-owned businesses are actively investing in innovation, with higher rates of investment in new or improved services and products compared to White-owned firms. However, more support is needed to facilitate investment in digital transformation and to address the high costs of innovation for many businesses.

In conclusion, the quantitative findings of this study underscore the need for more targeted and customised business support interventions for EMBs in the Greater Manchester Innovation Ecosystem. Such interventions should consider the unique experiences and challenges of EMBs and aim to foster an inclusive and diverse innovation ecosystem.

5.0 ANALYSIS OF QUALITATIVE INTERVIEWS

The findings from the interviews have been broken down into the following themes:-

- **BARRIERS:** Challenges in developing and commercialising new products or services.
- **INNOVATION SUPPORT & NETWORKS:** Challenges in getting the right business/innovation support, information or advice and more broadly access into innovation networks in the ecosystem e.g. universities, accelerators.
- **INVESTMENT:** Challenges in securing the right funding/ investment, and any impacts.
- **SKILLS:** Biggest barriers to accessing the skills needed to develop or grow innovation within their company.
- **CHANGE:** What needs to be done to open up more innovation, growth and funding opportunities for EMBS in Greater Manchester.

The Barriers: Challenges in developing and commercialising new product or services

Interviewees were broadly consistent in their view that it was difficult to get the support they needed to grow their business. Some of the reasons cited were:-

“Start up funding doesn’t really support you, MVPs (Minimal Viable Products) are a lot more expensive to develop and run than the funding out there. Hard to navigate on where to go to get help with building the products. There are a lot of sharks out there. Lack of funding and people willing to partner in the start up level are the major challenges.”

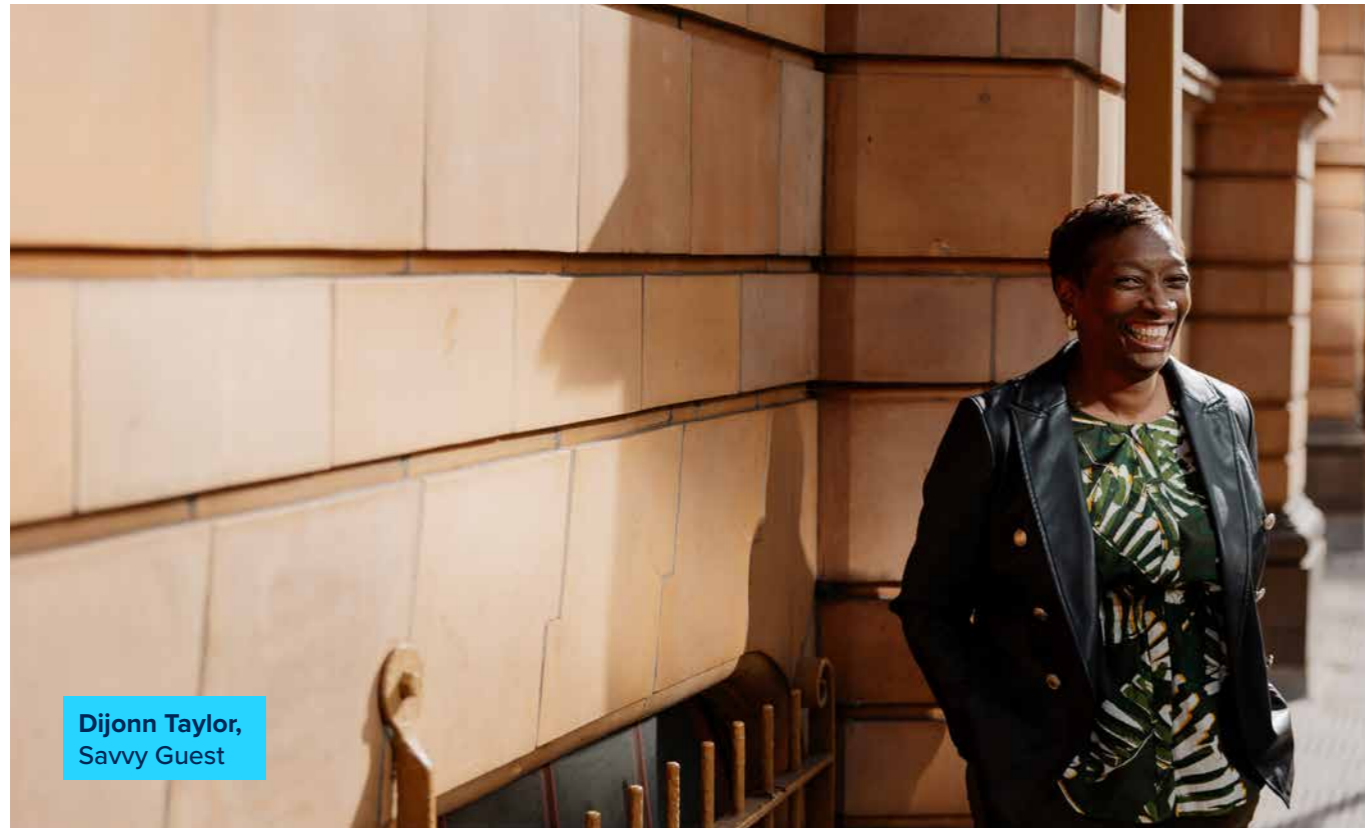
“Not knowing where to go, what is available, and how to access finance” was another reason given by over a third of respondents in addition to problems accessing support with R&D costs, commercialisation know-how, and scaling up.

“The lack of bespoke support, finance for later product development and large enough client base to accelerate growth is the biggest barrier to commercialising our products and services”.

And as one entrepreneur put it “the lack of generational wealth, business know-how, networks and connections within the Black Community” is the biggest hindrance.



5.5 CASE STUDIES



Dijonn Taylor,
Savvy Guest

Dijonn Taylor, Savvy Guest

Dijonn Taylor is a Black serial entrepreneur with over 20 years business experience. Her company Savvy Guest provides digital solutions to connect employers with diverse audiences and capture metrics and demographics of people coming through the organisation. It provides a fully integrated digital channel where individuals can browse and apply to meet company employees for pre-career conversations, gain relevant career tips and industry insights.

The Savvy Guest platform also offers an innovative Internal Career Insight Programme to capture employee aspirations, learning and development, diversity and inclusion and support career progressions within the workforce.

Her main barriers are: “Companies dismissed things Savvy Guest was trying to do, claiming they were already doing the same thing. I’ve previously dealt with public sector so trying to articulate my product to corporates was tricky. There’s just so much red tape trying to get through to the right people in companies, and I’ve experienced lots of resistance, questioning my credibility e.g. haven’t heard of her.

“Cliques networks and groups, public sector bureaucracy, and unrealistic targets set for small businesses are some of the biggest barriers to overcome in commercialising my product.”

Innovation Support & Networks

Challenges in getting the right business/innovation support, information or advice and more broadly access into innovation networks in the ecosystem e.g. universities, accelerators

Many interviewees felt it was hard for newcomers to access the innovation networks and support that they needed in Greater Manchester, which are in general not reflective of the demographics of the city-region.

Azhar Quaiyoom, Q Sustain

Founded in 2013 by Azhar Quaiyoom, Q Sustain is an award-winning engineering and sustainability consultancy for the built environment, rail and infrastructure. Conducting feasibility studies in low carbon technologies and innovations such as creating apps for measuring carbon emissions, Q Sustain assesses and optimises the environmental performance of the built-environment from pre-design through operation to complex refurbishment.

Azhar’s main motivation for starting the business was to “create a better world, reduce carbon, improve communities and expand the business by becoming an innovator and disrupter”.

Innovation funding remains the biggest barrier to growth for the business, which the company has had to do through reinvesting profits.

“ We’ve submitted lots of Innovate UK grant funding applications and not been successful. What is required is examples of what ‘good’ or ‘well written’ funding submissions look like. It’s all about who you know. It feels hard as newcomers. The right contacts and support should be provided by the funding bodies to all applicants not just those that have the right connections.”

He added: “Nearly 30% of Greater Manchester is of a diverse population. My experience of innovation networks does not near represent that of the region. Greater EMB representation at board level for Growth Hub, innovation and grant boards would help to shift the dial”.

Others, aware of the challenges they would face in raising investment as an entrepreneur of colour, focussed on developing business models that generated recurring revenues to overcome this persistent challenge – and have been very successful.

Ray Evans, SRi Forensics

Ray Evans is an honorary research associate, visiting lecturer and facial recognition expert whose company SRi Forensics was featured in BBC TV’s Expert Witness series. SRi Forensics is a bespoke forensic imaging service; providing facial and video identification expertise for use in the criminal justice system, nationally and internationally, working on many major and high profile criminal cases for prosecution and defence. It specialises in the provision of medically accurate depictions for use in forensic and legal cases and through its network of experts in a host of other forensic disciplines, the company can offer a full digital evidence presentation service. As one of only five companies selected to deliver electronic presentation (EPE) services to the Crown Prosecution Service (CPS), it is recognised as an expert in this field.



Ray Evans,
SRi Forensics

Ray’s forensic tech solution helps to reduce the length of a trial by a couple of days or a week, saving the public purse a lot of money.

“I am risk averse, so we’ve never gone for business loans. Looked at them but never pushed the button. As far as investment, wouldn’t know where to go for this. I’m essentially an academic. My inability to pay for bid writing services has meant we’ve not been able to monetise the product. When you go down to London and see the success that Black businesses are enjoying down there, you think why can’t we have this in Manchester.”

Challenges in accessing public and corporate procurement opportunities was cited as another major barrier.



Roger Kadama,
Pheonix Innovate UK

Roger Kadama, Pheonix Innovate UK

Roger Kadama from Pheonix Innovate holds a Masters in Software Engineering and started his business from his bedroom, with little to no support. He grew his first software company into a successful business specialising in mobile and smart devices, with 30+ employees, many collaborators, and a turnover of more than £1 million.

His latest venture Pheonix Innovate UK creates digital solutions using smart phones for industry such as facial surgery apps, employing 20 people across two continents. Despite his successes, he still finds it a challenge accessing the expertise, funding and resources he needs to grow his business.

“I’ve not had any help or support. I’m just too busy to try and access these networks. The bureaucracy and red tape is one of the biggest barriers. I’d like to access more funding but where to apply for these things, where to find them is a challenge. I had to pay for a bid writer to get Innovate UK funding. Knowledge of how to write a successful bid application is the main barrier to accessing funding”.

For others, an aversion to taking on debt has hindered their growth.



Andre Smith,
One Touch Football

Andre Smith, One Touch Football

One Touch Football Ltd is a technology company operating under a mobile app and content sharing platform that offers achievement sharing and entertainment value to the grassroots football community. Manchester-based Andre founded the company with his brother Nicholas, who lives in London. This gives the family business the best chance of survival.

The brothers' main motivation for starting the company was to increase and reinvigorate participation in grassroots football which experienced a decline during and post pandemic, with 10% of clubs facing insolvency due to the lack of community funds and volunteer support at local clubs. One Touch Football also aims to increase the talent pipeline entering women's football by working as a directory for teams to gain visibility for girls and women to start their football journey, and tackle online hate towards social media users (including players & fans).

The biggest challenges that they face in commercialising their app are summarised as follows:- "Understanding the landscape of product development has been the challenge to estimating when we can begin to commercialise the new product. We have delivered our first freemium model product to app stores but to continue development of the subscription model, we will need guidance and assurance for us to utilise marketing windows in football.

"We also need support with building commercial relationships to offer ad space to brands aiming to reach the grassroots football community with value-based products and services". They have been active in accessing support from the innovation ecosystem in both Manchester and London.

"Barclays Eagle Labs BFA 4.0 is an accelerator founded by FounderVine, and with this we have had access to key masterclasses for entrepreneurship, business management, marketing and more. We have been provided with opportunities to network with investors in similar territories. And Innovate UK have assisted us with gaining support from Master's students as three month interns from Leeds University via the Virgin Levelling Upstarts programme."

The app has so far cost over £50k to build, which has been financed through a variety of means including support from research and development (R&D) tax rebates (equal to less than £25k) and an IP audit grant (equal to £2.5k). Aside from this, financial support has come from friends and family investors personal loans by the founders. To take it to the next level will require significant funding and investment.

"We have been provided with opportunities to network with investors in similar territories."

"Our barrier now is how to scale, we need additional resource personnel to manage user behaviours on our app including crash reports and debugging. The founders have agreed that they wish to start product development for their second revenue stream under a subscription model and following the launch of the freemium model, will be tracking user behaviours to understand how best we can increase their engagement with user generated content and social media features".

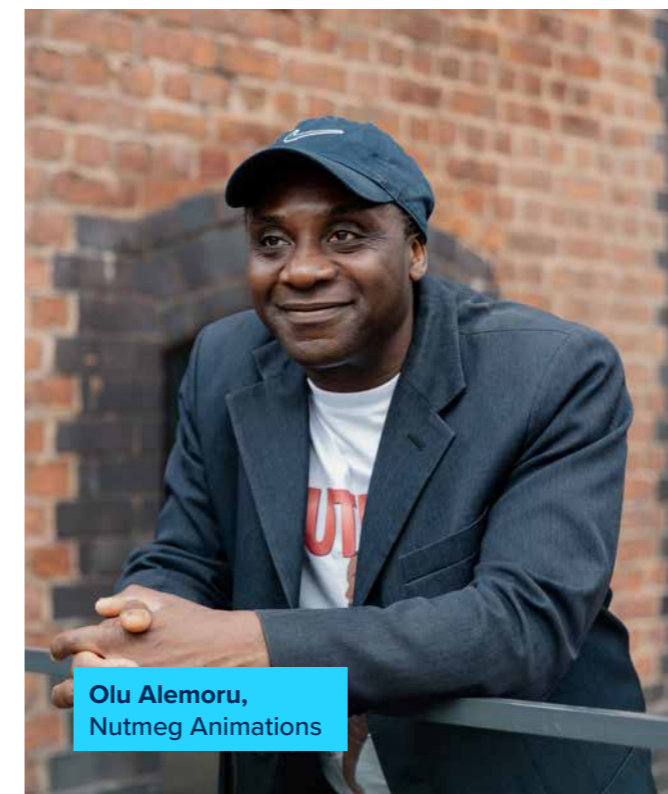
Olu Alemoru, Nutmeg Animations

Despite being in business for over 10 years, Olu Alemoru is still pre-revenue. With his sister he runs an independent production company, focused on developing animated intellectual properties. Their biggest challenge is finding an established games developer and the financial backing to bring them on board.

"In terms of founding the company, myself and my sister have provided the funding and the major support has come from family and friends. Through her property business I have been able to attend key entertainment conferences in Los Angeles, Las Vegas and New York.

"From our perspective, the challenge has been to convince people of the potential gold mine of our lead IP. A few years ago we were with a leading British, Children's Entertainment delegation at a summit in New York. We had access to the top executives at Children's BBC, a broadcaster who has led the way on women's football coverage. We weren't able to get the tiniest of development funding.

"We are in discussion to develop a casual, mobile game app for our leading IP property, called 'Nutmeg,' a trailblazing, transmedia concept that imagines the first female to play in the men's football. The idea behind the beta mobile game app is to generate buzz and awareness of the Nutmeg IP and to enthrall, excite and empower our potential core female audience of footie-loving pre-teens and young women."



Olu Alemoru,
Nutmeg Animations

"The ability to link with the right investors is very limited, both in Manchester and Leeds."

"Short of a magic wand, I would like to see a seismic change in attitudes amongst those key stakeholders. There are good ideas and talent out there just waiting for those opportunities."

Olu has great ambitions for his business. Over the next five years he sees "Nutmeg Animations UK Ltd with two major broadcast animated series, "Nutmeg" and "Elijah's Great Endeavours", in production.

Adeel Farooq, Rev Glue

Adeel is the founder and CEO of RevGlue.com which provides SaaS tech and data support tools to UK marketing affiliates and social media influencers, to help them save time and money with a useful set of interactive tools, Content Management System (CMS) and structured data sets to support the monetisation of blogs, mobile applications, websites, browser extensions, or social media users and followers on a revenue share basis.

He has been running his own businesses for over 12 years, and has managed to raise £500k in investment so far, but is currently looking to raise a further £300k to develop new service innovations.

"I have tried to access incubators but they did not entertain me as they felt it was too early. Also, they have no knowledge or understanding of affiliate marketing. Access to information and networks is key. There are over 1,000 angels based in the North but we are not given access to them. Plus there is no online platform where you can upload details about your business for angels to look at. The ability to link with the right investors is very limited, both in Manchester and Leeds. Often, they want to see £1M in revenue before they are willing to invest. Clearing doubt that the company will survive is very difficult. They don't take us seriously. I recently went to an event of 50 people but only four of them were investors and it wasn't made clear who they were. I got no face time with them as everyone was competing for their attention. There needs to be far more structure."

He added: "I'm now looking at moving to Canada or the UAE at the end of the year (if I don't make any progress here) as my business stands a much better chance of getting investment and support abroad than it does in this country. You get far more support in the UAE - they provide and pay for services like solicitors, accountants, etc... Here you have to pay for everything."

Specialist business support organisations like BURN and Foundervine provided important access points for entrepreneurs of colour to plug into these networks.

Raphael Ogunrinde, Calyx Drinks

Raphael is the founder of Calyx Drinks, which manufactures non-alcoholic craft soft drinks, and health shots which includes cocktails and mocktails in glass, cans and pouches. Its products are sold in Waitrose and Boots which gives them credibility and customer confidence. It's also a product development company where they innovate and come up with ideas not only for themselves but for a variety of brands all over the world, including the US and the Middle East.



He has a master's in food quality management and did his first degree in micro biology, majoring in brewing. Calyx Drinks was able to access support from Lancaster University to advise on how they could adapt their machinery to become more carbon neutral and convert waste products, which still have a lot of nutrients in them, into raw materials for other businesses eg cosmetics, animal feeds, fertilisers etc. Sadly they didn't have the funding or investment to prototype this adaptation, and it has stalled, denying Calyx Drinks the opportunity to harness this additional revenue stream.

Raphael was introduced to GC Angels by BURN to help them get the investment that they needed.

"Conversations were started with the main person there, he went on holiday and passed it onto his colleagues. They asked for some information. They wanted to see financials. I sent them a copy. It didn't tick the boxes of what they needed, the way they needed and I just didn't know how to do it differently. That's where it all stalled. I just didn't know where else to go. Everywhere else I was going I was being billed £2000 or £300.

"If I took that £2000 that I have now and paid someone to design a financial model that the guys from GC Angels asked for, there's no guarantee we'd get it, or it might be six months before we finally get the funds, or we might not be existing any more in six months if I use the funds in that way. So that's the challenge.

"As a small business owner, there are a million things to do, and lots of hats to wear. It means there's very little time to allocate for researching how to go and get this information. I've had to rely on friends and family instead. That's been it. That's why we're low on money right now.

"I'm a food scientist, I can make drinks from anything. If you ask me about commercials, accounts etc. that's something that I'm happy to learn but I'm not sharp enough in that field. There's a lack of finance to employ someone who is commercially savvy but it's one of the things we need in the business. If I had some cash now I would love to employ a commercial manager. We've been in Waitrose since 2019 and in Boots since 2020; we only supply two stores. We should be supplying the whole country."

Getting Funding/Investment

Challenges in securing the right funding/investment, and any impacts.

With a few notable exceptions, our interviewees have found it extremely challenging to access innovation grant funding or the investment they needed to grow their business. Among the obstacles faced, locating appropriate financial avenues at the pre-revenue stage emerged as a significant hurdle. This issue heavily affected the founders, resulting in feelings of burnout and necessitating excessive work to sustain momentum in their research and development endeavours. For some it's been physically and mentally draining.

"There are barriers for Black people to get investment in the UK. VC's don't take you seriously. I had to pitch to 55 investors before I got my first investment. It does take a toll on your mental well being. People of colour don't get the same opportunities".

This was compounded by the fact that the funding for innovation stemmed from the founders' personal finances.

"I am self-funded. I've not been able to get the tiniest amount of development funding".

The protracted nature of the R&D phase, particularly in innovation-centric ventures, makes it particularly tough, as budgets are likely to expand as the project evolves. One solution that was suggested by a number of interviewees was the creation of a Black Venture Capital Fund.

"In America, black entrepreneurs get supported and there are Black VCs. Black run venture capital funds don't exist in Greater Manchester. There are funds targeting women and people with disabilities but nothing for other diverse businesses.

"The percentage of Black people who get investment funding is extremely low. The race thing is a shame. If you're an all black team, you need to get a white person on board. White, stale and pale is the currency. I've had four tech companies that never got funding. With a white partner, I got funding. You've got to play the game. There aren't enough women and Black people who are VCs anyway."

Anya Spencer, By Inspiration

Anya Spencer is the Business Development & Client Director at By Inspiration, which provides businesses with sustainable web & software development services - designed to ignite business growth. Founded by Anya and her husband over four years ago, By Inspiration are web development specialists and experienced full stack developers using the latest coding languages to create crucial business solutions. They are creators of intelligent software and transformative web apps to help unleash your business' full potential. Embracing the latest eco friendly digital technology, By Inspiration's software solutions helps



solve day to day operational problems, develop products and services or deal with any technical aspect of product development including web 4.0 and ChatGPT.

"Seeing and being helped by people of colour in positions of authority is very encouraging and motivating".

The main challenges they have faced in commercialising their products have centred around skills in particular funding to develop products, routes to market, and support in understanding business models. The main challenges to accessing the skills training they have needed is due to lack of awareness and finance.

"Not knowing where to go, what is available and how to access finance has meant a lot of potential products have had to be left in the design phase".

The help and support that Anya has needed has come from an inclusive entrepreneurs' network called TiE UK, which offers education, mentorship, networking and funding opportunities by connecting the entire entrepreneurship ecosystem from early-stage entrepreneurs, serial entrepreneurs, professionals at leading corporations, venture capital, angel investors, thought leaders among others.

"TiE UK in collaboration with HSBC were amazing at opening our eyes for the need to have a strong network around you. They introduced us to a new business circle that we can tap into for support and advice if needed."

She added: “TiE UK is really great with networking and always willing to help out. It feels like people genuinely care about you and want to see you succeed. TiE is very unusual because you see people from every community at every level wanting to help. Seeing and being helped by people of colour in positions of authority is very encouraging and motivating”.

Change

What needs to be done to open up more innovation, growth and funding opportunities for ethnic minority owned businesses in Greater Manchester.

Interviewees were clear that the fate of any reform relies on the support, or at minimum the support and advocacy of local politicians, senior business leaders and decision makers. In short, no reform can get off the ground without their endorsement: it is an essential precondition for any change agenda.

“Within our community there’s a lot more naivety on how the system works. We’re like in a wilderness literally.”

Some of the suggestions for change include the following: “Broader model for accelerators and incubators with a fund offered at the end of the programme. While I have benefited from accelerators with no fund offered, the number one resource most founders need is capital to help assist them further”.

“If I knew 0.5% of what I know now when I started back in 2015, I think I would be in a whole lot better space than I am now. Within our community there’s a lot more naivety on how the system works. We’re like in a wilderness literally.”

“I believe that it starts at primary education level. When all kids (black, white, other) see a diverse range of successful people holding different positions in business it becomes normalised. Young people start to aspire to be like them rather than the negative role models that in some cases seem to be more prevalent in the mainstream news. More awareness is needed in minority communities that there are growth and funding opportunities available.”

A number of entrepreneurs wanted to see the creation of a hub for diverse funders, acting as a one stop shop for information, advice and also providing opportunities for minority owned businesses to support, and learn from each other.

“It would be good if we could find ways to have people within the community in the same space, basically a hub which brings people in this community together to allow them to share their ups and downs. An environment like that will bring more of these things to light, and hopefully that environment will have things in place to implement. That’s where the focus needs to be.”

Amman Ahmed, Music For Pets

British Pakistani Asian entrepreneur Amman Ahmed is the cofounder of Music For Pets, a company that makes relaxing music primarily for dogs. He became aware of the link between animal anxiety and music and came up with the idea of starting a YouTube channel for dog lovers in 2017. This year his ‘Netflix For Pets’ business, which has an estimated 2.3 million subscribers was acquired by a US music-distribution and rights company for \$10 million.

Because this type of business had never been done before, it was perceived as being too crazy and risky. He struggled to get any support and had to self fund, build and maintain it himself. He found the whole experience very lonely and isolating.

“I received back handed comments from people within the tech space who viewed my business as a side hustle. A lot of passive aggressive behaviour. Maybe it was a race thing. No one takes you seriously if you’re from a diverse background. I had to look outside of Manchester and the UK to scale my business. I went on a trade mission to Chicago organised through the Growth Company over a year ago. Diversity was one of the big reasons that I got investment in the USA. I didn’t have to pitch for finance. My business model gave me recurring revenues. I’ve detached myself from Manchester now that I’ve sold my business. I plan to chill for a bit.

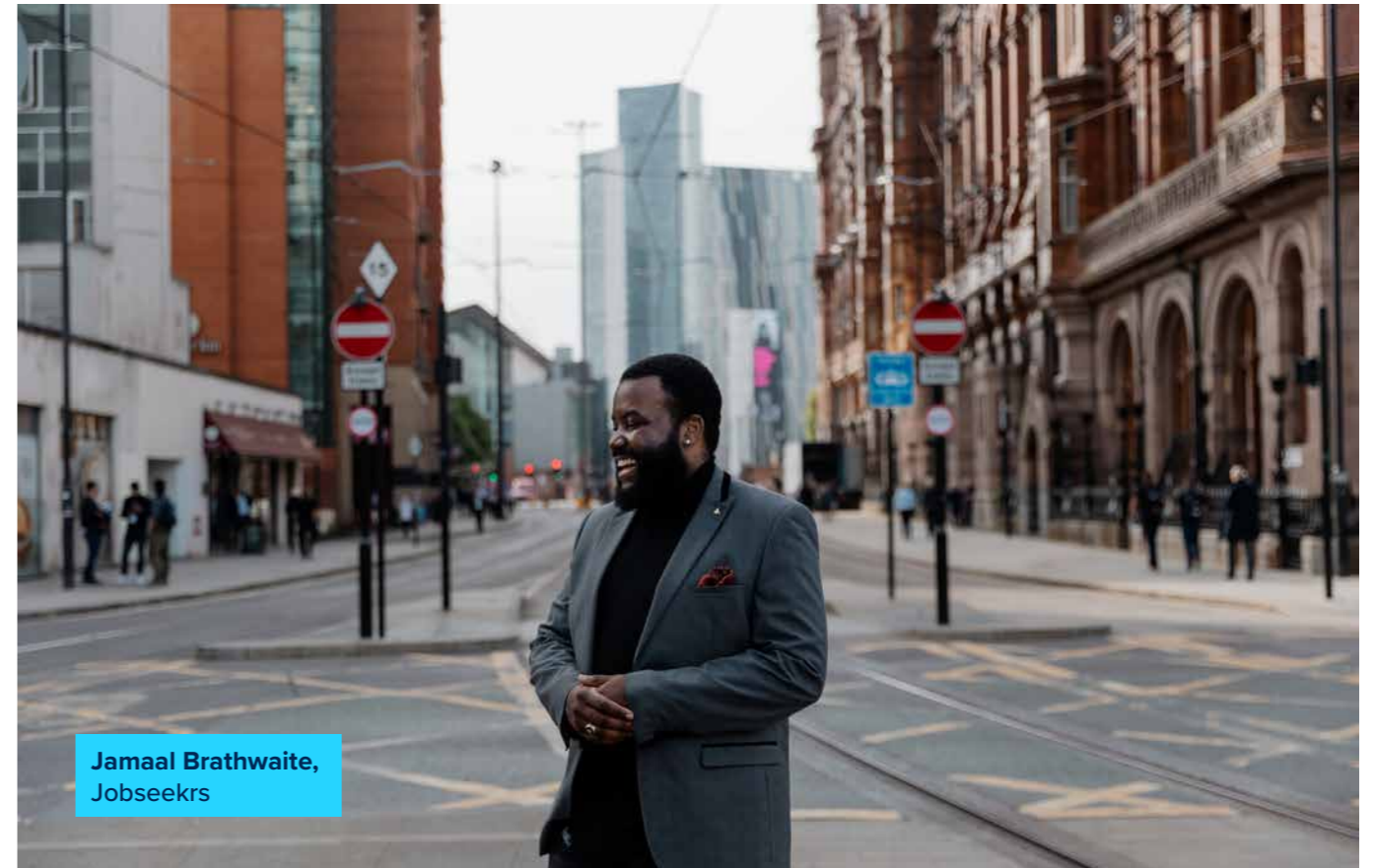
Skills Needs

Biggest barriers to accessing the skills needed to develop or grow innovation within their company.

There was consensus among interviewees of the need for skills training and leadership development to drive growth. “The main skills I’d like to acquire is understanding business and innovation strategy roadmap, know your finances, leadership skills, sales, marketing, get development partners, networking and outsourcing, licensing model”.

However Black businesses reported a lack of time or resources to attend skills training courses that they needed. Perceptions, sometimes backed up by experience suggested training that was too generic to be worthwhile. More bespoke hand holding and mentoring was desired such as 1-2-1 help and support with writing a successful Innovate UK bid. Several of the entrepreneurs had tried repeatedly, and ended up having to pay a professional bid writer to win grant funding.

“Whether I want to get those skills for myself, I need to pay for them. Whether I want to employ a member of staff to provide those skills for the business, the business needs to be able to pay them. Whether I want to consult with someone to do it for us. I need to pay them. Access to funding would fundamentally change where we are. Learning on the job through trial and error tended to be the preferred method for skills acquisition, avoiding time away from the workplace.



Jamaal Brathwaite,
Jobseekrs

Jamaal Brathwaite, Jobseekrs

Jamaal Brathwaite is an ardent advocate of the need for systemic change. His company Jobseekrs is a culture-as-a-service job platform that mitigates unconscious bias with AI to tackle discrimination in the hiring process. The platform anonymises everything about a candidate other than their soft and hard skills, and uses culture add testing to see if they would be a good match for a company based on their personality, company-culture values and principals.

Jamaal has experienced a range of challenges in developing and commercialising his product and services, the biggest of which are getting help with the technology, finding the right talent and the relative small size of start up funding which doesn’t support tech innovators.

“It’s hard to navigate on where to go to get help with building the products, and people willing to partner in the start up level. MVPs are a lot more expensive to develop and build than the available start up funding out there. There are a lot of sharks out there.

“We’ve had very little real help from within Greater Manchester. Most of the support we’ve received has come from London, the Middle East and America.”

He also believes the innovation networks in Greater Manchester are not diverse and inclusive.

“It’s the same faces in all the networks. It’s not diverse and inclusive. I don’t know whether there are not enough diverse people in tech or whether they aren’t being invited into the space. We need to make sure Black voices are heard. There’s too much talking from public bodies and not enough action.”

He believes the solution is the creation of a specialist Black VC Fund. “We need to bring in external funding. There must be Black people in Manchester who have worked within finance/banking to run the funds. Black people need to be in control of their futures.”

Valuing diversity and providing the funding and investing to support ambitious EMBs to grow is without doubt the single biggest barrier to transitioning from ideas and concept to revenue generation.

Dan Sodergren, YourFlock

Dan Sodergren is a seasoned tech entrepreneur with over two decades of business experience running his own business. His latest venture YourFLOCK is a groundbreaking employee feedback platform designed in collaboration with Stanford and Manchester universities, which uses machine learning and AI to create happier leaders, more satisfied and productive teams, and to help employees thrive in the era of hybrid work, ensuring



Dan Sodergren,
YourFlock

Despite being a well established business they too still face a number of barriers when it comes to innovating new products and services.

“We haven’t really had an issue in obtaining early project finance. Financing later product development and manufacture is extremely difficult and we have tried to do it ourselves, gradually acquiring the skills required.

“The barriers in product development are managing resources, developing in-house skills, recruiting, accessing finance, navigating regulatory requirements and connecting with experts in their field. Managing client expectations in a highly regulated field is also important as product development can take a long time”.

“Connecting with people who understand the issues

“With regards to funding there does seem to be a recent drive to target minorities, but this often lumps minorities into one homogenous group.”

that impact a product design business and developing a strategy for growth would be beneficial. We have tended to do things independently and learn from experience. Not having the finance or a large client base made it difficult to expand quickly and acquire the tools/skills that would accelerate innovation”.

remote and on-site team members stay engaged, productive, and committed to company values and shared motivations.

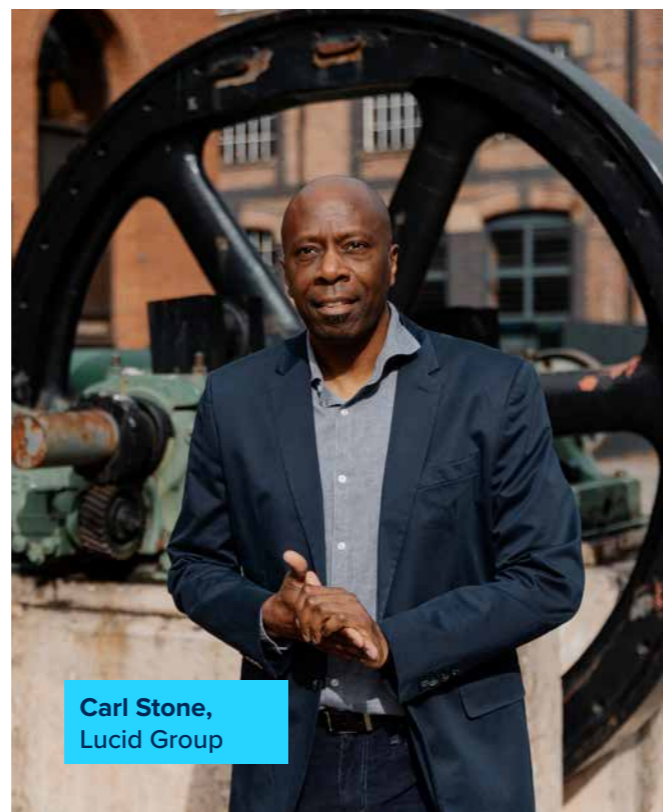
“The biggest things are funding and investment. All together we’ve managed to raise about £300k. Tech products cost a lot to build. We’ve spent £200k on building our own back end and database. The hardest bit now is raising finance in a very different landscape. AI has meant that a lot of IP around our idea has disappeared. We should be doing our third round of funding, but don’t think we will. If you can’t give investors scale, they want investible IP.

“I’ve tried to get Innovate UK grants eight times. Only successful once. Innovations fail, they are kind of meant to fail. But a lot of funders don’t see it like that. They see it as an incremental change. Innovation is disruption. It’s inherently risky.”

Others have tried repeatedly to access Innovate UK funding without success.

Carl Stone, Lucid Group

Carl Stone is a seasoned entrepreneur and industrial design engineer with over 25 years experience of running his own business. Based in Manchester, the Lucid Group specialises in medical device development, product design and rapid prototyping for health, wellness and scientific systems. Its team of innovation consultants integrate UX and industrial design, human factors, electronics, software, and regulatory expertise.



Carl Stone,
Lucid Group



Adedayo Ikudaisi,
Voltacharger

He added: “With regards to funding there does seem to be a recent drive to target minorities, but this often lumps minorities into one homogenous group. It seems to be a box ticking exercise that can be manipulated, with no intent to bring about real change. With such an approach Black people often lose out”.

Adedayo Ikudaisi, Voltacharger

Adedayo is a successful Nigerian entrepreneur who for the past seven years has been designing and manufacturing tech tools to help people declutter their charging environment with his unique and innovative mobile charging devices. He channels a portion of his company profits to help people from less privileged backgrounds to have access to improved living standards, medical aid, health and food. He started the business seven years ago after finishing university in Australia, partnering with a Chinese company which met the necessary CE standards to get his innovative charging device manufactured.

He now has over 80,000 customers worldwide, initially raising £120k through pre-order sales using a crowdfunding platform, followed by a further £300k in 2018. He moved to the UK over two years to grow and expand his tech hardware business but has found the business environment tough going.

“It’s been challenging because I don’t have the right network or people. I have a really good brand in my hand, a great product, and a large customer base. I want to scale to next phase, but I need help with getting finances to scale

to the next level and bring new people into the business. I have not been able to speak to investors yet, I’d like to start with angel investors. We got this far because we were able to get customers. I want to grow into a £10 million turnover business.”

Despite having £700k turnover, his biggest challenge is raising the £1 million investment he needs to expand.

“The focus is on software and SAAS in Greater Manchester. There’s a lack of angel investors who have knowledge involving hardware and consumable electronics. We’ve been able to achieve a lot without investor funding. With a £1 million investment, we could have quadrupled what we’re doing at the moment.

“I have not been able to speak to investors yet, I’d like to start with angel investors.”

He added: “The way that the whole system is built in the UK doesn’t make it easy for business. I’ve found it difficult to open an account; I couldn’t get any facility nothing. I’ve had to pay for everything with cash from my hand. I have no credit card or anything to help with cashflow.

“The UK on the whole needs to be more competitive when it comes to start ups and how people are able to access resources. It’s easier and more conducive in the US for startups to get going and access funding and loans.”

Stakeholder Focus Group

Greater Manchester has been selected as one of three Innovation Accelerators by the Government. The £100 million Innovation Accelerators programme is accelerating the growth of three high-potential innovation clusters in Glasgow, Greater Manchester and the West Midlands.

Twenty-six research and development (R&D) projects will attract private R&D investment, create new jobs, boost regional economic growth, and develop the technologies of tomorrow; ten of them are in Greater Manchester.

Started in April 2023, The city region's Innovation Accelerator projects will drive pioneering research, technology adoption, job creation and skills development in sectors where Greater Manchester has existing research strengths, including advanced materials, artificial intelligence (AI), diagnostics, and net zero. Projects will support businesses with adopting new technologies and people developing new skills, while attracting private R&D investment, creating jobs and stimulating economic growth.

The two year projects were selected by the Innovation Greater Manchester board, a business-led partnership that brings together the private sector, academia and local government, working with Innovate UK and Department for Science, Innovation and Technology (DSIT).

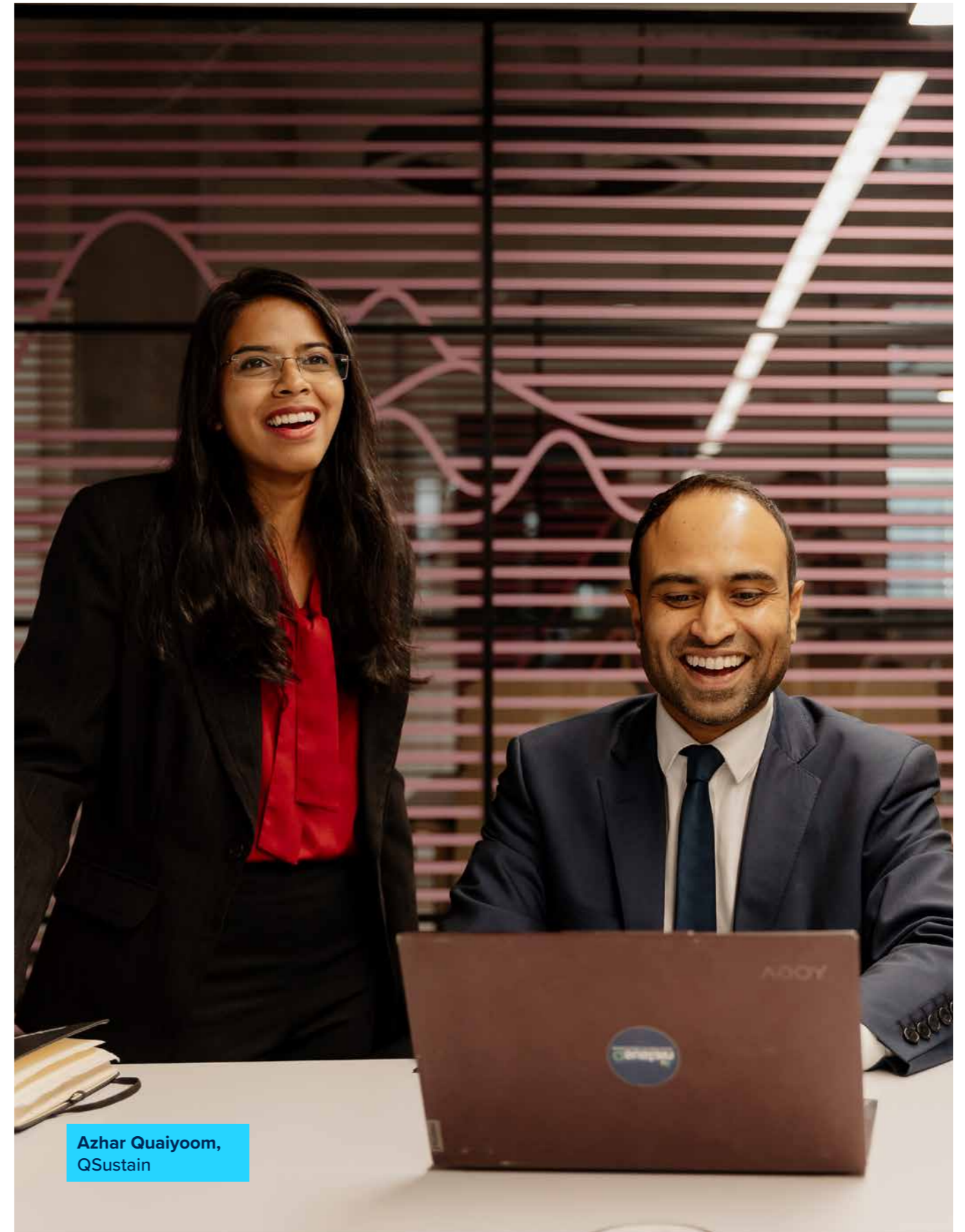
Greater Manchester's Innovation Accelerator projects include:

- Future Homes, led by University of Salford. (Sector: net zero)
- Greater Manchester Electro-chemical Hydrogen Cluster, led by Manchester Metropolitan University. (Sector: net zero)
- Manchester Turing Innovation Hub (MTIH), led by The University of Manchester. (Sector: digital)
- The Development and Validation of Technology for Time Critical Genomic Testing (DEVOTE) Programme, led by The University of Manchester (Sector: health)
- Energy Accelerator for Non-Domestic Buildings, led by The Growth Company (Energy Innovation Agency) (Sector: net zero)
- Centre for Digital Innovation (CDI), led by Manchester Metropolitan University. (Sector: digital)
- Pilots for the Sustainable Materials Translational Research Centre (p- SMTRC), led by Rochdale Development Agency. (Sector: advanced materials)
- AR EdTech For Hydrogen Skills , led by Blair Project LTD. (Sector: net zero)
- GM Advanced Diagnostics Accelerator, a partnership between Health Innovation Manchester, Manchester University NHS Foundation Trust, and University of Manchester (Sector: health)
- MediaCity Immersive Technologies Innovation Hub, led by The Landing at Media City UK Limited. (Sector: creative)

We held a discussion with the 10 x Innovation Accelerator leads on 27th July 2023 to discuss the research, ascertain current efforts to engage with EMBs, and how they monitor data on ethnicity.

30 minutes of healthy and open dialogue took place. It was acknowledged that proactive engagement of EMBs had not been a priority in the past, and that no ethnicity data is currently captured to track and monitor numbers accessing their respective innovation networks.

However, the group was very supportive of the aims and objectives of this research study, and the group indicated a willingness to pledge funding support for any initiative that would support greater diversity and inclusion within the wider Innovation Accelerator projects.



Azhar Quaiyoom,
QSustain

6.0 RECOMMENDATIONS

A systemic approach to tackling racial inequalities needs to form part of a wider Greater Manchester strategy, to ensure that EMBs can access the long-term targeted business support that they need to overcome the multiple barriers that they face on their entrepreneurial journey. Tackling wider structural barriers is therefore critical to delivering a level playing field.

The implementation of these recommendations could help tackle the multiple barriers that are faced by innovation active EMBs and potentially increase their Gross Value Added (GVA) contribution.

The findings of this study should be used to trial new customised business support interventions using current funding streams to pilot interventions that deliver meaningful and measurable EDI outcomes.

- Develop more sustainable and quality business support to help EMBs to realise their growth potential. There is demand for business support delivery delivered by people/organisations with lived experience of the challenges that EMBs face.
- Foster local networks of support through partnership working to strengthen support for EMBs. Long term funding to establish a Diverse Founders Network to better engage with EMBs is crucial to facilitate greater integration into the wider innovation ecosystem.
- Improve access to business support by establishing trust-based relationships with ethnic minority communities, networks and business support providers. Working with the GM Business Growth Hub and other partners, create a platform for providers of business support to collaborate across sectors and places to provide integrated and seamless access to advice, finance, and training to commercialise pioneering products and services, absorb proven technologies and management practices, and export to global markets.
- Creation of a Diverse Founders Investment Fund to address the persistent market failures, when it comes to investment finance.
- Create a Innovation Greater Manchester-wide mechanism for promoting and supporting greater inclusion of EMBs to provide long-term leadership on this agenda.
- Gather better data on entrepreneurial diversity to foster evidence-based policymaking, and mandatory reporting of ethnicity across the funding ecosystem to provide the evidence base for targeted funding and resources to sustain positive change and tackle inequalities.
- Develop a GM-wide policy on inclusive entrepreneurship to set out a clear vision for achieving inclusive growth. Commitment and leadership from the GMCA and Innovation Greater Manchester will be critical to driving systemic change to remove structural barriers.
- Include EMB leaders in the policy formulation process to enhance the relevance of support.

Investment

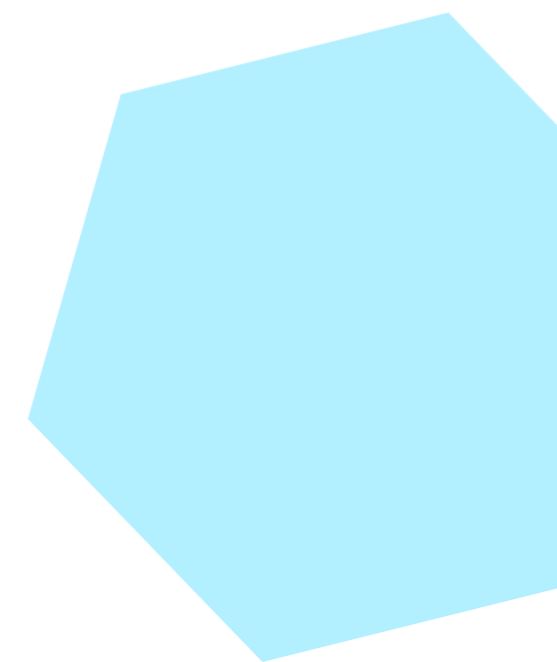
- Investors and private investment are critical stakeholders in a thriving ecosystem, particularly in the early-stage innovation ecosystem across GM. More investment aimed at addressing the current market failure that exists in Greater Manchester in supporting innovative minority owned businesses. Creation of an investment pipeline providing pre-seed and Series A funding of up to £500k for diverse founders. The Diverse Founders Investment Fund will address the persistent market failures, including capital markets and information gaps, with provision of bespoke investor readiness training tailored to the specific needs of diverse founders.
- Supply - raise awareness and attract new diverse investors to the eco-system, to facilitate the private leverage required to capitalise on scaling the pipeline of minority led firms involved in innovation.
- More should be done to educate, develop and embed investor relationships and partnerships in the innovation eco-system – link to the network of networks – and make introductions beyond ‘usual suspects/closed networks’.
- Promotion of case studies – to dispel myths and demonstrate investments being made amongst firms owned by people of colour – more powerful case stories and how to make a difference to people, businesses and places – including better story telling.

Skills

- Funding to support minority led firms to back fill so the business owners can attend management and leadership training to help them develop ideas and embed innovation culture/mindset and practice into firms.
- Bespoke Innovate UK bid writing support for minority owned businesses as opposed to workshops, where they receive expert help in putting together a high scoring bid, providing valuable insights into what a successful bid looks like for future replication.
- Better signposting of courses available (GM Skills Map), leveraging the Diverse Founders Hub and promotion of such platforms throughout the IGM programme. This should include trialling innovative modes of delivery to overcome time issues for participants.
- Link awareness and participation into skills and networks – something about importance of mentoring, and peer learning – see me, be me, learn like me etc.
- Ensure training offer meets employers needs, but in particular promotion of softer skills that will help business leaders (new and existing) to participate more in business planning, leadership and communication, financial literacy and effective participation in the networks. Finance and getting investor ready seem popular.

Tracking how we are doing – data

- Innovation data in GM is crucial for identifying businesses with innovation potential and needs to be enhanced. Data needs to be harnessed to greater effect to better identify companies that are investing in innovation but do not access support or collaboration opportunities. Mandatory reporting of ethnicity across the business support ecosystem should be introduced to provide the evidence base for targeted funding and resources to sustain positive change and tackle inequalities.
- Tracking service delivery – at minimum the leaders of businesses across GM and aligning tracking with standards such as the ONS groups and sub-groups tracked by census. Core business data fields need to be promoted throughout the support ecosystem in GM.



7.0 CONCLUSION



Mapping the barriers to inclusion of EMBs within the innovation ecosystem in Greater Manchester is the crucial first step to developing a plan of action to overcome those inequalities. To do this, BURN interviewed a range of ethnic minority entrepreneurs and business owners of different ages, educational backgrounds, experiences and sectors with lived experience of trying to grow their business through being innovative. Their candid reflections form the basis for this paper.

Together, their insights offer a striking insider view of their journeys and what needs to change to support them to achieve their full economic potential. That their diagnosis of the problem is so consistent, and yet they were, with some notable exceptions, still struggling to overcome these barriers is testament to how persistent and intractable these difficulties remain. At a minimum it demonstrates the need for systemic change, with ethnic minority business leaders having a seat at the decision making table.

The implementation of these recommendations could help tackle the multiple barriers that are faced by innovation active EMBs and potentially increase their GVA contribution.

To address the barriers faced by EMBs and support them to realise their full economic potential will require accountability and responsibility from the Greater Manchester Combined Authority, and others such as Innovate UK, as well as local business support eco-system actors. It will also necessitate the involvement of leaders and role models from ethnic minority communities, with lived experience, to have a seat at the decision-making table.

A systemic approach to tackling racial inequalities needs to form part of a wider Greater Manchester strategy, to ensure that EMBs can access the long-term targeted business support that they need to overcome the multiple barriers that they face on their entrepreneurial journey. Tackling wider structural barriers is therefore critical to delivering a level playing field. Visibility of leadership at a Greater Manchester level that is actively championing inclusive entrepreneurship would provide an important exemplar for others to follow.

Establishing a mechanism for integrating EMBs into plans for a broader 'network of networks' will help to deliver greater inclusion within Greater Manchester's innovation's eco-system and ensure that they too can benefit.

The lack of data capture and monitoring around ethnicity needs to be addressed. This will be critical for driving greater accountability of organisations across the public, private and third sectors, including business support agencies and innovation assets.

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