



The Recycling of Entrepreneurial Talent

A report for Scottish Enterprise

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As ever, the views expressed in this report are those of the authors and the authors alone, and do not necessarily reflect the views of Scottish Enterprise.

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EXECUTIVE SUMMARY

The research set out to uncover the extent to which recycling occurs within Scotland, what impact this makes, what can be learnt from their experiences and what attracts recycled entrepreneurial talent to a particular path or opportunity, and can their knowledge and skills be utilised to benefit the growth of more companies?

Our findings uncovered a series of trends in entrepreneurial recycling which can aid our understanding of where and when the potential exists to help create the conditions for further economic activity. The findings indicate how and when we may identify individuals who through recycling, we can help to establish a connection with companies who would benefit from their expertise.

Whether recycling from one company or role into another or entering entrepreneurship for the first time, the underlying motivations remain very similar. They are opportunity driven, and usually entail developing a robust proposition, drawing on the skills, knowledge and experience of current and previous work colleagues.

Interviewees did not restrict themselves by specifying what type of opportunities they were seeking, instead determining its viability at the time it materialises using their experience and judgement. As their careers continue, we often see a proliferation of non-executive, Board-level positions.

We found no evidence of the common assumption that cashed-out entrepreneurs simply stop activity. If anything, their passion continued and meant they continuously sought out new opportunities and challenges, even if their specific role evolved.

Attracting recycled talent rather than recycled cash and investment was a greater priority for entrepreneurs and companies. Securing investment was seen as a bonus on top of the main objective, to find a valuable member of the team for the business.

Our research highlights the importance of harnessing the talent in Scotland. The most critical element in recycling was not networks, but relationships based upon trust in and knowledge of, the skills, abilities and personal characteristics of colleagues.

There was a clear preference for and comfort in working alongside those with whom they were very familiar, demonstrating the importance of complementarity in management teams. When this did not exist previously, it was often developed over time through exploring the likely success of a working relationship through a form of 'diligence'.

When describing the characteristics our interviewees sought to work with, a similar core set of characteristics emerged. Ultimately, however judgement came down to an 'educated gut feel' about their capabilities, either informed by previous experience or developed through an exploratory diligence period and timing aspects, such as personal circumstances and market opportunity.

There may be opportunities to encourage 'new' relationships, linking entrepreneurial talent to companies whom would benefit from their knowledge, skills and experience. Whilst networks or databases can provide the basis on which to build a record of entrepreneurial talent, this alone will not suffice. The focus needs to be on matching entrepreneurial talent with opportunities at the right time, as there appears to be an appetite within the entrepreneurial ecosystem for this.

A REVIEW OF EXISTING KNOWLEDGE

Background – what is recycling in an entrepreneurial context?

Interest in and research into the entrepreneur and entrepreneurial culture is nothing new. Volumes of literature, surveys and articles are filled with theoretical insights and observations about this group of individuals, which evidence shows are critical to driving and sustaining economic growth. This evidence is often contradictory, reflecting the unique nature of entrepreneurship.

As a result there are a myriad of perspectives through which we understand the entrepreneur. One of these areas, often overlooked in favour of its near neighbour, serial entrepreneurship, is entrepreneurial recycling.

Entrepreneurial recycling looks at how entrepreneurs use their newly acquired wealth, along with their experience of starting, developing and then exiting a business, to engage in other entrepreneurial activities, notably (but not restricted to) starting new business ventures and investing in other businesses. It considers how individuals evolve over time.

Previous research undertaken by Scottish Enterprise considered the role acquisition can and does play in company growth¹ and one of the major questions emanating from this work was what happened to the management and owners of companies after the firm they owned/founded, or had a critical role in, was sold. In several cases, management teams had remained with the company (reflecting what they had always said; that the acquisition was driven purely by a desire to achieve growth, not to get rich. The research found prior experiences in business and being involved in acquisition (to varying degrees) impacted on subsequent business decisions they made, demonstrating how recycling can operate.

This shows that, whilst prior research into 'entrepreneurial recycling' has focused on those who sell a company and what they go onto do next, and what they do with the funds secured from the sale, 'recycling' clearly goes much further. Indeed, the acquisitions research indicated it also includes knowledge and experience gained by those who may not have been the owner/senior management, but through other leading roles.

It highlighted how individuals critical to the growth of world-class companies may not even view themselves as being any type of entrepreneur (e.g. serial, lifestyle, habitual etc). Therefore, investigating just the 'entrepreneur' could be restricting our understanding of what experiences, abilities and skills are recycled to benefit the economy.

In order to capture this, our definition needs to be wider in scope to bring in experience, knowledge, networks, vital skills and abilities that are entrepreneurial and are vital in developing and sustaining growth through businesses.

To achieve this end, this project focuses on the recycling of entrepreneurial talent.

Why is recycling important?

Recycling is vital as it allows an economy to function effectively and continue to develop. The acquisitions research showed that Scotland does not see as many acquisitions as similarly sized European nations. In particular, as a percentage of the overall business base, between 2003 and 2012, Scotland had the lowest overall incidence of acquisition². This

¹ ['The role of acquisition in company growth'](#). (2014), Scottish Enterprise.

² See pages 31-33 of ['The role of acquisition in company growth'](#). Scottish Enterprise.

suggests that rather than too many company sales, there were too few, which limits the extent to which the recycling of skills, abilities and knowledge occurs.

A lack of sales also results in investment remaining locked up within companies, whether that is from private equity, angels, families, public sector bodies or the entrepreneur and management team themselves. The next wave of companies seeking investment are then relying on additional funds being found from similar and new sources, which over time becomes increasingly challenging. This is exacerbated when individuals receiving an injection of cash as a result of a sale remain with their business rather than moving onto new pursuits.

Returns realised through sales and exits enables private, venture and institutional investors to go on and invest not only their initial investment but also the gains made, elsewhere. At the same time, individuals with ambition, creativity and capabilities to help new and current companies, can be 'freed' to pursue new ventures and pursuits. Similar to one sale leading to funding for half a dozen companies, one company being acquired could lead to multiple individuals exiting and creating businesses or taking on leadership roles in other companies.

The median acquisition deal sizes gave an indication of the sums of money potentially being released back into the economy as a result of a company sale. Between 2003 and 2012 these were as follows:

- For acquisition of Scottish companies by non-Scottish companies - £10.8m
- For acquisition by Scottish companies of non-Scottish companies - £11.1m
- For acquisition by Scottish companies of other Scottish companies - £3.7m

Whilst the deal sizes for cross-border acquisitions involving Scottish companies compared relatively favourably to those for other European nations, the median size for Scotland only deals was over £2m lower than every nation included in the sample³.

Consequently, the number of acquisitions and the median deal sizes combine to indicate the rate of recycling in Scotland would perhaps not be either ideal in number nor in generating as great a returns (both in terms of overall cash changing hands, and the terms of the totals per deal). But the issue still remains clear; as a result of acquisition Scotland has fewer exiting entrepreneurs and exiting skilled, experienced professional management than other nations, and of these, the levels of return some of these may wish to invest is not as great as European counterparts.

This acutely demonstrates how vital those individuals with entrepreneurial and management experience who exit a company either via a sale (or other means) or could be enticed to do so, are to sustaining a vibrant economy. These two sub-elements of the individual; their experience and motivations as well as their returns from prior business ventures form the core of this research.

A refocusing

As already noted, whilst research into the nature, role and value of entrepreneurship is extensive, knowledge and in particular evidence demonstrating the nature of recycling is limited. Much of what exists is theoretical and fails to present evidence drawing on the practical experiences of these individuals⁴.

³ See page 37 of ['The role of acquisition in company growth'](#). Scottish Enterprise.

⁴ Mason, C. & Brown, R. (2013) *'Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship'*. Background Paper prepared for the workshop organised by the OECD LEED Programme and the Dutch Ministry of Economic Affairs on Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship. The Hague, Netherlands, 7th November 2013.

Perhaps one of the reasons for the lack of significant insight into this part of the entrepreneurial process, in comparison to the substantial body of work focusing on serial entrepreneurs “...stems from the heterogeneity of entrepreneurs.”⁵. As a result of the unique nature of entrepreneurship, research has focused on firms as this is an easier way through which to make comparisons. However, Iacobucci & Rosa (2010) recognise the “...need to focus on entrepreneurs’ careers to understand entrepreneurial processes”⁶, suggesting that rebalancing research towards the individual would be beneficial.

Our research focuses on individuals who have undergone the most accepted definition of ‘entrepreneurial recycling’. This is looking at whether and how entrepreneurs use their acquired wealth, along with their experience of starting and developing businesses to engage in new activities, notably (but not restricted to) starting and supporting new ventures through their skills and investment.

The recycling of entrepreneurial talent takes this a step further, beyond a focus on the entrepreneur as the unit of study, enabling this research to consider the role and contribution of all individuals who have been part of this, free from the restrictions of typologies and categorisations, in line with one of the principal findings from the acquisitions research⁷.

How recycling works

The most comprehensive articulation of how recycling works is Mason & Brown’s work (2013) around entrepreneurial ecosystems, of which recycling is one such element.

“The entrepreneurial recycling process is driven by exits. Ideally, entrepreneurs and other senior management shareholders should become sufficiently wealthy that they do not need to work again, so that they can devote their energies to creating and supporting more entrepreneurial activity. This requires that entrepreneurs are able to grow their businesses to a point where significant value has been created. To reach this point may require several rounds of finance. Businesses which exit prematurely, for example because of the inability to raise further finance (on appropriate terms), are likely to limit the possibilities for entrepreneurial recycling because it will limit both the wealth that is created and the entrepreneurial learning to have occurred. This is often a feature of weaker entrepreneurial ecosystems where access to large amounts of growth capital and public stock markets is limited.”⁸

Culture can also have a major impact on the creation of entrepreneurial talent. Hayton and Cacciotti (2014)⁹ considered the linkages between cultural values and entrepreneurial beliefs, concluding we should be less, not more, confident in the existence of a single entrepreneurial culture. Whilst it is not an objective of this research to investigate this, it is likely we will be able to make some observations that may contribute towards the understanding of the entrepreneurial culture within Scotland¹⁰.

Helpfully, the most considered studies focusing on recycling are within a Scottish context. Mason and Harrison (2006) conclude that due to their experience, these people “...should be better placed than novices to create successful businesses. They are streetwise, be more

⁵ Ucbasaran, D., Alsos, G.A., Westhead, P. & Wright, M. (2008) ‘Habitual Entrepreneurs’. *Foundations and Trends in Entrepreneurship* 4 (4), pp.309-450.

⁶ Iacobucci, D. & Rosa, P. (2010) *The Growth of Business Groups by Habitual Entrepreneurs: The Role of Entrepreneurial Teams*. Baylor University.

⁷ See pages 52-53 and p. 61 of [‘The role of acquisition in company growth’](#). Scottish Enterprise.

⁸ Mason, C. & Brown, R. (2013), p.10.

⁹ Hayton, J.C. & Cacciotti, G. (2014) *‘Is there an entrepreneurial culture? A review of empirical research’*. ERC Research Paper No.16.

¹⁰ For further insight into this area, readers should consult sources such as the GEM which provides annual evidence on this matter. Available from <http://www.strath.ac.uk/huntercentre/research/gem/>

thorough in their pre-start-up thinking, can bring together a stronger team through their networks, have better customer credibility and likely will not need to spend as much time raising funds (not just through using their own funds).”¹¹

Mason and Harrison also highlight the additional importance of recycling to the “*institutional thickness*” of the region, as they recognise their influence can stretch beyond repeatedly growing firms. Individuals can become involved in activities that enhance the institutional environment, which in turn, helps the development of collective entrepreneurship capacity. It signals the deepening of the entrepreneurial culture as noted by Timmons, J. (1999), who describes “...*recycling of entrepreneurial talent and capital as being at the very heart of our system of ... (economic development)*”¹².

Implicit within this understanding is that recycling could and should not be simply limited to one person. Increasing evidence is demonstrating that whilst a lead entrepreneur or individual with entrepreneurial ability can be the principal catalyst for growing successful companies, the skills, abilities and knowledge of others can also play an important role.

Characteristics of entrepreneurs

Much of the existing entrepreneurship and entrepreneurial behaviour literature establishes typologies to categorise individuals. To provide a loose framework of ideas and understanding for this project it is important to at least set out what the principal types of entrepreneur.

Figure 1: Types of entrepreneur

<u>Novice</u>	Individuals with no prior business ownership experience either as a founder or an acquirer.	
<u>Habitual</u>	Those who have (either current or previous) ownership in two or more businesses, of which at least one was either established or purchased by the individual.	<u>Serial</u> entrepreneurs Those who have sold/closed at least one business they held a stake in, and currently have a stake in another business.
	Habitual entrepreneurs are then sub-divided into two further categories.	<u>Portfolio</u> entrepreneurs Those with stakes in two or more businesses.

Source: Ucbasaran, D., Alsos, G.A., Westhead, P. & Wright, M. (2008) ‘*Habitual Entrepreneurs*’. Foundations and Trends in Entrepreneurship 4(4) p.309-450.

Some research has focused on characteristics of entrepreneurial behaviour (Figure 2). This suggests the lead figure has been engaged in more than one business, emphasising the importance of recycling.

Figure 2: Characteristics of entrepreneurial behaviour

<u>Defensive serial entrepreneurs</u>	Tend to be reactive Often enter a second venture as a result of there being little clear alternative Can retain some equity in their original company, reflecting a strong tie of personal loyalty Such a perspective makes seeking out a second venture a much less likely proposition
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¹¹ p.67, Mason and Harrison, 2006.

¹² Timmons, J. (1999) ‘*New Venture Creation: Entrepreneurship for the 21st Century*’. Irwin-McGraw-Hill, Boston, MA.

<u>Opportunist serial venturers</u> (tend to fall into two sub-groups)	An important motivation consistently remains capital gain and the challenge of developing a business The first venture has a mixture of motives, including a desire for independence, wealth creation, or a desire to remain in employment In the second venture, this evolves and becomes more about the challenge and interest in creating a new company They also tend to be actively searching for opportunities between the first and second ventures	<u>Group Creators – Serial Deal Makers</u> Tend to be growth orientated Likely to be involved in multiple ventures simultaneously Tend to continually considering a range of intermediate ventures and investments
		<u>Group Developers – Organic Serials</u> Motivated more by the challenge of their second venture rather than organic growth, with much less focus on making deals, investing, acquiring etc Tend to concentrate on cost reductions, followed by business development including the introduction of new products and ultimately leading to a sale by acquisition

Source: p.254, Wright, M., Robbie, K., Ennew, C. (1997)

This begins to explore the motivations of individuals and how they seek out and identify opportunities at different stages of their career. What begins to stand out even at this stage is how prevalent being opportunistic is. Research has shown how individuals' characteristics can shape entrepreneurial activity as Figure 3 sets out.

Figure 3: Human capital characteristics and their influence on entrepreneurial behaviour

Gender	<ul style="list-style-type: none"> • Kolvereid & Bullvåg (1993) note very few women become habitual entrepreneurs. • Rosa & Hamilton (1994) found a larger proportion of males owned more than one business.
Age	<ul style="list-style-type: none"> • Birley & Westhead (1993) as well as Kolvereid & Bullvåg (1993) note habitual entrepreneurs start their business younger than novices. • Westhead et al (2003) did not detect any significant age differences between novice, serial and portfolio entrepreneurs in Scotland. • Mason and Harrison (2006, p.69) "...suggest that the age of the entrepreneur at the time of the sale is a significant influence on the nature and scale of recycling activities."
Parental Background	<ul style="list-style-type: none"> • Westhead et al (2003) noted for a larger proportion of portfolio entrepreneurs in Scotland, one of their parents had experience as a business owner.
Managerial Experience	<ul style="list-style-type: none"> • A larger proportion of portfolio entrepreneurs (rather than novice and serial) reported their last job to be managerial. • A larger proportion of serial entrepreneurs indicated they had been self-employed prior to the business. • Habitual entrepreneurs, especially serial ones, had worked in more organisations on a full-time basis than their novice counterparts.

Unless cited, sourced from: Westhead, P., Ucbasaran, D., Wright, M. & Binks, M. (2004). 'Policy Toward Novice, Serial and Portfolio Entrepreneurs' Environment and Planning C: Government and Policy, Vol 22: 779-798.

These typologies bring some value to this work, but fail to capture the range of steps individuals can take and focus solely on the founder/owner. Little evidence exists of the recycled entrepreneurial talent. One of the rare observations of recycled entrepreneurial characteristics comes from Hessels et al (2010) who note "... that the probability of entrepreneurial engagement after exit is higher for males, for persons who know an entrepreneur and for persons with a low fear of failure. Educational attainment does not

seem to be relevant.”¹³. It is hoped this research will add more evidence to this emerging field.

What motivates and drives these people?

Multiple sources identify a diverse range of motivations driving entrepreneurial activity¹⁴. Logic would suggest this diversity would only increase as individuals become more experienced, have differing levels of success, situations to overcome, opportunities to exploit, etc. Indeed, early evidence appears to confirm this:

“There are some indications from the case studies that motivations and actions changed between the first and subsequent ventures. Monetary gain was perceived by the entrepreneurs as being of limited significance and where it had been a factor in the first venture it was less important in the second. A desire for lower exposure to financial risk in the second venture was also apparent. ... Entrepreneurs were clear that they did not wish to commit more than a small minority of their wealth but also recognised the importance of being personally committed to the deal.”¹⁵

Figure 4: Evidence of evolving motivations over time

- *“Although independence is often a strong reason for starting a first business, a variety of other more materialistic reasons may come to the fore when an entrepreneur establishes (or purchases) a subsequent business.”¹⁶*
- But whilst this is the case, the sense of autonomy and independence remains strong throughout¹⁷.
- Whilst there were differences between individuals, capital gain appeared to be less important as a motivating factor the second time around, with a desire to develop an idea or a business with less exposure to financial risk being more important. Logically this could be thanks to previous success in terms of wealth; rendering it less important in the future¹⁸.
- When venture capital is involved second time around, the relationship has changed since the entrepreneur felt they were now more able to negotiate terms that suited them, especially in respect of exit horizons¹⁹.
- When venture capital was present in the first and the second ventures, there tended to be closer monitoring in the second²⁰. Could this be a response to an investor fear that capital gain is not as important to the individual, so they need to monitor progress more closely?
- Wright et al (1997) also observed a pattern where the recycled individual had a strong sense of reputation, perhaps stronger than in their first enterprise: *“... Having built a reputation as a successful entrepreneur the first time around, the individuals involved were reluctant to do anything which undermined their standing amongst the financial and business community”²¹*

¹³ Hessels, J., Grilo, I., Thurik, R. & van der Zwan, P. (2010) *‘Entrepreneurial Exit and Entrepreneurial Engagement’*, Journal of Evolutionary Economics.

¹⁴ Ucbasaran, D., Alsos, G.A., Westhead, P. & Wright, M. (2008) *‘Habitual Entrepreneurs’*. Foundations and Trends in Entrepreneurship 4(4) p.309-450; and Woo, Cooper & Dunkelberg, 1991, *‘The Development and Interpretation of Entrepreneurial Typologies’*. Journal of Business Venturing, 6, pp.93-114.

¹⁵ Wright, M., Robbie, K., Ennew, C. (1997) *‘Serial Entrepreneurs’*. British Journal of Management, Vol. 8, p.256.

¹⁶ p.783. Westhead, P., Ucbasaran, D., Wright, M. & Binks, M. (2004) *‘Policy Toward Novice, Serial and Portfolio Entrepreneurs’* Environment and Planning C: Government and Policy, Vol 22: 779-798

¹⁷ Dept for Business, Innovation & Skills (2015) *‘Understanding Motivations of Entrepreneurship’*, BIS Research Paper 212.

¹⁸ Wright, M., Robbie, K., Ennew, C. (1997) *‘Serial Entrepreneurs’*. British Journal of Management, Vol. 8.

¹⁹ Wright, M., Robbie, K., Ennew, C. (1997) *‘Serial Entrepreneurs’*. British Journal of Management, Vol. 8.

²⁰ Wright, M., Robbie, K., Ennew, C. (1997) *‘Serial Entrepreneurs’*. British Journal of Management, Vol. 8.

²¹ Wright, M., Robbie, K., Ennew, C. (1997) *‘Serial Entrepreneurs’*. British Journal of Management, Vol. 8.

Perhaps the characteristic which has received the greatest level of attention is fear. Views about the impact this can have vary greatly, demonstrating the individual nature of entrepreneurship. Hayton et al (2013) provides a good summary of how fear can motivate or de-motivate individuals':

*"...entrepreneurs may respond to fear perceptions by moving towards rather than away from the source of threat. If fear stimulates greater striving them perhaps sometimes it can be a friend as much as a foe. However, motivation through fear rather than hope may have important negative consequences for the reactions, decisions, health and well-being of the entrepreneur."*²²

In a subsequent paper the authors continue to emphasise that;

*"The fear of failure is an essential part of the entrepreneurial journey. Entrepreneurs are often described as passionate, enthusiastic, ambitious, resilient. However, we believe that underneath this invincible surface lies an inconvenient truth; entrepreneurs may also be fearful. ... Although it is not difficult to agree on the reality of this scenario, the experience of fear of failure is the least told chapter in the life story of an entrepreneur."*²³

Evidence finds learning from experience is generally positive. Ucbasaran et al (2008) shows experience gives you an advantage, as they can hugely influence the amounts of initial capital and types of finance (i.e. they have greater personal capital, but also experience, connections, proven track record etc). In comparison, novices may have to rely upon internal sources (family, friends, and savings) because of a lack of evidence of their capabilities and success, meaning the avenues to access finance is fewer in number²⁴.

Stokes & Blackburn (2002) found 70% of owners who closed a business were encouraged by their experience, even if they had been in financial difficulty. *"Even if they had not gained financially, many owners still believed they had benefited from their experiences of running a business."* Perhaps unsurprisingly therefore, they also found:

- 62% of owners continued as a business owner in some way.
- Trust and relationships were cited by over a quarter as their most useful experience²⁵

Knowledge and networks can also play a role in encouraging re-entry into entrepreneurship. Stam et al (2006) indicates that *"...the decision of ex-entrepreneurs to go back into business depends on a large extent on insider knowledge. They are more prone to start anew if they get the chance to re-establish within already known industries."*²⁶

Headd (2003) also found that spatial elements can impact on recycling, noting those people in urban areas who had started a business which had ultimately proved unsuccessful are less likely to start another business due to the prevalence of greater job opportunities²⁷.

²² Hayton, J., Cacciotti, G., Giatitzogu, A., Robert Mitchell, J. & Ainge, C. (2013) *'Understanding Fear or Failure in Entrepreneurship: A Cognitive Process Framework'*. ERC Research Paper No. 3.

²³ Cacciotti, G. & Hayton, J.C. (2014) *'Fear of Failure and Entrepreneurship: A Review and Direction for Future Research'*, ERC Research Paper No.24.

²⁴ Ucbasaran, D., Alsos, G.A., Westhead, P. & Wright, M. (2008) *'Habitual Entrepreneurs'*. Foundations and Trends in Entrepreneurship 4(4) p.309-450.

²⁵ Stokes, D. & Blackburn, R. (2002) *'Learning the Hard Way: The Lessons of Owner-Managers Who Have Closed Their Business'*, Journal of Small Business and Enterprise Development.

²⁶ Stam, E., Audretsch, D.B. & Meijaard, J. (2006) *'Renascent Entrepreneurship'*. Discussion Papers on Entrepreneurship, Growth and Public Policy No. 0606, Jena. P.4.

²⁷ Headd, B. (2003) *'Redefining Business Success: Distinguishing Between Closure and Failure'*. Small Business Economics 21(1) p.51-61.

Anokhim et al (2008) observed how motivations of habitual entrepreneurs “*seem to change between the first and subsequent venture. While first ventures have been found to be motivated by financial considerations, second ventures have been found to be motivated by more personal reasons (continue the challenge of owning a successful venture) and by security considerations (reduce risk exposure, take advantage of tax exemptions)*”.²⁸

They make an astute observation that one of the issues around developing and stimulating more high-growth companies is “*...much of the advice on start-up and business development is targeted at an inappropriate level because of the underlying assumption that owner-managers are doing it for the first time. More support is required for the entrepreneur who is no longer a novice but who nevertheless is starting of developing a relatively new venture.*”²⁹

So, evidence about the impact of learning and experience is at times limited and conflicting. It reaffirms the uniqueness of the entrepreneurial experience and justifies seeking to understand the journey through the words and experiences of a range of individuals. It suggests however a core group of characteristics and attributes may be seen as important, as well as specific times in which stimulating company growth through recycling may be beneficial.

Summary

Whilst literature has focused on areas which will inform this study, there is little research providing specific insight into recycling. Whilst it is an obvious statement to say experience changes individuals, this review has shown some of the indicative research which tracks the changes in ambition, outlook and performance as the entrepreneur has different experiences.

What influences these differences, is it the nature of the opportunity, the general and specific human capital, their motivations and skills, the individuals, the access to resources, etc? To address these questions this research focuses on the following principal questions:

- To what extent does recycling occur within Scotland and what impact does this make?
- What can be learnt from the experience of these individuals?
- What attracts recycled entrepreneurial talent to a particular path or opportunity following an exit from a business?
- Can their knowledge, expertise etc be effectively utilised to benefit the growth of more companies and the wider economy in Scotland?

²⁸ Anokhim, S., Grichnik, D. & Hisrich, R.D. (2008) ‘*The Journey from Novice to Serial Entrepreneurship in China and Germany: Are the Drivers the Same?*’. *Managing Global Transitions* 6(2).

²⁹ Anokhim, S., Grichnik, D. & Hisrich, R.D. (2008) ‘*The Journey from Novice to Serial Entrepreneurship in China and Germany: Are the Drivers the Same?*’. *Managing Global Transitions* 6(2).

HOW WAS THE RESEARCH EXECUTED?

The aims of the research were:

- To what extent does recycling occur within Scotland and what impact does this make?
- What can be learnt from the experience of these individuals?
- What attracts recycled entrepreneurial talent to a particular path or opportunity following an exit from a business?
- Can their knowledge, expertise etc be effectively utilised to benefit the growth of more companies and the wider economy in Scotland?

Qualitative approaches

Clearly for this type of research, qualitative methods were most appropriate. This project would only yield useful insights if it accessed information rich, personal stories. Using semi-structured interviews not only allowed the individual to provide a narrative around their own career, options, perspectives and experiences, but ensured this would be told in their own words. Rae (2000) advocates this approach, seeing value in life stories and narrative based research as a means through which to understand entrepreneurship³⁰.

This was an important objective of the research – to enable the individual to structure the story in their own terms. If any current or subsequent policy mechanisms are going to succeed in utilising the attributes of recycled individuals they need to be informed through unconstrained first-hand insights, since as Rae (2000) notes this is often not the case: “...*the voice of the entrepreneur...seems to have become disconnected from academic study through being lost in the statistical samples.*”³¹

In order to achieve this outcome, an interview guide was developed which was broken down into the following stages:

Stage	Reason for inclusion
Pre-interview	This enabled the identification of the individual’s relevance to the research, be that as a recycled individual themselves, or as someone who operates in the same realm as individuals who have/do recycle.
Introduction	Inserted to ensure that each interview began at the same point. This was a broad open-ended question asking how they got started in business. This allowed them to determine the starting point for their story, indicating where they saw important elements appearing.
Evolution	This was included in order to ensure (where appropriate) the interviewer ensured the interviewee referenced their movements across their career, between different stages.
Opportunities, Options and Decisions	Similarly, this was included in order to ensure that discussion covered the various opportunities that had arisen in their career, and to explore the reasons behind the decisions they had taken.
Context, Motivation and	This was included in order to determine what the background

³⁰ Rae, D. (2000) ‘*Understanding Entrepreneurial Learning; A Question of How?*’ International Journal of Entrepreneurial Behaviour and Research, Vol 6:3 p.145-159.

³¹ p.148, Rae, D. (2000) ‘*Understanding Entrepreneurial Learning; A Question of How?*’ International Journal of Entrepreneurial Behaviour and Research, Vol 6:3 p.145-159.

Rationale for Recycling	was to any moves they made and in particular what drove them to this decision/action and how was it justified.
Role and Influence of Peers, Relationships and Culture	Based on the clear evidence in the literature review, this was a key factor in the entrepreneurial ecosystem. It was included to explore the role of networks and peers in Scotland.
Wider Impact of their Activity	Included to ensure discussion covered (where appropriate) reflection on how actions and decisions not only impacted themselves, but others.
Personal Reflections	Towards the end, it was felt valuable to seek to ask the interviewee to look back on their career and assess where they had made a difference, lessons they had learned, advice for others as well as any points they wished to raise.
Post-Interview	Following the interview, this stage ensured that basic facts were cross-referenced with LinkedIn profiles and answers were sense-checked against each other for consistency.

The availability of professional profiles via LinkedIn proved highly useful in the research, not least of which to ensure that where appropriate, prompts were able to be used to ensure the interviewee addressed relevant areas.

In addition, highlighting the pre and post-interview stage was central to ensuring the reliability of the narrative given. Whilst individual narrative is a hugely informative way through which to undertake this research, it is not without challenges. You are relying on self-reporting of experience which may be skewed by any number of elements relating to the interviewee. This can include a lack of awareness of other influencers on their career, a refusal to recognise elements which may have been important, gaps in memory recollection and a desire to sound impressive or provide answers that they believe the interviewer is seeking.

As Rae notes, this will never be perfectly addressed because interpretation is problematic:

- *“Can we believe the stories people tell about themselves?”*
- *“How do we tell when people learn?”*
- *“Can people understand and relate their own learning processes?”*
- *“Is the story itself or its structure and language more important as a means of understanding?”³²*

The answer to each of these can never been 100% reliable. However, it was still felt that on reflection the methodology chosen was the most appropriate and robust mechanism through which to address the research questions. The positives of narratives told by the individual far outweighed any potential downsides, and these were further mitigated against through pre and post interview stages, and the availability of LinkedIn profiles.

Interview selection

The starting point for identifying potential candidates for interview was to determine those relevant to the study i.e. was someone who had recycled through one business into another.

The criteria developed as a result of this was as follows:

1. Someone who was either based in Scotland, had owned or worked in a company in Scotland

³² p.150-152: Rae, D. (2000) *‘Understanding Entrepreneurial Learning; A Question of How?’* International Journal of Entrepreneurial Behaviour and Research, Vol 6:3 p.145-159.

2. Someone who had moved between jobs in different companies, started up a company and either re-entered employment, started another company or taken another approach (become a Non-Executive, angel investor etc)

It was also quickly determined that because of the policy focus in Scotland on high-impact entrepreneurship – those individuals who make the greatest difference to economic growth and employment, through the development of high-ambition companies, these would be the ideal candidates to approach. Their experiences would be particularly relevant to help inform a response which could lead to a more significant step-change in the growth of ambitious companies in Scotland.

It was also determined that as important as the first-hand direct experience of recycled talent was, it would prove just as insightful to seek out those who operate in the entrepreneurial space, who work with and advise growth companies on a daily basis. Their accumulated knowledge and experience would provide a valuable route with which to be able to triangulate the findings, ensuring robustness.

Within Scottish Enterprise, the GlobalScot network was quickly identified as a potential route through which to base the interviews. This is worldwide network of business leaders, entrepreneurs and executives with a connection to Scotland, and a strong desire to see Scottish businesses succeed locally and in the wider world³³.

Access to the database was secured and using the criteria set out below, the overall network of 624 members was reduced to a sample of 42.

1. Areas of expertise

- a) Attracting investment
- b) Business start-up
- c) Finance



2. Experience and circumstance

- a) Business experience within Scotland
- b) Relevant, recent, current experience within Scotland indicating they would have insight either through their own direct experiences or from close involvement/observation of this practice amongst others, in specific industries, locations etc.

= 42 potential interviewees

The GlobalScot team have a well-established mechanism through which to engage with its members; therefore an explanatory note was provided outlining the research objectives, the information sought and highlighting the anonymous nature of the research. Anonymity was felt appropriate due to the objectives of the research, exploring personal motivations, feelings and actions. This would ensure interviewees were fully honest thus ensuring the research is able to be most accurate and insightful.

In addition to the GlobalScot network, through internal colleagues as well as through interviews, other potential interviewees were identified. To ensure robustness in the methodology, these suggestions were taken and put through the same selection process as the GlobalScots prior to being contacted, again via the same mechanism, and interviewed in the same manner.

³³ <http://www.globalscot.com/about>

Interview sample

Between February and May 2015, 25 interviews were conducted. The vast majority were conducted face-to-face, although where necessary, conference calls were used, particularly in regards to international interviewees.

Specific attention was given to ensure the sample – as far as possible – contained gender balance and representation of minority ethnic groups. This proved a challenge not only to secure interviews but in the first instance, to identify potential candidates. Further research in future may be minded to focus exclusively on the entrepreneurial experiences of minority groups in Scotland, in order to draw out any specific issues they face in entering and navigating the entrepreneurial landscape.

Interview reflections

On reflection, conducting interviews using the approach decided upon was successful. Not only did they gather rich, detailed and varied narratives, encompassing a wide body of experiences and views. The semi-structured nature of the interviews allowed issues to emerge based on the interviewees experiences and observations, unprompted and in their own words. A more structured and rigid approach would have restricted this opportunity and not yielded as positive a set of findings for the study.

The detail from interviews was analysed via coding, which allowed a series of themes to emerge organically. These themes are outlined and debated in forthcoming chapters of this report.

RESEARCH FINDINGS

This chapter sets out the findings of the research interviews, grouped into the key themes which emerged. The first half of the chapter addresses the objectives of the research, focusing solely on entrepreneurial recycling and the research's overall objectives. The latter part reflects on other emerging findings, which can help inform policy and future research.

Figure 5: Summary of Main Entrepreneurial Recycling Findings

Activity of entrepreneurial talent

- In terms of male entrepreneurial talent, a broadly similar pattern of recycling activity emerged.
- Comparison with and exposure to entrepreneurship and entrepreneurial individuals at any time appeared to play an influential role in their desire to follow a similar path.
- Most individuals do not enter entrepreneurship immediately, using approximately the first decade of their career in employment to build up their knowledge and skills over a broad range of areas.
- Whether to enter entrepreneurship or to recycle into a new venture, similar triggers appeared to spur action.
- These triggers consisted of identifying an opportunity or involvement in one developed by a (current or former) colleague, or going through a change in circumstance (e.g. company acquisition); coinciding with a belief that it is the right time in their life/career.
- Our recycled talent appear to have a project-based outlook, perhaps reflecting their professional backgrounds e.g. engineers, programmers, scientists.
- Female entrepreneurs appear to recycle much less.
- As their careers continue, we often see a proliferation of non-executive, Board-level positions. Few, if any, enter full-time investment roles.

Approaches and outlook of entrepreneurial talent

- Interviewees did not seek to restrict themselves by specifying what type of opportunities they were seeking, determining its viability at the time it materialises using their experience and judgement.
- No evidence was found that cashed-out entrepreneurs simply stop activity. They continuously sought out new opportunities and challenges, even if their specific role evolved.
- Female entrepreneurs have different ambitions to male counterparts, focusing less on growth and more on long-term ambitions, consolidation and social elements.
- Attracting recycled talent was the greater priority for entrepreneurs and companies. Securing investment was seen as a bonus on top of the main objective, to find a valuable team member for the business.

Importance of relationships

- The most critical element in recycling was not networks, but a step beyond this, in the form of relationships based upon trust in the skills, abilities and personal characteristics of existing and potential colleagues.
- There was a clear preference for, and comfort in working alongside those with whom they were very familiar, demonstrating the importance of complementarity in management teams.
- When a bond or relationship already did not exist, it had to be developed over time through exploring the likely success of a working relationship through a form of 'diligence'.
- In assessing individuals, a similar core set of characteristics emerged, but ultimately judgement came down to an 'educated gut feel'.
- There is an appetite for linking appropriate opportunities to entrepreneurial talent, although the challenge of enabling this in a fluid, deeply personal environment is great.

Entrepreneurial Recycling

The first half of this chapter focuses on:

- How, when and why, entrepreneurs or entrepreneurial people, recycle themselves?
- In light of the need to develop more growth companies, how and when did the recycled entrepreneurial talent find their way into business?

- From looking at the entrepreneurial talent, what characteristics, traits and patterns emerge?

Why they recycle

Given the deliberate methodological strategy to attempt to find a wide range of individuals for interview, spanning different geographies, sectors, stages in their career, etc, it was surprising to identify some broad patterns in activity and approach.

Rather than looking at the recycling stage in isolation, it was necessary to adopt a more holistic approach looking at their career. After all, the background and experience of any individual is likely to shape future action. Looking at one stage only would lack context and overlook what ultimately proved important in understanding the recycled entrepreneurial talent.

The vast majority of interviewees had, on completing education entered the world of employment. It was only in rare exceptions where people had gone straight into business themselves. Those who entered employment then tended to spend around a decade in paid employment, often across several roles within the same company before moving into business (itself a form of recycling).

Whilst they reported always having an interest or desire to enter business, being in employment was in hindsight the most logical step at that point in time. On leaving university some admitted, they were simply focused on getting a job. Whilst they thought running a business might be something that interested them, there was no overwhelming desire to do this at that point.

Looking back they recognised being in employment first was a vital, almost necessary first step that enabled them to get where they were. It allowed them to build up knowledge of a particular industry and/or in the mechanics of business:

“If I hadn’t had the grounding, the exposure to how businesses work – sales, marketing, finance, you name it, I might have thought I’d have known what I was doing if I’d gone straight to business, but I wouldn’t. The big organisation could train me, give me exposure and understanding of things I wouldn’t even have known about. ... You can’t simply go into running and growing a business without some nous as to how things happen. Being employed is still probably the best starting point for getting the basis for what you will need.”

A pattern emerged where our male interviewees, following several years in employment, having risen through the ranks to a senior level (Senior Manager, Director, Partner, etc), felt an ‘itch’, restlessness and a desire to try something else. Whilst this served as a productive induction into business, there was almost a reaction against this. As one interviewee described *“my future was set. I could see where I would go next, and then where I would be ten years after that. It was kind of boring to look ahead like that and realize I’d only know a small part of the business and lose the ability to see the bigger picture. I wanted a bigger challenge.”*

In contrast, whilst our female interviewees similarly entered employment, we found that as some had also recycled from senior posts, it had taken them longer to progress to this level. By this time, their different outlook and attitude towards entrepreneurship as well as their personal circumstances may have been different to those from an earlier stage.

Regardless of gender the decision came down to a combination of factors.

Firstly, their experience in business and in a particular industry had given them enough exposure and knowledge to spot an opportunity. This opportunity may have been a range of

things; a way to improve what is done at present, or a gap in the market. It usually arose either through their own observation and initiation or via engagement with colleagues and former colleagues.

This recognition of an opportunity tended to coincide with circumstances in their own lives making it almost a *“now or never”* moment where *“if I was going to do this, now was the time”*. Through making progress up the corporate ladder, they had built up a level of financial comfort which provided a buffer for entering the *“unknown”* world of self-employment.

There were also personal circumstances which came into play for both males and females. For males, they often looked at it as now or never because they did not have a family and so before this became part of their lives, they would be able to not only take the risk of leaving employment for the world of self-employment, but commit the time and effort involved before more domestic responsibilities come into their lives.

For females, often with primary carer responsibilities, entrepreneurship was seen as offering a degree of flexibility and allowing business to fit in around their lives, rather than vice versa. Broadly speaking, female entrepreneurs had different objectives to males. There was less emphasis on growth and more on consolidation, long-term ambitions and social aspects, which manifested into females noticeably recycling less.

It was experience and knowledge that provided a reason for entering business. It affirmed their perspective that business was a means to an end, not an end in itself. They saw the opportunity to develop a specific project, or to fill a need in the market based on their accumulated knowledge and experience, and spurred on by their desire to enter business, enabled them to make an informed decision about the potential to maximize this opportunity.

This opportunity may have been in an area they had particular expertise e.g. pharmaceuticals, electronics, but the opportunity built up through their work experience was the foundation of the business rather than a burning desire to simply do something in business. Rather than it being a burning passion to enter business, their passion became running the business.

This may not be recycling in its purest form, but it is still recycling in that they are moving from paid employment into entrepreneurship or business. When discussing recycling, those entrepreneurs and business people interviewed made no distinction between the various stages of their career. They saw entering entrepreneurship as a form of recycling.

The rationale is the same, the trigger points are invariably similar and many of the factors weighed up are the same. It gives us an understanding of how they think, which transmits forward into the identification and action in regards to recycling opportunities. It is also important to understand this because, as noted previously, Scotland needs more entrepreneurs, and without them, recycling will not take place.

What attracts them to entrepreneurship?

Whilst this was the initial route into business which ultimately led to entrepreneurship, what spurred them ultimately down this route was a seed often planted several years earlier. It was mentioned previously how many interviewees reported that early on in their career they felt they had a desire to run their own business.

What appears to be the seed for this in a majority of cases is being exposed to those who are successful at leading businesses. In some cases with interviewees, this was family members and therefore was part of their lives when they were in education. For others, it came through their work experiences. What appeared to happen is our future recycled entrepreneur identified traits in themselves that matched those they saw in others, and it gave them confidence and a desire they could do likewise.

For those interviewees who had family members providing that exposure (as well as one interviewee who cited his experience interning during his academic studies), it appeared to prompt earlier action into entrepreneurship, often straight from university as opposed to spending several years in paid employment.

Whilst this was evident from our case studies, this theory would likely benefit from further specific research encompassing a larger sample. This could determine any time link between the exposure and recognition of oneself as possessing entrepreneurial traits and entering business, as well as the stage at which the recognition takes place and how this relates to when they enter business.

Why and when they recycle

What appeared to prompt a move from one business venture into another was a combination of factors. Many of them are very similar to those that sparked their initial move into the business world; namely, identifying an opportunity, recognising its potential and developing this up to a point where it can become a reality.

Perhaps the most critical one is the role of current and former colleagues and the ability to draw on their knowledge and expertise. It appears a reserve of former colleagues, clients, business partners with expertise, abilities, experience and even funding, can be the deciding factor in whether to recycle into a new venture or not, such was the emphasis put on this. Only one interviewee made reference to a personal preference to seek out new people to work with on each venture.

For policy makers, the most visible trigger which appears to create a wave of recycling is a company acquisition. A few examples were cited whereby not just the interviewee, but several of their former colleagues left or took the opportunity to enter entrepreneurship following the acquisition of their previous employers.

Even when this was not immediate, subsequent changes in the acquired company can build up to trigger recycling. More than one interviewee cited that following an acquisition, their work within the acquired company changed or the company adopted a different outlook, which made them disillusioned and desire something different. Therefore, it could be possible for policy-makers to use acquisition as an opportunity to secure benefits through recycling.

Is there a limit on how often they recycle?

Our evidence suggests there are no limits to the level, type and number of times someone recycles beyond personal preference and the weighing of new opportunities against other factors.

Whilst their first career stage (often in employment) appeared to last around seven to ten years, it was a common theme for males to subsequently recycle approximately every five to six years. Females recycled noticeably less, so for them this time period does not apply.

For the majority of interviewees recycling meant leaving one company for another or changing posts within the same company. For a few, whilst they remained with the same company for longer than the identified five to six year period, they worked on multiple projects over that time (in effect recycling from one to another).

Regardless of sectors and sub-sectors there was a similar outlook on business. Interviewees saw things in terms of projects. This project-based outlook could be explained through recognising the professions that were prevalent amongst males in our sample. Backgrounds in engineering, programming, science, which all have a practical, project-based outlook at its core, stood out. They took the view that in achieving their current goal other opportunities

would become apparent. Their idea about *'what would come next'* was never fixed and only began to form as they began to more closely consider this. They understood their industry/area enough to realise that opportunities would appear at a later date which would merit consideration. *"I know in detail what I need in the next six months, beyond that, two years away, I kind of know, but I won't have or need to have, specific plans and ideas until it gets near."*

It appears this level of flexibility is a key component of their outlook and their activity. It never appears to be fixed and set. It reacts to circumstances, events and what they see and get presented with – highlighting the importance of understanding what skills and expertise are needed to grow a business. This is reinforced by the commonly expressed view that they simply didn't know what they were seeking until they saw it.

These contacts, existing relationships and the building up of knowledge, expertise and experience also coincide at a later point in careers. There is evidence our male recycled entrepreneurial talent take a greater number of concurrent roles as they progress through their career. In particular there is a clear move towards taking on more advisory roles such as Non-Executive, Chairs and roles on Boards. We observed that once our interviewees stepped away from running a company towards more strategic, hands-off roles and the longer they stayed away from this, the less likely it was they would return to a hands-on management role.

This does not appear to be a deliberate move reflecting a desire to step away from a more hands-on role towards more strategic roles. Instead, it appears to simply be a result of circumstances. As they became known for having experience in this realm, as well as through people recognising the benefits they bring, they found that through contacts and existing as well as previous business relationships, opportunities to take on similar roles began to appear.

One interviewee suggested this may be a consequence of a lack of exits causing the pool of relevant and experienced talent to be shallow, meaning those who take on non-executive and Board level roles develop a reputation for doing this successfully, making them more attractive to others seeking to fill similar positions.

By spreading their time and knowledge across several Board-level positions, it is highlighting how recycling can provide a ripple effect where the knowledge and expertise of one person is beneficial for multiple others. If, as we saw in one or two examples, an acquisition yields numerous people recycling themselves who then can benefit multiple other companies, the ripple effect from recycling can be significant.

Do they stop?

The fundamental question at the core of this research was to understand what the recycled individual did, when and what the reasons were for this.

Therefore it was important to address whether the recycled entrepreneur take their returns (if there has been a sale) and simply stop, in that they do not start another business, make an investment, advise or support companies through any mechanism. From our study, this is categorically not the case, and in the main – untrue and nothing more than a myth.

One of the most striking elements of all individuals was they continue to be engaged, to explore new roles and take on new challenges; and want to be engaged. Even if they take a break, their contacts and former colleagues seek to use them, and entice them back into business. Having a level of intrigue and passion for business spurs each person to continue, with little or no contemplating of a moment at which they want to step away.

Only in one case did an individual reference that their entrepreneurial spirit had ‘burned out’, that they had done it once and that was enough for them. However, this does not mean they had stopped contributing; they remained active through employment in a senior role within a major global company.

As one interviewee stated, business was almost like “a drug”, they were unable to let go of. This appeared to be particularly the case for males, whose attitude may have evolved, but their appetite to continue appeared undiminished. Once they had done it they believed they could do it again, and using their greater experience and knowledge sought to do so. Even when their role changed – i.e. from being a CEO of one company, to becoming a Non-Executive or Chair of another, they felt their insight would make a difference to the company or companies.

This is an important point as one of the emerging benefits from acquisition is this ripple effect, whereby one acquisition can generate multiple recycled benefits. Whilst this was assumed to be the case following the acquisitions research previously undertaken by SE, we are now in a position to confirm that aside from the potential benefit of the company acquisition itself, multiple benefits are also possible from the subsequent recycling, as people who were previously employed move on and into entrepreneurship.

It is clear that the prevailing fear that cashed-out entrepreneurs simply ‘stop’ is little more than a myth.

Recap

At this point we understand the nature of recycling from the first-hand experiences of those who have recycled – be that once or multiple times. They spanned several sectors, were at different ages and stages of their career, with different backgrounds and objectives. Yet patterns emerged around:

- How they entered business
- The length of time in first role prior to entering business
- The triggers for recycling
- The motivation and rationale behind entering business
- Their project based outlook, recycling into new phases every 5/6 years
- How non-executive, Chairman roles became more prevalent as they grew in experience
- Despite anecdotal suggestions, there is no evidence activity stops

The chapter now considers the second element of recycling highlighted by the acquisitions research; the returns the recycled entrepreneur has as a result of a sale or exit.

Recycling of cash previously generated

Our research shows it was the recycling of talent rather than money which had a greater impact on the economy and on the success of businesses. Interviews with investment groups and those actively engaged in the entrepreneurial ecosystem highlighted that the investment returns were not what was most important and most highly sought. Instead the skills and abilities and attributes were emphasised the most.

“Money’s not really a problem. People who say it is more than likely just aren’t able to get it. Maybe because their idea isn’t good enough, maybe their expectations are unrealistic. But if you’re good you’ll get it. ... But I don’t always know I can find who I will need. Then on top of that you don’t always know if you’re going to gel as a team.”

This suggests the recycled entrepreneurial talent was more desirable because of their experience, skills and abilities, as opposed to any wealth or returns they generated as part of an exit. Investment was a bonus on top of finding a valuable member of a team going forward.

An example given by one interviewee perhaps demonstrates this point. Our interviewee is one of the eminent individuals in his sub-sector, with experience and a reputation internationally. He was approached by a start-up company who were keen to invite him to become a Non-Executive Director. He responded showing interest and was keen to discuss entering the company and making an investment, to go alongside this role. Despite the huge benefits the company would receive from having this international figure associated with their new company through his expertise, insights and connections, they declined his offer citing they only wished his expertise on the Board, not as an investor.

This focus, or preference for capturing the talent as opposed to the resource might be a consequence of the lower rate of acquisition (inward and intra) seen in Scotland as a percentage of the business base, compared to other European nations. In addition, the case studies interviewed as part of that research indicated a lack of recycling of management teams as a consequence of the acquisition. Therefore, if the evidence is suggesting acquisition can be a trigger for recycling but acquisition occurs less frequently in Scotland than elsewhere, and doesn't automatically trigger recycling, any recycled individuals with abilities is likely to be much in demand.

Finding the talent – the value of relationships

On probing this further the greatest challenge appeared to be locating and utilising these people. Interviewees often cited they didn't know where the innovations were in universities, where to look if companies were seeking someone they may fit the profile of, and how to access such a source, if it exists.

Perhaps this is most strongly reflected in the importance attached to prior and existing business relationships. This was highlighted strongly throughout every interview indicating its importance to entrepreneurs and to investors, because without maintaining and expanding their relationships, they may be unable to find someone with the required skills, experiences and abilities when the necessity arises.

Whilst the released funds and their recycling appeared to be secondary compared to the abilities and talent it released, it was clearly an important element of recycling. Recycled investment tends to occur when required and is often seen as a statement of commitment. The way the recycled individual operates and approaches business means they are always considering whether there are opportunities to exploit, which includes investment and how this can achieve maximum impact and benefit.

Once more, the role of existing and previous business contacts and relationships emerged as a vital component related to the recycling of investment. Our interviewees, as well as those who were commenting on the activities of others they work(ed) with, highlighted that investment – and larger amounts of it – was more forthcoming when the recycled individual either knew the individual(s) involved in the business. They knew their capabilities and approach.

In cases where there was no prior relationship, it was clear the same necessity existed for a relationship to be built on confidence before any form of investment followed. Through a process of due diligence, principally around the caliber of the business proposal and the way in which the business would be run, they began to learn more, which usually gave them the confidence to make an investment based on evidence, not just on the proposition but the individual behind it.

This highlights in terms of entrepreneurial recycling, the individual and their skills etc are more valued than the financial gains to be had from the sale of a company or accrued career wealth. It also confirms the benefits originate from the individual; if they are recycled then some degree of funds are likely (but not guaranteed) to be recycled. If they work with others well, are convinced of others' potential, abilities and their business plan then investment is likely to follow. The reverse is unlikely to be true.

What should we look for in an individual?

The research did not set out to consider the characteristics of individuals as well as the wider business environment, but since it unquestionably shapes and influences the activities of the recycled entrepreneurial talent, discussions invariably moved into this territory.

The previous section demonstrated that connections are essential to securing the business relationships, but they take time to develop. This is either through previous working experience or through performing a form of due diligence, which is arguably more about establishing if the basis of a productive working relationship exists than it is about the business proposition itself.

But what are these key characteristics or attributes they are seeking, which turn a network relationship into a business relationship? What gives people that trust, that faith in each other? Are there any obstacles some groups face, of which we need to be aware? If Scotland wishes to attract the experienced (and rich) talent needed to strengthen its entrepreneurial base and its growth companies base, then we need to understand what it is they value, so that propositions are – as far as possible – ingrained with the most highly sought attributes.

Every interviewee who discussed the need to build a relationship emphasised this was their own personal outlook. That being said, there appears to be a core group of characteristics associated with success and are recognised as desirable.

Figure 6: Identified characteristics sought in and by recycled entrepreneurial talent

Hard-working	Intellectual Rigour	Emotional Strength
• Ambitious	• Focused	• Determined
• Realistic	• Challenging	• Strong
• Committed	• Curious	• Flexible
• Disciplined	• Thorough	• Confident

Whilst these were the most frequently cited desirable attributes, it must be realistically assumed there will be slightly diverging perspectives from individuals as to what these stand for, especially by gender.

There were also clearly different weightings applied as to which characteristics matter most. For example, one interviewee highlighted flexibility, as critical; *“You have to realize that you might not be the best person to run the company, to take it where it can go. If I hear anyone say ‘I’m the only person who can do this’ then I’m going to pass.”*

Perhaps it was best summarized by four interviewees who said they ultimately base their decision on an *“educated gut feel”*, bringing together their own knowledge and experience and making an assessment of the individual and the business opportunity in front of them.

Some female entrepreneurs said women’s business success and financial support applications are evaluated against “masculine” and “old-fashioned” criteria. Sustainability, providing stable employment, and profit margins which were priorities for all our female interviewees were often felt to be overlooked in favour of turnover targets and revenue

growth performance. One interviewee stated that “their lack of ability to meet such targets means they don’t get access to the same sort of support available” and were at a disadvantage compared to their male counterparts.

One venture capital firm said that they expect most people who approach them to be from CEO roles and are less likely to seek out female led businesses or receive applications from female entrepreneurs. This was emphasized as completely unintentional but a symptom of a minority of women holding such positions³⁴.

The perception of female entrepreneurs being “risk averse” was challenged by several interviewees who preferred the term “risk aware” with women spending more time on due diligence before pursuing a business opportunity or a strategy for growth.

The unquantifiable nature of the characteristics represents a challenge for policy-makers as the obvious solution to respond to this is to create a mechanism which brings together those with experience, abilities and credentials. This is also relatively straight-forward, but it has to be asked what this will add, that is not already catered for elsewhere.

Additional findings - The entrepreneurial environment in Scotland

In addition to addressing the four research questions, our research uncovered a range of further insights related to the entrepreneurial ecosystem and how it is supported and promoted, which we present here to influence thinking, shape policy and inform future research.

The report now focuses on the wider entrepreneurial ecosystem, which provides context to the activities and motivations of the individual. It was evident during interviews this shapes much of the activity of individuals, as well as providing a context to the ways in which they operate.

What’s in a name? Entrepreneur or entrepreneurial?

One of the most novel insights identified in the conducting of the research was the varying degrees of acceptance and identification of oneself as an entrepreneur. Some interviewees had reluctance, almost an aversion to be seen as an entrepreneur. One interviewee described the term as “*abhorrent*”.

Part of the underlying cause of this, as they saw it, was that the term ‘entrepreneur’ was now so ubiquitously used to cover all different types of business person, company etc, that it had become so diluted as to lose all meaning.

“You listen to the press, and the politicians, and some of the public sector, you’d think that everyone’s an entrepreneur now. That’s bollocks. Working for yourself isn’t the same as growing a company and employing people. It’s a word that has lost its meaning.”

This suggests any policy response may wish to consider the use of the term, as there appears to be a reaction against this in some quarters. The point was made during the research that becoming an entrepreneur has become a more desirable career path over recent years. This is to be welcomed given the clear evidence that more job-generating companies are vital to delivering the required productivity gains. It also suggests the messaging and promotion of entrepreneurship has been successful. However, it may also suggest, as our interviewees did, that the messaging had almost de-risked and what it

³⁴ The Small Business Survey Scotland 2014 found that 18% of SME employers were majority-led by women (defined as controlled by a single woman, or having a management team of which a majority are women).

means to be in business has been romanticised, by failing to emphasise the many challenges, stresses and strains it takes to be successful.

The view was expressed that for too many entering *“entrepreneurship now, it’s an end in itself, not a means to an end.”* People, especially young people were attracted to entrepreneurship, most notably for the ability to be their own boss, but were not thinking (or had no idea) about what they wanted to achieve through being in business. In many cases, it was felt that young people were perhaps less likely to have sufficient experience or knowledge of an industry, or sector, or general business practices to make a success of entrepreneurship immediately upon leaving education.

For the recycled entrepreneurial talent being in business and growing a business, and recycling from one goal to another, was the means through which they exploited the opportunity they identified, or had presented to them. It was never about starting a business to validate something about them personally. It was about starting a business to ultimately sell a product and to capitalise on an identified gap in the market.

Finding the “*path of least resistance*”

It was stated during one interview that *“people who are truly entrepreneurial always find the path of least resistance”* and this was evident from interacting and listening to the experiences of our recycled talent. Within this context, we are able to provide some of the examples and perspectives from interviews on where they had met challenges from working and growing businesses in Scotland.

One of the ambitions in Scotland is to establish global mindsets. However, the challenge from establishing global mindsets is that these individuals are more inherently aware of circumstances and opportunities elsewhere. As a result of these wider horizons, if they see resistance lower elsewhere, there is an increased likelihood this is where they will go. This presents a challenge, albeit a necessary one, for the Scottish entrepreneurial and business landscape to evolve and keep pace with the challenge posed by developments and opportunities across the world.

Perhaps the largest issue flagged by several interviewees was the overall entrepreneurial culture. It was common to hear frustrated voices explaining how they had often been told *“this is how we do things here”* despite from their international experience, believing this approach limited the potential of growth companies in Scotland.

The most commonly cited barriers were not in terms of accessing funding, but the outlook and subsequently, the conditions attached to these by some investors. Minimising risk and protecting their investment was felt to be too strong a consideration. Examples were cited where initial investors were (in funding a new start-up company) demanding a significant amount of equity for a relatively small amount of money.

In one example, Scottish investors were subject from counterparts in Boston, to a grilling as to why they appeared to be limiting a start-up company through such an approach. Their argument was that, rather than seeing their role as enabling the company to progress to a stage where larger investors would be looking to invest, the Scottish investors were taking a short-term view, attempting to secure as much equity in the company as possible for themselves, which would deter future investment enabling the company to grow.

On three occasions, it was felt investors in Scotland often kept companies and individuals on a ‘tight leash’, which was more restrictive than they saw in cases elsewhere. The limited funds being invested restricted the opportunities for companies to innovate, to consider novel approaches and provide some element of security when seeking to attract highly

qualified staff. It meant companies had to seek further funding more often than elsewhere, resulting in a dilution of their equity in return for a relatively low level of funding.

One example had seen for over 40% of the company, just £625,000 of investment. This contrasted to elsewhere; where our interviewee saw it was fairly common practice for investors to give a lot more investment without taking as big a stake or even a stake at all. They appeared to be more innovative in terms of their requests – for example, one interviewee cited that many investors would not request equity but in exchange for a substantial investment, they would simply seek the right of first refusal on the product should it develop sufficiently.

These challenges outlined were not extensive but perhaps indicate the continuation in some quarters of old, outdated, traditional attitudes and approaches.

Others highlighted examples in the global economy which set the bar against which Scotland had to attempt to compete, or at least offset through unique selling points of its own. Given the 'path of least resistance' outlook, areas such as taxation, housing policies, even down to the ease at which travel into and out of nations is made, can determine location decisions for entrepreneurs and businesses alike.

However, there was an alternative perspective to this. If it takes a little more effort to be in Scotland, then doing so can be viewed as a statement of intent and of clear ambition. Whilst there were cases cited where moving elsewhere outside Scotland was often taken due to the ease of being closer to investors and markets, there were stand out examples within Scotland who had determined they wanted to be here and were willing to go the extra yard in terms of going to investors, clients etc. This attitude was almost one of *"we'll show you we can do it here."* These types were felt to be growing in number, and in so doing, setting a new standard, sharing experience and practice which shaped others' approach, and showing both within Scotland and beyond, what was possible here.

It was felt that in Scotland, the point at which built up wealth became 'enough' was much lower than would be the case elsewhere. Once they had secured or can achieve this figure – anecdotally put around the £5m mark in multiple interviews, then *"they had enough to retire on, pay off the mortgage, holiday home, secure the kids and grandkids future."*

From our sample it appeared people do not stop and step away – if anything, they are unable to give it up. Whilst some of the obstacles faced in growing businesses may act as a drag against an individuals ambitions that interviewees complained about some issues suggested that a lack of ambition was not an issue. If it was, then there would be no reason to complain.

Overall, despite the existence of several challenges for Scottish policy-makers in continuing the good progress in entrepreneurship, the consensus was that the direction of travel was positive. Traditional perspectives were dying out as a new generation of individuals emerged possessing different attitudes, including international experience, and understanding of how to build companies in newer industries such as technology and life sciences etc.

The different perspectives and approach of female entrepreneurs

Most of the female interviewees came from a public administration employment background which were described as having more hierarchical layers compounding the length of time for career progression limiting the potential for entrepreneurial development of knowledge and skills, and the accrual of the appropriate level of social and financial capital required for them to feel ready to start their first business. This research seems to have shown that female entrepreneurs are starting their first businesses later in life than male entrepreneurs so unsurprisingly have different aspirations, ambitions, and personal commitment than they

would have had at an earlier stage in life like when male counterparts first started out on their entrepreneurial journey. They have also not had as much time for recycling themselves.

The size and scale of female interviewees' businesses were typically small and service-based. Female entrepreneurs more often cited the importance of balancing work and family life which mitigated the nature, scale, and growth trajectory of their businesses. Keeping their business small and stable was therefore preferred to fit their lifestyle.

However, several female interviewees challenged the assumption that small and stable businesses are of little value to the economy compared to high-growth business in particular sectors. Some female interviewees felt disadvantaged by the targets set by some public sector funding organizations and investment firms in order to be eligible for financial and business support. Most of the female interviewees placed more importance on steady profitable growth trajectories than the fast growth and quick exit route evidenced by many of the male interviewees. Female entrepreneurs' inability and/or lack of desire to achieve these targets means they will always be judged as under-performing, never big enough, or show rapid enough growth to qualify for certain types of support that seems to be geared (perhaps unconsciously) towards male-led businesses.

Female interviewees disliked the term "risk averse" when describing female entrepreneurs with one suggesting that "risk aware" was a more accurate description. Female interviewees said they spent more time than men considering all the options before taking that first step on their entrepreneurial journey. Some interviewees said they felt female entrepreneurs were less confident and more self-critical which may offer another explanation as to why most of the female interviewees admitted that an exit event was their main trigger and catalysed their move into entrepreneurship, and that without it, they may have taken longer (if ever) to start their own business.

Some other different triggers were mentioned by female interviewees for catalysing their decision to pursue an entrepreneurial path including career progression barriers and lack of recognition in previous employment roles, along with perceived difficulties in finding another job at a later stage in life. The main perks cited by female interviewees of owning a business were flexibility and much greater autonomy than was afforded in their previous employment. Many cited enjoyment of being able to pursue ambitions they had previously held back on.

How does Scotland see itself and project itself outwards?

An important point consistently emphasised was for policy-makers and Government to remember that Scotland is a nation of 5m people. Therefore, the ambitions must be focused on what is practical and realistic for Scotland.

Several interviewees felt entrepreneurship policy needed to stop being "*obsessed*" with benchmarking against other nations and locations, which are fundamentally different in the vast majority of ways not captured through data alone. The biggest frustration by far was the constant comparison, "*borderline obsession*" with Silicon Valley particularly in tech industries:

"We compare their top 1% to our worst cases...the majority of Silicon Valley isn't that great. It's not this wonderful place where every idea succeeds. That couldn't be further from the truth."

"Do we ever ask, do we really want to be compared to some of these places in just number form? Seems to me it's all to satisfy a data fixation and all we end up doing is using it as a stick to beat ourselves up. Their experience and landscape is so different. So why do it? Let's put that effort on improving what we do. That's the only thing we can affect."

Several interviews felt there was an inclination to focus on data as evidence, ultimately leading to policy proving too academic to make a practical difference. They felt Scotland ought to set its own narrative, on its own terms and highlight the success stories increasingly been seen.

“Who cares where we are and are not like? We can only do what is best for us. Being international doesn’t mean looking at elsewhere and thinking ‘oh they’re better at this than us’, it comes from getting into these places, and showing them what Scotland has to offer. Spend more time focusing about our global companies, instead of looking enviously at everyone else’s.”

Each interviewee believed Scotland has the talent equal to – and in many cases, better than anywhere in the world in life sciences, in technology, in digital, in manufacturing and so on. The feeling this was not as well appreciated in the wider domestic environment because of the focusing on comparison to elsewhere. If anything, our interviewees felt the single greatest lesson we need to take from these places was straightforward. That is, to see the effort and focus they put on advertising and emphasising their strengths, their great companies and to continuously look outwards.

For those interviews, particularly those outside of Scotland, there remains strong affinity for the place. However, economic and business reasons were never cited as strong factors in considering whether to return home. The most compelling reason for those having returned home or those potentially considering it appeared to be family centric. In particular, education can be a trigger point to return home (especially from the USA), putting further importance on ensuring high educational standards across schools in Scotland, as it is evident internationally based parents are paying attention and it can entice them to return.

Interviews with international based business people indicated they would prefer, or at least strongly consider being in Scotland, but without a compelling rationale, they won’t be. For those based overseas, the key issue appeared to relate to the number of opportunities that would exist for them. Whilst they acknowledged one opportunity could entice them back, they asked if there were others should that one work out.

In other locations they knew there was likely to be opportunities readily available, through the range and number of companies often within geographic proximity to each other. It gave greater certainty that should something go awry they would find suitable employment (with comparable salaries, status, etc) relatively quickly. In Scotland, they were unsure this was the case.

It suggests that if we believe sufficient high-level company opportunities exist for skilled and experienced individuals in Scotland, then the messaging needs to be considered to ensure they are aware of this. This must though include an honest assessment about the calibre of the opportunities available. Are they globally comparable, or are they just excellent Scottish opportunities?

Summary

The research set out with four key objectives and each has been addressed throughout the early part of this chapter, providing us with insights on which to base policy and support entrepreneurship. In addition, we have included a range of wider findings which will hopefully stimulate further thinking and research to aid our understanding of entrepreneurship, as well as wider economic objectives, such as inclusive growth.

The next chapter draws the project to a close, reflecting on the findings of the research in light of its objectives. It considers where this advances our understanding of entrepreneurial recycling and how this can relate into practical and useful policy. We also identify potential future research needs.

CONCLUSIONS AND POLICY IMPLICATIONS

Our final chapter focuses on each of the key objectives set out at the start of this research, assessing the extent to which they have been addressed. More importantly, it considers what the implications are for how we understand entrepreneurship and the recycling of entrepreneurial talent, and what this can mean in practical policy terms.

To what extent does recycling occur within Scotland and what impact does this make?

It is apparent that recycling does indeed form a vital part of any economy, allowing new ideas, models, concepts and products to be developed from the convergence of a multitude of factors – all within that ever elusive concept of time.

Of these factors, our research highlights strongly that the talent – the skills, abilities and experience far outweigh the other factors in ensuring recycled entrepreneurial talent continues to positively impact the economy.

There also appeared to be characteristics and patterns specific to gender:

	<i>Approach</i>	
<i>Male</i>		<i>Female</i>
<ul style="list-style-type: none">• Recycle more often.• Project based outlook• Often see a proliferation of non-executive, Board-level positions later in career.• When recycling, few, if any, enter full-time investment roles.		<ul style="list-style-type: none">• Recycle with less frequency than males• Have a different outlook and ambitions to males.• Focus less on growth and more on long-term ambitions, consolidation and social elements.

We can rest assured that the recycled entrepreneur does not opt for a cushy life, merely sitting back and reaping the rewards of their efforts. That is not to say they automatically continue in the same approach as before; it is perhaps human nature that the exceptionally demanding and draining (but hugely rewarding when successful) role of leading and managing a business on a daily basis is not attractive to everyone to repeat. But they do and will continue to find ways to be involved in business. As one interviewee described many of his colleagues in the later years of their careers, “...they can't give it up. Money doesn't motivate them. It's the buzz they get, they don't want to lose that.”

As our evidence demonstrates the preeminence of identifying and securing the talent as opposed to any recycled cash that comes with them, it is worthwhile to highlight that a focus on the talent actually leads to finding the investment. The two are not separate entities; find one and you will likely get the other.

We have shown that the correct and most commonly used approach is to identify the recycled entrepreneur not only because they can add significant value through their own abilities, experience, skills, contacts, etc. But because of their entrepreneurial nature, if your proposition appeals to them so much that they want to be part of it they will naturally be inclined to think about making an investment.

The question then arguably becomes about how we maximise the opportunities of this. In the evidence review, it was highlighted how the rate of recycling was likely, based on existing evidence around acquisition levels, to be lower in Scotland than elsewhere. In a nation of five million people, there are arguably limits to what can be expected in terms of recycling from the existing business base, and whilst agencies and the Government continue

to encourage more businesses and entrepreneurship, any increase in these should increase the rate of recycling.

Despite this, the research suggests that more could be done to make the most of the recycled entrepreneurial talent in Scotland now. Several interviewees referenced how they felt they could be presented with more opportunities, or they did not feel they knew where to look for opportunities beyond their own contacts and relationships, and where the new innovation and spinouts were being developed. Whilst these were personal perspectives, it does suggest there is scope to explore if this could be addressed.

What can be learnt from the experience of these individuals?

The research has shown the differences in males and females in terms of recycling. Males are clearly more likely to recycle, reflecting what appears to be a different approach to entrepreneurship and subsequently recycling. It suggests there may be a need for tailored messaging and promotion of entrepreneurship to highlight the opportunities it presents, based on the different characteristics and attitudes that are evident.

Regardless of gender, comparison with and exposure to entrepreneurship and entrepreneurial people at any time of life or career appeared to play an influential role in stimulating a desire to follow a similar path. This indicates that when promoting entrepreneurship, case studies and role models could be effective.

Personal stories and experiences, told through the words of those who have had the same challenges and taken the same steps others face could be powerful. Capturing the direct experiences of the individual was highlighted in the evidence review as being a powerful means of understanding entrepreneurship, and perhaps this can be extended into any messaging and promotional activity.

Interestingly, one interviewee referenced how the leading entrepreneurs in Scotland 20-30 years ago were more visible and adopted an approach to business which made them well known, including investing in highly visible areas. In contrast to this, today's leading entrepreneurs often have a different philosophical approach reflecting the industrial changes Scotland has been through, but it appears they also have less desire to be as well known as their predecessors. This felt this left a gap where previously there were visible role models and in some ways, it manifested into a more general view amongst society that Scotland lacked entrepreneurship, when this was not the case.

Regardless of the gender difference there appeared to be a pattern in approach. Most individuals do not enter entrepreneurship immediately, using the first decade of their career in employment to build up knowledge and skills over a range of broad and specific areas. This gives policy-makers a strong indication of when to consider targeting messages about the attractiveness of entrepreneurship. Enticing more people to make that move is the first step to increasing the rate of recycling but more importantly, to simply get more of the right people – with skills, ideas, experience and knowledge, into entrepreneurship.

The question is then who are these people? Our recycled talent, particularly the males, appear to have a project-based outlook, likely reflecting their professional backgrounds e.g. engineers, programmers, scientists. They tended to be senior-level executives and management prior to moving from employment into entrepreneurship or becoming involved in an entrepreneurial initiative.

In addition to the 'who' and 'when', we also uncovered evidence about the 'why'. The triggers for either a move into entrepreneurship or recycling from one venture into another were very similar. Whilst many are likely to be invisible to us, e.g. dissatisfaction with job, or with a manager, this is where the ten year or so 'itch' can play a part. Rather than knowing which individuals could be tempted or are considering entrepreneurship, targeting these specific

groups could, based on our evidence attract those most likely to be considering entrepreneurship or to recycle.

There were also more visible triggers which can initiate individuals to move from employment into entrepreneurship, or one venture to the next. These include a company acquisition, a change in focus for the company, or a shift in priorities or key personnel.

So as a result of this research we know the when, who and the why. The challenge for policy-makers is to use this and turn it into an increased rate of entrepreneurship and ultimately, the recycling rate.

What attracts recycled entrepreneurial talent to a particular path or opportunity following an exit from a business?

One of the objectives set out at the start was to understand what attracts these individuals to specific opportunities. Interviewees did not seek to restrict themselves by specifying what type of opportunities they were seeking, instead determining its viability using their experience and judgement at the time it materialises.

However, as we have noted above, whether it is to enter entrepreneurship or to recycle into a new venture or company, similar triggers appeared to spur action. These triggers consisted of identifying an opportunity, or involvement in one developed by a (former) colleague, or going through a change in circumstance (e.g. company acquisition); any of which coincided with personal circumstances and the timing. This means it ultimately comes down to those three elements of experience, judgement and time. The ability to shape many of these through policy interventions is limited however.

What stood out in convincing individuals to recycle, was their current and previous business relationships; their networks of contacts. It was not networks individuals focused on however, but in a more in-depth way, highlighting the importance of relationships built on trust in the skills and abilities of people, and the complementarity of the personalities. This link to relationships further emphasises the importance of the recycled talents and skills, as opposed to recycled cash.

The lack of a relationship was not an automatic barrier, but it did mean it had to be developed over time through exploring the likely success of a working relationship through a form of 'diligence'. This may indicate why trusted and existing relationships appeared as important, since it removed the time involved in determining if it would, as well as the potential risk for time being wasted in exploring this opportunity.

In assessing individuals, a similar core set of characteristics emerged, centred around work ethic, intellectual rigour and emotional strength. Ultimately however, judgement came down to an 'educated gut feel', also factoring in the timing and circumstances at the time.

Can their knowledge, expertise etc be effectively utilised to benefit the growth of more companies and the wider economy in Scotland?

Despite the positive findings made about the effect of recycling, the evidence suggests there could be an opportunity to do more. Our evidence shows it is dominantly through clearly established relationships where opportunities are realized and taken forward, so creating more relationships and connections would increase the opportunities. The relatively low number of acquisitions and recycling taking place as a result of these suggests that the recycled talent pool isn't perhaps as large as other places, which means Scotland should seek to maximise every opportunity available to its benefit.

This is a key point – a database or group can only be the starting point, and multiple stages removed from the final solution when a talented individual finds their way into a company,

and the two dovetail in terms of timing, and complementarity in personalities, skills, ambition, and therefore ultimately success.

It needs to be appreciated that there is no 'magic bullet' to solve issues in entrepreneurship. Any response can only hope to help bring together some of the elements we have found. It cannot *make* it happen. As one interviewee put it,

"...it's down to bodies like SE to create the conditions for entrepreneurship to thrive, it's down to others to make sure we are attracting the right people in and education and skills is bringing the right people through, and then its down to the investors to make sure we help the right people as best we can. There'll be other groups important of course, but my point is that this is all we can do. We can't do everything.

It's still a personal thing, about people's own abilities and characteristics. We can only encourage. We cannot force it. Sometimes I'm not sure that's recognised. We think if we do all these things it should happen just like that. That's too simplistic. We have to stick with this as there's a lot of generational issues at play here which won't be solved in five years. The penny is dropping as younger, differently wired people come through, but its important we remember we are moving in the right direction and we must stay the course rather than lose our bottle and go off to find the magic bullet because its not happened quickly."

So we know more than likely, entrepreneurial talent do not know what they will make of opportunities till they see them and when; but we do know how they go about assessing their merits and in particular the importance of their established connections in doing so, the attributes they seek in others.

Utilising this knowledge to then be able to forge linkages that otherwise would not exist, between skilled, experienced and able entrepreneurial talent, and either similar individuals or companies seeking specific or general attributes and skills. But our research shows this will not guarantee success, and it will inevitably take time to determine if it could.

Further research needs

Our research into the recycling of entrepreneurial talent has provided much food for thought. The findings merit strong consideration of how they can be practically applied alongside lessons from previous initiatives and research must be utilised alongside the evidence from and arguments made by our interviewees.

The expectations, the measures of performance and the expectations must be realistic in terms of how much time should pass before improvement should be visible. Interviewees felt too often policies changed quickly for not producing as rapid change as hoped, and failed to appreciate the time involved in changing behaviour and attitudes, which policies have rightly sought to do. Therefore, there is a case to be made that at this point there is no practical need for anything further research on recycling and entrepreneurship.

Aside from this, as noted previously, and covered in-depth in the latter half of the previous chapter, we included a range of wider findings relating to but not specific to the recycling of entrepreneurial talent.

The differences that emerged between male and female recycled entrepreneurial talent was particularly strong, and appear to permeate far beyond recycling. Indeed, it could be argued that the differences in recycling are where the issues and challenges female entrepreneurs manifest themselves, but are not the root cause. Therefore, and especially given the Scottish Government's renewed focus on inclusive growth, further research examining the female

entrepreneurial experience and how this relates to the Government's objectives, could have significant value at this time.

Concluding thoughts

Our research has begun to wrap a framework of understanding around the recycling of entrepreneurial talent in Scotland. It has provided us with insights on their activity, what they are seeking as they (consider) recycling and what elements are most important to individuals either recycling or considering it. The challenging but not completely insurmountable task is now to apply this to a constantly evolving and fluid part of the economy.

Entrepreneurial recycling is a vital part of any economy, arguably even more so in smaller nations. Despite the challenges and difficulties in finding appropriate and proportionate policy mechanisms to maximise the opportunities they present, they should continue to be encouraged and welcomed.

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