

FROM DISADVANTAGED TO SELF EMPLOYED

In Arnhem and Nijmegen¹, EQUAL has mobilised a platform involving all the main organisations that intervene in business creation around a different vision of entrepreneurship. The EQUAL partnership concluded that it is not only necessary to break out of traditional stereotypes of what makes an entrepreneur but also out of clichés about so-called disadvantaged groups like ethnic minorities and women. EQUAL's work suggests that the single most important factor behind business success is the level of entrepreneurial competence and motivation. This varies enormously within disadvantaged groups and so it is vital to ensure that both finance and business supports are sensitive to these individual differences.

The EQUAL partnership included the Chamber of Commerce, the main organisation providing general information to start-ups. However, the Chamber of Commerce is not, in fact allowed to provide *individual* advice. The municipalities of both Arnhem and Nijmegen were also central partners of EQUAL, as they had overall responsibility for implementing the National Assistance Act (ABW) and the National Assistance Decree (BBZ) schemes for unemployed starters².

The EQUAL partnership also included the University of Nijmegen (KUN), Osmose (a consultancy specialised in ethnic minorities in Gelderland) and Syntens (an organisation providing support to innovative SME's). Two other consultancies specialised in women starters (De Eigen Zaak) and ethnic minorities (BRN) were brought in to help tailor support to these groups

The methods being tested by the EQUAL platform (the partnership "Van achterstander naar middenstander" - VANM)³ provide lessons about how to mobilise some of the underused human potential in the Dutch economy and contribute towards the Lisbon Agenda of promoting a "more entrepreneurial culture and create a supportive environment for SMEs". They also show that it is possible to do this in a way that helps to achieve the general objectives established by the employment guidelines for "social and territorial cohesion" and "inclusive labour markets".⁴

Lenie Scholten, alderman of the Municipality of Nijmegen argues that "*the economy cannot exist without entrepreneurs. So, the lower the barriers to creating a business the better. But for multicultural entrepreneurs, women entrepreneurs and entrepreneurs in disadvantaged neighbourhoods the barriers were still very high. 'Were high because 'Van achterstander naar middenstander' has showed how it is possible for quite a few people to start their own business*".

TREATING ENTREPRENEURS LIKE PEOPLE RATHER THAN GROUPS

Alexander Schippers, coordinator of VANM says that "*unfortunately entrepreneurs in the Netherlands are confronted by a culture of bureaucracy and a maze of organisations that offer support. Even for Dutch entrepreneurs it's difficult to find their way. But within this 'maze' racism*

¹ Nijmegen (approximately 156,000 inhabitants) and Arnhem (145,000 inhabitants) are the two largest cities of the province of Gelderland in the SouthEast of the Netherlands near the German border

² Under this scheme the business plans of unemployed people who want to set up a business are screened by an agency called IMK. If the results are satisfactory they are provided with a grant which they can use to pay a consultant for coaching and advice. If they finally decide not to set up a business they must repay 50% of the grant.

³ Literally, from disadvantaged to self employment

⁴ Microeconomic guideline 10 of the Integrated Guidelines for Growth and Jobs refers to the need to 'promote a more entrepreneurial culture and create a supportive environment for SMEs'. Employment guideline 16 refers to strengthening social and territorial cohesion, while employment guideline 18 refers to inclusive labour markets.

and sexism still exist.” So VANM focussed on potential entrepreneurs that faced the biggest hurdles – ethnic minorities and women - as well as business creation in disadvantaged urban neighbourhoods.

To challenge and motivate entrepreneurial potential the EQUAL partnership carried out a cycle of action research and individual coaching of disadvantaged entrepreneurs within each target group. Armed with the findings of this work they developed a series of “transversal” activities to train the advisors in mainstream business support organisations and to broaden disadvantaged entrepreneurs own networks through a “starters café”.

In the case of ethnic minority entrepreneurs, VANM carried out two imaginative pieces of action research to explore potential solutions to this situation. They selected a panel of 21 ethnic minority start-ups and tracked their progress over a year, paying specific attention to the role of support organisations. Ethnic minority entrepreneurs were seen to have particular problems of finding their way through the “maze of support structures”. They felt they were not taken seriously and were subject to discrimination by many official organisations.

The second piece of research dealt with the crucial role played by social networks. Most ethnic entrepreneurs use their social networks in favour of their company. These networks provide them with access to finance, reliable personnel and information during the start up phase. Unconsciously these networks act as a substitute for support they’re unable to find or offered by regular support organisations.

According to Cees van Diemen, business advisor from the BRN Adviesbureau, ethnic minority entrepreneurs actually have a head start because many come from an environment with an entrepreneurial tradition. The challenge is to combine this head start with the many possibilities the Dutch society offers to become an independent entrepreneur. “The growing number of multicultural entrepreneurs has taught us that ‘undertaking’ is not bound by colour of skin, language or race. That’s why multicultural entrepreneurs deserve and should receive the same support as other entrepreneurs in the Netherlands”.

SMALL “CHANGE” CAN MAKE A BIG DIFFERENCE FOR WOMEN ENTREPRENEURS

The action research carried out by VANM also pointed to the diversity of circumstances from which women can enter the world of business. For some women it is the only way of earning an income to survive; for others it can provide an easier way of combining family responsibilities with paid work; but for many it can become a vehicle for personal development and growth – *“something that had often been dreamed about and even more frequently postponed”* concludes Chiara Pisanu-Sahin, director of Pisanu Consultants. VANM argues that it is important to tailor business support to reflect these different circumstances and take them into account when analysing the impact of business support programmes.

In a report called “Small Change – Big Difference”, the EQUAL partnership pointed to a financial gap that prevented many women from entering self employment and obtaining any of these benefits. In fact, the rate of self-employment among women was only one third of that of men in the Netherlands. Women’s family situation and career breaks often means that they lack both collateral and a track record which will satisfy conventional banks. The screening costs associated with some existing small loan schemes were also found to rule out loans of under around 15,000€.

So the EQUAL project concluded that there was a market gap for loans of between 10-15,000€, provided without collateral but at market interest rates. The loans should be provided under a simple and transparent procedure backed up by a parallel process of coaching and after care. The coaching was essential to increase outreach, reduce transaction costs and control the risk. At present no such scheme exists in the province of Gelderland.

Karien van Gennip, State Secretary of Economic Affairs, commented that *“Small enterprises are important sources of employment contributing to local and regional economical development. Preparation, determination and a good business plan are essential but sometimes not enough. A small amount of money can make the big difference between creating and not creating a new*

company. The results of this study and the concrete cooperation with banks in EQUAL look promising!

ADAPTING REGIONAL BUSINESS SUPPORT TO THE NEEDS OF ETHNIC MINORITIES AND WOMEN

In addition to tackling the gaps in finance, EQUAL also plugged the holes in business support for disadvantaged groups. Before the arrival of EQUAL, the most important business support organisations in Gelderland had formed a loose platform. EQUAL allowed them to go one step further and embark on their first joint project: to analyse the effectiveness of existing support for entrepreneurship for “vulnerable groups” of people and to test a series of improvements. Together the members of the partnership concluded that many of their target groups were unable to prepare a business plan on their own and, therefore, did not get through the screening process of the mainstream BBZ scheme.

To change this situation the EQUAL partnership tested a number of solutions. Firstly they hired two outreach workers (area consultants) to comb two of the most deprived neighbourhoods in Nijmegen (Wolfskuil) and Arnhem (Klarendal). Their job was to identify and motivate potential entrepreneurs, provide first stage advice and to act as an interface between local entrepreneurs and mainstream support services. The area consultants together with the other mainstream business support organisations in the partnership referred potential entrepreneurs into a system of individualised coaching. Altogether 99 members of ethnic minorities and 55 women were taken through this process.

Over 40% of the 99 ethnic minority entrepreneurs had a low level of education and yet at the time of writing over a third of the total had either created a business or were in the process of doing so⁵. Raffaa Ibrahim, now owner of Rafa Food, catering Arabic delicacies explains that *“the initiative allowed me to develop a thought through business plan together with a personal business advisor. It also helped me to profile my entrepreneurial skills which gave me enough confidence to go on.”*

The educational profile of the 55 women was completely different to that of the ethnic minorities



Raffaa Ibrafim started a business catering Arabic delicacies.

with over three quarters being classified as highly educated⁶. Marie-José van Hekke, co-owner of Concepts and Images says that *“During the start up phase I had a lot of questions. There are many organisations where you can go to. A good coach who can guide you through this jungle is extremely valuable during this phase. Networking is also very important. We’ve made many contacts during several meetings for starting entrepreneurs. All of us encounter the same problems and you can learn a lot just by listening”.*

The organisations providing the coaching critically applied and adapted their existing methodologies during the entire process. They found that it was essential to create mechanisms for establishing mutual trust before any more technical work could begin, that a longer period of confidence and capacity building was required and the advice should be expressed in far more practical and concrete terms.

⁵ Twenty three of the people who went through the coaching process already had a company and of these 20 made marked improvements to their business. The coaching resulted in 18 start-ups. 16 are in preparation.

⁶ Out of these 30 already had a company and 28 went on to make significant improvements in their business. Of the 24 potential start-ups over half either created a business or were in the process of doing so. The coaching resulted in 8 start-ups with 5 in preparation.

BUSINESS WITH COFFEE

Armed with all this information the EQUAL partnership set about spreading what they had learned to the mainstream business support system in Arnhem and Nijmegen. Two of their methods catch the eye. Firstly, they carried out an extensive programme of training the trainers and/or business advisors. This involved “case study” sessions for thirty six representatives from organisations like banks, local authorities, consultancies and the chamber commerce who examined how they would deal with a real start-up case. They also provided an assessment and training in the procedures for dealing with ethnic minority entrepreneurs to a further sixty eight advisors. These sessions allowed organisations to pin point both the gaps and areas of duplication. Wim korsten, director of ‘De Eigen Zaak’, (a consultancy specialised in supporting business creation by women which was brought in to by EQUAL to help improve business support for women) says that *“training counsellors and advisors to relate better to target groups improves and increases contacts with starting entrepreneurs. By training people from different organisations together, the process of referring is improved at the same time”*.

Finally, VANM organised a series of sixteen “Starterscafés”. These were basically informal evening meetings as the name suggests, in a café. Each session usually dealt with a particular theme like marketing but their primary value was to provide a convivial context for entrepreneurs to broaden their networks and support agencies to improve their links both among themselves and with local SME’s. Mariël Ruijs, business advisor Chamber of Commerce for Central Gelderland says that *“the entrepreneurs found in the Starterscafé a very inviting environment for meeting other starting entrepreneurs and organisations which might be of use for them. Networking is key in the Starterscafé. This idea has been so successful that the Chamber of Commerce has made it part of her regular services and considers introducing the concept on a national scale”*.

The Municipality of Nijmegen has adopted the cafés as a permanent part of its activities and the Chamber of Commerce has already organised cafés in other municipalities. A private consultancy has even started to organise its own “café-consults” in Arnhem.

These kinds of activities have considerably strengthened the original platform of organisations concerned with entrepreneurship for all in the province. The lead partner of EQUAL, has now become part of a larger Economic Development Agency for East Netherlands. They have now formed a new EQUAL-partnership which involves three local authorities, the Chamber of Commerce, the University of Arnhem and Nijmegen, the Chamber of Commerce and ITS (Institute for Applied Social Sciences). The interest generated by their coaching methods and proposals for new financial instruments has also led two banks to co-fund the partnership in the second round of EQUAL.



Starter's café : an inviting environment for entrepreneurs to network.

Ronald Migo, director of Chamber of Commerce for Central Gelderland sums up the situation in the following words *“EQUAL has provided the VANM partners a chance to experiment with a new recipe for business support. The recipe has proved successful in the sense that around 30 new companies were created, a large number of people has gotten a taste of entrepreneurship and already established entrepreneurs improved their way of doing business. However the project has ended and the need for personal guidance remains. Therefore the real challenge of the 2nd round of EQUAL initiative (Start Smart) will be to find a way to make the recipe accessible for all entrepreneurs and to keep it accessible even beyond the duration of the project”*.

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