

Economy, Energy and Fair Work Committee
Business Support inquiry
20 December 2018

Oodls

Meeting with Sarah Stenhouse, Director
Committee members: John Mason and Gordon MacDonald

Sarah graduated Dundee University in 2012 with a degree in Biology. She then did a Masters degree in Marketing at Napier. Entrepreneurship has “always been in the family” as Sarah’s Grandad had his own marine engineering business and her Dad is a contractor.

Working in digital advertising, Sarah had an idea for a business allowing people to use content from Instagram rather than stock photography. She set up her business in June 2015 and started working on it full-time in January 2016.

Initially Sarah went to her local Business Gateway where she was advised that she should speak to a specialist Business Gateway technical adviser. However, the technical adviser didn’t feel he had sufficient expertise to help Sarah and referred her to Scottish Enterprise. They also recommended entrepreneurial-spark (later acquired by RBS in February 2018). Entrepreneurial-Spark was really helpful in helping Sarah take on investment. Sarah received support from the high growth team at Scottish Enterprise and is now going to be account managed by SE.

Oodls currently employs 6 people. This has been a gradual progression, but Sarah now hopes the company will grow more quickly. Access to skills is a challenge and it is difficult to find developers. Sarah feels there is a shortage of people with these skills in Scotland.

As an entrepreneur, Sarah acknowledged that there are elements of running a business which she needed to outsource from an early stage. She didn’t get business support to acquire these skills, but instead sought professional help. For example, she needed an accountant and found someone on google. Sarah found getting accounts for a micro-company expensive.

Sarah attended some Business Gateway strategy workshops which helped with networking. She also took part in SE’s Start Global Programme. Sarah was also told about the Make it to Market Grant. Business Gateway’s Gateway to Investment programme was a good introduction to the investment process. Sarah met her current funder through that programme.

Sarah didn’t consider approaching Business Gateway about running her business because as an innovative tech start-up she felt it was “outside their range” of expertise. She didn’t think SE was equipped to offer sector specific support. Sarah really needed technical advice and support, which wasn’t available. This was seen by SE as a role for the business. However, Sarah felt she couldn’t execute her business plan without that technical knowledge making it relevant. Explaining her business has been challenging and there is a sense that the advisers are a step behind when it comes to really innovative tech companies. Sarah would have

benefitted from advice from someone with more industry knowledge – like Gareth Williams.

In terms of grants and funding, Sarah can't fault the system. Whenever she has needed a grant she has been able to get one. However, moving forward and scaling, she feels that she may need to go to London or America as there isn't as much capital in Scotland. There are limited syndicates in Scotland with many entrepreneurs competing for the same pool of money. She has found Scottish Enterprise helpful in supporting her business. Sarah won a Scottish EDGE award in 2018.

Sarah has not been supported by the banks. They were unwilling to lend to Sarah as she had a new business with no track record. This extends to all credit as Sarah can't get credit cards or a mortgage. Sarah has not tried subsequently to get help from the banks as she has been managing without them.

Members asked Sarah about her entrepreneurial mindset and whether she thought that her family had influenced her decision to start her own business. There is a perception that many entrepreneurs have initial financial backing from family and it is difficult to start a business without that money.

Sarah doesn't think there are enough young people who want to start businesses. She feels parental pressure to go to University and follow more traditional career journeys is influential. Educating parents is key if we want more business start-ups. Sarah doesn't know anyone from school or University who has started a high growth start-up business. Entrepreneurship needs to be encouraged in schools to be considered as a real option for young people. Sarah thought that the Enterprise Challenge in schools is a good idea, but thought that finding more diverse work placement opportunities for school-aged children could be one way of inspiring entrepreneurial ambition. There could be a role for Business Gateway in facilitating these connections between businesses and schools. Sarah was keen to be involved with that kind of programme as she is passionate about entrepreneurship and wants to see growth in the entrepreneurial community in Scotland. However, she warned against having "another website with another log-in" and felt that a broader range of tools should be used to engage with businesses e.g. Whatsapp, Facebook and Slack. Sarah felt that the entrepreneurial culture was different in other countries where trying and failing is commended rather than criticised.

Sarah has inadvertently become a role model for business women in the tech industry which was not a role she set-out to have. She agreed that male and female entrepreneurs have different approaches and have different needs. She believes that women in business are more willing to ask for help and show vulnerability.

Sarah's perception is that Business Gateway are well-equipped to deal with traditional brick and mortar SME's. Scottish Enterprise is seen as the best support service to approach in the tech sector.

Contact with a mentor in the industry with similar sector experience was seen as a gap in the support landscape. For Sarah, this would have been most valuable if the mentor was someone of a similar age. Sarah feels that the impact on an

entrepreneur's personal life is what puts many people off starting their own business. Factors like trying to buy a house and being unable to get a mortgage have been significant and broader mentorship with someone with shared experience would have been valuable.

Sarah felt that there is positive entrepreneurial networking in Scotland and a unified desire to see more start-ups. She thinks that the success of companies like Skyscanner will be influential, but it will take time to see the change.