

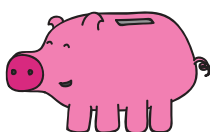
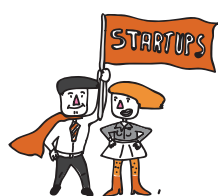


Strengthening the Startup Community

Report of the Entrepreneurship Forum

January 2014

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Foreword

This isn't a report to placate the population with tales of how we are punching above our weight and how the Government and other elements of the entrepreneurship ecosystem are already doing everything right.

We're not.

This isn't a report telling us that the policies of the past are at fault for all of our current problems. We have far too many unaddressed problems and far too much unproductive wastefulness in our current economy to sweep away our current situation as being mere victims of the bloated wrongdoings of previous regimes.

Instead, this is a rallying cry for likeminded folk to rise up and build the culture we need and to collectively lift ourselves above this mess due to the banking and property crisis.

In many ways, this report is simply a call for citizenship. Not the kind of citizenship where we look to the Government for what schemes we can claim entitlement to... but the kind of citizenship that calls upon all of us to realise that society is built by individuals providing generous and selfless service to others. Giving as much or more than we receive and a responsibility to each of us to create work and to support each other. No one should get a free ride and no one should pass the buck without doing their own part to solve our country's crisis.

We see real citizenship over and over in Ireland. Programmes such as Coderdojo, where parents and volunteers and corporations have volunteered space and time, are an example of people endlessly giving of themselves for the benefit of others. Coderdojo is also an example of how parents and others selflessly dedicate themselves to the ideal of helping youth achieve and create. That's citizenship.

Irish entrepreneurs have set up networking and mentoring organisations like EO Ireland (Entrepreneur's Organisation Ireland), a mentoring group whereby the CEOs of companies with over €750,000 in sales spend their own time and money to 'peer mentor' each other, helping each other grow by providing advice and feedback in groups of 8-10 people, in mutually beneficial groups that stay together, without compensation, for years. That's citizenship.

Ireland's tech sector benefits from a number of aggressively progressive organisations, including IT@Cork, a networking and skills development organisation that ceaselessly advocates for the unmet needs of the tech sector in Ireland... not just raising problems for other people to solve, but proposing solutions and implementing them. Other such groups include Open Ireland, Startup Ireland, Startup Grind and many more.

What is the most interesting fact about all these widely respected and effective groups? Not one of them are actually Government sponsored or Government funded. It's people helping people, entrepreneurs helping entrepreneurs and companies coming together to respect and support each other.

Entrepreneurship is about creating meaningful businesses out of the raw materials of people, ideas and customers. These raw materials need to be forged out of what we have, what we can grow and out of what we can attract to ourselves.

Ireland needs jobs and industry in order to grow its way out of our economic crisis. Make no mistake; it is a crisis and corrective action needs to be taken immediately. Therefore the entrepreneurship policy of our country must be viewed with the sense of urgency that our economic survival and our way of life demand.

In this report we provide some recommendations for the people, the businesses and the Government of Ireland on how to build a more dynamic and productive entrepreneurial ecosystem. We advocate an approach that could generate thousands of new jobs in the next few years and hundreds of thousands of new jobs in the coming decades.

This report aims to be specific enough to be implementable, while also maintaining the clarity of the Forum's mission.

To achieve this we will:

- Identify how we expect Ireland to become great by developing an engaged and giving entrepreneurial culture. We will give concrete examples to show what this means – by identifying programmes like ‘office hours’ where hundreds of entrepreneurs in Ireland will make regular weekly and monthly time available for free consultations with any other entrepreneur in Ireland.
- Demonstrate the need for the Government to make business creation more transparent and navigable – and we’ll recommend a single point of access for anyone in Ireland to be able to call upon, to get ‘signposted’ via their Local Enterprise Office (LEO) to get through to the appropriate programmes, if any, offered by the Government.
- Highlight how finance should become more available to entrepreneurs. We will get into specifics such as terms and conditions of approval related to collateral that are being imposed for bank credit, specifically the requirement for personal guarantees. We identify new initiatives like the Diaspora Fund, where wealthy global Irish will engage as funders of a new set of investment funds for Irish businesses.
- Specify key barriers and disincentives for entrepreneurial activity that must end. First, we should take the punishment out of being an entrepreneur. Currently in Ireland, a person can pay a whole life of PAYE tax and work until age 50, but by buying or starting a business, they would lose their lifetime of welfare entitlements. There are powerful disincentives to those taking on the risk of entrepreneurship and many of these are not matched with corresponding gains. This can and must change.

We believe that Ireland has the opportunity to become the most competitive country in Europe if it adopts - and embraces - some key structural changes. Adjustments such as implementing a flat tax would have an immediate positive impact on nearly every productive worker in the nation, but would also require incredible political will and determination. Although it is unlikely Ireland will make such a move overnight, this report identifies a few longer-term issues which would eliminate overly complex tax structures and make life easier for all businesses in Ireland.

The good news is that if courageous structural changes are made, government barriers will become a thing of the past, jobs will flourish and Ireland will once again begin growing its population and gross national product, signaling a resurgence that will be the envy of Europe. It is within our grasp.

To join our call for active citizenship and learn about high impact ways that you can help the startup community, visit bit.ly/IrelandStartups.



Sean O'Sullivan
Chair of the Entrepreneurship Forum

Executive Summary

Introduction

The Entrepreneurship Forum was established by the Minister for Jobs, Enterprise and Innovation in May 2013 'to advise the Minister for Jobs, Enterprise and Innovation on policy in the area of entrepreneurship and to draft appropriate policy conclusions and recommendations which will support business startups, sustainable growth and long term job creation. The purpose of the Forum's Report is to support the Government's development of a National Entrepreneurship Policy Statement.

The Forum identified 6 distinct goals of a successful entrepreneurship policy:

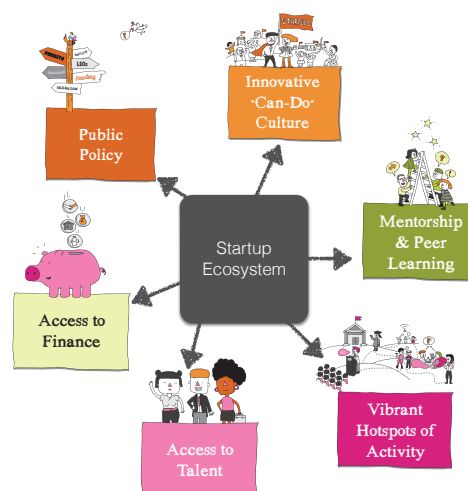
1. Strengthen the startup community in Ireland
2. Increase the pipeline of entrepreneurs
3. Energise job creation
4. Continue growth of the indigenous export sector
5. Capitalise on Ireland's strengths in growth industries
6. Use under-employed resources

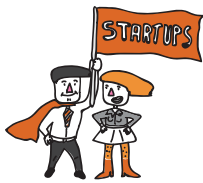
In this report, the Entrepreneurship Forum paints the picture of what a strong startup community in Ireland can look like and presents a tangible set of recommendations for businesses, Government, community organisations, and individuals. The report makes policy suggestions, but also provides a toolbox that allows each person to engage and commit themselves to building an entrepreneurial culture. There are several key principles that have guided the Forum's process and the recommendations:

- First, entrepreneurship in Ireland starts with a culture of engaged citizenship. Engaged citizens are giving of their time and ideas to promote the betterment of their peers. Engaged citizens take responsibility for their own progress and failures, and commit themselves to learning. These cultural elements cannot be overstated.
- Second, focus on people. A truly entrepreneurial Ireland is dependent on strong and self-reliant entrepreneurs, who are focused on their customers, their teams, and their networks. Entrepreneurs must look more toward their peers and less to government supports to achieve their goals.
- Third, the Irish Government's role is that of facilitator, not leader. The State certainly has a role to play in developing supportive tax, financing, and immigration policies, providing accessible and reliable information, and aligning existing education and social welfare supports to be conducive to entrepreneurial development. However, the State should take a courageous departure from past policies by looking to fill gaps rather than create new initiatives.

To achieve the Entrepreneurship Policy goals the Forum identified the main pillars of an effective startup ecosystem as:

1. Innovative 'can-do' culture
2. Mentorship & peer learning
3. Vibrant hotspots of activity
4. Access to talent
5. Access to finance
6. Public policy





Pillar 1, Innovative ‘Can-Do’ Culture

A central recommendation of this report is that Ireland should leverage our existing talent base: the entrepreneurial network and culture of startups in Ireland needs to become further engaged and intertwined. A vibrant startup culture maximises peer learning and commercialisation through a diverse range of networking events, mentoring groups, and electronic interaction and dissemination of information.

If we want to increase the pipeline of people choosing an entrepreneurial career, then Ireland must encourage entrepreneurship as a norm rather than an exception. This potential career path must be inspired from a person’s early years within the education system.



recommendations

- Develop a National Educational Strategy for Entrepreneurship at all levels of the education system.
- LEOs, in conjunction with Microfinance Ireland, should pilot a new programme for young people who set up their own business. Microfinance Ireland should ring-fence money for a Micro Youth fund to facilitate youth-led business ventures.



Pillar 2, Mentorship and Peer Learning

The biggest improvement we can make to the entrepreneurial culture in Ireland is to get more of our citizens to share their knowledge and networks. The skills gaps we have can be best addressed and the solutions scaled through collaborative networks of peer mentoring communities. Initiatives such as ‘office hours’ and peer mentoring groups are examples of successful peer mentoring models.

State involvement in the delivery of mentoring services inevitably involves formal structures and procedures, which would merely deter potential volunteers and delay the most beneficial forms of mentoring. The Forum is of the view that State resources currently focused on the provision of one-to-one mentoring services should be scaled down and resources redeployed to kickstart the development of peer mentoring groups. Broadly, this would require a State policy shift from *provision* of mentoring programmes to *facilitation* of mentoring initiatives.



recommendations

- Establish a dynamic, self-organised mentoring network, driven by entrepreneurs and supported by individuals, LEOs, industry expert groups, and business institutions.
- Programme support to be geared toward enhancing a collaborative start-up community and ‘give before you get’ culture. A target of 80% delivery of unpaid mentoring initiatives and 20% paid mentoring should be pursued.



recommendations



Pillar 3, Vibrant Hotspots of Activity

Dynamic entrepreneurial ecosystems are created through a range of community-sponsored and initiated activities that speak to the needs of people from a range of backgrounds and industries. We highlight concentrations of vibrant activities, particularly in Dublin and Cork. While we applaud existing Irish programmes, even the excellent activities of today fall short of a truly healthy ecosystem, and that is particularly true in areas outside Dublin. Every region of the country needs startups and jobs. Every region can have improved startup communities.

Co-working spaces are terrific environments for the creation and acceleration of startups and so the introduction of more of these vibrant hotspots could be completely transformational to the Irish ecosystem.

Universities in many countries are hotbeds of innovation. More must be done in Ireland to optimise relationships between academia and industry around the cross-fertilisation of research and commercialisation.

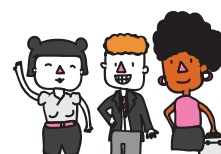


recommendations

- A working group should be established to develop a policy for the promotion of the co-working model with a view to using unoccupied public buildings and NAMA buildings, and to work with the private sector to implement a pilot programme in 2014 to roll out 5 co-working spaces in Dublin, Cork, Galway, Limerick and Waterford of 10,000 square feet each.
- Adopt policies enabling the rapid sharing of Intellectual Property for the public benefit in programmes such as Easy Access IP.
- Training on commercialisation should be provided to every STEM Bachelors student as part of their degree. PhD and Post Doctorate students should also receive mandatory commercialisation instruction as part of their research programmes.

Pillar 4, Access to Talent

Access to talented people is a key enabler for all businesses. Currently, unemployed workers in Ireland are a vast, underused resource, and we must collectively find ways to engage our unemployed and reduce the rate of unemployment. Underskilled youth do not have sufficient options to gain experience.

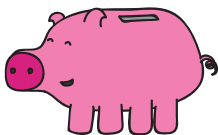


Building human capital for Ireland also means attracting foreign talent. We highlight recent improvements in immigration policy and make specific recommendations around continued visa reforms and improved global marketing.



recommendations

- Make changes to Irish law and regulations to improve Employee Stock Option Programmes. Reforms should make it easier and less expensive for companies to run employee share programmes, while making participation in these programmes more tax efficient for employees.
- Allow youth to participate in a new work experience programme, to be called an 'Apprenticeship Programme', to be funded directly by the companies.
- Enlarge the JobBridge programme by a factor of up to 20 times to help more people escape from the trap of being perpetually unemployed.
- Implement visa reforms to attract more of the world's best talent to Ireland.



Pillar 5, Access to Finance

The Forum has identified a number of improvements which could be made to encourage investment, support lending and ease cashflow strain on the startup community.



recommendations



recommendations

- Incentivise peer-to-peer lending. The first €10,000 in interest income from loans to startup businesses would be tax-free. Businesses must be less than 6 years old in order to qualify for this exemption.
- Establish Diaspora Funds to engage the global Irish community with our startups.



Pillar 6, Public Policy

An important challenge for Ireland is the coordination and integration of different government policies affecting entrepreneurship. An overall vision of how the state supports startups is needed, in conjunction with the programmes that the entrepreneurial community provides for itself.



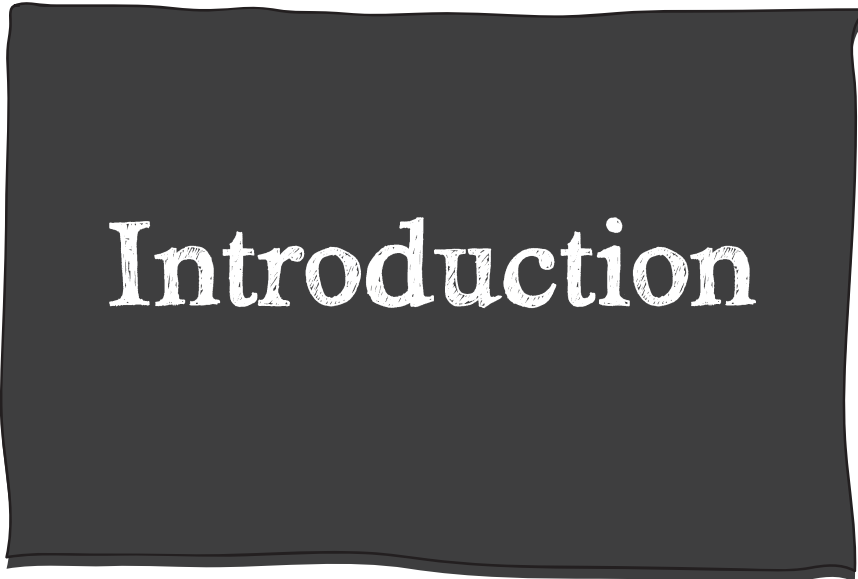
recommendations



recommendations

- Capital Gains should be taxed at 20% rather than 33% to create incentives for investment in new enterprise.
- A National Entrepreneurship Website for startups, with social media channels, should be established which contains relevant up-to-date information on services available, along with links to agencies relevant to establishing and growing a business.
- An Entrepreneurship Policy Unit should be tasked with co-ordinating government startup policy in Ireland.

A strong and welcome focus has been placed on entrepreneurship policy in 2013. However, the Forum wishes to see this action as the beginning of a permanent and on-going commitment to entrepreneurship, rather than a onetime prioritisation. We present the ideas in this document as a starting point for further work and hope that it will lead to enhanced economic activity, increased numbers of startups and increased engagement by all groups in the entrepreneurial arena. In addition, each individual can take a step toward active citizenship and learn about high impact ways that you can help the startup community by visiting bit.ly/IrelandStartups.



1. Introduction

The Entrepreneurship Forum was established by the Minister for Jobs, Enterprise and Innovation in May 2013 'to advise the Minister for Jobs, Enterprise and Innovation on policy in the area of entrepreneurship and to draft appropriate policy conclusions and recommendations which will support business startups, sustainable growth and long term job creation. The Forum met six times over the summer of 2013. The purpose of the Forum's Report is to support the Government's development of a National Entrepreneurship Policy Statement.

As part of the focus on entrepreneurship, the Government also held a public consultation in May 2013 inviting interested parties to submit written views and suggestions to support the development of a National Entrepreneurship Policy Statement, which will be published at the end of 2013. In total, 74 written submissions were received and further face-to-face meetings were held throughout the summer and autumn with hundreds of other entrepreneurs and stakeholders. These views and discussions have been made available to the Forum and have been helpful in developing the Forum's thinking. They have provided a welcome reality check on the current environment for startups. The Forum is grateful to the many people who have contributed online, by telephone, in writing and in person. Every contribution has helped expand the level of knowledge of the Forum members and is appreciated.

Following investigation, analysis and discussions with a wide variety of stakeholders, the Forum ultimately developed a series of recommendations which are found in this report.

While this is a report commissioned by Government, entrepreneurship is not something the Government can lead. As much as we would love to think that we can appoint farsighted advisors and taste-makers to be able to predict what the marketplace will want, if there is one thing we know, it is that all plans disintegrate as soon as they hit the battlefield of the marketplace. That is particularly true given the global reality of lots of nimble companies with nimble ideas. The Forum notes that this reality is something that the Irish Government recognises and celebrates. The strength to reimagine the future will come from our citizens and their myriad of new products and services.

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1.1 Importance of Entrepreneurship

Recent research underpins the need for Irish policymakers to encourage entrepreneurship. This research demonstrates that young and growing businesses rather than small 'steady' businesses generally, are the primary drivers of net job creation¹. Entrepreneurship is a fundamental driving force in any economy, but in light of the scale of the unemployment challenge that Ireland is currently facing, growing the number of entrepreneurs and startups is a primary priority to Ireland.

A significant concern to the Forum and to Government is that the pipeline of new entrepreneurs starting up businesses is too small and has fallen in recent years². Too few people in Ireland are motivated by entrepreneurship to view it as a personal career option. The rate of those setting up

new businesses is very low. Figures from the Companies Registration Office indicate that in 2012, 14,009 new companies registered in Ireland, a 4.2% reduction compared to 2011(14,615). On a positive note, 2013 has seen a welcome upturn, with more company incorporations in every month than the corresponding month in 2012. To date this has resulted in 1,267 more companies being formed so far this year - an increase of approximately 11%.

Further action is required if Ireland is to encourage optimal levels of entrepreneurship in the future. To achieve this ambition, entrepreneurship policy must be given a strong and visible focus and must form an integral part of the general Government programme. Our proposals are offered in the spirit of building a strong, independent indigenous enterprise sector in Ireland. Each of the Forum's recommendations will make a contribution towards this aim.



¹ Kauffman Foundation Research Series (July 2013) 'Firm Formation and Economic Growth'.

² The 2012 Global Entrepreneurship Monitor Report shows that the rate of early stage entrepreneurship in Ireland is 6.1%, compared to the OECD average at 8.2%. The rate of early stage entrepreneurs in the US (12.8%) is over twice that of Ireland and the rate in the UK is also considerably higher (9.0%). The rate of those aspiring to be entrepreneurs in Ireland is 8%, just over half of the OECD average of 14.4%. Less than half of people in Ireland perceive an entrepreneurial career to be attractive, at 45%, less than the OECD average of 56%. The perception of entrepreneurial opportunities within the next six months in Ireland, at 26%, is lower than the OECD average of 33%.

1.2 Forum Principles and General Approach

The Entrepreneurship Forum was established to support the Government to meet the Taoiseach's goal that, by 2016, Ireland will be the best small country in the world for doing business. Towards this ambition, the Forum identified 6 distinct goals of a successful entrepreneurship policy:

1. Strengthen the startup community in Ireland
2. Increase the pipeline of entrepreneurs
3. Energise job creation
4. Continue growth of the indigenous export sector
5. Capitalise on Ireland's strengths in growth industries
6. Use underemployed resources

Building a strong indigenous enterprise sector is not the sole responsibility of government and its agencies. Rather, it requires the contribution – and leadership – of many different actors in the economic ecosystem (e.g. entrepreneurs, schools, third-level colleges, banks, industry associations, investors, voluntary organisations, etc) to increase the chances that more people discover the opportunity to start and grow their own successful business. Developing this 'entrepreneurial ecosystem' is the focus of the Forum's recommendations.

What new or alternative strategies can Ireland adopt to support entrepreneurship performance and improve this ecosystem? The forum followed several guiding principles in developing its recommendations:

Holistic vs “picking winners” approach

To date, various targeted reports, recommendations and initiatives have been implemented to support specific cohorts in the high tech, life-sciences and medical devices sectors, a strategy sometimes considered the 'picking winners' approach. This leads many budding entrepreneurs to believe that if they don't fit perfectly into these 'winners' categories, then they are not a valued member of the entrepreneurial community. Our approach is based on the view that policies and actions are required to improve the culture and support of *all* entrepreneurial startup ventures across all business sectors. The philosophy of the Forum also recognises that people establishing not-for-profit or social enterprises use many of the same skills as people starting a for-profit business, and they create jobs and social value that is essential to building an inclusive and supportive culture in Ireland.

Minimise reliance on government involvement and avoid duplication of existing supports

The Forum wishes to build its report and recommendations for action on policies and programmes already in place where possible and avoid duplication or reinvention of existing support systems. In general, the Government has an enviable wealth of accessible programmes to support business creation, more so than in many other countries. Some people feel that the state can always do more; however, the Forum's conclusion is that the state need not do more or spend more. Instead, we believe that entrepreneurs need to be self reliant

and customer-focused, rather than be looking for assistance from state agencies and governmental advisors, no matter how well-intentioned.

Start with the entrepreneurs

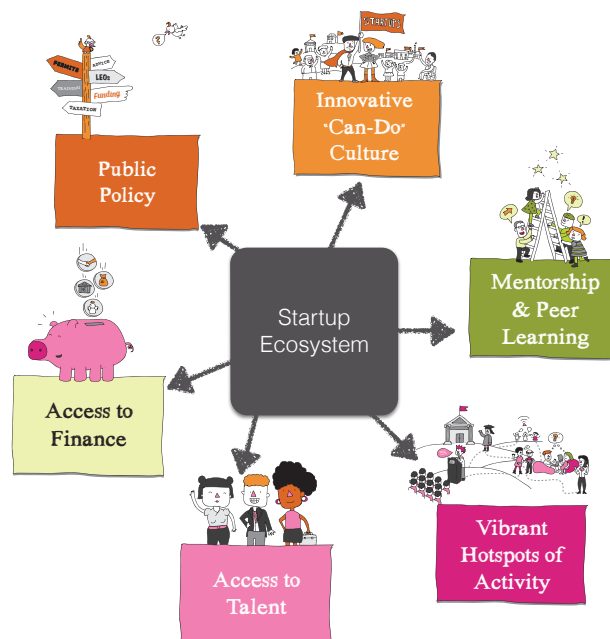
In order to boost skills and creativity among the entrepreneurial community, we target the startup ecosystem itself. The most effective experience in starting and building businesses is held by practitioners, and Ireland is blessed by having a wealth of experienced entrepreneurs who have started and run multi-billion euro industries and innovations. Are there enough such people in Ireland? No. We are a small

We believe that entrepreneurs need to be self reliant and customer-focused, rather than be looking for assistance from state agencies and governmental advisors, no matter how well-intentioned

country. Are there enough entrepreneurs in Ireland? No, not yet. Are there enough to get started? Yes. Can we attract more, as the only English-speaking country in the Euro Zone? Absolutely! Can we cross-fertilise incoming and upcoming talent with proven Irish entrepreneurs? Yes, and we need to be far more aggressive about this.

To achieve the Entrepreneurship Policy goals the Forum identified the main pillars of an effective startup ecosystem. We will look at what we can do to strengthen each of these pillars in the upcoming chapters.

We have formed several recommendations within each of these pillars, which, if acted upon, will support



entrepreneurship in playing a greater role in Ireland's recovery. While each of these pillars is independently valuable, together they are mutually reinforcing, and therefore should all be acted upon to make the greatest sustainable impact.

We acknowledge that in a time of economic retrenchment, resourcing new interventions is particularly difficult. With this in mind, we look to implement recommendations through existing budgets, reducing duplication, and more efficiently allocating available resources.

Increasing the number of people who found companies and build international enterprises will bring real dividends via economic growth. This solid and continuous growth would solve the sovereign debt problem facing Ireland more quickly and reliably than any other means.

1.3 What is Entrepreneurship?

Is entrepreneurship self-employment? No, that's not it. The self-employed typically sell their labour to perform a set of tasks, and if they don't please the customer, fail to work long enough hours, or produce enough output, they are out of business quickly. It takes courage and determination to be self-employed, but entrepreneurship is more than an individual selling his time or expertise.

Entrepreneurs attempt to develop new enterprises: corporate entities which normally employ staff and grow. Because entrepreneurs try to build a business around a new concept or offering - whether a local bakery or a global high tech company - entrepreneurs create value that can grow and stand over time. Entrepreneurs create functioning organisations that continue to generate value even if the entrepreneur himself leaves the business.

Not only is entrepreneurship the major innovation and change agent for society, it is also the number one producer of jobs in all leading developed economies in the world. In non-communist societies, private industry generates employment and creates the products that our society needs to thrive. These jobs and outputs build wealth, which in turn provides the taxation revenue that allows for the government provision of social and infrastructural services.

1.4 What Does Success Look Like?

One of the questions that the Forum asked of itself is "what will success look like?" This is not a difficult question to *answer* but it is an extremely difficult answer to *measure*. It is the intention of the Forum that future entrepreneurship activities will grow one hundred thousand jobs in Ireland in the near future, which will create a significant, independent and strong Ireland. Leadership and collective responsibility will determine how quickly we can achieve that growth. It could happen in 5-10 years, or it could take decades... If we refuse to make adjustments, it may never happen at all.

The Forum acknowledges that the central challenge of entrepreneurship is individual leadership. We can only be

successful as a collection of private individuals working on behalf of themselves, their companies, and society at large. Success in an economy is something that requires 10,000 entrepreneurial leaders, each of whom is willing to take risks and persevere through endless turmoil to establish each single, vibrant business.

It is through swarms and swarms of these entrepreneurial leaders and their teams that we will grow our economy. This battle will not be led by government, by one person or by a handful of great industrialists. This battle must be championed by many and acknowledged and supported by all. We are dependent on a few great principles: efficiency, accountability and responsibility. We will rebuild our country on the backs of our own citizenship. That's the challenge, to compete and excel and create an Ireland of greatness, as the best small country in the world in which to do business. On this we can build a fair and just society for all of our citizens.

1.5 Next Steps

Responsibility for drafting the Entrepreneurship Policy Statement now passes to the Department of Jobs, Enterprise and Innovation and this Report will play a key role in guiding that process. The Forum would like to reconvene in one year's time for a discussion with Minister Bruton and his officials to assess progress.

A strong and welcome focus has been placed on entrepreneurship policy in 2013. The Forum wishes to see this action as the beginning of a permanent and on-going commitment to entrepreneurship, rather than a one-time prioritisation. We present the ideas in this document as a starting point for further work, and hope that it will lead to enhanced economic activity, increased numbers of startups and increased engagement by all groups in the entrepreneurial arena.

Roadmap to the report: Highlighting Recommendations

Throughout the report, we identify recommendations with a grey highlighted box and two symbols:



...indicates a recommendation for **Government** action

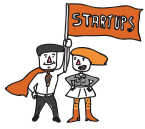


...indicates a recommendation for **the startup community or nongovernmental bodies**.

Recommendations that require **joint** action include both symbols.



Innovative "Can-Do" Culture



2. Innovative ‘Can-Do’ Culture

“Individual commitment to a group effort:
that’s what makes a team work, a company
work, a society work, a civilization work”
-- Vince Lombardi

The first pillar of a strong entrepreneurial environment is an innovative ‘can-do’ culture. Many people in Ireland see America as a country where entrepreneurship is celebrated and ask “why can’t we have a similar culture in this country as our cousins across the pond?” For many reasons that are too complex to discuss here, Ireland’s entrepreneurial culture is markedly different to that found in America.

How can we enhance the ‘can-do’ entrepreneurial attitude to strengthen business, as well as all aspects of Irish life? A can-do attitude is about being positive and proactive, being willing to take some risk, and taking personal responsibility.

Innovation, the hallmark of entrepreneurial opportunity, is too often doubted or disregarded in favour of the safe choice. Change is sometimes viewed as something to be avoided rather than celebrated. Many people cling to their entitlements and safety blankets. Being innovative can be as simple as asking how we can do things better (faster/cheaper, etc) than the status quo.

The Forum’s concept of an innovative ‘can-do’ culture requires ambitious, high-performance, high-growth entrepreneurship, successfully commercialising new ideas on a substantial scale in a short timeframe. Innovative entrepreneurship stems from the belief that it is not sufficient for companies to be entrepreneurial and not innovative or to be innovative and not entrepreneurial, they must be both.

Innovation is not magic and it is not only about people in laboratories. It is about continuously seeking to improve product, service, operations, people, or any other facet of a business that will add value for the customer and the workflow. The following sections examine how to embed these values into all of our population, so that a multitude of entrepreneurial people will emerge in future years and build strong Irish businesses that offer exciting employment opportunities for local communities. Three specific issues are addressed: cultural values, education system reform and encouragement of under-represented groups as potential entrepreneurs.

2.1 Promote Entrepreneurship as an Irish Cultural Value

It has been suggested that Ireland has a tradition of herding our children into ‘overpaid safe havens’. We encourage our children to work in ‘guaranteed secure’ jobs in high-paying areas like the public sector, in multinational corporations or in the professional services fields (eg. accountants, lawyers, doctors).

If true, this may explain why Ireland currently has one of the lowest rates of entrepreneurship in the EU. On the other hand, Ireland also holds a high regard for those who start businesses. Approximately 75% of Irish people have a favourable image of entrepreneurs, one of the highest rates in the EU and similar to the highly entrepreneurial United States where 77% of people hold entrepreneurs in high regard.³

A strong support culture for entrepreneurship is identified as one where:

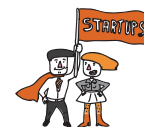
1. Startups are applauded and recognised by the general population.
2. Knowledge and connections are shared.
3. Success is not begrudged, and failure is not denigrated.
4. Activity is driven by volunteer efforts.
5. An inclusive attitude prevails.
6. The media plays its part in highlighting the importance of entrepreneurial endeavours.
7. Various competitions and awards take place to celebrate success and contributions.
8. A choice of accelerators, workshops, and training courses are available.
9. Immigrant entrepreneurs are encouraged to come to the country.
10. Government policy addresses obstacles.

In many of these regards, Ireland is doing well. Ireland is already home to a strong and diverse media, a wealth of industry groups and some of the leading accelerators in Europe.

Culture, defined by how individuals interact, is a key part of characterising the entrepreneurial community and spirit. Concepts such as ‘give before you get’, ‘pay it forward’, ‘everyone is a mentor, so share your knowledge and give back’ are essential attributes of a vibrant entrepreneurial community. Other key cultural elements include accepting and welcoming of differences, celebrating achievements, and embracing failure as part of the process.

We would point to a great book on startup culture, Brad Feld’s *Startup Communities*. This is essentially a cookbook on how to create a vibrant startup ecosystem. Many of the

³ European Commission (2012). Eurobarometer Survey on Entrepreneurship.



concepts that are covered in the book are also highlighted in this report.

If Ireland is going to 'up its game' in entrepreneurship, then this ecosystem needs to be far more robust and active. Signs of community spirit and activity are already present but more must be done. We cannot and should not look to the Government to be the leader in building this culture. However, the Government can provide a permissive and supportive environment for the ecosystem to develop and thrive.



It is necessary to promote and celebrate entrepreneurship and commend entrepreneurs who have achieved success, particularly those to whom people can relate and aspire to emulate. Inspiring people at a young age is also essential, so the education system has a crucial role to play in this development.

2.2 Education System

If we want to increase the pipeline of people choosing an entrepreneurial career then Ireland must encourage entrepreneurship as a norm rather than an exception. This potential career path should start from a person's early years within the education system. The Forum recognises that there are many initiatives currently being undertaken to enhance entrepreneurship education and skills development in Ireland, but they remain highly fragmented. EU and OECD reports over the past decade have repeatedly highlighted the lack of a coherent overarching strategy for these activities.

This demonstrates a need for an articulated entrepreneurship education policy/strategy that covers all levels of the education system. Additionally, the lack of specific entrepreneurship education modules in teacher education programmes creates challenges because most teachers lack the experience to deliver these specialised programmes. Thus we feel that teachers, as well as students, should receive some entrepreneurship education.

Research from the EU and other European countries has shown that participation in entrepreneurship programmes and activities have a positive impact on young peoples' connectedness at school, as well as their success in the job

market, their tendencies to innovate and their likelihood to start their own companies.⁴

Much progress has been made in Ireland with initiatives such as the County & City Enterprise Boards 'Student Enterprise Awards'⁵, RTÉ's Junior Dragons' Den, Foróige's 'Network for Teaching Entrepreneurship', The Young Entrepreneur Programme,⁶ and the commercialisation of ideas from the BT Young Scientist & Technology Exhibition giving children role models and structures to participate in.

Indeed there is now a growing acceptance in Ireland of the need to build work-related skills at an early age. Innovative enterprises require a pool of work-aware school leavers. There is an immediate need to introduce modules, courses, bootcamps, hackathons⁷ and startup weekends at primary and secondary school levels around the country.

There are a limited number of independent parties who have piloted various efforts that are worth mentioning and endorsing:

- Bizworld runs 2-3 day immersion events in primary schools where students are put into teams and expected to set up a company, raise money, pitch to investors, and have an actionable result. Bizworld also organises summer camps and works with educators and teachers to introduce entrepreneurial concepts to students. Bizworld currently partners with schools in Dublin, Kildare, Wicklow, Galway, Cork and Limerick. Such a programme is worth expanding across the nation.
- Network for Teaching Entrepreneurship (NFTE), a worldwide youth entrepreneurship education and development programme, and Foróige, Ireland's youth organisation, have partnered for over a decade to deliver in-school and out-of-school courses, workshops, and awards at the secondary school level. The NFTE Foróige collaboration, and similar efforts, should be actively promoted in schools across the country.

Information and communications technology (ICT) skills are an essential part of any successful modern enterprise in all areas from marketing through financial systems and logistics. In fact, a recent study showed that the majority of founding CEOs of the biggest startups (39 startups between 2003-2013 that have a current day valuation of \$1 billion or more), and 90% of enterprise CEOs, have technical degrees from college. When looking at the businesses that sell

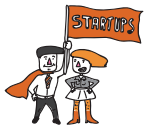
⁴ European Commission (2012) - *Entrepreneurship Education at School in Europe* - European Commission, Brussels

Danish Foundation for Entrepreneurship: Young Enterprise (2012) - *Impact of Entrepreneurship Education in Denmark 2012* - Danish Foundation for Entrepreneurship: Young Enterprise, Copenhagen

⁵ This acquaints over 16,000 students annually with the concepts behind running their own business.

⁶ Run in secondary schools and third level institutions across Ireland, the programme has held 25 events and seen 3,400 students complete a course in entrepreneurship since 2007. www.youngentrepreneur.ie

⁷ A hackathon is an event at which computer programmers and others involved in software development, including graphic designers, interface designers and project managers, collaborate intensively on software projects. The goal of such events is to enable students to understand the technology that builds our world so that they may feel engaged in it.



products to enterprise customers, the number rises to 90% of CEOs with technical degrees.⁸

If the biggest successes come from technical backgrounds, what can we do to increase the success of our startups?
Answer: Increase our technical capabilities.

In an ever-changing technological world, children should be exposed to a broad range of ICT skills to understand their application in the workplace. With English now the primary language of today's world economy, learning a programming language has arguably become more important than learning a second spoken language.

Organisations such as CoderDojo have shown that this is not an expensive initiative to put in place, especially given that most schools have significant numbers of (often under-used) internet-connected computers already in place. CoderDojo, is a not-for-profit movement that runs free coding clubs with regular weekly sessions for people aged 7 to 17. At CoderDojo youth learn how to code, develop websites, apps, programmes, games and more. Dojos are set up, run by and taught by volunteers. These volunteers are the lifeblood of the organisation. Dojos organise tours of technology companies, bring in guest speakers to talk about their career and what they do, and organise events. In addition to learning to code, members meet like-minded people to show off what they've been working on. Every week, roughly 5,000 kids develop their computer skills in 100 CoderDojos throughout Ireland. Ideally we would hope to increase this by at least a factor of 10 in the coming years.

Lastly, the Forum is aware that many successful entrepreneurs would be willing to engage with local schools to talk to students, but this type of voluntary programme should be organised so that teachers know where to go to access entrepreneurs. A database of entrepreneurs could be established and managed by the LEOs or Enterprise Ireland, as a national registry. This registry could list volunteer entrepreneurs by industry sector to make it easier for schools to engage with the business community and for the business community to be comfortable engaging with schools. The same registry could be used for other purposes as well, such as office hours and mentoring, as will be detailed in Chapter 3: Mentorship and Peer Learning.



recommendations

1. Develop a National Educational Strategy for Entrepreneurship covering all levels of the education system. Establish an Entrepreneurship

“
Sooner or later, those
who win are those
who think they can.
--Paul Tournier”

Education group to draft an Entrepreneurship Education Strategy that embeds teaching of entrepreneurship into primary, secondary and third-level schools and colleges, and also incorporates initiatives for life-long learning and skill development programmes.

2. Build ICT skills at secondary level as per the Oireachtas report on Information Communication Technology (ICT) Skills Demand in Ireland (2012) recommendations with a focus on learning web development and computer programming.
3. Introduce a National Register for volunteer entrepreneurs who would be willing to visit schools to engage with students at local level.

2.3 Encouragement for Under-Represented Groups

The majority of the actions being taken by Government are helpful to people who are already in the 'system' or who have already started their entrepreneurial journey. Supporting existing entrepreneurs is essential, but a strong pipeline of new entrepreneurs is also needed. As emphasised earlier in this report, we are concerned that the pipeline of new entrepreneurs creating startup businesses is too small.

There are a number of sectors of our society that are under-represented in entrepreneurship compared to some of the most entrepreneurial societies in the world. How do we inspire these under-represented groups to choose an entrepreneurial career and feed the startup pipeline? The entrepreneurial achievements of these groups must be highlighted to encourage others to follow their path. To this end, the Forum recommends running an 'entrepreneur heroes' campaign to celebrate the successes of these groups. The Forum has also developed recommendations around several specific groups: the unemployed, females, youth, immigrants, and seniors.



recommendations

4. As part of an entrepreneurship cultural awareness campaign, create 'entrepreneur heroes' which highlight and celebrate role models inclusive of the under-represented profiles (female/youth/immigrants etc.) as well as the represented profiles.
5. The President or An Taoiseach annually bestows an award to one or more entrepreneurs or entrepreneurial volunteers for "meritorious service" to Ireland.

⁸ "Welcome to The Unicorn Club: Learning from Billion-Dollar Startups", Cowboy Ventures, TechCrunch 2 November 2013. <http://techcrunch.com/2013/11/02/welcome-to-the-unicorn-club/>



2.3.1 Unemployed

The Back to Work Enterprise Allowance, administered by the Department of Social Protection, is a great support for unemployed people trying to set up a business. The allowance encourages the long-term unemployed to take up self-employment, and is paid on a reducing scale over a two year period, (i.e. 100% of a person's social welfare payment in Year 1 and 75% in Year 2).

However, there are several elements of the programme that could be improved to support entrepreneurial development. Firstly, the Back to Work Enterprise Allowance is only attainable if you have been on the 'Live Register' for 12 months. Secondly, there are long waiting times for seeking approval for the allowance and the applicant must not take up self-employment until they have received written approval from the Local Development Company or the Department of Social Protection. If we are to prioritise entrepreneurship, then we must fast track those people trying to take up self-employment from the live register.

Thirdly, the payments system for entrepreneurs' grants could be improved to support unemployed people starting out in business. Currently, grants are awarded after the expenditure is incurred by the entrepreneur. This is not feasible for unemployed people trying to start a business, who cannot afford this up-front expense, and who often wait several weeks for the grant payment refund to be processed.

Upfront payment of certain grants (from LEOs and the Dept. of Social Protection Technical Assistance and Training Fund) would support unemployed people who do not have access to savings or other forms of financing for starting-up.

The Forum believes that addressing these issues would do much to enhance the entrepreneurial contribution of this section of society.



recommendations

6. Reduce the time required to be on the Live Register before being eligible for the Back to Work Enterprise allowance.
7. Cut the waiting time for appointments for unemployed people seeking approval for access to the Back to Work Enterprise Allowance.
8. Improve the payments system for entrepreneurs' grants for unemployed people trying to start a business. Provide up-front payment of certain grants.

2.3.2 Women

The Government has delivered some targeted and tailored programmes in recent years to address the specific challenges facing female entrepreneurs, and to encourage and inspire an increase in female-led businesses. Many Government-led women entrepreneurs' networks exist around the country where women can share ideas for professional growth and

innovative entrepreneurship. Despite these efforts, only 10 percent of the high-potential startups backed by Enterprise Ireland are woman-led enterprises, indicating a need for further targeted work.

Championing woman business leaders as role models will play a key role in increasing the numbers of female entrepreneurs. A successful example of this is the 'National Women's Enterprise Day', a two-day event currently organised by Ireland's 35 County and City Enterprise Boards, an important vehicle seeking to inspire, activate and assist women across Ireland in running their own business.

Various private sector initiatives such as the annual IMAGE Businesswomen of the Year Awards also support, encourage and inspire female entrepreneurship. The European Network of Mentors for Women Entrepreneurs is also an excellent initiative, which recognises the distinctive nature of women's business startups and ensures that newly-established women entrepreneurs can sustain their activity throughout their first years in business. The Network is co-ordinated by Galway Chamber of Commerce with partner organisations that include Dublin Chamber, Cork Chamber, Waterford Chamber and Sligo Chamber.

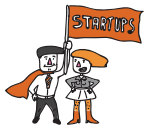
The Forum feels that these programmes and private initiatives must be underpinned with social welfare policies that 'even the playing field' for women. Female entrepreneurs have difficulty taking full maternity leave, given the demanding nature of entrepreneurial business. Greater flexibility in which a parent avails of the maternity leave scheme will allow parents to share in a manner that best suits the needs of the female entrepreneur. Lastly, Government should ensure that a female employer is entitled to the same welfare benefits as a female employee. Currently a female employer must have 52 weeks of PRSI contributions as opposed to a minimum of 39 for an employee. The Department of Social Protection also requires female employers to give 12 weeks of advanced notice for maternity leave, as compared to just 6 weeks by female employees.

The Forum believes that changes to these current Government approaches would enhance a supportive culture for female entrepreneurship.



recommendations

9. Continue the programme of targeted and tailored supports for female entrepreneurs.
10. The maternity leave scheme should be amended to enable a woman to transfer a portion of her maternity leave and benefits to the father of the child.
11. The qualifying weeks in terms of PRSI payments to qualify for maternity leave should be the same for female entrepreneurs as for female employees and the advance notice should also be similar.



2.3.3 Youth

The percentage of youth unemployed in Ireland is currently one of the highest in Europe. Our recommendations complement existing work being done to address this critical situation. The Forum recognises that countries such as Germany with low rates of youth unemployment have excellent apprenticeship systems and that these are currently being examined by a Review Group from the Department of Education and Skills. Any new apprenticeship system adopted in Ireland should recognise and foster entrepreneurship as a valid career option. These initiatives may be particularly suitable to Early School Leavers who are the most vulnerable to long-term unemployment.

Additionally, an entrepreneurship internship programme could be established whereby a young person can spend time shadowing an entrepreneur so as to gather strong learning experiences on how to manage a business. The EU Commission's 'Erasmus for Young Entrepreneurs' is one such model, which could be replicated in Ireland. The Dublin Business Innovation Centre (DublinBIC) is willing to participate in a pilot of such a programme targeted at youth. The DublinBIC manages the Guinness Enterprise Centre, the single largest entrepreneurship facility in the country with 60,000 sq ft. of space, over 80 startup companies and 320+ employees in one building. The pilot programme would engage 50 larger and more established startup and growth companies to offer internship opportunities to 'youth unemployed' persons who are interested in entrepreneurship/startups as a career path.

The forum also proposes that the LEOs, in conjunction with Microfinance Ireland, pilot a new programme to support young people to set up their own businesses. The programme should involve facilitated learning, mentoring, peer learning and coaching. On completion, participants would be referred to the range of financial and soft supports from Enterprise Ireland/LEOs, Microfinance Ireland, Department of Social Protection, Local Development Companies, etc. Each Microfinance Ireland youth entrepreneur loan would be supported by further dedicated mentoring during and after the duration of the loan. Post-loan mentoring is imperative to provide critical support for early youth-led startups, minimise the level of write-offs, and to ensure long term sustainability of jobs and the business itself.

As a further targeted programme, and as a next step in a progressive pathway following on from the LEOs/Microfinance Ireland programme mentioned above, Enterprise Ireland should launch a Competitive Feasibility Fund for Youth Entrepreneurs.

Programmes such as these will not solve the youth unemployment problem, but they will contribute to the solution and enhance the role and perception of entrepreneurship among youth. We provide further

recommendations regarding youth in the Access to Talent chapter.



recommendations

12. Entrepreneurship should be recognised as a career option within any newly designed apprenticeship system.
13. An entrepreneurship internship programme should be established based on the EU funded Erasmus for Young Entrepreneurs programme. As a pilot initiative, 50 of the larger more established startup and growth companies based in the Guinness Enterprise Centre could be engaged to take one 'youth unemployed' person each to undertake an internship.
14. LEOs, in conjunction with Microfinance Ireland, should pilot a new programme for young people who set up their own business. Microfinance Ireland should ring-fence money for a Micro Youth fund to facilitate youth-led ventures.
15. A Competitive Feasibility Fund for Youth Entrepreneurs should be established by Enterprise Ireland.

2.3.4 Immigrants

Immigrants to Ireland are generally well educated and many are under-employed in their current job, if they have one. CSO figures indicate that 31.3% of non-Irish nationals have attained a third level degree or higher compared to 27.1% of Irish nationals.⁹ Immigrants are entitled to use the services of the various enterprise support agencies, but arguably this has been a passive approach. The Forum recognises that the immigrant community is highly entrepreneurial, with 7.2% of immigrants engaged in early stage entrepreneurship¹⁰. Ireland needs to more effectively leverage immigrants' international networks and embed the entrepreneurial activities of immigrants within the fabric of Irish society.



recommendations



recommendations

16. Enterprise Ireland should leverage their collaboration with the Higher Education Authority (HEA) to develop a tailored enterprise programme that is targeted at immigrants who are postgraduates in Irish Higher Education Institutions (HEIs) in order to build high potential startups with export potential based on their graduate research.
17. Local Enterprise Offices should work directly with immigrant organisations, social groups and places of worship to promote the many services and supports available to any person wishing to

⁹ CSO (2012) Migration and Diversity.

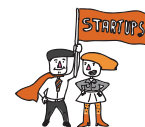
¹⁰ GEM (2012) Entrepreneurship in Ireland

establish a business and to enable immigrant entrepreneurs to fully immerse their businesses in the Irish market.

2.3.5 Seniors

An often forgotten group of potential entrepreneurs are people who may have already completed one career, but who wish to continue contributing economically, perhaps by starting a new business or taking ownership of an existing business. Some of the group will also contribute by way of mentoring, investing or other direct involvement with the entrepreneurial community. We should not miss out on any potential opportunity for this group to support business growth and create jobs.

Senior Enterprise, an EU supported initiative through INTERREG IVB NWE, is specifically designed to encourage a greater involvement with enterprise by those aged over 50. While EU funding for the programme will finish in the near future, the Government should seek to maintain its presence in Ireland and extend its geographic reach. The successful programme offers tailored support for an age group that could suffer from long-term unemployment if made



redundant.¹¹ According to ageuk.org, up to 1 in 5 people aged 50 plus are now self-employed in the UK, and this group of startup entrepreneurs are more likely to succeed in business, with 70% of startups lasting over 5 years compared to just 28% of younger entrepreneurs.

It can be assumed that similar statistics would be reflected in an Irish context. The Forum believes that we must tap into this resource fully.



18. Exchequer funding for the successful EU supported Senior Enterprise initiative should be sustained when EU funding ceases.

¹¹ Figures from the UK highlight that only 1-in-10 people aged over 50 will find employment if made redundant



Mentorship & Peer Learning



3. Mentorship & Peer Learning

To create great companies, we need to train and develop great entrepreneurs. It's no different to fielding great athletes on the rugby or soccer pitches. To field a team that competes internationally, we must develop superstar startup leaders.

Various EU and OECD reports examine initiatives for building entrepreneurial capacity and capability. Many of these ideas have already been adopted in Ireland.

The Forum's stakeholder consultation process with successful entrepreneurs strongly identified mentoring as a critical success factor. Just like athletes rely on coaches, so too do founders of companies.

The single best way we can address the entrepreneurial skills gap and develop a generation of entrepreneurs in a scalable way is through developing collaborative peer mentoring networks. Many types of peer learning and mentoring opportunities emerge in a successful startup community, but in this chapter we focus specifically on peer mentoring groups.

3.1 Peer Mentoring

A central recommendation of this report is to revitalise the entrepreneurial culture of Ireland by developing strong networks of entrepreneurs helping entrepreneurs. From networking events to peer mentoring groups to shared electronic learning, Ireland needs to leverage the skills of the few for the understanding of the many.

Peer mentoring is a hugely important source of support for an entrepreneur for tapping into the business expertise of others, for advice and perspective, and as an impartial sounding board for new ideas and honest feedback.

Previous state policy approaches have recognised the importance of mentoring and skills development to startups; however many initiatives tend to provide once-off mentoring services paid for by the state. These programmes are unsustainable, as can be seen in low participation of startups in mentoring after state programme aid ends. Rarely does a company continue to pay out of its own pocket for the continuation of mentoring.

For startups, paying consultants to do executive coaching is unaffordable for the long term. Consequently, successful entrepreneurs draw other successful entrepreneurs into their network through boards or through regular peer group meet-ups.

The Forum is of the view that mentoring

“Coming together is a beginning.

Keeping together is progress.

Working together is success.

- Henry Ford”

cannot and should not be the responsibility of the State and the resources currently focused on the provision of one-to-one mentoring services should be scaled down and redeployed to kickstart the development of peer mentoring groups.

Very few if any entrepreneurs succeed at scale without a network of peers who help them diagnose their challenges and continuously fine-tune their corporate strategies. Fortunately, many inexpensive (and therefore accessible) entrepreneur networks already exist which can connect

experienced executives with each other as well as with startup founders. Much of this already happens both informally and formally and could be further encouraged and developed.

A large number of industry associations, entrepreneurial events and conferences (including the Dublin Web Summit) are built on the concept of networking and information sharing which often leads to new peer mentoring relationships.

Peer mentoring is effectively a low-cost, private sector activity. Some degree of facilitation in setting up these peer-mentoring groups could be performed by the State as a once-off activity.

Mentoring which is paid by the entrepreneur or the State greatly inhibits its effective use. Entrepreneurs either cannot afford ongoing sessions, or choose not to suffer through the

A central recommendation of this report is to revitalise the entrepreneurial culture of Ireland by developing strong networks of entrepreneurs helping entrepreneurs.



Photo Courtesy of Rude Baguette

<http://www.rudebaguette.com/2013/10/08/dublin-startup-scene-photo-essay/>

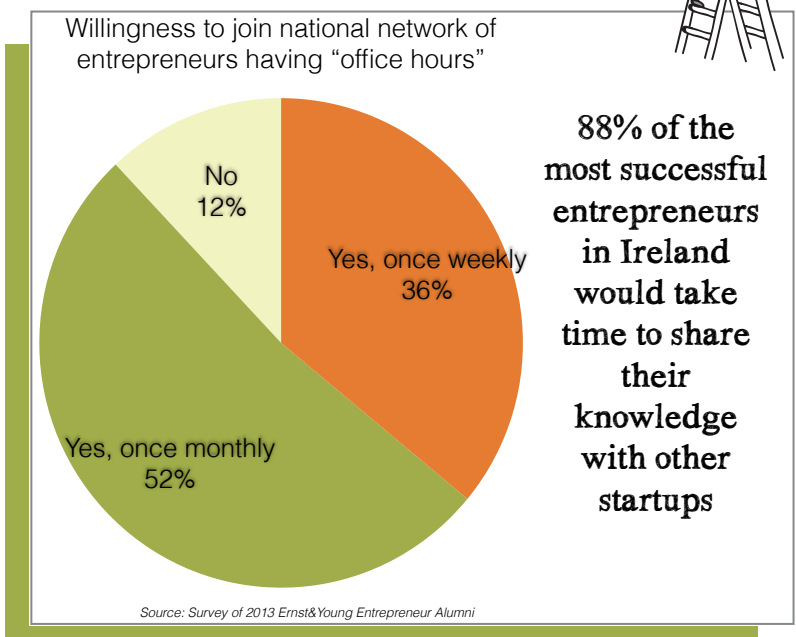


paperwork to engage in this kind of mentoring. By contrast, peer mentoring is non-monetary and community based.¹²

3.1.1 Office hours

‘Office hours’ is a simple concept whereby experienced and successful business people share their time on a voluntary basis, providing one-on-one advice to startup entrepreneurs on the various aspects of starting or running a business. A survey conducted for this report revealed that the majority of even the busiest and most successful entrepreneurs in Ireland are willing to give their time if it can be done in a well-structured and efficient manner¹³.

A central problem for many successful business people is that they are overwhelmed with dozens of requests from people in the community. Entrepreneurs are generally willing to give their advice for free to others, as long as they can fit such requests into their overloaded schedules. However, scheduling and administrative difficulties in arranging these meetings are often more time-consuming than the meetings themselves.



How does ‘Office hours’ work?

‘Office hours’ can be arranged in multiple ways. One Forum member has Saturday Skype calls of 15 minutes length between 11am and noon for anyone who wants to register for the slots via his executive assistant. For another person, office hours could be once-per-month for 3 hours at a designated coffee shop, and whoever shows up can get as much time as they need. The important thing for the mentor is for the process to have as low overhead as possible.

In other words, ‘office hours’ duplicates what university professors have known for centuries: make some regular time available, and the people who really want it will go out of their way to show up and learn. If no-one shows up, the mentoring entrepreneur gets to use the time to catch up on their own business.

The Forum recommends that a startup community effort be undertaken to create an office hours registry and system for volunteering. It seems well-suited for the private sector and unlikely to work as well or as flexibly if developed by the state. Free web services to support this are available.¹⁴

Industry efforts to create this national registry are already underway, and will be hosted in the future at <http://www.officehours.ie>.

recommendations



19. Develop a national registry and process for ‘Office Hours’ to facilitate Entrepreneurship mentoring. Perhaps have this registry be compatible with other volunteer activity requests, such as for talks at conferences, schools, etc.

3.1.2 Peer Mentoring Groups

Peer mentoring groups are largely a volunteer activity.

Private companies seeking mentorship can also choose the highly regarded Entrepreneur Organisation model, provided in Ireland through EO Ireland¹⁵ and others. In this model, a company pays a single annual membership fee, and the CEO of the company attends monthly peer mentoring events. CEOs at roughly the same experience level share their experiences in small groups and learn and share from each other in a completely confidential environment.

Sandbox¹⁶ is another network where members are directly engaged with an international network of similarly minded

¹² Another widely employed and valuable mentoring structure is a company’s Board of Directors. In the United States, most boards are either unpaid or paid via a relatively small level (~1%) of stock options.

¹³ The Entrepreneurship Forum in conjunction with Ernst & Young surveyed some of the country’s most successful entrepreneurs (winners and finalists of the EY “Entrepreneur of the Year” competition). 88% of these successful entrepreneurs indicated that would make regular time available on a weekly or monthly basis for an “Office Hours” style programme. 25 Award winners alumni responded to this question.

¹⁴ Possibly using free or inexpensive off-the-shelf web services like <http://ohours.org> or <http://youcanbook.me> and an Ireland-specific registry of entrepreneurs

¹⁵ Entrepreneur’s Organization, Ireland. <http://coireland.org/>. Limited to those companies with more than €750,000 in annual sales. About 10,000 business owners worldwide meet monthly at peer mentoring activities.

¹⁶ Sandbox Network, <http://sandbox.is>



individuals. This provides an important competitive advantage and has been used to good effect by Irish entrepreneurs.

Founders often feel very isolated when not able to share their uncertainty about tough decisions internally. Often, the best place for an entrepreneur to turn to is a group of peers -- founders at a similar scale, struggling with similar issues.

We believe it would benefit the country to have more peer mentoring groups, perhaps organised and facilitated by industry representative groups around the country.

3.2 One-to-One Mentoring

Based on observations and stakeholder feedback, the Forum proposes that the State should significantly reduce its role in providing one-to-one mentoring services to achieve a target of 80% unpaid mentoring through peer mentoring groups and 20% paid delivery of one-to-one mentoring. The Forum recommends that as a matter of policy, one-to-one mentoring sessions should not be a long-term service provided by the State. Instead, participants should be encouraged to seek out peer mentors, network opportunities and expertise that *they* need.

The State could, however, play a role in facilitating a volunteer-based programme. For example, LEOs could seek volunteer entrepreneurs through the Chambers of Commerce or other networks to work as mentors to startup founders.

For founders at the earliest stage of starting a business, a handful of meetings providing once-off mentoring are available from the LEOs. While some one-to-one mentoring is highly advisable early on, affordability is a key concern for businesses at this stage particularly for unemployed people who are trying to start a business. The examples of volunteer-based mentoring programmes given above, which could be facilitated by the LEOs and other agencies, provide potential solutions to the affordability issue. If paid mentoring services continue to be delivered by State agencies, the Forum recommends cutting the charge to unemployed people trying to start a business as a specific measure.

Multinational corporate social responsibility programmes are gaining popularity whereby staff are given time off to do volunteer work in local communities. An initiative for large companies could also be facilitated to provide advice to startups.

The Forum feels that these examples of volunteer initiatives could be explored further.

3.3 Skills Development Programmes

Enterprise Ireland and others have developed courses and sessions that seek to develop the skill-sets of management teams. Currently such programmes, even when they are of the highest caliber, are often delivered in a highly

unsustainable way: through once-off, expensive executive-MBA-style programmes.

These programmes through Stanford, Cambridge, Harvard, etc., are highly regarded and are credited as good or great experiences that can provide breakthrough thinking in the participating high performance startups (HPSUs). However, only a few dozen companies, as designated by Enterprise Ireland, are able to partake of these types of programmes.

We suggest that these programmes constitute the minority of the skills development supports provided by the State and that the bulk of whatever funding is made available go toward the development of continuous, volunteer-based peer mentoring activities which would ideally make more mentoring available to 100 times as many companies.



recommendations



recommendations

20. A target of 80% unpaid mentoring initiatives and 20% paid mentoring should be pursued. This is a reversal of current priorities.
21. Establish volunteer peer-mentoring initiatives, organised and facilitated by individuals, entrepreneurs, and industry representative groups. Programme support to be geared toward enhancing a collaborative startup community and 'give before you get' culture.
 - a. LEOs to seek volunteer entrepreneurs through the Chambers of Commerce networks or others to work as "buddy mentors" to startup promoters.
 - b. Agencies to facilitate an initiative among large companies to allow staff to volunteer to go into startups, giving specific technical and management advice, financial expertise, mentoring etc.. (Private sector in conjunction with LEOs/EI).
22. If paid mentoring services are delivered by State agencies, the Forum recommends cutting the charge as a specific measure to support unemployed people trying to start a business.

3.4 Webinars

A recurrent theme from entrepreneurs is the need for workshops and programmes that develop their entrepreneurial skill-sets, but frequently these individuals do not have the time or money to access such learning opportunities.

The Forum holds that every effort should be made to facilitate entrepreneurs in this respect. To this end, it recommends that Agencies and industry organisations develop a rolling series of webinars that enable learning and information sharing.

The technology involved in hosting Webinars is quite inexpensive and speakers could offer their services free of charge. The Webinars could be attended live or people could watch the webinar at a later time or date via a hosted website.



recommendations



recommendations

23. One-hour webinars should be hosted by Agencies and industry organisations on a monthly basis featuring topics that enable entrepreneurs to manage their businesses more effectively, and that people can access in their own time.

Mentorship and peer to peer learning

Peer-to-peer learning between entrepreneurs is crucial to developing startup communities. This includes successful mentorship and getting entrepreneurs together to share, learn and support each other. It's about giving without the expectation of getting something back. Inevitably it always comes full circle and everyone gains from this sharing and learning. One such successful Irish Entrepreneur organisation in Ireland is www.eoireland.org

Successful mentorship programmes are those where mentees create structured, goal-driven relationships with mentors aimed at accelerating the personal and professional growth of the entrepreneur.

What mentorship is NOT:

It is NOT an unpaid babysitting role. Nor is it a consultancy or teaching role.

What mentorship IS:

It is a meeting once a month or six weeks where the mentee brings the burning issues of his or her day to the table. The mentor in turn brings non-judgemental and unconditional commitment to both the personal growth of the entrepreneur, and the success of his or her business. It is a two-way street where both parties gain something from the experience.

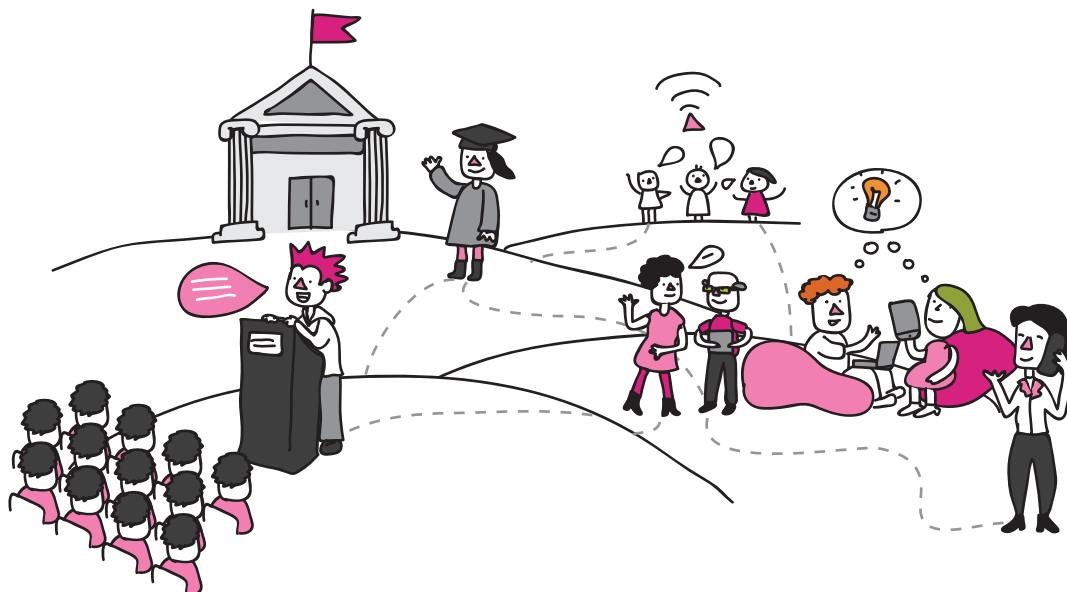
The mentee is responsible for identifying the business goals and personal growth objectives and for tracking their progress. The mentor provides an alternative perspective, reframing issues and sharing experience in a trusting, positive environment.

Successful mentorships are created through:

- Regular face-to-face meetings – scheduled monthly for 1-2 hours of uninterrupted time.
- Shared, agreed, SMART goals – focused on achieving desired outcomes.
- A twelve month timeframe – a time boundary that creates urgency.
- Mentee accountability for results.
- Mentor responsibility for relationship, integrity, and leadership by example.

Members of the Entrepreneurship Forum have all personally grown and experienced their businesses grow as a result of participation of mentors. As one related;

“After failing due to the economic downturn, the peer-to-peer support I received spurred me on to get up and start again. I honestly believe without those entrepreneurs around me during those low times, I would have most likely thrown in the towel.”



Vibrant Hotspots of Activity



Tech Entrepreneurship in 1980s and 1990s Ireland

The 80s and 90s were an exciting time in Ireland for entrepreneurship in the technology sector. The emergence of digital mobile systems (GSM) and open systems in computing and communications created an environment where even small companies could make an impact in world markets such as banking, telecommunications services and interactive learning that were traditionally the preserve of large multi-national companies.

During the late 70s and 80s, a significant proportion of the third level graduates from engineering and science courses emigrated to join multi-nationals in mainland Europe and North America. Less than a decade later many of these expatriates looked to return home and found a unique confluence of factors in Ireland that promoted innovation. With little or no funding available to small businesses from venture capital firms, banks or state agencies, the country didn't ostensibly look like fertile startup territory. What did promote innovative new businesses, however, was:

- **Availability of Skilled Staff.** Multi-national companies incubated a pool of skilled staff keen to apply their experience to new challenges. Many of these returned from working overseas or from the domestic branches of multi-national companies. They quickly identified a market or technology niche that wasn't being exploited by their existing employer and built a business around it.
- **Applied Research.** Ireland's universities in the 80s had many innovative programmes in computing and communications, which were very current with trends in the industry. This stimulated some graduates to set up businesses in these areas.
- **Skilled Graduate Pool.** Companies in the 80s and 90s had a steady stream of high quality technical graduates from engineering and science disciplines ready and willing to work in exciting new startups.
- **The Irish Trade Board.** Córas Tráchtála, with its worldwide network, provided market access especially in North America and Asia which allowed startups to punch well above their weight on a global stage.

Typical startups of this period were companies such as Kindle (Banking Systems), Aldiscon (Text Messaging), Fineos (Insurance), Iona (Enterprise Integration Software), APiON (Mobile Web), CBT & Riverdeep (Interactive Learning), ChangingWorlds (Personalisation), Network365 (Mobile Payments), Datalex (Travel Software), Trintech (Online Payments), Baltimore Technologies (Security), Glockenspiel (Compilers), Euristix (Network Management), Mapflow (Risk Intelligence).

The environment created over the last 5 years may have placed Ireland on the cusp of a similar innovation revolution. We have exported many skilled graduates, there has been a significant increase in the uptake of STEM-related courses at third level and State development agencies have attracted key cutting edge multi-nationals to establish R&D centres here. These factors, coupled with an emerging entrepreneurial infrastructure that includes seed capital, shared working spaces and collaborative networks, bodes well for an increase in technology-focused business startups in coming years. An OECD paper on the Irish ICT cluster from 2000 provides an interesting contemporaneous perspective on this topic.*

*<http://www.oecd.org/science/inno/2754426.pdf>

4. Vibrant Hotspots of Activity



A key question frequently asked about entrepreneurship is ‘why are some locations highly entrepreneurial and others poor in terms of startup activity?’ It is a deeply complex issue that can be attributed to a wide variety of historical and modern circumstances. Regardless, people can influence the rate of entrepreneurial activity in their region by being proactive from which the wider population also benefits (through increased jobs, higher wages, etc).

The book *Startup Communities* by Brad Feld offers an excellent insight into the actions and actors involved in creating vibrant hotspots of entrepreneurial activity.

We provide herein some specific examples for Irish localities who wish to enhance their own dynamic entrepreneurial ecosystems. We highlight actions that are already happening in some communities across Ireland, including vibrant activities in Dublin and Cork.

4.1 The players and their roles

There is no single leader in a truly entrepreneurial society. Rather, the ecosystem itself must be bubbling with ideas, sharing and mentoring. There is no one person, university, government organisation or financier who can possibly be the head of an entrepreneurial ecosystem.

However, one group of people are the soul of the entrepreneurial community: the 8-12 successful entrepreneurs who take time to give back who act as catalysts for entrepreneurial activity. These people form loose confederations of like-minded leaders who spontaneously set-up objectives, activities and groups.

In Ireland, adhoc groups and activities like ITLG, Startup Ireland, Startup Grind, Activate Dublin, Open Ireland, Accelerator programmes like HealthXL, Selr8r, Endeavour, Propeller, and industry groups like IT@Cork, ISA, IIA and others provide the sparks that power the entrepreneurial ecosystem. The Government can provide support for these activities through a variety of mechanisms which will be expanded upon in a later sections.

Despite entrepreneurship being perceived as a high-profit bloodsport, entrepreneurial community services are almost always given without charge or profit and a substantial proportion of entrepreneurs willingly share their time and advice with others. The best entrepreneurial communities have champions who provide support for each other and the community. These entrepreneurs, their companies, and their staff, are the heart of any entrepreneurial ecosystem. Ireland already has that heart.

Many supporting actors play active roles, such as the public sector financiers, universities, professional services organisations, etc. There are a number of highly engaged

government agencies in Ireland with plugged-in and activated people who care deeply about helping companies succeed.

In this regard Ireland is very lucky, as there is a wealth of people and programmes available to some businesses. However, grassroots efforts by entrepreneurial leaders to encourage continuous activities and events that engage entrepreneurs are essential for a strong startup ecosystem.

4.2 Networking and connections

A strong entrepreneurial community will organise events and activities that serve as fruitful ground for meeting the right people.

In this section we identify and applaud some great existing Irish programmes and activities - ‘vibrant hotspots of startup activity’ - which support these concepts of networking, connections, and knowledge sharing. These activities are conceived, initiated and managed by entrepreneurs or supporters of entrepreneurial activity without being organised by formal government process. They are exciting examples of what must happen around the country if there is

to be an increase in entrepreneurship within Irish communities. Everyone can be a part of, and can try to replicate, similar programmes in their local area.

Startup Ireland

Startup Ireland is a grassroots network connecting the startup ecosystem across

Ireland. Their goal is to act as a communications center for the many aspects of startup activity happening in Ireland. Anyone can join the group via LinkedIn¹⁷. The unifying objective of all involved is to help change hearts and minds to viewing entrepreneurship as a viable career choice and to help create favourable conditions for the creation of internationally successful Irish startups. A goal of Startup Ireland is to help place Ireland in the international Startup Genome ranking of top startup ecosystems around the world.¹⁸

SpeedDating for Entrepreneurs

Many of the most successful companies have more than one founder. How do people with ideas for a business find potential partners? ‘SpeedDating’ for Entrepreneurs is a method by which aspiring entrepreneurs can interview as many as 20 possible co-founders in a single outing. Several such events have already been organised around the country. As Ireland’s community of entrepreneurs matures, more automated ways of communicating and organising these events should continue to develop.

Business Days

These types of events serve as opportunities for entrepreneurs and aspiring entrepreneurs to network with each other with the option of attending seminars from guest speakers and obtaining mentoring from experts in their field.

There is no single leader in a truly entrepreneurial society.

¹⁷ http://www.linkedin.com/company/startup-ireland?trk=company_name or <http://startupireland.ie>

¹⁸ For further information on what is happening globally with startup communities, go to worldstartupreport.com or <http://www.startupgenome.co/>.



Startup Weekend

Startup Weekend is a global grassroots movement of active and empowered entrepreneurs who are learning the basics of founding startups and launching successful ventures in an activity packed weekend. A large community of passionate entrepreneurs have organised over 400 events in 100 countries around the world since 2007. Startup weekends have been run in 2013 in both Dublin and Cork.

Anyone is welcome to pitch a startup idea and receive feedback from their peers. Teams organically form around the top ideas (as determined by popular vote) and then it's a 54-hour frenzy of business model creation, coding, designing, and market validation. The weekends culminate with presentations in front of local entrepreneurial leaders with another opportunity for critical feedback.

Startups.ie

The startups.ie website was created by entrepreneurs to be a starting place for people interested in setting up their own business. It contains a forum, blogs, startup stories and advice etc. There are also a number of other Irish websites (e.g. www.smallbusinesscan.ie, www.business-startup.ie, etc) and these websites provide detailed information regarding starting a business in Ireland.

Startup Grind Ireland

Startup Grind is a global startup community designed to educate, inspire, and connect entrepreneurs. They host monthly events featuring successful local founders, innovators, educators and investors who share personal stories and lessons learned on the road to building great companies. Their monthly 'fireside chat' interviews, startup mixers and annual conferences provide ample opportunities to connect with amazing startups and the people behind them, tap into a strong support network, form meaningful connections and gain inspiration for the startup journey ahead. In September 2012, an offshoot of Startup Grind started in Ireland¹⁹.

Smallbusinessadvice.ie

This project is a voluntary response by the business community to the challenges that recession brings for small business across the country. A panel of people, with significant business experience, volunteer their time to give practical advice to small businesses.

Having examined a broad range of networking and connections initiatives, the Forum has identified further scope for Ireland to facilitate online business matchmaking and a national website advertising various activities.



These activities and other events for entrepreneurs take place regularly across Ireland²⁰. However, awareness of and communication about events is not good enough.

recommendations



24. Introduce an online business matchmaking service to help connect those with business ideas with potential co-founders.
25. Establish a national website and e-mail list (hosted and run by volunteers in the private sector) for each part of the country, allowing activities and training postings, listings of events (eg. "What's up in Dublin", "What's Up in Galway", etc.)

4.3 Accelerators

'Accelerators' are sometimes considered 'the new MBA'²¹. Rather than students paying to go to a business school to learn case studies on how companies succeeded or failed, an accelerator pays the students (through equity investments in their nascent businesses) to develop their idea into a company over a period of typically 3-6 months.

Accelerators running in Ireland include NDRC Launchpad, Endeavor, Wayra, Health XL, DCU Ryan Academy's Propellor Programme, New Frontiers, Selr8r, and Synbio Axl8r. In 2011, three of Ireland's accelerators were ranked in the top eight in Europe²². These programmes generally invite experienced entrepreneurs to lecture and interact and mentor the 10-12 nascent startups in each class.

In Ireland, accelerators are generally only available to high-tech and high-growth companies with multimillion-dollar global revenue potential. Like most startups, many teams that join accelerators do not ultimately become successful. However, a significant proportion of 'accelerated' companies do grow much faster and achieve more (most founders estimate that they make more than one year's worth of progress in the time-compressed duration of these programmes). It is well-established that many companies are formed because of accelerators that would never have been created without them (dozens per year in Ireland alone).

Most accelerators place their developing companies into big 'open plan' work spaces for optimal cross-learning and co-operation (in this way, accelerators and co-working spaces are very similar). At the culmination of the accelerator programme, there is typically a Demo Day where investors come to consider the possibility of backing one or more of the launching companies. In our opinion, Ireland is already benefitting hugely from the presence of several leading accelerator programmes.

¹⁹ <http://startupgrind.com/ireland/>

²⁰ Many events in Dublin and Cork are recorded on the community publication Startup Digest, but more people need to be made aware of this resource. The platform should be expanded to other Irish cities and updated and curated more frequently with more contributors.

²¹ <http://www.inc.com/flash-steinbeiser/accelerator-or-business-school-whats-best-for-young-entrepreneurs.html>, <http://birch.co/post/60844253074/startup-accelerators-are-the-new-mba>

²² <http://siliconpublic.com/startups/item/22304-ireland-home-to-three-of-eu>

To enhance the wealth of work already done in this space, the Forum proposes that further private sector involvement in accelerators would be a huge support for the startup ecosystem.



26. Successful entrepreneurs should consider establishing accelerator programmes in their local area, with a mind to investing or encouraging investment in the accelerated companies. Vertical market accelerators are the avenue most recommended.

4.4 Co-working spaces

The unprecedented rise of co-working spaces has been well documented in some of the world's foremost entrepreneurial ecosystems. Co-working spaces are vibrant communities of individuals and startups working independently but alongside each other in shared 'open plan' offices. Some people parallel the growing popularity of co-working spaces to the popularisation of coffee spots with free Internet such as Starbucks. These locations led to a 'lightbulb' moment for many who recognised that highly productive work can be accomplished in a shared community space.

Co-working spaces are creative and energetic spots where entrepreneurs of all kinds interact, share, build and co-create new, improved and sometimes mutually supported projects. In the ICT hardware and maker community these are often called 'hackerspaces'. Co-working spaces are effective creation engines for startups as they lower barriers to entry for founders while increasing learning/information sharing. The benefits of reducing complexity and costs by providing no-lease per-desk flexibility for startups makes the entire startup process far more fluid and productive.

In addition, role models and visual hotspots of activity are important to accelerating the takeup of entrepreneurship by a

greater portion of the population. The Forum suggests that there is no better venue for early stage entrepreneurship than co-working spaces. Coworking is maturing into a promising model for economic development in cities around the world.



The Forum proposes that the Government could use unused public buildings and NAMA buildings by introducing a co-working space initiative thereby making use of wasted resources and supporting entrepreneurship. The Office of Public Works and Government Departments have leases on unused buildings which could be used for a pilot initiative.

Co-working is not just about sharing a physical space. It is about establishing a community of likeminded people who share the same values and enjoy creating synergies. Co-working spaces intentionally place diversity at the heart of their culture in order to promote cross-pollination and ensure a culture of learning from different perspectives.

The essential requirements of an international standard co-working space are:

- Central location accessible via public transport.
- Unlimited and reliable wifi.
- Open plan, brightly lit, hot-desking/collaborative space with specially designed break-out space, meeting rooms, kitchen facilities and event space incorporated.
- 24hr access to the space.
- An incorporated coffee shop or complimentary coffee break-out area.
- Plug-and-play style services (internet, printing, telephone, postal and storage facilities) at affordable costs.

Co-working spaces usually range from 2,000 square feet to 10,000 square feet and typically accommodate anywhere from 20 to 100 individuals.

CO-WORKING SPACES



IADT Media
Cube



Dogpatch Labs



Liffey Trust Hub



National College
of Ireland



Guinness
Enterprise Centre



The Digital Hub

Courtesy of:Frontline Ventures: <http://www.slideshare.net/FrontlineVC/the-irish-tech-startup-guide>



National Digital Resource Centre, Dublin. Photo Courtesy of Rude Baguette -<http://www.rudebaguette.com/2013/10/08/dublin-startup-scene-photo-essay/>



Many elements of a co-working space support the entrepreneurial ecosystem:

- Event spaces facilitate entrepreneurship education.
- Networking opportunities increase commercialisation.
- Open spaces mix early-stage entrepreneurs with accomplished serial entrepreneurs.
- Formal and informal mentoring improve startup capabilities.
- Affordable accessible spaces reduce barriers for retired professionals wanting to create startups.
- Open design plans mean more companies can be created in less space.

Currently, affordable flexible workspace does not exist in sufficient quantities for startups in all regions of the country. Specifically, landlords and office space rental in Ireland often require long fixed terms for fixed spaces which is inappropriate for most startups. Legal review of lease contracts is an additional unnecessary expense.

While a number of co-working-style spaces already exist in Ireland²³, many such spaces are in Dublin²⁴, which serves only one third of Ireland's population. The country would benefit if there were five to ten times the current capacity of co-working spaces in the next 5 years, as it would facilitate the creation and success of many hundreds of new businesses.

Local Authorities are also likely to have vacant buildings due to the forthcoming reforms. An initiative could be modelled on Limerick's 'Incentive Scheme for Businesses and Retailers to Occupy Vacant Properties', where companies are supported by way of grant relief on rates charges (See Case Study: Limerick in highlighted sidebar).

4.4.1 Community Enterprise Centres

In the past 25 years over €60 million of state funding has gone into CECs (Community Enterprise Centres) throughout Ireland. Largely real-estate development projects, some of these CECs have become community centres and some have attractions like gyms and hairdressing facilities, etc. Many people benefit from the presence of these projects, and some excellent companies are situated within them. But they have not, in large part, become centres for startups. Community Enterprise Centres have significant potential to further

Case Study - Limerick

Limerick City and County Councils have introduced a new Business & Retail Incentive Scheme providing financial incentives to encourage new businesses to open in designated areas of Kilmallock, Newcastle West, Abbeyfeale and Rathkeale. Occupiers of vacant properties are offered incentives for higher order retail and office uses. The programme is intended to address property vacancy rates, improve streetscapes and to support the business community. The grant relief provided under the programme for vacant property is:

- Year 1 – Grant relief is based on certified fit out costs subject to a maximum of 50% of the annual rates liability.
- Year 2 – Grant relief is based on original certified fit out costs (as submitted at year 1) subject to a maximum of 25% of the annual rates liability.

We understand that there has been a low take-up on this initiative, but an organised national level promotion of a co-working initiative has potential for using larger unused buildings.

Case Study - North Tipperary

The project developed by North Tipperary Food Enterprise Centre (Rearcross) Ltd was a community-led, multi-agency response to the need to exploit the food sector potential in North Tipperary. The community purchased this prominently located building on the main Thurles-Limerick road in 1999. The group, led by the local community in Rearcross and championed by Tipperary North County Enterprise Board, recognised a lack of dedicated food grade industrial workspace as a serious barrier to the establishment and growth potential of food companies in the area. An independent feasibility study was commissioned in September 2005 to develop an innovative community business model for the establishment of a viable integrated food enterprise centre in North Tipperary.

Working consistently since 2005, a legal structure was established and a funding package secured to transform an old creamery building into a premium food workspace and learning centre. Agencies sharing the vision for this important food infrastructure asset were Tipperary North County Enterprise Board (€168,500), Enterprise Ireland Community Enterprise Scheme (€337,000) and North Tipperary County Council (€100,000). The multi-agency approach to stimulate the food sector in the region could be adopted and applied in other regions across the country for startups across many industries.

²³ Most accelerator programmes have good co-working spaces, but these are time-and-membership limited programmes. Examples of great co-working spaces at accelerators are at Wayra (Dublin), Sel8r (Cork), NDRC Launchpad (Dublin). Hackerspaces in Ireland are generally not office-quality spaces, but are great workspaces for maker projects that share most of the benefits of co-working: <http://hackerspaces.ie/>.

²⁴ Digital Hub, Dogpatch Labs, Guinness Enterprise Centre, Coworkinn (IMI Campus).

facilitate startup development and we urge the relevant bodies to strengthen the focus of these Centres around innovative entrepreneurship.

We believe it is possible to spend less than €1 million to set up 5 co-working centres of 10,000 square feet each in vacant spaces in city centre locations across the country, with most of this money ultimately being repaid by the private sector.

To be effective, supports and programmes for development of co-working centres should not be real-estate projects owned by the Government, and the time scale involved in development of co-working centres could be accelerated to months rather than years.

The Forum considers that a working group representing the relevant State Departments and offices should be established to urgently consider this initiative.



recommendations

27. A working group should be created to:
 - a. develop a co-working model that will work in Ireland, to include leveraging unused public buildings and NAMA buildings;
 - b. implement a pilot programme in 2014 that would create 5 co-working centres across the country (in Cork, Galway, Limerick, Waterford and Dublin);
 - c. examine the North Tipperary Food Enterprise Centre (Rearcross) Ltd model and the Limerick model highlighted in this chapter for suitability for adoption in other areas;
 - d. encourage owners of private property to get involved in offering co-working spaces.
28. Funding that is currently directed to support CECs should be redirected, where possible, to the creation or support of far more effective 'co-working centres'.
29. Where possible, current funding for incubation spaces should be redirected to enable conversions of incubation spaces to co-working spaces, or to fund new co-working spaces.

4.5 Academia/Industry Cross-Fertilisation

A source of frustration for many people in the entrepreneurial ecosystem has been the challenge of optimising relationships between academia and industry around the cross-fertilisation of research and commercialisation.

The introduction of the Innovation Vouchers Scheme certainly helped to bring the two worlds closer together and highlighted some good results from which every stakeholder could build. Additionally, the reduction in state funding for HEIs has required academic institutions to source a greater

amount of their funding from industry (e.g. provision of training programmes, undertaking research, donations, etc). There is potential for much greater rewards for academia and industry if closer collaboration is developed. This section outlines existing challenges to developing these close working relationships and offers concrete recommendations for future actions.



4.5.1 Increase Interaction Between Industry & Academic Research Programmes

Amongst the key actors in the entrepreneurial ecosystem, universities and institutes of technology should play a critical role in being 'feeders' into the entrepreneurial pipeline. To date, however our Higher Education Institutes (HEIs) have not been a big factor in developing and supporting startup activity.

While universities' primary focus and strength in supporting entrepreneurship is to provide/develop graduates, they also have a strong role to play in leveraging their research developments to create new startups.

Enterprise Ireland pays each of the Higher Education Institutions to host Technology Transfer Offices that are charged with increasing the flow of commercialisation from academic research.

Historically, these offices have been hampered by a laborious and overly possessive legal mindset which has stymied major successes in licensing or tech spinouts. Industry engagement with academia has often stopped before any intellectual property could be grown. Engagement with industry has also been more prevalent with the big companies than with small, entrepreneurial companies. As a result of these factors, most research or patents that were developed never saw the light of day nor had an impact on society.

For our brilliant minds who toil ceaselessly to create these innovations, for the politicians who fight to support them, and for the taxpayer who has paid hundreds of millions to fund this research, this bureaucratic irony could be the single most frustrating example of unexploited wastefulness in this entire report.

A new mindset has been developing in the HEIs, Science Foundation Ireland (SFI), and Enterprise Ireland community recently: that a vibrant ecosystem requires simpler means for companies to engage without 'clouding' the Intellectual Property (IP) ownership. This is especially true when such engagements are just getting started and any IP position is undeveloped and unknown.

We encourage the new direction of HEIs that enables companies to engage directly with graduate students without any intellectual property ownership being claimed by the university, and with a policy towards easy access to IP for the public benefit²⁵.

²⁵ <http://www.easyaccessip.org.uk/>



In 2012, the Irish Research Council launched a pilot Employment Based Postgraduate Programme (including PhD and Masters) for 30 places. More

recently, Science Foundation Ireland launched an Industry Fellowship Scheme in 2013 which facilitates researchers moving to industry and industry people moving into HEIs to undertake research. The Irish Research Council also offer the very successful Enterprise Partnership Scheme whereby a postgraduate student can undertake their PhD while spending one-third of their time in a company (the company pays one-third of the scholarship and IRC pays two-thirds). Each of these programmes have helped industry and academia to work more closely together to build strong working relationships and simultaneously increase direct commercialisation of research work.

We recommend that a greater proportion of our funding for PhD students be allocated to working with industry.

The Irish taxpayer has invested billions of euro in basic scientific research. SFI and the IRC have increasingly recognised that commercialisation is one of the highest and most noble ways for this research to have impact on the lives of the Irish citizen and on the economy as a whole.



recommendations

30. Triple the size of the 'Employment Based Postgraduate Programme' to 100 PhDs per annum (~10% of the Irish output). (1/3rd industry funded PhDs, 2/3rds government funded).
31. Extend the successful IRC 'Enterprise Partnership Scheme' which enables students to undertake their PhD research through an active engagement and collaboration with an industry partner.
32. Adopt policies enabling the rapid sharing of Intellectual Property for the public benefit in programmes such as Easy Access IP.
33. Introduce a Framework for companies to provide contracts to university graduate students for thesis work without clouding IP ownership.
34. Double the size of the Innovation Partnership Programme (industry/academic collaboration where industry pays for 1/3rd of research and university pays for 2/3rds of research. All of the increase in IPP funding should go to SME businesses.
35. Fund the increase in IPP by reducing the dependence on moving research funding through SFI. (having industry partners ensures that the work will have commercial impact).
36. Engagement without IP licensing requirements. Introduce a de minimus level of HEI/startup collaboration investment (up to €25k), below which

IP contracting and licensing is not required. The intent is to encourage new collaboration and cut red tape.

4.5.2 Increase Capacity for Commercialisation by Academic Researchers and Post-graduates

Formal recognition – through the academic promotion criteria - should be given to researchers for time spent in collaboration with industry. Currently, the promotion criteria in Ireland can inhibit industry collaboration because this activity does not add to researchers' CVs, and can be seen as 'real research' time lost when it comes to career advancement.

As a result, many of our most able and educated minds never gain understanding of how to commercialise their work. This must be addressed.

For example, graduate students who are commercially minded could be given an attractive option to study business studies or an MBA while conducting their thesis research at a small marginal cost to the university as the student is already enrolled.



Academic institutions should consider incentivising researchers to commercialise and to reward them not just for publications and citations but also for licenses, spin-outs, patents etc.

Finally, STEM students at the Bachelors level are the most likely to create valuable technology businesses. These students should have exposure to entrepreneurship or commercialisation before they graduate.



recommendations

37. Formal recognition should be given to researcher time spent on collaboration with industry in the academic promotion criteria of their institution.
38. Universities should offer their PhD students a Masters course in business at half price, while the students are conducting their thesis.
39. Training on commercialisation or entrepreneurship should be provided to every PhD student and Post Doc via mandatory programmes held every semester by the universities.
40. Every STEM student (undergraduate and postgraduate) should receive a course on entrepreneurship or product commercialisation as part of their degree.





5. Access to Talent

“ It takes two flints to make a fire.
- Louisa May Alcott ”

Modern successful entrepreneurs readily acknowledge that an engaged and talented staff is critical to their success. No single person can build thriving international businesses without having a high-quality team supporting her/him. Access to talented people is a key enabler for all businesses.

Currently unemployed workers in Ireland are a vast resource that is significantly underused, and we must collectively find ways to engage our people and reduce the rate of unemployment.

Specifically with regard to entrepreneurial activity, we offer the following recommendations to help startups attract and reward talent.

5.1 Share-based remuneration to employees

According to statistics from the Irish ProShare Organisation in the first quarter of 2013, companies that operate Employee Share Ownership Plans (ESOP) in the United Kingdom have grown by 50% more than the average growth rate of FTSE 100 companies (the UK's largest companies). Indeed there is growing evidence that share ownership in companies significantly improves employee commitment, and in turn drives stability while significantly increasing productivity.

Share ownership programmes in Ireland are fairly difficult to implement in ways that are both tax efficient and administratively efficient. It is felt that more startups would



Dogpatch Labs, Dublin. Photo Courtesy of Rude Baguette
<http://www.rudebaguette.com/2013/10/08/dublin-startup-scene-photo->

consider share incentives if there was a greater degree of implementation ease and less expense and complications involved.²⁶ Government policy in facilitation of share ownership programmes should enable the growth of employee ownership in an effective and tax-efficient manner. Currently, employee share based remuneration is not attractive to entrepreneurs. Employees must pay tax immediately (via the company payroll system) at typically 52% of the market value of shares received.²⁷ The employee would then have to sell the majority of his shares in order to cover the expense of owning them, defeating the purpose of share ownership. We propose a deferral of triggering of the tax liability in order to make employee share ownership a viable option for entrepreneurs and their staff.

In Ireland, legal requirements make it impossible for companies to repurchase their own shares unless they have positive retained earnings. Startups generally do not have positive retained earnings. ESOPs generally require repurchase of shares from departing employees. Therefore, Irish law has the unintended consequence of making it cumbersome and expensive to have ESOP programmes.

While some Irish companies have implemented repurchasing programmes through a complicated process which involves establishment of multiple companies, it is unnecessary costly and a significant barrier for entrepreneurs looking to provide share options to their staff.

We recommend that the rules of share repurchase are amended to allow ESOPs to flourish in Ireland. This will allow employees who stay with startup companies to participate more fully in their success.

We also recommend allowing stock or stock option grants to establish the basis value (for future capital gains income) but defer the income (either regular income or capital gains income) until such time as the sale of the stock is made. This will create incentives for an employee to own long-term shares in a company, rather than encouraging employees to flip ownership of any granted shares immediately, as is the current common practice in Ireland. It would also enable entrepreneurs to compete more effectively for highly skilled employees with both multinationals and other countries, since startup companies can offer more attractive terms on share ownership versus the relatively minor share holdings proffered by multinationals.



recommendations

41. Enable Employee stock ownership without creating taxable events until the time of sale of the stock.

²⁶ A typical practice requires creating a separate company to manage the ESOP share programme, which increases government reporting requirements, audit fees, inter-company accounting, bank accounts and charges, etc.

²⁷ In part the highest tax rates are triggered due to the nature of share option transactions. Unnecessarily difficult structures mean that share ownership - which could actually take more than four years to establish - is triggered on liquidity events, making what should be a long-term savings plan get taxed like bonus income.

42. Enable companies to repurchase share options for the benefit of their employees (from departing employees, etc) without requiring positive retained earnings.

5.2 Skills development programmes

Ireland currently has an unbearably high rate of unemployment. With 13.3%, or 408,670 of Irish citizens on the Live Register²⁸, one would imagine that new job openings would be immediately filled through a surplus of capable applicants.

Unfortunately, due to skills gaps for a variety of industries, that just isn't the case.

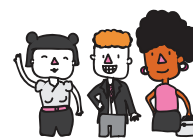
Skills development is vital for employment. As an example, throughout the general population of all ages, second level graduates have an unemployment rate of 23% and third level graduates have an unemployment rate of 13%²⁹.

One way that skills development is currently being addressed is through JobBridge³⁰, a programme that allows those who are receiving benefits on the Live Register to work for companies in Ireland for up to a period of 9 months while receiving their job seeker's allowance plus €50 per week in additional payments. JobBridge is an excellent programme for getting people off the Live Register and into the workforce, and large numbers of these workers are then graduating to full-time employment within the companies where they gain their skills, or at other companies where they take their newly refined talents. While just 5,000 unemployed people have participated in JobBridge, the Forum believes the majority of unemployed people, particularly youth, should be enabled to participate in the programme or similar programmes.

5.2.1 Youth work experience programmes

Like many EU countries, Ireland has a large number of unemployed youth annually. In 2012, 33% of youth aged 15-24 were unemployed.³¹

To respond to this challenge, we must do something to improve access to on-the-job training and alleviate existing obstacles. Unfortunately, many small



companies find it extremely difficult to justify employing unskilled workers, one reason being the high minimum wage requirements. Furthermore, graduates seeking work experience are excluded from participating in the JobBridge Programme if they already have part-time evening or weekend employment. As the JobBridge Programme runs in tandem with jobseekers allowance, the applicant must be unemployed and be actively seeking work or be in receipt of a social welfare allowance.

Many companies, from multinationals to local companies, already provide internship opportunities, either paid or unpaid. These have proven to be helpful to graduates, giving them the real work experience that is generally sought by employers. We believe that formalising a programme to enable youth to develop work skills would benefit youth, employers and the economy as a whole.

Therefore the Forum recommends that companies should be allowed to offer work placements to youth (those without work experience, either out of 2nd level or 3rd level) for up to 9 months for training level pay (same rate as JobBridge, but paid for by the company rather than the Government), without a requirement to spend time on the Live Register.



JobBridge: A step up the ladder

James had been in the construction industry as a junior technician with an architect's firm until the recession hit. He was unemployed for a year and then decided to upskill by taking on a degree course in computer networking. Having finished this, he found it difficult to secure a position without having the typical requirement of 2 years experience. James joined CompuTech as a JobBridge apprentice and was given a role in the IT department. He was given responsibilities and mentorship. His role included manning the helpdesk as well as IT infrastructural duties. This allowed him to develop his knowledge base from what he had learned as a student -- which largely revolved around networking -- to include a broader sense of what is involved in the day-to-day running of a busy IT department. After only 6 months of a 9 month JobBridge placement, James was offered a permanent role in CompuTech.*

**This is an actual incident at one of the Forum member's companies as this report went to press. Names have been changed.*

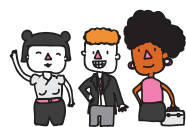
²⁸ <http://www.oecd.org/science/innno/2754426.pdf>

²⁹ CSO (2013) Live Register September 2013.

³⁰ OECD (2013) Employment Outlook.

³¹ JobBridge has a number of detractors, due to a perception that some people are being given dead-end jobs with no training, including jobs offered by public sector agencies that have no intent to hire staff at the conclusion of the programme. Some criticism is fair, however the intent of the programme and the execution at a great number of private companies is honorable and effective, and thousands of careers are getting jumpstarted through this programme every week.

³² OECD (2013) Employment Outlook



recommendations

43. JobBridge should be expanded to encourage up to 20 times the number of people that are in the programme (from 5,000 in 2013 to perhaps 100,000 in 2015, if the unemployment rate still warrants it).
44. Allow youth to participate in a new work experience programme, based on the rate of pay of the JobBridge Programme, perhaps called “JobBridge Corporate”, to be funded directly by the companies rather than the State. The Programme should not have a requirement for a person to spend time on the Live Register to be deemed eligible.

5.3 Immigration reform

The importance of immigrant entrepreneurs is comprehensively documented³² in Silicon Valley: more than half of startups have at least 1 foreign founder. It is not just in Silicon Valley that immigrants are entrepreneurial: immigrants to Ireland are also more likely to found businesses than natives.

The Department of Justice and Equality has developed a number of initiatives in recent years to enable immigrants to more easily establish a business or invest in companies in Ireland. The Forum welcomes the Department of Justice’s current review of the Startup Entrepreneur Programme, which is intended for immigrants who have a promising business idea and funding of at least €75,000. This is a fantastic initiative which could really use better marketing to improve the uptake.

Ireland’s accelerator programmes are also achieving success in attracting foreign entrepreneurs. As mentioned previously, 3 of the top 8 accelerator programmes in Europe are in Ireland, which draws a highly competitive and international pool of applicants. To build on this, the challenge lies in the ease at which these entrepreneurs can establish their business in Ireland on completion of an accelerator programme.

Open Ireland endeavors to establish Ireland as the top destination for English-speaking tech talent.

We believe that foreign entrepreneurs accepted into competitive accelerator programmes in Ireland should be given a one-year visa to attend the accelerator programme in Ireland as well as to begin developing the traction of their business in Ireland. At the end of this period, they should be eligible to extend their visa via the Startup Entrepreneur Programme.

Additionally, Ireland has a number of highly innovative and competitive research programmes being undertaken at graduate level, funded by SFI, the European Union and multinationals. These programmes attract a variety of foreign graduate students from outside the EU, who are forced to return to their home country after their Masters, Ph.D., or postdoc programme studies are completed. We believe Ireland should encourage these graduates to stay in Ireland and commercialise their research here. Not only is their acquired knowledge of use to the local ecosystem but their international networks make them invaluable ambassadors and dealbrokers.

The Open Ireland³³ campaign was initiated to highlight the need for high-tech foreign workers and graduates to have easier access to visas. This campaign endeavors to establish Ireland as the top destination for English-speaking tech talent. The growth of companies in Ireland becomes more possible by reducing the constraint on specific technical workers. Opening our doors to talented workers is an essential part of a dynamic startup ecosystem.

In April 2013, the Department of Jobs, Enterprise and Innovation, in conjunction with the Department of Justice, introduced the first generation of the tech visa, which dramatically sped up approval of tech visas while simultaneously reducing the complexity of the processes and paperwork. More work was envisaged in automating this process further³⁴ to provide certainty to

the employer and to the employee that the visa could be issued in a matter of two weeks or so, establishing Ireland as the most competitive country in the world for technical talent. We encourage the Department to consider extending the tech visa to other areas of unmet demand in high skilled areas, such as finance and science.

Open Ireland also envisages promoting stronger links with China. Easier access to holiday visas and encouraging Chinese graduates studying in Ireland, as well as allowing Irish companies greater access to the Chinese economy, would promote these links. Enabling more immigrants to start

³² Kaufmann Foundation, 2007 (http://www.kauffman.org/~media/kauffman_org/archive/researchreport/2007/entrep_immigrants_1_61207.pdf). It is not just the raw number of startups. It’s also the biggest: twenty-four of the top 50 venture-backed companies of 2011 were founded by immigrants (<http://upstart.bizjournals.com/news/wire/2013/02/27/immigrants-could-create-jobs.html>).

³³ <http://www.openireland.com>

³⁴ Enterprise Ireland approved companies, or IDA approved companies would be “trusted parties” to ensure that the qualifications of the employee are sufficiently advanced to qualify for the visa, bypassing a sometimes lengthy state approval process. Any company that was found in violation of the trust would be fined and the visas issued by that company could be invalidated. Effectively, apart from security checks performed by the Department of Justice, this enables a job offer from an approved company to be nearly the same as a visa, assuming the job definition meets qualifications established by the Department of Jobs, Enterprise and Innovation.

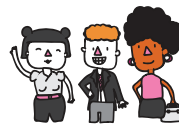
businesses in Ireland would also support the possibility of increasing export potential since immigrants already possess strong international networks in their home countries.

As mentioned above, immigrant workers have consistently added value to the entrepreneurial and academic bases of their destination country. For this reason, we believe that action around accelerator programmes, work visas and links with China are timely. The recommendations below will provide greater access to talent and lead to a stronger startup ecosystem in Ireland.



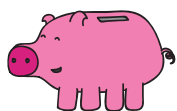
recommendations

45. Accommodate Accelerator programmes by allowing up to 3 co-founders admission to come to Ireland for 1 year 'startup accelerator visa' to attend an Accelerator programme.
46. Allow those that startup companies from an Accelerator programme a process to apply for Visas to stay longer.



47. Seek a visa programme with China that would enable Ireland to be the first destination in Europe that allows 30 day visa-free travel by Chinese citizens. Seek to make this a reciprocal arrangement in order to facilitate Ireland in its growth of export operations to China. With first mover advantage and English as a native language, seek to establish Ireland as the European trade hub for China, in much the same way as we have served as a European trade hub for the United States.
48. Implement the 'trusted parties' work visa approval process as envisioned by the Department of Jobs Enterprise and Innovation and espoused by Open Ireland.
49. Engage with a public relations agency or industry or volunteer association to promote Ireland as a destination country for entrepreneurs, high-tech workers and accelerator-related activity. Corresponding website development, campaigns and media outreach should be undertaken.
50. Expand the tech visa to talent in other areas of unmet demand.





6. Access to finance

Every entrepreneur and business owner has a vision for their company, and access to finance continues to be cited as a barrier to achieving that vision. We have identified a number of improvements which could be made to encourage investment, support lending and ease cashflow strain on the startup community.

6.1 Encouraging investment in startups

A survey by the Entrepreneurship Forum with the help of Ernst & Young's Entrepreneur of the Year award winners revealed that the primary source for funding a startup is from 'bootstrapping' (that is, from customer revenue in conjunction with the entrepreneur's savings).

6.1.1 Angel finance

While bootstrapping is the primary source of funding a startup, a second source is through 'angels' and family and friends' investment. Within the last 5 years over €25M of pure private money (private cheques written by private individuals) has been invested in startups via the visible business angel marketplace through the Halo Business Angel Partnership and the associated HBAN (business angel syndicate focused) entity. Including the invisible marketplace this sum is likely to be nearer to €175M.

Excellent progress has been made in this regard in angel finance in Ireland. This was recognised at a European level. In 2013 the Halo Business Angel Partnership was short listed by EBAN (European Business Angel Network) in the category of 'Business Angel Network of the Year' and HBAN was selected as the 'Business Angel Federation of the Year'.

It is the Forum's belief that funding from the visible business angel marketplace, with the right supports, could be increased multi-fold over the coming years and this would have a significantly positive impact on the funding environment for startups.



recommendations



recommendations

51. The angel community is regarded as the most effective stimulus for internal investment. Raise awareness of the HBAN network and help its expansion.

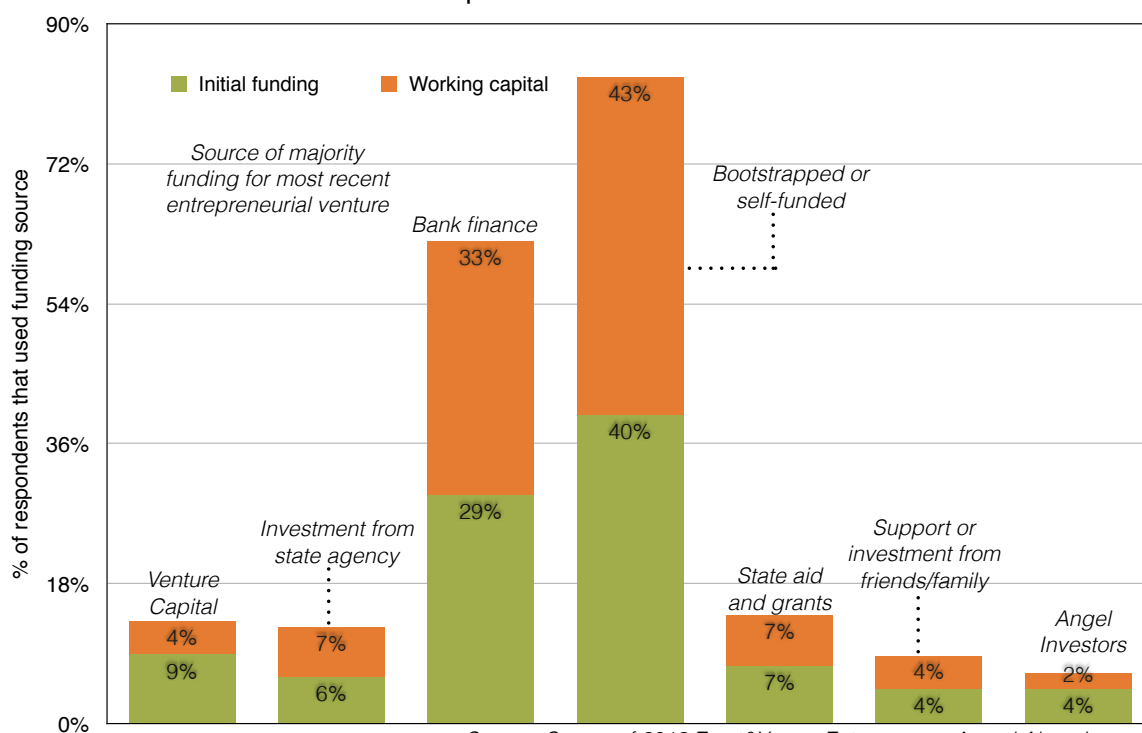
6.1.2. Venture Finance

For a small number of businesses, later stage growth can be funded by venture capital. The Department of Jobs, Enterprise and Innovation has set-aside €175 million in the 2013-2018 budget with the target of leveraging an additional €525 million in third-party capital for growing Irish startups.

Typical funding rounds for traditional venture capital range from €2m to €5m per round of funding, and are restricted to those businesses that have obtained a significant degree of marketplace traction, generally in the millions of revenue.

Most startups tend to think of venture capital as a ready source for capital. In fact, the venture capital industry these days is primarily used as business expansion capital after a company has achieved product market fit and just needs to scale. Angel funding and accelerators are more often a source

How are entrepreneurial businesses funded in Ireland?



for cash (other than customer revenue) for early stage startup businesses.

6.1.2 Employment and Investment Incentive (EIIS)

The Forum welcomes the announcement in the 2014 Budget to remove the high earners restriction for EIIS to increase the pool of investors. However, some further improvements are required to encourage an increased level of external equity investment in companies in the seed, startup and expansion phases.



recommendations

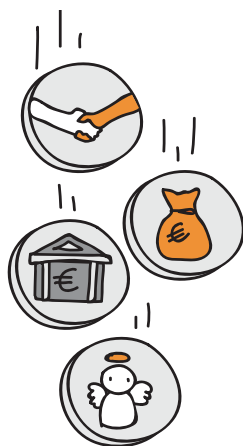
52. Improve the EIIS:

- Enable medium-sized enterprises (50-250 employees) in the non-assisted areas³⁵ to avail of the EIIS.
- The EIIS should be amended to increase the period of investment from three to five years.
- Under the EIIS, allow the full 41% relief be granted from the investment date.
- Eliminate the maximum €150k allowable qualifying investment in any one year under the EIIS. There should be no cap to this plan. If a cap is required, a higher cap of €1m could be set.
- Allow capital gains to be 'deemed' as special, regular income in order to allow capital gains to avail of the EII plan.

6.1.3 Global Irish involvement in backing Irish startups

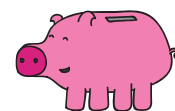
Following discussions at the Global Irish Economic Forum in October 2013, the Irish Technology Leadership Group is to create a Global Irish Investor Group that will support scaling up Irish tech companies with capital, expertise and access to global customers.

One hundred investors will come together to create a Global Irish Investment Fund of €20m to support Ireland's high tech start-up ecosystem. Participants will also be asked to mentor entrepreneurs, serve on boards, and facilitate connections.



The participants will have the opportunity to invest in companies they choose through the investor group structure. Initial investors have pledged between €200,000 and €1m each.

Similar initiatives to create a channel for members of the Irish diaspora community to invest in other industries (biotech, agriculture, financial services, etc) should be pursued.



recommendations

- Recruit 100 wealthy global Irish from the diaspora community to fund a €20m startup fund for high tech companies. Recreate this model for different industries (biotech, agriculture, financial services, etc).

6.1.4 Rebrand existing Seed Capital Scheme to Startup Refunds for Entrepreneurs (SURE)

The 'Seed Capital Scheme' enables people to reclaim income tax paid in Ireland in the previous years from the Revenue Commissioners and use those funds to start a business.

In 2012, just 58 investors availed of the Seed Capital Scheme, receiving an average income tax refund of approximately €20,000 per investor. This low participation rate (50 people per annum) indicates that the programme may be too difficult to understand and implement, or that eligibility requirements are an issue. As a start, communication and marketing about this extremely beneficial plan must be improved. A single point of contact should be made available to assist entrepreneurs in accessing this plan. Additionally, we believe the size of the average refund could be larger, up to €50,000.

The Seed Capital Scheme is currently available to companies. The Scheme should also allow for sole traders to be eligible, as many entrepreneurs may take some time before they incorporate. The programme could require sole traders to file accounts at year-end, similar to a company, without requiring them to incorporate. A second option is to provide a window of 18 months from starting up to becoming incorporated, during which sole traders are eligible for the programme.

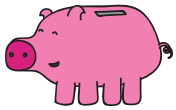


recommendations

54. Rebrand the SCS as SURE (Startup Refunds for Entrepreneurs).

- Under the principle of 'de minimus' investment, it is possible for the existing Seed Capital Scheme plan to be modified to be easier to understand, up to limits of perhaps €250k. Provide the Seed Capital Scheme in a version that provides 'capital matching' funds of up to 50% of the amount up to €250k, under the same general contribution rules (repayment of up to 6 years income tax).
- Provide a full CGT exemption as an alternative to an income tax refund, where the sales proceeds from the sale of an asset are reinvested in the Seed Capital Scheme.

³⁵ The EU Regional Aid Guidelines allow each Member State to provide enhanced rates of State Aid in the least economically developed areas of each country. These areas are known as 'assisted areas'. Under Ireland's current Regional Aid Map, regions covering 50% of our population are 'assisted areas'



6.1.5 Rewarding continuous investment with deferred CGT

The Forum welcomes the announcement in the Budget of a new CGT incentive that encourages entrepreneurs (in particular ‘serial’ entrepreneurs) to invest and re-invest in assets used in new productive trading activities. However, this incentive only applies to entrepreneurs who have previously paid CGT, and they will get no immediate relief, as they are required to pay 33%, with this credit only applying on the return of the second investment. It does not defer any taxes now. Therefore, it does not create incentives to change behaviour now.

We believe the 2014 Budget missed the boat with regard to capital gains tax and the government needs to do far more if it wants to reward growing businesses and employment in Ireland. Capital gains tax should be simple to understand and to participate in.

We recommend a simplified incentive to encourage re-investing in new startups in the form of a rolling capital gains deferment for reinvestment in active, employment generating businesses. Real estate or other asset holding companies should be excluded.

Such an incentive would energise “smart money” putting capital in new growth opportunities. Taxes would still be collected on such capital when the capital was not being redeployed in startup investment.



recommendations

55. Allow rollover (reinvestment) relief on Capital Gains into Irish companies, either through EISs, or through investment into a company. Capital gains which are reinvested within a calendar year will not be recognised as gains until such time as they are not reinvested. Capital gains would retain their original basis value and would become taxed on a final sale of the EIS stock.

6.2 Crowdfunding

Crowdfunding is an exciting new form of raising capital that offers real opportunities in the area of alternative finance for startups. This new financing model is growing in Ireland and is currently unregulated. Crowdfunding can refer both to funding through sales revenue for purchased products (as in Kickstarter), as well as to equity funding for share capital in a company.

Entrepreneurs and SMEs could ostensibly raise capital from funders, using social networks with crowdfunding platforms to finance their businesses and projects.

The United States and other markets are experimenting with crowdfunding extensively at this time. No doubt these experiments will yield both disasters and frauds, as well as successes and best practices.

The Forum is of the view that it is best to take a ‘laissez faire’ approach to crowdfunding at this time. The industry needs time to ‘establish itself’ in Ireland and should not be overburdened by regulation before the required platforms have been given the time to grow and develop. Therefore, we believe no action by Government is advisable at this time.

6.3 Access to credit

Another area of concern to entrepreneurs is access to credit. There has been widespread criticism by business lobby groups that banks are not supporting businesses at reasonable levels and that practices need to change if the entrepreneurial ecosystem is to operate in a truly supportive environment.

6.3.1 Bank lending

Irish SMEs’ external funding mix is more reliant on commercial banks than almost all other European countries.³⁶ The Forum acknowledges that various actions have been taken to increase the flow of credit to business. We welcome the Budget announcement that the threshold for loan appeals to the Credit Review Office has been increased from €500k to €3m.³⁷ Most debate still centres around the provision of bank credit, lending targets, the share of firms using bank credit, changes in the funding mix for SME working capital and investment since the crisis and the fact that Irish companies are disproportionately exposed to potential weaknesses in the banking sector, relative to our European competitors.

However, a key area of concern for the Entrepreneurship Forum that has received little attention is the actual terms and conditions of approval related to collateral that are being imposed for bank credit, specifically the requirement for personal guarantees. The Central Banks’ Code of Conduct for SME Lending states that “*Having due regard to the nature, liquidity and value of collateral a regulated entity must not impose unreasonable collateral requirements for providing credit facilities, having regard to the value of the credit being offered.*” The Code goes on to say “*A regulated entity must not impose unreasonable personal guarantee requirements on borrowers.*” This Code of Conduct is fine. However, the lending banks in Ireland are not following this code.

For example, even for established, profitable, non-leveraged limited companies, a requirement for personal guarantees is considered normal rather than an exception. This is outrageous and Irish banks should begin to follow international standards on this issue rather than continue this current backwater behaviour.

An expert group should be convened to examine the collateral requirements currently being imposed by lenders,

³⁶ Central Bank (2013). *The importance of banks in SME financing: Ireland in A European Context*, Vol 2013, no. 5

³⁷ The Credit Review Office to date has overturned 55% of loan rejection decisions by the bank. Successful loan appeals must then be funded by the bank. Hundreds of applications have been received and approved for financing in the three years of the CRO’s existence, providing €18.5m in funding. The increase of the ceiling of loans eligible for review from €500k to €3m should increase the effectiveness of this team.

and to declare best practice guidelines around the use of personal guarantees, which could be incorporated into the existing Code of Conduct for SME Lending. An examination of conditions of sanction of other banks in other jurisdictions may be useful in this regard to design some specific protocols around the need, the terms applied and also the management of personal guarantees. The SME Credit Demand surveys commissioned by the Department of Finance could be used to measure conditions of sanction with regard to personal guarantees to help gain evidence on the issue. Comparisons should be highlighted between the different SME Lenders to provide more information on terms and conditions likely to be imposed on potential borrowers.

Banks which continue to ignore the Code of Conduct - which would appear to be most of those currently operating in Ireland - would face sanctions and their executives would be subjected to fines.

6.3.1.1 Attracting International Banks

Ireland currently has a duopoly of banks that control and dictate the culture of banking in Ireland: AIB and Bank of Ireland. There are a small number of UK banks that have a presence in Ireland (Ulster Bank, RBS), but there is a dearth of international banks that could help provide a greater degree of competition and international standards in banking. Competition in banking would help provide better 'manners' to our own indigenous banks, and perhaps force banks to manage their costs and customer fees more tightly.

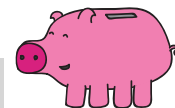
The Forum believes that getting one or more 'international standard' banks more involved in business banking in Ireland would help. Leading banks such as Silicon Valley Bank, HSBC, Citibank, Standard Chartered, Barclays, BNP Paribas, etc., most of which already have operations at the IFSC for back-office operations, could be attracted to set up local operations in Ireland. We recognise that the lack of competition within the banking sector is difficult to solve, but it is one main reason why Ireland is in an extremely challenging financial situation. We bailed out the banks in large part because the entire economy depended on three local banks. That is a mistake we will be paying off for generations.



recommendations

56. An expert group should be convened to examine the collateral requirements currently being imposed by lenders. A best practice code of conduct should be devised for the use of personal guarantees, which should be incorporated into the existing Code of Conduct for SME Lending. Comparisons should be highlighted between the different SME Lenders to provide more information on terms and conditions likely to be imposed on potential borrowers. Sanctions and fines should be imposed

on banks and bank executives who violate the Code of Conduct.



57. One or more reputable international banks should be recruited (not subsidised, just recruited) to fill gaps in Irish business lending. Any unnecessary barriers to international banks or banking regulations that favour local banks should be removed.

6.3.2 Peer-to-peer lending

Efforts should be made to facilitate alternative forms of startup financing in Ireland. For example, Peer-to-Peer Lending supports lending to entrepreneurs, startups and small businesses by individuals.

Lenders providing peer-to-peer lending earn interest that qualifies as unearned income for taxation purposes. Individual lenders are required to show the interest received in each tax year on their self-assessment returns.

We propose to incentivise peer-to-peer lending by enabling consumers to deploy their money in higher-return activities.³⁸ One such way would be to provide a €10,000 exemption before being liable to tax on the interest income earned from loans to businesses up to 6 years old (much like the 'rent a room relief' which allows the rental income from renting a room to private tenants to be exempt from income tax, provided this income does not exceed €10,000 in a tax year).



recommendations

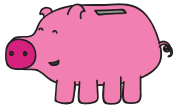
58. Incentivise peer-to-peer lending. The first €10,000 in interest income from loans to startup businesses would be tax-free. Businesses must be less than 6 years old in order to qualify for this exemption. Loans must be at non-usury market rates (10% or lower). If principal is lost, it would be deductible against any capital gains.

6.4 Ease strain on cash-flow via prompt payments

The Forum welcomes the 2014 Budget announcement to increase the VAT Cash Accounting Threshold from €1.25m to €2m to ease cashflow strains on business. However, the issue of prompt payments continues to cause cashflow problems for startups and small business.

Every year across Europe thousands of SMEs go bankrupt waiting for their invoices to be paid. Despite this, late payment of bills is often seen as a perfectly acceptable practice. Latest figures from the European Payment Index 2012 have estimated that 2.8% of turnover was lost in Ireland

³⁸ According to the Central Bank Money & Banking Statistics, March 2013, an estimated €92 billion in Irish private sector deposits is sitting in Irish bank savings accounts at very low interest rates.



in 2012 due to late payment. The average delay in days in 2012 was 35 days for transactions between businesses, and 35 days for transactions between public authorities.

Reducing the number of late payments in commercial transactions is a critical way of easing cashflow and providing a level of certainty to help businesses deal with the current difficult market. If we want to be the best small country in which to do business, we must have a culture of paying our bills on time.

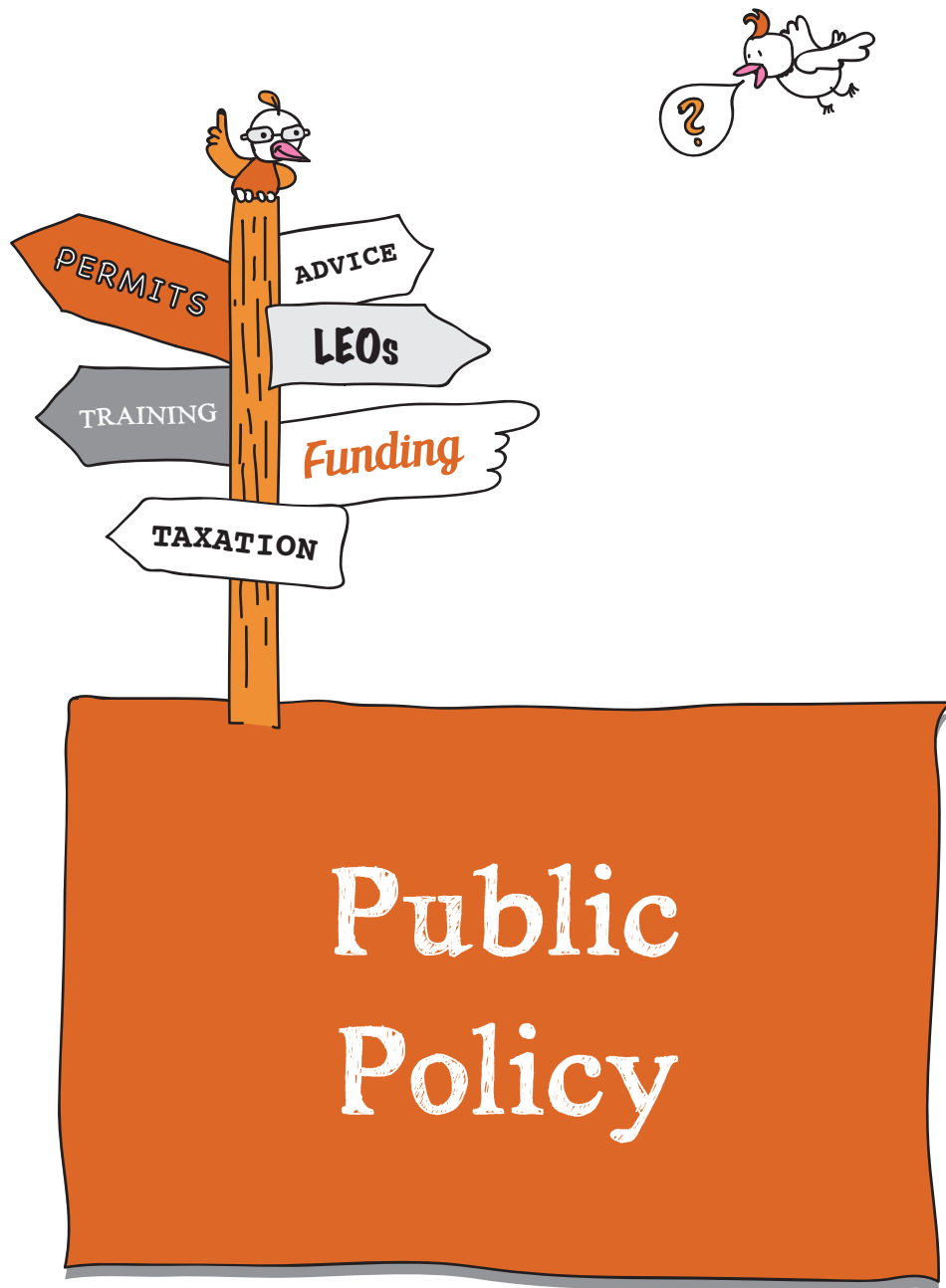
The government has made commitments in this area, with the 15 day prompt payment code applying to central Government, the HSE, local authorities, state agencies and other public bodies. The private sector also has a significant role to play. A private sector Prompt Payments Voluntary Code of Conduct is currently being established by the Business Representative Bodies in Ireland, supported by the Department of Jobs, Enterprise and Innovation. Those who

opt to sign the code will pledge to pay suppliers on time, within the terms of contract, give clear guidance to suppliers on payment procedure, and promote the adoption of the code.

This is an important way for businesses to demonstrate a supportive culture for each other. Smaller business and vulnerable startups rely on prompt payment of invoices for their working capital, therefore we feel this should be acted upon without delay.



59. Industry bodies should support the establishment of the Prompt Payments Voluntary Code of Conduct and encourage companies to sign up to the code.





7. Public Policy

The biggest role that the public sector has to play in the entrepreneurial ecosystem is in setting financial and tax policies that encourage investment and company creation.

Secondly, Ireland has quite a number of great existing programmes for capacity building for startup companies, through Local Enterprise Offices (LEOs), Enterprise Ireland and other agencies.

Thirdly, Ireland provides financial grants for a wide variety of starting businesses and individuals looking to create businesses.

We acknowledge the great work of the thousands of public sector staff who have only the best intentions to help business succeed in Ireland.

The public sector also has a huge role to play in ‘getting out of the way’ of entrepreneurs, and by making it easier for the public to navigate the apparent labyrinth of government. Governments generally require companies to fill out an unending stream of forms and financial submissions and that presents a continuing challenge for the Government to streamline these requirements.

7.1 Clear up the government structure for helping businesses

A key challenge for Ireland is the coordination and integration of different Government policies affecting entrepreneurship. The wide range of programmes impacting entrepreneurship in Ireland illustrates shared responsibilities of various departments and agencies. For example:

- There are approximately 3,000 staff currently employed in agencies related to enterprise supports.
- There are 5 agencies under the Department of Jobs, Enterprise and Innovation involved in different aspects of supports for indigenous startups.
- There are a further 8 agencies under the aegis of the Department of Community Rural and Gaeltacht Affairs, Department of Arts, Sports & Tourism and the Department of Agriculture and Food responsible inter alia for enterprise supports in specific sectors or regions.

An overall vision of how the state supports startups is needed, in conjunction with the plethora of programmes that the entrepreneurial community provides for itself.

State providers of advice and support to entrepreneurs need to act as a resource network for each other. All too often, new supports are introduced with no firm strategy in place to distribute the information across the range of key service providers. If the service providers are not kept up to date with the remits of various programmes, then they won't be able to connect the entrepreneur to resources that they need. An email alert system should be in place to inform service providers of new programmes and initiatives that are being

introduced. Social media should be used to support information sharing.

The Forum would like to see more knowledge sharing and less duplication of effort among service providers across all of the State organisations. The business community and the State place a strong emphasis on the importance of networking for SMEs and entrepreneurs. However, the State itself, in terms of the delivery of the national entrepreneurship policy, should adopt a more strategic use of networking to ensure coherence, understanding and a coordinated delivery of the policy across the country.

Unless a new National Entrepreneurship Policy is prioritised and someone is made accountable for its overall day-to-day management and co-ordination, there is a concern that the actions will not be implemented, or will be disjointed in their implementation. The Government must also be able to gather and monitor performance data to ensure that actions taken are showing positive results.

Until now, there has been no designated ‘entrepreneurship policy unit’ within the Government system that seeks to co-ordinate response and programmes across government for startups. The Forum believes that ‘joined-up’ thinking requires a central hub, which can act as the policy driver, convener, connector, and coordinator roles for entrepreneurship policy.

- **Policy driver** — builds interest and commitment among the various elements of the entrepreneurship development system,
- **Convener** — provides a resource network for building the relationships among the key service providers, and for creating and agreeing upon work plans and outcomes,
- **Connector** — ensures that departments and agencies within government are informed and engaged in the process,
- **Coordinator** — provides leadership as needed to make timely progress toward achieving the vision, reporting on progress, and standing accountable for results.



recommendations

60. The Department of Jobs, Enterprise and Innovation should create an Entrepreneurship Policy Unit.

7.2 Monitoring progress of entrepreneurship policy

It is important that the Government monitors performance to ensure that actions taken are showing positive results. It is also crucial that Government funded projects to support entrepreneurship should have metrics included from the start, to enable evaluations and assessments of progress. Basic measurements of the number of companies who employ

workers is not just useful for startups. They are general-purpose economic development measures that, surprisingly, do not currently exist. This must be fixed. The data for this information does exist; however, it is not accessible because of the variety of systems in which the data is kept -- between Revenue, the Company Registrations Office, and other sources.

Use of up-to-date performance data to monitor startup levels will be important. The Forum proposes the establishment of a 'Startup Monitor' by the Department of Jobs, Enterprise and Innovation to facilitate performance monitoring. The Department should design an appropriate structure and mechanism for the production of startup information. The collation of appropriate metrics could be supported by relevant available data obtained from the Revenue Commissioners.

The Startup Monitor should capture information on numbers of new companies created, to include:

- Numbers of individuals starting a self-employment project.
- Numbers of newly incorporated companies.
- Industry NACE code.
- Startup size classification – number of employees (<5, <10, <20, <50, etc.).

The Startup Monitor should also have capabilities to produce up-to-date information on:

- Progress of startups over time (eg. How many startups < 2 years established have over 5 employees?).
- Business survival rates.
- Trends in new enterprise creation - self employment/ companies.



recommendations

61. A 'Startup Monitor' should be produced and made publicly available, on a monthly or quarterly basis, by the Department of Jobs, Enterprise and Innovation to support the tracking of performance of the entrepreneurship policy.

7.3 Information Signposting

Entrepreneurs consistently highlight difficulties in accessing the correct information about startup programme supports from the Irish government.

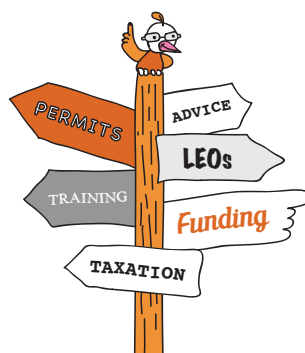
Awareness and understanding of the full range of Government-supported funding programmes and incentives is not available through any one place. So many websites and sources of information are available that many people find it

confusing and inaccessible. The State Bodies Group chaired by the Department of Finance is currently developing proposals for further targeted communications/marketing of financial supports to SMEs.



While no one website can possibly answer every question at any time, a better national website resource is required, which provides information on the supports available and signposts the user to relevant agencies. We acknowledge that the development of this website could be a substantial undertaking.

The private sector have already developed several initiatives that help direct entrepreneurs to relevant events and resources³⁹. These may provide models for the agency developing the national website, and are discussed further in Chapter 4 Vibrant Hotspots of Activity.



Furthermore, there are opportunities to enhance existing interactions with entrepreneurs by providing information on Government supports at point of contact, such as the 14,000 new companies registering with

the Companies Registration Office (CRO) each year, or when companies register as self-employed or register for VAT with the Revenue Commissioners.

Ireland's eGovernment initiative could engage with the newly recommended Entrepreneurship Policy Unit to examine options for improving the workflow efficiencies of a startup when registering their business, including having a 'dashboard' for access to all major company resources and requirements (from revenue and CRO functions to supports, licensing and mentorship programmes). New Zealand is ranked now as the number 1 country in the world for ease of setting up a new business⁴⁰. We would like Ireland to beat New Zealand at business, if not at rugby.



recommendations

62. A National Entrepreneurship Website for startups should be established which contains relevant up-to-date information on services available along with links to agencies relevant to establishing and growing a business. This initiative must also use social media channels.

63. The e-Government initiative by the government should look at the various requirements for registering a business in Ireland, and recommend improvements to the workflow to simplify the

³⁹ Specifically for the tech industry, new entrepreneurs can take the first steps to find out about community resources and events by joining Startup Ireland's LinkedIn group and regularly checking the Startup Digest for events in Cork and Dublin.

⁴⁰ Ireland does relatively well, ranked #10 in the world for the ease of starting up a new business. With a solid effort on our eGovernment efforts, we could automate our way to the top.

Where does an entrepreneur go for State supports?





number of steps necessary to be a compliant business in Ireland, developing a 'business dashboard' for companies, and providing simplified access to government resources.

7.3.1 VAT Guides

The VAT tax code in Ireland is complex. A variety of rates are charged for different types of services and products. To simplify the burden to business, we propose that Revenue develop simple five-page guides appropriate to the top 30 sectors that create the most jobs, providing a reference of examples of the most misunderstood elements (i.e. incorrect VAT rates claimed/paid) that confuse business owners.

If common problem areas are highlighted, then entrepreneurs and small businesses can be confident of their compliance and avoid costly mistakes. There is currently no reference material for this information for new business owners⁴¹. These Guides should be made available on the Revenue website and also provided to companies when they register for VAT.



recommendations

64. Develop VAT guides highlighting the common problem areas that confuse business owners. These Guides should be made available on the Revenue website and also provided to companies when they register for VAT.

7.4 Taxation/social welfare

The Forum submitted a number of specific recommendations to Minister Richard Bruton in September 2013 with regard to Budget 2014. Within the submission, the Forum emphasised the need for new and renewed measures to allow entrepreneurship to continue to contribute significantly to jobs, competitiveness, innovation, productivity increases, wealth creation and growth in communities across the country. Currently, high capital gains and personal income taxes combine to disincentivise reinvestment in Irish enterprise, except through highly complicated financial structures and by external parties.

Of particular concern to the Forum is the fact that entrepreneurs pay a higher effective rate of tax on their earnings than other Irish citizens. Furthermore, even if they are employees of their own companies, they do not enjoy the same level of tax credits as other PAYE workers.

Improving social insurance supports for the self-employed is an important way for Government to demonstrate that entrepreneurship is a priority. Where there are less supports available for the self-employed within the social insurance

system, particularly around the concept of a 'safety-net', it creates a disincentive towards engagement in entrepreneurial activity. Many workers are discouraged from starting companies because of the knowledge that the self-employed don't receive Jobseeker's benefit. Those who have established their entitlement benefit by working for an employer for a number of years should get a longer period to retain their Jobseeker's benefit.

Where an entrepreneurially inclined employee leaves employment, the current structure of the Jobseeker's Benefit system encourages them to remain on JobSeeker's Benefit for the full six/nine month JobSeeker's Benefit entitlement period before setting up a new business. In order to encourage the early set-up of new businesses, and to extend a 'safety-net' for new entrepreneurs in the event of the business failing, it is recommended that such entrepreneurs would be provided with a five-year period to claim the remainder of their former JobSeeker's Benefit entitlement as an employee.

The Forum acknowledges that we are bound by economic circumstance in the short-term. In the pre-budget submission, the Forum highlighted some improvements for the short term, and also covered some long-term issues to support an entrepreneurial spirit in the economy.

The key short term recommendations were:

1. Improvements to the EIS and Seed Capital Scheme (as detailed in Chapter 6 Access to Finance).
2. Incentive to encourage peer to peer lending, (as detailed in Chapter 6 Access to Finance).
3. Enable a lower capital gains rate (20% vs. 33%) for money immediately re-invested in Irish businesses.
4. Enable Employee stock ownership without creating taxable events until the time of sale of the stock, (as detailed in Chapter 5 Access to Talent).
5. Universal Social Charges should be capped at €100k for self-employed just as it is for employees (the top effective rate dropping from 55% to 52%).
6. To support cashflow, extend the scope of the cash-receipts basis of accounting for VAT to the maximum turnover threshold of €2.5 million permissible under EU rules.
7. Enable those who set up corporations that employ staff to recommence claiming of their jobseeker's benefit for up to 5 years (rather than 2 years).

⁴¹ For example: for convenience stores, provide the top 10 different issues that create problems for retailers (e.g., the different tax rates between prepared food and packaged food). For florists, provide a brochure which illustrates the different tax rates between flowers as plants and flowers as cut flowers and performing services such as planting flowers, etc.



recommendations

- 65. The Universal Social Charges should be capped at €100k for self-employed just as it is for employees (the top rate dropping from 55% to 52%).
- 66. New entrepreneurs should be provided with a five-year period to claim the remainder of their former Jobseeker's Benefit entitlement as an employee.

7.4.1 Long-term tax policy

From a long-term perspective, structural changes are necessary to make sure that the primary burden of taxes do not fall too heavily on the shoulders of the indigenous companies and the private taxpayer, as that results in a 'black hole' economy, an economy that sucks out its most successful participants. In the long term, the Forum would like to see a simplified system of taxation with a lower flat tax of between 15%-20%, which would result in less avoidance, more productivity and ultimately higher revenues and higher GNP.

Ireland's Capital Gains Tax is very high relative to other EU and OECD countries, making Ireland an unattractive place to invest in business for individuals. This is something that must change. High taxes discourage work, savings, investment, risk-taking and enterprise and therefore are neither efficient nor conducive to increasing strong economic growth. Governments everywhere try to encourage people to reinvest their earnings into the economy. A progressive policy with respect to entrepreneurship sets tax rates on invested capital at a more favorable rate (Capital Gains Tax) than income from PAYE employment, interest, dividends and other sources.

The simplest systems are the best systems. The benefit of having a low flat tax rate that everyone pays would eliminate the tax arbitrage that plagues several developed economies like Ireland. A flat tax is the best way to encourage people, especially the wealthy and higher paid people, to be direct



about how they receive their income. It also speeds the effect of market forces for a more rapid elimination of wasteful use of resources.

In the event that a flat tax is not achievable, however, everything must be done to accomplish a more streamlined system that bears its weight more equitably across those who are underpaying tax right now.⁴²

Any proceeds from these groups paying their share should then be directed at reducing Capital Gains Tax, firstly to encourage long-term thinking and investment and secondly to reduce individual income tax rates. High individual income tax rates result in higher costs of doing business for corporations. This makes Ireland less competitive for normal businesses and forcing businesses to import products from abroad or outsource their work to other countries. Thus, high income tax rates results in fewer jobs, results in more people on social welfare, and results in a dying economy.



recommendations

- 67. A flat tax on all types of income at 15-20% would be a fantastic way of attracting corporations, immigrant entrepreneurs, and keeping wealthy Irish entrepreneurs here in the country.
- 68. If a flat tax is not "achievable", all capital gains should be taxed at 20% rather than 33% to incentivise investment in new enterprise.
- 69. A more streamlined system that bears its weight more equitably across those who are underpaying tax right now. Any proceeds from these groups paying their share should then be directed firstly at reducing capital gains income tax (to encourage long-term thinking and investment), and secondly to reduce individual income tax rates.

This report has detailed six pillars to build a strong startup ecosystem in Ireland. We have the collective responsibility to make these changes a reality.

To join our call for active citizenship and learn about high impact ways that you can help the startup community, visit bit.ly/IrelandStartups.

⁴² This includes tax exiles and multinational corporations who are using the double irish structure or funneling income through havens like Bermuda, Cyprus, etc.

Recommendations

2. Innovative Can-Do Culture

2.2 Education System



1. Develop a National Educational Strategy for Entrepreneurship covering all levels of the education system. Establish an Entrepreneurship Education group to draft an Entrepreneurship Education Strategy that embeds teaching of entrepreneurship into primary, secondary and third-level schools and colleges, and also incorporates initiatives life-long learning and skill development programmes.



2. Build ICT skills at secondary level as per the Oireachtas report on Information Communication Technology (ICT) Skills Demand in Ireland (2012) recommendations with a focus on learning web development and computer programming.



3. Introduce a National Register for volunteer entrepreneurs who would be willing to visit schools to engage with students at local level.

2.3 Encouragement for Under-Represented Groups



4. As part of an entrepreneurship cultural awareness campaign, create 'entrepreneur heroes' which highlight and celebrate role models inclusive of the under-represented profiles (female/youth/immigrants etc.) as well as the represented profiles.



5. The President or An Taoiseach annually bestows an award to one or more entrepreneurs or entrepreneurial volunteers for "meritorious service" to Ireland.

2.3.1 Unemployed



6. Reduce the time required to be on the Live Register before being eligible for the Back to Work Enterprise allowance.



7. Cut the waiting time for appointments for unemployed people seeking approval for access to the Back to Work Enterprise Allowance.



8. Improve the payments system for entrepreneurs' grants for unemployed people trying to start a business. Provide up-front payment of certain grants.

2.3.2 Females



9. Continue the programme of targeted and tailored supports for female entrepreneurs.



10. The maternity leave scheme should be amended to enable a woman to transfer a portion of her maternity leave and benefits to the father of the child.



11. The qualifying weeks in terms of PRSI payments to qualify for maternity leave should be the same for female entrepreneurs as for female employees and the advance notice should also be similar.

2.3.4 Youth



12. Entrepreneurship should be recognised as a career option within any newly designed apprenticeship system.



13. An entrepreneurship internship programme should be established based on the EU funded Erasmus for Young Entrepreneurs programme. As a pilot initiative, 50 of the larger more established startup and growth companies based in the Guinness Enterprise Centre could be engaged to take one 'youth unemployed' person each to undertake an internship.



14. LEOs, in conjunction with Microfinance Ireland should pilot a new programme for young people who set up their own business. Microfinance Ireland should ring-fence money for a Micro Youth fund to facilitate youth-led ventures.



15. A Competitive Feasibility Fund for Youth Entrepreneurs should be established by Enterprise Ireland.

2.3.5 Immigrants



16. Enterprise Ireland should leverage their collaboration with the Higher Education Authority (HEA) to develop a tailored enterprise programme that is targeted at immigrants who are postgraduates in Irish Higher Education Institutions (HEIs) in order to build high potential startups with export potential based on their graduate research.



17. Local Enterprise Offices should work directly with immigrant organisations, social groups and places of worship to promote the many services and supports available to any person wishing to establish a business and to enable immigrant entrepreneurs to fully immerse their businesses in the Irish market.

2.3.6 Seniors




18. Exchequer funding for the successful EU supported Senior Enterprise initiative should be sustained when EU funding ceases.

Recommendations






3. Mentorship and Peer Learning

3.1 Peer mentoring


3.1.1 Office hours

- 
19. Develop a national registry and process for 'Office Hours' to facilitate Entrepreneurship mentoring. Perhaps have this registry be compatible with other volunteer activity requests, such as for talks at conferences, schools, etc.

3.2 Skills Development Programmes



- 
20. A target of 80% unpaid mentoring initiatives and 20% paid mentoring should be pursued. This is a reversal of current priorities.
- 
21. Establish volunteer peer-mentoring initiatives, organised and facilitated by individuals, entrepreneurs, and industry representative groups. Programme support to be geared toward enhancing a collaborative start-up community and 'give before you get' culture.
- 
- a. LEOs to seek volunteer entrepreneurs through the Chambers of Commerce networks or others to work as "buddy mentors" to startup promoters.
- 
- b. Agencies to facilitate an initiative among large companies to allow staff to volunteer to go into startups, giving specific technical and management advice, financial expertise, mentoring etc.. (Private sector in conjunction with LEOs/EI).
- 
22. If paid mentoring services are delivered by State agencies, the Forum recommends cutting the charge as a specific measure to support unemployed people trying to start a business.

3.4 Webinars


- 
23. One-hour webinars should be hosted by Agencies and industry organisations on a monthly basis featuring topics that enable entrepreneurs to manage their businesses more effectively, and that people can access in their own time.

4. Vibrant Hotspots of Activity




4.2 Networking and Connections

- 
24. Introduce an online business matchmaking service to help connect those with business ideas with potential co-founders.
- 
25. Establish a national website and e-mail list (hosted and run by volunteers in the private sector) for each part of the country, allowing activities and training postings, listings of events (eg. "What's up in Dublin", "What's Up in Galway" etc.)

4.3 Accelerators






- 
26. Successful entrepreneurs should consider establishing accelerator programmes in their local area, with a mind to investing or encouraging investment in the accelerated companies. Vertical market accelerators are the avenue most recommended.

4.4 Co-working spaces

- 
27. A working group should be created to:
- a. develop a co-working model that will work in Ireland, to include leveraging unused public buildings and NAMA buildings;
 - b. implement a pilot programme in 2014 that would create 5 co-working centres across the country (in Cork, Galway, Limerick, Waterford and Dublin);
 - c. examine the North Tipperary Food Enterprise Centre (Rearcross) Ltd model and the Limerick model highlighted in chapter 4 for suitability for adoption in other areas;
 - d. encourage owners of private property to get involved in offering co-working spaces.
- 
28. Funding that is currently directed to support CECs should be redirected, where possible, to the creation or support of far more effective 'co-working centres'.
- 
29. Where possible, current funding for incubation spaces should be redirected to enable conversions of incubation spaces to co-working spaces, or to fund new co-working spaces.

4.5 Academia/Industry Cross-Fertilisation

4.5.1 Increase Interaction Between Industry & Academic Research Programmes

- 
30. Triple the size of the 'Employment Based Postgraduate Programme' to 100 PhDs per annum (~10% of the Irish output). (1/3rd industry funded PhDs, 2/3rds government funded).
- 
31. Extend the successful IRC 'Enterprise Partnership Scheme' which enables students to undertake their PhD research through an active engagement and collaboration with an industry partner.
- 
32. Adopt policies enabling the rapid sharing of Intellectual Property for the public benefit in programmes such as Easy Access IP.
- 
33. Introduce a Framework for companies to provide contracts to university graduate students for thesis work without clouding IP ownership.
- 
34. Double the size of the Innovation Partnership Programme (industry/academic collaboration where industry pays for 1/3rd of research and university pays for 2/3rds of research. All of the increase in IPP funding should go to SME businesses.

Recommendations



35. Fund the increase in IPP by reducing the dependence on moving research funding through SFI. (having industry partners ensures that the work will have commercial impact).



36. Engagement without IP licensing requirements. Introduce a de minimus level of HEI/startup collaboration investment (up to €25k), below which IP contracting and licensing is not required. The intent is to encourage new collaboration and cut red tape.

4.5.2 Increase Capacity for Commercialisation by Academic Researchers and Post-graduates



37. Formal recognition should be given to researcher time spent on collaboration with industry in the academic promotion criteria of their institution.



38. Universities should offer their PhD students a Masters course in business at half price, while the students are conducting their thesis.



39. Training on commercialisation or entrepreneurship should be provided to every PhD student and Post Doc via mandatory programmes held every semester by the universities.



40. Every STEM student (undergraduate and postgraduate) should receive a course on entrepreneurship or product commercialisation as part of their degree.

5. Access to Talent

5.1 Share based remuneration to employees



41. Enable Employee stock ownership without creating taxable events until the time of sale of the stock.



42. Enable companies to repurchase share options for the benefit of their employees (from departing employees, etc) without requiring positive retained earnings.

5.2 Skill Development Programmes

5.2.1 Youth Apprenticeship Programmes



43. JobBridge should be expanded to encourage up to 20 times the number of people that are in the programme (from 5,000 in 2013 to perhaps 100,000 in 2015, if the unemployment rate still warrants it).



44. Allow youth to participate in a new work experience programme, based on the rate of pay of the JobBridge Programme, perhaps called “JobBridge Corporate”, to be funded directly by the companies rather than the State. The Programme should not have a requirement

for a person to spend time on the Live Register to be deemed eligible.

5.3 Immigration Reform



45. Accommodate Accelerator programmes by allowing up to 3 co-founders admission to come to Ireland for 1 year ‘startup accelerator visa’ to attend an Accelerator programme.



46. Allow those that start companies from an Accelerator programme a process to apply for Visas to stay longer.



47. Seek a visa programme with China that would enable Ireland to be the first destination in Europe that allows 30 day visa-free travel by Chinese citizens. Seek to make this a reciprocal arrangement in order to facilitate Ireland in its growth of export operations to China. With first mover advantage and English as a native language, seek to establish Ireland as the European trade hub for China, in much the same way as we have served as a European trade hub for the United States.



48. Implement the ‘trusted parties’ work visa approval process as envisioned by the Department of Jobs Enterprise and Innovation and espoused by Open Ireland.



49. Engage with a public relations agency or industry or volunteer association to promote Ireland as a destination country for entrepreneurs, high-tech workers and accelerator-related activity. Corresponding website development, campaigns and media outreach should be undertaken.



50. Expand the tech visa to talent in other areas of unmet demand.

6. Access to Finance

6.1 Encouraging investment in startups



51. The angel community is regarded as the most effective stimulus for internal investment. Raise awareness of the HBAN network and help its expansion.

6.1.2 Employment and Investment Incentive (EIIS)



52. Improve the EIIS:

- Enable medium-sized enterprises (50-250 employees) in the non-assisted areas⁴³ to avail of the EIIS.
- The EIIS should be amended to increase the period of investment from three to five years.

⁴³ The EU Regional Aid Guidelines allow each Member State to provide enhanced rates of State Aid in the least economically developed areas of each country. These areas are known as ‘assisted areas’. Under Ireland’s current Regional Aid Map, regions covering 50% of our population are ‘assisted areas’

Recommendations

- c. Under the EIIS, allow the full 41% relief be granted from the investment date.
- d. Eliminate the maximum €150k allowable qualifying investment in any one year under the EIIS. There should be no cap to this plan. If a cap is required, a higher cap of €1m could be set.
- e. Allow capital gains to be 'deemed' as special, regular income in order to allow capital gains to avail of the EII plan.

6.1.3 Global Irish involvement in backing Irish startups



- 53. Recruit 100 wealthy global Irish from the diaspora community to fund a €20m startup fund for high tech companies. Recreate this model for different industries (biotech, agriculture, financial services, etc).

6.1.4 Startup refunds for entrepreneurs (SURE)



- 54. Rebrand the SCS as SURE (Startup Refunds for Entrepreneurs).
 - a. Under the principle of 'de minimus' investment, it is possible for the existing Seed Capital Scheme plan to be modified to be easier to understand, up to limits of perhaps €250k. Provide the Seed Capital Scheme in a version that provides 'capital matching' funds of up to 50% of the amount up to €250k, under the same general contribution rules (repayment of up to 6 years income tax).
 - b. Provide a full CGT exemption as an alternative to an income tax refund, where the sales proceeds from the sale of an asset are reinvested in the Seed Capital Scheme.

6.1.5 Rewarding continuous investment with deferred CGT



- 55. Allow rollover (reinvestment) relief on Capital Gains into Irish companies, either through EIIS, or through investment into a company. Capital gains which are reinvested within a calendar year will not be recognised as gains until such time as they are not reinvested. Capital gains would retain their original basis value and would become taxed on a final sale of the EII stock.

6.3.1 Bank lending.

6.3.1.1 Attracting International Banks



- 56. An expert group should be convened to examine the collateral requirements currently being imposed by lenders. A best practice code of conduct should be devised for the use of personal guarantees, which should be incorporated into the existing Code of Conduct for SME Lending. Comparisons should be highlighted between the different SME Lenders to provide more information on terms and conditions likely to be imposed on potential

borrowers. Sanctions and fines should be imposed on banks and bank executives who violate the Code of Conduct.



- 57. One or more reputable international banks should be recruited (not subsidised, just recruited) to fill gaps in Irish business lending. Any unnecessary barriers to international banks or banking regulations that favour local banks should be removed.

6.3.2 Peer-to-peer lending



- 58. Incentivise peer-to-peer lending. The first €10,000 in interest income from loans to startup businesses would be tax-free. Businesses must be less than 6 years old in order to qualify for this exemption. Loans must be at non-usury market rates (10% or lower). If principal is lost, it would be deductible against any capital gains.

6.4 Ease strain on cash-flow via prompt payments



- 59. Industry bodies should support the establishment of the Prompt Payment Voluntary Code of Conduct Portal and encourage companies to sign up to the code.

7. Public Policy

7.1 Clear up the government structure for helping businesses



- 60. The Department of Jobs, Enterprise and Innovation should create an Entrepreneurship Policy Unit.

7.2 Monitoring progress of entrepreneurship policy



- 61. A 'Startup Monitor' should be produced and made publicly available, on a monthly or quarterly basis, by the Department of Jobs, Enterprise and Innovation to support the tracking of performance of the entrepreneurship policy.

7.3 Information Signposting



- 62. A National Entrepreneurship Website for startups should be established which contains relevant up-to-date information on services available along with links to agencies relevant to establishing and growing a business. This initiative must also use social media channels.



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Glossary of Terms

BES: Business Expansion Scheme. Replaced by the EIIS in 2012.

BICS: Business Innovation Centre

CGT: Capital Gains Tax

CRO: Credit Review Office

CSO: Central Statistics Office

DJEI: Department of Jobs, Enterprise & Innovation

EI: Enterprise Ireland

EIIS: Employment and Investment Incentive Scheme

EO: Entrepreneurs Organisation

GNP: Gross National Profit

HBAN: Halo Business Angel Network, an angel finance group.

HEA: Higher Education Authority

HEI: Higher Education Institutions

ICT: Information and Communications Technology

IIA: Irish Internet Association

IP: Intellectual Property

IRC: Irish Research Council

ISA: Irish Software Association

ITLG: Irish Technology Leadership Group

LDC: Local Development Companies

LEO: Local Enterprise Office

NDRC: National Digital Research Centre

OECD: Organisation for Economic Co-operation and Development

PAYE: Pay as you Earn

SFI: Science Foundation Ireland

SME: Small & Medium Enterprise

STEM: Science, Technology, Engineering and Maths

VAT: Value Added Tax

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