Unlocking growth

A view from the Black Tech Founders' community

BARCLAYS | Eagle Labs

Welcome

Barclays Eagle Labs is committed to supporting founders from diverse communities.

Since launching in 2020, the Barclays Black Founder Accelerator Programme has helped more than 100 founders from almost 1,000 applications to join the programme. Over the past two years, the growing number of applicants shows the need for supportive programmes like ours to level the playing field for under-represented groups. Barclays is here to help Black founders find the right people, knowledge and opportunities to grow and scale their businesses.

Natalie Ojevah MBE
Barclays Eagle Labs Diversity & Inclusion Lead

This report features the experiences and views of some of our Black Founder Accelerator alumni alongside some contextual analysis of inclusive entrepreneurship in the UK from macroeconomists, TS Lombard.

Inclusive entrepreneurship: a 'win-win' proposition

Macroeconomic analysis from TS Lombard

Expanding the Black Tech Founders community is a 'win-win' from a broader social and economic standpoint.
It would help reduce inequalities while achieving higher participation in an industry at the forefront of growth and productivity-enhancing innovation.
Policy design has a role in creating a level-playing field where inclusive entrepreneurship can thrive.

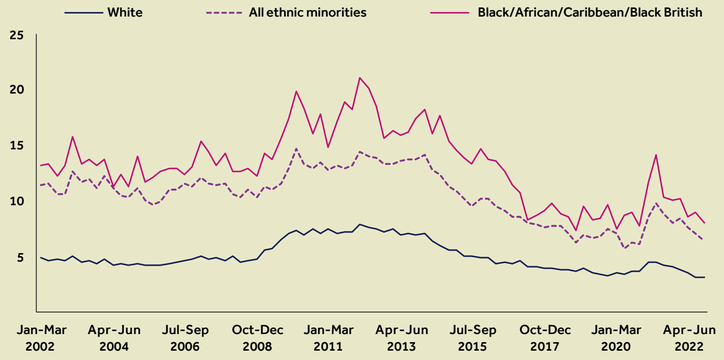
The ultimate aim of top-down policies is providing a sound institutional framework which can pursue financial and social objectives fairly and inclusively. Conversely, inclusiveness is a key ingredient of sustainable long-run economic growth and therefore sits at the core of successful macro outcomes. With various measures of inequality having risen in recent years, the debate on redistribution, 'levelling up' and equal opportunity will only intensify.

From a macroeconomic perspective, the overarching theme is the efficient allocation of the country's human resources. This labour market theme has both demand and supply implications.

On the demand side, well-functioning labour markets help achieve the 'right' growth-inflation mix that is conducive to a stable economic environment. The worse and more volatile the trade-off between growth and inflation, the weaker private sector confidence and the higher the associated negative economic and social side-effects. These considerations are relevant in the context of the UK economy's stagflationary dynamics.

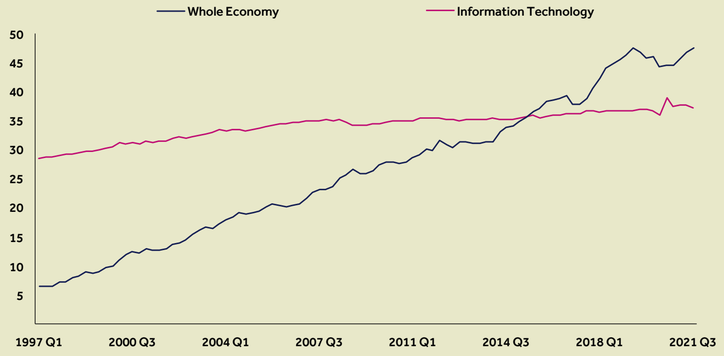
On the supply side, a more inclusive job market that utilises a larger share of the human resources on offer from ethnic minorities reduces under-employment and improves the economy's productivity potential.

Chart 1: UK unemployment rates by ethnicity



Sources: Office for National Statistics, TS Lombard.

Chart 2: Productivity by sector (output per hour)



Sources: Office for National Statistics, TS Lombard.

A closer look at the data illustrates the labour market inefficiencies facing ethnic minorities in the UK across several metrics. The Labour Force Survey conducted by the Office for National Statistics shows that the unemployment rates for ethnic minorities are much higher than the aggregate; employment/participation rates are much lower, especially in the black community. Further, according to official data less than 10% of black workers were self-employed in 2021: this is the lowest percentage among all ethnic groups – standing well below the 16% figure for white workers – and has deteriorated steadily since 2017.

There is a multitude of factors that make it difficult for under-represented ethnic groups to get businesses off the ground. These include institutional barriers (e.g., social stereotypes that discourage participation across the full spectrum of the labour market), and lack of effective networks – this last factor contributing to a lack of adequate access to funding.

The financial ecosystem for tech startups in the UK has improved but still leaves a lot to be desired, especially when compared to the US – something mirrored in the sparse representation of tech companies in the leading UK stock market indices. Anecdotal evidence is that only a limited number of domestic venture capital firms are keen to engage with ethnic minority founders. According to data presented in Tech Nation's latest report (2021)[1] on the future of the UK tech sector, entrepreneurs from Black, South Asian, East Asian and Middle Eastern backgrounds received just 1.7% of total venture capital investment during the previous decade, less than 15% of which went to black entrepreneurs. The same report notes that only 3% of venture capital firms' staff in the UK is estimated to be of black origin, with only a few at partner level or in the position to make investment decisions.

These combined headwinds result in what a recent OECD study[2] labelled the problem of the 'missing entrepreneurs' – something that essentially translates to a lower speed limit for the whole economy, an opportunity cost in terms of lost growth and productivity. Policies that turn a blind eye to the obstructions faced by ethnic minorities perpetuate labour market mismatches that ultimately compromise overall social welfare.

Sources:
1. The future UK tech built (Tech Nation, 2021)
2. The missing entrepreneurs 2021 (OECD, November 2021)

Meet the founders and their businesses

Six past and present founders from the Barclays Black Founder Accelerator programme gave their insight into the highs and lows of being a startup tech founder in the UK today.

Fantagious

Founder: Rem Carter

Conceived by Rem in 2018, Fantagious is a fan-sharing tool for musicians and content creators. The platform helps users amplify the audience they already have to build a wider fanbase and increase their exposure. Rem says: "There was a time when the internet was for the little guys on things like SoundCloud and YouTube." But monetising social media platforms made it harder for fledging creators to build exposure. Rem wanted to create a network of creators that would share fans. "If I'm an R&B singer with 5,000 fans on my social media, it's going to connect me with other R&B singers who also have around 5,000 fans, and we can collaborate and share their fans, so it's about creating strength in numbers among the underdogs."

Rem has had an entrepreneurial streak since his schooldays, where he identified what his fellow students wanted – such as memory cards for Sony Walkman phones – and then sold them in the playground. Fantagious was one idea among many, but it was the one Rem was most passionate about. "Our first investment was one of our greatest moments because that was when the idea in my head turned into something real that people I admired were willing to put money into.

Another great moment was getting on to the Barclays Black Founder Accelerator programme; being around people eager to pass on wisdom and knowledge was a big boost."

Kweevo

Founder: Audrey Limery

Despite her interest in IT growing up, Audrey originally started out as a supply chain professional. Years later, she followed her passion and became an award-winning tech entrepreneur and data expert. Her business, Kweevo, is a SaaS analytics cloud platform that offers innovative and automated data applications to businesses in various sectors and industries, notably supply chain, digital marketing, finance and retail.

Kweevo enables 'plug-and-play' analytics for faster insight generation. "We not only target SMEs to help them become data-driven and leverage data to make effective decisions, but we also have an offering for larger businesses, particularly in the supply chain and clean tech sectors," says Audrey. "We help organisations reduce their supply chain costs, waste and carbon footprints to drive more digitised, visible, optimised and sustainable supply chains. There is a huge opportunity for us in this market, given the ongoing supply chain disruptions and climate issues we are all facing."

Currently, Kweevo is mainly focused on the UK market with a vision to be global with operations in the US, Europe, Africa and Canada. Audrey says: "Being part of the Barclays Black Founder Accelerator has given Kweevo more visibility. We're now riding and enjoying the wave; it's getting more exciting! We're recognising the milestones achieved and celebrating them."

Lockr Space

Founder: Akeem Bundu-Kamara

Lockr Space is an e-commerce marketplace for sustainable sportswear. Akeem says: "The way I describe it is we're trying to be the Farfetch for sustainable sportswear products. It's a discovery platform, so it's where people go to discover sportswear that's environmentally, socially and economically sustainable." The idea came to Akeem after he'd purchased a poor piece of sportswear. "We looked at the whole sports retail industry and felt there was a gap for a retailer to cater to an audience that's been crying out for it."

With press interest from the Independent and Evening Standard, Akeem has built a strong profile; he was also a contestant on The Apprentice. He attributes his success so far to networking and letting people know about the business. "Sharing my story and connecting with people on a personal level, rather than an artificial one, have been critical things."

Scribepay

Founder: Delphine Emenyonu

Scribepay is a fintech that aims to give people better control over their subscriptions. Often consumers are not fully aware of what they've subscribed to; they struggle to cancel or worry about price increases. Delphine says: "Scribepay tracks purchase subscriptions, letting you know you've subscribed and when payment is due, and importantly it alerts you when there is a price increase. It gives you the freedom to go and try services without worrying. So we have your back."

Building a functional team has been a big highlight for Delphine. She says: "Everyone across the team had experienced the same problem and were excited to build a solution to fix it. So having that common experience and common goals have helped."

Sendit.money

Founder: Michael Lawal

Sendit.money is a fintech that aims to empower people in emerging markets, helping them make cross-border payments more affordable, faster, and secure through stablecoins and blockchain technology. Michael says: "We estimate there are 1.1 billion people today that need access to the global financial economy, access to payments in the fragmented economy today, that need to move money from one place to the other."

Michael says it's been a tough journey but has raised over $750,000 since he started Sendit.money. "We've been able to generate a lot of conversation. I was part of the Barclays Black Founder Accelerator advertising campaign last year, and many people reached out to me to say it gave them the courage also to become an entrepreneur. I don't just want to solve a problem and make returns for my investors; I also want to challenge and motivate. So it's about conversation and pushing boundaries."

SympliFi

Founder: Maurice Iwunze

"We're building one of the first blockchain-enabled credit platforms that facilitates access to affordable credit for micro and SME businesses in developing countries intending to make access to capital and liquidity completely borderless," says Maurice. With a background in traditional finance, Maurice is passionate about providing SMEs and individuals in Africa who struggle to access capital with seamless access to liquidity pools. Having travelled across Africa and meeting young entrepreneurs building fintech businesses that will shape the future of finance, he felt inspired to take the leap and start his own.

Maurice's highlights have been hearing first-hand stories about how the product is already having an impact in Kenya and Nigeria, transforming businesses, creating opportunities and improving lives. He says: "Seeing our team understand the impact of the vision and the mission we're accomplishing is very moving."

Founder perspectives

From conversations with our founders, five key themes emerged as determining a material impact on the Black Tech Founder's community. Here's what they had to say.

Socioeconomic backgrounds matter

Many factors go into making a successful entrepreneur, from the business idea to the attributes of the individual, but socioeconomic backgrounds frequently determine progress and outcomes.

On the one hand, our founders say their backgrounds have given them the drive to improve things and find solutions; on the other, they often come from a starting point where they lack the guidance, pathways and access to help them thrive.

Maurice Iwunze says: "Necessity is the mother of all invention. When you come from a disadvantaged background, there are many things you don't have access to; many things are broken and don't work in your world.

And so, I think that can be one of the greatest motivations and inspirations for ideas and innovations to fix things."

However, if you don't come from a background that has wealth, where family and friends can support you financially, it's much harder to take risks. Delphine Emenyonu says: "If you want to build a tech business, you need money. And the reality is that within the Black community, not many people have £100,000 or £200,000 that they can risk losing."

1. Access to finance

Little research into the make-up of startups that received funding has taken place since the pandemic. However, less than 0.25% of venture capital went to Black founders in the UK between 2009 and 2019[3].

Rem Carter: "There needs to be more of a relationship between minority communities, in particular, and the investment space in general. There's a lot of mixed messages about what is required."

Akeem Bundu-Kamara: "I'm actually preparing to fund-raise, which is exciting. But there is no playbook, and it can be a bit vague about who to go to for someone who's not already in the entrepreneurial world. It's all about networks. I hear stories about how somebody who raises will have friends who want to get in on it. It feels very centralised."

Delphine Emenyonu: "There are so many investment and accelerator programmes, there are so many opportunities for us to pitch, but the reality is, how much of that has led to cheques that go into the business?

Sources:
3. The future UK tech built (Tech Nation, 2021)

"When you speak to a typical investment fund, they tell you of 10 investments only one will actually be successful. But then the 10 investments they make go to the same type of people they know. But there are so many great businesses by Black entrepreneurs and people from diverse backgrounds that never see the light of day. If the objective is to ensure that people of diverse backgrounds are flourishing, make those 10 investments in those people because that is the only way to learn. The model doesn't change; the only difference is they are businesses from diverse backgrounds. You see what happens; you find a formula and find out what works. When you meet a group of diverse people, you then know what's worth it and what's not worth it. If you do that same process from a diverse perspective, you will build the collateral of success. For investors to know what works best within a community, they need to make a few mistakes, be invested in it, and then find the right formula."

Maurice Iwunze: "I think founders are finding it difficult to raise money at the moment. One of the biggest takeaways for other founders is that it is a numbers game. You have to have a good story that resonates with just a handful of investors and is relevant to what those investors are looking for in the market.

"Access is a big issue because often investors limit themselves to just the people in their network. If you're outside that network, you will not be given the opportunity, regardless of how great your product is. A better job can be done in breaking down those barriers and making that access to investors more efficient."

Audrey Limery: "Fundraising is extremely challenging and requires you to put yourself out there. You can find people who may introduce you to an investor or others who can help you find the right person or opportunity. So embrace networking, go to events and be purposefully strategic about what you're doing and who you will meet. But don't just go in there to tick boxes. Always remain authentic and make genuine connections.

"One of the main pieces of feedback we get from investors when given a negative answer is: 'Not enough traction.' I dislike this answer because it's often too vague, unstructured and subjective, as traction can be defined and measured differently from one person to the next. Understanding the expectations of an investor upfront in terms of traction would strongly help founders know where they stand and make the fundraising process more transparent."

Michael Lawal: "You tend to see more Black founders raise money in the United States. And the reason for that is capital is beginning to become more accessible for founders of colour. The bitter truth is that the venture capital ecosystem in the UK is concentrated in what I call the Golden Triangle of Oxford, Cambridge and London. The likelihood of raising millions is slim if you don't have anyone from Oxford, Cambridge, LSE or Imperial College ecosystems on your Board."

2. Access to talent and skills

According to a recent survey by the Gatsby Foundation[4], 81% of small businesses in England have major recruitment concerns. But for tech startups, that figure could be higher, given the specialist skills required.

Rem: "If you are honest about the current state of your business and want to bring someone of equal value exchange, I think people are inclined to work with you. It becomes harder when hiring for roles like a CTO, which we are at the moment; we might have to offer more because we need that role more."

Akeem: "It's super challenging. I can't necessarily throw a lot of cash at a recruitment agency."

Delphine: "There's a big focus on STEM skills. You need those STEM skills, and there is a shortage. It took us around six months to find the right people that could potentially take our idea to reality. So it was extremely challenging. Even though we have things like the R&D payback, with the Government encouraging businesses to use UK resources, you might not be able to use UK resources because there's not a lot of it. You might have to go offshore and lose out on that R&D. And the reason why people often go offshore isn't necessarily because of the cost, because there is money you can get back from an R&D perspective, a lot of the time there are not enough people with the technical skills."

"There is a legal perspective as well. Technology is important, but this is finance, and you need to ensure you're keeping up to date with all the latest regulations because you don't want to make a wrong step; the financial system is always changing. So getting the right legal representation is not easy."

Maurice: "When you're a startup, your people need to buy into the vision. I think talented people who want to spend their time doing very impactful things are more likely to sacrifice money to do something transformational. People who are driven and creative and want to be a part of moving society forward will be attracted to people trying to change the status quo. We've been fortunate to build something in that capacity, and people get excited about its potential. It has been a driving force in helping us recruit talent."

Audrey: "Finding the right talent, particularly in the data industry, is quite challenging. There is a digital skills gap in the UK. What we're doing requires specific data science and machine learning skills, but not all data scientists or machine learning engineers are the same: they often have their own specialisations, which complicates matters. I quickly understood I needed to find people willing to learn and adapt. If you can find people who have a solid foundation and are eager to learn, they will grow in that space. I believe that, with continuous development and by giving people the opportunity to grow, we can help close that digital skills gap."

Sources:
4. The education landscape: a guide for employers (The Gatsby Foundation, July 2022).

3. Access to partnerships

Research by McKinsey & Co has found that 75% of startups consider partnerships with corporates vital, but only 27% are completely satisfied with their relationships[5].

Akeem: "I haven't found any difficulties with partners. Provided it's clear what everybody is contributing and what they receive back, partnerships are a win-win. We cater to more than 16 brands, and we've had an exciting experience working with all these partners and many people want to collaborate."

Delphine: "To be scalable, we need to work with the banks. It's not been easy. One reason is access to the right decision-makers in these banks. To say this is a great idea, I have a solution. How can I work with the organisation to bring it to life?

"The second reason is one of precedence. Have other Black entrepreneurs been very successful in engaging with these organisations? Because people feel comfortable based on their historical experiences. If I have historically done business with this particular person, if another person comes with the same makeup, I am naturally more comfortable doing business with them. From a Black from a tech perspective, we're just naturally not known for bringing in new technology and enabling a financial innovation."

Maurice: "In the beginning, a lot of our partners were traditional financial institutions, and it can be more challenging to get them on board, but when we started aligning with more digital native companies in the tech space, partnerships have been easier to come by, and more seamless because we share the same vision of how we think the world should work."

Michael: "Finding partnerships hasn't been a challenge for me. But I appreciate a lot of Black founders out there that find it a real challenge to find partners, to speak to them and come to the table and be taken seriously. So I appreciate being privileged a little for the network I've built over the past 15 years."

Sources:
5. You can't buy love, (McKinsey, October 2020).

4. The value of role models

According to research by Innovate UK, 75% of entrepreneurs grew up with dynamic role models, but more than half of people from ethnically diverse backgrounds didn't have role models of the same ethnicity as them[6].

Rem: "I think we need to have more rockstars in entrepreneurship, like Elon Musk. We will capture many more young people if we have more of these big characters in entrepreneurship. But we need more people of that kind representing minorities.

"And then I think proximity to role models is probably one of the most vital points. We copy the success that we see closest to us. The immediate environment plays a heavy part in what kids choose, and the kids pick the things around them."

Maurice: "It's hard to be what you can't see; that's just a fact. It is important for minorities who aspire to be entrepreneurs to see others like them succeed in the journey."

Michael: "I'm a big believer in role models and mentorship, you can't achieve much without mentors. Whatever you're doing, you need to have role models because they provide you with aspiration because you're looking up to someone you want to be. And role models start from childhood. From the movie you're watching, we think I want to be that guy who embodies all of our stories, and I'm a big believer in storytelling.

"I'm also a big believer in sponsors, people that will speak for you when you're not there. Because when I look back at successes, it was not only role models and mentors but those people who spoke for me when I was not there and fought my cause."

Delphine: "We need more successful Black entrepreneurs and more sitting in places of power. It's okay even if they fail. When somebody gets into that position, we need to be careful not to be fixated on them being successful; the most important thing is that they have a place at the table."

Sources:
6. Federation of Small Businesses and Innovate UK, August 2021.

5. The value of networks

The number of UK-based startup accelerators and incubators has doubled in the past five years to 750[7].

Audrey: "We truly started to establish and increase our brand awareness at the beginning of 2022, and I think the Barclays Black Founder Accelerator was instrumental to that. At the end of 2021, I was looking for support in the form of a network, a community. And I found that in the Accelerator. It has helped me bring the company to the forefront and improve our visibility. Having people interested in and talking about Kweevo is a massive win."

Rem: "It's one of the loneliest games to play this entrepreneurial thing — a lot of time, you have to do things by yourself. When you go alone, you must go through so many wrong turns before finding the right one. Whereas if you have somebody that can guide you, and say: 'don't do that, do this or 'this is the quickest way of doing things, everything becomes a lot easier."

Akeem: "There are just not enough Black people in the industry. Unfortunately, if your network is poor, it will be a big struggle."

Maurice: "I think these ecosystems have been very beneficial in providing guidance and support. And founders have to make it part of their task to seek them out and get their foot in the door. Because once you become part of a programme, you start getting the needed resources."

Sources:
7. Incubation Nation: The acceleration of UK startup support (Centre for Entrepreneurs, September 2022).

Looking ahead

What does the future hold for entrepreneurs from underserved backgrounds in a more challenging economic environment?

Foundervine

Izzy Obeng is the CEO and founder of startup accelerator Foundervine, which supports under-represented groups by providing mentorship, training and financial support to early-stage businesses. Since launching in 2018, Foundervine has worked with hundreds of founders across a spectrum of diverse backgrounds. Izzy says: "We're talking about communities that have been historically locked out of systems of power, who have traditionally had less social capital in different ways, and who are navigating quite complex spaces without a map."

Global uncertainty, the cost of living, and changes in Government conspire to present a mix of headwinds. Izzy Obeng, says: "Founders are generally asking themselves: will I be able to pay some of the loans I took out during covid-19, will I have the mobility to access the networks that I need to grow my business? Will I be able to continue finding the talent I need in a weird labour market? Is there scope for my business to grow internationally when businesses take a more cautious approach to partnerships and expansion and engaging smaller organisations?

"There are lots of different undercurrents going on, and they're felt by all sorts of founders regardless of background. However, they are felt more acutely by founders who are less experienced in navigating these things and finding ways to pivot and build the capacity to weather these moments."

While the economic facts seem stark and downturns amplify inequalities, significant shifts under the surface promise something more positive. Izzy says: "I feel quite optimistic that we have seen a sea-change in how Government has interacted with the issues of race equity in business and society and in how industry has challenged the issue and questioned many internal practices and how they engage with communities around them."

"What a complex, random and fantastic time we live in at the moment. If we look at June 2020, and how the world changed after the death of George Floyd, many people and founders of colour thought this is really the time that things change."

None of this can be taken for granted; supporting entrepreneurs from diverse backgrounds remains necessary, particularly in downturns. Understanding, measuring and tracking the challenges, initiatives and founder successes will play a key part in improving the conditions for diverse founders.

Barclays Black Founder Accelerator

The Barclays Black Founder Accelerator is a dedicated 12-week programme designed to help early-stage Black Founder-led businesses to accelerate their business, access funding opportunities and scale up through a series of expert-led masterclasses, events, networking and one-to-one coaching from business growth experts. Now in its third year, the programme has helped 100 founders to develop their business to a point where they are ready to grow and scale.

About Barclays Eagle Labs

A platform to connect the UK's entrepreneurial community.

Eagle Labs is a growing national network that provides business incubation, dedicated growth programmes, mentoring and co-working and office space for ambitious high-growth businesses.

By cultivating a community of like-minded entrepreneurs and providing a collaborative work environment, access to peers and opportunities to maximise growth through digital connections and growth programmes, curated events and funding opportunities, Eagle Labs is able to help startups to grow at pace.

Eagle Labs also specialises in positively disrupting key industries by bringing together key corporate players, industry bodies, leading universities and startups to enable rapid innovation and investment by asking them to collaborate and currently have dedicated lawtech, healthtech, energytech and agritech industry-aligned programmes.

With Eagle Labs dotted all across the UK and many more in the pipeline, our focus is to help to connect, educate, inspire and accelerate ambitious UK businesses and entrepreneurs.

Find out more at labs.barclays

Before you go

Get in touch if you would like to find out how we can support you and your business. We'd love to hear from you.

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