

Starting a business: What the over-50s need to know

Businesses started by people in their 50s are more likely to succeed than those begun by 20- or 30-somethings. Patrick Collinson reports on the 'olderpreneurs'



Patrick Collinson

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Think "startup company" and you might think it is the preserve of youthful entrepreneurs behind companies such as Google, Facebook or Innocent. But in reality, more than a quarter of the companies set up in Britain are started by people aged between 50 and 65 – and the failure rate is lower.

Between 2001 and 2005, "olderpreneurs" created 93,500 companies in Britain with 400,000 new jobs. They are just as happy to take risk as younger business startups and are just as likely to be found in the high-tech and creative industries supposedly preferred by the young, according to a study by the National Endowment for Science, Technology and the Arts (Nesta).

Many of the businesses founded by older people are "solo entrepreneurs", guided as much by the desire to give something back to the community as making money. But starting late is no bar to global success: Ray Kroc was 52 and suffering from diabetes when he opened a hamburger outlet in San Bernadino, California. It's better known today as McDonald's.

Dr Barrie Hopson, author of *The Rainbow Years: The Pluses of Being 50+* and a campaigner against ageism, says: "Only one-third of the over-55s are in employment. Many have taken early retirement or redundancy payoffs, or are in ill-health. Yet the studies show that if you want to stay healthy, stay in paid work. It's very difficult for those made redundant to come back into the workforce, with lots of evidence of age discrimination. Not surprisingly, when no one will give you a job, you have to create your own."

Hilary Farnworth's "Forward at Fifty" course at the London Metropolitan University has trained over 350 women in business skills. She says: "Unfortunately for many women, self-employment is the only way they are going to earn a living from 50 to past state pension age. What they do doesn't often fit the concept of a big business, but they are earning money, paying tax and in work that will take them from 50 to 70."

A study conducted by Kingston University's small business research centre in 2007 found that the average turnover for ventures run by over-50s was £67,500 per year, although 10% had revenues in excess of £100,000.

According to the research, the biggest motivation for older entrepreneurs was the desire

young person's game, but research shows that the share of older entrepreneurs has increased and is increasing.

"If an entrepreneur starts up their business later in life they will have much more experience of work," he continues. "Many older people are attracted to setting up their own business as they can actually work after the official retirement age without any pressure to retire."



Anton Ziolkowski: The professor

In 2004 Anton Ziolkowski was 57 and a respected professor of petroleum geoscience at the University of Edinburgh.

Many other academics would have been contemplating retirement, or, perhaps, the prospect of publishing their final works. Not Ziolkowski. That November, he and his colleagues Bruce Hobbs and PhD student David Wright launched a small enterprise, called MTEM, offering a new technology to cut the cost of oil exploration. Just three years later the trio sold it to a Norwegian oil firm for \$275m (£171m) – a sum far beyond the dreams of any of the TV dragons in the den.

Ziolkowski does not tick the usual boxes as an entrepreneur. He's mild-mannered, gentlemanly and quietly assured. He doesn't use the jargon of buzzwords or marketing. What he did have was confidence in the technology that makes huge savings for oil companies by determining if reservoirs contain oil or gas before they start drilling – and the support of the university and investors. "The first thing we did was find a chief executive. Investors don't want to talk to academics."

Next up was finding a good firm of lawyers (patent protection was essential) and corporate financial advisers to bring in investors. But, rather than seek out a London investment bank, Ziolkowski went for a specialist firm with offices in Aberdeen and Houston. It proved to be crucial – the advisers they selected were so keen on the concept, they took a share themselves and soon found six other major investors willing to stump up £7.5m. Ziolkowski also cites Scottish Enterprise as a key supporter.



The launch wasn't without technical problems, and Ziolkowski was aware that other companies were racing to launch similar, although less powerful, technology. Ziolkowski is himself the first to acknowledge that luck played a huge part. He had been working on developing the technology since 1992. But the launch date in 2004 coincided with a surge in the oil price to a peak of close to \$150 a barrel in mid-2007. Exploration and production companies were clambering to drill new wells, and MTEM

possessed the right technology at the right time.

In April 2007 he was approached by Norwegian firm, PGS, with a \$275m offer that was one of the highest prices ever paid for an early stage technology company in the sector. "It was an offer we couldn't turn down," says Ziolkowski. But reports that the trio walked off with hundreds of millions are wide of the mark. By the time of the sale, the share in MTEM held by the original trio had fallen to 16%, or around \$44m – and some of that was in shares in PGS, which have fallen hard since the oil price has dropped. Edinburgh University picked up £8.6m from its investment.

Looking back, he says he probably didn't realise the risks he was taking. "I didn't really tell my wife all the details. At one point we owed more than £100,000 with no money coming in. When you are approaching 60, a £100,000 debt is not funny. We were very lucky."

Today there are no plans to spend life on the golf course. "I'm now 62, I'm having fun, still doing research and developing the technology."



Sue Scott-Horne: The youth worker

At the age of 52, Islington youth worker Sue Scott-Horne broke her ankle. Initially, she was told she would be back in work within three months. But complications arose, which meant that for the next two years "I barely moved off the sofa". She had to take early retirement, closing the door on 25 years of experience in schools and youth centres.

On the television screens, she watched helplessly the growing number of reports of gang violence and knife crime among youths in the very area where she used to work. It got her scribbling. She'd spend her days writing down ideas and programmes she thought could help tackle the spate of youth murders.

She never really thought she could turn it into a business until she read an article in a local newspaper about a course for women called "Forward at Fifty" at London Metropolitan University. "I had the seed of an idea, but I didn't have any business skills. I really wasn't sure about it, but I applied, and it was one of the best things I've ever done."

Sharing ideas, support and networking among other women her own age, all keen to start afresh, was exhilarating, she says. She decided to launch a company called "Educational Games," but found she couldn't trademark that, so called it EGAR – Educational Games and Resources. She produces resources for schools and youth centres that can be used to spark discussion among teenagers on subjects from alcohol abuse to gun crime. To date, she has spent £30,000 setting up the company – part-financed from the sale of her holiday cabin – with the [cash going on a website](#), an inventory of materials and help with marketing.

It's early days yet, and she has not reached break-even so far. But she's encouraged by

sales at various education fairs – she sold 500 in one day at a recent show – and to councils such as Hillingdon in London.

"I'm 59 and I could pick up my pension next year if I want to. But I feel very confident this is going to work. I just can't sit back when I know I can make a difference. It took 10 years for knife crime and gangs to come in, and it will take 10 years to erase it."

Jim Hall: The manager

At its peak, the Polaroid plant in Dumbarton, Scotland, employed nearly 1,500 people. But as digital cameras destroyed the appeal of Polaroid film, the writing was on the wall. At 49, Jim Hall, one of the firm's top managers, could have been thrown on to the scrapheap of Britain's manufacturing decline.

Instead, he led a management buyout of the US camera maker's European design and development business. Wideblue is an unusual start-up. Even when it was under Polaroid's wings, it was developing revenues from buying in innovative technology products, branding them and taking them to market.

In 2006, Hall and two other senior managers used their savings to help finance the buyout. Their main concern was whether they could generate sufficient revenue to replace work from Polaroid, whether they could adjust to a small business environment – and what they would do should it fail.

But with few obvious alternative corporate careers, and a feeling they had had enough of corporate politics and restructuring, the trio found the independence option exciting.

Hall now employs 18 highly-qualified scientific and technical staff, and not only assists other start-ups but also arranges large-scale manufacturing for bigger companies. Right now he is, perhaps, most excited about the prospects for Breastlight, a product Wideblue has helped develop with PWB Health. It helps women notice any changes in their breasts over time, and is on sale in Boots.

"At many big companies, when you get to 50 you can be put in the back seat," says Hall. "But the reality is that at that age, you have a massive network of colleagues and acquaintances, and, if you are fortunate, a bit of money.

"Yes, it's more difficult to raise finance to start or grow a business when you are older. But if you have got a good idea, then you will eventually find access to capital. You are more secure and more confident in yourself, and in some ways you are much better equipped to take on a challenge."

Help is at hand

A variety of resources are available to help budding olderpreneurs.

- Prime – the Prince's Initiative for Mature Enterprise – is a charity founded by Prince Charles. It has two websites, primeinitiative.co.uk and primebusinessclub.co.uk, dedicated to supporting business start-ups. It is running an Olderpreneur roadshow across the UK, with dates in Leeds (14 October), Birmingham (4 November) and Manchester (9 December).
- TAEN – The Age and Employment Network – offers guides and resources at taen.org.uk.

- Online lender Zopa is offering a special business finance deal to the over-50s in conjunction with Prime. Go to zopa.com.
- Dr Barrie Hopson blogs at theplusesofbeing50plus.blogspot.com.

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