WHAT'S THE NEW AMBITION FOR UK ENTREPRENEURS?

Coutts business insights

Coutts

“Entrepreneurs should be given the space to dictate their own ambitions, whether that means scaling internationally, reinvesting in social impact, or simply creating something they and their employees can be proud of.”

FRANKLIN ASANTE
ENTREPRENEURS PROPOSITION LEAD, COUTTS

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WHAT'S THE NEW AMBITION FOR UK ENTREPRENEURS?

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'What comes next for Britain's entrepreneurs?' is a question we asked some seven years ago when we published our report *'A New Chapter for Growth'*. What we found was stories of ambition everywhere, but there were questions about the resilience of our entrepreneurial infrastructure and culture against economic headwinds.

What I wrote then feels pertinent today: "we need a confidence boost [for Britain] to celebrate its wins". What came next needed to be fuelled by opportunity and optimism.

The reality proved somewhat different. Four Prime Ministers, one global pandemic and several major economic shocks since, highlighted the importance of being ready for change. For some, this has been labelled the 'permacrisis'. But it is also fair to say that for many emerging industries, there are opportunities at hand.

It's why we wanted to examine the question of how this landscape of change is affecting the mindset for business, through the question: what is the new ambition for UK entrepreneurs?

Seeing the reward in risk-taking

The stand-out finding of this report is a continued and growing appetite for risk-taking. Over the last 20 years, we have seen a rapid rise in the percentage of the adult population either running a business or intending to start one, from under 15% in 2002 to almost 30% in 2023 according to the Global Entrepreneurship Monitor (GEM) UK — published in partnership with NatWest[1].

Even since 2018, there has been a 9% rise in what GEM UK describes as the country's "entrepreneurial class", despite what it calls a "weakening" of entrepreneurial conditions.

After a decade of political and economic uncertainty, entrepreneurs find themselves in a new and more challenging funding landscape, managing a distributed workplace culture and undergoing the acceleration of new technologies. They need more support but are increasingly sceptical of the role policymakers can play in supporting them through these changes.

Put it another way, it is a macro/micro split. On the macroeconomics, some pessimism. On the micro, optimism as it pertains to the prospects of their own businesses. The implication is that they have the risk appetite and ambition to overcome uncertainty.

That interpretation was brought to life by the perspectives of those we spoke to for this report. Each of those who attended our discussions are established business leaders who have had to adapt in recent years and succeeded. In their collective view, however, it is investors and government who are balking at uncertainty and turning away from risk.

"This report seeks to provide an insight into the landscape entrepreneurs face today and to shine a light on what they need to succeed."

Placing a bet on ambition

The message from entrepreneurs is that regulation and policy should allow entrepreneurs to get on with it. Where government or industry bodies have a role to play, it must only be as an enabler of innovation and ambition — stronger risk appetite to embolden start-ups to scale, a transformed education system that creates the next generation of great business minds who do not fear failure, and an inclusive and impactful approach to embracing technological change.

This report seeks to provide an insight into the landscape entrepreneurs face today and to shine a light on what they need to succeed. Alongside the leaders who joined us across the country, we have spoken to a series of experts who help to frame the challenges and opportunities ahead.

What we have learned, is that to boost their ability to grow, entrepreneurs need pragmatic and practical guidance. Every business started is a big bet on an idea, but the attitude that is currently embedded into UK entrepreneurship is one that encourages cashing out even when staying the course may reap stronger rewards.

Now is the moment for us to reframe our attitude to entrepreneurship, with a renewed focus on risk. If the national mission is for growth, then we need to give founders all the tools they need to take their businesses further and our economy with them.

I'd like to thank everyone who contributed to this report for the time, insights and passion that they brought to such an important question about the future of growth in the UK.

EXECUTIVE SUMMARY

There remains a mismatch between entrepreneurial ambition and the ability to access risk capital that will enable fast-growth. Additionally, changing approaches to talent acquisition and the rapid acceleration of technology mean that many entrepreneurs struggle to keep pace with an evolving business landscape.

These key findings are based on qualitative insights gained through a series of roundtable discussions with entrepreneurs across the UK, covering a wide range of sectors. We spoke with established business leaders, with most who took part in our discussions having been running their companies for at least five years. This helped us to gain a sense of the longer-term trends and challenges impacting entrepreneurs.

These insights were supported by in-depth conversations with leading individuals and experts, taking a more specific dive into six key issues: investment in women-led businesses, access to scale-up capital, how to embrace our strengths in talent, why we must shift our approach to hiring, embracing cutting-edge technologies, and strengthening founder well-being.

HEADLINE FINDINGS

01

A CULTURE OF RISK-TAKING IS ESSENTIAL FOR SCALE

- **Early exits limit long term impact:** Entrepreneurs feel that they are encouraged to exit prematurely due to limited late-stage funding, meaning businesses that could scale instead get acquired too soon.
- **UK investors need to match entrepreneurial ambition:** This is the result of an investment landscape in the UK that, despite its strong infrastructure, is perceived as overly-cautious, making it difficult to secure funding at key growth stages compared to the US.
- **Tax and regulatory reform is needed:** Entrepreneurs called for increased incentives for risk-taking, with changes to tax and financial regulations seen as crucial to unlocking risk capital.

02

THE WORLD IS CHANGING, HOW WE IDENTIFY SKILLS AND TALENT MUST CHANGE WITH IT

- **Potential over credentials:** The education system must shift towards enterprise education and soft skills development, ensuring that businesses recognise potential rather than relying on outdated qualification-based hiring.
- **The hiring landscape is shifting:** Entrepreneurs are concerned about future employment legislation, the impact of remote work on collaboration, and a widening mismatch between available skills and business needs.
- **Mentorship is key to bridging the gap:** Entrepreneurs and experts emphasised the need for stronger mentorship and skills development initiatives to help employees adapt to the changing workplace.

03

ENSURING TECHNOLOGICAL PROGRESS BENEFITS ALL BUSINESSES

- **The UK must avoid an innovation divide:** Smaller businesses need access to tools that support technology adoption to ensure that innovation is not dominated by large corporations or digital-native start-ups.
- **AI presents both risk and opportunity:** While automation and AI are disrupting the workforce, they also offer significant potential for business efficiency and scalability — providing investment is targeted at the right business applications.
- **Impact still matters:** Despite recent perceptions, entrepreneurs are still committed to reinvesting profits into environmental and social impact initiatives, seeing them as key differentiators for long term success.

COUTTS BUSINESS INSIGHTS

DELIVERING FOR ENTREPRENEURS: WHAT COMES NEXT?

This report underscores that ambition remains strong among UK entrepreneurs, but systemic challenges in investment, talent, and innovation must be addressed to fully unlock their potential.

We recognise that entrepreneurs need more than just financial support. By listening to what they have told us, we are developing the Coutts Business Insights Programme — a blueprint based on what we've heard from entrepreneurs to support business growth at every stage, focusing on:

- Helping entrepreneurs to access the funding they need at every stage of growth, specifically risk capital that enables scale.
- Supporting leaders with a better understanding of skills they need to build a winning team through new approaches to hiring talent.
- Continuing to promote the UK as a global leader of entrepreneurship and, specifically, in emerging industries that will shape the future of the economy.

SIGN UP TO THE COUTTS BUSINESS INSIGHTS PROGRAMME:

CAPITAL

ACHIEVING GROWTH MEANS TAKING RISKS[2]

Securing capital investment has become more challenging in recent years for the entrepreneurs we spoke to, particularly domestically. This is not down to a lack of available capital, but reduced risk tolerance from investors. This is considered to be a systemic challenge in the UK that means business growth and investment is often slower and smaller than for comparable businesses in the US.

We were told that UK investors try to "pick the winners" too early, whereas US funds are more willing to back riskier ventures with more capital at an earlier stage and for longer, with exit seen as a more natural and imminent ambition for UK entrepreneurs generally.

The result is a challenging funding landscape for entrepreneurs seeking capital in the UK, particularly for women who receive less than 2% of all VC funding[3] — meaning we are missing the economic potential of around half the population, reducing the prospects of national economic growth.

Another barrier to growth is that the result of risk capital not being deployed by UK investors means many entrepreneurs look overseas for funding. It was highlighted that promising start-ups are often acquired too soon by international firms, before they have the opportunity to scale.

Entrepreneurs believe there is a need for greater incentives for risk-taking through tax and financial regulations, with increases in corporation tax for companies with profits over £250,000 under the previous government[4], as well as more recent changes to capital gains tax since the October 2024 Budget[5]. These measures were considered by many we spoke to as potentially stifling investment and ambition.

A counter perspective was that the UK's strength in patient capital – prioritising sustainable growth in sustainably-minded companies — can and should be leveraged into a strength. While economic growth is a necessity, it can be unlocked not only through a greater risk appetite by investors, but by a continued focus on purposeful-minded companies. B Corp certification, for example, is proven to be a driver of investment and growth[6].

Bristol entrepreneurs felt that their city had a particularly strong story to tell around purpose, but that fragmented local government infrastructure impacted their ability to tell a coherent and cohesive narrative about its investment potential as an ecosystem. Attracting investment may well be made easier if businesses in individual ecosystems are able to coalesce around a narrative about the strengths of that particular place.

> "Entrepreneurs believe there is a need for greater incentives for risk-taking."

COUTTS INVESTMENT CLUB

We seek to connect high-growth businesses with experienced investors, providing both capital and strategic connections to help companies scale. Our Investment Club focuses on disruptive and sustainable businesses with proven commercial traction, bridging a critical funding gap in the UK[7].

But our role extends far beyond the financial. Our connections allow us to provide introductions to successful high-net-worth individuals, such as entrepreneurs, executives, and investment bankers, who can offer strategic guidance and mentorship — 'capital and connections'. We have consciously set up the Investment Club to support our business clients at an inflection point — typically sitting at £1-5 million in revenue, with proven product-market fit and ready for rapid growth.

A prime example is Here We Flo, a sustainable and ethical period care and sexual wellness brand. Initially backed by angel investors in early funding rounds, the company sought to raise additional capital to expand operations in the UK and the US. We identified the start-up as an ideal fit for our Investment Club, facilitating introductions to our network of angel investors, family offices, and high-net-worth individuals.

Through our curated investor network, Here We Flo successfully raised a significant portion of its funding round, with Coutts-connected investors contributing around 50% of the total funding. The brand has since expanded its retail presence in the US.

In facilitating capital and connections, the Coutts Investment Club empowers entrepreneurs to scale sustainably, filling a critical funding gap while helping investors access unique, high-potential opportunities.

Find out more about our private markets alternative investing offerings, including the Coutts Investment Club:

NATWEST VENTURE DEBT

Venture debt has become an increasingly valuable tool for high-growth companies, offering a complement or an alternative to equity financing by allowing companies to raise capital more quickly, at lower cost, and retain greater control. By leveraging debt alongside equity, businesses can scale more efficiently and add firepower to their growth strategy while maintaining flexibility.

NatWest is leading the evolution of venture debt, differentiating itself from traditional venture debt providers that often rely on term loans. NatWest offers revolving credit facilities, allowing businesses to draw down and repay capital as needed to minimise interest costs[8]. This approach is particularly attractive for companies looking to extend their financial runway or invest in growth initiatives which can have uncertain timing, such as R&D, hiring, or international expansion.

NatWest's venture debt solution is designed to support scale-ups that have achieved product-market fit and commercial traction. Typical businesses suitable for venture debt have >£3 million in revenue and >£15 million in equity raised, positioning them beyond the start-up phase but before large-scale profitability.

Beyond financing, NatWest is committed to educating the market about venture debt, with many founders incorrectly still perceiving debt financing as a last resort rather than a strategic growth tool. The bank works to change this narrative by actively engaging with VCs, founders, and CFOs through targeted events, including a female founders initiative, CFO toolkits, and by partnering with the Coutts Business Exit Programme. Additionally, NatWest runs regional roadshows to ensure companies outside London access this funding knowledge.

Coutts is part of the NatWest Group. Learn more about venture debt funding and how NatWest's approach could benefit your business:

THE INVEST IN WOMEN TASKFORCE: AN URGENT APPROACH TO AN AGE-OLD CHALLENGE

DEBBIE WOSSKOW OBE
CO-CHAIR, INVEST IN WOMEN TASKFORCE

For too long, female entrepreneurs have been locked out of the capital they need to build and scale their businesses. Policy makers, investors and entrepreneurs have acknowledged the problem, yet progress remains painfully slow. Despite meaningful attempts to address this — identifying the challenges, why they persist and how they can be tackled, including the pioneering Rose Review — the numbers tell a different story: progress isn't just slow – it's reversing. In 2023, 2.5% of equity investment went to all-female founder teams. By mid-2024, that figure dropped to just 1.8%, while all-male teams continued to secure over 80% of equity investment[9].

The Invest in Women Taskforce is tackling this imbalance by doing what matters most: getting more money into the hands of women. By driving change on both sides of the investment coin — enabling more female and mixed businesses to access the funding they need to succeed and ensuring that more women control investment decisions. The data is clear: women back women, yet just 14% of senior investment members in the UK are women[10]. If we want to drive systemic change, we must put capital into the hands of female founders and break the cycle of underinvestment in these often-overlooked businesses.

That's why the Taskforce is convening one of the world's largest investment pools with a clear mandate to back female and mixed businesses, deployed by female investors. In November 2024, we exceeded our initial funding target, securing over £250 million. But this is just the start, we must continue expanding this pool to ensure sustained, long term impact.

Beyond institutional capital, we aim to increase the number of female angel investors from 14%[11], as well as looking at the funding needs of businesses just starting out. Across the broader ecosystem and financial services industry, we are working as a collective to enable more women to consider entrepreneurship — ensuring that they have the tools, resources and networks needed at the right time to start, run and scale their businesses, and removing obstacles in their way.

However, these efforts must be underpinned by strong policy frameworks that ensure long term sustainability and impact. Raising awareness around important policies such as the Seed/Enterprise Investment Scheme (S/EIS) can benefit both investors and female entrepreneurs. The Investing in Women Code, a government-led initiative that emerged from the Rose Review, is another critical tool in supporting female founders. We need more signatories to this Code and to push for more meaningful action and best practice across those signatories.

The Chancellor's endorsement of the Invest in Women Taskforce[12] sends a clear message that investing in women is not just about equality — it is an economic imperative for growth, innovation, and long term prosperity.

With continued government support, we are at a pivotal moment to drive real change. It is time to break down the barriers that hold female entrepreneurs back, expand access to capital, and ensure that the ecosystem we build is one where women can thrive. We cannot be content with incremental progress; we must push forward with urgency. Through collective action, bold policies, and a focus on outcomes, we can create a future where female entrepreneurs are fully empowered — unlocking growth, innovation and prosperity for the entire nation.

> "The Taskforce is convening one of the world's largest investment pools with a clear mandate to back female and mixed businesses, deployed by female investors."

SEEDING SUCCESS: HOW TO FUND GROWTH

STEPHEN WELTON CBE
CHAIR, BRITISH BUSINESS BANK

In focusing on growth, we need to start with small companies, where innovation really begins. The UK has a thriving venture capital industry, ranked third globally after the US and India[13]. We have a well-established angel investment community, bolstered by initiatives such as the S/EIS, providing early-stage entrepreneurs with much-needed risk capital and guidance. Our world-class universities, meanwhile, are increasingly commercialising their intellectual property[14], creating a promising pipeline of innovation. This is a strong combination to both foster and scale.

Where we see persistent issues is in the transition from seed funding towards growth investment, especially at the scale-up stage. While there are established funds supporting innovation at the university level and government-backed grant funding through Innovate UK, coordinating funding pipelines across the spectrum and ensuring entrepreneurs can access the right type of capital at the right time is a far from seamless process. This is particularly and persistently the case for women, which is why the British Business Bank is one of the key supporters of the Invest in Women Taskforce to back female-led VCs and in turn, female entrepreneurs. This is a practical approach to put more funds in the hands of female investors, in turn driving more investment into female-led firms.

More widely, in the UK we still struggle to provide adequate funding for later-stage businesses seeking capital beyond Series A. This lack of scale-up capital forces many ambitious businesses to look overseas, particularly to the US, for further investment. If we want to retain and grow high-potential businesses in the UK, we need to close this funding gap and ensure that institutional investors and in particular, pension funds, recognise the long term value of investing in private markets. Countries like Canada and Australia have demonstrated that strategic pension fund investment in high-growth businesses can generate strong returns[15], whilst also delivering diversification.

The good news is that progress is being made. Policy initiatives like the ongoing Mansion House Reforms are bringing much-needed attention to these issues with increasing recognition among investors of the importance of private markets. Last year, the British Business Bank announced plans to create an important and innovative new vehicle, the British Growth Partnership[16], to catalyse more UK pension funds and other institutional investment into some of the UK's most dynamic new companies, investing alongside the bank.

Companies are undoubtedly staying private for longer, but we should not lose sight of the wider revitalisation of our public markets. Smaller listed markets in the UK lack sufficient liquidity and investor appetite to support high-growth businesses. Many promising companies choose to list elsewhere because they anticipate higher valuations and greater investor engagement abroad. Innovations such as the new PISCES platform on the stock exchange[17] are to be welcomed, but the biggest shift will come when domestic institutions invest more in their home market.

"If we are to compete on a global scale, we must foster a culture that encourages bold ambition and long term vision."

One of the biggest challenges remains the cultural mindset surrounding long term business growth, which needs to shift. While no entrepreneur should be discouraged from exiting for the right deal, we need more companies willing to push further to become enduring, industry-defining players. In the US, founders are more inclined to think big — a mentality that is infectious to investors. If we are to compete on a global scale, we must foster a culture that encourages bold ambition and long term vision and crucially delivering the long term capital to underpin this.

Ultimately, the UK must move beyond being an 'incubator economy' — a place where great ideas are born but fail to scale. We have the capital within our financial institutions, but we need to ensure it flows efficiently to the businesses that most need it and with the most potential. This is not just an economic imperative but a cultural challenge. The UK has the talent, the innovation, and the resources to build world-leading businesses, but we need to ensure that ambition is met.

TALENT

RE-BALANCING CHANGING WORKPLACE EXPECTATIONS[18]

The acceleration of AI and automation is perhaps the most widely discussed, long term talent challenge that organisations face, with businesses exploring how to integrate this increasingly advanced technology into their working practices and how it might change (or indeed, replace) the roles they have on offer.

Despite this, AI is by no means the most pressing area that most business leaders we spoke to are concerned with when it comes to talent, with the ongoing repercussions of post-pandemic working practices still impacting businesses on a day-to-day level.

Opinions remain divided on this topic, with an understanding that increased flexibility enabled businesses to empower their people and increase employee engagement, at least in the short term. But we were repeatedly told that while perhaps just two or three years ago many of them would have remained in favour of widespread remote working, the benefits are decreasing as a new generation enters the workplace with different expectations and skills.

Our discussions particularly focused on the challenges of maintaining company culture in a distributed working environment and ensuring that all people are bought into your mission. This creates a contradiction for leaders, who know that younger employees are often choosing to work for organisations with a clear mission, but are more insistent on flexibility. The overall feeling is that it is hard for these two demands to co-exist.

Entrepreneurs also highlighted that hybrid working has reduced the informal daily interactions that enable the development of soft skills and interpersonal communication. They are therefore concerned about upcoming legislation[19] positioning flexible working not only as a right, but default. 'Basic rights from day one', although designed to strengthen employee rights, may also make recruitment more challenging for some businesses, who we are told may be less likely to take risks on permanent hires.

What flexibility has enabled is an increase in younger people who aspire to be entrepreneurs themselves[20]. This offers an exciting opportunity for a reshaping of the curriculum around enterprise education. In turn, this will offer young people many of the communication, leadership and financial skills they need to thrive in any workplace.

> "What flexibility has enabled is an increase in younger people who aspire to be entrepreneurs themselves."

WHAT THE DATA TELLS US

78% of UK business leaders report skills shortages within their organisation, and 68% specify a lack of tech capabilities in inhibiting their ability to transform[21] — PwC

41% of workers engage in remote work at least part of the week (28% hybrid, 13% fully remote)[22] — Office for National Statistics

47% Almost half of UK adults are considering starting a business, including 62% of 18-30-year-olds[25] — Enterprise Nation

41% of UK businesses foresee increased operational costs and reduced productivity as a result of the proposed Employment Rights Bill[24] — YouGov

-21 While most employers agree hybrid working hasn't negatively impacted productivity, there is a net negative perception of its impact on their people's connection to their organisation's purpose[23] — CIPD

CONFIDENCE, CAPITAL, CONNECTIONS: WHY IT'S TIME TO BACK FEMALE ENTREPRENEURS

THE RT HON BARONESS SANDIP VERMA
MEMBER OF THE HOUSE OF LORDS, UK

One of the biggest challenges the UK faces at the moment is confidence. I have spent time engaging with business leaders in Malaysia, Dubai, and India, and what I have heard repeatedly is that the UK is losing its appeal as an investment destination. They have expressed frustrations about red tape and the challenges of doing business in the UK, choosing to relocate to those emerging markets where they perceive fewer barriers and greater incentives for growth. We cannot afford to lose promising businesses simply because our regulatory environment discourages them. We must reassess how we support enterprise, ensuring that government policies create, rather than prevent, opportunity.

In short, it is time to talk up what is great about Britain as a business destination. If the conversation we have about ourselves is dominated by pessimism, why would investors and entrepreneurs feel confident in choosing the UK?

If I consider what really makes this country a great place to do business, it is the depth and breadth of diverse talent in all parts of the UK. That is why it is so important to ensure that all of that talent, not least women, are given the tools to thrive.

The ongoing systemic failure to invest in female entrepreneurs is not only a failure to maximise capital, but a failure to maximise talent. If we truly want to drive growth, we must remove the barriers that prevent women from fully realising their potential.

Fundamentally, we must address the deep cultural and systemic barriers that stifle women's entrepreneurship. Female founders are not inherently more risk-averse, but they do tend to manage risk differently. Yet, many in the financial sector often misinterpret this as a lack of ambition. It means that too often, women are underfunded, undervalued and overlooked by financial institutions. The Invest in Women Taskforce offers a step in the right direction, but it is one step of many that must be taken.

We need to reframe the conversation and recognise that different approaches to business can be just as, if not more, effective. Encouraging institutions to reassess how they evaluate and fund female-led ventures is critical if we are to achieve meaningful change.

Alongside investment, mentorship and peer networks must be strengthened. Support systems that connect experienced business leaders with emerging female founders can provide crucial guidance and encouragement. We must ensure that female entrepreneurs are not isolated but instead given every opportunity to learn from those who have successfully scaled their businesses.

Going back even further, education and skills development also play a crucial role in fostering an entrepreneurial mindset. We need to instil business and financial literacy at an early stage — long before women find themselves navigating a complex investment landscape. The talent pipeline starts in primary schools, where we should be nurturing confidence and ambition in young girls, equipping them with the skills they need to succeed in the business world.

The UK has everything it needs to be a powerhouse for female entrepreneurship and talent. But to achieve that, we urgently need to change our approach — fostering confidence, enabling access to finance, facilitating global market reach, increasing access to peer-to-peer networks, and encouraging enterprise education from an early age.

> "Support systems that connect experienced business leaders with emerging female founders can provide crucial guidance and encouragement."

THE AGE OF POTENTIAL: HOW AI IS RESHAPING HUMAN VALUE IN THE WORKFORCE

ASH RAMRACHIA
CO-FOUNDER AND CEO, ACADEMY

AI is fundamentally rewriting the value of human skills. For decades, the most prestigious careers have been built on the idea that mastering complex technical skills leads to economic security. But AI is now rapidly understanding many of these elite cognitive skills and performing them better than the highly trained professionals who spent years perfecting them. As a result, what we have long considered "hard skills" are being commoditised and the capabilities we once dismissed as "soft" are emerging as the true differentiators of value.

Why this matters and why it poses a challenge is two-fold. Firstly, we are still measuring talent based on outdated metrics. Our current hiring and education systems reward credentials, technical expertise and past experience — all of which AI can either already, or will soon be able to, replicate. Meanwhile, adaptability, creativity and emotional intelligence remain undervalued, creating a mismatch between how we assess talent and what is actually valuable.

Secondly, where AI is being used perhaps most prominently in the workplace is to screen candidates. But the criteria it is screening for are those outdated credentials, reinforcing a broken system. Just as work becomes more uncertain, our systems for identifying talent are becoming more rigid. The same technology depreciating the value of skills now guards the pathways to new opportunities — an algorithmic bouncer trained on yesterday's definition of success.

In other words, we spend billions screening, filtering, and rejecting talent, yet invest far less in discovering it. Businesses are therefore losing out people who could thrive in the AI economy simply because they do not have the right piece of paper or existing job title. As a result, we see both displacement and unfilled roles existing side by side.

Just as the automation of manufacturing reshaped the industrial workforce, AI is now disrupting knowledge work in ways that will permanently alter professional services sectors, with profound implications that could reshape the very foundation of the economy.

To navigate this shift, we need to move away from a credentials economy and towards a potential economy. Instead of hiring based on degrees and past experience, we must identify and develop people based on their ability to work alongside AI, adapt to new challenges, and apply judgement that machines cannot replicate. Otherwise, we're missing what's right in front of us, because we're looking for proof instead of promise. The problem isn't that people don't have potential — it's that they don't know it, their employers don't see it, and the system doesn't trust it.

> "AI is not just automating tasks, it is redefining the value of human work."

AI is not just automating tasks, it is redefining the value of human work. Every day that we fail to adapt, the transition zone widens and we risk millions of people in our society who are overeducated yet underemployed, being left behind by a system that no longer recognises their value.

But the opportunity, if we get it right is significant. In Britain today, potential is the most undervalued resource. And like any undervalued asset, those who unlock it first will reap extraordinary rewards — work that is more meaningful, inclusive, and innovative than ever before. The workforce of the future will not compete with AI but collaborate with it and success will no longer be about what you already know, but how effectively you can leverage technology while bringing uniquely human insights to the table.

This isn't just about the future of work; it's about the future of worth. Will we measure people by what they've done, or what they could become?

INNOVATION

WHY INNOVATING WITH INCLUSION MATTERS[26]

Entrepreneurs we spoke to stressed the UK's potential as a leader in technological innovation, with projects like the Isambard-AI supercomputer[27] — the UK's fastest and most powerful supercomputer and the second greenest in the world, located at the University of Bristol — providing a major opportunity to support the national effort to become a world leader in AI innovation.

The UK's strength has always been in solving complex global challenges, but more must be done to retain and scale homegrown innovations like these rather than selling them internationally. The discussion in Bristol specifically highlighted that the city has much of the right infrastructure and talent to be a leader in innovation but lacks the necessary funding to fully realise its potential.

There is also a distinction between the ability of businesses in different sectors to accelerate innovation, with digital native start-ups and scale-ups often at the forefront, while more established organisations in 'traditional' sectors risk being left behind. AI offers significant opportunities for businesses to increase efficiency and scale while maintaining lower costs, but for those who do not have clear guidance on where to invest effectively within their business, the risk of doing so outweighs the potential gain.

There is a dual need for tech ecosystems across the UK to move quicker in attracting investment to compete internationally, while ensuring that the benefits of that innovation are shared, with no businesses (or people) left behind. That presents a regulatory challenge, with competing demands from entrepreneurs for reduced regulation and government intervention, counteracted by greater support needed to protect the most at risk businesses and jobs.

Across all three discussions, entrepreneurs agreed that adaptability is key to surviving and thriving in uncertain economic conditions. Ambition should not be a fixed goal, but something that changes over time, with many entrepreneurs stating that they have become more impact-driven as their businesses mature, which in turn has enabled greater innovation.

There was a broad consensus amongst participants that innovation in the sustainability and social impact sphere can be a real driver of growth for the UK. Reinvesting profits into areas such as the built and natural environment, diversity, equity and inclusion initiatives, and green technology, can all help to ensure businesses are set for the long term.

"Innovation in the sustainability and social impact sphere can be a real driver of growth for the UK."

COUTTS INTERACTIVE ENTERTAINMENT

Coutts has positioned itself as a leading partner for the interactive entertainment (IE) industry, offering tailored banking solutions to game developers, content creators, and esports businesses. Recognising the sector's rapid growth and evolving financial needs, Coutts was the first UK bank to focus on gaming, challenging outdated perceptions and establishing a strong presence in the industry.

Since launching its interactive entertainment division, Coutts has built relationships with over 200 game studios and more than 50 content creators, providing banking solutions that cater to their unique challenges. From high-growth independent studios to billion-dollar gaming enterprises, we offer financial expertise, networking opportunities, and strategic guidance. Coutts was also the first UK bank to introduce Video Games Tax Relief (VGTR)[28] lending, allowing developers to access funding against anticipated government tax credits, ensuring smoother cash flow.

A key example of our impact is a successful UK game studio that we supported over several years. When the pandemic disrupted operations, Coutts provided VGTR lending and government-backed loans, ensuring financial stability. As the business rebounded, it achieved record revenues and was ultimately sold for tens of millions of pounds, with Coutts continuing to manage the founder's private wealth.

Beyond banking, we play a wider role in shaping the future of the industry. Through initiatives such as its 'Get a Real Job' accelerator, the bank educates and empowers young gaming professionals, reinforcing that gaming is a legitimate and highly profitable career path.

Are you an innovative business in interactive entertainment? Read more about our proposition for Interactive Entertainment entrepreneurs:

BECOMING FIT FOR THE FUTURE: HOW NOT TO FAIL

VARUN BHANOT,
CO-FOUNDER AND CEO, MAGIC AI

Innovation is not just about technology — it's about rethinking traditional industries. The main reason that innovations tend to fail is because there is no need for them in the market. The first question any founder should ask when building their business is whether it offers something different enough from what currently exists.

MAGIC AI, I believe, certainly does that — born from my own struggles to lose weight and find an affordable trainer who could motivate me to do so.

The fitness sector, like many others, has been slow to evolve. Traditional gym-based personal training remains largely the same as it was decades ago: expensive, inconvenient and reliant on human trainers with clipboards. Meanwhile, the explosion of wearable health technology has given consumers more health data than ever before.

The product that we created to bridge that gap in the market, to the naked eye, looks just like any mirror. But behind it is our magic, proprietary 'Reflect AI' model — a virtual fitness coach that provides real-time feedback, corrects form and personalises training recommendations, mimicking a human personal trainer, but at a fraction of the cost.

Bringing a new technology and product to market is never easy, not least because we did so in 2021, at the height of the pandemic and amid an uncertain economic climate, without a real physical product to sell. In order to attract investors, we were able to prove demand through a limited pre-order process, before we had even launched our first model. Buyers paid a small, refundable deposit months ahead of receiving the first MAGIC AI mirror and we were, quite simply, overwhelmed with orders. It confirmed that we were solving a real problem and that it was one worth investing in.

Despite what has been a particularly brutal few years for VC funding, with investors hesitant to back early-stage companies due to economic volatility and rising interest rates, we successfully raised $7 million across two funding rounds. Even in a tough funding environment, a strong product-market fit and a compelling vision will attract backers.

"Even in a tough funding environment, a strong product-market fit and a compelling vision will attract backers."

"There is clear opportunity in the UK for further growth with the government's commitment to investing in AI."

Our next innovation challenge is about staying ahead as AI evolves rapidly, meaning what is cutting-edge today can become obsolete tomorrow. That's why we've built a small but elite engineering team focused on future-proofing our technology. We actively recruit from adjacent start-ups and top universities, ensuring we tap into emerging talent trained in the latest AI advancements.

We are also continuously refining Reflect AI, working towards making our mirror not just a fitness tool but an all-encompassing health assistant — offering AI-powered coaching that extends beyond exercise into rehabilitation, preventative care, and even remote doctor consultations.

Ultimately, our goal is to grow MAGIC AI into a globally recognised brand. The US market, with its strong appetite for home fitness solutions and greater purchasing power, is a natural next step for us. But there is clear opportunity in the UK for further growth with the government's commitment to investing in AI. We just hope that bureaucracy does not slow down meaningful progress. Start-ups like ours need a more agile approach from policymakers — one that cuts through red tape and fosters a more supportive investment landscape, to ensure the most innovative companies remain rooted here.

FOUNDER WELL-BEING: THE MISSING PIECE IN ENTREPRENEURIAL INNOVATION

RENÉE ELLIOTT,
FOUNDER, PLANET ORGANIC

Returning to Planet Organic in 2023, I found myself stepping back into a business landscape that had changed significantly since I first launched the company almost 30 years earlier. The economic climate was uncertain and the pressures on entrepreneurs as intense as ever before. Yet, my approach was markedly different this time around, because of my mindset. I no longer worry about challenges in the same way. Instead, I trust in my purpose and use it as a guiding force in every decision.

Entrepreneurs are often portrayed as people who thrive on external challenges, responding with agility to whatever the market throws at them. While resilience is key, it is purpose that sustains us in the long run. At Planet Organic, our mission is to support individual health, promote biodiversity, and unite people through nature. That mission does not change, regardless of economic conditions. The key is to stay committed to these values and find creative ways to navigate difficulties without compromising them.

For instance, with rising operational costs and increasing financial pressures, many businesses are reacting with what may feel like necessary layoffs and price hikes. We made a conscious decision not to follow that path. Instead, we are focusing on efficiency and innovation, ensuring that we maintain the affordability of our products while upholding our commitments to employees and customers.

The UK is rich in financial and business resources for entrepreneurs, offering mentorship, funding, and strategic guidance. Yet, one fundamental aspect is often overlooked: well-being. I have seen too many founders push themselves to the brink, caught up in the relentless cycle of business growth, only to burn out. When entrepreneurs prioritise their own well-being, they cultivate stronger teams, enhance creativity and innovation, and build businesses that are sustainable in the long term. At Planet Organic, I have embedded well-being into our company culture, training our leadership team to adopt practices that support their mental, emotional and physical health.

One of the first questions I ask entrepreneurs is: how do you define success? For some, it is financial freedom; for others, it is balance, fulfilment, or making a tangible difference in the world. Many founders seek to build businesses that align with their lifestyles, values, and personal aspirations, rather than solely chasing targets. The reality is that each entrepreneur must carve their own journey rather than conform to an imposed standard of success.

When I first launched Planet Organic, people told me that competing against large supermarkets was an impossible task. But I believed in my purpose and that clarity fuelled my perseverance. Today, I see many entrepreneurs wrestling with doubt, torn between external pressures and their own intuition. But uncertainty is a constant in business. Economic fluctuations, regulatory changes, and industry disruptions will always be present. The best way to plan for the future is to embrace it.

My advice is simple: follow your gut, focus on what feels right, and don't lose sight of what truly matters to you. Purpose, well-being and trust in yourself will not only help you navigate challenges but will also create a business that is truly meaningful, innovative and sustainable in the long run.

> "At Planet Organic, I have embedded well-being into our company culture, training our leadership team to adopt practices that support their mental, emotional and physical health."

IS THE UK A GREAT PLACE TO BE AN ENTREPRENEUR?

FRANKLIN ASANTE
ENTREPRENEURS PROPOSITION LEAD, COUTTS

This report set out to answer two questions. How do we define ambition for entrepreneurs in the UK today? And how does this country fare as a home for ambitious businesses?

What we have found is that there is no one single ambition that can define a successful entrepreneur. For one, it may be about getting to the next stage of growth — doubling revenue or expanding into new markets — for another it may be about preparing for exit, or it may even be about simply making a lasting impact.

What is clear though is that the UK is bursting with entrepreneurial ambition of all types and in all places. But there are clear barriers that risk stifling that ambition if we do not address them.

Is risk aversion holding us back?

As we have seen, our cultural and financial relationship with risk is fundamentally different from other markets, particularly the US. Entrepreneurs repeatedly voiced concerns about the UK's conservative investment culture, meaning that scaling beyond a certain point becomes incredibly difficult. Whether it is securing late-stage investment, navigating taxation, or simply convincing investors to take a leap of faith, there is a clear feeling that the UK does not always reward ambition in the way that other markets do.

The other challenge, of course, is ensuring that the abundant capital that exists gets to where it needs to go, particularly for all female founder teams who remain almost universally shut out of receiving investment. I am thrilled that Debbie Wosskow and the Invest in Women Taskforce spoke to us for this report to outline how it is committing to changing that reality. Support from the British Business Bank and others will prove crucial to achieving this, and Coutts will continue providing whatever support we can to empower female entrepreneurship.

The war for talent and the future of work

Hiring and retaining the right talent is another major challenge for UK entrepreneurs, particularly in an era of hybrid working that many organisations are still working out. Founders noted that younger employees often struggle with communication in a remote setting, making mentorship and hands-on training even more important.

Talent is perhaps our number one asset as a nation, but all too often we fail to empower the best of it, as Baroness Verma highlighted. Embedding enterprise education in our curriculum can help to both inspire a new, more diverse generation of entrepreneurs, while also preparing young people for the realities of a workplace where, as Ash Ramrachia told us, potential matters more than proven credentials.

Innovating with purpose

What we have also seen is that innovation is as much about making an impact as it is about technology. MAGIC AI proves that the backing is there for innovative ideas that address a genuine need, while Renée Elliott's story shows that in challenging financial conditions, doubling down on your purpose and values is a greater enabler of innovation than cutting costs, even when it feels like there is no other choice.

Those ideas were both reflected in our discussions, where many entrepreneurs felt as deeply excited about the opportunities of technology to transform their businesses as others felt fearful of being left behind. We need to connect these two disparate ecosystems so that the benefits of new technologies are shared, ensuring that much-needed economic growth is sustainable and does not undermine a company's core values.

Changing the narrative around growth and exit

At Coutts, supporting entrepreneurs is embedded into the fabric of what we do. But we also recognise that much of our historic offering has been around providing support for entrepreneurs at the later stages of their journey, when there is a significant group of founders who are still navigating their growth path. In the UK, we often measure success by exit valuations, but why should selling be the default goal as soon as a business reaches a certain level of success?

This mindset may be holding us back. Growth should not always be viewed as a step toward selling, but rather as a long term strategy to build sustainable, impactful businesses. Entrepreneurs should be given the space to dictate their own ambitions, whether that means scaling internationally, reinvesting in social impact, or simply creating something they and their employees can be proud of.

That is why we are launching the Business Insights Programme on the back of this report, to offer guidance and an expert network that understands the challenges entrepreneurs face. Not just a roadmap to exit, but a strategy to grow on their own terms. We will be taking this report across the country to ask whether the same challenges we heard in London, Manchester and Bristol are resonating with the rest of the country.

As we prepare to do that, my message to entrepreneurs is this: let's talk. Let's identify where you are on your journey and explore the opportunities ahead. Whether you are looking to scale, pivot, exit or simply take that next step, whatever your ambition is, our ambition at Coutts is to make it real.

Sign up to the Coutts Business Insights Programme:

FOOTNOTES

1
Global Entrepreneurship Monitor, United Kingdom 2023/2024 National Report

2
A series of roundtable discussions held from July-October 2024 in London, Manchester and Bristol helped to provide a sample of perspectives from different parts of the country on the challenges entrepreneurs face and the strength/weakness of the UK as an environment to grow a business. These insights are a summary that paint an overall picture of the wide-range of opinions shared across the three discussions, as they pertain to access to capital and do not reflect the views of Coutts & Company.

3
Venture Capital, House of Commons Treasury Committee, July 2023

4
Corporate Tax Reform, House of Commons Library, Antony Seely, May 2024

5
Capital Gains Tax – rates of tax, HM Revenue & Customs, November 2024

6
Why Certify as a B Corp?, B Corporation, accessed February 2025

7
Only available to Professional Clients of Coutts who meet our eligibility criteria.

8
Eligibility criteria, terms and conditions apply. Security required & fees apply. Subject to status.

9
Funding female-powered businesses: Making the UK the best place in the world to be a female entrepreneur, Invest in Women Taskforce, accessed February 2025

10
Diversity & Inclusion 2023 Report, BVCA and Level 20, 2023

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Chancellor: "Everyone can do something for women's equality", HM Treasury, September 2024

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The economic impact of the Russell Group universities' R&D activities, London Economics, January 2024

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Pension fund investment and the UK economy: Analysing the trends of UK pension fund investment and the implications for UK economic growth, Department for Work & Pensions, November 2024

16
British Business Bank responds to package of measures announced at the International Investment Summit to drive economic growth and reform the Bank, British Business Bank, October 2024

17
FCA consults on new private stock market, Financial Conduct Authority, December 2024

18
A series of roundtable discussions held from July-October 2024 in London, Manchester and Bristol helped to provide a sample of perspectives from different parts of the country on the challenges entrepreneurs face and the strength/weakness of the UK as an environment to grow a business. These insights are a summary that paint an overall picture of the wide-range of opinions shared across the three discussions, as they pertain to changing trends in talent and the workforce, and do not reflect the views of Coutts & Company.

COUTTS BUSINESS INSIGHTS

19
Employment Rights Bill, UK Parliament, January 2025

20
Alternative career routes – the rise of the young entrepreneur, Youth Futures Foundation and ClearView Research, July 2021

21
UK Workforce Hopes and Fears Survey 2024, PwC, June 2024

22
Who are the hybrid workers?, Office of National Statistics, November 2024

23
Flexible and Hybrid Working Practices in 2023, CIPD, May 2023

24
'British business leaders view on the proposed Employment Rights Bill – good or bad for businesses?', YouGov, November 2024

25
StartUp Ambition 2025, Enterprise Nation, January 2025

26
A series of roundtable discussions held from July-October 2024 in London, Manchester and Bristol helped to provide a sample of perspectives from different parts of the country on the challenges entrepreneurs face and the strength/weakness of the UK as an environment to grow a business. These insights are a summary that paint an overall picture of the wide-range of opinions shared across the three discussions, as they pertain to accelerating business innovation, and do not reflect the views of Coutts & Company.

27
Unprecedented £225m investment to create UK's most powerful supercomputer in Bristol, University of Bristol, November 2023

28
Eligibility criteria, terms and conditions apply. Security required & fees apply. Subject to status.

COUTTS BUSINESS EXIT PROGRAMME

This report launches a new insights programme that will support founders with ambitions to grow their business through further investment, talent acquisition, and new tools/technologies.

For those who are planning the next stage of their journey, beyond their current venture, Coutts Business Exit is a proactive and practical programme designed to help prepare entrepreneurs and their families, both mentally and financially, to take that leap.

We help entrepreneurs navigate the complex process of selling their business and adjusting to life post-exit. Recognising that most entrepreneurs will only sell a business once, the programme provides expert guidance on maximising value, preparing emotionally and financially, and transitioning to new opportunities.

For over 25 years, we have studied the challenges entrepreneurs face during an exit, distilling their findings into a comprehensive framework. The programme covers key aspects such as understanding buyer motivations, conducting vendor due diligence, and positioning a business for scalability. We also help founders shift their mindset from that of an owner to a buyer's perspective, ensuring they can achieve the highest possible valuation.

A crucial part of the process is education, with the Business Exit Programme offering strategic insight into where new opportunities may lie for a company's growth that a founder may not have previously foreseen.

Beyond the sale, the programme addresses the life changes that come with significant wealth. Many entrepreneurs struggle with finding a new purpose post-exit and, while Coutts provides wealth management support, we look to also provide structured guidance and a network of founders and investors to support ongoing engagement around what comes next.

Coutts Business Insights will aim to build on the success of the Business Exit Programme by ensuring that the foundations for a successful exit, when and if it comes, are set in motion through the guidance we provide at earlier stages of the entrepreneurial journey.

Read more about the Coutts Business Exit Programme and watch our digital masterclass videos: