



BLACK BRITISH BUSINESS PEOPLE: THE EMERGING BUSINESS FORCE IN LONDON

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Abstract: This chapter explores the recent developments in Black British entrepreneurship and explains the reasons behind some of the changes. In addition, it outlines the contribution of Black business people to the London economy and highlights some of the successful Black entrepreneurs that are running businesses in mainstream sectors. Finally, the chapter outlines some of the key issues and barriers affecting the start-up and growth of Black-owned businesses in London, and make recommendations for increasing the numbers and the growth of these businesses.

Keywords: Black British business people; Black British entrepreneurs.

INTRODUCTION

Research on Black-owned business in the UK in the 1980s and early 1990s broadly reflected the nature of businesses run by entrepreneurs of Black African and Caribbean background. Black-owned businesses within that period operated mainly in the traditional and ethnic niche sectors and catered mainly to the ethnic minority communities. However over the past decade, emerging evidence suggests that there has been a shift in the types of businesses run by second and third generation Black African and Caribbean (often referred as Black British) entrepreneurs as well as their contribution to the UK economy – in particular the London economy.

This chapter explores the recent developments in Black British entrepreneurship and explains the reasons behind some of the developments. In addition, it outlines the contribution of Black business people to the London economy and highlights some of the successful Black entrepreneurs that are running businesses in mainstream sectors. Finally, the chapter outlines some of the key issues and barriers affecting the start-up and growth of Black-owned businesses in London, and make recommendations for increasing the numbers and the growth of these businesses.

Research by the London Development Agency (LDA, 2005) and Barclays Bank (2005) have revealed that the majority of

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new businesses are now started by people from ethnic minority backgrounds – a large proportion of whom are Black. There are now around 16,000 businesses owned by people of Black African and Caribbean descent in London – making up 4% of all businesses in the Capital, and a further 27,000 Black Londoners are self-employed – up by 80% over the past decade.

London's Black-owned businesses now generate a combined, annual sales turnover of £10 billion and employ 100,000 people. Coupled with the £4.5 billion spending power of London's Black community, African and Caribbean people are wielding increasing economic power.

Over a decade ago, the majority of Black-owned businesses were concentrated in traditional, ethnic niche sectors like hair-dressing, food retailing and catering – and were limited to serving mainly the Black community. However, an increasing number of Black entrepreneurs are now running multi-million pound companies in mainstream sectors such as financial services, law, business and professional services, ICT, media, fashion, retail, property services, consulting and recruitment.

There are many reasons for this shift. Part of the answer lies in the increasing numbers and the generational changes that have occurred within the Black African and

Caribbean community over the past 40 years. The growth of the number of Black, Asian and other ethnic minorities in the UK is highlighted by Office of National Statistics (ONS). According to the ONS, UK's ethnic minority population grew by 53% between 1991 and 2001, from 3 million in 1991 to 4.6 million in 2001. The latest population estimates indicate that there are now 4.9 million ethnic minority people in the UK, with approximately 2.2 million living in London. Business start-up trends suggest that of those choosing to start up businesses, a sizeable proportion of them will be by people of African and Caribbean background, and will be located mainly in London.

Table 1 shows the current population of London Black and other ethnic minority population.

Most of the second and third generation Black people are either British born or came to the UK when they were young. This experience, coupled with the greater economic opportunities now available to them, compared to their parents who came in the 1960s and 1970s, has resulted in a major shift in mindsets and ambitions.

These new of breed second and third Black entrepreneurs possess higher levels of education, confidence and communication skills as well as a range of business and social

Table 1 2004 London's population estimates by Ethnicity

	<i>Numbers</i>	<i>Percentage</i>
Total population	7,428,600	
Whites	5,182,200	69.8
Asians (Indians, Pakistanis, Bangladeshis) – including mixed race	1,017,100	13.7
Black Africans and Caribbeans (including Black British and mixed race)	858,900	11.6
Black Africans (including British Africans and mixed race)	450,900	6.1
Black Caribbeans (including British Caribbeans and mixed race)	408,000	5.5
Chinese and other ethnic groups	240,500	3.2

Source: Mid-year estimates, Office for National Statistics, 2005

networks, all of which affect their entrepreneurial behaviour and business decisions. Furthermore, they tend to establish their businesses in mainstream sectors because of the larger market size and greater business opportunities that exist in these sectors.

A shining example of a British-born entrepreneur who is excelling in the corporate business world is Damon Buffiuni. The managing partner and chairman of Permira, Europe's biggest private equity/venture capital firm, his company recently acquired UK major UK firms such as Homebase, New Look, Bird's Eyes, Travel lodge and Little Chef. The 45 year old's business journey is a classic rags to riches story. He grew up in single parent household in a tough Leicester council housing estate. He later went on to graduate in law from Cambridge University and MBA from Harvard. He is a member of the UK Prime Minister's Business Advisory Panel. His personal fortune is estimated at £300 million.

Another notable example is Michael Webster and Dawn Dixon – founders, joint Managing Director and partners of the only Black-owned law firm in the City, UK and Europe's financial capital. Specialising in business, tax and employment law, this law firm has built an impressive client base including multi national companies, banks, satellite TV companies and radio stations.

Black business women are an integral part of the emerging Black business success story as they now own more businesses than any other female ethnic group. Recent statistics indicate that Black women have the highest level of business ownership in London with 29% owning businesses, compared to 21% of whites and 15% of Asians.

One notable black female is Kanya King, founder and CEO of the Music of Black

Origin (MOBO) awards. She has risen into an international recognised entrepreneur and innovator in the British music industry. Through MOBO, King has for the past 15 years played an important role in elevating black music and culture to mainstream popular music status in the UK. She is also the publisher of the successful *Mobo* magazine, which celebrates black music and entertainment.

A significant development in the London business sector is the large number of firms owned by second and third generation Africans (British Africans), particularly entrepreneurs of West African backgrounds. Other than their larger population (there are 458,900 Black Africans in London compared to 408,000 Black Caribbeans) there are a number of reasons for the growth of British Africans entrepreneurs:

- *Exploiting business opportunities in the UK:* Identifying and successfully exploiting the business opportunity or gaps in the market like any entrepreneur. Some individuals in this group tend to have cultural mindset which sees entrepreneurship as a first choice rather a second best option when jobs are scarce.
- *Capitalising on qualifications:* British African businesspeople tend to have higher educational levels and tend to start businesses in sectors where they can use and exploit their degrees or professional qualifications – such as law, accountancy, ICT, business and financial services.
- *'Push factors':* British Africans are often being forced to start up their own businesses due to reasons such as difficulties in finding suitable employment that matches their qualifications and experiences – due to discrimination in the job market, lack of job promotion etc. A

number of reports have concluded that African men, in particular, face severe disadvantage in the UK job market in spite of their educational success. The national UK research organisation, Joseph Roundtree Foundation (JRF) (1999) found that an African graduate was seven times more likely to be unemployed than a white graduate. In May 2007, another report by JRF (2007) found that Black African workers were paid up to 25% less than their white counterpart despite having the same or higher qualifications and doing the same job.

- *Capitalising on business opportunities available in the Africa:* Business opportunities presented by emerging African economies such as Ghana, Nigeria and South Africa – brought about by economic growth and privatisation and liberation of key sectors such as IT and telecommunications and financial services – have led to significant growth of British Africans doing businesses in home countries. Often these entrepreneurs build on their social and business networks across the UK and extend them into Black African communities in Europe and North America. In addition, these entrepreneurs are capitalising on the increasing trade between the UK and African countries. For example, UK Custom and Excise figures revealed that in 2004 non-oil commodity imports from the top five African countries totalled £4 billion, while UK exports to these countries totalled around £3 billion.
- *Adam Afriyie:* A multi-millionaire British-born Ghanaian businessman and the conservative MP for Windsor. He was founder of Connect Service – an IT service company pioneering fixed-price support. Connect was recognised in the Virgin Sunday Times Fasttrack 100 of Britain's fastest growing firms in 2002. He is also non executive chairman of Adfero Ltd – a new and information services company.
- *Alexander Amosu:* A 32-year-old multi-millionaire founder of mobile phone music 'RnB Ringtones' and a second generation Nigerian. He identified a gap in the market while an engineering student at university and earned £1 million in his first year of trading. He sold the business to a German company for an undisclosed amount and has started a new firm selling expensive products to the rich.
- *Oswald Boateng:* A menswear designer widely credited with introducing Savile Row tailoring to a new generation. The British-born Ghanaian also designs clothes for a celebrity clientele, including Tony Blair, Will Smith, Mick Jagger and Lawrence Fishburne.
- *Dr. Charlie Easmon:* The 48 Year old Ghanaian born physician is the founder of Number One Heath, a health screening and medical company with over 10,000 clients including Fortune 500 companies such as Rose Royce. The company is located in Harley Street, UK's most prestigious medical services district.
- *Tutu Agyare:* Founder, managing partner and chief investment officer of Nubuke Investment. Nubuke is an equity finance company which raises and manages over £100 million of funds, and invests only in African countries especially Ghana,

British African and Caribbean entrepreneurs are increasingly making major contribution to the London and the UK economy through job creation, employment, GDP, income and wealth creation. Some of the successful British African and Caribbean business people are:

Nigeria, South Africa, Kenya and Zambia. Tutu was the former head of emerging market and board member at UBS Investment Bank.

- *Daniel Taylor*: Founder and MD of Metro Design. His drive and ambition has seen him go from working in McDonalds to founding and managing one of UK's leading design-and-build companies. He started Metro Design in his spare room and has grown the company into a multi-million pound business with an annual turnover of £20 million and employing over 40 staff. His client list includes global companies such as Boeing, Skype and Harley Davidson. Metro Design was involved in the interior design of Arsenal football club's Emirates stadium and the Thomson Reuters building in Canary Wharf, UK's leading business and financial district.
- *Tandy Anderson*: Co-founder and chief executive of Select, UK's number 1 model agency. She is a major player in international fashion is regarded as one of the best and most influential male-model agents in the world. Her clients include Armani, Gap, Christine Dior, DKNY, Tommy Hilfiger, Prada, Top Shop, M&S etc.
- *Joy Nichols*: The founder and CEO of the highly successful company Nichols Employment Agency (NEA). The company specialises in recruitment in the health and social care sectors as well as consultancy, training and project management to the public, private and voluntary sectors. Her company turns over several millions a year.
- *Sonita Alleyne*: Founder and director of the largest independent radio production firm in the UK. Her company 'Somethin' Else Ltd is now worth £20 million. Syndicated radio content to over 65 countries around the world,

the company is top producer of TV programmes and award winning interactive entertainment. Educated at Cambridge University, she was voted woman of the year in 1996.

- *Charles Gordon*: A 32 year multi-million property developer and music entrepreneur. He is reported to have made his first million when he was 21.
- *Trevor Robinson*: Founder and director of Quiet Storm, the UK's first joint creative, production and advertising agency which writes, directs and produces all its work in-house. Quiet Storm's clients include Ford, HMV and Hallmark channel.

However despite the increasing number of successful business people of Black African and Caribbean background, evidence suggests that black-owned businesses encounter disproportionate barriers to development and growth of their business – particularly in accessing start-up and growth finance, securing contracts, accessing quality business support and international trade opportunities.

Major improvements are still needed if this group is to reach its full business and economic potential. Some of the current weaknesses associated with Black-owned businesses are:

- Their number and combined turnover could be larger, especially when compared to Asian businesses which have a combined turnover of £60 billion and employs 300,000 in London.
- Most Black-owned businesses are small – 60% have one to four employees compared to 49% of white-owned businesses.
- Turnover is, on average, lower than similar sized London businesses.
- The vast majority are concentrated in inner city areas.

- The number of successful Black British business people is still relatively small compared to other UK ethnic business groups, particularly Asians.
- A significant proportion are still concentrated the traditional and ethnic niche sectors.
- Some Black entrepreneurs still tend to start-up in low value, saturated, and low profit margin sectors such as hair dressing, food retail etc. Evidence suggests that unless these businesses have Unique Selling Points (USP) or a competitive advantage, they are unlikely survive or make a reasonable living from the business.
- A proportion of Black-owned businesses (particularly those operating in the ethnic niche and traditional sectors) lack business management skills, particularly in areas like marketing, financial management, IT and also tend to be weak in 'softer' skills such as customer care and relationship building.

For UK Black-owned businesses to realise their full potential and increase their contribution to the local and regional economy, the challenge in the short to medium term is to increase start-up and expansion of their businesses in the mainstream and international growth sectors – whilst adopting effective business strategies to increase the size, turnover, profitability and job creation potential of their firms.

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