



GLOBAL ENTREPRENEURSHIP MONITOR

2006 Financing Report

William D. Bygrave with Mark Quill



Global Entrepreneurship Monitor

2006 Financing Report

William D. Bygrave

with Mark Quill

Founding and Sponsoring Institutions

Babson College, Babson Park, MA, USA
London Business School, London, UK

The authors thank Marcia Cole for her direction to GEM and her support in the production of this report.

Although GEM data were used in the preparation of this report, their interpretation and use are the sole responsibility of the author.

© 2007 by William D. Bygrave with Mark Quill, Babson College, London Business School

Table of Contents

Executive Summary	3
Key Findings—Informal Investment	4
Key Findings—Formal Investment	4
Key Implications	4
Financing Entrepreneurial Ventures	5
Entrepreneurial Financing for the World's Poorest	5
Microfinancing	5
Microcredit for the Poorest of the Poor	6
Entrepreneurs and Informal Investors	8
Informal Investors	8
Entrepreneurs	12
Expected Financial Returns	14
Venture Capital	14
Classic Venture Capital Among GEM Nations	15
Concluding Comments	19
References	20
GEM National Teams 2006	21
GEM Sponsors	26
Contacts	27
List of Figures and Tables	
Figure 1: Percent of Adults Who Are Active Informal Investors	9
Figure 2: Total Informal Investment as Percent of GDP	9
Figure 3: Annual Amount Per Informal Investor vs GDP	10
Figure 4: Amount of Startup Money vs GDP	11
Figure 5: Percent of Nascents Fundable with Available Informal Investment	13
Figure 6: Classic Venture Capital as a Percent of GDP (2005)	16
Figure 7: Amount of Classic Venture Capital in G7 Nations in 2005	16
Figure 8: Number of Companies Receiving Venture Capital in G7 Nations in 2005	16
Figure 9: Amount of Classic Venture Capital per Company	17
Table 1: Growth in the Implementation of Microcredit, 1997–2003	7
Table 2: Microfinancing by Region, 2003	7
Table 3: Entrepreneur's Expected Sources of Financing	12
Table 4 Relationship of Informal Investor to Entrepreneur	12

Executive Summary

This report reviews and assesses the state of financing for entrepreneurs and their ventures around the world. The empirical data are from the Global Entrepreneurship Monitor (GEM) 2006 study of national level of entrepreneurial activity, microcredit institutions,¹ and venture capital associations,² augmented with some information from the previous years of GEM studies. This is the second time that GEM has published a separate report on financing. The first was in 2004. In other years the financing report has been a section in the GEM Global Report.

Since GEM was launched in 1997 by scholars at Babson College and London Business School, the project has developed into one of the world's leading research consortia, concerned with improving knowledge about the relationships between entrepreneurial activity and national economic growth. To this end, the project has, from the start, been designed as a multinational research program providing annual assessments of the entrepreneurial sector for a range of countries.

The nations that participated in the GEM 2006 study were Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Italy, Jamaica, Japan, Latvia, Malaysia, Mexico, Netherlands, Norway, Peru, Philippines, Russia, Singapore, Slovenia, South Africa, Spain, Sweden, Thailand, Turkey, United Arab Emirates, United Kingdom, United States, and Uruguay.

In this report the term “informal investment” is used in a broad sense to include not only investments, but also loans and even gifts. We think our classification is justified because putting money into a fledgling business is very risky, and the outcome is the same for both lenders and investors if the business fails: They lose money. The term “classic venture capital” includes money invested by professional venture capital firms in seed, early, start-up, and expansion-stage companies.

Key Findings—Informal Investment

- In the 42 nations participating in the 2006 GEM study, 208 million informal investors provided \$600 billion to entrepreneurs' businesses.
- The average prevalence rate of informal investors among the adult population of the GEM nations is 4.0%, and the total sum of money that informal investors provide to fund entrepreneurs is equal to 1.5% of the combined Gross Domestic Product (GDP) of those nations.
- The entrepreneurs themselves provide 62% of the start-up capital for their new ventures.
- When the money provided by the entrepreneurs is combined with the amount of informal investment, the sum is 3.9% of the combined GDP of the 42 GEM nations. That money goes almost immediately into the GDP as entrepreneurs spend it to pay wages and buy goods and services for their businesses.
- For all the GEM nations combined, the average amount needed to start a business is \$65,000.
- Entrepreneurs are four times as likely as non-entrepreneurs to be informal investors in another entrepreneur's business.
- Altruism influences the returns expected by informal investors. Expected returns increase as the relationship between the investor and the entrepreneur diminishes. Close relatives expect the lowest returns, and strangers (angels) expect the highest returns.
- Fewer than half of the GEM nations have sufficient informal investment to meet the needs of nascent new businesses.

Key Findings—Formal Investment

- In 2005, \$37.3 billion of classic venture capital was invested in 11,066 companies in the GEM nations.
- In 2005, 71% of all the classic venture capital invested among the G7 nations was in the United States. This is down from 72% in 2004 and 74% in 2003.
- Classic venture capital invested in the United States increased to \$21.6 billion in 2005 from \$21 billion in 2004.
- The amount of classic venture capital invested per company in the United States was \$8.6 million, compared with an average of \$1.8 million per company in the other G7 nations.

- Denmark topped all the nations in the amount of classic venture capital as a percent of GDP in 2005. Also, it ranked second to the United States in the amount of classic venture capital invested per company (\$3.9 million).
- After declining for four years in the aftermath of the bursting of the Internet stock market bubble, classic venture capital invested in European technology companies increased in 2005. Preliminary numbers indicate another increase in 2006.
- The sale of Skype—a venture capital-backed European company—to eBay for \$2.6 billion in 2005 gave a boost to classic venture capital investing in European information technology and communications companies.
- The number of venture capital-backed initial public offerings (IPOs) in the United States fell from 83 in 2004 to 45 in 2005.

Key Implications

- Close family members, friends, and neighbors are by far the biggest sources of informal capital for start-ups. Hence, entrepreneurs should look to family and friends for their initial seed capital to augment their own investments in their start-ups. Entrepreneurs must also understand that they themselves will have to put up about two-thirds of the initial capital needed to launch their ventures.
- Educators should put much more emphasis on financing from entrepreneurs themselves and informal investors and much less on the role played by venture capitalists because fewer than one in 10,000 start-ups have venture capital in hand when they open their doors for business.
- Policy makers should pay more attention to start-up capital provided by entrepreneurs themselves and informal investors and less attention to that given by venture capitalists. After all, financing from entrepreneurs and informal investors pumped 3.9% into the GDP of the GEM nations combined in 2006.
- Researchers should put much more effort into studying entrepreneurs themselves and informal investors as sources of entrepreneurial financing, and much less into venture capital and public stock markets.

Financing Entrepreneurial Ventures

A new business searching for capital has no track record to present to potential investors and lenders. All it has is a plan—sometimes written, sometimes not—that projects its future performance. This means that it is very difficult to raise debt financing from conventional banks because they require as many as three years of actual—not projected—financial statements and assets that adequately cover the loan. Hence, almost every new business raises its initial money from the founders of the businesses themselves and from informal investors: family, friends, neighbors, work colleagues, and strangers. A few raise it from lending institutions, primarily banks, and a miniscule number raise it from venture capitalists. This report examines funding from entrepreneurs themselves, informal investors, and venture capitalists throughout the world.

Before we study the GEM findings for the financing of start-ups in the GEM nations, we will begin by looking at how would-be entrepreneurs eking out subsistence livings in some of the most impoverished regions of the world are being financed by microcredit organizations.

ENTREPRENEURIAL FINANCING FOR THE WORLD'S POOREST

A 2005 article in the *Wall Street Journal* proposed reducing worldwide poverty by increasing investment in entrepreneurs. To wit: “To ‘make poverty history,’ leaders in private, public and civil-society organizations need to embrace entrepreneurship and innovation as antidotes to poverty. Wealth-substitution through aid must give way to wealth-creation through entrepreneurship.”³ But where do nascent entrepreneurs living in poverty get any money

to start a micro-business? In Africa, for instance, 600 million people live on less than \$3 per day based on purchasing power parity (PPP). For China, the number may be 400 million, and for India, 500 million.

Conventional banking is based on the principle that the more you have, the more you can borrow. It is based on collateral, which means that a bank loan must be adequately covered by assets of the business or its owner or in many cases, both. But half the world’s population is very poor, so about 5 billion people are shut out from banks. For example, less than 10% of adults in many African countries have bank accounts. Even in Mexico the number is scarcely 20%.

Microfinancing

In 1976 in the village of Jobra, Bangladesh, an economist named Muhammad Yunus started what today is the Grameen bank. It was the beginning of the microfinance concept, which is best known for its application in rural areas of Bangladesh, but has now spread throughout the world. Yunus believes that access to credit is a human right. According to Yunus, “one that does not possess anything gets the highest priority in getting a loan.” And he practices what he preaches. Even beggars can get loans from the Grameen bank. They are not required to give up begging but are encouraged to take up an additional income-generating activity such as selling popular consumer items door to door or at the place of begging.⁴ The bank provides larger loans, called micro-enterprise loans, for “fast moving members.” By the end of 2004, almost 300,000 Bangladeshis had taken micro-enterprise loans. The average loan was US\$344, and the biggest loan was US\$17,195, to purchase a truck. The loan recovery rate is almost 99%, which is remarkable because the bank relies entirely on personal trust, not collateral.⁵



The 2006 Nobel Peace Prize was awarded to Professor Muhammad Yunus and the Grameen Bank, which he founded in 1983 to dispense tiny loans to Bangladeshi women. These women used the money to transform their lives by purchasing the tools needed to start small businesses.

La Maman Mole Motuke lived in a wrecked car in a suburb of Kinshasa, Zaire, with her four children. If she could find something to eat, she would feed two of her children; the next time she found something to eat, her other two would eat. When organizers from a microcredit lending institution interviewed her, she said that she knew how to make chikwangue (manioc paste), and she needed only a few dollars to start production. After six months of training in marketing and production techniques, Maman Motuke got her first loan of US\$100 and bought production materials.

Today, Maman Motuke and her family no longer live in a broken-down car; they rent a house with two bedrooms and a living room. Her four children go to school consistently, eat regularly, and dress well. She currently is saving to buy some land in a suburb farther outside of the city and hopes to build a house.⁶

Microfinancing is now available in many nations. It is generally agreed that microfinance is a powerful tool in the fight to reduce poverty in poorer nations. Here is an example from Mexico.⁷ When he was 21, Oscar Javier Rivera Jimenez became an entrepreneur by delivering parts on his tricycle in the Chimalhuacan district, which is one of the poorest slums on the outskirts of Mexico City. Six years later he had a warehouse well stocked with girders for local builders, and in 2005, he opened a branch nearby. He then employed nine persons, four from outside his family. He grew his business with money from Compartamos, Latin America's biggest provider of microfinance. Compartamos ("Let's share" in Spanish) started life as a non-governmental organization and gained its seed capital from multilateral funds. In 2005, it had more than 300,000 clients and plans to have more than 1 million clients by 2008. Its average loan is \$330,⁸ and like microcredit institutions elsewhere in the world, it reports that less than 1% of its borrowers are more than 30 days late with their payments.

Microcredit for the Poorest of the Poor

The Microcredit Summit Campaign was held in 1997. The aim was "... to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005."⁹

It defines the "poorest" people as those who are in the bottom half of those living below their nation's poverty line, or any of the 1.2 billion people in the world who live on less than \$1 per day based on PPP. The Microcredit Summit Campaign Report 2004 provides the following data⁹ (see Table 1):

Table 1. Growth in the Implementation of Microcredit, 1997–2003

YEAR	NUMBER OF INSTITUTIONS REPORTING	TOTAL NUMBER OF CLIENTS REACHED	NUMBER OF “POOREST” CLIENTS REPORTED
1997	618	13,478,797	7,600,000
1998	925	20,938,899	12,221,918
1999	1065	23,555,689	13,779,872
2000	1567	30,681,107	19,327,451
2001	2186	54,932,235	26,878,332
2002	2572	67,606,080	41,594,778
2003	2931	80,868,343	54,785,433

Source: Daley-Harris, S., *State of the Microcredit Summit Campaign Report 2004*, 2004, Microcredit Summit Campaign, <http://www.microcreditsummit.org/pubs/reports/socr/2004/SOCR04.pdf>

Women accounted for 82.5% of the total number of “poorest” clients. Assuming five persons per family, the 54.8 million poorest clients reached by the end of 2003 affected some 274 million family members.¹⁰ Table 2 shows the relationship between the number of families living in absolute poverty in each region (i.e., those living under one dollar a day adjusted for PPP) and the number of poorest families reached in each region at the end of 2003.

In 2005—the International Year of Microcredit—the 1997 Microcredit Campaign came close to achieving its goal of reaching 100 million of the world’s poorest families. Put another way, assuming five persons per family, the campaign helped microcredit reach 500 million or 42% of the world’s poorest persons.

Table 2. Microfinancing by Region, 2003

	ASIA	AFRICA & THE MIDDLE EAST	LATIN AMERICA & THE CARIBBEAN	EUROPE
Number of Poorest Families (million)	157.8	61.5	12.1	3.5
Number reached by MicroFinance (million)	48.8	4.8	1.1	0.06
Percent Coverage	31%	7.8%	9.1%	1.7%

Source: Daley-Harris, S., *State of the Microcredit Summit Campaign Report 2004*, 2004, Microcredit Summit Campaign, <http://www.microcreditsummit.org/pubs/reports/socr/2004/SOCR04.pdf>

In the following sections we will examine how entrepreneurs in all financial circumstances, from the poor in developing nations to the well-off in developed nations, raise money to start their new businesses.

ENTREPRENEURS AND INFORMAL INVESTORS

We begin by looking at funding from the 4Fs: informal investors who fall in the categories of Family, Friends, Foolhardy strangers, and the Founding entrepreneurs themselves.

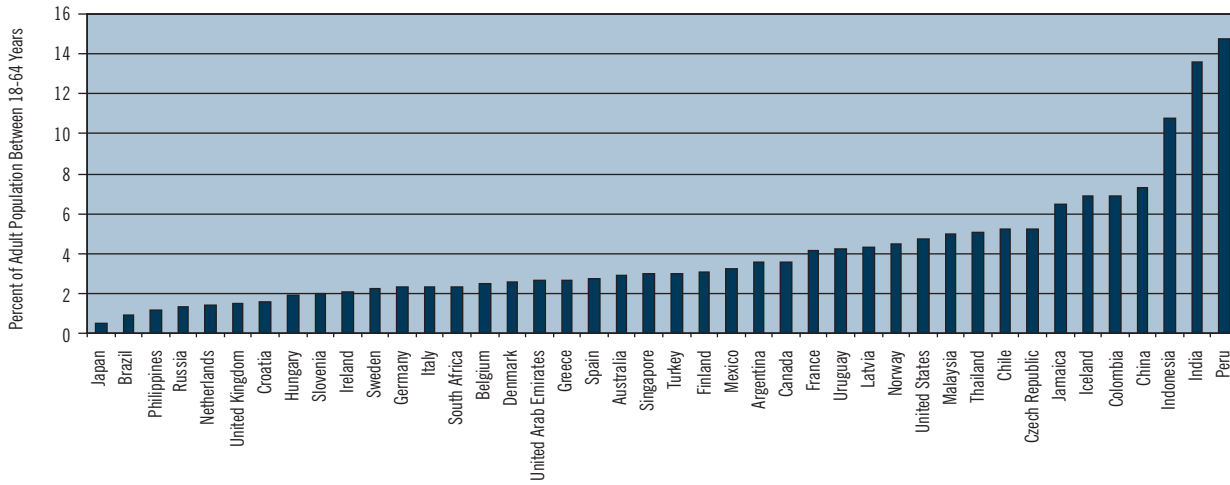
Informal Investors

Informal investors are essential for a vibrant entrepreneurial society. One of the most remarkable discoveries of GEM research is the extent of informal investing. For example, in 2006 we estimate that

there were 208 million active informal investors in the 42 GEM nations and that they invested \$600 billion in fledgling companies. The average annual amount invested was approximately \$3,000, which may appear to be a modest amount per company. But for an individual starting business, particularly in less developed regions, a relatively tiny sum can make a major difference, as Muhammad Yunus first showed with Bangladeshi women entrepreneurs.

The percent of adults aged 18 to 64 who are active informal investors is shown in Figure 1. The prevalence rate ranges from slightly more than 0.5% in Japan to almost 16% in Peru. As might be expected, most countries with high rates of entrepreneurial activity also have high informal investor prevalence rates (e.g., Peru, India, and Indonesia) and vice versa (e.g., Japan). But there are notable exceptions such as Brazil, which has a comparatively high rate of entrepreneurial activity but a low informal investor prevalence rate.

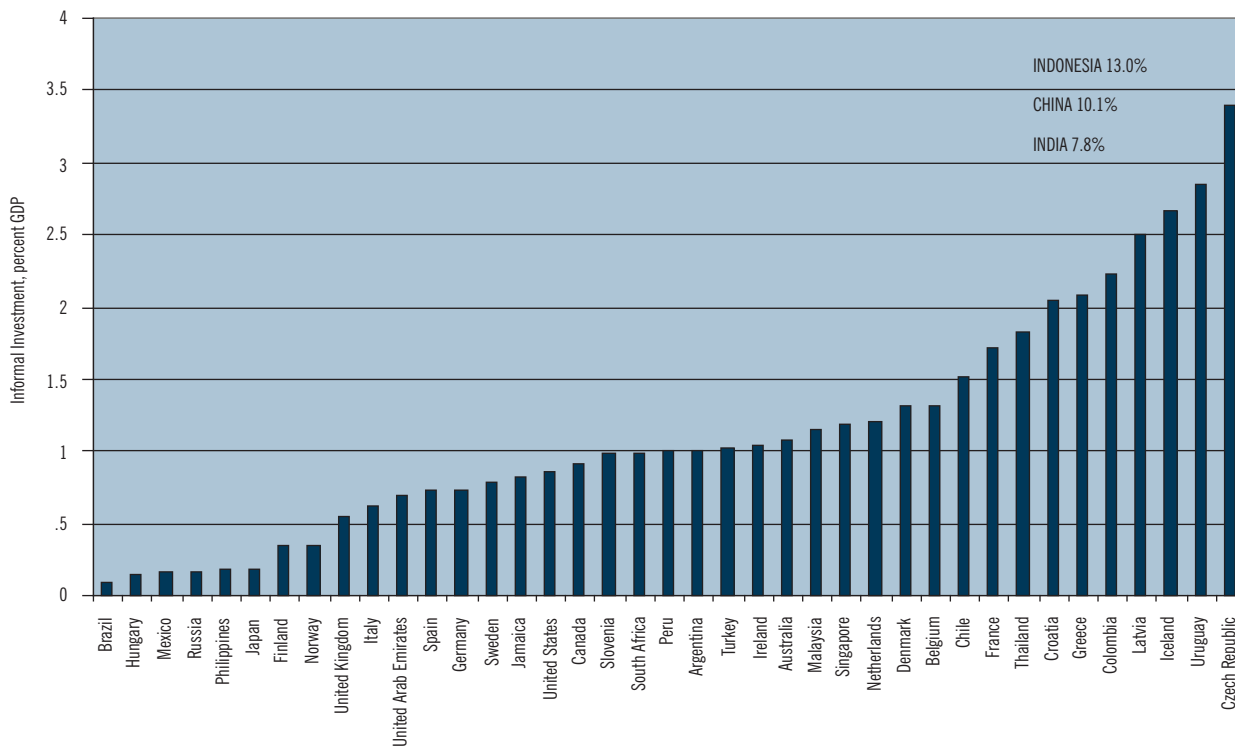
Figure 1. Percent of Adults Who Are Active Informal Investors



To put the total amount of informal investment in each nation on the same basis, we measure the total amount of informal investment as a percent of GDP in each nation (see Figure 2). This percentage ranges from 0.1% in Brazil to 13% in Indonesia. The average

per nation is 1.8%; looked at another way, informal investment represents 1.5% of the combined GDP of the 42 GEM nations. This is a sizeable amount of money, which usually comes from the savings of informal investors.

Figure 2. Total Informal Investment as Percent of GDP

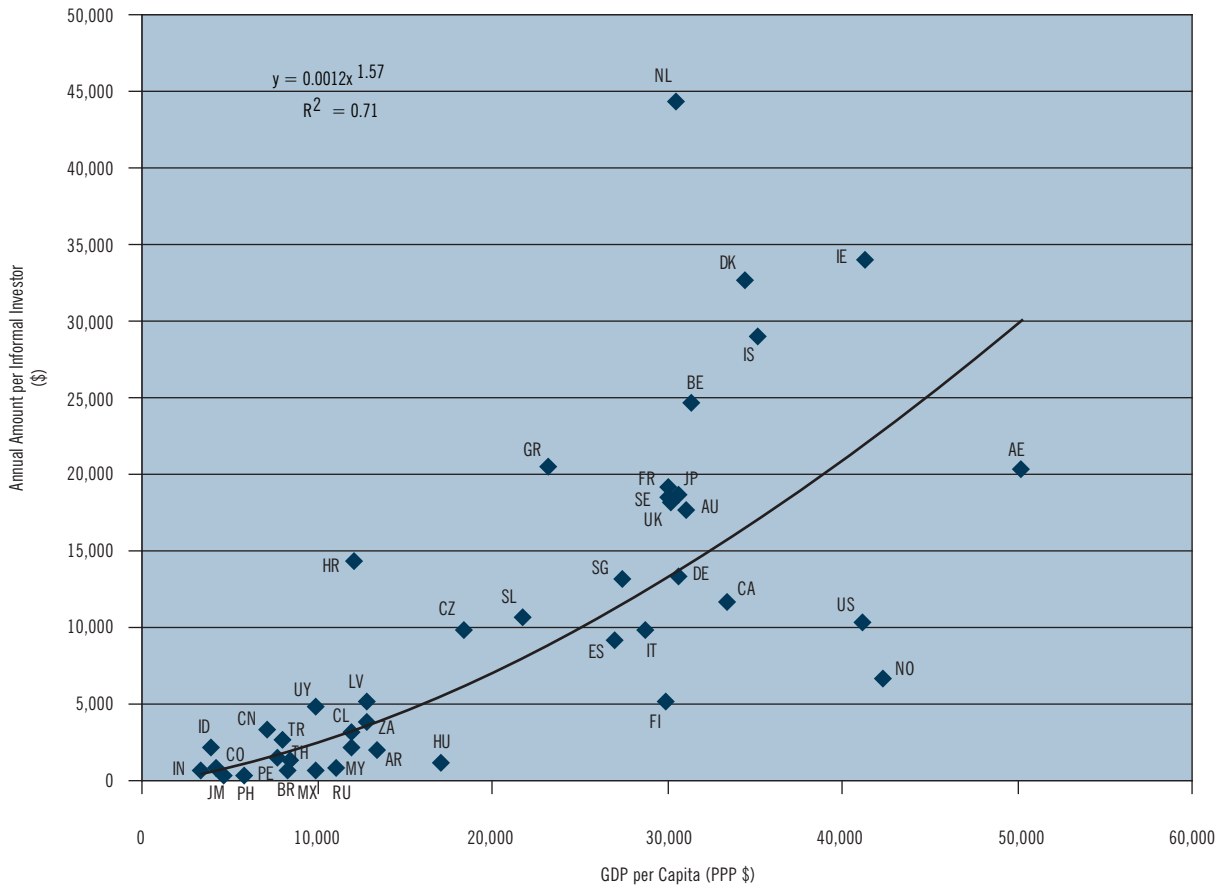


Financing Entrepreneurial Ventures

The wealthier a nation, the higher the average annual amount of money that each informal investor puts into start-up companies (see Figure 3). The amount ranges from \$308 in the Philippines to \$44,000 in the Netherlands. The average amount of money provided

by an informal investor has to be examined relative to the average amount of money that is needed to start a business, which ranges from \$843 in the Philippines to \$186,000 in the United Arab Emirates (see Figure 4).

Figure 3. Annual Amount Per Informal Investor vs GDP

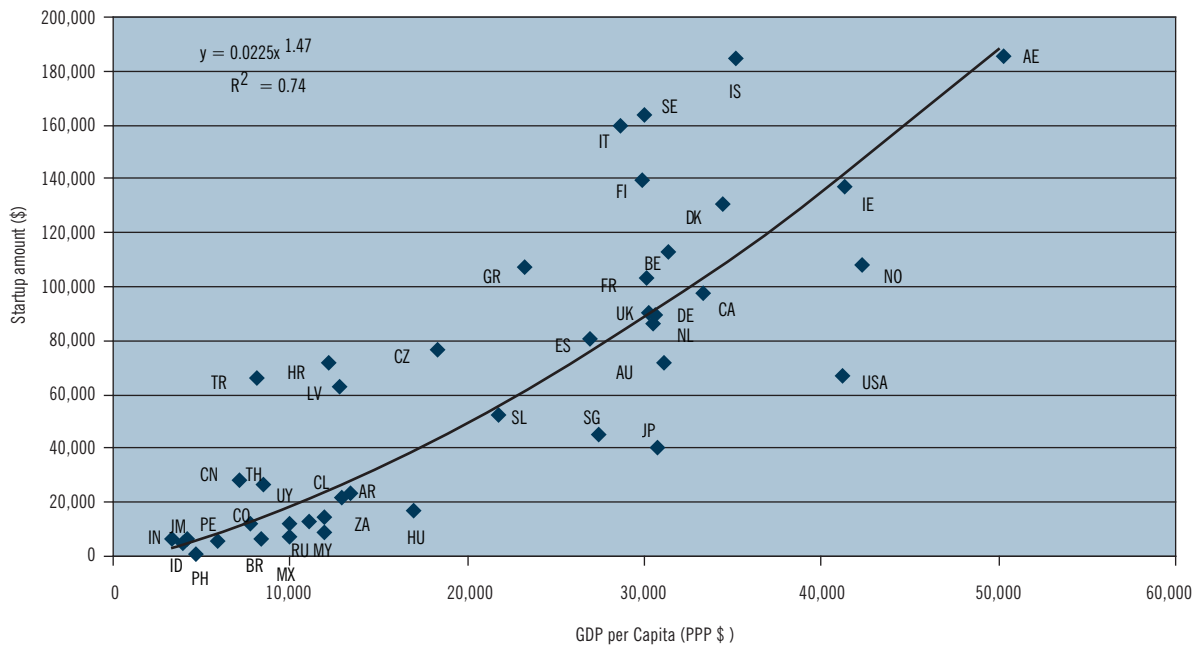


Note: R^2 is the proportion of the variation that is explained by the trend line. An R^2 of 0.71 indicates that 71% of the variation in annual amount per informal investor is explained by GDP per capita.

The money needed to start a business in nations that fall below the trend line in Figure 4 is less than in nations that fall above the trend line. This may partially explain why Norway has a higher rate of early-stage entrepreneurial activity than its Scandinavian neighbors, Sweden and Denmark: It simply costs less to get a new business started in Norway. Another interesting point is that it costs less

to start a business in the nations with so-called Anglo-Saxon economies (Australia, Canada, Ireland, United Kingdom, and the United States). This is consistent with the findings of the GEM 2005 High-Expectation Entrepreneurship, which found that the Anglo-Saxon group of countries has a noticeably higher rate of entrepreneurs starting companies that are expected to create 20 or more jobs.¹¹

Figure 4: Amount of Start-up Money vs GDP



Note: R^2 is the proportion of the variation that is explained by the trend line. An R^2 of 0.74 indicates that 74% of the variation in annual amount per informal investor is explained by GDP per capita.

Entrepreneurs

The founding entrepreneurs themselves generally provide more of the money to launch their new ventures than do informal investors. Among the GEM nations, the entrepreneurs provide 62% of the start-up funds, with the remaining 38% coming from external sources. When the entrepreneurs' self-funding is combined with the money from informal investors, it amounts to 3.9% of the GDP of the GEM nations. Not only does this create new companies and jobs, but it also gives an immediate boost to a nation's economy because new companies immediately spend their start-up money to purchase goods and services and to pay wages of the founding entrepreneurs and employees, if there are any. Hence, most new companies make a sizeable contribution to a nation's economy before they open their doors for business.

Entrepreneurs expected to get their external financing from multiple sources. Table 3 shows that entrepreneurs know that the 3Fs—Family, Friends, and Foolhardy strangers—are sources of start-up money. The percentage of entrepreneurs who expected to get some of their start-up financing from banks or financial institutions is high—in fact, it ranks highest among all the sources. That number is probably so high because the respondents included nascent entrepreneurs who were still in the process of trying to start their businesses; thus, it seems reasonable to assume that they were still naïve about the chances of getting a bank or other financial institution to invest in a new business. Similarly, they were probably too optimistic about the chances of getting financial support from government programs.

Table 3. Entrepreneur's Expected Sources of Financing (All GEM Nations)

SOURCES OF FUNDING	PERCENT OF ENTREPRENEURS
Close Family	32.9%
Other Relative	14.5%
Work Colleague	14.7%
Friend or Neighbor	15.3%
Stranger	7.3%
Bank or Other Financial Institutions	42.2%
Government Programs	19.7%
Other	12.3%

Total is more than 100% as entrepreneurs cited multiple sources.

When entrepreneurs' *expected* sources of funding (Table 3) are compared with the entrepreneurs that informal investors *actually* invested in (Table 4), we see that entrepreneurs underestimated friends

and neighbors as potential sources of money and overestimated other relatives and work colleagues. But they were approximately correct in their estimate of close relatives and strangers as potential sources.

Table 4. Relationship of Informal Investor to Entrepreneur

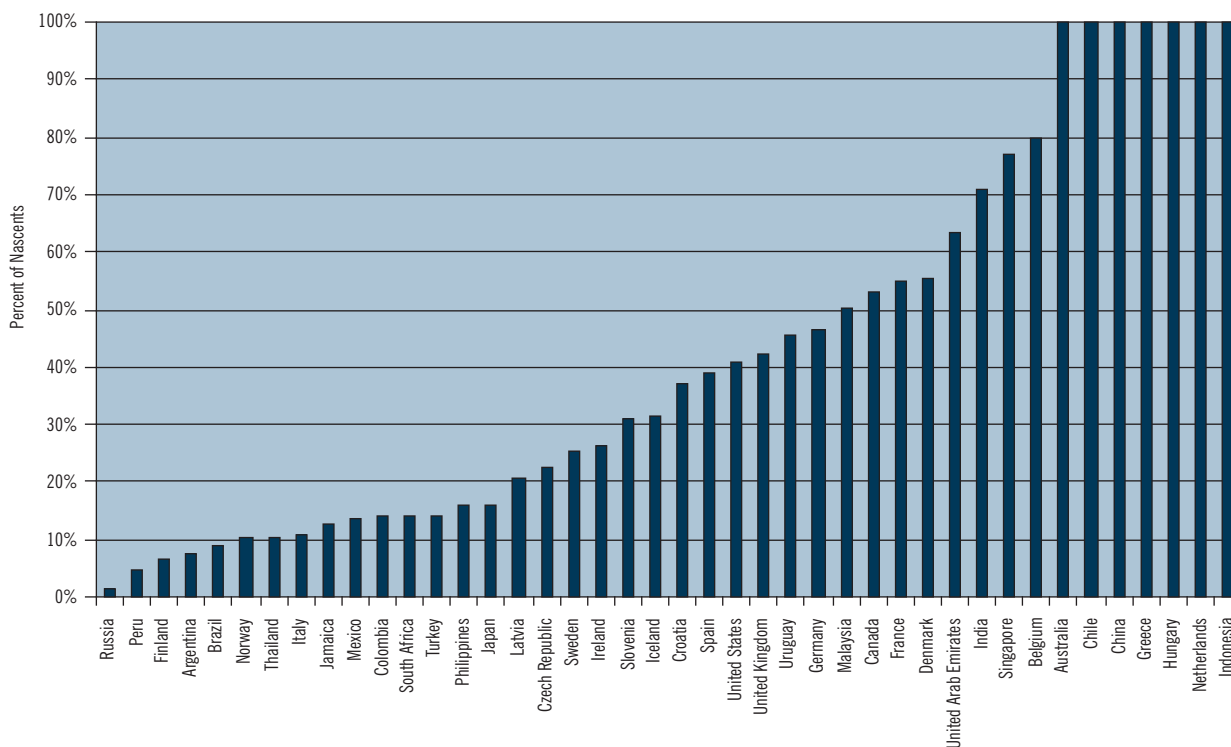
SOURCES OF FUNDING	PERCENT TOTAL
Close Family	48.9%
Other Relative	8.4%
Work Colleague	7.7%
Friend or Neighbor	26.4%
Stranger	5.8%
Other	2.7%
Total	100.0%

One never-ending debate in the small business arena is the so-called private equity gap; that is, the shortfall in the amount of money that is available for investment in young companies. We think the GEM study of informal investment sheds some light on the debate. For each GEM nation, we knew the total amount of money that nascent entrepreneurs reported that they needed for their new ventures, and we also knew the total amount of informal investment, so from that we calculated the percentage of nascent businesses that could be funded annually (see Figure 5). Some nations have more than enough money to fund every nascent, regardless of merit. As we have pointed out in the GEM 2004 Financing Report,¹² not all nascents merit funding. It seems likely that a country with enough informal investment to fund 40% or more of all its nascent entrepreneurs probably has sufficient informal investment because the majority of new businesses never become viable in the long-term,¹³ and they fail to produce a satisfactory return on investment for either their owners or investors.

With the 40% criterion, slightly fewer than half of the GEM nations have sufficient informal investment overall. However, the observation that there is enough money overall does not mean that all of it is effectively invested; without doubt, some deserving entrepreneurs fail to raise money, and vice versa.

There are other sources of external funding besides informal investors, for instance, banks and government programs. Just because a nation has insufficient informal investment to fund, let's say, 40% of its nascents does not mean that there is not enough external money available for entrepreneurs. For example, the amount of informal investment available in Finland could fund less than 10% of its nascents; however, 81% of Finnish nascent entrepreneurs expect to get external funding from banks and 33% from government programs, while only 30% expect to get funding from close family and other relatives.

Figure 5. Percent of Nascents Fundable with Available Informal Investment



Expected Financial Returns

In the GEM 2004 Financing Report, we reported the financial returns that informal investors expected to receive. Here is what we wrote:¹⁴

The median expected payback time is two years and the median amount returned is one times the original investment. In other words, there is a negative or zero return on investment for half the informal investments. Interestingly, the payback time and times return are the same for all types of investees except strangers. What's more, the amount invested in strangers is the highest. The most likely reason is that investments in strangers are made in a more detached and business-like manner than investments in relatives and friends.

There is a big variation in the times return expected by informal investors: 34% expect that they will not receive any of their investment back, whereas 5% expect to receive more 20 or more times the original investment. Likewise, there is a big variation in the payback time: 17% expect to get their return in six months, whereas 2% expect to get it back in 20 years or longer.

Entrepreneurs are much more optimistic about the return on the money that they themselves put into their own ventures: 74% expect the payback time to be two years or sooner, and their median times return is two, with 15% who expect 20 or more times on their original investment.

After we wrote that in 2005, we investigated how the financial returns expected by informal investors were influenced by a number of factors. We found that expected returns are affected by altruism because they increase as the relationship distance between the investor and the entrepreneur increases (i.e., strangers expect higher returns than parents); that men expect higher returns than women; that entrepreneurs expect higher returns than non-entrepreneurs; that expected returns increase as the amount invested increases; that older persons expect lower returns than younger ones; and that

entrepreneurs expect higher returns on investments in their own businesses than on their investments in others' businesses.¹⁵

VENTURE CAPITAL

We began this report by discussing microcredit for the poorest of the poor would-be entrepreneurs. Now we look at the other end of the entrepreneurial finance spectrum: venture capital. As we have pointed out in previous GEM reports, financing from the 4Fs is vital for an entrepreneurial economy. If money from the 4Fs dried up, entrepreneurship would shrivel and die. In contrast, eliminating venture capital would not make a perceptible difference to entrepreneurial activity overall because even in the preeminent venture capital nation, the United States, fewer than one in 10,000 new ventures has venture capital in hand at the outset, and fewer than one in 1,000 businesses ever has venture capital at any time in its existence. Even in the United States, a would-be entrepreneur has a greater chance of winning a million dollars or more in a lottery than getting venture capital.¹⁶ Nonetheless, venture capital plays an important role—some say a crucial role—in the advanced economies because some of the companies in which venture capital is invested change the way in which we live, work, and play. Apple, Microsoft, and FedEx have already done this, for example, and eBay, Amazon.com, and Google are now doing this.

The founding and funding of Google (see the text box) is a good example of how high-potential start-ups raise their money. Sergey Brin and Larry Page maxed out their credit cards to buy the terabyte of storage that they needed to start Google in Larry's dorm room. Then they raised \$100,000 from Andy Bechtolsheim, one of the founders of Sun Microsystems, and approximately \$900,000 from family, friends, and acquaintances. Subsequently, Google raised \$24 million from two venture capital firms, and \$1.67 billion from its IPO. The company was three-and-a-half years old when it raised venture capital, and eight-and-a-half when it had its IPO.

Google: A Classic Example of Funding from the 4Fs, Venture Capital, and an IPO

Google founders Larry Page and Sergey Brin bought a terabyte of storage at bargain prices and built their own computer housings in Larry's dorm room, which became Google's first data center. Unable to interest the major portal players of the day, Larry and Sergey decided to make a go of it on their own. All they needed was a little cash to move out of the dorm—and to pay off the credit cards they had maxed out buying their terabyte of memory. So they wrote up a business plan, put their Ph.D. plans on hold, and went looking for an angel investor. Their first visit was with a friend of a faculty member.

Andy Bechtolsheim, one of the founders of Sun Microsystems, was used to taking the long view. One look at their demo and he knew Google had potential—a lot of potential. But though his interest had been piqued, he was pressed for time. As Sergey tells it, "We met him very early one morning on the porch of a Stanford faculty member's home in Palo Alto. We gave him a quick demo. He had to run off somewhere, so he said, 'Instead of us discussing all the details, why don't I just write you a check?' It was made out to Google Inc. and was for \$100,000."

The investment created a small dilemma. Since there was no legal entity known as "Google Inc.," there was no way to deposit the check. It sat in Larry's desk drawer for a couple of weeks while he and Sergey scrambled to set up a corporation and locate other funders among family, friends, and acquaintances. Ultimately, they brought in a total initial investment of almost \$1 million.

On September 7, 1998, more than two years after they began work on their search engine, Google Inc. opened its doors in Menlo Park, California. The door came with a remote control, as it was attached to the garage of a friend who sublet space to the new corporation's staff of three. The office offered several big advantages, including a washer and dryer and a hot tub. It also provided a parking space for the first employee hired by the new company: Craig Silverstein, now Google's director of technology.

Excerpted from "Google History." <http://www.google.com/corporate/history.html>

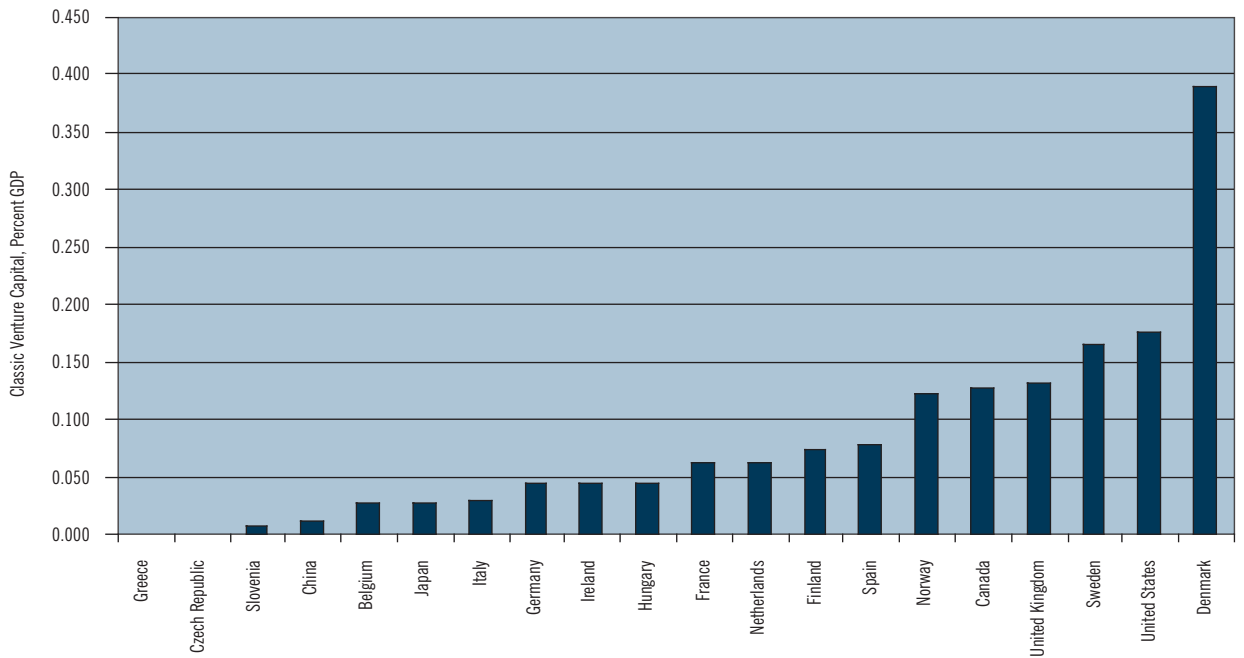
There is a pattern in the initial funding of Google that is repeated over and over again in almost every start-up. The money comes from the 4Fs: First the founders themselves dip into their own pockets for the initial capital; next they turn to family, friends, and foolhardy investors (business angels). If their companies grow rapidly and show the potential to become superstars, they raise venture capital, then either have an IPO or are acquired by a bigger company. Venture capital is very rare, and IPOs are much rarer. For instance, in the United States in 2005, 910 companies raised \$5.3 billion of first-round venture capital, and 45 venture

capital-backed companies raised \$3.4 billion with IPOs. In comparison, approximately 3 million new companies raised \$100 billion of informal investment, and the founding entrepreneurs themselves contributed another \$200 billion or thereabouts.

Classic Venture Capital Among GEM Nations

Approximately 59% of classic venture capital in the GEM nations is invested in companies in the United States; the second highest percentage, 7.9%, is invested in the United Kingdom.

Figure 6. Classic Venture Capital as a Percent of GDP (2005)



To put comparisons among nations on an equal footing, the amount of venture capital in each nation is shown as a percentage of GDP (see Figure 6). Compared with 2004, the biggest increases in classic venture capital in 2005 were in Denmark and the United Kingdom, and the biggest decreases were in Belgium and Ireland. The United States and Canada held steady. Year-to-year comparisons can be misleading in some countries such as Greece, the Czech Republic, and Slovenia, where only a few investments are made annually.

Seventy-one percent of the amount of venture capital in the G7 nations was invested in companies in the United States (see Figure 7), but only 33% of the companies were in the United States (see Figure 8). This is because the amount invested per company was much higher in the United States.

Figure 7. Amount of Classic Venture Capital in G7 Nations in 2005

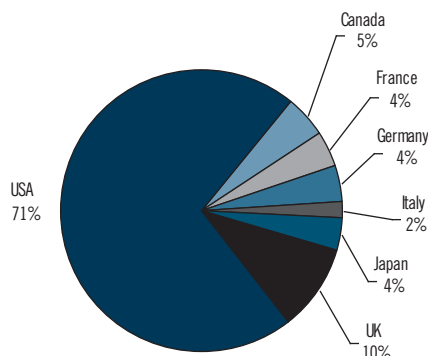
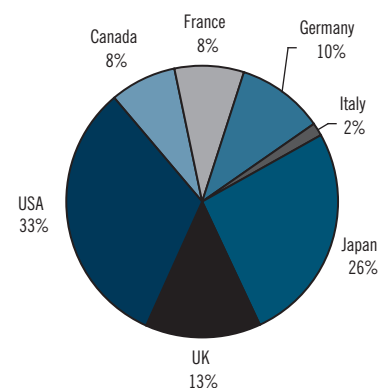


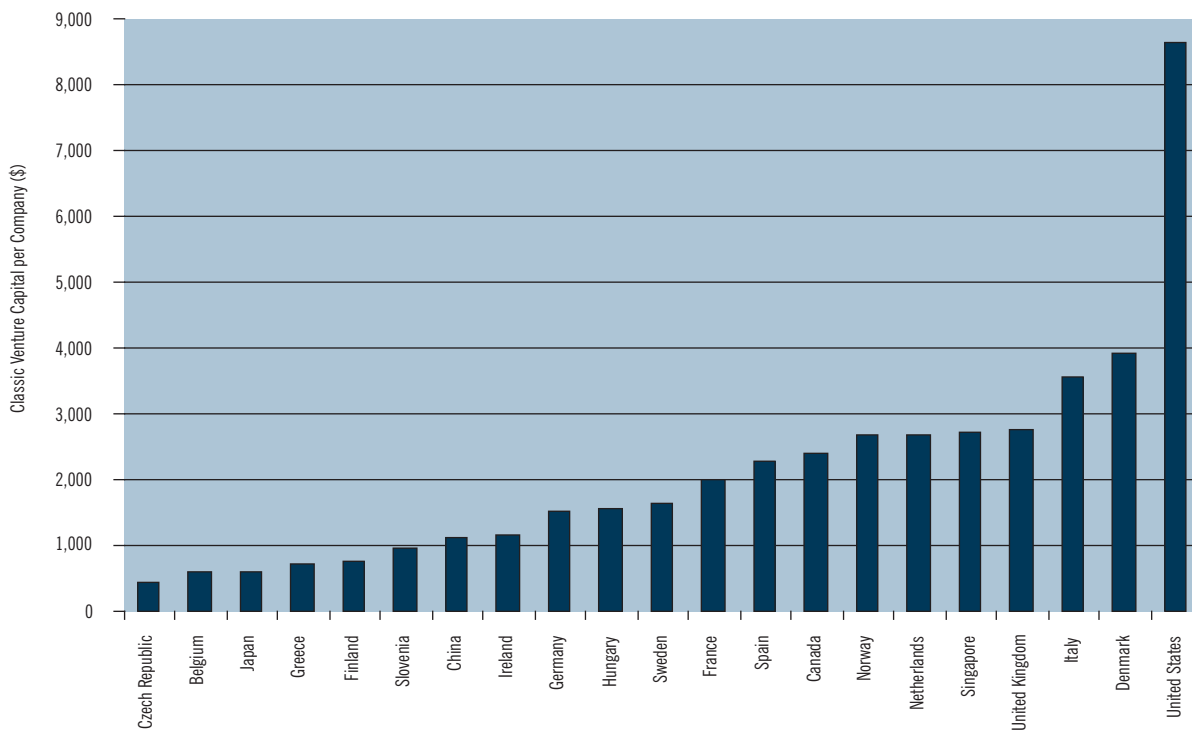
Figure 8. Number of Companies Receiving Venture Capital in G7 Nations in 2005



The total amount of venture capital in a nation indicates the overall level of investing, but it does not tell us anything about the potential effectiveness of the venture capital that is invested. One measure of the potential effectiveness of venture capital is the amount invested per company (see Figure 9). The highest year-to-year increase was in Denmark, where the average amount invested per company more than doubled to \$3.9 million; in most other European nations, the average amount declined, and in the United States, it held steady at \$8.6 million. In general, the gap between the average amount invested

per company in the United States and other GEM nations widened year-to-year in 2005 after narrowing somewhat in 2004. As in previous GEM reports, we question how venture capital-backed companies outside the United States can compete with similar ones in the United States when on average they have so much less capital. After all, the U.S. market is much bigger than the home market in other wealthy nations, the cost of starting a U.S. company is lower, and operating expenses are comparable—or sometimes even lower—in the United States.

Figure 9. Amount of Classic Venture Capital per Company



There have been some notable venture capital successes in Europe. The purchase of Skype, the fast-growing Internet phone company registered in Luxembourg, by eBay for \$2.6 billion in 2005, gave a boost to venture capital investments in Europe. We do not yet have detailed data, but preliminary indications suggest that there was a significant increase in venture capital investment in Europe in 2006, whereas it held steady in the United States.

An interesting development in 2006 was the announcement by French President Jacques Chirac that the French government was financially supporting the development of a search engine. In his 2006 New Year's speech at the Elysée Palace,

Chirac spoke of the need to “take up the global challenge posed by Google and Yahoo!” Subsequently, he announced the development of Quaero, a Franco-German project, to create a search engine. Its budget will be €450m over five years, including €90m in government subsidies.¹⁷ This is in stark contrast to the way in which Google and Yahoo were funded in the United States, with money coming from the 4Fs, venture capital firms, and public stock markets. Some Europeans are concerned that by the time Quaero is operational, the market will have moved on. It remains to see how the project turns out, but it will be quite a challenge to compete with Google, whose annual R&D budget tops \$500 million.

Concluding Comments

When entrepreneurs are starting a business, they are out of necessity very frugal, so a little start-up financing goes a long way. The average micro-loan to the poorest of the poor is a few hundred dollars, but that is enough to get a business started and provide employment for an entrepreneur. Even in advanced economies, companies start with surprisingly little, including companies like Google that turn out to be superstars and change the global economy. Google started up and developed its search engine with nothing more than the meager resources of two Ph.D. students. It was more than two years old before it even had any external financing from informal investors. There's no doubt about it—self-financing by entrepreneurs themselves and from family, friends, and strangers is fundamental to entrepreneurship.

Important as venture capital is in the acceleration of superstar companies, it affects only a tiny number of companies overall. In 2005, only 11,066 companies received venture capital in all the GEM nations, compared with hundreds of millions of companies that received money from informal investors and the entrepreneurs themselves. The total amount of venture capital was \$38.6 billion, compared with \$600 billion of informal investment.

Informal investment is an essential ingredient of an entrepreneurial nation, whereas venture capital makes no perceptible difference to the overall entrepreneurial activity at the grassroots level. Venture capital does, however, make a big difference in the acceleration of a few superstar companies. A nation that wants an environment in which entrepreneurs thrive and prosper must first and foremost have policies that facilitate investment by the 4Fs, because nearly every new venture must have it.

References

- ¹<http://www.microcreditsummit.org/involve/page1.htm>.
- ²National Venture Capital Association 2006 Yearbook, European Venture Capital Association 2006 Yearbook, Venture Capital Development in China 2006, Japan Venture Capital Association.
- ³Prahalad, C. K. Wall Street Journal. Commentary: Aid is Not the Answer. August 31, 2005; Page A8.
- ⁴Yunus, M. Grameen Bank at a Glance. 2004. Dhaka, Bangladesh: Grameen Bank.
- ⁵<http://www.microcreditsummit.org/involve/page1.htm>.
- ⁶Ibid.
- ⁷Authers, John. "Major Victories for Microfinance," Financial Times, May 18, 2005.
- ⁸[www.accion.org/more about microfinance](http://www.accion.org/more_about_microfinance).
- ⁹Daley-Harris, S. State of the Microcredit Summit Campaign Report 2004, 2004, Microcredit Summit Campaign, <http://www.microcreditsummit.org/pubs/reports/socr/2004/SOCR04.pdf>.
- ¹⁰As of November 9, 2004, 6,321 institutions were members of the Microcredit Summit Campaign's 15 councils. Of that number, 3,844 institutions from 131 countries were members of the Microcredit Summit Council of Practitioners. Data in Table 1 were collected from 2,931 institutions, which is 43% of the 6,321 institutions worldwide. Hence, the numbers in Table 1 underestimate the number of clients served throughout the world.
- ¹¹Autio, E. 2005. Global Entrepreneurship Monitor 2005 Report on High-Expectation Entrepreneurship. www.gemconsortium.org.
- ¹²Bygrave, W. D. Global Entrepreneurship Monitor 2004 Financing Report (with Steve Hunt). www.gemconsortium.org.
- ¹³Headd, Brian. Business Success: Factors Leading to Surviving and Closing Successfully. Center for Economic Studies, U.S. Bureau of the Census, Working Paper #CES-WP-01-01, January 2001; Advocacy-Funded Research by Richard J. Boden (Research Summary #204).
- ¹⁴Bygrave, W. D. Global Entrepreneurship Monitor 2004 Financing Report (with Steve Hunt). www.gemconsortium.org.
- ¹⁵Bygrave, W. D., and Hunt, S. A. "For love or money? A study of financial returns on informal investments in businesses owned by relatives, friends, and strangers." Presented at the AGSE Entrepreneurship Research Conference, QUT, Brisbane, Australia, February 2007.
- ¹⁶Bygrave, William, and Zacharakis, Andrew. Entrepreneurship. New York: Wiley. 2007. p. 397.
- ¹⁷http://technology.guardian.co.uk/news/story/0,1761482,00.html#article_continue.

GEM National Teams 2006

TEAM	INSTITUTION	NATIONAL TEAM MEMBERS	FINANCIAL SPONSOR	APS VENDOR
Argentina	Center for Entrepreneurship IAE Management and Business School Universidad Austral	Silvia Torres Carbonell Hector Rocha Natalia Weisz	IAE Management and Business School Banco Rio	MORI Argentina
Australia	Australian Graduate School of Entrepreneurship, Swinburne University of Technology and Education, Centre for Innovation and Commercialisation The University of Adelaide	Kevin Hindle Kim Klyver Gary Hancock Noel Lindsay	Australian Graduate School of Entrepreneurship, Swinburne University of Technology and Education, Centre for Innovation and Commercialisation The University of Adelaide	Australian Centre for Emerging Technologies and Society
Belgium	Vlerick Leuven Gent Management School Ghent University	Hans Crijns Mirjam Knockaert Sophie Manigart Miguel Meuleman Tom van Acker Sabine Vermeulen	Flemish Ministry of Economic Affairs (Steunpunt Ondernemerschap, Ondernemingen en Innovatie)	TNS Dimarso
Brazil	IBQP - Instituto Brasileiro da Qualidade e Produtividade	Simara Maria S. S. Greco Paulo Alberto Bastos Junior Joana Paula Machado Solange Krupa Carlos Artur Krüger Passos Júlio César Felix Marcos Mueller Schlemm	IBQP - Instituto Brasileiro da Qualidade e Produtividade SEBRAE- Serviço Brasileiro de Apoio às Micro e Pequenas Empresas Sistema Federação das Indústrias do Estado do Paraná (FIEP, SESI, SENAI e IEL)	Instituto Bonilha
Canada	HEC-Montréal Sauder School of Business, The University of British Columbia	Nathaly Riverin Louis-Jacques Filion Victor Cui Qianqian Du Aviad Pe'er Daniel Muzyka Ilan Vertinsky	Gouvernement du Québec Chaire d'entrepreneuriat Rogers- J.A. Bombardier, HEC Montréal The W. Maurice Young Entrepreneurship and Venture Capital Research The Social Sciences and Humanities Council of Canada	BIP
Chile	Universidad Adolfo Ibáñez Universidad del Desarrollo	Germán Echecopar José Ernesto Amorós	Centro de Entrepreneurship Grupo Santander Universidad Adolfo Ibáñez Centro para el Emprendimiento y la Innovación Universidad del Desarrollo	Benchmark
China	National Entrepreneurship Centre, Tsinghua University	Jian Gao Yuan Cheng Xibiao Li Yanfu Jiang Wei Zhang Lan Qin Shude Shi	Beijing Municipal Science & Technology Commission	Synovate
Colombia	Coordination Team Universidad del Norte Pontificia Universidad Javeriana Cali Universidad ICESI Universidad de los Andes	Liyis Gómez Jorge Jiménez Rodrigo Varela Juan Pablo Corrales Luis Javier Sánchez Alberto Ibarra Alberto Arias Fernando Pereira Luis Miguel Alvarez Ana Carolina Martínez Camilo Martínez Rafael Vesga	Comfenalco Valle	Centro Nacional de Consultoría
Czech Republic	University of Economics, Prague	Martina Jakl Martin Lukes	Ministry of Industry and Trade of the Czech Republic Deloitte Czech Republic	Factum Invenio

GEM National Teams 2006

TEAM	INSTITUTION	NATIONAL TEAM MEMBERS	FINANCIAL SPONSOR	APS VENDOR
Croatia	J.J. Strossmayer University in Osijek	Slavica Singer Natasa Sarlija Sanja Pfeifer Djula Borozan Suncica Oberman Peterka	Ministry of Economy, Labour and Entrepreneurship SME Policy Centre - CEPOR, Zagreb J.J. Strossmayer University in Osijek - Faculty of Economics, Osijek	Puls, d.o.o., Zagreb
Denmark	Centre for Small Business Studies, University of Southern Denmark	Thomas Schøtt Torben Bager Hannes Ottosson Lone Toftild	IDEA - International Danish Entrepreneurship Academy Karl Petersen og Hustrus Fond University of Southern Denmark National Agency for Enterprise and Construction Vækstfonden Ernst & Young Ringkøbing Amt Fyns Amt Viborg Amt Sjælland Amt Vestsjællands Amt Århus Amt Veje Amt	Institut for Konjunkturanalyse
Finland	Turku School of Economics Imperial College	Anne Kovalainen Tommi Pukkinen Jarna Heinonen Pekka Stenholm Erkko Autio	Tekes – Finnish Funding Agency for Technology and Innovation Turku School of Economics	TNS Gallup Oy
France	EM Lyon	Olivier Torrès Danielle Rousson Sophie Vallet	Caisse des Dépôts et Consignations Observatoire des PME	CSA
Germany	Institute of Economic and Cultural Geography, University of Hannover Institute for Employment Research, Nuremberg	Rolf Sternberg Udo Brixy Christian Hundt	Institute for Employment Research, Nuremberg	Infas - Institute for Applied Social Sciences
Greece	Foundation for Economic and Industrial Research (IOBE)	Stavros Ioannides Aggelos Tsakanikas Takis Politis	Hellenic Bank Association	Datapower SA
Hungary	University of Pécs George Mason University Corvinus University of Budapest Max Planck Institute of Economics	László Szerb Zoltan J. Acs József Ulbert Siri Terjesen Attila Varga Judit Károly Krisztián Csapó Gábor Kerékgyártó	Ministry of Economy and Transport University of Pécs, Faculty of Business and Economics Ohio University	Szocio-Graf Piac-es Közvélemény-kutató Intézet
Iceland	Reykjavik University	Rögvaldur Sæmundsson Sijla Björk Baldursdóttir	Reykjavik University The Confederation of Icelandic Employers New Business Venture Fund Prime Minister's Office	Capacent (formerly known as Gallup)
Ireland	University College, Dublin	Paula Fitzsimons Colm O'Gorman Pia Arenius	Enterprise Ireland Forfás NDP Gender Equality Unit, Department of Justice, Equality and Law Reform	Behaviour and Attitudes
Italy	Bocconi University	Guido Corbetta Alexandra Dawson	Ernst & Young	Target Research

TEAM	INSTITUTION	NATIONAL TEAM MEMBERS	FINANCIAL SPONSOR	APS VENDOR
India	Pearl School of Business, Gurgaon	Janaki Raman I. M. Pandey Ashutosh Bhupatkar	Pearl School of Business, Gurgaon	Metric Consultancy
Indonesia	Prasetiya Mulya Business School INRR (Institute of Natural & Regional Resources) Bogor University of Agriculture	Agus Wijaya Soehadi Imam Soeseno Asep Saefuddin	Prasetiya Mulya Business School INRR (Institute of Natural & Regional Resources)	MARS (Marketing Research Specialist) Indonesia
Jamaica	University of Technology, Jamaica	Sandra Glasgow Claudette Williams-Myers Vanetta Skeete Ismail Olusegun Afis	University of Technology, Jamaica National Commercial Bank Jamaica Limited Export-Import Bank of Jamaica Limited Port Authority of Jamaica Limited Digicel G-Tech Jamaica Limited	Koci Market Research & Data Mining Services
Japan	Kobe University Keio University Musashi University	Takehiko Isobe Tsuneo Yahagi Noriyuki Takahashi	Venture Enterprise Center	SSRI
Latvia	TeliaSonera Institute at Stockholm School of Economics in Riga	Vyacheslav Dombrovsky Olga Rastrigina Andrejs Jakobsons Karlis Kreslins	TeliaSonera NDB	Latvijas Fakti
Malaysia	Technopreneur Development Division, Multimedia Development Corp. Sdn Bhd	Dato' Dr. Abu Talib Bachik Wilson Tay Chuan Hui Fahiza Basir Amran Yusoff Syed Azizi Wafa Syed Khalid Wafa Tengku Farith Ritthauddean	Economic Planning Unit, Prime Ministers Department Multimedia Development Corporation Sdn Bhd Technopreneurs Association of Malaysia Universiti Malaysia Sabah	Rehanstat Sdn Bhd
Mexico	Tecnológico de Monterrey, Business Development Centre Tecnológico de Monterrey, EGAP, Strategic Studies Centre	Arturo Torres Marcia Campos Elvira Naranjo	Tecnológico de Monterrey	Profesionales en Estudios de Mercado y Cultura, S.C.
Netherlands	EIM Business and Policy Research	Jolanda Hessels Sander Wennekers Kashifa Suddle André van Stel Niels Bosma Roy Thurik Lorraine Uhlener Ingrid Verheul Philipp Koellinger	Dutch Ministry of Economic Affairs	Stratus (formerly known as Survey@)
Norway	Bodø Graduate School of Business	Lars Kolvereid Bjørn Willy Åmo Erlend Bullvaag	Innovation Norway Ministry of Trade and Industry Ministry of Local Government and Regional Development Kunnskapsparken Bodø AS, Center for Innovation and Entrepreneurship Kunnskapsfondet Nordland AS Bodø Graduate School of Business	TNS
Peru	Centro de Desarrollo Emprendedor, Universidad ESAN	Jaime Serida Keiko Nakamatsu Armando Borda Oswaldo Morales	Universidad ESAN	SAMIMP Research

GEM National Teams 2006

TEAM	INSTITUTION	NATIONAL TEAM MEMBERS	FINANCIAL SPONSOR	APS VENDOR
Philippines	Philippine Center for Entrepreneurship Foundation Inc.	Imelda J. Madarang Sonia Tiong-Aquino Vicentita Cervera Gloria Chavez Ma. Corazon Lopez Jaime Noel Santos Katrina Kay Bulaong	Philippine Center for Entrepreneurship President's Social Fund National Livelihood Support Fund	Synergy Business Consultancy
Russia	Saint Petersburg Team School of Management, Saint Petersburg	Vassily Dermanov Valery Katkalo Olga Verhovskaya Maria Rumyantseva	School of Management, Saint Petersburg	Levada-Center
	Moscow Team State University - Higher School of Economics, Moscow	Alexander Chepurenko Olga Obraztsova Tatiana Alimova Vladimir Lobachev Alla Alieva Dmitry Naumov	State University - Higher School of Economics, Moscow	Levada-Center
Singapore	National University of Singapore (NUS) Entrepreneurship Centre	Poh Kam Wong Lena Lee Ho Yuen Ping	Standards, Productivity and Innovation Board (SPRING) Singapore and National University of Singapore (NUS) Enterprise	Joshua Research Consultants
Slovenia	Institute for Entrepreneurship and Small Business Management, Faculty of Economics & Business, University of Maribor	Miroslav Rebernik Polona Tominc Ksenja Pusnik	Slovenian Research Agency Ministry of the Economy Smart Com Finance – Slovenian Business Daily	RM PLUS
South Africa	UCT Centre for Innovation and Entrepreneurship, Graduate School of Business, University of Cape Town	Mike Herrington Gideon Maas	Liberty Life, Standard Bank, South African Breweries and the National Research Foundation	AC Nielsen ZA
Spain	Instituto de Empresa	Ignacio de la Vega Alicia Coduras	Dirección Gral. Política PYMEs Instituto de Empresa Cámaras de Comercio Junta de Andalucía Gov. del Principado de Asturias Gov. De Canarias, Cabildo Fondo Social Europeo Centros de Innovación Europeos (Navarra, Murcia, C y León) Generalitat de Catalunya Junta de Extremadura Air Nostrum, CEG, BIC Galicia IMADE, FGUAM Fundación Caja Murcia Eusko Ikaskuntza Instituto Vasco de Competitividad and others	Instituto Opinòmetre S.L.
Regional Teams:	Regional Universities:	Regional Team Directors:		
Andalucía	Cádiz	José Ruiz Navarro		
Asturias	Oviedo	Juan Ventura Victoria		
Canary I.	Las Palmas & La Laguna	Rosa M. Batista Canino		
Castille Leon	León	Mariano Nieto Antolín		
Castille la Mancha	Castille la Mancha	Miguel Ángel Galindo Martín		
Catalonia	Autónoma de Barcelona	Carlos Guallarte		
C. Valenciana	Miguel Hernández	José M ^a Gómez Gras		
Extremadura	Fundación Xavier de Salas	Ricardo Hernández Mogollón		
Galicia	Santiago de Compostela	J. Alberto Díez de Castro		
Madrid	Autónoma de Madrid	Eduardo Bueno Campos		
Murcia	Murcia	Antonio Aragón Sánchez		
Navarra	Pública de Navarra	Iñaki Mas Erice		
Basque Country	Deusto & Basque Country	Iñaki Peña Legazkue		
Sweden	ESBRI – Entrepreneurship and Small Business Research Institute	Magnus Aronsson Lena Ramfelt Mikael Samuelsson	Confederation of Swedish Enterprise (Svenskt Näringsliv) NUTEK – Swedish Agency for Economic and Regional Growth VINNOVA – Swedish Governmental Agency for Innovation Systems	SKOP

TEAM	INSTITUTION	NATIONAL TEAM MEMBERS	FINANCIAL SPONSOR	APS VENDOR
Thailand	College of Management, Mahidol University	Thanaphol Virasa Brian Hunt Randall Shannon Tang Zhi Min	Office of Small and Medium Enterprises Promotion College of Management, Mahidol University	Taylor Nelson Sofres (Thailand) Ltd.
Turkey	Yeditepe University	Nilufer Egrican Esra Karadeniz	Siemens Technology Development Foundation of Turkey	Akademetre
United Arab Emirates	Zayed University	David McGlennon Kenneth J Preiss Declan McCrohan Raed Daoudi	Mohammed Bin Rashid Establishment for Young Business Leaders	IPSOS-STAT (Emirates)
United Kingdom	London Business School	Rebecca Harding	Small Business Service Barclays Bank plc East Midlands Development Agency, Yorkshire Forward South East England Development Agency, North West Development Agency, Government Offices for the North East, One North East, East of England Development Agencies Barking and Dagenham District Council Institute for Family Business (UK)	lff
	Northern Ireland Team Small Business Research Centre, Kingston University	Mark Hart	Invest Northern Ireland	
	Scottish Team Hunter Centre for Entrepreneurship, University of Strathclyde	Jonathan Levie	Hunter Centre for Entrepreneurship, University of Strathclyde	
	Welsh Team National Entrepreneurship Observatory University of Glamorgan Cardiff University	David Brooksbank Dylan Jones-Evans	Welsh Assembly Government Welsh European Funding Office	
United States	Babson College	Erlend Bullvaag I. Elaine Allen	Babson College	Opinion Research Corp.
	George Mason University	Zoltan J. Acs William D. Bygrave Stephen Spinelli, Jr. Marcia Cole	George Mason University	
Uruguay	Universidad de Montevideo	Jorge Pablo Regent Vitale Leonardo Veiga Adrián Edelman Cecilia Gomeza	IEEM Business School - Universidad de Montevideo	Mori
GEM Global Coordination Team	London Business School	Rebecca Harding Mark Quill Davina McAleely Chris Aylett Mick Hancock	London Business School Babson College	
	Babson College	Maria Minniti Marcia Cole		
	Utrecht University Imperial College	Niels Bosma Erkko Autio		



GERA AND GEM

The Global Entrepreneurship Research Association (GERA) is, for formal constitutional and regulatory purposes, the umbrella organization that hosts the GEM project. GERA is an association formed of Babson College, London Business School, and representatives of the Association of GEM national teams.

The GEM program is a major initiative aimed at describing and analyzing entrepreneurial processes within a wide range of countries. The program has three main objectives:

- To measure differences in the level of entrepreneurial activity between countries
- To uncover factors leading to appropriate levels of entrepreneurship
- To suggest policies that may enhance the national level of entrepreneurial activity.

New developments, and all global, national and special topic reports, can be found at www.gemconsortium.org. The program is sponsored by Babson College and London Business School.

BABSON COLLEGE



Babson College in Wellesley, Massachusetts, USA, is recognized internationally as a leader in entrepreneurial management education. Babson grants BS degrees through its innovative undergraduate program, and grants MBA and custom MS and MBA degrees through the F.W. Olin Graduate School of Business at Babson College. Babson Executive Education offers executive development programs to experienced managers worldwide. For information, visit www.babson.edu.

LONDON BUSINESS SCHOOL

London Business School's vision is to be the pre-eminent global business school, nurturing talent and advancing knowledge in a multinational, multi-cultural environment. Founded in 1965, the School graduated more than 800 MBAs, Executive MBAs, Masters in Finance, Sloan Fellows, and PhDs from more than 70 countries last year. The School's executive education department serves 6,000 executives and 60 corporate clients on its programs every year. London Business School is based in the most accessible and international city in the world and is one of only two business schools in the UK to be awarded a six-star (6*) rating by the Higher Education Funding Council for England (HEFCE), confirming the School as a center of world-class research in business and management. For information, visit www.london.edu.

**London
Business
School**

Contacts

CONTACTS

For more information on this report, contact the author at:

bygrave@babson.edu

To download copies of the GEM Global Report(s), GEM National Team Reports, and to access select data sets, please visit the GEM Web site:

www.gemconsortium.org

Nations not currently represented in the GEM Consortium may express interest in joining and ask for additional information by e-mailing Marcia Cole at colema@babson.edu.

