

Meet Luisa Alemany, academic director of the Institute of Entrepreneurship and Private Capital at LBS

As Storm Eunice raged across London, Maddyness spoke to Luisa Alemany, academic director of the Institute of Entrepreneurship and Private Capital at London Business School, about how business schools can play a vital role in any tech ecosystem.

The role that business schools play in our educational sector, economy, and business ecosystem has changed. Two decades ago, business schools were institutionalised, working as conduits for students to enter City banks and consultancy firms. Nowadays, business schools teach creative students a creative discipline: how to become an entrepreneur. How to access funding. How to become a founder.

Luisa Alemany is leading a new combined institute at the London Business School, the *Institute of Entrepreneurship and Private Capital*. Their mission is simple: to inspire the next generation of entrepreneurs and private capital investors to pursue innovation that will positively impact society by equipping them with the tools, expertise, and insights to drive growth.

Your professional and academic background covers most of the globe, but you are currently in London as academic director of the Institute of Entrepreneurship and Private Capital at London Business School. What does the institute do and how does it do it?

The institute has four pillars. One is related to research. Then there is the teaching side, which includes courses that enable our students and alumni to become founders or investors. Then, we have a business or product creation pillar, focusing on entrepreneurship. And a final pillar which is outreach, focusing on getting our research out into the world.

Our goal is to make LBS the leading institution on entrepreneurship and private capital in Europe, Middle East, and Africa. We believe we have the assets, the energy, and the students. And we are in the best city, we believe, in Europe! We are in the space for entrepreneurship and private capital - we have to build it and make it possible.

What does the institute research and how is that research used?

The research is academic in topics related to management. The institute has a group of professors that are interested in topics related to entrepreneurship and private capital, and each does research trying to solve a specific problem. We work with practitioners to get data to try and answer a question. Our research is then used to inform the entrepreneurial ecosystem.

For example, I have a colleague who is researching psychology and entrepreneurship, and one of her findings is that investors and Venture Capitalists (VCs) ask different questions to women entrepreneurs than to men. When they question men, they ask positive questions. When they question women, they ask defensive questions. Women then find that they have to defend themselves. We try to inform people that there is a bias here, so they can be aware of it.

So the institute is trying to change the culture that exists?

Totally, totally, totally. If I give another example of a colleague's work, they found that when a male entrepreneur fails in a venture and then tries to find a job, it is very difficult for them to find work as a recruiter will think that they will leave as soon as they have another idea. However, when it is a women entrepreneur, they're more likely to be hired. If people that are recruiting are aware of these biases, they can do something about it.

How has the community responded to the results of these studies?

It has been very positive. We've been invited to talk at practitioners conferences on issues relating to gender. And we are seeing a change in behaviour and I hope that we will see more. So our research is very applied. For example, I'm working now on ESG topics, or, more specifically, ESG and venture capital. This is something that is new and something that I am excited to be working on. Asking, how can we help the venture capitalists move faster on implementing ESG. Not with regards to the companies in which they invest, but in their own business model.

What do you think business schools can do to diversify the venture capital and tech sectors?

We can provide support and encouragement, and bring in role models. For example, I teach a course five times a year, with a colleague, called finance in entrepreneurial business. And for this class we bring in external speakers. We ensure that they are *diverse*, across all representative sectors. The case studies we use include minority founders. Because if you are a woman - on the gender issue - and you only see successful founder case studies as men, and all of our external speakers are men, then they may say "OK, this is not for me". This is alongside providing support with feedback, or with financing, or providing experts in legal, insurance, or other business related matters.

Could you give me an idea of how large the institute is? How many students do you currently have?

The students are part of London Business School's community of more than two thousand postgraduates, engaged in studying for one of the world's best MBAs, as well as Masters and Ph.D degrees, plus short courses for executives. An important part of this environment is our Entrepreneurship Club, one of the largest in the School and the VC Club, which attracts more than 500 students. So the interest is huge. The students are attracted to London because it is an entrepreneurial ecosystem. Things are happening here. We then have many students interested in impact investing, as well as social entrepreneurship. Two decades ago, LBS was a place for banking, for people who wanted to go and work in the city in investment banking or consultancy. Now that has changed. Now entrepreneurship, tech, and media are the top jobs.

What do you think has caused this current trend towards social investing and venture philanthropy?

I think it is because the younger generation, I would say, want to have an impact in what they do. Which isn't to say that my generation is not, but rather the younger generation want to choose a career path that will deal with the big problems in society. *Climate change is one of them*, but there are many other prominent issues as our students come from all around the world. Many of our students come from developing countries and they see that entrepreneurship might be the solution. They don't trust their government to solve these issues, and so they turn into social entrepreneurs.

You've worked and taught in the UK, Europe, and North America. What is the UK best at when it comes to fostering a tech ecosystem?

Something that is great is that London is one city and almost everything is happening here. That is good and bad for the UK, as it is very concentrated. But the headquarters of most VCs are here. The UK also has amazing research

institutions, with the likes of Imperial, UCL, Cambridge, Oxford. Amazing knowledge is being created nearby. I have seen the government recognise that they want London to be a tech city. And they are putting funding and support in place to make this a reality.

What do you think the relationship is between entrepreneurship and private capital?

It is all on a continuum. Entrepreneurship is the creation of new things, and the entrepreneurship I'm talking about now is a creation of disruptive things. So you often cannot go to the bank to finance it, or if it is social entrepreneurship, you can't open a physical shop. This is something quite different and you need a different type of financing. Some governments will offer small financing, but it is mostly private capital. That could be venture capital, private equity, or family offices.

Venture capitalists know that sometimes they are going to fail. But, they know that this innovation is disrupting the market, and so, if you are a private investor, what do you do with your money? You can invest in real estate or in the stock exchange, or into entrepreneurship. So they are together; they are part of the same thing. We used to have two separate institutes: one for entrepreneurship and one for private capital. But everytime we did something, we would have to organise joint meetings and talks. If you organised a conference on entrepreneurship, you would have to invite venture capitalists. And if you organise a conference on venture capital or private equity, you would have to bring founders who can talk about their knowledge.

I've always heard you can't teach a writer to be a writer. But can you teach somebody to be a founder or to be an entrepreneur?

There is research that shows that you can teach entrepreneurship. And you can see that in parts of the world that promote and teach entrepreneurship, there are more entrepreneurs. We provide our students with courses to experiment with their ideas, receive feedback, and have mentors. This in turn creates more entrepreneurs.

Can you teach an entrepreneur to be successful?

There isn't a book on it, that tells you to do A,B and C. No, instead they practise, and they fail. When they are [at the Institute], they are trained and they fail many times. But success comes after that. If you could teach someone to be successful, there would be no failure in startups.

One of the pillars of the school is business creation. And I read online that you have an incubator. Could you talk a little bit about that?

Yes, we have an incubator for our own students. So that when they graduate they can apply their initial ideas. Companies in the incubator receive a lot of support during the year they are with us, and get access to mentor experts. They continue having a relationship with us after graduation. We have a high success rate, but then again we already select the best companies to get into the incubator! We have also recently created a first-of-its-kind global training programme for investors with *Newton Venture*, with an aim of making the early-stage Venture Capital world more representative and diverse. Our first 'in person' classes begin this April on campus at the London Business School.

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