High Growth Firms: What Makes the Difference?

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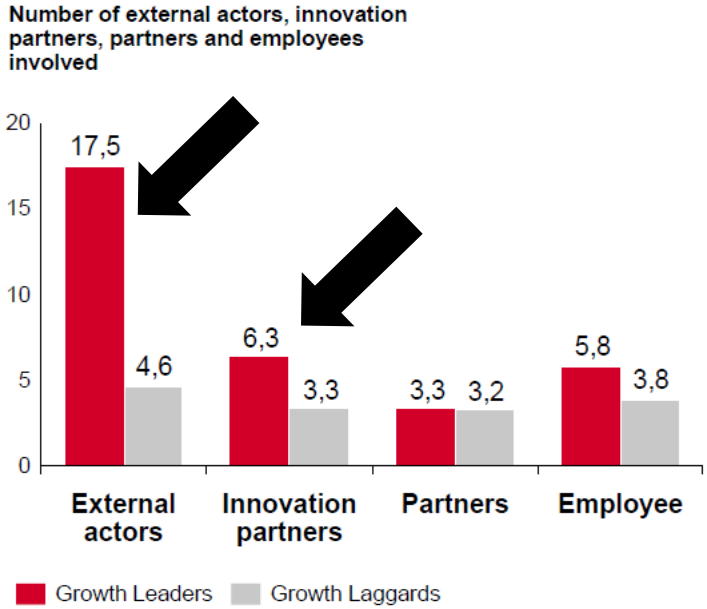
GW Global Entrepreneurship Conference
Washington D.C. – October 13, 2016

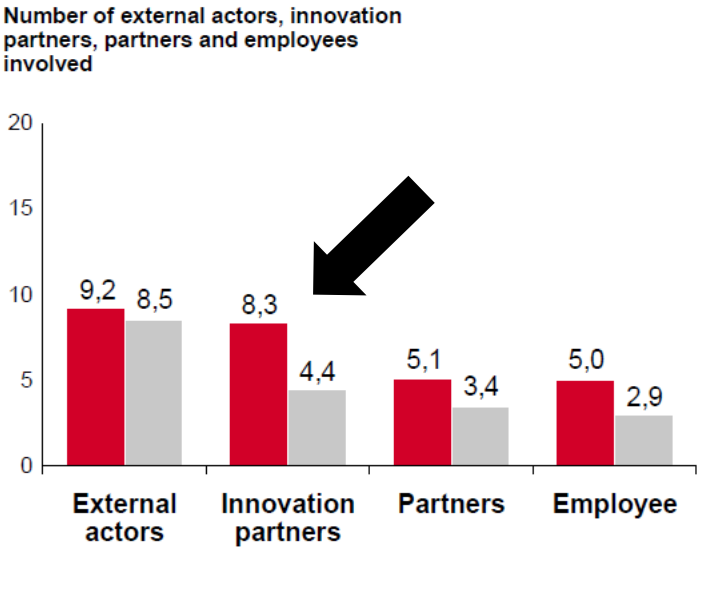
On average the Growth Leaders[1] in both age groups have more actors involved in innovation projects

Intensity of innovation partnerships

Sample 1: 3-5 year-old companies[3]



Sample 2: 6-10 year-old companies[4]



Growth Leaders Growth Laggards

1 The Growth Leaders represent the top 10% of companies in terms of last year's total income and the income growth rate over the last 4 years
2 The Growth Laggards represent the bottom 10% of companies in terms of last year's total income and the income growth rate over the last 4 years
3 N_{total} =131; number of Growth Leaders= 13; number of Growth Laggards= 13
4 N_{total} =294; number of Growth Leaders= 29; number of Growth Laggards= 29
Source: IMP³rove – European Innovation Management Academy; Figures as of September 2016

A more comprehensive definition of the innovation strategy seems to be more relevant for older enterprises

Characteristics of the innovation strategy

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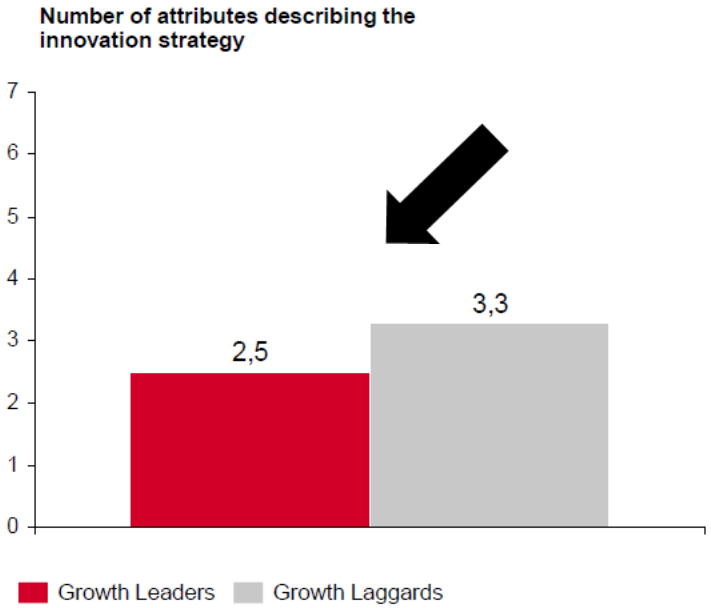

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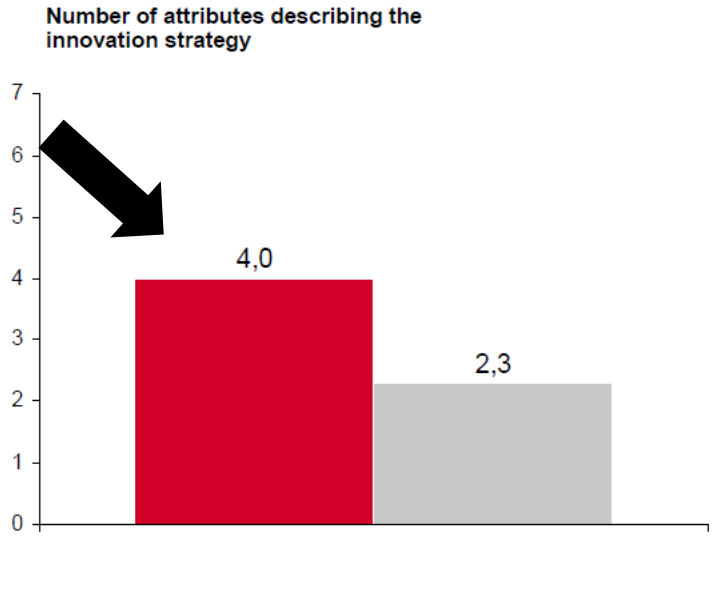

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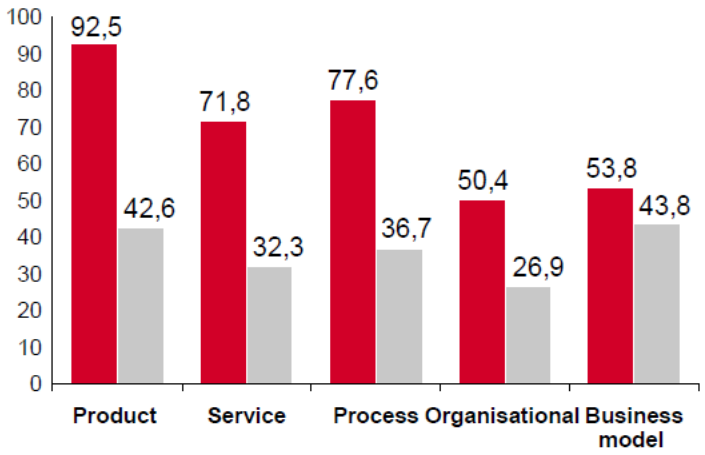
The Growth Leaders[1] demonstrate an up to 50% higher success rate compared to the Growth Laggards[2]

Success rate of incremental innovation projects

Sample 1: 3-5 year-old companies[3]

Average success rates of incremental innovation projects for the improvement of the following areas



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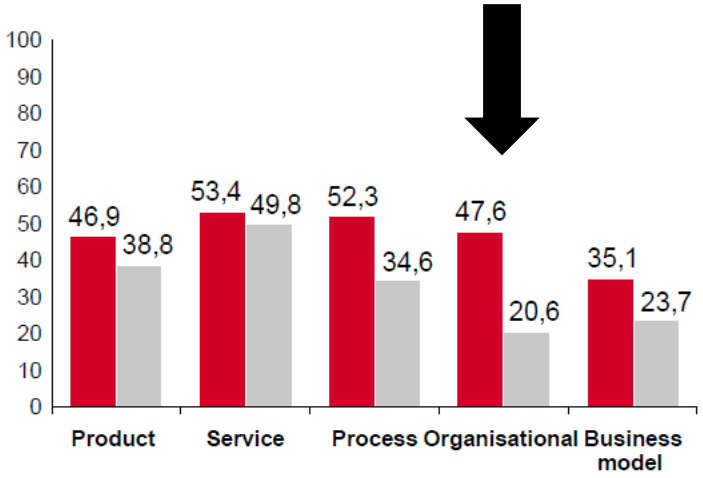

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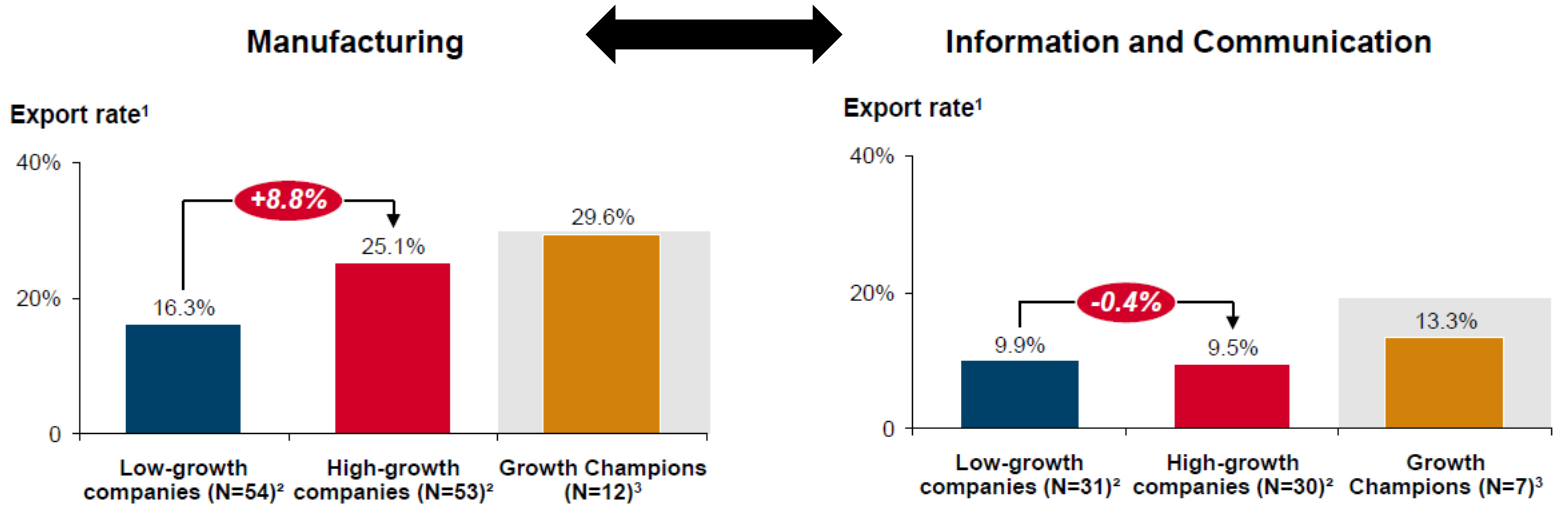
The type of industry influences the relationship between export level and sales growth

Export rates by industry

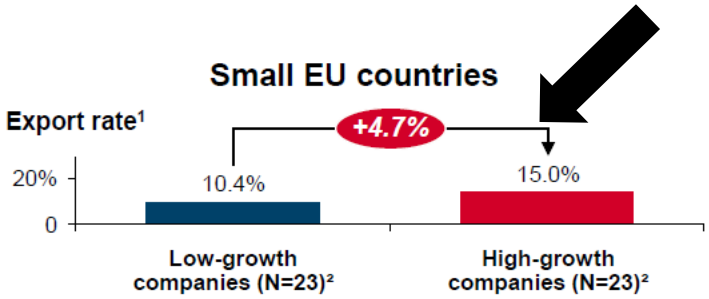


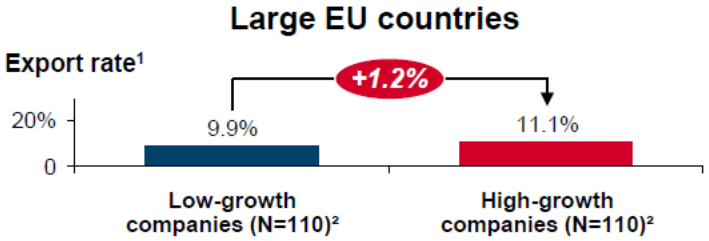
1. Export rate is measured as the average percentage of exports from sales over the past years (maximum 4 years considered).
2. Growth rate is measured as the average percentage of sales growth over the past years (maximum 4 years considered); low-growth companies: below the median growth rate per industry sample; high-growth companies: above the median growth rate per industry sample.
3. Growth Champions are measured as the top 10% companies in the respective sample in terms of profit growth, sales growth and employee growth.

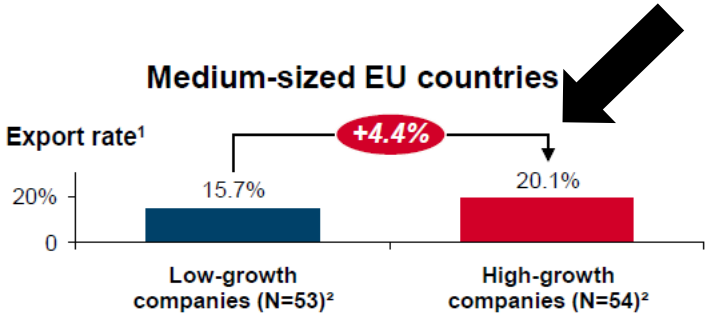
Source: IMPᵃrove – European Innovation Management Academy; Figures as of January 2016
www.improve-innovation.eu; IMPᵃrove is a registered trademark

The relationship between export level and sales growth varies by size of the country in which the start-up is based

Export rates by size of country in the EU[3]







Preliminary interpretation

- Companies in small EU countries on average lack infrastructure and competences to export.
- Companies in medium-sized EU countries have access to sufficient infrastructure and competences to export while at the same time benefiting from extended market access more than companies in large EU countries.
- Companies in large EU countries are less dependent on foreign markets.

1. Export rate is measured as the average percentage of exports from sales over the past years (maximum 4 years considered).
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3. Large EU countries: Germany, UK,France, Italy, Spain, Poland; Medium EU countries: Romania, Netherlands, Belgium, Portugal, Greece, Czech Republic, Hungary, Sweden, Austria, Bulgaria; Small EU countries: Finland, Slovakia, Latvia, Slovenia.

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SMEs in the European Union

Class size	Enterprises		Persons employed		Value added	
	Number	Share	Number	Share	Billion €	Share
Micro	21 356 252	92,8 %	40 057 410	29,5 %	1 454	21,2 %
Small	1 378 702	6,0 %	27 503 428	20,2 %	1 233	18,0 %
Medium-sized	224 647	1,0 %	23 170 353	17,0 %	1 251	18,2 %
SMEs	**22 959 601**	**99,8 %**	**90 731 191**	**66,8 %**	**3 938**	**57,4 %**
Large	44 458	0,2 %	45 168 733	33,2 %	2 924	42,6 %
Total	**23 004 059**	**100,0 %**	**135 899 924**	**100,0 %**	**6 862**	**100,0 %**

Source: Estimates for 2015 produced by DIW Econ, based on 2008-13 figures from the Structural Business Statistics Database (Eurostat).
The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N)

Results of the public consultation related to Start-up initiative

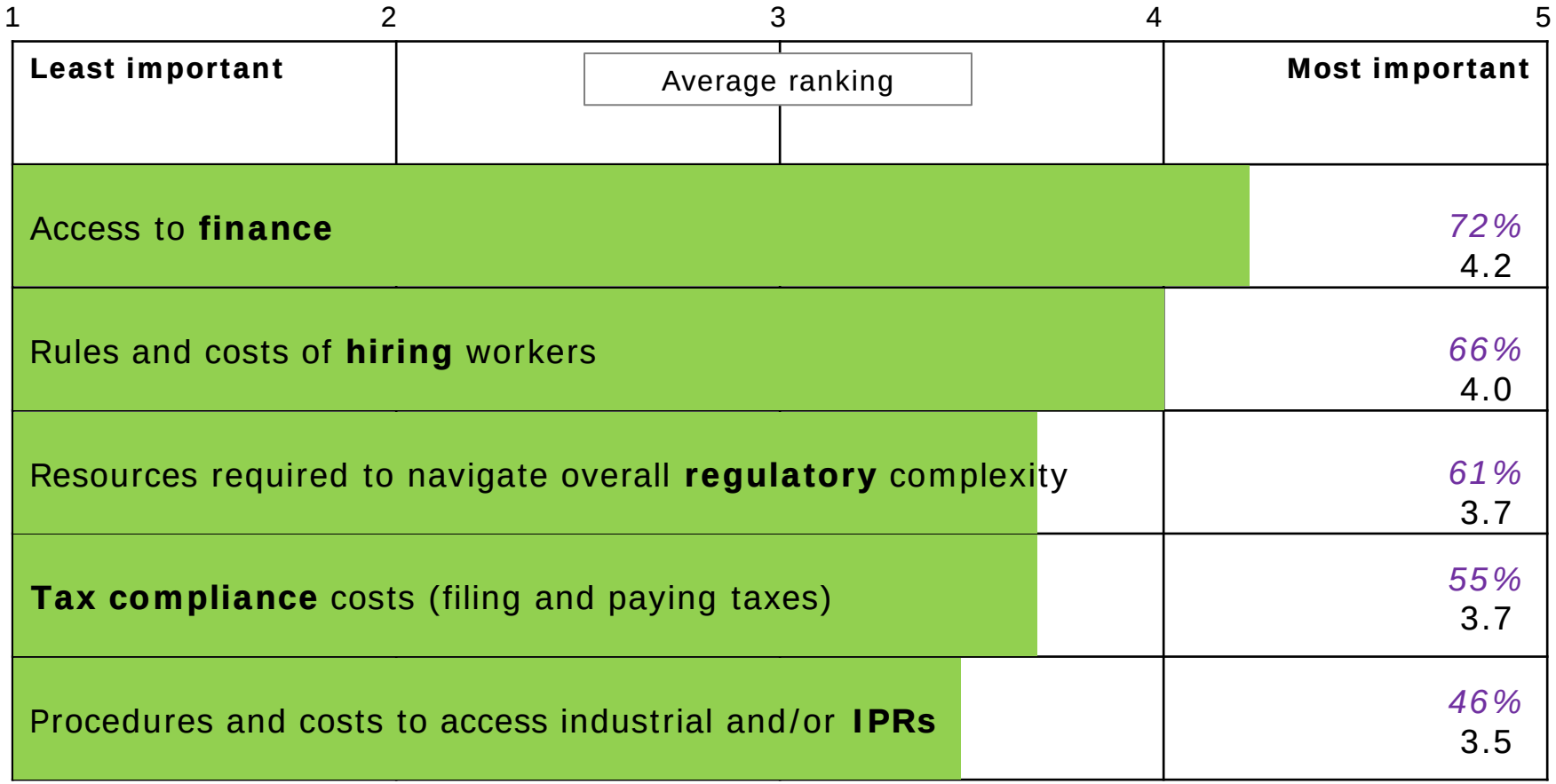
Public consultation: key facts

- Over 570 replies and 16 position papers
- Broad consultation reaching beyond the EU
- Structured around the life cycle of a company
- Over 53% of respondents: existing or potential entrepreneurs

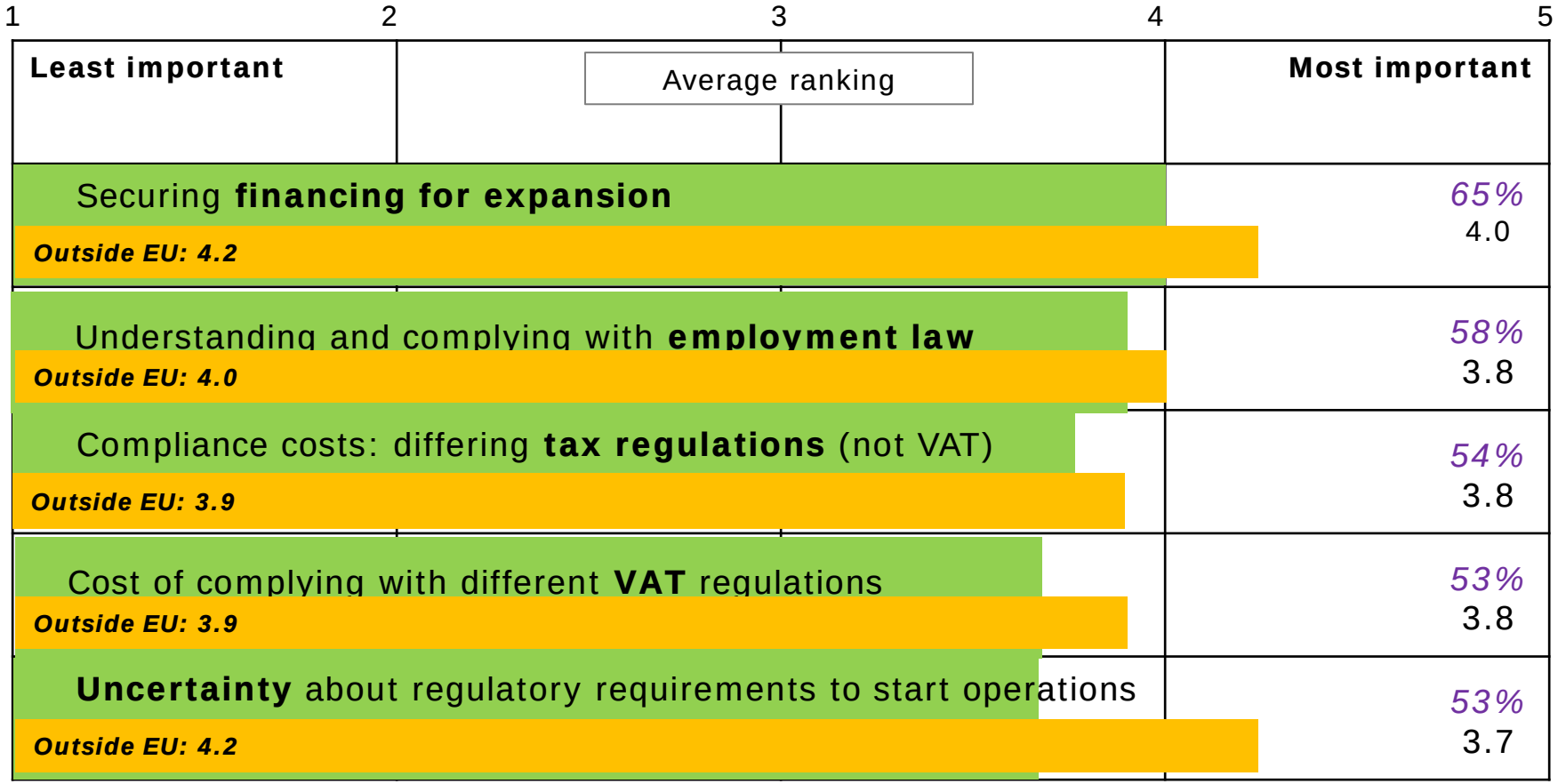
Stand-up: most desired support measures

- Providing support local structures to encourage entrepreneurial activities' (82%)
- Encouraging higher education institutions to establish programmes and services to support entrepreneurship (78%)
- Introducing entrepreneurship education in all levels of formal education (56%)

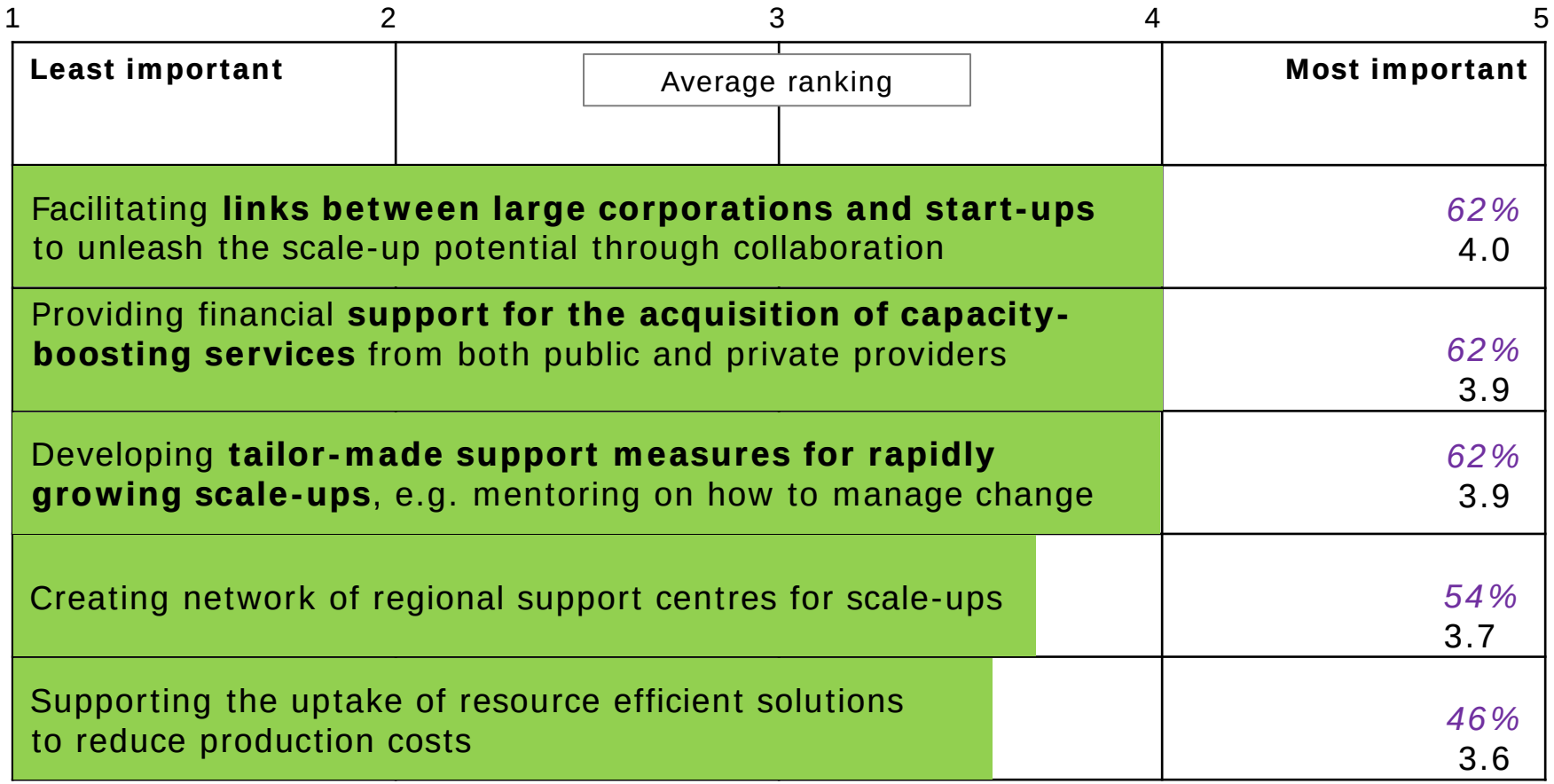
Start-up: to what extent is each of the following an obstacle to start a company?



Scale-up: to what extent is each of the following an obstacle to expand a company?



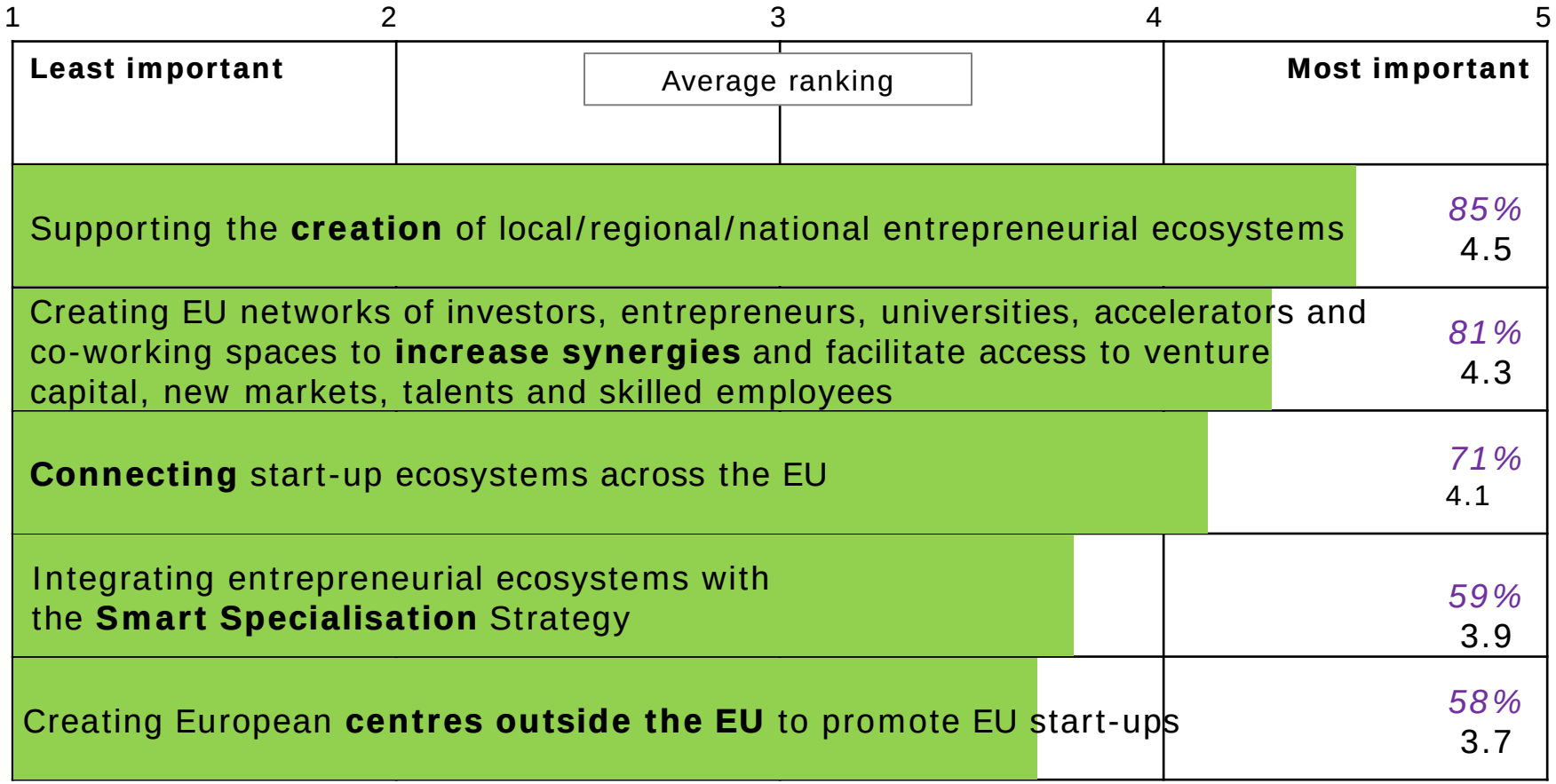
Scale-up: how important are the following policies and measures for the expansion?



Boosting innovation: desired measures

- support to universities via different schemes e.g. business internship, access to incubators (71%)
- promoting partnership between start-ups and medium sized companies (70%)
- support to incubators, university R&D and technology transfer programmes (70%)

Ecosystem-level: type of measures considered the most useful for start-ups & scale-ups?



Public consultation: the key findings

- Start-ups looking to scale-up still face regulatory, legal, administrative **barriers** esp. cross-border
- There are too few opportunities to **find and engage** with potential partners in finance, business and local authorities across the EU
- Accessing **finance**, especially equity financing is harder in Europe than elsewhere

Possible actions to support start-ups and scale-ups

- Removing **regulatory** barriers to scaling-up, cross-border
- Improving access to **information** on regulatory and tax regimes and sources of finance
- Maximising the effectiveness of Europe's **ecosystems**
- Ensuring access to **finance** (VC, angels, crowdfunding)
- Facilitating participation of start-ups and scale-ups in **public procurement**
- Improving access to skills and **intellectual property protection**