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GROWTH THROUGH ENTREPRENEURSHIP

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+ Belgacom
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The Fifth Conference puts the spotlight on our future. Think ten, twenty, even fifty years ahead and try to imagine how we will live and work. What will this world look like? How will we have solved the economic, social and environmental challenges that we confront today?

At The Fifth Conference we create a forum for the visionaries; the individuals who have the expertise, insight and vision to formulate good answers to those questions.

In each edition we tackle a single issue, a 'big issue', a factor that drives our future. We interview numerous experts, policy makers and entrepreneurs. We collect opinion pieces. We analyse the facts, the forecasts and the arguments. The result is published, in print, as a collectable. Online, the debate continues at www.thefifthconference.com

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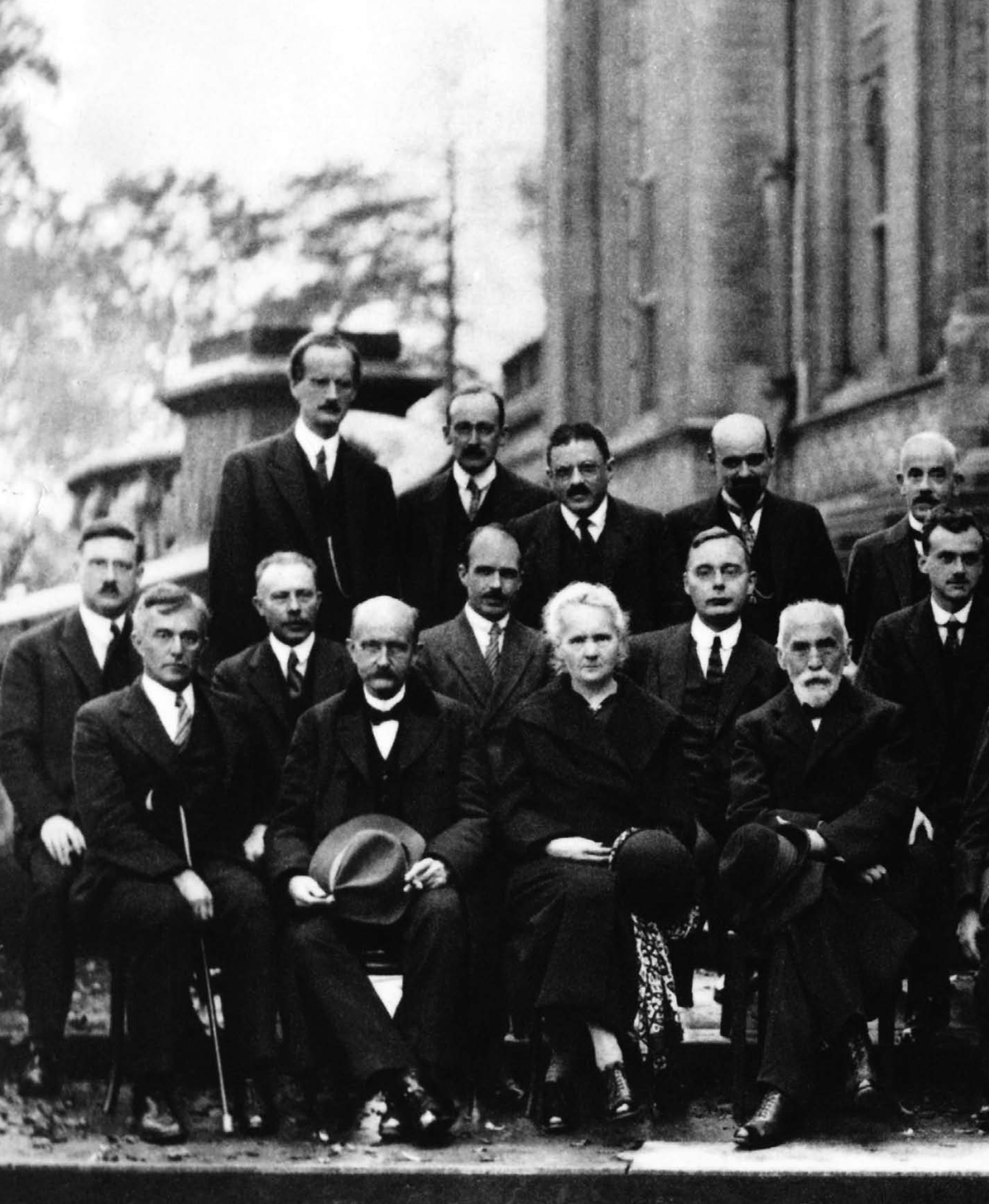

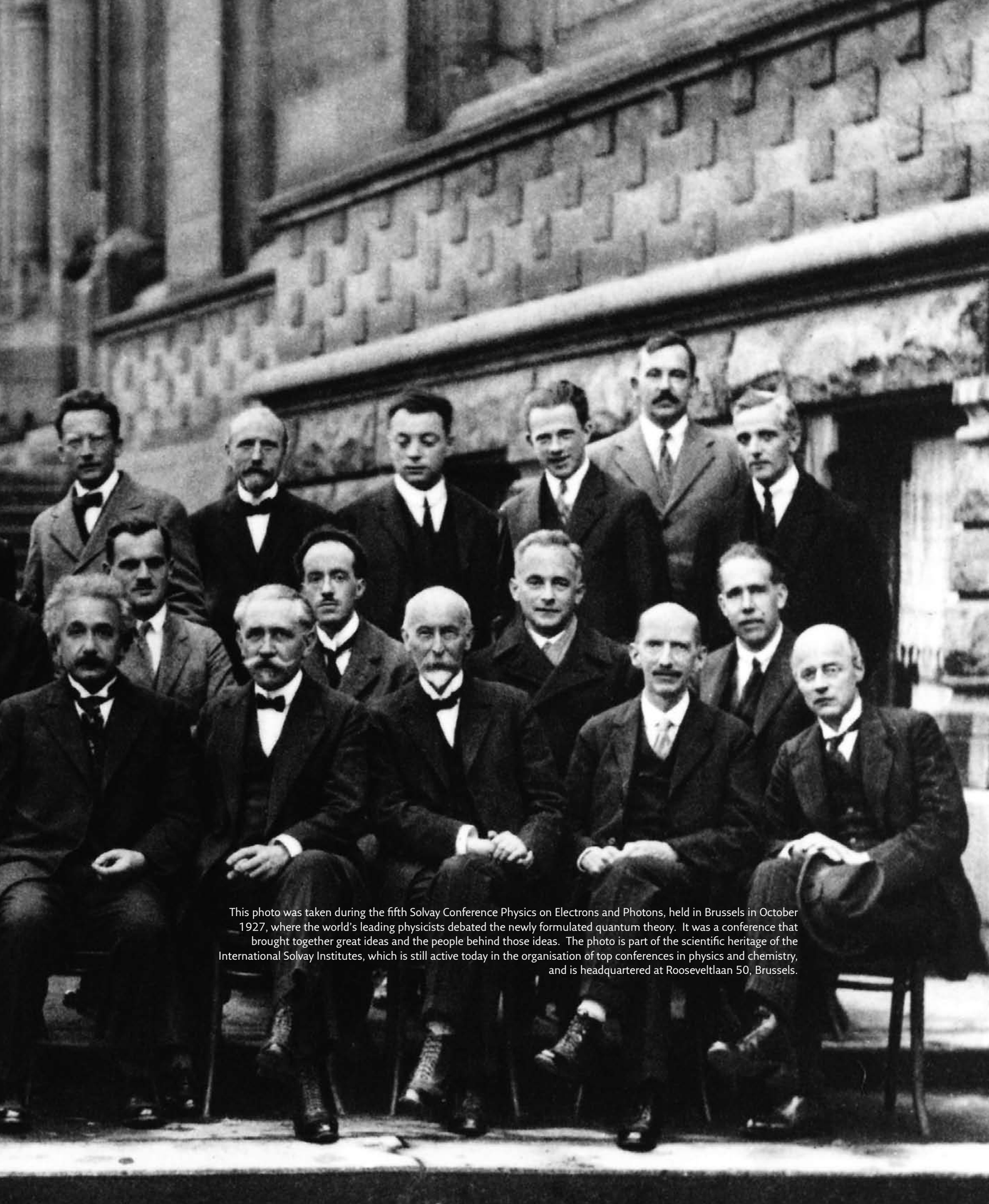

This photo was taken during the fifth Solvay Conference Physics on Electrons and Photons, held in Brussels in October 1927, where the world's leading physicists debated the newly formulated quantum theory. It was a conference that brought together great ideas and the people behind those ideas. The photo is part of the scientific heritage of the International Solvay Institutes, which is still active today in the organisation of top conferences in physics and chemistry, and is headquartered at Rooseveltlaan 50, Brussels.

Colofon

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Word from the editor

It's been quite a journey. In the summer over three years ago Koen Christiaens and I quit our jobs and created The Fifth Conference. We both had new mortgages and were about to enter fatherhood too. But we willingly and naively sacrificed our employee 'statute' to become entrepreneurs. Thankfully, we're still at it today; but we probably learned the hard way; and still have so much more to learn.

As an entrepreneur, this edition of The Fifth Conference on 'growth through entrepreneurship' has without doubt been my most stimulating project yet. We spoke to the captains of industry, the policy makers, and most importantly, the many young entrepreneurs out there who have successfully built exciting new companies. Our job was to write about entrepreneurship; but inevitably we began to reflect on our own business. In the process we've tightened up our business model and strategy; and certainly have a clearer sense of what we're doing right and wrong.

How I wish that we learned these lessons earlier; that we spoke to many, many more people about our idea; that we attended all the entrepreneurial networking events available; that we surrounded ourselves with people who are much smarter and more experienced than us; that we kept our overheads light; that we thought long and hard about how we would generate cash and build scale. Indeed, we learned the hard way. And we will continue learning since we have so much more to do. At the time of this edition's release in January we will have launched thefifthconference.com as a fully fledged content site, and before the summer we will have organised our first live event.

We've had our knocks but I can fairly say that these last three years have been absolutely fantastic. Entrepreneurship is a bug; once bitten you'll never want to do anything else.

Just do it. But do it wisely.

Frank Boermeester

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41	Vlerick Leuven Gent Management School	The Vlerick Leuven Gent Management School is Belgium's leading management school

Status report

1| Gridlock

The competitiveness of the Belgian economy is under threat, as is our prosperity. It's up to policy makers and entrepreneurs to save the day.

"It is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the great body of the people seems to be the happiest and the most comfortable. It is hard in the stationary, and miserable in the declining state."

Adam Smith

The virtues of growth

It is an obvious fact, but sometimes forgotten or ignored: this country's prosperity is inextricably linked to the success of the companies that operate here. It is they who generate the economic value and jobs that make possible our spending power as consumers, our social security, and all the other things we like doing to improve the state of our world. Economic success obviously isn't the only driver of our quality of life, but it certainly is pivotal, since it pays for many of the real happiness drivers (good food, a home, healthcare, comfortable retirement, education, entertainment, liveable cities, etc.).

Some things are still free, thankfully, but even those things we cherish as free are indirectly made possible, or made so much more valuable, by the fact that we live comparatively long and comfortable lives. Growth also appears to have social, political and even moral consequences. Adam Smith first proposed the argument, but Harvard economist Benjamin Friedman did the historical analysis to hammer home the point.[1] Economic growth seems to make people more tolerant, less prone to violent dispute and keener on democracy. Economic decline, on the other hand, is associated with social strife, intolerance and authoritarianism. Economic growth may have a bad name in some quarters, being associated with environmental degradation, stress and materialism. Indeed, the negative impacts of economic growth need to be managed but the lesson of history is clear: we need more growth in the world, not less.

Trailing behind

So how are we doing in this country? In the preparation of this article we looked at the economic statistics, the numerous international rankings and we talked to the people who have their finger on the pulse of this country's economic life. We also compare Belgium with countries we should be comparing ourselves against, i.e. countries like the Netherlands, Switzerland and Denmark—small, northern European, high-cost economies. The conclusion of our foray: it is high time to sound the alarm bell.

To start with the obvious: Belgium is still a prosperous country. In the World Bank's (2008) international ranking of countries on the basis of per capita GDP at purchasing power parity we're the 17th most prosperous country in the world. But that's some way behind Denmark (11th), the Netherlands (7th) and Switzerland

1 Friedman, Benjamin. (2005). The Moral Consequences of Economic Growth. Thanks to Johan Van Overtveldt for the tip.

(6th). So we have a respectable base, but what about growth? In the 8-year period 2000-2007 Belgium's GDP (in volume) grew at an average rate of 2.2%. That's on par with our reference group but since 2004 the performance begins to diverge. In the 3-year period 2005-2007 our economy grew at an average rate of 2.5%, beating Denmark (due to its burst housing bubble in 2007), but trailing both the Netherlands (3%) and Switzerland (3.27%). From 2008, we all started hurting as the economic crisis began to bite.

> *Growth also appears to have social, political and even moral consequences*

Competitiveness

So what happened? Compared to our reference group, why is our economy smaller and, especially since 2004, growing at a slower rate? In addition, does this tell us anything about our future growth prospects (obviously the more relevant question)? The answer seems to lie in the international competitiveness of our economy.

The World Economic Forum's Global Competitiveness Index to some extent reflects the per capita GDP rankings. Belgium is ranked 18th, trailing the Netherlands (10th), Denmark (5th) and Switzerland (1st). But compared to the average for other innovation-driven economies our status report is pretty indistinguishable. The most problematic factors for doing business are likely to sound familiar to any Belgian entrepreneur: restrictive labour regulations, high tax rates, inefficient government bureaucracy and poor access to financing. Belgium is not unique in this—in fact, these burdens seem to be the mark of many innovation-driven economies. But against Denmark, the Netherlands and Switzerland the differences are clear. Not only do those economies score much better in the above problematic factors, they also score better in areas like innovation, institutions, macro-economic stability and technological readiness. In other words, even in our supposed strengths we're trailing behind the types of economies we should be in step with (given our potential). This suggests that we have a structural handicap, which will undermine our growth prospects. Indeed, some of the leading indicators do not look good.

FDI

Our economic prosperity is due to a number of historical factors that have played in our favour. These include our location at the centre of the northern European economic zone, the productivity of our workforce and our stable institutions and legal framework. Since the 1960s, both foreign direct investment and home-grown entrepreneurship has pushed our economy forward. The result is a highly internationalised, export-driven economy. Direct investment from US and German multinationals lie at the base of our (petro)chemical and automotive industries but have also contributed to the sophistication of our financial and professional services sectors (banking, law, PR, accounting, etc). In the past two decades investment has continued with the result that many of our largest companies (in steel, energy and financial services) are now owned by foreign multinationals. But indications are that the level of FDI is beginning to decline. Over the past 5 years, for example, Belgium has attracted less than half the US direct investment amounts invested in countries such as the Netherlands and Switzerland.[2]

Entrepreneurship

The 1960s also witnessed plenty of entrepreneurship, the impact of which is still with us today. The bedrock of our economy—the numerous small and medium sized business in the food industry, textiles, building materials, etc—took shape in those early post-war decades. Today, the picture is less positive. Although in many ways the country is still remarkably entrepreneurial, we are lacking the high-growth, job-creating type of entrepreneurship. This is put into perspective by the work of Professor Luc Sels' team at the Catholic University of Leuven and the

2 American Chamber of Commerce in Belgium. www.amcham.be

Wilson De Pril, Agoria

Luc Sels, Catholic University of Leuven

Global Entrepreneurship Monitor (the Belgian data of the GEM is managed by Professor Hans Crijns' team at the Vlerick Leuven-Gent Management School).

> *We come dead last in the GEM's international rankings*

The GEM is interesting because it measures entrepreneurial activity in the strictest sense of the word, that is, people involved in starting up a business or managing a new company. On that score, we come dead last in the GEM's international rankings (2.85% vs the EU's 5.85%) and we're declining over time. The positive side of the GEM's story is that those starting entrepreneurs are pretty focused on innovation, job creation and internationalisation (quality instead of quantity).

While Belgium scores deplorably on the GEM, Luc Sels' research—which is based on larger databases and uses a much broader definition of entrepreneurship (including all types of self-employed activity)—shows that entrepreneurial activity in Belgium, at 9% of the working age population, is on par with the European average and in fact higher than countries like Denmark, Sweden and Finland. The problem is that much of this entrepreneurship is focused on the low-threshold sectors like retail, restaurants and services—in other words, this isn't the high-growth, innovative, job-creating, export-orientated entrepreneurship this economy needs. Furthermore, a recent survey by UNIZO suggests that our entrepreneurial base is ageing. According to this 2009 survey, one in four Flemish entrepreneurs is considering to pass on or simply close down his or her business within the next five years. But many report that they are struggling to find successors or buyers. Often the next generation does not have an interest in carrying on the business, or there are no potential buyers out there. Interestingly, Professor Sels' data also clearly exposes a key structural handicap: the fact that the active proportion of the working age population (entrepreneurs + employed people) is appallingly low. This is a point that is emphasised by other commentators like Johan Van Overtvelt of think tank VKW Metena.

Structural fault lines

Historically, our high productivity has been an absolute boon for the economy. Indeed, it still is. Belgium ranks in the top 5 when it comes to labour and capital productivity. But as VKW Metena points out, our societal productivity (productivity per member of the working age population, as opposed to productivity per active worker) is a lot less impressive.[3] Quite simply, this is because too many people aren't productive at all. This is partly due to the fact that people retire too early and partly because we have a high structural unemployment rate. Furthermore, of the people who are at work, nearly one in three are employed by government; and this at a government administration that scores poorly for its efficiency. [4] It is these sorts of dynamics that are beginning to stretch our welfare model to break-

3 VKW Metena. Beleidsnota 26. September 2008.
4 Itinera Institute. Slank, zwaarlijvig of onbegrensd? Een analyse van de publieke tewerkstelling in België tussen 2001 en 2007. September 2008; WKW Metena. Beleidsnota 34. September 2009.

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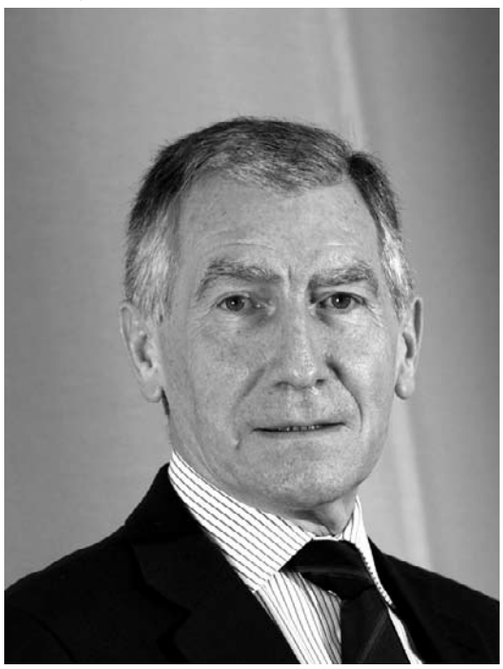


ing point. They limit our tax base, keep the cost of our social security system unaffordable and will accentuate the problem of our ageing population. Talk about a vicious circle. The low activity grade and high proportion of public employment keeps taxes high (to pay for unemployment benefits, pensions, government salaries, etc) which creates a high 'tax wedge' (the difference between labour costs to employer and the net take home pay of the employee) which in turn is a disincentive to work. According to the OECD we have the highest tax wedge in the world. To illustrate, VKW Metena calculated that if you add up all direct and indirect taxes, a single childless individual is relinquishing to the state 72.7% of every Euro earned.

Export stumbling

High productivity notwithstanding, the tax wedge and other factors like the automatic indexation of wages is beginning to hamper the competitiveness of our exporters. In its latest quarterly report, VKW Metena makes the point that this country's economic growth has historically been driven by export. But the contribution of net export (export minus import) to GDP has been declining since 2004. Also, our exporters' market share of international markets is declining. Even if you factor out the impact of the emerging economies and compare Belgium's market share against other developed economies then still it is clear that we are losing market share, with a particular steep decline noted since 2004. VKW Metena's argument is that the above is due in part to the high wage costs relative to our neighbours and main trading partners. Over the past two decades the Belgian wage cost per production unit increased 8% compared to the weighted average of our three neighbouring countries: Germany, France & the Netherlands. But from 2004 onwards this trend has inclined rapidly (in line with the two other trend lines in our export position), especially against Germany. In other words, it seems that one of our key growth engines, export, is beginning to sputter, just when we need it to pull us out of recession.

The problem with the wage cost argument is that it has led to intractable dispute between the employers' associations and the trade unions. Which is unfortunate because no one is seriously arguing for lower take-home pay; the tax wedge is the real culprit. But it is not only about cost; the labour market also is too rigid, a point emphasised in the WEF's Global Competitiveness report and the OECD's latest country report on Belgium.

It's about attitudes too

Finally, there appears to be a cultural issue. Luc De Bruyckere, chairman of the Flemish employers association, calls it the culture of contentment. Hans Crijns argues that we are the victims of our own success. Minister Q talks about our risk averseness. Entrepreneurship is an attitude; and we could do with more of those attitudes. Wilson De Pril (Agoria) and Karel Van Eetvelt (UNIZO) argue that we have become 'immune' to the faults in the system, not only the underlying structural faults, but even the current economic crisis. People appear to believe that the problem will sort itself out. Indeed, as VKW Metena points out, in the last economic crisis in 1982 the problem did sort itself out via a dramatic devaluation of the Belgian Frank. Today we do not have that option. Our only option is to reduce government spending and create more economic value. But to facilitate that we need strong policy and plenty of ambitious entrepreneurs.

VISION

Is growth a must?

Karel Van Eetvelt

Karel Van Eetvelt puts growth into context

Growth is a much-used word. A business is expected to grow. This implies that those who don't grow are getting it wrong. Does this also apply to SMEs? And what does 'growth' really mean?

WHAT IS GROWTH?

The definition of growth differs according to the nature of the business. It also depends on the criteria that are used. If you look at growth purely in quantitative terms, then it means an increase in turnover, profit or the number of employees. Qualitative growth is measured against different benchmarks. Has quality improved? Do the employees participate more and has the company become more mature as a result? Growth can therefore mean many things.

Defining growth simply as an increase in profits is definitely inadequate. Growth must improve the conditions of people; otherwise doing business has no 'objective'. Profit increase in itself is not valuable growth, although sufficient profit is required to realise that qualitative growth. And that profit must be at least a few per cent higher than inflation; otherwise you might as well put your money into a risk-free investment.

MICRO-MACRO

It is also important to make a distinction here between the micro and macro levels. At a micro level an entrepreneur can understand that his business must grow in order to survive. At a macro level it goes without saying that Flanders and the EU are destined to grow. A lack of growth implies a decline in prosperity. The answer to the question 'Do we have to grow?' at this level is always 'Yes'.

At a company level growth is not a matter of increasing turnover, profit or workforce in themselves. In this sense there are plenty of companies that do not 'grow'. Take the employer in the building sector who had 25 employees when he took over the business from his father and still has the same number of employees. But the company has changed a lot. It is an example of growth that cannot be expressed in quantitative terms. Of certain companies you need not ask: 'Are you growing enough?', but: 'Are you developing enough?' For SMEs that is actually the key question.

TO EACH THEIR OWN GROWTH

If an entrepreneur has to cope with too many obstacles, it is often an indication that his company has reached its growth limits. For quite a number of sectors and businesses there is indeed a kind of best-case scenario, an optimal company size. There are no rules for determining this. Every entrepreneur has to find that best-case scenario for himself. Many feel comfortable with one or two employees and want to keep it that way. This might be the case for a roofing contractor, a plumber, a physiotherapist or a butcher and his wife who work together. They have fewer worries in terms of administration as well as staff. It depends not only on the sector but also on the personality of the entrepreneur. There are self-employed people who are good at what they do. They might enjoy managing but are not true 'entrepreneurs'. This certainly does not make them inferior. An economy generates many tasks that can be performed by self-employed individuals, certainly as far as the domestic market is concerned. 'Know thyself' remains good advice. Entrepreneurs must know the extent of their competencies, especially if they have to decide whether to go for further growth of their business in a quantitative sense or otherwise. If they themselves do not possess the necessary capacities, they need to attract these.

EXTERNAL FACTORS DETERMINING GROWTH

External factors, whether temporary or structural, also determine the growth of a business.

TIGHT LABOUR MARKET

Thus our labour market is contending with structural shortages, which restrain growth. The politicians can increase or reduce this restraint. In 2004 a political decision in Belgium influenced the tightness of the labour market. Our country at that point decided to keep the borders closed to workers from the new EU countries for another 2 years, when the European Union expanded from 15 to 25 member states.

> *Protectionism slows down the growth of prosperity*

Belgium thought that its protectionist reaction would activate the unemployed and lead to vacancies being filled. As many had predicted, that turned out to be an illusion. Protection of the market did not have the desired effect in those sectors. It is obvious: protectionism slows down the growth of prosperity. Moreover, the abovementioned protectionist measure

also had a communal edge to it. The majority in Flanders believe that 'Belgian' protectionism is slowing down growth. Quite a few Walloon and Brussels politicians, on the other hand, first want jobs for the Walloon and Brussels unemployed before migration should be allowed.

Because it has been shown time and again that not enough of our unemployed are filling the existing vacancies, we have to reconsider our attitude towards, for example, illegal immigrants. We must be practical and realise that we are faced with a large-scale migratory movement, which is certainly far from over. In the meantime quite a number of sectors are grappling with labour shortages. The logic then becomes simple: either you look for additional workers abroad, or you employ the foreigners who are already here - albeit illegally.

CAPITAL

An often-cited barrier to growth is shortage of capital. The difficult economic climate presents this problem very sharply. In fact, it already existed even before the credit shortage. And it will continue to exist when the credit shortage is gone. Entrepreneurs are partly responsible for this phenomenon. There are those who hesitate to incur a lot of debt and to bear the risks that are inevitably associated with this. Often there is also the fear of losing some independence and influence over the management of the business. Accepting outside capital, after all, means accepting that someone else gets involved with your business or wants to exercise control. Outside 'interference' is a bogey for those who simply want to go it alone. Apart from that we also see that investors are rather cautious about pumping money into traditional sectors where many SMEs are active.

THE COMPETITION

It's logical that the strength of competition will determine growth opportunities to a significant degree. So those who manage to keep potentially strong competitors at arm's length have already won half the battle. UNIZO has had a reputation for years of fighting against the emergence of large distribution companies. However, those who fight windmills like Don Quichote are blind to progress. Sometimes it's better to try and turn a weakness into a strength and not fight blindly against the establishment of every wholesale business. The situation on the ground has developed, after all, just like society's view of protectionist measures. The smaller distributors have had the opportunity to become more professional and resilient. Moreover it has often been shown that the arrival of a big player is not necessarily bad news for independent local businesses, especially if such a new establishment leads to a revival of the residential areas.

Blindly opposing large shops therefore serves no purpose. Arguing for a coordinated policy based on a well-considered vision and an overall distribution plan, however, could get somewhere. What type of establishment could fit in where, and how? It boils down to not automatically granting everything to the project developer who offers the most and not falling blindly for the most impressive promises of job and revenue creation. Decisions must be taken with due regard for the hearts of our cities and towns.

It is generally accepted by now that preserving a proper retail structure is of great importance to the quality of life in our towns. If we collectively decide to have shopping centres and these artificial shopping villages suck the life out of the town centre, we shouldn't afterwards complain about lack of security. If politicians make the wrong choices at this level, they should be held accountable. If consumers ask for shopping centres without realising the possible consequences, it is our task to point these out to them. And those who say that extra shopping villages increase consumption should do some clear thinking: people can only spend a Euro once. Consumption does not increase, it shifts.

So should enterprises grow? Yes! But sometimes growth can imply change. From a macro-economic angle, however, growth in a quantitative sense is essential. No growth means a decline in prosperity. Finally: cannibalism isn't growth.

BIO
Karel Van Eetvelt is Managing Director of UNIZO, the country's largest employers' association

New capital for growth companies

With the launch of the Gimv-XL fund, Gimv is trying to put the rug back under the feet of Flemish business.

The Gimv-XL fund is looking to make investments of up to 100 million Euros in Flemish mid-cap companies.

The Gimv-XL fund was set up as an answer to the paucity of funding available to SMEs in the wake of credit retraction by banks. Established on the initiative of Gimv, the fund targets mid cap companies on the up and up, that lack the means.

From humble beginnings in the early 80's, when it was set up to facilitate investment in innovative young start-ups, Gimv is now the largest private equity group in Belgium. The group managed to survive the dotcom sinkhole through a careful and prudent approach to bourgeoning markets; today they're repudiated for this sustainable growth strategy. On the venture capital side of the group, many of the biotech companies clustered around Ghent (indeed most of the successful high-tech start-ups in Belgium) are in existence thanks to Gimv's initial funding and participation. More than just a key facilitator in a host of companies, Gimv is itself a successful growth story. Starting out with capital of just 9.9 million Euros, today the company has more than 1.7 billion Euros under management, and plays a significant role in shaping the country's economy.

Becoming independent in the late 90's and listing on the Euronext exchange took the company to the next level, and gave it a broader remit: to create opportunities for investment in promising unlisted companies. In this role as a private equity group, Gimv has extended its activities beyond Flanders and Belgium to the European market – where its 'strong and stable' character has earned the Group the recognition as a key player in the sector. Whilst Gimv is still innovative in the venture capital market (recently hosting a 'basement geniuses'

start-up search), it has continued to expand its activities – with the pinnacle of its achievement being the introduction of a new growth fund: Gimv-XL.

> *The way the company goes about its business is somewhat atypical of the industry. Gimv focuses on growth and real-world economic value; not on financial reengineering!*

GIMV-XL

As an active player in the private equity market, Gimv realised there was an increasing need for growth capital in the mid cap sector – in part due to the current financial crisis, where traditional credit avenues have dried up. The result is a slew of mid-sized undercapitalised companies requiring additional funding to grow. Through its experience and a thorough analysis of the market, Gimv identified 5 situations within this category where there could be an opportunity for Gimv-XL to participate:

For example, one situation that occurs is when a company took the bold steps to acquire other companies, but its balance sheet subsequently came under pressure in the crisis. This can be the case of a strong company confronted with liquidity problems. Another situation is a company that has proven value, is stable and well managed, but lacks the funds to take that next step and expand. There is also the situation where a large group decides to sell off a division to focus on its core business. This can lead to opportunities to take a majority stake in a strong division and create a new stand-alone company. On the opposite end of the spectrum is the classic management buyout, involving a minority stake in the new business. Finally, Gimv also sees opportunities to finance large scale projects, such as at Electrawinds – a renewable energy company currently experiencing rapid international growth.

In order to be ready when these different opportunities arise, Gimv got together with co-sponsor VPM and a handful of other sponsors (ING, Dexia and Ethias). This collaboration allows Gimv-XL to invest 15 to 100 million Euros in strong companies, as opposed to Gimv's usual investments of up to approximately 30 million. Aimed at mid cap companies, the fund is closely aligned with Gimv's operating procedures: deals are allocated between Gimv and the Gimv-XL fund based on Gimv's typical screening scorecard – developed through its experience and careful industry analysis. Decision processes are fully congruent with Gimv's existing business, with ex-post reporting to an independent supervisory board.

THE DIFFERENCE

What's immediately recognisable about Gimv-XL is its long-term focus on value creation. The investment cycle for Gimv-XL is 7 years, which is significantly longer than the 3 to 5 year cycles common in the private equity sector. Hence, the way the company goes about its business is somewhat atypical of the industry. Gimv focuses on growth and real-world economic value; not on financial reengineering.

Peter Maenhout, Executive Vice-President Buyouts & Growth, Belgium / Gimv-XL

Because of the longer investment cycle, Gimv is able to develop a meaningful relationship with the management of the companies they commit to. While Gimv does take a seat on the board of its portfolio companies, the approach is not one of micromanagement. With a policy of "never aggressive, always involved" the company tries to serve as a strategic sounding board for management - here too Gimv is able to help given its extensive experience in this area. This way of working has stood Gimv and the companies it participates in very well: the point is to align the interests of both parties toward longer-term value creation.

THE WAY FORWARD

Whilst the mid-cap market might play second fiddle to the European mega-deals, in reality it is these types of companies that form the bedrock of the Flemish economy. These are the companies that drive economic growth and create jobs. But there are numerous solid companies out there who could achieve so much more if they were better capitalised. Growth capital is the life blood of any economy, all the more pertinent in these difficult times. This is where Gimv-XL comes in: to significantly boost the amount of growth capital available in the Flemish market and thereby help strengthen its economy.

BIO

+ **Gimv is Belgium's leading private equity and venture capital provider**
+ **€ 1.7 billion invested in 197 shareholdings**
+ **www.gimv.com**

Start-ups

2| Go for it

Successful starters offer an optimistic message to aspirant entrepreneurs

Your correspondent can testify: spending time with entrepreneurs is an invigorating experience. Because let's be honest, our charming country can be dreary at times. The rain, the traffic, the politics, the many industries in decline—it does not exactly have the buzz of Silicon Valley about it. But impressions can deceive, fortunately. The fact is that there is a tremendous crowd of young entrepreneurs out there. They are enthusiastic, energetic and see the world as their oyster. And remarkably, they all have a reasonably consistent message for aspirant entrepreneurs.

Challenges

Starting a business in Belgium has its challenges. Our mediocre performance on the international entrepreneurship rankings testify to that fact. For example, in the Global Entrepreneurship Monitor (GEM) we score abysmally; less than 3% of the working age population is involved in setting up a business—that compares to nearly 6% for Europe as a whole. Indeed, we may not have enough starting entrepreneurs, but they do exist. And they are an impressive bunch—even the GEM can testify to that given their focus on innovation, job creation and internationalisation.

The challenges are clear. They are a mix of politics, geography, culture and economics. Take politics and government policy. While the inflexibility of our labour market and high taxes are the usual refrain, these are not the key pain points for starting entrepreneurs since they do not employ large numbers of people or generate large profits (yet). But they are looking for talent, to recruit or to partner with. And that is difficult, when your main competition is your own tax money, i.e., the public administrations with their generous (and some would argue, blatantly unfair) employment conditions. Geography we cannot do much about. Belgium is a small and complex market. But that can have its advantages too, for example, in a less intense competitive environment. But for many entrepreneurs, that is exactly the problem. It has led to the establishment of semi-monopolised industries that are intolerant of innovation and new players in the market.

> *We may not have enough starting entrepreneurs, but they do exist. And they are an impressive bunch*

A common complaint among starting entrepreneurs is the lack of entrepreneurial capital. There are few venture capital players, and anyway, the argument goes, they are more in the business of growth financing than venture financing. Entrepreneurs complain that there is an absolute dearth of seed and pre-seed capital. There are angel investor networks, but they too are criticised for a lack of transparency. Reference is often

made to the US and UK where the angel networks compete against other and where there is more openness in their screening procedures.

Finally, there is something amiss culturally. Where is the initiative, the courage, the creativity, the passion? While the many government support schemes certainly are welcome, some entrepreneurs remark cynically that many of these schemes are simply part and parcel of our nanny state. A subsidy may come in useful certainly, especially since there is no seed capital available, but many of the government's advisory 'services' seem designed for people who will never be entrepreneurs anyway. And that is the core problem; that so many people seem to grow up with a sense of entitlement; that everything will be provided for, no matter what they do. The titanic is sinking; and we're dancing in the ballroom.

Another cultural issue is the intolerance of failure. This is often mentioned as the main factor that distinguishes the United States from Europe, more important than taxes and bureaucracy.

Indeed, the challenges are significant and probably have their impact, not only in the lack of entrepreneurships. For example, Sasha Vekeman took Mobiya to the UK when he could not find his feet in Belgium; Maarten Van Laere's ServerCheck can hardly be called a Belgian company; and Sebastien de Halleux (Playfish) set up offices in the US, UK, China and Norway, but not Belgium. But challenges notwithstanding, there are worse places than Belgium to start a business. In fact, in certain sectors we absolutely shine. In the small retail and restaurant trade there are thousands of intrepid entrepreneurs. But also in the high-tech/high-growth arena things are happening. The top universities at Leuven, Liège and Ghent have had success with their tech transfer activities, creating a significant number of world-class companies, especially in the fields of biotechnology and microelectronics. The smaller universities such as the University of Hasselt are on track too, creating innovative young companies. A particularly exciting phenomenon is the increasing number of web entrepreneurs, clustering mainly around Ghent and Brussels. These are remarkable initiative takers, since they typically start with nothing except their idea. Spot them at the numerous networking events, such as the BetaGroup and BizCamp. And, importantly, there are the entrepreneurs who are trying to reinvent existing industries, like Jeroen Meens and his partners at Cynex, who have come up with a new approach to bookkeeping and accountancy. They illustrate an important lesson: many good opportunities are found in the decidedly 'unsexy' sectors; since it is there that the established players are most likely to be complacent.

The Art of the Start

So how do you start a business? Guy Kawasaki summed it all up brilliantly (especially at TieCon2006). This is the Belgian version.

Free up the idea. Too many would-be entrepreneurs are paranoid about someone 'stealing' their idea. But the idea itself is seldom worth anything; what counts is good execution, and that comes down to money and people. Investors invest in people, not ideas. Therefore, talk to people about your idea, as many people as you

can, not only to test its logic and appeal, but also to find people who will support you in its execution.

Mix things up. Ideas do not come from nowhere. Do not try to dream up something completely new. On the contrary, look at what exists, what works, and mix it up. Mix up business models, product attributes, value propositions, markets, etc. Look for the 'blue ocean', sure, but look for the bits of blue in between the stuff that works.

> *Many good opportunities are found in the decidedly 'unsexy' sectors*

Define the value. The basis is a business model. At a minimum, you need to create economic value; your customers must value your product or service more than what it costs you to make it. But the ambitious entrepreneurs need leverage; a business model that has the potential to grow very rapidly and be very profitable. Start small, but start something that has the potential of being a billion dollar company.

Do not start alone. To increase your chances of success you need a team. Surround yourself with people who are better than you, who compliment your skills.

Do not mix a product business model with a service model. Trying to develop a product business by first offering services is risky, because a service business is a different business model. In services, you need customer-orientated people; but an innovative product company needs to innovate despite its customers.

Think big, but start small. Develop a prototype. It does not need to be perfect, but the potential must be clear. Use the prototype to find money; or work with a select group of customers and suppliers to get the product to the next level. If you do not have money for the prototype then talk to potential suppliers or customers to help fund its development.

Cash is king. Watch your cash flow. Promising companies often fail because they run out of cash. Take all the money that is offered, especially from government. Given the lack of venture capital, Belgian entrepreneurs need to be pragmatic; quite simply, they need to start making money, quickly. Twitter would not find its feet here.

Stay the course, but be prepared to fail. This is a dicey one. On the one hand you need staying power since you will meet plenty of hindrances and detractors on the way. On the other hand, you need to recognise when the game is up, because most businesses fail—that's just part of the game. But all entrepreneurs agree: it is a fantastic game. Once you start, you will never want to do anything else.

No reckless dream

Guillaume Vanderstighelen

Guillaume Vanderstighelen tells us to do it, just do it

Imagine being born in one of the richest regions of the world. A country where everyone has enough to eat and drink. Where everyone is paid to relax in the sun for a few weeks and an army of doctors and nurses are ready to help you if something goes wrong. You hear stories about previous generations. Your descendants were people who worked hard. In this country you can go to school for almost nothing. People say that your education ranks among the best in the world. In short, your prospects are good. Your parents tell you to do your best at school, then you don't even have to become a labourer. Fortune is smiling on you.

Until one day a recession is announced. Not for the first time, but this time it's serious. Doubly serious, because apart from the job market the investment market is also collapsing. So you are not only facing unemployment, but the money you have saved is earning nothing. Trouble in paradise. What now?

See what the government will do for you, look out for help and support from multinationals? Not a bad idea in itself. It always feels better if the responsibility can be passed on. But if you think a bit further there is a problem. The government is well structured to manage money. To balance income and expenditure for the benefit of everyone. But the government is not able to generate cash. A country isn't a company headed by a boss with a vision. And what about the multinationals? It's touching to see representatives of this rich nation going to far-off countries on an election high to prevent factories from being closed down here. But "support for Belgium" really doesn't feature high on the multinationals' list of priorities. They go in search of nations that would be happy to work for starvation wages. And in this they are encouraged by us all, because we own shares in these multinationals and we demand from our bank that the shares must increase in value.

Whatever you have been promised, a solution to this recession cannot come from the government and won't come from big foreign businesses. If there is a solution, you will have to create it yourself. By rolling up your sleeves and getting to work. Don't wait for someone to recruit you. Create your own job. Start a business. Start small if necessary, but start.

No, it won't be easy. Your parents will be the first to panic. They were brought up on truths such as "better a big employee than a little boss". They have dreamed of a career for you, climbing a corporate ladder. Occasionally inviting neighbours and friends to celebrate your latest promotion. The last thing they want to see is you stacking boxes in the back of your house. Then there is your environment. The newspapers are always writing that social legislation in Belgium is a disaster for anyone wanting to start their own business. That isn't very encouraging. And lastly there is the work. Running a business is hard work. Very hard work. Even having ideas, analysing them and implementing them will push you to the limit. And the older generation has made you afraid of this, very afraid. Wrongly so, actually, because work can be immensely enjoyable if you know what you are working towards.

> *Do not wait for someone to recruit you. Create your own job. Start a business*

Imagine that a hundred thousand young people – or people who are young at heart – today overcome these three objections and get going. Imagine that one in ten succeeds in building up something with a hundred employees on average. That means a million jobs. Add to that the money this will attract from all over the world. Crisis solved. All you have to do is see yourself as part of the solution. You might have to get used to it, but the feeling afterwards is great. Every day valuable talent is given the boot, and just about everyone is looking for worthwhile investments. So in a country with a surplus of money and a surplus of talent it isn't a reckless dream to bring the two together in meaningful new projects. Just do it.

Guillaume Vanderstighelen: "Imagine that one in ten succeeds in building something up with hundred employees on average. That means a million jobs."

BIO
Guillaume Vanderstighelen is co-founder of Duval Guillaume, the country's most reputed advertising agency, and author of 'Helenmerk'

Web entrepreneurs Advice from a Frenchman in Brussels

Brice Le Blévennec, founder of EMAKINA and a number of other ventures, offers sage advice to would-be entrepreneurs

Brice is French. He thinks that may be one reason why he succeeded in Belgium. And succeed he did. He is best known for founding one of the country's largest interactive agencies, EMAKINA, where he remains active today as 'chief visionary officer'. But Brice has carried that title at several other ventures too, some of which he founded (ContactOffice – a virtual office) or helped get off the ground (Tunz.com – a mobile payment solution). Brice has also been a regular on Belgian radio and television and this year won a Lifetime Achievement Award for his contributions to interactive marketing and advertising. So what tips does he have for would be entrepreneurs (besides changing citizenship)?

THE START

"Starting a company is a team adventure. You can't do it alone. Picking your partners is crucial. Not only do you need the right combination of skills, but you also need a good social fit.

Ideas need a business model. I've seen so many great ideas without a business model. And don't simply be reliant on advertising. That's not innovation.

Sacrifice your personal life. It is a way of life, not a job. You will need to work a great deal, have plenty of energy and always be online. You'll be poor too, initially, since you can't take any money upfront—you'll need it to build the business, to build equity, or value. Once you have equity, then the investors come knocking.

Be prepared to fail. Most projects fail. But if you don't try you'll never get there. Failure is not a humiliation—it is simply part of the game. Entrepreneurship is a game.

Be prepared to adapt and morph as you go. You may start with a business plan, but don't stubbornly stick to that first idea. The side ideas are important too. By being in the market, by involving new people, you will learn and discover new opportunities. Twitter was a side idea. At Emakina, we keep reorganising our business as we grow. It is like life in general, we constantly morph into new things, as we incorporate new people, new customers, new technology, new locations, etc.

Good entrepreneurs live in tune with the future. They know what tomorrow's trends are. It takes time to build a project and thus by the time the project is up and running the market has changed. That's why you need that foresight. Every time I have invested in something I was told it was stupid. For example, when we launched ContactOffice (a 'virtual office' service) we were still connecting to the internet via dial-up, but I knew that broadband was coming.

> *Good entrepreneurs live in tune with the future. They know what tomorrow's trends are*

Think big, build small. Add later, refine later. Too often, people try to build everything at once but end up building nothing, or something that customers don't understand.

A product and a service business are two different things. In an innovative product business you need to build a prototype before going to investors. Validate it as much as you can; that way you have more equity. The idea itself is rarely unique. The value lies in turning the idea into reality. That is why the team is so valuable. A service model is a different model. It is harder to build an innovative business in this approach, because you'll be more constrained by the customer's current needs. Also, the operational model is different –you need to organise yourself differently and recruit different types of people. A service business needs customer- and service-minded people; they're not the same as the creators of new products. In a product business, you need to innovate 'despite' your customers.

COMPROMISE IN BELGIUM

The lack of entrepreneurship in Belgium helped me. I'm French. Perhaps I'm egocentric, but it gave me confidence. But it is disappointing in a way. There are so many ideas, but people don't seem to take the risk.

Sure, there are some handicaps here. The home market is small and the audiences are fragmented. Also, there is little venture capital in this country. There is no culture of investing in startups; again, there is little risk-taking. The investment that does happen is the safe type, in bricks and mortar, buy your own house, that type of thing. Perhaps there is a lack of foolishness and too much compromise. Maybe it has something to do with the complexity of this society, the languages and the politics. There is a culture of consensus, sure, but that way you lose passion and conviction.

FIX IT

There is no lack of initiative from the government, but the response sometimes is lacking. Take the Future Summit—that was good, but where were the people?

More can be done obviously. There should be more investing, more risk taking—and not only in technical R&D.

Education and media are important vehicles for stimulating entrepreneurship. We need to see much more entrepreneurship on TV. TV is the quickest way to get your message across. But it starts with education. Innovation and creativity comes from mixing stuff up, placing people in different contexts, mixing people from different backgrounds, etc. But in education we tend to push people in a specialisation early on, maybe too early on. Culturally too, we huddle together among peers. There is far too little mixing outside the group.

The crisis is an opportunity. There is opportunity in transformation. The economy is undergoing structural change. That creates opportunity for new players. Times of crisis and change are often the best period to do entrepreneurship.

BIO
Brice Le Blévennec is a Director and Chief Visionary Officer at EMAKINA

VISION

Starting a business or unleashing the imagination

Maarten Van Laere

Maarten Van Laere offers practical advice on developing a first prototype using limited resources

Belgium's future lies in starting up and developing new businesses. There can be no two ways about it. Government programmes over the past few decades have often said so. But everyone who is involved in the world of entrepreneurship in Belgium is in agreement about one thing: running a business in Belgium is no sinecure. Much will have to change to create a business-friendly climate. Magazines, newspapers etc. are full of exposés about the lack of entrepreneurship. That's good to know, but it achieves the opposite of what is intended. It's not because conditions are not ideal that entrepreneurship is lacking.

The urge and satisfaction to create something is stronger than anything else. It's like an intoxicating drug that allows you to overcome all frustrations in order to reach a goal.

This piece is aimed at those people who want to start a business from nothing. Those who risk a great deal of their own money in order to realise their dream; those who launch their idea without external resources; those for whom starting a business is often a very serious decision.

Starting a business, where do I begin? The purpose of this short piece is to give the reader a few tips that can help him get going. What follows is based on personal experience, mistakes and lessons drawn from the past. Entrepreneurs starting out should get as much advice as possible from others who have already taken the plunge.

The first thing you learn about entrepreneurship at school is that you have to draw up a business plan. With that plan you then go in search of capital. The first disillusionment: venture capital no longer exists – certainly not with the traditional investors. They still talk of venture capital but this is intended for companies that already have a product or service on the market and customers paying for it. That is no longer venture capital. Growth capital is a more appropriate term.
So one has to look for alternatives to finance that business plan. Where can one find it? From Business Angels? Certainly. But such people are more selective than ever before and therefore the chance of getting finance from that quarter is much smaller. In all probability you'll have to get it from what is called the 3 Fs: Fools, Family and Friends. This translates into much fewer resources. Must you therefore put your idea on ice and wait for better times? Not at all! On the contrary, this climate is a blessing for the entrepreneur. Engaging with its limitations in an innovative manner provides new and wider opportunities. Perseverance is the watchword.

The present difficult context forces an entrepreneur to think out of the box. With very few resources one needs to make a product and find customers to buy it. Below I shall give a few examples of thinking out of the box.

In my experience in the technology sector there is one mistake that is made all too often and frequently spells failure of the idea: trying to make a Rolls Royce from the start.

> *Perseverance is the watchword*

This is typical of start-up enterprises in the engineering sector. In this phase, however, one needs to produce a marketable product without bells and whistles. These can be added later, once there is income from paying customers. You must produce version 1 which does what you promise, no less but certainly no more. The more one does, the more time and resources one needs.

Supposing the entrepreneur wants to market a product. Doesn't this require a lot of capital? Or can a product be developed without too much investment? It can also be done with limited resources; at least if one has enough imagination. A typical example is the development of a product which is financed by means of consultancy assignments. Instead of selling a concept to a venture investor, one now has to make do with a pilot client. If a client believes in the concept and places an order one can develop one's own product by means of consultancy income. This also has an enormous advantage: you are developing a product based on a market need; a need for which at least one person is prepared to pay. The entrepreneur's strength will be to make that product sufficiently generic so that it doesn't become a dedicated product for one client only but a version 1 that can also appeal to others. In this way one can develop a product while using hardly any of one's limited capital. Also, don't underestimate the importance of the first client. One needs to see the concept of client more broadly and "user" is more appropriate in this context. If the first user is well-known in your target group, there's a big chance that others will follow more readily. This is what they call "going with the flow".

This sounds relatively easy when one is marketing a non-physical product (a service or software, for example). But what if you have to develop a physical product? Building a prototype surely costs a lot of money? This is true if you have to build a prototype from scratch. But, if you don't try re-inventing the wheel, quite a few savings can be made. You need to realise that most companies outsource production today. They still do the R&D themselves but production is carried out by a third party. The advantages are countless. This way of doing business is possible not only for the big boys but also for the new entrepreneur. It requires a bit of research but here, too, it's true to say that a concept can be pitched to a manufacturer just like the pilot client earlier on. He can help to develop the prototype.

I'd like to end by quoting Jean-Paul Sartre during an interview in 1968 with Le Nouvel Observateur in the context of the uprising of May 1968 : "Quelque chose est sorti de vous qui étonne, qui bouscule, qui renie tout ce qui a fait de notre société ce qu'elle est aujourd'hui. C'est ce que j'appellerai l'extension du champ des possibles. N'y renoncez pas."

BIO
Maarten Van Laere is co-founder and CEO of ServersCheck. The company develops solutions for monitoring server rooms. Its products are distributed around the globe to over 3000 customers world-wide including companies like HP, Facebook, Fujitsu, Toshiba, Yahoo, BT, Easynet, Siemens, Ericsson, Philips, Citibank and HSBC. Maarten also co-founded several other companies, including Micro-Shipping, Netmining and Techmar Europe.

Social Gaming
Driving the disruption

Sebastien de Halleux co-founded Playfish, a company that is changing the way people play games

Talk about a success story. When Facebook launched its public API in 2007, Sebastien and his three partners didn't hesitate. They quit their jobs immediately, raised $18 million in venture capital and launched Playfish. Just two years later the company is in the driving seat of the social gaming market, claiming 150 million installs of its games and 60 million active users.

YOUTH

Sebastien is a 31-year old Belgian citizen. While many at that age are still trying to figure it all out, Sebastien has already made quite a career for himself. He left Belgium at the age of 16 to spend two years studying in the US. It is there that he first met his friend and current business partner Kristian Segerstråle (CEO of Playfish). Back in Belgium, Sebastien commenced with an engineering degree, but soon went abroad again to complete a Masters degree at Imperial College London. Like many top graduates at the time, Sebastien took on a first job at a major consulting firm, Booz Allen Hamilton in London. There he travelled the world and learned first-hand how companies deal with major transformations. In Asia, for example, he witnessed the impact of the Asian financial crisis and with the dot-com boom he helped media companies attempt to make sense of the disruption in their industry. As Sebastien tells it he's always been fascinated with the creation of value, whether it's in engineering terms (transforming raw materials into bridges) or in broader economic terms (disruptive technologies reshaping major markets).

ENTREPRENEUR

In London in 2001, Sebastien, Kristian and two other friends, Sami Lababidi and Shukri Shammas, launched their first business to develop games for mobile phones. Considered by many as crazy (recall, the iPhone wasn't around back then), Macrospace nevertheless succeeded and went on to merge with US-based Sorrent Inc to become Glu Mobile, which in turn was taken to IPO in 2007 (NASDAQ: GLUU). Following the IPO, Sebastien left the company to enjoy his newfound fatherhood. But the sabbatical didn't last long. Nokia came knocking and asked Sebastien to launch a new business unit—Nokia Ad Service—aimed at monetizing mobile traffic across Nokia's millions of mobile devices. Not one to shy away from an adventure, Sebastien and his family packed their bags and moved to Helsinki.

> *Of course you must see to it that your mistakes don't kill you*

DISRUPTION

In 2007, not a year after the Glu Mobile IPO, Facebook announced the launch of Facebook Platform, in effect opening up the application to third party developers. The four founders of Macrospace immediately recognised this as the key opportunity to transform the games industry. They all quit their jobs, invested $3 million of their own money (proceeds from the IPO) and raised another $18 million from venture capitalists. Playfish was born. They opened up offices in London, the US, China and Norway and began recruiting developers in rapid tempo. The first game, "Who has the biggest brain", became an instant hit, without the need for any marketing—the players did it for them, recruiting their friends, and their friends, and their friends...

Three years on, Playfish has 200 employees and has launched 10 games across nine different networks (e.g. Facebook, Google, Yahoo, iPhone, Android). Not only can it claim mindboggling user numbers (150 million installs, 60 million active users), the company is profitable too, earning revenues via micro-transactions (while the games are basically free to play, one can buy virtual items for a small price) and advertising. Sebastien is now based in San Francisco and is, not surprisingly, highly enthusiastic about his business. "It's been fun and is a great adventure. We have a once in a lifetime chance here to be right in the middle of a major disruption. The gaming industry is being transformed as we speak. Remember, this is a $50 billion industry—bigger than the film industry."

LESSONS FOR STARTERS

Does Sebastien have lessons or

tips for starting entrepreneurs? He gets straight to the point. "Make mistakes! Especially in Belgium we are taught to avoid mistakes. Everywhere we are told not to make mistakes; at home, at school, at work. That's simply wrong. It's certainly the biggest lesson I've learned. The true mark of innovation is being able to make mistakes. We needed to learn that right at the beginning at Macrospace and continue to apply it at Playfish. For example, to create successful games we rely on the creative spirit of our people. We can't dictate what games need to be made. That means we have to allow for mistakes, that's completely acceptable. In a way we're making bets with our various development projects; some are real long-shots but we're comfortable making those bets, because some will end up being really disruptive."

Obviously there's a warning in there too. "Off course you must see to it that your mistakes don't kill you. You can't make mistakes all the time, or make mistakes that are too expensive. If your bets are too big—which is the problem with Hollywood—you end up avoiding risk and killing innovation."

"In Belgium we're clearly too risk averse; we don't want to lose the benefits of a full time job, the car, the phone, the pension. But those risks look ridiculous when you place them against the benefits and joy of being an entrepreneur." Sebastien's second piece of advice, more pragmatic this time, is to keep your costs variable. "There are some real advantages we have today since it is possible to start up a company with very little capital. So many costs you can keep variable. At Playfish we don't own a single server. We only have laptops and we do all our communication via Skype. Spend as little as possible and get your first shippable product out as quickly as possible! Today you can start a company with several thousand Euros—you don't need millions. That's a really optimistic message."

"Make use of networks like the Betagroup in Brussels. They're fantastic, helping people to get that first product out and funded, keeping costs low. Also, don't be secretive about your idea. Ideas need to be free. All ideas will be copied; it's execution that matters."

BELGIUM VERSUS THE US

For a Belgian entrepreneur who's made it in the 'Anglo Saxon' world, you might expect some cynicism about Belgium. But Sebastien is reasonably positive. "Sure, there are significant cultural differences. In Belgium we're more risk averse. But that's not always a bad thing. The strengths we have in Belgium are our great universities. We have some extremely smart people in medical research, in computer sciences, and that is often underestimated.

"I think the biggest problem in Belgium, from an entrepreneur's perspective, is the high cost of making a mistake, especially with regard to hiring people. For example, hiring a VP Sales in Belgium is a risky thing to do, especially for a start-up. In the US it is very easy to set up a business and get some good people around you. You can build flexible, fluid teams. That early phase of start-up is lighter in the US."

BIO
Sebastien de Halleux is co-founder and COO of Playfish

Starting a business in China To China!

Vlerick graduate Steven Couwels established a growing business in Shanghai but warns other would-be adventurers to have realistic expectations—the Chinese market is intensely cost-driven and very competitive.

Setting up a business is not easy under the best of conditions. Steven Couwels, a young Flemish entrepreneur, managed to succeed in China. Take note, Steven is no expat sent over by a large multinational. He founded a Shanghai registered company and in four years has grown the business into a well-established engineering business with more than 20 full-time employees. He and his family do not live in an expat compound and the kids go to a Chinese pre-primary school. How did he manage it and what advice does he have for other entrepreneurs seeking foreign adventures?

NO COINCIDENCE

Steven's Chinese adventure clearly was no accident. This is something he has wanted to do for years. As he explains; "I've always been curious about China. My mother used to import Chinese herbs with the result that we had occasional visits from Chinese representatives. In '82 we went on a first family trip to China—what a different world it was back then. Another trip followed in '91 and from '95 onwards I was doing two trips a year for my work."

After his MBA at the Vlerick Leuven Ghent Management School in 2003, Steven was hired by a Flemish consulting company to manage an office in Shanghai. Thus in 2003, Steven and his girlfriend (today his wife) packed their bags and made the move to Shanghai, China's biggest city. The job didn't work out, but life in Shanghai certainly did. As a result, Steven and his wife decided to take the plunge and set up a local business.

LASER SCANNING

Most companies need their fixed assets to be well-documented—be it for technical, safety or accounting reasons. Buildings, industrial sites, machinery; it all needs to be accurately measured, mapped and inventoried. But when multinational companies invest in the Chinese market they often find that their newly acquired industrial assets are poorly documented. This is the market opportunity that Steven spotted: measuring and documenting complex industrial sites. In 2005 he had his first contract and by 2007 he had found the money to invest in advanced laser scanning equipment, the first of its kind in the Chinese market.

> *You can feel the dynamism in that society*

COMPETITIVE AND COST-DRIVEN MARKET

Since then the company—Globe Shanghai Advanced Technical Services—has steadily grown but Steven acknowledges that he had hoped for more rapid growth. The challenges of doing business in China are not to be underestimated. For one, the market is highly regulated. For every sector there are a myriad of regulations of what companies—and especially companies owned by foreigners—can and cannot do. Steven's company, for example, cannot measure on the public domain. As it turns out, that was probably a good thing because it forced Steven to focus on the more complex work of industrial measurement (chemical plants, automotive, ship building, etc). It is in these areas that Steven managed to compete effectively, relying on his advanced (but expensive) scanning equipment and his engineering expertise (it helps if you understand what it is that you are measuring). Finding a 'high tech' niche like this is essential because in most other areas cost becomes the dominant competitive criterion. Steven's company offers a measurement service that is much faster and more accurate than a traditional, largely manual approach. But in the Chinese market that doesn't count for much, since the manual approach can be so much cheaper due to the highly competitive nature of China's labour-intensive industries. This is why Globe Shanghai is winning contracts in areas where clients have exceptionally high quality expectations—and these tend to be Western industrial companies who are investing in China.

Working with Chinese companies—especially state-owned companies—is far more difficult. Here the role of relationships is absolutely critical. Working with a Chinese agent is one way of building those relationships. Steven has also found that the Chinese tend to have a very pragmatic approach to their business relationships—if there is a solid win-win situation then the relationship certainly can work.

Many foreign companies enter the Chinese market via a joint-venture with a Chinese partner. While there often is little alternative, Steven has noted that many such joint-ventures fail. They often are too large (with too much at stake) leading to conflict between the two parties and hence failure. Steven also launched his business via a joint-venture with a Chinese partner but ascribes the success of this relationship to the fact that it was small-scale (the Chinese partner helped set up the business administratively and played a key role in setting up the first meetings with Chinese clients), that there was a clear win-win situation (the Chinese partner delivered real value to Global Shanghai, and in turn earned commissions for the work) and that the two trusted each other (they had known each other for several years).

SHANGHAI LIFESTYLE

Life in Shanghai can be intense—and that is probably an understatement. Imagine a rapidly growing city of 20 million people that live and work on a territory the size of two Belgian provinces (Belgium's 10 provinces are the home of 10 million people—and we consider our patch of ground to be densely populated). This is an economy that has been growing at breakneck speed and has no intention of slowing down—economic crisis notwithstanding. The city is full of building sites, a new city metro and a high-speed rail link to Beijing are being built in quick tempo, and the excitement for Expo Shanghai in 2010 is reaching fever pitch. According to Steven you can 'feel' the dynamism in Chinese society.

But while the Shanghai experience has been incredibly enriching, Steven and wife plan to move back to Belgium within the next two to three years. The couple would prefer to put their three kids through the Belgian school system and, quite frankly, are looking forward to living in a less polluted environment.

INTERNATIONALISATION

In the years ahead Steven has plans to internationalise the business further. At present he is setting up a parallel business in Belgium and there are plans for other business units in Eastern Europe and the Middle East. The potential synergies obviously are significant: the added scale and geographic coverage will further develop the company's competencies, competencies that can get on a plane or talk via phone. Also, added scale will allow for continued investment in advanced technical equipment—this too can be shared between the various business units.

THE ELUSIVE POT OF GOLD

Steven's Chinese adventure is exactly that, an adventure. It is an experience that will deeply enrich his life and career. It also is the launch platform of his business. But it is not the pot of gold at the end of the rainbow. While the opportunities in a rapidly growing economy can obviously be tremendous, the challenges of doing business in China are not to be underestimated.

But the differences between China and the West must not be exaggerated either. In essence we are still talking about entrepreneurship, and that is never easy, wherever you are. Steven's tale is about starting and growing business. And his key recommendation for other starting entrepreneurs is universally applicable: be very clear about the value you create for your customers.

BIO

Steven Couwels is CEO of Globe (Shanghai) Advanced Technical Services

Web start-up

Life in the incubator

Frederik De Wachter realised the first part of his dream. Tagger.fm transitioned from an idea to an IBBT-backed venture.

How often have you listened to the radio and really liked the song playing—but had no idea who the artist is, let alone what the track is called? For most of us it's one of those little frustrations we experience almost daily. Tagger.fm founder Frederik De Wachter is betting that there is a business in there somewhere.

NO COINCIDENCE

As Frederik De Wachter tells it, Tagger.fm is no coincidence. It is an idea that he's had for years and is firmly rooted in his passion for both music and the internet. After his studies at the University of Ghent, Frederik did rather well working for several companies. He was a sales manager, a business development manager and a product manager. In essence, he's always been looking for new business, new markets. But it is in the world of music that Frederik first became an entrepreneur. In addition to organising techno parties, Frederik co-founded a popular club in Ghent and a summer festival. But now, with tagger.fm, he's got serious.

TAGGING MUSIC

Tagger.fm is an online service that allows people to bookmark or 'tag' music on radio and at concerts. How does it work? If you like a song currently being played on the radio then you can either tag the song online at tagger.fm (it publishes the playlists of major Belgian radio stations) or by sending an SMS to tagger.fm with the name of the station. Tagger.fm will subsequently send you information about the track and the artist (e.g. upcoming live events). Furthermore, in the process you're building up a library of music that you like, which is information you can share with friends via Facebook or use to replay tracks (via YouTube).

It is a remarkably simple idea really. This is no last.fm or Pandora that streams music from a monster database. Instead, tagger.fm is little more than a clever aggregator of information (playlists of radio stations and concerts) that allows users to build their personal library of music information. This is only the start: today the service is limited to a number of Belgian radio stations and concerts. Also, the tagging via SMS may still be somewhat cumbersome and a little expensive. But the roadmap is clear: in a few years time we will be tagging music anywhere, anytime (in a club, in the car, in a shop, at the movies, etc) via a quick handling of our mobile phone.

IBBT SPIN-OFF

You can find Frederik in Ghent at the IBBT, the Flemish institute for broadband technologies. As one of four Flemish strategic research institutes, the IBBT facilitates and invests in ICT-related innovation projects in a broad range of areas, from eHealth and New Media to eGovernment and mobility & logistics. While most of its projects are collaborative efforts between established companies and universities, it does actually host some projects onsite in its incubation centre iCubes. This is where you can find tagger.fm. In fact, tagger.fm went through the entire incubation process at IBBT. While Frederik had done much legwork to develop the original idea, it is at the IBBT's Bootcamp programme that the business plan began to take proper shape. At this IBBT-run programme, a select group of entrepreneurs are given the opportunity to test their plans against an experienced jury. The programme also serves as a match-making platform whereby the people with the idea are put in touch with potential partners or investors. It is here that Frederik first connected with Bart De Waele, an experience internet entrepreneur and founder of web agency Netlash. With a thoroughly queried business plan and reinforced management team, tagger.fm made the grade to become an IBBT spin-off company. IBBT not only offered logistical support via its incubation centre but also decided to invest in the company via its venture capital fund, iVenture. The cards have been dealt—now it's up to Frederik and his team to develop the idea into a business.

> *The formula for Tagger.fm is an idea I've had for years*

NOT THE FACEBOOK APPROACH

In explaining his strategy, Frederik compares the Facebook approach with the Netlog approach (the Ghent based social networking service that is nipping at the heels of Facebook). While Facebook could fund its expansion with a deep well of capital, Netlog had to do it stepwise and show an ability to generate cash early on. Tagger.fm is taking its cue from Netlog. Today, the service is limited to Belgian radio stations and concerts. Also, the technology remains reasonably simple. For example, it is possible, technically speaking, to let your mobile phone recognise tracks simply by 'listening' to them (by matching the recorded audio file to a huge database). But that's for a later stage. At present, tagger.fm is focused on making the

business model work. It is partnering with radio stations, concert organisers and music producers to explore possible win-win arrangements. Indeed, tagger.fm is able to offer its partners something unique: detailed information about its customers.

TELL THE WORLD

Looking back, Frederik has a couple of tips for would-be entrepreneurs. Firstly, keep at it—don't give up. As mentioned earlier, tagger.fm is no coincidence—it lived in Frederik's mind for years. Secondly, use the tools and resources available. There are so many events for inspiration and useful contacts (e.g. Open Coffee, Betagroup – see Jean Derely's interview). Attend as many as you can. Frederik attended competitions, applied for funding from various sources—and it worked, it got him into Bootcamp and the IBBT's incubation programme. Thirdly, partner with other organisations. The market, especially the web scene, changes so rapidly that it is impossible to succeed alone. You need to open it up; tell the world. It's not about your site (that should evolve); it's about your brand.

BIO
Frederik De Wachter (second from left) is founder and CEO of tagger.fm, a start-up supported by IBBT

Value Enlightenment

Sacha Vekeman

Sacha Vekeman writes about value and having a laser sharp focus on finding your core value proposition; the foundation of a billion dollar company

The word value is used in various business contexts: value-add, value proposition, valuation, VAT, company values, value chain, etc. Value can be retrieved from technology and innovation, and be applied as a business differentiator or people motivator. Exploring, seeing, finding and understanding value is crucial in any industry or company, be it a start-up company, an established SMB or a corporate giant.

Michael Hammer already demonstrated the meaning of More Value-Add in his 2001 bestseller, The Agenda: What Every Business Must Do to Dominate the Decade.

In the last ten years I have met with hundreds of executives and business leaders. My criteria to respect these people were about their ability to explain their business value proposition and their professional values.

I consider a business value proposition to be the economic driver why people exchange money to retrieve the value in the shortest time possible. Professional values are much softer and it is important to understand the longer term perspective and personal motivation of the person.

Unfortunately only a handful people could express their values in profession and life in a very comprehensive way within a crystal sharp context.

Not many people consider a value proposition to be that important, nor do people value their own function within the company, the umbrella effect maybe. But, if you don't value yourself or your work, how will you value someone else? How do you find value and get the benefits from it? The following roadmap helps you to retrieve core-value; navigating your company to become the next billion dollar company:

Finding core value starts with scarcity! Too many companies have too many heads, opinions, processes, structures, plans, pigeon holes, time, money and people! Have a vision to wisely re-distribute your assets and create a structure where people are forced to do more with less. Suddenly things will become much clearer for everyone involved. You will direct more focus to identify the exact value of a technology, system, service, supplier, customer, employee, simply by being forced to do with less.

Scarcity forces efficiency! Becoming more efficient as a business person or as a company means that you create a mindset or culture to find shortcuts, go quicker than others, and find black holes that enable warp speed. Efficiency is a result of scarcity as it forces you to create a laser sharp focus on the one and only thing that you consider to make you different, better and faster.

Drop everything else. Stop putting effort in mimicking competition. Start challenging industry peers and standards. You have to develop the ability to visualise the

things you value and make you different. The objective is to find a unique market position, invent new technologies, scale your sales distribution, ultimately creating sustainable value!

Efficiency turns into commodity! Efficiency frees up time to think more and do less. Thinking, analysing and re-thinking will help you to find that something which was so obvious that nobody considered it to be important or wasn't complex enough. It was considered to be something not well-defined, difficult to swallow, too small, unimportant, not understood; completely undervalued! Finding core-value is not about searching for a needle in a haystack, rolling up the sleeves and pretending to be more active. No!? It's about taking a step backward, freeing the time to look beyond the complexity and seek the simplicity, authenticity and efficiency, the threesome of a commodity, something ultimately everyone needs and wants to find.

The only thing not at your side: creativity, the point of inspiration! It could and will most likely take you years to truly find and get to the point of value enlightenment. From that point onwards you'll start to simplify your value proposition. Suddenly everyone understands and knows exactly what you are selling, trying to achieve. Some immediate benefits are that your customers will make buying decisions much faster. You will have to invest less in advertising, as you will not pay for the 50% of people that are not interested in your value proposition. And if you have to pay for it, you will be able to negotiate that part down to zero. You want to stop selling to people who are of no interest to you. It will allow you to find scalable distribution. You gradually start to transform your value proposition into a commodity. Others will start to copy you now.

> *Suddenly things will become much clearer for everyone involved*

Commodity finds critical-mass! We started with scarcity, then freed time through efficiency, simplified and visualised the value proposition to realise a commodity, and we now get to the final stage: achieve critical mass. Commodity allows you to reach critical mass as 'efficiency' helps you to scale your distribution, investments and resources. Simplicity on the other hand; simplicity simply sells! Examples of billion dollar companies that have found their core value proposition and reached critical mass in less than a decade: free search sells (Google), paid music sells (iTunes), liquid energy sells (Red Bull), desktop productivity sells (MS Office), online telephony sells (Skype), applied innovation sells (HP), etc.

Critical-mass generates serious wealth! Last but not least, reaching critical-mass generates wealth. Wealth for everyone involved in the value chain starting with the founders that finally found their core value proposition and are looking for the next one. The investors that initially didn't understand the idea and never made enough money available to their portfolio of invested companies, and suddenly face a serious valuation of the company, having forced scarcity upon the founders for many years. The government and their VAT systems grabbing money out of the transactional value chain. And most important, the consumer retrieving and appreciating the value-add and their willingness to pay money, sometimes a lot of money, for it.

BIO
Sacha Vekeman is co-founder of Mobiya, the UK's fastest growing mobile advertising company for SMS marketing. Read his blog at techstarter.net

Serial entrepreneurship

Exploring the blue ocean

Sven Bally is a marketing consultant, sailor and entrepreneur. He explains how he manages to launch two companies while keeping a full-time job.

If you have a chance to talk to Sven Bally, make sure you're awake. Sven talks rapidly, which is probably a reflection of his brain's processing power. Such cognitive proficiency must come in handy, given the fact that he's running two companies and is a shareholder in several others. And then we're not even talking about his day-job at one of the country's leading interactive agencies. For Sven, entrepreneurship is about building companies. If a company has growth potential, then let it grow. If there are business opportunities, then these must be exploited. And Sven sees business opportunities everywhere.

BOOTCAMP

Sven Bally began his career as a consultant for Ernst & Young, working for companies like American Express, but was quickly propelled into the role of crisis manager. Thus began his entrepreneurial experience: going into a troubled company, looking for the asset that can be rescued and building a new business around it. Sven and his colleagues managed to transform a coupons' business into a maker of payment terminals. The new company got acquired by Thales and Sven was asked to stay on in a sales and marketing function. But in 2004 he got a call from a head-hunter for a business development position at mobile marketing company E-Zone. Sven took the plunge, but three years later became impatient with management—things weren't moving fast enough. So he made the switch to ONE Agency, a rapidly growing interactive agency. This time, however, he didn't just take a job—he went in as a shareholder. Also, ONE wasn't the only company he bought shares in.

> *That's what I do on a daily basis. I mix things up and look for new spaces*

ENTREPRENEUR

"In 2008 my partner and I got the opportunity to buy a struggling company in the mobile space. They distributed games for mobile phones in Belgium but the model didn't really fly here. I felt there was potential abroad, especially in Eastern Europe, Russia and South America. We moved the company—it's basically a two-man IT team—to the Seed Factory in Brussels and started exploring the market in Eastern Europe. People declared me crazy. Perhaps. I went to Sweden to see the people at Tele2, a telco operator, since they had strong operations in Eastern Europe. At first they didn't want to see me, so eventually I took a flight to Sweden and simply announced myself at the company's reception. That did it. I had the meeting and got the deal—access to Eastern Europe. Russia was next. I went to Moscow and St Petersburg and managed to recruit a number of resellers. Again people declared me crazy, saying I'd never see my money. As it turns out, my Russian clients pay a lot more promptly than my Belgian clients do. Look, it is a different culture and it certainly was a learning experience, but business can be done there. In fact, Russians are very direct in their dealings—I actually prefer it, you know where you stand very quickly.

KEEP IT LIGHT

We outsource practically everything. The games are developed in India—we couldn't possibly do that in Belgium given the costs here. In the Philippines they do the rote IT work, transforming the thousands of images so that they comply with the different operator platforms. And in Russia we do the final customisation work and translation. So in the process we've managed to build an international business but one that has a very flexible and light operation. We've got most of Europe now, and Turkey, Kuwait and the US. North Africa and South America we're exploring too. But our cash cow remains Eastern Europe and Russia.

The business is becoming quite large, but it remains an e-enterprise. Our Brussels office is tiny. All our work is done a remote basis. I fly around a bit to develop new markets but once a frame agreement is signed that's basically it for me. My partner is committed full-time to the company since there is so much multinational invoicing to do, but I'm basically able to run the business on a part-time basis.

UPPING THE GAME

Mobile Vision is the one business, but there's another major project we've been working on. Over the past two years we've used the profits of Mobile Vision to develop a payment platform, and this week we're launching the product, the first prepaid Mastercard in Belgium. It's got all the functionality of a Mastercard, but you can't go negative. We're positioning it as the ideal family card, or second card, because it's so safe. Anybody can have it, blacklisted people too. There's no real barrier to using it. You don't need to open a new bank account either—everything is done online: check your balance and your last transaction, top up your account, etc.

Essentially the business is about marketing. Our business model rests mainly on the potential of white-label programmes. Obviously we hope that our own brand—Colibricard—will take off but we've designed the platform mainly with white-label programmes in mind. A retail brand, a football club are ideal here—they're able to offer their customers a loyalty card that also is real Mastercard but without the restrictions and risks typical to credit cards.

It's interesting business in an interesting market—the whole interplay between electronic payments and telecommunications.

LESSONS FOR STARTERS

You can't do what we've done if you confine yourself to existing products. But doing something completely new is nearly impossible too. So you need to mix things up. It's like a Blue Ocean strategy, but look for the bits of ocean in between the things that exist already. That's what I do on a daily basis. I mix things up and look for new spaces. And don't just look at it from a local perspective. Look at what works locally and then try to duplicate it internationally, do a copy & paste. You really don't need to fear the physical barriers anymore, the distance, etc. With today's communication technology it really is possible to run things on a remote basis. But you do obviously need to focus. And stay the course, whatever you do. You'll encounter obstacles, headwind, but keep at it.

BIO
Sven Bally is Account Director at ONE Agency and founding partner at Mobile Vision, Colibricard and White Paper Central

VISION

It's all about the flowers and the bees

Jeroen Meens

Jeroen Meens tells us to start gardening

Starting on your own is easy. One day you wake up and decide to be your own boss and make money for yourself. Passionate and confident as you are, you incorporate a company and from that point on, you're self-employed. Not an entrepreneur, but self-employed. You have a company. In fact, you are the company. You have to do the work to make money, or you won't get paid.

Now imagine money as bees. You created a company – a net – to catch as many bees as you can. No more bees for the boss, it's all for you now. Everyday you go out and catch bees. You get better and better and catch more and more bees. Finally you can live the life you wanted and deserve. But everyday you wake up with an empty net and have to go out there and work harder and harder to catch more bees. Until the day someone with a bigger net comes along. Or the bees have simply gone elsewhere. Money, like bees, comes and goes. And when it goes, you're left with nothing but an empty net; an empty company.

A company is not a business; it's just a legal entity. You decide if it becomes a business or not. The difference is that instead of making money, a business – or entrepreneur – is focused on creating value. Instead of building a net to catch bees, you grow an inspiring garden of flowers to attract bees. The bigger the garden and the better you nurture it, the more bees will come. You don't have to fear bees leaving, as there are always new ones coming. Even better, the bees will pollinate your flowers and your effort to maintain your garden decreases when the number of bees rises. Instead of getting up in the morning with an empty net, you wake up in a beautiful flower garden buzzing with bees.

Starting a company is easy; growing it into a business is hard. It's the part where most people fail or never even get to. But it's what makes you an entrepreneur. So, how do you grow a business? How do you move out of being self-employed with a net, to being an entrepreneur with an inspiring garden? How do you move from making money to creating something of value?

First, let's clarify this: just like there is no such thing as get-rich-quick, there isn't a proven concept or secret formula to grow your business. But from experience I can tell you there are a couple of things I found to be true over and over again. Here are some of them:

WITHOUT A GOAL, YOU CAN'T SCORE

Established businesses are not the end product of a serial process beginning with infancy and moving through adolescence to reach maturity. They start out with a vision of that maturity. If you want to grow a business successfully, you need to have a perspective on what your business is and why it works. Any established business knows how it got to be where it is, and what it must do to get where it wants to go.

> *Whatever you do, don't chase the money. Chase your vision and passion*

To grow, you need to have a model of a business that works instead of a model for the work itself. You need to ask yourself if there's a connection between where the business is going and where it is today. It's not the work itself that is important. What's important is the business: how it looks, how it acts. Which plants do you need in your garden? How big will it be? To grow a business you have to focus on building your foundation instead of only concentrating on money making activities. From working in the company, you have to work on the business.

Look at the business as the product. Don't start with a picture of the business, but with a picture of the customer for whom the business is created. Without a clear picture of your customer, you cannot succeed. If you know your customer, you know what garden to build, which flowers to plant. Without a goal, you just can't score.

IT'S ALL ABOUT FLOW

If you're growing, cash flow is important, but in order to generate it in a sustainable way, emotional flow is equally important. To find emotional flow it is important to realize that if you understand the technical work of a business, that doesn't necessarily mean you understand a business that does technical work. These are two different things.

Therefore, you need to surround yourself closely with good people who complement you. It allows you to focus on your strengths and passion which is the biggest leverage your business can get. Besides, the expertise of the people around you flows directly to you.

Risk comes from not knowing what you're doing. Too many business owners are driving blindfolded. You have to know how you're doing at all times. When running and growing a business, there's no such thing as good news and bad news. There is only fast news and slow news. The sooner you learn about a crisis, the more time you have to convert it into an opportunity.

CREATE YOUR COMPANY VALUES

If you don't stand for anything, you'll fall for everything. Almost any business I know has a mission, a reason why it exists. But very few have values. You have certain values in life, right? For successful living, your business needs values too. It's what you stand for; what your garden represents. Having company values makes it easier to find the right people, the right customers, the right partners and develop the right strategy.

In creating your company values, it is important to step aside and think about what values your company needs to succeed in the business that you're in. It might happen that they don't match your personal principles. If so, don't go in that business. Simple as that.

IT'S NOT ABOUT THE IDEA

Everyone has ideas. It's about how well you know your industry. The hard part is figuring out if your idea could work in your industry, doing the preparation work and be able to execute it. Everybody says their idea is special, but very few actually do the work. Do the work.

HAVE A POSITIVE ATTITUDE

Get out of bed with a positive attitude. You are going to screw up. We all do. I can't tell you how many times I did and do. It doesn't matter how many times you fail. It doesn't matter how many times you almost get it right. No one is going to know or care about your failures and neither should you. All you have to do is learn from them and those around you, because what matters in business is that you get it right once. Then everyone can tell you how lucky you are.

GO LOOK IN THE MIRROR

Your business is like a mirror: it shows you who you really are, what you truly know and what you don't know. Honestly, directly and immediately. Your business is nothing more than a distinct reflection of who you are.

If you're happy making money, then that's absolutely fine. If you want to grow a business, you need to figure out who you are and where you want to go. Whatever you do, don't chase the money. Chase your vision and passion; this way you'll always feel happy doing what you do.

Now go find yourself a mirror and be honest to yourself: are you chasing bees or growing a garden?

BIO

Jeroen Meens is co-founder of Cynex, an accounting and consulting firm. Previously, he co-founded Sinfilo (acquired by Telenet), Location Based Service provider Navitell (stake sold to Essec Telecom), online retailer Sorry Jeans (pulled the plug themselves), the world's largest living lab i-City (taken over by a consortium of Microsoft, Concentra, Telenet, Siemens and LRM; later placed under IBBT) and City Live (exit via management buy-out).

Content aggregation
Looking for scalability

Hans Nissens' company, Oxynade, is on track to build Europe's largest events database but needs a scalable business model to make it work

Looking for something to do this weekend? VC-funded Oxynade has more than 200,000 events registered in its database for Flanders alone. For Europe we're looking at millions of events. CEO Hans Nissens obviously didn't collect all that data himself. Instead, he and his team developed patented search technology to "scrape" the web for event information. Oxynade's approach, in other words, is a great example of content aggregation, i.e., looking for relevance and meaning in the vast expanse of unstructured information out there on the web. Now to turn it into a business.

AMBITION

Oxynade is housed in a little building overlooking a tree lined canal in central Ghent. Subtle and graceful—one might expect a doctor's cabinet or a small law firm. Hans too seems a thoughtful chap, not your typical extraverted entrepreneur. But listen carefully to what he has to say. First impressions can deceive.

> *We want to build the world's largest events database*

Hans and his team have a mission to build the world's largest events database. That's ambitious thinking. What's remarkable is that they're almost there, and that they managed to get this far in little over two years. Granted, Hans had a solid grounding. Before co-founding Oxynade, Hans spent five years developing the Flemish government's culture database (CultuurDatabank, now called UiTdatabank). There he learned firsthand how difficult it is to collect information about events. The problem with events is that they have a short shelf-life—if you're a bit late the event is history (only upcoming events are interesting, obviously). Also, there's tremendous diversity in the type of events and their sources. The big events organised by professional organisations are easy to find; less easy are the thousands of 'grassroots' events organised by voluntary groups or individuals, typically with a very local reach. A journalist at a local community paper may feel comfortable being in the loop but as coordinator of a database covering the whole of Flanders a manual approach is near impossible. Being an IT architect, Hans got to work looking for an easier way. He found a way, putting CultuurDatabank on the map (today it collects about 75,000 events a year), and simultaneously, came up with the idea for Oxynade.

MAKING MONEY

A huge database is all good and well, but how do you make money with it? That's the entrepreneur's question and is never an easy one to answer. It is in solving that puzzle that Hans learned his key entrepreneurial lessons. One way of making money on the database is to sell the content to local media companies (newspapers, magazines, tourism agencies, etc.) who are looking to publish a 'what's on guide' for their region. That works and is a core part of Oxynade's revenues today. The problem is that there are not that many media partners around, with the result that the scalability of the business model is limited. Another route is to talk direct to consumers via a central events portal and make money via advertising and ticketing. The Flemish UiTdatabank is such a portal. Although Oxynade went ahead and launched Happenr, it is not core to the company's strategy. Hans has learned that a B2B business is a fundamentally different beast to manage than a B2C business. The one is about product development, sales and service; the other is about marketing, branding and traffic generation. Furthermore, the two can conflict with each other. B2B clients don't take kindly to their suppliers setting up direct sales channels (you're either Dell or HP, don't mix the two).

Today, Oxynade is focused on its B2B clients, but is developing additional services that piggy-back on the content, i.e. a ticketing and advertising platform. This opens up their market to the event organisers. Event organisers can promote their events and sell tickets online using the Oxynade platform, which in turn is plugged into the major media portals. A win-win situation for all.

FOCUS

Looking back at his two years of entrepreneurship, Hans has five key tips for starters. Firstly, don't be stubborn. Listen to other people's opinion; be open to people's criticism. Related to this, keep focused. Don't try to do everything at once; be careful about drifting off on a tangent. Think clearly about the value you bring to the market; all the rest you can in principle accomplish via partnerships. Thirdly, start in a field that you know, where you have some expertise, some understanding of the market and a network you can draw upon. Four, start with the right people; you can't do it alone. Finally, try to get government support—it's there, it's free. Obviously you can't build a company on it but it does help, especially in the early years.

BIO
Hans Nissens is CEO of Oxynade, a content provider of event calendar information and a ticketing service provider

Entrepreneurship Research at Wharton

In pursuit of the bigger picture

James Thompson, a South African at the Wharton School, tries to leverage entrepreneurship to solve societal problems in Africa and the United States

Any entrepreneur will tell you that building your own business can be incredibly rewarding. Economists also tell us that entrepreneurship is good for the economy and society. So if it is such a good thing, then clearly we should study it closely, to see how we can do it better. At the Wharton School in Philadelphia they've been studying entrepreneurship for years. James Thompson is one of those researchers and co-founded an ambitious program that tries to tackle social problems using entrepreneurship.

ROOTS

In a way, James Thompson's work in Africa is bringing him back to his roots. James is originally from Zimbabwe and grew up in South Africa. He has an MBA from the University of Cape Town Graduate School of Business and spent some years climbing the corporate ladder in South Africa. But an exchange programme to the US morphed into a research fellowship at the Wharton School. There he researched technology commercialisation while managing Wharton's incubation centre. An offer from the Wharton Entrepreneurial Programs kept him in academia. Today he teaches in Wharton Executive Education Program and leads a programme that is helping entrepreneurs in Africa.

PUTTING TECHNOLOGY TO WORK, QUICKER

James is a scientist. While most entrepreneurs will happily impart their wisdom on the 'art' of entrepreneurship, knowledge that is grounded in personal experience and common sense, James tends to see things through a scientific lens. This matters because good validated knowledge about entrepreneurship should translate into serious economic and social gains. Take Wharton's research on technology commercialisation. It is well documented that there can be tremendous delays in the successful commercialisation of technology. In fact, many 'killer applications' rely on technology that was developed for something completely different. For example, carbon reinforced fibre was conceived for the US space programme. It took decades for people to figure out that it could be used for sporting equipment and a huge range of other applications. Although those NASA scientists might have discovered those applications had they looked (they had likely played or watched sport) they clearly had their heads in space.

Now if it were possible to accelerate that process of technology commercialisation there obviously would be tremendous gains, not only for the developers of the technology but also for society more generally. James and his colleagues are looking at this question from an academic perspective and are coming up with some startling conclusions. For example, when they surveyed the management teams of technology companies, they found that many management teams didn't even consider the possibility that their technology might have applications other than the one they originally had in mind. A minority did consider the possibility of alternatives, but did nothing about it. And only a small proportion of teams actively looked for and evaluated multiple applications for their technology and based their subsequent investment decisions on those objective evaluations. Critically, the Wharton researchers found that these companies, the ones that "looked before they leapt,"[1] on average earned twice as much revenue during the first two years of the technology's launch as those firms that did not. That's quite something.

The next obvious question concerns the optimal composition of those founding teams. It is a well known guiding principle among Tech Transfer departments that you shouldn't let the engineers or scientists manage their start-up alone. On the contrary, make sure there is a manager onboard. But the Wharton research is showing that management experience is not the same as entrepreneurial experience. Founding teams that have management experience on board do appear to do somewhat better at alternative market identification than teams composed of specialists only. But the best performing teams at market identification have experienced entrepreneurs on board.

James is insistent that good research can be tremendously useful for government policy too. For example, many governments invest their scarce financial resources into start-up programmes such as incubation centres, pre-seed venture funds and subsidies. But if we know that start-ups have a high failure rate and that simultaneously many successful companies grow themselves into insolvency, shouldn't those scarce resources be invested in growth companies, companies that have passed the first market test. Good research can help policy makers invest their scarce resources for maximum societal gain.

SOCIAL ENTREPRENEURSHIP

The question of societal gain is the key driver behind Wharton's Societal Wealth Programs. Here the Wharton team began with the hypothesis that many social problems, if looked at from an entrepreneurial lens, lend themselves to a commercial activity that could help solve those social problems. In other words, is it possible to positively exploit entrepreneurship to solve social problems? Since the program's launch in 2001, the Wharton team has been active in about eight projects in Africa and several in the U.S. (the programme doesn't have a geographic focus—there are market failures everywhere).

One of their successful projects in Zambia illustrates the concept well. Wharton got involved with a small animal feed production company in 2001. Back then the company had six members of staff equipped with shovels. Today they're buying capital equipment from Switzerland and are an increasingly important player in the Zambian market. Wharton's input is two-fold. On the one hand, the participating company agrees to comply with a number of operating principles (e.g. aim for profit and societal gain) and to

1 Gruber M, MacMillan IC, Thompson JD (2008). Look Before You Leap: Market Opportunity Identification in Emerging Technology Firms. Management Science, Vol. 54, No. 9, September 2008.

participate in Wharton's research programmes (recall, the Wharton group is an academic institution, not an NGO). On the other hand, specialists at the University of Pennsylvania are used for discrete interventions where useful. In this project, the university developed a linear programming model for calculating optimal animal feed production.

> *We don't like to depend on luck*

Using this technology, the Zambian company found a viable way of serving and creating many small farmers in Zambia and thus managed to create a new market. The benefits of this project are thus not only confined to the project itself. The entire market benefits as new customers are served. Also, the regional animal feed industry in Zambia seems to be lifting its game in response to the emergence of this new competitor with higher quality feeds at lower prices.

OPERATING PRINCIPLES

While these projects can deliver real economic and societal benefit, they're also research projects and thus are designed to improve the knowledge Wharton has about what works and doesn't work in these contexts. James sums it up; "We don't like to rely on luck." This is important because many of the traditional management concepts are typically prescriptive and therefore irrelevant in this type of early stage entrepreneurship. By treating each project as a field experiment, the Wharton team has come up with a number of useful principles. For example, if you're in a situation where you know very little about the market and your chances of success, then it's useful to define a number of early checkpoints that will help you decide whether to carry on or pull the plug. Too often, governments keep pumping money into a bottomless pit because they don't know when to pull the plug. Do a proper socio-political analysis. It may be unwise to start something if the political social-context won't allow it Design a low-cost pilot project, but with a hypothesised path to scalability. Before you start have a plan ready about how and when you will disengage, so that you don't get trapped into something or cause a social disaster. There is a cost to disengagement—and many ventures fail. Assess what the possible second-order effects could be, both positive and negative effects, and plan accordingly. Assume upfront that you know very little, but that you will learn as you go—and hence adapt. Therefore initially don't write a business plan but a 'proto-plan'. It's futile to plan if you know nothing. A proto-plan is a first attempt at describing the business model and the market. Subsequently you launch a pilot project and learn. That's when you decide to stop the project altogether or start applying what you learned—time for a proper business plan to get to scale.

TOLERANCE OF FAILURE

James makes it clear that not all their projects are a success. Sometimes the conditions just aren't right for entrepreneurship. And sometimes they just cannot figure out a viable business model. Failure is inherent to the process. Fortunately, most failures are small and hence end up being opportunities to learn about the local market; that way they're able to move on better equipped. In a way James and his team are trying to follow the mindset of serial entrepreneurs. Serial entrepreneurs are the really interesting entrepreneurs. These are the people who get it right time and time again. But they're also typically the first to tell you that failure is simply part of the game; it is a very real aspect of entrepreneurial life. Hence a good ecosystem for entrepreneurship will actually encourage failure (the honourable type, obviously). This is what has so impressed James about the US as a place to do business, its tolerance of failure. It's an impression that many visiting entrepreneurs have. And strikingly, the tolerance of failure is a common thread that runs through the research conclusions being formulated by the Wharton Entrepreneurial Program. Whether you're in Silicon Valley or in Zambia, it seems wise to question your initial assumptions, to acknowledge that you may be wrong or simply know very little. Failure is likely, but learn from it, and success will be a step closer.

BIO
James Thompson is co-founder and director of the Wharton Societal Wealth Program (WSWP).

Tech transfer Light!

Lumoza, a new spin-off from the University of Hasselt and IMEC, hits the ground running via a partnership with established screen printer Artist Screen

You may have heard about it, but you're not likely to have seen it or held it in your hand. And when you do, you'll have to acknowledge, it really is quite remarkable. Printed electronics—lighting, sensors, RFID tags, displays, solar cells—but printed on any surface as if it were simply paint. The University of Hasselt's Materials Research division has a tremendous track record in this type of technology, leading this year to the creation of a new spin-off company, Lumoza. The approach to tech transfer is unique, however, in the sense that it is partnering—from the start—with an established commercial player in the market.

PRINTED ELECTRONICS

Wouter Moons is still finishing off his PhD at the University of Hasselt. His thesis: 'Development and characterization of nanostructured hybrid solar cells.' That's quite a mouthful. And indeed, you don't want to get him started on the wonders of polymers. But Wouter's life in academia is coming to a close. As CEO of Lumoza, the University of Hasselt's most recent spin-off, Wouter is intent on building an innovative and commercially viable business.

The technology is printed electronics. That's an umbrella term covering various microelectronic technologies that, yes, can be printed on practically any surface. Take a flexible sheet of plastic (the thin, pliable type – bend it, roll it up, wrap it), print several thin layers of special 'paint' on the surface, connect it to a current and voila, the entire sheet lights up. A flexible, pliable sheet of light—that in itself is remarkable, but there's more. Touch the material and you will feel no heat. That is because about 95% of the energy is converted into light; only 5% is converted into heat. The classic light bulb does exactly the opposite.

APPLICATIONS

The possible applications are mind boggling: light-emitting ceilings, furniture, packaging, billboards, clothing, trailer canvas, etc. It gets really interesting when you start adding other things, like a printed organic solar cell. While this type of solar cell isn't powerful enough yet to generate much current, it can function as a light sensor and thus serve as a switch (as the sunlight dims, so the coating 'switches on'). This type of functionality (i.e. thin/large displays, fancy sensors) may seem familiar to most, but it is important to keep in mind that we are talking about a coating here, a type of paint. There are no hard, metallic chips or electronics embedded in the material; the material is the electronic device.

Other technologies being researched by the University of Hasselt include printed RFID tags (instead of an electronic chip, this tag is simply part of the product packaging or coating) and various types of sensors (material that is sensitive to light, electromagnetism or various biological markers). The possible applications obviously are endless. And this is why the University of Hasselt has created a spin-off company to explore the commercial applications of its technology.

MATCHING SCIENCE WITH BUSINESS

Developing fancy technology is one thing. Commercialising it is another. This is the classic problem with tech transfer, since the scientists or engineers who first develop a particular technology are seldom the right people to commercialise it effectively. Also, it takes time to build a business. Even if the business is well capitalised, it takes time to recruit the right people, to set up production facilities, to organise logistics, to develop a sales and marketing strategy, etc. In the mean time much can happen: new competitors may emerge, the technology could become obsolete, or the

> *We have the best of both worlds here, which allows us to take a flying start*

organisation may simply implode due to poor management.

Lumoza has solved this puzzle by partnering up-front with an established commercial partner and by focusing initially on two 'safer' markets. Artist Screen is a Belgian screen printing company with particular expertise in the printing of PVC materials (e.g. packaging, posters, billboards). As a shareholder in Lumoza (together with the University of Hasselt, IMEC and a number of private investors), Artist Screen offers the start-up immediate production capacity and access to two important markets: packaging and advertising. These two markets are ideal for Lumoza since it is immediately able to apply reasonably simple and mature technology (e.g. animated DVD packaging).

The plan is to get the company operational and cash-generative as quickly as possible. In the mean time the R&D work continues for Lumoza's next generation of products. The next obvious opportunities are in lighting products for the building industry. But here Lumoza has needed to conduct stringent testing of its products to ensure that they are durable and have a long life-span in real-world conditions. While packaging is by definition a disposable, in the building/architecture world Lumoza's products will need to compete with the performance of LEDs and fluorescent lamps. While the lab results thus far look positive, this is clearly a more challenging market to enter given the stringent quality demands and higher investment costs. This is why it is a next phase in Lumoza's growth plan. Also in this category are RFID technology and solar cells. But also in these markets Lumoza is looking for suitable commercial partners to help it get off the mark quickly.

PARTNERSHIP

Lumoza's partnering approach is an interesting strategy in the tech-transfer world. While many spin-offs will try to hold on their IP and build a commercially viable entity from scratch, the Lumoza approach offers some obvious advantages in market access and production capacity. On the other hand, it is a partnership between people from two different worlds (academic/scientific versus commercial/pragmatic) and hence can lead to conflict. The partners at Lumoza have thought through the risks, however, and are focused on making the most of their complementary strengths. The point is to make the venture commercially viable as quickly as possible.

BIO
Wouter Moons is CEO of Lumoza, a spin-off company from the University of Hasselt

Entrepreneurship in South Africa

The path to serial entrepreneurship

Neil Watson, a successful South African entrepreneur, explains how his career has transitioned through three relatively distinct phases

South Africa is an interesting business environment. Like most places it has a unique set of advantages (e.g. solid infrastructure, developing economy) and disadvantages (e.g. crime, volatile exchange rate). But at base the rules of the game remain the same. Johannesburg-based Neil Watson explains how he has learned the art of entrepreneurship.

FROM SCRATCH

"There have been three key phases in my business life. The genesis was my time at university and just after university. I started a business with a school friend of mine, Mark Levy. We had high ideals, no experience and no money. We learned amazing lessons about cash flow, people, sales and operations and eventually ended up selling that business to management. Starting from scratch is incredibly difficult but also so incredibly informative about how the world works and how business works. Whether it was figuring out how a balance sheet works (I'm an engineer not an accountant!) or negotiating for credit with absolutely no money to back you up, this is where the hard yards were earned.

BIG AMBITIONS

I think it's natural after the first business to have heightened expectation and ambitions for your next business. I'd learnt so many lessons and I now had a good practical knowledge. Mark and I started an internet venture called Digital Planet. Part of our education in this business was raising capital and dealing with external shareholders. This part of my career was about learning and running a larger business. We had a grand plan, and like all grand plans, the reality never follows. For the first three years of the business, we lost money and struggled to get the business model right. From my experience with other start-ups, it always takes a long time to get things working. When we opened a retail store, it got up to speed quicker as the business model is defined, but opening a new-concept business is slow-going and risky.

One of the advantages of struggling to make it work is that the business evolved and spawned other businesses out of the original company. A business is like an animal. It is constantly evolving to the environment, sometimes by chance, sometimes by design. As each business grew, I saw my role change from that of Managing Director, the man in the details, to one of strategic thinker, guiding the overall vision.

> *A business is like an animal. It is constantly evolving to the environment, sometimes by chance, sometimes by design*

FACILITATOR

Strategic Ventures is the current part of my journey. Each business now has its own management and runs independently. My role has shifted from being detail driven, focussed on a single strategy, to helping define different strategies for different businesses, keeping the management disciplined, being a sounding board and trying to feed the businesses new opportunities. When I was still running a company, one of my main challenges was that many decisions were based on being in the detail. Some decisions were made that were not objectively the best decisions because I was too close to the detail or because of the history of the situation. An example could be that when money was tight, we would adjust our purchasing and hiring decisions in tandem with the reality of the situation. But once there was more money available, it was often difficult to shift gear and take on more risks and invest. As an external party to the business, I now find it much easier to look at the bigger picture.

TIPS FOR STARTERS

I think the key to any business is adaptability. If something isn't working, work out how to make it work or stop doing it.

Don't chase everything. Some good opportunities are worth giving up so that you can focus on your bigger opportunities.

People really are everything. Hire people who are better than you. That way you can leverage your best asset: yourself. Don't accept mediocrity—it will consume your business.

Cash flow, cash flow, cash flow—manage it hard. Someone who owes you money is running their business on your cash and vice versa.

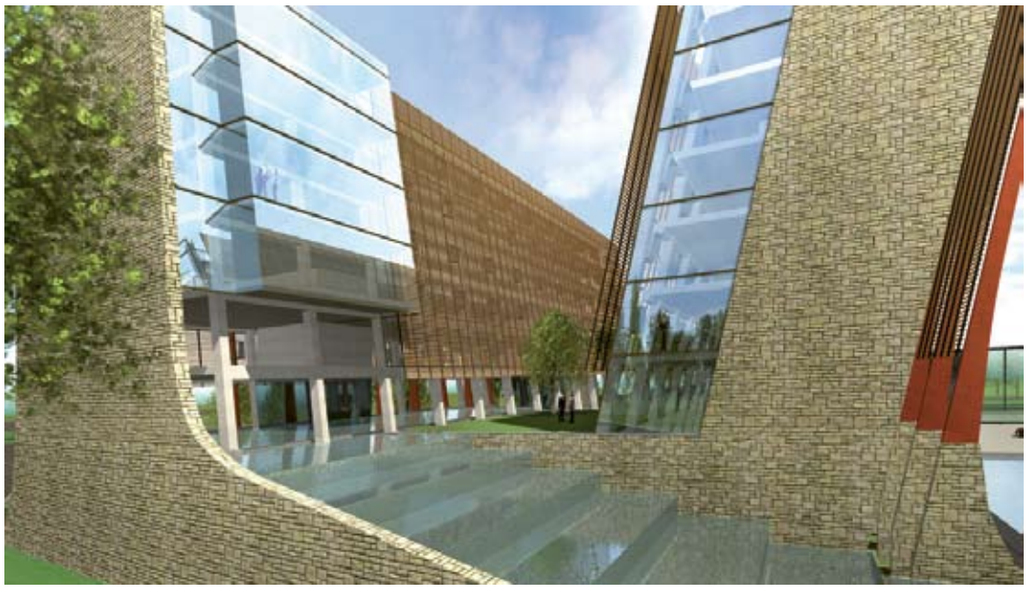
Be patient. It takes MUCH longer to earn your first million than your second. The beginning is very slow, but it accumulates.

How many hours you work doesn't count, it's the results that do.

SOUTH AFRICA

I think a good place to do business has at least three characteristics. It must be easy to start a business; there must be access to capital or credit; and there must be an appetite for risk. In South Africa it is certainly easy to start a business but we come short a bit on the other two factors. There isn't much appetite for risk and no real venture capital to speak of. A small business will struggle to secure capital or credit. Once you are bigger and successful, money is readily available. Most of the other environmental factors in South Africa (e.g. Black Economic Empowerment, taxation, regulation, competition, etc.) are just part of the framework. A good entrepreneur works the system to maximum effect and adapts. We're sometimes good at it and sometimes bad, but in my experience, adversity usually leads to a better result if you're willing to face up to the challenge.

BIO
Neil Watson co-founded Digital Planet, one of the leading online retail stores in South Africa. Since the launch of Digital Planet, Neil has also founded a retail company (the physical kind this time) and a digital marketing company.



The advantage of strategy

Cegeka is a fast growing IT company with places to be and the know-how to get there

Cegeka's growth strategy is characterised by its pragmatism and long-term perspective

Cegeka boasts one of the most impressive growth stories in Belgium, standing out head and shoulders in the IT crowd. Quite surprisingly, they seem to have come from nowhere. What is more surprising, however, is what they did next.

The rebirth of Cegeka in the early '90s began (rather unconventionally) with a death: management had decided to let an entire department go. The head of that department decided then and there that this was not going to happen. André Knaepen (today Cegeka CEO) initiated a management buyout and took the entire team with him to start afresh. What began as a tremendous risk—i.e. launching a new company with 30 people from the start is costly—has now become a robust business with over 1200 employees. It is a remarkable story of growth, one that continues even in these difficult economic times.

COMPOSITION

Looking under the skin of Cegeka does not at first glance seem to reveal anything too revolutionary. The company comprises three main areas: Firstly, Cegeka functions as an outsourcing partner in data centre services. This kind of heavy duty long-term (seldom less than 5 years) contractual business requires intensive face time with clients. This is something that Cegeka shines at. They are not an overseas giant; on the contrary, the company's decision makers and data centres are right here within reach. This might not be a big feat internationally, but it is so to many Belgian companies who consider data their lifeblood. Indeed, numerous companies such as Delta Lloyd Life, AVR - Van Gansewinkel and Ewals Cargo Care are opting for a full outsourcing model at Cegeka.

Cegeka's second area of focus is application development. Here we begin to see a little more of what makes the company unique. The division is called the Agile Software Factory—and the name says it all. It is a factory because it is fast and efficient, and it manages to be a factory because its approach is agile. Cegeka's software factory has developed a methodology whereby it is able to get a significant head-start on projects and reduce their risk. As a result, it is able to start delivering working software within two weeks of a project's launch.

André Knaepen, CEO of Cegeka

BIO

+ **Top-10 ICT service provider in the Benelux**
+ **Cegeka employs 1450 people and generates 165 million Euros in revenue**
+ **www.cegeka.be**

Rounding out the company is their third division: product development. While a significant proportion of the big players in the Belgian IT industry rely on hosting and maintaining third-party software, Cegeka has been bold enough to develop or acquire enterprise level products, mainly in the health care sector. This kind of software (for instance, a central patient record application) allows for remote installation and feeds the company's international expansion plans, as it does not require a hands-on approach – it can be supported (unlike the other divisions of Cegeka) from anywhere.

STRATEGY

It is clear that the company aims at being the best at what they do, but this only makes for a strong company, and not necessarily one that grows in the manner that Cegeka has. To really understand Cegeka, one needs to understand its core values and principles:

> *Never, ever promise what you cannot deliver*

The company believes in the long-term approach, and shirks short-term thinking. This applies to both staff and clients. This does not mean that the organisation is static, far from it – there is a strong corporate culture around constantly fine-tuning processes and methodology; being self-critical, flexible and adaptable in order to grow in the right manner. But the company's decisions are always guided with an eye on the future. For example, while their application development work might not seem long term, it more often than not leads to subsequent support, maintenance and hosting, which ends up being just that.

Pragmatism is another core value. This manifests itself in at least two ways. Firstly, in the mantra: 'never, ever promise what you cannot deliver.' This takes discipline—a business developer is always tempted to paint a positive picture. Cegeka, on the contrary, wants to keep things practical and realistic. Sometimes a project just does not make sense since the costs outweigh the benefits. Secondly, Cegeka is pragmatic about its investments. Every euro needs to count. The company expects a payback time of a maximum of five years for its investments. Also, they look for projects with predictable, low-risk returns.

So how do these principles translate into the way Cegeka works with customers? For one, Cegeka tends to target companies with local IT decision making. This allows Cegeka to form a closer relationship with its customer, at a strategic level, and thus realise a far bigger impact. But to accomplish this you need a long-term perspective and an open-book approach to engender trust. Cegeka does not just sell projects. On the contrary, it works with its customers to reduce IT costs (which may run counter to Cegeka's immediate business results) and deliver strategic benefits. What matters is value for the client—be it reduced costs, improved profitability or revenue growth. Only in this way can Cegeka bind its customers in a lasting manner. And this matters, because Cegeka's business is all about predictable recurring revenues. While this might sound boring, consider that while the company's core business is indeed stable and robust, they have nevertheless been growing at a remarkably rapid rate.

GROWTH

While Cegeka had shown reasonably consistent organic growth in the 1990s, its growth strategy kicked into gear properly in 2004, with acquisitions nearly doubling the size of the company. While this seems out of character with their usual low-risk approach (and indeed the rest of Belgium's), a closer inspection reveals the opposite:

The company's basic strategy is all about timing. Acquire a company after the hype, when the technology is solid and the market is finally ripe. Acquisition is also about keeping a full tent: ensuring that the company you buy retains the staff that built it. It is in this area that Cegeka is particularly strong, and is often neglected (to their peril) by other companies. Cegeka's approach is value driven. The company concentrates on promoting mutual respect and equality with the newly acquired entity – buying a company does not mean you know everything about it or its market. Both entities look at what is best for the big picture. Cegeka then aims at closing any blind spots as quickly as possible, creating a seamless entity (especially to clients) within 6 months, while still respecting previous client relationships. Careful management at a divisional level, to ensure that everyone is on the same page, is the glue that holds this picture together. This way the business keeps running, and stays focussed on revenue targets. Open communication, honesty and a healthy dose of pragmatism seem like the elements of a simple formula, but the results are clearly profound. It not only makes for a reliable, stable business, but it is also critical to an acquisitive growth strategy.

THE FUTURE

It is clear that the future of Cegeka will include a lot of their past – their strategy for success has undoubtedly held them in good stead. A strong focus on the home Benelux market with acquisitive growth into the Netherlands and further afield is nevertheless tempered by the company's overarching pragmatism: instead of opening offices overseas to see if there is work to be had, Cegeka grows with their clients – a low-risk organic strategy.

This is indeed what makes Cegeka truly unique: a combination of striking boldness (through acquisition) and carefully tempered caution—via measured investment and stable long-term relationships. Belgian companies have contented themselves with stability, but Cegeka has seemingly turned this paradigm on its head by showing that growth can be just as stable and risk free. Cegeka may not be the largest company in Belgium, but with a 70% recurring revenue stream the company is a strongest contender to be the fastest growing in the sector; they are not only making waves, but riding them too.

The Fifth Conference with

cegeka

VISION

The Entrepreneurs' Tao, 2.0?

Ben Caudron

Ben Caudron writes about a paradox most entrepreneurs must face

Way back, when people didn't feel the urge to add a number to words, I had an idea. A vision. I was lecturing at the university and had access to the Internet. The vision was simple: the Internet was going to change the world, if we could add relevance and ease of use to it. So I convinced a couple of people and started working on the idea. It took about a week to realize that we needed to involve other people, willing to pay us for whatever it was we were trying to do, so we invented a really stupid name, added a logo and went on.

Since we were the first to do it, we received heaps of attention from all kinds of media and before we knew it we were "famous entrepreneurs". That wasn't the intention. It just happened, another by-product.

The markets loved us and we had to hire people, more and more people. For these people to feel good, we had to create more structure than we ourselves needed, so we started to call ourselves Director and created some groups, departments, and business units. We continued to grow, faster than our revenues allowed us to do so we called in the folks with the money. A bank helped us out; a truly unique business angel (we didn't know what was meant by that at that time) did the same.

We didn't really have time to reflect on what we were actually doing: running a company. For the idea to come alive, we had to create a solid structure that immediately started to do what structures do: keep itself alive at all expense. We started to feel less comfortable as we spent more time dealing with bankers and members of the Board of Directors or posing for a shoot for that one ad everyone saw.

> *We entrepreneurs face a dreadful division of attention*

I'm sure the story so far sounds familiar. For an entrepreneur to succeed, having that brilliant idea is, quite simply, a bare minimum requirement. The idea must be converted into something tangible, something that creates value. And so, we entrepreneurs face a dreadful division of attention. While basically we care only about the idea and barely accept the rest as a price we have to pay, we suddenly find ourselves involved in stuff we never dreamt of: running a company, managing people...

Such is the Tao of the Entrepreneurs. There must be another path, however.
As a business mentor I have the pleasure of helping out both managers and entrepreneurs. One of them, a youngster who just turned 30, is walking the Path 2.0. His experience in the advertising world served as a springboard for his ideas. Basically what he's trying to do is to bridge unnecessary gaps between actors; gaps that are created by the Old Entrepreneurs, who accepted the limitations, the pain.

His main motivation is double-faced: of course he is convinced his vision and ideas are great (I tend to think the same), yet he also wants to prove there's no need anymore for that old way. "I'm going to create a wonderful service that brings things back to their basic proportions, that focuses on what people really want. They'll pay for the benefits they experience, not for the finishing of my office or the CEO's bonus." This sums it up pretty much.

Of course he wants to have his ideas create money, but without giving in to the structural traps. Instead of building structures top down, he aims for a way of collaborating that at its best creates contextual structures that are fluid, flexible and not oriented towards its own sustainability. These fluid structures offer a perfect framework for specific needs to be fulfilled without asking any attention for itself. They simply come and go. One harsh criticism that he has to counter too frequently - he had to convince even me - is that such an approach can never create any leverage. But perhaps the point to understand here is that this is an entrepreneur, not a manager. Instead of following the old path, that would indeed turn him into something he really doesn't want to be, he learned to cope with the idea that as soon as his vision is turned into something that can hit markets, it's time to move on.

The Tao of Entrepreneurs is about being fluid, about being exceptionally focused and self-aware.

BIO
Ben Caudron is a sociologist and an internet pioneer. He advises companies, both large and small, regarding their interactive strategies and is mentor for entrepreneurs and management.

Growth companies

3| Belgian growing pains

Belgian companies want to grow, but seem to struggle in accepting foreign talent, money and creativity

Why is growth so difficult? Much has been said about our national 'handicaps': a small domestic economy, high taxes, and an inflexible labour market. But the opportunities—the quality of our people, our know-how, our location, etc—are equally undeniable. Indeed, Belgian entrepreneurs are self-critical too.

There is not enough risk taking; not enough grit and vision to take companies to the next level. Entrepreneurs complain about the 'culture of contentment' among the general population, but some reflect that they too were stuck in the comfort zone. Perhaps it is time to ditch the stereotypes and clichés about our national psyche. The country's most successful entrepreneurs certainly don't fit the profile.

Growing is difficult, that much is clear. Growing is difficult, but growing consistently is even more difficult. There are a number of factors which inherently limit the growth of enterprises, but it seems as if Belgian companies, most of whom are SMEs, struggle more than our neighbours' companies in growing into international powerhouses. At least, that is the perception we appear to have of ourselves.

Anxiety

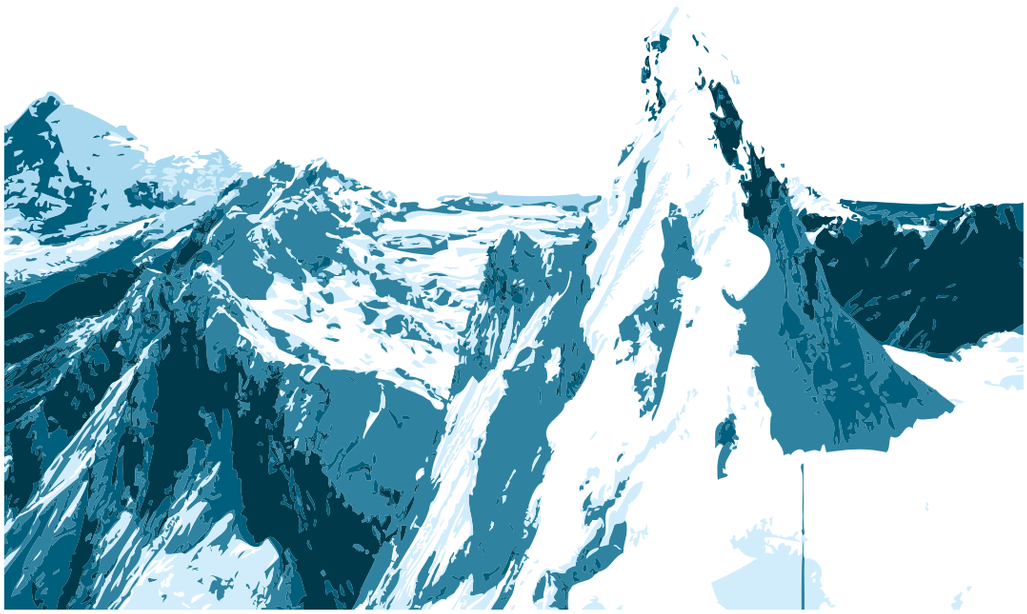
In addition to the universal factors that limit growth, a number of typically Belgian factors exist that complicate things that much more. It is undeniable that Belgium has a small domestic market. Not only is it small; it is a complex and expensive market to operate in too. We have a structural 'handicap.' But there appears to be more to it. According to some entrepreneurs, we lack some basic entrepreneurial skills or attributes. For example, according to some we Belgians are notoriously risk-averse. We don't like taking risks financially and will seldom see the need to elevate our company beyond its comfortable rhythm.

Sure, there isn't enough venture capital. But external capital is intimidating, as is the expertise that others could provide to accelerate growth. Nor is Belgium a country of big creative thinkers or innovators. Everything that is needed to grow and continue growing exists, but always seemingly to a limited degree. Taking it to the next level is not as easy as it sounds. Listing your SME on the stock market is easier said than done. Cooperating with others in any way is difficult for the Belgian entrepreneur. Paranoid dread of interference runs in our blood. An acquisition may offer a solution, but that implies bringing in external capital, with all its inevitable consequences. Blaming these growing pains on government—for example, on the inflexibility of the labour market, the fiscal framework, the lack of harmonised regulations, etc—is a frequent justification.

Entrepreneurship

Yet the route to growth isn't simply a matter of government policy. It's about entrepreneurship. It's about participating in growing markets, instead of declining markets. The green economy is booming, but how many entrepreneurs have fully embraced its implications?

It is about internationalisation. Obviously, every company must work out its own strategy but are Belgian companies pursuing international markets aggressively enough? It is, after all, one of the ways to leverage our expertise and resources and hence to overcome the restrictions of our small market. Taking on an export manager is a safe option. Setting up one's own sales offices is sometimes a logical next step. A few companies follow their clients abroad. By doing that their income



flow is partly guaranteed. Embedding yourself in the local market where you want to sell your goods, however, is a lot more aggressive and ambitious. Take companies like Bekaert and Melexis, which have invested not only in production sites abroad but have also set up R&D centres in the Americas and Asia. In a way, that is also the course that Electrawinds is following, but smaller companies like ServerCheck and Playfish (not a Belgian company, but co-founded by a Belgian) are going the same way quite vigorously. Centralising the know-how of the parent company in one place is gradually becoming part of a parochial mentality.

> *Daring to innovate goes hand in hand with daring to fail*

Entrepreneurship is also about taking the company to a next level of growth. Many of our family-owned SMEs have problems with succession. Too often, this results in the company being swallowed whole by international groups because there is no succession plan, no commitment for growth, no capital. Too often we appear to lack the courage to take companies to the next level. Those who are prepared at such times to bring in external management and capital through a listing or private equity might be on the road to an acquisitive growth strategy instead of falling prey to acquisition. Governance remains a tricky issue in the development of a growing organisation.

Rebellious passion

Creativity too is an important driver of growth. Hence, creativity needs to be stimulated more. But that does require a particular work environment, because an organisation that is governed purely by structure and rational strategy restricts the passion of creative people. The role of the CEO cannot be underestimated in this context. If you're a bit of a rebel yourself, you also stir up that bit of rebelliousness in your people. It then becomes acceptable for passion to trump strategy, obviously within the structure of a well-functioning organisation. Creativity acknowledges no anxiety and is therefore an answer to many restrictive factors in our 'psyche'. Daring to innovate goes hand in hand with daring to fail. Being unsuccessful doesn't matter, the risk of failure is inherent in innovation, but putting all one's eggs in one basket is unwise. Spreading one's bets is a safe choice. Teamwork is crucially important in this context. An ordinary idea can develop into a major success if it is carried and supported by a strong team. Getting up after falling, after all, is easier if you have an arm to lean on.

The future

Isn't it time to look at ourselves? True, the government must do its bit. Quite simply, this country should be a better place to do business. Other factors, like the small domestic market, we can't do anything about. But the potential for growth does exist; and that potential is probably greater than what we manage today. Ultimately, it's the entrepreneurs themselves that drive growth; at their companies, and indirectly in the economy at large. That's quite a responsibility. Heft in hand, therefore; away with those clichés.

VISION

Turn them into piglets

Hans Bourlon

Hans Bourlon, CEO of Studio 100, explains why his company is a hotbed for creative activity

Studio 100 is not a business that survives by making deals. Studio 100 is first and foremost a business focused on content. A business that creates, day in and day out AND from a blank page. In this I think we are a model of what is called THE CREATIVE ECONOMY.

But... what is the driver of this creativity? One thing is CERTAIN. It's not questionnaires or market research. Henry Ford, the man who was the FIRST to commercialise the CAR, once said: "If I had asked people what they needed, they would undoubtedly have said: FASTER HORSES."

One day we were looking for an idea to give new momentum to the career of our girl band K3. One of our colleagues at the meeting table said: "turn them into piglets. We will give them the lead role in the musical the 3 Piglets." Everybody was rolling on the floor laughing. But a year later the musical "the 3 piglets" was packed out. We'd never done so well with a musical. It's important to understand that such ideas don't come from an opinion survey. Imagine if we'd asked in a survey: what should K3 do in a show? The answer, I am CONVINCED of this, would have been: sing the biggest hits! In other words, faster horses and not the car...

It's human to limit risks and prefer certainties. Also in the creative sector. Directors of TV channels, for example, often don't like experimenting. Mostly they like to copy what has already succeeded elsewhere. Yet the person who manages that creativity has to keep on asking his staff to come up with unexpected ideas. And especially not to be nervous or hesitate to do so!

We as managers must manage creativity and detect and promote good ideas in our company, such as: "turn them into piglets". We must ensure that everyone gets wildly enthusiastic about such ideas and is totally behind it. And... pushing their own idea aside, which isn't easy, because artists are emotional people who like their OWN IDEAS above all. This new kind of managing we do with structures that are hardly traditional and seldom hierarchical. I invite you to visit us and have a look. You would probably be surprised. At Studio 100 creativity is the watchword.

We don't have high-tech machines, no—ideas are our raw materials, but even more important are the people who work with these ideas. People sometimes romanticise creativity. As if it were a mysterious individual activity of one person... WHO all on his own in a little attic room is busy playing God. At our company dozens of people are involved in a creative process. "Turn them into piglets" as an idea is only a start. Each musical or film starts with a SIMPLE IDEA like that, but literally hundreds of creative choices need to be made from then on before you get to a top-class result. And for that you need exceptional people. People who can DIALOGUE, or do magic with LIGHT, or design or build the most beautiful décor. PEOPLE LIKE being instructed. AND THESE LEADERS may never be cynical. IT IS THEY who make others believe in choices. WHO MAKE OTHERS ENTHUSIASTIC.

> *Ideas are our raw materials, but even more important are the people who work with these ideas*

If you give a BRILLIANT idea to a mediocre team, it will go wrong. But a brilliant team can make a beautiful show or film from a trivial idea. On our premises songs are written, programme concepts are developed, plans for new amusement parks are drawn, décor is designed. There is a department with designers and graphic artists and a BALLET SCHOOL with 800 members is part of the company. Studio 100 is bursting with activity. Often music is heard in the corridors, an orchestra is rehearsing or dancers or singers are practising. There are scale models on the tables and, in the offices, more rhyming dictionaries than calculators. Yes, there are offices in our building, but much more space is devoted to studios, rehearsal rooms, ballet rooms, décor studios and the sewing studio where costumes are made.

Lunch sometimes looks like CARNIVAL. Pirates, gnomes, piglets and mermaids sit round the table and over lunch dazzling new ideas come into existence.

We have no trade union delegation simply because there have never been any candidates, we have flexible working hours, we do POWER YOGA twice a week, we have three quiz teams and swimming every Monday evening.

The writing itself happens in little groups and often late at night, definitely not in collar and tie. In short, the traditional 9 to 5 employee is hard to find at Studio 100.

Creative people need a home, a HOSPITABLE PLACE where they can flourish in full sunlight. They must feel that they are part of something special, and their passion will be a magnet drawing other exceptional people to want to work for our company. As employer we must create that special environment and be in the midst of it all, because creative ideas can come from anyone and arise from any department.

Managing in a creative environment is above all about detecting and recognising strong ideas and promoting them within the company in such a way that everyone is totally behind them.

BIO
Hans Bourlon is joint CEO of Studio 100. Hans and his partner Gert Verhulst were voted Manager of the Year in 2009.

The era of the uprooted enterprise

Belgacom primes its ICT services for tomorrow's agile enterprise

Belgacom is helping its customers adapt to the 'anywhere, anytime, anyhow' economy

It's a curious fact that almost all modern companies face: the only thing consistent about the world we find ourselves in, is change. The modern business world never stands still. A company that wants to keep ahead in our 'any3-economy' (in which people everywhere are constantly connected with one another) must make its people, processes and data as mobile and flexible as possible. The Belgacom Group responds to these needs with intuitive end-to-end solutions combining mobile telephony with IT and media. The company profiles itself together with Proximus and Telindus as the ideal ICT partner for the 'uprooted enterprise'. These flexible organisations, which thrive notwithstanding the ever changing economic context, illustrate the strength of ICT that is firmly integrated in the business.

CHANGING TIMES

In the economic sphere we are experiencing fascinating times. The rise of the fast-growing new global players, China and India, has shifted the centre of gravity of the world economy from west to east. Also, in countries such as Brazil, Russia and the Gulf States there has been rapid economic growth. Moreover, the nature of our economic activities is also changing: from a manufacturing economy we are moving increasingly towards a service environment. As a result, traditional ways of doing things have come under pressure, just like our working practices. Business transactions, after all, are increasingly taking place across national or even continental frontiers. The internet is fast becoming our work platform.

UPROOTED

A business started a hundred years ago with roots as strong as a tree should, after a century, still have the same roots, branches and fruit. But in our rapidly-changing world and today's economy, businesses must now depart from their established traditions, systems and locales. Organisations that succeed in transcending their old roots and breaking new ground are called 'uprooted companies'. Indeed, precisely as a result of this flexibility, they are able to identify and accept challenges and make full use of the opportunities which the market offers. ICT drives such flexibility, as well as sustainable growth, profit and mobility.

It's in fact no longer possible to imagine the present any3-economy in which we work and communicate anywhere, anyhow and anytime without ICT. People and businesses work closely together regardless of their physical location, time or equipment. This development fundamentally impacts every participating organisation. It affects all processes and relations between employees, customers, suppliers and partners. Paying customers naturally want to make full use of these 'always and everywhere' services: an 'uprooted company' can meet these demands, even taking into account the customer's personal profile. ICT also strengthens client relations, by (for example) computerisation of customer databases or improved control over the supply chain. Over and above this, ICT has become the basis of a new business model for some businesses. Internet companies rely on the latest technological developments, while traditional service providers are rushing headlong into internet technology.

KEEP IT CLEAN

With all these changes come new responsibilities. An 'uprooted company' will need to opt for green ICT, offering services and products with as little as possible ecological cost. In this regard, such a company will ensure that its employees only travel when really necessary, so as to reduce its ecological footprint. Because new technologies also carry new risks, great importance is also attached to security. Traditional companies with all their departments under one roof are definitely a thing of the past. The best location for each task is now sought in function of the best combination of benefits, with little regard to where that may actually be. As work can be done from anywhere, these business locations may vary frequently, as contextual parameters may change rapidly. Employees all over the world have continuous access to business applica-

BIO

+ **Belgacom Group is the leading operator and ICT solutions provider in Belgium**
+ **Offers quadruple-play solutions integrating landline and mobile telephony, internet and television**
+ **www.belgacom.be**

tions with the data centre becoming the epicentre for all business processes. Securing the ICT environment therefore becomes a top priority. This is just like traditional mobility, except at the speed of light, because all digital information imaginable—orders, invoices, stock records, texts—must be available worldwide at a moment's notice to employees who work from home, on the train, at the airport or with a customer. Furthermore, these applications must be simple, transparent and seamless, with no difference between working at the office or elsewhere.

> *Organisations that succeed in transcending their old roots and breaking new ground are called 'uprooted companies'*

CONVERGENCE

When business and ICT are inextricably interconnected, a company needs a reliable ICT partner to make people, processes and data mobile. The aim here is to bring about a convergence of fixed and mobile telephony, manage networks, infrastructure, applications and security as a single system, and ultimately offer advice on cost management and the transition to innovative and green ICT. The Belgacom Group, together with Proximus and Telindus, profiles itself as a provider of such holistic solutions and, along with their Enterprise Business Unit, concentrates on the ICT needs of business clients.

Belgacom's end-to-end ICT solutions rest on six interconnected pillars: firstly, a network infrastructure that is intelligent, flexible, and easily expandable making applications accessible anywhere; secondly, data centres—the driving force behind all business processes; thirdly, a robust security system to protect the data of the company, its customers and suppliers; fourthly, collaboration tools allowing everyone to work with colleagues, customers, suppliers and partners at a distance; fifthly, applications for internal business processes or interaction with customers, suppliers and partner companies; finally, mobility (in all its various forms) to enable employees and machines to work and communicate anywhere, anyhow and anytime. To help deploy these elements, Belgacom offers consulting, integration and outsourcing services.

The 'uprooted' style of working is a key part of the answer to the changes companies now find themselves undergoing. Effectively realising all that ICT has to offer, within the context of an ever changing economy, means picking up your roots in order to move with the tide.

The Fifth Conference with

belgacom together with proximus telindus

ING eyes the top spot

ING reinvigorates its wholesale banking business

ING Wholesale Banking aims to be the number one provider in the Belgian market

The recent economic crisis left few, if any, financial institutions untouched. While ING, one of the largest in Belgium, certainly felt the pinch, they pulled through—and with less fallout than their competitors. One certainty is that things won't be going back to the way they were—and this actually suits ING just fine.

The profile of a bank (post-crisis) reads a bit like a tightrope walker: on the one side of the balance beam you have new regulations put in place to prevent future financial crises. These regulations are primarily focussed on prudence—minimising risk. Then you've got the new active shareholders—the government—who have the unmitigated agenda of seeing more credit being pushed into the economy.

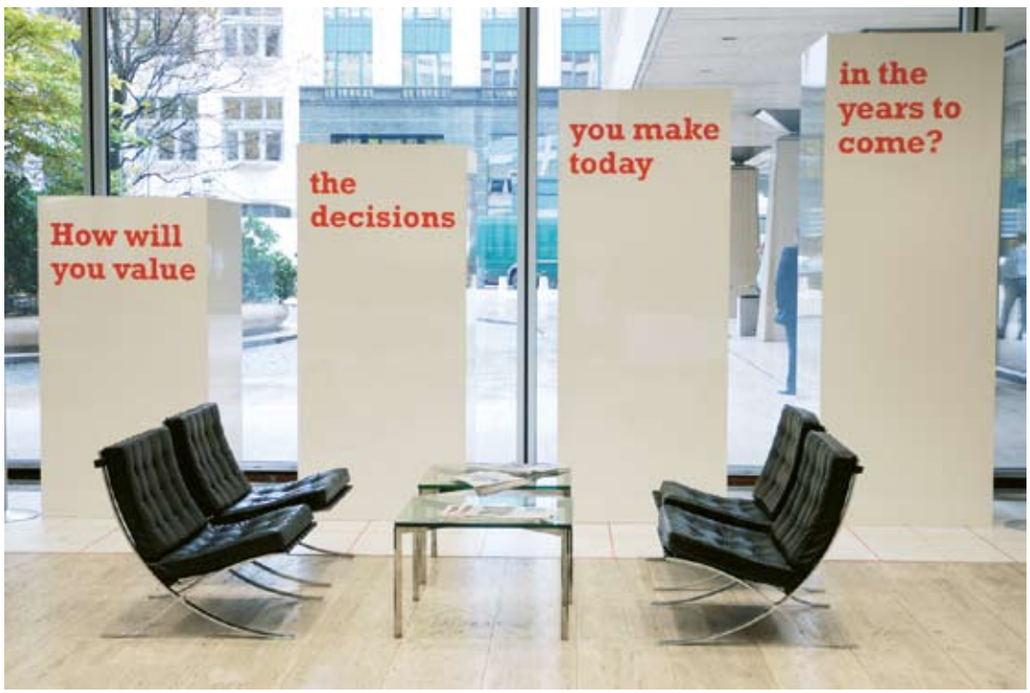
Undaunted, ING Wholesale Banking has set itself some ambitious targets in Belgium, aiming at being number one for medium-sized and large companies requiring wholesale banking services. Using the Greenwich survey (the wholesale/ corporate banking report) as a yardstick for performance, the bank aims by the end of 2010 at a score of 90% market penetration, with at least 50% in the role of core financial services provider.

INVEST

One of the company's major vehicles for change is their newly diversified offerings. Even with recently imposed restrictions, ING have realised that minimizing risk doesn't necessarily mean you can't increase your footprint. With a desire to get to know their clients better (something banks in the past have been criticized for neglecting) they've reorganised their team and are bolstering their services and products with a range of new ones. This strategy is supported by a well thought-out communication plan, which started in May with the bottom line campaign and which is now focussing on the theme of balance sheet optimisation (www.ing-wholesalebanking.com/bso). In the view of ING, balance sheet optimisation is all about meeting short term capital needs and at the same time preparing to finance future growth plans.

> *"Balance sheet optimisation is all about meeting short term capital needs and at the same time preparing to finance future growth plans*

Looking beyond traditional lending, ING Wholesale Banking is increasing its participation in investment funds, acquisition finance and other hybrid solutions. In some areas it plays a facilitating role and in others it is investing its own capital. For example, it recently



BIO

+ **ING Wholesale Banking is part of the ING group, a global financial institution serving more than 85 million clients around the world**
+ **www.ingwholesalebanking.com**

invested in Gimv's new XL fund (aimed at supporting Flanders' larger growth companies) and a fund set up by the Wallonia Business Angels Network (BAM). ING Wholesale Banking has realised that to effectively facilitate growth in their clients' companies often means turning to a more diverse set of solutions. The bank is ramping up activities in sector-specific investment vehicles, for example, targeting the biotech sector. Acquisition finance is back on the cards and absolutely pivotal to the Belgian economy. ING Wholesale Banking is an important player in the financing of infrastructure projects (via private-public partnership contracts). By participating in a range of different investment and credit vehicles, ING is effectively increasing its impact in the Belgian market. It is leveraging its position as a major bank for companies in Belgium and gets the necessary means for this from ING Group level. Refocusing on the Benelux home market whilst diversifying one's offerings and thereby focusing on the needs of clients is the new measure of success to ING.

IT'S ABOUT PEOPLE

This strategy doesn't necessarily mean reinventing the wheel. ING has realised that with clever reshuffling and inter-department cooperation they can ably tailor financial solutions to meet specific client requirements, as opposed to delivering an impersonal white label solution. Essentially it comes down to people and hence it is in people that ING is investing. The wholesale banking team has been reorganised to strengthen the links between the commercial and the product teams. While ING has always had a tremendous reputation in products—e.g., structured finance, cash management, etc—because many of the global product teams are located here in Brussels, it is now facilitating that product knowledge into the commercial teams to better serve the clients' interests. The point is to improve the ability to listen to and understand the client's challenges, and follow up promptly with solid advice and service. In other words, the commercial people are taking their conversations with clients to a next level. Ultimately it is about customer value. ING understands that if they are to achieve a number one position in the Benelux market, they need to deliver the number one value proposition. This is paramount; focus on the customer, not the bank. The rewards for ING will follow if it succeeds creating rewards for its customers.

ING understands its role as a systemic bank—and the trust placed in it. In response, ING's people are rolling up their sleeves and focussing on building the best client-facing teams, backed by the safest and strongest financial solutions. While they might not be the largest bank in Belgium, they're certainly biggest in the international arena—which means that when clients grow and expand internationally, the same kind of bespoke solutions will be waiting for them.

The Fifth Conference with

ING

The PR business

Deficit as advantage

Making Belgium a service centre for Europe is the only way to make all our businesses grow

In Porter Novelli's reception area every employee has her or his picture hanging on the wall. On the extreme left a few hooks are empty. Here, too, the crisis has struck. 'Since the summer we are growing again,' says managing director Luc Missinne, 'but with the right mindset we could grow a lot more quickly. It's time Belgium became the access point to Europe. After all, no one is better suited than us.'

Porter Novelli felt the dip caused by the crisis quite early on. Luc Missinne: 'Last year, when everyone was still enthusiastic about their turnover, we were already up against it. It's because of the type of work we do and the type of customers we have.' Porter Novelli is mainly focussed on international work or on multinationals that have a branch in Belgium. 'These multinationals are more market-sensitive than your average SME. They keep their budgets tight and take quick action after developing a business prognosis. The marketing communications budget is therefore the first to be cut. At the same time we also do a lot of work at corporate level. An advertising agency concentrating on product launch would only become aware much later that something was wrong with our economy. After all, a product that has to be launched can't wait, but a future acquisition can be better planned. I therefore had no option but to cut our staff down to eighty per cent. There is nothing worse than letting talent go, especially if talent is the only thing your organisation has to offer. Fortunately I quickly understood what was going to happen at the economic level and took prompt action. Since then we've been able to work in a stable way. I haven't had to reduce my work force any further and since this summer we are growing again, though I want to wait as long as possible before starting to recruit.'

> *Belgians inspire trust; and working in an environment of trust speeds up the process of getting results*

THE BELGIAN ENTREPRENEUR

Sensing when things get tight, taking action, making adjustments: only a real entrepreneur knows how to handle this. Missinne: 'We need more entrepreneurial blood in the consulting world. The normal career path takes a senior consultant to a manager's position, but even if you have special expertise as a consultant it doesn't make you an entrepreneur. Porter Novelli has become as big as it is today because of the acquisitions it made. After a takeover the original entrepreneur and founder will remain in charge of the office. After all, you must – once you are in that position – have a pretty good feel for managing the business.' Missinne calls himself an entrepreneur first and foremost and only then a consultant. 'I represent a relatively small country within Porter Novelli International, but still I'm the only European on the Executive Board. That has to do with Belgium's position in Europe, of course, but even more with the fact that I behave like an entrepreneur.' Belgium is actually a country of entrepreneurs, at least according to Missinne. 'Belgium is teeming with self-employed people. There are so many who want to achieve this, but they all come up against the same limitation. Our domestic market is limited.'

Before his career at Porter Novelli Luc Missinne and two partners started their own communications agency. Missinne: 'After a period of intense growth our expansion ground to a halt. The big problem is the limited profile which you have in Europe as a Belgian agency. We looked at various possibilities of growing further and also of working internationally. Do we go public? Do we join forces with others? Do we let ourselves be taken over by the big boys? Three options, which we examined in that order. And look where I am today. Going public really isn't easy. Joint ventures were possible, and we did find some worthwhile candidates. But each time it soon became clear that these were slightly more experienced players who were waiting to merge with a dynamic young business as a way of expanding and cash in after that.' So after serious reflection Missinne threw in his lot with Porter Novelli. 'Belgian companies don't become giants, that's true, but nobody just sells their baby. I did my homework and this was the only way to grow.'

LIMITATIONS

If acquisition is the only way to grow significantly, there is

something wrong with the system. So how can we solve or change that in future? Missinne: 'The communications sector very quickly encounters conflict situations. If you gain a client in the IT business, you can write off all the other IT companies. In some other sectors having two clients doing the same thing makes you an expert. In our sector it's a limitation. As a media contact person you can't phone the same journalist for two competing brands. How would you explain it? Hi, I'm phoning for Coca-Cola and also for Pepsi. I use these two names because it sketches a caricature of the situation. Such conflicting client relationships put a big damper on growth. As a public relations or communications agency in Belgium, moreover, you are faced with a very limited market, which is also incredibly complex and expensive as a result of bilingualism. Besides, the government doesn't invest at all in communications delivered by private companies. In the Netherlands, on the other hand, thirty percent of the money spent on communications comes from government. In Belgium there are only two names, and after mentioning Noël Slangen and Wim Schamp there's nothing more to say about the role of government. Our government seems convinced that it's communicating well on its own.'

FIX IT

Forcing clients to accept that you're also managing the interests of their direct competitors is impossible. Tempting government to engage in better and more professional communication is also a tall order, but there are other things that can be done to stimulate growth of Belgian companies. Missinne: 'The average American still thinks that he's got to go to Europe via Britain. He's got no difficulty with the language and he appreciates the Brits for their courtesy and gallantry, though politics can also play a role in bringing them together. However, Europe cannot be compared with America at all. Europe is only a name for a number of countries lying close together. We don't speak the same language. We don't have the same mentality. Only some of us have the same currency. What an American who decides to come to Europe via Britain forgets or doesn't see is that for the average Frenchman everything that comes from the Brits is coming from across the water and therefore doesn't seem attractive. And here we come up with our ideal location and our lack of chauvinism, our multilingualism and our unlimited flexibility. Belgium, and Brussels especially, is multicultural. We have so many different languages, cultures and parties on such a small piece of land. We don't have problems with other people and even if they sometimes laugh at 'the little Belgians' or 'the dumb Belgians' we are quite popular. What was once seen as a weakness – we immediately change our language to that of the person we are talking with, we aren't chauvinistic, we take up a modest and neutral position – becomes a powerful advantage in this situation. The Hundred Years' War between England and France isn't over yet, but as Belgians we happily move in between.'

CRISIS AS A LEG UP

'Because of limited resources, inevitable staff reduction and reduced customer activity companies today are searching for the most efficient operating procedures,' Luc Missinne continues. 'Efficient means exactly the same as financially as interesting as possible. They are looking for providers that can offer their services in different languages; providers who feel at home in different cultures and don't have any conflicts on their track record. Belgians inspire trust; and working in an environment of trust speeds up the process of getting results. Today, in this period of crisis, we must show what we are capable of as entrepreneurs in this country. We can use this economic downturn as a leg up to a stable future in which growth is guaranteed.'

BIO
Luc Missinne is Managing Director of Porter Novelli Belgium

Getronics
Focussed ICT

Getronics aligns its services around the needs of the individual

As one of the largest IT companies in Belgium, Getronics has decided to buck the industry trend and go against the 'jack of all trades' way of thinking. Their new strategy: focussing on specific areas and doing those to the best of their ability. Executive Vice President and General Manager BeLux, Jean-Claude Vandenbosch explains the thinking behind this new strategy.

With worldwide revenues to the tune of € 2.2 billion in 2008, Getronics is the largest ICT service-provider in the Benelux region and indeed a world leader in this sector. As experts in Workspace Services, Connectivity, Datacenter Services and Consulting, the company is an information enabler; providing their clients' employees the needed infrastructure with secure access to data from any location at any time.

Since late 2007, Getronics has been a part of KPN, the main telecom services provider in the Netherlands. The merger gave Getronics more financial strength, stability and innovation capability. Also, it served as a launch pad for a revitalised strategy that plays into some of the key trends defining the world economy and the changing 'world of work.' As Jean-Claude Vandenbosch, Executive Vice President and General Manager of Getronics Belgium and Luxembourg, explains, this is no accident.

- So how exactly would you summarise these trends?

Well firstly there's the obvious one – globalisation. While this is indeed not a new trend (it's been going on for over a century), it's clearly entrenched. Currently at the heart of this trend is the internet – the great equaliser. Today we compete with IT companies everywhere, and this exposes a simple truth: you can't do everything. Better to focus on a few core competencies, and do those better than anyone else.

Another key trend is individualism and the new forms of social interaction. The 'digital natives' entering the workforce today are a particularly demanding generation—from an IT manager's perspective, that is—in the way they integrate technologies in their lifestyles and individuality. With a work force that's this individualised and so connected in the ether, offering a highly standardised and restrictive communication infrastructure falls way below expectations. ICT will increasingly be driven by the specific demands of these people. While this poses a security & support nightmare for IT managers to be sure, it's very much in line with the way society is changing – and we need to change with it.
Ecological awareness is another important megatrend. ICT is responding in two ways. On the one hand ICT is a key enabler for energy efficiency, translating into what some call the 'new world of work.' With video conferencing and working from home (or indeed anywhere) the order of the day, substantial energy savings can be achieved with people not needing to travel as frequently and not needing heated (or cooled) office space. Secondly, ICT is becoming greener itself, with the emergence of more energy efficient servers and data centres.

> *ICT services will increasingly be driven by the personal demands of our customers' employees*

It's through these types of trends that we see the ICT sector developing and evolving. Obviously there are other trends too, some more specific to our sector, like virtualisation and its impact on licensing business models, convergence between telecom and IT, the shift toward software as a service, etc. The point is that we have thought long and hard about the factors that will determine how our market will evolve in the years and decades ahead.

- How does this translate to your own business?

These trends to a large degree define our mission and vision. Clearly ICT services will be driven increasingly by the personal demands of our customers' employees. We see ourselves as a personal performance enabler, delivering the tools and information that employees need to drive their business forward. Simply put, we make sure the individual's 'workspace', be it physical or virtual, functions optimally; that it addresses her or his needs. Obviously it is about being connected any-

where and anytime, but also it is about answering to the increasing need for individuality. Not everybody wants the same Smartphone. People are going to start wanting to take their personal laptops to work. Our job is to make sure everything keeps working, seamlessly, securely.

While focussing necessarily means that some of our past services fall by the wayside (like application development), it also means we can hone in on the specific requirements of the individual, which is the essence of our three main activities.

- So what exactly are the three main activities your company is focussing on?

Basically we are centred on the individual, and the different types of services they require. Firstly, in their workspaces we are concentrating on unified communication – ensuring that any and all devices the employee might use to communicate or do business with are supported. People need workspaces that give them constant and reliable access to relevant information and individuals across the enterprise. In order to meet this demand, Getronics has formulated the 'Future-Ready Workspace™', a single physical and virtual environment giving access to any and all applications needed by the individual to effectively conduct business.

Secondly, and part and parcel with our first activity, is the emphasis on connectivity. Here we focus on making the offsite collaboration and information integration a reality. Basically this is about the 'any time, any place, any device' level of connectivity.

Thirdly we look after the heart of the knowledge based enterprise: data and information. Through the utilisation of our data centres, our clients do not need to worry about maintaining costly technology—while we take care of the security and flexibility of the data.

- How does this work in practice?

Our 'go to market' model is all about getting to grips with the real and specific needs of our clients, which we do via consulting – defining the problem and developing a strategy to surmount it. With this aim achieved, our sourcing and project teams can move in and start building and deploying the solution. This isn't just a 'fire and forget' scenario; from here on in we look at managing the process (via service level agreements) – making sure that the clients' employees experience a seamless virtual to physical working environment via our Future-Ready Workspace™ model.

Obviously we also work with partners. We always have, especially at the level of technology (such as Microsoft, Cisco, Dell and many other specialised technology players) but today we also work with companies who you could consider to be our competitors. Since we do not offer everything anymore, we increasingly work with complimentary suppliers.

- Where to from here?

Looking ahead we're acutely aware that people are our core asset, hence this is where our investment lies. Through trust, teamwork and a clear set of values and principles we're passionate about using our 'can do' attitude to be the best at our core activities. It is this focus, this drive to be the absolute best in a set of clearly defined services, in which we stand out from most of the generic competition out there.

The whole point too is to listen more to our customers; to focus on their needs. This means looking at financial (cost-cutting and improved return on capital) and business (improved competitive advantages and increased productivity) requirements. In addition to this, we also need to address flexibility, workforce (support teams and access to information) as well as social and ecological needs. This is especially true as the soft boundary between work and personal life becomes increasingly blurred.

On everyone's minds right now is the financial crisis, and we're reacting to this: We're doing cost-cutting workshops for our customers and prospects – brainstorming ways of cutting ICT costs in the short term but also with an eye on the future.

BIO

+ **Largest ICT service provider in the Benelux**
+ **Worldwide revenue of €2.2 billion (2008) and about 14,000 employees**
+ **www.getronics.be**

The Fifth Conference with

Getronics
a KPN company

Keyware

Transforming the payments market

Keyware offers retailers a cheaper and faster way to process transactions—and in doing so is transforming the payments market.

With headquarters in Brussels, Keyware is a provider of Value Added Transaction Processing Services. The company develops products and applications primarily in the field of electronic payment, transaction processing, multi-application payment terminals and very recently, virtual point-of-sale.

In this fast paced society it's often hard to see how ostensibly small things can impact our lives. How can something as seemingly benign (although ubiquitous) as a payment terminal potentially be of huge benefit to the Belgian economy? Keyware believe they have the answer to this.

Founded in 1996, the company initially faced some tough times, falling victim to the dot-com bust. Importantly, they realised that even though the market wasn't right for their offerings at that time, they nevertheless had technologies and products that were worth hanging on to. Hence, in 2005 the company did a total reset—going back to basics.

GROWING KEYWARE

The Keyware of today is focused on point-of-sale payment terminals. For example, you may have spotted their payment terminals ('Powered by Keyware') at your local store. Indeed, they own about 11,000 payment terminals in the Belgian market, mainly at independent retailers.

Keyware hasn't chosen the easiest of markets to compete in. Their main competition, Banksys, was until recently a virtual monopoly in the market. Demonopolising a market can be a tall order, witness the energy market. It's difficult to nudge people away from a service provider they've used for 20 years. Nevertheless, Keyware manages to grow. Indeed, it is posting 25%+ revenue growth, even in times of economic crisis. How?

> *It is estimated that about 40% of independent retailers in the country don't yet use electronic payment terminals.*

Firstly, Keyware is gradually gaining market share among smaller independent retailers. In the supermarket and hypermarket sector, the company is largely prevented from approaching groups like Car-

Stéphane Vandervelde, President & CEO Keyware Technologies NV

BIO

+ **Provider of Value Added Transaction Processing Services, in the field of electronic payment, customer loyalty, e-identity, transaction processing and multi-application payment terminals**
+ **Listed on NYSE EuroNext Brussels**
+ **www.keyware.com**

refour because of a protocol monopoly connecting the payment systems and cashier machines. This isn't the case among the thousands of independent retailers in the country. In this segment of the market, Keyware has put its competition under huge pressure by offering a service that is often better (i.e. faster) and up to 30% cheaper than the dominant player. It managed to do this by investing headlong in its own payment platform, which became possible in context of the EU's Single Euro Payments Area (SEPA) initiative. While it remains a challenge to convince retailers to make the switch, the value proposition is becoming increasingly hard to ignore. Fortunately for Keyware, the potential for growth isn't limited to taking market share from the competition. It is estimated that about 40% of independent retailers in the country don't yet use electronic payment terminals.

Secondly, Keyware continues to expand its product portfolio. It is offering Internet and GPRS enabled terminals for mobile retailers (e.g. mobile post points, market traders) and it has recently launched an e-commerce transaction platform. In this latter area Keyware will be competing head on with Ogone and PayPall.

Finally, Keyware has crossed the border and is gradually making inroads in the Dutch market.

As for Keyware's clients, they're typically success stories: retailers on the up and up that can no longer manage without electronic payment. With the greatly reduced transaction costs, companies experiencing organic growth of this nature would naturally tend towards Keyware as a supplier.

THE BIGGER PICTURE

There's a bigger picture to Keyware's growth story. Should Keyware succeed in shifting the Belgian retail market to the cheaper transaction processing it currently offers, then a great deal of money would be released in the economy. By Keyware's own estimates this would amount to about 300-400 million Euros. That's a significant sum of money, given the 3 million+ households in this country. Furthermore, the impact of Keyware's success (and indeed, its competitors) could be even more dramatic if it leads to the eradication of cash-based transactions. The costs associated with cash transactions—i.e. cash handling and security, tax fraud—are so tremendous that if the country switched en-masse to electronic payments then we are talking about a major efficiency boost in the economy.

The interesting growth stories are usually associated with some major transformation in the market, for example, the introduction of a disruptive technology, a major new regulation, a sociological shift, or all of the above. Indeed, today's payments market has the mark of transformation: consider the implementation of SEPA, the introduction of internet-based payment platforms, and the gradual eradication of cash as a payment instrument. Keyware is at the heart of this transformation and hence is a company to watch.

Managing growth

Invest in the real economy

Peter Grognard, CEO of Septentrio Satellite Navigation, appeals for more investment in start-ups and growth companies

Peter comes straight to the point; "a fundamental handicap in Belgium is an apparent lack of trust among investors, both private and managed, in our home-grown companies. There is no reason for it—we have the skills, the education, the work ethic... There is so much capital available in this country, parked away on savings accounts. I cannot understand why so little of it is invested in our companies. As an entrepreneur I would like to make an appeal that an increasing proportion of the huge capital reserve we have in this country is pumped back into the economy."

PRINCIPLE

Although Septentrio doesn't seek capital right now, this is an understandable appeal from an entrepreneur. The last time Septentrio raised capital was in 2002. Since then the company has grown organically, ploughing back its profits in new product development. For Peter it's a matter of principle. There's so much talk about the economic benefits of entrepreneurship and indeed, we have a lot of talent and enthusiasm in this country, but that counts for nothing if there's no money available.

It also is about growth and the 'anchoring' of our talent and assets. Peter laments the fact that so many home-grown companies are acquired by foreign companies, as opposed to the other way round. "It's sad to see our corporate HQs, with all their talent, move abroad."

TRUST

Peter is not alone in his opinion. Many of the entrepreneurs we talked to for this edition are equally frustrated, even angry, about the shortage of risk capital. But what one can do? How do we convince investors do part with their money? According to Peter, some of the initiatives launched by the previous Flemish government were a step in the right direction. Instruments like the ARKimedes fund (wherein the Flemish government matched every Euro invested by a private venture capital fund) certainly help. But Peter acknowledges that ultimately it isn't the government that should be investing in the economy. That's not their role; the market should be doing its job. But the lack of trust is what it is. Ultimately it's probably up to companies—and the broader business community—to improve their communication to the investor community. Peter thinks a comparison with the Dutch, Danes and Swiss can be useful. Why do they seem more 'chauvinistic' than us? Why do they take so much pride in their companies? Partly this is a cultural matter but it may also be because these companies have done well in anchoring themselves to their home base. And the result is that the home community invests in those companies.

Direct communication to investors is equally important. Peter thinks that especially non-listed companies can do more to instil trust among prospective investors. This is because scarce (audited) information about non-listed companies is available. While governance (i.e. bringing in external non-executive directors) is one key area where many family-owned SMEs can professionalise their business, Septentrio also found it useful to engage an auditor specifically for communication to a select group of investors. To engender trust, one needs to be more transparent.

> *Enter the market as soon as you can*

THINK BIG

For all Peter's passion about the availability of risk capital, he doesn't actually need it today. Septentrio is not a start-up. The company was founded in 2000 to commercialise know-how developed at IMEC, the famed microelectronics institute in Leuven. Within a year the first product was launched and sold to a select group of 'beta' customers. Lessons were learned, the product was improved, new products followed and today the business is

an international leader in satellite navigation technology for original equipment manufacturers (i.e. Septentrio does not sell products to end users or consumers). Looking back at those years, Peter has a number of valuable tips for starting entrepreneurs.

STAY ON COURSE

Set your objective and stay the course. Sure, one needs to adapt to circumstances and opportunities but it is so critical to keep focused. For Peter it's akin to sailing. The wind direction may change, requiring a different tack, but the destination remains the same. To illustrate, in the early years Septentrio was asked by various parties to participate in large R&D projects focused on the consumer market. Today Peter is thankful that he declined. It would have destroyed the company since they were not capitalised nor organised for such initiatives.

TAKE THE MONEY

If capital is offered take as much as you can. Too many entrepreneurs ask for a small amount, thinking they can collect more at a later stage. No, don't delay, think big, much bigger. You need to think in terms of millions, not thousands.

CASH IS KING

It's all about money and cash flow. We may do it because we're passionate about the technology or the product, but ultimately it's about money. Don't turn your nose up at money. Money is the kerosene that keeps the plane in the air; without it you crash and burn. It's critical to build a business that generates cash.

GET IN THE MARKET

Septentrio's first product was a rudimentary, hand-made box (admittedly with some fancy electronics inside). It tested well in the lab, but whether it would cope with real world conditions was an uncertainty. Nevertheless, the product was sold to a number of friendly customers, who helped test the product and thus gave Septentrio the ammunition needed to develop products that would succeed in the market. Don't sit fifteen years in a lab, hoping for a 'big bang' launch, before entering the market. If you do so you're likely to be hopelessly out of sync with market conditions. And even if you do manage to come up with the killer product, then you simply won't be able to cope from an organisational perspective. A company can grow too quickly, especially if it is undercapitalised. One might excel in R&D and product development, but once you start growing in the market you need to be able to follow with invoicing, logistics and recruitment. That is not easy.

BIO
Peter Grognard is CEO of Septentrio Satellite Navigation, a maker of GPS receivers

Renewable energy

Growing with the wind

Luc Desender, CEO of Electrawinds, argues that entrepreneurs need to choose their market carefully

In just ten years Electrawinds has grown into the Belgian market leader in green energy. The organisation started in Flanders with wind turbines and six employees. Today they are also involved in biomass and in Ostend alone the organisation counts a hundred and seventy employees.

'West Flanders has a good climate for running a business.' Luc Desender, CEO of Electrawinds makes no secret of where he comes from. Entrepreneurship in Belgium generally, however, is something he'd rather not discuss. 'I can only speak about my own shop, which is doing better all the time.'

PIONEER

The shop that Desender refers to is not his first brain child. Until 1998 he ran a VW garage in Bruges, where he employed thirty-seven people. Even then he was interested in working in an environmentally friendly way. Desender delved into the problem of how he could produce his own energy. This question captivated him and he threw himself into a totally new adventure. And not only for him, since the broader Belgian market was not yet familiar with green energy. The electricity market was a monopolistic bastion and no proper regulation existed. The government still had to create a legal framework and it had no relevant expertise of its own, so Desender and the government struggled simultaneously through all the facets of a start-up phase.

STARTING SLOWLY

Today everyone supports green energy, but when Electrawinds was set up society was not really ready for it. Electrawinds used that time to learn gradually and to make the right choices. In the initial period internationalisation was considered. Luc Desender: 'Now everyone finds our strategy very logical, for example in which countries we set up business or the fact that we start up with wind turbines and only later switch to biomass and solar, but at the time that was visionary.' Electrawinds started with wind turbines in Flanders, after which it also became active in the Walloon region. Later its borders were pushed out ever more widely, in Europe, and later in Africa as well. Today Electrawinds operates in Italy and France, next year in Romania, South Africa and Namibia. Each time the company starts by putting up and running wind turbines, and later expanding its activity to biomass and solar. 'The know-how which Electrawinds has accumulated is being projected on to other countries, adapted to the local legislation, of course. But the basic knowledge remains in Belgium,' says Desender.

> *You can only grow if there is enough demand for your product*

EXPANSION

Growing from four to a hundred and seventy employees in ten years' time; a doubling of the turnover from 50 to 100 million Euros in a year's time —it doesn't just happen by itself. There has to be a clear strategy behind it and the backbone of the company must be strong but flexible enough to weather such growth. Luc Desender: 'You can only grow if there is enough demand for your product. You must be able to offer added value. We are in the green sector which of course offers quite a few possibilities. That choice and decision, which lie at the heart of your business and your success, will completely determine your growth rate. If you start a transport business today, you are doomed to stay small or go under.'

GAPS IN THE SYSTEM

It's not all rosy at Electrawinds in Ostend. Luc Desender: 'A significant threat to our success and a barrier to growth are the current activities of the Council of State (Raad van State). Opposition by a private individual or a company can easily freeze the application for a licence for five to six years. During this period you can't build or start up. If the court's judgement goes against the opposing party you still don't get compensation, even though you've lost five years. Also, it's also not always easy to find growth capital. Much depends on your type of business and we are luckily in the right sector.' Electrawinds is still in the hands of its founders but has fixed financial partners in the form of the Gemeentelijke Holding and Dexia Gimv Infra+ and PMV Participatie Maatschappij Vlaanderen.

FIX THE SYSTEM

The green sector faces many challenges, at least according to Luc Desender. 'This sector is evolving so rapidly that it's really important to make the right choices. Today's decisions will shape the future. Today nobody knows if we will still have fuel oil for another five, ten or fifty years. But we do know that the reserves are finite, so choices will have to be made.

GOLDEN ADVICE

Choose your timing, you must be the first.
Choose your sector, one with a future.
Be unique, better than the rest.
Think with vision.
Surround yourself with quality people and give them the necessary independence.

BIO
Luc Desender is CEO of Electrawinds

Growing through rebellion

Lean machine with a difference

Growth isn't guaranteed by good structures and a good strategy. Without passion and rebellion you won't get there.

In the 1980s an electrician married a girl from a lighting shop. In his spare time he tinkered a bit with light fittings: the romantic beginnings of what is now a robust company in Roeselare in West-Flanders. CEO Lieven Messiaen turned Modular Lighting into a colossus by playing the rules of the game, but with a good measure of rebellion, he says. 'There must be something different; that makes it beautiful.'

Succession is a basic problem in family businesses, as in Modular when it started. Father starts a business but none of the children want to carry on with it. In 2004 the company was sold. Spurred on by new shareholders the growth of the company was stimulated significantly. The objective was the following: produce more intelligently, be innovative and expand internationally. In 2006 Modular was sold again, this time to Philips, which decided to retain the image, name and unique character of Modular within the acquisition. 'Modular is the only architectural brand that Philips has,' says Messiaen. 'Authenticity is very important in that niche.'

FOUR PILLARS

Modular's strategy which - according to CEO Lieven Messiaen - enabled the company to double its turnover from 20 million to 40 million in just four years, rests on four pillars: internationalisation, innovation, production and networking. 'International growth is expressed on two fronts,' says Messiaen. 'On the one hand three international branches have opened, in addition to the parent company in Belgium. There are fifteen employees in the Netherlands, about ten in France and ten or so in Sweden. In addition, there are numerous independent dealers who also contribute significantly to the growth figure. Those are precisely the dealers who suffered most because of the crisis. In Spain one dealer had to let forty-five of his sixty employees go because of the weak market. Not very easy for him, but the company also felt this setback in its overall figures. By means of innovation we must continually surprise our VICs (very important clients). Of course the design of our products is crucial, but the technology must follow suit. Our clients set high demands and expect us not to follow trends but to launch them.'

> *Structures and procedures are necessary, but when passion flares up it can't be controlled by a couple of rules*

LEAN MACHINE

Lean Manufacturing, a management philosophy aimed at cutting back, is popular with many manufacturing companies, also at Modular. Messiaen: 'You can get fifteen per cent more profit by producing differently. Avoiding waste doesn't only relate to surplus material but is also about limiting working hours and actions to be carried out. A production process starts at the product launch. The chain which you set up – receiving material, actual production and packaging and shipping – may no longer be seamless if any one factor inside it changes. Yet we try and squeeze production in that line. An audit provides insight into producing more smartly. One often refers to networks in terms of social or interpersonal media,' says Messiaen. 'Technological networking is also important. The takeover by Philips can be seen in that context.'

PEOPLE

There can be no growing business without having the right people in the right places. 'This is very important,' says Messiaen. 'In addition you must always invest in the training of your people. The average age of our employees is thirty-one, in other words, people at the peak of their development. We always talk about entrepreneurship in Belgium, but is that still important? Flanders, Belgium, Europe, in the end it's about individuals who are really passionate about achieving what they believe in. When such inspiration is supported, entrepreneurship will follow automatically. That is why it's so important to believe in people and allow them the freedom to be themselves. When your company gets bigger, you naturally have to create structures and introduce procedures. Structures and procedures are necessary, but when passion flares up it can't be controlled by a few rules.'

LEADERSHIP

Not every CEO has the same free-thinking approach as the eccentric Lieven Messiaen. Everything in the company exudes his vision of life and of the economy. The in-house magazine, which appears twice a year, features a report on night life, including a visit to the red-light district. The toilets are decorated with black-and-white images of naked people. Product designers skateboard around the grounds during their lunch break. 'If you're a rebel, you also stir up that bit of rebelliousness in your people. You need that special something to rise above the lethargy that comes with routine, although you won't hear me saying that discipline isn't necessary.'

FIXING THE SYSTEM

'The European way of thinking must change,' according to Messiaen. 'Government must offer more incentives to stimulate green thinking. Take energy saving: many companies have some way to go, but do they get enough government support? Here I am thinking not

only of money but also about clear regulation. For electricity companies the biggest profits still come from nuclear energy. Naturally they lobby government. You need some political courage to clean up this state of affairs. Another phenomenon is the tendering process. Seven in ten companies serve their customers via call centres based in India. This could not happen unless government encouraged it. Government has an important role to play when it comes to stimulating entrepreneurship.'

GOLDEN ADVICE

These are no easy times for starting a business. Those who do want to launch a business under these difficult conditions could use the advice of a successful entrepreneur.

+ Be different from others without losing sight of the fact that you'll have to fight for it.
+ Do you want to be a follower? Second best? Then you'll have to become first class in terms of price.
+ Don't become second best! Prove that you can be different from others, so listen to your customers' demands, stay close to the market, provide top quality, be innovative and don't settle for less than the complete confidence of your customers.

BIO
Lieven Messiaen is CEO of Modular Lighting

Translating growth strategy into human capital

Vlerick Leuven Gent Management School puts the spotlight on competency management

Vlerick Leuven Gent Management School notes that companies are trying to integrate management education into their competency development strategies

Growth—it isn't easy. Any manager of a sizable SME will tell you that. Especially in context of a rapidly changing market it can be difficult to keep one's organisation primed for competitive advantage. For Vlerick Leuven Gent Management School, the key to sustainable growth lies in good competency development.

COMPETENCY MANAGEMENT IS ABOUT STRATEGY

Although competency development may sound like something for the HR department, it should in fact be everybody's concern. This is because it is about strategy and growth. With competency management you are trying to translate the company's vision of where you want to go as an organisation, into human capital. It departs from the idea that you can develop certain skills and attitudes among your employees.

> *Via competency development, companies are trying to equip their employees for a rapidly changing market.*

Indeed, the interim results of a study on competency development, which Vlerick carried out for the Flemish government, show that competency development is a key strategic choice for organisations seeking to gain competitive advantage. Via competency development, companies are trying to equip their employees for a rapidly changing market. The point is to help employees grow and become more flexible, so that they can be deployed more effectively in a changing organisation and market.

There is, however, plenty of variation in how companies do competency management. Some do it better than others. A key success criterion is the extent to which competency management is carried by line managers and staff. If it is simply something that is imposed on the organisation by HR then it quickly becomes an empty construct. You need people's commitment across the board and the way to accomplish that is to make it relevant to people. The competencies that you are trying to develop must matter to people, to the individual. Line managers too must be involved: bring them together regularly to exchange ideas and practices.

Competency management is part and parcel of performance management. The competency development process is kept alive via the use of personal development plans, which in turn are embedded in the annual performance management cycle.

CHANGING EXPECTATIONS OF MANAGEMENT EDUCATION

According to Vlerick Leuven Gent Management School, management education is changing. Especially in business-to-business training programmes, with courses that are tailored to individual organisations, a far more integrated approach is being adopted. As general director Patrick De Greve puts it; "Up to five years ago management education stood by itself, divorced from any business context. Today things are different." Companies are using educational programmes not only to impart individual management skills, but also as a vehicle for driving a broader process of organisational change. As a result, management education has become a lot less casual. It used to be an 'extra' that you did after hours. Today companies are using management education as a platform on which to implement their competency development strategy, on which to get new projects and initiatives off the ground and guide processes.

RETURN ON INVESTMENT

As a result, expectations are higher than ever. But measuring the ROI is obviously quite challenging. In fact, as Patrick De Greve argues; "The ROI of education isn't measured; it is managed." The point is that management education is a shared responsibility between the institute, the company and the participants. Companies look to the management institute for quality: value for money, impact and usability. But to make it all work requires commitment from the company and the participants. People need to make an effort and invest time.

For example, before energy distributor Eandis approached Vlerick for a First Management Programme, the company had already done a thorough analysis of its own learning objectives, linking these to the competencies and disciplines that needed to be concentrated on. "Good preparation requires you to be clear on what you want to achieve", says Erik Vande Weijer (head of department, Staffing and Career Development). "In our case the programme had to prepare employees to cope with greater responsibilities or higher levels of complexity. At the same time we wanted to build in a networking component: the programme should not be limited to an individual knowledge experience but should serve as a form of collective learning for the participants as well as for the senior managers who coach them." It is clear that funding the project is not all that matters; real involvement is an intrinsic requirement. Ideally the education programmes need to be integrated in the company's performance management system. That brings it back to growth and strategy.

BIO

+ **Vlerick Leuven Gent Management School is the leading management school in Belgium**
+ **It offers an international MBA programme and numerous training programmes for company executives**
+ **The School has three campuses: Gent and Leuven (in Belgium) and St.Petersburg**
+ **www.vlerick.com**

The Fifth Conference with

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the Autonomous Management School of Ghent University and Katholieke Universiteit Leuven

Consumer goods marketing

Competing against Goliath

Stefaan Bettens, CEO of Jet Import, explains how he put Red Bull on the map.

A government that increases financial pressure on enterprises through price index increases, the requirement to tolerate a counterparty when larger than 50 employees, the limited flexibility of training programmes and ruinous employer contributions could well nip entrepreneurship in the bud. On top of that having to compete as a small producer against giants like Coca-Cola and Inbev seems impossible. Yet it's possible to achieve growth in this restrictive economic climate if you follow the right strategy. The story of David and Goliath in fast-moving and consumer goods is that of Jet Import, importer of Red Bull, Corona, Carpe Diem and Heineken, among others.

Red Bull. No other fast-moving consumer product has a slogan that is so well known. Nevertheless, the success of the Belgian importer Jet Import has nothing to do with wings. Stefaan Bettens, CEO and grandson of the founder, Bettens, leads the business with dedication and love. Growth in times of crisis can't be achieved by dedication only. 'Growth,' according to the CEO 'is a craft, an art.' You need quite a bit of nerve to distribute a Mexican liquid called Corona in clear glass bottles in the beer country par excellence. It's not the done thing for a Belgian to distribute Corona. And yet... 'Now and again you need some guts and staying power as an entrepreneur,' says Stefaan Bettens. 'Meanwhile Corona has become established and the Mexican beer is selling second best in the world.'

THE PRESSURE OF THE CRISIS

Bettens: 'The segment in which we operate is growing. Perhaps we would have grown more rapidly without the crisis, but even now we're achieving a significant extra number. It is after all 'affordable luxury'. Consumers will economise on basic goods but still want to treat themselves now and again. They don't economise on our products. In any case our consumers are by and large situated in the more well-to-do class. That is also part of our strategy. We focus on the top segment. It's also fashionable nowadays, for example, to offer refreshments other than the traditional coca-cola and soft drinks at a party. There is also another phenomenon that is manifesting itself, not only in Belgium nor in consumer goods only. Namely, the sale of goods that are seen as affordable luxuries rarely decreases in times of economic recession. It has to do with status and image. Also in Africa designer trainers are sold even where famine is threatening. The consumer chooses what to spend his money on and often chooses luxury items instead of basic products.' Taken together, all these things mean that we are still growing this year in the current economic climate. Of course there also are a few factors unrelated to all this. It's been a hot summer and Belgians don't drink water from the tap.'

RAZOR-SHARP STRATEGY

Like everywhere else, customers are paying less and less quickly, though it's not causing any immediate problems. Financially the company is flexible enough to withstand that pressure. Attracting external funds is therefore not even on the agenda. On the contrary, extra staff members were recruited this year, so additional costs were incurred. Bettens: 'Although, given the enormous rise in the price index, this wasn't an easy year in terms of labour cost. As an employer you just have to take it when there's a sudden policy decision to put the index up 4,5 per cent. For many companies this increase made the difference between being in the black or in the red. On the one hand it's assumed that it's good for the employee to be able to count on a wage increase like that, but combined with the difficult and sluggish economic climate which we're in at the moment it will work out negatively for the employee in the long run. This increase in labour cost causes bankruptcies and therefore dismissals as well.'

ALREADY OVER THE CRISIS

This crisis is well and truly here and cannot be underestimated or played down. The strategy of Jet Import and the target group which their products are aimed at seems to put the company out of great danger. That wasn't always the case. Bettens: 'We experienced our big crisis in the 1980s. As the manufacturer of 7up we were too small to compete against giants like Coca-Cola and Inbev. We had two options: close down or look for a creative solution. Globalisation – which everybody talks about

today – actually came about during that time. The market had always been located in little Belgium, but suddenly the whole world was the market. We changed tack and switched to the role of importer. We could keep our people in their jobs, save our business and build up a new activity. As an importer you can keep an enormous turnover going without a lot of people. With the 49 employees I have at present my company has a turnover of about 70 million Euros. Also, my company is structured in such a way that I can adjust my activities. To achieve that you need to be very conscious about the way you handle the talent in your organisation. Apart from thorough training when they start, I give employees the opportunity to do and learn as many different jobs as possible. They expand their own areas of expertise and become more valuable in terms of the job market. In our organisation they become multifunctional. If it then becomes necessary to adjust, changing course is easy.'

We had two options: close down or look for a creative solution

FIXING THE SYSTEM

To be successful you need a good strategy, a thorough vision, or be able to cope creatively with the limitations that are part and parcel of the manager's universe and field of action. Bettens: 'In a small organisation you have quite a lot of freedom. For a lot of entrepreneurs it becomes limiting to grow beyond 50 employees. I mean, having opposition within your own company can slow you down enormously. Also the fact that Belgium is one of the few countries in the world where the government uses price indexing can have a lethal effect on entrepreneurship. The enormous wage bill and employer contributions are also no incentive to employ people and even though the government makes an effort and we have the good fortune to live and work in a country with a decent social framework, the regulations still do restrict entrepreneurship. Production is practically impossible in Belgium. We are a country of small entrepreneurs, local initiatives, bakers and self-employed people with small businesses, but the traditional sectors which contribute intensively to the future of this country are under a lot of pressure. They are less and less able to employ blue-collar workers. This has repercussions also for the education system, which isn't producing too many great geniuses at the moment. It's essential to go all out to get the best and the most from young people. That is a social task for everyone in business, but also for government. Entrepreneurs must make the most of their employees' talents by stimulating, motivating and training them. Personal coaching is essential. It can after all take years before you discover what you're really good at. Job hopping is too often described as something negative. Changing jobs in fairly quick succession could mean that you discover at a relatively young age what you're really good at. Then you become an asset for an organisation. It's very important to make an employee reflect on how they can still be worth their keep at the age of forty-five. Look to the future.'

GOLDEN ADVICE

These are no easy times for starting a business. Those who still want to go into business under these difficult conditions could use the advice of a successful entrepreneur. Stefaan Bettens:

'Avoid high overheads. They limit your freedom to invest the proceeds of your business.'

'Make sure you market a quality product. As long as your product isn't quite up to scratch, don't launch it. A quality product distinguishes itself significantly from its competitors. You have to be different and better.'

You must be able to think on your feet. Adaptability, knowledge of languages and customer friendliness are indispensable for this.'

Stefaan Bettens: "Growth - that's a craft, an art."

Fixing the system

4| Time for action

Some tough policy decisions will need to be made to fix the welfare model, but in the mean time entrepreneurs and educational institutes can do much to stimulate more interest in entrepreneurship.

Reforming our welfare system in the wake of two severe crises, one political and one economic, will be no easy task. But it has to be done; otherwise the blind forces of economic decline will do it for us. Fortunately, much else can be done in the mean time that costs less money and political courage.

Escaping the downward cycle

In times of economic crisis it is only to be expected that people are a spot downbeat. Indeed, such was frequently the mood in our round of interviews with entrepreneurs and economists. But the fact is that there are good reasons for pessimism, reasons that extend beyond the current economic crisis. Simply put, this is because we are caught in a vicious circle.

As outlined in chapter one, there is increasing consensus among entrepreneurs that this country's economy is gradually losing its international competitiveness along a range of dimensions, from the tax burden and inflexible labour markets to (the lack of) innovation and the (in)efficiency of government administration. The structural foundations of our economy need fixing; but this at a time when our ability to do so is undermined both by the economic recession and the fact that the costs associated with our ageing population will begin to accelerate. Our welfare system will require more money in the coming years; but it is this very welfare system that is undermining our ability to generate that money. Action is needed, in fiscal and economic policy, at the universities and research institutes, but also—according to many of the individuals interviewed for this edition—more broadly in our schools and organisations so as to set in motion a process of cultural change.

Foundations: fixing the welfare model

Among the economists and employers' associations we spoke to there appears to be reasonable consensus about the fiscal and economic policies this country should be pursuing. Indeed, it is largely in line with the advice being offered by the OECD in its latest country report.[5] The main obstacle to the remedy is finding the social and political agreement to implement what is in effect a painful set of interventions. In brief, there are at least five things that need to happen:

- **Structural reform** is needed to make the labour market more flexible. The current legal framework for the labour market was designed for the industrial economy of the 1960s and 1970s, when lifetime employment was the norm. But that context has changed dramatically. Today's economy is characterised by rapid change; or at least, the need for rapid change. Hence, career trajectories need to become more flexible. This is not to say that workers do not need protection. On the contrary, reference is often made to the Scandinavian flexicurity model, whereby the emphasis is placed on ongoing training and development to enable more rotation in the labour market. Today's policies do exactly the opposite; they discourage rotation. Of particular relevance to entrepreneurship is the discrimination in the social benefits 'statute' of the self-employed versus civil servants and employees.

- **Better competition policy** (and execution) is needed to improve the efficiency and flexibility of the economy. For example, there is not enough competitive pressure in a number of key markets, like telecom and energy, with the result that prices are too high compared to some of our neighbouring markets. Also, some sectors dominated by the self-employed and micro-enterprises (e.g. restaurants, construction, retail, etc) are subject to complex regulations that end up shutting out new entrants, new business models and new technologies.

- **Taxes on wages** need to decline for at least two reasons: one, to ease the distortive effect of the high tax wedge on the labour market (i.e. improve

5 Organisation for Economic Co-Operation and Development. OECD Economic Surveys: Belgium. 2009.

the incentives for work), and two, to lower the total wage cost for employers, so as to improve the international competitiveness of the economy. However, simply reducing taxes is no option for a government that is faced with a major budget deficit and an ageing population. This is why two other things need to happen.

> *Action is needed, in fiscal and economic policy, at the universities and research institutes, but also more broadly in our schools and organisations so as to set in motion a process of cultural change*

- **Improve the tax system** to make it more efficient, more effective and less distortive. The OECD makes two points. Firstly, we need to reduce the imbalances between the federal and the regional governments (vertical imbalance) and between the regional governments (horizontal imbalances). This basically comes down to a closer alignment of fiscal capacity with spending responsibility. Thus, if the federal government is asked to cover the costs of the ageing population (as it currently is) then it needs more fiscal capacity (i.e. more income); alternatively, that spending responsibility needs to be devolved to the regions. Similarly, the imbalance between the regions (income tax revenue goes to the region of residence, not work) makes the position of Brussels unsustainable. Secondly, we need to shift the tax burden from wages to consumption, since the former is the most distortive tax for growth due to its impact on the labour market and our international competitive position.

- **Control government spending.** The costs associated with the ageing population need to be kept under control, specifically pensions. The OECD makes the frightening point that if we carry on as usual, then social contributions would have to increase by 50% to cover the costs of ageing. Urgent reform is indeed needed. According to the OECD there are at least two opportunities for reform: pensions and government administration. While there is no room to lower pension payouts (they are too low already), the legal retirement age does urgently need to be raised. With regard to the efficiency of government administration, the OECD wonders (as do many foreign observers of Belgium) why we need to duplicate government services in areas like energy, employment, environment, international trade, etc. Although the point may be valid, a re-federalisation of these responsibilities is politically unfeasible, certainly in Flanders. More likely is a further regionalisation (toward a con-federal model) to better align tax and spending responsibilities. Either way, government will have to do its job more efficiently—and with fewer people.

Obviously more things can be done, specifically to stimulate more entrepreneurship. For example, one such point is to ease the administrative and tax burdens on the sale or passing on of an existing business. A recent Unizo survey indicates that about a quarter of the Flemish SMEs will be put on the market within the next five years and that their owners are struggling to find buyers or even family members interested in taking over the business. This is a waste since entrepreneurs who buy an existing business have a higher success rate than those who start from scratch.

Strategy: invest in the future

The point is often made that in Belgium we have all the potential—given our education and know-how—to create innovative companies but that we somehow fail to valorise that potential. Since WWII we have competed internationally on the basis of our high productivity; but today we need to make the transition to a knowledge-based or innovation-driven economy. The problem is that we seem to struggle doing so. What can be done to facilitate that transition? To address that question, one needs to look at the effectiveness of the innovation 'ecosystem.'

At a regional level (since innovation policies are the remit of the regions), much appears to be done to stimulate innovation and entrepreneurship. In Wallonia there is the Marshall Plan which pumps R&D money into a number of key strategic sectors like biotech and logistics. More recently, Flanders launched its strategic plan, Flanders in Action (Vlaanderen in Actie – VIA), which also is an attempt to prioritise a number of strategic sectors (logistics, healthcare) and themes (innovative entrepreneurship) for investment. Unfortunately, such plans are hampered today by the budgetary pressure on government.

> *What is interesting about these initiatives is that they are all reasonably easy to get off the ground*

The universities are doing their bit too. All major universities in the country have set up Tech Transfer divisions that seek to valorise the knowledge developed by academics, via patenting, licensing and the creation of spin-off companies. Some universities have set up incubation centres for innovative companies. The Catholic University of Leuven, for example, owns two such locations, offering office and lab facilities to young, innovative companies. Perhaps the most promising initiatives, however, are 'softer' in character. These focus on the development of entrepreneurial competencies among students by changing teaching methods and incorporating more entrepreneurship courses in curricula—note Professor Luc Sels' (dean of the economic faculty at the Catholic University of Leuven) reflections on the matter. The University of Hasselt's initiative 'ondernemerstalent' (Entrepreneurial Talent) is also illustrative in this regard; in the way it enables projects to be set up around students' business plans. Internationally too there are interesting lessons. The ICEHOUSE in Auckland, New Zealand (associated with the University of Auckland), is perhaps better known as a physical incubation centre, but its CEO Andy Hamilton thinks that their training programmes for SMEs, where entrepreneurs teach entrepreneurs, are having the bigger impact. In India, the Centre for Innovation, Incubation and Entrepreneurship attached to the renowned Indian Institute of Management (IIM) in Ahmedabad, focuses on what it calls 'virtual' incubation services, where the emphasis is placed on technical and professional advice, and levering the institute's extensive business network, as opposed to offering physical infrastructural services. In a similar line, London Business School has ditched its residential incubation programmes entirely. Instead they are teaching a lot more entrepreneurship and creating new multi-disciplinary courses (e.g. mixing science and business graduates, or art and business graduates, in a single class) that stimulate entrepreneurship. What is interesting about these initiatives is that they are all reasonably easy to get off the ground. They are concerned more with leveraging the existing knowledge and resources at the universities and in business world, by creating new partnerships and ways of working together. Importantly, these initiatives need not only come from government or the universities. Many such initiatives are coming from entrepreneurs themselves; witness the emergence of entrepreneurial networking groups like the Betagroup (see the interview with Jean Derely), OpenCoffee Club and BizCamp.

Culture change

Indeed, it is these 'softer' measures that people like Luc De Bruyckere, Vincent Van Quickenborne or the members of the Economic Circle of the King Baudouin Foundation[6] appeal for to engender a change in attitudes and values in society at large. In this regard they highlight the role of education to stimulate creativity, initiative and a sense of responsibility. Thus, teaching methods should focus more on team-work and problem-solving as opposed to simply 'knowing things.' Schools need to forge closer links with entrepreneurs. Teachers need to be attracted from the business world. Students and teachers need to be given more international experience. Similarly, in the youth movements and sporting organisations there is opportunity to help engender these values.

Facing the mirror

Finally, entrepreneurs themselves have a major responsibility. Many of the entrepreneurs we spoke to for this project acknowledge that the Belgian business world has probably done a poor job in communicating the value of entrepreneurship to society at large. The business lobby and the trade unions seem locked in an intractable 'us versus them' dispute. An honest appraisal of the greater good too often is lost in the bitter process of point scoring. Corporate social responsibility or sustainability is the remit of the hallowed, like Boss Paints or Colruyt, but certainly not standard business practice. Entrepreneurs complain that the reputation of entrepreneurship in this country is too negative, that in the public perception entrepreneurs are seen as crooks and thieves, defrauding the 'system' to line their personal pockets. An exaggeration, obviously, but few will deny that Belgian business can be rather messy. Entrepreneurs can justifiably ask more from government and the education system; but there also is opportunity for entrepreneurs to play a more constructive and open role in this society. It is sorely needed.

6 Economic Circle of the King Baudouin Foundation. We need AIR: Autonomy – Innovation – Responsibility. Roularta Books.

Government policy

Minister Q tells it how it is

Vincent Van Quickenborne, Minister for Entrepreneurship and Reform in the Belgian government, thinks entrepreneurship is an attitude. We should be working on those attitudes.

If entrepreneurship is indeed an attitude then Vincent Van Quickenborne probably deserves to be called an entrepreneur. Eleven years ago he became a senator at 25 years of age, the youngest ever in Belgium. He's been trampling on porcelain ever since, to the delight of some and chagrin of others. But he seems to get things done. When he was secretary of state for administrative simplification he managed to transform Belgium into one of the fastest places in the world to start up a company. Today, he's Minister for Entrepreneurship and Reform. In other words, he is quite literally the entrepreneur's man in government. His has his work cut out for him.

We had two key questions for Minister Q: firstly, what is your opinion of the state of entrepreneurship in this country, and secondly, what is your longer-term vision or strategy on making life for the entrepreneur easier?

"I think in many ways entrepreneurship is an attitude; it is about creative people taking initiative and enjoying their work. I think you have entrepreneurial teachers and entrepreneurial civil servants. You don't necessarily need to be self-employed or own a business.

It all begins with education. In this country we really excel when it comes to knowledge, remembering stuff, and languages too, but where we come short is the stimulation of individual talent and creativity. We tend to place a lot of emphasis on equality, an egalitarian approach to everything, but entrepreneurship doesn't accept that. Entrepreneurship is about the individual, about creativity, about merit; it is a lot more individualistic.

The attitudes of teachers are so important. But they're such different worlds. How many teachers in this country become entrepreneurs? In the US many professors are entrepreneurs; that way they're more credible when they teach business and economics. Also, the way teachers interact with students is important. Here it's all about knowledge, knowing things; but we should place more emphasis on the way we work, on team work, on creativity.

> *Entrepeneurship is an attitude*

You have to start with the kids. For them you have to create role models and icons. And we do have them, from the top business people to the likes of Patrick De Maeseneire (CEO Adecco Group) and Luc Bertrand (CEO Ackermans & van Haaren). People abroad underestimate us, but we underestimate ourselves even more. When I travel abroad I want to sell this country like Steve Jobs sells Apple—and it works!

So how do you get to more entrepreneurship? For me it's about money, desire and the ease of doing business (in Dutch, the three Gs: geld, goesting & gemak). When it comes to the ease of doing business we've made huge progress—nobody can deny that. You can set up a business in minutes. According to the World Bank we're one of the fastest places in the world to set up a company. Those who say that bureaucracy is still a major obstacle are talking rubbish. Although... true enough, in some sectors, like the building industry, the retail sector, the restaurant sector, there are still a lot of complex regulations. We're trying to simplify it but we do clash with protectionist reflexes in this country. Take the hair salons for example. The law says that the owner of a salon needs a diploma; but the people who actually cut the hair don't. There are so many good hairdressers without a diploma and they can't start a business. Same in the restaurant sector, you need a diploma from chef's school. So what do we say to all the experienced Indian and Thai chefs who want to set up a restaurant here? No, you can't—first go to school for two years and learn about Belgo-French cuisine? There are still so many protected professions in this country; and they're defended tooth and nail by the SME associations. It doesn't make sense and doesn't help entrepreneurship.

Culture is an issue too. We're too risk averse. Our social security system is so comfortable that we avoid risk. The benefits of being an employee are tremendous: a car, a phone, a laptop, a pension, vacation money, etc—why give all that up? I see that so clearly with my two brothers. They both had great jobs in the consulting world and gave it up to start a business. Suddenly they had to buy everything from scratch, the car, the mobile, the fuel, insurance, and much more. I guess in this country we tend to look at the downside; in the US they look at the upside. And I understand why—because the difference between the monthly benefits of an employee and an entrepreneur is so great; why give all that up?

Does that mean we have to scrap all the benefits of the employee statute? No, but we should make it more flexible: work more, earn more; work less, earn less. We need stronger incentives for entrepreneurs. Look, once you are

an entrepreneur (and succeed) it's great; clearly they love it, they're independent, they don't have a boss, they're building something. But it's taking that first step toward entrepreneurship that we struggle with, taking that initial leap into the unknown.

Another important factor is the role of icons. In the US they have so many icons. Think of Steve Jobs, what a phenomenon, creating a platform on which thousands of people are building applications and new businesses. Here we tend to be suspicious: a successful entrepreneur is a villain, he's worked the system. Look, this isn't a Belgian sickness; in France they've also got the disease, it's a European disease.

Money is important, obviously. We don't have a strong tradition in venture capital and risk capital. Most capital provided here is the traditional bank loan, which is much more conservative. I see it with my brothers how difficult it is to find seed capital.

Capital is important but money is also about the benefits and risks associated with the self-employed statute. On that level I think we've made progress. The state pension of the self-employed doesn't differ that much anymore to the employed. Anyway, I really don't think that those issues matter much to the entrepreneur. The entrepreneur is motivated by the project, the vision of what could be. They're passionate about their ideas; they're fighters! They're not looking at the social security system. Entrepreneurship is about immaterial factors; it is about a society that cherishes and nourishes its entrepreneurs.

It's in the educational system that we need to create a more entrepreneurial culture. Put those kids on stage and let them talk about their dreams. Get them to work in groups, creating stuff. That's why I went into politics. I dared to speak my mind. At first they ignored me but after a while they started taking me serious, so the Prof threw me in the debate, and that was that. That way you learn. Entrepreneurship is an attitude! You need to be challenged; you need to be hit on the head occasionally! Social security is important, sure, but that isn't the issue here...

I sell this country like Steve Jobs sells Apple!

Failure, or rather the fear of failure, is another big issue. All those statistics they announce about the number of bankruptcies irritate me so. Oh what misery, so many bankruptcies. But that's just the point! Failure is intrinsic to entrepreneurship! One of my associates went off to start a business in Switzerland and he went under in the crisis. So what! He learned so much, about business, about his sector, he'll start again. There is nothing to be ashamed about. We should be stimulating people to start more businesses; not dwell on the fact that many end up failing. It's about attitude; not about protecting a sector, stifling competition, keeping people out.

Think of the TV programme 'My Restaurant' (Mijn Restaurant)—that did wonders for entrepreneurship in that sector. What an inspiration! That does so much for the restaurant sector. So much more than all the little rules and regulations designed to protect and control that industry. If a new baker opens up shop in the street we'll do our utmost to push him out. In the US they do the opposite; they adapt, they specialise. Change is the law of life, also in entrepreneurship. That's the drama in our textile sector—far too little adaptation and innovation. And our impulse always is to create more laws. 'No' against new shops; think of the notorious IKEA law. Thank god we managed to tone that down a bit.

Growth is not only about starting new companies from scratch. We also need to look at existing companies. We have a lot of successful family-run companies with concerns about their succession. We're trying to simplify the rules, ease the tax burden a bit, so that it becomes easier to acquire an existing company. That way the success rate improves.

We've got to be less afraid of growth. Our companies remain too small. Why is that? We seem to be afraid of the multinationals. Why do we have such an issue with them? When the SME lobbyists and the unions complain about 'the multinationals' I don't get it. The 'multinationals'—what do you mean with that?! Are you talking about a company like Omega Pharma, that started from scratch and now employs thousands of people, and that operates around the world and thus is a 'multinational'? Is that what you mean? And if so, shouldn't we be proud of those companies? It's like the successful bakery who sets up a second branch, and then another, and another, and suddenly gets accused of being a 'chain', a threat to the independent bakeries! Or the baker who was hauled to court because he is open 7 days a week; 'you work too hard! That's not allowed!' Those sorts of discourses are so destructive.

Look, we've got great entrepreneurs in this country and I've got so much respect for them. But we have too few of them. This is a pity, because it's them who create jobs, who pay tax, who make our social security system possible. They're the bedrock of our economy and our welfare. People don't seem to understand that. If they go, then this place becomes a wasteland.

But ok, there are always two sides of the story. Entrepreneurs can probably work on their image too. Ethics is important. Certain arrogant forms of entrepreneurship are thankfully disappearing or at least becoming less visible.

But looking ahead I think we really need work on our educational system, it starts with our children. It's about individualism really; and that's a difficult concept in this country.

BIO
Vincent Van Quickenborne—better known as Q—is Minister for Entrepreneurship and Reform in the Federal Government of Belgium

Entrepreneurship in India
Unleashing the potential

Indian universities are building the innovation infrastructure to help create the next wave of high-tech entrepreneurs

A number of remarkable Indian entrepreneurs have made their mark in recent years; just think of people like Lakshmi Mittal (Mittal Steel), Ratan Tata (Tata Group) and Nandan Nilekani (Infosys). But while the Indian economy is known mainly for its low-cost manufacturing and services, many Indian universities are now looking to help create a next generation of innovative, high-tech companies. One such initiative was taken in 2001 by India's top management school, the Indian Institute of Management (IIM) in Ahmedabad. Pranay Gupta, joint CEO of the Centre for Innovation, Incubation and Entrepreneurship (CIIE), talks about the centre's genesis, its approach and more generally about entrepreneurship in India.

VIRTUAL INCUBATION CENTRE

"It all began with a conference on incubation strategies held at the management institute here in 1998. It brought together all the stakeholders in the region—academics, entrepreneurs, venture capitalists and policy makers. People had come to realise that there was in fact plenty of technology being developed in India but that it wasn't leaving the university labs. After that conference the IIM took the initiative to set up an incubator. Today we work with about 30-40 innovative start-ups.

We're focused mainly on creating the right environment for our start-ups. We do this by leveraging not only our faculty, students and alumni but also our network beyond the institute. Thus the incubation centre is in fact a collaborative effort with other institutes and organisations. In this way, our start-ups are given access to technical support like testing and prototyping facilities, and also legal advice, help with patent filing and securing capital. Each start-up is also assigned two or three mentors who may be our faculty members or experts from industry and academia.

We also have a small fund ourselves which allows us to make early stage investments up to $100,000. Finally, we help a number of start-ups with office space but that is not the focus. Our priority is to deliver advice and support by leveraging our network. This is in contrast to most incubation centres that are primarily residential in character but lack services.

ENTREPRENEURSHIP IN INDIA

India is very entrepreneurial, but we have to be. Entrepreneurship is clearly necessity-driven here. But from struggle comes opportunity. The common themes running through our entrepreneurial success stories are efficiency and cost reduction, whether in industry or in services. Just think of our IT and call centre industries.

> *How do you educate one billion people?*

Our weakness is that our entrepreneurial ecosystem still needs to develop further: the availability of risk capital, incubation services, infrastructure, etc. We're still a long way off from the Silicon Valley context. Our legal system can be problematic too—investors can be anxious about getting embroiled in legal battles.

Nevertheless, a great deal of progress has been made in the past 7-10 years. You have to understand that India is an enormous country. There have been huge investments in telecoms infrastructure but that doesn't mean that the entire country is linked up. We're seeing a lot more tech transfer units being set up at the universities and while over 30 incubation centres have been set up, there is potential for so many more. The private equity and venture capital sector is expanding rapidly. And attitudes among students are gradually changing too. Even four years ago, most university graduates wanted to be a doctor or a lawyer. Today there is lot more interest in entrepreneurship. It's just that the potential is still so enormous, given the size of our population. That's why the development is so focused in specific areas in the country—that's where it started and that's where most of the opportunities are.

NEXT PHASE OF GROWTH

Looking ahead I think there are at least three key areas where we can expect much entrepreneurship and growth in this country. Firstly, renewable energy has become a key priority for the government. A great deal of money is being made available. Secondly, there is plenty of opportunity in infrastructure and construction. Progress has been made but there is still a huge job to be done to modernise this country. Finally, education is a clear opportunity. How do you educate one billion people? Not just the youth but adults too. While we have cheap labour, our key challenge is that most of our workers are uneducated. This is a huge opportunity, in many ways: just think of the potential role of IT in this.

BIO
Pranay Gupta is Joint CEO of the Centre for Innovation, Incubation and Entrepreneurship (CIIE). The CIIE is an initiative of the Indian Institute of Management in Ahmedabad, the premier management institute in India.

Sustainable growth

An appeal for cultural change

Luc De Bruyckere, newly elected chairman of VOKA, Flanders' Chambers of Commerce and Industry, talks about the importance of governance and the need for cultural change

Luc De Bruyckere knows a few things about growth, especially the long-term sustainable kind. Over a period of three decades he oversaw the growth of food company Ter Beke from a small family-owned company with 30 employees to the major European entity it is today, a company of 1800 people that is listed on Euronext. Not surprisingly, he is one of the most respected top managers and entrepreneurs in the country, which culminated in his recent appointment as chairman of VOKA. In our interview with him, De Bruyckere appeals for a process of cultural change to re-energise this country and stimulate more entrepreneurship. And talking specifically to the country's existing entrepreneurs, he argues that good governance structures are the key to sustainable growth.

CULTURE OF CONTENTMENT

For Luc De Bruyckere, the state of entrepreneurship in Belgium and Flanders is not what it should be. He offers his diagnosis of the situation; and a possible remedy.

"The stats are reasonably clear on this. For example, we do not rank well in the Global Entrepreneurship Monitor, the biggest international entrepreneurship study. One may dispute the specifics of some of these studies, but the overall pattern is indisputable: we're not doing well.

I've said it before, also in the VOKA context, that in this society we live in a culture of contentment, a culture of the hammock, and that we are stuck in it. We have one of the highest rates of subsidised employment—tax-payer funded employment, in the broadest sense—with the result that most of us are not feeling the current crisis, the worst economic crisis in generations for that matter. It is clear that we are too risk averse and that we do not sufficiently reward those who do take risks. Also, we are too inwardly focused and lack a real international vision or sense. All that is abundantly clear today—we shouldn't be debating those facts anymore. What we need to debate is how we move on from here.

It's not all negative off course. We do have people who are doing all those things, but we have far too few of them. And when you consider that we're in the worst economic crisis since the 1930s then I would expect to feel a much greater sense of urgency among all stakeholders in this society. We should be standing shoulder to shoulder in dealing with this crisis.

CULTURE CHANGE REQUIRED

So how do we move forward? I am more convinced than ever that we need a process of cultural change. And I'm not alone in this—the King Baudouin Foundation's Economic Circle published a book on the very matter. Now I recognise that cultural change doesn't happen overnight. At Ter Beke we also learned those lessons- you cannot force change just by giving a few presentations. To drive change you need to come to clear agreements among stakeholders, with well-defined incentives and sanctions in place.

VIA, the Flemish government's strategic plan is a good initiative but it is looking like we will not have the money—probably for the next two years—to implement it as planned. That's a pity, but there is still opportunity to commence the process of culture change by using a number of very practical initiatives. Specifically, we could start by bringing people into another environment. For example, I have been appealing that all students should spend some time abroad, possibly via the Erasmus programme. It turns out there is not enough money for that. But at least at an EU level we are seeing consensus that at least 20% of students should have an international experience. That's too little, in my eyes, until I learned that today only 7% of students go abroad!

This is so important. Young people need to open their eyes to the wider world. And I am not talking here about study trips to Europe's fashionable cities, like Barcelona. That's a holiday. Send people to places like "Uzbekistan". And place people in internships, not just a course at university. The quality of the education isn't what matters here. What matters is that young people learn how to survive in a different culture and environment. If we can't send all our students abroad then at a minimum we should be sending our teachers-in-training abroad. This is because teachers are so crucial in shaping young people's values. They not only transfer knowledge; they transfer values and culture. If a teacher has spent time abroad, out of his or her comfort zone, and maybe even had a hard time in the first couple of weeks, but carried on because the diploma depended on it, that will have been such a stimulating experience for that person.

> *I believe that people can change; you just have to put them in the right environment*

Similarly at the Vlerick Management School, I am suggesting that all the foreign students who come here, to Leuven or Ghent, are asked to spend some time in our schools. Why not try out a few initiatives. Let's see what works. Let them visit schools three times a year, to explain a bit about whom they are, where they come from, what their impressions of Belgium are.

None of this is going to change things overnight but if you keep at it for 10 years then you will start seeing change. These are just a few examples of the things that we can do today; and they don't need to cost a lot of money. Budget cannot be the excuse here. Maybe I'm being naive but I believe that it is possible to help our young people develop into more open and internationally-minded individuals.

I was trained as an organisational psychologist. I'm a behaviourist, I believe that people can change; you just have to put them in the right environment. Take Wallonia for example. People talk in such clichéd ways about Wallonia and the Walloons. I've always resisted that, and still resist it today. But I do believe that if you take the Walloons out of the entrenched PS (Parti Socialist) environment then they will change, but things

are already changing, we simply refuse to see it in Flanders. Similarly, if you were to place the Flemings in the Walloon environment, they'd change too. There's nothing innate about any of this. People can change.

> *That way you prepare the company for growth, the next steps, as opposed to having to sell the company in its entirety*

At VOKA we are preparing a survey in 8 countries based upon the IMD stress-ranking, such as Denmark and Singapore (high rankings on entrepreneurship metrics) to figure out why they are doing well and to learn what measures are working and which don't. I think we know what we have to do, but let's objectify it too.

SUSTAINABLE GROWTH AND THE ROLE OF GOVERNANCE

Culture is about motivating young people to be more entrepreneurial. But what about our existing companies, our growth companies? Here I would like to highlight the importance of governance.

Looking back at my time at Ter Beke, seeing that company undergo its different phases of growth, I can say that one of the most crucial success factors was the governing structure we imposed on ourselves. I'm careful to use the word 'governance' because we didn't call it that when we first started doing it—we simply came to a number of agreements about how the company would be managed and controlled. Also, there is no one-size-fits-all model here—you have to adapt these structures to your organisation and its specific growth stage.

In order to grow you need to structure yourself. In Flanders we find this difficult to do because we tend to personify everything. For example, at VOKA we lost our managing director Philippe Muyters to the Flemish government. Now all are asking who will replace him. But I'm not looking for a replacement of Philippe—you can't replace him anyway. But the point is that our organisation has changed fundamentally since he first came on board. We're bigger, more complex and have more responsibilities. Therefore I'm looking at it structurally: is this structure still optimal? (Editor's note: In the weeks following this interview VOKA appointed two senior managers, one to manage the internal operations, the other to manage the external relations with government, the trade unions, etc).

In order to endow your choices with sustainability you need to structure yourself; Louis Verbeke used to say it like this. Take Ter Beke, when I first started work at the company there was no distinction between the shareholders, the board of directors and the executive management team. The Coopman family embodied all three. But as the company grew we reorganised ourselves. Mr Coopman summed up that process as follows: first I was the company; then I had a company; later I shared a company. Those are the different stages you need to get through, and these are each critical moments in a company's development. Many entrepreneurs struggle to get through those transitions, for various reasons. They may be tired, or cannot find a suitable successor. And so they sell the company. I respect those decisions but sometimes it is a pity, because many of these companies could continue growing if they had the right governance structure in place.

At Ter Beke we started early. We first put in place an Advisory Board. It functioned exactly as a Board of Directors—in fact it was one except in name. Then in 1980 when I was given operational control over the company we transformed the Advisory Board into a formal Board of Directors. It all needs to be put on paper: the relationship between the shareholders, the Board of Directors and Management; whether and in what capacity the shareholders can work at the company; the rights of the shareholders' children, etc. Those are all important elements of a company's governing context and they need to be clearly demarcated. That way you prepare the company for growth, the next steps, as opposed to having to sell the company in its entirety.

That's the crux of it for me. You need to structure yourself, organise yourself, to make sustainable growth possible. Otherwise your company simply cannot outlive you.

BIO
Luc De Bruyckere is Chairman of Ter Beke and Chairman of VOKA, Flanders' Chambers of Commerce and Industry

The US 101 Effect

Filip Tack

Filip Tack begins to understand the way things work in Silicon Valley

United States Highway 101 runs north and south along the Pacific coast all the way from California to Washington. In Northern California, "US 101" is the vein that runs through Silicon Valley directing people between San José and San Francisco and beyond.

By driving up and down, north and south, every day, you get a sense of what's happening in the technology world's famed Silicon Valley. I recently spent a couple weeks here, working and exploring, trying to grasp a sense of what makes Silicon Valley, well, Silicon Valley. What is its essence? Why do new technologies pop up so quickly? And, how do they get very rapidly adopted and receive good Public Relations coverage? Unlike some of my American friends, I felt fortunate to do the daily commute along the US 101. It gave me time to think and it somehow sparked the notion of "The US 101 Effect."

THE US 101 EFFECT...

The first couple of days of my Bay Area stay, I was clearly too caught up in my old European paradigm, perhaps too jetlagged also, to get the picture. The very first day for instance – driving south from San Francisco airport – I noticed this giant billboard next to the freeway. There was our competitor box.net waging war against Microsoft. I immediately thought "Why on earth spend good marketing money on a single billboard that probably no one notices, and challenging Microsoft for Pete's sake – good luck!?"

A couple of days later, driving back from downtown "Fog City" on the US 101, I witnessed the same thing. This time it was more like the clash of the titans: Google versus Microsoft. I was puzzled! But as early as the next day it dawned on me when all of a sudden both billboards got covered on TV-news and gained wide-reaching bloggers' attention: one billboard, on a 50 mile highway stretch, that's all Box and Google needed to get the world's attention?! I suddenly became very intrigued.

There is indeed something very exceptional about this US 101 – "US Tech's El Camino Real". It exhibits some sort of "economy of focus", because so many people that use it are involved in the high tech industry in one way or another. It doesn't matter who you are, in PR, a venture capitalist, or just a user of technology, everyone lives within and gets life from that ecosystem, especially in the geographic area that spreads from San José to San Francisco.

While on an average highway 99% of the people couldn't care less, the US 101 is the life vein of a distinct and vibrant community. The commuters listen, they pay attention and contribute to the conversation; it appears they are genuinely interested. That is why a zeppelin flies above the US 101 (and CA 85, one of its side-rivers) highlighting an at-home genetics test and its web site www.23andme.com. Everyday indeed (at least in August) an enormous blimp gets airborne from Moffett Field and flies over the road infrastructure of Silicon Valley, because the 23andme executives know that 99% of the US 101 commuters give a damn. They genuinely want to know what the next best thing to buy is, to invest in, to work for, to sell, to cover, etc.

AN ECOSYSTEM BEYOND COMPARE

Those who live and breathe technology can only be envious of the Silicon Valley ecosystem that seems to have it all, in but a 50 mile radius:

+ Startup projects (i.e., deal inflow)
+ Venture Capital (i.e., money, network)
+ Corporate HQs and R&D centers in hi tech industries (i.e., sales channels, partners, deal outflow or "exit")
+ A deeply rooted love for "disruptive technology" (i.e., culture)
+ (fast food for the healthy and the not-so)

Simply have a look at any Silicon Valley VC's portfolio. They really don't need to venture far. Palo Alto, San Mateo, Santa Clara, etc., there is so much fuel in the

Valley, enough to start California wildfires of new businesses, innovative technology and products.

We are trying hard in Europe to mimic these wildfires, but we lack the (l') essence; our culture does not promote start-up, investors lack the network for "collaboration" and "exit". They therefore have no idea how they will get their money back and are more risk-averse. Consequently fewer deals get funded; fewer entrepreneurs get the chance to claim their fame or failure; there's no growing community of experienced hi-tech entrepreneurs (i.e., "repeaters")... and so the downward spiral goes on.

Investors located in Silicon Valley invest in a company and have a pretty good idea of whom they are going to sell it to, and how they are going to sell it. As a result, much more, in terms of deals, gets accomplished and more entrepreneurs spin-out. There are more funds created by wealthy, seasoned entrepreneurs themselves, and they are better funded. In fact, the best funds have entrepreneurs behind them because the entrepreneurs know what has to happen for a company to succeed, they understand what takes place on a daily basis and they understand the dynamics of running a start-up. They know what it will take every day to get to the numbers.

From a European perspective it becomes even more challenging! For instance, the UK telecom giant BT has people located in Silicon Valley to find innovations to release in their home market. My office in Belgium is 600 km south of London, but I needed to fly thousands of kilometers to talk to BT's VP of Innovation who is British (not that I mind)! And BT is not the only European company to take this approach. Where does this leave the European startup?

"OH DEAREST BELGIUM..."

Belgium really lacks the entrepreneurial spirit you can witness in California. And, that's not just my opinion. The Global Entrepreneurship Monitor, conducts extensive research throughout Europe and has found that Belgium has the lowest level of high-growth expectation entrepreneurial activity in Europe.

> *The US 101 is the life vein of a distinct and vibrant community. The commuters listen, they pay attention and contribute to the conversation*

As much as I regret it, I believe that this has a lot to do with the overriding sentiment in our country that success is unaccepted and failure anticipated, while in the US, the spirit feels like success is anticipated, failure accepted – with the chance to move forward and try again. This is also known as the "tall poppy syndrome". We truly need to change this mind-set if we ever want to play ball.

Besides, even in the depths of the recession, there is a positive spirit in the U.S. to move forward, an initiative that says: "We can't rely on government. We must push through the economy ourselves." In the U.S., you feel a sense that "The glass is half full." Most Belgians see this as naïve, but it treats the Americans well. They elected a President on the theme of "Yes, we can!" instead of "I don't know, should we!?" a more Belgian sentiment.

MAYBE IT'S GENETICS AFTER ALL

The genetic makeup of US society is defined by immigrants, the people who fought their way to a new life in a new place. It's especially the case in Silicon Valley. The population surrounding the US 101 is not made up of your average American; they come from all over the world. If we used the genetic testing of www.23andme.com, we would surely find the entrepreneurship gene in their genetic wiring. They are already adventurous, risk seeking, reward-seeking, so they tolerate that atmosphere and embrace it. The area surrounding the US 101 invites that attitude.

It took me a while to grasp the concept of the success of those billboards here, but I talked to people and saw how it affected them. Nobody would care in Europe. But here, people talk about it. It's a close community. It's amazing how many people know each other, even though a lot of mileage is covered. Here, people probably know who the guy is flying the zeppelin with the Web site blazoned across the bottom, past the billboards of the warring software companies.

Maybe, just maybe I should move... "I don't know, should I?!"

BIO
Filip Tack is CEO of Nomadesk

Networking for web entrepreneurs

Bringing Silicon Valley to Brussels

The BetaGroup shows that there is entrepreneurial life in Belgium

Ever feel despondent about the state of entrepreneurship in Belgium? There's a perfect cure available: attend one of the BetaGroup meetings in Brussels. In little over 18 months, initiative-taker Jean Derély has built the biggest and most exciting web community in Belgium. Not only is the BetaGroup a boon for entrepreneurship in Belgium, the initiative itself is a great example of entrepreneurship.

To say that Jean Derély has had an international career is probably an understatement. He first studied in Brussels, Singapore and Beijing; and subsequently worked in Madrid, Guatemala, Mexico and Boston. There's an entrepreneurial streak running through his career too: international business development in South America, developing the Mexican market for Forrester Research, and setting up a social networking site for the U.S. Hispanic community. But today he's back in Brussels—and he seems to have taken a bit of the U.S. with him.

The high-tech clusters in the US such as Silicon Valley and the Boston area are renowned for their entrepreneurial 'ecosystem'. This refers not only to the clustering of universities, corporations, start-ups and venture capitalists in a single area, but also to the exceptionally vibrant networking communities that bring these stakeholders together. In a way this is what the BetaGroup is doing—bringing a bit of the Valley's buzz to Belgium. And it's working. A year ago the first gathering of the BetaGroup attracted a handful of people; today Jean needs the largest lecture hall he can find (and three pallets of beer and snacks) to accommodate the 700 or so people who register for the events. More than 1500 web entrepreneurs, software developers, digital marketers and investors have signed up to the membership. In addition, Jean and his group are organising web missions to the major web conferences abroad and are opening the doors of BetaHouse, a shared work space in Brussels.

LESSONS FROM THE U.S.

"Are we entrepreneurial in Belgium? That's difficult to say from my perspective—most of the people I meet are entrepreneurs and they're all very enthusiastic. But there obviously are some differences with the U.S. For example, here people tend to rely on government help for financing. That's quite dangerous since it can hide weaknesses in your business model. On the other hand, it is probably necessary because there is such a shortage of seed capital here. That is a problem—the risk intolerance here. In the U.S. there is a lot more willingness to invest in new ventures. Not that people are crazy, throwing money about. What I've noticed is that in the U.S. they invest in people, not projects. It is the quality of the team that counts. The idea needs to be interesting obviously, but there seems to be more a logic there of 'these guys have the talent to succeed, even if the original idea doesn't pan out.'

> *Belgian entrepreneurs are very pragmatic in their approach*

It can't be easy to build a global business in Belgium. We have a small domestic market and it is very complex too, in the way you need to deal with 2-3 languages and the cultural differences between French- and Flemish speakers. But then to our credit I find Belgian entrepreneurs to be very pragmatic in their approach. People don't start here until they see a clear way of making money. Facebook would never have got off the ground here.

Surprisingly, I find that there is still quite an administrative hassle here. Comparing it to my time in the U.S., I find I need to spend a fair amount of time dealing with government-related administration. Things like going to the notary to register my business, sorting my social security and health insurance out, and the various types of taxes linked to my house, car and business. Not that I mind paying tax—but it could all be much simpler.

EDUCATION

I think the universities can do much more to create an entrepreneurial culture. At the Solvay business plan competition (Editor's note: Jean is a judge for the Solvay Business School Start Academy competition) I've noticed that the ambition is too tame. The students are not thinking big enough, not innovative enough. The way we teach students here too seems archaic: it's all about memorising lots of information, as opposed to teaching people how to learn. We need to create more doers instead of know-it-alls.

The curriculum too is very rigid here. At Stanford, for example, they launched a course in Facebook applications. That's important—they're able to react quickly to important developments in the market. Here we struggle to do that sort of thing.

We also need to do more to put students in touch with entrepreneurs. The work of Y Combinator in the U.S. is a good example. They're a venture capital firm that do a lot of work with students. Their approach too is quite unique: they run a mentorship programme for young entrepreneurs and that way are able to make very early-stage investments in promising ventures.

3 TIPS FOR ENTREPRENEURS

Make use of all the help that is available. Attend networking events and courses; participate in business plan competitions; apply for subsidies and financial support—there's a lot out there.

Think big. Sure, you have to start in your domestic market but your business plan should have a global perspective. We should use to our advantage the fact that we're comfortable with different languages and cultures

Finally, open your idea—share it. What really matters is the quality of the team and the implementation of the idea, more so than the idea itself. Therefore you have to open your idea to confrontation, to criticism

BIO
Jean Derély is founder of the BetaGroup, a networking group for web entrepreneurs. The BetaGroup counts 1600 members: web professionals, entrepreneurs, media experts, journalists, VC and angels Investors. Jean earns a living as a consultant in web strategy and web marketing.

Entrepreneurship in the UK
Mix it up

Keith Willey, professor at the London Business School, promotes closer collaboration between business schools and the science and engineering faculties at traditional universities.

Keith Willey is well-equipped to say a thing or two about entrepreneurship. He was an entrepreneur and a venture capitalist and today he advises entrepreneurs, facilitates an angel network and teaches aspirant entrepreneurs at the London Business School (ranked no. 1 in the FT's Global MBA Ranking). Keith has seen the UK make good progress in stimulating entrepreneurship. Attitudes have changed and more business school graduates than ever are looking to become entrepreneurs. Keith is doing his bit by mixing things up. When you teach entrepreneurship to a class that is half MBA and half science and engineering, then things start to happen.

CAREER

Keith acknowledges that he was actually a big company guy. Back when he completed his MBA people worked for big companies. So did Keith. That is, until he became a consultant. It was in the 90s that Keith first made a name for himself; helping big companies to restructure and cut costs. He didn't realise it at the time but looking back now he thinks he and his partners were being entrepreneurial. But instead of creating start-ups, they were trying to build big companies. And it was fun too.

With this valuable experience under his belt, Keith set up a small venture capital fund and started teaching business growth at London Business School (LBS). Ten years later Keith is still at the business school and has emerged has one of the UK's foremost experts on entrepreneurship.

"Over the years I became more involved in building the entrepreneurship capabilities at the school, teaching and also leading the angel investor network. It's been a very interesting time since we've seen a major shift toward entrepreneurship in this country. The government has become very committed to stimulating entrepreneurship and on our side we've been forging links with University College London, a huge research university.

ENTREPRENEURSHIP IN THE UK

Things have clearly changed since the 1990s. At LBS, for example, we only taught one or two entrepreneurial courses back then. Most students were pursuing careers in banking and consulting. But the tech boom was the trigger; that stimulated many young people to look at entrepreneurship. Today we offer 8-10 courses in entrepreneurship and they're extremely popular. Last year we overtook all other departments except finance in the amount of teaching we do. That's just how the business school has changed but it reflects what goes on out there.

I think the recognition dawned among policy makers that big companies were actually destroying jobs in the 1990s, due to all their consolidation and restructuring. People began to question the old idea of protecting national champions. The labour government first took the initiative to begin promoting high-growth entrepreneurship. A lot has happened since then. And it isn't focused solely on the start up phase. Support mechanisms like R&D tax credits, lower tax rates on selling a business, etc—these have an impact across the entrepreneurial life cycle. Also, numerous role models have emerged. Richard Branson is the well-know example but there's so many more.

I think the UK economy has definitely moved toward entrepreneurship. The genie is out of the bottle. People are entering the workforce with entrepreneurial ideas. Most still begin their careers at corporations but we find them coming back to the angel club later with a clever idea.

> *I'm a great believer in mixing things up, experimenting with things, until they work*

London really has become a great place to start a business. For many reasons, but also because it has that symbiosis: so many large corporations are headquartered here. That's great for entrepreneurs who look to develop innovative services for corporations.

THE UNIVERSITY AND ENTREPRENEURSHIP

Symbiosis also extends to the university context. London Business School is a pretty unique environment. It is very business-orientated and attracts high flyers who pay a lot of money to attend our courses. It's easy to find entrepreneurs here. But compare this to University College London (UCL)—that's like looking for a needle in a haystack. UCL is a huge university with very strong research credentials in numerous fields, but it turns out that a small proportion of academics really have an interest in creating companies. It really is quite difficult to replicate the conditions that exist at places like Stanford, a place

where much of the entrepreneurial activity is driven by the engineering and science departments, and is located right in the middle of Silicon Valley.

What we've done is create courses that bridge both institutions. For example, our programme 'new technology ventures' is 50% engineers/science students from UCL and 50% MBA students from LBS. That's turning out to be a very powerful course, a natural laboratory for developing and testing new ideas. Also, there's a lot of grassroots stuff going on—the alumni of these courses keep in contact and end up collaborating in ventures later on. But it also works top down. For example, the UCL's head of medicine attended one of our courses. That equipped him to encourage entrepreneurship at UCL. Remember, the point is to stimulate high-growth businesses and they're often tech orientated. This is why it is so important to bring management and science together—at the level of education.

We're trying to do the same with the creative disciplines. Since the success of the technology linkup we're now forming links with the University of the Arts London (UAL), one of London's main arts & design institutions. Again the point is to set up a course attended 50-50 by MBAs and creatives. I'm a great believer in mixing things up, experimenting with things, until they work.

WHAT ABOUT THE INCUBATOR?

All this is somewhat in contrast with the incubator approach. We did try it and we did have some interesting start-ups pass through. But eventually we realised that we were simply in the property business. There is a shortage of cheap and flexible office space in London—we provided that, but is that our role, as a university? Also, the inhabitants weren't getting the synergies that we hoped they would—they weren't really learning anything from their fellow tenants. The point is that the private sector or city administrations are probably better equipped than we are to offer these types of services.

TIPS FOR ENTREPRENEURS

There's so many, but let's try three. Firstly, I'd say it's all about people. It is so important to think about your founding team. All the evidence shows that success is dependent on building an effective team, which is really difficult for entrepreneurs, because at the start you can't pay much. Thus, it's probably best to take your time, to think carefully about who you want in your team. Doing it alone is really hard.

Secondly, make effort to de-risk your venture. Starting entrepreneurs don't have time or money, with the result that they don't do the necessary research upfront. I see so many propositions where the entrepreneurs are blind to reasonably obvious risks. This is a key focus of our courses: we emphasise feasibility studies.

Thirdly, if you have entrepreneurial ambitions, make sure you start building your social capital early on. Work on your network. Most people from the corporate world have small networks—often it extends only to their colleagues. Entrepreneurs have much bigger networks and hence can start making calls to the right people much quicker.

BIO
Keith Willey is Associate Professor of Strategy and International Management and Entrepreneurship at London Business School

Entrepreneurship in New Zealand Lessons from New Zealand

Andy Hamilton, CEO of Auckland incubator The Icehouse, explains how New Zealand has gradually grown to appreciate and nurture its entrepreneurs

New Zealand and Belgium may be on opposite sides of the globe but they do have some interesting parallels from an entrepreneurial perspective. Both economies are dominated by SMEs who are hampered by a small domestic market and the need to duplicate their operations (Flanders vs Wallonia; North vs South Island). Both countries may have a comfortable standard of living but both have come to realise that they need to stimulate more entrepreneurship if they hope to secure that welfare for the next generations. Andy Hamilton is CEO of the country's best known incubator, the ICEHOUSE, in Auckland. As a result, he is right in the middle of the country's entrepreneurial 'ecosystem.' Andy explains the lessons that New Zealand has learned over the past two decades.

HISTORY

"You need to see entrepreneurship in its historical context here. In the early 1950s New Zealand was a top 5 economy in per capita GDP; today we don't make the top 30. By the 90s people began to realise that we had lost our way and that we needed to pay more attention to entrepreneurship and export. You could say we woke up during that period. That's when we opened up our economy internationally and started orientating it towards Asia. We've made a great deal of progress since then. I think most people today—or let's say an important minority of the population—recognise the importance of entrepreneurship and export but in a way we're still struggling to figure out how to actually create more entrepreneurship and export. We remain hampered by the fact that our economy is so small and that our export markets are all so far away.

INNOVATION INFRASTRUCTURE

The biggest shift is in people's attitudes about entrepreneurship. We're seeing a lot more interest among school leavers and students to become entrepreneurs. At the universities there is a clear trend to create spin-off companies—professors are becoming entrepreneurs. Over the last ten years there's been a lot more business plan competitions, the emergence of angel investor networks, tech transfer offices being set up at universities and incubators being created. To help our exporters, the government has helped set up 'beachheads'—advisory boards of Kiwis and Kiwi-friendly business people—in all our major export markets: London, Dubai, India, China, Singapore, Japan, Silicon Valley. Ten years ago if you asked people about our innovation system they'd probably look at you funny. Today we've got a pretty sophisticated innovation infrastructure in place.

But the impact of all this on our economy is not yet conclusive. For example, we can't really say that we've seen an impact on GDP growth, the number of patents, the amount of Venture Capital deals, and other such 'output' metrics. On the other hand, we've benchmarked ourselves against other smaller countries and have come to realise that we'll never be like Israel or Taiwan. Our culture and lifestyle is too laid back. Hence we need to adapt to what is appropriate for us, culturally speaking.

> *Our relative wealth in this country will only increase if we export more*

The strength of our economy is that it is one of the most open economies in the world; it's very easy to do business here. But our fundamental problem is the fact that we're a small market. Also the country is narrow and long, covering two islands, with the result that much needs to be duplicated.
Another advantage is that as people we're very internationalised. Twenty percent of New Zealanders live abroad—that's one million people! As a result the New Zealand expat network is huge. A lot of New Zealanders have done really well abroad. But simultaneously we haven't managed to build really big international companies. We do have some large commodity players like Zespri and Fontera, and some emerging high-tech companies, but one should expect more from this country. On other hand, given our small market and remote location, will it ever be possible?

THE ICEHOUSE, AN INCUBATOR IN AUCKLAND

We founded The ICEHOUSE in 2001 as a partnership between the University of Auckland Business School and a number of consulting companies and corporations. Our mission is to help small companies grow and export. About 70 companies have passed through the incubator and received about 70 million NZD in investment. We've got our own seed-fund and we facilitate the largest angel network in the country. But I'd say our biggest impact is via our education programmes. More than 2500 SMEs have used our training programmes. What we're seeing is that those companies grow their earnings by more than 30% on average after they've gone through our programmes. That's a tremendous result.

Our main focus is to improve the international capabilities of our SMEs. We realise that our relative wealth in this country will only increase if we export more. But the vast majority of our SMEs don't export. We need to change that. At the ICEHOUSE we do that via our training programmes but we've also developed an international network of advisors and partners across Asia. Often these are our alumni. We're building this network specifically for smaller companies (the 'beachheads' referred to earlier are designed more for larger companies) and it involves very practical support like giving access to a desk and a phone for a couple of days or giving advice about the local business environment. You have to appreciate that many of these companies are

really quite small when they first go abroad—our domestic market is simply too small.

SUCCESS CRITERIA FOR INCUBATORS

Compared to other incubators abroad I don't think we're really unique. We're active in much of the value chain of a typical incubator, although I'd say that our trainings programmes for SMEs are strikingly successful. The key to that success is probably because we're letting business people design the training programmes. Sure, we leverage the expertise of the university but it's the entrepreneurs who drive the programmes. Our focus is a real strength—we've built tremendous expertise in SMEs, especially the owner-managed SME. We're also quite expensive, but that way we're able to deliver a good product. It's an important lesson that: charge a market price for your service; it keeps you competitive. Finally, there's our network, both here in New Zealand and abroad. For example, we have a partnership with one of the main banks in New Zealand. They promote our services to their business customers which is great for us, but also good for the bank because their customers end up growing faster. But the informal network is important too—I can ring up any CEO in New Zealand to ask for help. It's all very exciting work—we all feel like we're nation building.

BIO
Andy Hamilton is CEO of The ICE-HOUSE, a business growth centre in Auckland, New Zealand.

Entrepreneurship for academics

The unique approach to Tech Transfer at the University of Hasselt

The Tech Transfer division of Universiteit Hasselt helps academics and students take the leap to entrepreneurship

The move to entrepreneurship is not an obvious one for academics. Not because they don't want to, but rather because they've hardly ever been engaged with the world of enterprise. Tech Transfer UHasselt was established to strengthen the link between the business world and science.

TECH TRANSFER UHASSELT FOR RESEARCHERS

The bookshelves of universities and colleges contain a great deal of knowledge which could benefit companies. Financial support from the Flemish government should enable all knowledge institutions to establish a unit that will exploit opportunities for harnessing more knowledge to benefit the economy and thereby achieve greater valorisation of research. Limburg Province, in the context of the Limburg Plan, has given this additional support. Two years ago Hasselt University could therefore embark on the expansion of a central Tech Transfer unit for Hasselt University and the Limburg colleges PHL, Xios and KHLim. Tech Transfer concentrates on creating economic value in accordance with the knowledge-skills-cash principle.

The first way is to cooperate with companies at the level of research. This can vary from ready-made standard analyses to long-term collaborative projects with an innovative research component. The knowledge institutions offer their expertise built up over the years, not only to multinationals but also to SMEs to stimulate (regional) development. Tech Transfer UHasselt is also closely involved with two knowledge platforms that were recently set up on the initiative of Hasselt University, namely LifeTechLimburg.be and Cleantechplatform.be. The purpose of these platforms is to stimulate collaborative relationships between knowledge institutions and participants in regional innovation. The knowledge platform LifeTechLimburg.be was set up to promote the interaction among knowledge institutions, life sciences companies and large Limburg hospitals. The multi-sectoral Cleantechplatform.be is an incubator where different parties work together around the cleantech theme. In this way the platform can activate the knowledge that exists within the institutions concerned and stimulate the development of company-specific knowledge that in turn is used to create new business projects in the field.

Secondly, whenever something new is invented at the university, Tech Transfer checks whether any practical applications and marketable end products are possible. If this is the case, a patent application is submitted as quickly as possible. In this way the research results and, in particular, their possible valorisation potential are protected. Interested companies can then buy the patent at a later stage or apply for a licence for their own use. On the other hand, a patent portfolio is a solid foundation for a high-tech spin-off.

This third valorisation path, the creation of a spin-off, appeals most to the imagination but is not that simple in practice. An important way to stimulate the creation of spin-offs is to promote entrepreneurship among students and researchers. Hasselt University already does this specifically among its students via the public limited company Ondernemerstalent and business cafés where students can meet experienced entrepreneurs (also see next paragraph). For researchers, among other things, a 'Master Class' is offered in which they are taken through all the stages in the creation of a spin-off by developing an actual business case. In such a workshop they can get a taste of entrepreneurship and, most importantly, decide if this career prospect

appeals to them. For it is misleading to think that you can turn every researcher into an entrepreneur. Tech Transfer has therefore tried to find an alternative way of approaching the start-up of a spin-off. In this model the researcher – with intimate knowledge of the new technology and its possible applications – is brought together with an experienced entrepreneur who has a clear idea of the market – the anticipated trends, pricing, consumer preferences etc. Often the entrepreneur concerned develops into the CEO of the spin-off, whereas the researcher is more likely to end up in the role of CTO or R&D manager. "In this way we bring these two worlds together in a network from which new businesses can grow" says Ann-Pascale Bijnens, director of Tech Transfer at Hasselt University. "The aim is to create one or two spin-offs per year. When we were writing a business plan around diagnostic markers for multiple sclerosis (MS) for example, we got into contact with a spin-off from the University of Bristol which was developing a type of vaccine against MS. The combination of the two business plans – our testing and their treatment – formed a strong entity that could ultimately be financed."

"In this model the researcher – with intimate knowledge of the new technology and its possible applications – is brought together with an experienced entrepreneur who has a clear idea of the market

ONDERNEMERSTALENT FOR STUDENTS

Quite a number of studies into entrepreneurship show that the desire to start one's own business strongly decreases as people get older and become better educated. Hasselt University tries to counter these two tendencies with Ondernemerstalent, a company with three shareholders: the Limburg Reconversion Company, Dexia and Hasselt University. Students who have drawn up a business plan as part of their economics studies can approach the company in order to carry out the plan for real. "Candidate entrepreneurs must submit their plan before a panel of shareholders", explains Bijnens. "The organisation can decide to invest up to 25,000 Euros in the business, in which Ondernemerstalent will then become the principal shareholder. This is on the condition, however, that the students are given intensive supervision by the professors of economics." It turns out that such supervision is the main incentive for the student business managers. It is noteworthy that quite a number of students put their own money into a project, but still ask for supervision.

The activities and formats of the businesses are devised and developed by the students themselves. Examples of projects are conducting street surveys, a hostess agency, the production of racing cars etc. – an eclectic group indeed. When the students graduate, the project comes to an end, but they are then given the opportunity to take over the company and make it their main occupation. "At this time the first students to undertake such a project are still in their final year, so the future of the companies is not yet clear", says Ann-Pascale Bijnens. "But in our experience practically all companies perform well, and most do even better than as projected by the initial business plan. Running their own businesses does mean that students participating in these kinds of projects tend to repeat their exams a bit more often, but on the other hand they seem to inspire others. Other students can't wait to follow their example, and some are enthused to invest in each other's businesses."

BIO

+ **Tech Transfer division launched in 2007**
+ **The university's most recent spin-off, Lumoza, specialises in printed electronics**
+ **www.uhasselt.be**
+ **www.uhasselt.be/tech-transfer**

VISION

The world belongs to those who dare

Inge Geerdens

Inge Geerdens extends a welcoming hand to new entrepreneurs

Every healthy society needs some people who think out of the box. People who bring in fresh, creative and innovative ideas. People who generate added value, make the world a better place for us all and dare to persevere when not everyone can see the point of it straight away.

This idea is captured perfectly in an Apple commercial from a few years ago. Think different, it was called. You can easily find it on YouTube. The ad is a eulogy to the crazy ones, the misfits, the rebels and the trouble-makers. It shows images of people who are forever etched in the collective memory of our society and have changed it forever. Einstein, Martin Luther King and Mahatma Ghandi, for example, are on this roll of honour. But there are also a few entrepreneurs such as Richard Branson and Ted Turner. It still gives me goose bumps.

You don't actually need to look that far. In our country, too, a number of young entrepreneurs are coming to the fore. In the technology sector alone you'll find quite a few newcomers with international ambitions and innovative projects such as Felix Van de Maele (Collibra), Grégoire de Streel and Jean Zurstrassen (Tunz) or Fabien Pinckaers (Open ERP). Perhaps those names don't mean much to you, but not for much longer.

"The people who are crazy enough to think they can change the world, are the ones who do," the Apple spot concludes. For me that's the essence of entrepreneurship: the world belongs to those who dare.

Necessity knows no law

Why do people become entrepreneurs? If you ask me, the answer is very simple: 20 percent of entrepreneurs do it because they are passionate and have masses of talent, while 80 percent become entrepreneurs out of sheer necessity.

> *Trust your common sense*

That possibly explains why many campaigns aimed at promoting entrepreneurship don't achieve much in the end. You can't learn entrepreneurship. Running a business is an attitude. It's the combination of a number of qualities. Creativity and a sense of adventure, for example. But how, then, do you get people to see that it really is worthwhile to trade the security of a salaried job for the risks of entrepreneurship? I don't think you do. You need a totally different inducement: necessity knows no law.

Human beings are naturally endowed with a strong survival instinct. Yet today we don't use it at all. Most people have simply delegated all responsibility for their own survival to the state or to their employer. I am convinced that sheer necessity could force people to suddenly become a lot more creative. You don't need a course to learn that, you just need a healthy dose of survival instinct.

But anyway, if you are reading this you've probably passed this stage already. And whether you are bursting with talent or belong to the category of entrepreneurs who don't have other options: congratulations! And welcome. From now on you belong to the crazy ones, the misfits, the rebels and the trouble-makers. In my modest opinion these are badges of honour which you should wear with pride. And to this I add some free advice.

Those who enter the world of business quickly learn that being successful requires more than just a good idea. On the contrary: some entrepreneurs are even successful with a bad idea. New entrepreneurs face a whole range of challenges: sourcing capital, struggling through the administrative red tape, kick-starting production, getting staff matters organised... Soon you can't see the wood for the trees, even though you haven't got started yet. Good advice is invaluable in this situation. But do choose your advisors carefully.

Professors and economists, for example, can bombard you with numbers and statistics like anything. They mostly give expert advice, but from a theoretical perspective on entrepreneurship. While everyone knows that practice

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makes perfect, not so? It therefore intrigues me that in these challenging economic times just about everybody talks about entrepreneurship, except the entrepreneurs themselves. Who else knows what goes on from day to day? True, they can't always flash impressive diplomas and hardly publish. But they know the tricks of the trade better than anyone else. Beginners who are occasionally prepared to listen to the old hands may land themselves a free MBA at the end of the day.

A good advisory board, whether you establish it formally or not, has members with knowledge of theory and practice. The perfect sounding board. But it can't be much more than that: entrepreneurs must depend on themselves in the first instance. That is the price you pay for all the freedom which entrepreneurship brings.

But it's not a problem. We are loners by nature. Pleasantly imbalanced to the point of forgoing all the advantages of our welfare state and following our own dreams with conviction. If you have the guts to take that risk, why shouldn't you trust your own common sense? Nobody can assess the situation better than you. Good advice is welcome when it comes to difficult decisions, but in the end you have to take the plunge yourself. And it's a good thing, because you yourself have to bear the consequences, for better or worse.

Learn from the mistakes of others
There's no such thing as a free meal. If you want to exploit an idea to the full, it will often cost you quite a bit. Many entrepreneurs starting out don't see their way clear to slowly building up the necessary capital or putting their personal assets at risk. They rather depend on third parties to ease the pain. But that, too, comes at a price: from then on they no longer take their decisions independently...

A good piece of advice: don't raise capital unless you really need it. Is there no other option? Then raise enough the first time and avoid a second round. But be sure to weigh up the pros and cons carefully. And believe me: investment financing is not the way to go if you want your business to be taken seriously, nor if you want to score in your circle of business acquaintances. There are plenty of stories of entrepreneurs who, the moment an investor got involved, found themselves stuck with a board of directors that mostly stood in their way. And worst of all: it meant the end of their passion for entrepreneurship.

Of course you are eager to grow. That's good. He who goes into business to maintain the status quo could rather leave it at that. Stagnation means going backward, not so? But don't forget that you sometimes make more by staying small. The world is flat. Small, or better still lean and mean, is the new big deal. In a globalised world you have competitors everywhere. The most versatile businesses will call the tune in future. Regional parochialism will hardly play a role in this.

AND DON'T BE AFRAID TO MAKE MISTAKES

Growing means learning that only one in ten projects actually succeeds. But growing also means understanding that you needed those nine other projects to get to the successful one. So don't go in search of the Holy Grail.

If you are really serious about growth, you'll actually be an entrepreneur day and night. You'll realise then that a chance encounter at the bakery round the corner could be your biggest deal. Everyone knows everyone, especially in our networked society.

But you must also accept that you cannot expect such engagement from your employees. Although they are involved, they do not share your destiny. The same applies to the managers in your business. Managers and entrepreneurs have comparable responsibilities, but they don't run the same risks. If managers did want to take real risks, they would be our competitors. Knowing this, surround yourself with the best possible people and out of consideration for the better employees take timeous leave of the small fry.

And finally: do you know the Banker's Mantra? It goes as follows: turnover is vanity, profit is sanity but cash is reality. Your turnover, the size of your profit margin or regardless of the parameter you use to show your success: it doesn't make the slightest difference. All that counts at the end of the day is how much money you have in the bank. The bottom line. So make sure that you break even as soon as possible.

I wish you lots of success and give me a shout if I can help!

> *Welcome, from now on you belong to the crazy ones, the misfits, the rebels and the trouble-makers*

BIO
Inge Geerdens is CEO of CVWarehouse. She is an untiring evangelist for entrepreneurs and entrepreneurship

The Cosmopolitan Chicken Project

Entrepreneurship and the universal chicken

Artist Koen Vanmechelen is trying to create a super-hybrid chicken—a metaphor for diversity and the need for ongoing renewal

There is a paradox in the world. It is a fact that, genetically speaking, we all are 'bastards'. We are the product of a genetic melting pot and as a species we continue to change and evolve. Yet we fear change. We all are the product of diversity, yet we prefer uniformity. We all need the 'other' to survive, yet we fear it. Everything changes, evolves, adapts—yet we find ourselves trying to lock things down. We 'frame' things as it were, creating uniform concepts we cherish and get nostalgic about, and that way we hope to avoid or resist change. The art of Koen Vanmechelen addresses this paradox with a clear purpose: he is trying to break down those frames and expose the irony. He is confronting us with our fears. But in the process we are encouraged to embrace diversity and change, since we need it to survive. There is a great lesson in there for entrepreneurs.

THE CHICKEN

Koen Vanmechelen comes straight to the point. "I am breeding a chicken as a work of art. Now obviously that is very metaphorical—it has to do with us more than with the chicken. The concept is as follows. Genetically speaking, all chickens today evolved from a single primal chicken that lived thousands of years ago somewhere at the base of Himalayas. But about 7500 years ago we captured the chicken and started the process of domestication. We started changing the chicken, adapting it to our needs. One can speak of an artificial evolution of a living being, transformed into egg-laying stock, meat birds, etc.—all exploits of our thinking. The interesting thing is that some of these chickens have become national symbols. So in Belgium the Mechelse Koekoek was showcased at the World Expo in 1950 to show the world that we had a great meat chicken. In France they have the Poulet de Bresse which is symbolic to the top of gastronomy. It is as this point that we are creating something special that we want to keep as is. We don't want to change it. But my claim is that this is impossible. It leads to inbreeding and decline. Linking it to entrepreneurship, it is as if you are shutting yourself out from your environment, closing yourself to the world. If you do that you have a serious problem.

I believe in the crossing. It's a simple principle really. We need the crossing to create new things, and more, to survive. So back to the project, what I've done is crossed the Koekoek with the Poulet de Bresse. In the process I have created something new; something we hadn't known about before. But I did this with the realisation that this cannot last either. Hence I crossed the new chicken with the English Redcap. In this way a cycle develops in which new ideas are constantly being created. The point is that you constantly need to break those frames.

In these times we are moving beyond straightforward production. In the emerging markets like China they produce the prototypes. In my story, we are making the prototypes by crossing things. Referring back to my project, if we cross the Koekoek with the Poulet and create 20 chicks, then not one of those chicks will be the same. But if we breed the Koekoek with itself, then we create 20 identical chicks. That's production—reproducing one prototype. But cross the prototypes and you create 20 new prototypes. Today, in our context, that should be the focus. We need to cross knowledge, cross ideas with each other and that way create new ideas, new knowledge.

THE ART

The Cosmopolitan Chicken Project is in its 15th year now. In Moscow this year we're showing the 13th generation, in other words, chickens that carry 13 countries within them, including Belgium, France, the U.S., Germany, the Netherlands, Mexico, Brazil, Turkey, Cuba, Italy and Russia.

The art itself is expressed in various forms, sometimes in installations with the actual chickens, but also photography, paintings and sculpture. Sometimes it really looks like art as most understand it to be—a painting—but in Moscow, for example, I'm showing people the 13 chickens. I'll also confront them with a crossing: a cage, containing the hybrid chicken and a Russian chicken.

But it's the concept, the central idea that underpins it all. I'm trying to nudge people away from categorical perspectives and stimulate free thinking.

SOCIETY

Am I optimistic about society? Yes, in principle I am. Whether we like it or not this world is moving forward. Europe is a multicultural fact, it is a melting pot. Yes, it can be problematic and some of us may not like it, but it is a fact. Diversity is inherent to us. Every organism searches for another organism in order to survive. Our propagation drives diversity, but we fear it too. We want and need the 'other', but we fear it.
When you're a child you tend to be afraid of the other; boys stick to boys, girls with girls, we hang out in groups. But as an adult you

become aware that duality is the only way to move forward. You can't propagate yourself without the opposite gender. I think that holds too for ideas. You cannot generate a new idea without embracing other ideas. If we try to avoid the opposite, then there is no renewal. This applies to entrepreneurship too. It's in confrontation that new things emerge.

> *Every organism seeks another organism to survive*

I'm reasonably optimistic about this country too. I think we're making progress in this country. To take an example from my home village, 20 years ago people would remark "there's another black one come to live here." But they'd be talking about a Spaniard. Today they still say these things but they're referring to black Africans. The barrier has shifted. A Spaniard is no longer a 'stranger'. In a way that's progress; things do change. We do manage to create new things; that's thanks to our curiosity.

But it is probably true that we are a bit stuck here, politically, culturally. But what is so strange about us—so ironic—is that we are actually 'bastards'. We are the result of numerous crossings, a real melting pot. That's what makes us so interesting. It shows in the number of individual successes we have here. But we seem to have little affinity for the group. Just think of our tennis players—and our football team. We've got top artists and scientists, but we have few multinational companies. That's partly because we're a small market but the lack of group culture probably has something to do with it too. Think of our beer; we brew the best beer in the world, but the world drinks Heineken.

We have diversity in this country, but I think that we struggle to bind it. At a certain point we begin to work against each other. We probably succumb to envy too quickly.

When I spoke at Davos, the question was posed: 'do we need to embrace or avoid diversity?' But the answer is self-evident. Diversity is a fact. You can't block it. But it is important that we have the right ecosystem in place so that the diversity leads to positive energy, otherwise there is chaos and war. I believe in the power of broad think-tanks, bringing people with diverse backgrounds together to think about our future.

THINK TANKS

To move things forward in a positive sense we need these types of think-tanks. We need to bring people together from very different backgrounds: scientists, politicians, entrepreneurs, artists. We can't do everything in a purely rational sense. We are all to a degree emotional beings. Einstein said it; 'The gift of fantasy has meant more to me than my talent for absorbing positive knowledge."

ut it goes both ways. To refer back to my project, I have set up a foundation for gene research—and scientists are taking it seriously. Jean-Jacques Cassiman at the University of Leuven is doing research on the project's chickens. He acknowledges that this is interesting. The process too: from art to science. The point is that science would never have created these hybrids—they couldn't have, in the way they work, the way they are bound by research protocols. It took an artistic approach to get us to this point. But now it may prove valuable to science.

That's the crux of it. I am trying to move away from geometric thinking toward more creativity. Diversity is the driver of this process. It can be dangerous, but it does create new things, new components, new building blocks—in this case genetically, but companies too can apply these principles in the way they think and the way they are organised.

BIO
Koen Vanmechelen is an artist

VISION

Not new, but new for you

Simon Dewulf

Simon Dewulf recommends that we tap into the global brain for faster realisation of innovation

A creative process for innovation often is little more than the combining of existing knowledge to create something new.

Today the patent database counts 67 million patents or solutions to 67 million well defined problems. Half of these documents are over 20 years old, which means they are free, accessible knowledge. As for the other half, as long as their ideas are used in a different domain they are also a source of inspiration for technology transfer. For example, a type of foam used to make the perfect shape in a helmet, can be used in a perfectly shaped shoe. In a way, the patent database is the closest thing to a global brain we have available. At Creax, whenever we face a problem we don't look for a new solution but look for everybody else in the world that had the same problem. Chances are that somebody in the world already faced the same problem.

It's inherent in the patent classification that solutions are classified by types of problems. The Patent office will examine every invention and place it where it belongs, i.e. surrounded by similar inventions. So, if a tire manufacturer protects a new way of cutting viscoelastic material such as rubber it is in the same location that food companies patented a process for cutting viscoelastic material be it cheese. Cheese and rubber have similar properties. If bathing foam is difficult to transport from container to container because of its foaming character, 72 solutions can be found in domains like beer foam, milk foam and ink foam. If a textile company starts to develop a matifing agent they might find solutions in the paper industry, LCD screens or cosmetics.

However, it is not in our nature to look beyond our borders or our industry. We still have a culture of experts and the syndrome of "not invented here". How can you get from "not invented here" to proudly found elsewhere? How can we focus our R&D less on R and more on D and use existing knowledge to develop new products? Research is by the way re-search; often the search has already been done. Too often we duplicate work; too often we spend on research grants only to discover that the work has already been done.

Today the concept of sustainability we apply to energy and materials, but perhaps we should apply it to knowledge too. Perhaps we can make a difference by recycling knowledge more effectively.

> *Nobody is as smart as everybody together*

Innovation by knowledge transfer is a logical process that can largely be automated. Any product or process can be defined by a set of properties (what it is) and functions (what it does). These property-function relations are independent of product, meaning every transparent product can be looked through, every flexible product can be folded, and every hollow product can be lighter. By this form of abstraction into product DNA one can link to other industries.

A windscreen wiper is close to a squeegee. However, they never cross-fertilised, and yet a windscreen wiper is far more developed. The surface of a golf ball uses technology of the Challenger to reduce air friction, but this technology can also be applied to cars or high speed trains where it gives 30% less friction or consumption.
Patents are a means to distil these property function relations. Every claim is after all a description of a change in property for a gain in function. Abstracting your problem to the generic, you immediately filter the relevant patents out of the 67 million, which are generally a few thousand patents from different domains.

In this way we can look at the patent database as the most powerful colleague of every engineer in Europe, since it will add 67 million solutions to his or her personal experience. Nobody is as smart as everybody together.

However, today in most large companies we work with in Europe, patents remain the exclusive business of the patent department and not the R&D strategy managers. SME's don't even know that patents can be found online.

We need easier access to cross-domain knowledge. In contrast to China we have insufficient training on how to work with a patent database, let alone writing patents. We must focus more on process innovation and the marketing of innovation, as opposed to purely product innovation. We should promote the reuse of existing knowledge as much as the invention of the new.

Finally, I can show you a map of the biggest patent takers in Belgium, and you can see the relations they have. Patents can show who is working on the same problem across different industries. Patents can show who should be working together in Europe. Patent data exploitation forms the easiest entry to open innovation in Europe.

BIO
Simon Dewulf is CEO of Creax

VISION

Entrepreneurship in higher education

Luc Sels

Luc Sels explains how higher education can do a better job developing entrepreneurial competencies

The exit surveys which we organise at our faculty show that the level of interest in entrepreneurship among our graduates gives very little cause for concern. For a large proportion of final year students (albeit from business sciences) starting up one's own project or business is a preferred option. International comparisons also tell us that the stereotypical image we have of our higher education system ('it doesn't activate students enough, it inculcates helplessness, it's divorced from practice') is wrong. Entrepreneurialism scores relatively high in the Flemish educational system.

That of course does not mean that we as educators can 'lean back' and rest on our laurels. We still have a long way to go in terms of entrepreneurially-oriented education. We know little about the competencies that are decisive for successful entrepreneurship, the extent to which these competencies (can) currently feature in curricula, or the ways in which robust learning environments can be developed, that rely on teaching methods that have a high chance of transferring acquired competencies to entrepreneurial practice.

There is however a societal expectation that the focus on entrepreneurship in higher education should be accentuated (cf. competency agenda). Here, rightly or wrongly, it is pointed out that there is too little attention on the specific competencies which support entrepreneurial capacity, too little systematic research into educational approaches which influence entrepreneurial competencies most positively, too little cross-disciplinary study of entrepreneurship in academic programmes, too much focus on knowledge of 'mature' business systems and best practice which can only be found in a limited number of large companies ('islands of excellence'), a limited exchange between academic education and business practice (for example in the form of business projects, junior enterprises, business case studies, ...), etc.

> *If any space exists at all in the traditional educational organisation for the theme of entrepreneurship, then it is mainly directed at stimulating entrepreneurship in the narrow sense of the word*

What exactly we can/should work on has already been listed quite clearly. There is a great deal of academic research that focuses on the question of which competencies make the 'difference' when it comes to entrepreneurship. The most influential study is probably that of Man et al. (2002). The key drivers of successful entrepreneurship, according to them, are opportunistic, relational, conceptual, organisational, participatory and strategic competencies. Educators can make a start by seriously reviewing their curricula against this taxonomy.

Consensus is also gradually emerging around the question of the barriers that prevent education from contributing to entrepreneurship. A first barrier is the lack of a generally accepted definition and theory of entrepreneurship. The authoritative research by Fiet (2001), for example, showed that education in entrepreneurship suffers from a lack of unequivocal conceptual clarity. He analysed the syllabi of a number programmes dealing with entrepreneurship and arrived at a disparate impression of 116 taught subjects. Only one third of the subjects shared a common thematic foundation. Fiet himself, for that matter, made a useful attempt to overcome this lack of clarity. He bases his reasoning on four fundamental issues which an individual has to tackle in the role of an entrepreneur. In short, an entrepreneur must (1) be able to identify and make use of opportunities (2) in attractive business sectors, where (3) an optimal organisation of the necessary resources will allow him to (4) realise a competitive advantage. It is interesting that he then indicates which theoretical frameworks provide the entrepreneur with well-founded answers to the above four issues. It follows that these frameworks can also be built into educational curricula to develop entrepreneurial competencies more powerfully.

A second barrier is that knowledge transfer takes place in too top-down a manner in the traditional educational organisation. The lecturer provides content to various theoretical concepts, which the student assumes to be true. Student assessment is still based too strongly on adequate reproduction. Testing of intrinsic value for entrepreneurial practice is lacking. Furthermore, in the traditional education curriculum the rare moments of practical experience are typically used as a link between education and the world of work. First in line is educational content, then training and finally placement, in which training bears the hallmark of 'working' rather than 'learning'. The emphasis is on employability and not on the educational function. Even though business games and simulations are used in an attempt to strengthen problem-solving capacity, this experience remains far removed from the real dynamic of entrepreneurial practice.

A third barrier is the strong focus on the individual. If any space exists at all in the traditional educational organisation for the theme of entrepreneurship, then it is mainly directed at stimulating entrepreneurship in the narrow sense of the word. Students are confronted with the possibility of starting their own business by way of theoretical explanations or (rare) presentations by business leaders. In this exercise particular emphasis is placed on individual conceptual competencies such as independence, problem analysis and analytical capacity. The very important relational competencies - trust, team spirit, social responsibility and readiness to collaborate - are in danger of being overlooked. The key to business success should rather be sought

in collaboration. Through the mutual contrast of these ideas a process of innovation will be triggered that will, in turn, form the basis for growth and job creation.

The fourth barrier is the most familiar one. In classical academic pedagogy passive knowledge transfer occupies centre stage. 'Knowledge' is often reduced to what is experienced as correct in the mind of the lecturer. There is room for alternatives only by way of exception. There is still too little space for (supervised) self-study and the development of creativity. In education for entrepreneurship the student should be able to play a more autonomous role. The task of the lecturer thereby acquires a more advisory function. Students who complete their assignments through trial and error, after all, develop into critical, inquisitive and result-oriented adults.

The last barrier is the stigma of failure. The study of entrepreneurship is often limited to an account of success stories. Guest lecturers, too, are invariably successful entrepreneurs who relate the causes of their success (and often find these in themselves). In fact, case studies of ideal entrepreneurial behaviour can be discouraging rather than stimulating. Students, after all, often do not meet the entrepreneurial profile that is dished up and therefore threaten to lose heart. The study of success stories, however, is not merely ineffective; it also has a harmful social effect. If students are constantly confronted with success stories, the stigmatising effect of business failure will grow. Bankruptcies can provide highly important strategic insights and in that sense are very important for the development of strategic competencies. For this reason entrepreneurship education should not only define bankruptcy as 'part of the game' (and therefore make space for it in the curriculum), but should also teach students how to learn from bankruptcy.

If we wish to overcome these barriers in higher education, then the necessary attention will have to be given to innovative educational approaches. Also in this field there is increasingly thorough evidence-based research. This research shows that competencies which stimulate entrepreneurship could well be strengthened by (in descending order of impact): (a) mini-enterprises and junior enterprises, (b) business or start-up simulations, (c) role plays, (d) interactive lectures, (e) business cases. Working with guest lecturers ('bringing practice into the classroom') continues to yield much poorer outcomes, probably mainly because of the connotation of success. The exercises in business planning, too, which receive much attention in traditional curricula, score poorly in terms of impact.

Conclusion: the knowledge base for the development of effective entrepreneurially-oriented education is solid. It's up to higher education to make use of it. The good news? We are working on it!

BIO
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Entrepreneurship as the basis for prosperity

Wilson De Pril

Wilson De Pril argues that we should all wake up and understand that our prosperity is under threat. We urgently need to stimulate more entrepreneurship in this country.

"Crises are challenges" André Leysen wrote in 1984. Is this true? Yes, after a deep recession such as 1929, after each world war... Situations which caused shock waves that affected every individual as well as collectively developed systems, organisations, authorities... You feel threatened then, even in terms of your basic needs. Certainties dissolve. This generates adrenaline, energy, resilience, dynamism and entrepreneurship...

You are under pressure and because of this new ideas take shape which you pursue wholeheartedly. You have everything to gain, little to lose. Louis Paul Boon wrote his best books when he was hungry...

No, apparently no longer because as citizens we don't notice the crises any more, not even this global crisis. They are absorbed by the authorities and by solidarity mechanisms. Many incomes are 'guaranteed' by government (with the public sector employing 32% of all employees, we top the international rankings) or come from (re)distribution systems based on fiscal or para-fiscal sources (an unemployment benefit of indefinite duration does not encourage initiative). A bankrupt government, therefore, but wealthy citizens! Why then should we bother about starting a business? We can easily live with an enormous budget deficit, people think. Anyway, it emerged by itself and will probably go away by itself, according to a former federal minister of finance. So where is the challenge then?

> *A shock would nevertheless be the obvious way to wake up and see that that which appears certain is becoming highly uncertain*

Even now, in the deepest financial-economic crisis ever, our country can still afford wage indexation, guaranteed growth of the health budget by 4.5% above inflation, etc. Welfare seems assured.

But things are seldom what they seem! Who dares to tell the people this, who will get the opportunity and who still has the necessary credibility?

A shock would nevertheless be the obvious way to wake up and see that that which appears certain is becoming highly uncertain.

Therefore, it's time to write a new book entitled "Entrepreneurship as the basis for prosperity," with the following main chapters:

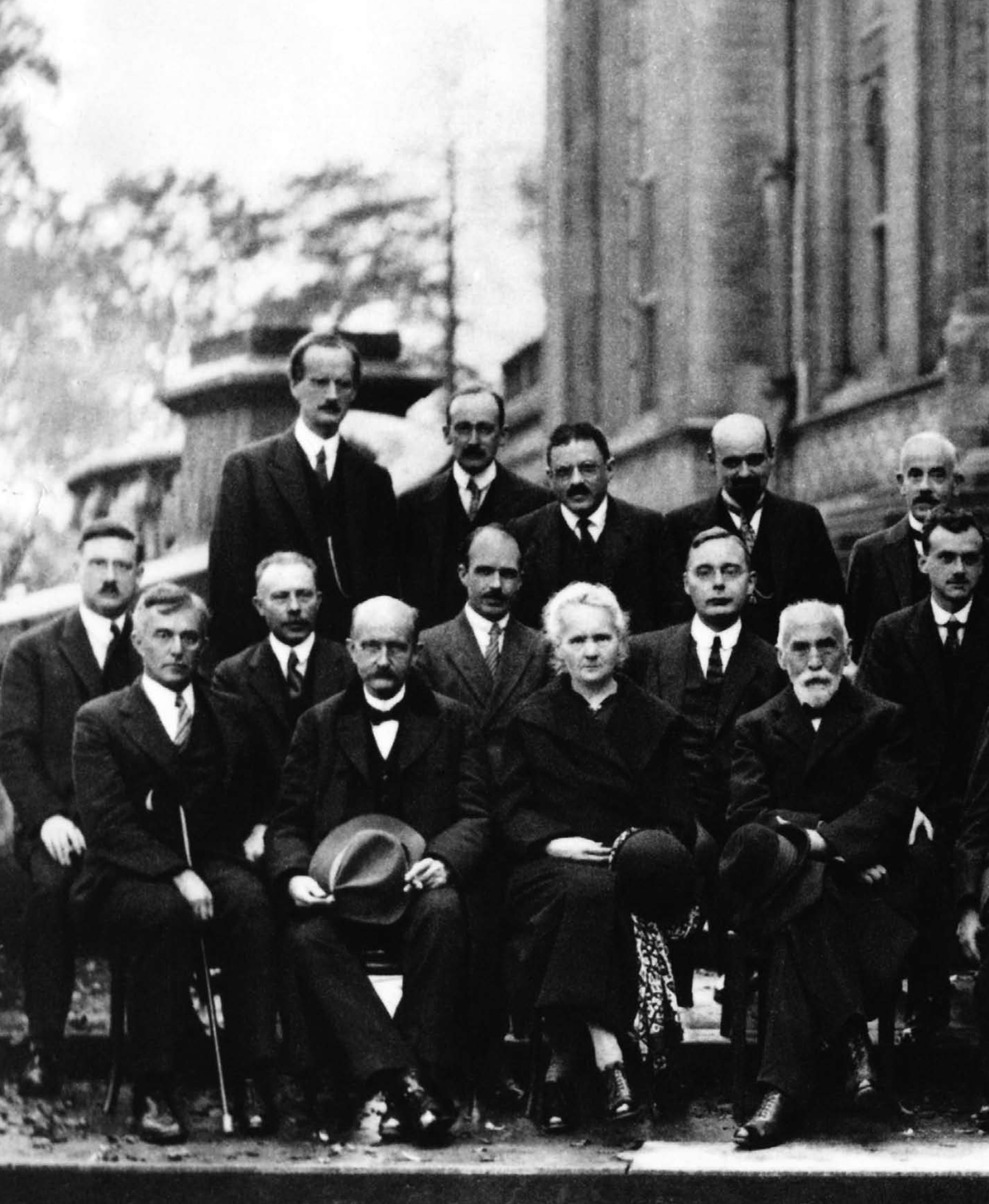
Economics: for example, how is prosperity created in a country or region? What impact will emerging countries such as China, India and Russia have on our prosperity? Scenarios of prosperity declining by 5% each year – consequences? Strategy, vison and action: how, as a country/region, do you develop a future vision for all stakeholders that is ambitious and provides enough prosperity for everyone? How do you engage all, so that we all use our talent spontaneously and start taking initiative?

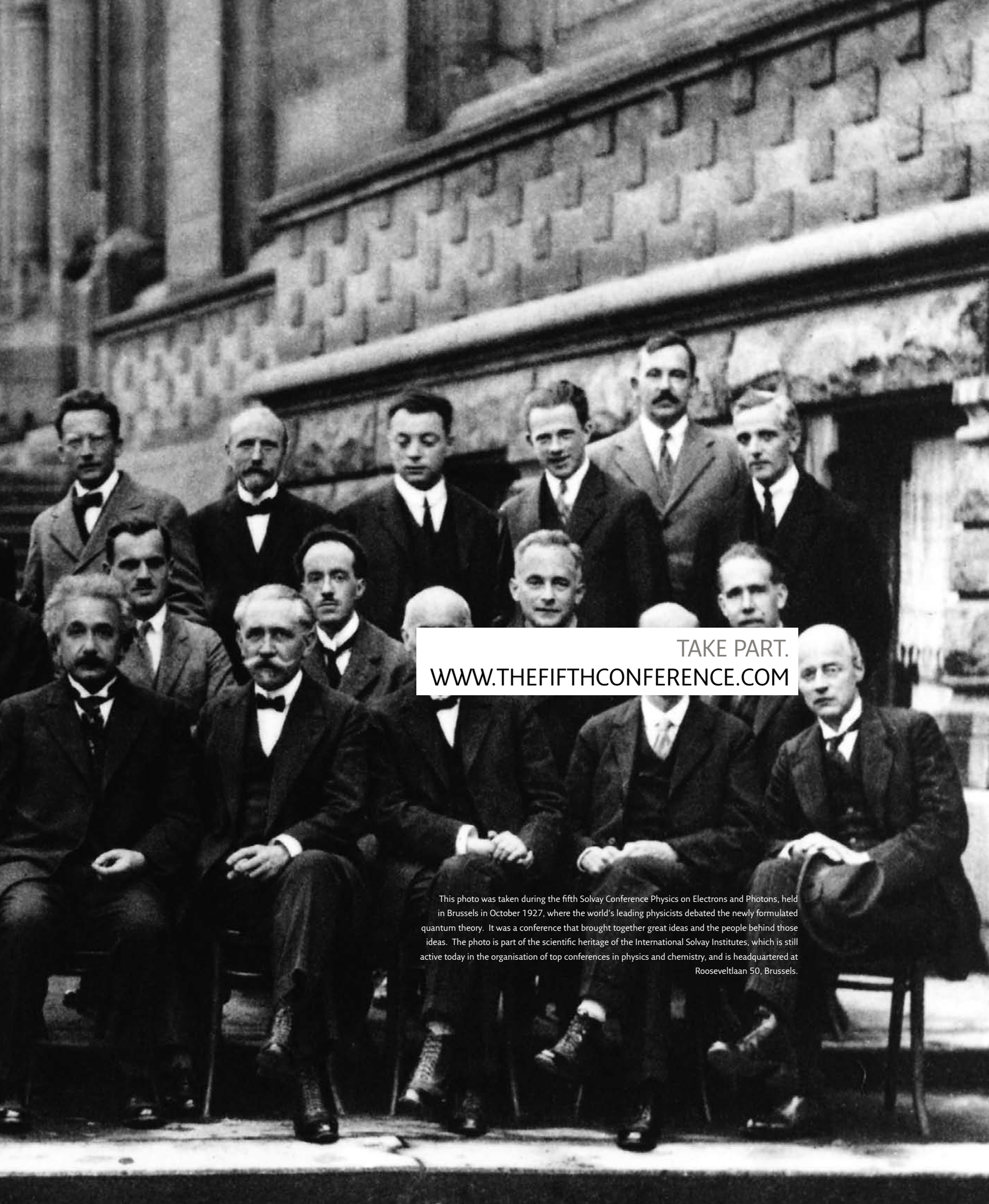
Innovation: which products and services do we want and are we able to develop? What is needed to make this happen? Under which conditions will we be able to sell these on international markets?

Education: how do we teach children creativity, curiosity and an eagerness to learn...? How do we make sure that the entrepreneurial drive among young people doesn't decline the longer they study? How do we get young people socially engaged and interested in the policies that will largely determine their future?

In conclusion, I am convinced that by developing an ambitious vision for the future which is supported by political leaders, top academics and business leaders as well as trade union leaders and by constantly publicising and explaining it, we will succeed in creating a dynamic among the population in which entrepreneurship and intrapreneurship become a self-evident goal that is placed at the very top of the social agenda. This is so because people will understand, certainly after reading that book, that entrepreneurship in its most diverse forms is equal to economic growth, which in turn is absolutely essential for the preservation of our prosperity and well being.

BIO
Wilson de Pril is Director-General of Agoria Flanders





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This photo was taken during the fifth Solvay Conference Physics on Electrons and Photons, held in Brussels in October 1927, where the world's leading physicists debated the newly formulated quantum theory. It was a conference that brought together great ideas and the people behind those ideas. The photo is part of the scientific heritage of the International Solvay Institutes, which is still active today in the organisation of top conferences in physics and chemistry, and is headquartered at Rooseveltlaan 50, Brussels.

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