
Start-ups and entrepreneurial spirit in Germany

Facts and figures

Chapter overview

- Entrepreneurship in Germany: macroeconomic data
- New entrepreneurs: socio-demographic data
- New firms: business data
- Innovative start-ups: data and funding programmes
- Encouraging start-ups in Germany: institutions and programmes
- Links and addresses for further research/publication data

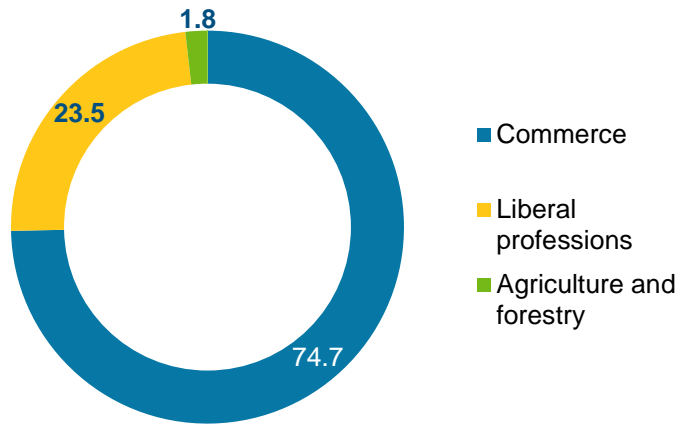
Information

Please note:

This factbook contains data on start-ups gathered from various surveys. Since the data base varies from source to source (IfM, KfW, Destatis), the figures are not comparable.

Key facts at a glance

Start-ups in 2016 (in percent)



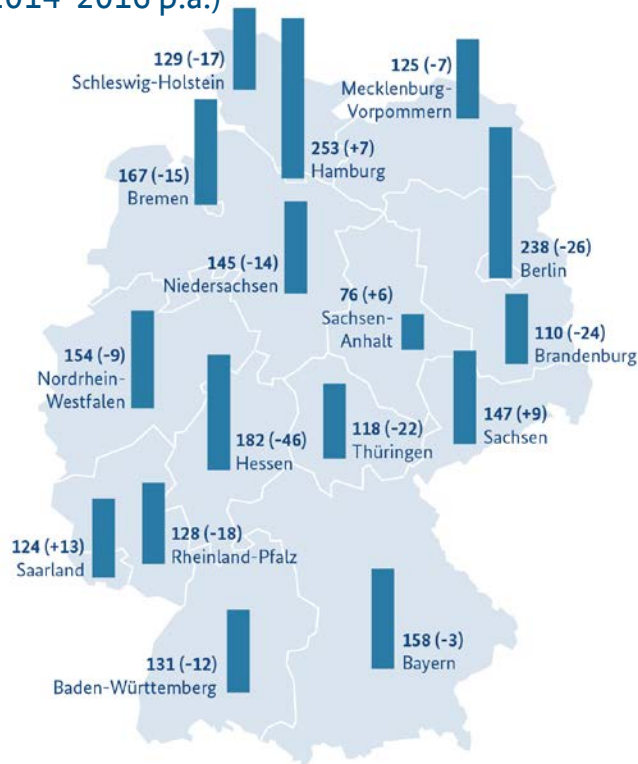
Reference: IfM Bonn 2017

- 378,000 start-ups in commerce, the liberal professions and agriculture/ forestry (excl. sideline businesses)
- 282,400 start-ups in commerce (excl. sideline businesses)
- 249,900 start-ups in commerce as sideline businesses
- 88,800 start-ups in the liberal professions
- More than one in ten start-ups are established based on inheritance, purchase, lease of company
- Potential for entrepreneurship particularly among women and migrants

Regional distribution

Hamburg – the new start-up capital

Number of people starting up in business
per 10,000 gainfully active people
(2014-2016 p.a.)



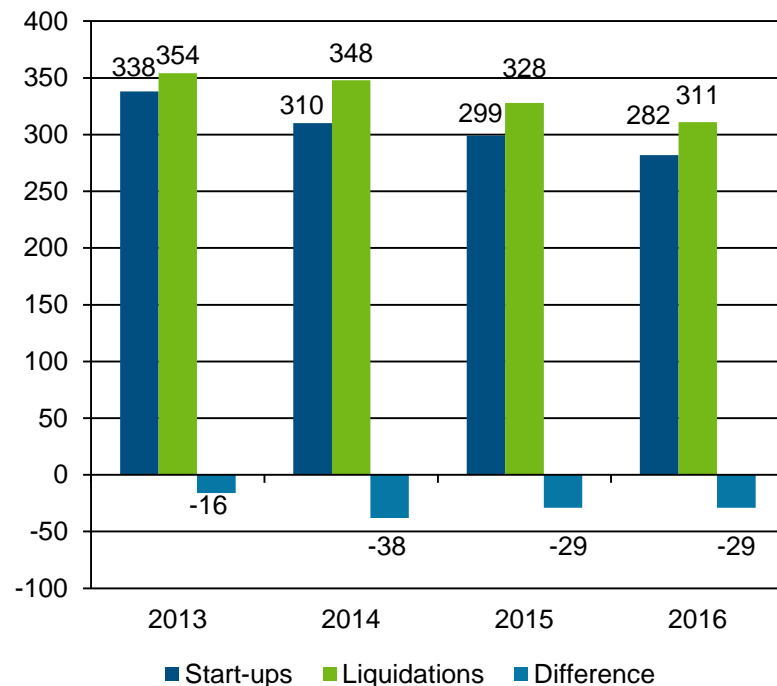
- Urban areas mean easy transport. This is an advantage in services and the retail/wholesale trade in particular.
- Hamburg is overtaking Berlin. In both *Länder*, entrepreneurial activity largely consists of freelance start-ups in the media and IT industry.

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Newly registered businesses and liquidations

Number of newly registered businesses compared to liquidations (1,000)



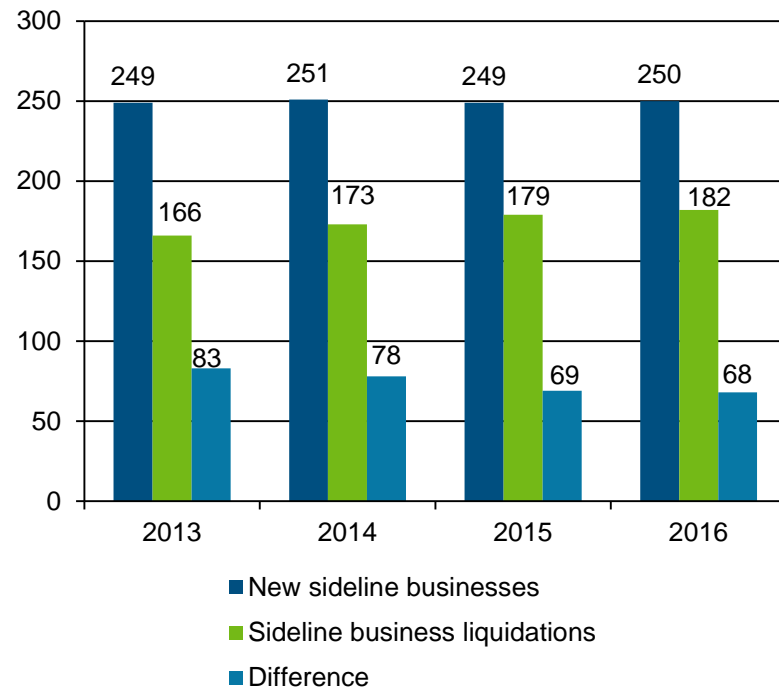
Reference: IfM Bonn; figures do not include sideline businesses and liberal professions, 2017

- According to IfM Bonn, there were approx. 282,000 commercial start-ups in 2016 – around 16,200 or 5.4% fewer than in the preceding year. This marks the sixth decline since 2011.
- The approx. 282,000 start-ups compare with 311,000 liquidations. This means that the number of companies decreased by 29,000. In other words, more companies were closed down than started up.
- The fall in the number of company registrations is primarily thanks to the stable employment situation in Germany and the fact that fewer businesses are being set up by the unemployed.

Sideline businesses: number of start-ups and closures

Number of newly registered sideline businesses compared to liquidations

(1,000)

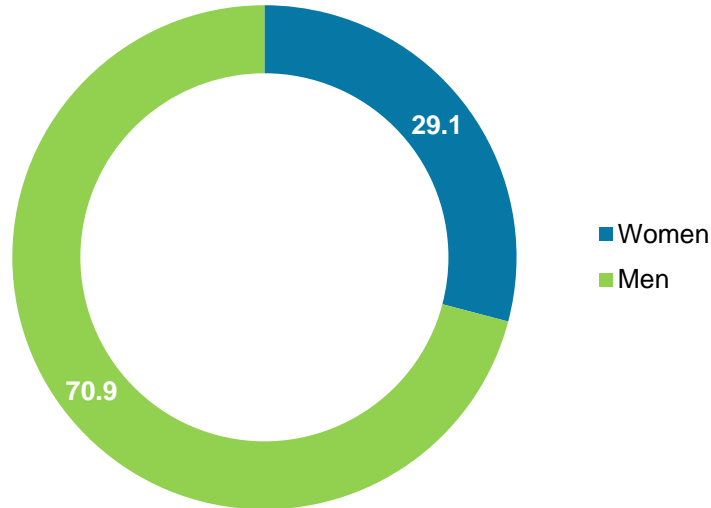


- In 2016, around 249,000 new sideline businesses were registered, up 0.5% from 2015.
- According to IfM Bonn, 249,900 new sideline businesses were registered in 2016. The overall balance is +67,900 businesses. In other words, more sideline businesses are started up than closed down.

Reference: IfM Bonn; the figures do not include sideline businesses and liberal professions, 2017

Women under-represented in start-up figures

Share of start-up entrepreneurs in the working age population in 2016



- In 2016, women registered 29.1% of new commercial sole proprietorships. This marks a slight increase from the 2015 figures (+0.4%).
- In terms of commercial sole proprietorships started as sideline businesses, the proportion of registrations by women dropped slightly, slipping 0.6 percentage points to 42.1%.

Reference: IfM Bonn, 2017

Germany is on the right track

The Country Report for Germany, developed as part of the Global Entrepreneurship Monitor (GEM), states that Germany has a particularly good track record on the following key aspects for start-ups:

- ▶ Physical infrastructure
- ▶ Value that consumers attach to new Products/services
- ▶ Public funding programmes
- ▶ Intellectual property rights (e.g. patents)
- ▶ Consultants and suppliers for businesses

The main challenges now are to improve training in entrepreneurship both inside and outside the classroom, to enhance policy commitment, and to reduce the burden of regulation and taxation.

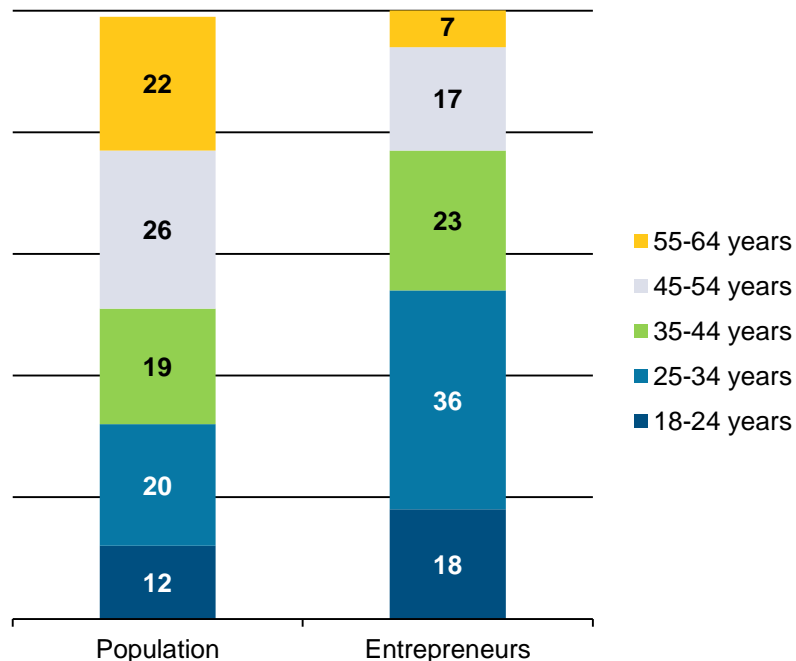
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People of all ages become entrepreneurs

Age groups in 2016 (in per cent)

Comparison: population/new entrepreneurs



Reference: KfW start-up survey 2017, tables and methods

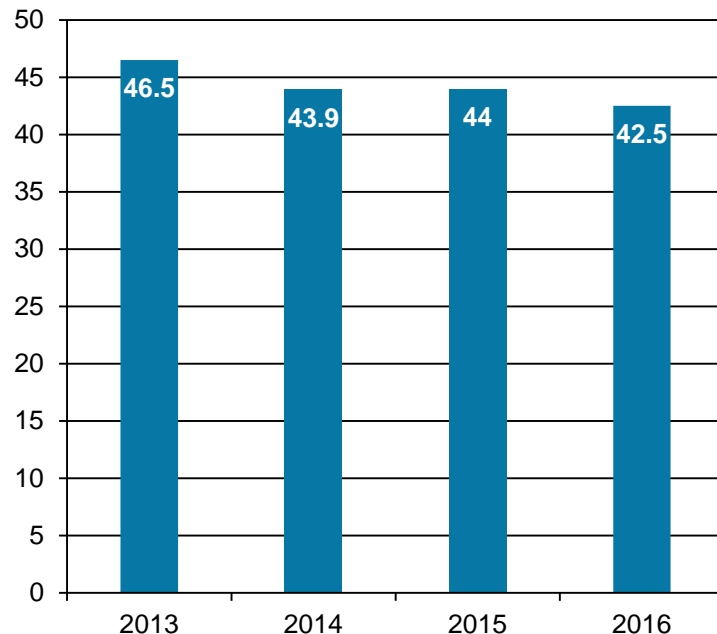
- The “baby boomers” are now aged between 45 and 54 years. They account for 26% of the population. In 2016, some 17% of new businesses were set up by people in this age group.
- Compared with 2015 (22%), the proportion of businesses set up by 45-54 year-olds dropped slightly.
- At the same time, the proportion set up by 18-24-year-olds (16% in 2015) and 25-34 year-olds (34% in 2015) rose slightly.

Businesses set up by non-German nationals

Proportion of start-ups by foreign nationals in 2016

(in percent)

2013–2016 comparison

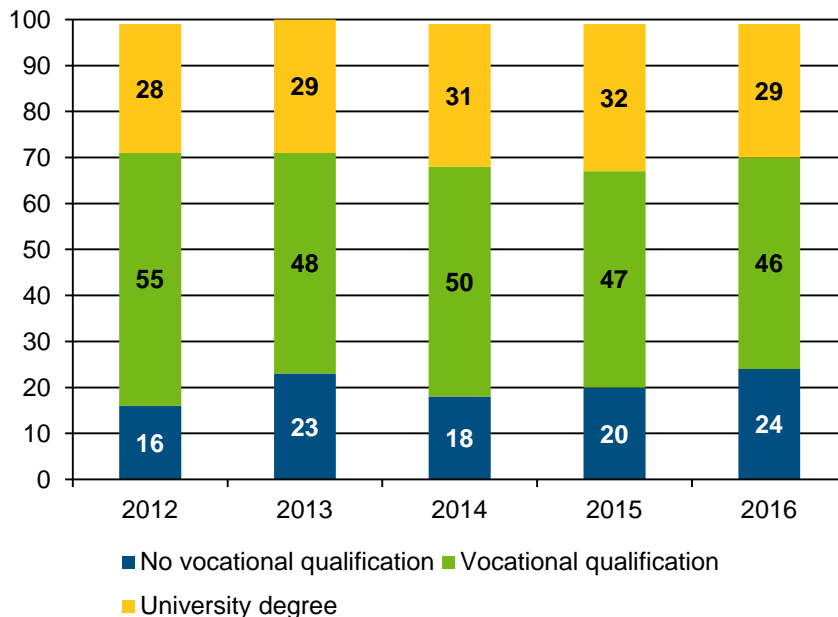


Reference: IfM Bonn, the figures do not include German nationals with non-German roots, 2017

- The share of businesses (commercial sole proprietorships) set up by foreign nationals is at its lowest level since 2012.
- The reasons for the fall include the introduction of full freedom of movement for Romanians and Bulgarians on 1 January 2014. The number of businesses set up by Bulgarians in 2016 dropped by 20.3% compared with the preceding year; businesses started by Romanians dropped 10.9%.

Start-up activity highest in the skilled crafts and among non-graduates

Proportion of start-ups by level of qualification
(in percent)



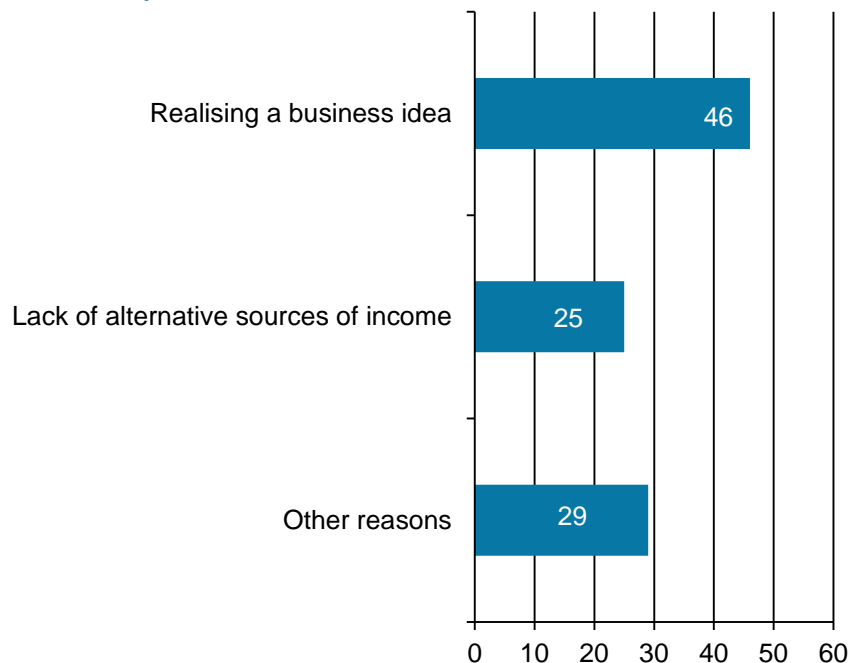
- The proportion of start-ups set up by graduates has fallen slightly since 2015.
- Most start-ups are set up by entrepreneurs with a vocational qualification.
- Interesting fact: 58% of people stating a business were working as employees before setting up their own business.

Reference: KfW start-up survey 2016

Most common reason for starting a business: turning a business idea into a commercial product/service

Motives for new start-ups in 2016

(in percent)



Reference: KfW start-up survey 2017, tables and methods

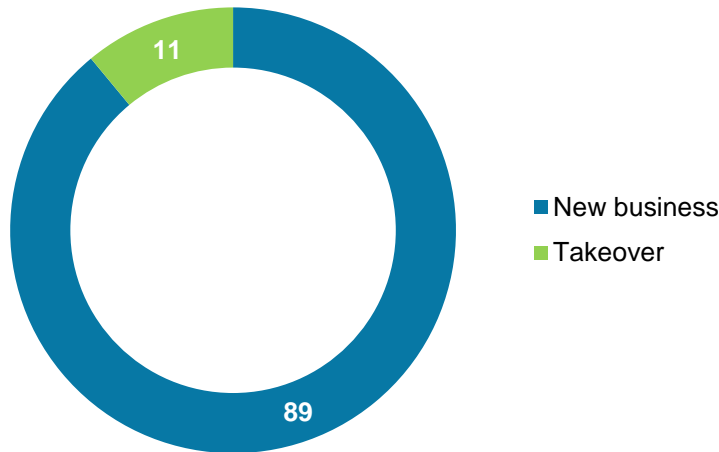
- The largest proportion of people (46%) setting up in business do so because they want to realise a business idea.
- Another important motive (for 25%) is a lack of alternative sources of income.

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Most common type of new registration: new business

Forms of start-ups in 2016 (in per cent)



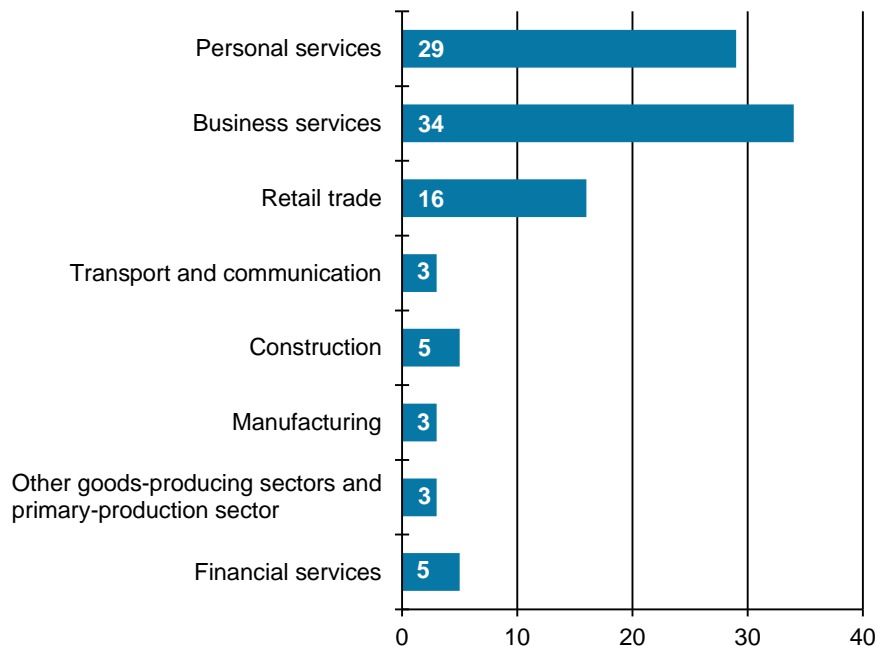
- Nearly 90% of all start-ups are new businesses.
- Around 74% of commercial start-ups were sole proprietorships.
- More than one in ten start-ups involve the takeover of an existing company (based on inheritance, purchase, lease).

Reference: IfM Bonn, 2017

Start-up sectors: mainly services and trade

Start-ups by sector in 2016

(in per cent)

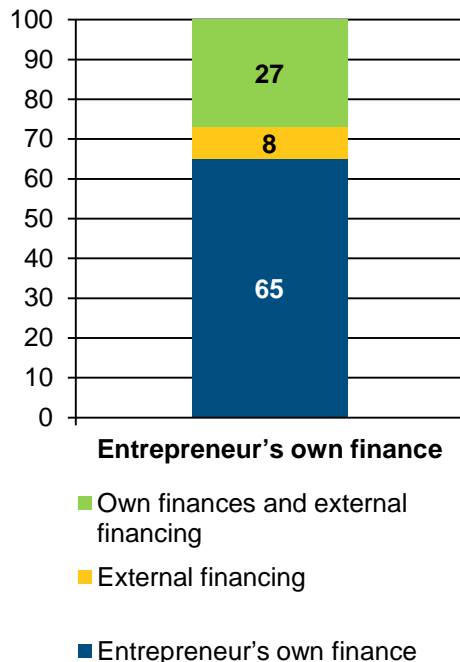


Reference: KfW start-up survey 2017, tables and methods

- Services (personal, corporate, and financial) account for 68% of new businesses launched in Germany.
- The retail/wholesale sector is in second place (16%).
- The number of start-ups in the services sector has remained consistently high for years and reflects the general structural change taking place in our economy.

Most start-ups funded using entrepreneur's own finance

Unemployment rates 2014–2016
(in per cent)

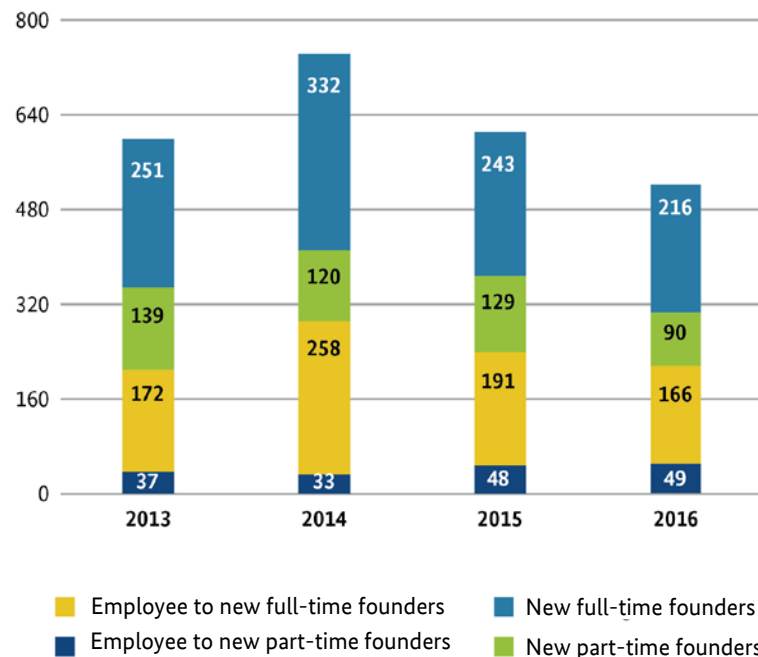


- 9% of start-ups do not require material or financial assets.
- Half (50%) of start-ups require material and financial assets to launch the company.
- Entrepreneurs using external financing mainly turn to loans (bank loans, current account loans, promotional loans and loans from family and friends).

Reference: KfW start-up survey 2017, tables and methods

Impact on employment from new start-ups

Number of full-time-equivalent jobs (1,000)



- The full-time equivalents of new start-ups correspond to the total of their individual weekly hours of work based on a 40-hour working week. Since people starting full-time businesses generally work longer, their contribution in terms of full-time equivalents is higher than the number of actual people. The opposite is true for sideline businesses.
(Definition as per KfW start-up survey)

Reference: KfW start-up survey 2017

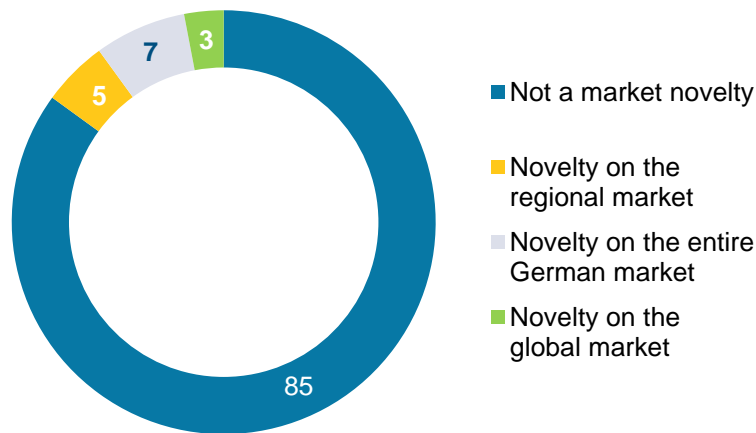
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New businesses spur innovation

Innovations by start-ups in 2016

(in per cent)



Reference: KfW start-up survey 2017, tables and methods

- Around 15% of new entrepreneurs in Germany offer a product or service that can be described as a novelty on the regional, German, or international markets.
- These new products and services play an important role in strengthening the capacity to innovate across the entire economy.
- The vast majority of new entrepreneurs rely on tried-and tested business ideas.

EXIST – Business start-ups in science



- The **EXIST Start-up Culture** helps higher education establishments to develop a holistic strategy for a culture of entrepreneurship and entrepreneurial spirit throughout the institution, and to implement this in a sustainable and visible manner.
- The **EXIST Start-Up Grant** provides support for students, graduates, and scientists during the preparatory stages of technology and science-based business ventures.
- The **EXIST Research Transfer** supports the development work necessary in order to demonstrate the technical viability of new research-based ideas for start-ups, and the preparations required for the business launch.

Sources: www.foerderdatenbank.de; www.exist.de

Young innovative firms in the field of information and communication technology (ICT) and life sciences can use the German Accelerator to learn about the U.S. market.

The following support is provided:

- Review of the business plan in terms of suitability for the U.S. market and further internationalisation (global benchmarking)
- Improved access to the technological and financial resources of the world's leading IT and life sciences clusters
- Contact with experts and potential clients on the world's leading IT and life sciences market
- Targeted mentoring by experienced entrepreneurs and investors
- Infrastructure, e.g. the provision of office space

High-tech Start-up Fund 2005 to 2016:



- ✓ **577 companies funded**
- ✓ **4,842 jobs created**

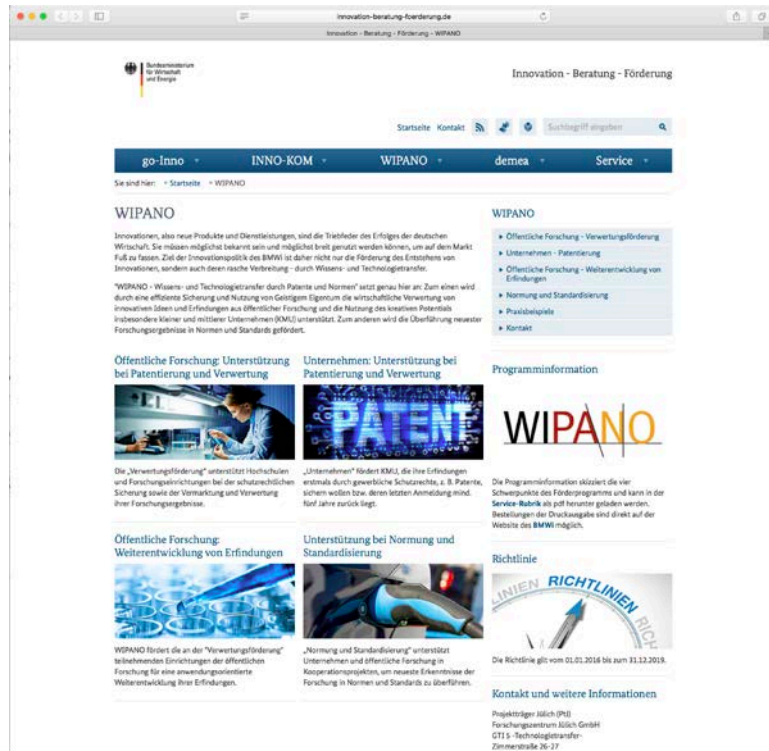
- Venture capital for young, promising technology companies in all sectors
- Support from the HTGF management team
- Support for the technology companies up to the production of a prototype, proof of concept or market launch.
- First round of financing: up to €600,000
- Possible follow-up financing of up to €1.4 million

INVEST – Grant for Venture Capital (5/2013-12/2016)



- ✓ **2,741 applications by companies approved**
 - ✓ **2,777 applications by investors approved**
 - ✓ **Grants of €42.1m approved**
 - ✓ **€210.5m in venture capital mobilised for young, innovative companies**
- INVEST supports and encourages private investors – particularly business angels – to do more for young, innovative companies.
 - Investor receives tax-free reimbursement of 20% of the total amount he invests in a start-up. This reduces the investor's risk.

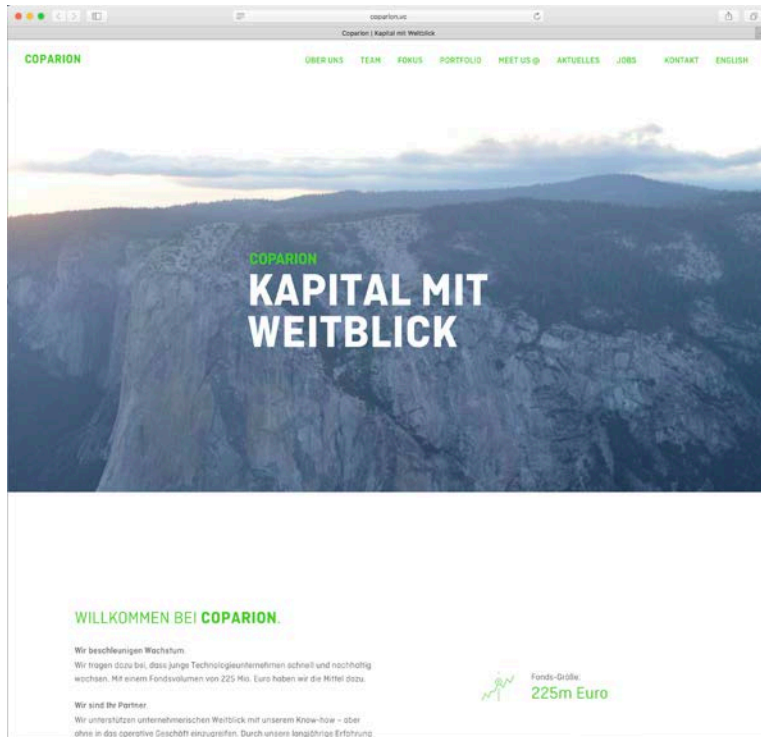
WIPANO – Knowledge and Technology Transfer using Patents and Standards



WIPANO helps public-sector research bodies and companies to patent and exploit their ideas and promotes innovative (research) projects on standardisation.

The “patent” section of WIPANO offers assistance to higher education institutions, public research institutions and small and medium-sized enterprises (SMEs) to help them apply for and exploit patents.

coparion – for young, innovative technology companies with growth potential



The coparion co-investment fund invests in small, innovative tech companies that are less than ten years old.

The fund can invest up to ten million euros per company.

Condition: this depends on finding private investors who will invest the same amount of money to finance the company, at the same conditions.

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Key institutions providing support for new entrepreneurs

In an international comparison, Germany sets high standards when it comes to providing government support for new entrepreneurs (source: Global Entrepreneurship Monitor). In addition to the Federal Ministry for Economic Affairs and Energy, the most important German institutions working in this area (finance, advice, information) are as follows:

- *Länder* ministries
- Chambers of industry and commerce
- Chambers of skilled crafts
- Local and regional business developers
- KfW banking group and promotional banks of the *Länder*
- Banks and their associations
- Entrepreneur networks

Support available to entrepreneurs – 1

- The support for start-ups is based on the three pillars of advice, networking and finance.
- Both the Federal Government and the *Länder* fund advisory services for newly established businesses (including corporate take-overs) – the *Länder* providing assistance in the pre-start-up phase, and the Federal Government in the years that follow. Some of these services are co-financed by the EU, e.g. assistance from the European Social Fund (ESF).
- The Federal Government provides promotional loans towards start-ups (via the KfW banking group), venture capital (via the SME investment companies) and guarantees (via the guarantee banks).

Sources: www.foerderdatenbank.de; www.existenzgruender.de

Support available to entrepreneurs – 2

- The Federal Government contributes towards the consultancy costs for young companies, companies, and companies in difficulty via a grant from the “Promotion of business expertise” programme.
- The High-tech Start-up Fund invests venture capital in promising new technology companies and provides follow-up funding.
- Via INVEST, the Federal Ministry for Economic Affairs and Energy supports and encourages private investors – particularly business angels – to do more for young, innovative companies.
- The *Länder* also use their promotional institutions (e.g. investment banks) to provide promotional loans and other financing.
- Further products and services at regional and local level (local business development agencies).
- Private investors, e. g. business angels, and venture capital firms invest in young companies.

Advice for Start-ups: The right expert for every question

More than 25,000 contact addresses at www.existenzgruender.de

The screenshot shows the 'Existenzgründungsportal des BMWi' website. The header includes the logo of the Bundesministerium für Wirtschaft und Energie, navigation links (Kontakt, Deutsch, etc.), and a search bar. The main navigation menu includes 'Startseite', 'Weg in die Selbständigkeit', 'BMWi-Expertenforum', 'Gründungswerkstatt', 'Mediathek', and 'Service'. The left sidebar contains links for 'Bundesweite Meldungen', 'Regionale Meldungen', 'Veranstaltungen und Termine', 'Beratung und Adressen', 'Einheitliche Ansprechpartner', 'Gründungsberatung', 'Adressen', 'Infotelefone', 'Linkammlung', 'RSS', 'Deutsche Gebärdensprache', and 'Leichte Sprache'. The main content area is titled 'Existenzgründung - Adressen: Suche' and features a 'Schnellsuche nach Stichwörtern' section with a search input field and a 'Schnell-Suche starten' button. Below this is a 'Detail-Suche' section with a 'Standort' filter, including options for 'Bundesland', 'PLZ oder Ort angeben', and 'Umkreis'. The 'Detail-Suche' section also includes a list of categories with checkboxes: 'Beratung & Information' (Initiativen, Netzwerke; Gründer/innen; Technologie- und Gründerzentren; Unternehmensnachfolge; Messen/Veranstaltungen; eBusiness; weitere Adressen), 'Ämter & Behörden' (Agenturen für Arbeit; Amtseigentliche; Ausländerbehörden; Bauämter; Finanzämter; Gesundheitsämter; Gewerbeaufsichtsämter; Gewerbeämter; Kommunen; Meldeämter; Ministerien / Behörden), 'Kammern & Verbände' (Berufs- und Branchenverbände; Handwerkskammern; Industrie und Handelskammern; weitere Kammern), and 'Forschung & Innovation' (Hochschulen).

- The database at www.existenzgruender.de contains approx. 25,000 addresses of public institutions which offer advice for newly established businesses.
- The chambers of industry and commerce, the chambers of skilled crafts and the local business developers offer a comprehensive range of advisory services.

Innovation, technology and start-up centres: a large network with a wide range of services

- German innovation centres have now provided support to more than 40,000 new businesses and, in this way, have created more than 248,000 jobs.
- Some 152 innovation, technology and start-up centres provide support for start-ups and young businesses by creating the right business environment – for the concept, the initial and early development phase, and the later growth phase.

Reference: German Association of Innovation, Technology and Business Incubation Centres, 2017

Professorial chair for entrepreneurship: a growing field of research

Number of professorships in the field of entrepreneurship at public and private higher education institutions in Germany



- There are a total of 133 professorial chairs for entrepreneurship at German universities and universities of applied sciences.
- North Rhine-Westphalia leads the pack with 22, followed by Bavaria with 21, and Lower Saxony with 15.
- The first professional chair was established in 1998 in co-operation with the Federal Ministry for Economic Affairs and Energy.
- Entrepreneurship is a growing field of research in Germany.

Start-up services from the Federal Ministry for Economic Affairs and Energy (selection –1)

- Start-up website
www.existenzgruender.de
- Female entrepreneurship website
www.existenzgruenderinnen.de
- Women entrepreneurs initiative
www.frauen-unternehmen-initiative.de
- Database of support
www.foerderdatenbank.de
- ‘Start-App’ mobile app
www.bmwi.de
- The “Entrepreneurial Spirit in Schools” initiative
www.unternehmergeist-macht-schule.de
- EXIST – Business start-ups in science
www.exist.de

Existenzgründungsportal
des BMWi



Förderdatenbank
Förderprogramme und Finanzhilfen
des Bundes, der Länder und der EU



Start-up services from the Federal Ministry for Economic Affairs and Energy (selection –2)

- Cultural and Creative Industries Initiative
www.kultur-kreativ-wirtschaft.de
- nexxt-change corporate succession exchange
www.nexxt-change.org
- High-Tech Start-Up Fund
<http://high-tech-gruenderfonds.de>
- Coparion
www.coparion.de
- INVEST – Grant for Venture Capital
www.bmwi.de/go/invest

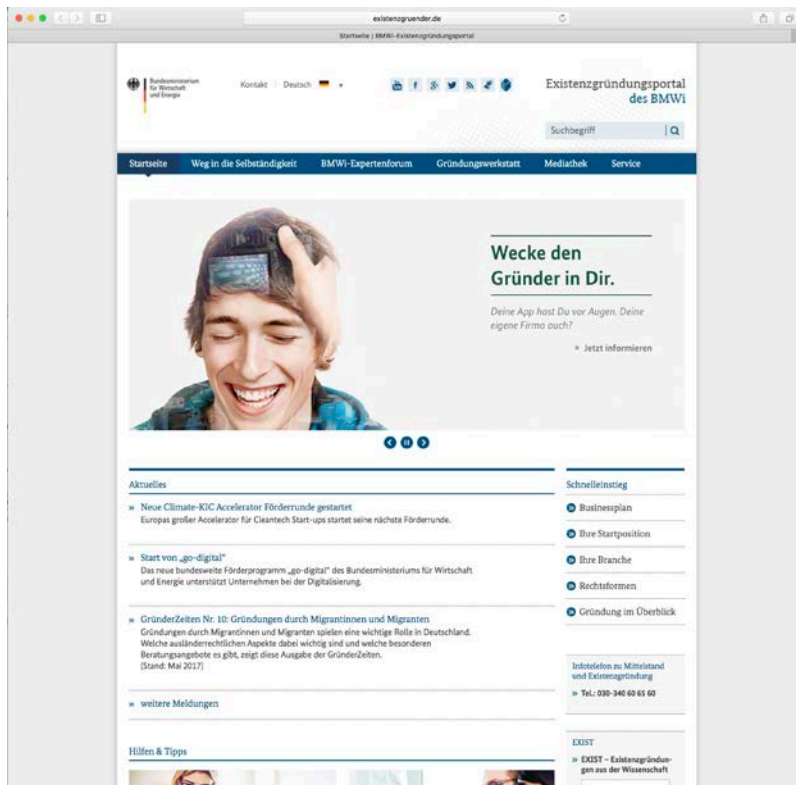


COPARION



Central website for entrepreneurs and young companies

www.existenzgruender.de



- Information on preparations, funding, and business launch
- Information on managing a business
- Expert forum on various start-up issues
- Start-up workshop: online tools, e.g. business plan, public authorities
- Checklists and overviews
- Ordering service for publications by the Federal Ministry for Economic Affairs and Energy
- Information in different languages

Special services for female entrepreneurs

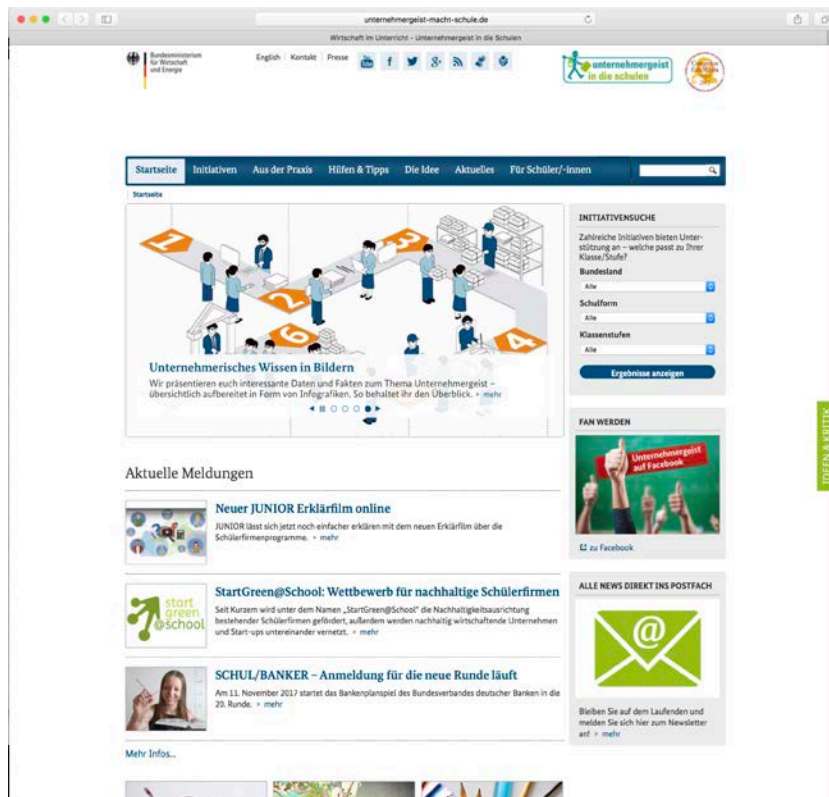
www.existenzgruenderinnen.de



- Information, service, and advice for women who have decided to set up a business or would like to take over a company:
 - ▶ eTraining for female entrepreneurs
 - ▶ Seminars, workshops, conferences
 - ▶ Studies, etc.
 - ▶ Database of experts
 - ▶ Networks, entrepreneurship centres, etc.
 - ▶ Information on the initiative “FRAUEN unternehmen” and the activities of role models

Getting more entrepreneurial spirit into schools

Entrepreneurial spirit in schools

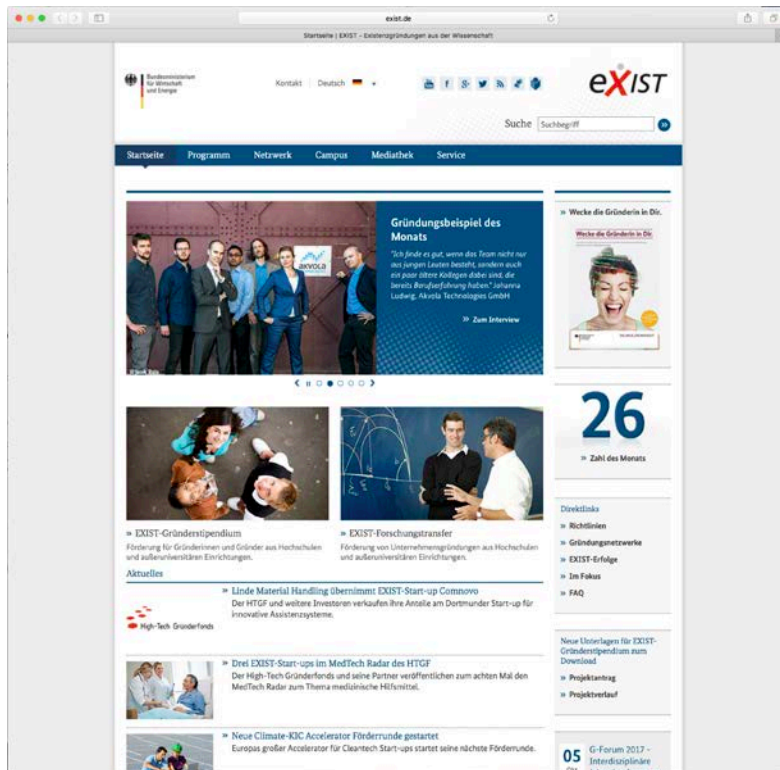


www.unternehmergeist-macht-schule.de

- Goals: To introduce young people to world of start-ups and entrepreneurship as early as possible and to support teachers in the field of business education.
- Services:
 - ▶ Overview of projects for the classroom
 - ▶ Initiatives for school students
 - ▶ Reports of experience made by teachers and school students
 - ▶ Contact points
 - ▶ Dates of events

Promoting entrepreneurship in higher education

EXIST – Business start-ups in science and academia

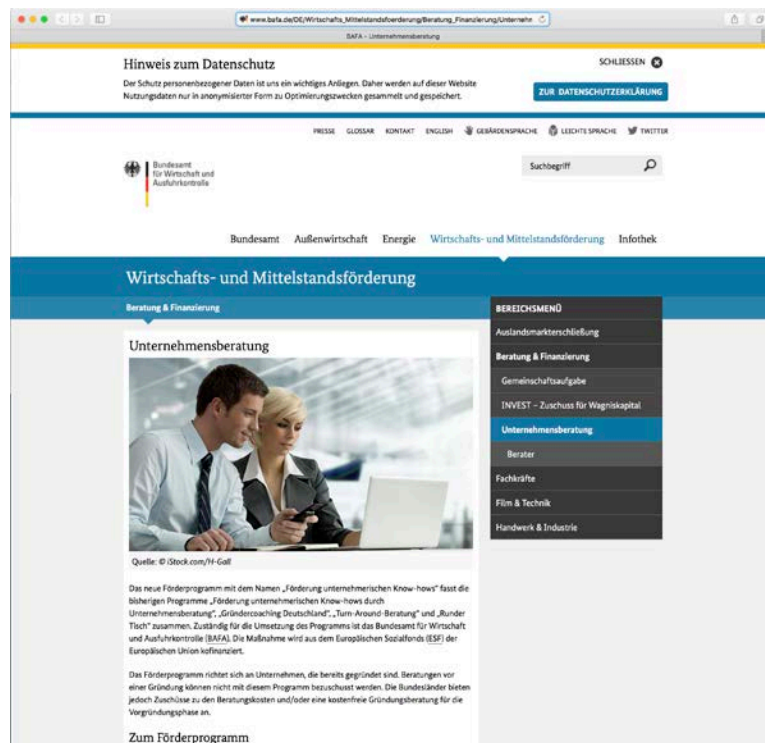


www.exist.de

- Goals: To foster a stronger entrepreneurial climate at higher education establishments and to raise the number of technology/science-based start-ups.
- EXIST helps higher education establishments to implement a holistic strategy for a culture of entrepreneurship and entrepreneurial spirit.
- EXIST provides support technology-oriented and knowledge-based start-up projects for students, graduates, and scientists.

Advisory programmes for (young) companies

Promoting business skills and expertise



www.bafa.de

- Support for young companies, companies, and companies in difficulty via grants towards the consultancy costs
- The programme subsidises up to 50 or 75 per cent of the consulting costs (depending on location).
- Applications online via www.bafa.de

Company hand-over exchange for passing on businesses to the next generation

nexxt-change corporate succession exchange

The screenshot shows the homepage of the nexxt-change website. At the top, there is a navigation bar with links: INHALT, ÜBER DIE BÖRSE, HELFE & FAQ, KONTAKT, DATENSCHUTZ, IMPRESSUM, and LOGIN. Below this is a header with the nexxt-change logo and logos of partner institutions: Bundesministerium für Wirtschaft und Energie, KfW, DLR, ZDH, and others. The main content area features two large search buttons: 'Sie suchen ein Unternehmen?' (8183 Verkaufangebote) and 'Sie suchen einen Nachfolger / eine Nachfolgerin?' (3111 Kaufgesuche). Below these are sections for 'Aktuelle Verkaufsangebote' and 'Aktuelle Kaufgesuche' with lists of specific business listings. At the bottom, there is a 'BEISPIELE AUS DER PRAXIS' section featuring a testimonial from Susanne Finsterer about her business transition.

www.nexxt-change.org

- Nationwide meeting point for all entrepreneurs wishing to transfer or take on an existing business.
- More than 700 nexxt partners act as brokers between sellers and purchasers. This takes place via nexxt-change.org, a matchmaking site that currently contains over 9,000 adverts.
- Planning guidance in the form of check-lists and online programmes.
- More than 14,500 transactions to date.

Competitions: opportunity for young entrepreneurs

- Start-up and business plan competitions are aimed at people with innovative ideas and are starting their own business.
- The Federal Ministry for Economic Affairs and Energy supports a number of competitions (selection):

- ▶ Digital Innovations competition for business start-ups
gruenderwettbewerb.de



- ▶ German Start-up Prize
deutscher-gruenderpreis.de



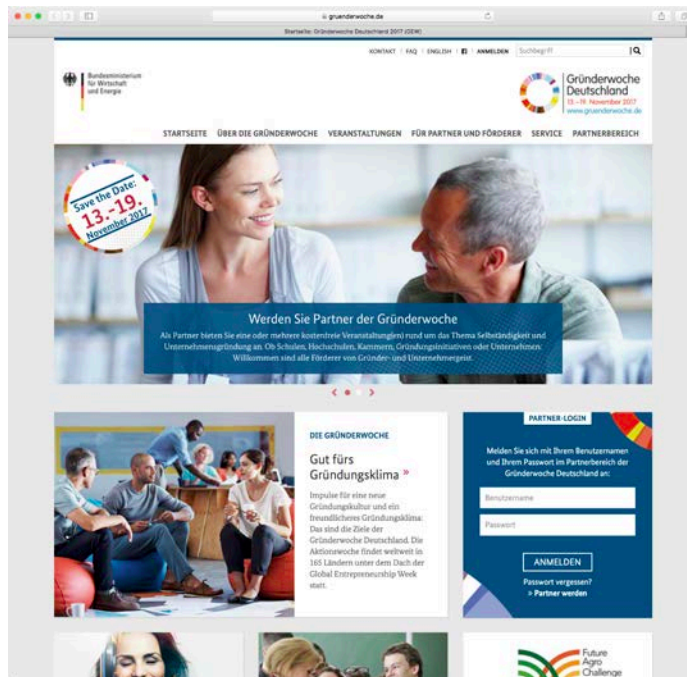
- ▶ Cultural and Creative Pilots in Germany
kultur-kreativpiloten.de



- ▶ KfW Award for Start-up Champions
kfw.de



German Entrepreneurship Week



- A national week of events that takes place every year in November in conjunction with Global Entrepreneurship Week.
- Its aim is
 - ▶ to encourage young adults to become passionate about entrepreneurship,
 - ▶ to share ideas, experience and views about start-ups and self-employment,
 - ▶ to present successful initiatives to foster entrepreneurship.
- Figures for 2016: almost 1,200 partners, around 2,000 events

Young Digital Economy Advisory Board

- The Young Digital Economy Advisory Board advises the Federal Ministry for Economic Affairs and Energy on
 - issues of the information and communication industry
 - the development and potential of the young digital economy and new digital technologies
 - how to provide start-ups with a better environment in which to grow
- Key topics:
 - eHealth/digital health
 - digital education
 - immigration
 - EU internal market
 - net neutrality

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Sources and further information – 1

- Federal Ministry for Economic Affairs and Energy
www.bmwi.de
- Start-up website
www.existenzgruender.de
- Newsletter “GründerZeiten”
www.existenzgruender.de
- Institute for SME Research IfM Bonn
www.ifm-bonn.org
- Institute for SME Research of Mannheim University
www.ifm.uni-mannheim.de
- KfW banking group
www.kfw.de

Quellen und weiterführende Informationen – 2

- Leibniz University Hannover, Institute for Economic and Cultural Geography
GEM Country Report on Germany
www.wigeo.uni-hannover.de
- RKW centre of excellence
www.rkw-kompetenzzentrum.de
- Federal Statistical Office
www.destatis.de
- Centre for European Economic Research (ZEW)
www.zew.de

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Images

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