

Where in the world is the latest hotbed of entrepreneurship? China? India? Brazil? Think again. For the first time, Europe—yes, *that* Europe—is seizing the engine of prosperity.

Nowhere is this new eruption of the entrepreneurial spirit more dramatic—and unexpected—than in France, where “developing better managers is not the answer to turning around a company. You have to get beyond managing. Every employee has to learn to behave as if the company were his own—as a true

culture. Re-connecting with Hannebicque was one of the highlights of my recent tour around Europe in order to take the continent’s entrepreneurial temperature.

Hannebicque’s mission, along with that of every other entrepreneurially minded Frenchman, actually became a lot easier while I was in Paris, with the election of President Nicolas Sarkozy, the Élysée Palace’s most passionate free enterpriser since World War II.

In Brussels, I also spoke with Günter Verheugen, vice president of enterprise

so promising and timely:

Strong emerging markets. Europe is competing in all of the world’s emerging, high-demand markets. As a result, it has cast an international net as wide, or wider than, those of the United States and Japan.

Transformation of European industry. European companies have undergone massive restructuring and innovation to get in line with the best of American and Asian competitors.

Enlargement of the EU market. With the enlargement of the European Union

Growing Europe

BY LARRY FARRELL



The world's next wave of start-ups starts here.

entrepreneur.” No, this isn’t Steve Jobs or Howard Schultz or even your humble columnist preaching the virtues of corporate entrepreneurship. It’s Hervé Hannebicque, HR director at Steria, France’s largest IT consulting firm, with more than ten thousand employees. I’ve known Hervé for several years, through his time on the turnaround teams at three giant French companies: Groupe Bull, Thomson Multimedia (owners of RCA in the United States), and now Steria. His boss at the first two assignments was Thierry Breton, France’s former minister of economy, finance, and industry, and the country’s head cheerleader for changing its business

and industry at the European Commission. “To improve the entrepreneurial spirit in Europe is our goal,” he remarked. “We must catch up with the Americans. We lag behind, but entrepreneurship issues are now discussed at the highest European government levels. As one result, entrepreneurship education is now included as a key part of the European education system. I tell you honestly: There will never be an EU administration more supportive of business and entrepreneurship than ours today.”

Verhuegen then went on to identify the four key points that make the European Union’s new pro-enterprise thrust

to twenty-seven countries, the EU now has a larger free-trade “domestic” market than even North America.

Rebirth of European entrepreneurship. Entrepreneurship is currently leading the charge of the entire European economy because the EU fully understands that it is entrepreneurs, not government policymakers, who create most of the jobs and prosperity in every economy.

Also in Brussels, I met with Philippe de Buck, the secretary general of Business-Europe, until recently known as Union des Industries de la Communauté européenne. The organization is the coordination center for the industrial confederations of its thirty-three mem-

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entrepreneur

ber countries. It bills itself as the public-policy voice for more than twenty million companies of all sizes. “At BusinessEurope, we endeavor to uncover and address the key priorities of European decision-makers,” de Buck explains. “Some five years ago, entrepreneurship, or the lack of it, began showing up as a big area of concern. For many years, entrepreneurship was not all that popular in Europe, and most political and economic leaders began to realize that we had to do something to catch up with the United States and Asia.”

De Buck’s goal was to change the European perception about risk-taking and investing in new ideas, as well as to encourage people to do something on their own that might develop into a business. Historically, the United States has been more successful in entrepreneurship, creating more successful start-ups and more new jobs, and de Buck set out to change that. Rather than train people or set up new programs, BusinessEurope looks at the total framework of an economy and asks: Is this conducive to entrepreneurship and business, or is it an impediment?

De Buck acknowledges that Europe has more economic and societal constraints than the United States. “That being said, it is very interesting to look at what exactly we had to improve to create more entrepreneurs,” he adds. “So we decided it would be important to promote entrepreneurial education. We’re still not sure you can just teach entrepreneurship, but we are convinced you can be made into an entrepreneur if the total framework is supportive and encouraging. This would be true with teenagers as well as experienced workers who may spin off a new venture from an existing company.” Five years later, de Buck strongly believes that the current focus on entrepreneurship is good for BusinessEurope’s member countries and the European economy as a whole.

Entrepreneurship is also growing in Eastern Europe. At the annual meeting of Junior Achievement Young Enterprise Europe, where I was a speaker, eighteen

of the forty-two member countries were recent additions from Eastern Europe. I saw firsthand the tremendous enthusiasm these former communist countries have for entrepreneurship and free-wheeling enterprise. The people I talked to—from Romania, Bulgaria, Poland, Estonia, and numerous other places—were especially passionate about teaching JA’s new entrepreneurship programs to their middle- and high-school children. As one delegate said, “We’ve waited a long time for the day when our children see entrepreneurs as national heroes!” With such eagerness and hunger for free enterprise, it seems that the entrepreneurial winds of change crossing Europe today are indeed blowing east to west.

Finally, there’s no better place to conclude a round-up on European entrepreneurship than Ireland, which was ranked by *The Economist* last year as having the world’s highest quality of life. This would be quite an honor for any country, let alone a place that has been so poor for centuries that the outward migration of its youth, in search of jobs and a more prosperous life, has long been considered its main export to the world. The fact is, Ireland has been Western Europe’s number-one economic success story over the past ten or fifteen years. And the driving force behind that success has been its homegrown brand of entrepreneurship. Perhaps the best known of Ireland’s numerous modern-day entrepreneurs is Tony Ryan, the founder of Ryanair, the ultra-successful European carrier that has transformed the pricing and economics of European air travel. I was invited to give a speech and workshop at the new Ryan Academy for Entrepreneurship in Dublin, whose chief executive is Terri Scott, with whom I worked when she ran the large and highly regarded entrepreneurship-development program for the British government in Northern Ireland.

Scott, a keen observer of the state of entrepreneurship in Europe, as well as in the United States, explains that “our vision at the Ryan Academy is to stim-

ulate and support entrepreneurship in Ireland and beyond. The whole role of entrepreneurship in economic development is absolutely critical to any country.” Scott argues that entrepreneurship is not just about starting businesses but about growing, leading, and managing economic change within business and driving the innovation process of the entire economy.

Scott attributes much of Ireland’s success in the last fifteen years to a tax revolution that reduced corporate taxes to 12.5 percent, while the government invested \$1 billion in education. Those actions brought Ireland a strong base of international companies, giving the country a wonderful R&D network, which in turn has created the necessary energy and talent that has fueled its enterprise economy. As a result, Ireland has become a thriving European business center that is multicultural and dynamic and enjoys cutting-edge research with global partners.

“The future for Ireland is not as a peripheral economy in Europe but, rather, as a gateway to Europe for the United States—an English-speaking euro-zone,” Scott says. The Global Entrepreneurship Monitor, which looks at the ratio of business start-ups to the total population, shows Ireland as one of Europe’s top entrepreneurial countries. “In many of our new industrial sectors—software, for example—there has been so much entrepreneurial growth,” Scott continues, “that we are now in need of a bit of consolidation—to scale up—not unlike what has happened in Silicon Valley over the years. So we are ripe today for a lot of M&A activity in our high-growth entrepreneurial sectors. The bottom line is, Ireland has demonstrated its capability to breed, develop, and support entrepreneurial growth at world-class levels.”

Scott closes with what may be the best news of all for the long-oppressed Irish people: “The Irish entrepreneurial spirit is, at long last, bringing Irish people back to Ireland to participate in our newfound prosperity.”