

CONCLUSION

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It will be very hard for me to summarize today's proceedings without being extremely reductionist. I've selected five points.

A recurrent question: “Why is business creation supported?”

The favorable bias toward business creation is not a sufficient answer. There are three main reasons for this support: job creation, renewal of the economic fabric, and local development.

Job creation

The jobs created may be of two kinds: non-payroll (the entrepreneur, the spouse working in the business, and family helpers) or payroll. Five years after start-up, one-fourth of surviving new enterprises employ at least three payroll workers.

Economic rejuvenation

This motive is tied to a vision that we could describe as “Darwinian.” The renewal of the economic fabric involves several aspects:

- **Perpetuating the production system.** The “stock” of enterprises is fairly stable: each year, 200,000-250,000 enterprises are born and die in France. Everyone wants to preserve neighborhood stores and a business presence in rural areas.
- **Adapting the production system.** Some industries foster business creation (manufacturing, personal services, and business services). In others, by contrast, the number of enterprises is falling gradually (retailing, restaurants, and hotels).
- **Disseminating innovation.** Business creation is a major vehicle for promoting and developing innovation across the enterprise sector.

Local development

Local development can be achieved in an offensive form (by attracting subcontractors to large companies in their existing locations and by creating “technopoles”) or a defensive form (job destruction must be offset by business creation).

Keys to success

There is no standard profile of the successful entrepreneur. Educational attainment is not a discriminant; what matters more is the kind of degree obtained. Most business creators have left school with less than a *baccalauréat* (end-of-high-school diploma); a small proportion are highly educated. Relatively few entrepreneurs have intermediate-level academic qualifications.

Young people under 25 are less likely to start an enterprise. But if we stretch the definition of “young” to a few years after graduation, we find that many young people say they want to go into business, and some of them do.

The unemployed are broadly less likely to succeed than other categories of entrepreneurs. However, they form a very large category, since they account for one-third of all business creators.

Women entrepreneurs display no specific characteristics.

So what are the main criteria for success? To quote Bernard Joubrel and André Letowski, **the crucial factor is the business creator’s personality**. He or she must have a plan, and the ability to carry it out. The entrepreneur’s world-view will also play a role: there must be the desire to achieve independence. Entrepreneurs have often been encouraged to become independent by their family circle, in which entrepreneurs are a model, or in the enterprise where they started out, if it was a small business run by a self-employed boss.

The second key to success is support. Advice can be offered before start-up, in the proposal analysis, a competition study, and the assessment of cash needs, which must make allowance for an inevitable cash shortage in the early months. At the outset, sales will be modest, but there will be expenses to pay up front. Advice during start-up can deal with all the necessary paperwork. Once the business is up and running, the advice can cover cash management, hiring, and tax issues.

The second type of support consists of local aid, which involves mentoring and establishing links with the local environment (training centers, technopoles, etc.). These programs provide loans in kind and financial assistance.

Lastly, the support can be of a financial nature. Any new enterprise should have some financial breathing room right from the start. Apart from managing inevitable cash shortages, it will face some “rough patches” due to any number of unplanned events. This calls for back-up capital.

Takeovers: a special form of creation

As Jean-Pierre Grandjean noted, business demography differs from human demography. Takeovers provide a good illustration. Jacques Bonneau stressed the lack of an administrative, legal or statistical definition of takeovers. He explained the various circumstances in which a takeover can occur, through the establishment of relationships between private individuals or incorporated enterprises. He gave us examples of takeovers after retirement, a gift, or a sale—reminding us of the difference between a takeover and a change in enterprise structure.

We were given a description of the many forms of takeover (right to name a successor, lease management, acquisition of equity stakes, capital increase, etc.). Olivier Marchand discussed an example of LBO, a takeover mechanism currently receiving abundant press coverage.

Jean-Marie Chapus showed that the conditions of a successful takeover were fairly similar to those of a successful business creation—which seems natural enough. The purchaser must be motivated and competent, but must also possess the right culture: a senior manager of a mega-corporation is perhaps not the best person to start a micro-enterprise. This culture needs to be developed. In a takeover as in an outright creation, support is critical, in the form of advice, financial engineering, etc.

However, the takeover is a very distinctive type of creation in one major respect: it concerns an existing enterprise with a human capital that must be taken into account by winning the trust of employees.

Further studies in business demography are needed

Thanks to the SIRENE business register and the SINE survey system, enterprises can be enumerated by creation category (outright creation, takeover, revival), by industry, by creator profile, and by takeover type. The data gathered also cover advice, start-up difficulties (mostly financial), and job creations.

But these tools could be complemented by other studies. André Letowski wants fuller analyses of creation conditions and the different types of entrepreneurs. Jacques Bonneau has asked us to count takeovers differently. Bernard Reverdy raised the issue of business termination, which is not the same thing as a failure. Eric Verkant would like studies on innovating firms.

We have therefore been invited to persevere—and to expand our resources.

The need to break out of a purely French framework

Few countries are working on business demography, and most countries that do engage in it are only just beginning.

Yet the statistical units and registers must be harmonized at the European level. In the United Kingdom, for example, business creations can be studied only through VAT registers and employee social-security registers. We should also harmonize our counting methods.

It is therefore essential to work with Eurostat and other countries on developing and harmonizing business demography. This will allow European comparisons and enable us to plan ahead for the more distant prospect of harmonization at OECD level.