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# MAKE WAY FOR ENTREPRENEURS

In the pursuit of excellence



**BiD NETWORK**



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# Creating an environment in which entrepreneurs can thrive



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# Introduction

- *Short introduction of BiD Network and Nils de Witte*
- **BiD Network Foundation**
  - Private foundation in Amsterdam (NGO)
  - Access to equity for entrepreneurs
  - Preparation of entrepreneurs and businesses for investors
  - *Sourcing :: Preparing :: Matching*
- **Nils de Witte**
  - 15 years entrepreneurs matchmaking and NBD
  - 20.000 entrepreneurs and 500 “deals”
  - Director BiD Network since 2008

**If it doesn't make money it has no future**



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# Definitions

To make sure we talk about the same things, I would like to define the words “Entrepreneur” and “Equity”

## **Entrepreneurs:**

Private individuals who start and grow businesses for their own account.

Putting at stake whatever they have to be the best they can be.

- Employees
- Self (and family) employed
- Entrepreneurs (employers of 15 to 150 people)

## **Equity:**

All forms of finance that bear risk and/or share in success of the business, varying from true equity to loans that are only partly secured.

Excluded are traditional (bank) finance, and non-commercial finance like government grants and guarantees.



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# The essence of entrepreneurship

**Why would you want to  
climb Mount Everest?**

## **Reward:**

- The sense of achievement is more important than the money

## **Method:**

- Truly successful entrepreneurs are unique and very resourceful (entrepreneurship is not a science)
- Entrepreneurship is very simple to explain (like soccer), but it is very hard to win a top league match
- To breed entrepreneurs you need entrepreneurs (peer networking)



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# The essence of entrepreneurship II

**To be truly successful in anything,  
requires talent, focus and determination**

- **Creating success from nothing requires focus and determination**
- **Most successful businesses are created in times of crisis**
- **You can not tell entrepreneurs what to do**
- **Good entrepreneurs need talent and a lot of practice**
- **Not every entrepreneur is supposed to conquer the world.**
  - **How many Googles do you want?**



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# Lisbon Agenda on innovation (2000 - 2010)

**Plenty of success at micro level, hardly  
any success at macro level.**

➤ € 500 mln p.a. investments in entrepreneurship have not done much for competitiveness of Dutch High Tech start-ups

➤ More investment in education and innovation → less growth companies  
➤ No scientific evidence that incubators influence success of start-ups

**400 business incubators in Mexico. How many profitable  
businesses after three years?**



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# What's wrong with AID for entrepreneurs?

**Somehow AID does not seem to work for entrepreneurs. What could be the cause?**

- **Market interference and displacement of sustainable options (private sector entrepreneurs, investors and service providers are replaced by unsustainable government-funded institutions)**
- **Funding failure. The weak get money and help (because they need it) to compete with the strong (who don't need money or help) and replace them**
- **More money does not lead to more profit**
- **To many businesses in one place create hyper competition and lack of sustainability (race to the bottom)**
- **Comfort kills ambition, focus and sense of urgency**



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# What can be done

**If we do nothing, nothing will happen, but if we don't do it right all efforts have been to no avail**

- **Don't "help" entrepreneurs and definitely don't "feed" them.**
  - Create peer networking, motivate, inspire and facilitate but don't "help"
  - TA is terrible. When necessary give money to entrepreneur to spend on expert of choice (voucher system in part paid by entrepreneur)
- **Source locally**
  - Make use of local partners, experts, investors and service providers. Don't send people, money, goods or expertise. Pay for local expertise and services and make use of local infrastructure.
  - If local expertise and infrastructure is not available, make sure it's created or let it be. Pay for results, not for good intentions
  - Select the best local providers regardless of their origins.



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# What can Governments do?

## Don't discriminate

- **Don't discriminate on size. All businesses are important**
  - micro business
  - High growth SMEs (innovative or not)
  - LARGE BUSINESSES
- **Also don't discriminate on:**
  - Nature of business
  - Industry
  - Location
  - Background of entrepreneur



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# What can governments do?

## Follow the market

- **Don't try to predict success. Success must be made**
- **Avoid making choices on funding**
  - Matching funds, Sidecar funds and SEED funds
  - Or give real price money (without too many strings attached)
- **Avoid making choices on assistance**
  - No free rides. Only match income from target group.
  - Generic programs. Anybody should be able to participate.
    - Local and international (regardless of donor country)
    - Public and private
- **Always introduce a competitive element.**
  - May the best man/woman win



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# What can governments do?

## Do what good governments should do

- Create infrastructure, power, communication, health and education
- Create and uphold sustainable social and environmental rules
- Raise taxes, raise them fairly and use them wisely
- Be transparent, accountable and uphold the law
- Create a civil society and give room to an emerging middle class
- Only pay for quality work. Don't "give" money for anything.
- Do not create unnecessary barriers:
  - [www.doingbusiness.org](http://www.doingbusiness.org)



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# Final Conclusions I

**What role do governments play in creating a framework for entrepreneurs?**

- Do what governments should do, raise taxes and spend them wisely
- Facilitate, create room to grow, fight corruption and uphold the law
- Do not interfere with (capital) market mechanisms

**What part does private equity play in this?**

- Private equity and private investors should lead the way
- Go and have a look. Keep an open mind
- Don't do anything that would be against your nature



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# Final Conclusions II

- **Role models and mentors?**
  - We don't need pity, handouts or "help"
  - We don't need foreign politicians, experts and rock stars to tell us what to do
  
- **We need**
  - (successful) entrepreneurs and investors to lead the way
  - access to markets and finance



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## Final conclusions III

**What we need most of all:  
Peace and cheap broadband Internet**

Thank you,

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