

ENTREPRENEURSHIP  
NO GUTS, NO GLORY



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RUDY AERNOUDT

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## PREFACE

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It was long the case in Europe that becoming an entrepreneur was considered by many to be the last resort in terms of career choices. The first choice was always to become a public servant and, if possible, to hold that same position for life. Such a career involved no risk and offered a steady, lifelong income, a raft of employment benefits and, above all, a decent pension. For those for whom this first choice was unattainable, the second-best solution was to become employed by a big company. The chemical sector and banks were long thought of as secure and well-paying employers. Some consultancy firms even went so far as to attract students by handing over the keys to a brand-new car when they signed an employment contract. For those who could not benefit from such an offer, a job in a small or medium-sized enterprise (SME) was the next option. Only when candidates had been unsuccessful in all of these options would they consider starting up their own business.

As Hegel says in his *Philosophy of Law*, we are all children of our time. And we are all, at least to some extent, Plato's children. Plato considered that doing business was not a noble way to live, so it is not surprising that entrepreneurship was for so long considered to be the occupation of last resort. Plato even considered business to be a crime, punishable by a year's imprisonment, and in the case of recidivism, two years. Cicero also believed that those in business should be punished; more recently, only three centuries ago, the *'loi de dérogance'* stated that noble people doing business should lose their titles. These philosophical considerations explain why setting up a business in Europe has rarely been considered the best choice in life.

The last few decades have seen a lot of progress in this area. Successful start-ups are often venerated by the media and their leaders invited to give talks to different audiences. From a policy point of view, the strong association between entrepreneurship activity and economic growth is generally recognised. Stimulating entrepreneurship is now considered by many academics and policymakers as one of the best ways to create real employment. Thus, policymakers in Europe are developing and implementing strategies that nurture and sustain entrepreneurial activity. Different regions throughout Europe now focus on entrepreneurship as their major tool for development. 'Incubators, accelerators and hackathons' are mushrooming. Academics and political leaders in various European countries and from different ideologies, speak of

entrepreneurs and entrepreneurship as being key to boosting economic growth and creating employment. The European Commission speaks today of the need to 'nurture a culture of entrepreneurship' whereas it was not long ago that focus was mainly given to SMEs.

This entrepreneurial revolution and the mental shift from a corporate society into an entrepreneurial society is not a passing phase but rather, a permanent change in the economic landscape. Recently the wave of entrepreneurship has become a tidal wave; in the current climate of corporate downsizing, new businesses and growing firms are crucial. Young and fast-growing firms now generate more jobs and more economic activity than bigger businesses. They are compensating for the loss of jobs in mass production units that have laid employees off in order to remain competitive with those countries characterised by lower taxes and social charges, or that may have relocated their staff to lower-cost countries.

Significant and rapid changes, combined with new opportunities, can prove both exciting and difficult. European countries face the economic, social and political challenges associated with an entrepreneurial society. Businesses face the challenges of market opportunities and new or available resources. Entrepreneurs face challenges in starting up, growing or maintaining their company and are struggling with the administrative environment in which they must operate. Clearly then, policymakers too face challenges in this ever-changing entrepreneurial landscape. As a response to these changes and challenges, many answers and suggestions for action are provided by this book. It is submitted that these responses constitute the best way to cope with the structural problems of the 'Old Continent'.

A lot of progress has been made but there is still a long way to go before Europe becomes a truly entrepreneurial society where success is applauded, and failure tolerated. Europeans have to change their mindset and move from being a corporate society, where people are almost set for life in large companies or public-sector organisations, towards an entrepreneurial society, where each person becomes a *job-maker*, instead of a *job-taker*; a society where we go back to the roots of economy: namely, economy as uncertainty. In other words, we should not ask from the economy what it cannot provide, i.e. certainty, job security and fully-fledged social security.

Conceptually, entrepreneurship policy is not comparable with other economic policies. At least in Europe, it is not yet possible to draw comparisons along clear and measurable lines. One of the challenges is establishing the variables to be considered in formulating entrepreneurship policy. A myriad of criteria is apparent from the literature: starting up a company, growing a company and creating new economic

activity; though also more intangible phenomena such as innovation, creativity, disruptive thinking, proactive behaviour and risk-taking ability, all inform policy. The origins and aims of entrepreneurship policy are heterogeneous and make it challenging to present an accurate picture of entrepreneurship policy in Europe, which itself is made up of many different countries. Despite these differences, entrepreneurship policy in Europe is, broadly, geared towards overall objectives commonly pursued in the context of economic policy: fostering economic growth and creating sustainable employment.

The major differences between the various European countries, however, depend on whether entrepreneurship policy is embedded in a conceptual framework. The crucial question is this: is entrepreneurship policy a collection of programmes introduced on an ad hoc basis, at different times and for different purposes, or can it be identified as a policy of its own, with a concept and defined fields of activity? This question, and others, are addressed in this book.

The task now for practitioners, government administrators, academics and policymakers is to work together to build a partnership and develop an infrastructure that will enable dynamic change to continue and support the phenomenon of entrepreneurship. In any case, entrepreneurship policy relies on an overwhelming justification: it encompasses the basis of a democratic society, where every individual has the chance to pursue entrepreneurial behaviour and create and grow their own business. In a free world, the spirit of entrepreneurship offers the human individual the opportunity to answer their natural constructive and creative talents and thereby offers society the opportunity of perpetual progress and growth.

Entrepreneurs deserve our respect. Success and failure are too often presented as two opposite results of entrepreneurship. However, this dichotomic approach does not correspond to the economic reality. Indeed, failure is a part of doing business. Very few entrepreneurs ever experience real success without first experiencing some massive failures. Whether it be running a business into the ground, getting fired from a job or even going to prison, plenty of very successful entrepreneurs have seen huge failures long before they accomplish their dreams.

Therefore, we should applaud all successful entrepreneurs rather than envying them, as success cannot be achieved without hard work and struggle: no guts, no glory. Equally, in the case of failure, a second chance should be given as failure too can be a worthwhile experience. Too often, failed entrepreneurs are considered as failed persons and even publicly dishonoured. A good illustration of the European mentality here can be found at the Piazza Mercanti, the former heart of the city of Milan. At the centre of the square, we can still find the *Pietra dei failli* (see the front cover of this book).

Insolvent debtors were forced to stand naked there so that their insolvency was made public and known to traders. This mentality could not be further from the philosophy behind the Chinese proverb that tells us ‘failure is the basis for success.’ This book wants to contribute to making Europeans more entrepreneurship-friendly, less envious of success and more tolerant of failure.

In the first part, we look at the concept and importance of entrepreneurship and discuss whether or not entrepreneurship can be taught, and the policies, particularly European policies, that could be developed to aid such education. In the second part, we focus on the four objectives of enterprise policy by looking at start-ups, growth enablers, bankruptcies and delocalisation. In the third part, we analyse the link between entrepreneurship and finance, which is often considered as one of the major obstacles to starting a business and to expansion. We will conclude in the fourth part by looking at some *capita selecta* linked to each of the policy objectives: incubation as a way to facilitate start-ups, untapped growth potential linked to the gender issue, ‘zombies’ and the need for innovation, and finally reshoring and retention. To aid the reader and make the book more accessible, footnotes are avoided but references are made available throughout.

I would like to thank Marc Van Rompaey for his input to the growth and start-up chapter, Laurent Benveniste for his insights on innovation and Amparo San José for her input on gender issues. But above all, I want to thank my students for having the guts to choose my course where creativity and open-mindedness are major prerequisites.

I hope that this book will prove useful for all stakeholders: entrepreneurs, policymakers, politicians, government administrators and students, especially in this post-coronavirus era. I leave it to the reader to judge the results.

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# CONTENTS

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<i>Preface</i> .....	v
<i>List of tables</i> .....	xvii
<i>List of figures</i> .....	xix

## **PART I. ENTERPRISE AND ENTREPRENEURSHIP: A POLICY ISSUE?**

### CHAPTER 1.

ENTREPRENEURSHIP: A STATE OF MIND.....	3
--	---

### CHAPTER 2.

ENTREPRENEURSHIP CULTURE .....	5
--------------------------------	---

### CHAPTER 3.

ENTERPRISE POLICY: THE FOUR OBJECTIVES .....	9
--	---

3.1. Enterprise policy at European level .....	10
--	----

3.1.1. Limit 1: private sector first .....	10
--	----

3.1.2. Limit 2: subsidiarity.....	11
-----------------------------------	----

3.1.3. Limit 3: co-decision procedure.....	11
--	----

3.2. Benchmarking.....	12
------------------------	----

### CHAPTER 4.

ENTERPRISE POLICY IN EVOLUTION.....	15
-------------------------------------	----

4.1. First phase: big is beautiful .....	15
--	----

4.2. Second phase: small is beautiful .....	16
---	----

4.3. A patchwork of measures.....	16
-----------------------------------	----

4.4. Third phase: from SME policy to entrepreneurial policy.....	18
--	----

4.5. Fourth phase: industry is no longer taboo.....	21
---	----

**PART II. ENTERPRISE POLICIES**

**CHAPTER 5.**

**START-UP POLICY** .....27

5.1. Translation of ideas into action: the four-step approach .....28

    5.1.1. First step: the idea .....28

    5.1.2. Second step: business development .....29

        5.1.2.1. Business model .....29

        5.1.2.2. Business plan .....30

    5.1.3. Third step: intellectual property rights (IPR) .....31

    5.1.4. Fourth step: implementation .....31

5.2. Ingredients of a successful start-up. ....32

    5.2.1. Vision .....32

    5.2.2. Strong team prepared to work hard .....32

    5.2.3. Original idea. ....32

    5.2.4. Ecosystem and network. ....33

    5.2.5. Finance .....33

    5.2.6. Supporting market .....33

    5.2.7. Luck .....34

    5.2.8. Attitude .....34

5.3. The pitfalls of a start-up .....35

    5.3.1. No market need .....35

    5.3.2. Insufficient capital .....36

    5.3.3. Team .....36

    5.3.4. Get outcompeted .....36

    5.3.5. No clear business model .....37

    5.3.6. Poor marketing. ....37

    5.3.7. Timing. ....37

5.4. The five types of start-up motivation .....37

    5.4.1. Lifestyle start-ups: work to live their passion .....37

    5.4.2. Small business start-ups: work to feed the family .....38

    5.4.3. Scalable start-ups: born to be big .....38

    5.4.4. Buyable start-ups: born to sell .....39

    5.4.5. Social start-ups: driven to make a difference .....39

5.5. Barriers to start-ups .....40

5.6. Policy recommendations .....40

CHAPTER 6.	
GROWTH ENABLERS POLICY .....	43
6.1. The ‘guts’ to grow .....	43
6.1.1. Ingredients for growth.....	44
6.1.1.1. What is the customer profile?.....	45
6.1.1.2. A second line of business .....	46
6.1.1.3. Existing customers support sustained growth .....	46
6.1.1.3.1. Repeated orders .....	46
6.1.1.3.2. Status of the brand .....	47
6.1.1.3.3. Viral affection .....	47
6.1.1.3.4. Word of mouth .....	47
6.1.1.3.5. Advertising campaigns.....	47
6.1.2. Growth multipliers.....	47
6.1.2.1. Unleash the entrepreneur .....	48
6.1.2.2. Change the game with disruptive innovation.....	48
6.1.2.3. Target a high growth market segment.....	48
6.1.2.4. Come up with a breakthrough value proposition .....	48
6.1.2.5. Rapid prototypes and design thinking .....	48
6.1.2.6. Break into new markets .....	48
6.1.2.7. Make your marketing revolutionary and the competition irrelevant.....	49
6.1.2.8. Grow your business on the internet.....	49
6.1.2.9. Drive growth through operational excellence .....	49
6.1.2.10. Act as a multiplier instead of a diminisher .....	50
6.1.3. Develop growth strategies.....	50
6.1.3.1. Market segmentation.....	50
6.1.3.2. Levering partnerships .....	50
6.1.3.3. Use checklists.....	50
6.1.3.4. Become the market leader, not a follower.....	51
6.1.4. Implementing growth strategies.....	51
6.1.4.1. Organisation capabilities .....	51
6.1.4.2. Performance management system and scorecard .....	52
6.1.4.3. Leadership .....	53
6.2. Mergers and acquisitions.....	54
6.2.1. Reasons and drawbacks for mergers and acquisitions.....	55
6.2.2. Different types of merger and acquisition: friendly or hostile? .....	56
6.2.2.1. A friendly takeover .....	57
6.2.2.2. A hostile takeover .....	58

6.2.2.3.	A reverse takeover . . . . .	58
6.2.2.4.	A backflip takeover . . . . .	59
6.2.2.5.	A management buy-out (MBO). . . . .	59
6.3.	Policy recommendations . . . . .	59
6.3.1.	From start-up to high-growth focus . . . . .	59
6.3.2.	Rationale for support to high-growth firms . . . . .	61
6.3.3.	Barriers to unlock the potential of high-growth firms. . . . .	61
6.3.3.1.	Finance growth . . . . .	65
6.3.3.2.	Red tape . . . . .	65
6.3.3.3.	Fiscal and social security . . . . .	65
6.3.3.4.	Mindset. . . . .	66
6.4.	Case study: Flanders' gazelles' policy . . . . .	67
6.4.1.	What is a gazelle? . . . . .	68
6.4.2.	The entrepreneurs' view . . . . .	68
CHAPTER 7.		
BANKRUPTCY AND SECOND CHANCE . . . . .71		
7.1.	Bankruptcy versus liquidation. . . . .	71
7.1.1.	Exception 1: the three-year period. . . . .	72
7.1.2.	Exception 2: the personal guarantee . . . . .	72
7.2.	Prebankruptcy and early warning. . . . .	75
7.3.	Out-of-court settlements . . . . .	76
7.4.	Bankruptcy procedures . . . . .	77
7.5.	Post-bankruptcy and conditions for a second chance . . . . .	78
CHAPTER 8.		
RETENTION AND RESHORING POLICY. . . . .81		
8.1.	Concepts: offshoring and reshoring . . . . .	81
8.2.	From offshoring to reshoring . . . . .	82
8.3.	Offshoring . . . . .	83
8.4.	The reshoring phenomenon: policy matters . . . . .	84
8.5.	Reshoring in the USA. . . . .	86
8.6.	A European reshoring policy? . . . . .	87

## PART III. ENTREPRENEURSHIP AND FINANCING

## CHAPTER 9.

## THE FINANCE PARADOX .....93

9.1. Financing: a resolved issue?.....	93
9.2. The financing gap .....	95
9.2.1. The loan gap .....	97
9.2.2. The equity gap .....	99
9.3. Demand side: real entrepreneurs versus lifestyle entrepreneurs.....	100
9.3.1. Lifestyle entrepreneurs .....	100
9.3.2. Real entrepreneurs.....	103
9.4. Supply side.....	104
9.4.1. Bankers: collateral prevails over confidence.....	104
9.4.2. Risk capital: more capital than risk .....	104
9.5. The paradox explained.....	108
9.6. Plea for a mix of financial instruments.....	111
9.7. Creating awareness.....	113
9.7.1. Investor readiness .....	113
9.7.2. Mutual understanding between bankers and SMEs.....	114
9.7.3. Integrated finance approach.....	115
9.8. Conclusion.....	116

## CHAPTER 10.

## IS THE CROWD ENTREPRENEURIAL? ..... 119

10.1. Back to the roots .....	119
10.2. Crowdfunding: position in the financial landscape .....	121
10.2.1. Crowdfunding: where does it fit?.....	121
10.2.2. What is crowdfunding? .....	122
10.2.3. Different types of crowdfunding .....	122
10.3. Crowdfunding platforms .....	123
10.4. Some examples of crowdfunding platforms.....	125
10.5. Recommendations for investors, investees and government .....	126
10.6. Conclusions.....	127

CHAPTER 11.	
EQUITY FINANCING: ANGELS AND (AD)VENTURES.....	129
11.1. Formal or informal: what makes the difference?.....	129
11.2. Business angels .....	132
11.2.1. The investors' criteria .....	132
11.2.2. The investees' profile .....	133
11.2.3. The business angel network .....	133
11.2.4. Business angel academies .....	135
11.2.5. Policy recommendations.....	137
11.2.6. By way of conclusion.....	139
11.3. (Ad)venture capital.....	140
11.3.1. European financial support.....	143
11.3.1.1. European Investment Bank.....	143
11.3.1.2. European Investment Fund.....	144
11.3.1.3. European Commission .....	144
11.3.2. Five ways to promote venture capital .....	145
11.3.2.1. The public funds.....	146
11.3.2.2. The co-investment schemes .....	147
11.3.2.3. Fund-of-funds approach.....	147
11.3.2.4. Covering working costs.....	148
11.3.2.5. Guarantees as a tool to promote risk capital.....	149
11.3.3. Future action required.....	149
CHAPTER 12.	
GUARANTEES: OBSOLETE OR SEXY? .....	151
12.1. Lack of collateral as the main obstacle.....	151
12.2. Loan guarantee scheme and mutual guarantee scheme .....	154
12.2.1. The share covered.....	156
12.2.2. Risk-sharing models .....	156
12.3. Policy recommendations linked to credit guarantees.....	157
12.4. Equity guarantee systems.....	159
12.5. The US equity guarantee scheme.....	161
12.5.1. SBIC, Tesla and Apple .....	163
12.5.2. Equity culture.....	164
12.6. The EU equity guarantee scheme .....	164
12.7. Policy recommendations linked to equity guarantees .....	165
12.8. By way of conclusion .....	166

## PART IV. ENTREPRENEURSHIP: CAPITA SELECTA

## CHAPTER 13.

## STARTERS, INCUBATORS, ACCELERATORS AND HACKATHONS ..... 171

13.1. The concept .....	171
13.2. Types of incubators .....	173
13.3. American incubators .....	175
13.4. European incubators .....	177
13.5. <i>Incubatio</i> .....	180
13.6. Final considerations on incubators .....	183
13.7. Accelerators .....	183
13.8. Hackathons .....	185

## CHAPTER 14.

## THE GENDER GAP: AN UNTAPPED GROWTH POTENTIAL?..... 187

14.1. The gender issue .....	187
14.2. A gender-unbalanced entrepreneurial ecosystem? .....	187
14.3. Female entrepreneurship: less but better .....	188
14.4. Venture capital and women-led businesses: the venture capital market. ....	190
14.5. Venture capital and women-led businesses: supply and demand .....	191
14.6. Venture capital and women-led businesses: subsequent financial rounds ....	192
14.7. Women angels .....	193
14.8. Conclusion: investor and policy recommendations .....	194

## CHAPTER 15.

## ZOMBIES, EXNOVATION AND INNOVATION..... 197

15.1. Zombies .....	197
15.1.1. Impact on economy .....	198
15.1.2. Policy recommendations .....	199
15.2. Zombies and exnovation .....	199
15.3. Innovation .....	200
15.3.1. A common vision at the relevant territorial level. ....	201
15.3.2. Ensure active involvement of residents .....	202
15.3.3. Create an adequate legal and fiscal framework .....	202
15.3.4. Encourage the development of radical innovation .....	203

CHAPTER 16.  
 DELOCALISATION AND THE SCALE-UP GAP ..... 205

16.1. Companies leaving Europe .....206

16.2. From small equity gap to scale-up gap .....207

16.3. Policy options .....209

    16.3.1. Fund-of-funds approach .....210

    16.3.2. Government-backed lending schemes .....212

    16.3.3. Comparison of the policy options .....213

16.4. Conclusion.....214

OVERALL CONCLUSION..... 217

*References* .....219

*Other publications* .....229

*Index* .....231

*About the author* .....233



## LIST OF TABLES

---

Table 1.	Business climate versus entrepreneurship culture .....	5
Table 2.	The four objectives of enterprise policy .....	10
Table 3.	Different types of incentives in the SME area.....	17
Table 4.	Comparison between SME policy and entrepreneurship policy .....	19
Table 5.	Contribution of industry compared to contribution of administration .....	22
Table 6.	Prerequisites for sustained growth.....	44
Table 7.	Red versus blue ocean strategy.....	49
Table 8.	Barriers to growth.....	62
Table 9.	Policy responses to growth challenges.....	63
Table 10.	Growth parameters.....	64
Table 11.	Motives for reshoring in the USA .....	86
Table 12.	Government action to stimulate reshoring.....	87
Table 13.	The equity and loan gap .....	97
Table 14.	A comparative balance sheet structure.....	107
Table 15.	Stage and desired return .....	110
Table 16.	Comparative analysis of the different forms of financing.....	111
Table 17.	Breakdown of crowdfunding by type (in %, data 2018) .....	123
Table 18.	Comparison of formal and informal venture capital .....	130
Table 19.	Guarantee on assets versus liabilities.....	160
Table 20.	Types of business incubator.....	174
Table 21.	US performance by different types of incubator .....	176
Table 22.	Incubator versus accelerator .....	184
Table 23.	A comparison of government-backed lending versus co-investment approach .....	214



## LIST OF FIGURES

---

Figure 1.	Total entrepreneurial activity .....	6
Figure 2.	Correlation between growth and entrepreneurship.....	19
Figure 3.	Reasons for failure of start-ups .....	35
Figure 4.	Target groups for policy intervention.....	60
Figure 5.	The enterprise community.....	64
Figure 6.	Policy matrix .....	66
Figure 7.	Out-of-court and in-court procedures .....	75
Figure 8.	From offshoring to reshoring .....	83
Figure 9.	Supply and demand for risk capital by enterprise stage .....	108
Figure 10.	The link between financial source and stage of an investment .....	131
Figure 11.	The three parties involved in LGS.....	154
Figure 12.	Leveraged versus unleveraged.....	162
Figure 13.	The working of ESCALAR.....	165
Figure 14.	The dynamic process of entrepreneurship, <i>incubatio</i> and business angel networks .....	181

