

How can Europe kick-start growth?

An INSEAD roundtable discussion with:

Bernard Liautaud, Founder and Chairman of Business Objects; Ernest-Antoine Seillière, Chairman of the Supervisory Board of WENDEL, and President of BUSINESSEUROPE

As European growth remains sluggish compared to that posted in Asia, the issue of how Europe can kick-start its economy came under the spotlight at the Leadership Summit.



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“Europe is not over,” argues **Ernest-Antoine Seillière**. “People think it’s over because other parts of the world are doing well – such as Asia, for example. But Europe remains relevant.”

Seillière offers a three-pronged recipe for keeping Europe relevant in a world of global competition: creating an internal market for services in Europe; fighting against protectionism in Europe; and reforming the governance of Europe.

“Keep an eye on the European social model,” he adds. “Social dialogue is the key to economic success.”

‘Europe has potential. What’s missing is leadership inspiration’



According to **Bernard Liautaud**, Europeans are often too gloomy in their outlook about their own economic prospects. “We cannot predict too much doom, he adds. There are lots of examples of countries that reinvented themselves after a crash -- think of California, which was as good as dead after the internet crash and which is back now.”

“Europe has lots of potential. What has been missing is leadership inspiration,” Liautaud says. “The Sarkozy example (in France) is very strong.

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Whether you like his ideas or not, you have to admit that he is showing strong leadership and direction.”

Liautaud -- who founded Business Objects and grew it from a small start-up company to a world leader in its field -- is more pessimistic however about the prospects for funding the growth economy of Europe through venture capital. “Venture capital investment in Europe is one billion dollars per quarter, compared to 7 billion dollars per quarter in the US,” he points out, adding “this is a dangerous number for Europe.”

There is arguably a lack of entrepreneurial spirit in Europe compared to Asia or the United States. Recounting a visit to a Chinese business school, Liautaud says he was “amazed in China at how hungry the students are to create companies.”

The fear of failure

During a question and answer session at the INSEAD Leadership Summit, one member of the audience shared his own bitter experience as an entrepreneur: “Before even looking at our business plan, the bankers in Europe were more concerned with questions like: What school did you attend? How many clients do you already have? In the US, the attitude was a lot more open. As a result, we are now probably going to move our company to the US in order to get funding.”

The European -- or more specifically French -- conservatism regarding venture capital funding is mainly attributable to a culturally-entrenched fear of failure. “We need to celebrate failure in France -- as in the US -- as an opportunity to learn, not as a stigma to be bared for life, as it is now looked upon in France,” Liautaud argues.

Seillière agrees, adding that “in French education, you are taught to shun risk. Everyone has to be unsuccessful -- that way everyone is happy because equal.”

Both roundtable panellists agree that the fault lies with the French education system. “The notion of acceptance of failure and acceptance of risk needs to be taught at an early age,” concludes Liautaud.

Another part of the problem has to do with how researchers and business people are kept separate from each other, seldom interacting. “In Europe, we separate the specialities -- the engineers in one school and the business people in another,” Liautaud points out. “In Silicon Valley, at Stanford, you have the best business minds and the most innovative scientific thinkers working hand in hand, producing great results and giving birth together to innovative companies. Take Google for example: an innovative algorithm for raking web pages on the

one hand and a great advertising business model on the other hand. You need both the innovation and the business model to make a real success story.”

For Seillière, the future economic success of Europe depends on greater European integration. “If EU construction stops, then it’ll be over for Europe,” he argues. “But I don’t think that will happen, because I don’t think people have a taste for suicide.”

Adding a touch of irony to the debate, he concludes that “what gives hope for Europe is the incredibly bad management of the place -- thereby allowing a great potential for improvement in the future!”

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