



Life in Start-up Nation: Two Young French Entrepreneurs Speak Out

In a frantic-paced start-up scene, the primary challenge is building and managing talented teams.

Any doubts about the seriousness of France’s bid to become Europe’s innovation capital were likely put to rest with last year’s opening of **Station F**, which bills itself as the world’s largest start-up campus. The 34,000-square-metre facility in the centre of Paris includes desk space for 1,000 start-ups, eight event spaces, and a 24-hour “chill zone” open to the public. Facebook, Google and Amazon have established a presence there.

President Emmanuel Macron has been outspoken about his aims to use innovation and entrepreneurship to jolt new life into the French economy. But the push to refashion France as a “start-up nation” began well before the current president assumed office. In 2012, then-President François Hollande launched BPI France, a public investment bank that poured €8 billion into French start-ups in its first five years. The cumulative result has been a redirection of French youth’s career ambitions: According to **a 2017 survey**, 60 percent of the nation’s under-30s fancied themselves potential start-up founders.

INSEAD in collaboration with Sorbonne Université offers the **Business Foundations Certificate (BFC) Programme** to teach budding entrepreneurs of all backgrounds the business skills they’ll need to ride the French start-up wave. At a recent event for BFC programme alumni and prospective students, we heard from two young founders who have

successfully made the journey from concept to fully funded venture. Their case histories and reflections on their experiences so far give a sense of the state of play within the country’s exploding start-up scene.

Scortex

Aymeric de Pontbriand, co-founder and CEO of Scortex, says his company occupies a unique niche – developing hardware for AI. With a master’s in physics from the Sorbonne (and a BFC), he observed that despite great advancements made in manufacturing automation, quality control was still being done the expensive, old-fashioned way. De Pontbriand reckoned he could develop AI and machine learning solutions for detecting defective products as they rolled off the assembly line, thereby reducing companies’ need to retain human inspectors.

Scortex’s main hardware is based around an industrial processing chip hooked up to industrial cameras. The machine learning component kicks in as the cameras capture more and more images, and the company’s software develops and refines its own protocols for spotting botched merchandise. With all data uploaded to the cloud, Scortex’s algorithms get stronger the more they are used in a given environment.

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The value of Scortex's product was undeniable. Its first customer, a paint shop QC department in an automotive plant, was able to streamline from five inspectors per shift to only one after integrating the technology. Yet the company faced headwinds on its growth journey. The slow sales cycle of manufacturing kept its growth path gradual. Many potential clients were excited by the possibilities, but were not yet technologically advanced enough to capitalise on them. All the while, competition in the space was heating up – culminating last year in IBM's launch of its own AI-driven "cognitive assistant" for automating quality control.

PopChef

For start-up founders the world over, growth is often far from linear. But the fast-evolving French start-up ecosystem can be a real roller-coaster ride. François Raynaud de Fitte, co-founder of PopChef, can testify to that.

PopChef launched in January 2015 with a simple concept: Disrupt lunch by delivering fresh, healthy meals straight to the office, making long waits at crowded neighbourhood bistros a thing of the past. After coming up with the basic idea, de Fitte was so eager to get it to market ahead of the competition that he jumped in before developing a website or app. Collaborating with a restaurant in Paris, he initially sold lunches in branded PopChef packaging over Twitter.

As the first local entrant in the lunch delivery space, PopChef quickly found seed funding from angel investors and an expanding customer base. It used data analysis to forecast customer demand, with a proprietary algorithm which optimised delivery by calculating the shortest distance between the hub and the customer. But making the model work without sacrificing food quality, delivery efficiency or affordability proved challenging. And when competing food companies (both foreign and domestic) came on the scene, discounts and expensive advertisements became more prevalent, forcing the start-up to fight for customers. Popchef reset its core mission from technology to food and branding, and grew its customer base, delivering its 100,000th meal in Q1 2017. Yet, despite having raised substantial investments, including €2 million investment from leading commercial caterer Elior Group, the ever-increasing cash burn brought the company near the brink of ruin.

Finally, de Fitte had no option but to start over "as if from day one", letting go of two-thirds of his staff as part of a deep cost-reduction scheme and focusing on an attractive niche market. As Q1 2018 drew to a close, PopChef was enjoying continued monthly growth, and de Fitte says the company should reach profitability before the end of the year. The

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employees who were let go at PopChef's lowest ebb are in the process of being rehired.

Life in the "start-up nation"

De Fitte and de Pontbriand believe that this is an especially exciting moment to be an entrepreneur in Paris, but caution against getting caught up in the hype. "Some people want to win every single prize and not focus on customers," de Pontbriand says, "Go out and talk to customers and find out what you're doing wrong."

The pair also urges founders to look beyond their home nation. They point out that Israel's success as a start-up hub partly stems from the lack of a local market, which obliges founders to adopt an international mind-set from the beginning. "Start thinking at least European", says de Pontbriand. "It's not that hard. Going to London or Berlin is sometimes easier than reaching other French cities."

Talent as key resource

The entrepreneurs are surprisingly nonchalant about the vital issue of funding. The money will flow naturally if you have a great product, they imply. Plus, news travels fast in the close-knit start-up world in Paris. Once the first investor is on board, others will get wind of it and want in too.

Rather than petitioning potential investors, the pair say their obsession revolves around attracting, retaining and motivating talent. De Fitte says his burning questions are, "How do you hire people who are smarter than you, and convince them to work for someone not as smart as they are?" As a result, he spends 30 percent of his day focused on talent, much of it on LinkedIn, scouting for and communicating with possible hires.

Culture can be the glue that keeps talents bonded to their employers. PopChef very consciously sets itself apart from conventional French companies, trying to inculcate a founder-like passion in each team member. For example, employees can make their own hours and are even granted unlimited holidays, provided work is done on time. "It's about trust," says de Fitte. "If you trust your employees, they're not going to do crazy things."

Of course, more tangible compensation is always a pillar of talent retention. One of the vaunted advantages of France as a labour market for innovation is that its engineers, developers and other professionals command more reasonable salaries than equivalent talents in the United States and elsewhere. Yet the entrepreneurs stress that you have to pay people competitively if you want them to work hard and stay at your company.

PopChef grants all employees stock totalling 15 percent ownership in the company.

De Pontbriand concurs, recommending team-building exercises, but above all, “ownership is the best way to engage your team.”

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