PART II

THE ENTREPRENEURIAL JOURNEY AND ITS IMPACT ON PRIVATE WEALTH
Based on the voices of 2,763 Elite entrepreneurs handling a total net worth of USD16 billion, spanning 23 countries across Europe, Asia, the United States and the Middle East, this exclusive report unveils the different stages of maturity of their entrepreneurial journey, the impact on their private wealth and their need for family governance.

**KEY FINDINGS**

**47%** of Elite entrepreneurs are in the early stages of their journey, either in the ‘Creation’ or ‘Growth’ phases, where the objective is to launch a product or service, or grow revenues.

**56%** of Elite entrepreneurs have been through an M&A with one of their firms in the past. Those in Turkey and Brazil are most likely to have had a business acquired in the last five years, while Poland, India and China are hotspots for recent mergers.

**44%** of Elite entrepreneurs have used credit solutions to develop their businesses. The demand is highest in Asia (55%), rising to six in every ten entrepreneurs in China, India and Indonesia. Those in the ‘Development’ stage are most likely to rely on lending for business financing purposes.

Most Elite entrepreneurs intend for their business to stay in the family. 51% say that their plan is to eventually pass to a family member. Those in Poland, Italy, Russia, Brazil and Indonesia are most convinced of this approach.

However, family transfer becomes less appealing when entrepreneurs approach exit. 62% of entrepreneurs in the ‘Creation’ stage say they will pass on company interests to a family member, falling to 37% as they approach exit.

More than half feel the next generation of business leaders need more guidance. 53% believe their successors are not ready to take over their responsibilities and 13% have not even identified anyone suitable. However, 47% of UHNWIs are fully confident in the future leaders of their firms.

**METHODOLOGY**

**ON AVERAGE**

- **USD16 BN** total net worth
- **USD5.8 M** net worth
- **2.8** companies started

**GENDER**

- **67%** male
- **33%** female

**AGE**

- **35 AND UNDER**
- **36 TO 54**
- **55 AND OVER**

**REGIONS**

- **14%** USA
- **30%** APAC
- **3%** Brazil
- **51%** Europe
- **2%** GCC
**THE LIFECYCLE OF A SUCCESSFUL FIRM**

**STAGE 1  CREATION**

**PROFILING**
- Population: 460 Elite Entrepreneurs (17% of total sample)
- Average age: 37 years old
- Average Company Revenue in 2017: USD6.4 million

**SUCCESSION PLAN**
1. Ownership will pass to a family member: 62%
2. Ownership will pass to the management team: 29%
3. Ownership will pass to a new owner: 9%

**FUTURE BUSINESS INVESTMENTS**
1. Product design: 42%
2. Product manufacturing: 38%
3. Marketing: 34%
4. Sales and distribution: 32%
5. Customer experience (e.g. website): 30%
6. Mobile communications: 26%
7. Finance (e.g. accounting, payments): 23%

**TOP SECTOR HOTSPOTS**
1. IT and digital technology: 25%
2. Retail and culture: 17%
3. Transport and logistics: 17%
4. Manufacturing and engineering: 15%
5. Financial services: 13%
6. Professional services (e.g. medical, legal): 13%

**TOP 5 MARKET HOTSPOTS**
1. Russia: 30%
2. Indonesia: 29%
3. China: 25%
4. GCC: 23%
5. Poland: 23%

**DEEP-DIVE**
- 21% of entrepreneurs aged 35 and under are at the ‘Creation’ stage of the business lifecycle, compared to only 6% aged 55 and over.
- 26% of UHNW entrepreneurs with net worth equal to or greater than USD25 million indicate that they are at the ‘Creation’ stage of the business lifecycle.

**SUCCESSION ADVICE**
1. Advice on how to prepare future leaders for senior leadership responsibilities: 41%
2. Advice on the correct valuation of the business: 39%
3. Support finding people with the right skills and experience to manage the business: 38%
4. Advice on structuring the transfer to optimise tax efficiency: 32%
5. Wealth management after the transfer or sale of my business: 31%
6. Facilitation during meetings to smooth the transfer: 29%
7. Putting in place a family governance code for the next generation of leaders: 25%

Source: 2019 BNP Paribas Global Entrepreneur Report
**THE LIFECYCLE OF A SUCCESSFUL FIRM**

**STAGE 2 GROWTH**

**PROFILING**
- **Population:** 844 Elite Entrepreneurs (31% of total sample)
- **Average age:** 39 years old
- **Average Company Revenue in 2017:** USD6.4 million

**SUCCESION PLAN**
1. Ownership will pass to a family member: 50%
2. Ownership will pass to the management team: 36%
3. Ownership will pass to a new owner: 14%

**FUTURE BUSINESS INVESTMENTS**
1. Sales and distribution: 40%
2. Marketing: 39%
3. Customer experience (e.g. website): 34%
4. Product design: 31%
5. Product manufacturing: 28%
6. Finance (e.g. accounting, payments): 27%
7. Mobile communications: 22%

**TOP SECTOR HOTSPOTS**
1. Manufacturing and engineering: 33%
2. Transport and logistics: 31%
3. Retail and culture: 30%
4. Professional services (e.g. medical, legal): 30%
5. IT and digital technology: 30%
6. Financial services: 26%

**TOP 5 MARKET HOTSPOTS**
1. Luxembourg: 59%
2. Belgium: 48%
3. Poland: 40%
4. Spain: 38%
5. Indonesia: 37%

**DEEP-DIVE**
- Only 34% of entrepreneurs in the ‘Growth’ stage believe that the next generation of business leaders are fully prepared for future management, compared with 50% of ‘Creation’ stage business owners.
- More than one in two ‘Growth’ stage entrepreneurs believe that a family governance code could help define the future role of family members and help integrate them into the business, while also helping to set up a long-term strategic business plan for the future.

**SUCCESION ADVICE**
1. Advice on the correct valuation of the business: 44%
2. Advice on how to prepare future leaders for senior leadership responsibilities: 37%
3. Support finding people with the right skills and experience to manage the business: 37%
4. Advice on structuring the transfer to optimise tax efficiency: 34%
5. Wealth management after the transfer or sale of my business: 32%
6. Putting in place a family governance code for the next generation of leaders: 30%
7. Facilitation during meetings to smooth the transfer: 30%

*Source: 2019 BNP Paribas Global Entrepreneur Report*
DEVELOPMENT

PROFILING

Population
1,262 Elite Entrepreneurs (46% of total sample)

Average age
40 years old

Average Company
Revenue in 2017 USD7.5 million

DEEP-DIVE

In terms of future business goals, the majority of ‘Development’ stage entrepreneurs (16%) want to contribute to innovation and development in their chosen industry.

26% of ‘Development’ stage entrepreneurs believe that automation will help transform their business in the next five years, compared to only 19% of their peers in the ‘Growth’ stage.

TOP SECTOR HOTSPOTS

1. Financial services 49%
2. Transport and logistics 49%
3. Professional services (e.g. medical, legal) 49%
4. Manufacturing and engineering 47%
5. Retail and culture 44%
6. IT and digital technology 42%

TOP 5 MARKET HOTSPOTS

1. Netherlands 64%
2. Switzerland 63%
3. Singapore 58%
4. Italy 55%
5. Turkey 54%

FUTURE BUSINESS INVESTMENTS

1. Marketing 40%
2. Customer experience (e.g. website) 38%
3. Sales and distribution 35%
4. Product design 35%
5. Product manufacturing 30%
6. Finance (e.g. accounting, payments) 29%
7. Mobile communications 26%

SUCCESSION PLAN

1. Ownership will pass to a family member 48%
2. Ownership will pass to the management team 38%
3. Ownership will pass to a new owner 14%

SUCCESSION ADVICE

1. Advice on how to prepare future leaders for senior leadership responsibilities 44%
2. Advice on the correct valuation of the business 40%
3. Support finding people with the right skills and experience to manage the business 40%
4. Advice on structuring the transfer to optimise tax efficiency 38%
5. Wealth management after the transfer or sale of my business 34%
6. Putting in place a family governance code for the next generation of leaders 31%
7. Facilitation during meetings to smooth the transfer 31%

Source: 2019 BNP Paribas Global Entrepreneur Report
**Profiling**

- **Population**: 107 Elite Entrepreneurs (4% of total sample)
- **Average age**: 47 years old
- **Average Company Revenue in 2017**: USD5.8 million

**Deep-Dive**

- 12% of Elite Entrepreneurs aged 55 and over are in the ‘Consolidation’ stage of the business lifecycle, compared to only 3% of business owners aged 35 or under.

- And in terms of future succession, only 37% of entrepreneurs preparing for business exit this year intend to transfer ownership to a family member, compared with 62% of ‘Creation’ stage business owners.

**Planning for Business Exit**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Task Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identifying the right time to sell my business</td>
<td>41%</td>
</tr>
<tr>
<td>2</td>
<td>Putting a plan in place to protect my wealth</td>
<td>41%</td>
</tr>
<tr>
<td>3</td>
<td>Putting a plan in place to safeguard my family’s future</td>
<td>39%</td>
</tr>
<tr>
<td>4</td>
<td>Forming a precise understanding of the value of my company</td>
<td>31%</td>
</tr>
<tr>
<td>5</td>
<td>Refinancing my business to improve its financial performance</td>
<td>20%</td>
</tr>
<tr>
<td>6</td>
<td>Restructuring my business to improve its competitiveness</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Top 5 Market Hotspots**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brazil</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>Spain</td>
<td>7%</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>7%</td>
</tr>
<tr>
<td>4</td>
<td>Taiwan</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Future Business Investments**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Marketing</td>
<td>44%</td>
</tr>
<tr>
<td>2</td>
<td>Sales and distribution</td>
<td>33%</td>
</tr>
<tr>
<td>3</td>
<td>Finance (e.g. accounting, payments)</td>
<td>26%</td>
</tr>
<tr>
<td>4</td>
<td>Customer experience (e.g. website)</td>
<td>24%</td>
</tr>
<tr>
<td>5</td>
<td>Product manufacturing</td>
<td>22%</td>
</tr>
<tr>
<td>6</td>
<td>Product design</td>
<td>18%</td>
</tr>
<tr>
<td>7</td>
<td>Mobile communications</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Succession Advice**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Advice Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advice on how to prepare future leaders for senior leadership responsibilities</td>
<td>37%</td>
</tr>
<tr>
<td>2</td>
<td>Advice on the correct valuation of the business</td>
<td>37%</td>
</tr>
<tr>
<td>3</td>
<td>Wealth management after the transfer or sale of my business</td>
<td>31%</td>
</tr>
<tr>
<td>4</td>
<td>Facilitation during meetings to smooth the transfer</td>
<td>28%</td>
</tr>
<tr>
<td>5</td>
<td>Support finding people with the right skills and experience to manage the business</td>
<td>27%</td>
</tr>
<tr>
<td>6</td>
<td>Advice on structuring the transfer to optimise tax efficiency</td>
<td>26%</td>
</tr>
<tr>
<td>7</td>
<td>Putting in place a family governance code for the next generation of leaders</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: 2019 BNP Paribas Global Entrepreneur Report
72% of entrepreneurs at the ‘Transfer’ stage of the business lifecycle are aged 55 and over.

Only 37% of ‘Transfer’ stage entrepreneurs would transfer their primary business to a family member at the point of succession, compared to 62% of Creation stage business owners.

And in terms of succession advice, the majority of business owners (44%) planning to exit their business this year require support sourcing the right talent with the skills needed to manage the business in the future.

### SUCCESSION PLAN

<table>
<thead>
<tr>
<th>Stage</th>
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<tr>
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<td>Ownership will pass to a family member</td>
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<td>2</td>
<td>Ownership will pass to the management team</td>
<td>22%</td>
</tr>
<tr>
<td>3</td>
<td>Ownership will pass to a new owner</td>
<td>41%</td>
</tr>
</tbody>
</table>

### AGE PROFILE

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>55 and over</td>
<td>72%</td>
</tr>
<tr>
<td>2</td>
<td>36 to 54</td>
<td>26%</td>
</tr>
<tr>
<td>3</td>
<td>35 and under</td>
<td>2%</td>
</tr>
</tbody>
</table>

### TOP 5 MARKET HOTSPOTS

<table>
<thead>
<tr>
<th>Rank</th>
<th>Market</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>13%</td>
</tr>
<tr>
<td>2</td>
<td>United Kingdom</td>
<td>6%</td>
</tr>
<tr>
<td>3</td>
<td>Switzerland</td>
<td>4%</td>
</tr>
<tr>
<td>4</td>
<td>Netherlands</td>
<td>3%</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>3%</td>
</tr>
</tbody>
</table>

### SUCCESSION ADVICE

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<th>Stage</th>
<th>Description</th>
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<tr>
<td>1</td>
<td>Support finding people with the right skills and experience to manage the business</td>
<td>44%</td>
</tr>
<tr>
<td>2</td>
<td>Advice on the correct valuation of the business</td>
<td>33%</td>
</tr>
<tr>
<td>3</td>
<td>Advice on structuring the transfer to optimise tax efficiency</td>
<td>22%</td>
</tr>
<tr>
<td>4</td>
<td>Advice on how to prepare future leaders for senior leadership responsibilities</td>
<td>15%</td>
</tr>
<tr>
<td>5</td>
<td>Wealth management after the transfer or sale of my business</td>
<td>15%</td>
</tr>
<tr>
<td>6</td>
<td>Putting in place a family governance code for the next generation of leaders</td>
<td>11%</td>
</tr>
<tr>
<td>7</td>
<td>Facilitation during meetings to smooth the transfer</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: 2019 BNP Paribas Global Entrepreneur Report
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