

A report from The Economist Intelligence Unit



An entrepreneur's perspective

Today's world through the eyes of the young innovator

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Executive summary

Successful young entrepreneurial innovators have achieved something akin to rockstar status. They grace magazine covers and keynote global conferences, inspiring burgeoning start-ups and Fortune 50 companies alike.

Collectively, young entrepreneurs are innovative by nature and their thinking is an important source of growth and job creation across the world. Today, with digital tools in hand, leaders are better positioned to expand their businesses across borders, seize niche opportunities and shape the global economic future.

Yet, most of today's young entrepreneurs want more than status and a global corporate footprint. Their ideas of success arise from powerful social, political and economic convictions.

To find out what really makes young innovators tick, The Economist Intelligence Unit, sponsored by FedEx, surveyed more than 500 of these young entrepreneurs around the globe about their motivations, ideals and priorities. Our survey respondents were between 25 and 50 years of age and all founders, owners or partners

of firms with fewer than 500 employees. They are living in North America, Europe, Middle East, India and Africa, Asia-Pacific, and Latin America. We surveyed them on matters of globalization, technology and social values.

We then compared their views with a similar survey of the general public in the same regions. Side by side, these surveys enabled us to differentiate the outlooks of today's young and innovative entrepreneurs.

Our surveys identified four key mindsets that guide young entrepreneurs: leading with passion; thinking globally; embracing social responsibility; and banking on connectivity.

This report explores the similarities and divergences of today's young entrepreneurs and the general public. It seeks insights into the elements of the business environment that matter most to entrepreneurs, as well as their views on a variety of issues including free trade and social responsibility. ■

1 Personal passions—the underpinning of entrepreneurial drive

Entrepreneurs have stories. Their businesses are inspired by the founders' experiences and interactions with the world around them. As businesses grow, experiences and values continue to define targets and guide mission statements.

The passions of entrepreneurs do not differ much from the general public. For example, consumers and entrepreneurs alike prioritise social issues in their personal lives, including healthcare, education, equality, public safety and economic growth.

In the case of Akiko Naka, her deep passion for connectivity sparked her entrepreneurial vision. She created Wantedly, a Tokyo-based "social recruiting" site that connects workers and employers with similar passions. Wantedly now boasts more than 1.5m users per month seeking jobs with more personal meaning. She launched the

business after a successful but unfulfilling career with Goldman Sachs and a brief stint at Facebook. "Our mission is to build a world where work drives passion," Ms Naka said at a recent conference.

Aziz Kaddan, co-founder of Myndlift, also launched his global business based on a personal experience. His was watching his sister and brother struggle with the side effects of conventional pharmaceutical treatments for attention-deficit-hyperactivity disorder (ADHD). His Tel Aviv-based company has created an app-based system using digital technology to ease symptoms through neurofeedback rather than drugs.

"I saw how ADHD treatments were harming my siblings," Mr Kaddan says. "That's why I wanted to bring forward an alternative treatment."



2

Thinking globally

40% ranked geographic expansion as the most important factor to the future growth of their businesses.

Today's entrepreneurs see the world as their marketplace. More than two-thirds said that access to global markets makes it easier to find new customers, while more than half of the entrepreneurs surveyed say globalisation makes it easier to find capable workers. Furthermore, 40% ranked geographic expansion as the most important factor to the future growth of their businesses.

Since launching in Tokyo six years ago, Wantedly has added offices in Singapore and Hong Kong, and plans to open another in Berlin this year. "We value the maximisation of social impact, so global expansion is critical to our service," Ms Naka says.

However, the survey finds most entrepreneurs have yet to expand their business abroad. They typically serve a domestic customer base (36% say their customers primarily come from their home region, and 27% say their customer base is national). This may soon change: half (51%) expect

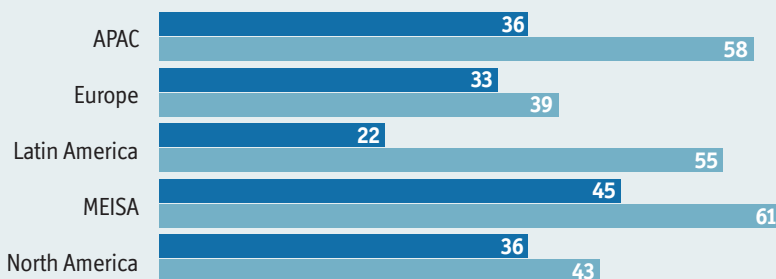
an international base within five years, while a third are hoping to achieve a global reach.

Within three years, Myndlift has already pushed beyond its borders: it currently operates in Israel, Western Europe, Australia and the US. "Having access to the US is huge," Mr Kaddan says, "because the market in my home country isn't big enough to build a big company." But he sees untapped demand for alternative ADHD therapies anywhere children struggle with the condition. His next targets are China and Japan.

A global mindset is more than just expanding a business abroad. The survey finds that entrepreneurs embrace more global diversity in terms of culture and connectivity. Most, for example, say they've benefited from international agreements covering data sharing, such as user agreements and privacy. And more than twice as many entrepreneurs say they are personally passionate about foreign policy and immigration.

In five years' time, ideally, where would you like your customers to be primarily based?
% of entrepreneurs

- Has an international customer base now
- Wants an international customer base within five years



Source: EIU survey sponsored by FedEx

Ambitions at home and abroad:

Latin American entrepreneurs are aiming for the biggest international leap. Although just 22% currently have customers overseas, 55% expect to enter international markets within five years. However, there are pockets of indifference towards international growth: more entrepreneurs in Europe and North America are content to stay home.

Over the next five years, attracting and retaining talented workers at home and abroad will be the most important factor influencing business success.

Indeed, immigration hurdles irk entrepreneurs, who recruit employees across borders. "People should be able to work anywhere without having to deal with all this bureaucracy," says Mr Kaddan, capturing an opinion shared by many of the entrepreneurs surveyed. "I'm a migrant myself," adds Nikolaj Hviid, founder of Munich-based Bragi, a company that designs intelligent wireless earphones, and himself a native Dane who grew up in Luxembourg before launching his business in Germany. "I think freedom of movement should be much more widespread."

More broadly, young entrepreneurs tend to assess proposed trade or business policies by their impact on innovation, especially if their business is growing. More than half the entrepreneurs surveyed say that compacts such as the North American Free Trade Agreement and the World Trade Organisation help their business. And although many consumers said they see globalisation as a job destroyer, more entrepreneurs believe it creates more jobs than it replaces (52% v 40% of consumers).

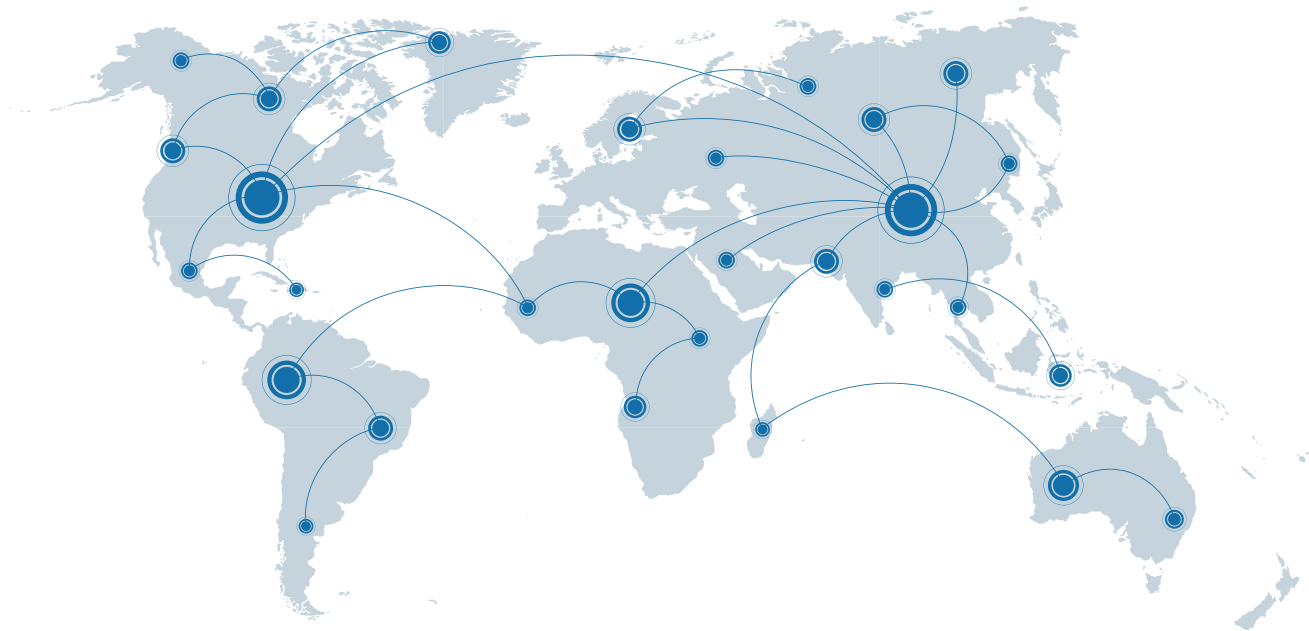
The quality and availability of global education is also a key concern for the 44% of entrepreneurs who say that, over the next five years, attracting

"[T]he more diverse we are, the better the company can understand our users."

Nikolaj Hviid, founder of Munich-based Bragi

and retaining talented workers at home and abroad will be the most important factor influencing their business success. No other factor ranked higher. And in the Asia-Pacific region, 21% of entrepreneurs ranked "lack of talent who can provide regional support and integration" as one of their company's biggest hindrances to expanding its operations.

Some are already ahead of the curve. "We are truly multinational," says Mr Hviid. But he's not just referring to the global scope of his five-year-old, 160-employee company, which sells in more than 100 countries and on every continent. He's referring to Bragi's workforce. "When I walk through the hallways, I hear English, Chinese, Japanese, a lot of different languages being spoken." He adds, "the more diverse we are, the better the company can understand our users."



3

Beyond the business of business

The majority (70%) say social responsibility matters more today than it did five years ago, and two-thirds call it essential to the success of their business.

Today's innovators are not purely profit-driven. Their business' bottom line remains critical, but young entrepreneurs are generally seeking impacts beyond wealth. Many truly see their work as a way to bring positive social change in their home countries and the wider world.

And, indeed, entrepreneurs see the wall separating social issues from commerce crumbling. The majority (70%) say social responsibility matters more today than it did five years ago, and two-thirds call it essential to the success of their business.

"If you're gifted you have to give back to the society," said Ms Naka from Wantedly, "because every single one of us is benefiting from what people in the past have done."

Consumers overwhelmingly agree that social responsibility is important for businesses. But most striking is the willingness of both consumers and entrepreneurs to put their money where their convictions are. All say they would pay a higher price for products and services from a socially responsible company.

Entrepreneurs are also willing to go the extra mile. Nearly two-thirds of entrepreneurs (64%) say that social responsibility involves making trade-offs. And most (51%) say they've passed up a major growth opportunity because it didn't align with their social values.

"I say no to contracts with companies I don't want to be associated with," Mr Hviid says, noting that Bragi closely monitors labour practices at suppliers. "If I think they're using child labour or underpaid labour, I won't do business with them."

Regional priorities:

Entrepreneurs say that having social responsibility-supporting goals is more important than it used to be, such as sustainability, equality, high labour standards and human rights. This belief is strongest in Latin America, where 82% of entrepreneurs say social responsibility by businesses is increasingly important today, well above the global average of 70%.



Most (51%) say they've passed up a major growth opportunity because it didn't align with their social values.

4 Craving connectivity

Naturally, entrepreneurs are heavily leveraging social channels to connect with their audiences. Beyond customer service and logistic needs, social media is an inexpensive and important tool for promoting a business's values.

In a market where customers are prioritising values, it would be foolish not to.

"Direct feedback from users and customers is critical," Ms Naka says.

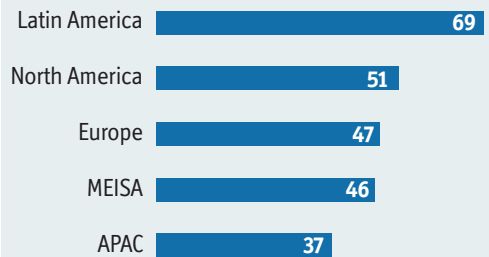
From a list of modern technologies, the entrepreneur survey found that social media stands out as the single most important digital tool for their business, ahead of mobile payments and automation. Entrepreneurs also expect social media to continue to be the single biggest technological driver of growth over the next five years.

Interestingly, consumers share entrepreneurs' enthusiasm for social media, selecting it as the most important technology in their lives today. However over a five-year period, consumers drop its importance from first place to sixth; they expect artificial intelligence will come first.

Regional priorities:

Latin American entrepreneurs are the biggest fans of social media, with nearly 70% calling it an essential business tool, nearly twice the percentage of Asia-Pacific entrepreneurs (37%).

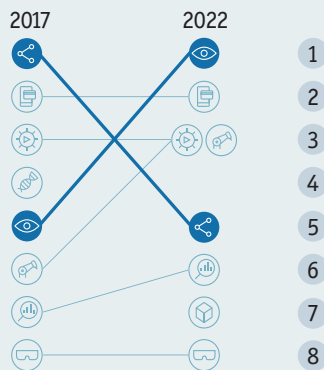
Percentage of entrepreneurs that say social media is among the most important tool in their industry



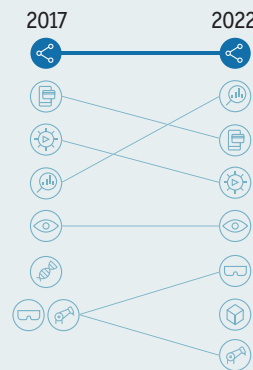
Source: EIU survey sponsored by FedEx

Social media stands out as the single most important digital tool for business.

Consumers predict that artificial intelligence will be the most important technology in their lives within five years



Entrepreneurs predict that social media will remain the most important technology in five years' time



- 3D printing
- Artificial intelligence
- Augmented and virtual reality
- Automation [Robotics]
- Automation [Software]
- Big data/Advanced analytics
- Biotechnology
- Blockchain
- Mobile payments
- Nanotechnology
- Social media

Bragi, the smart headphone company, has invested substantially in social media. The 120-person company has hired social media managers to monitor major platforms, including Facebook and Instagram. The managers provide customer support, track commentary and respond to issues as they arise.

Mr Hviid credits social media with growing their customer base and improving product design. When customers posting on social media alerted Bragi to the difficulty of activating its earphones by hand while bicycling or running, the company introduced a new version activated by a nod of the head.

"Without the feedback our product would look very different," Mr Hviid says.

Mr Kaddan of Myndlift, who travels globally in search of expansion opportunities and potential investors,

relies heavily on connectivity to run his business. His dependence hit home on a recent trip to China, where several platforms are restricted. "I really felt how important connectivity is to my business—I couldn't plug into Gmail and other tools I need to connect for five days," he recalls.

At Wantedly, the business is connectivity. The social recruiting platform connects users around the world with more than 20,000 companies seeking workers who believe in their mission. Wantedly turbocharges connectivity through features that include an app for group chats and an app that simultaneously scans and analyses a database of digital business cards. Social media plays a big role, too, expanding the reach of Wantedly's network. "It's like turning your Facebook and Twitter into job boards," Ms Naka explains.



Conclusion: To succeed, you must see change

Today's innovators are passionate. They believe strongly in connectivity and the future globalised marketplace. They put a high priority on change through connectivity and education, two essential ingredients of global expansion. They overwhelmingly embrace free trade, free movement of people and free exchange of ideas—concepts that often spark anxiety among the general public.

It is important for citizens and businesses alike to note the passions and the challenges associated with them, as well as the differences and alignment with

public sentiment. Because in the hands of young and inspiring leaders, each opportunity to grow pulls our globalised markets and societies in new directions, strengthening connections and forging new ones.

Collectively, these actions play a role in shifting and shaping the future of trade, technology and social justices. It is heartening, then, that entrepreneurs are boldly and enthusiastically aligning their work with positive social impact. Better yet, they feel their success and status as innovators depend on it. ■



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