

**«4x4 pour entreprendre» Belgium, Wallonien: Entrepreneurial culture and attitudes,  
Entrepreneurship policy delivery<sup>1</sup>**

(by Rudy Aernoudt, Be)

**Description of the approach (aims, delivery, budget etc)**

A holistic entrepreneurship programme was set up in the Belgium region of Wallonia called the “4X4 plan” (*4X4 pour entreprendre*). Surveys show that Walloons, even the younger generation, are primarily interested in working as employees. The major impediments to setting up a business are financing and the fear of failure. Moreover, public services are viewed negatively, and are seen as hugely bureaucratic. Education is considered insufficiently stimulating for entrepreneurship.

In order to impact positively on the entrepreneurial environment of Wallonia, the programme is split into four priorities. Firstly, it aims at creating an entrepreneurial mentality in all those concerned – company managers, executives, employees, students, the unemployed, public institutions, civil servants, bankers, venture capitalists, etc. – so that they can all benefit (special attention was given to young people and women). Secondly, it supports enterprise creation (the target growth was set at 15% a year); thirdly, it stimulates existing businesses to develop their often unexploited growth potential. Finally, the programme gave priority to improving public governance by monitoring and assisting measures that have been taken, ensuring that they work in synergy and by measuring the progress achieved in comparison with other regions through the Global Entrepreneurship Monitor.

The plan contains a hundred or so concrete actions, and their implementation and impact have been systematically measured. As an example, the axis “encouraging the taste for entrepreneurship” provides for a myriad of awareness activities aimed at the public at large (TV and radio spots, website slogan campaigns and competitions, publication of books outlining others’ experience, etc.). The same axis also aims to mobilise the financial sector. A panel has been set up, established by the cabinet for this purpose, gathering together representatives from the financial sector - public and private, bankers, venture capitalists, business angels, officials dealing with subsidies, etc. The aim was to facilitate access to funding by putting in place appropriate financial tools and by encouraging the concept of integrated financing, whereby a company first receives advice from the panel about its optimal financing structure, before approaching, in a second round, the individual financiers.

The project integrated existing and new programs into a global approach and envisioned supplementary financing for the missing links. Many new actions were inspired by best practises abroad. Besides the financial engineering actions, which required equity capital, the global budget was 2,2 millions a year. This amount was only a small portion of subsidies that were given to enterprises (250 million a year). An annual activity report was produced and widely distributed.

The region succeeded in its mission. It was one of the only regions in Europe to increase its entrepreneurship level every year during the last three years. From 2003 to 2006, the Total Entrepreneurial Activity index (TEA) went from 3,2 to 4,7. Parts of the program have been considered by the European Commission as best practises. Since 2007, the plan has been included in the global business plan for Wallonia called “Plan Marshall”.

<sup>1</sup> Source: Discussion Paper “Entrepreneurship in the Districts Mittweida and Altenburger Land”, OECD LEED Programme“, in: *OECD LEED Local Entrepreneurship Series*, October 2006.

### **Why the approach is relevant to East Germany?**

There were numerous reasons for the lack of entrepreneurship in Wallonia. First of all, a very well-developed social security system means that 'entrepreneurship by necessity' hardly exists. Moreover, the public sector is very developed with one-third of active people involved in the public sector. Surveys show that 66% of civil servants are not in favour of entrepreneurship. Many big enterprises have a survival strategy rather than an expansion strategy, and studies show that more than half of the companies do not exploit their growth potential (we could call this a lack of intrapreneurship).

All things being equal, we could say that similar situations characterise the East German regions which makes the Walloon experience particularly relevant: a history of big enterprises, huge public involvement, a well-developed subsidy policy and a well-established social security system.

### **Reasons for the success of the approach**

The creation of a climate which whets the appetite for business creation is crucial. But to make it work, one needs a global approach based on people, and not on enterprises. Moreover, entrepreneurship policy should be based on all categories of people, including officials, bankers, and students, and not only on entrepreneurs. Therefore a shift took place from SME policy to entrepreneurship policy.

If, on the other hand, it is implemented in a targeted fashion and based on businesses' real needs, if it delegates the individual granting process to the business sector, it can without any doubt contribute to the development of a society which fosters entrepreneurship, and it can become an effective tool in creating jobs. This approach should enable policies to be constantly given new direction so as to ensure the best, most cost-efficient relationship between public and private funds through an optimal combination of entrepreneurial and SME policy.

The latter aspect was the main argument to convince politicians of all ideologies to adhere to the approach. This consensus, translated into a "club governance" was needed to coordinate the different players, both private and public organisations.

### **The obstacles that were faced and the quality of the response taken**

This approach needs an in-depth prior analysis of the "entrepreneurial landscape" and the missing links. Before setting up such an approach, it is crucial to refer to what is called "*evidence based policy*", that is to say, a policy based on the evaluation of existing measures and an *ex ante* analysis of measures envisioned, while simultaneously seeking synergy and an overall vision. The exercise realised within the LEED program could be a good starting point. Furthermore, political consensus is needed, for a term going beyond the next elections. Finally, a limited team is needed to follow up, measure and implement the action plan. An annual activity report can be a good idea as it obliges people to persevere.

### **Considerations for adoption of this type of approach in East Germany**

In my view, such a holistic approach seems suitable for the East German regions. Nevertheless, it is important to mind the pitfalls. The best way to do so is by carefully taking the following considerations into account:

- *Ex ante* evaluation and implication of all regional actors;
- Need for political consensus and governance platform;
- Avoid fragmentation (the basis of success is the holistic approach);
- Be persistent (launching is easy);
- Imply all local actors in launching, implementation, measuring and evaluation;
- Measure and monitor;
- Establish or use accurate and comparable measurement instruments;
- Evaluate local strategy by perpetual benchmarking;
- Long-term strategy, to be reviewed on permanent basis.

### **Contact details and website for further information**

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*Useful websites:*

[www.wallonie.be](http://www.wallonie.be) (general info and portal)

[www.academie-croissance.be](http://www.academie-croissance.be) (on the growth academy)

[www.freefondation.be](http://www.freefondation.be) (on the free foundation)