

AT A
GLANCE

PART II

THE ENTREPRENEURIAL JOURNEY AND ITS IMPACT ON PRIVATE WEALTH



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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.

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.

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.

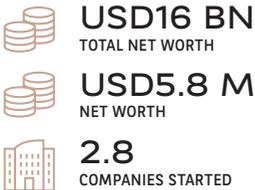
However, family transfer becomes less appealing when entrepreneurs approach exit
62% of entrepreneurs in the 'Creation' stage say they will pass on company interests to a family member, falling to 37% as they approach exit.

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.

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



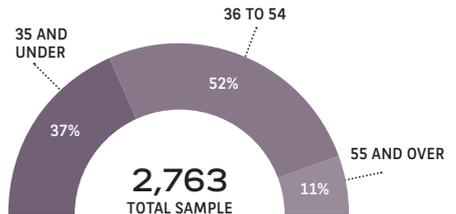
REGIONS



GENDER



AGE



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%**

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.

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%**

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

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

SUCCESSION 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%**

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**.

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%**

SUCCESSION 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

STAGE
3

DEVELOPMENT

PROFILING



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



Average age
40 years old



**Average Company
Revenue in 2017**
USD7.5 million

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%

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%

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%

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

STAGE **4**

CONSOLIDATION

PROFILING



Population
107 Elite
Entrepreneurs
(4% of total sample)



Average age
47 years old



**Average Company
Revenue in 2017**
USD5.8 million

SUCCESSION PLAN

- 1 Ownership will pass to a family member 37%
- 2 Ownership will pass to the management team 34%
- 3 Ownership will pass to a new owner 29%

FUTURE BUSINESS INVESTMENTS

- 1 Marketing 44%
- 2 Sales and distribution 33%
- 3 Finance (e.g. accounting, payments) 26%
- 4 Customer experience (e.g. website) 24%
- 5 Product manufacturing 22%
- 6 Product design 18%
- 7 Mobile communications 9%

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

- 1 Identifying the right time to sell my business 41%
- 2 Putting a plan in place to protect my wealth 41%
- 3 Putting a plan in place to safeguard my family's future 39%
- 4 Forming a precise understanding of the value of my company 31%
- 5 Refinancing my business to improve its financial performance 20%
- 6 Restructuring my business to improve its competitiveness 19%

TOP 5 MARKET HOTSPOTS

- 1 Brazil 7%
- 2 Spain 7%
- 3 United States 7%
- 4 Taiwan 6%
- 5 Germany 6%

SUCCESSION ADVICE

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

Source: 2019 BNP Paribas Global Entrepreneur Report

STAGE 5

TRANSFER

PROFILING



Population
90 Elite
Entrepreneurs
 (3% of total sample)



Average age
61 years old



Average Company
Revenue in 2017
USD16.5 million

SUCCESSION PLAN

- 1 Ownership will pass to a family member **37%**
- 2 Ownership will pass to the management team **22%**
- 3 Ownership will pass to a new owner **41%**

DEEP-DIVE

- **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.

AGE PROFILE

- 1 55 and over **72%**
- 2 36 to 54 **26%**
- 3 35 and under **2%**

TOP 5 MARKET HOTSPOTS

- 1 United States **13%**
- 2 United Kingdom **6%**
- 3 Switzerland **4%**
- 4 Netherlands **3%**
- 5 Germany **3%**

SUCCESSION ADVICE

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

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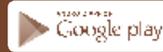


Elite Entrepreneurs



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Wealth Management

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