

Forbes
INSIGHTS

CREATING WEALTH

A SURVEY OF ENTREPRENEURS WORLDWIDE:
THEIR INSIGHTS. THEIR CHALLENGES. THEIR NEEDS



IN ASSOCIATION WITH:

 **SOCIETE GENERALE**
Private Banking

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INTRODUCTION

The mindset of the world's entrepreneurs is crucial for our future economic growth. They will build their businesses, invest in them and create jobs—if they are confident in their countries' economies, and if they find the legal and social environments they operate in conducive to doing business.

Forbes Insights and Societe Generale Private Banking conducted a survey of 210 entrepreneurs worldwide, augmented by in-depth interviews with more than a dozen entrepreneurs and Forbes wealth analysts, to take the pulse of how they see future economic growth. There is one issue on which all entrepreneurs agree. The majority of respondents from every region see entrepreneurs and business leaders as a positive factor for economic growth. Apart from that, there is little agreement.

There are times when regions' sentiments are in sync, such as when Europeans and North Americans agree that the future lies in small and midsize companies. Both regions also consider government to be a negative factor for business, even though the North American and European governments took different tacks to combating the financial crisis.

Asian and American survey respondents are similar in that they sound very enthusiastic about their own countries' economies. There are also similarities between Middle Easterners and Asians when it comes to concerns regarding business transparency.

These entrepreneurs' mindsets are influenced by factors that go far beyond dry numbers and statistical probabilities. Nowhere is that subjectivity more visible than in the answers to the question: which geographical regions will generate the most wealth? The answers might lead us to believe that the respondents are not looking at the same world. In most cases, they cited regions closest to them as generating the most wealth in the coming decade. This not only reflects on the still-incomplete state of globalization, but also shows where each region's investments will be targeted.

There is one more issue on which the majority of entrepreneurs from every region agree. They would all advise their children to go into business. There is a caveat, though: not all of them would be happy to see their children starting a company in their homeland.

KEY FINDINGS

EUROPEANS ARE THE LEAST CONFIDENT ABOUT THEIR ECONOMIES, YET THEY LOOK TO EUROPE AS THE REGION THAT WILL CREATE MORE WEALTH OVER THE NEXT DECADE THAN MOST OTHER REGIONS:

Europeans sound the least confident about their countries' economies, with the largest percentage (36%) classifying them as poor. They see wealth creation as dependent mostly on small and midsize enterprises (34%), followed by national champions (32%). They are the most negative about their government, with the largest percentage of Europeans seeing current government policies as a negative for business (67%) and red tape as the top obstacle (39%). Europeans have the lowest percentage of respondents who believe that their country has a competitive advantage (35%). This is balanced by the belief of many more (59%) that their companies have a competitive advantage. European entrepreneurs feel the least admired among all regions (34%). However, that overall negativity is contradicted, as Europeans look to Europe as the region that will create more wealth in the next decade than any other region except China. Thus, their darker sentiments may reflect a negative bias. Says French entrepreneur Yves Weisselberger: "I think there is a false impression that people in France don't like entrepreneurs."

ASIANS ARE ENJOYING A ROTATION BENEFIT, WITH THEIR ECONOMIES REEMERGING IN GLOBAL COMMERCE AFTER A MULTI-CENTURY LAG:

Asians are the most enthusiastic about the economy in their country (73%), in their region (72%) and in the world (61%). They look to national champions (60%) and multinationals (49%) as the major factors in wealth creation. They see their governments as mostly (69%) positive for business. More than in any other region, Asian entrepreneurs believe that they are admired (69%), socially conscious (62%) and operate in a pro-business climate (76%). "This optimism is coming from a rotation benefit," says Forbes Asia's Tim Ferguson. "The great civilizations of China and India went into a multi-century lag and now are reemerging to their proper places in global commerce." One caveat to this fast growth: lack of business transparency (35%) and red tape (33%) are the top challenges to wealth creation.

NORTH AMERICANS HAVE A STRONG BELIEF IN THEIR COUNTRY'S ECONOMY AND COMPETITIVE ADVANTAGE, PLACING THE UNITED STATES ABOVE CHINA IN TERMS OF WEALTH GENERATION OVER THE NEXT DECADE:

North Americans feel much more positive about their country's and their region's economy, with 63% classifying it as very good, than they do about the world as a whole, with the biggest percentage (39%) believing that the state of the world economy is poor. The majority (56%) see government as a negative for business. They also have the most widespread belief in their country's (76%) and company's competitive advantage (72%). Interestingly, while 81% of North American entrepreneurs consider themselves crucial to their country's well-being, just 61% feel admired, and 59% feel stigmatized for their wealth, revealing a dichotomy amid the growing income inequality. North America is the only region to place the United States above China as the region that will generate the most wealth over the next decade.

Dave Ashton, an American entrepreneur operating in France, expresses a typical sentiment about America's potential for growth when he says: "The guys who started Facebook or Instagram are now going to move into revolutionizing health care or entertainment."

MIDDLE EASTERNERS AND AFRICANS ARE MORE CONFIDENT ABOUT THEIR OWN COUNTRY'S ECONOMY THAN THEY ARE ABOUT THE REST OF THE WORLD, AND ARE MOST POSITIVE ABOUT GOVERNMENT'S ROLE IN BUSINESS:

Middle Easterners and Africans are confident about the state of the economies in their own country, with 57% classifying it as very good, while they are neutral on the economies of their regions (43%) and the world as a whole (50%). They look to multinationals as the main factor for economic growth (57%), followed by small and midsize companies (54%). Out of all regions, they are the most positive about their governments' role in business, with 86% classifying it as very good. They are very down on their competitive advantage, with just 18% saying their country has one, and only 4% believing this about their companies. Perhaps in some cases diversifying their economies beyond oil will change these perceptions. There is some confusion about attitudes toward entrepreneurs, as almost an equal number feel stigmatized for their wealth (60%) as feel admired (64%). The entrepreneurs from the region we spoke with agree there is a need for young people to get involved in business. Says Sahar Mohamed Aly El Sallab, an Egyptian entrepreneur: "I would advise my son to start a business. I would advise him to do it in Egypt because the need is huge."

STATE OF THE ECONOMY

How entrepreneurs view their economy depends on where they are—geographically and historically (Figs. 1, 2 and 3). In this report we will explore what underlies the current European pessimism about their economies, Asians’ surging optimism, Americans’ perpetual confidence and Middle Easterners’ concerns about the stability of their region and how it affects their own country.

Figure 1. State of the economy in your country

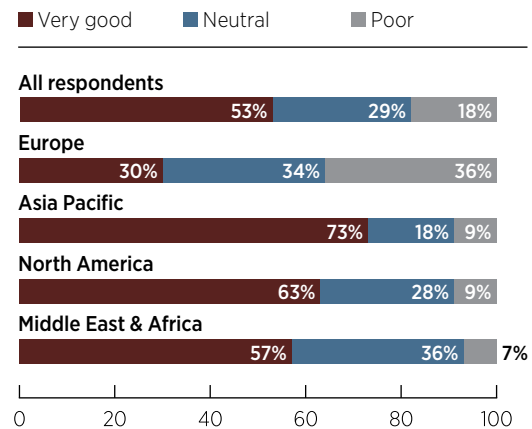


Figure 2. State of the economy in your region

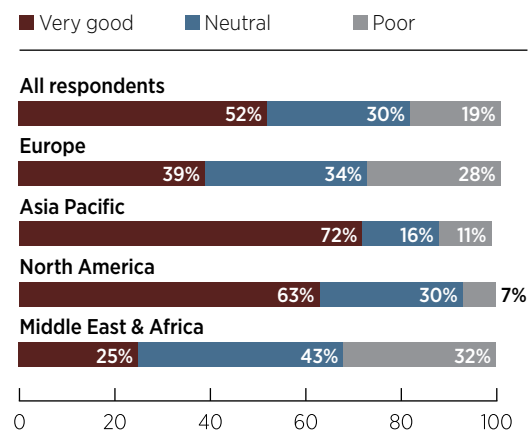
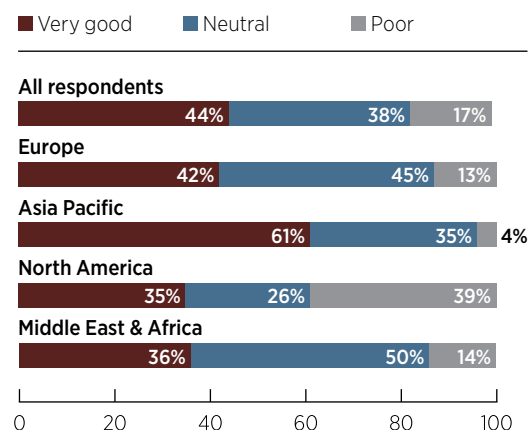


Figure 3. State of the economy in the world

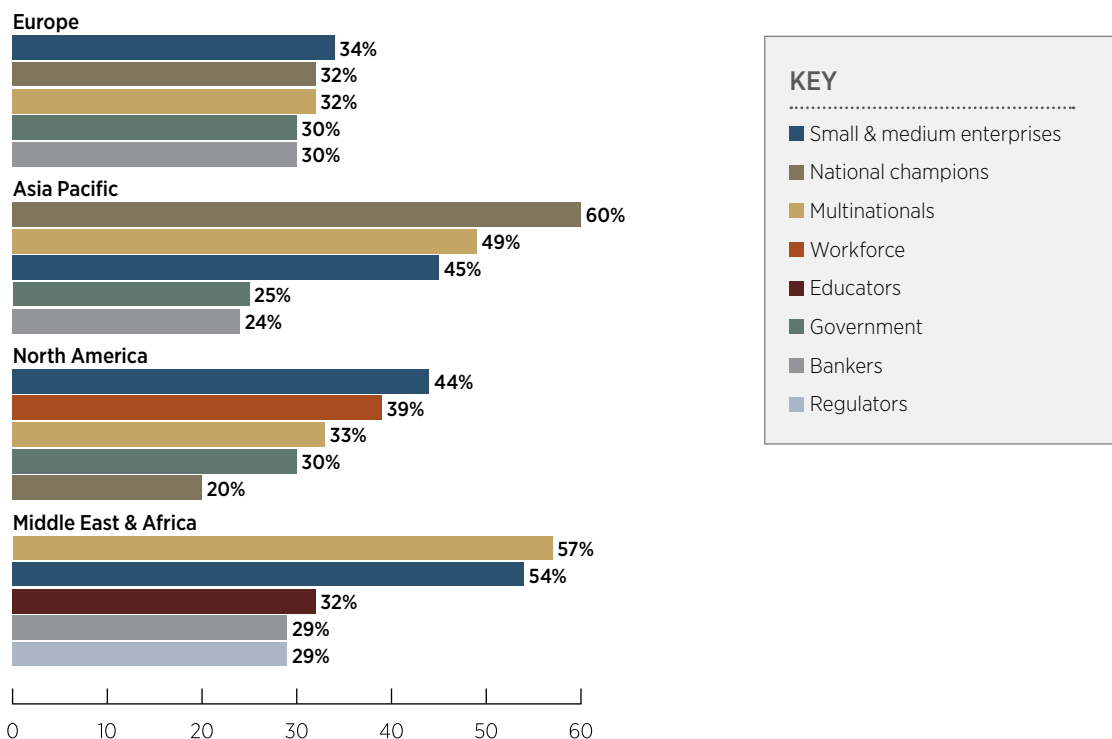


Note: Some bars do not add to 100% due to rounding.

Europe and North America: Different Moods, Similar Solutions?

Europeans stand out among the regions in feeling the least positive about the state of their country's economy, especially as compared with that of neighboring countries. How can this low level of confidence be increased? The hope is in the entrepreneurs. In its belief in entrepreneurs, Europe is similar to North America. Although American and European economic outlooks are very different—with Americans much more optimistic than Europeans about their country, and yet much more pessimistic about the world at large, while Europeans are down on their country, up on the region and neutral on the world—entrepreneurs in these two regions agree that wealth creation in their countries most depends on small and midsize companies (Fig. 4).

Figure 4. What factors does the wealth creation in your country most depend on? (Top Five)



“The turnaround starts with the entrepreneurs, and then it permeates bigger businesses,” says British entrepreneur Anna Sofat, founder of Addidi Ltd., a financial services boutique for women and their families. Her level of confidence about the British economy can best be described as “quiet optimism,” as the post-2008 losses are believed to have been washed out: entrepreneurs are beginning to feel comfortable with taking more risks, which has fed through to the overall economy. “We’re doing well compared to the rest of Europe, though perhaps not as well as the U.S.,” she sums up.

She credits the government’s efforts to convince banks to lend more with the uptick in entrepreneurial activity. In Britain, Sofat also notes attractive tax incentives for people investing in businesses, which have enabled more businesses to raise funding from angel investors or individuals.

Overall in Europe there is more left to do on that front, as 42% of European entrepreneurs, the largest percentage among all regions, see the difficulty of access to capital as having a negative effect on the economy, according to the Forbes Insights survey. Europeans and Americans also view the role of government and regulatory policies as a negative for their economies, which may partly result from the pro-free market and individualistic approach of Western democracies as well as the post-2008 increase in the intensity of the regulatory environment.

While the startup rates across member countries of the Organisation for Economic Co-operation and Development (OECD) fell on average, in the United Kingdom they have exceeded their pre-crisis levels. Sofat herself would advise her daughter, a business psychologist, to start her own firm, which is not something that she would have done five or 10 years ago.



What all countries in Europe have in common are the political risks entailed in tackling economic issues.

Forbes Poland’s deputy editor, Jacek Pochlopien, agrees that “entrepreneurs are the salt of the earth” of the economy. He points out that they are the seeds for reaping pride in the future, in the wake of so many well-known European champions that have been bought out by outside capital. Among the flagship brands no longer owned or majority-owned by Europeans are such spectacular consumer brands as Saab, Jaguar, Land Rover, fashion brand Cerruti and Nokia.

Pochlopien explains why Europeans have so much more confidence in their neighbors’ economies than in their own. The reason, he says, lies in very disparate and unique challenges.

The French may worry about the funding of their agricultural sector, the Swiss about the strength of their currency and Italians about pension reforms. They may not fully grasp the depth of one another’s issues, which may account for why they see their own economies as worse than their neighbors’.

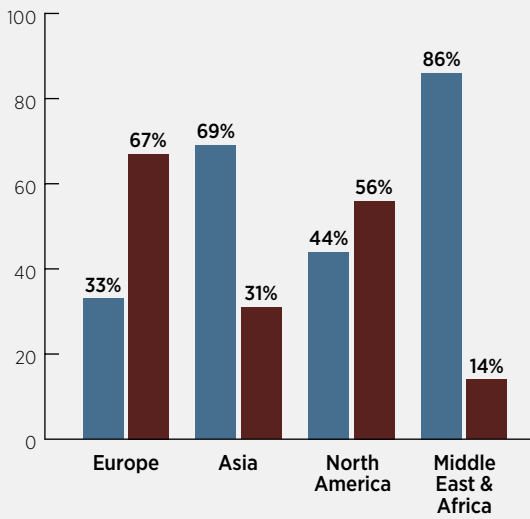
What all countries in Europe have in common are the political risks entailed in tackling economic issues. The uncertainties about how these issues will be solved, or whether the process might lead to social unrest, may lead to extra caution on the part of business people. This caution, in turn, translates into slower investment in business, hurting the economic turnaround.

In France, Yves Weisselberger and his American partner, Dave Ashton, founders of SnapCar, a smart-phone-enabled private chauffeur service for B2B customers, both agree on the role of entrepreneurship. “The future of countries rests on entrepreneurs. Growth is not going to come from established industries. They are not considered innovative. Here, entrepreneurs are really valued at the moment,” says Weisselberger.

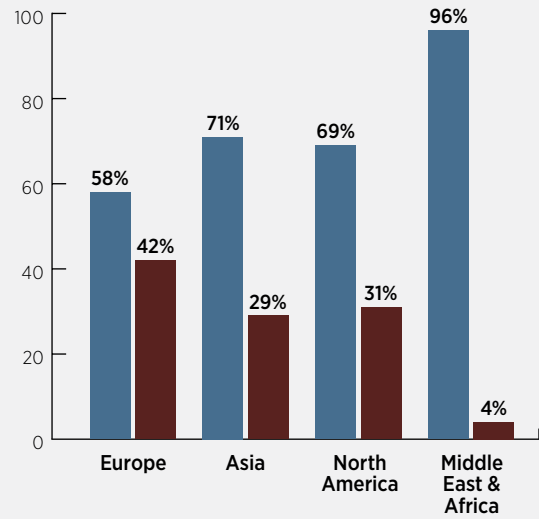
Figure 5. Effects on country's economy

■ Positive ■ Negative

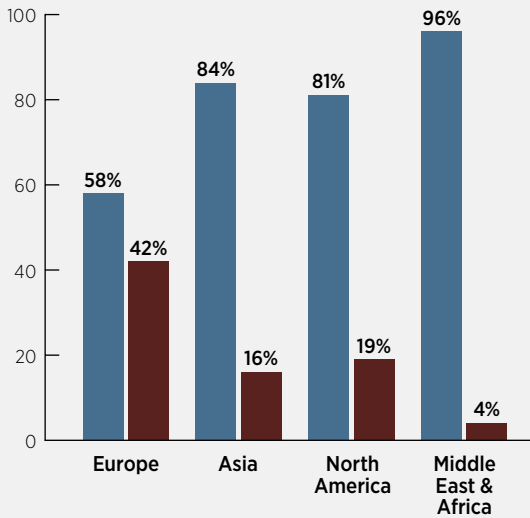
What effects do government policies/regulatory environment currently have on your country's economy?



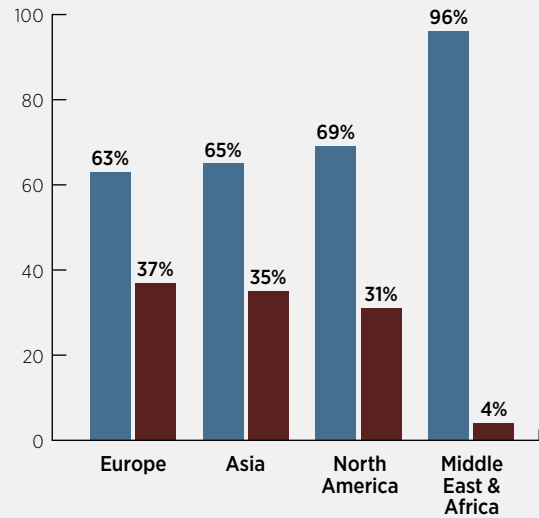
What effects do the financial sector/availability of capital currently have on your country's economy?



What effects do business leaders and entrepreneurs have on your country's economy?



What effects do workforce skills/mobility have on your country's economy?



“I think there is a false impression that people in France don’t like entrepreneurs. Everyone values entrepreneurship. That has changed a lot over the past 10 to 20 years.” But from the outside, people tend to underestimate this change, he adds.

“Economically, France is sort of in the middle of the wealthy nations of Europe,” comments Ashton, “often feeling like we are looking up at Germany but glad we are not Italy, Spain and Portugal. But being in the middle troubles people here.”

Guido Molinari runs Divino, a gelato maker with manufacturing based in southern Italy and sales mostly in the U.S. market, a situation that affords him a view of both countries. “The two countries could not be set in more different paths at the moment.

While the U.S. is showing strong growth, a decline in unemployment, increasing wages and a wide availability of capital for investments, Italy is facing deep uncertainty, close to zero foreign direct investment, high unemployment—especially among young people—and few solutions provided by a political class that has lost people’s confidence,” he says.

Getting Europe’s long entrepreneurial history back into high gear will take many more people like SnapCar’s Weisselberger. Luisa Kroll, Forbes wealth editor, is not surprised that Europeans are the least bullish about their economies. “They were some of the earliest entrepreneurs, and they’ve been so successful over not just decades, but centuries. In recent years there’s definitely been a sluggishness not just economically but in terms of their state of mind. There’s a perception that they’re not at the forefront of the entrepreneurial economy, as the emerging markets or the U.S. are,” says Kroll.



In the U.S. new classes of young tech titans are continually entering the Forbes Billionaires ranking.

Kroll, the editor of the Forbes Billionaires list, analyzes entrepreneurship through the prism of the world’s most successful private fortunes. She sees the forefront of today’s economy as composed of technology-related, first-generation entrepreneurs. Her observation when comparing Europe with the rest of the world is that “in Europe there are not enough people like self-made, risk-taking, anti-establishment French tech entrepreneur Xavier Niel [founder of Internet service provider and mobile operator Iliad] to set the example, to make people believe that they too can copy that success, fueling the economy.”

European billionaires typically come from real estate, finance or retail, and not from the newer industries such as technology. The 2014 Forbes Insights /

Societe Generale Private Banking report *Behind the Staying Power of Wealth Creation in Europe* found that while Western European fortunes are long lived, Europe (excluding Russia) has been generating large fortunes at a slower pace than the Americas and the Asia Pacific region.

In contrast, in the U.S. new classes of young tech titans are continually entering the Forbes Billionaires ranking. They are no longer just the founders of Facebook, Google and Twitter. The list has been getting longer, and now includes the founders of Snapchat, Uber and Airbnb. They have become a symbol of prosperity, an aspiration for many college students to emulate, even though this may sometimes mean dropping out of college.

For many Americans, starting a business, especially in technology, carries with it a huge “cool factor, is seen as a sexy alternative to a corporate life,” says Scott Gerber, founder of the Young Entrepreneur Council, a membership organization for young business people. “A tech startup going public generates a tremendous amount of media exposure, but when most major corporations put out a press release, no one knows something happened.”

Elizabeth Holmes, 30, is the best example of the strength and sustainability of this technology wealth wave sweeping the U.S. She is the youngest self-made billionaire woman. She dropped out of Stanford University to start a blood-testing company, Theranos, in 2003 with money she had saved for college. With a painless prick, her labs can quickly test a drop of blood at a fraction of the cost for most commercial labs, which need more than one vial. Today the company is valued at \$9 billion.

Among American entrepreneurs, 63% of whom have strong confidence in their country’s economy, there is more than just the sense that things are improving. There is renewed belief that the country’s economic steadiness stands out in the world, and this is perhaps the reason that Americans have so little confidence in the rest of the world.

Gerber believes that the way Americans perceive the state of the world results from how they learn about it. For many the main source is the media, which often gives a distorted view. Americans feel secure at home, where they can work within a stable democracy and do not have to fear that the economic playing field could change very quickly due to political factors.

The U.S. stock markets are doing very well versus other markets. The dollar is finally strengthening. American entrepreneurs Forbes Insights spoke with sounded bullish. Asher Weinberger, founder and CEO of Twillory.com, represents an American view when

he says: “The future here in the U.S. is bright. We have a relatively open, flexible and dynamic economy. Businesses have the capacity and freedom to change and reinvent themselves. In addition, I believe our Federal Reserve got a head start on corrective measures when other countries may have procrastinated.” (Europe is catching up on the monetary corrective measures. In January the European Central Bank launched quantitative easing measures to shore up the Eurozone.)

Even if the recent monetary policies in the Eurozone work, they are just one piece of the economic puzzle. Europe still has its work cut out for it in terms of spearheading entrepreneurship. As part of the survey, we asked entrepreneurs if they would advise their children to start a business in their country. Despite diverging views on all of the other issues, roughly three-quarters of entrepreneurs from each region agreed that they would advise their children to go into business for themselves.

However, SnapCar’s Dave Ashton, an American entrepreneur living and working in France, sounds a note of caution for Europe when he says: “I don’t think the environment towards entrepreneurship is unfavorable in France or in Europe in general. But I would advise my children to start a business in the United States if given the choice. It’s probably easier to build a small business there, make it relatively profitable and live comfortably doing that. And since there is more job liquidity, if you fail, you can just get back into the regular employment market.”

Agrees Molinari: “[I would advise my children to start a business] in the U.S., absolutely. But I would not say the same in Italy. I would, however, advise young people in Italy to help bring abroad the many amazing products already in existence that small and medium Italian companies manufacture and currently only sell in the domestic Italian market.”

Asia: Its Finest Times Have Yet to Come



.....
Unlike Europeans and Americans, Asians look to their multinational and national champions as factors for growth.
.....

Asians are the most positive overall, with a vast majority saying that the state of the economy in their country, region and the world as a whole is in very good shape. They feel the happiest about their own country's economy (Fig. 1).

"This optimism is coming from a rotational benefit," says Tim Ferguson, editor of Forbes Asia. "The great civilizations of China and India went into a multi-century lag, and now they are reemerging to their proper places in global commerce. The entrepreneurs in those regions recognize this, and are therefore imbued with a certain fundamental optimism that you don't find in other regions."

"While there've been a lot of fits and starts, there's the sense that their finest times may not have come yet," agrees Kroll.

Ferguson believes this optimism is largely legitimate, as there has been real growth not only in China but in a number of the surrounding economies in Southeast Asia. Countries such as Indonesia and the Philippines have solidified their domestic consumer markets, creating the basis for genuine and sustainable prosperity. India's Nirav Modi, founder of Firestar International, a diamond jeweler, is bullish on his country (see sidebar, page 15), putting its growth prospects ahead of Southeast Asia's.

There is some degree of overoptimism, which may blind enterprises to the risks not only of a slowdown in China, but also of a debt overhang in China and sometimes in their own domestic economies. While the debt levels, both household and corporate, are not as bad as they were during the 1997-98 financial crisis in Southeast Asia, they are nonetheless considerable. There is also an element of uncertainty about China's debt overhang due to the absence of transparency.

The Chinese economy is slowing, and China is the most powerful influence on the region's economic standing. Asian economies that have strong domestic consumer markets now could probably sustain modest growth rates without rapid growth in China. But Southeast Asia and greater China really need Chinese growth of at least 6% to keep the current optimism in force. So does Japan, which is struggling to restore growth. Despite its diplomatic problems with China, Japan has an enormous economic stake in the growth of China, its largest trading partner.

Sums up Ferguson, "False optimism can lead to over-leveraging. But in terms of equity capital investment, a robust spirit in Asia can only be helpful."

Unlike Europeans and Americans, Asians look to their multinational and national champions as factors for growth. The stellar examples of Asian multinationals are the ever-enlarging family companies. To some degree these enterprises were early beneficiaries of crony capitalism, but for the most part, over the last 20 years they have been forced to better adapt to a genuine market economy and the world market. These multinational enterprises are indeed exemplary of the rise of Asia. They have become the multinationals of this generation and are spreading their wings throughout the world.

They start with the companies that belong to Hong Kong's richest man, Li Ka-Shing: conglomerate Cheung Kong and Hutchison Whampoa, the former British trading group, with operations in 55 countries. (Hutchison Whampoa is currently in talks for British mobile firm O2.) Many of the richest families in the Philippines and Indonesia also own conglomerates.

It was a Chinese Internet company, Alibaba, that claimed the record for the largest U.S.-listed initial public offering, and a world-record-breaking IPO, after raising \$25 billion. Its founder, entrepreneur Jack Ma,

is now worth \$23 billion, which makes him the 33rd-richest person in the world, according to the Forbes Billionaires list.

Family conglomerates are also a pattern in India. In fact, the Forbes Insights / Societe Generale Private Banking report *Global Wealth and Family Ties* revealed that India has one of the highest percentages of family-run billionaire fortunes (73%), just after Hong Kong (75%).

These family groups often involve themselves in a dozen or more seemingly unrelated enterprises. Most Western business analysts would find fault in not focusing on core competencies. But Forbes Asia's Ferguson points out that these conglomerates operate in economies that are still not very transparent, and the supply relationships are not as reliable as they are in more developed economies. Therefore, it makes sense for a family company in India that is in the steel business to also be in the logistics business, the household goods business, etc., as it allows them to rely on their own internal, trustworthy sources of supply.

Middle East: Reaching Beyond the Oil Buffer



Although the extent of the fall in oil prices is deeper than many analysts anticipated, the oil-producing Gulf states can rely on their large holdings of foreign currency reserves. As an example, for Kuwait, oil production represents 80% of government revenues, and the country has a budget surplus of almost 40% of GDP.

Lebanese telecommunications billionaire Najib Mikati believes that “countries of the region with high dependence on the oil sector are likely to experience budgetary pressures that, inter alia, could result in the scaling down of large public investment projects in the infrastructure and social sectors. Falling oil prices should, however, provide further incentives for those countries to diversify their economic base beyond energy-related sectors.”

“Looking at the GCC economies, there has been lots of talk in the media around the impact of oil prices in this region,” says Bader Al Kharafi, member of the executive committee of MA Al Kharafi & Sons Company, a large multinational conglomerate run by one of the richest families in the Middle East. “With break-even levels expected to range around US\$75, it is expected to see those countries tapping into their [currency] reserves. But I believe they will continue the growth momentum, with strong GDP growth levels.”

The possibility of having to tap into the reserves may underlie the relatively tepid level of confidence that Middle Easterners profess in their countries’ economies, with just over half (57%) satisfied that their economies are in a very good place. The need for

the region’s hub for trade, tourism and services with unmatched infrastructure,” he says. It worked. Today Dubai International airport stands alongside the airports of Paris, London and Hong Kong as among the world’s busiest, and it is definitely more spectacular.

Interestingly, although both Al Kharafi and Al Ghurair stress the importance of large government infrastructure projects in diversification of the economy, survey respondents from the Middle East did not include government among their top five factors in wealth creation. On the other hand, the Middle East was the only region to point to the importance of educators in wealth creation, which was borne out in interviews. Al Kharafi, for example, is a board member of INJAZ Kuwait, a non-profit, non-governmental

**While Middle Easterners are inherently entrepreneurial,
they do not yet have an ecosystem for entrepreneurs in place.**

diversifying economies beyond oil production may be behind the fact that survey respondents from the Middle East look to both multinationals and small enterprises as engines of growth. Understandably, considering the political upheavals in their region, Middle Easterners have the lowest level of confidence in their regional economy.

“Economic recovery in the MENA region is expected to be fragile, as many countries face political and social turmoil, including from the recent drop in oil prices,” says Abdulaziz Al Ghurair, CEO of Mashreq Bank. The Al Ghurair family is one of the oldest and wealthiest families in the United Arab Emirates, with business interests including banking, shopping malls, real estate, cement manufacturing and food industries.

While down on the prospects for the region, Al Ghurair is bullish on the economy of the UAE, thanks to the farsightedness of the country’s leadership. “The vision of the UAE leaders was to establish UAE as

organization whose purpose is to deliver educational programs on entrepreneurial and leadership skills aimed at inspiring and educating future generations.

But Forbes’s Kroll believes the Middle East has some catching up to do in terms of diversification and global expansion. “They have built their countries and the region around a couple of sectors, and they’re fairly insular. You don’t have too many businesses that have huge success outside the Middle East,” she says.

And while Middle Easterners are inherently entrepreneurial, they do not yet have an ecosystem for entrepreneurs in place. “The players might even be in the country, but they don’t know who the other players are,” says Gerber, based on his meetings with venture capitalists, seed accelerators and politicians in Egypt. There’s no networking infrastructure enabling them to connect. “They’re basically starting where Silicon Valley started 30 years ago.”

The India Growth Story



An interview with...

Nirav Modi, founder of Firestar International, a diamond jeweler. Member of the Forbes Billionaires list, with wealth estimated at \$1.5 billion.

What is your assessment of the current state of the economy in your country, in your region and in the world?

India is growing at 7% on a large base. As compared to that, the Asian Tigers are growing at 5%. The India growth story will kick off when incomes at the bottom of the pyramid grow. That is beginning to happen. It will easily add 2% to India's GDP in the next decade. India's competitive advantage is its hardworking, educated workforce.

How are entrepreneurs treated in your country?

India is one of the few countries in the world where the entrepreneur is a hero. This is because there is a huge aspiration factor; people want to better their lot and come up in life. India now has a pro-business climate, with friendly tax and investment rules. That's led to a sea-change in the mindset of entrepreneurs.

Would you advise your child to be an entrepreneur/start a business in your country?

I would definitely encourage them to get into business and only in India. The maximum opportunities are here. The market is exploding. That said, children decide their own destiny.

What is the biggest challenge with running your business?

In our business the biggest challenge I face is selling the concept of brand India. People don't yet appreciate that the finest jewelry can be made in India as well, not just France or Italy.

Which industries will generate the most new wealth over the next decade?

The rising middle class in both China and India will provide an opportunity to consumer goods companies. Online sellers in India are seeing their valuations surge even though they don't yet earn profits.

What are the top challenges to wealth creation, in your country, region and the world?

The biggest challenge in India is that the regulations keep changing, and there is no clarity on how they are to be implemented. The devil remains in the fine print. We have seen large companies being slapped with tax notices on the basis of retroactive changes to rules. I would like the government to bring clarity to our tax laws and simplify them.

COMPETITIVE ADVANTAGE: FROM PARIS TO SAN FRANCISCO

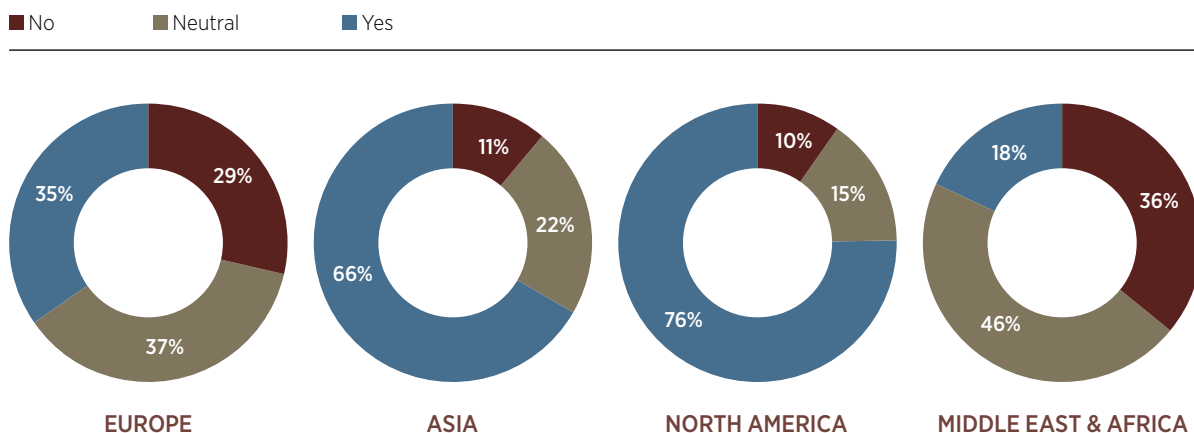
Succeeding in business requires having an edge over the competition. American entrepreneurs have the most confidence in the competitiveness of their country and their business. Asians follow, owing their competitive advantage to the enthusiasm and energy generated by emerging onto the world scene after having fallen behind for centuries; the sheer size of their economies and their upside potential; labor costs; and the industriousness and education of their people. In certain cases, the Asian competitive advantage also stems from government funding—a factor some other entrepreneurs might decry as creating a less-than-level playing field.

Respondents from the Middle East have the least confidence in the competitive advantage of their countries or companies. They may be suffering the consequences of the so-called resource curse, also known as the paradox of plenty. The plenty in this case is the oil reserves in the region. The paradox of plenty means that countries rich in natural resources, especially those whose economies

depend on resource exports, may be unable to use that wealth to boost their economies—to increase their competitive advantage—and may experience lower economic growth than countries without natural resources.

As was described in the previous chapter, Middle Eastern entrepreneurs, as well as their governments, are aware of the need to diversify and develop more

Figure 6. Do you believe that your country has a competitive advantage?



Note: Some charts do not add to 100% due to rounding.

value-added industries. The task before them is to continue to build the competitive advantage by, among other things, creating the right incentives and climate for entrepreneurs.

In Kuwait, Al Kharafi sees his country's competitive advantage as stemming from its longstanding prominent merchant families, the government's big investments in infrastructure and a strong belief in education. He does admit, however, that the country suffers from increased bureaucracy and a relatively slow decision-making process. "Setting up a business in Kuwait is definitely not a smooth process," he says.

Europeans do not have much confidence in the competitiveness of their countries. They do, however, have much more confidence in the competitive advantage of their own companies. That's a good sign, considering that growth starts with business owners and managers.

What is North Americans' belief in their competitive advantage based on? The first factor that entrepreneurs and Forbes wealth analysts point to is the education system, which allows students to experiment intellectually and take time to make decisions about their career tracks, which do not have to be thought of as permanent. In many parts of the world, this might be perceived as directionless meandering. In North America it is thought of as being flexible and having an open mind. And while it is highly valued, formal education is not seen as the be-all and end-all. Bill Gates, founder of Microsoft, is just one in a long line of successful college dropouts who landed on the Forbes Billionaires list.

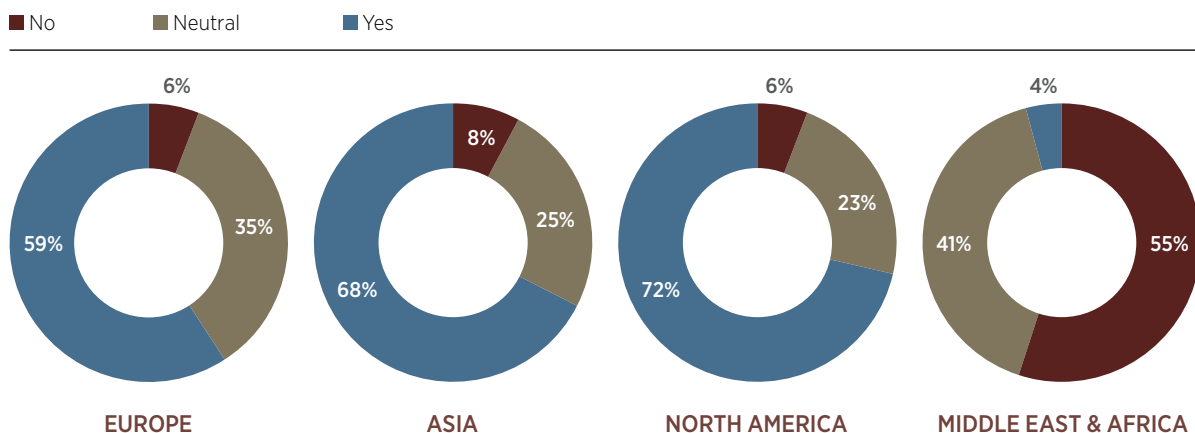
"There is a tradition in the U.S. to encourage people to go out on their own," says Forbes's Kroll, who sees the American education system as one of the factors contributing to America's competitive advantage. "When people have room to breathe they do wondrous things," agrees Twillory.com's Weinberger.

Apart from "room to breathe," the U.S. has a well-established and broad infrastructure for nurturing entrepreneurs, such as business incubators, venture capital financing and college networks, another major advantage for entrepreneurs.

Kroll, who analyzes the business of the most successful entrepreneurs worldwide, believes that Americans have a competitive edge when it comes to their creative approach to marketing. They create market needs and line extensions for products that are not necessarily inherently innovative or are not American inventions. A good example of this marketing prowess is Starbucks, which operates in 65 countries, including Italy, a country that introduced the coffee house 400 years ago.

Another basis for the competitive advantage is "pivoting." In business this term refers to a drastic and fast change in the business model, often necessary for survival. The current business model of Twitter, a message-sharing platform, is the result of such a pivot. The company originally started as a platform for podcasts, but then iTunes began taking over the podcast niche. The company changed course after two employees came up with the idea of a status-updating micro-blogging platform.

Figure 7. Do you believe that your company has a competitive advantage?



Note: Some charts do not add to 100% due to rounding.

Conversations with European entrepreneurs and analysts confirm that Europe's issues with confidence about competitive advantage lie more at the economy and policy levels rather than in a lack of confidence in individual entrepreneurs.

Molinari believes that U.S. entrepreneurs have an advantage due to easier access to capital and having the largest domestic consumer market worldwide, which helps companies expand to a proper size before having to face the great challenge of targeting foreign markets.

In Italy, meanwhile, entrepreneurs have to contend with a stagnating domestic market, which forces them to look abroad for consumers desiring

market, says Ashton. "That employment law makes it difficult for France to compete effectively on a global stage," he notes.

France has a competitive advantage in its educated people and technological innovations. "The French understand very well the need to create critical mass to facilitate innovation," says Ashton. In 2013 the "mega digital incubator" was officially unveiled by media billionaire Xavier Niel, who is thought of as France's Bill Gates, and the mayor of Paris. To be completed in 2016, the complex is to house around 1,000 startups. "They are trying to replicate a geographic grouping that can be industrious," says Ashton, who himself hails

Conversations with European entrepreneurs and analysts confirm that Europe's issues with confidence about competitive advantage lie more at the economy and policy levels rather than in a lack of confidence in individual entrepreneurs.

innovation. "Despite this, probably due to the great ingenuity of Italian entrepreneurs, Italy manages to keep ahead of many rivals in several sectors, including fashion, design and food," he says.

In Poland, Ryszard Florek, founder of FAKRO—a manufacturer of building materials with 3,300 employees around the world—believes that the country, although perceived as an economic success story, still needs to "invest in improving the awareness of Poles and building a sense that the quality of life in an economic community depends on all citizens. Up to now, the potential of Poles is largely wasted," he says.

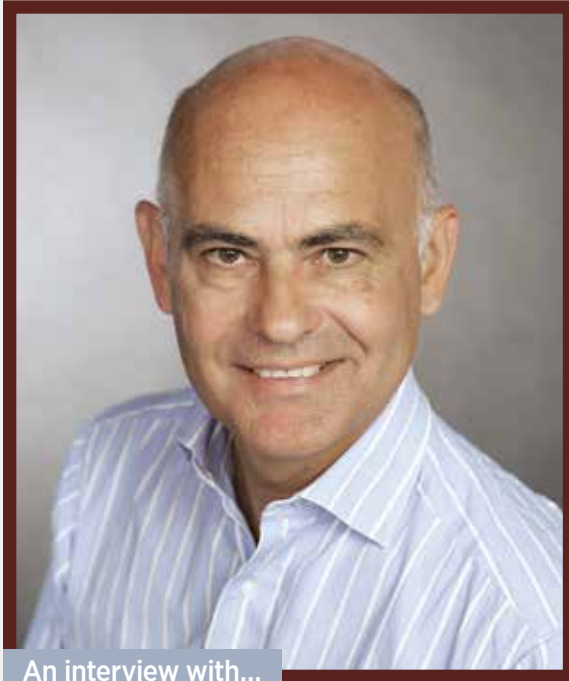
The issue of employment laws in France hurting the country's competitive advantage, brought up by SnapCar's Ashton, reveals the depth of social and political changes that are needed in France to more successfully compete on a global level.

Compared with other countries and regions, France is more geared toward protecting long-term employment at the expense of liquidity in the employment

from the San Francisco area's Silicon Valley, the most effective such grouping of tech educators, entrepreneurs and financiers.

Ashton believes that while entrepreneurship does work in France in many ways, the current state of the legal employment law structure makes it impossible for Paris to work as well as San Francisco. What is needed is acceptance that the social benefit for society as a whole from disruptive innovation, which also disrupts job security, outweighs the benefit of hanging on to the old models. As Amazon CEO Jeff Bezos told *Foreign Affairs*: "New inventions and things customers like are usually good for society... That kind of improvement for customers is often good for society, even if it's difficult for people who are invested in the traditional methods." Old models may ensure job security, but never permanently.

Heading Towards a World Full of Entrepreneurs



An interview with...

Paris-based Hugues Franc, founder and CEO of Beeleev, an international community of business owners.

Do you believe that Europe has a competitive advantage ?

Our level of education is very high, we have a lot of excellent schools. I believe it is the key to growth and competitiveness. We have nothing to be ashamed of when it comes to higher education. There is also a development of the entrepreneurial mindset. More and more young people are taking the plunge and creating companies, thanks to their level of education.

How are entrepreneurs treated in Europe?

The laws are not the same from one country to the other. Governments are finally beginning to realize that they need to encourage entrepreneurship. In Western Europe, the entrepreneurial mindset is growing fast, especially in Scandinavia. Western Europe is one step ahead of Eastern Europe. However, Eastern Europe is restructuring, which should result in great things in the upcoming years, for instance, in Poland.

Would you advise your child to be an entrepreneur in Europe?

Yes! As much as people claim the contrary, countries in Europe really help entrepreneurs. If you have a good idea, then you should go ahead. Now that more and more people have seen that it is possible, we are heading towards a world full of entrepreneurs.

Entrepreneurs have understood that they need to help each other to succeed, and networking is becoming more important. At Beeleev we make it easy for entrepreneurs to connect. The network of incubators and accelerators is very active, fostering meetings between entrepreneurs, advisors, external partners and big companies. Incubators such as Numa in Paris or NDRC and Wayra in Dublin are fast-growing and are now developing abroad. All these factors make Europe a good place to start your own company.

Which industries will generate the most new wealth over the next decade?

The digital industry is clearly taking over, with new inventions and improvements coming out all the time. In this industry, new jobs are created every day. Also, a collaborative economy is a huge and growing trend, especially when good ideas are mingled with digital. One example is the success of BlaBlaCar, a French carpooling company, which now also operates in several international markets.

What types of business structures will generate the most new wealth over the next decade?

It is more than time to start counting on small businesses to create the most new wealth. Big companies have been creating the most wealth for quite some time now, and it is not going to change. However, the tendency for small business to really impact the economy is growing, especially in the digital industry realm. Their main advantages are their capacity to innovate and their flexibility to make those innovations available on the market quickly.

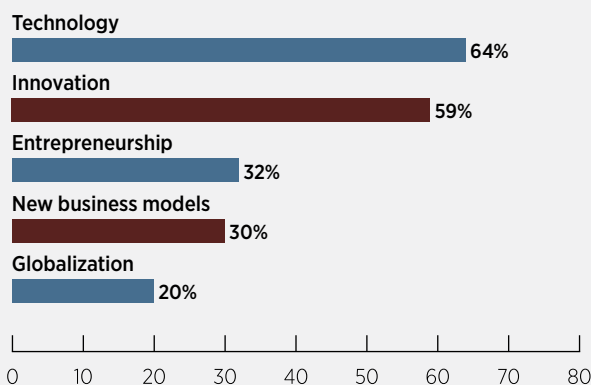
The Challenge and Promise of Technology

Technology holds the most promise in terms of wealth creation (Figs. 8 and 9). At the same time, for entrepreneurs, “dealing with technology” has emerged as a top challenge. Simply put, they cannot afford to miss the latest technological trend, even if they are in another sector. Of course, these days there are no companies that are not in some way dependent on technology yet threatened by its powers of disruption.

In Asia, as everywhere else, mobile technology is disrupting distribution models across industries. For example, the Chinese retail banking industry is being turned upside down by the rise of mobile banking through Internet-based companies. While there are regulatory issues, “the technology gets ahead of the regulators and the central government,” says Ferguson.

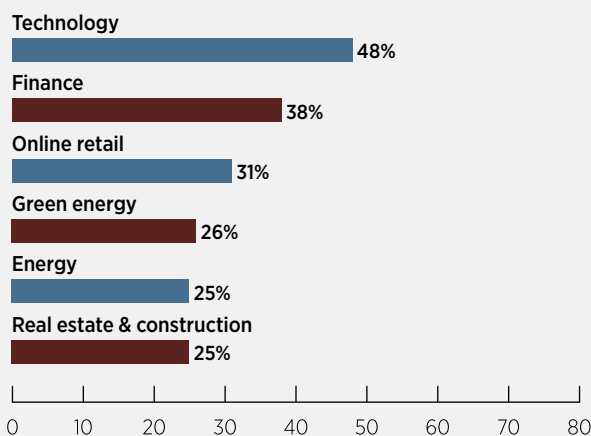
Just as in China, technology entrepreneurs around the world are disrupting traditional business models across all sectors and creating new expectations in the digitally savvy customer. In the UK, financial advisory firm owner Anna Sofat believes that her sector is not yet technology-savvy enough, but she anticipates a technology-fueled revolution in how people interact with their financial advisors. Sofat also stresses the swift impact that social media can have on reputations within the sector and the need to react quickly.

Figure 8. What will be the top drivers of wealth creation over the next 3 to 5 years?



(Top five answers. Based on answers from all respondents.)

Figure 9. Which industries will generate the most wealth over the next decade?



(Top six answers. Based on answers from all respondents.)

Apart from technology, succession and family management and ownership are among the top issues that entrepreneurs find challenging to deal with.

For the Al Ghurair banking family also, one of the key challenges faced by Mashreq includes competitive pressures from non-traditional rivals, as the UAE is beginning to see forays into the banking space by non-bank entities, such as telecom players, who are trying to capture market share by offering financial services in digital modes.

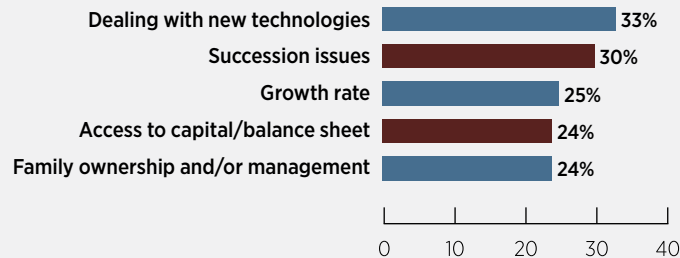
Apart from technology, succession and family management and ownership are among the top issues that entrepreneurs find challenging to deal with. They often go hand in hand. For example, a recent study of business owners conducted by PwC¹ found that only 16% of them have a discussed and documented succession plan in place.

These issues are part of the bigger category of “talent management.” Asked about his top challenges, Christopher Longworth, chairman and CEO of Invesca, a real estate company, says: “People. One of the top challenges we face is finding individuals that we can trust to run our businesses with the same competency and energy that

we do. Delegation is critical for any fast-moving entrepreneur. Giving employees great benefits and a stable career, instead of just a job, makes it more likely that your agendas align.”

Growth is also among the top challenges. And while most entrepreneurs strive for faster growth, dealing with it can be a challenge in itself. That is what Molinari is now facing, thanks to tapping into the worldwide demand for health products. His company, Divino, makes natural, fat-free, gluten-free and Non-GMO (Genetically Modified Organism) Project Verified gelato-filled fruits, handcrafted on the Amalfi Coast: these are proving to be the right product-market mix for consumers from London to New York, and from Sydney to San Francisco. “We have a product that appeals to middle- and upper-middle-class consumers worldwide, and we need to make sure our production is able to sustain an ever-increasing demand as we open up to new markets.”

Figure 10. Top challenges of running a business/company



(Top five answers. Based on answers from all respondents.)

¹ *Up Close and Professional: The Family Factor*, Global Family Business Survey, PwC, 2014

CHALLENGES TO WEALTH CREATION

Red tape and heavy taxation are the top challenges to wealth creation in the respondents' countries. The largest percentage of Europeans point to red tape, and the largest percentage of Americans decry heavy taxation. Entrepreneurs we spoke with could not agree more. "Without a doubt the greatest challenge to wealth creation is the recent over-involvement of government, increased taxation and regulation," says Twillory.com's Weinberger.

Sofat, while acknowledging that the government in the UK has been promoting entrepreneurship through its tax policies, nonetheless believes that red tape is an issue. "They're trying to reduce it, but the approach is still too heavy-handed," she says. Describing new pension regulations that would in effect require financial

For respondents from Asia and the Middle East, the top challenge to wealth creation in their country is lack of business transparency.

advisors to deliver financial advice devised by the regulators, she comments, "The government should just set the framework, and the businesses themselves should then be responsible for delivering the solutions."

Beelev's Franc thinks a lot of European countries are afraid of risk and need to change their mindset. "The economy is stable, but the challenge, which is linked to risk-taking, is to make it easier to find more funding more quickly," he says.

Agrees Marek Belka, president of Poland's National Bank, criticizing European bankruptcy laws: "In contrast to America, it is difficult to go bankrupt in Europe. If you go bankrupt, you are lost in infamy for the rest of your life. The creditors will haunt you throughout your whole life. In Europe, there is sanctity of contracts. If we don't change it, we will leave this [entrepreneurial] potential unused."²

Florek sees Eastern and Central Europe operating at a disadvantage to Western Europe. "We lack the capital and economies of scale that are in the possession of Western enterprises. Development of Polish companies is also hindered by the inability to take advantage of the privileges that are available to foreign investors in our country," he says.

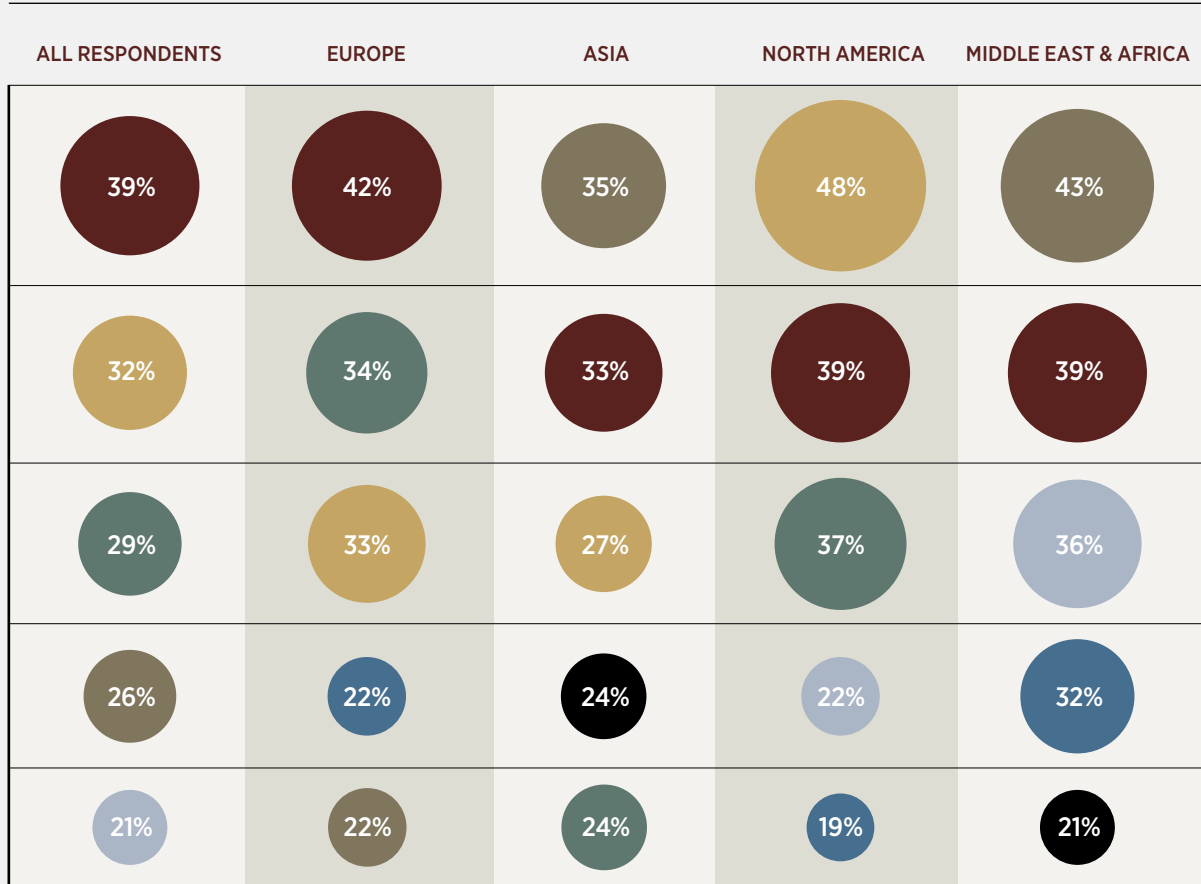
For respondents from Asia and the Middle East, the top challenge to wealth creation in their country is lack of business transparency. Forbes Asia's Ferguson notes that this lack of transparency results in the entrepreneurs in the region being of two minds. "While they are quite proud and enthused about the growth engines in their economies, they also realize that it can be murky as to who's making money and how. I think they hold a dual impression of their own economies," says Ferguson.

² *The Polish Phenomenon*, McParlin Partners in association with the Kosciuszko Foundation and the Ministry of Foreign Affairs, Republic of Poland

Figure 11. What are the top challenges to wealth creation in your country?

KEY

- Red tape
- State of the economy
- Corruption
- Lack of business transparency
- Income inequality
- Lack of business infrastructure
- Heavy taxation



The banking systems and equity markets are reasonably open, and it is possible to get a true picture of who is prospering and who is not. “I think this openness will be adopted broadly speaking, and over time there will be less reason for concern about transparency,” says Ferguson.

Ferguson notes two other main concerns for the future growth of Asia. One is the huge environmental damage that has been inflicted by elements of economic growth. The other is the income divide that, he says, is widening faster in Asia than anywhere in the world.

Income inequality is perceived as one of the top challenges to wealth creation in North America.

The social fabric of Asia is traceable to elements of Confucianism, which is based on the cultivation of virtue, altruism and hierarchy. These values are being undercut by the widening division between the rich and poor. The gap between the elite and the rest of the population is part of the reason behind the recent reactions against the family-run conglomerates, known as chaebols, in Korea; the intense hostility on social media towards the richest people in China; and Thailand’s recent political problems. “All these indicators suggest that the cohesiveness of these Asian societies is threatened, and therefore one source of their economic strength could be undercut,” says Ferguson.

Income inequality is perceived as one of the top challenges to wealth creation in North America. The income disparity has been generating headlines, and the term one-percenters is now widely used to stress the income disparity between the richest and the remaining 99% of the population. Some of the frustration over this growing divide was expressed by the Occupy Wall Street movement. Recent protests included attacking the buses in San Francisco that ferry well-heeled Google employees to work.

American entrepreneur and angel investor David S. Rose believes that some level of income inequality is inevitable and needs to be accepted. “The top challenge to wealth creation globally, including the U.S., is that as technology advances, an ever-increasing level of both education and entrepreneurship is required to create wealth. As such, the unequal distribution of wealth will continue to skew, and every society, led by advanced ones such as the U.S., will need to come to terms with the fact that the rich will get richer and the poor will get relatively poorer,” he says.

Other entrepreneurs are trying to remedy the income divide with their philanthropy. America’s richest people, Microsoft founder Bill Gates and investor Warren Buffet, started the Giving Pledge. They pledged to give most of their fortune to charity and asked other business moguls to do the same. To date, 123 of the ultra wealthy, mostly Americans, have signed up.

Entrepreneurs:

Admired in Asia. Unappreciated in Europe? Crucial in America. Getting Mixed Messages in the Middle East?

How entrepreneurs themselves feel about their societies' attitudes toward them is subjective. Therefore, in the title to this section, we highlighted with a question mark the survey results that do not coincide with what we have heard in numerous interviews. This is the case with Europe and the Middle East. What entrepreneurs from these regions told us in interviews is more positive than the survey results.

It should not come as a surprise that entrepreneurs from America and Asia, the regions that are the most positive about their economies and future growth, are getting the most positive vibes from their countrymen. It is noteworthy, though, that in North America a larger percentage of survey respondents consider entrepreneurs crucial than think they are admired.

While being entrepreneurial is a mindset, entrepreneurs cannot fully flourish without the right conditions, social, legal and political. "The U.S. fosters a pro-business climate, which is supported by our Constitution and legal system," says Cleveland Brown, CEO of PayScout, a payment processing firm. Al Ghurair says that "Dubai has always brimmed with a spirit of entrepreneurship" and explains that entrepreneurs, both locals and expats, are considered to provide a strong boost to the UAE's economy. "The nation continuously strives to improve the ease of doing business for entrepreneurs and has climbed up to reach the 22nd position in the most recent World Bank Ease of Doing Business Index, up from the 25th position last year," he notes with pride.

Such an efficient legal framework is needed in Egypt, but there are efforts under way to create a business-friendly environment, says Sahar Mohamed Aly El Sallab, chairman of HitekNOFAL Solutions (see sidebar, page 28).

An important part of the acceptance of entrepreneurs by their society is predicated on whether the whole population benefits from the spoils. While the world as a whole is seeing an economic convergence, with the number of people living in advanced countries increasing, the divisions within many countries are acute. Despite the undercurrent of class divisions in Asia, entrepreneurs there are admired more than in other regions, in part because the entrepreneurial society of the past generation or two is so closely associated with the rapid increase in living standards in many Asian societies as a whole, says Forbes Asia's Ferguson.

Entrepreneurs understand and act on the need to contribute to society. “Businesses and business leaders are being judged for their overall contribution to the betterment of society, not just by their bottom lines, and successful entrepreneurs are responding in kind,” says Twillory.com’s Weinberger. Twillory, a men’s shirt maker, has a charity program built into every purchase. Every package includes a prepaid mailer bag. All customers need to do is replace the items they just received with unused garments in good condition. Twillory inspects, launders and repackages the clothes and donates them to charity.

This is making failure more acceptable. While the tone in which Europeans describe failure is still much more muted than in the U.S., where it is a learning experience, there is a shift in mindset. “We’re hearing a lot about the American treatment of failure,” says Sofat, “which is, if you haven’t failed in a business, you haven’t experienced everything. How do you know what you’re going to be like when there is a downturn?”

Sofat also credits television shows such as *Dragon’s Den* and *Apprentice*, which show entrepreneurs competing for funding or jobs, with improving the entrepreneur’s image. While in big Hollywood movies

While being entrepreneurial is a mindset, entrepreneurs cannot fully flourish without the right conditions, social, legal and political.

In Great Britain also, entrepreneurs are willing to give back because they see themselves intertwined with their communities. Especially among women, says Sofat, there is a movement toward social entrepreneurship, which is a business model in which social benefits come before financial benefits.

Being part of a critical mass helps entrepreneurs. “After 2008 more people started their own businesses, and they are now looking at entrepreneurs with different eyes,” says Sofat. On top of that, the technology boom over the last few years produced many more younger entrepreneurs, who have a different mindset. “They’re far more willing to fall down and step up and try again,” she says. “In technology, after all, the first try is always beta, meant to be improved on.”

such as *Wall Street*, business people are typically caricatured as villains, the reality shows, which often invite regular people to compete for funding and pitch their businesses, are democratizing entrepreneurship.

SnapCar’s Ashton, meanwhile, goes as far as to say that France is roughly equivalent in how it values its entrepreneurs to the United States, outside of Silicon Valley. The successful model of Silicon Valley has not been replicated effectively, whether in the U.S. or elsewhere, he believes. However, entrepreneurs in France are at a disadvantage versus Americans due to the legal environment.

Italy's Molinari, however, who does business both in the U.S. and Italy, sounds much more negative. "In Italy people perceive entrepreneurs as a threat to the status quo and often are suspicious of the reasons a young person would entertain the idea of starting a venture rather than working for the government, taking on the trade of their parents or simply emigrating to find better prospects," he says.

According to Brown, the future looks bright. "Millennials may become the greatest generation of this century, driven by their entrepreneurial dreams and their desire to support conscience-minded businesses. Already, we have witnessed the development of a work ethic based on working smart, rather than the old mantra of success through long, hard hours. Millennials love to innovate and adopt technology to get results efficiently, excellent skill sets for entrepreneurs," says Brown.

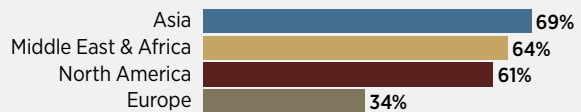
Sums up Longworth: "Being an entrepreneur is not just about a possible financial windfall. There's an intrinsic value to the lessons learned through failure and perseverance. That sense of accomplishment and level of earned discipline is not something you can get at a 9-to-5 job."

Figure 12. Entrepreneurs...

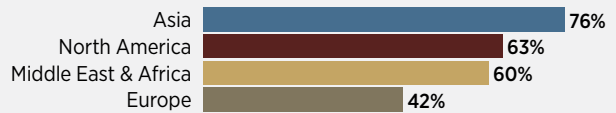
ARE STIGMATIZED FOR THEIR WEALTH



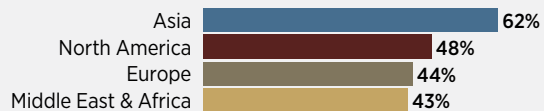
ARE ADMIRED FOR COURAGE AND PERSISTENCE



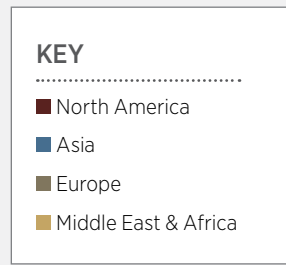
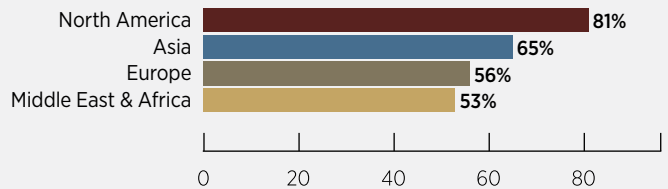
OPERATE IN A PRO-BUSINESS CLIMATE



ARE SOCIALLY CONSCIOUS



ARE CRUCIAL TO OUR COUNTRY'S WELL-BEING



Filling a Huge Need



An interview with...

Sahar Mohamed Aly El Sallab, Chairman of Cairo-based HitekNOFAL Solutions

What is the state of your country's economy?

The current state of our economy is still weak as a result of the political and social changes that have been taking place. However, there are actions being taken to strengthen the private sector, and to restore some of the trust that was lost with investors. These changes include laws that would ease the process of doing efficient business in the country. Red tape and backward laws are an issue.

Does your country have a competitive advantage?

The competitive advantage is the cheap labor compared to the rest of the world. The population is large and young. Thus, given training, we can become a manufacturing base. Another competitive advantage is the geographic location, making us a transportation hub between Asia, Africa and Europe. Once the proper laws are in place, companies will be able to use these advantages to grow.

What is the state of entrepreneurship in your country?

Entrepreneurship has been promoted since 2011. Google started with a contest to select the best entrepreneur project, and over 5,000 young people applied. Since then we have seen the emergence of several large business incubators, networks of mentors such as myself and the creation of several angel funds. Today entrepreneurship is being taught at the American University and the British University, and Cairo University is following suit. We still need to work on the ecosystem for entrepreneurs and update the backward laws. However, I believe that entrepreneurship can save our economy.

What challenges is your company facing?

Our company has risen from a small to a medium size. The most important aspect was recruiting good trained engineers, and getting good consultants to help us create a proper organization chart.

The challenges are not inside our company. They result from the laws, for example, those related to the availability of foreign currency. Since we are a technology company, up and running, we just need the government to move fast without too much bureaucracy and without favoring larger business organizations.

Would you advise your children to start a business?

Yes, I would advise my son to start a business. I would advise him to do it in Egypt because the need is huge.

Where Will the Most Wealth Be Created?

Predictions by Geography

Entrepreneurs' views about where wealth will be created are so disparate they might make one wonder if they are all looking at the same world (Fig. 13). Regional biases are clearly visible in how entrepreneurs think about the geographies' potential to generate the most wealth over the next decade. Typically, the closer the country or region, the higher it is ranked. Clearly, proximity, awareness of and participation in the geographically closer markets lead to a positive bias.

Not surprisingly then, respondents from Asia place Asian regions or countries as the top three highest-ranked areas. Middle Easterners are the only ones pointing to India, a country next door to them, as having the most potential; they also rank Turkey, another neighbor, much higher than entrepreneurs from other regions.

Interestingly, these results also show that Europeans may have more confidence in themselves than they let on. While they sound negative about the state and prospects of their economies (Fig. 1), they do believe that Western Europe will create more wealth than the U.S. over the next decade, and will be second only to China in that regard.

North Americans are the most convinced that the U.S. will generate the most wealth—a view that is not shared by any other region of the world. In fact, other regions place the U.S. behind or on par with Europe, but not ahead of it. North Americans are also much more narrowly focused in their view, pointing to just two regions, Asia and Latin America, as generating substantive growth, with every other region getting a vote of confidence from less than 20% of respondents.

Forbes's Kroll is not surprised by these findings. "Americans are pretty confident in themselves overall. There was a period of pessimism after the financial crisis. But Americans have regained their confidence in themselves. I'm not sure I completely agree that the United States will generate the most wealth. You cannot count out China."

North Americans are the most convinced that the U.S. will generate the most wealth—a view that is not shared by any other region of the world.

Ashton measures the odds between China and the United States based on what he witnessed in the 1970s and 1980s, when the United States was in competition for economic supremacy with another Asian country. "The vast majority of wealth creation over the next 10 years will come from the United States and China. In the '70s we fretted that Japan was going to overtake the United States economically. Not only did that not happen, but the United States massively widened its lead. That will continue because we have the critical mass for that innovation. The guys who started Facebook or Instagram are now going to move into revolutionizing health care or entertainment," he says.

Overall, entrepreneurs we spoke with felt that the potential of some regions is underappreciated. This is true for Latin America and Africa. “Everyone is looking at Asia and its incredible growth, but South America is the player everyone still underestimates. I think we will see great things emerging from this region in the upcoming years. For example, Chile is very turned towards entrepreneurship. Sub-Saharan Africa has also proven very interesting for entrepreneurs,” says Franc.

Ferguson agrees: “In terms of overall heft, it’s about right that China is number one in the rankings. But you could make a case for emerging areas like Africa or Latin America as having higher growth rates than parts of Asia.” Adds Molinari: “Asia will still be in absolute terms the greatest wealth creator, but in relative terms I see many African countries like Tanzania growing at double-digit rates.”

Figure 13. Where most wealth will be created over next decade

North America Respondents



United States	63%
China	48%
Asia as a whole	35%
Latin America	22%
India	15%
Europe as a whole	15%
Western Europe	15%
Russia	13%
Central Europe	11%
Middle East	7%
Eastern Europe	6%
Turkey	4%
North Africa	4%
Sub-Saharan Africa	4%

European Respondents



China	34%
Western Europe	29%
United States	26%
Europe as a whole	25%
Russia	25%
Middle East	22%
Central Europe	21%
Asia as a whole	21%
India	16%
Eastern Europe	16%
Turkey	10%
Latin America	8%
North Africa	1%
Sub-Saharan Africa	1%

Al Kharafi believes that the next decade will be primarily dominated by the U.S. and MENASA (Middle East, North Africa and Southeast Asia—excluding Japan) as the most sought after investment destinations yielding sustainable risk-adjusted returns. “There has been an increased interest in Africa in recent years, and I do believe that appropriate opportunities do reside there,” he says.

According to Forbes.com contributor Mfonobong Nsehe, author of the Forbes Africa 30 under 30, a ranking of the 30 most promising African entrepreneurs under the age of 30, “Africa’s growing crop of

young entrepreneurs will transform the continent and rewrite its future. And they are taking charge of that destiny now. Today, a growing number of Africans are building innovative technologies and businesses that are solving critical socio-economic problems, while creating job opportunities for Africans. It’s an entrepreneurial boom. The young folks are taking the lead—and are making fortunes for themselves in the process. As they should, because what good is entrepreneurship if it doesn’t create wealth?”

Asia Pacific Respondents



China	51%
Asia as a whole	36%
India	33%
Europe as a whole	25%
United States	24%
Eastern Europe	18%
Western Europe	16%
Central Europe	16%
Russia	16%
Middle East	15%
Turkey	15%
Latin America	13%
North Africa	9%
Sub-Saharan Africa	5%

Middle East & Africa Respondents



India	50%
China	39%
Middle East	39%
Turkey	36%
Europe as a whole	18%
United States	18%
Asia as a whole	14%
Western Europe	7%
Central Europe	7%
Russia	7%
North Africa	7%
Eastern Europe	4%
Latin America	4%
Sub-Saharan Africa	4%

A WISHLIST FOR THE GOVERNMENT

We asked survey respondents and entrepreneurs we spoke with how—and if—their governments can help their businesses. Their opinions were divided (Fig. 14).

Asian entrepreneurs would ask their governments to foster innovation, eliminate trade barriers and create tax-free zones. Are Asian governments doing enough in that direction? In Asia, business regulations inhibit innovation. Despite technological innovations like the mobile revolutions sweeping Asia, there are nevertheless issues with logistics in the region, as trade is hampered by different regulatory environments, customs barriers and other fees.

Asia famously lacks free trade zones across the region. It has nothing like the European Union. There is an effort within ASEAN (Association of South East Asian Nations) to break down some of the barriers that still exist between those countries, but for now it is not as fluid a trade environment as Europe or North America. Ferguson sums up, “Innovation would be fostered by breaking down some of these tollgates.”

Tax-free zones are high up on the Asian entrepreneurs’ wish list. That is because taxes are very high in a number of Asian countries. Japan still has the highest corporate tax rate in the world, being in a perverse competition with the United States in that regard, notes Ferguson. The tax regimes that exist in areas of Southeast Asia carry vestiges of corruption, as the tax authorities are not always evenhanded in how they enforce the tax laws. That is another reason entrepreneurs would look for those tax-free zones, according to Ferguson.

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Asia famously lacks free trade zones across the region. It has nothing like the European Union.
.....

Middle Eastern entrepreneurs we spoke with had long wish lists for their governments. They involved, first and foremost, education as well as diversifying the sources of government revenues and creating equal opportunities. Addressing the issue of lack of transparency, which is ranked as a high challenge to business creation in the Middle East, Al Ghurair’s suggestion for the UAE’s government is “to create a knowledge base,

a common repository that would be centrally accessible, and have information on businesses, such as their credit information.”

SnapCar’s Ashton has a very concrete suggestion for the French government. He would like it to create a €1 billion or €2 billion fund to invest in startup French companies. “That would make an enormous difference in the development of inno-

vation, because it’s not enough to have a critical mass of engineers and entrepreneurs and well-educated people. You have to have the investment capital that’s interested in investing in the country. Today’s France really lacks that because great investors often feel they can get better returns elsewhere. The innovation is there, but the government needs to kick-start investment in it.”

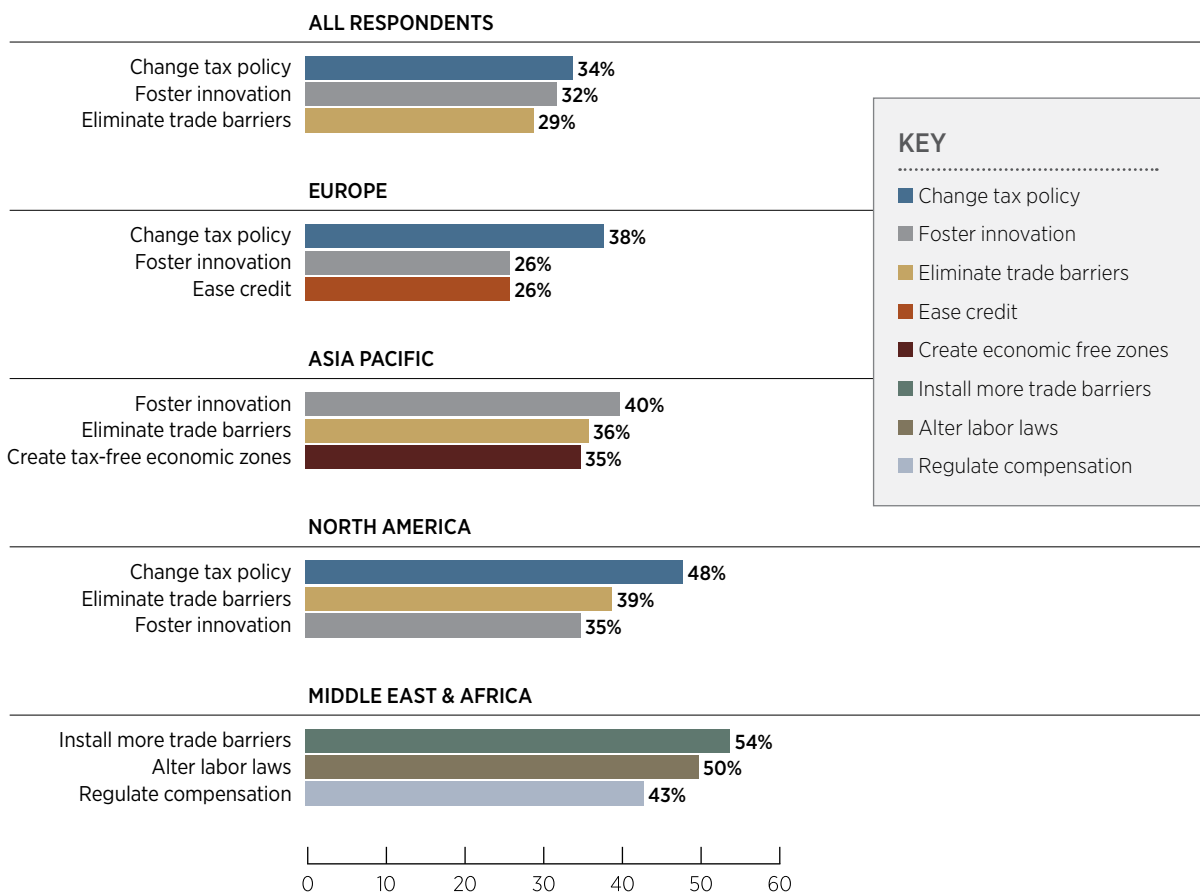
Interestingly, his French business partner, Weisselberger, believes that private capital would be much more efficient. Forbes Poland’s Pochlopien is also skeptical about involving the government in innovation. “Innovation cannot be programmed. The further away the government keeps from programming innovation, the better. This should be the domain of entrepreneurs,” he says. This disagreement among people who share the same goal only stresses the complexity of the issue ahead.

Reforming the tax system is at the top of the North American wishlist. Entrepreneurs would like it simplified and taxes on employee salaries lowered. Another recurring issue is encouraging immigration, and especially reforming the U.S. visa program for international students so that they will be able to stay and work in the U.S. “This will allow U.S. businesses to hire the talent they need to become successful in the future,” says PayScout’s Brown.

Brown would like to see investment in public infrastructure aimed at generating better Internet connectivity. “We know that the Internet is an essential part of running a business—on par with having electricity—and we cannot be mired down in poor connectivity and slow speeds,” he says. He would also like the government to make it easier and more transparent to bid on government contracts.

Improving universal education is at the top of the list for American entrepreneur David Rose, which shows the need to democratize what many see as the basis for America’s competitive advantage.

Figure 14. If you could ask your government or government agency for your top actions to help business, what would they be? (Top three answers)



CONCLUSION

Entrepreneurship is key to future economic growth. Entrepreneurs worldwide face different challenges. They have a wide array of views about the role that governments should play in the economy, and their predictions about the globe's future high-growth regions vary. Some believe that formal education is key to entrepreneurial success, while others drop out of school to start a business. Some feel stigmatized, others feel admired. But entrepreneurs agree on what would make running a business easier. They would like to become part of a critical mass, to be surrounded by more people like them. They would like more access to networks of other entrepreneurs, financiers and experts. They also would like more acceptance of business failure, American-style, without which few businessmen will take a risk. They would like their countrymen to value their courage, and not expect everyone to hold a 9-to-5 job. Considering their vital role in overall economic growth, smart countries will create an entrepreneur-friendly environment.

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METHODOLOGY

Demographics of survey respondents:

Forty-three percent have business assets between \$25 million and \$500 million, 20% between \$500 million and \$5 billion, and 13% over \$5 billion. Twenty-three percent have business assets under \$25 million. All respondents have investable assets starting at \$5 million. Sixty-two percent are self-made, 9% have inherited wealth, and 29% both inherited and created their wealth. In addition to the survey, Forbes Insights conducted interviews with entrepreneurs and Forbes wealth experts.

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