

PRESS RELEASE
Barcelona, Brussels: May 23, 2007

Globalization brings great growth opportunities for entrepreneurs
Europe's 500 Conference defines goals for Renewable Energy

The European growth entrepreneurs association, Europe's 500, organised its annual conference – the European Growth Summit - together with IESE business school in Barcelona last weekend. The conference focussed on the tremendous opportunities for entrepreneurs that globalization is providing, as well as a closer look at renewable energy that requires an open and intensive dialogue between entrepreneurs and EU authorities.

The mission of the Entrepreneurs for Growth association, Europe's 500, created in 1996 is to support entrepreneurial initiatives and improve the conditions for economic growth and job creation in Europe. The goal of the conference is to help entrepreneurs redefine and reflect on their strategies and to make recommendations to the European Union based on the conclusions of their talks.

Welcoming the participants, IESE Dean Jordi Canals noted that often it's not financial help that is needed to take advantage of these opportunities, but rather a transfer of knowledge, ideas and education. "Europe must not be more interested in or satisfied with only protecting its glorious past, but must create a future and a true land of opportunities for entrepreneurs," Canals challenged the participants.

Speakers and experts from around the world

Following speakers and panellists have been among others: Christine Lins, Secretary General, European Renewable Energy Council; Esko Aho, President SITRA, the Finnish Innovation Fund, and Former Prime Minister of Finland; Ignasi Nieto, Secretary General for Energy, Ministry of Industry, Spain; Aleksey Kuznetsov, Minister of Finance, Government of the Moscow Region, Ram Ramakrishnan, CEO, Bajaj Electricals Ltd., India, Prof. Luis Cortez, UNICAMP, Brazil, Jan Mühlfeit, Chairman Microsoft Europe, Pavel Telicka, BXL Consulting and Jakob von Uexküll, World Future Council Founder; and Pankaj Ghemawat, Professor at IESE Business School.

Growth potential and barriers

Esko Aho, former Prime Minister for Finland, and President of SITRA, the Finnish Innovation Fund noted that "despite all the money spent in Russia on Research and Development, that system collapsed. I think that this is an important lesson for Europe now." According to Aho, R&D is "the transfer of money to knowledge; however innovation is transforming knowledge into money."

He argued for a new paradigm shift in Europe of mobility, flexibility and adaptability to allow R&D and innovation to create value. In that sense, he remarked the case of a group of Europe's 500 nominated companies as reference models for other firms to prevail over those barriers and compete from Europe in the global market. He finally pointed out some basic policy-oriented actions to mobilize resources for R&D and innovation such as supporting excellence generously, using R&D grants and fiscal incentive smartly; enhancing science-industry cooperation, or increasing up to 20% of the structural funds into research and innovation.

With respect to the potential that globalization is bringing for entrepreneurs, IESE Professor Pankaj Ghemawat noted that less than 10 percent of all money currently crosses borders. "This year it might make 12 percent given recent merger activity," Ghemawat said, adding that cross-border money flows have never reached 20 percent. Prof. Ghemawat's message is that in reality the "world is not so flat" as the globalization forces frequently lead us to think of it, and he made the case about what this means to doing business across borders. Although the global markets pose great opportunities for growth, he cautioned that borders still matter. Doing business globally may be often very difficult and certainly challenging (even when it is worthwhile) in terms of the significant required adaptation of the business model, the resources and management teams involved, or even in terms of the specific firm capabilities needed. From a strategic perspective, he prompted the attending entrepreneurs to ask themselves what sources of competitive advantage target their cross-border strategies, between "adaptation" (coping with differences); "aggregation" (exploiting similarities), and "arbitrage" (exploiting differences).

Growth is East: Some key messages

One area that growth is naturally seen is to the East.

"Please watch out, we are coming," said Ram Ramakrishnan, Chief Executive Officer for India's Bajaj Electricals. "If you want hands and feet, go to China. But if you want hands and feet that have a brain, then come to India," Ramakrishnan said in reference to his country's high percentage of engineers and doctors.

Ramakrishnan also noted that cost savings is a factor for those companies wishing to operate in India. "To develop a drug can be as little as 100 million dollars in India, compared to 1 billion dollars in the rest of the world."

On the opportunity side, Ramakrishnan highlighted some great options for growth in emerging sectors in Asian markets such as pharmaceuticals, electronics, service sector, energy efficiency or the control of global carbon emissions among others. On the competitive side, he drew attention to India's major future growth drivers which he singles out in IT, tourism, pharma, retail, infrastructure, BPO, technical services or medical tourism.

Ramakrishnan also made some observations on some well known European constraints in global competition such as weak labor utilization and productivity growth, relative weaknesses in the agricultural, manufacturing, distribution and finance services, and persistent coordination problems in macroeconomic policy implementation. However, he stressed once again the potential for growth in Asian markets for those European companies willing to become themselves truly global. He urged companies to take advantage of real growth opportunities in Asia in low cost manufacturing, outsourcing of backend activities, strategic component sourcing and R&D and design services, and be present in Asia as early as possible in the development path of those fast growing markets in the area.

Europe's 500 Success Stories

Summit participants were able to learn first hand some of Europe's leading entrepreneur success stories first hand in a panel moderated by IESE Professor Juan Roure, Summit Organization Committee Chairman. Panellists included Alan Long, CEO of Mears Group, UK, Thomas Reindl; COO from Iliotec Solar, Germany; Ulrich

Schwanengel, CEO of Consol, Germany; Norrie Sinclair, CEO CVO Group, Hungary; and Roger Tondeur, President of MCI Group, Switzerland. In a later session, participants heard about growth opportunities from several Spanish entrepreneurs, including: Gabriel Masfurrol, President of USP Hospitales, Jordi Galles, General Manager of Europastry, Angle Lozano, founder of Redur, Jesus Prieto from Grupo CT, and Joan Roget from Panreac.

According to the high growth European entrepreneurs, ambition, team building and commitment and the role of active boards appeared to be as key factors for growth. Putting in question the sole entrepreneur myth, IESE Prof. Roure noted that "growth is an almost impossible endeavour nowadays if you are unable to surround yourself with talented people... even smarter than yourself."

Growth is Green: Results of the conference

An agreement was found on the necessity to follow up several recommendations and issues that need to be addressed on EU level. The main issues were:

1. Explore opportunities for importing ethanol as a substitute to car fuels from countries like Brazil. A follow up meeting with the European Council for Renewable Energy, experts from Brazil, representatives from Europe's 500 and other EU decision makers and experts shall be organised. CO2 reduction for cars depends more on the fuel than on the cars.
2. More direct involvement of entrepreneurs (SME and beyond) in the European consultations and policy development on how to implement the envisaged CO2 reduction.
3. More ambitious goals: All the panels and discussions showed clearly that it should be possible for Europe to reach stronger reductions in CO2 in an even shorter period of time.
4. Energy feeding price guarantees for alternative energies such as wind, solar, etc. should be more reliable and Europe-wide and can serve as the instrument that defines the speed of implementation, the same of course holds true for the fuel taxation. Europe's 500 intends to launch a study that allows to forecast the speed of implementation and function of the return on capital made possible by these instruments.
5. In further interaction with the Commission services explore opportunities of making the regional policy financial instruments (and possibly also other) more focused on supporting growth. In this context more loans and less grants could be considered and help the EU to save money and increase impact. To this end Europe's 500 together with The Boston Consulting Group propose to conduct a study. They will be assisted by BXL Consulting of former Commissioner Telička.

Martin Schoeller, President of Europe's 500 noted: "The technologies for CO2 efficient energies are already there and being continuously improved. The EU can influence the change with the instruments such as of an energy feeding law and fuel tax. The dialog between industry, entrepreneurs and politics is very important to coordinate the implementation speed and technical mix. The huge investments and shift in cost will create an enormous new market, will redistribute and create new jobs in the energy sector and will impact more or less every company and every entrepreneur."

According to Antonella Mei-Pochtler, Senior Partner and Managing Director and Executive Committee Member of The Boston Consulting Group, "companies across Europe will benefit enormously from a growing need for 'green' technologies. In contrast to microelectronics or high-tech Europe belongs to the leading research

nations in the field of alternative energies and has an excellent intellectual property position as starting point. Clean energy will no longer be a small niche business, but emerge as the automotive industry of the 21th century employing hundreds of thousands of people."

Jan Muehlfeit, Chairman Microsoft Europe: "I am very pleased that Microsoft had the opportunity to take part of Europe's 500 Growth Summit. It is no secret that we are facing more and more competition from China and India and the only way we can continue to be leaders in the global marketplace is by the continuing public sector and private sector investments in research and development and helping create world-class entrepreneurs. I truly believe innovation is in the Europe's DNA and we as a company invest over €500 million in R&D across the region. Across the 27 EU Member States there are over 150,000 small to medium sized entrepreneurial innovators and each day many of them building unique innovative technology on the Windows Software Platform. We are very supportive of Europe 500's dedication to bring important issues to be discussed in a public forum."

The summit, sponsored by The Boston Consulting Group, KPMG, Microsoft, VW, E-Qua, Ajuntament de Barcelona, Barcelona Activa and the Barcelona Chamber of Commerce, also counts on the expertise of members of IESE's international faculty; Dean Jordi Canals, Prof. Pankaj Ghemawat and Prof. Juan Roure.

Europe's 500 - Entrepreneurs for Growth founded 1996 is the pan-European membership organization representing more than 2,000 top growth companies across Europe. Its aim is to support entrepreneurial initiatives and improve the conditions for economic growth and job creation in Europe. Europe's 500 publishes and awards the top 500 growth entrepreneurs in Europe every year, it organises the European Growth Summit every two years and holds exclusive roundtable meetings, the "Europe's 500 Roundtables for Growth" with representatives of the European Commission.

IESE is one of the world's top 10 business schools, having pioneered executive education in the continent when it was founded in 1958 in Barcelona. In 1964, it offered Europe's first full-time MBA, and subsequently, the world's first bilingual program in the two of the most important languages of business, English and Spanish. IESE distinguishes itself in its general management approach, extensive use of the case method, international outreach, and emphasis on placing people at the heart of managerial decision making. With a truly global outlook IESE currently runs executive education programs on four continents.

Contact Europe's 500: Eva Schoeller, Tel. +49 176 22211134, email: eva.schoeller@europes500.com; www.europes500.com

Contact IESE: Robert Duncan, Director International Communications, rduncan@iese.edu / +34 606 329 075