

# Ways to technology oriented foundations taking the University of Wismar as an example

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Germany is the country of inventors. There are 277 patents per one million people that are relevant to the world market. This is the best result in the world. According to the International Study on Entrepreneurial Activity - "GEM" annual report on Germany 2005, in Germany, most people setting up a business do it for an opportunity motive rather than necessity motive. Germans are rather pessimistic about coming opportunities for setting up a business. This often makes them drop their plans to start up a business. However, Germans assess their own capabilities to set up a business as good. There are no significant differences between the eastern and western part of the country.<sup>1</sup>

The same study, composed by Rolf Sternberg, Udo Brix and Jan-Florian Schlapfner, outlines the infrastructure of public support as one of the strengths of Germany. The amount of public support programmes is found to be proportionate to the demand. In fact, the quality could only be enhanced by means of creating more transparency in support offers and increasing the effectiveness of the programmes.

The relatively weak points within Germany's general conditions are the values and norms of the society such as the question of business education in schools and beyond.

Germany ranks on the 7<sup>th</sup> place among the 32 GEM countries in terms of relative prevalence of high-expectation and high-growth entrepreneurs.<sup>2</sup>

As a result of the relatively good preparation of foundations in the field of technology (convincing financiers, receiving public promotion and so on), these do not fail as often as the average of the newly established enterprises. Founders with a diploma are more venturesome, more optimistic and do more often control the necessary foundation capacities compared to those without. Among university graduates, the foundation quota is twice as high as within the rest of the population.

Technology-orientated foundations create high-quality jobs. On average, 4 further jobs are created from one foundation within the following 4 years. Due to the orientation on export, the enterprises are more independent of economical weakness in the region and their diversification is larger. On the other hand, these foundations are characterized by high demands on the founders and higher risks, above all what concerns entering the market.

ATI Westmecklenburg has been promoting technology transfer between the R&D at Wismar University and entrepreneurs since 2000. We organize support for start-up businesses and mediate their cooperation with experienced entrepreneurs. At Wismar University, several services are offered to awake the spirit of entrepreneurship in students and graduates.

The process of setting up an own business starts with finding an encouraging business idea. In order to generate such ideas, professors and students hold

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<sup>1</sup> *Länderbericht Deutschland 2005*

<sup>2</sup> *Global Report on High-Growth Entrepreneurship 2007*

conversations based on the results of earlier research. The revision of the marketability of the initial idea is conducted both by research and opinion polls and testings at trade fairs. In workshops, students have the possibility to acquire special knowledge in relevant areas, e.g. realizing business ideas, patent enquiries, law, etc.

At Wismar University, ATI Westmecklenburg offers pre-foundation services, support during the foundation and services during the first year of business. Pre-foundation services include screening the business ideas, conducting market analyses, organizing visits to trade fairs, developing and examining the ideas and concepts. In the first 6 months, during the setting up of the business, young founders are invited use the free-of-charge office premises at the Technology and Research Centre in Wismar as well as professional assistance with formalities. Events for entrepreneurs and founders take place at the University of Wismar and at the Technology and Research Centre. These activities are essential for supporting “business-newcomers” and building networks.

There is a special venture organized annually – the Entrepreneurship Duel. This is a competition between two student teams to test their business skills. The teams are supported by mentors – experienced entrepreneurs. Another annual event is the Day of Entrepreneurship. On this day, young founders present their companies to students, take part in a different competition every year and take advantage of the possibility to communicate with other young founders and experienced entrepreneurs.

The students of Wismar University prefer to set up their businesses in Wismar or in close proximity. This is explained by the need for a short distance to the university providing them with support. The favourite location of the young entrepreneurs is the Technology and Research Centre in Wismar. This choice of location assures that the area around Wismar will continue to be attractive for entrepreneurs as it already provides a suitable infrastructure for successful business.

The modern Technology and Research Centre for innovative enterprises provides optimal conditions for the co-operation between industry and the university. The majority of the companies are SMEs, therefore are the services of the Technology and Research Centre created to fit their needs. The companies appreciate the proximity to other young and innovative enterprises and the university because of the various cooperation and exchange possibilities.

The majority of founded businesses are active in the fields of information technology, multimedia, electrical engineering and process engineering. It is important to provide as much support as possible to the students as aside from research and development, it is necessary that the elaborated ideas find realisation. Thereby, the size of the business plays a relatively irrelevant role - big projects guiding the way are necessary but innovative small businesses may not be forgotten about.

In particular, in a modern global economy it is critical that small businesses take advantage of break-throughs in science. Indeed, evidence indicates that small high-tech firms have a key role to play in this. They often develop more radical innovations than larger businesses. They act as the seedbed of product innovation. But smaller firms need to be encouraged to take up research and development opportunities as they sometimes do not have the capacity to fully exploit the potential returns. And that is the aspiration for ATI Westmecklenburg – to encourage the next generation of entrepreneurs to seize the opportunity to benefit each and every one of us – to stimulate entrepreneurship.

In technology oriented foundations, within the first year, a considerably larger number of jobs are created compared to foundations that are not technology oriented.

Also, founders with higher education create more jobs than others, whereupon the effect of higher education itself on the amount of employees is smaller than that of technology oriented foundations. The biggest engagement impulse, however, comes from foundations, which are both technology oriented and founded by a person with higher education.<sup>3</sup>

It is obvious that entrepreneurship is good for economic growth: entrepreneurs create new businesses, and new businesses in turn create jobs, intensify competition and may even increase productivity through technological change. A high rate of entrepreneurship will transform directly into a high level of economic growth.

#### References:

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<sup>3</sup> Dr. V. Zimmermann, C. Hofmann