

A man in a dark blue suit is in a starting crouch on a light blue surface, looking directly at the camera with a determined expression. The background is a blurred green and yellow bokeh.

SUMMARY: Building faster European business success through entrepreneurial readiness

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Note: The content of this report has been translated and spellchecked by AI.

About the Global Mind

Global Mind is an independent policy research organisation focused on the conditions that shape long-term European economic competitiveness. Its work covers innovation, safety and security, mental health, entrepreneurship and business development, policy design, labour markets, and the institutional structures that connect European ambition to European outcomes.

Global Mind's mission is simple to state and hard to do well: produce analysis that holds up under scrutiny, that ordinary readers can follow, and that policymakers can actually act on. The organisation doesn't represent any single national government, political party, financial institution or commercial interest, and its funding, governance and editorial structure are built specifically to protect that independence.

On method, Global Mind insists on verifiable, source transparent analysis. Every empirical claim in this report traces back to a named, publicly available source, whether that's official statistics from Eurostat or the OECD, European Commission and Parliament publications, peer reviewed academic research, or recognised policy institutes. Where the evidence is contested, incomplete or depends heavily on context, the report says so plainly rather than dressing up uncertainty as fact. The point of all this is practical: policymakers, journalists and other researchers should be able to test, challenge and build on what we've found here, not just take our word for it.

This report is published on behalf of [EURINN.eu](https://eurinn.eu).

The aim of the Global Mind is to contribute to the development of the European Union, and it is in that spirit that we hand over this report.

Read more about the Global Mind: thinkingglobal.org

Summary foreword

Europe talks about entrepreneurship in the language of ambition: more startups, more scaleups, more unicorns, a stronger position against the United States and China. That ambition is well placed and, as the Draghi and Letta reports have made clear, urgently needed. But ambition on its own doesn't build durable companies. It builds registrations, and too often registrations that were never going to survive a real market, a real balance sheet or a real customer.

The report behind this summary grew out of a simple, uncomfortable observation. Many of the businesses that fail across Europe each year show, in hindsight, clear signs that they weren't ready to be started. Not because their founders lacked ambition or courage, but because no one had asked them, honestly and in a structured way, whether they were prepared. We don't think this is an inevitable cost of a dynamic economy. Most of it is preventable.

Global Mind exists to bring rigorous, independent and pragmatic analysis to the questions that decide whether Europe's ambitions actually turn into results. The report doesn't argue for fewer entrepreneurs, more red tape or a retreat from Europe's startup ambitions. It argues for a more honest starting line, with a moment of structured reflection before, not after, significant capital, time and wellbeing are put at risk.

Claes-Goran Hammar
Global Mind Partner

Read the full report for more information: <https://thinkingglobal.org/building-faster-european-business-success-through-entrepreneurial-readiness>

Background: a gap in Europe's startup agenda

Europe wants more startups and more scaleups, and this report argues that the ambition has overlooked one question: whether the person starting a business is prepared to run it. The Draghi and Letta reports of 2024 diagnosed the competitiveness problem. Europe is not short of ideas or early-stage companies. It is short of the conditions that let them grow into large, durable businesses. The EU accounts for around 5 percent of global venture capital raised, against 52 percent in the United States and 40 percent in China, and nearly 30 percent of the European unicorns founded between 2008 and 2021 moved outside the EU.

The Commission has responded with the Competitiveness Compass in January 2025 and the EU Startup and Scaleup Strategy in May 2025, which sets out 26 actions across five pillars: regulation, finance, market access, talent and infrastructure. Flagship instruments are now moving through the legislative process, among them the 28th regime (EU Inc.), proposed in March 2026, and the European Business Wallet. The Scaleup Europe Fund was established in August 2026.

Every one of these measures improves the conditions around the founder. None asks whether the founder is ready. The report identifies this as a missing sixth pillar of European competitiveness policy. Its purpose is to increase the number of viable startups that survive and grow, and through them to strengthen the EU's competitiveness.

The problem in numbers

Europe does not have a shortage of new businesses. It has a shortage of businesses that last. According to Eurostat, roughly four in five newly born enterprises survive their first year, but only about 45 percent are still trading after five. In the 2018 reference data, five-year survival ranged from 26 percent in Lithuania and 34 percent in Portugal to 60.8 percent in Sweden.

The gap of that size inside one single market is hard to explain by economic structure alone. The report argues that founder readiness, which varies with education systems, culture and national practice, is a meaningful part of the explanation, though not the only one. Official statistics probably understate the issue. Births include companies registered for tax or administrative reasons that never trade, and inactive firms still count as survivors.

Not every closure is a failure. The report separates controlled closure, where suppliers are paid and obligations are met, from disorderly bankruptcy, and notes that Eurostat's core statistics cannot yet make that distinction at EU level. In 2024 the EU had about 34 million active enterprises and a preliminary death rate of 9.2 percent, which is roughly three million closures. The report concentrates on the subset that was foreseeable: ventures launched without validated customer need, a large enough market, basic financial literacy, or the time, health, savings or family support to carry on the first difficult years.

Why unready founders start anyway

The report traces the causes at four levels. At the individual level, overconfidence and the illusion of control lead founders to underinvest in testing their ideas. Sunk cost reasoning and confirmation bias then keep a struggling venture going past the point where early action would have helped, and a romanticized story of entrepreneurship adds pressure to just start.

At the level of knowledge, many founders lack the basics of market validation, cash flow planning and pricing, and some lack the team or leadership skills the business needs. Motivation matters too. Necessity driven founders, pushed by unemployment or a benefit transition, tend to start quickly with little room to prepare, while opportunity driven founders usually start from a stronger position.

Structural factors work against preparation. Registration is easy, but banking and finance are hard to reach, social protection is weaker once a person leaves employment, rules differ across member states, and slow bureaucracy delays the first return on the founder's investment.

The deepest cause sits in policy. Support schemes are mostly measured by how many businesses they register, not by how many survive, and the people who run them are rewarded for activity rather than outcomes. The report calls this a principal agent problem and proposes changing the headline metric from registrations to viability, with evaluation delayed long enough to see survival. Simplification is welcome, but it also removes the informal checkpoints that once gave a founder a reason to pause.

Who bears the cost

The damage from an unready venture reaches well beyond the founder. The entrepreneur loses savings and time, may carry debt for years, and often faces health consequences and a lasting reluctance to try again. The report notes that stigma and harsh insolvency consequences deter second attempts, and it points to the 2019 Restructuring and Insolvency Directive and Norway's debt settlement model as examples of more constructive approaches.

Families and partners absorb the financial and relational strain, since household finances are shared in practice even when debts are not. Customers are left without contracted goods and services and must find a replacement. Suppliers go unpaid, and in small business chains unpaid invoices can spread financial stress to other firms. The state loses tax revenue and carries welfare and health system costs. The report builds a conservative, openly illustrative estimate of 20,000 to 35,000 euros for a single foreseeably preventable failure, once founder debt, lost tax revenue and welfare costs are added together. It states plainly that this is a composite and that no official EU wide figure exists, and it recommends that Eurostat close that data gap.

A further cost is strategic. Capital, time and entrepreneurial talent tied up in ventures without a viable path are not available to the scalable companies Europe needs to close its innovation gap with the United States and China.

What other systems and the research show

Europe has already run versions of this experiment. In France, a 1982 law required prospective artisans to complete the Stage de Préparation à l'Installation, a thirty-hour course run by the chambers of trades. The loi PACTE made it optional in 2019 in the name of simplification, and concern was raised in the sector that this could weaken outcomes for the founders who benefited most. The report found no controlled comparison of French outcomes before and after the reform and does not claim one.

Germany's Meisterpflicht requires a master craftsperson certificate, including business management knowledge, in more than forty trades. It was relaxed in 2004 and partly reinstated in 2019 for twelve trades, which shows the tension between lower barriers and the quality of new entrants. In the United States, entry is fast and unregulated, survival is close to the EU average, and voluntary mentoring through SCORE fills part of the gap. The report cautions that US figures cover establishments with employees, so the comparison is not like for like.

As evidence, the report is open about limits. A reassessment of randomized trials finds that business training raises profits and sales by 5 to 10 percent on average, and a meta-analysis of 44 studies and 68 programs finds positive effects on management practices, productivity, profits and survival. Design matters. Training tied to the founder's own numbers and delivered by local organizations performs better than abstract instruction, and psychological skills such as personal initiative can matter as much as accounting. Much of this evidence comes from lower income countries, so transfer to the EU should not be assumed.

The evidence on mentoring and accelerators is mixed. A frequently cited figure of 23 percent higher survival among accelerator graduates comes from a comparison with general business statistics, while studies with matched control groups in Germany and Italy found no clear survival advantage. The report therefore treats the case for mentoring as a design choice for pilots to test, not as settled fact.

The proposal: readiness before starting

The report proposes a structured pre-start process built on five dimensions of readiness: understanding and solving a genuine customer need, making sure the customer understands the business idea, validating that the market is large and profitable enough, building financial and business literacy, and personal readiness, which covers knowledge, experience, time, personal finances, health, will and the support of family or partners.

It is delivered as a course of around thirty hours in five modules, online or in person over two to three weeks. Each module ends in a concrete output built on the founder's own business, for example five documented conversations with real prospective customers or a cash flow model using real costs. A trained assessor reviews the outputs. This is not an exam: the assessor checks that the work is genuine, not whether the idea is good. The same person then stays on as the founder's mentor for twelve months, with light check ins at roughly quarterly intervals.

The model is voluntary and has two tracks. Founders can register as they do today or register after completing the course. The second path carries visible advantages, such as eligibility for certain public start up grants, a mentor who already knows the business, and a certificate that gives banks and investors something concrete to weigh. Nobody is blocked from starting.

Several design principles keep it proportionate. Requirements scale with business type and risk, so a small local service business completes a lighter assessment than a venture raising external capital. Cost, language and digital access are addressed to protect inclusion, and the assessment measures preparation, not background, with safeguards against bias. The certificate attests that preparation was done, not that the business will succeed, and the sensitive personal data collected in the course is protected under GDPR.

Recommendations and roadmap

The recommendations ask existing institutions to add a readiness dimension to work they are already doing. The Commission should adopt founder readiness as an explicit sixth pillar of the Startup and Scaleup Strategy and define a common EU baseline for the five dimensions, building on the French design. Together with Parliament and the Council, it should ensure that the 28th regime and the European Business Wallet can carry a readiness certificate while they are still under negotiation. Eurostat should separate controlled closure from disorderly bankruptcy and track certified and uncertified founders separately. The European Investment Fund should test whether certification predicts loan performance.

Member states should choose a delivery channel that fits their system, whether chamber based, education based or digital and start with the lowest cost entry point: linking the certificate to existing employment agency start up grants, which needs no change to registration law. They should recruit mentors from retired founders, chamber networks and professional bodies, and consider easing the social protection gap that pushes founders to start before they are ready.

Banks should treat the certificate as one input alongside normal due diligence. The report is explicit that the link to repayment is a hypothesis for pilots to test, using designs that deal with self-selection. Training providers should build the framework alongside existing entrepreneurship education such as EntreComp and keep the course at thirty hours.

The roadmap has three phases. In the first two years, a small group of willing members started pilot the two-track model with measurement built in. Between years two and five, the pilots are evaluated against the narrower target of foreseeably preventable failure, and if the results are positive an EU wide baseline is adopted and the Commission reports on the sixth pillar. By years five to ten, the ambition is for the certificate to be a normal, expected part of starting a business, reached through voluntary take-up rather than a legal mandate, with real data replacing the report's illustrative figures.

What the report does not claim

The report is explicit about its limits. It has not produced a definitive EU wide cost figure, because the data does not exist in linked form. It has also not shown, with a randomized trial, that this exact course and mentoring combination will deliver the survival gains projected. Its illustrative calculation assumes a cost of around 1,000 euros per founder for course and mentoring. If the program changes the outcome for five founders in a hundred, the averted cost is already larger than the program cost, and at fifteen in a hundred the return is roughly four and a half euros for every euro spent. These are working assumptions, to be replaced with measured data from pilots.

The report does not argue against risk, ambition or failure, since an economy without failure would be an economy without experimentation. It does not propose licensing, and it does not call for slowing the simplification agenda. It targets one category: failures that were foreseeable and preventable through better preparation.

Europe does not need more unprepared business registrations. It needs more companies that are still there in five years, still employing people and still paying tax, and some of them growing into the scaleups that Draghi and Letta say Europe needs. Readiness before starting is a modest instrument for that goal, and a practical place to begin is a small number of well measured pilots.

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