

Executive Summary

Cooperations between the established Mittelstand and start-ups

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Due to their complementary skills cooperations between start-ups and established Mittelstand offer great potential for both sides. Based on interviews with experts the study at hand shows the motives, forms, challenges and success factors of such cooperations.

Start-ups can accelerate development processes

Partners pursue different goals with the cooperation: Start-ups obtain access to specific resources that can accelerate their learning and development processes. Among these is the access to the particular knowledge and experiences or the use of the partner's bigger network. Besides, access to resources such as capital, production facilities, and production materials may motivate start-ups to cooperate.

Established Mittelstand firms aim to secure their competitiveness

For established Mittelstand firms the reasons for such cooperations with start-ups can also be diverse: The start-up could offer a concrete solution to a specific (technical) problem or deliver entirely new inputs on topics such as digital transformation. This interaction can even lead to the development of new products and services. Cooperations may, therefore, enhance the competitiveness of established Mittelstand firms in dynamic markets. The collaboration could also provide Mittelstand firms the opportunity to make use of highly qualified specialists.

The form of cooperation depends on the goals

There are countless different forms and modes of collaboration available to both sides. The final design of the relationship between the partners, their cooperation's intensity and the legal implications depend primarily on their respective goals. Aspects such as the personality of the entrepreneurs, geographical distance or characteristics specific to a sector can also influence the final form of such cooperations.

Start-ups should know the business model of their potential partner

Before they get in contact with the established firm, innovative start-ups should reflect on the specific value they could provide. Start-ups will have high chances of success if they can demonstrate a concrete application of their product in

the context of the Mittelstand firm. This application usually requires a specific sector and market knowledge.

Mittelstand firms need to implement suitable internal structures

Both sides face a set of challenges regarding the design and implementation of successful cooperations. Thus they, e.g., need to meet at eye level, which seems to be challenging especially for Mittelstand firms. Additionally, they often need to overcome a certain level of risk aversion and establish an innovation-friendly culture that is resilient against setbacks. Furthermore, established firms should actively search for opportunities to cooperate.

The union of ownership and management provide an opportunity

Larger enterprises often have long decision-making processes that can irritate start-ups. With their flat hierarchies, Mittelstand firms can decide faster and therefore be an ideal partner for start-ups. This quick decision making can be a decisive success factor in the design and implementation of cooperation. Furthermore, the personalities of established entrepreneurs and start-up entrepreneurs may turn out to be very compatible; they may speak a similar language and share specific values.

Offers need to be transparent

It is primarily up to the companies themselves to actively explore the market and search for attractive cooperation partners and to establish structures that promote the success of such cooperation. However, initiatives or platforms that help facilitate this search for suitable start-ups or established Mittelstand companies can be helpful.