SPEECH BY QUEEN MÁXIMA AT THE EUROPEAN PARTNER MEETING OF MCKINSEY & COMPANY: HOW CAN WE HELP SMALL BUSINESS THRIVE?
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Ladies and gentlemen, I am delighted to join you today and to welcome you in my country. I understand your gathering focuses on growth and entrepreneurship. It would be my pleasure to contribute a few words to that discussion from my perspective as member of the Dutch Committee for Entrepreneurship and Finance and as UN Secretary General’s Special Advocate for Inclusive Finance for Development.

Amsterdam is a most suitable place for this event as it was here that the first sale of company shares was made possible in the 17th century, allowing anyone to participate in the economic upswing. Not just professional merchants and traders, but also weavers, blacksmiths, rope makers and housekeepers. This element of “inclusion” was (and still is) crucial. We need economic growth and development in which everyone can participate. Today more than ever.

We know that SMEs [small and medium-sized enterprises] are the drivers of growth, innovation and job creation. Their growth and success is of utmost importance to combat unemployment and exclusion. To give you just one example: in my country more than 570,000 people have a job at a small or medium sized company that didn’t exist five years ago. That is 15 percent of total employment due to the creation and growth of these SMEs.

But for SMEs to spread their wings, they need an environment that enables them to grow. Is our ecosystem stimulating enough? What can we do in the Netherlands and in Europe to create an environment in which SMEs can really prosper? I am sure this question is also vital to you. After all, helping to strengthen the performance of entrepreneurs and business leaders is your core business as McKinsey partners.

Based on our work on start-ups and SMEs, we are seeing a recipe for growth emerge. Key is that we take the needs and perception of the entrepreneurs themselves as our point of reference.

Entrepreneurs experience that running a business is very much like survival of the fittest. They can never relax and always have to anticipate and adapt to new circumstances.

Recent research by the Dutch Committee for Entrepreneurship and Finance shows that change goes faster. More than ever, companies that are not doing too well will quickly fall into decline. Equally: more successful companies will flourish at a faster rate. As the Committee for Enterprise and Finance, we are helping entrepreneurs get the right facts and figures by launching a website with details facts on growth by sector, company size and region. And so give policymakers, financiers and entrepreneurs better insights on trends, new dynamics, risks and opportunities.

But even with all the facts and figures in the world, businesses can’t flourish without finance. Promoting access to financial services for SMEs is also one of my priorities in my UN-job.

In Europe, banks still provide some 85 percent of SME funding and many starting entrepreneurs find it difficult to get the financing they need in order to grow and create jobs. To address this, a group of public and private partners in the Netherlands founded Qredits, a blend of traditional banking with a low-cost digital support system. It provides financing, digital tools and mentoring for starting and growing entrepreneurs with a viable business plan who are unable to obtain credit facilities from conventional lending institutions. This is just one successful example of many initiatives.

Of course the fintech movement can hold great potential, bringing a new generation of products tailored to the
needs of start-ups and scale-ups. We have seen the advent of peer-to-peer lending platforms and crowdfunding. And new players keep emerging! Take FundBox, for example, founded four years ago in San Francisco. This service uses big data analytics and predictive modeling to help optimize cash flow for small businesses with outstanding invoices. They have grown very fast, as much as many other fintech working capital suppliers.

Fintech is only just beginning to unfold and already we on the European continent have some catching up to do. From all SME finance happening digitally, 90 percent is happening in just three countries: the U.S., the U.K. and China. From that, 70 percent happens in China alone.

And for all its promise, we should also consider the risks of the fintech revolution. We have to avoid the exclusion of the non-tech-savvy. And we have to make sure consumers and businesses are protected, without innovation being stifled. Keeping the financial system stable, responsible and safe will be a huge challenge for regulators and supervisors in this new era. You can imagine that walking this tightrope is not an easy job.

So the need for dialogue between fintechs and regulators will be essential—something that is just beginning to occur.

An ecosystem that encourages businesses to grow includes data, good financing possibilities and public policies for the market to work. But it also depends on social norms, ambition and self-confidence. In Europe, companies with a strong ambition to grow represent only 20 percent. In the US, it is more than 30 percent.

Why is our level of ambition lower? Many entrepreneurs appear to have a modest desire to grow. Do they feel that their business is doing just fine? Do they have the right skills and risk appetite to go for it? Recent research by McKinsey Global Institute shows that across Europe the growth expectations for smaller businesses are lower than those for larger businesses.

But how to encourage this ambition?

Last year, the Dutch government launched a public-private programme called NLGroeit—NL Grows. It aims to increase SMEs growth potential by helping entrepreneurs find the right coach or mentor. Top CEOs from companies such as Philips, DSM and ING but also new firms are joining in as coaches of mid-sized scale-ups.

This is rather urgent. Of the 193 "unicorns" in the world (start-ups valued over 1 billion US $), only 19 are from Europe. China alone has 46 unicorns! Does Europe risk losing out on its growth challenge? It is important to realize that these companies have the potential to become the next shapers of our global economy.

Finally, I would like to say something about women entrepreneurs, as many of them are struggling. According to the World Economic Forum, only 16 countries have an ecosystem in which more than 50 percent of firms are female partnered. Sweden is one of them. You might be surprised by some of the others: the Philippines, Nicaragua, China and Botswana!

This, while in Europe female-run businesses are half as profitable as businesses run by men and women head a mere 8 percent of high-growth businesses.

Women entrepreneurs need to be encouraged to take more calculated risks, and that requires confidence and business skills. As we have learned in the Netherlands, personal coaching and mentoring are absolutely vital. An experienced coach helps you to make the most of your opportunities and broaden your horizon. And that coach will provide you with a useful network!

McKinsey & Company has been promoting gender parity for many years now, for example with the Women as Leaders network in the U.K. and the Chefsache initiative in Germany, sponsored by Chancellor Merkel. According to the McKinsey Global Institute, a full-potential scenario in which women participate in the economy identically to men would add up to 26 percent to annual global GDP. So keep supporting female entrepreneurial talent!
The contribution of experienced professionals is of vital importance to meet the challenge of inclusive growth. We need to strengthen the ecosystem for growth entrepreneurs. I know that many of you are serving the greater good with pro bono advice and initiatives as well.

Thank you again and I hope you leave Amsterdam inspired and enriched so that you can help inclusive growth become a reality wherever you work.