UNLOCKING THE POWER OF THE 99%
How to collaborate with German Mittelstand
99% of companies in Germany belong to Mittelstand. They are often world-leaders in their field.

...but most of them are not visible – especially for startups!
WHY DON’T YOU KNOW ABOUT THEM?

- Less media presence
- Less employees per company
- Not located in hotspots
- No dedicated startup structures

MEDIA PRESENCE

- Corporates: 17%
- SMEs: 83%
WHY SHOULD YOU (WANT TO) WORK WITH THEM?

Excellence & strong R&D
Large supplier & partner network
Close to the customers and their problems
International presence
WHAT IS THE DNA OF GERMAN MITTELSTAND?
Entrepreneurial
Short way to the management
Fast decision-making
Long-term focus and loyalty

MITTELSTAND = UNITY OF OWNERSHIP & MANAGEMENT
Entrepreneurial >>CHECK<<
Short way to the management >>CHECK<<
Fast decision-making >>CHECK<<

MITTELSTAND = UNITY OF OWNERSHIP & MANAGEMENT

...cultural match is essential!
HOW CAN STARTUPS FIND MITTELSTAND COMPANIES?

- **Family business associations** like Alphazirkel (DE) / TBA Network (IT)
- **Pitch events** specifically dedicated to connecting Mittelstand and startups
- **Universities and entrepreneurship centers** like UnternehmerTUM
- **Industry associations** – sometimes they have dedicated startup programs, which help you to get in touch with relevant members (e.g. the VDMA Startup Machine - [http://future.vdma.org/startups](http://future.vdma.org/startups))
- **Trade fairs** are a great way to find companies operating in specific fields
- **VCs** – VCs often have a great network among corporates. Some, like La Famiglia and Visionaries Club, pride themselves on having many family businesses as LPs
- **Startup support programs** – accelerators and incubators often have corporate partners on board, increasingly also Mittelstand companies
- **Events** for family businesses (e.g. Familienunternehmer-Kongress, WIFU) and increasingly also startup **conferences** (like B&P, Hinterland of Things)
HOW TO APPROACH AND CONVINCE MITTELSTAND COMPANIES?

• Do your homework – learn about the company! Understand their business, really know what their core business is and where they come from. They've probably build up everything from the ground, so respect this.

• Know exactly what benefit the collaboration can bring for the company and what they can learn from you. Show that you have a plan and aim for a win-win-collaboration.

• Be professional and prepared because Mittelstand companies don’t have resources to waste on irrelevant meetings (and neither do you!)

• Adapt your style of communication to Mittelstand – be more formal, don’t use buzzwords, aim for in-person meetings if possible, be fact-oriented, and direct

• Show your respect and communicate on eye level: Don’t be arrogant! The company probably started once where you are now, so see it as a chance to learn from them
HOW TO COLLABORATE SUCCESSFULLY?

• **Minimize the risk** associated with the collaboration: Startups love and live uncertainties. Mittelstand sees uncertainty as a big risk to loose everything. Be aware of this and show your potential through references.

• Mittelstand companies’ **culture** is often characterized by a hands-on mentality and entrepreneurial mindset on all levels, which means that it might be harder to convince them to work with you, but once you did you’ll have strong and engaged partners on your hand.

• Be **reliable** and earn the company’s trust – Mittelstand companies are known to have a long-term orientation, so you have the chance to win a partner for the long haul.

• Find and convince an **internal champion** who can further promote you in the company, ideally a person with decision power.

• Set **common goals** in the beginning – think about what each partner can gain and whether the goals are aligned.

• Be **transparent** about what you can and can’t deliver and manage expectations.

• Set up a **clear structure and governance** for the collaboration e.g. clearly defined roles and responsibilities.

• Keep in mind that it might be that it’s the company’s first time working with a startup, so be **patient** and guide them through the process.
WHAT TIPS WOULD YOU GIVE TO A STARTUP THAT WANTS TO COLLABORATE WITH A MITTELSTAND COMPANY?

1. Know what you have that others don’t, e.g. IP

2. Be transparent, trustworthy and authentic. I want to feel your vision and passion.

3. Show an understanding for the problems & challenges that Mittelstand has, e.g. limited resources

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