

Business

The Herald in Germany



Business Editor **WILLIAM TELFORD** continues his series reporting from the success story that is the German city of Leipzig – looking at the parallels with Plymouth, and the possibilities for collaborations

Skilled students are the key to financial health

STUDENTS with innovative ideas are seen as key to the future economic success of Leipzig, according to one of its leading academics.

Professor Dr Andreas Pinkwart, dean of HHL, the Leipzig Graduate School of Management, said the city is encouraging fresh ideas in areas such as digital business, e-commerce, e-health and in “smart factories”.

This is because the city, in the former East Germany, saw its inefficient industries decline post-reunification.

Western giants such as Porsche, BMW and DHL have come in, bringing thousands of jobs, but mostly in “the production field”.

With their research and development departments still in the west, it means the higher-skilled, higher-paid, jobs remained there.

Prof Pinkwart said the way to compensate is for seats of learning to turn out entrepreneurial students – ready to spin out high-tech companies which can grow and provide those high-quality roles.

His institution is doing just that, and working with Leipzig University too, to breed the next generation of employers by seeking bright ideas, encouraging start-ups and giving them support.

Prof Pinkwart said more than 150 start-up businesses have been created by HHL’s alumni in the past couple of years.

Although about 100 of these decided to set up in Berlin, 118 miles away, 50 are now based in Leipzig or nearby Halle.

Prof Pinkwart said ex-students’ businesses have created 800 jobs.

But it is the quality of the jobs that is important. “In Germany, most of the headquarters of big companies are in the old west,” the professor said.

“We are happy Porsche and BMW are investing in Leipzig, bringing thousands of jobs and turning the economy around.”

“But they have their R&D departments close to the HQs.”

“We need high-skilled, high-paid people. Without these private research institutions we have to compensate.”

He said this is where learning institutions such as HHL come in.

“We will create start-ups from students, professors and third parties,” he said. “Then we have to make sure the environment will support these new businesses, so five to 20 years later we’ll have big companies or bigger mid-size companies.”

“And they are able to invest money in R&D to create high-paid jobs.”

‘We need small companies to grow, to compensate for what we see in the western states. We have the expectation that all the regions in our country should give people the opportunity to grow and prosper’

Prof Dr Andreas Pinkwart



“We need small companies to grow, to compensate for what we see in the western states.”

“We have the expectation that all the regions in our country should give people the opportunity to grow and prosper.”

“Most of our students set up digital companies, such as e-commerce, but we invest in students from other disciplines at Leipzig University too, such as in engineering and medical fields, trying to match their research base with our management model.”

HHL – it means Handelshochschule, or commercial college – was founded 160 years ago, and is the oldest business school in the German-speaking world.

It was originally founded by Leipzig’s Chamber of Commerce, because German universities didn’t teach economics.

During the Soviet Bloc era, the school was integrated into Leipzig’s university, but in 1992, after reunification, it was reinstated as a private institution.

It began teaching with 50 students, in 1996, and now has 550, all studying for masters degrees, MBAs or PhDs.

With 30 per cent of students from abroad, HHL is ranked as number one in the world for entrepreneurship by the Financial Times, with its MBA ranked ninth worldwide.

Prof Pinkwart has been carrying out research into entrepreneurship for 20 years.

Today and tomorrow, HHL is hosting the CASiM Conference, a major international symposium on health care and medical technology. Prof Pinkwart was today due to give the opening speech.

Next week, June 18, HHL hosts International Investors Day, which will focus on topics such as digital business, e-commerce, venture capital.

CASE STUDY SPREADSHIRT

Bedroom start-up is off to a T now

A T-SHIRT business begun by a student in his bedroom is now employing 500 people and turning over 80million euros from worldwide sales. Spreadshirt was dreamed up by Lukasz Gadowski while he was a student at HHL, Leipzig Graduate School of Management.

It is now a huge international success, and run by a British chief executive – who once worked in Plymouth.

Philip Rooke was employed at Carlton TV from 1998 to 2001, when it was based at Langage. He left to work in e-commerce for Tesco before heading to eastern Germany.

Today he oversees operations for Mr Gadowski at the bespoke T-shirt firm he started 11 years ago.

Spreadshirt, which allows people to design and print their own personalised apparel, is being highlighted as exactly the sort of innovative, high-growth firm Leipzig is encouraging as it aims to re-balance its economy towards SMEs and high-income creatives.

And Mr Rooke (pictured right) said Plymouth, like Leipzig, is a good place for such a business to be born, enjoying lower start-up costs.

“If I was in Plymouth I wouldn’t rush to London, where things are expensive,” he said. “If you have a start-up, do it in somewhere like Plymouth, but know when to start to scale it up.”

Spreadshirt is an example of such scaling. Today the firm has factories in Leipzig, Poland and two in the USA, where half its business comes from. Last year it sold three million items, from 2.5million orders.

“We deliver to 160 countries,” said Mr Rooke, originally from near Devizes, in Wiltshire. “It’s gone global.”

The business allows people to create designs online, and then prints them on to T-shirts, hats, umbrellas, and a host of other items, in double-quick time.

It can produce a solitary item, and then mail it. People can even set up their own online “shops” and sell their designs, made by Spreadshirt.

Last year 35,000 people sold their ideas via the firm, some making as much as 100,000 euros.

Mr Rooke said the growth is based on people’s desire to be more individual, hence bespoke clothing.

“If you wanted identical shirts you would be better going to a screen-printing business,” Mr Rooke said. “But people want to make statements about themselves; they are trying to individualise.”



Spreadshirt is now in its “second phase” – growth. “The first phase is proving it can be done,” Mr Rooke said. “Now we are in a rapid growth phase. Most start-ups cling to that student phase too long, before going to rapid growth.”

“This was doing 23million euros in 2009, now it’s 80million euros. In three years it will be more than 150million euros.”

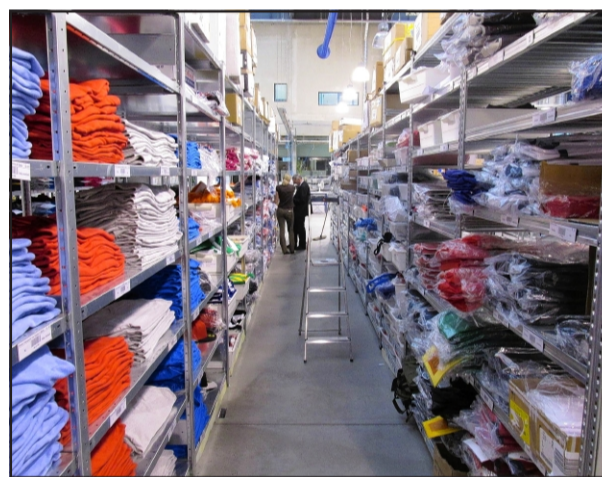
“We are looking at other plans, like acquiring other businesses.”

Mr Rooke said 50 per cent of Spreadshirt’s business comes from the USA and Canada, with 22 per cent from Germany, 15 per cent from France and 10 per cent from the UK. “The most competitive e-commerce market in the world”.

“But if you can compete in the UK you can compete in other countries,” he said.

“And though we concentrate on Europe and North America, we are looking at new countries and will expand into new markets in 2014, like Turkey, India and Brazil, where they have an e-commerce market.”

Mr Gadowski will speak at the HHL International Investors Day in Leipzig on June 18.



CASE STUDY BoMaBi

Lars draws on toddler’s inspiration



WHEN Lars Winkler saw his two-year-old son Brooks colouring in an old calendar it gave him the idea for a business – last year he sold 100,000 posters.

Now, just two years after launching, Mr Winkler (far left) has licensing contracts with some of the world’s leading companies and brands and is looking to quadruple production.

“My next order is for 180,000 posters,” he said. “This year I’ll sell about 400,000.” Mr Winkler gave up his long-term job as a sales director at a company and set up in business for himself in Leipzig.

His simple, yet brilliant, idea was to produce large posters which groups of children can colour in together, using non-toxic pens.

His firm, BoMaBi, has deals with brands such as Disney and Star Wars, and with corporates such as BMW and Deutsche Bank, and is selling in France, Spain, Italy, Austria and the UK.

BoMaBi, an abbreviation of the long German word for a floor colouring poster, is being hailed as exactly the sort of innovative start-up Leipzig is encouraging as it builds its economy around SMEs.

And Mr Winkler is already looking at growing the business.

Leading Berlin brand and communications firm Different approached him – looking to invest. “They have 15 per cent of the company,” Mr Winkler said. “They said it was a great product and wanted to share a part of it.”

“They put in a lot of marketing knowledge and are my agent for Volkswagen and others.”

“And they know what it means to build a company. But they saw this investment with their hearts, not a calculator – they liked the product.”

“Now I want to support other start-ups.” Mr Winkler said he is now looking at creating 3D posters, which can be built up into a town or airport, for example.

And he added: “At the moment it’s a one-man show. I have partners for production. But I want to employ people, designers, people to come up with ideas.”

“In three years’ time I will have the US market, that’s a really strong market, and maybe the Asian market, but not producing there.”

“And I want to build brand BoMaBi, bring our products to the market.” He said educational posters is one possibility, as is moving into digital games and maps.

“I’ve an idea of using photo albums to create family history games,” he said.

CASE STUDY videostream360

Young people of vision succeeding by degrees

A HIGH-tech video firm that was only launched last year is already looking at new ideas and growth and wants to partner with other firms – possibly even in Plymouth.

The innovative videostream360 company specialises in producing 360-degree panoramic movies, which can be shown on computers, tablets or mobiles.

It means viewers can watch an event and revolve the image to see from different perspectives.

The technology is ideal for filming events, concerts, conventions, the natural world, or even for industrial surveys.

The firm works with video production companies, that carry out the filming, and has produced and patented a computer algorithm which streams the images, either live or pre-recorded.

Videostream360 was only launched last September after being mooted in the master’s thesis of Leipzig University applied science student Sascha Weissbach.

Encouraged by his professor, he brought in Michael Kanna as managing director, software developer Klaus Witschell and Diana Schlehahn to handle business development.

With all four aged in their 30s, the firm is being seen as a perfect example of the high-tech innovative companies Leipzig is aiming to encourage as it builds a bedrock of higher-income potential SMEs.

“We have a close relationship with the university which helped us get funding,” said Miss Schlehahn.

She said the firm was also assisted by an EXIST Business Start-up Grant, from the EU.

“It’s there to help start-ups and spin-offs from the university,” she said.

The quartet also wanted to remain in Leipzig, enjoying the quality of life in a city Miss Schlehahn called “cosy yet professional”.

“Our customers are media companies and production companies,” she said. “We are focusing on the B2B market.”

“We are looking for other partners in Europe that are open to using this technology.”

“We are looking for collaboration, including from UK companies.”

The firm has already made its mark, winning a contest run by the huge P7S1 German mass media company, in Munich.

“They are trying to diversify, looking for innovative ideas, and have shares in our company, five per cent,” Miss Schlehahn said.

“We get some cash, three months of mentoring and a lot of contacts.”

And the innovation is continuing. “The next thing for us is the release of a mobile app, we have a prototype,” Miss Schlehahn said.

“We’d like to be a virtual content provider for virtual reality glasses.”

“And we are already talking to people who are willing to build a special camera for us.”

“Everyone talks about exit strategy, but for us it’s good to see it grow like a baby.”

“Our vision is our software will be standard for 360-degree streaming.”

