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THOUGHT LEADER

To boost SME competitiveness, France reshuffles its trade promotion ecosystem

SMEs are the economic lungs that breathe life into a country. In France, most of the country's 3.8 million businesses are considered small and medium-sized enterprises (SMEs). They account for half the jobs and wealth created by our country.

This sheer force of entrepreneurship and innovation is a source of significant potential growth. State action is justified and necessary to help these companies unlock their promise and develop further.

SME growth drivers: Innovation and the international stage

Innovation is the key factor in competitiveness. On average, French SMEs reinvest 8.2% of their turnover in research and development, almost three times the average for companies of all sizes. Innovation is stimulated by several initiatives aimed at better coordinating the work and efforts of the government, public services, the private sector, universities and business incubators to serve entrepreneurs better.

With its advantageous funding schemes and tax relief for companies investing in R&D as well as prominent research institutions, France offers a mature ecosystem for start-ups to flourish. More companies are created in the country than anywhere else in Europe.

International trade is the other great driver of growth. For a small company, choosing to export abroad is a bold move, but one that always pays off if it is done in the right way and is thoroughly prepared with quality support. Exporting increases the size of a firm's potential market, allowing it to exploit economies of scale, absorb excess production capacity or output and reduce dependence on the domestic market. It also exposes businesses to international best practices, promotes learning and accelerates technology upgrades.

Innovation and international trade are inherently linked, with innovation often a prerequisite for expansion into foreign markets. The reason France launched French Tech Hubs in several of the world's major cities was to promote the international development of our tech start-ups and SMEs. French innovation has been exported and brought together under one banner and often under one roof.

To truly assist SMEs, we must have comprehensive services, offer efficient support and have legitimate governance.

Need to strengthen influence of French SMEs abroad

Despite all this, the influence of SMEs abroad remains too weak. In 2017, SMEs dominated France's export industry in terms of number of companies (95%), but these SMEs accounted for only 15% of total export value. They constituted a mere 9.9% of the 39,000 French multinational subsidiaries outside France, with half having operations in just two foreign countries.

These figures beg the question: how do we structure our ecosystem better to encourage more small businesses to export and generate more exports?

Ambitious reforms

Company support services must be structured to serve SMEs better and avoid the pitfall of resources being spread too thinly. It is a phenomenon that has been observed all too frequently: too many intermediaries, not enough results. To truly assist SMEs, we must have comprehensive services, offer efficient support and have legitimate governance.

Team France: A united public-private partnership

In France, all intermediaries have been brought together as one Team France Export with the aim of establishing a culture of cooperation across a fully integrated public-private partnership. The goal is to replace an often competitive and non-cooperative culture with one that promotes synergies and acts as a relay between the public and private sectors.

While providing for intermediaries to pursue their field of expertise, we are defining common objectives and pooling resources, for instance through shared customer relationship management, which will serve as the backbone of this new alliance.

Strategic positioning across France

The other revolution we are instigating in France has come from a simple observation: the export battle is won first and foremost on the domestic ground, as close as possible to the economic fabric of the country and its businesses. It is therefore rational to redirect public services to the local level and make greater use of private services abroad.

Like many other countries, France is made up of regions with distinctive local characteristics, which require different international strategies. Consequently, any national offering must be provided at local level at the service of regional bodies.

Moving towards more personalized consultancy services

There is ample proof of the efficiency of Business France's tailor-made support programmes, which combine customized support and financial services. This tailored coaching targets companies with the greatest potential that have reached an advanced stage of strategic maturity. Our goal is to implement this work on a larger scale with even more companies. We are seeking to benefit from the advances of the digital age and make best use of the new tools at our disposal (diagnostic, AI etc.) to reach a greater number of SMEs.

