Learnings and recommendations from an innovation exchange project

Innovation and Cooperation – Connecting German Mittelstand and Israeli Startups

1. Introduction

Germany’s economic upswing over the course of recent years has created the impression that its domestic companies are well equipped for the future. However, a recent study offers an alarming assessment in a field crucial to economic competitiveness: Germany is losing its position as a global leader in the area of innovation (“Weltklassepatente in Zukunftstechnologien”, 2020, Link). For years, experts have warned that the country’s strong economic position could lull its companies into complacency, making them reluctant to innovate. The effects of not having an innovative mindset may not be felt immediately; however, this simply means that the medium- and long-term consequences are likely to be even more severe. Germany’s often-lauded “hidden champions” in particular are in acute danger of losing their market dominance if they are unable to keep up with their global competitors’ innovation capacities.

The Corona virus will undoubtedly further aggravate this development.1 Findings from previous crises have convincingly demonstrated that innovative economies are in general better equipped to handle disruptive events such as the current one. Therefore, the difficult economic situation offers the chance to explore the opportunities of external innovation. Since companies serving global and local economies alike are experiencing increasing levels of pressure, many

---

1 https://www.dzbank.de/content/dzbank_de/de/home/unser_profil/presse/news-archiv.2020.11-05-2020-coronaumfrage-mittelstandistschwergetroffendochreagiert.html
Innovation Exchange 2019 | Introduction

Innovation companies, including SMEs, are today being forced to articulate their need for external innovation more clearly, adapt to changing circumstances more dynamically, and be more willing to explore and incorporate innovative ideas.

In contrast to larger corporations, SMEs, amongst them also the German „hidden champions,“ are often struggling to gain access to external innovation because of a lack of financial resources or manpower. Thus, providing a safe space where corporations seeking to benefit from external innovation can be exposed to disruptive startups, where SME executives and experts can engage directly with innovators for mutual benefit, and where the new ideas being developed in other ecosystems can be studied and adapted for the corporations’ use is key for advancement.

This paper presents the main takeaways from a pilot project seeking to fill this gap. Initiated, conducted and financed by Start-Up Nation Central (SNC), an independent nonprofit organization that connects innovative Israeli firms with potential partners around the world, the project was intended to bring German Mittelstand companies together with Israeli startups, thus facilitating the exchange of innovation. The idea for the exchange model was drawn from two previous Bertelsmann Stiftung studies, which together furnish the project’s background and theoretical basis:

1. The German Mittelstand and the Israeli Startup Ecosystem: Tapping Israel’s Innovative Potential, 2017 (Link)
2. German and Israeli Innovation: The Best of Two Worlds, 2019 (Link)

Inspired by the Bertelsmann Stiftung’s broader goal of fostering relationships between Germany and Israel, these studies explore ways of shaping the futures of both countries based on complementary interests. Underlying each is the belief that a mutually beneficial entanglement can transcend the boundaries of business activities, ultimately improving relations between the two countries and peoples more broadly. With the studies as a background, SNC undertook the practical task of
facilitating an innovation exchange by preparing and organizing an on-site event. This pilot was designed to serve as a potential blueprint for a broader innovation exchange format and offers valuable lessons for future initiatives not only with Israel, but also with other regions and countries seeking to carry out similar projects. The Bertelsmann Stiftung took on the task of evaluating the pilot project.

1.1. The German Mittelstand and the need to access external innovation

Small and medium-sized enterprises, known as the Mittelstand in Germany, comprise the backbone of the country’s economy, and constitute the heart of Germany’s business culture. In contrast to the major corporations listed in the DAX stock-market index, such as Bayer, BASF and Siemens, fully 99.5% of all German companies are classified as small or medium-sized enterprises. This category furthermore provides 58% of the country’s total jobs. Thus, its strength is often regarded as a stabilizing factor in the German economy. Some 95% of Mittelstand companies are family-owned and family-managed. Many are innovative companies that bring top-quality products and services to market, a fact that has earned many of them global renown. About 15,000 of these firms have more than 250 employees and an annual turnover of more than €50 million. Fully 1,307 of the world’s roughly 2,700 “hidden champions” (small, highly specialized global market leaders) are situated in Germany. Given their success and innovative capacity, it may seem surprising that medium-sized German enterprises are making efforts to tap innovation elsewhere. However, there are three primary reasons for doing so.

First, global competition is fiercer than ever, with companies in the United States, China, India, South Korea and Europe delivering a growing number of innovations each year. As the study “Weltklassepatente in Zukunftstechnologien” indicates, Germany is slowly slipping behind the leaders in the realm of innovation. Product lifecycles (i.e., the time between a product’s inception and obsolescence) are shrinking rapidly, and the hyper-competitive business world of the future – rendered even more uncertain by the Corona crisis – is likely to be dominated by the players best able to innovate at scale.

Second, disruptive technologies present a threat to traditional industries. Autonomous cars, robotics, machine-to-machine technologies, 3D printing and similar developments are already sparking sweeping transformations across a wide variety of sectors. If they are to remain relevant, German Mittelstand companies must face this threat by opening their internal R&D practices to accept external innovation, and by sharing data.

Third, there is a danger that experience with previously successful ways of operation might blind companies to the innovative ideas needed to adapt to changing circumstances. That is, companies that fail to seek knowledge outside their own experience may grow complacent, thereby missing out on vital opportunities to innovate.

Among large corporations responding to these factors, a steady, clear trend can be observed worldwide, in which traditionally in-house R&D infrastructures are being opened to embrace external R&D. This often involves sending exploratory teams or establishing special investment units that collaborate with and buy technology from other companies. To be sure, Mittelstand companies generally have fewer resources than large multinational firms. However, they also often lack a mindset driving them to seek innovation externally, even though they have similar needs regarding the innovation needed to secure a competitive advantage. In terms of innovation, therefore, we believe that what is good for many large global corporations is also good for Germany’s Mittelstand companies.

1.2. Why Israel is a perfect place to scout for innovation

Israel’s reputation as a “startup nation” has attracted companies worldwide. Its innovation ecosystem offers great opportunities for
companies from around the globe, and has gone from strength to strength in recent years. Indeed, given the country’s more than 6,500 startups, Israel’s high-tech scene offers more opportunity for valuable partnerships than do most counterparts around the globe. In 2019, the total value of exits by Israeli high-tech companies (in the form of mergers, acquisitions or initial public offerings) exceeded $9.9 billion. In addition, more than 360 multinational corporations from China, Japan, Germany, the United Kingdom, the United States and others are currently engaged in R&D and innovation activities in Israel. Keenly aware of the potential for innovation in Israel, major German companies such as Deutsche Telekom, Bosch, Merck and SAP have already established R&D centers and venture-capital departments in the country. Many German Mittelstand companies have yet to engage significantly with the Israeli innovation system, thereby missing out on considerable opportunity. As our previous study (“The German Mittelstand and the Israeli Startup Ecosystem. Tapping Israel’s Innovative Potential”, 2017, Link) interviewing a number of stakeholders shows, representatives of the Mittelstand have a fairly positive perception of the Israeli economy, but their engagement with the Israeli market remains opportunistic at best, and lacks a structured approach. Although the study identified several barriers that pose potential obstacles to market entry by German firms (such as fears of intellectual-property infringements, cybersecurity issues, concerns regarding Arab-market responses, and the complexity of German-Jewish relations), none of these can be considered as insurmountable hurdles.

In order to maximize the chances for a successful pilot project, SNC decided to focus on a single German regional economic environment featuring a high density of medium-sized enterprises. The federal state of North Rhine-Westphalia (NRW) meets this criterion to an exceptional degree. In addition, NRW offers a growing startup ecosystem, good mobility infrastructure, top universities and R&D departments, and 332 hidden champions among its 3,494 medium-sized companies. This makes it fertile ground for startup collaborations. As is true across Germany, however, the federal state’s startup ecosystem lags well behind its counterpart in Israel, and is currently unable to meet the German Mittelstand’s demand for startup collaborations and innovation. An exchange with Israel therefore holds great potential to address the Mittelstand sector’s needs. In the case of NRW specifically, possible synergies with the Israeli market derive from the high degree of complementarity between the two ecosystems. For instance, a comparison between NRW’s key verticals and Israel’s primary fields of innovation reveals significant overlap, such as in the areas of artificial intelligence (AI), the internet of things (IoT), sensors and cybersecurity. Israeli startups offer speed, agility and new ideas, while German Mittelstand companies can contribute production and scaling expertise, access to markets, capital and support.

1.3  The concept of the innovation exchange

In our study “German and Israeli Innovation: The Best of Two Worlds” (Link), three main obstacles preventing Mittelstand companies from getting in touch with suitable Israeli startups were identified:

1. A lack of access to the market.
2. A lack of transparency regarding relevant players.
3. A lack of the internal resources needed to analyze the market and select the right partners, often due to time constraints or insufficient internal expertise on this issue.

In the study, representatives from Mittelstand companies and Israeli startups indicated that they are currently unable to overcome these major obstacles on their own. Thus, a model in which a third party was able facilitate connections between the two ecosystems would appear to hold value.

In general, there are at least two possible modes of engagement between the ecosystems. First, a digital solution could comprise an online database or platform comparable to SNC’s Start-Up Nation Finder, a tool intended to help outside firms
identify potential Israeli startup partners. Second, a non–digital mode could include the use of exploratory research trips and on-site meetings.

For the pilot project presented here, SNC selected a non–digital format entailing on-site meetings, with the goal of overcoming the three main structural obstacles identified above. By facilitating direct engagement between representatives of the two ecosystems, and by providing a structured exchange format in which they are able to meet in person and discuss partnerships, the lack of access (problem 1) is overcome. The facilitating agency, in our case Start-Up Nation Central, engages in extensive scouting and familiarizes itself with the foreign market, ecosystem and business culture. The resulting information is shared with the project participants, thus increasing transparency (problem 2). In this role, SNC is also able to provide the best possible selection of startups for the German companies, a task that would otherwise have been pursued by internal employees with limited resources and little or no direct knowledge of the Israeli market (problem 3).

As a pilot project, the innovation exchange was designed to serve as a blueprint for future endeavors seeking to establish fruitful long-term partnerships between the German and Israeli economies.

To assess the program’s success, the Bertelsmann Stiftung coordinated the project’s evaluation, which was conducted by the Bielefeld University of Applied Sciences. To this end, participants were interviewed during the Innovation Days event – the component of the pilot exchange that was conducted on-site in Germany – as well as three months afterward, with the goal of capturing any progress made in follow-up talks. For detailed information regarding the evaluation process and the sampling methodology employed, please consult the full evaluation report available online.

# 2. The innovation exchange in detail

The innovation exchange between Germany and Israel took place as a three–phase process.

- During the initiation phase, the participating Mittelstand companies were selected, startups in Israel able to serve those companies’ needs were identified, and the actual on-site meetings were prepared.
- During phase two, the Innovation Days event, representatives from the startups visited the German companies to present their solutions. These solutions were also presented to a broader audience during a Pitch Night event.
- Phase three refers to the follow–up talks after the exchange, as well as to the process of evaluating the pilot.

In sum, the innovation exchange program included two target groups and one facilitating entity, as described below.

**Five Israeli startups** participated in the innovation exchange pilot. Their products and technological solutions were as follows:

- An IoT platform creating secure, “smart enterprises,” enabling scalability and profitability at greater speed and with fewer resources.
- A cloud–based asset performance–monitoring platform, which uses a range of highly accurate, noninvasive sensors to generate visibility and actionable insights.
- A solution enabling definition of how an industrial facility should operate, generating suitable programmable logic controller (PLC) code and documentation.
- An end–to–end digital infrastructure for manufacturing facilities that reduces costs, and supports operational predictions and effective root–cause investigations.
Innovation Exchange 2019 | The innovation exchange in detail

German-Israeli innovation Exchange

1 Initiation stage
- German Mittelstand companies are selected
- Mittelstand companies’ challenges and needs are identified
- Israeli startups are scouted & selected
- Preparation process takes place (e.g., initial calls between SNC, startups and Mittelstand companies)

September–December 2019

2 Innovation Days
- Israeli startups visit German Mittelstand companies and give their pitches
- Potential partnerships are explored in face-to-face discussions
- Pitch Night takes place

December 2–4 2019

3 Follow-up
- Follow-up conversations take place between Israeli startups and German Mittelstand companies
- Evaluators assess the pilot program and concrete results of the Innovation Days event
- Israeli startups visit German Mittelstand companies
- Potential partnerships are explored in face-to-face discussions
- Pitch Night takes place until March 2020

2.1 Phase I: Initiation stage

Scouting and selection of startups

In the initiation phase, SNC first identified and selected the German Mittelstand companies that would participate. Selection criteria included the company vertical, employee count, total annual turnover and organizational structure (e.g., family-owned). Based on this selection, SNC then sought startups that would be able to provide solutions for the selected Mittelstand companies. A number of criteria were used to identify and choose these startups; for instance, they had to be registered on SNC’s Start-Up Nation Finder (an online platform listing more than 6,500 startups), had to show capabilities enabling them to address the German companies’ challenges, and had to have expressed interest in concrete forms of collaboration. In the end, five startups were chosen to take part in the pilot.

- An AI-based software that transforms cameras into 3-D measurement devices by detecting objects and extracting their position and orientation using a single camera.

Three German Mittelstand companies participated in the event, from the following industrial sectors:
- Domestic appliances
- Packaging solutions
- Electronic modules

Start-Up Nation Central (SNC) served as facilitator and organizer of the innovation exchange. SNC was responsible for identifying and selecting participants on both sides, and for facilitating communications between the German companies and the startups. It additionally handled all of the program’s organizational and financial aspects.
Managing differing expectations

During the initiation phase, a profound gap between the expectations of the Mittelstand companies and the startups became apparent. The Israeli startups’ participation was strongly driven by commercial aspirations. That is, as generally lean businesses with low levels of hierarchy, with the additional ability to make swift decisions, these firms hoped to enter a new market, expand their business reach, build new customer relationships and gain an understanding of the German Mittelstand ecosystem, including its principles of operation. Most importantly, however, they wanted to sell their products.

By contrast, the German Mittelstand companies had not clearly defined their objectives or the problems that might be solved by the startups’ technologies, despite SNC’s attempts to bring them to this point. This appears to indicate that they were not specifically seeking to buy new products. Rather, the Mittelstand companies’ participation was based on curiosity, with their representatives largely hoping to gain access to new knowledge, insights and technological innovations. Moreover, Mittelstand companies analyze opportunities and make decisions at different speeds than do startups. While startups typically have a fast-paced decision-making process, Mittelstand companies are generally unable to make final investment decisions on the spot, because the approval of C-level executives or board members is required – even in the case of a highly interesting product. Additionally, most Mittelstand companies lack experience with integrating startups or foreign innovative technology into their operations. This means that before any business deal could take place, the parties would likely have to explore structured processes for integrating the solution offered or even the startup as a whole into the company.

At no stage of the program did this gap in expectations fully disappear. As such, it hints at fundamental differences in business attitudes between the often-hierarchic Mittelstand companies and startups typically characterized by fast and agile decision-making processes. As a consequence, facilitators of any such future event should focus on building, communicating and mediating expectations as early as possible, as a crucial success factor. All sides must know in advance what to expect so they can prepare as thoroughly and successfully as possible.

SNC applied a rather broad approach in selecting both kinds of firms and did not focus on a specific industrial branch exclusively. As a consequence, a comparatively wide range of sectors were represented both among the Mittelstand and the startup firms. Some of the participants, and indeed SNC itself, retrospectively evaluated this approach as being too broad. In subsequent interviews, representatives from both the startups and the Mittelstand companies indicated that they would prefer a closer match between the problems proposed by the German firms and the solutions offered by the startups. Some interviewees suggested that focusing the event more tightly, for instance by narrowing participation to a specific industry sector, would help increase the likelihood of future collaborations.

Following the event, some interviewees expressed criticism of the number of participants on one or both sides. While some Mittelstand company representatives considered the group size of five Israeli startups to be sufficient, others indicated that increasing the overall number of participants would be preferable. Most of the startup representatives also indicated that they would prefer a larger number of Mittelstand companies to take part, thereby providing exposure to a greater number of potential customers. Respondents also suggested that different face-to-face formats be employed, such as a one-on-one “speed dating” event, so as to facilitate interactions between a larger number of participants.
Innovation Exchange 2019 | The innovation exchange in detail

Initiating first contact

In preparation for the actual on-site meetings in Germany, SNC coordinated a series of calls between the startups and the Mittelstand companies, thus initiating first contact. The aim of these calls was to facilitate an exchange of basic information, allow the representatives of each side to get to know each other, and encourage a first discussion of Mittelstand needs and possible solutions.

In large part because the startups and Mittelstand companies had not yet met, and thus had not yet established a basic relationship of trust, the German participants in particular were cautious in terms of revealing their companies’ strategic challenges and problems. In consequence, the German participants later described these calls as having an “abstract” nature. Additionally, some participants later said that these first meetings should be documented more fully, either by recording them or taking notes, so that both sides could return to the ideas or thoughts initially expressed here in future meetings. Furthermore, booklets containing brief information on all participating companies were provided to all participants in advance of the on-site meetings, a measure that received high marks in the evaluation process.

The relatively short time period of two to three months between the selection process and the actual on-site visits was a point of concern for some participants. Representatives from both sides indicated that this was not enough time for those involved in the on-site meetings to prepare. Especially when trying to engage C-level executives, a more adequate amount of preparation time is highly recommended.

2.2 Phase II: Innovation Days

The initiation phase was followed by the Innovation Days themselves. For this event, representatives from the startup companies were brought to Germany for three days to meet with Mittelstand employees at their companies. During this time, the startup staffers had the opportunity to present their solutions in detail to Mittelstand representatives, while the Mittelstand company representatives had the opportunity to provide first-hand insights into their companies.

Company visits and on-site presentations

During the visits to the three German companies, each of the five startups was given 20 minutes to present their solutions to the host company’s representatives. Representatives from each of these groups later indicated that this direct contact and face-to-face discussion of challenges and solutions, particularly in the question-and-answer format, had been very informative and beneficial. From the startup perspective, this direct and unfiltered contact with company representatives was regarded as the most valuable form of interaction with regard to understanding the other party’s challenges and expectations in detail. For this reason, intensifying face-to-face encounters might be a good tool for further improving interactions between startup and Mittelstand representatives in future exchange programs.

In the subsequent evaluation, participating Mittelstand company employees cited several key factors that made the startups’ product presentations relevant to them. Specifically, they said that presentation clarity, the demonstration of realistic product demos, and most importantly, specific reference to comprehensible business and pricing models had been useful to them.

The on-site meetings further revealed the corporate and cultural differences between the two sides. The startup representatives were taken by surprise by a number of factors, but especially by the perceptions of hierarchy and the formal conventions in German business meetings. Norms of dress, difficulties in communicating with executives at higher or lower levels of the corporate hierarchy, and general forms of conduct all prompted significant insecurities among the visiting startup staffers. In the future, facilitators thus need to raise awareness of these issues well in advance of the meetings.
The innovation exchange in detail

Participants and representatives

Choosing suitable representatives for the one-on-one meetings turned out to be challenging. On the one hand, the startup participants stated that the presence of high-level representatives from the Mittelstand companies was perceived as a “door opener,” and as demonstrating the companies’ commitment to the Innovation Days’ event. On the other hand, startup representatives also indicated that they would have appreciated direct contact with Mittelstand staffers who were closer to the actual practical problems being addressed, and who could have discussed the technicalities of the challenges and needs in greater detail.

For their part, representatives of the Mittelstand companies said they appreciated the staff members sent by the startups, but added that they would have preferred to speak with representatives of greater seniority. They indicated that the presence of more senior startup executives would have allowed them to discuss specific challenges in a more flexible way, while addressing a greater range of possible solutions, beyond the specific technologies or products being presented.

The responses indicate that it may be difficult to select participants in a way that perfectly fits all parties’ desires. As a rule of thumb, companies from both sides should demonstrate their commitment to the talks by sending C-level or other senior representatives, while also ensuring that at least some of their representatives are able to engage in detailed technical discussions of the innovations presented. Balancing these two capabilities could turn out to be a decisive factor in the discussion’s success.

Pitch Night

Representatives of the Israeli startups were also given the opportunity to make short four-minute presentations on their innovations to an audience of about 100 guests, drawn both from the participating Mittelstand companies and a wider range of industries. During the evaluation process, the startup representatives indicated that this evening had been a great success and an excellent opportunity to expand their exposure; however, they also noted that the four minutes provided was not enough time to present the technicalities of their ideas to the audience convincingly. Several additionally suggested that a full list of attendees, including contact details, be provided, and/or a digital solution such as an app giving the startup staffers insight into who had attended the event, and which would allow for follow-up discussions.

2.3 Phase III: Follow-up and results

The most important key performance indicator with regard to assessing the success of the German-Israeli Innovation Exchange is the number of actual partnerships or business activities resulting from the interactions. To assess this measure for the pilot project, participants were asked for their opinion on the program both during and after the Innovation Days event.

Voices and expectations during the Innovation Days event

When interviewed at the close of the Innovation Days event, all startup representatives assessed the likelihood of engaging in subsequent collaboration with one or more of the Mittelstand companies as either “good” or “very good.” At this point, one startup and one Mittelstand company had already signed a letter of intent regarding future cooperation. Staffers from the other startups were reluctant to make concrete predictions regarding collaboration. Most stated that the meetings would be reviewed afterward in order to identify any potential for future collaboration. Several proposed the inclusion of a mechanism that would enable all participating parties to stay in touch after the actual exchange was over. This concept was also discussed in the Bertelsmann Stiftung study “German and Israeli Innovation: The Best of Two Worlds” (Link).

On the other side, one Mittelstand representative confirmed that their company had made a clear match with an Israeli startup. Another Mittelstand representative said their company had already made plans to send C-level executives...
to Israel as next step. **The Mittelstand companies rated the program’s contribution to their overall objectives as being “good” on average.**

For their part, the SNC staffers who had served as facilitators said they were convinced that the program had strongly contributed to their organization’s main objectives, as it had initiated partnerships and helped build a strong bridge between Israeli and German companies. They rated the likelihood of concrete cooperation resulting from the program as “rather likely” on average.

**Follow-up evaluation: Three months after the on-site event**

Three months after the innovation exchange, a follow-up evaluation was conducted in order to determine whether any successful collaborations had taken place, or whether any of the assessments made during the Innovation Days event had shown appreciable change.

While the overall ratings provided by the startup participants remained generally positive, it was clear that at this point, no business deals had resulted from the innovation exchange. Therefore, the **main target of the exchange program was not met.** In the evaluation, the startup staffers reiterated their suggestion that more preparation time be provided before the Innovation Days event; this would enable them to discuss and address the Mittelstand companies’ needs in greater detail, they said, thus increasing the likelihood of striking concrete business deals during the on-site meetings. They additionally indicated that they would prefer that more Mittelstand companies take part in the program, and that more opportunities for one-on-one discussions be provided.

**Representatives from the Mittelstand companies reconfirmed their initial positive feedback.** They indicated that they remained satisfied with the overall setting, while again offering rather general assessments. Individual company participants offered statements such as, “We received a good idea of what is possible right now,” and, “We were exposed to interesting ideas and people.” The somewhat high-level nature of these comments again demonstrated that these participants had had somewhat indistinct expectations for the event, and did not expect to strike immediate business deals. Instead, the simple opportunity to gain new ideas and be exposed to unfamiliar innovation networks was seen as reason enough for regarding the exchange as a success.

### 3. Conclusion and recommendations

A number of significant obstacles currently hinder the transfer of innovative ideas and products between different national ecosystems and cultures. For example, most Mittelstand companies in particular have little independent capacity to seek market entrance in totally foreign ecosystems. However, as the German–Israeli Innovation Exchange pilot showed, **picking a knowledgeable and experienced facilitator can help circumvent many of these key obstacles.** The evaluation report produced following the December 2019 pilot indicates that **the event was received very positively by the members of each target group.** Representatives of the participating Mittelstand companies said they viewed the direct and unfiltered contact with startups as providing a good opportunity to enter a new market or to gain access to Israeli innovation.

However, bringing parties together for an on-site meeting can by no means guarantee the development of future business relations. As it turned out, **three months after the exchange, no direct business relations between the participating startups and the Mittelstand companies were established.** In the assessment of the pilot, several factors appeared to contribute to this outcome. For instance, the matchmaking proved to be an extremely tricky task, even for an entity with as much expertise in the field as SNC. Moreover, differences in mindsets, business practices and national cultures – between Mittelstand companies and startups, between Germans and Israelis, and even between C-level executives and founders from low-
hierarchy environments – led participants to have very different expectations of the event, of one another and of what could be accomplished within a relatively short time frame. To increase the likelihood of success, any similar future events should address these issues directly. The evaluation thus offers several recommendations for the development of future innovation exchanges:

**Recommendations**

### Initiation stage

1. **Select a facilitator with knowledge of both ecosystems.** It is almost impossible for single market entities seeking access to a new ecosystem – for instance, a startup or Mittelstand company – to be equally familiar with both markets and both ecosystems’ business mentalities. Picking a facilitator that has experience with both sides, and is thus able to bridge this difference, is crucial.

2. **Clearly identify the challenges that the Mittelstand companies want to overcome, and communicate these to the participating startups as early as possible.** To ensure these challenges are clearly communicated, innovation exchange programs should include only those companies that have a specific problem to solve and an interest in collaborating externally, while also being willing to allocate budgetary, time and staff resources to this purpose. A standardized questionnaire could be a good tool for inquiring into these relevant details.

3. **Make sure participants have sufficient time to prepare for the on-site meetings.** Plan the event well in advance, especially if C-level executives are going to be involved. Schedule briefing calls and on-site meetings as early as possible, allowing the participants to prepare.

4. **Consider focusing the event on a single specific industry or topic, in order to increase the accuracy of the matching process.** Giving the event a clear topical focus is likely to produce advanced talks at an earlier point in the process, thus giving participants more time to get to the core of the problems needing solution.

5. **Actively address the cultural aspect of the innovation exchange during the preparatory talks and the on-site meetings.** Remember that this is not only an exchange across different business sectors, but also across cultures. Startups should receive extensive briefing on German companies, including information on their decision-making processes, their culture and their work ethic – and vice versa.

6. **Provide sufficient information about the individual participants and their roles within their companies.** Providing all individual participants with detailed information about the people they will be meeting, as well as on the roles these others play inside their own companies, will help generate trust and remove communication barriers.

### Innovation Days

1. **Consider holding an ice-breaker meeting at the beginning.** Several of the participants indicated that they would have liked to attend an opening reception or dinner at the beginning of the event, thus allowing them to get to know the other participants in an informal setting. Creating common experiences in this way can make it easier to talk about business matters later.

2. **To the extent possible, try to ensure that company representatives participating in the face-to-face meetings have similar levels of seniority.** C-level executives should not be asked to meet only with an ordinary sales manager. If the individuals taking part have similar seniority levels within their companies, this makes it easier for both sides, and removes potential barriers resulting from (perceived) hierarchical differences. However, it will also be helpful to include experts able to discuss the technical details of the problems and solutions provided.
3. **Ensure that the Pitch Night organizational details meet both audience and presenter needs.** A four-minute pitch is unlikely to be long enough to allow an innovator to present a complex solution to a broad audience. However, allowing too much time for the pitch is also risky, since the key to a successful pitch night is the ability to boil down complex issues into digestible bits of information. Separately, consider making the guest list open for all attendees to see. Finally, focusing the pitch night on a specific topic would help draw an audience with a comparatively high degree of expertise, or at least interest, in this subject.

**Follow-up**

1. **As facilitator, encourage participants to engage in follow-up discussions or structured debriefing sessions as early as possible between each other.** While the exchange might not result directly in new business deals, the contacts made during the process may yet yield additional opportunities in the future.

2. **Encourage the facilitator to provide a supervisor who can be contacted by participants following the event.** Participants should be able to approach this figure directly with any follow-up questions or comments.