

WIEN, Austria

Small but smart

Smart does not mean big! The 'Mingo' project is based in Vienna and has a budget of over € 3m. - half of it coming from the European Regional Development Fund. The project demonstrates how small and micro-companies can make a contribution to smart growth in Europe. Helping young businesses to become successful, and supporting established businesses to stay innovative, are both questions addressed by project. It delivers integrated packages of holistic business services – if need be also in foreign languages to Viennese business in the period between 2008 and 2013.

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Historic monuments, a thriving cultural scene, a booming economy nourished by its position as Europe's Eastern hub – this is the picture many have of Austria's capital, Vienna. Voted the world's most liveable city in 2011, the city is not doing badly and with Bratislava forms a metropolitan region with 3 million inhabitants. Yet, keeping and developing its assets requires a vision, sustainable strategies – and investment. Resisting temptations to grow at the cost of the environment or social inclusion, Vienna's economic investment policy is an excellent example of how to keep a European city healthy and wealthy. Embracing change and new opportunities is at the very heart of Vienna's vision to be a global, open and competitive city.

Broken down into concrete action, no project could demonstrate this policy better than Mingo. Mingo stands for 'Move in and grow'. Mingo started in 2007 as an office space provider for start-ups, but grew into something bigger in recent years.

The project offers integrated start-up support for company founders, coaching for existing small businesses, networking events and business awards, multi-lingual services for ethnic firms and a neighbourhood scheme which helps to market local shopping streets and bring local consumer markets up to standard. And, of course, Mingo still offers office space for all those who need a home for their business.

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Overview of activities

The integrated business support project, which was launched in 2008 and which has a financing agreement until 2013, is driven by Wirtschaftsagentur Wien, Vienna's economic development agency. Owned by the city of Vienna, the agency seeks to create jobs and growth by making Vienna's economy more creative, innovative and competitive. Promoting incubation and the development of small innovative businesses is considered as the right strategy to pursue knowledge-based, smart growth. In the end, constructing an innovation-friendly business environment for SMEs, including micro-companies and ethnic businesses, is the agency's main task.

When preparing the Mingo project, several topics which are relevant for supporting micro-enterprises and for generating growth in this area were analysed. The preparatory analysis stressed the importance of early entrepreneurship qualification, the need to push for more creativity and innovation. It also revealed that many SME, and particular the smallest, often lack the financial resources, capacity and in-house expertise to strengthen its competitiveness on the market.

With five, integrated sub-projects focusing on specific areas (start-ups, academy, awards, migrant enterprises, neighbourhood services), a team of eight people does much to make their lives easier. These young, innovative and very small enterprises are often flying below the radar of established business support institutions such as the chambers of commerce. Mingo spots them – and tries to make the most of their economic potential.

The project's total budget – just over €3 million for the period from 2008 to 2013 – is invested in services for businesses rather than in grants – so as not to duplicate existing grant-based schemes. Making small businesses more professional and innovative through face-to-face coaching sessions and workshops is considered as the right path to strengthen Vienna's SME sector. While half of the budget comes from the EU, the city – through its agency – contributes the other half. Clearly, the success (and support) of Mingo is high up on the city's political agenda – and with it, Vienna's numerous small and micro-businesses.

Start-ups and young entrepreneurs

Starting a business is never easy – especially for future entrepreneurs who do not have much more than a business idea, grandfather's writing table and some cash. One of Mingo's priorities is to help a future Bill Gates get his career under way. 'We see a growing number of people who make their way into independence, mostly via very small one- or two-person companies. They have great ideas, but usually very little knowledge of how to run a business. And usually, not much of a plan of how to make it through the decisive first three years. At the end of this period, they either expand – or they fail. And failure is what we want to avoid,' explains Ms Tatzberger.

Between 2008 and 2010 alone, Mingo has organised over 1,300 face-to-face coaching sessions, meaning that almost 500 start-ups have gone through the caring hands of the consulting experts. One third of the start-ups had an ethnic minority background, and half of all participants were female. According to Wirtschaftsagentur Wien, the organisation behind Mingo, the demand for these free-of-charge coaching sessions is high – and growing.

But what about the success of these start-ups? Again, the figures paint a picture of the project's success: the evaluation of the 2008-2010 period shows that 71% of all those coached have indeed started a business, and – even more impressively – 90% of these firms are still up and running after two years. The project team is confident that companies will also make thorough the third year.

One of the most important topics in the coaching sessions is, of course, financing. 'It is important, I know that. But it is certainly something you don't do with pleasure. Even if you know that your company's finances are crucial, you tend to avoid looking at it,' one young entrepreneur openly admits. The Mingo team is keenly aware of this tendency amongst its clients to avoid financing matters and therefore also tries to sell the topic in different, easily-accessible ways. A 'financing breakfast' where start-ups could meet experts was only one of the many initiatives taken to focus attention on the topic.



Figure 1: Sign on door of exhibition space



Figure 2: Entrance sign for Mingo

Innovation in micro enterprises

Financing is clearly a topic which concerns all businesses, whether old or new. The old hands (might) have already learned their lesson, and the new starters are either in the process of learning these lessons or listening to the old hands – or to experts. But what about innovation? Can the old hands learn something from the newcomers? Or do they all need someone to inspire them? Vienna believes they do.

Vienna's economic strategy suggests that innovation can happen everywhere, also in innovative traditional businesses in Vienna.' Heinz Weber, head of the regional EU funding programme and therefore the main sponsor of the project, leaves no doubt that Vienna needs both its new companies and its older ones. The so-called Mingo Academy follows precisely this thought. Through its workshops and seminars on business innovation topics, it invites small businesses of all sorts to come and become inspired.

The workshops, which cater for no more than 15 participants at a time, act as a platform for companies old and new. They have the opportunity to discuss issues with experts, share their experiences and support each other. 'A feng shui trainer and an IT manager might have more in common than you think. My experience is that they share the same concerns and face the same businesses challenges. It puts them into the same position. And the wonderful thing is that our groups often start helping each other – outside our activities. The feng shui expert helps the IT guy with arranging his office – and the IT manager fixes the feng shui woman's computer. It's that simple.' What Gabriele Tatzberger calls 'simple' is however a lot of work and effort. But as the figures confirm, this clearly pays off. In 2010 alone, over 720 small companies participated in a total number of 186 workshops and now form the core of a Mingo 'community' (see section 6).

Within the project, the project promoter reaches out to a vast number of partners, including the Viennese chamber of commerce, relevant departments in the city administration or other public bodies. Most cooperation partners are chosen on a case-to-case basis (e.g. consultants/external experts for business coaching sessions, local colleges for holding English or German classes for company owners, urban renewal agencies for coordinating neighbourhood services).

In terms of content, the workshops address three main themes: finance and taxes, marketing, and soft skills. However, the approach is not to impose topics which are considered as important at project management level, but to tailor workshops according to the businesses' needs. The workshops are free of charge, currently leaving the Mingo Academy workshops with waiting lists of several months. 'If you are a young entrepreneur, €350 for a workshop is a lot of money. I simply cannot afford to go to a consultancy – even though I know I need to,' one young company owner admits.

Mingo Migrant Enterprises

The complications that language differences can lead to are well-known to anyone who has ever had to get themselves out of a sticky situation while travelling abroad. To make things a bit easier for entrepreneurs with an insufficient level of German, Mingo offers several of its services not only in German but also in Bulgarian, English, French, Russian, Serbian and Turkish. Vienna's businesses speak many languages – and so does Mingo Migrant Enterprises.

Out of the 8,000 or so people who set up a company in Vienna every year, over one third come from an ethnic minority. Most of these ethnic start-ups stem from Turkey, Eastern Europe, the Balkans and Germany. In 2010, Vienna's statistics registered migrant-owned companies from a total of 92 countries – a trend which is on the rise. Most of Vienna's migrant companies are small, whether they are start-ups or already well-established. Around a quarter are one-person companies, while a further half have between two and nine employees.

What Mingo does is to help these start-ups with consultancy and coaching in their mother tongue. Between 2008 and 2010, over 540 young ethnic minority entrepreneurs used these special services. Almost half the participants preferred to work in Turkish, with the rest being almost evenly spread between Bosnian/Croatian/Serbian, Bulgarian, Russian and English. This tailored service seems to be the key to accessing the often difficult-to-reach target group of migrant entrepreneurs.

Their multi-cultural and multi-lingual background is seen as a strong asset by the Mingo Migrant Enterprises team. These entrepreneurs usually have strong ties to their communities, abroad and in Austria. There it is no surprise that most start-ups are strongly export-oriented.

Mingo also organises regular events for its ethnic community and co-operates with local colleges to offer free-of-charge workshops on business topics in English and German. And there are, of course, the Mingo offices which are home to many of Vienna's ethnic minority companies.

Mingo Offices

The Mingo offices have formed the nucleus of today's service activities. They are still part of the Mingo package but do not receive any EU funding. Seven office buildings, all located in economically rather weak areas, provide office space for start-ups. An eighth building in the St Marx quarter, an URBAN II area in the 2000-2006 funding period and now Vienna's biotech centre is to follow in 2012.

'Move in and grow', the project's slogan, is taken very seriously. Offices from 15m² upwards or workplaces in shared offices offer young entrepreneurs the possibility to start small and grow gradually. Flexibility, in terms of both office sizes and rental contracts, seems to be the keyword. All the buildings have a common infrastructure like internet, printers, conference rooms and a reception desk. The current minimum rental period is one month, and reduced rates are on offer for the first five years.

The project team thinks that it is an important step for start-ups to leave their home office. It makes things a bit more serious, more professional. But this is necessary if you want to

become a successful business,' explains Christa Eschberger, one of Mingo's office managers.

While most of the office buildings are home to a great variety of sectors and businesses, one of them is dedicated exclusively to creative industries. Located in Vienna's 15th district, the Zinckgasse 20-22 building is somehow different. With a garden on the roof and a cosy courtyard, this loft-like building is no typical office block. It is Mingo's first open space office where start-ups can rent anything from a large office to a desk in a shared space. A total of 58 desks today host many of Vienna's most creative new companies: from graphic designers to application developers, from couturiers to architects.



Figure 3: Reception area for the workspace



Figure 2: Aerial view of the workspace at Mingo

A desk in Mingo's Zinckgasse can currently be rented for €290 a month, infrastructure – and a place in the roof garden – included. Start-ups usually stay one-and-a-half to two years before they move on. An estimated 80% are in a position to expand their business and get their own office premises.

Plans for a new Mingo Office building are already on the way. In 2013, a building dedicated to creative industries will open in Wien Erdberg, one of Vienna's urban regeneration areas.

Mingo awards and community building

This community feeling definitely makes Mingo stand out from other projects in the area. However simple it may appear to the outside world, maintaining this community – which, as described earlier, helps, mutually supports and inspires its members – means tough work for the Mingo team.

Building a community was built into the design of Mingo from day one. The project's low-threshold approach for getting businesses involved is probably a major success factor of the initiative so far. When asked how businesses and potential start-ups got to know Mingo, all interviewees came up with a very similar answer: through word of mouth and personal recommendation.

Regular newspaper articles have kept Mingo in the public eye since its start in 2008, and the word seems to have spread of its own accord. 'Our best promoters are our entrepreneurs,' Gabriele Tatzberger sums it up. Indeed, satisfied customers seem to make a big difference.

But there is one event which probably draws most attention to the project: the annual Mingo Awards. Having become one of the highlights of Viennese business life since its launch in 2009, the award ceremony honours Vienna's most innovative business ideas.

At the 2011 ceremony, Renate Brauner, Vienna's vice-mayor and councillor for economic affairs, explained her reasons for supporting the awards: 'New approaches and creative business ideas are the basis for economic success, especially in times of globalisation. With the Mingo Award we address our small and micro-businesses and offer them an incentive – and a stage – to help realise their new business ideas.'

Out of 130 applications in 2011, five winners in five categories – from best start-up to best marketing – have been selected by an independent jury. The winners include young companies like Fluxguide, a start-up specialising in multimedia guides for exhibitions, Gebrüder Stitch, two brothers who make and sell tailor-made jeans with an eco-guarantee, and AGORA, a local initiative to bring new life to Vienna's Vorgarten Market. An audience of over 500 guests listened to company presentations, applauded the videos of the short-listed businesses and celebrated the winners. In fact the annual awards feel very much like the annual meeting of the Mingo community.

Neighbourhood services

Community is also the key word for the next – and last – string to Mingo's bow. This concerns community life, neighbourhoods, and local consumer markets. This part of the project is strongly linked to the city's urban renewal activities and supports regionally funded urban regeneration projects in Vienna.

Until the 1980s, Viennese city life was unimaginable without vibrant local food markets. They provided local residents with the stuff of daily life, often sourced from farms in surrounding rural areas. Since then, their numbers have been dropping as they are slowly replaced by supermarkets and big retail chains. These old market places, with their pivotal role for social interaction and for local urban economies, look as if they are on their way out. Even the renaissance in the early years of the new millennium, which transformed several prime locations into upmarket food retail paradises, could not reverse this trend.

It was the 2000-2006 urban renewal programme for Vienna's 2nd and 20th districts that started to initiate change. Major EU investment was made available to rehabilitate disadvantaged neighbourhoods in the area, including a prominent old market area, the Hannover Market, which had by then become an almost empty shell with little left to offer local residents. To revive urban market life, Wirtschaftsagentur Wien – which later promoted the Mingo project – started promoting the market and reactivating its businesses.

'You would not believe how the market has changed since then,' says Ingrid Kohout, project manager for neighbourhood-based activities. Indeed, today the Hannover Market, with its lively mix of fruit stalls, local butchers, bakers and more, presents an upbeat impression. Apart from improving the local traders' financial fitness, marketing and presentation were particularly hard. 'In the beginning, explaining to a Turkish butcher that he would need to present his goods in a different way was definitely not easy. But nowadays, they know that I am not a tax inspector but a friend who wants to help,' explains Kohout. In fact she is now something of a local hero in Vienna's markets: 'they sometimes call me 'the boss' when I come to pay them a visit,' she adds with a smile.

As from 2008, the Mingo project offered Wirtschaftsagentur Wien the possibility to expand its neighbourhood-based activities across town – re-branded as Grätzelmanagement, the Austrian term for urban renewal. Priority is still given to disadvantaged neighbourhoods suffering from economic and social problems. Newly decorated markets and shop windows bring life to sometimes rather depressing quarters. The visibly proactive communication with local businesses and communities creates the feeling of positive change in the neighbourhoods.

Mingo Grätzelmanagement supports urban development and initiates innovative and sustainable projects. It tries to identify development potentials of a district in order to offer specific services to improve the image of an area and its economy. These include: maintaining a list of locally based companies in order to prevent the migration of business, providing comprehensive information and consultancy services for the businesses in the neighbourhood, cooperation with company-related or district policy stakeholders, vitalization of the companies as well as effective networking of the individual players, assistance to improve the image of a neighbourhood, public relations and activities for involving business people in the modernization process.

Nowadays, Mingo organises neighbourhood street parties across Vienna, finances promotion material and local newsletters – and helps troubled stallholders to keep or expand their business through face-to-face coaching. The work goes on. Training sessions on the presentation of goods are still in high demand, even from stallholders in upmarket locations. 'If there any places left, they are of course welcome. We are there for all our markets.' Ingrid Kohout laughs and apologises for leaving the interview to make yet another market visit.

Lessons learnt and success factors

Reflecting on the key factors for the potential success of Mingo several important, integrated aspects can be identified:

1. The project is integrated and addresses a clear, specific target group which is often overlooked in its relevance for smart growth. Statistics show that the number of one-person companies is constantly rising, while many offers of business or labour market institutions still address larger companies. To use this enormous potential of (literally) thousands of small, but often very creative enterprises is not only smart, but also necessary.
2. The project avoids barriers and tries to provide easy access. This starts with overcoming language barriers and ends with free-of-charge workshops. What Mingo offers is digestible, understandable and comprehensive. Instead of delivering bits and pieces, the services come in packages. From the office to the coach – it is all-inclusive.
3. The project shows that flexibility in reaching even those target groups which are hardest to reach. The services provided by Mingo Migrant Enterprises come tailor-made, in the right language and without the connotation of being imposed or too government-driven. Activating the potential of ethnic minority businesses which can (and already do) play an important role in export-driven sectors is, again, vital for smart growth. At the same time it can support social cohesion in urban areas. The project creates a community and uses its collective assets. Also, the importance of networking amongst enterprises cannot be stressed enough. Supporting each other and creating synergies through complementarities is a cost-free way to become more competitive.
4. The project is driven by a committed project promoter and an energetic, motivated team. The proactive way in which potential start-ups are addressed or in which food markets are being brought back to life sets the tone. Mingo successfully creates the image of being something dynamic, fresh and smart.

These lessons should not be taken separately. Indeed, it is the integrated package which creates an extra bonus for the entrepreneurs and for the project promoters.

Critical review and role of EU funding

The project originated in 2007, when Vienna's business support schemes had been reorganised. The 'Offices' and 'Services' of Mingo were at the core of this reform, which took place shortly before the launch of the regional operational programme for Vienna. It is therefore obvious that the role of the European Regional Development Fund is rather about financing local ideas than innovating economic policies in Vienna.

The role of European funds in the project is not without discussion. Several interviewees suggested that the extensive bureaucracy for the ERDF programme was out of proportion to the activities implemented by Mingo. The high reporting and finance standards applied for the project and a certain frustration about 'European' bureaucracy amongst stakeholders also suggest that Mingo might continue without the ERDF in the future and finance its activities through national or regional funds.

Out of the project's activities, the Neighbourhood Services and the Mingo Migrant Enterprises probably represent the most innovative elements. Both are genuinely linked to a Viennese understanding of an economic policy which picks up local businesses or ethnic

companies from where they are – rather than set too high, unachievable standards. In contrast to broad European strategies or rather diffuse calls for more ‘innovation’ at too high level, local potential and concrete action stand in the centre of the project’s activities. Also in this context, the role of the European Regional Development Fund is the one of a budget facilitator rather than of a genuine innovator. Approaches at EU level, also in regulation, do not always seem to meet the needs of local businesses and their communities. A more open understanding of innovation and a full recognition of Europe’s smallest enterprises for smart growth were wishes expressed by several interviewees.

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