

# Only 1 in 10 European firms scale up more than 10% annually – new report showcases the best strategies to do so

Submitted by: BlueSky Education

Thursday, 1 June 2023

---

Scaling is a multifaceted phenomenon with a steep path to hypergrowth that only a few European companies are able to climb – in fact only 1 in 10 firms are able to scale more than 10% annually. A new report from the European Scaleup Institute analyses the dynamic landscape of high-growth firms (HGFs) and reveals a multitude of growth paths across Europe.

The report, *Cracking the Growth Code: Traits and Strategies of High-Growth Firms in Europe*, is a collaborative European Scaleup Monitor, and was launched at the Institute's inaugural conference at Nova Business School, Portugal. The conference welcomes academics and practitioners across Europe to engage in discussions to strengthen and build a knowledge community around scaling up.

The European Scaleup Institute is a collaboration between leading academic experts in Europe including: Erasmus Centre for Entrepreneurship & Rotterdam School of Management (Erasmus University Rotterdam), Netherlands; ESADE Business School, Spain; ESSEC Business School, France; Luiss Business School, Italy; NOVA Business School, Portugal; University of Galway, Ireland; Vlerick Business School, Belgium; WHU Otto Beisheim School of Management, Germany.

The collaborative European Scaleup Monitor analyses the dynamic landscape of high-growth firms (HGFs) and reveals a multitude of growth paths across Europe. The monitor sheds light on the traits and strategies of HGFs across the European scaleup ecosystem, providing valuable insights for (scaleup) entrepreneurs, governmental organisations, knowledge institutions and policymakers to address the scaleup gap.

Only one in ten companies in Europe manages to scale on average by more than 10% annually, over a three-year period. When it comes to high growth (more than 20% annual growth), this shrinks to one out of twenty-four. Consistent scaling is even more difficult to achieve: only 1.13% of all European companies are able to scale by more than 20% for two years out of the three-year period.

The European Scaleup Monitor also identifies some interesting trends regarding high growth in Europe:

Younger HGFs tend to achieve higher (consistent) average annual growth rates: they are, on average, 20% faster than their mature counterparts.

The higher the growth rate, the larger the firm size: firms with more than 50 employees experience more than twice the growth rate of their smaller counterparts.

Although HGFs are well spread across different industries, ICT and service-based industries remain in the lead.

Only 10% of Hypergrowers (40% consistent growth) are funded and tend to receive a surge of late-stage funding in the third year of the hypergrowth, implying hypergrowth to be a catalyst for funding.

Three out of the top five countries (in terms of HGF concentration) are from the Nordics, while Helsinki is a major hotspot for both high- and hypergrowth, together with Dublin and Munich.

“Together with the European Scaleup Institute, we want to address what is often referred to as

“the scaleup gap”, in which less SMEs are said to be able to achieve high growth in Europe when compared to similarly crowded entrepreneurial ecosystems in the rest of the world.” - Leonardo Fuligni, Executive Director of the European Scaleup Institute.

According to European Scaleup Institute's Academic Director, prof. dr. Veroniek Collewaert: “All too often, scaling, scaleup and high-growth firms tend to be equated with young, tech firms, who have all raised millions of Euros in Venture Capital. Yet, our statistics show that these firms come in many more colours, shapes and sizes. It is absolutely key that we map and understand this diversity in high-growth firms as they may require substantially different strategies, processes and support to achieve their high growth.”

The European Scaleup Institute is a platform of academic experts and practitioners in Europe for scaleups, high-growth firms, governmental organisations and policymakers to address the scaleup gap. Their mission is to enable Europe to become a leading global scaleup ecosystem. The European Scaleup Institute aims to do this through joint research and educational initiatives across borders, sharing best practices and building a strong knowledge community around scaling up.

If you would like more information or to receive the report, please contact Peter Remon at BlueSky Education - [peter@bluesky-pr.com](mailto:peter@bluesky-pr.com) +44 (0) 77 235 228 30.