



40% of startups are founded  
in less than a month

Study on "The startup market in Switzerland"

**PostFinance** 

Founding a company is a major step. In conjunction with the IFJ Institut für Jungunternehmen and the LINK Institute, PostFinance has conducted a study to find out how long it takes to found a company, where the seed capital comes from and what challenges startups are faced with.

As a key partner for startups, PostFinance promotes the interests of company founders. This includes providing startups with advice and expertise. PostFinance decided to join forces with the IFJ and the LINK Institute to launch the study "The startup market in

Switzerland". What's the goal? To gather facts and figures that will provide an even better understanding of the startup scene. The number of "genuine startups" founded each year was also determined for the first time.

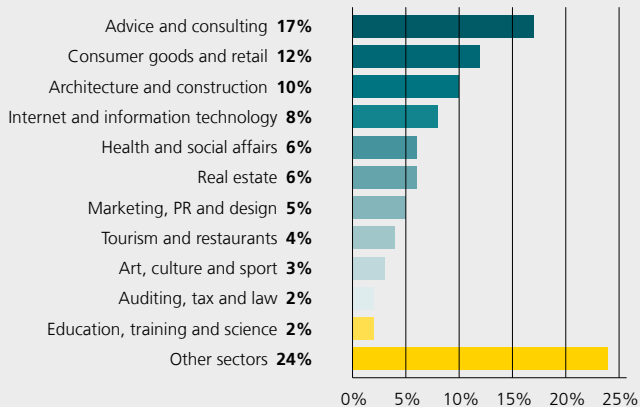
## Separating the wheat from the chaff

To defining the key terms: the study refers to “genuine” startups when a new business activity is commenced and registered in the Swiss Official Gazette of Commerce. In 2020 (the year which the study looks at), this applied to 67 percent of entries, equating to over 31,000 startups in this period.

In the case of 15 percent of new entries, an existing business activity was continued in a new form. In most cases, this meant a sole proprietorship was converted into a limited liability company or private limited company. The other cases concerned takeovers, continuation of business activities and foundation of companies for tax reasons.

According to those surveyed, what were the sectors in which a particularly large number of startups were founded? The top four sectors for startups are consulting, consumer goods and retail, architecture and construction, and Internet and information technology.

### Startups per sector



The answers to the question: “In which sector does your company operate? Please select the most appropriate sector.”

In 2020, two thirds of all startups were completely newly conceived companies. This figure reflects the innovative spirit, courage and economic stability of Switzerland. However, the study went even deeper and revealed that the path to setting up your own company in Switzerland is remarkably short.

## The typical company founder

Rapid process: around half of company founders began the startup process less than six months after conceiving their business idea. For 41 percent of startups, the process itself lasted less than a month, and for around three quarters of startups, less than two months. 69 percent of those surveyed handled the startup process individually.

One particular figure reflected how important it is for entrepreneurs to strike an ideal balance between boldness and common sense: at the time when their company was founded, 69 percent of those surveyed were still employed by another company. You never know what lies around the corner. There are undoubtedly challenges that keep company founders awake at night.

The costs are also manageable: as the founder’s private address is used for 64 percent of the companies created, long-term property searches and high initial operating costs are avoided at the outset. Employee expenses were also affordable for over three quarters of those surveyed – 85 percent of the newly founded companies started out with a maximum of one full-time equivalent.

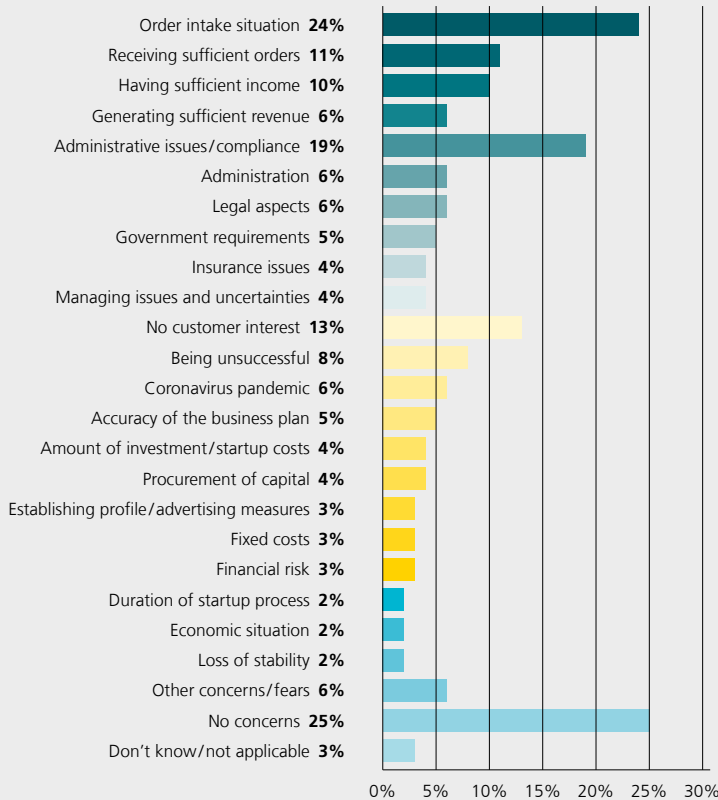
## The challenges

Short startup times and manageable financial expenses for many companies – the figures actually paint a rather optimistic picture. However, there are still issues that Swiss entrepreneurs find concerning. Around a quarter of company founders worried during the startup phase about whether they would receive enough orders in future. 19 percent also indicated that administrative costs, legal provisions and compliance with government requirements were a cause for concern.

Alongside the IFJ Institut für Jungunternehmen, PostFinance supports company founders with the overall startup process by providing attractive services, invaluable expertise and useful tools. More information can be found at: [postfinance.ch/startup](https://postfinance.ch/startup) or [ifj.ch](https://ifj.ch)

In contrast, 25 percent of the entrepreneurs surveyed said they looked to the future without any concerns.

### Concerns and fears of company founders



The answers to the question: "What were your greatest concerns, fears and reservations about founding a company?"

Administrative tasks also appeared on the list of the biggest challenges for company founders. 13 percent indicated that drawing up a business plan was time-consuming to very time-consuming. The response to the question about choosing the right insurance policy produced an identical figure. The entrepreneurs appeared to find it relatively easy to find the appropriate legal form and banking relationship.

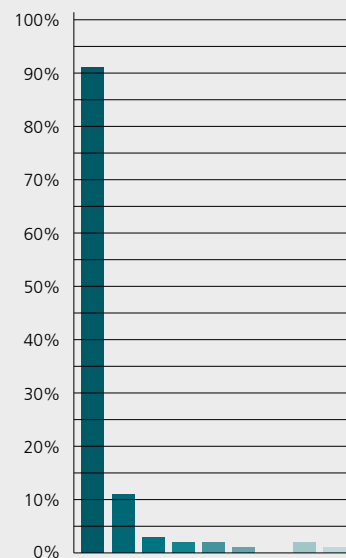
### Financing

A very short but intensive startup period, a comprehensive legal framework and compliance with various government requirements: there are dozens of good reasons why you shouldn't take setting up a company lightly. However, it is fascinating that the issues of "startup costs" and "procuring capital" were a cause for concern for only four percent of those surveyed. Why is that?

The startup costs are manageable: around a third of those surveyed indicated that they spent no more than 500 francs on setting up their company. A quarter of survey participants invested over 2,000 francs.

And Swiss entrepreneurs appear to have no problem raising the capital required. The study reveals that almost one fifth founded their company with no more than 5,000 francs in seed capital. However, 55 percent required up to 20,000 francs. Almost no company had seed capital in excess of 150,000 francs.

### Origin of capital



- Private equity **91%**
- Private investors (e.g. friends/family) **11%**
- Business loans **3%**
- Private loans **2%**
- Business investors, business angels **2%**
- Mortgage on property owned by family **1%**
- Crowdfunding **0%**
- Other **2%**
- Don't know/not applicable **1%**

The answers to the question: "Where does the capital used for your company come from?"

The study shows that, in the case of 91 percent of startups, at least some of the seed capital comes from private equity. Private investors – e.g. friends or family – were involved in 11 percent of cases.

## The coronavirus crisis

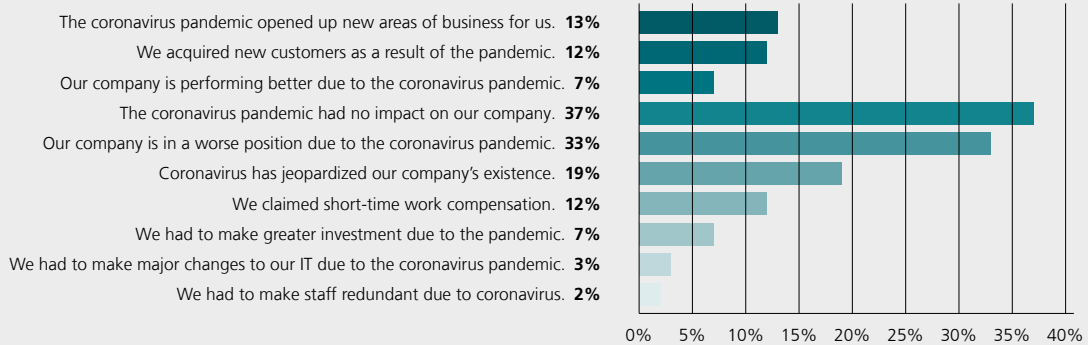
2020 will go down in world history as the year of coronavirus. But was 2020 also an extraordinary year in terms of founding companies? A comparison with 2019 shows that the Swiss startup scene was not thrown out of kilter by the rampant global virus. A record number of 44,482 new companies were founded in 2019 (under the previous definition of the term), but this record was actually broken again in 2020, with 46,842 new firms entered in the Swiss Official Gazette of Commerce. That represents an increase of 5.3 percent.

PostFinance was able to follow this upward trend almost live: the PostFinance startup package – a com-

bination of banking products, services and expertise for company founders and startups – was ordered 100 percent more often in 2020 than in 2019.

These figures pay testament to the tenacity of company founders and their belief in their own business ideas. The startup study – which was conducted from 7 December 2020 to 31 January 2021 – also produced a sobering revelation for entrepreneurs: a third of those surveyed indicated that they were in a worse position due to the coronavirus pandemic. 37 percent said they had come through the crisis unscathed thus far. And just 7 percent indicated that they had benefited from the pandemic.

### The impact of coronavirus



This answers to the question: "Which of the following statements about the coronavirus pandemic applies to your company?"

All the data comes from the study "The startup market in Switzerland". This was conducted by PostFinance in cooperation with the IFJ and the LINK Institute. For the study, 912 interviews were carried out with people who have founded companies in the past 24 months. The interviews and evaluations were conducted between 7 December 2020 and 31 January 2021.

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