



Episode 4: The challenges of the Italian startup scene

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Welcome to the Smart Startup English Podcast, episode 4! I'm Mickey, I'm your host, and in this episode, we're going to learn a few words you need to know if you're facing a challenge. We're also going to talk about the Italian startup scene.

But first, let me ask you this question:

What comes to mind when you think of Italy? It could be good food, sunny days and a beautiful language.

Historically, it has also been a center of creativity, from Leonardo da Vinci during the Renaissance to the big names in fashion nowadays.

But how is the startup world doing? In other words, when it comes to friendly startup ecosystems, how does Italy compare to the rest of Europe?

Well, the startup environment doesn't look very promising. Italy has the fourth-largest population in the E.U. and its fourth-biggest economy, but the startup ecosystem doesn't match these numbers. According to the Heritage Foundation's 2017 index, Italy ranks 79th out of 180 countries for "economic freedom." It only ranks 43rd in the world for business attractiveness.

One of the major challenges faced by young Italian entrepreneurs is poor access to capital, poor access to money. To face a challenge, the theme of this week's episode, means to have to go through a difficult situation. To deal with a difficult problem.

In addition to poor access to funding, another challenge that founders have to overcome is the infamous Italian red tape. Red tape is another way to say bureaucracy. And to overcome a challenge means to deal with the challenge successfully.

The amount of red tape that you have to go through **before** you can start a company in Italy is discouraging a lot of young people from even trying to set up a business. To set up a business means to start a business.

Another problem that is an obstacle for the country's startup scene is poor access to credit. It's difficult for Italian founders to get loans from financial institutions such as banks. And it's even harder for them to find generous experienced investors. In fact, Italy ranks 105th in "getting credit" according to World Bank statistics.

And if a startup manages to get off the ground (to get started, to make progress), the soaring tax rates and prohibitive regulations, do not make it easy for companies to thrive.

If something is soaring, it means that it's increasing rapidly. Soaring tax rates means rapidly increasing tax rates.

If something is prohibitive, that means it prevents you from doing something. So you could have prohibitive regulations, prohibitive prices (which are very high prices), prohibitive costs. We can use the word prohibitive to refer to all of these things: prices, costs, taxes.

All of these things come together in a cocktail of factors that have been hampering the growth of the Italian startup scene. To hamper growth means to prevent growth or to slow it down.

But it's not all doom and gloom. Meaning it's not all **bad** news. In 2016, Italy boasted around 5000 startups employing almost 22,000 people. So that must mean that Italy has a few things going for it - a few factors that might put it at an advantage.

For one, it already has established industries in the fields of food, fashion and travel. And a good percentage of the new startups that have been successful have come from these industries. Take Musement, for example, a tour finder that aims to cash in on Italy's travel industry that attracts almost 50 million people every year. In this context, to cash in on something means to take advantage of a favorable situation.

And another thing that Italy has going for it is a young, well-educated population that is ripe for a tech boom. However, these young people often have to move to other countries to gain access to resources that enable them to innovate at a faster pace. In this context, to be ripe for something means to be **just** ready for something. The word ripe, in general, refers to fruit that is just ready for picking.

But overall, the consensus is that Italy has to step up its game if it wants to keep up with other innovation hubs in Europe. To step up your game means to improve, to get better.

There you have it. The Italian startup ecosystem in a nutshell.

Before we move on to your speaking task, let's review the vocabulary we've learned in this episode.

To face a challenge, the theme of this week's episode, means to have to go through a difficult situation. To deal with a difficult problem.

To overcome a challenge means to deal with the challenge successfully. To succeed in solving the problem.

Red tape is another way to say bureaucracy.

The expression **to set up a business** means to start a business. To get it started. It's similar to the expression **get off the ground**, which we've also used in this episode.

If something is **soaring**, it means that it's increasing rapidly. In this episode, we used the phrase **soaring taxes**, which means increasing tax rates.

If something is **prohibitive**, that means it prevents you from doing something. Remember that we can use this word to describe regulations or prices or even costs.

If something **hampers growth**, that means it's preventing growth or it's slowing it down.

We also used the expression **it's not all doom and gloom**. Meaning it's not all bad news. It's not all negative.

If you **have a few things going for you**, that means there are a few factors that might put you at an advantage - whether it's a talent, a skill, maybe some knowledge or achievements.

To cash in on something means to take advantage of a favorable situation.

To be ripe for something means to be just ready for something.

To step up your game means to improve, to get better. It's usually used in a context when you're comparing *your* performance to that of others.

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Here's my speaking practice question for this episode:

What would you do if you wanted to start a business in a country where the conditions are not very good? How would you overcome challenges such as too much red tape and low access to funding?

That's it for this episode of Smart Startup English. Don't forget to subscribe to our podcast. And if you want to keep in touch, go to SmartStartupEnglish.com and sign up for our newsletter. When you sign up, you'll get free access to transcripts and worksheets based on every episode. And you'll be the first to know when we release new episodes.

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