Are start-ups important? Yes, of course. But it looks that things go quite wrong. While the precise definition of a start up is widely debated, most agree that it's an entrepreneurial venture which is normally a newly started, innovative, fast-growing business that aims to meet a marketplace need by developing or offering new, improved, newly combined or more competitive products, services or processes.

In this regard start-ups are very important, especially when we are talking about building real companies that create jobs and are drivers for economic growth. This is also confirmed by the findings of a study from the Kauffman Foundation which underpins that incumbents tended to invest in R&D that exploited existing technologies and in incremental innovations, while start-ups are more likely to enter the market with radical, cutting-edge innovations. If you look at what's happened around the globe in recent years, it's easy to think we're living in a start-up era. You'd expect an existence success vibe, especially in high-tech.

A recent article published in MIT Technology Review reported that the number of companies in Silicon Valley that got seed funding from investors more than doubled between 2007 and 2012. Venture capital funding in the US over the last five years has totalled a remarkable $238 billion, and 200 companies today are so-called unicorns, privately valued at more than a billion dollars each.

But entrepreneurship is actually on the decline, and has been so for decades. According to a paper published by the Brookings Institution, the percentage of US firms that were less than a year old fell by almost half between 1978 and 2011. According to the Commerce Department, the number of businesses, do indeed create good jobs. How do start-ups really create lots of good jobs?

Start-ups have become a fashion, everywhere. So imagination and reality is just far apart. It's a paradox which leads to opposite effects, as caused by this hype any nonsense, non-starter and lemon idea will become a start-up, where still many turkeys hatch, but very few make it to the sea. That's quite similar to the first green wave of organic products where half-baked concepts just burned a lot of cash, created a bubble and most ended up in the sink.

Let's look at the US, which most people see as the land of limitless opportunities, not just because of top-notch corporations like Apple, Google, Amazon and Facebook, but also because of its unstoppable business success vibe, especially in high-tech. One is that they pay less. A study in the October issue of the Financial Times shows 96 per cent of American businesses are factor-driven economies generally see employment, productivity and income growth. Start-ups entering the market with cutting-edge innovations.

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opportunities, comparatively few intend to pursue entrepreneurship. But the study behind this perception in our innovation-driven countries, especially in continental Europe, is in my view, how these maybe-potential entrepreneurs are expecting to be treated in the event of failure. In Germany, a recent survey shows that nearly two-thirds of the population have no tolerance for entrepreneurial failure as well as no real culture to naturally grant a second, let alone a third chance. In Germany, entrepreneurial failure is – as opposed to the Anglo-American countries – mostly equated to a personal failure, says Rolf Sterberg, a start-up researcher. No wonder that many see failure as humiliation for their whole life, not just career.

This is not only in Germany - there are many more countries in Europe and even Asia with similar ways of thinking. Apart from the fact that the lifespan of companies within the EU is just 11.2 years, with this attitude, so many famous entrepreneurs wouldn't have made it, as they failed numerous times before they finally made their great breakthrough. Just to mention a few: Henry Ford, Bill Gates, Steve Jobs, Steven Spielberg, Walt Disney, Henry Heinz and Thomas Edison.

As the Romans said, quae revocet, docent - what harms teaches. How do we fix this? In my opinion we have to address a five-point-plan: inform, encourage, educate, support and mentor young entrepreneurs in the right way.

The natural key-disadvantage for start-ups is lack of experience. That’s why most successful entrepreneurs, especially high-growth entrepreneurs, have prior industry experience. This is reflected in data showing the peak age for entrepreneurship is around 40. Back to the first point: the right information. In my view all starts with misguided expectations. Today’s information variety is huge and you can easily get lost. As I have been told by many successful entrepreneurs, especially high-growth entrepreneurs, it’s important to keep your focus and stay clear on your goals.

Foremost, the right mentorship. As the saying of one of my RMK-principles goes: “To be successful isn’t the problem. But to achieve enduring success is.”

You also need the right encouragement. Neither fear nor fantasy are good advisors. The best way is to lead by example. That’s the reason why I believe that especially successful down-to-earth entrepreneurs - both successful ones and others who experienced failure or even recovered successfully from bankruptcy - should be case studies to enlighten and encourage young people about the beauty, challenges and adventure of entrepreneurship.

The right education is also key. Today, entrepreneurship education does not work. In an article published by Forbes, Andrew Yang, founder and CEO of Venture for America, wrote how, “Entrepreneurship classes and programmes in colleges across the US have quadrupled in the past 25 years. Meanwhile rates of private business ownership for households under 30 have declined over 60 per cent during the same period. So, more the worse we teach entrepreneurship, the fewer young people actually start businesses.”

Andrew Yang is right. Entrepreneurship education has become a big business, inside and outside of universities, but the results are not convincing at all. What we need is a holistic entrepreneurship education. Why? In my belief it’s quite simple, as the education programmes mostly provide just the necessary theory and how to sail in sunshine, mainly taught by lecturers who never built, managed or took responsibility for a sustainable business or company themselves.

But this provides young people only with 180-degrees of the necessary knowledge to succeed. You need also some apprentice-ship in the real world as well as to educate and prepare them intensively for failure, to deal with serious risks and survive severe turmoil, not just technically but also personally with a 360-degree perspective. This includes a survival training concerning how to protect oneself from failure as well as how to turn the disappointment.

Only this would help them to get the right correctives for decisions and behaviour. Therefore one needs to instruct specifically and highly experienced people from the forefront, from entrepreneurs to lawyers, not just welcomed theorists.

Next is the business plan. The idea that a business plan is only intelligible for a few people who have studied a lot and made it in the leading hierarchies is just nonsense. A good business plan is legible to everyone.

Support should be high on the agenda of governments, as it’s about the future and growth of the country.

First of all, as entrepreneurship is by its nature unthinkable without taking any risks, one should be grateful to decent entrepreneurs by all means, as primarily they generate prosperity for a countries ecosystem. But if the risk-averse entrepreneurial stasis implicates failure. To achieve success often depends on a fine line where luck tips the scales.

But failure is also an indispensable lesson that creates self-awareness, progress, human capital and pushes us to try harder. Even in nature evolution wouldn’t be possible without failure.

We need an open and welcoming culture for tolerance regarding entrepreneurial failure and second chances. This should be even reflected in the insolvency and bankruptcy laws and procedures with a focus on a fast fresh start. Most continental European countries still have quite medieval attitudes and regulations in this regard, which are highly counterproductive to overcome the fear of failure.

The next important requirement is to provide a fast-track and lean legal environment with a minimum of red tape to set-up and wind-down start-ups.

Another important building block is to support start-ups with capital. Having said that, it’s not just about investors’ money as this would further implicate onwards entrepreneurs to sell shares of their company. This could even break their motivation. Therefore serious and good financial advisory, either provided by banks (with reasonable risk premium) or through government-backed State guarantees, public early-stage investment capital and subsidies.

Several countries are already providing such smart funding schemes as well as support and professional infrastructures.

To dodge the trap of ignorance, young entrepreneurs should be mentored by highly experienced, mature entrepreneurs, managers or ex-politicians.

Young entrepreneurs would benefit from knowledge and capabilities imparted by senior colleagues, such as business acumen, promising strategies, protocol, decision-making and, particularly, how to manage risks, one should be grateful to decent entrepreneurs by all means, as primarily they generate prosperity for a countries ecosystem. But if the risk-averse entrepreneurial stasis implicates failure. To achieve success often depends on a fine line where luck tips the scales.

I strongly recommend following a new model: not to practice the usual top-down structure from senior to junior but follow an agile, bi-directional and hence also reverse mentoring.

This combination of mentoring and reverse mentoring with young and mature entrepreneurs can create a valuable team, open to new ways and would widely help to avoid chasing phantom business opportunities.

These mature mentors could also take on the role of the clients of the entrepreneurs, help with their connections to support the business development.

Renehold Karren is a global success advisor and mentor for entrepreneurs. He is also a chair and follow of Think Tanks and The RSA London.