**Transcript Christian Schütz - Frauenhofer**

April 2, 2025, 01:00PM

**Brandon Ching** 0:12

So first just some background information. Could you please briefly describe your background and what led you to start your company?

**Schütz, Christian Lothar** 0:30

Let me. Well. OK. So the company has not yet started. We're still in the founding process. So does that count?

**Brandon Ching** 0:43

Yes, that's all. That's fine.

**Schütz, Christian Lothar** 0:47

So I'm a chemist by training. And I've been in research for the first couple of years of my career. Went into the private sector. And from the private sector, I switched back into this... well into the Fraunhofer world, which is sort of the limbo between private and public research. So, I mean, many people perceive us as just the same thing.

**1:16**

As any other university. Very many, even in Germany, confuse us with Max Planck Institute or Helmholtz Institute. But actually, Fraunhofer was designed to act as the link between academic research and applied research, which a company would typically need. So are you familiar with the TRL scale, the Technology Readiness Level scale? OK, so yeah.

**1:58**

Sorry, sorry again. So yeah, NASA came up with it and they classified all technology into readiness levels from zero being nonexistent. Up to 9, which is a serial production stage. And so academic research is typically...

**2:17**

Placed in at TRL, Zero to Three, so TRL Three is typically... I have a patent, I have a peer-reviewed paper. So you have any kind of proof of concept, but usually in a laboratory environment. And Fraunhofer was basically invented or was founded to cover TRL levels 4 to 6, because that's the valley of death, the valley of risk for the companies.

**2:44**

Because there are many companies who probably read a paper by a university. Then we had some kind of trade fair where the university says, "Oh, look, I have 3 grams of a particular material and I think It's going to be an absolute blast” and when the company asks them, "Well, I would need 300 tons of it," they say, "Ah, you know..."

**3:25**

So far, we're basically trying to bridge this valley to provide people not just with three grams of something, but probably with 300 grams and some tests in a more or less realistic environment. That would make a company more willing to invest into something. Picking up the research.

**3:50**

So we are closer to application, and this is also what led me basically to this whole founding idea. Because, Fraunhofer in itself is prohibited from commercializing anything. So we are a nonprofit organization. We lose a lot of benefits that we have presently in Germany if we were to commercialize anything, to act like a company on the free market.

**4:18**

So whenever Fraunhofer comes up with a technology that they think would be very much applicable to someone, but let's assume... Assume that there's no one who wants to license the patent. Then there's always the possibility... Say OK, I'm going to found a company, my company's going to license Fraunhofer IP and I'm going to make money with it.

**4:43**

And this is basically what happened to me. So, My institute has actually a little patent family in a particular field where we thought it would be... Well, a lot of interviews with a lot of companies out there, producers of said product or potential end customers, but a very good feeling about this.

**5:20**

And then we thought, well, this is someone... Could lose effectively control over marketing and what happens out there with our ideas. And we wanted to stay in control and the only way was to found... Our own company and...

**5:42**

Yeah, my division, the head of my division went about, was looking for... Volunteers. And since I've been working in business development for my institute for quite some time now... I've always had this, this perspective. I've always had a vantage point from which I had a lot of exchange with business developers on the other side.

**6:09**

So with people who concern themselves with the question, "Is anybody going to buy this and why?" And I thought it would be fun to not only observe this, but to actually do this. And this is how, you know, how I got here.

**Brandon Ching** 6:26

OK, cool.

And how did the political climate surrounding the German general elections in 2025 influence any of your business decisions? I guess were there any specific policies or debates that kind of changed your strategic planning?

**Schütz, Christian Lothar** 6:50

It was of less importance I would say or of little importance I would say because looking so I come from the world of plastics and the product that we are going to be selling hopefully shortly is going to be an additive. So that's what it's called, an additive for plastics production specifically.

**9:18**

I'm going to start over. So the product that we're going to sell hopefully of the recycling plastics value chain. And you might assume that recycling plastics is only something that weird lefty liberals are interested in. But if you look at the actual elements in the in the world of plastics out there for the past, let's say 20, 25 years, then it's pretty obvious that sustainable, more sustainable plastic solutions that just taking crude oil, turning this into polymers, turning this into plastics.

**9:56**

There's a lot of lot of stuff going on. And more and more markets, more and more countries, more and more companies are going into this sustainability direction. So we think that it's the right time to found right now. And the political climate I think despite out there has realised this too.

**10:16**

So there might be, you know, the more conservative parties who are probably not too keen on sustainable solutions and the the more left-leaning parties are keener on such solutions. But in the end, aside from the very extreme political rights, to some degree, they either do not obstruct sustainable research and sustainable solutions or they're actually they're actively fostering them.

**10:43**

In terms of the elections, we thought it doesn't matter too much who's our business. It is an advantage. And the next dimension would be just aside from, you know, setting the ground for more sustainable technologies is what is politics going to be doing for start-ups in in generally is are they going to create a more favourable ecosystem, a more favourable environment in which founding and surviving is easier, which is something that is usually attributed to the more conservative parties and less to the more left-leaning parties.

**11:30**

So we thought, you know, summing all of this up, you know, the more left-leaning parties are probably... Keen on sustainability? Probably less startup-friendly and the right-leaning parties are more economy-friendly or more business-friendly but less sustainability-friendly. But, you know, the general outcome... You know the benefits and the drawbacks are going to weigh each other out eventually. No matter who is going to be elected, except if... The political right extremists, if they should come into power. I think would make quite a bit of change.

**Brandon Ching** 12:10

OK. So you mentioned what maybe the extreme right possibly getting into power that might change things. Is there any, is there any role that uncertainty around the political developments might play in your decision making like any risk mitigation strategies to prepare for policy shifts?

**Schütz, Christian Lothar** 12:31

Not as of now, because much regulation which might help us specifically as a budding business. It comes from the European Union in Brussels. So there is for instance, the packaging and packaging Waste regulation or the European Car Directive. And there is a a European regulation on, on textile waste and they're all centering around the the trouble of having too much waste plastics out there which is not being reused or recycled in any way. So it would have to be a government which actively opposes or obstructs these European regulations to make a real change for us. So we do not really have a risk mitigation strategy to be completely honest.

**13:30**

I mean, if you could call this risk mitigation, but I think if we had a party like the Afd in Germany in power, it could realistically lead to driving us out of the country. Because just a very personal note, not specifically related to, to the business My wife has other than a German passport, also another passport and so have my, my children. And parties like the Afd have been stating very clearly that they only want people of, let's call it pure blood, which we are not.

**14:15**

So I think in the long run, if they actually were to govern, I would find it hard to stay here and that would drive my business away with me basically.

**Brandon Ching** 14:31

And have you actively engaged with policymakers or any advocacy groups regarding startup-related policies?

**Schütz, Christian Lothar** 14:41

My function as a Fraunhofer person... I do. I do know how, in my mind, just my personal environment amongst my group of friends and their acquaintances and their friends. I've been in touch with people who are actively engaged and in politics and well on a... On a community level. Probably 1. Actually, one is working for a member of our delegate of the... What's called...

**15:13**

MEP member of the European Parliament. So, we've been exchanging ideas. We've been exchanging views. And... But I haven't really been lobbying anyone.

**Brandon Ching** 15:30

OK. And then I guess the follow-up to that would be how do you perceive the role of entrepreneurs in shaping political discourse? Do you believe startups should actively engage in politics or remain neutral?

**Schütz, Christian Lothar** 15:45

Well, now that I'm slowly sliding into the role of a startup entrepreneur, I've actually failed to see how to do this. Because I'm already working 24/7, at least it feels like that and I have kids, so probably for someone who doesn't sleep or has fewer kids than I have, I don't know.

**16:09**

I guess they might find the time. However, I would think that it is extremely useful to do it, because otherwise only the larger companies and the larger the company, the more they usually have the leverage and the possibilities to send a full-time lobbyist somewhere and... Pester politicians about their specific needs.

**16:36**

And well, this is just my very personal outlook on it. So I think that it might be actually... just try to continue the sentence where I think it left off...

I think it might be difficult for startups to get their problems across because they are, you know, they're splintered basically. There are very often companies with less than 10 coworkers. And if one of them is going to ring the doorbell of the chancellor in Berlin... No one's going to answer. While if BASF or BMW is going to ring the doorbell, they are going to be bloody well answering.

**17:33**

So yeah, I think so. Long story short, I think startups should engage in politics. But probably... Of, you know, an association of some sort that might make sense.

**Brandon Ching** 17:52

And then you personally, if you could propose any policy change to benefit startups in Germany, what would it be?

**Schütz, Christian Lothar** 18:03

Probably something like, going easy on them in terms of taxes. Especially in the, let's say, first two years of the business. Not necessarily by letting them pay less taxes. Although you could think about that, but probably, in how taxes are going to be paid, because from what I know is that self-employed people do have to pay taxes in advance based on their calculations for their next fiscal year, and that might be difficult for startups. So probably, pay their taxes in a different way to make it easier for them to calculate their cash flow. That could be something.

**19:23**

Politically what... What I would find very useful, but I don't think that's really a political thing. It could probably be a political thing to maybe create something like a federal startup agency for Germany, because from what I see right now is that there are startup programs in every of the 16 German states. They all differ from each other.

**19:46**

They all have different timelines and different regulations and different, let's say terms and conditions and it's quite difficult to stay on track with that. So probably centralized this in a way. Or at least just bundle the efforts of the 16 different states under one common roof to make communication easier to the startups.

**Brandon Ching** 20:14

OK, and what possible barriers do you see to implementing such changes?

**Schütz, Christian Lothar** 20:22

The 16 federal states in Germany are ever in fear about losing power or control over anything or anyone. So they might not be willing to share what they do and also I mean each of those 16 states is trying to draw businesses because they want the taxes to be paid in their state. So I think they might not be willing to share strategies or share programmes. It might be that they try to stay ahead of each other because there's competition going on between them so that I could see might be obstructing such an idea.

**Brandon Ching** 21:02

And then just as a closing reflection, are there any final thoughts, maybe something that we didn't talk about that you think might be important to mention for the study? Just in terms of how politics and entrepreneurship intersect.

**Schütz, Christian Lothar** 21:25

Yeah, that's something that is probably not necessarily a political thing, but it could be. There could be initiatives in terms of communication or awareness, rising campaigns or something that are from the political spectrums. Do I take it from your accent correctly that you're from the United States?

**Brandon Ching** 21:45

Yes.

**Schütz, Christian Lothar** 21:46

OK so, from what I perceive personally speaking, generalizing massively. If you found a company in the US and you fail and you found another one and you fail, you are a brave person who is pulling yourself up from the mud and trying again. If you do that in Germany, you're a failure and you're belittled and people always knew that you couldn't make it, so failing as an entrepreneur in Germany, it is a stigma.

**22:23**

It is a stain on your reputation, which is going to carry for some time, and my feeling is that in the US that's not necessarily the case, but just, you know, with the restriction that I assume that in the US you're not doing anything illegally or defrauding people or something like that. So, but just... Just the fact that you fail in Germany, that's never good.

**22:46**

And I have the feeling that, in the US, I think. Well, forgive me if my perception here, but it might be wrong. I'd be interested to hear your views on that, but I have always had the feeling that in your country it's more like, OK, we’re going beyond the frontier.

**23:25**

We’re going to California to participate in the gold rush. Manifest destiny. You know, the spirit of someone who tries something new. And yes, there is the risk of failing, but, only the fact that you're trying it makes you a brave person. And this is that will lack in Germany and I think politics could contribute to changing this.

**23:50**

To yeah, at least, verbally, vocally being outspoken in a way that only welcome entrepreneurship. That, but if it goes wrong, we're not going to punish you in some way.

**Brandon Ching** 24:06

Yeah, I guess I would agree with you on your assumption. I've also noticed that in Germany it's, you gotta get it right the first time, otherwise it can be difficult. Whereas in the United States, you don’t usually succeed until your 4th or 5th business.

**Schütz, Christian Lothar** 24:17

Yeah. Exactly. Oh yeah. Well, and since I'm now processing stuff. Something that is difficult for people in Germany who found a business and who are ultimately going to be self-employed is the whole... The whole question of health insurance being an employee in a company and being in one of those statutory health insurances in Germany so much easier than being an Entrepreneur with an unsteady and uncertain income probably being in a private health insurance because you're actively endangering your own well-being. The well-being of your family because it might be that you can't pay your premiums and you're going to lose your health insurance, so generally being employed in Germany is a much, much safer thing than being an entrepreneur.

**25:19**

Not only the whole tax business that I referenced to earlier, but also Health insurance or when it comes to paying. I know it's a tax, but it's stuff which is deducted from your income, which is for Social Security.

**25:43**

That's it. At least it's in... It's been in an article which are. So so that you're the mind you might be getting and some kind of bill where the government basically tells you look, we found that you haven't been paying stuff or you are going to be paying stuff in advance and we're going to need €100,000 from you right now for Social Security stuff.

**26:18**

And that, for a startup, might be the end of your whole business because you haven't got €100,000 lying around. Whereas this is never going to happen to an employee, an employee is always able to calculate for the next 20 years exactly what amount of money is coming in, what amount of taxes am I going to pay? That should be something that should be easier for people who want to fund and start a business.