

# Meeting of the Network of SME Envoys

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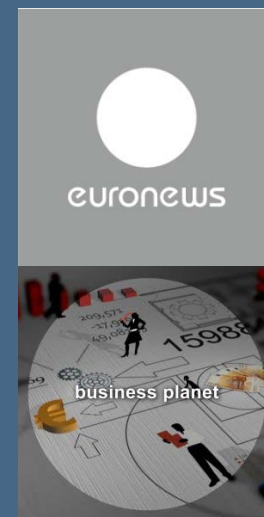


Friday 6 June 2014  
Madrid, Spain



## BUSINESS TRANSFER

-Mr. Antoni Abad i Pous, President of Cecot -  
- Chairman of Centre de Reempresa de Catalunya -



# State of the Art - Europe

- Europe is losing approximately 150,000 firms representing 600,000 jobs a year due exclusively to inefficiencies in business transfers.
- European Commission estimated that transfers affect up to 450.000 SMEs and 2 million jobs every year.
- Transfer failures destroy economic capital, which includes specialized knowledge, established contacts and other forms of intangible assets, and they lead to a devaluation of tangible assets which are no longer part of an operating business. Failed business transfers result in job losses and a reduction of economic growth.
- No statistics on business transfers are available from Eurostat. The only sources are national.



# Market's fragmentation

- European business transfer's Market is fragmented and hampers mobility and improving of competitiveness.
- Most marketplaces are provided by public or quasi-public institutions.
- There is no European or cross-border database (neither Matching Platform) at the present time. Moreover, all databases operate exclusively in their national languages; Europe does not have any specific database listing business transfers at national, regional or local level, which make it difficult to locate by entrepreneurs.
- Some countries do not have National Matching Platforms. A transfer-friendly regulatory framework is being developed in many European countries, but firms do not take advantage of it due to lack of information and Market Places (Matching Platforms).



# State of the Art - Spain

- **Businesses in Spain:**
  - 2008: 3.422.000
  - 2013: 3.146.000
    - Balance: -276.000
- **Businesses in Catalonia:**
  - 2008: 626.000
  - 2013: 580.000
    - Balance: -46.000
- **Spanish business demography:**
  - 99% SMEs
  - Transfer potential, next 10 years = 650.000 companies and 1.400.000 jobs.



# EU Policies & Communications

- **94/1069/EC:** Recommendations on how to improve BT framework conditions.
- **COM2006:** Implementing the Lisbon Community Programme for Growth and Jobs: Transfer of Businesses - Continuity through a new beginning.
- **Small Business Act (2011):**
  - Invite Member States to support business transfers and launch campaigns to promote these practices.
  - Member States are invited to improve taxation and to provide mentoring and support for business transfers.
- **COSME:**
  - Specifically tackle transnational issues that can be more effectively addressed at European level.
  - Encourages an entrepreneurial culture and promoting the creation and growth of SMEs.
- **Entrepreneurship 2020 Action Plan:**
  - Underlines that SMEs are the most exposed to failed transfers due to its vulnerability.
  - Invite Member States to improve the regulatory framework and to use EU funds to support transfers of SMEs.

# Follow up

## Implementation of the 1994 Recommendation - Up-date - 2013

Country	Awareness raising	Financial environment	Change of legal form	Tax neutral restructuring	Simplification SMEs/Companies	Company with one member	Legal principle of continuity	Unanimity not required	Reduced inheritance tax	Deferring inheritance tax	Retirement tax relief	Re-investment tax relief	Sale to employees tax relief	Total + or (+)
Belgium	+	+	+	-	+	∅	+	∅	+	+	+	+	+	10
Bulgaria	(+)	-	+	+	+	+	+	∅	∅	∅	∅	∅	∅	6
Czech republic														
Denmark	+	+	+	+	+	+	+	∅	+	+	∅	∅	+	10
Germany	+	+	+	+	+	+	+	∅	+	+	+	+	∅	11
Estonia														
Greece														
Spain	+	+	+	+	+	+	∅	∅	+	+	∅	+	∅	9
France	+	+	+	+	+	+	+	+	+	+	+	+	+	13

# Supporting BT in Spain

## Plan de Apoyo a la Transmisión de Empresas:

- Launched in 2013
- Based on previous “Plan de Continuidad Empresarial”
- Inspired by the Pilot Project “Centre de Reempresa de Catalunya”, ERDF funded initiative in Catalonia.
- 5 Spanish regions involved - 2<sup>nd</sup> phase
  - 8 Spanish regions involved through Reempresa.
- Regional Public Policies adaptation.
- Unique Market Place.
- Transfer of Know-How.



# Reempresa

## Reempresa

- **Public-Private Partnership:**
  - ERDF Fund & Generalitat de Catalunya (Regional Gov.)
  - Cecot & cp'Ac Foundation
  - Launched in 2010.
- **Network of Collaborators:**
  - Public Authorities - Policy Makers (>45)
  - Business Organizations & Associations (>20)
  - Socioeconomic entities (>10)
- **Collective Impact:**
  - Common Agenda
  - Backbone support



**cecot**



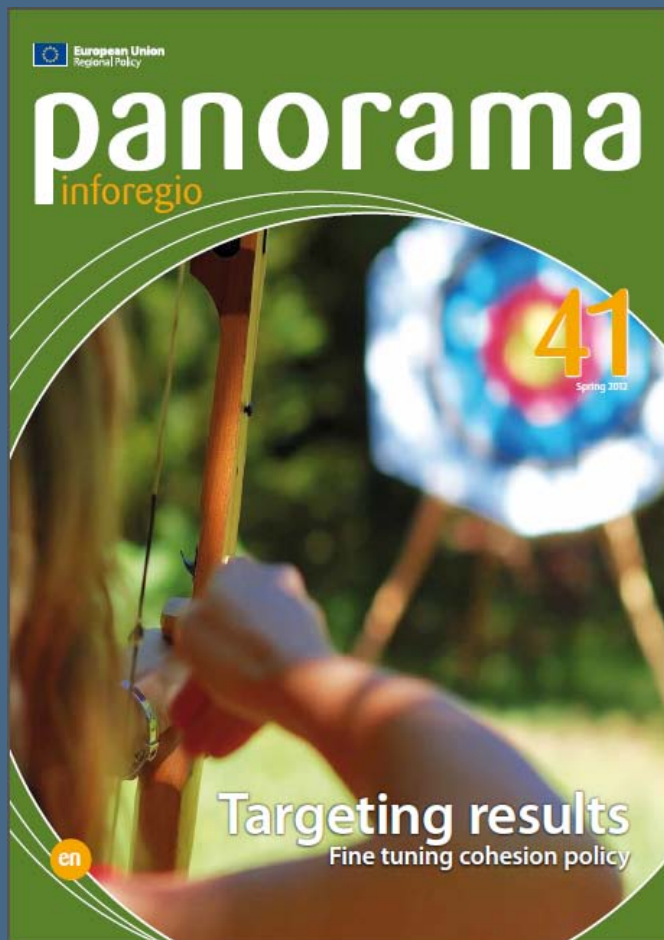
## Reempresa

- One stop-shop:
  - Market Place
  - Methodology, Advisement and Training programmes
- Scope of action: regional, Catalonia.
- ERDF Fund: Used to support SME and entrepreneurship instead of infrastructures.
- Innovative: Intensive use of Social Networks
- Reempresa in figures:
  - > 1400 sellers
  - > 1600 potential buyers
  - 250 deals / 11'9 M € / 1000 jobs maintained
  - > 250 sellers and buyers trained



# Reempresa

In 2012, the DG Regional Policy of the European Commission chose Reempresa as "Project of the Week" as a good practice for the use of European Funds for Regional Policy .



Existing companies with continuation problems are helped exit their business ensuring its continuity and bringing a secure future for their employees.

Unió Europea  
Fons Europeu de Desenvolupament Regional  
Una manera de fer

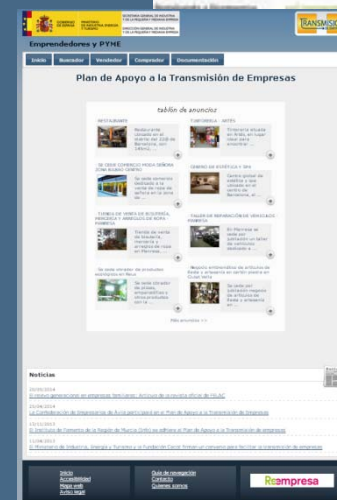
**Reempresa**  
dint l'èxit empresarial

**Total cost:**  
EUR 1 700 000  
**EU contribution:**  
EUR 850 000

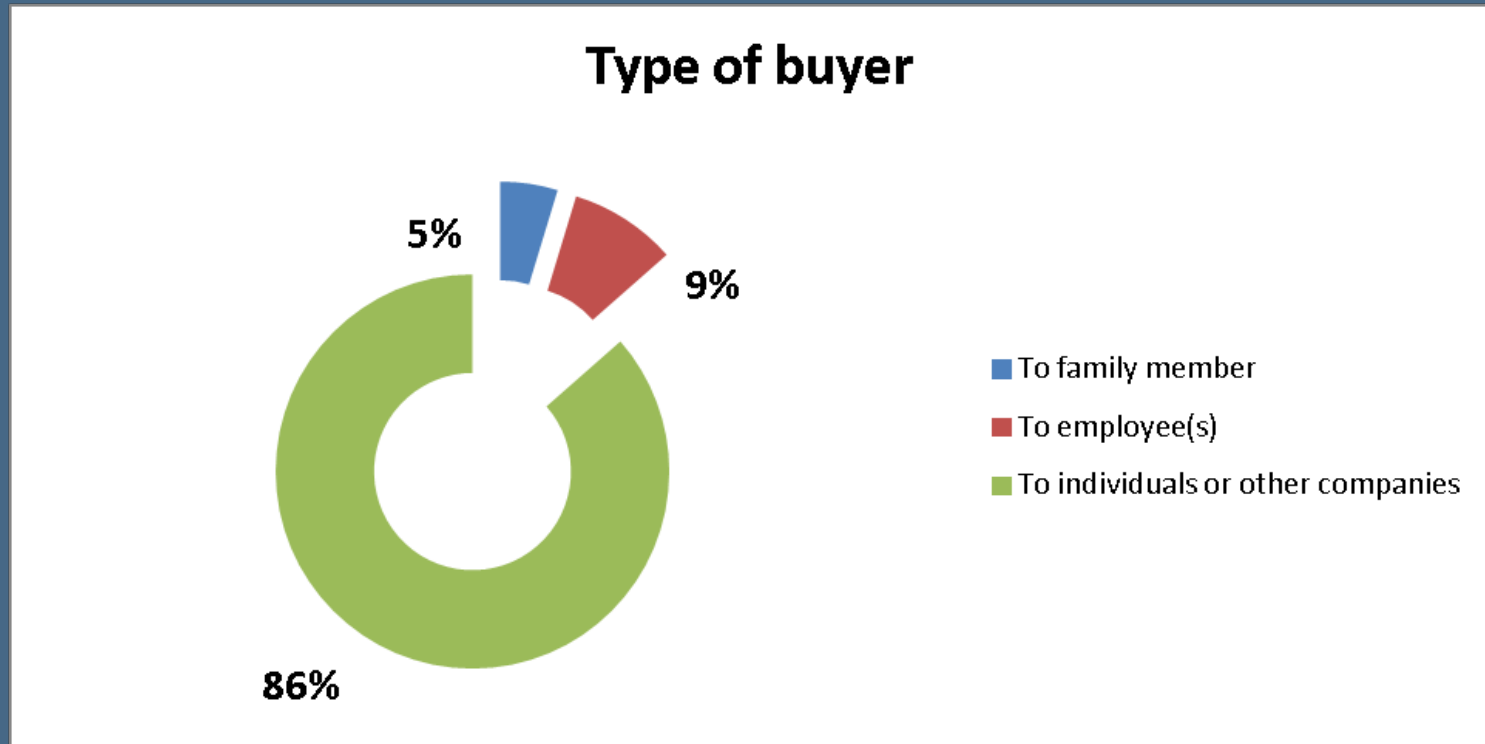
Our Market Places have been defined considering the 2006 Report of the Expert Group - Markets for Business Transfers.

## Desirable features for transfer marketplaces:

- Databases should not be fragmented.
- A neutral trustworthy host organization is a key success factor.
- Awareness among potential users.
- Database: searching by sector, geographical situation, size, etc.
- Anonymity.
- Ensure certain level of quality of database entries.
- Additional services.
- Systematic follow-up of its success.

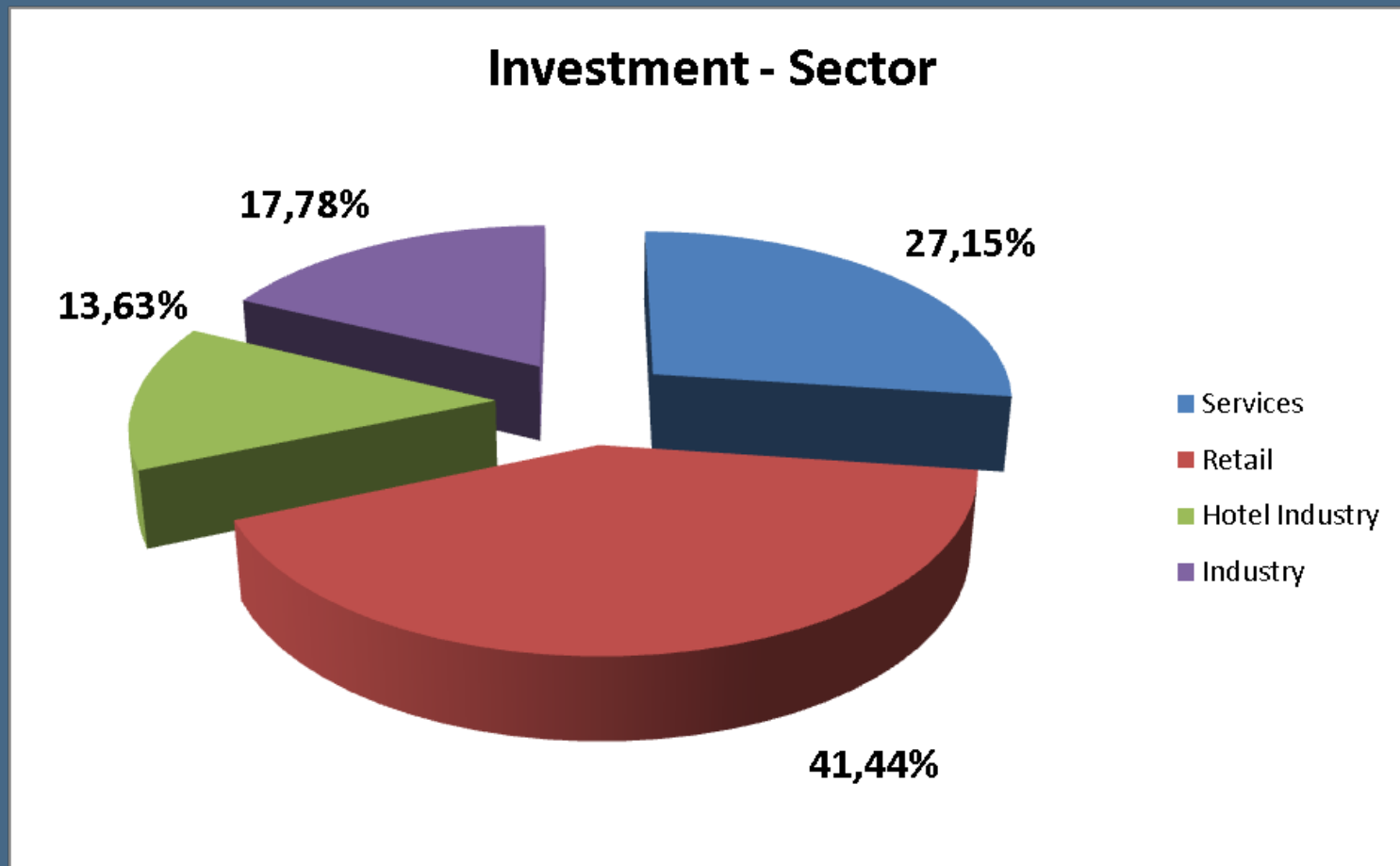


# Categorization



\* Spain - Reempresa (2014)

# Industrial relevance



\* Spain - Reempresa (2014)

# Transeo Association

Transeo encourages and promotes the exchange of good practices between experts to stimulate the European SME transfer market.

Transeo increases awareness of the business transfer issue at regional, national and European level and works on solutions and projects to improve business transfer at European scale.

Transeo connects:

- Private experts
- Public institutions
- Academic researchers



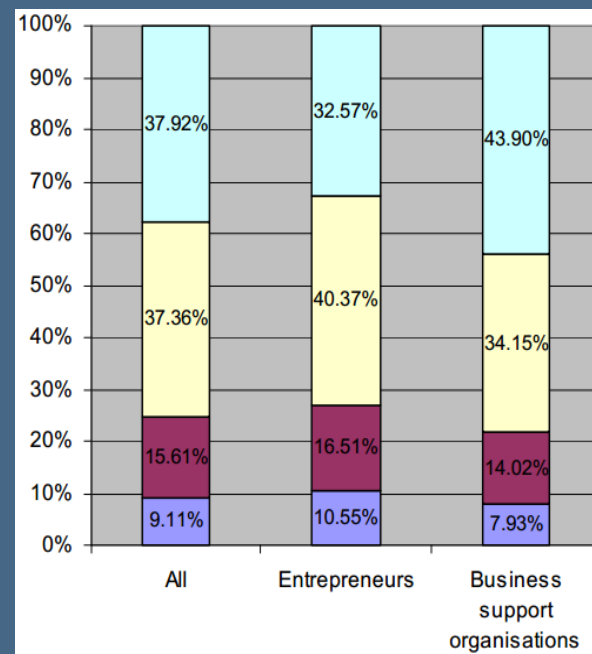
# Entrepreneurship 2020 Action Plan

## 2012 PUBLIC CONSULTATION

Develop, publicise and improve platforms and marketplaces for successful business transfers?



**>75% = very / moderately important!**



- 3= very impactful/important
- 2= moderately impactful/important
- 1= not very impactful/important
- 0= no opinion



# European Cross-Border Market Place

Number of transfers to third parties is increasing. It is becoming more and more important to facilitate the matching of potential buyers and sellers of businesses, thus contributing to the successful transfer of enterprises in Europe.



It becomes clear that there is a **lot of potential value** in creating a common approach, methodological tools and indicators, leading to the development of a regular common monitoring mechanism for business transfers in Europe.

## Main conclusions:

The success of SME transfers is crucial to the European economy and there are several priority areas that need to be tackled at EU level, but also at national level, by the Member States.

SME transfers play an important role in the growth and development of SMEs.

Transfer of business needs to be placed within the larger context of EU objectives to promote smart, sustainable and inclusive growth.

# Recommendations

## Future work:

- Equal political attention to business transfers and start-ups.
- Adequate financial conditions.
- Raise awareness among potential sellers and buyers to ensure sustainability of SMEs.
- Organize transparent markets.
- Transfer-friendly tax systems and regulatory framework.
- Create European database / cross-border Market Place.
- Creation of a “European Business Transfer Center”.
- Organize regular European seminars and develop training and management tools.
- Public initiated support programmes and research.
- Exchange of best practices.



*“Setting up a new firm is not the only way of going into business. Taking over an existing business is another one. Unfortunately, many small businesses have to close down when their owner retires or looks for another challenge, since there is nobody to continue the business. In the European Union, one in three company directors are expected to retire within the next decade, affecting an annual average of 690.000 small and medium-sized enterprises (SMEs) and almost 2,8 million jobs.*”

*Successful transfers of companies are therefore essential for preserving jobs and can have an immediate positive effect on the European economy.”*

Françoise Le Bail  
SME Envoy and Deputy Director General  
Directorate-General for Enterprises and Industry  
European Commission, April 2010

*“Our latest estimates indicate that over the next decade, up to 690,000 businesses providing 2.8 million jobs will have to be transferred each year. This represents approximately 3,000 businesses per working day and about 3 % of European SMEs.*”

*But more importantly, it has been estimated that about one third of business failures occur in the context of a business transfer. Europe cannot afford the losses of jobs and other productive resources resulting from such failures, particularly in these difficult times.”*

Massimo Baldinato  
Member of the cabinet of European  
Commissioner Antonio Tajani, Vice-President of the European  
Commission, DG Enterprise and Industry, December 2010



# Thank you



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Reempresa

