

Abstract

The effectiveness of a business transfer mentoring to reduce the perceived difficulties of the buyer during the post-transfer phase. Lessons from an experimental project conducted at the European level

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The demographic characteristics of European firm's owner-managers and their impact on economic and social issues have led to a change in the concerns of institutional organizations and Management Science researchers, from firm foundation to business transfer of. It is important to find potential buyers for the large pool of companies whose owners are reaching the age of retirement, in order to save jobs and maintain economic activity throughout the territory. In this context, many institutional initiatives have been developed to facilitate reconciliation between owners - sellers and potential buyers and help them to realize their transmission project: development of practical tools and standard approaches to streamline the process, development of sellers / buyers databases, organization of events to allow a physical meeting of the protagonists, improvement of the financial assistance, etc.

These devices, although essential, do not solve the problem entirely. In France, a OSEO-BDPME study (2005) reveals that more than one business transfer out of five fails within six years. The average failure rate of these transactions amounts to 5% two years after the transfer, 13.5% after four years and 21% after six years. Signing a sale contract does not guarantee the medium-term sustainability of the transferred company. It is therefore necessary to adjust the accompaniment forms to the specific difficulties faced by buyers once the transaction is completed, that is to say when they find themselves alone at the head of the purchased structure.

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These post-transfer difficulties are numerous and of different types.

A business transfer often requires a more important financial investment than when starting a business. According to Oséo BDPME (2005), financial flows of the buyers are diminishing. Consequently, debts tend to increase and the financial arrangements are becoming more "tense". The weight of the debt may weaken the company, preventing it from developing, launching new projects or innovating. This risk is even higher in the case of transfers of companies who already have financial difficulties prior to the transfer (Barbot, Richomme-Huet, 2006). Those financial costs may cause cash flow problems and may precipitate the buyer in a headlong rush leading to the worsening debt.

In activities in which technical expertise is predominant, the buyer may also need to acquire knowledge and vocabulary related to the business and to learn the tips and tricks of the profession. In the craft industry for example, studies emphasize that this learning will determine the success of the transfer (Picard, Thevenard-Puthod, 2004). Conversely, for craftsmen or workers who master the technical aspects, it is the managerial skills which can be a problem (accounting, HRM ...). More broadly, a buyer who does not know the industry to which the bought company belongs is more likely to fail. Oséo BDPME (2005) indicates that an external buyer has a half time greater risk of failure compared to a buyer who already knows the industry. As a corollary of the previous arguments, the lack of information about the environment but also the firm itself is another obstacle. When the memory of the company (accounting, agreements with certain customers or suppliers, pricing, deadlines, stock status, age of machinery and equipment ...) is localised in "the head of the former leader", it becomes difficult for the buyer to have the necessary visibility to manage the firm effectively. He will then have to develop a new information system.

Problems can also be related to the management of human resources. A buyer, whose "organizational socialization" (Boussaguet, 2008) failed, may have difficulty in being accepted as a new leader or meet a strong resistance from employees (Barbot and Deschamps, 2005). He may have difficulties to maintain relationships with former partners (including customers or suppliers), or to develop new partnerships, leading to a trade challenge (loss of sales, lower margins, difficulties with the supply chain management...).

Finally, the difficulties may also be of strategic nature. All the problems mentioned above will eventually leave little time to the buyer to form their vision of the future company and identify strategic changes to implement. Invested in the daily operation of its structure, he may not have the time to acquire the strategic vision needed, to seize opportunities or to identify an important threat.

In summary, those difficulties of different types give rise to specific needs from buyers. Those needs can be expressed in terms of knowledge (on the industry or the business) and

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know-how (technical or managerial skills) acquisitions. Yet such support is rare. It sometimes occurs through coaching offices or through buyers' clubs where they express their problems and exchange good practices. The Transregio survey (2006) indicates that if this kind of support is still little used by buyers, their level of satisfaction, however, is very high (between 94 and 100%).

This form of support by outside parties, sometimes called counselling, coaching, tutoring or mentoring, has been set up for several years in the case of the foundation of a new business. Many researchers and practitioners have analysed their properties (Simard and Fortin, 2008). Research suggests that they reduce failure rates of the new structure (Deakins et al, 1998; Chrisman and McMullan, 2004) and are the preferred means for entrepreneurs to learn (Cope and Watts, 2000; O 'Dwyer and Ryan, 2000). They are also appreciated because they are flexible and well adapted to every situation and every individual (Couteret and Audet, 2005)

On the basis of this expected benefits, we have participated in a research program conducted in Europe between 2007 and 2009. Our research approach was those of a scientist-engineer (Chanal, Lesca and Martinet, 1997). Indeed, we have participated to an original test project, from its setting it up to its final evaluation.

The research project in which we participated was to test the relevance of a post-transfer mentoring at the European level. As part of a tender of the European Economic Community, the project brought together, through Eurochambres (an Association of European Chambers of Trade), 33 regional chambers of trade, located in 18 European countries. The central idea of the project was to give a free of charge support to more than 800 buyers in Europe after the transfer, for a period of ten days. The chambers of trade were responsible for identifying buyers interested in this experience. There were four eligibility criteria: the transfer must have been realised in the current year, the buyer must own at least 10% of the capital, he/she must be the leader and his/her structure should be less than 50 employees.

Once the buyers selected, they have benefited from a three phases mentoring: diagnosis (identification of problems encountered by buyers after the transfer and establishment of a tailored monitoring program), implementation of mentoring (35 possible different thematic) and evaluation of the effectiveness of this form of support.

The obtain results allowed us to rank the difficulties faced by European buyers. These are respectively financial and accounting difficulties (setting up a reporting system, access to finance), human resources management (administrative and legal aspects such as payroll,

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people management), tax issues and regulations and strategic management (growth strategy, innovation and export).

However, beyond this hierarchy, this research has given rise to a wide variety of needs. No thematic (about 35 possibilities) was left out, buyers have benefited greatly from the wide range of potential supports offered.

In terms of efficiency, this form of support seemed likely to reduce the perceived difficulties in all areas of concern to the buyer. Mentoring appears to be a form of support that meets the heterogeneous needs of buyers: they don't have the same profile, they don't buy the same type of business and they don't encounter the same difficulties. As a result, this tailored and individualized mentoring was really appreciated by those who have benefited from it.

From a research perspective, three main limitations of this study should be discussed and open to further avenues of research. First, the success of the operation has been appreciated in the short term. We know that the survival of a founded company ranges from 50% to 70 or even 85% when the founder is accompanied (Sammut, 2008). In our case, it is not possible to quantify the medium and long term benefits of mentoring (no available figures on the improving of the survival rates or the economic performance of supported companies). A focus on the "post-mentoring follow-up" could then complete this Research. Then, as part of the evaluation of mentoring, we only have analysed the perceptions of buyers. The process of skills transfer between tutor and tutee has not been studied (Toutain Fayolle, 2008). In other words, if the role of coaching is to enhance the reflective faculties of the buyer, the methodology used in this study does not appreciate how those abilities are developed. An extension of this research could be to observe the learning process of the buyer as part of the tutor - tutee relationship, with a qualitative methodology. This extension could also introduce the consideration of the tutor on the progress of its tutee, and thus meet the third limitation of this research that focused only on the tutee point of view. Researchers argue for the taking into account of both parties to measure the effectiveness of a support form (Waters et al. 2002).

Finally, from a more managerial point of view, this mentoring project could be improved. While 50% of the chambers of trade will continue this mentoring program after the official end of the project, we can suggest some ways of improvement derived from our observations. During the first months after a transfer, time available to attend a mentoring is often reduced. It is then necessary to really look for flexibility, for example by cutting the program in short periods. More broadly, the "pre mentoring" diagnosis could be done earlier

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in the process to meet the demand of buyers who want to start before the transfer of ownership. The expansion of mentoring may also be downstream within the five years after the transfer, and not be done only during the first year. Finally, it is also possible to vary the forms of the mentoring, including workshops, plenary sessions for training, telephone contacts or e-learning sessions. This would help to reduce the significant costs of such a device support.