

EUROPEAN ASSOCIATION FOR SME TRANSFER

Position paper following the Review of the Small Business Act

Working together for more successful SME transfers in Europe

Transeo welcomes the approach of the European Commission regarding SME transfer and expresses its full agreement with its views. As recently pointed out by the European Commission, non transfer of firms for reasons other than economic may be estimated at 500.000 firms representing 2 million employees (i.e. jobs in danger) across Europe. Improving the number of transfers may contribute to the sustainability of SMEs in Europe and to the sustainability of employment.

Yet, there are still many actions to be taken by Member States to support and stimulate SME transfers. As a matter of fact, due to specific national policies, specific market environments and different degrees of collaboration between authorities and private/public/academic experts from one EU country to another, there are huge gaps between European countries, some of them being more advanced than others in the implementation of support instruments in SME transfer.

Transeo shares the opinion that further steps need to be taken to improve SME transfer environments in Member States and strongly recommends that field professional stakeholders join forces. The position of Transeo AISBL regarding SME transfer in Europe is that 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.

Improve the SME transfer environments to encourage entrepreneurs to sell or take over an SME

Transeo insists on the need to make the SME transfer environment and process as professional and successful as possible. To do so, the SME transfer national environments (legal, fiscal, regulatory aspects, as well as working of the market) could be screened and recommendations could be issued in order to make them more transfer-friendly, which would increase the success rate of SME transfers.

Identify and exchange SME transfer best practices between experts from the European countries

Several critical topics could be tackled in the coming years, in order to improve SME transfer support services to entrepreneurs:

- Awareness-raising campaigns
- Orientation & preparation
- Training for sellers and buyers (improve their knowledge and skills regarding transfer)
- Research of potential counterparts: one of Transeo's priorities is to increase expertise in matching platforms and to stimulate matching between sellers and buyers in Europe.

- Analysis of fiscal regulations in Member States to identify fiscal best practices and avoid that taxation unduly hampers business transfers
- Post-transfer phase

These topics could be studied with a pan-European perspective, in order to identify best practices and communicate them to Member States.

Ensure that European potential sellers and buyers are advised in the transfer process by professional experts, which will also contribute to more successful transfers

Any SME transfer requires professional advisory on the related M&A, tax, legal, commercial, financial and HR issues to finalize a successful M&A transaction. In the European countries, professional advisory for SME transfers is highly diversified and too many M&A advisors are not substantially qualified to guide, manage and successfully conclude a typical challenging SME transfer.

Entrepreneurs could be even better advised in the transfer process, which would lead to more successful business transfers provided that the offer for professional services is clear and reliable in the European countries. Therefore, one of Transeo's priorities is to make the SME transfer advisory sector more professional and good practices-oriented, by establishing ethical principles and helping to implement them at national level.

Improving ethics of professionals is also a way to improve collaboration between SME transfer experts from the private sector, authorities and state-owned organizations.

Business transfer deserves same political attention as business start-ups

Transeo shares the opinion of the European Commission that further steps need to be taken to encourage national decision-makers in European countries to raise awareness about SME transfer among the potential sellers and buyers in their respective countries. National decision-makers could be encouraged to do more to raise awareness among entrepreneurs in their respective countries by measuring the needs for SME transfer-friendly measures and their possible positive impact on the country's SMEs and economy. In this respect, up-to-date data on potential SME transfers in the European countries could be gathered.

Improve awareness-raising of potential sellers and buyers to ensure sustainability of SMEs

Raising awareness among potential sellers and buyers is a key challenge for the coming years. Transeo fully agrees with the European Commission on the importance of communicating on that topic. Transeo aims at identifying and disseminating SME transfer good practices, including in the field of awareness-raising.

Provide mentoring to entrepreneurs

Transeo agrees with the recommendations on post-transfer monitoring, following the 2009 pilot action "A Helping Hand for SMEs – Mentoring Business Transfer". Transeo also agrees on the importance of providing adapted, flexible and professional mentoring services to entrepreneurs, both sellers and buyers.

Transeo AISBL is the European Association for SME Transfer. Its mission is to increase SME transfer expertise in Europe by linking up private, public and academic experts and by supporting the exchange of good practices and information between them. The objectives are to contribute to stimulate the SME transfer market at local, national and international level and to professionalize the sector to ensure more successful SME transfers in Europe. To this day, Transeo AISBL gathers 33 members from 12 countries: Belgium, France, the Netherlands, Germany, Luxembourg, Italy, Finland, Norway, Denmark, Switzerland, Latvia and Canada (Québec). More information on www.transeo-association.eu