



# Challenges & opportunities of transfers of SMEs in Europe

European Microfinance Network Webinar | 25th April 2019



# AGENDA

- Introduction
- Challenges in Europe today
- Priority actions
- Activities of Transeo
- Next steps...
- Contact



# Introduction

# Why business transfer matters to you

- Guaranteeing **the continuity of ownership in micro-companies** thanks to
  - ...successful succession within the family or by transferring ownership to an employee / an external buyer
  - ...appropriate framework conditions - support services – financing schemes for the entrepreneur who takes over a micro company
- **...contributes to :**
  - ...economic welfare of your region/country
  - ...maintaining economic added value & encouraging innovation & growth in micro companies that have changed hands (higher survival rate than start-ups)
  - ...safeguarding jobs in micro companies
  - ...fighting unemployment by offering unemployed people the opportunity to create own job by taking over a micro company
- Providing information – support services on transfer/takeover of micro companies requires **appropriate approach** of business owners
- Providing **financing schemes** to take over micro companies:
  - ...involves greater financing risks – therefore complementary financing schemes (loans / guarantee / counter-guarantee / ...)
  - between the public and the private sector is a good practice

>>> Transeo gathers Members who share good practices on supporting and financing transfer/takeover of micro-companies



# **Business transfer in Europe Key Facts & Figures**

# Business transfer in Europe

## *Key Facts & Figures*

- = **Ownership** of a business transferred to a new owner  
For different reasons, mainly to guarantee the **continuity** of the company (age of the business owner)
- Several **options** for transfer of ownership:
  - Family business succession : transfer to the children/family
  - Management Buy Out : transfer to the management of the company
  - Transfer to the employees under the form of a cooperative
  - Management Buy In : transfer to a third party (entrepreneur)
  - Strategic acquisition: transfer to an other existing company
- Business transfer is also about :
  - **#Entrepreneurship** : lots of advantages to take over an existing business instead of creating one from scratch
  - **#Growth/#Scaleup** : SMEs have the opportunity to take over other SMEs to grow (external growth by acquisition)
  - **#Internationalization/#Singlemarket** : SMEs can grow by buying SMEs in other countries
- According to the latest EU statistics,
  - Europe is losing **150,000 firms representing 600,000 jobs/year** due to inefficiencies in business transfers
  - Business transfers affect up to **450,000 SMEs & 2 million jobs/year**

# Business transfer in Europe

## *Main challenges*

- “**Opacity**” of the market
  - In regions/countries : tricky phenomenon to deal with (confidentiality)
  - In the European Single Market : cross-border acquisitions of SMEs are of growing significance but so far no common quality standards into place for sell/buy marketplaces (matching platforms) and in several Member States no marketplace at all
- Lack of **awareness** (sellers/buyers)
- Lack of **quality professional support** (not a regulated profession)
- Gaps in **financing** for buyers of companies
- Complicated **regulatory** framework including tax legislation
- Member States still need to make lots of **progress** in implementing EU recommendations
  - Lack of political attention, in particular in Eastern EU countries (new issue)
  - Not enough use of ERDF/ESF/Interreg funds to support business transfer
  - Budget squeezes at regional/national levels
- No common **definition** of business transfer across Europe - No reliable **statistics** at EU level
  - No access to data
  - No common methodology to gather statistics
  - Difficult monitoring of efficiency of business transfer policies



# Priority actions to foster transfers of businesses in Europe



# Business transfer in Europe

## Priority actions

- Main objective to achieve?  
Efficient business transfer **policies** & **action plans** in EU Member States
- Commissioner Bienkowska's message to Member States : business transfer **ecosystems** should be developed in all EU Member States to support SME transfers
- One of Transeo's proposals to EU Commission is to organize a EU coordination of business transfer regional/national policies & ecosystems, based on the exchange of **good practices and the transfer of knowledge**

Through her speech, **Elżbieta Bienkowska** - EU Commissioner for Internal Market, Industry, Entrepreneurship and SMEs - put forward the **challenges** that lie ahead and explained how we should face these future obstacles. *"Europe needs **more jobs, more growth and more opportunities**. Business transfer can contribute to this by **better preserving existing companies** and developing awareness-raising campaigns is therefore crucial in this respect",* said Mrs Elżbieta Bienkowska. *"We also need simpler and more supportive **regulation** as well as transfer-friendly **taxation**. Another part of the answer lies in **efficient marketplaces** for buyers and sellers, coupled to **quality advice and mentoring** throughout the whole process. Finally, suitable **financial schemes** for takeovers are essential as well. To that end, **Member States** must address the business transfer issue and develop adequate **action plans**. The launch of this **new Transeo Marketplace to stimulate cross-border***



**ELŻBIETA BIENKOWSKA**  
EU COMMISSIONER FOR INTERNAL MARKET,  
INDUSTRY, ENTREPRENEURSHIP AND SMEs



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# **Transeo – EU network for business transfer in a nutshell**

# Transeo

## EU network for business transfer

### *In a nutshell*

- Transeo = international non-profit association
- Set up in 2010
- What are the activities of Transeo ?
  - Exchange of good practices
  - Working groups - research
  - Networking
  - Events / Trainings
  - Dealmaking (Transeo Marketplace)
  - Lobbying
  - Centre of expertise (academic research)

# Transeo EU network for business transfer *In a nutshell*

- 62 members from 18 countries
- **Professionals** (M&A advisors, matching platforms, lawyers, auditors, accountants, chartered accountants, tax consultants, brokers, banks, private equity firms, ...)
- Semi-public/Public **institutions** (economic development agencies, business associations, SME agencies, chambers of commerce, ...)
- Academic **researchers** (universities, business schools, research centres, ...)



# Transeo EU network for business transfer *In a nutshell*

- Major achievements





# Transeo achievements since 2009

2

## Gather the business transfer experts from the world in European SME Transfer Summits

- 5 editions : 2009 – 2012 – 2014 – 2016 - 2018
- 5<sup>th</sup> edition : 17-18 May 2018, Luxembourg
- On average 150-200 attendees
- High-quality speakers/experts
- Bringing business transfer on top of EU/Member States political agenda
- Lots of networking opportunities
- Discussing the key issues linked to transfers of SMEs in Europe
- Creating the debate between professionals, academics, institutions and policymakers

# Transeo achievements since 2009

## 3

### Working with the EU institutions as reference expert

- Participation & positions shared in EU Commission expert groups
- Co-organization of business transfer conferences of EU Commission
- Collaboration with EESC, EU Committee of the Regions, EU Parliament (amendments proposed in COSME to MEPs to integrate the “business transfer” issue)
- Position Papers
- Collaboration with SME Envoys
- Working together with other business associations : European Family Businesses, AECM, Invest Europe, Accountancy Europe, UEAPME, Eurochambres, Business Europe, CECOP, ...
- Guest delegate at all EU Commission SME Assemblies
- Transeo often quoted as reference by EU institutions : EU Commission Guidebook “Facilitating Transfer of Business”, OECD 2018 Ministerial Conference, ...
- ...



# Transeo achievements since 2009



## Launching the 1<sup>st</sup> European Marketplace to stimulate cross-border acquisitions of SMEs

- “Transeo Marketplace”
- Sell-side & buy-side blind profiles posted by Transeo Members
- Objective : make it easier for an SME...
  - To be taken over by a foreign investor
  - To acquire a company in an other country
- Official launch : 2018 Transeo Summit, Luxembourg

# Next steps? What's in it for me as EMN Member?

- Want to develop business transfer support services/financing schemes?  
>> Get inspired & become a Member of Transeo (access to our activities, including working groups on business transfer ecosystems)
- Meet our Members! Transeo gathers more than 60 organisations across Europe & beyond, with high expertise on business transfer  
>> Ask the Transeo team to connect you with the most relevant Members for possible partnerships, peer-to-peer visits or speaking slots
- Talk to Transeo about possible EU projects you are active in / or planning to develop!  
>> Transeo is one of the reference experts of EU institutions on transfer of business & has already been involved in many EU projects on business transfer  
>> Transeo is an excellent dissemination partner in EU projects



# Meet the Transeo team

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