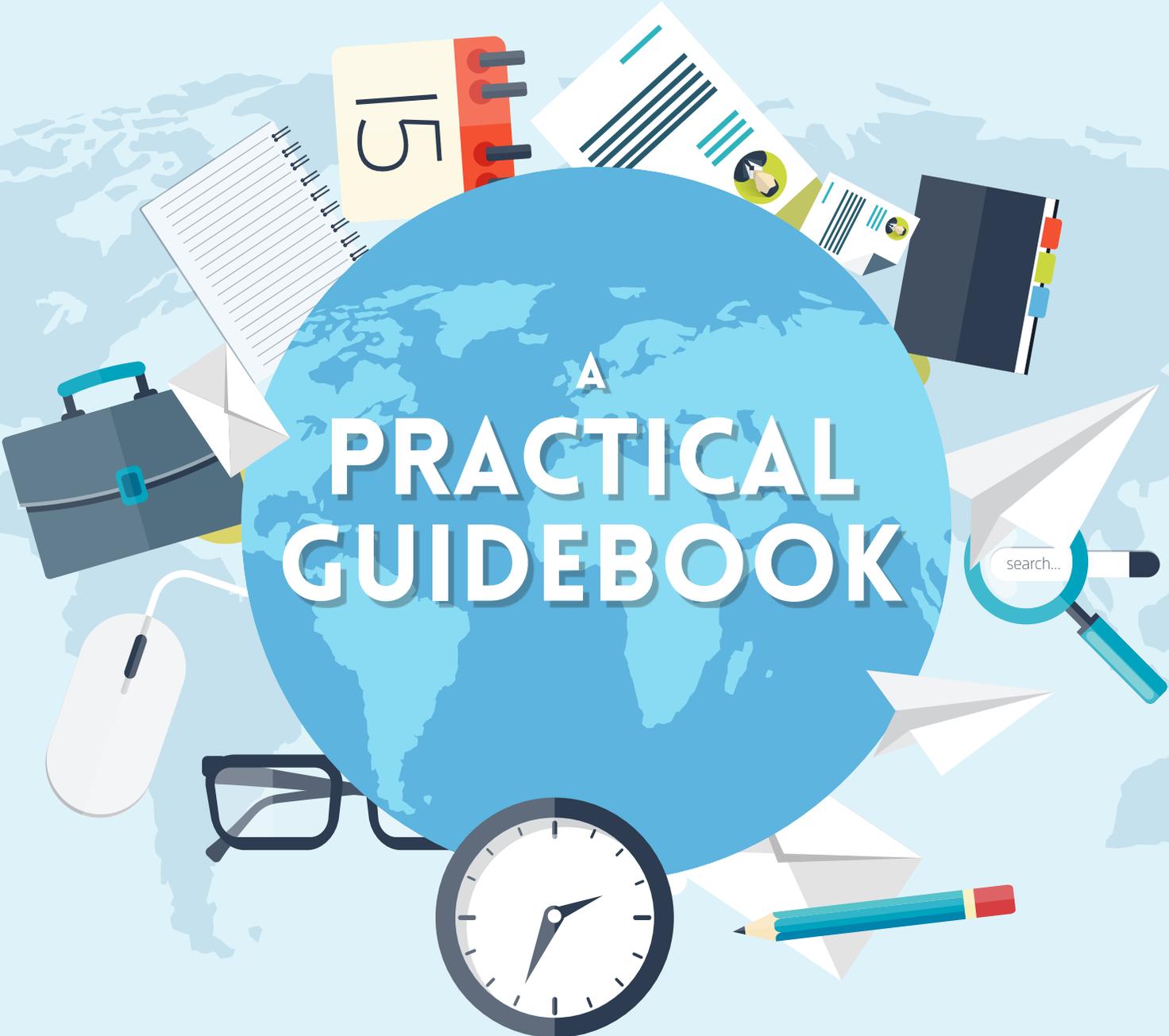


BUSINESS TRANSFER AWARENESS RAISING



A
**PRACTICAL
GUIDEBOOK**

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FOREWORD

**by Jussi Järventaus,
managing director, Federation of Finnish Enterprises**

Business transfers are an important phenomenon for entrepreneurs of all ages. Business transfers are a practical way to start, develop and grow businesses. Therefore, it is very important that a systematic and long term approach to implementing business transfer awareness raising activities is adopted in each EU member state. These activities should include measures targeting all key stakeholders in the business transfer ecosystem: entrepreneurs, potential entrepreneurs, advisors and experts, business support organizations, financial institutions and policy makers. Planning and implementation of awareness raising activities should be evidence-based and utilize research information.

The Federation of Finnish Enterprises, with more than 110,000 members organized in regional and local associations, represents most of the potential business sellers and buyers in Finland. We take responsibility for improving the Finnish business transfer ecosystem in several ways. For example, we have a national development project aiming to improve market and economic conditions of business transfers. Our organization runs the most popular business transfer blog in the country. We are proud to provide, promote and develop a national online platform to make the Finnish business transfer ecosystem more dynamic.

It has been our pleasure to be a partner in the EU funded business transfer awareness raising project BTAR. Every member state does have a unique business transfer ecosystem, but we do share the common goal of using business transfers to improve the dynamics of business communities.

1 INTRODUCTION

National policies on entrepreneurship tend to focus on start-ups and growth. It is only recently that the importance of business transfers in promoting business growth has become a focus area (e.g. "Small Business Act"). Established firms available for business transfer offer great potential for business growth for other entrepreneurs.

Ultimately, there are only two ways for a firm to grow: organic and acquisitive growth. Buying another firm or a business unit is often the faster and most economical avenue of growth. Business transfer research has shown that buyer firms often grow after the transfer, and that growth is often a motive for undertaking an acquisition.

Also, individuals can become entrepreneurs by buying an established firm. Survival for five years ranges somewhere between 35–50% for start-ups, while the figure for transferred firms is 90–96%. Altogether transferred businesses outperform start-ups with respect to survival, turnover, profit, innovativeness and employment.

SMEs, i.e. small and medium-sized firms, dominate the European business environment. In the European Union, SMEs account for 99,8% of all enterprises, employ 67% of all workers and contribute 58% of gross value added. The ability of SMEs to survive and grow is hence crucial for overall economic development.

Taking in the volumes of SMEs, also the majority of businesses being transferred or not being transferred can be classified as SMEs. Each year approximately 450,000 firms are transferred across Europe affecting two million employees. Around 150,000 companies are not transferred due to system inefficiencies, causing a risk of losing 600,000 jobs in Europe. Approximately 90% of all business transfers occur in the micro-firm segment, with very limited resources.



“ Active awareness raising is needed to ensure the development of a dynamic business transfer market and a supportive business transfer ecosystem.”



2 BUSINESS TRANSFER ECOSYSTEMS AND AWARENESS RAISING

Business transfers take place within an ecosystem (figure 1), which can be more or less supportive of business transfers. National business transfer ecosystems of European countries vary widely. A well-developed business transfer ecosystem will help develop dynamic ownership transfer markets and hence support growth and survivability of SMEs.

Buyers and sellers are the core actors in a business transfer ecosystem. However, the vast majority of buyers and sellers in the SME business transfer markets have no previous business transfer experience. Although early planning improves the business transfer success rate, SME owners are frequently unaware of the need to prepare for transferring their business. Potential sellers and potential buyers are thus important target groups for awareness raising activities.

Business advisors such as accountants, lawyers and consultants are often not aware of their important role in business transfer processes. Small firms in particular are highly dependent on the advice of close-by experts like accountants and bank managers. They, however, may not see it as their task to promote the possibility of business transfer, even when a transfer is

clearly necessary to help ensure long term survival of the business.

In most ecosystems also business support organizations and financial institutions should be considered as target groups for awareness raising. Financial instruments for business transfers are lacking in some countries, and there is, as noted before, a tendency for business support organizations to focus on start-ups at the expense of business transfers.

The general public should also be viewed as a target for awareness raising. Open media publicity can reach future entrepreneurs, business owners for whom exit is not yet on the agenda and policy makers who shape the regulatory environment. It is important to create an atmosphere in which selling a business appears a natural part of the firm's life cycle. Ultimately, awareness raising is about making business transfers an ordinary, everyday part of doing business. Transferring a firm to a new owner should always be preferable to closing it down.

Active awareness raising is needed to ensure the development of a dynamic business transfer market and a supportive business transfer ecosystem.

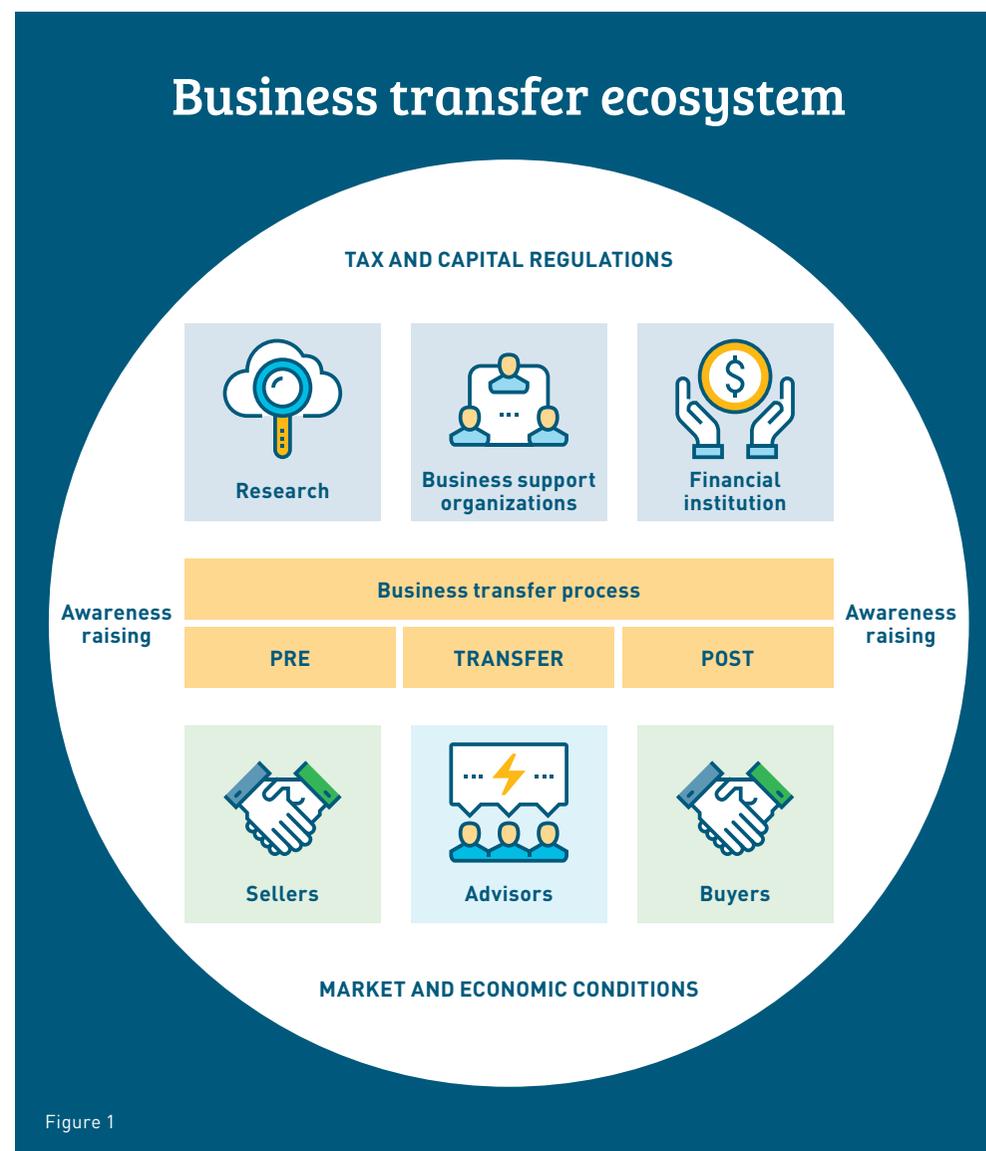


Figure 1

3 BUSINESS TRANSFER AWARENESS RAISING ACTIVITIES

The activities listed here have been tested and proven worthwhile in different European countries over a period of some years. The activities cover the main target groups of awareness raising but the list is by no means exhaustive. Numerous other activities exist or can be envisaged.

The described activities can be adjusted to fit different local circumstances. In connection with each activity we note the country or countries in which the activity has been tested. Resources and prerequisites are described based on the experience gained in the testing, and reflect the costs and circumstances of the country in which the testing took place.

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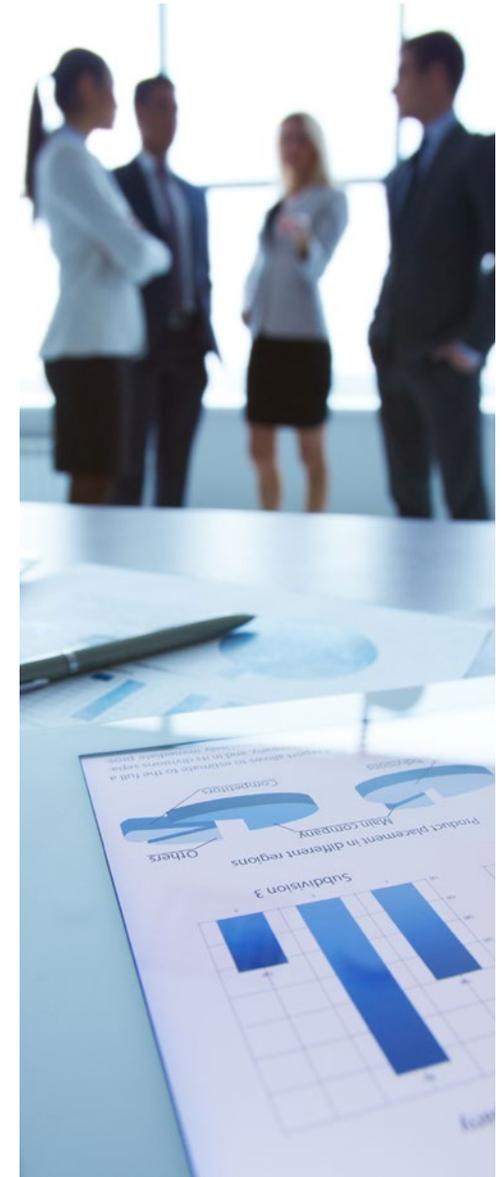
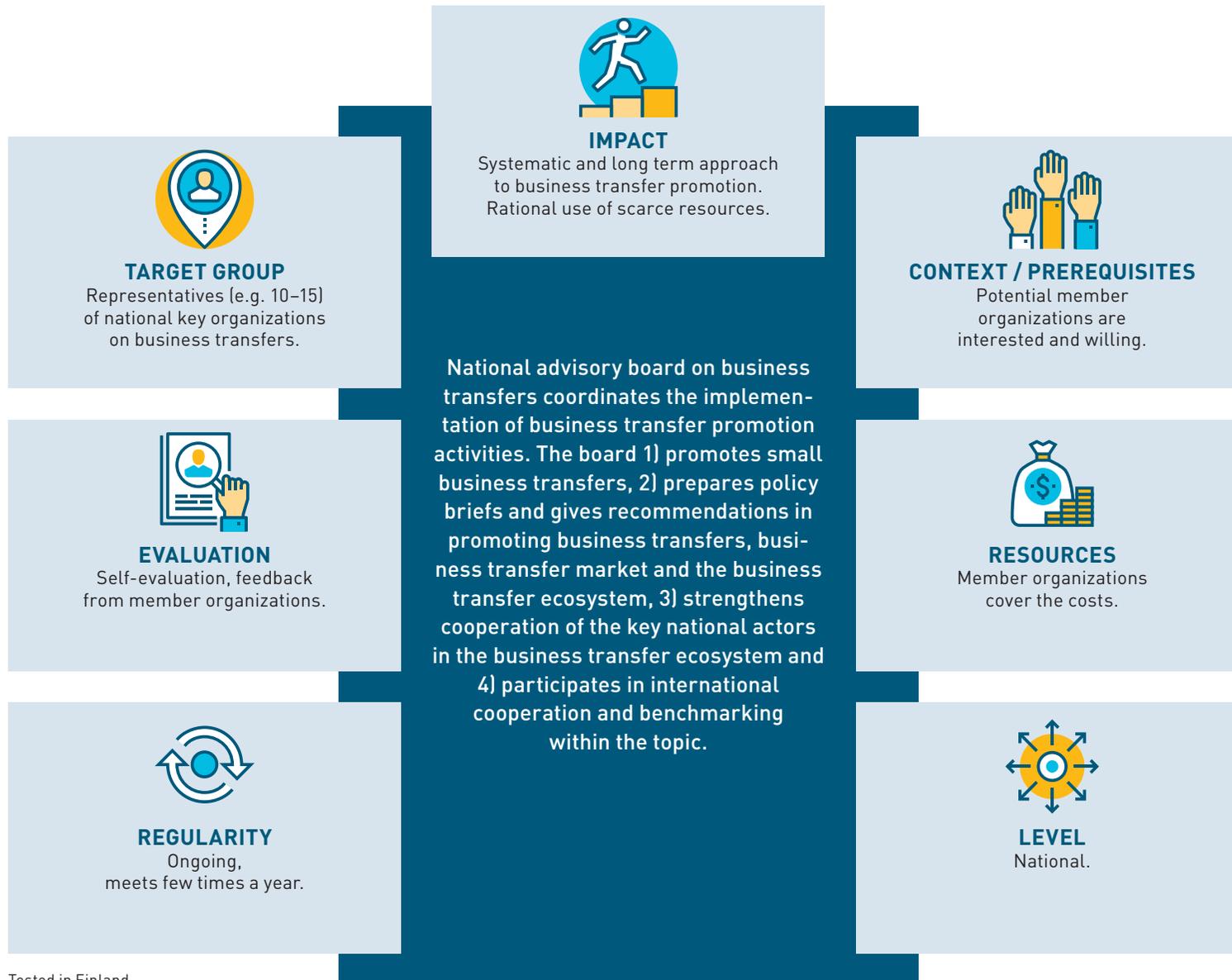
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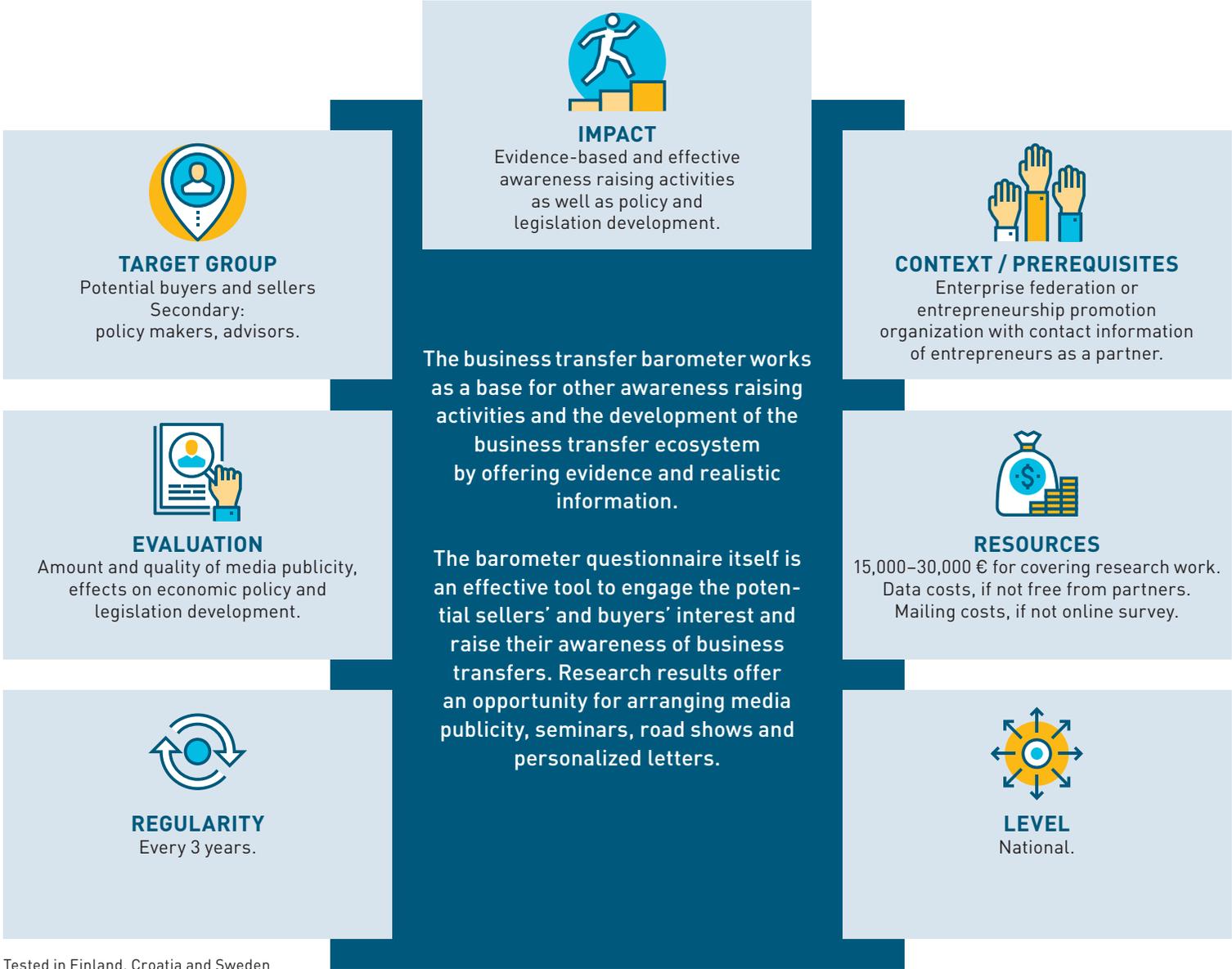
“ The activities listed here have been tested and proven worthwhile in different European countries over a period of some years. ”



National advisory board on business transfers



Business transfer barometer



Tested in Finland, Croatia and Sweden

Media publicity



TARGET GROUP

All target groups and public in general.



EVALUATION

Amount and quality of media publicity, change in entrepreneur attitudes.



REGULARITY

Ongoing with highlights.



IMPACT

Business transfers become increasingly an option to consider in the minds of potential buyers and sellers. Stakeholders are increasingly aware of business.

Visibility in media is an important supplement to all other awareness raising activities and crucial for shaping the general climate in the ecosystem. The toolbox for media publicity has a wide selection of implementation tools and themes.

Publicity can be generated for business transfer cases especially in the local/regional media as well as for other business transfer news (e.g. barometer, events, new business transfer related services etc.)



CONTEXT / PREREQUISITES

Organizations willing and able to generate publicity for business transfer cases and other business transfer news.



RESOURCES

Funds for active PR will increase media visibility.

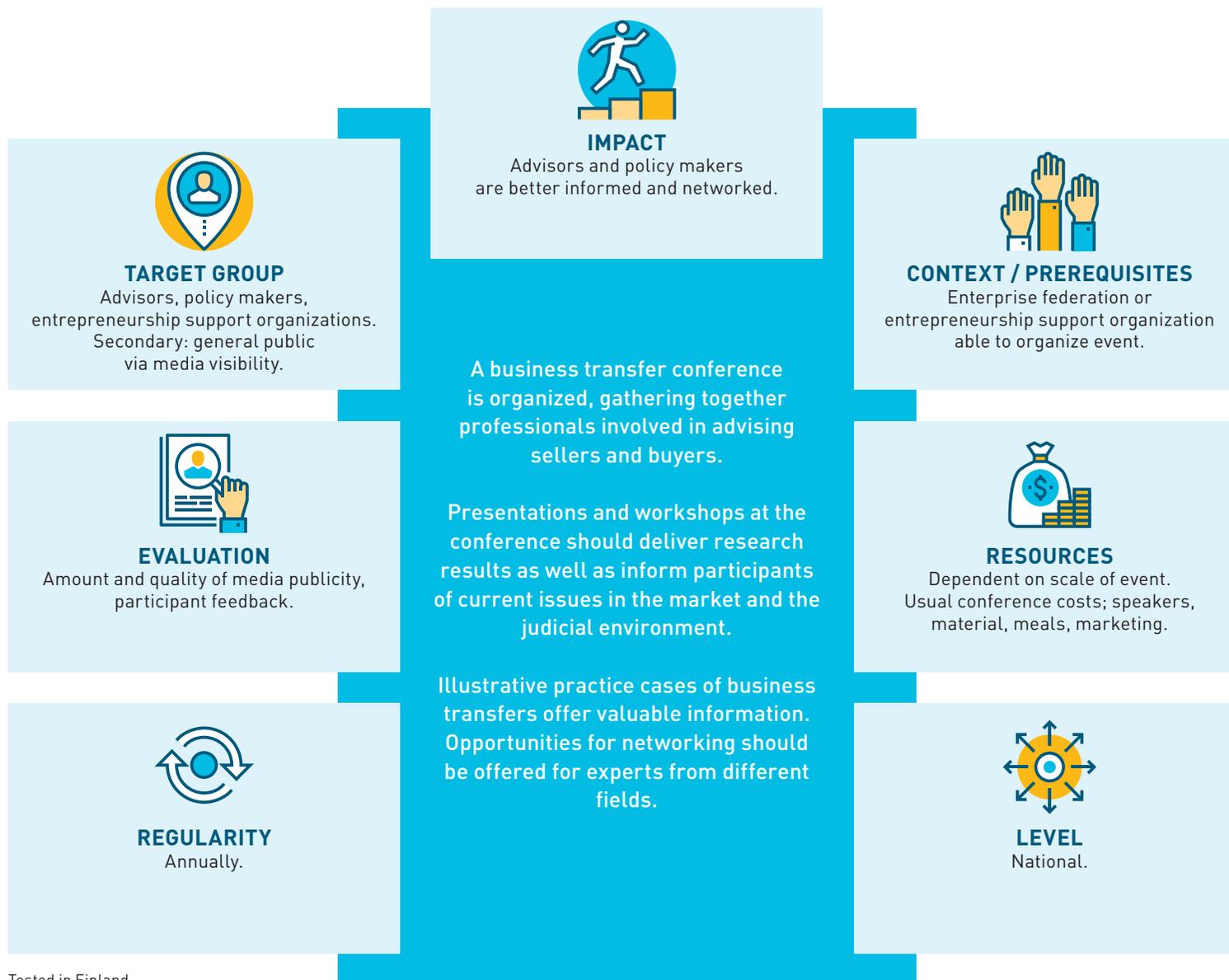


LEVEL

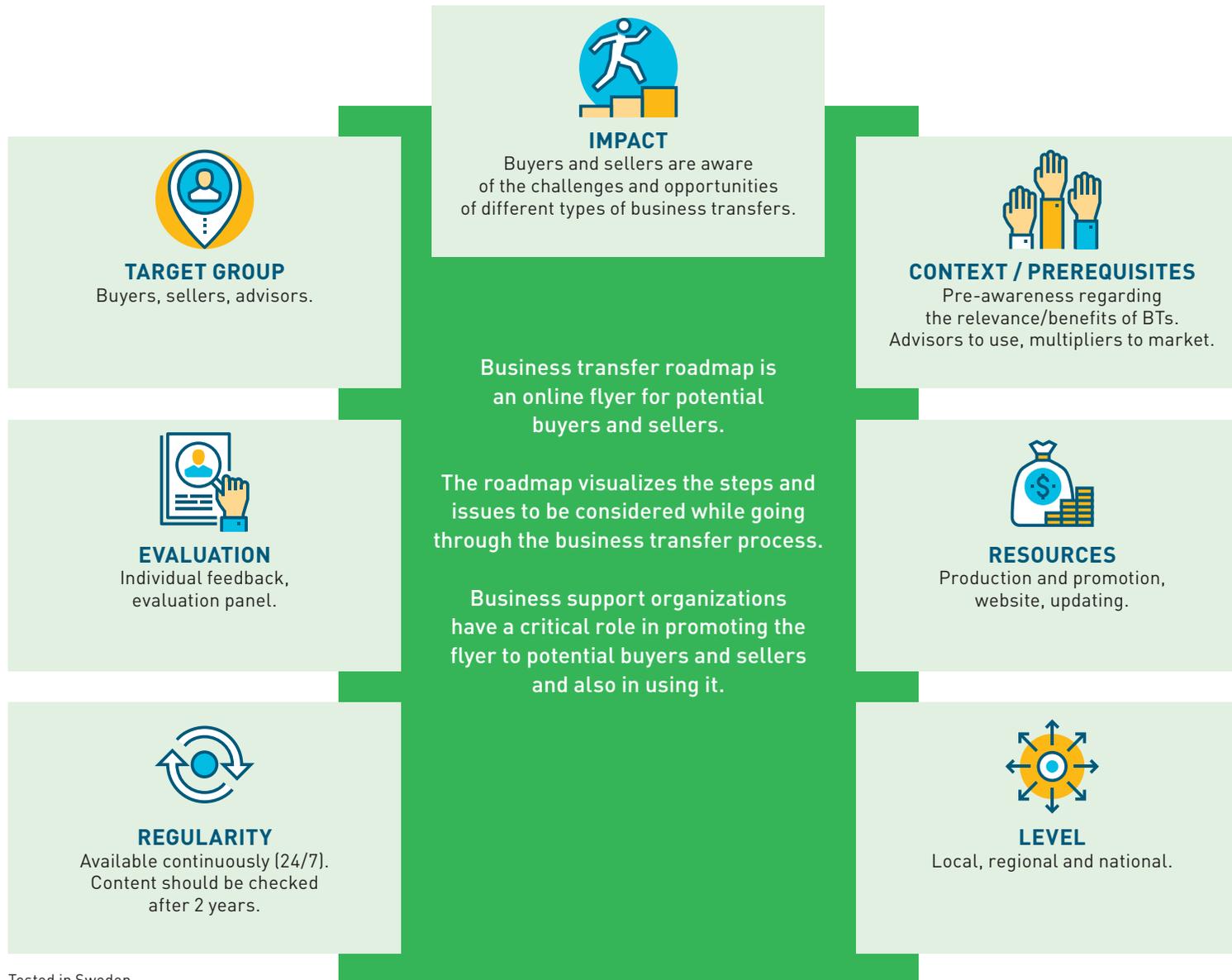
Local, regional and national.



National business transfer conference



Business transfer roadmap: Online flyer



“ We took advantage of a model which was originally developed by Canadian researchers active in the field of business transfer. The roadmap, which takes up the idea of comparing the business transfer process with a labyrinth, highlights the main challenges regarding business transfers and communicates research findings in an easy-to-understand way. Great!”

Susanne Durst,
Associate Professor at the School of Business, University of Skövde

Online platforms



TARGET GROUP

Potential sellers and buyers, experts and service providers.



EVALUATION

Self-evaluation based on systematically generated customer feedback.



REGULARITY

Continuous (24/7).



IMPACT

The efficiency of the business transfer market is improved.



CONTEXT / PREREQUISITES

Host organization, platform, desire to build, operate, promote and develop.



RESOURCES

Financial and human resources depending on the scale of services. Cooperation with partners improves results.



LEVEL

National and regional.

Online platforms consist of adds for selling and buying a firm or a section of a firm.

The service should include information about business transfer experts and service providers. Regional partners improve the regional coverage and increases number of adds.

Service may include the option to use printed media. See e.g. www.yritysporssi.fi hosted by Federation of Finnish Enterprises.



“ In our region we utilize most of national online platform. We have our own regional subplatform highlighting business transfer support services available in this region. For me the online platform (Yritysporssi) is an extremely important tool. Making the add for this online service is a way of conceptualizing the whole thing for the entrepreneur. Also, it is very important that by visibly selling and buying, we are creating an atmosphere where selling and buying a business is normal business activity.”

Sari Koskela, regional business transfer advisor, Seinäjoki

“ The Federation of Finnish Enterprises, with more than 110,000 members and regional and local associations, represents most of the potential business sellers and buyers in Finland. We are proud to provide, promote and develop online platform to make the Finnish business transfer ecosystem more dynamic.”

Jussi Järventausta, managing director, Federation of Finnish Enterprises

Cartoons



TARGET GROUP

Potential buyers and sellers.



EVALUATION

Discussions with readers/entrepreneurs in draft phase.



REGULARITY

5-10 new cartoons each year based on new perspectives.



IMPACT

Potential buyers and sellers are more aware of critical issues and success factors in business transfers.



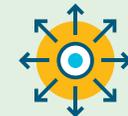
CONTEXT / PREREQUISITES

Distribution channels for cartoons, e.g. through national advisory board contacts.



RESOURCES

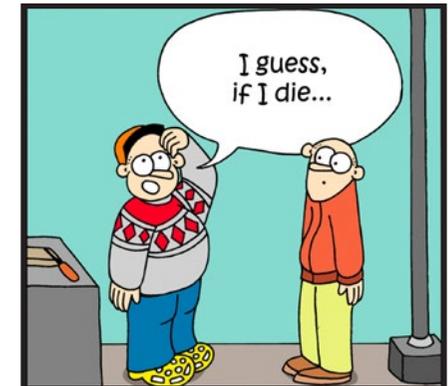
Cooperative and interested cartoonist, budget for fees.



LEVEL

National.

In small firms the non-financial issues, often emotionally delicate, are critical obstacles to successful business transfers. Approaching such issues through humor is easier and more effective than purely rational communications. The messages imbedded in the cartoons are based on research on the critical issues and success factors of small business transfers. Business transfer researchers and experts work together to produce humorous but fitting cartoons, which are then spread using any distribution channel available. Intellectual rights for wide distribution should be secured.



Interactive guide



TARGET GROUP

Potential sellers.



IMPACT

Potential sellers' attitude improved and interest raised.



CONTEXT / PREREQUISITES

Expertise to build guide, cooperative business organization with member database, website host.



EVALUATION

Evaluation panel.
Visiting rates.
Pre and post transfer intention surveys.



REGULARITY

Email once a year.
Guide 24/7.

An online guide emphasizing the drawbacks of transferring without planning is constructed. The guide deals with the main issues related to a business transfer and presents transferring as a sign of success. The initial test screen takes into account scenarios such as retirement in the coming years, need for liquidity, lack of agreement among partners, lack of financial, management or technical resources, technological obsolescence or health problems.

A personalized e-mail with a link to the guide is sent to business owners over 55 years of age. Industry associations, chambers of commerce and suitable public institutions are used as contact agents.



RESOURCES

Expert: 7 working days.
Software adapter: 4 working days.
Data analyst: 3 working days.



LEVEL

National.



“ The design of an online guide allows the contents to be updated easily. The pre-test at the beginning of the guide is also very interesting as it helps the user to know his/her business transfer intentions before starting to delve inside process. The interactivity of the guide helps to filter the information depending on the user's interest.”

Cristina Tejado,
Business Promotion Service,
Extremadura Regional Government

Road show for accounting firms



TARGET GROUP

Accountants, accounting firm owners and managers.



EVALUATION

Participant feedback survey, evaluation panel.



REGULARITY

One-time event.
May be repeated in modified form according to need/opportunity.



IMPACT

Accounting professionals recognize their role in ensuring business transfer success. Increased ability and willingness to support clients in business transfers.

A series of regional events is organized for accounting firms. An event lasts half a day. The programme includes talks on business transfer financing criteria, development of accounting firm services regarding business transfers and business transfer markets in the region/country. Discussion of how to approach business transfer issues with clients is included.

Events are organized by regional business associations. Accounting firms are invited to the events by mailings which in themselves function as basic awareness raising.



CONTEXT / PREREQUISITES

Interested organizers with useful networks.
Data available on volumes of transfers.



RESOURCES

Organizer: 3-5 working days.
Experts: 4-6 days total.
Publicity, travel, venue and refreshment budget.



LEVEL

Regional.



“ I have worked as an SME accountant for a number of years, and considered business transfers as something to be discussed with my customers. The regional event for accountants highlighted this as well, although the topic can be challenging. If I want to support my customers as a business advisor, not just as a bookkeeper, I need to bring this issue in to discussion regularly.”

Kaisa Ala-Korpela,
accountant, entrepreneur,
Ilmajoki Account Services Ltd, Ilmajoki

Family business forum



TARGET GROUP

Family business owners, accountants, lawyers, advisors in general.



EVALUATION

Participant feedback survey, evaluation panel.



REGULARITY

Twice a year.



IMPACT

Entrepreneurs' awareness of business transfer challenges increased, lawyers better informed in business transfer processes, useful contacts established.

A family business forum is organized as a half-day event with carefully designed networking time.

Programme focuses on legal and financial issues related to business transfers and provides concrete ideas and suggestions on how to solve them.

One of the topics is presented by EU expert, so that the programme includes sharing of EU best practices.

Besides SME owners, advisors are invited to get information and new insights, and to establish contacts with SME owners.



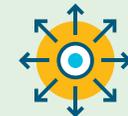
CONTEXT / PREREQUISITES

Interesting topic identified, along with a credible speaker/expert with insights into EU best-practices.



RESOURCES

Organization and promotion
30 working days.
Honorarium, travel, venue and refreshment budget.



LEVEL

National
(could be regional/local).



Workshop for SME bank employees



TARGET GROUP

Relationship managers for SMEs in banks.



EVALUATION

Participant feedback survey, evaluation panel.



REGULARITY

One-time event.
Could be repeated after a few years with updated programme.



IMPACT

SME bank employees recognize business transfer issues and understand their own role. Increased ability to support clients in business transfer process.

A half-day workshop for SME bank employees is organized. Programme includes introduction on the national business transfer ecosystem and a session led by an EU expert on best practice of EU banks in supporting SME clients during the business transfer process. The workshop is designed to develop the bank managers' understanding of business transfer as critical for SMEs and to make clear the banks' role and the impact they could have on SME owners on timely preparation for business transfer.



CONTEXT / PREREQUISITES

Research data on national importance of issue available. An EU expert and best-practices from abroad and domestically identified.



RESOURCES

Organization and promotion
15 working days.
Honorary, travel, venue and refreshment budget.



LEVEL

National
(could be regional/local).



“ Business transfer is one of the most important topics in the economy of Croatia. At the same time, business transfer is a topic about which all of us know too little. Also, entrepreneurs often inadequately or too late think about one of the most important steps in the development of an enterprise. Given the complexity of the problem, it is important to support and create business transfer infrastructure, whose important components are tax advisors, lawyers, consultants, tax administration, and the entrepreneurs themselves.”

Zoran Kureljusic,
Executive Director, SME department,
Privredna banka Zagreb

Business transfer courses



TARGET GROUP

University students in study fields of Finance, Economics and Management.



EVALUATION

Participant feedback survey.
Staff meeting.



REGULARITY

One-time event or regular programme, depending on university profile and student interest.



IMPACT

Students gain skills and understanding relating to business transfers. Future advisors better equipped to support business transfers, future potential buyers aware of opportunities.

A business transfer course is organized for university students. The four-day programme is organized around three main topics: (1) Business Transfer and Entrepreneurship; (2) The business transfer process; (3) The management of the transfer. The students analyse the main aspects of a business transfer through a real case and prepare a report with their concluding remarks. Teaching staff includes both academic and professional expertise. Students are recruited according to practices of the organizing university.



CONTEXT / PREREQUISITES

University willing and able to organize course.



RESOURCES

Organizer: 8–10 working days.
Experts: 8–10 days total.
Publicity, travel, venue and refreshment budget.



LEVEL

Regional.



“ Although I am a Business and Management student, all contents of the course have been new to me, so the course has helped me to enlarge my knowledge on entrepreneurship.”

Alexandru Burlacu,
student, Universitat Jaume I

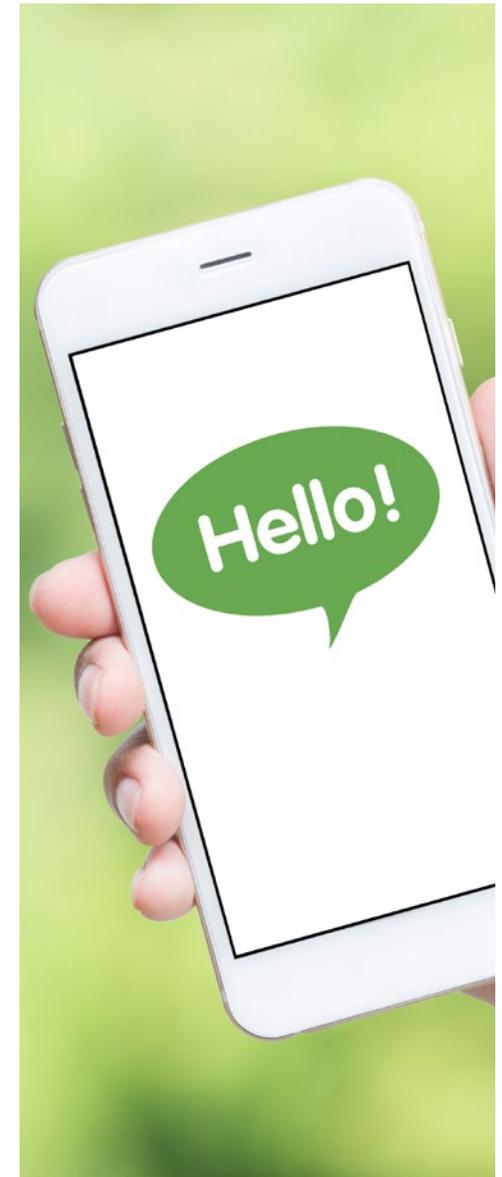
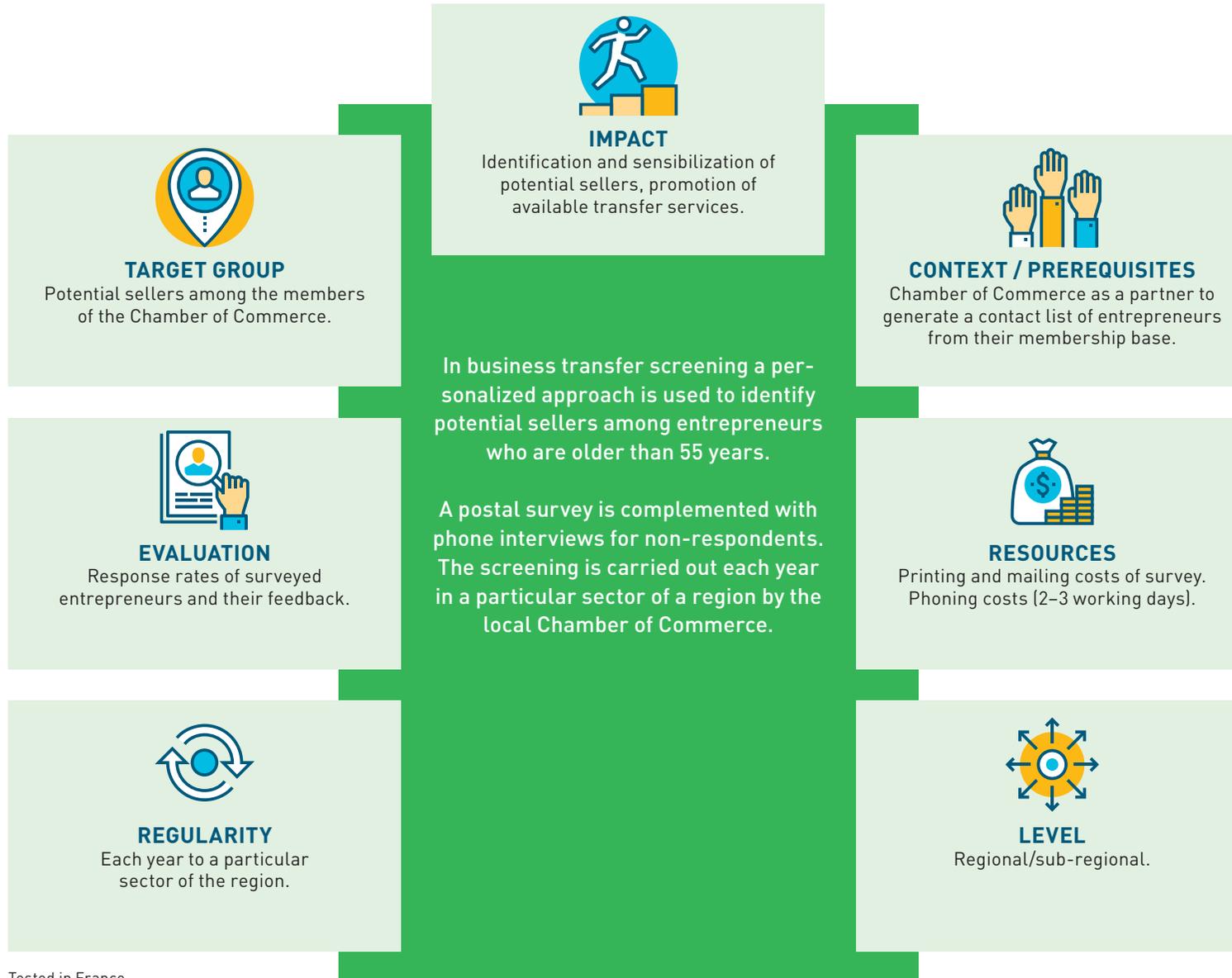
“ During my undergraduate studies I had several subjects on financial valuation of firms, however, the course has allowed me to understand how I can apply this knowledge to the reality of SMEs. Now I have a much better idea of what to focus on if I end up working on a business transfer.”

Víctor Hernández,
student, Universitat Jaume I

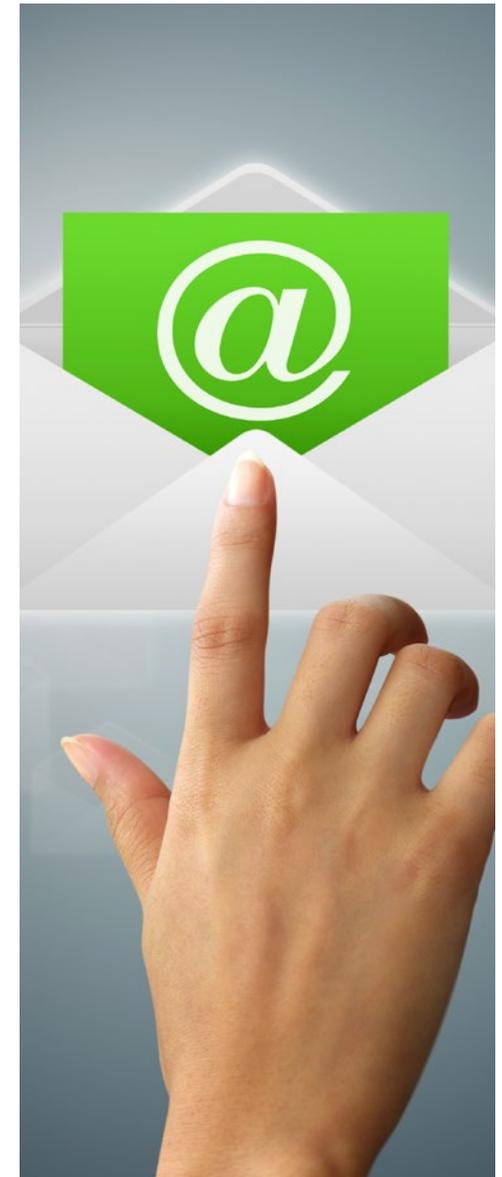
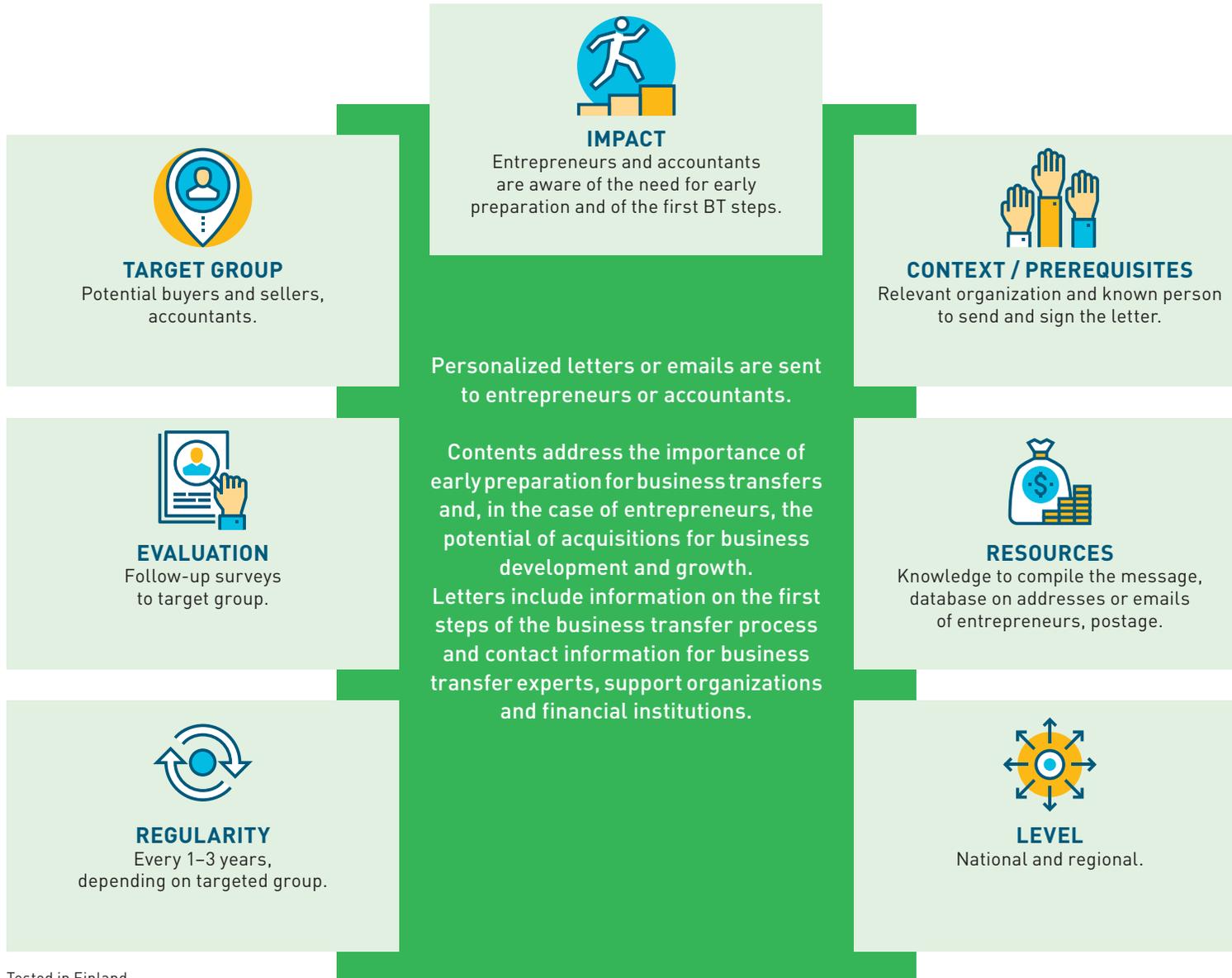
“ One of the strengths of this course has been the transversal nature of the knowledge imparted.”

Claudia Massó,
student, REEMPRESA

Business transfer screening



Personalized letters



4 IDEAL MODEL FOR BUSINESS TRANSFER AWARENESS RAISING ACTIVITIES

Any activity with a purpose is ideally both effective and efficient. In business transfer awareness raising this means reaching, with the least possible cost, primary target groups at the right time with the right message and secondary target groups as widely as possible as often as possible. The activities described in the preceding pages have been tested and found to work well together. An ideal model based on research and experimentation is presented here. The model consists of combined activities and their rationale.

Ideally, business transfer awareness raising is **evidence-based**. Business transfer research is needed to provide (1) realistic information for policy-makers and (2) up-to-date information as grounding for awareness raising activities. Regular national barometers (surveys) predicting volumes of business transfers are needed. Equally important is ongoing evaluation of activities to ensure they have the intended impact.

Cost and resource effective awareness raising activities are **cumulative**: actions support each other and build upon each other. Ideally, a national level survey is followed by a national conference for business transfer experts and other parties interested in business transfers. Such a conference is an excellent platform for publishing the latest research results, and in connection with such a conference also policy briefs can be delivered and, naturally, extensive media publicity generated.

A national business transfer conference should be followed by more specifically targeted and focused awareness raising activities such as letters, updated online flyers and various in-person business transfer events locally, regionally and even nationally.

Awareness raising should be **systematic**. It should be aimed at all target groups in the ecosystem but it should also avoid unnecessary overlap. Hence, a sustainable long term approach in planning and implementing activities is called for. Ultimately, an ideal model for business transfer awareness raising needs a national level advisory board to coordinate activities and ensure cooperation which in turn will help make the most of small resources. Such a national advisory board on business transfers should consist of members from key national organizations related to business transfer ecosystem. For the advisory board to be effective, a network of interested stakeholders should be built around it. Similarly, where emphasis on activities is on regional level, a network is needed to sustain activities at long term. Whenever possible, existing networks with an interest in business development in the region should be utilized.

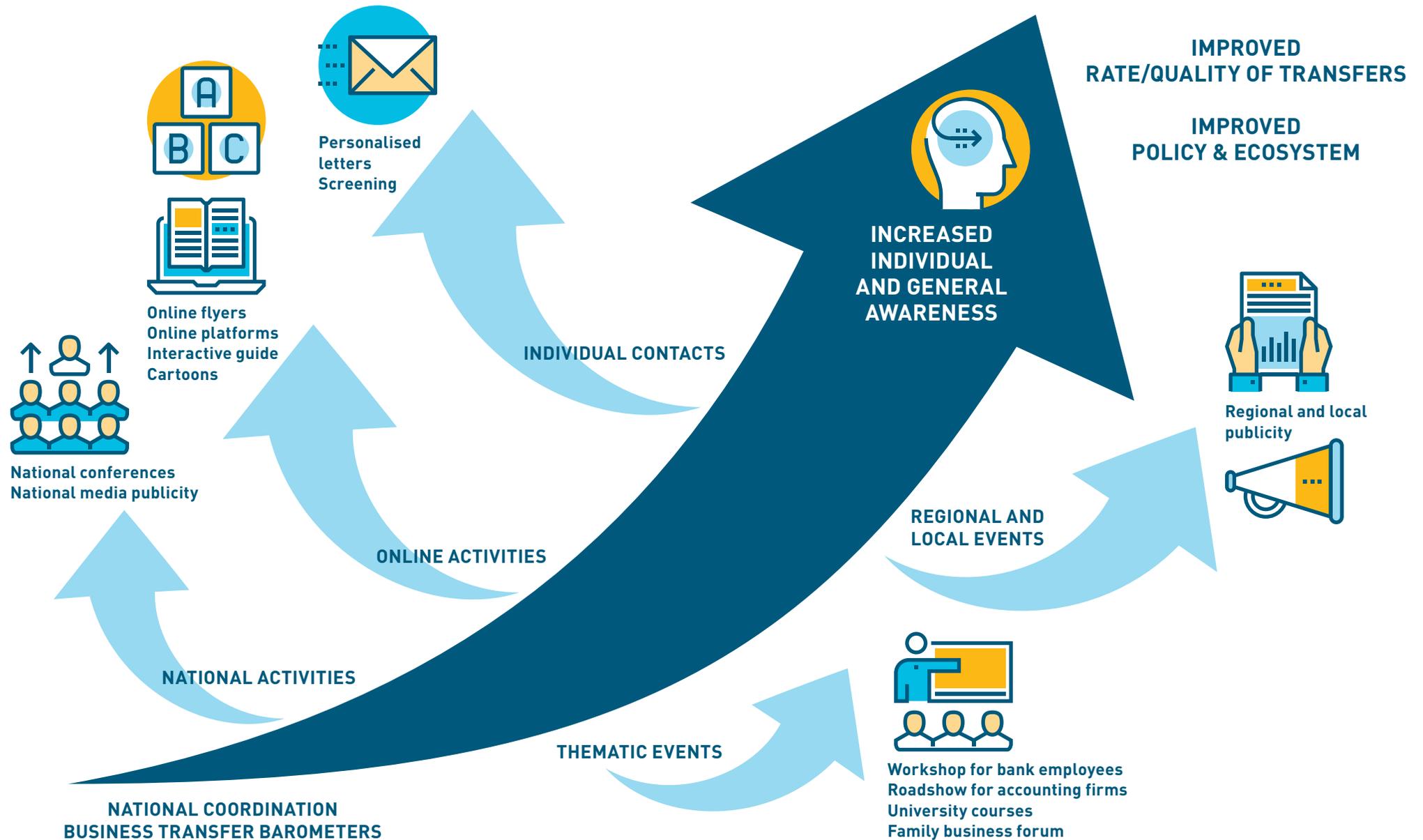
Ideally, awareness raising is evidence-based, cumulative and systematic. It builds upon regular barometers and a network of interested stakeholders, coordinated nationally and regionally for optimum efficiency and effectiveness.



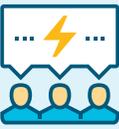
“ Ideally, awareness raising is evidence-based, cumulative and systematic. It builds upon regular barometers and a network of interested stakeholders, coordinated nationally and regionally for optimum efficiency and effectiveness.”



Ideal model for awareness raising



Awareness raising activities

 <p>COORDINATION, EVALUATION AND DEVELOPMENT OF AWARENESS RAISING ACTIVITIES:</p> <p>NATIONAL ADVISORY BOARD</p> <p>BUSINESS TRANSFER BAROMETER TO PROVIDE BASIS FOR AWARENESS RAISING AND POLICY</p> 	TARGET GROUP	ACTIVITY	SCHEDULE
	<p>Sellers</p> 	<p>Media publicity</p> <p>Online flyer</p> <p>Online platforms</p> <p>Cartoons</p> <p>Family business forum</p> <p>Personalized letters to 55+ entrepreneurs</p> <p>Interactive guide</p> <p>Regional BT advisory services</p> <p>Business transfer screening of regional 55+ entrepreneurs</p>	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Supplementary</p> <p>Biannually</p> <p>Annually</p> <p>Continuous</p> <p>Continuous</p> <p>Annually</p>
	<p>Buyers</p> 	<p>Media publicity</p> <p>Online flyer</p> <p>Online platforms</p> <p>Cartoons</p> <p>Personalized letters to below 50 entrepreneurs</p> <p>Interactive guide</p> <p>Business transfer courses</p> <p>Regional BT advisory services</p>	<p>Continuous</p> <p>Continuous</p> <p>Continuous</p> <p>Supplementary</p> <p>Annually</p> <p>Continuous</p> <p>Context dependent</p> <p>Continuous</p>
	<p>Financiers</p> 	<p>Media publicity</p> <p>Work shop for SME bankers</p> <p>Review of funding situation for small business transfers</p> <p>Meeting of financiers to discuss availability funding possibilities for buyers</p>	<p>Continuous</p> <p>Once</p> <p>Annually</p> <p>Once</p>
	<p>Advisors</p> 	<p>Media publicity</p> <p>Business transfer conference</p> <p>Online platforms</p> <p>Road show for accounting firms</p> <p>Family business forum</p> <p>Business transfer courses</p> <p>Personalized letters to accounting firms</p> <p>Personalized letters marketing online platform to BT consultants / service providers</p>	<p>Continuous</p> <p>Annually</p> <p>Continuous</p> <p>Once</p> <p>Biannually</p> <p>Once</p> <p>Every 3 years</p> <p>Every 3 years</p>
	<p>People responsible for design and implementation of policy</p> 	<p>Media publicity</p> <p>Business transfer barometer</p> <p>Business transfer conference</p> <p>National advisory board</p> <p>Policy briefs</p> <p>National evaluation of business transfer services</p>	<p>Continuous</p> <p>Every 2–3 years</p> <p>Annually</p> <p>Continuous, meets 1–3 times per year</p> <p>A few each year</p> <p>Every 3–5 years</p>



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