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“The transfer of family businesses”

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“The transfer of a business is the third crucial phase of a company's life cycle, after its creation and growth phase and it is a difficult and often long-lasting phase: About 150,000 companies with 600,000 jobs are estimated to be lost each year. Given that there is huge economic potential in the successful transfer of a business, supporting successful transfers of businesses is a crucial part of the EU policy actions to promote entrepreneurship and the creation of jobs and growth across the Union.

The Commission's activities in this area go back to 1994 when it published a Commission Recommendation on Business Transfers. Following an assessment of the progress that had been made by the Member States in 2006, the Commission advocated in the Small Business Act of 2008 for the transfer of business to have the same level of support as setting up a new business since transfers preserve more jobs and have a higher success rate. Moreover, the Entrepreneurship Action Plan 2020 points to a low awareness on the transfer of business among entrepreneurs and stakeholders and stresses the importance of a proper preparation for a successful transfer. To underpin the action plan and to actively push policy support, the Commission launched three projects in 2014: The first project concerns the creation of a trans-European model for advisors in business transfers. The second project relates to the development of standards related to buyer-seller platforms to ensure a certain quality of services provided and the third project is focused on the development of a detailed guidebook for business transfers which can then be used in workshops to educate stakeholders across the EU on the benefits and pitfalls of the business transfer process.

One additional element, which is crucial, is the financial support. Especially when an entrepreneur with little financial means wants to take over an existing business, the challenges to obtain adequate financing can be very high.

This is where the Loan Guarantee Facility under the COSME programme can play an important role. The focus of the Loan Guarantee Facility is to provide guarantees to financial intermediaries for those transactions which they otherwise would be reluctant to finance because of the risks involved. While this facility is not exclusively geared towards business transfers, the Commission encourages supporting business transfers and we have seen various examples of financial intermediaries who have either set up a dedicated product to support business transfers or else have made it clear in the eligibility criteria for their products that they can cover the financing of business transfers.

To sum up: Europe needs entrepreneurs and existing viable businesses to continue to operate in order to boost economic growth and job creation. Our role is to do everything possible to exploit all the entrepreneurial potential in Europe and the transfer of business area provides great opportunities, especially since a growing number of businesses are expected to be transferred in the coming years.”