

## **Newsletter – Overview:**

Did you know that small and medium-sized enterprises (SMEs) make up 99.8% of the EU's companies? Not only do they constitute the vast majority of all EU companies, but they also generate almost 60% of the EU's GDP and provide 70% of all jobs across the Union. As they are such a vital part of the Union's economy, the EU has increasingly been paying attention to the preservation of these SMEs within the European economy.

Part of the support offered by the EU comes in form of the INBETS project which stands for "Innovative Business Transfer Models for SMEs in the Baltic Sea Region". The project currently assists 14 project partners and 68 transfer partners in nine countries (Denmark, Finland, Germany, Latvia, Lithuania, Estonia, Poland, Russia and Sweden). Hereby, special attention is paid to the transfer of firms and businesses across the EU, as approximately 450.000 firms across the EU are being transferred to a new owner each year. Not only do business transfers provide an excellent opportunity for economic growth, but successful transfers are also vital for both job security and creation.

Partner Countries

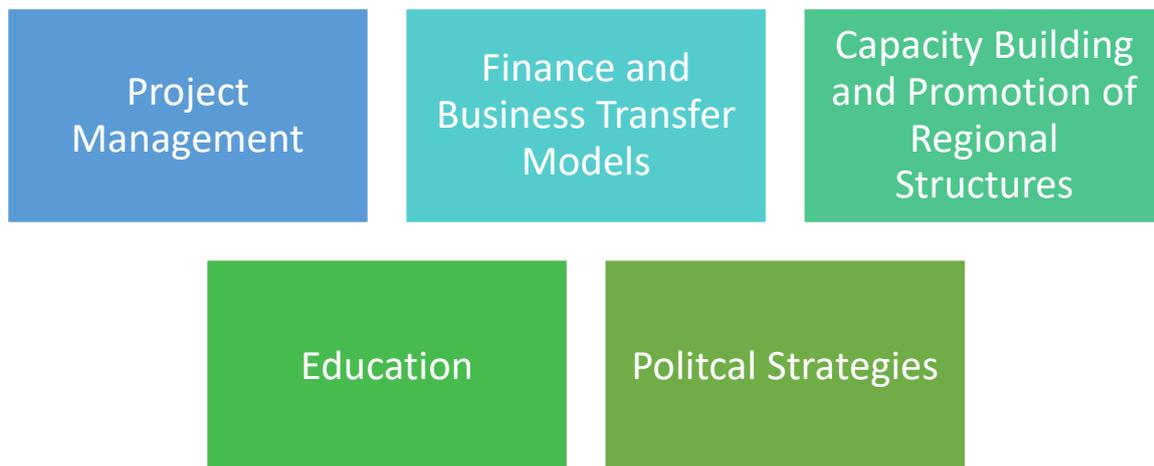


However, despite the importance of smooth and successful business transfers for economic growth not only for the participating countries but also across the EU, one third of all estimated transfers in the EU -representing 600.000 job- are likely to fail due to a lack of awareness, knowledge, and regulatory frameworks. Additionally to the lack of knowledge, business transfers also fail because of family conflicts and other non-economic reasons (making up 63% of failed business transfers) as a lot of SMEs are family businesses. This is problematic because more jobs are lost as a result of these failed business transfers than there are jobs being created through new business start-ups. It is therefore vital that the EU offers support to

## INBETS BSR

SME owners who are planning to or are in the process of transferring their business as the EU's main economic force is at stake, especially so as less than half of the Union's member states can currently provide adequate frameworks to support their local SMEs in this endeavor.

The INBETS project is split into several sub-categories which focus on project management, potential finance and transfer models, capacity building and promotion within regional structures, (further) education and the development of political strategies and transfers. The project aims to target and support not only the already existing workforce in SMEs, but also under-represented groups particularly at management level such as immigrants and women. This is particularly important as a more diverse workforce can increase the yield of SMEs and satisfaction among the workforce. Additionally, returning workforce (people who received their education or worked abroad for a period of time and then return to their home countries) and (young) people currently undertaking vocational courses and degrees at higher education institutes such as universities will be encouraged and supported to take over existing businesses rather than starting their own firm or business startup.



The finance and transfer model part of the project aims to establish and provide six best practice models and blueprints each for both financing models and new innovative financing strategies, as well as business transfer strategies. The project aspect of capacity building and promotion of SMEs, on the other hand, aims to not only build SMEs' ability to accomplish smooth and successful transfers, but also to build regional and inter-regional support structures and networks for SMEs and potential takeover parties within and outside of the SMEs.

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Another essential part of the project is the recruitment and training of potential entrepreneurs who could take over the SMEs. For this reason, the project provides training for entrepreneurship and successors, as well as curricula for (young) people who are currently studying related subjects at schools and higher education institutes. Finally, while all of these project components are important for the successful implementation of the project, the inclusion and support of local policy makers and administration is vital to secure long-term support for SMEs and to improve business transfers across the EU. Therefore, projects like INBETS will not only provide the much-needed support to SMEs to stay in business and preserve 600.000 jobs across the EU but will also sustain European economic growth and cooperation in the long run.