

Preliminary analysis of the need for training and coaching of Business Transfer and the offer of VET/HE institutes

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Introduction

It is the aim of Europe to become the best economy of the world. In the Lisbon treaty the aim to realise this objective have been agreed.

A central point of attention is entrepreneurship. Improve and strengthening of entrepreneurship is important. Often small companies (shops, handicrafts, traders, bureaus, services, etc.) have to close because no successor can be found. This is a pity because SMEs are important for employment, economy, pension of the predecessor and the social liveability in a district or village.

Business transfers are important for the economy, the business owner, the society and the successors. A number of business owner close because of lack of a successor, illness of the entrepreneur, decrease of the business activities and difficulties with renewals in the society and innovations.

It is assumed that a better preparation of successors and a better preparation of predecessors will stimulate transfers and will cause less troubles or difficulties. Nowadays we have to do with a financial crisis which causes that banks and financial institutions are less be willing to finance a transfer.

What kind of activities offer VET colleges / institutes for their public in this segment or ask this public for courses or guidance in business transfer?

The assumption that children of entrepreneurs (SME's, handicraft, business administration, etc.) attend a VET college or institute for Higher Education (HE) aiming to take over the company of the parents is very likely very wrong. Secondary and higher education offer almost no training or preparation for Business Transfer (BT).

The role of VET/HE institutions in Europe might become more important as providers of independent information about aspects of business transfer if they would have a program for BT-training available.

Our aim is to investigate the basis to produce a program that facilitates education to offer training for business transfer between predecessors and successors and in this process education (VET/HE institutions) should have a role in this process besides commercialised offers of guidance of consultants, etc..

Entrepreneurship in VET colleges in The Netherlands

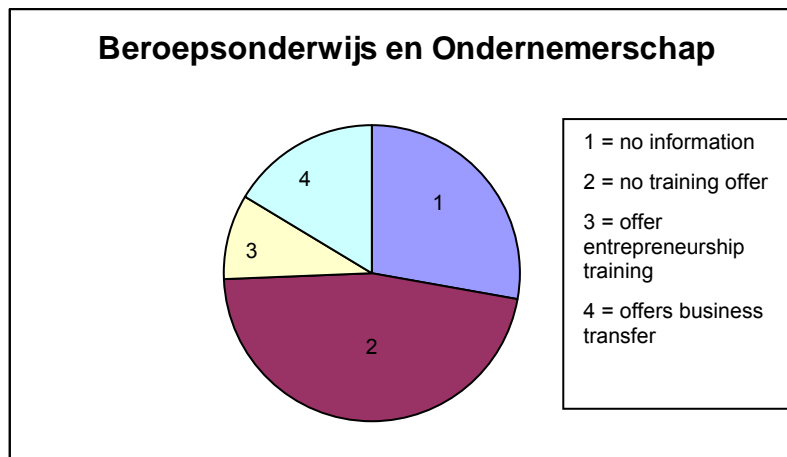
During the past years colleges have more and more focussed at entrepreneurship. Students must have more responsibility for their own process, for their own activities and for their studies as a whole.

This has become clear in all kind of entrepreneurial activities: mini-enterprises, competitions, relations with companies, guest teachers from business, partnerships. Testing or examination of the entrepreneurial competencies is still in its infancy. In VET/HE and in Agricultural colleges entrepreneurship has got more attention than in others segments of education in The Netherlands but this is changing fast as a results of several actions. Teachers in VET/HE often have an entrepreneurial background or even have a company besides their educational task.

At this moment education has not a clear role in the process of business transfer and only few colleges offer some kind of guidance or knowledge transfer.

Most transfers are coached by special bureaus as accountants, consultants, etc. It seems that involved persons have to little knowledge and insight in aspects of the transfer process. In contrast to establishing a new business, business transfer has to do with a number of quite different aspects, e.g.: what is the value of the company, what taxes have to be paid, is the other party trustable, reasons for transfer, etc.

A specific course Entrepreneurship for students or graduates who aim to start a business is not always offered by all colleges and guidance for business transfer is offered by ca. 16% of VET institutes.



Students themselves often do not yet know what they want because the choice between a regular job and income and entrepreneurship is a difficult one.

Entrepreneurial behaviour is not the same as becoming an entrepreneur! The competences, the risks, and the responsibilities are quite different.

Characteristics of entrepreneurial behaviour:

- Taking initiatives
- Perseverance
- Discipline
- Aiming to perform
- Social behaviour
- Cooperative attitude
- A feeling for opportunities and chances
- Special competences for entrepreneurship

Inquiry

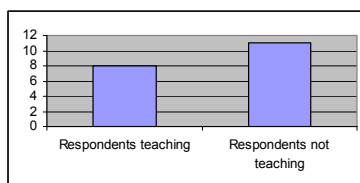
It is interesting to know more about the number of students in VET whose parents have a company and so have business experiences.

Is it the aim of these students to take over the business of the parents once. The period can be very long and children might first work in the parents company or else to get business experience.

Do parents aim to transfer the business and how do they prepare this with their children. Have they enough knowledge and insight.

An inquiry via the internet has resulted in a number of reactions, most of these have to do with education but the respondents often do not teach themselves. They have answered the inquiry based on general information of their institute.

The number of respondents was 19:



The remarks made by the non teaching staff are most interesting. The respondents often have a management position, therefore not teaching but well aware of the needs and interests of certain groups.

Czech Republic

Czechs are undercapitalised. If someone has a business then others are afraid of him instead of trying to copy or compete with his business.

Finland

The Finnish respondent indicates to work with adults in continuing vocational education. They offer continuously training and coaching for business transfer (training days and in-company counselling). Here parents-entrepreneurs ask for this kind of guidance, indicated as a huge need!

Greece

In Greece are a lot of very small and small enterprises. Some data speak about 800.000 family enterprises in all business sectors; not only trading and producing enterprises but also family law firms, doctor offices (often transfer within the family). The respondent from Greece has reported to train now 318 students per year of which 143 have parents-entrepreneur. The percentage of students aiming to become entrepreneur is about 40%, and 70% of this group might take over the business of the parents. Graduates who are not successful in university ask for entrepreneurial training and over 30% of this group becomes an entrepreneur.

Germany

In Germany the process of business transfers concerns especially the handicraft companies in which the owner is mentally strong connected with his company (in fact comparable with all owners of a family SME).

In Germany there is a great preference for handicraft enterprises. Elderly entrepreneurs (18,5%) in this segment aim to transfer their company (Zentralverband des deutschen Handwerks; 2002).

In the province Bavaria the number of planned transfers is huge: 63.000 companies of which 29.600 within the family (Source: Institut für Mittelstandsforschung Bonn:

Unternehmensnachfolge in Bayern, 2007).

Participation in a course however is rather low. The institute Zentralverband des deutschen Handwerks found only a percentage of 6% of the predecessors and successors who participated in a course or comparable action.

One of the respondents answered that students ask for training and guidance and about 12% of the graduates have become entrepreneur. The relation between education and the profession of parents (entrepreneurship) is not clear.

Italy

In Italy it is not easy to establish a company or to take over a company because of the complicated procedures. A lot of key competences are required to become entrepreneur and support and training are important. To educate entrepreneurship the method Impresa Formativa Simulata (IFS) is being applied together with an Italian network of SMEs. The Ministry of Education stimulates development and enhancement of key competencies.

Portugal

The respondent from Portugal mentions that she educates some groups of students of which a number aims to start a company. It is striking that there is no insight in business transfer or entrepreneurship of parents but students and a small percentage of graduates (5%) ask for entrepreneurial training.

Spain

In Spain are a lot of handicraft firms owned by the parents and a well considered transfer is not usual. Entrepreneurship is regarded as complex. The respondent is interested in this development and the learning and competences needed but it requires the voluntary cooperation of parents. This respondent expects also synergy in other educational objectives (in families and in society).

Sweden

The Nacka municipality in Sweden trains every year 9.000 adults, mostly part-time and the curricula are based on primary and secondary school programs and often adapted to local conditions. Special attention for entrepreneurial programs was not mentioned.

The Netherlands

We received about 15 reactions from Dutch persons or institutions.

In the VET colleges in the agricultural sector business transfer is a matter that exists already some decennia and is best known as EVTO courses (Economic training of future entrepreneurs). This is logic because in this sector the farm was usually transferred from parents to children and only scarcely traded outside the family.

Entrepreneurship receives a lot of attention, mentioned by most of the respondents. There are different methods of coaching the future entrepreneurs or starters: entrepreneurs (retires or still active) are recruited as mentor; colleges offer venue for the starters in combination with training and supervision; often external experts are involved (bank, accountants).

It is emphasised by a director from the agricultural sector to start early saying to each other what is expected of the future, by parents as well as by children. Continuing the company because of the thought that one of the children might take over whereas this is not an option for the son or daughter, and vice versa! This causes disappointments and discuss this item as soon as possible within the family. An employee of another agricultural centre states that his group all aim to become entrepreneur and about 80% will take over the company of the parents. About 12% of the graduates have become entrepreneur. Entrepreneurship is an important discipline, including the production of a business plan. There is no training for parents but students are coached to establish students companies, coached by experts from business and supporting business (chamber of commerce, banks, accountants, etc.). An employee of an Agricultural University of Applied Sciences indicates that there is much interest to become entrepreneur (90%) and 50% aims to take over the business of the parents. All graduates of this teacher training institute have become entrepreneur!

A respondent from the technical university offers career guidance (on request) and individual guidance concerning transfer of a business if asked for. This concerns mainly the decision period and not preparation or training of BT. About 1/3 of students see entrepreneurship as a possible future and less than 50% whose parents have a company aim to take over this business. There is little or no insight in the percentage of graduates that have become entrepreneur. Parent-entrepreneurs are not a target group for this institute. There is possible a movement from

secondary agricultural VET towards higher education because of the huge investments, the risks and the increased management responsibilities.

A pedagogic academic has entrepreneurship in its program to teach analysing management situation in the green sector. The percentage of students aiming to become an entrepreneur is relatively high (20%), there is some coaching in the transfer process (e.g. financing possibilities) and via keynote speakers (from a bank, etc.). Attention for additional training of staff is required as well as external expertise. A number of our students combine entrepreneurship with a fixed job.

The VET Council (MBO Raad) is interested in this development for their members and extension in the segment of contractual education is possible. An employee of another VET institute states that 15% of the parents have a business. Students aim to become entrepreneur (10%) and about 5% aims to take over the company of the parents. The institute offers no training or guidance. Less than 5% of the graduates have become entrepreneur.

United Kingdom

Some students aim to start their own business and the college often supports with this. Parents are mostly not involved. Last year 8 students have started a business and 2 students have continued this business after graduation. The combination of having a job (to pay their education) and starting a business is not optimal. There are no specific entrepreneurial studies in this education but this college aims to develop a special program for potential entrepreneurs. Another respondent from the UK emphasises that the current economic climate requires that students develop their skills and career but stay flexible and able to consider all options including entrepreneurship whether or not via a business transfer.

General remarks

1. Need for business transfer in your region

Actually we have to think not only about business transfer but also about business reengineering! I think that both assumptions follow close. To succeed in a company one must have a coaching profile and coaching skills are things like: understanding the Mission, Vision, Strategy of the Organization and knowing how to motivate people in order to prepare the change; understanding the core business profile and the associated market and making prospects that are feasible; coaching skills have a lot to do with the psychological preparation of the workers in order to welcome the new generation.

Yet business transfer may be easy than it's reengineering. In my region consequent to the global crisis we must be aware of the new opportunities that usually occur in difficult times. The organizations must pay a lot of attention to the market so BT should be carefully planned and executed.

2 Coaching

I think that an idea like this is applicable but sometimes due to education and culture it may not be so simple after all. Nordic countries have characteristics that make this event look normal; Latin countries like Spain and Portugal are a little bit different. Historical and people's characteristics may easy or not the business transfer. In these countries, usually, SME have a familiar transfer. I have worked in many companies where BT occurred. Sometimes it is soft but other times it is not so.

Local cooperation could be given through the presentation of case studies of success analyzing the advantages of coaching the transfer.

3. BT-experience

I have no work experience in business transfer (and it seems to me that it is difficult for someone to have a lot of experience in this matter, once this project aims at solving this lack of experience);

4. Missing data

A project like this seems important, but I have no data to support that our region has a larger or smaller need for business transfer. Until now I have never cooperated with an institution that needed to solve this kind of problem.

5. Employment

I hope that this project has a positive impact in the Portuguese organizations, since, once there is a model that facilitates business transfer, it decreases the probability of companies bankruptcy and, consequently, of unemployment.

Conclusions

This preliminary research was done via the internet and focused at education (from secondary to university) and not at a special group. It was aimed to get some insight in offer of training and / or coaching for business transfer and the need for a special course. The answers therefore have more a qualitative character than a quantitative, which make it difficult to process the results.

Our observations are:

- There is a big difference between the agricultural segment and the other segments in vocational education and training in The Netherlands and there is a movement from secondary level towards higher educational level in agriculture;
- Educational institutes of respondents offer almost no training or guidance for business transfer;
- The reactions from European countries (10) all indicate that entrepreneurship is important, development of entrepreneurial competences should get more attention but respondents expect many difficulties.
- The expected number of transfers in Europe is very high and will become higher due to ageing.
- The actual financial situation is not favourable for loans for business transfers.
- Competition should also be stimulated.
- Extra attention should be paid to the transfer of handicraft business.

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Internet

| Internet address | | Explanation |
|---|-------|---|
| www.ondernemersplein.nl | Dutch | Site with information of the knowledge centre KC Handel about starting a business, business transfer, selling a business, etc. |
| www.lerenondernemen.nl | Dutch | Organisation of partners who stimulate entrepreneurship in education. Ministries of Economic affairs, Education and Agriculture support this initiative. The site offers a lot of information about actualities in The Netherlands. There are now six centres of entrepreneurship active. |
| http://www.cms.uva.nl/case/actueel.cfm | Dutch | Case is a project, financially supported by the government aiming to develop entrepreneurship and entrepreneurial education in the region of Amsterdam. |
| http://www.kvk.nl/Images/overdrachtspakket_2008_tcm16-168647.pdf | Dutch | Guide for those persons who prepare a business transfer. |
| www.koopjeeigenbedrijf.nl | Dutch | Site of the SME organisation in the Netherlands, including a test for entrepreneurship. |
| www.deondernemer.nl | Dutch | Magazine with range of articles |
| http://www.de-competente-ondernemer.nl/ | Dutch | Website with tests, information, data |

Respondents

Mr. J.P. Marchand; ROC Zeeland; The Netherlands
 Drs. P.M.C. Deveneijns; MBO Raad; The Netherlands
 Dhr. J. van Eerden; AOC Terra; The Netherlands
 Dhr. W. Ridder; Stoas Hogeschool; The Netherlands
 Mr. Kiriakos Dimitriou; KEK Kronos; Greece
 Mr. Jouko Havunen; Mrs. Francesca Cucinotta; University of Vaasa; Finland
 Mr. L.J. Riedl; Riedl TV; Austria
 Prof.ssa Nicoletta Ferroni; Ministero dell'Istruzione; Italy
 Mr. Marini Bettolo Marconi Mvittoria; IPI; Italy
 Mr. Staffan Ström; Community of Nacka; Sweden
 Mr. David Watkins; Stevenson College; Scotland, UK
 Mr. Zdeněk Linhart; University of Praha; Czech Republic
 Mr. Jan Gravemaker; Aequor; The Netherlands
 Mrs. Caroline Scheepmaker; TU Delft; The Netherlands
 Mrs. Maria Inês Pinho; Escola Superior de Educação do Instituto Politécnico do Porto; Portugal
 Mr. Herman Laros; Edudelta; The Netherlands
 Mrs. Catalina Cantero Talavera; Instituto Nacional de Cualificaciones; Spain
 Mrs. Rosaleen Courtney; Norton Radstock College; United Kingdom
 Mr. Eibert van Engelen; AOC Friesland; The Netherlands

Basic Questionnaire

| Nr | Question | yes | no | Not applicable | Remarks |
|---|--|-----|----|----------------|------------------------|
| 1 | Do you teach or coach a group of students? How many? You have not a teaching task: go to nr. 16 | | | | No students: go to 16! |
| 2 | How many students have parents owning a business? | | | | |
| 3 | Can you indicate how many students aim to start a private business? | | | | |
| 4 | Can you indicate how many students will take over the company of the parents? | | | | |
| 5 | Do you / does your institute offer some kind of training / guidance to these students? | | | | |
| 6 | If you offer some coaching can you give some characteristics? (our main subjects; total hours; costs; etc.) | | | | |
| 7 | Do you / does your institute offer some kind of transfer training / guidance to these parents ? | | | | |
| 8 | Can you give some characteristics of the training for parents-entrepreneurs ? (our main subjects; total hours; costs; etc.) | | | | |
| 9 | Do parents-entrepreneurs ask for this kind of guidance? | | | | |
| 10 | Ask students for training for business transfer? (what % of the group?) | | | | |
| 11 | Ask graduates for training for business transfer? (what % of the group?) | | | | |
| 12 | Can you indicate the percentage of graduates that have become an entrepreneur? | | | | |
| 13 | Do you / your staff need additional business training? | | | | |
| 14 | Do you use external experts (accountant, bank, jurist, etc.) for this kind of training? | | | | |
| 15 | Do you cooperate with an external bureau (consultancy) to execute this kind of guidance? | | | | |
| 16. | Your opinion / advise / remarks / wishes / needs: | | | | |
| Interested to receive the report, put here your e-mail address: | | | | | |