



FINAL REPORT



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The results presented do not, however, reflect the official views of the European Commission

The present final project report is made up of three parts:

1. **A technical report (section 1)** which provides an overview of the implementation of the pilot action “A Helping Hand for SMEs – Mentoring Business Transfer” from January 2007 until August 2009.
2. **An analysis report (section 2)** presenting a statistical evaluation and assessment of the quality and impact of the mentoring.
3. **Conclusion and recommendations (section 3).**

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SECTION 1: TECHNICAL REPORT

Executive Summary

The present final technical report provides an overview of the implementation of the pilot action “A Helping Hand for SMEs – Mentoring Business Transfer” from January 2007 until August 2009. It covers the methodology for selecting the local mentoring partners, the activities carried at coordination and local levels, the difficulties encountered and the solution found to overcome them and the results of the pilot action.

The project activities have been coordinated by EUROCHAMBRES in cooperation with the Rhône-Alpes Regional Chamber of Commerce and implemented by 33 Chambers of Commerce throughout 18 EU Member States.

The overall objective of the pilot action to supply “a minimum of 10,000 full man-days of mentoring to a total of at least 1,000 mentees” has not been achieved despite the huge efforts made by the Chambers, the two reallocations of mentoring cases among the partners and the 9-month extension of the project.

The pilot action ends with 9,067.3 full man-days of mentoring (91%) delivered, 937 mentees recruited (94%) and 890 cases completed (89%).

This failure is due to the following elements:

Internal reasons:

- Some Chambers overestimated the number of mentoring cases they could actually deal with and were therefore incapable of fulfilling their commitment.
- The Central and Eastern European countries did not realise that business transfer is not yet an issue in their country.
- The delay in the delivery of the mentoring accumulated during the first phase of the project as a result of the complications to find potential mentees.
- The provision of the mentoring service was slower than expected: the mentoring could only start after a preparatory period of around 3 weeks, the entrepreneurs had difficulty in devoting time to the project and the Chambers had to spread the mentoring sessions over months. Finally, some mentees canceled their mentoring sessions because of unexpected commitments and workloads, which, in turn, delayed the completion of the programme.

External reasons:

These issues were identified in the two interim reports and continued to handicap the Chambers all along the project.

- Lack of data on business transfers: many countries do not have any database with companies that have been transferred and the business registry is not detailed enough to automatically spot eligible entrepreneurs. As a result, many Chambers had to make a case-by-case search, which was time-consuming and costly.
- The eligibility criteria to participate in the project, notably the 50% minimum shareholding ratio which hindered the recruitment of mentees during the first year.
- The duration of the mentoring: 10 days of mentoring is a long period for a small entrepreneur who has just started a business. Potential mentees were therefore often reluctant to invest 10 days in training and coaching even if they could split up the days of mentoring in half days and spread them over the months.
- The low number of business transfers in some countries (mainly Central and Eastern European countries): Hungary, Malta, Slovenia and Slovakia.
- Mentalities: Some entrepreneurs do not perceive consultancy and mentoring as an urgent need, and others are suspicious and do not want any interference from outsiders, even if this means free professional assistance.
- Competition with similar financial initiatives with more attractive conditions for both the mentors and the mentees like Global Grant SATURNO in Italy and Gründercoaching in Germany, and BTP in Austria.

However, in view of the difficulties encountered, the final results can be considered as good in terms of number of completed mentoring cases (i.e. 890 cases, representing 89% of the project objective), methodology used for the delivery of the mentoring which proved to be efficient and flexible enough to meet the specific needs of each mentee and level of involvement of the Chambers in this ambitious and demanding project. They invested more time and resources than what the project could cover and mutually helped each others (i.e. the more successful Chambers taking over extra cases to relieve the ones having troubles to recruit mentees) in order to fulfil their commitment and meet the overall target.

The Chamber partners are pleased to have taken part in this challenging pilot action, offering an innovative and needed service to a target group, which had not been mentored before. They have learned a lot and will build on the experience acquired with the project in order to improve the services they offer to entrepreneurs.

With the current economic situation, the issue of business transfer is at the forefront. Facilitating the business transfer is of vital importance to contribute to the continuity of the economic activity and the maintenance of employment in Europe. EUROCHAMBRES and the Chamber partners therefore recommend the continuation of a similar initiative at national or regional level, taking into account the proposals made in the conclusion of this final report.

Work Programme

		2007												PARTNERS
		Ja	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
Phase 1 - Getting ready	Kick-off meeting	24/01												All
	Sign Partnership Agreement													All
	Set-up project extranet													Eurochambres, CRCI Rhône-Alpes
	Design the questionnaire													University of Savoie
	Identification & selection of mentors													Local CCIs
	Recruitment campaign of potential mentees													Local CCIs
	Complete partner profile database													Local CCIs
Phase 2 - delivering the mentoring	Delivery of the mentoring													Local CCIs
	On-going monitoring													Eurochambres, CRCI Rhône-Alpes
	Monitoring visits to selected cases						X						X	Eurochambres, CRCI Rhône-Alpes
	1st interim report submitted to EUROCHAMBRES							40% man-days						Local CCIs
	1st interim report submitted to the EC								4.000 man-days					Eurochambres
	Steering Committee meeting with the EC						X							Eurochambres, CRCI Rhône-Alpes, University of Savoie
	1st coordination team meeting													Eurochambres, CRCI Rhône-Alpes
Mid-way meeting											26/10		All	

A Helping Hand for SMEs – Mentoring Business Transfer

Contract No: SI2.ICNPROCE009978600

		2008												PARTNERS
		Ja	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
Phase 2 - delivering the mentoring	Identification & selection of mentors													Local CCIs
	Recruitment campaign of potential mentees													Local CCIs
	Mentoring													Local CCIs
	On-going monitoring													Eurochambres, CRCI Rhône-Alpes
	2nd interim report submitted to EUROCHAMBRES			80% man-days										Local CCIs
	2nd interim report submitted to the EC				8,000 man-days									Eurochambres
	Steering Committee meeting with the EC													Eurochambres, CRCI Rhône-Alpes, University of Savoie
	2nd coordination team's meeting													Eurochambres, CRCI Rhône-Alpes, University of Savoie

A Helping Hand for SMEs – Mentoring Business Transfer

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		2009												PARTNERS
		Ja	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
Phase 2 - delivering the mentoring	Identification & selection of mentors													Local CCI's
	Recruitment campaign of potential mentees													Local CCI's
	Mentoring													Local CCI's
	On-going monitoring													Eurochambres, CRCI Rhône-Alpes
	Final report submitted to EUROCHAMBRES			100% man-days										Local CCI's
Phase 3 - Conclusion	Satisfaction survey: analysis of the responses													University of Savoie
	Prepare final technical report and analysis report													Eurochambres, CRCI Rhône-Alpes, University of Savoie
	Final report and analysis report submitted to the EC								10,000 man-days (1,000 cases)					Eurochambres
	Steering Committee meeting with the EC													Eurochambres, CRCI Rhône-Alpes
	PowerPoint presentation													Eurochambres
	Preparation & publication promotional brochure													Eurochambres
	Final conference organised by the EC											date tbc		Eurochambres, CRCI Rhône-Alpes, University of Savoie (tbc)

1 PRESENTATION OF THE PROJECT PARTNERS

1.1 The consortium

EUROCHAMBRES was awarded the coordination of this project. For its implementation, EUROCHAMBRES worked with two lead partners, the Regional Chamber of Commerce and Industry of Rhône-Alpes (France) and the University of Savoie (France) – who both have expertise in business transfer – and 33 Chambers of Commerce throughout 18 EU Members States to actually deliver the mentoring services on the ground.

EUROCHAMBRES, which has a long experience in successfully managing EU funded programmes, centrally managed and coordinated the project, including monitoring progress and checking the quality of the service delivered.

The CRCI Rhône-Alpes offered its technical expertise in business transfers drawing both on the implementation of services supporting business transfer in the Rhône-Alpes region and on the benefit of its experiences gained in the Transregio study with respect to the design and evaluation of questionnaires and to the reporting and quality control process.

The Institut de Recherche en Gestion et Economie (IREGE) of the University of Savoie is specialised in studies in the field of economics and management with a strong focus on SMEs. The two university professors involved in the project interpreted the results of the satisfaction questionnaires.

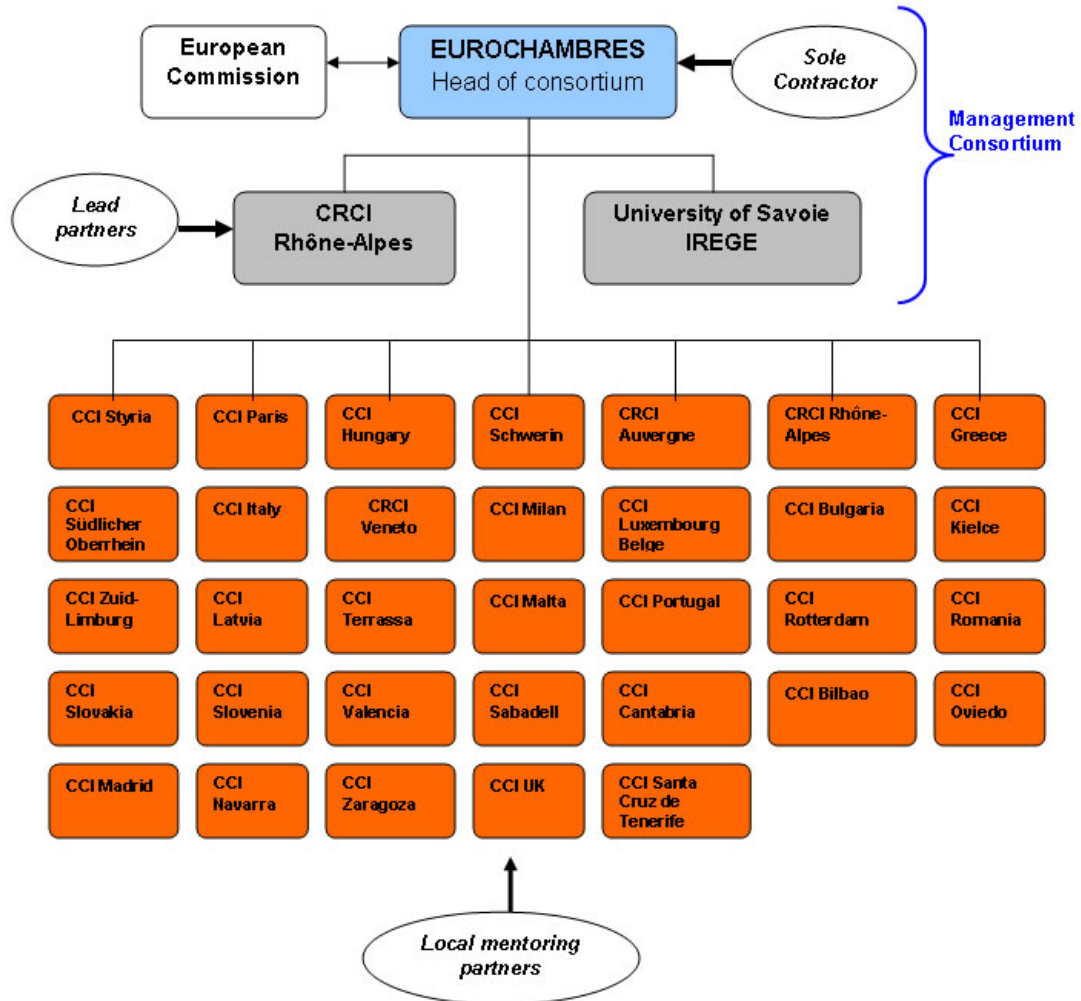
The Chamber partners, spread throughout the EU, provided the mentoring at local, regional or national level. They selected experienced mentors and put in place the mentoring on the ground. These Chambers were also responsible for the certification of each mentoring programme and for ensuring that satisfaction questionnaires are completed by all participants. The full list of our selected mentoring partners can be found in Annex 1.

From the 36 Chamber partners initially selected to participate in the programme, three of them withdrew from the project before its end for restructuring reasons (CCI Namur in Belgium) or inability to recruit suitable mentees (CCI Toscana in Italy and CCI Sweden).

Note of clarification: As well as helping to steer the project centrally, the Rhône-Alpes Regional Chamber of Commerce also acted as one of the mentoring organisations on the ground.

The graph below illustrates the structure of the consortium at the end of the project.

Structure of the consortium



1.2 Methodology for selecting the local mentoring partners

Facilitating business transfer has long been a priority for EUROCHAMBRES and the Chamber network and from the outset our member Chambers were keen to share and to build upon their wealth of existing experience in this field in the framework of this project.

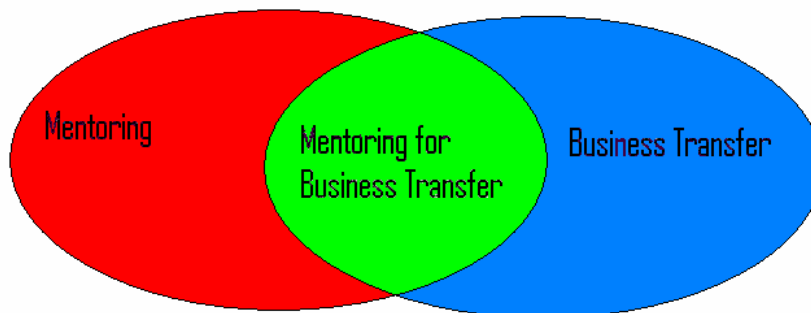
At the time of bidding, EUROCHAMBRES had already pre-identified partner organisations at local level which could deliver quality mentor programmes across the EU. The process started on the publication of the prior information note by the European Commission in February 2006. EUROCHAMBRES contacted all its members in order to ensure that there was sufficient time for a thorough selection process to identify the most experienced partners in this field.

An announcement was made to all our members in the May 2006 edition of our monthly newsletter and an e-mail was sent to the Secretaries General of all our EU member Chamber associations. Members were asked to express their interest in participating in the project and also to provide a summary of their existing activities in mentoring for business transfer and on mentoring and business transfer more generally.

Many Chambers from across Europe responded and provided comprehensive information on the existing schemes, which they already run in this field. The information received was then compiled into an overview document of Chamber experience in order to more easily compare and evaluate each Chamber's experience and capacity and to select those best qualified Chambers to act as our mentoring partners in this project.

Our partners were selected according to the following criteria

- Experience and relevant best practises in mentoring services or support services to business transfer with priority given to organisations with direct experience of mentoring during the transfer phase. See diagram below.
- Geographical spread - to ensure Europe wide coverage of programme and representation of both old and new Member States.
- Capacity, i.e. number of cases, which can be dealt with.
- Interest! By inviting Chambers to apply, and to decide themselves how many cases each would deal with, we ensure that only those Chambers with an interest in the issue will be involved.



Central zone = optimal level of experience

A first list of interested Chambers of Commerce was presented in our initial proposal. This list was then refined at the start of the project (i.e. January 2007) in order to increase the number of EU countries involved in the project and better balance the allocation of the persons to be mentored per country. See the Annex 2.

As illustrated by the overview of our selected partners experience in Annex 3, a majority of our partners fall into the optimal zone of having some experience in mentoring during the transfer phase and all of our selected partners have experience in mentoring and or/support services for business transfer.

2 PRESENTATION OF THE ACTIVITIES CARRIED OUT

2.1 *Activities performed at coordination level*

EUROCHAMBRES has been managing the activities of the project with the help of the Rhône-Alpes Regional Chamber of Commerce & Industry (CRCI Rhône-Alpes) who is the lead coordination partner and has expertise in business transfer.

During the first two months of the project, the coordination team created the conditions and tools necessary for an effective and smooth implementation of the project. A methodology, a visibility strategy, templates and management procedures were developed and contracts with all partners were concluded.

This start up phase was followed by an intensive period of monitoring of the execution of the project, analysis of the difficulties faced by the Chambers and a search for solutions.

The last months of the project were dedicated to the evaluation of the mentoring, the drafting of the final report and the project brochure as well as the gathering of the justifying documents of the mentoring provided (i.e. the Mentoring Certificated and proof of business transfer).

Below is a list of activities carried out by the coordination team throughout the project.

2.1.1 Selection of partners

Ø Finalisation of the selection of partners

The geographical scope and breakdown presented in the initial proposal was reviewed and modified at the start of the project (i.e. January 2007) in order to increase the number of EU Member States involved in the project and better balance the allocation of the mentoring cases per country. Further to an extensive information and recruitment campaign and a strict selection procedure (see page 16-17), 36 Chambers of Commerce covering 19 countries¹ (instead of 13 initially) were chosen to participate in the project. As mentioned in the previous chapter, 3 Chambers decided to withdraw during the course of the project leading to a reallocation of the mentoring cases among the partners. At the end of the pilot action, 33 Chambers were involved in the project covering 18 EU countries².

Ø Conclusion of partnership agreements with each partner

EUROCHAMBRES concluded partnership agreements with each Chamber partner in January 2007 (this agreement can be found in Annex 4). The partnership agreement includes a detailed outline of the tasks to be fulfilled by each partner as well as the obligations and payment details. It ensures that all requirements are fulfilled. In signing these agreements, our partners confirmed their commitment to the identification of suitable entrepreneurs for the programme, a full assessment of each participant's needs, carrying out 10 day one-to-one mentoring programmes, providing a detailed mentoring tracker as well as a completed questionnaire and a certification document for each participant.

¹ 10 countries from the "old" EU Member States and 9 from the "new" Member States (instead of 3 in the bid)

² 9 countries from the "old" EU Member States and 9 from the "new" Member States

Ø Establishment of a database of partner profiles

EUROCHAMBRES prepared a partner profile template composed of the contact details, main services offered in terms of transfer and/or mentoring, number of related staff, member companies, and highlighted best practices in the concerned field. The information collected was then compiled into an online database, kept updated and available for the purpose of the project and possible further initiatives after the conclusion of the pilot action (see Annex 3).

2.1.2 Design of the mentoring

Ø Development of mentoring guidelines

General guidelines on the form and content of the mentoring were prepared by EUROCHAMBRES and sent to all partners. These guidelines include a list of topics, which should be available within each programme - however the precise topics covered must be based on the entrepreneurs' own needs. The mentoring guidelines can be found in Annex 5.

Ø Setting up of a common methodology for the mentoring

A common methodology was agreed with all project partners at the beginning of the pilot action so that the services provided to the 1,000 entrepreneurs in the 18 countries have the same level of quality, and also to be able to compare the results, both in term of satisfaction and of impact. The methodology is made of two phases: 1) an assessment of the company's situation and of the entrepreneur's needs and the co-development of a mentoring plan with the mentee; 2) one-to-one mentoring sessions of 10 days given by one or more mentors according to their competences. With this method, the Chambers can elaborate together with each mentee a tailor-made mentoring scheme to maximise their chances of success. A detailed presentation of the methodology can be found in Annex 6.'

Ø Development of a Mentoring Convention

Before starting the mentoring, the Chambers were required to sign a "Mentoring Convention" with the mentee specifying the tasks and responsibilities of each party. The Mentoring Convention template developed by EUROCHAMBRES can be found in Annex 7. The Chambers were asked to translate and adapt the document to comply with their national legislation. They found this document extremely useful as the fact of signing the Mentoring Convention engaged the mentee to take part in all mentoring sessions.

Ø Design of the satisfaction questionnaire

The questionnaire was developed by the CRCI Rhône-Alpes, drawing on their considerable experience in the Transregio project, and in co-operation with the experts of the University of Savoie. It was designed to get a complete picture of the entrepreneur's and her/his company profile, the needs and expectations from the programme, the satisfaction levels and any existing gaps in the service. All data included in the questionnaire could be cross-checked, compared and analysed. It was possible, for instance, to identify the evaluation of the most useful topics, and to break this down according to various criteria (geographical breakdown, gender, age, education of the mentee, activity sector, company size, etc.).

The questionnaire was filled in manually by the mentee during the last mentoring session and the answers were then inserted in the extranet by the Chambers. The responses to the questionnaire were used to monitor satisfaction rates throughout the course of the project and intervene when necessary and to assess the quality of the mentoring at the end of the project. The Analysis Report presents this statistical evaluation.

The satisfaction questionnaire can be found in Annex 8 and the Analysis Report in section 2 of the final report.

Ø Compilation of a list of legal documents by country proving of a business transfer

At the project kick-off meeting on 24 January 2007, the European Commission asked for the submission of the copy of a legal document proving the business takeover in addition to the original copy of the Mentoring Certificate for each completed mentoring case. Based on the partners' input, EUROCHAMBRES compiled a list by country of legal documents that are proof of a business takeover. The European Commission approved this list on August 2007. See Annex 9.

2.1.3 Development of the project extranet

A specific database was developed to ensure that all information required for the reports was collected efficiently. The contract was awarded to a French supplier, "Arcal"³, who was chosen following receipt of three commercial offers.

Launched on 8 March 2007, the database was accessible via a project extranet which allowed the Chambers to enter all the necessary information as soon as a mentee entered into the process of mentoring including:

- Information about the buyer and the company taken over;
- Information about the content and the duration of the mentoring;
- Assessment of the difficulties before and after the mentoring;
- Satisfaction evaluation of the mentoring programme (i.e. the questionnaire).

A section was devoted to the mentors where the Chambers could enter the details of their selected mentors and upload their CV. All the templates and other useful documents a partner might have required during the course of the project was available in a "Library".

Thanks to this tool, the partners managed their allocated number of mentoring cases quickly and efficiently, while EUROCHAMBRES was able to check the progress made by each Chamber as regards their quantitative objectives and follow the qualitative goals (i.e. satisfaction rate) throughout the duration of the project. Chambers were asked to regularly update the extranet with their new data (at least once a month).

The table below presents the information that the Chambers had to enter in the project extranet and the moment to do so.

³ Arcal was bought in December 2008 by another French web development company called "Synten"

Information entered in the online database by the Chambers

WHAT	WHEN
Information about the mentors (standard data plus cv)	As soon as identified, then to be approved by EUROCHAMBRES
Date of signature of the Mentoring Convention with the mentee	Before starting the mentoring programme
Information about the company taken over	As soon as the Mentoring Convention with the mentee is signed
Information about the mentee	
Information about the mentoring sessions (mentoring tracker)	On-going (on a monthly basis at a minimum) Mandatory before reporting deadlines
Questionnaire	When 10 days of mentoring have been completed
Date of mentoring certificate or date of completion of the 10 days	

2.1.4 Support and guidance

An important role of EUROCHAMBRES was to support and assist the Chamber partners with the implementation of the mentoring service. Replying to questions (i.e. technical questions, eligibility of cases, etc...), being available for support and problem solving were major elements of this role. By doing so, EUROCHAMBRES ensured that all problems and questions were solved promptly.

Faced with a difficult implementation of the project (see page 32-35), EUROCHAMBRES worked closely with the partners and the European Commission to find equitable and fair solutions, namely:

- Revision of the 50% ownership requirement which was narrowing the range of possible beneficiaries of the project and made it difficult for the Chambers to recruit mentees (December 2007);
- Identification of Chambers ready to take on extra mentoring cases, giving relief to the partners in difficulties.
- Revisions of the geographical breakdown of mentoring cases in January and November 2008;
- Search for new project partners;
- 9 months extension of the project to give more time to the Chambers to achieve their target of mentoring cases (March 2008).

2.1.5 Monitoring and quality control

In the framework of this project, the monitoring and quality control had the following goals:

- To check that the quantitative objectives are reached by the milestones set (4,000 days at the end of the 8th month, etc...);
- To make sure that the information necessary for the deliverables are provided by the local mentoring partners (i.e. for the two interim reports and for the final report);
- To check the quality of the mentoring in a dynamic way so that potential problems may be identified early enough and may be adjusted where necessary.

For that purpose, a global quality process was established in order to ensure the highest possible standards.

Ø Follow-up of the quantitative objectives

At the beginning of the project, each Chamber was given clear milestones and deadlines to ensure that the overall target of 10,000 man-days of mentoring would be met on time:

- 40% of man-days to delivered by the end of July 2007;
- 80% of man-days to be delivered by the end of March 2008;
- 100% of man-days to be delivered by the end of April 2009⁴.

These targets were mirroring the European Commission's ones.

For instance, where a Chamber had agreed to manage 500 man-days (50 cases), then EUROCHAMBRES sought confirmation that 200 man-days had been completed by the end of July 2007, another 200 man-days (cumulative: 400) by the end of March 2008 and all 500 man-days by end of April 2009.

Furthermore, the project extranet was set up to collect all data about the mentoring from the Chambers. Details of the mentees as well as the dates and the content of the mentoring completed were entered by the partners into the extranet as the project progressed. This generated a progress check which was analysed by EUROCHAMBRES on a monthly basis in order to check that the quantitative objectives were met, both at global and Chamber level. Thanks to this performance indicator, EUROCHAMBRES was able to monitor in real time the progress made by the Chambers concerning the recruitment of mentees, the development of the mentoring programmes and the number of completed mentoring cases.

In addition, EUROCHAMBRES closely monitored the implementation of the project by the Chambers via e-mails, regular phone calls and mini surveys. Two surveys were carried out, one in October 2007 and the other one in February 2008, leading to revisions of the geographical breakdown of mentoring cases among the partners and an official request for a 9 month extension of the project.

⁴ This deadline takes into account the 9 month extension of the project agreed in March 2008.

Finally, EUROCHAMBRES and the CRCI Rhône-Alpes organised monitoring visits in June 2007 for quality control purposes. The CRCI Rhône-Alpes met the 10 Spanish project coordinators and EUROCHAMBRES met the 4 Italian project coordinators – including the members of the Italian consortium. The objective of these two meetings was to review the progress made and to discuss the difficulties and concerns the partners had. The meetings took the form of round-table discussions to give the opportunity to each partner to present the situation in his/her region and raise questions. These two visits were extremely valuable for both the partners and the coordination team.

EUROCHAMBRES also went to Ljubljana in June 2007 to meet the new Slovenian coordinator who had just been appointed for the project. This visit was necessary to make sure that the project activities, the timetable, the allocation of tasks, and the procedures were clear and well understood, and to check the work performed so far.

Ø Follow-up of the qualitative objectives

Two project meetings were organised gathering all Chamber partners, the European Commission and EUROCHAMBRES. The kick-off meeting held on 24 January 2007 in Brussels was important to lay down the ground rules and methodology of work, while the mid-way meeting which took place on 26 October 2007 in Paris in the fringe of the EUROCHAMBRES' Annual Congress allowed to take stock of the progress made, to discuss face to face what is working well and what should be adjusted to improve the service to the mentees.

Details of the kick-off and mid-way meetings are presented in the first and second interim reports respectively.

Apart from these larger meetings, the co-ordination team - comprising EUROCHAMBRES and the CRCI Rhône-Alpes - met several times in Brussels during the programme to review progress, decide on future actions and assess the quality of the results to date.

Finally, the project extranet also served for the follow-up of the qualitative goals. Thanks to this tool, EUROCHAMBRES had access to the CVs of the mentors selected by the Chambers for approval and to the results of the satisfaction questionnaires filled in by the mentees in real time to check that the quality of the mentoring was maintained and to make adjustments when necessary.

2.1.6 Evaluation of the mentoring and reporting

During the last phase of the project, all data gathered in the extranet, notably the satisfaction questionnaire filled in by 889 mentees, were analysed by the University of Savoie in order to produce a statistical evaluation and assessment of the quality and impact of the mentoring.

The Analysis Report (see section 2) presents the main results of the evaluation, namely:

- The characteristics of the sample, giving an overview of the businesses taken over, buyers' profiles and the practical details of the takeovers observed;
- The difficulties faced by the buyers during the takeover, and attempts to understand their reason (their potential link to the buyer's profile or the type of business purchased);
- The content of the mentoring provided, initially from a general perspective and then according to the type of buyer and the type of business taken over;
- The extent to which buyers found the mentoring useful, their degree of satisfaction with the various areas of support and their expectations of any future mentoring.

In addition to a statistical evaluation, the Analysis Report identifies the differences observed by country and similarities at European level. This report is available in English, French and German as requested by the European Commission.

As far as reporting is concerned, EUROCHAMBRES provided two interim reports at the end of the eighth and sixteen months after the signature of the contract, as well as the present final report at the end of the thirty-second month.

On the basis of the final technical report and Analysis Report, EUROCHAMBRES will prepare a PowerPoint presentation for the European Commission conference on mentoring support schemes in the EU-27 to be organised in Brussels after the end of the contract. It will present the main findings, highlighting examples and best practices and drawing conclusions based on project results.

Finally, EUROCHAMBRES will support this by the publication and dissemination of a promotional project brochure including the main findings of the Analysis Report and a snapshot of entrepreneurs who benefited from the project in order to show the diversity of the cases and the need for an early customised support. The aim of the brochure is to raise the profile of the project and communicate results to the stakeholders and the media. The draft of the brochure can be found in Annex 17.

2.1.7 Liaison with the Commission

EUROCHAMBRES held three management meetings with the European Commission during the project to review progress, decide on future actions, and assess the quality of the results.

EUROCHAMBRES maintained close co-operation with the European Commission services throughout the duration this project. Representatives of EUROCHAMBRES and CRCI Rhône-Alpes took part in all management meetings and ad-hoc meetings were organised to inform the European Commission about the progress made.

There was a constant flow of information ensuring complete transparency and suggestions and recommendations were reacted to quickly.

2.2 *Activities performed at local level*

The 33 selected Chambers of Commerce throughout 18 EU Member States conducted the implementation of the mentoring services on the ground. No activity was performed at local level before the kick-off meeting. The true start of the project was therefore on 24 January 2007.

The first part of the pilot action was mainly devoted to the start-up of the project, which required setting up specific processes and conducting important actions before beginning the delivery of the mentoring (e.g. internal organisation, identification and selection of mentors, promotion campaign, selection of suitable entrepreneurs, etc...).

The recruitment of mentees effectively started in March 2007 and lasted longer than initially planned despite the huge promotional efforts made by the Chambers because of unexpected difficulties to spot suitable candidates. The delivery of the mentoring itself started in April-May 2007 and ended in April 2009.

The activities carried out by the Chamber partners included:

- Identification & selection of mentors;
- Identification & recruitment of mentees;
- Providing the mentoring service;
- Reporting.

2.2.1 Identification and selection of mentors

The mentoring was conducted by a single mentor or several ones, according to the needs of the mentee. The Chamber partners selected the most suitable mentors based on experience and on the company profiles. These mentors were recruited both internally within the experienced Chamber advisors and externally from among the professionals they habitually use.

The specialist in-house mentors were usually Chamber advisors experienced in mentoring and advising for company creation and business transfer. The Italian Chambers for instance worked with a pool of experts from their special agencies such as Formaper (training center of the Chamber of Milan) and CISE Forti (special agency of the Chamber of Emilia-Romagna supporting SME innovation). In general, the first mentoring session (i.e. the assessment of the entrepreneur's needs) was performed by Chamber experts and the other sessions by a mix of Chamber advisors and external professionals.

The majority of the mentors recruited externally were outside consultants. The Chambers of Commerce contacted the most active professionals from their own database of consultants with theoretical and practical knowledge considering their personal experience in business management. The Chambers of Schwerin, Romania and Bilbao chose to publish an open call for interest in their monthly magazine or website, while in Italy some Chambers had been directly contacted by consultants willing to participate in the project after having read an article about the pilot action in local newspapers. In Hungary, Portugal and Slovenia, the Chambers signed cooperation agreements with individual professional consultant firms.

Other categories of mentors selected by the Chambers included well-known and senior entrepreneurs (Chamber of Auvergne), retired entrepreneurs (Chambers of Belgium, France, Bilbao and Cantabria), members of the Junior Chamber Network (Chamber of Schwerin), lawyers (Chamber of Südlicher Oberrhein), accountants (Chamber of Rotterdam), and the transferors themselves (Chamber of Greece).

Although the majority of the required mentors for the project were recruited during the first phase of the project, the Chambers continued to look for new mentors in order to complement and refine the variety of skills offered to the entrepreneurs. In this respect, 2/3 of the Chambers enlarged their pool of mentors to match new and specific needs expressed by the mentees throughout the project.

For instance, the Chamber of Vicenza hired a specialist in health and safety at work because of a high demand for this topic. In Spain, an entrepreneur requested very specific counselling for the work organisation of the staff and the production with the objective of improving the quality and the productivity of the company. The Chamber of Tenerife therefore recruited an industrial-engineer consultant specialised in this field.

The mentors were carefully selected based on the expertise and professional experience in providing assistance to companies especially in start-up or transfer phases through a rigorous assessment of their curricula. Interviews were conducted to identify the most suitable mentors, followed by information meetings for the selected ones to present the objectives of the project and explain their role in the process (Chambers of Germany, Poland and Vicenza).

All CVs of potential mentors were then sent to EUROCHAMBRES for approval as part of the quality control process.

The identification and selection of mentors, which is key to ensure the quality of the mentoring sessions, was a long process that involved many activities such as contacting the potential mentors and/or supporting organisations, explaining the project and the mentoring guidelines, planning the sessions, etc... The mentoring itself could not begin before this key step was finalised.

The full list of mentors and their CV can be found in Annexes 10 and 11.

2.2.2 Identification & recruitment of mentees

The Chamber partners identified suitable entrepreneurs to participate in the mentoring programme based on the following eligible criteria defined by the European Commission:

- Entrepreneurs who have just taken over (within the past year) an established enterprise of less than 50 employees;
- Obligation to have a transfer of minimum 50% of the shares of the company with the possibility that the shares are spread among several persons;
- The entrepreneur benefiting from the project must be the owner-manager of the company with a minimum of 10% of the shares;
- The division between male and female should seek to reflect the proportion of male and female entrepreneurs in the various countries.

The recruitment campaign of potential mentees started at the same time as the identification and selection of mentors (i.e. March 2007) and but lasted longer than planned despite the huge promotional efforts made by the Chambers because of unexpected difficulties.

Ø Main tools used by the Chambers to identify companies taken over or about to be taken over

Just like the recruitment of mentors, the Chambers relied on their inherent assets (i.e. proximity to local business community and trusted partners of entrepreneurs) to look for suitable entrepreneurs for the project. Most of the participating Chambers are already involved in the transfer of business and used the specific tools that they have at their disposal to identify companies taken-over or about to be taken over in their country or region. The other Chambers benefited from their well-established and wide network of contacts to spot business transfers. This has been especially the case in Latvia, Hungary, Poland Portugal, Slovenia and Spain. In this way, several prospects were identified.

The Chambers used the following main tools to identify companies taken over or about to be taken over:

- Online marketplaces for business transfer run by Chambers: FOLLOW ME (Chamber of Styria), Passer Le Relais (Chamber of Paris), Cible (Chamber of Rhône-Alpes), TransCommerce (Chamber of Auvergne), Borsa delle Imprese (Chamber of Emilia-Romagna)
- Chamber database of members and other in-house specific databases (e.g. one-stop-shop desk, business transfer department, entrepreneurship office, etc.)
- Business register (some are held by Chambers): the business registry provides a rough list of potentially suitable companies which then needs to be refined to select enterprises with the required criteria for the project. As a result, the Italian Chambers have requested to InfoCamere (special agency of the Italian Chamber in charge of the business registry) to create a specific database to find businesses that could match the project requirements. The information is displayed by region and the Italian Chambers can buy as many extractions from the database as they wish during the course of the project. Unfortunately, such a dedicated database for the project cannot be created in every participating country as the information gathered in the business registry differs across the EU Member States.
- Databases created for previous projects on business transfer: EQUAL project “Elisir” and REINO project (Chamber of Veneto), GENERAZIONE IMPRESA (Chamber of Emilia-Romagna), SUNEL project (British Chambers)
- List of participants in some training courses run by the Chamber.

Ø Promotional activities

The Chambers conducted an extensive information and enrolment campaign towards Chamber members, whose vast majority consists of small companies, towards the potential mentees identified thanks to the instruments cited above, and towards other relevant groups where suitable entrepreneurs could be found.

They used a wide range of communication channels to raise awareness of the project among the local business community at the beginning of the pilot action and then, concentrated their efforts on targeted promotional activities to specific groups and the use of direct/personal contacts as these two methods had been identified as the most effective and efficient to recruit mentees.

Direct promotion of the project to the entrepreneurs, word-of-mouth, phone-calls, involvement of multipliers such as mentors and key organisations/institutions/business associations produced the best results to spot eligible entrepreneurs. The Chamber of Commerce of Romania organised, for example, an “in-house” call centre to directly contact the most suitable and eager companies and to then come down to the final “short list” of mentees. However, the drawback of this method was its cost. It was indeed a very expensive and labour-intensive way of recruiting mentees.

Although the general promotion campaign produced rather limited results, the Chambers continued to promote the project through their websites and other mass communication tools such as newsletters, magazines and flyers, to maintain the awareness of the programme among the business community.

A list of the range of promotional actions undertaken by the Chambers can be found in Annex 12.

2.2.3 Providing the mentoring service

A common methodology for the provision of the mentoring was agreed with all project partners at the beginning of the pilot action so that the services provided to the 1,000 entrepreneurs in the 18 countries had the same level of quality, and also to be able to compare the results, both in term of satisfaction and of impact.

Each buyer was mentored for ten days. The first half-day was used to identify the buyer’s needs so that the Chambers of Commerce could adapt their support to the specific needs of each mentee and the remaining 9.5 days were allocated freely to cover one or several of the 35 sub-topics on offer (see Annex 13). Appropriate mentors were selected by the Chambers on the basis of the needs identified.

The mentoring could take on various forms (i.e. support, advice and training) and could be split into half days (or even into hours) that could be distributed freely throughout the year, at the mentee’s request.

The feedbacks from the Chambers about the above methodology are very positive. The mentoring scheme is flexible enough to enable the development of a personalised programme adjustable to the constraints of the entrepreneur in terms of schedule and location.

Furthermore, the following additional key factors for success, which complement and refine the methodology, have been identified:

- Planning of the sessions: be very flexible to fit the mentee’s agenda but get the commitment of a minimum number of hours of mentoring per month. This proved to be extremely useful since most of the small company owners have difficulties to leave their business or close it during opening hours and attend a mentoring session;
- Mentoring sessions of 3 hours maximum;
- Sessions sufficiently spaced over time to assimilate and implement the measures proposed by the mentors;

- Coordination of the activities: appointment a coordinator (e.g. a mentor or a Chamber expert) to monitor the mentoring plan agreed with the mentees and suggest adaptations if needed;
- Scheduling of some mentoring sessions, especially the assessment of the needs, at the premises of the company to visualise the mentee’s environment and better understand his/her needs.

The biggest difficulty was to get the commitment of the entrepreneurs to 10 days of mentoring and to keep the rhythm of the sessions. However, once they had started the programme and received advice and support from mentors, they were usually eager to regularly follow the sessions.

The mentees were also very positive about the mentoring. The Analysis Report shows an average level of satisfaction of 1.97 out of 5 (between “very useful” and “useful”). The most successful topics were accounting, human resources, marketing and access to financing. Moreover, the level of difficulty perceived by the mentee was lowered by 2.16 points on average (falling below 5 out of 10 to 3.3), and dropped for all of the topics covered.

2.2.4 Reporting

Ø Online reporting

The Chambers entered, on a regular basis, in the extranet all the necessary data about the mentoring, namely:

- Each month: the data for each new company/buyer and the information about the content of the sessions and the time spent on each topic;
- Once a mentoring case was finished: the answers of the satisfaction questionnaires filled in by the mentee after completion of his/her mentoring programme

Ø Reporting about the activities

Ahead of each European Commission’s reporting deadlines, the Chambers provided the following documents to EUROCHAMBRES:

- A short activity report summarising the overall context (eg. how the mentees were selected, which difficulties that would have a notable effect on the project were overcome in the process, etc.);
- An original copy of the Mentoring Certificates and a copy of the proofs of transfer for the completed cases.

3 IMPLEMENTATION AND RESULTS

3.1 Overview

The Service Contract set the following objective: to supply ‘‘a minimum of 10,000 full man-days of mentoring to a total of at least 1,000 mentees’’. Despite the huge efforts made by the Chambers, this target has not been reached.

9,067.3 full man-days of mentoring (91%) have been delivered, 937 mentees recruited (94%) and 890 cases completed (89%).

As illustrated in the charts below, the first two months were devoted to the start-up of the project. The coordination team created the conditions and tools necessary for an effective and smooth implementation of the project (e.g. organisation of the kick-off meeting on 24/01/2007, preparation of the partnership agreements, development of the project extranet and satisfaction questionnaire, etc...), while the Chambers prepared the launch of the project locally (e.g. internal organisation, identification and selection of mentors, development of promotional tools, etc...). As a result, the recruitment campaign of mentees effectively began in March 2007, showing significant quantitative results from May 2007.

During the first year of the project, the Chambers invested the majority of their time in the search of mentees and half of them (i.e. 549 mentees) were recruited at the end of 2007, which is a good result given the complications encountered with the finding of suitable entrepreneurs for the project (see chart 1).

The recruitment of mentees was then steady throughout the following 16 months with around 400 entrepreneurs enrolled during this period thanks to:

- The continuous efforts made by the Chambers to promote the initiative, capitalising on the experience acquired during the first period of the project;
- The revisions of the geographical breakdown, which gave relief to the Chambers in difficulties, while allowing the more dynamic ones to offer the mentoring service to additional entrepreneurs in their country;
- The new definition of the 50% minimum shareholding ratio, which entered into force on 19 December 2007 and considerably enlarged the range of potential beneficiaries of the project.

The mentoring itself started in April-May 2007 at a slow pace because of the focus put by the Chambers on the promotion and recruitment, leaving less time to the actual delivery of the mentoring service (see chart 2). As a result, few mentoring days were provided during the first year of the project (i.e. 30% of the expected total number of mentoring days).

The supply of the mentoring progressed gradually but not fast enough during the second year of the project with two peaks between February and March 2008 and between July and August 2008, where the number of days jumped forward. In March 2008, we could observe a 7-month time gap between the recruitment of mentees and the actual delivery of mentoring days as a result of the two following phenomena:

- The delay in the delivery of the mentoring accumulated during the first phase of the project as a result of the complications to find potential mentees;
- The unexpected slowness to provide mentoring days (see page 35 for more details).

The 9-month extension of the project approved by the European Commission in April 2008 allowed finalising the mentoring programmes of the majority of the mentees involved in the project, leading to an important increase in the man-days of mentoring delivered during the last 4 months of the project (i.e. January to April 2009).

The third chart shows the evolution of the number of completed mentoring cases throughout the project. It reflects the development observed for the provision of the mentoring days in the chart 2 with a slow start and a peak during the last months. Please note, that 890 mentoring cases were completed, whereas 9,067.3 mentoring days were recorded, as some mentees did not finalise their mentoring programme for various reasons beyond the Chambers' control.

A Helping Hand for SMEs – Mentoring Business Transfer

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Chart 1: Evolution of mentees recruited

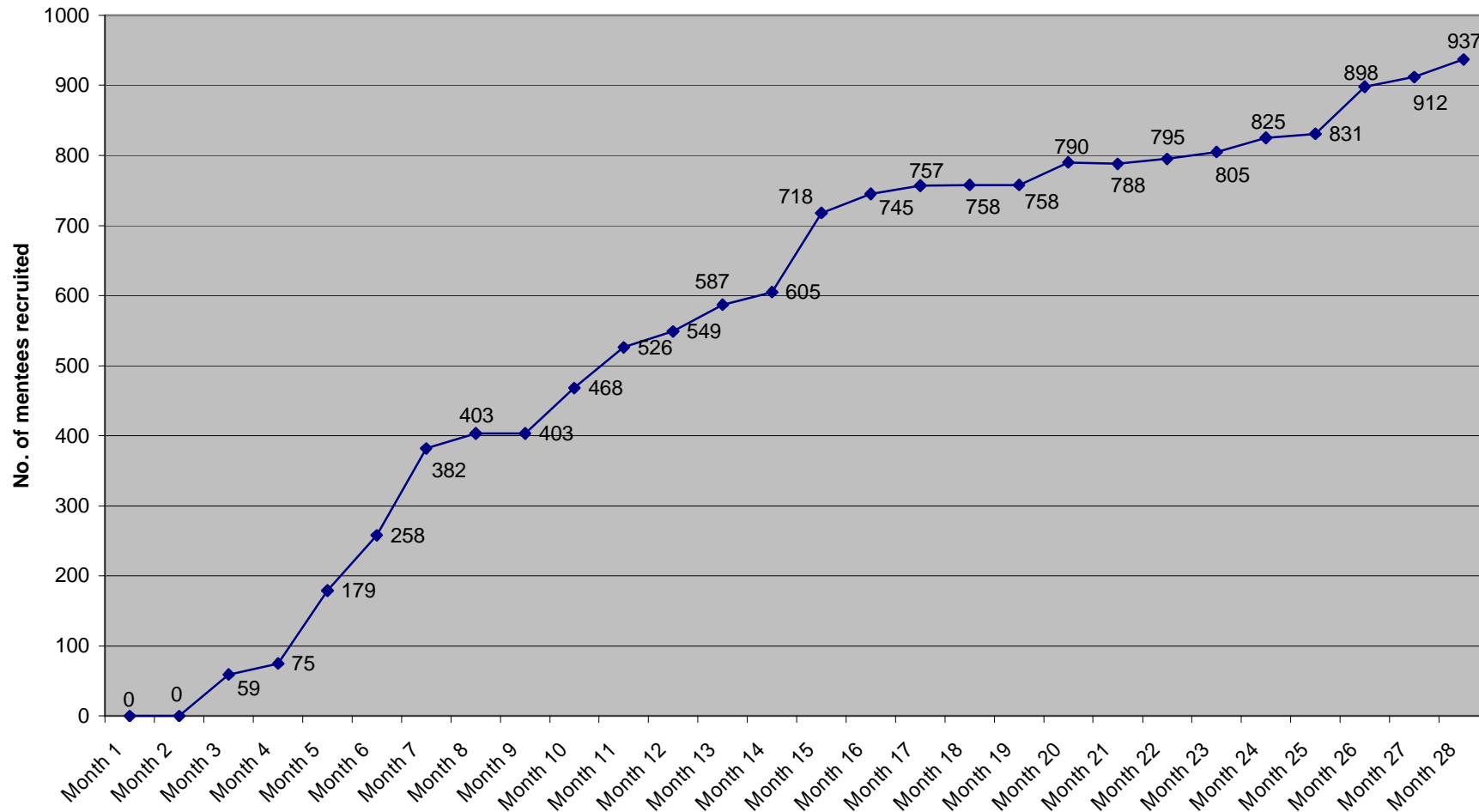


Chart 2: Evolution of man-days of mentoring delivered per month

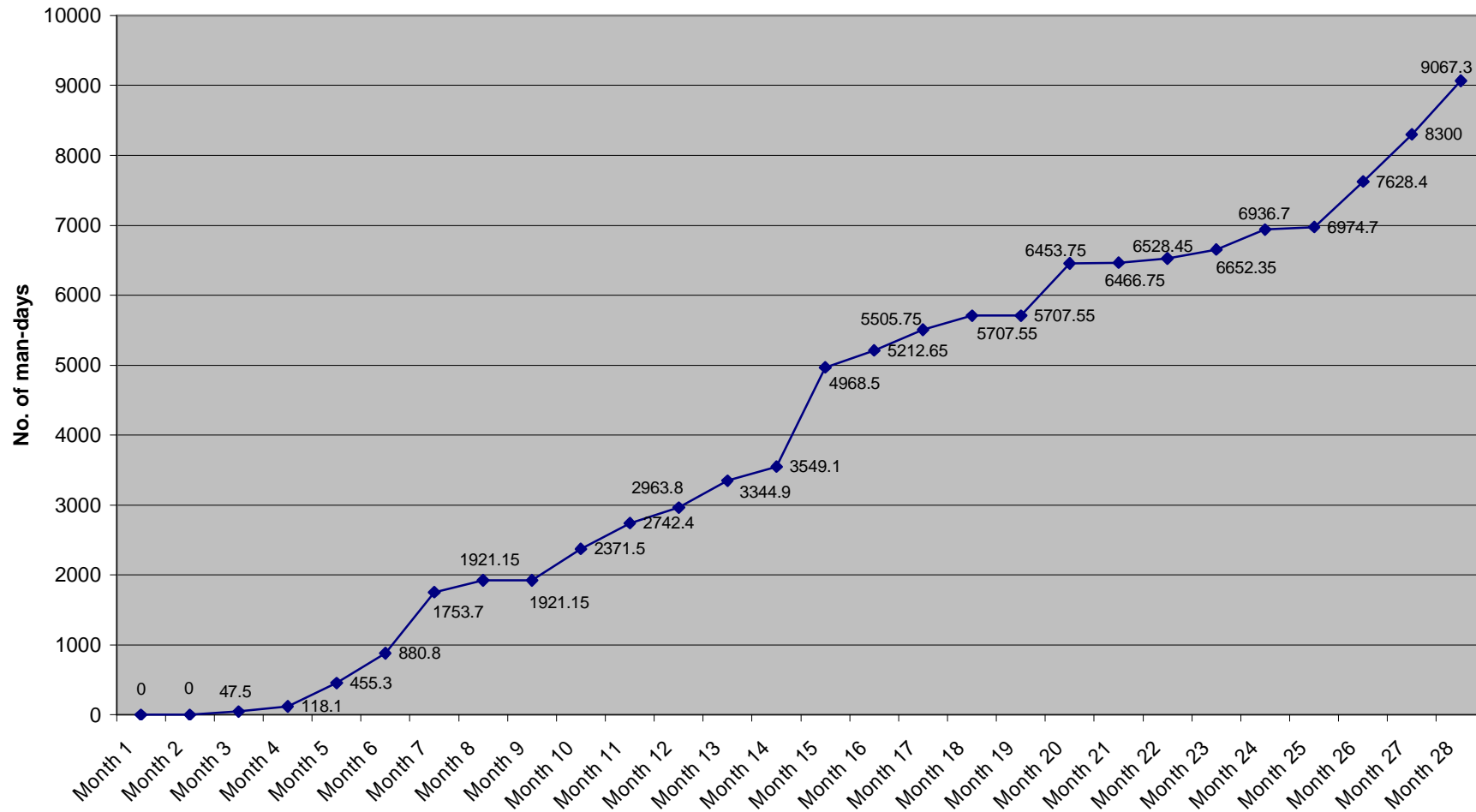
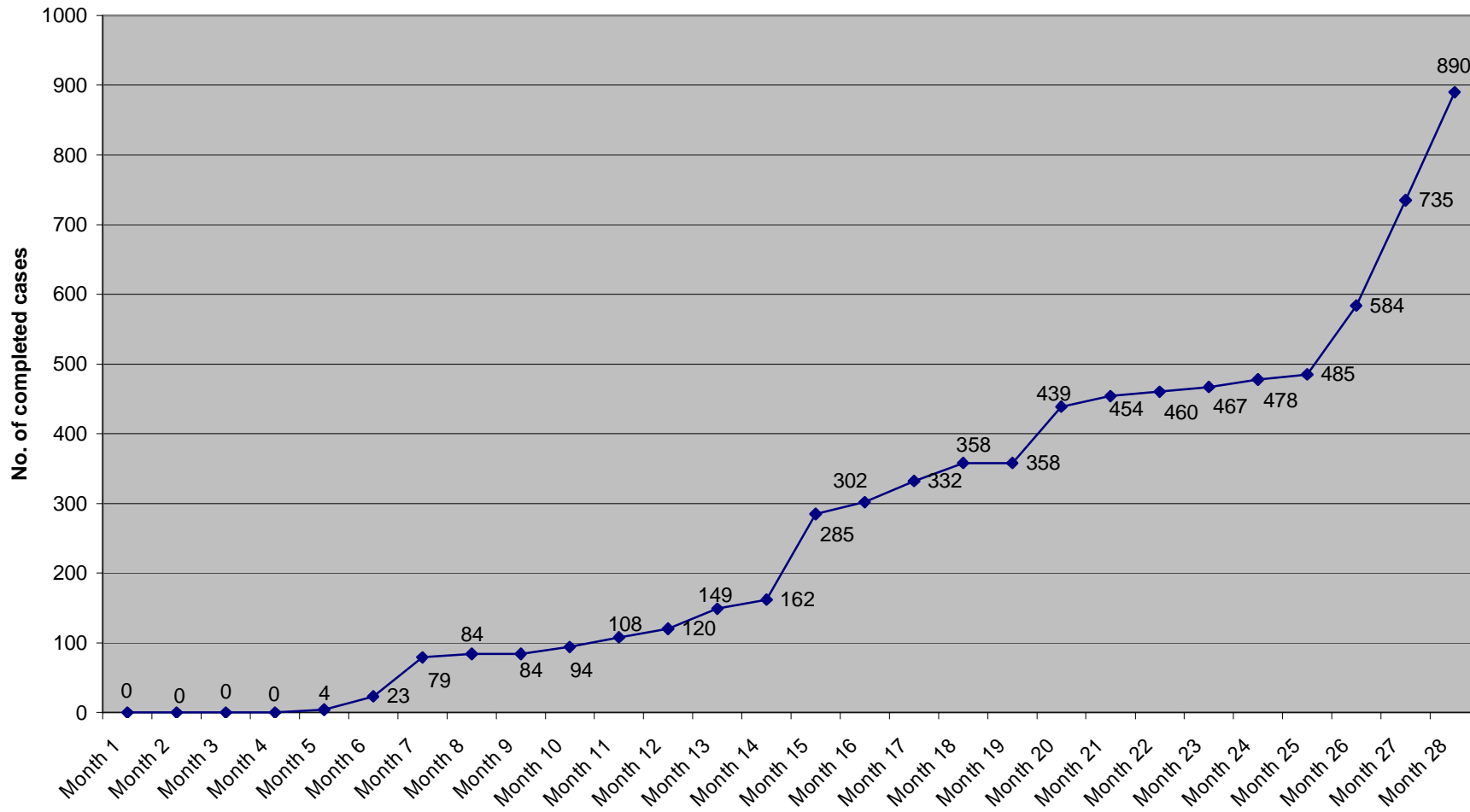


Chart 3: Evolution of completed mentoring cases



Overview of the results obtained by Chamber and by country

Number of mentees recruited for the project 937
 Number of mentoring days delivered 9067.3
 Total number of completed cases 890

Country	CCI name	Overall Target		Achievement			Achievement in %
		Nb of days provided	Nb of completed cases	Nb of days provided	Nb of completed cases	Nb of mentees recruited	
<i>Austria</i>	Styrian Chamber of Commerce	750	75	266	18	46	24%
	Total	750	75	266	18	46	24%
<i>Belgium</i>	Chambre de Commerce et d'Industrie de Namur	150	15	0	0	0	0%
	Chambre de Commerce et d'Industrie du Luxembourg Belge	250	25	90	8	11	32%
	Total	400	40	90	8	11	20%
<i>Bulgaria</i>	Bulgarian Chamber of Commerce and Industry	300	30	303	30	31	100%
	Total	300	30	303	30	31	100%
<i>France</i>	Chambre de Commerce et d'Industrie de Paris	600	60	562.5	54	59	90%

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	Chambre Régional de Commerce et d'Industrie Auvergne	200	20	186.5	18	19	90%
	Chambre Régional de Commerce et d'Industrie Rhône-Alpes	1200	120	1143	113	116	94%
	Total	2000	200	1892	185	194	93%
<i>Germany</i>	Industrie- und Handelskammer Südlicher Oberrhein	100	10	100	10	10	100%
	Industrie- und Handelskammer zu Schwerin	70	7	70	7	7	100%
	Total	170	17	170	17	17	100%
<i>Greece</i>	Union of Hellenic Chambers of Commerce and Industry	150	15	150	15	15	100%
	Total	150	15	150	15	15	100%
<i>Hungary</i>	Hungarian Chamber of Commerce and Industry	150	15	150	15	15	100%
	Total	150	15	150	15	15	100%
<i>Italy</i>	Unioncamere	1800	180	1800	180	180	100%
	Milan Chamber of Commerce	100	10	100	10	10	100%
	Unione regionale delle Camere di Commercio del Veneto	170	17	170	17	17	100%
	Total	2070	207	2070	207	207	100%
<i>Latvia</i>	Latvian Chamber of Commerce and Industry	10	1	10	1	1	100%
	Total	10	1	10	1	1	100%
<i>Malta</i>	The Malta Chamber of Commerce	50	5	44.3	4	5	80%

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	Total	50	5	44.3	4	5	80%
<i>Netherlands</i>	Kamer van Koophandel Rotterdam	120	12	120	12	12	100%
	Kamer van Koophandel Zuid-Limburg	60	6	60	6	6	100%
	Total	180	18	180	18	18	100%
<i>Poland</i>	Chamber of Commerce and Industry of Kielce	150	15	132	13	16	87%
	Total	150	15	132	13	16	87%
<i>Portugal</i>	Portuguese Chamber of Commerce and Industry	20	2	20	2	2	100%
	Total	20	2	20	2	2	100%
<i>Romania</i>	Chamber of Commerce and Industry of Romania	930	93	930	93	93	100%
	Total	930	93	930	93	93	100%
<i>Slovakia</i>	Slovak Chamber of Commerce and Industry	200	20	200	20	20	100%
	Total	200	20	200	20	20	100%
<i>Slovenia</i>	Chamber of Commerce and Industry of Slovenia	150	15	150	15	15	100%
	Total	150	15	150	15	15	100%
<i>Spain</i>	Camara de Comercio i Industria de Terrassa	200	20	200	20	20	100%
	Camara Oficial de Comercio, Industria y Navegacion de Valencia	210	21	210	21	21	100%
	Cambra de Comerç de Sabadell	60	6	60	6	6	100%

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	Cámara de Comercio de Cantabria	100	10	100	10	10	100%
	Cámara de Comercio Industria y Navegación de Bilbao	100	10	100	10	10	100%
	Cámara de Comercio Industria y Navegación de Oviedo	100	10	100	10	10	100%
	Cámara de Comercio Industria y Navegación de Santa Cruz de Tenerife	250	25	250	25	25	100%
	Cámara Oficial de Comercio e Industria de Madrid	450	45	450	45	45	100%
	Cámara Oficial de Comercio e Industria de Navarra	400	40	400	40	40	100%
	Cámara Oficial de Comercio e Industria de Zaragoza	300	30	300	30	30	100%
	Total	2170	217	2170	217	217	100%
UK	The British Chambers of Commerce	150	15	140	12	14	80%
	Total	150	15	140	12	14	80%
	TOTAL	10000	1000	9067.3	890	937	89%

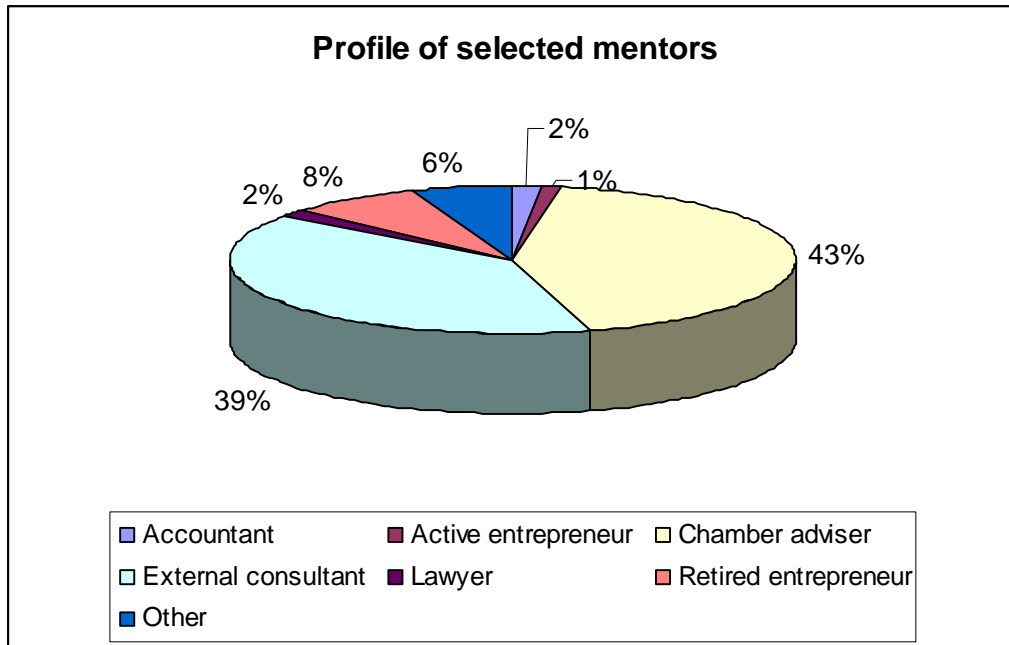
3.2 Detailed report: who provided what kind of mentoring to whom

3.2.1 Mentors

558 mentors were recruited throughout the project. A large majority are Chamber advisers (43%) and external consultants (39%).

The full list of mentors by country and their CV can be found in Annex 10 and 111.

Profile of mentors	No. of mentors	%
Accountant	9	2%
Active entrepreneur	7	1%
Chamber adviser	238	43%
External consultant	220	39%
Lawyer	9	2%
Retired entrepreneur	43	8%
Other	32	6%
Total	558	100%



Among this pool of mentors, 446 actually delivered some mentoring session.

3.2.2 Mentees

937 entrepreneurs were recruited and 890 finalised their mentoring programme (i.e. 89% of the total number of mentees required for the project). A complete and detailed analysis of the profile of the people mentored can be found in the Analysis Report (see section 2). Please note that this latter is based on the analysis of 889 questionnaires that were returned.

The full list of mentees and their companies is presented in Annex 16.

4 DIFFICULTIES

4.1 Recruitment of mentors

The Chambers did not encounter any major difficulties in recruiting mentors thanks to the extensive and long established networks of consultants and in-house experts dealing with business issues, capable of delivering a high quality mentoring service. The only limitation was the financial conditions offered by the programme. Some private consultants refused to participate due to the inadequacy of the proposed fees (i.e. €2,600 for 10 mentoring days) with respect to the actual daily rates for consulting services which amounts for €800-€1,000 in France, €620 in Belgium and up to €1,200 in Germany for instance. Nevertheless, many professionals contacted were highly interested in the project and agreed to take part to profit from its side benefits such as a closer relationship with the participating Chambers, opportunity to gain additional experience through the project, enlargement of their own personal contact portfolio, and the prospect to participate in future Chamber projects.

4.2 Recruitment of mentees

Despite the intensive and continuous efforts of the Chamber network to actively promote the pilot action using an extremely wide range of channels (i.e. direct promotion of the project to the entrepreneurs, word-of-mouth, phone calls, involvement of multipliers such as mentors and key organisations...), the recruitment of mentees has been difficult and extremely time consuming for the following reasons:

4.2.1 Lack of data on business transfers

The majority of countries involved in the project do not have any specific database listing business transfers at national, regional or local level, which made it difficult to locate entrepreneurs who could benefit from the project. Only in five countries, Chambers possess such a tool, namely: France, Italy, the Netherlands, Germany and Austria.

The only instrument at the disposal of the Chambers was the business register, which is, however, not detailed enough to automatically spot entrepreneurs meeting the eligible criteria. It required contacting one by one a large number of potential mentees to check their eligibility.

Furthermore, sometimes the information exists but is not accessible because of the issue of confidentiality of personal data. In Malta for instance, the Chamber was unable to receive information from the licensing department about who has obtained a new license to do business, as this information is considered strictly confidential and cannot be accessed by the Chamber. In Spain, the transfer of information between public administrations and other entities such as the Chambers of Commerce is restricted by the law on protection of personal data.

As a result, many Chambers had to make a case-by-case search and devoted lots of their time to the identification of suitable entrepreneurs for the project.

4.2.2 Tight project requirements

Amongst the difficulties encountered by the Chambers, the strict eligibility criteria caused serious trouble for the recruitment of mentees: “*Young entrepreneurs who have just taken over (first year) established small enterprises*” “owning at least 50% shares of the company.

Ø Term “young entrepreneurs”

At the project kick-off meeting in January 2007, the European Commission recognised that the tender specification term “young entrepreneurs” was too restrictive and extended the target group to include ALL entrepreneurs who have taken over an established company within the previous year.

Ø 50% minimum shareholding ratio

The requirement that the new entrepreneur must own at least 50% of the company is not mentioned in the tender specifications of the Service Contract and was required by the European Commission during the kick-off meeting. This ratio significantly narrowed the range of possible beneficiaries of the project during its first year; making it difficult for the Chamber partners to recruit mentees.

Several entrepreneurs showed interest to take part in the project, but eventually they turned out not to fill all the criteria and in particular the 50% minimum shareholding ratio. It is indeed more common in small enterprises to have a split up ownership with three or more partners. Hence, the new manager of the company usually owns less than 50% of the enterprise.

To respect the ratio, the Chambers had to focus on micro companies and therefore eliminated from the programme many small enterprises and interesting targets. In Hungary, for instance, only 4% of the identified entrepreneurs met the 50% ownership requirement.

This prerequisite posed in particular problems for the participation of family companies. While family owned firms was not the only target of this programme, it must be noted that this type of transfer still represents in some EU countries the majority of take-overs. It is indeed estimated that 83% of Spanish companies are family owned (2,500,000 enterprises)⁵, that 70% of business transfers in Italy are within the family⁶ and 2/3 in Austria.

In the case of transfers of family companies, it is frequent that the parents transfer ownership of their companies to various sons and daughters (3 sons/daughters with 33% of shares each), or that they transfer a low percentage of ownership (e.g. 25%) plus the management of the enterprise the first years and increase the percentage progressively. Having 50% ownership of the enterprise during the first year of the take-over is therefore extremely rare for family companies.

⁵ Source : Instituto de la Empresa Familiar

⁶ Source : Transregio comparative study and good practices “Business Transfer in 7 European Regions”, March 2006

Consequently, the Chambers had to refuse the participation of many new entrepreneurs who are real managers of small companies without having 50% of ownership of the enterprise and who also need mentoring sessions.

As a result, EUROCHAMBRES requested on 26 September 2007 to open the programme to any entrepreneur even if he/she owns less than 50% of the company provided he/she is the real owner-manager of the company.

The European Commission agreed on 19 December 2007 to modify the definition of the minimum shareholding ratio as follows:

- Obligation to have a transfer of minimum 50% of the shares of the company with the possibility that the shares are spread among several people.
- The entrepreneur taking over the company must be the owner-manager with a minimum of 10% of the shares. The mentee should sign to prove that she/he is the real owner manager of the company with a written statutory declaration.

All Chamber partners welcomed this change in the interpretation, which considerably extended the target group.

Ø Duration of the mentoring

Another difficulty encountered by the Chambers and which has been an obstacle for the enrolment of entrepreneurs is the duration of the mentoring. 10 days of mentoring is a long period for a small entrepreneur who has just started a business. Potential mentees were therefore often reluctant to invest 10 days in training and coaching. They felt that they could not afford losing so much time in a not directly productive activity, during the start-up phase of their business.

The Chambers got round this difficulty by splitting up the days of mentoring in half days and by spreading the 10 days over the months. For instance, the Chamber of Oviedo chose to organise mentoring sessions of three hours maximum. With this format, the mentees maximised the benefits of the sessions and had time to assimilate the proposed correcting actions. The drawback of this solution was a longer duration of the mentoring and a delay in the delivery of mentoring days.

Making the programme very flexible is key in attracting candidates and to fit the mentee's agenda. According to the Chambers, offering the choice to commit for 5 to 10 days of mentoring and having the possibility to deliver more than 3 days of mentoring before the take-over would have facilitated the recruitment of mentees.

Ø One year after the takeover

Many SMEs come to the Chambers for assistance at an early stage when they are still in the negotiation phase with the seller. Given that they do not know exactly the date of the takeover, they could not take part in the project (even allowing for the fact that 3 days of the mentoring could be delivered before the transfer).

Ø Low number of business transfers in some EU countries

The issue of business transfer does not seem to be as decisive in the Eastern and Central European countries as it is the case in the “old” EU Member States. Most of the small companies were privatised after the collapse of U.S.S.R. and the communism and are currently run by the first generation of owners or have gone bankrupt. The large part of the business transfers concern the big companies, mainly taken over by foreign investors. This historical factor caused trouble to find potential mentee in Hungary, Malta, Slovakia and Slovenia.

Furthermore, the legislation in place in some EU countries such as Slovenia is not conducive to business transfer. It is often preferable to create a new enterprise to avoid possible hidden liabilities of previous owners.

Ø Mentality barrier

Another issue that some Chambers had to face was the indifference of the entrepreneurs to the programme for various reasons:

- Some entrepreneurs do not perceive consultancy and mentoring as an urgent need and keep saying: “later”.
- Some do not think they need assistance at all. It is particularly true for the transfers of family companies where the approach is often: “this is the way things have always been done”. The transferor, usually the parent, is still around in the business to provide guidance and assistance to the transferee and they do not consider that the company could benefit from the expertise of a third person.
- Some entrepreneurs are suspicious and do not want any interference from outsiders, even if this means free professional assistance.

Ø Competition with similar programmes

In Italy, Austria and Germany, the Chambers faced the competition of similar initiatives, which benefit from more attractive conditions, namely:

- BTP - Business Transfer Programme in Austria: a second EU project on business transfer co-financed by Leonardo da Vinci.
- The KfW-Programme "Gründercoaching" in Germany which covers the same target group as the "Mentoring Business Transfer" project with more attractive conditions for both the mentors and the mentees. These two programmes use the same consultants and chamber experts who prefer promoting the "Gründercoaching". The entrepreneurs mainly opt for the KfW-programme which is more flexible and financially more attractive.

- SATURNO GLOBAL GRANT - ACTION 2 in Italy: this programme provides free mentoring services to 360 SMEs from July 2007 to February 2008. The companies are selected by operators (entrepreneurial associations, universities, private consultancy companies) according to specific formal prerequisites that are wider than those of the Mentoring Business Transfer project. As a result, it is difficult to get the help of entrepreneurial associations because they are more interested in finding companies with the SATURNO funds.

The Chambers have made every effort to recruit mentees, but it has not been possible to reach the target of 1,000 mentees.

4.2.3 Implementation of the mentoring

Given the complications to find potential beneficiaries for the project, the first year of the project was mainly devoted to the recruitment of mentees, which, in turn, caused a delay in the actual delivery of the mentoring.

In addition, the provision of mentoring days proved to be particularly slow for the following reasons:

- **The necessary lead-time between the moment the mentee is found and the true start of the mentoring:** it takes on average 3 weeks to be ready to start the programme. Preparatory activities include the signature of a mentoring convention, checking the documents proving the transfer, assessing the mentee's needs, developing a mentoring plan and setting up a timetable of the sessions.
- **Finding the right timeslot for the sessions** is sometimes tricky given the busy diaries of the mentees. During the "start up" phase of a business, the time that the new manager can dedicate to personal training and support actions is limited; this lack of time ends reducing the availability of the entrepreneur at a time of great need for such actions. The mentoring is therefore often cut in shorter periods (half days) so as to facilitate the participation of the entrepreneurs, thus extending the whole duration of the programme and requiring at the same time more availability from both the mentee and the mentor.
- **Cancellation of mentoring sessions** by the mentee because of unexpected commitments and workloads, which, in turn, delays the completion of the programme.

It took therefore more time than expected to carry out the days of mentoring but thanks to the 9-month extension of the project the delay in the implementation of the mentoring was caught up.

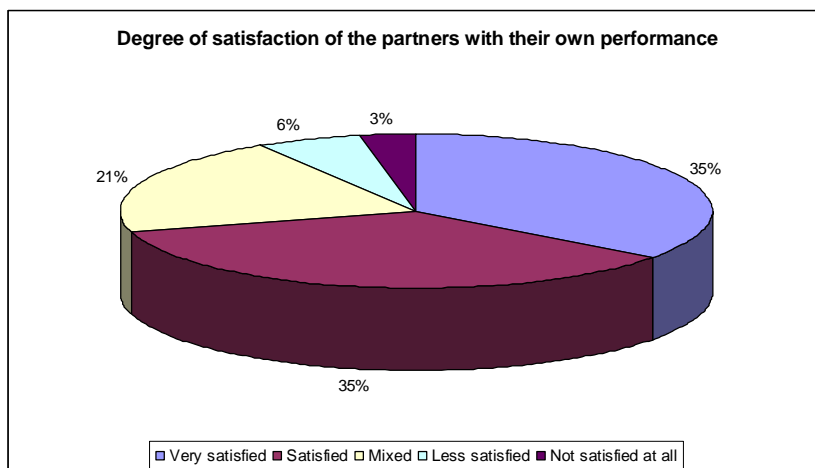
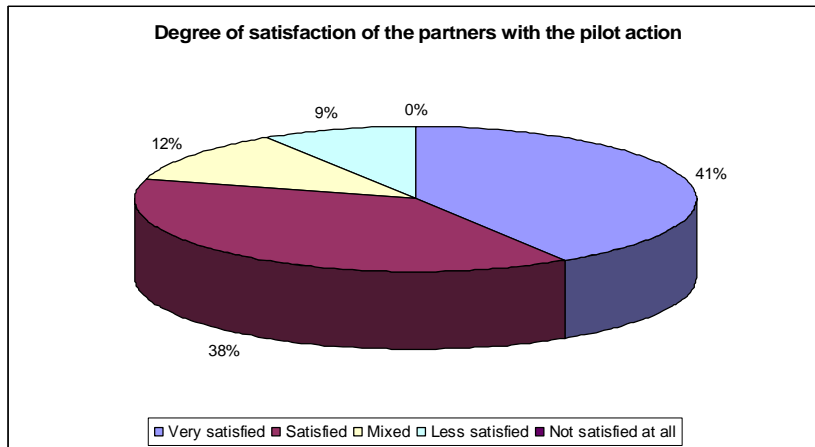
4.2.4 Internal factor

It appeared that some Chambers overestimated the number of mentoring cases they could actually deal with and were therefore incapable of fulfilling their commitment. As a result, three Chambers withdrew from the project (i.e. Chambers of Sweden, Toscana and Namur) and two revisions of the geographical breakdown were necessary to reallocate some mentoring cases among the successful Chambers.

5 ASSESSMENT OF THE PILOT ACTION BY THE CHAMBERS OF COMMERCE

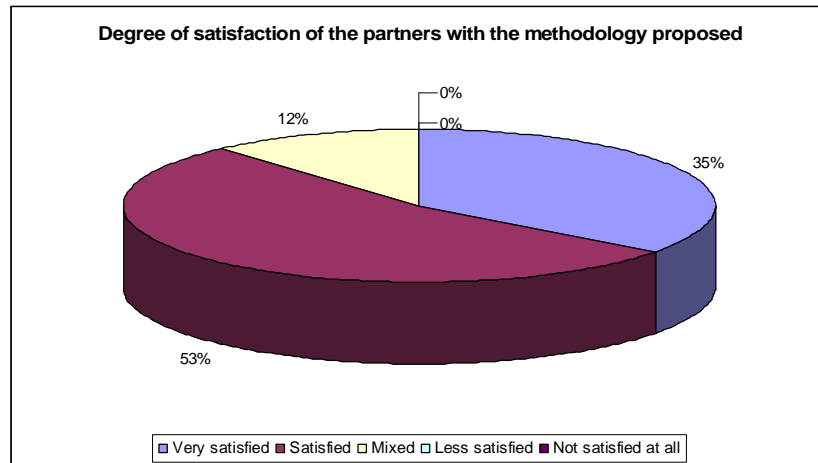
In conclusion, we can say that the programme was particularly challenging because of the tight project requirements and, as a result, the objective of the pilot action⁷ was not achieved. However, given the difficulties encountered, the final results can be considered as good in terms of number of completed mentoring cases (i.e. 890 cases, representing 89% of the project objective), methodology used for the delivery of the mentoring which proved to be efficient and flexible enough to meet the specific needs of each mentee and level of involvement of the Chambers in this ambitious and demanding project. They invested more time and resources than what the project can cover and mutually helped each others (i.e. the more successful Chambers taking over extra cases to relieve the ones having troubles to recruit mentees) in order to fulfil their commitment and meet the overall target.

A survey carried out among the Chamber partners at the end of the project reveals that 79% of them are satisfied with the pilot action (41% are very satisfied and 38% are satisfied) and 70% are pleased with their own performance (35% are very satisfied and 35% are satisfied). Still, it is worth noting that 21% of the Chambers are more or less satisfied with their own performance because they haven't been able to reach their individual target or they did it but with extreme difficulties.



⁷ To supply "a minimum of 10,000 full man-days of mentoring to a total of at least 1,000 mentees".

Futhermore, the Chambers found the common methodology for the delivery of the mentoring⁸ practical and flexible (88% of them are satisfied) but underlined that the project requirements limited a lot its implementation, notably the strict duration of the mentoring (i.e. 10 days) and the schedule of the sessions essentially after the take over.



The impact of the pilot action is very positive for the territories where the project was carried out and for the Chamber partners.

Benefits for the territories covered by the pilot action:

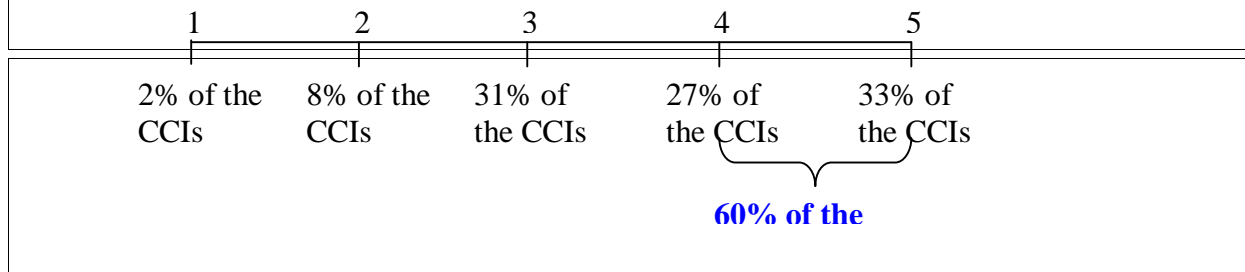
- The project increased the level of awareness among potential new entrepreneurs of the possibility to take over a company as a good alternative to starting a new one;
- It encouraged people, still undecided, to take over an enterprise since they would receive a tailor-made assistance;
- It should increase, in the mid-term, the success rate of the mentees; thus maintaining economic activity and employment in the territory.

Benefits for the Chamber partners:

- For 60% of the Chambers, the project strengthened their credibility towards the business community and the public authorities by positioning them as key actors in the support of business transfers and more widely in the support of entrepreneurs at each step of the life cycle of a company.

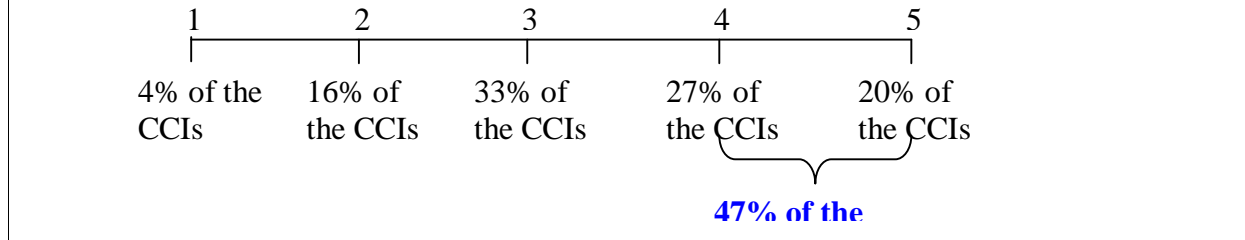
⁸ The common methodology consisted in 1) an assessment of the company's situation and of the entrepreneur's needs, followed by the establishment of a mentoring plan, and 2) the implementation of the mentoring plan.

Degree of credibility won by the partners with the project (1 being no increase at all and 5 being a very important increase):



- The project did increase the visibility of the Chambers for 47% of them. The low number of mentoring cases for some partners can explain that this figure is not higher.

Degree of visibility won by the partners with the project (1 being no increase at all and 5 being a very important increase):



- The Chambers have extended their range of services in business transfer: until now, they were providing assistance to entrepreneurs before the business takeover. This project gave them the opportunity to develop a specific service targeting the post-transfer, allowing them to offer support throughout the business transfer process.
- They increased their knowledge and understanding of the needs of entrepreneurs who have taken over a company.
- The project created synergies between departments of the Chambers since it required the involvement of experts in various fields (e.g. access to finance, marketing, business strategy and planning, human resource management, etc.).
- It allowed the development and consolidation of a wide network of experts (mentors).
- It favoured the creation of concerted and transversal actions and exchange of good practices between the Chambers involved.

A Helping Hand for SMEs – Mentoring Business Transfer

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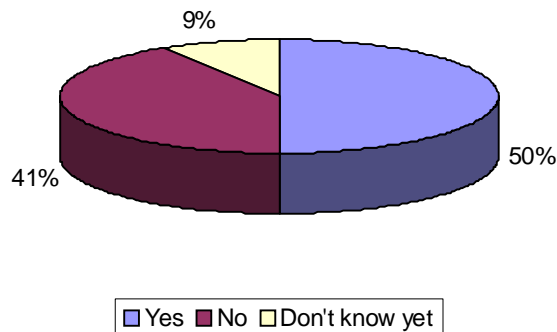
The Chambers will continue to give assistance and to provide services to entrepreneurs in the process of transfer. Half of the CCIs said they would build on the experience acquired with the project in order to improve the services they offer to entrepreneurs. For instance:

- CRCI Auvergne (France) is going to set up a system of follow-up of business transfers, which could take the following forms:
 - Training to become an entrepreneur;
 - Forums of exchanges (e.g. collaborative platforms, business clubs);
 - Follow-up by phone;
 - Group information sessions;
 - Creation of an activity dashboard in the tourism sector.
- CCI Styria (Austria) will include the takeover check (part 1 of the methodology) to its business transfer service called FOLLOW ME;
- CCI Romania will collaborate with the Ministry for SMEs, which has launched a programme for financing business transfers, in order to set up a similar service;
- CCI Slovenia will organise workshops and seminars for entrepreneurs who have recently taken over a company on selected topics;
- The Spanish Chambers participating in the pilot action have introduced a proposal to support a programme similar to this one to the public authorities (Dirección General de Pymes);
- CCI Madrid will start soon its own “Transfer Programme” encompassing the following elements: 1) The profile of eligible mentees won’t be limited; 2) They will provide an assessment to the seller too; 3) They will establish a web platform in which sellers and potential buyers will be able to contact each others (i.e. an online marketplace).

40% of the Chambers will not continue the service for the following reasons:

- They do not have the financial resources to support the expansion of the project;
- The recruitment of mentees is a problem in some countries such as in Hungary where it is extremely difficult to recruit recently transferred companies because the official database of the government does not contain any information regarding business transfers. Lawyers would be the only possible information source because contracts on business transfers are written and managed by lawyers but they treat information on business transfers confidentially.

Continuation of the mentoring service in the future



SECTION 2: Analysis report

Introduction

Business transfer is an issue of major importance in Europe, with one in three company directors in the European Union expected to retire within the next decade; this will affect an annual average of 690,000 businesses (predominantly small and medium-sized businesses), representing almost 2.8 million jobs⁹. To make it easier for such business transfers to take place, European countries have put in place various measures, essentially geared towards providing support upstream of transactions. That being said, the challenges involved in transfers and takeovers do not end with the signing of the sales deed, and a large number of such transactions still fail (more than one in every five transfers in France fails within six years, according to Oséo¹⁰).

The European pilot post-takeover mentoring project, ‘A Helping Hand for SMEs – Mentoring Business Transfer’ is therefore unique on two fronts, covering 18 European countries at the same time, and taking effect not before, but after the transfer took place. It ran over a 32-month period, between January 2007 and August 2009.

The initial aim of this far-reaching project was to provide free support to 1000 buyers in 18 European countries, each for a ten-day period. The Chambers of Commerce and Industry involved in the project were given the responsibility of identifying individuals who had taken over a business with fewer than 50 employees, no matter their line of business, with the takeover having had to have taken place less than one year before mentoring was provided. This took place over three stages. The first was to carry out an evaluation of the company taken over and the buyer’s needs so that the Chambers of Commerce could adapt their support to the specific needs of each company director, thus providing them with tailored support. Once the evaluation was complete, the transfer advisor offered the buyer a personalised monitoring programme lasting 9.5 days, selecting appropriate mentors on the basis of the needs identified. The second stage was to establish the mentoring process as such, which could take on various forms (support, advice, training), covering nine major areas: business strategy, marketing and commerce, accounting, fiscal and legal aspects, human resources management, technical know-how, financing difficulties, logistics and IT systems. The programme could be split into half days (or even into hours) that could be distributed freely throughout the year, at the company director’s request. Finally, during the last stage, the buyer had to fill out a questionnaire giving a general overview of their satisfaction with the content and type of support provided. Each stage generated a large amount of data which the Chambers of Commerce and Industry involved in the project entered into an extranet. The data concerned:

- the buyers’ profiles, the businesses bought and the transfer process;
- a series of scales to assess the difficulties faced by the buyer following takeover;
- The content of the mentoring and buyers’ assessment of that mentoring.

⁹ COM 2006/117 Implementing the Community Lisbon Programme for Growth and Jobs - Transfer of Businesses: Continuity Through a New Beginning, European Commission, 14 March 2006

¹⁰ Study ‘SME transfers: the experience of Oséo BDPME’, 64 pages, May 2005 (www.oseo.fr)

The on-line data was incorporated into an Excel spreadsheet before being imported into the ‘Sphynx’ data analysis software in order to carry out three major types of analysis:

- univariate descriptive analyses describing the sampling population, the results of which are presented in this report as ‘flat tables’ of frequencies, averages and percentages;
- bivariate explanatory analyses highlighting the relationship between two variables, presented in this report as ‘pivot tables’ of quotations or observations as well as percentages in rows or columns, giving rise to statistical tests for independence (chi2¹¹);
- Multivariate analyses breaking down and summarising the information and forming ‘composite’ variables from several variables, presented in this report as ‘pivot tables of averages’ involving statistical tests for independence (Fisher test¹²).

To put it simply, the aim was to test the relationship between variables, by comparing the figures in the tables extracted from the extranet database with those that would have been obtained if the figures had been allocated proportionally. In all of the tables where this approach was used, the cells where the figure observed differed from the average sample figure appear in blue (when it was higher) or in pink (when it was lower).

Of the initial sample (1000 buyers), 889 questionnaires were returned. This figure is perfectly satisfactory from a statistical point of view because it corresponds to a margin of error of less than 4% compared to estimates. That being said, not all parts of the questionnaire (190 questions in total) were necessarily filled in, which is why, for some questions, the total given in the table may be less than 889.

This report presents the main results from the various analyses, and is made up of four parts. The first section provides a description of the characteristics of the sample, giving an overview of the businesses taken over, buyers’ profiles and the practical details of the takeovers observed. The second section describes the difficulties faced by buyers during the takeover, and attempts to understand their reason (their potential link to the buyer’s profile or the type of business purchased). The third section describes the content of the mentoring provided, initially from a general perspective and then according to the type of buyer and the type of business taken over. Finally, the fourth section measures the extent to which buyers found the mentoring useful, their degree of satisfaction with the various areas of support and their expectations of any future mentoring.

¹¹ http://en.wikipedia.org/wiki/Chi-square_test

¹² http://en.wikipedia.org/wiki/Fisher's_exact_test

Managerial summary

Of the initial sample (1000 buyers), 889 questionnaires were returned although 890 entrepreneurs completed the full process and received all of the support (ten days). 79% of them came from four countries: Spain, Italy, France and Romania.

Typical profile of the businesses transferred

A relatively young (created less than ten years ago), small business (with fewer than 10 employees and less than 100,000 Euros in turnover) with profits of less than 10% and working in the retail or services sector (cafés, hotels/restaurants or individual services). It operated locally and had the legal form of a limited company or sole proprietorship.

Typical buyer profile

A male (59%) employee (47%), aged 40, with a higher education (53%) made up generally of short, technical studies (2.5 years). He had 14 years of professional experience, during which he had had the opportunity to mentor other employees. It was a first takeover (85%), for which the buyer had no specific training. In the case of the 13.5% who had been trained, the training received generally focused on legal and fiscal issues and accountancy.

The takeover process

It was an external takeover (62.2%) of a business owned by one person (52.2%). The purchase price was lower than 100,000 Euros (71.7% of takeovers sampled), with the majority of that amount being self-financed.

Less than half of buyers had received support from the seller; with support focusing mainly on the technical and commercial aspects of the business.

Difficulties and the reason for these difficulties

The main difficulties faced by the buyers in the sample related to accountancy and finances, access to financing, strategic management, human resources management and legal and fiscal issues.

These difficulties were more marked for women than for men. They were also greater for young buyers with little professional experience. They were also greater when the business bought was a sole proprietorship, young, and in the non-food retail sector.

The mentoring process

The way in which the days of mentoring were divided up showed a great deal of difference in the topics requested by buyers and clearly demonstrated the varying nature of their needs.

By descending order of importance, the three leading mentoring topics were: marketing and commerce (1903 days in total, of the 8890 recorded in the database), finances and accounting (1439,6 days) and strategic management (1314 days). The ‘least popular’ topic was supply chain management (just 159 days).

The oldest buyers, who had undertaken several years of university study, were more interested in mentoring in such cross-cutting areas as strategic management, whereas the younger buyers were more interested in accounting and financing as well as legal and fiscal affairs.

Companies with the highest staff numbers were predominantly interested in mentoring on human resources management.

Usefulness and assessment of the mentoring

The buyers taking part in the project found the mentoring useful, particularly in the areas pertaining to accounting and finances, human resources management, marketing and access to financing.

More specifically, the mentoring seems to have been most useful in the following areas:

- communication;
- other aspects of human resources management;
- management and leadership;
- organisation of profit and losses accounts;
- relations with clients;
- business development strategy;
- environmental analysis.

It appeared to be of less value, however, in the areas of:

- exports;
- other areas of strategic management;
- property rights;
- E-commerce.

Buyers’ opinions differed on how many days of support were the most appropriate. However, the majority felt that ten days were an adequate amount of time. They were interested in further mentoring and half of them were prepared to pay for it.

1 CHARACTERISTICS OF THE SAMPLE

The aim of this first section is to describe the sample, which was made up of 889 buyers receiving support. What follows is a description of the businesses transferred, their buyers' profiles and the transfer process.

1.1 Overview of the businesses sampled

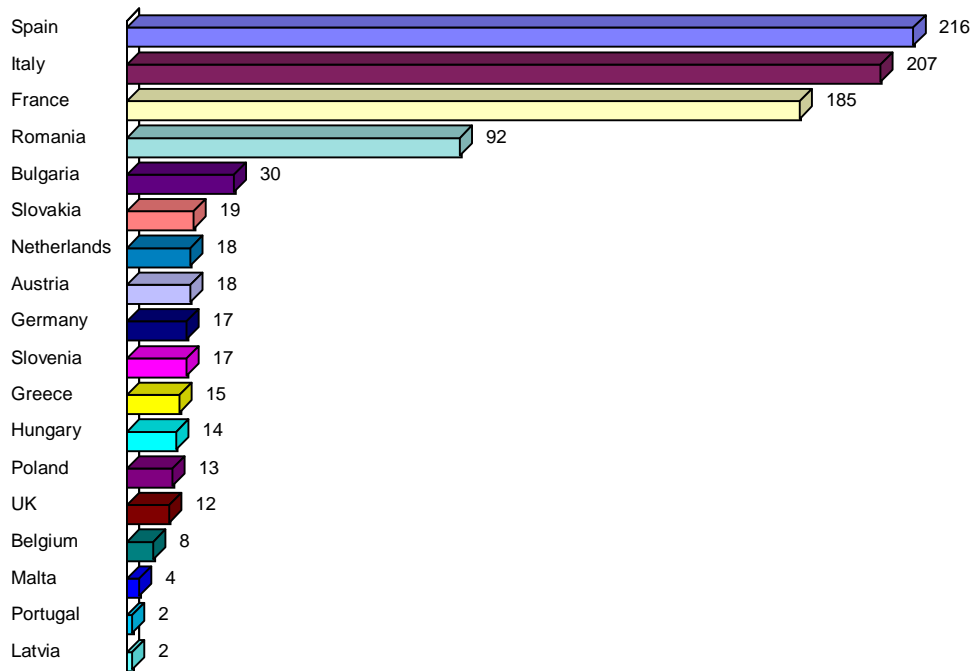
The following paragraphs describe the businesses taken over, in terms of their country, size (number of employees and turnover), creation date, line of business and legal form.

1.1.1 Geographical background of the businesses transferred

18 European countries took part in the project. However, four countries made up 80% of the sample alone: Spain, Italy, France and Romania (700 cases in total, representing 78.7% of the sample). This of course means that four countries have heavily swayed the results. Furthermore, given the low number of cases in some countries (fewer than ten), it would be statistically difficult to draw any significant conclusions about mentoring in Belgium, Malta, Portugal and Latvia.

National breakdown of businesses

Country	Number of buyers	%
Spain	216	24.3%
Italy	207	23.3%
France	185	20.8%
Romania	92	10.3%
Bulgaria	30	3.4%
Slovakia	19	2.1%
Netherlands	18	2.0%
Austria	18	2.0%
Germany	17	1.9%
Slovenia	17	1.9%
Greece	15	1.7%
Hungary	14	1.6%
Poland	13	1.5%
UK	12	1.3%
Belgium	8	0.9%
Malta	4	0.4%
Portugal	2	0.2%
Latvia	2	0.2%
TOTAL	889	100%

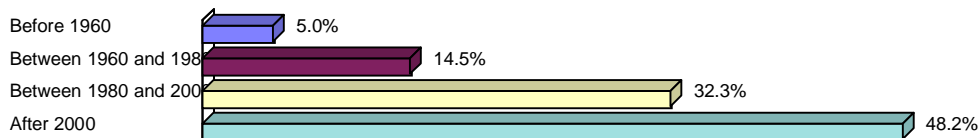


1.1.2 Date of creation

The businesses taken over were often very young. In total, almost 50% of the businesses sampled were less than ten years old (49.5%).

Breakdown of businesses by year of creation

Year of business' creation	Number of businesses	%
Before 1960	42	5.0%
Between 1960 and 1980	122	14.5%
Between 1980 and 2000	273	32.3%
After 2000	407	48.2%
TOTAL	844¹³	100%



¹³ The total shown in the table (and in several tables below) is lower than the number of buyers who actually received support (844 instead of 889). This is because the data was not always recorded by the buyer and/or mentor. As such, for some questions, we had a variable percentage of 'non-responses', which we decided to remove from the analysis. The percentage shown is therefore always calculated on the basis of the replies received.

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The proportion of older businesses was higher in Austria (44.4% of Austrian businesses taking part were created before 1960), in Germany (29.4%) and in Italy (24.6% of businesses created between 1960 and 1980). By contrast, Romania had the highest proportion of recent businesses (88% of Romanian businesses were created after 2000) and the lowest proportion of businesses created from 1960 – 1980 (0%, i.e. no businesses). This is consistent with the situation in Central and Eastern European countries, whose political and economic systems meant that no businesses could be set up until the beginning of the 1990s.

National breakdown (%) of businesses according to their date of creation¹⁴

Country / Date of creation	Before 1960	Between 1960 and 1980	Between 1980 and 2000	After 2000	TOTAL
Austria	50.0%	31.3%	12.5%	6.3%	100%
Belgium	12.5%	12.5%	37.5%	37.5%	100%
Bulgaria	0.0%	0.0%	36.7%	63.3%	100%
France	3.2%	14.6%	39.5%	42.7%	100%
Germany	29.4%	5.9%	64.7%	0.0%	100%
Greece	0.0%	20.0%	60.0%	20.0%	100%
Hungary	0.0%	0.0%	21.4%	78.6%	100%
Italy	6.3%	26.7%	31.6%	35.4%	100%
Latvia	0.0%	0.0%	0.0%	100%	100%
Malta	0.0%	0.0%	50.0%	50.0%	100%
Netherlands	5.6%	27.8%	27.8%	38.9%	100%
Poland	0.0%	7.7%	30.8%	61.5%	100%
Portugal	0.0%	0.0%	100%	0.0%	100%
Romania	0.0%	0.0%	12.0%	88.0%	100%
Slovakia	0.0%	0.0%	36.8%	63.2%	100%
Slovenia	0.0%	0.0%	35.3%	64.7%	100%
Spain	4.5%	13.4%	32.2%	50.0%	100%
UK	0.0%	8.3%	41.7%	50.0%	100%

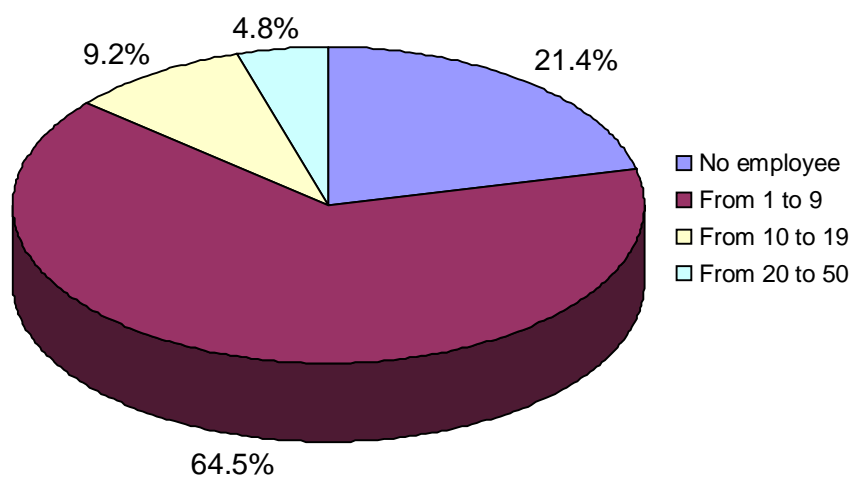
¹⁴ In this table, and in those that follow, the figures in blue represent data that is statistically higher than the sample average; those in pink represent data that is significantly lower.

1.1.3 Size of the businesses taken over

In terms of staff numbers, the sample was made up predominantly of micro enterprises (i.e. fewer than ten employees): 85.9% of the businesses bought. On average, these businesses had 4.5 employees.

Breakdown of businesses by staff numbers

Number of staff	Number of businesses	%
No employee	190	21.4%
From 1 to 9	573	64.5%
From 10 to 19	82	9.2%
From 20 to 50	43	4.8%
TOTAL	888	100%



More small businesses (between 10 and 49 employees) took part in the mentoring in Bulgaria (66.7% of Bulgarian businesses), Slovakia (53.6%) and in Slovenia (35.3%) than in other European countries. In Italy, all businesses employed fewer than 20 staff members and Spain was the country which had the most businesses without any employees (41.7% of businesses receiving support in Spain).

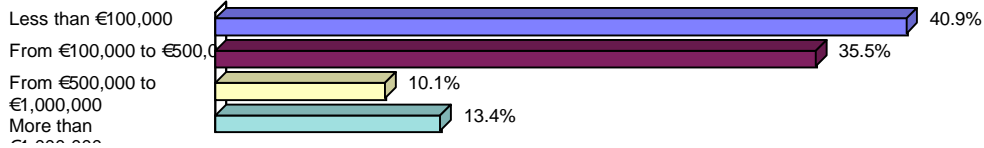
National breakdown (%) of businesses according to staff numbers

Country / Number of staff	No employee	From 1 to 9	From 10 to 19	From 20 to 50	TOTAL
Austria	33.3%	55.6%	11.1%	0.0%	100%
Belgium	12.5%	37.5%	25.0%	25.0%	100%
Bulgaria	0.0%	33.3%	46.7%	20.0%	100%
France	22.7%	62.7%	10.3%	4.3%	100%
Germany	0.0%	70.6%	23.5%	5.9%	100%
Greece	26.7%	73.3%	0.0%	0.0%	100%
Hungary	21.4%	57.1%	0.0%	21.4%	100%
Italy	15.0%	79.7%	5.3%	0.0%	100%
Latvia	0.0%	100%	0.0%	0.0%	100%
Malta	0.0%	75.0%	0.0%	25.0%	100%
Netherlands	16.7%	72.2%	5.6%	5.6%	100%
Poland	0.0%	76.9%	15.4%	7.7%	100%
Portugal	0.0%	50.0%	0.0%	50.0%	100%
Romania	8.7%	81.5%	6.5%	3.3%	100%
Slovakia	5.3%	42.1%	36.8%	15.8%	100%
Slovenia	5.9%	58.8%	0.0%	35.3%	100%
Spain	41.9%	50.7%	5.6%	1.9%	100%
UK	0.0%	58.3%	16.7%	25.0%	100%

In terms of turnover, more than a third of the sample (40.9%) was made up of small businesses with a turnover of less than 100,000 Euros. This is consistent with staff numbers in the businesses taken over (micro enterprises < 10 employees).

Breakdown of businesses by turnover

Most recent annual turnover	Number of businesses	%
Less than €100,000	283	40.9%
From €100,000 to €500,000	246	35.5%
From €500,000 to €1,000,000	70	10.1%
More than €1,000,000	93	13.4%
TOTAL	692	100%



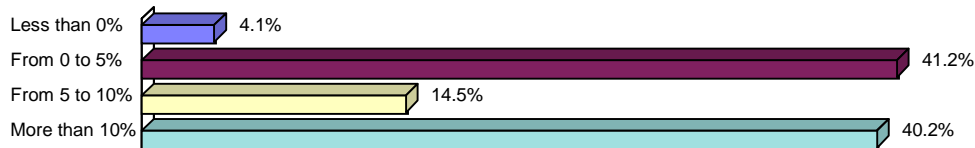
The difference in national breakdown on the basis of turnover is not statistically significant.

1.1.4 Profitability

60% of the businesses sampled had a profit rate of less than 10%. 4.1% of the businesses bought even showed negative profitability. The average profit rate, however, lay at around 12% because of the presence of highly profitable businesses in the sample.

Breakdown of businesses by profit rate

Profit rate	Number of businesses	%
Less than 0%	12	4.1%
From 0 to 5%	122	41.2%
From 5 to 10%	43	14.5%
More than 10%	119	40.2%
TOTAL	296	100%

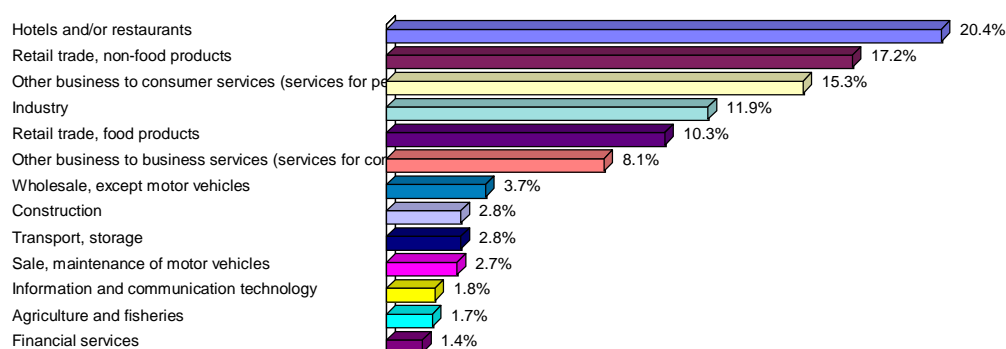


1.1.5 Economic sector

Hotels, cafés and restaurants made up the lion’s share of the sample (20.4%). More generally speaking, services were overrepresented, whereas industry accounted for only 11.9% of business transfers.

Breakdown of businesses by economic sector

Economic sector	Number of businesses	%
Hotels and/or restaurants	177	20.4%
Retail trade, non-food products	149	17.2%
Other business to consumer services (services for people)	133	15.3%
Industry	103	11.9%
Retail trade, food products	89	10.3%
Other business to business services (services for companies)	70	8.1%
Wholesale, except motor vehicles	32	3.7%
Construction	24	2.8%
Transport, storage	24	2.8%
Sale, maintenance of motor vehicles	23	2.7%
Information and communication technology	16	1.8%
Agriculture and fisheries	15	1.7%
Financial services	12	1.4%
TOTAL	867	100%



This sector-based breakdown varied somewhat from one country to the next. As such, Bulgaria (13.3%), Latvia and Romania (7.6%) had more agricultural businesses than the other participating European countries. Hotels, cafés and restaurants were over-represented in Austria (50%) and in Italy (33.3%) and under-represented in Romania (2.2%). Moreover, business to business services were more represented in Hungary (28.6%), Romania (16.3%) and, above all, in the United Kingdom (33.3%); they were almost inexistent in Italy (1.9%).

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National breakdown (%) of businesses according to economic sector

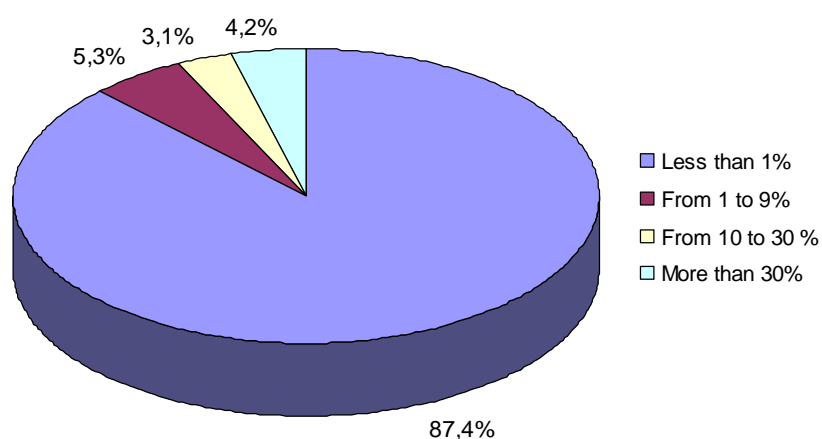
Country / Economic sector	Agriculture and fisheries	Construction	Financial services	Hotels and/or restaurants	Industry	Information and communication technology	Other business to business services	Other business to consumer services	Retail trade, food products	Retail trade, non-food products	Sale, maintenance of motor vehicles	Transport, storage	Wholesale, except motor vehicles	TOTAL
Austria	0.0%	5.6%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	16.7%	5.6%	5.6%	5.6%	0.0%	100%
Belgium	0.0%	12.5%	0.0%	0.0%	37.5%	0.0%	12.5%	25.0%	0.0%	0.0%	0.0%	0.0%	12.5%	100%
Bulgaria	13.3%	0.0%	0.0%	3.3%	10.0%	0.0%	16.7%	10.0%	6.7%	6.7%	10.0%	6.7%	16.7%	100%
France	0.0%	3.8%	0.5%	22.7%	16.8%	0.5%	9.2%	7.0%	13.5%	18.4%	3.8%	1.1%	2.7%	100%
Germany	0.0%	0.0%	0.0%	17.6%	23.5%	5.9%	5.9%	5.9%	0.0%	23.5%	5.9%	5.9%	5.9%	100%
Greece	0.0%	0.0%	0.0%	6.7%	13.3%	0.0%	0.0%	26.7%	20.0%	6.7%	13.3%	13.3%	0.0%	100%
Hungary	0.0%	0.0%	0.0%	7.1%	21.4%	7.1%	28.6%	0.0%	7.1%	7.1%	0.0%	7.1%	14.3%	100%
Italy	1.4%	2.4%	0.5%	33.3%	9.7%	0.0%	1.9%	18.8%	8.2%	15.5%	1.9%	0.0%	1.4%	100%
Latvia	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	100%
Malta	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	0.0%	0.0%	0.0%	100%
Netherlands	0.0%	0.0%	0.0%	22.2%	11.1%	5.6%	22.2%	5.6%	0.0%	16.7%	5.6%	5.6%	5.6%	100%
Poland	0.0%	0.0%	0.0%	38.5%	7.7%	0.0%	0.0%	23.1%	15.4%	0.0%	0.0%	15.4%	0.0%	100%
Portugal	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	100%
Romania	7.6%	8.7%	7.6%	2.2%	7.6%	7.6%	16.3%	13.0%	4.3%	10.9%	2.2%	6.5%	5.4%	100%
Slovakia	0.0%	0.0%	5.3%	15.8%	10.5%	5.3%	15.8%	21.1%	5.3%	10.5%	0.0%	5.3%	0.0%	100%
Slovenia	0.0%	0.0%	0.0%	5.9%	11.8%	17.6%	11.8%	0.0%	11.8%	17.6%	5.9%	17.6%	0.0%	100%
Spain	0.0%	0.5%	0.5%	16.7%	8.8%	0.5%	4.6%	23.6%	12.5%	24.5%	0.5%	0.9%	3.7%	100%
UK	0.0%	0.0%	8.3%	0.0%	25.0%	0.0%	33.3%	0.0%	8.3%	8.3%	0.0%	0.0%	0.0%	100%

1.1.6 *International activity*

The international activity of the companies bought was measured by the percentage of the turnover devoted to exports, which amounted to approximately 3% on average. Around 88% of the sample, however, operated solely on a national basis. Only eleven businesses (4.2% of the sample) conducted genuine international business with a turnover higher or equal to 30%. This outcome is of little surprise given the sectoral make-up of the sample (mainly cafés, hotels, restaurants, shops and business to consumer services). It also reflects the apparent trend for the majority of small and medium-sized businesses in the European Union not to export at all (only 8% of SMEs generate international business)¹⁵.

Breakdown of businesses according to their degree of internationalisation (percentage of exports in annual turnover)

Exports (% of turnover)	Number of businesses	of %
Less than 1%	229	87.4%
Between 1 and 9%	14	5.3%
Between 10 and 30 %	8	3.1%
More than 30%	11	4.2%
TOTAL	262	100%



Countries with the highest number of businesses with an international activity were Bulgaria and Slovakia (50% of the businesses generated more than 30% of their turnover overseas), as well as Germany (42.9% generated 10 to 30% of their turnover from exports).

National breakdown (%) of businesses according to their degree of internationalisation

¹⁵ Flash Eurobarometer 196, Observatory of European SMEs, November 2006 – January 2007

Country / Exports (% of turnover)	Less than 1 %	From 1 to 10 %	From 10 to 30 %	More than 30 %	TOTAL
Austria	100%	0.0%	0.0%	0.0%	100%
Belgium	0.0%	0.0%	0.0%	0.0%	0.0%
Bulgaria	50.0%	0.0%	0.0%	50.0%	100%
France	84.8%	8.9%	2.5%	3.8%	100%
Germany	42.9%	14.3%	42.9%	0.0%	100%
Greece	100%	0.0%	0.0%	0.0%	100%
Hungary	92.3%	0.0%	0.0%	7.7%	100%
Italy	94.6%	0.0%	2.7%	2.7%	100%
Latvia	50.0%	0.0%	0.0%	50.0%	100%
Malta	75.0%	0.0%	0.0%	25.0%	100%
Netherlands	84.6%	7.7%	0.0%	7.7%	100%
Poland	100%	0.0%	0.0%	0.0%	100%
Romania	100%	0.0%	0.0%	0.0%	100%
Slovakia	0.0%	50.0%	0.0%	50.0%	100%
Slovenia	87.5%	0.0%	0.0%	12.5%	100%
Spain	89.1%	7.3%	3.6%	0.0%	100%
UK	100%	0.0%	0.0%	0.0%	100%

1.1.7 Legal form

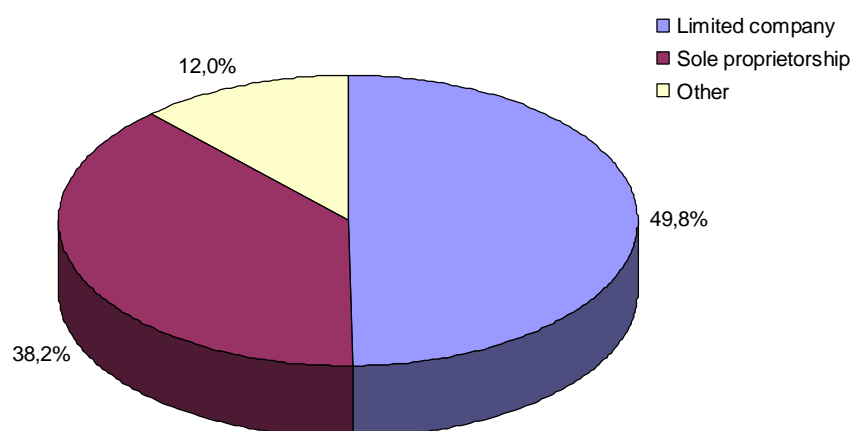
The two most common legal forms among the sample, distributed almost equally, were limited companies (49.8%) and sole proprietorships (38.2%).

Breakdown of businesses by legal form

Legal form of the business	Number of businesses	%
Limited company	442	49.8%
Sole proprietorship	339	38.2%
Other	107	12.0%
TOTAL	888	100%

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The proportions varied from one country to the next. As such, there were more limited companies in France (75.7% of all French businesses) and Romania (90.2%), and fewer in Spain (28.8%) and Italy (26.6%). Sole proprietorships, however, were most common in Austria and Spain (83.3 % and 62% respectively of all businesses receiving support).

National breakdown (%) of businesses according to their legal form

Country / Legal form	Limited company	Sole proprietorship	Other	TOTAL
Austria	11.1%	55.6%	33.3%	100%
Belgium	100%	0.0%	0.0%	100%
Bulgaria	66.7%	33.3%	0.0%	100%
France	75.7%	23.8%	0.5%	100%
Germany	47.1%	41.2%	11.8%	100%
Greece	13.3%	53.3%	33.3%	100%
Hungary	71.4%	0.0%	28.6%	100%
Italy	24.6%	47.3%	28.0%	100%
Latvia	100%	0.0%	0.0%	100%
Malta	100%	0.0%	0.0%	100%
Netherlands	44.4%	44.4%	11.1%	100%
Poland	15.4%	69.2%	15.4%	100%
Portugal	100%	0.0%	0.0%	100%
Romania	90.2%	9.8%	0.0%	100%
Slovakia	89.5%	10.5%	0.0%	100%
Slovenia	94.1%	5.9%	0.0%	100%
Spain	27.9%	60.0%	12.1%	100%
UK	58.3%	33.3%	8.3%	100%

Summary: typical profile of the businesses transferred

A relatively young (created less than ten years ago), small business (fewer than 10 employees, less than 100,000 Euros in turnover) with profits of less than 10% and working in the retail or services sector (cafés, hotels/restaurants or individual services). It operated locally and had the legal form of a limited company or sole proprietorship.

1.2 Buyers' profiles

The following paragraphs outline the profiles of the 889 buyers receiving support throughout the project.

1.2.1 Socio-demographic profile

Age

Buyers' average age was 40. 49% of the sample was made up of people under 39; the under-30s accounted for 17.1% of buyers. The buyers that benefited from the programme were therefore particularly young. The category of young company directors was clearly more interested in receiving support than those with greater experience.

Breakdown of buyers according to year of birth

Year of birth	Number of buyers	%
Before 1949	33	3.8%
Between 1950 and 1970	412	47.2%
After 1970	428	49.0%
TOTAL	873	100%



There were few differences from one country to the next, except in Bulgaria and the United Kingdom, where 20% and 27.3% of buyers respectively were more than 60 years old, and in France, where just 31.6% of buyers were younger than 39. Finally, Spain was the country with the highest proportion of buyers under 40 (62.1%).

National breakdown (%) of buyers according to year of birth

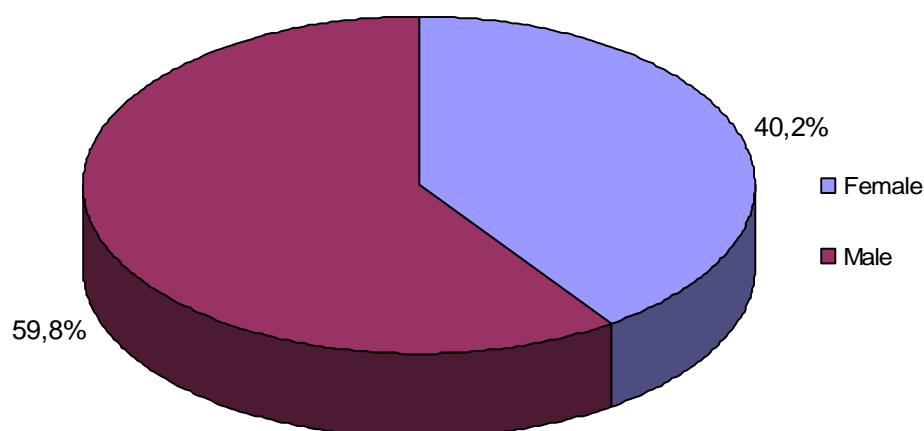
Country / Year of birth	Before 1949	Between 1950 and 1970	After 1970	TOTAL
Austria	0.0%	22.2%	77.8%	100%
Belgium	12.5%	50.0%	37.5%	100%
Bulgaria	20.0%	46.7%	33.3%	100%
France	3.4%	65.0%	31.6%	100%
Germany	0.0%	47.1%	52.9%	100%
Greece	0.0%	53.3%	46.7%	100%
Hungary	14.3%	35.7%	50.0%	100%
Italy	2.0%	43.4%	54.6%	100%
Latvia	0.0%	100%	0.0%	100%
Malta	0.0%	25.0%	75.0%	100%
Netherlands	11.8%	41.2%	47.1%	100%
Poland	0.0%	53.8%	46.2%	100%
Portugal	0.0%	0.0%	100%	100%
Romania	4.3%	48.9%	46.7%	100%
Slovakia	5.9%	52.9%	41.2%	100%
Slovenia	5.9%	64.7%	29.4%	100%
Spain	1.4%	36.4%	62.1%	100%
UK	27.3%	45.5%	27.3%	100%

Gender

Among those buyers that received support, men and women were represented almost equally, with the sample being made up of 60% men and 40% women.

Breakdown of buyers by gender

Gender	Number buyers	of %
Female	352	40.2%
Male	524	59.8%
TOTAL	876	100%



Only two countries differed from the rest of the sample. These were France, where men accounted for 76.5% and Spain, where women accounted for 56.7%.

National breakdown (%) of buyers according to their gender

Country / Gender	Female	Male	TOTAL
Austria	27.8%	72.2%	100%
Belgium	12.5%	87.5%	100%
Bulgaria	36.7%	63.3%	100%
France	23.5%	76.5%	100%
Germany	29.4%	70.6%	100%
Greece	26.7%	73.3%	100%
Hungary	28.6%	71.4%	100%
Italy	44.9%	55.1%	100%
Latvia	100%	0.0%	100%
Malta	25.0%	75.0%	100%
Netherlands	23.5%	76.5%	100%
Poland	38.5%	61.5%	100%
Portugal	100%	0.0%	100%
Romania	42.4%	57.6%	100%
Slovakia	58.8%	41.2%	100%
Slovenia	11.8%	88.2%	100%
Spain	56.7%	43.3%	100%
UK	9.1%	90.9%	100%

1.2.2 Buyers' higher education

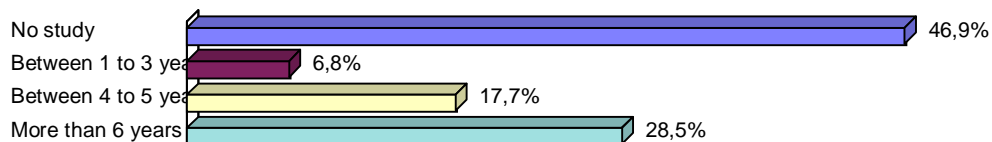
Length of higher education

A little more than one buyer in two had been through higher education (2.5 years on average). It is worth noting, however, that 47% of buyers had followed no higher education at all.

Breakdown of buyers according to length of higher education

Length of higher education	Number of buyers	%
No higher education	411	46.9%
Between 1 and 3 years	60	6.8%
Between 4 and 5 years	155	17.7%
More than 6 years	250	28.5%
TOTAL	876	100%

} 53 %



In Austria, no buyers had undertaken any higher education. Spain also had a higher proportion of company directors without any higher education (63.3% of Spanish buyers) than other participating European countries. The most highly-educated buyers (more than five years of higher education) were to be found in Bulgaria (63.3%) and in Italy (43.9%) whereas in Greece (53.3%), Romania (32.6%) and in the United Kingdom (72.7%), the majority of buyers had completed four to five years of study.

National breakdown (%) of buyers according to the length of higher education

Country / Length of higher education	No study	From 1 to 3 years	From 4 to 5 years	More than 5 years	TOTAL
Austria	100%	0.0%	0.0%	0.0%	100%
Belgium	25.0%	25.0%	12.5%	37.5%	100%
Bulgaria	13.3%	3.3%	20.0%	63.3%	100%
France	47.5%	18.4%	15.1%	19.0%	100%
Germany	41.2%	11.8%	29.4%	17.6%	100%
Greece	26.7%	13.3%	53.3%	6.7%	100%
Hungary	21.4%	7.1%	42.9%	28.6%	100%
Italy	45.9%	1.5%	8.8%	43.9%	100%
Latvia	50.0%	0.0%	0.0%	50.0%	100%
Malta	75.0%	0.0%	25.0%	0.0%	100%
Netherlands	70.6%	0.0%	11.8%	17.6%	100%
Poland	53.8%	7.7%	15.4%	23.1%	100%
Portugal	0.0%	50.0%	0.0%	50.0%	100%
Romania	21.7%	3.3%	32.6%	42.4%	100%
Slovakia	11.8%	0.0%	29.4%	58.8%	100%
Slovenia	70.6%	5.9%	11.8%	11.8%	100%
Spain	63.3%	4.2%	15.8%	16.7%	100%
UK	9.1%	9.1%	72.7%	9.1%	100%

Type of higher education

When it came to the type of studies undertaken, technical studies were largely predominant. 158 people (i.e. 35% of buyers) undertook studies of this kind.

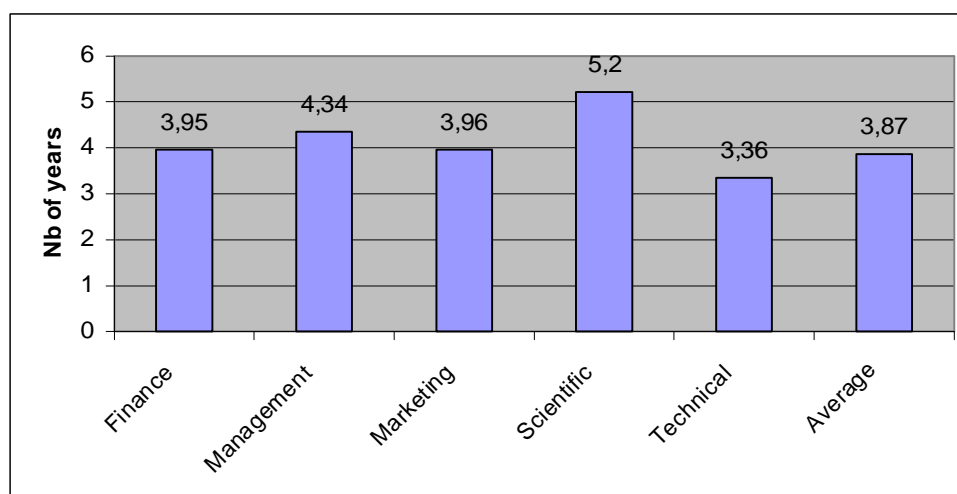
Breakdown of buyers by higher education topic

Topic of higher education	Technical	Other	Management	Science	Finance	Marketing	TOTAL
Number of buyers	158	114	68	53	48	22	463
%	34.13%	24.62%	14.69%	11.45%	10.37%	4.75%	100

Technical studies were generally shorter (a little more than three years) than scientific studies (more than five years on average).

Average length of higher education by topic

Topic of higher education	Average length of higher education
Finance	3.95
Management	4.34
Marketing	3.96
Science	5.20
Technical	3.36
Average	3.87



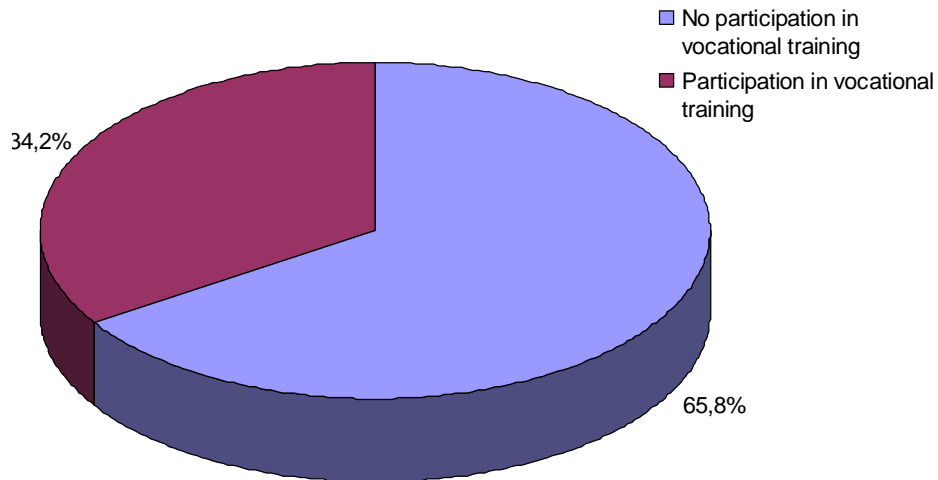
1.2.3 Buyers' vocational training

Vocational training

Almost two thirds of buyers (65.8%) had not undertaken any vocational training following their studies.

Buyers' participation in vocational training

Vocational training	Number of buyers	%
Participation in vocational training	300	34.2%
No participation in vocational training	576	65.8%
TOTAL	876	100%

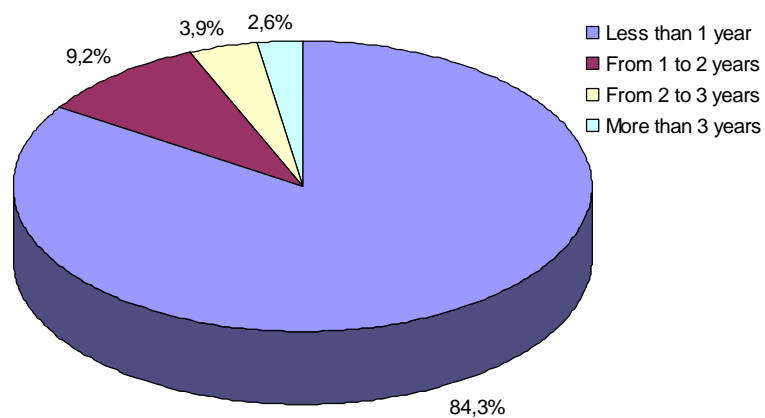


Length of vocational training

For those that did undertake vocational training, in almost 84% of cases the training lasted less than one year. The average was 180 days or roughly six months. The maximum length was eight years.

Breakdown of buyers according to length of vocational training

Length of vocational training	Number of buyers	%
Less than 1 year	257	84.3%
From 1 to 2 years	28	9.2%
From 2 to 3 years	12	3.9%
More than 3 years	8	2.6%
TOTAL	305	100%

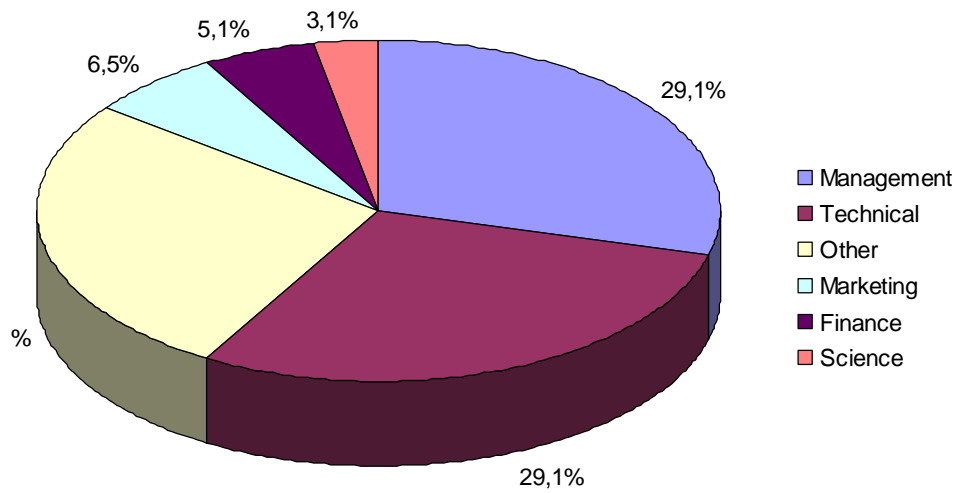


Type of vocational training

The types of vocational training followed fell into three groups: one third of training was devoted to management, one third to technical aspects and one third to other disciplines.

Breakdown of buyers by vocational training topic

Topic of vocational training	Number of buyers	%
Management	85	29.1%
Technical	85	29.1%
Other	79	27.1%
Marketing	19	6.5%
Finance	15	5.1%
Science	9	3.1%
TOTAL	292	100%



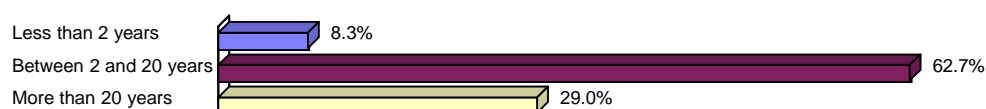
1.2.4 Buyers' professional experience

Years of professional experience

The majority of buyers had accumulated work experience of between 2 and 20 years, the average being 14 years and the maximum 45 years. 29% of buyers sampled had work experience amounting to more than 20 years.

Breakdown of buyers according to years of work experience prior to takeover

Years of work experience prior to takeover	Number of buyers	%
Less than 2 years	72	8.3%
Between 2 and 20 years	544	62.7%
More than 20 years	252	29.0%
TOTAL	868	100%



The number of years worked prior to the takeover was significantly higher in Bulgaria and significantly lower in Spain. The figure is logically correlated to buyers' age, as outlined earlier in the report.

Buyers' average number of years of work experience by country

Country	Years of work experience prior to takeover
Austria	14.17
Belgium	14.63
Bulgaria	20.60
France	14.62
Germany	12.53
Greece	9.47
Hungary	14.21
Italy	15.18
Latvia	31.00
Malta	15.00
Netherlands	18.47

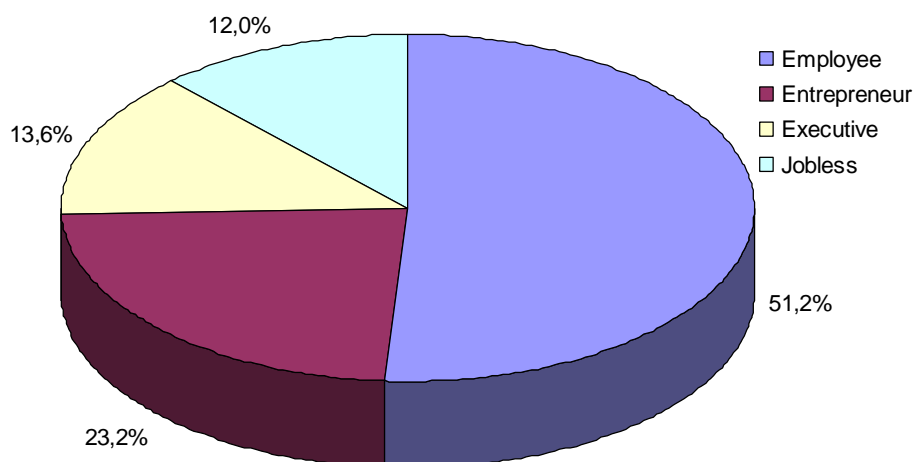
Poland	15.23
Portugal	1.00
Romania	13.35
Slovakia	13.35
Slovenia	14.59
Spain	11.54
UK	15.40

Status prior to the takeover

The majority of buyers held employee status prior to the takeover (51.25%) and 23.19% were already entrepreneurs. Executives accounted for 13.59% and job-seekers for 11.97%.

Breakdown of buyers by professional status prior to takeover

Status prior to takeover	Number of buyers	%
Employee	411	51.25%
Entrepreneur	186	23.19%
Executive	109	13.59%
Job-seeker	96	11.97%
TOTAL	802	100%



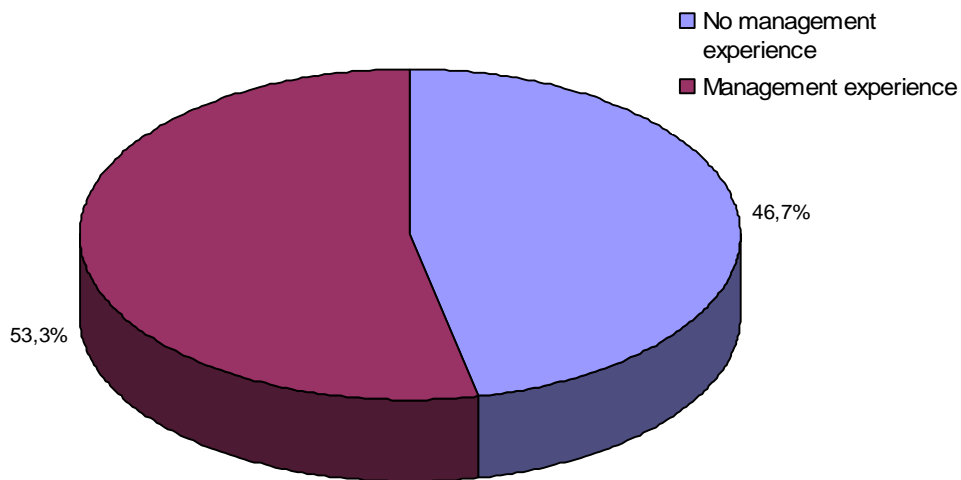
Management experience prior to the takeover

One half of the sample was made up of experienced managers (53.3%) and the other of inexperienced buyers (46.7%).

Management experience consisted in management of a small team (fewer than ten employees) for almost half of the buyers (47.4%). The other half was made up of individuals who had led larger teams. The average number of people managed was 34 and the highest 1600.

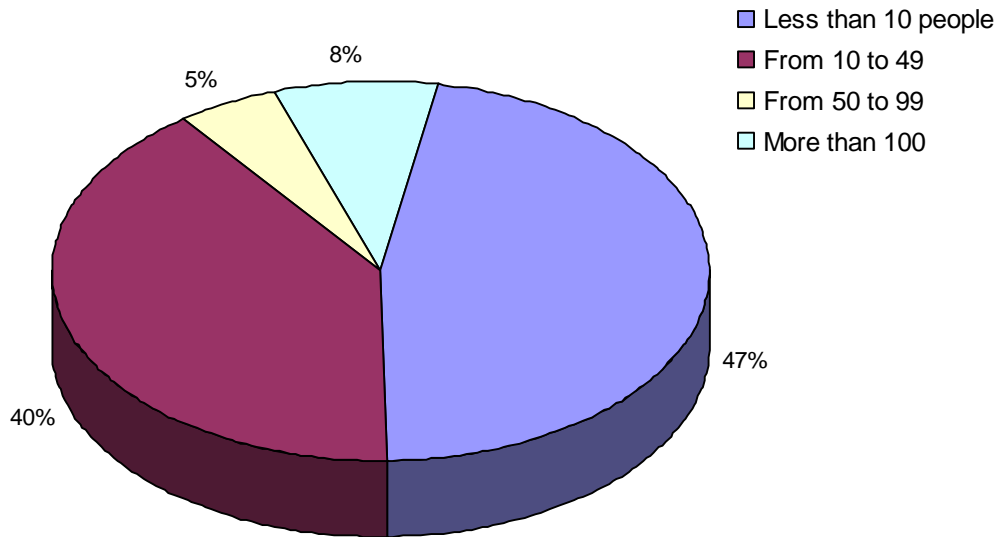
Breakdown of buyers by management experience

Management experience	Number of buyers	%
Yes	470	53.3%
No	409	46.7%
TOTAL	879	100%



Number of people managed prior to the takeover

Maximum number of people managed	Number of buyers	%
Less than 10 people	223	47.4%
Between 10 and 49	188	40.0%
Between 50 and 99	23	4.9%
More than 100	36	7.7%
TOTAL	470	100%



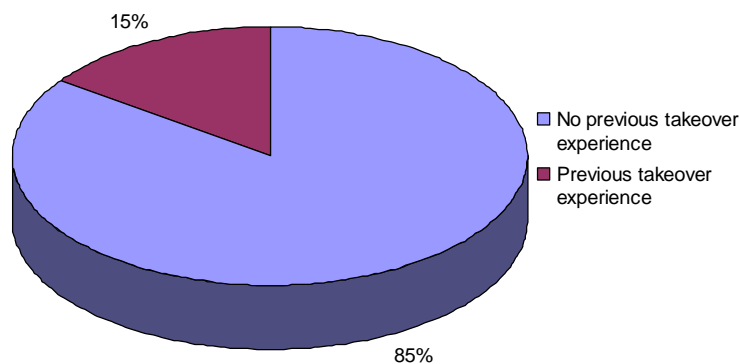
1.2.5 Takeover experience

Previous takeovers

Only 15% of buyers had already taken over a business before. This can be explained by the fact that experienced buyers are less likely to seek outside help.

Breakdown of buyers by previous takeover experience

Have you taken over any other businesses before?	Number of buyers	%
Yes	131	15.0%
No	745	85.0%
TOTAL	876	100%

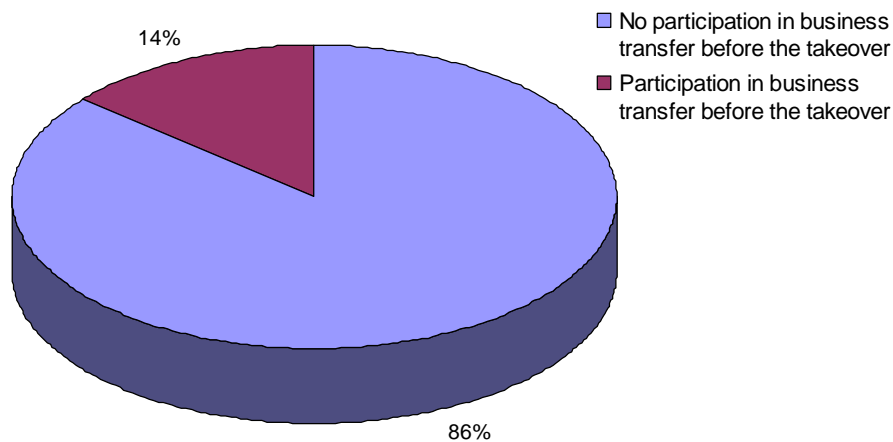


Specific takeover training

Only 13.5% of buyers had undertaken specific takeover training prior to the current takeover.

Buyers’ participation in business transfer training prior to takeover

Did you undertake any specific training on business transfers before the takeover?	Number of buyers	%
Yes	118	13.5%
No	758	86.5%
TOTAL	876	100%



Length of specific takeover training

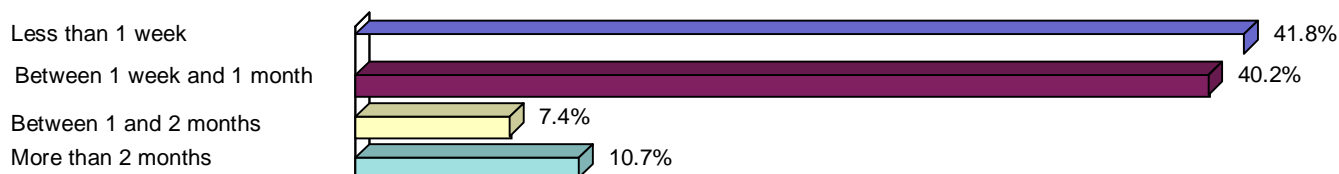
When training had been followed, it had lasted less than one month in the majority of cases. On average, training lasted 29 days; the longest training had lasted 720 days, or two years.

Breakdown of buyers according to length of business transfer training

Length of business transfer training	Number of buyers	%
Less than 1 week	51	41.8%
Between 1 week and 1 month	49	40.2%
Between 1 and 2 months	9	7.4%
More than 2 months	13	10.7%
TOTAL	122	100%

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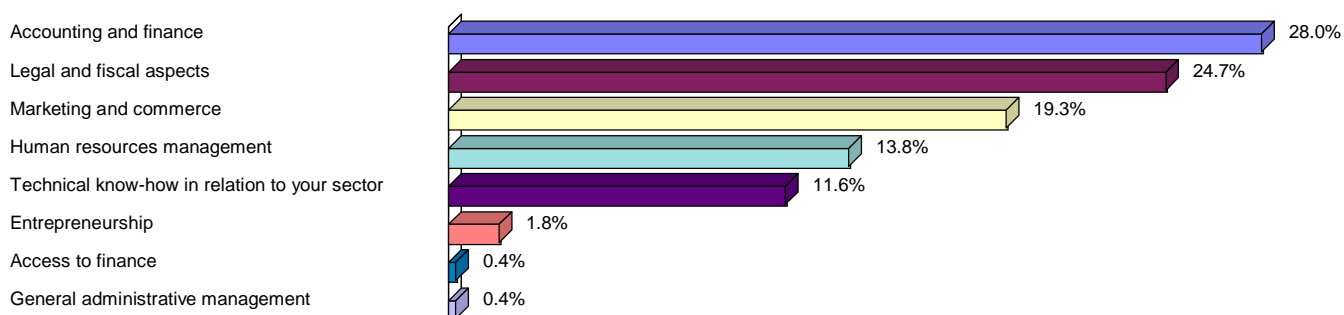


Type of specific takeover training

Training of this kind mainly covers accounting and finance (for 28% of buyers), fiscal and legal aspects (24.7%) and, to a lesser extent, commerce (19.3%).

Breakdown of buyers by business transfer training topic

Topic of business transfer training	Number of buyers	%
Accounting and finance	77	28.0%
Legal and fiscal aspects	68	24.7%
Marketing and commerce	53	19.3%
Human resources management	38	13.8%
Technical know-how in relation to your sector	32	11.6%
Entrepreneurship	4	1.8%
Access to finance	1	0.4%
General administrative management	1	0.4%
TOTAL	279	100%



Summary: typical buyer profile

A male (59%) employee (47%), aged 40, with a higher education (53%) made up generally of short, technical studies (2.5 years). The typical buyer had 14 years of professional experience, during which he had the opportunity to mentor other employees. It was a first takeover (85%), for which the buyer had no specific training. In the case of the 13.5% who had received training, the training generally focused on legal and fiscal issues as well as accountancy.

1.3 The takeover process

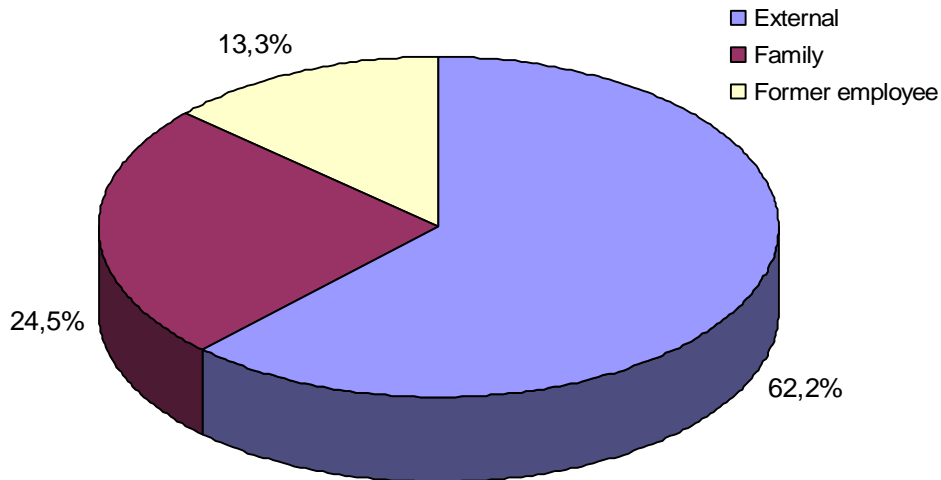
1.3.1 Practical details of the takeover

Type of takeover: family, external or by an employee

External takeovers were the most frequent, accounting for 62.2% of the takeovers sampled. Of those, three quarters of businesses were unknown to the buyer prior to the transaction (no relationship between the parties prior to the takeover). Family takeovers came second, representing 24.5% of transactions. Takeovers by an employee, on the other hand, were rarer, accounting for only 13.3% of transactions.

Breakdown of businesses by takeover type

Type of takeover	Number of buyers	%
External	551	62.2%
Family	217	24.5%
Former employee	118	13.3%
TOTAL	886	100%



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That being said, takeover type varied greatly from one country to the next. As such, family transfers accounted for more than half of all cases in Austria (55.6 %) and in Greece (66.7%) but between 0 and 15% for a core of seven countries, including France and Spain.

Takeovers by a former employee were significant in five countries (Bulgaria 20%, Slovakia 31.6%, Slovenia 35.3%, Belgium 37.5% and the Netherlands 38.9%) but were inexistent in a group of seven countries (Latvia, the United Kingdom, Germany, Austria, Greece, Malta and Portugal).

External takeovers accounted for more than two thirds of cases examined in Spain, Hungary, France, the United Kingdom, Poland and Latvia.

National breakdown (%) of businesses by takeover type

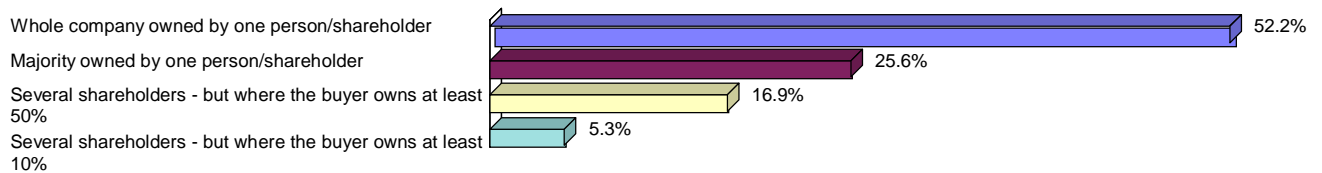
Country / Type of takeover	External	Former employee	Family	TOTAL
Austria	44.4%	0.0%	55.6%	100%
Belgium	50.0%	37.5%	12.5%	100%
Bulgaria	50.0%	20.0%	30.0%	100%
France	82.7%	11.4%	4.9%	100%
Germany	52.9%	0.0%	47.1%	100%
Greece	33.3%	0.0%	66.7%	100%
Hungary	71.4%	14.3%	14.3%	100%
Italy	54.1%	9.2%	36.7%	100%
Latvia	100%	0.0%	0.0%	100%
Malta	25.0%	0.0%	75.0%	100%
Netherlands	38.9%	38.9%	22.2%	100%
Poland	92.3%	7.7%	0.0%	100%
Portugal	0.0%	0.0%	100%	100%
Romania	43.5%	13.0%	43.5%	100%
Slovakia	47.4%	31.6%	21.1%	100%
Slovenia	41.2%	35.3%	23.5%	100%
Spain	67.6%	16.2%	15.7%	100%
UK	91.7%	0.0%	8.3%	100%

Ownership of the company taken over

A little more than half of the businesses taken over (52.2%) were owned by one single shareholder or owner prior to transfer.

Breakdown of businesses by ownership type

Type of ownership	Number of buyers	%
Whole company owned by one person/shareholder	361	52.2%
Majority owned by one person/shareholder	177	25.6%
Several shareholders - but where the buyer owns at least 50%	117	16.9%
Several shareholders - but where the buyer owns at least 10%	37	5.3%
TOTAL	692	100%



As with the transferred companies’ legal form, the type of shareholding or ownership varied from one country to the next. As such, France, Italy, Romania, Greece and Hungary had more businesses where the majority of the capital was owned by one person. Spain and Bulgaria, on the other hand, mainly had sole proprietorships, owned by one person.

National breakdown of businesses according to type of ownership

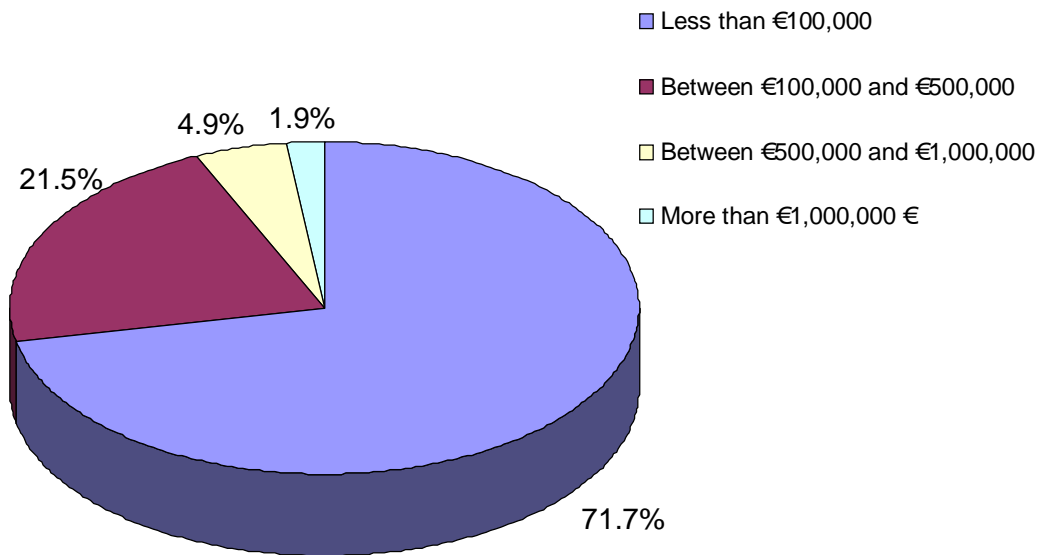
Country/Type of ownership	Majority owned by one person /shareholder	Several shareholders – but where the buyer owns at least 10%	Several shareholders – but where the buyer owns at least 50%	Whole company owned by one person /shareholder	TOTAL
Austria	16.7%	0.0%	11.1%	72.2%	100%
Belgium	0.0%	0.0%	0.0%	100%	100%
Bulgaria	3.3%	0.0%	13.3%	83.3%	100%
France	42.0%	2.2%	19.6%	36.2%	100%
Germany	11.8%	0.0%	35.3%	52.9%	100%
Greece	0.0%	0.0%	40.0%	60.0%	100%
Hungary	35.7%	14.3%	42.9%	7.1%	100%
Italy	39.2%	3.8%	8.9%	48.1%	100%
Latvia	100%	0.0%	0.0%	0.0%	100%
Malta	50.0%	25.0%	0.0%	25.0%	100%
Netherlands	0.0%	5.6%	27.8%	66.7%	100%
Poland	15.4%	0.0%	15.4%	69.2%	100%
Country/Type of ownership	Majority owned by one person /shareholder	Several shareholders – but where the buyer owns at least 10%	Several shareholders – but where the buyer owns at least 50%	Whole company owned by one person /shareholder	TOTAL
Portugal	50.0%	0.0%	50.0%	0.0%	100%
Romania	38.5%	12.1%	4.4%	45.1%	100%
Slovakia	11.1%	11.1%	44.4%	33.3%	100%
Slovenia	23.5%	5.9%	29.4%	41.2%	100%
Spain	14.2%	5.7%	16.5%	63.7%	100%
UK	0.0%	16.7%	25.0%	58.3%	100%

Purchase price

Two thirds of the businesses sampled (71.7%) were purchased for less than 100,000 Euros. This is consistent with the size of the businesses purchased, which, in the majority of cases, were very small businesses.

Breakdown of businesses by purchase price

Purchase price	Number of buyers	%
Less than €100,000	426	71.7%
Between €100,000 and €500,000	128	21.5%
Between €500,000 and €1,000,000	29	4.9%
More than €1,000,000	11	1.9%
TOTAL	594	100%



Purchase prices differed little from one country to the next. Only three countries displayed somewhat different prices: France (over- representation of businesses bought for between 100,000 and 1 million Euros), Romania (lower purchase price of business overall) and Slovenia (over-representation of businesses bought for over 1 million Euros).

National breakdown (%) of businesses by purchase price

Country / Purchase price	Less than €100,000	Between €100,000 and €500,000	Between €500,000 and €1,000,000	More than €1,000,000	TOTAL
Austria	77.8%	22.2%	0.0%	0.0%	100%
Bulgaria	100%	0.0%	0.0%	0.0%	100%
France	38.9%	43.1%	13.2%	4.9%	100%
Germany	22.2%	77.8%	0.0%	0.0%	100%
Greece	86.7%	13.3%	0.0%	0.0%	100%
Hungary	92.3%	0.0%	7.7%	0.0%	100%
Italy	71.7%	26.7%	1.7%	0.0%	100%
Latvia	100%	0.0%	0.0%	0.0%	100%
Malta	100%	0.0%	0.0%	0.0%	100%
Netherlands	33.3%	53.3%	13.3%	0.0%	100%
Poland	92.3%	7.7%	0.0%	0.0%	100%
Portugal	100%	0.0%	0.0%	0.0%	100%
Romania	96.4%	3.6%	0.0%	0.0%	100%
Slovakia	100%	0.0%	0.0%	0.0%	100%
Slovenia	64.7%	11.8%	5.9%	17.6%	100%
Spain	84.1%	12.8%	2.6%	0.5%	100%
UK	100%	0.0%	0.0%	0.0%	100%

Sources of takeover financing

The average way in which the businesses sampled were financed can be broken down as follows: half were self-financed and the other half was essentially financed through bank loans.

Breakdown of businesses (%) by type of takeover financing

Type of financing	%
Self-financed	51.41%
Bank loans	40.23%
Private loans	7.87%
Risk capital	0.49%
Public support	0%
Total	100%

The breakdown in funds varied greatly in some countries. In particular, self-financing was largely lower than the European average of 51.4% in France (32.5%), Spain (39%) and, to a lesser extent, in the Netherlands (42%). By contrast, takeovers were almost exclusively self-financed in Greece (80%), Slovenia (84 %), Hungary (87%), Romania (96%) and the United Kingdom (100%).

Bank loans were used more than the European average (40.23%) in Spain (50%) and above all in France, where 64% of all takeovers were financed through bank loans.

The use of private loans and risk capital was particularly high in the Netherlands (30.8% and 12.6% of financing respectively) while the European averages are 7.8% and 0.5%.

National breakdown (%) of businesses by type of takeover financing

Country/Type of financing	Self-financed	Private loans	Bank loans	Risk capital
Austria	59.75%	0%	40.25%	0%
Bulgaria	47.5%	0%	37.5%	0%
France	32.46%	7.96%	64.31%	0.78%
Germany	54%	11%	35%	0%
Greece	80%	6.67%	11.33%	0%
Hungary	87.27%	12.73%	0%	0%
Italy	50.98%	8.06%	38.43%	0.93%
Latvia	75%	25%	0%	0%
Malta	66.67%	0%	33.33%	0%
Netherlands	42.27%	30.83%	13.36%	12.64%
Poland	66.25%	7.27%	25%	0%
Romania	96.43%	0%	2.54%	0%
Slovakia	66.67%	0%	23.33%	0%
Slovenia	84.71%	3.13%	7.33%	0%
Spain	38.98%	10.28%	49.97%	0.39%
UK	100.00%	0%	0%	0%

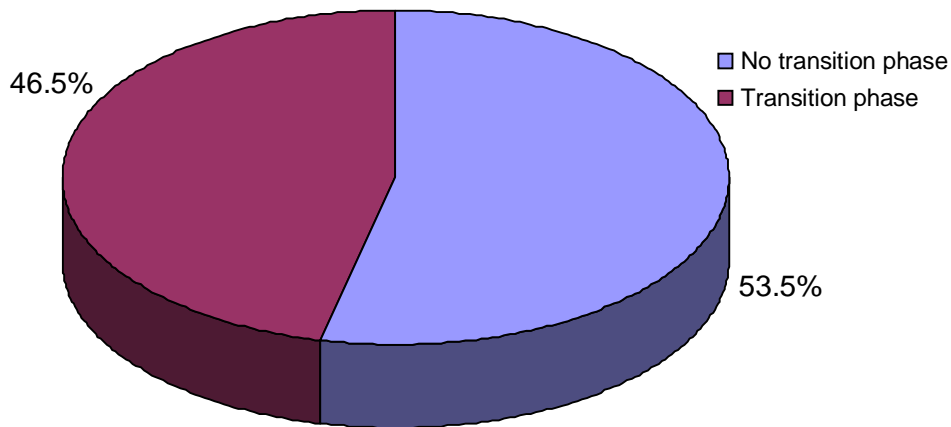
1.3.2 Relationship with the seller

Existence of a transition period

Sellers had worked with their buyers and passed on their knowledge and skills in almost half of cases (46.5%).

Breakdown of buyers according to the existence of a transition period with the seller

Did you work with the seller?	%
Yes	46.5%
No	53.5%
TOTAL	100%



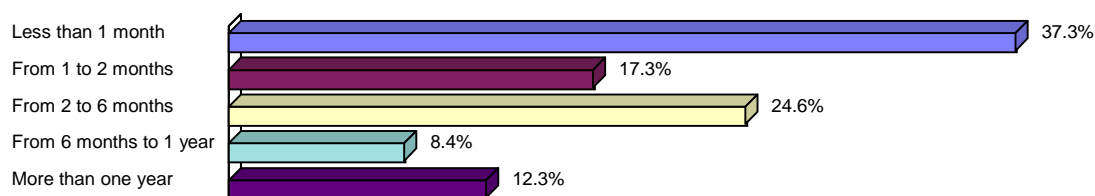
In a third of cases, the transition period lasted less than a month. However, the existence of family transfers among the sample, which are often spread over several years (the longest sampled was 16 years), brought the average up. Thus, the average transition period lasted seven months.

Breakdown of buyers according to the length of the transition period with the seller

Length of transition period with the seller	Number of buyers	%
Less than 1 month	155	37.3%
From 1 to 2 months	72	17.3%
From 2 to 6 months	102	24.6%
From 6 months to 1 year	35	8.4%
More than one year	51	12.3%
TOTAL	415	100%

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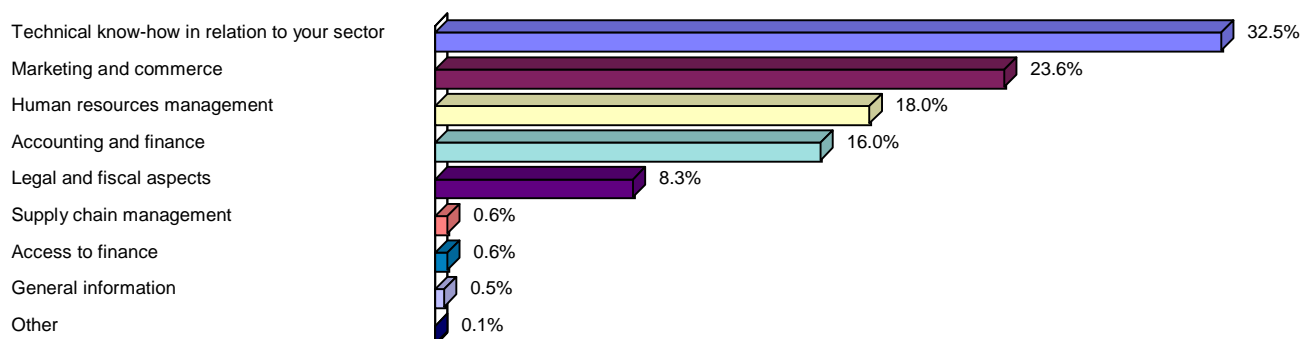


Topics covered during the transition period

The main skills transferred were technical know-how in relation to the business (32.5%), commercial know-how (23.6%), human resources management and accounting/finance. All very operational skills needed in the daily running of the business.

Breakdown of buyers by topic covered during the transition period with the seller

Topics covered during the transition period	Number of buyers	%
Technical know-how in relation to your sector	274	32.5%
Marketing and commerce	199	23.6%
Human resources management	152	18.0%
Accounting and finance	135	16.0%
Legal and fiscal aspects	70	8.3%
Supply chain management	5	0.6%
Access to finance	5	0.6%
General information	4	0.5%
TOTAL	844	100%



Summary of the takeover process

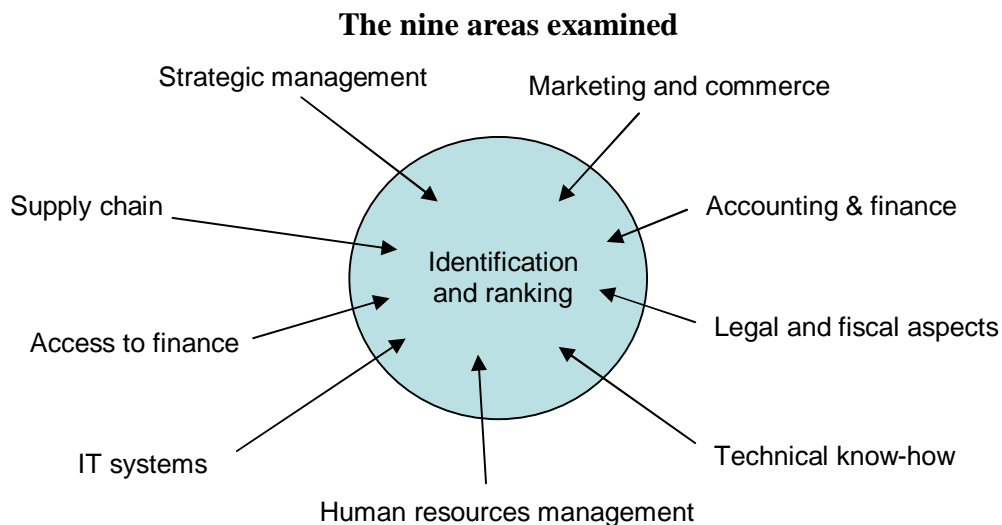
Generally speaking, takeovers were conducted externally (62.2%) and concerned businesses owned by one person (52.2%). The purchasing price was lower than 100,000 Euros (71.7% of takeovers sampled), with the majority of the amount being self-financed.

Less than half of buyers received support from the seller. Where training was provided, it centred on the technical and commercial side of the business.

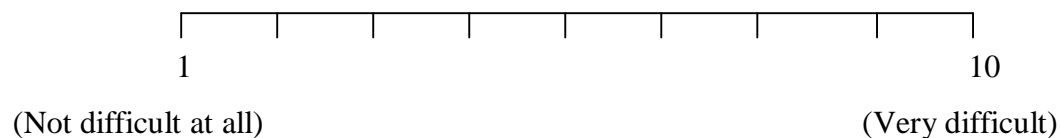
2 THE DIFFICULTIES FACED BY BUYERS

2.1 Areas where buyers faced difficulties prior to mentoring

The study identified nine types of post-takeover management difficulties (see graph below), with each of them having being subdivided into three to five sub-topics. For example, strategic management was divided into five types of difficulty: environmental analysis, medium- and long-term development strategies, exports, innovation and other aspects of strategic management. A list of 35 potential difficulties was thus drawn up.



The variables used in this part of the analysis are numerical variables. In order to evaluate the intensity of the post-takeover difficulties faced, buyers were asked to give a score out of ten for each of the 35 topics. 1 represents areas that were not considered difficult at all and 10 represents areas deemed to be very difficult.



The tables below present the average difficulties. The figures in blue represent averages that are statistically higher than the sample average and the figures in pink averages that are statistically lower than the sample average.

2.1.1 Classification of difficulties in the nine areas examined

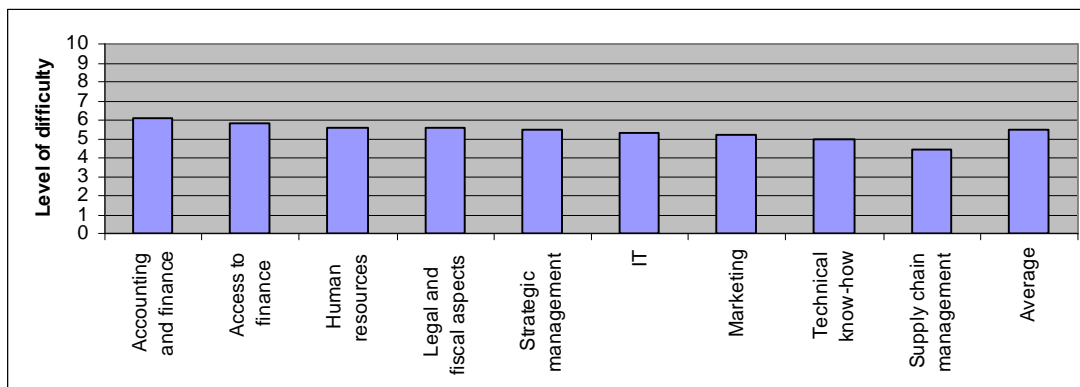
The difficulties faced by buyers in the nine major areas were first of all ranked in order to determine, for example, whether financial management was judged to be more difficult than marketing. The results of this initial analysis can be found in the table below.

The average score is 5.44/10. From this average we can classify the areas:

- Those with a higher than average score were deemed by buyers to be more problematic (in blue). In descending order, the areas were: accounting and finance, access to finance, human resources management, legal and fiscal aspects and strategic management.
- Those with a lower than average score were deemed by buyers to be the least difficult (in pink). The supply chain, therefore, apparently posed the fewest difficulties. This comes as no surprise given the predominance of service businesses in the sample. Technical aspects were also deemed less difficult, which can be explained both by buyers’ initial, more technical, studies (see part 1.2) and the fact that when sellers passed on their knowledge, they generally passed on their technical expertise. This may also explain why marketing and commerce posed less of a problem.

Ranking of the nine topics by perceived level of difficulty prior to mentoring

Topics	Average perceived level of difficulty out of 10
Accounting and finance	6.08
Access to finance	5.82
Human resources	5.59
Legal and fiscal aspects	5.58
Strategic management	5.52
Average	5.44
IT	5.33
Marketing	5.26
Technical know-how	4.95
Supply chain management	4.45



Scale: 1 (not difficult at all) – 10 (very difficult)

2.1.2 Classification of difficulties by sub-topic (35 variables analysed)

The same analysis was then carried out within each of the nine areas. In the table overleaf, for example, we can see that when it comes to strategic management, it was the ‘others’ category that was perceived to be most difficult (average score of 6.13 compared to an average for this topic of 5.52), followed by exports (5.97). Environmental analysis was perceived to be less problematic (4.9).

The figures in bold highlight the aspects considered to be most difficult in each of the nine areas.

The intensity of the difficulty is the first indicator of interest. However, a second indicator should also be considered, namely, the number of buyers that ‘ticked’ this difficulty on the list. The higher that number, the higher the number of buyers who had faced that difficulty. For example, in terms of strategic management, exports were deemed difficult overall (5.97 out of 10) but only by the small number of buyers with international activity (155 out of 889).

Average level of difficulty by sub-topic prior to mentoring

Topic	Sub-topic	Average level of difficulty	Number of buyers concerned by the difficulty ¹⁶
Strategic management 5.52	Environmental analysis	4.91	664
	Mid- and long-term development strategy	5.84	657
	Innovation policy	5.67	474
	Export development	5.97	155
	Other - strategic management	6.13	140
Human resources management 5.59	Management and leadership	5.06	579
	Administrative and legal aspects of human resources	5.86	584
	Other - human resource management	6.10	166
Marketing and commerce 5.26	Price-setting	4.81	633
	Relations with clients / sales development	4.85	706
	Diversification of client base	5.64	622
	Communications	5.45	597
	Other – marketing and commerce	5.73	146
Accounting and finance 6.08	Understanding accounting rules	5.96	683
	Organisation of profit and loss accounts	6.10	684
	Other – accounting and finance	6.16	163
Access to finance 5.82	Relations with the banks	5.35	639
	Public funding	6.34	471

¹⁶ This column indicates the number of buyers who selected this difficulty from the list of 35 sub-topics.

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	Other - access to finance	6.70	172
Legal and fiscal aspects 5.58	Contracts with clients/suppliers	4.93	593
	Taxation issues	6.03	587
	Property rights	5.41	304
	Other - legal and fiscal aspects	6.07	136
Topic	Sub-topic	Average level of difficulty	Number of buyers concerned by the difficulty ¹⁷
Technical know-how 4.95	Acquisition of the company's technical know-how	4.41	420
	Production planning	4.55	328
	Improving productivity	5.19	340
	Quality processes	5.09	366
	Other – technical know-how	4.77	95
Supply chain management 4.45	Relations with suppliers	4.13	529
	Stock handling	4.68	425
	Other - supply chain management	4.44	81
IT systems 5.33	Hardware and software	4.76	391
	Website	5.44	375
	e-commerce	5.64	275
	Other - IT systems	5.22	104
	Average	5.44	408

2.1.3 National comparison

The previous analysis covered the variations in perceived difficulty from one country to the next and the existence or not of specific national characteristics. The table below indicates, for the 18 participating countries, the average score obtained for each of the nine major areas of difficulty. Notable differences appear in blue (average statistically higher than for the sample as a whole) and in pink (average statistically lower than for the sample as a whole).

¹⁷ This column indicates the number of buyers who selected this difficulty from the list of 35 sub-topics.

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Average level of difficulty by topic and by country prior to mentoring

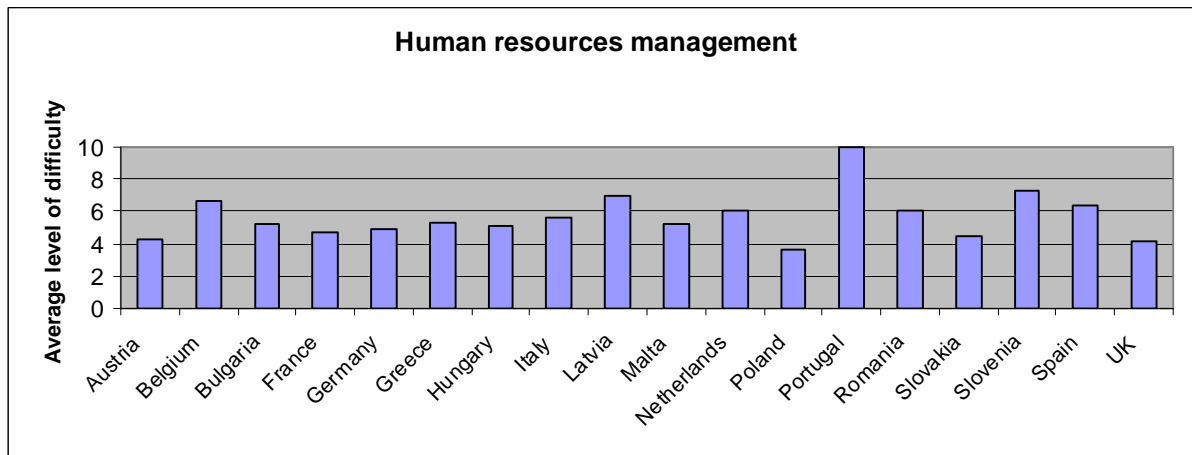
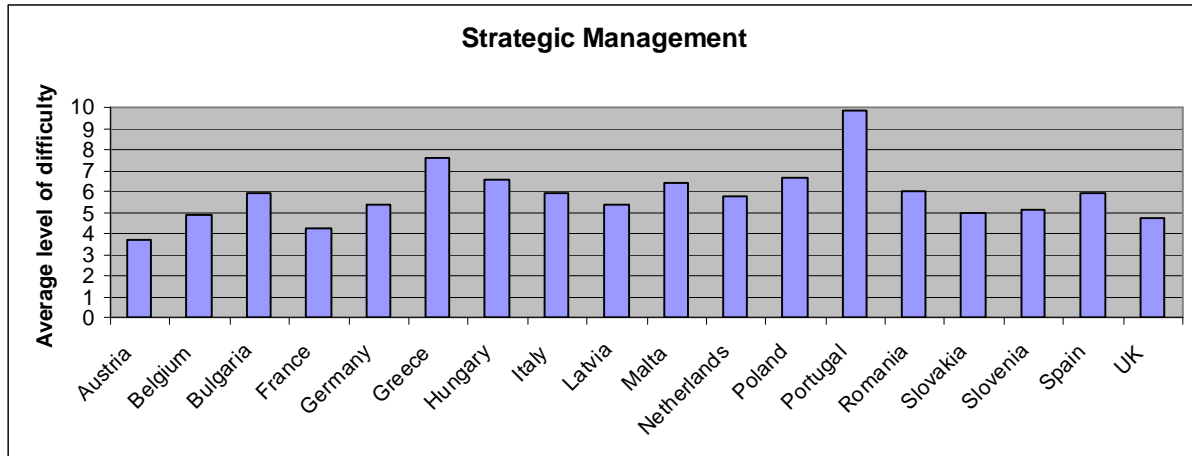
Country / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Austria	3.68	4.23	3.29	4.98	4.96	4.84	3.23	2.97	3.69
Belgium	4.90	6.63	4.25	5.04	6.00	5.97	3.83	3.46	4.41
Bulgaria	5.89	5.26	3.90	5.39	6.48	3.68	3.84	3.10	3.92
France	4.28	4.66	4.54	5.38	5.22	4.86	3.70	3.50	4.81
Germany	5.40	4.92	5.04	5.04	5.51	4.54	4.53	4.61	4.36
Greece	7.63	5.31	6.70	7.64	7.27	8.07	7.11	7.07	6.86
Hungary	6.55	5.13	4.80	5.82	5.50	5.62	5.95	4.23	5.05
Italy	5.94	5.63	6.04	6.06	5.56	5.73	5.04	4.90	4.97
Latvia	5.33	7.00	6.67	-	-	-	-	-	10.0
Malta	6.42	5.25	3.19	7.50	4.00	6.63	5.00	4.25	5.25
Netherlands	5.79	6.09	5.79	6.24	5.54	5.81	4.09	4.15	5.15
Country / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Norland	6.65	3.67	3.23	3.00	6.33	2.58	6.34	2.94	6.10
Portugal	9.83	10.00	9.25	6.00	5.50	6.42	8.00	6.00	1.00
Romania	5.98	5.99	5.14	5.78	6.76	5.48	5.83	4.70	6.03
Slovakia	4.97	4.48	4.70	4.85	4.76	4.33	5.18	4.29	5.63
Slovenia	5.09	7.30	5.29	4.23	4.63	6.54	5.44	4.81	5.69
Spain	5.95	6.34	5.64	7.37	6.27	6.32	5.80	4.95	6.04
UK	4.73	4.21	4.41	3.88	4.25	4.72	3.80	3.63	2.45

As such, takeovers seemed to be easier overall in Austria, France and in the United Kingdom in almost all areas. By contrast, takeovers seemed to be more difficult in Greece and Spain, and even Portugal. Some countries stood out in certain areas only. For example, marketing and legal aspects seemed to present less of a difficulty in Bulgaria. In Malta, marketing and finance were less difficult.

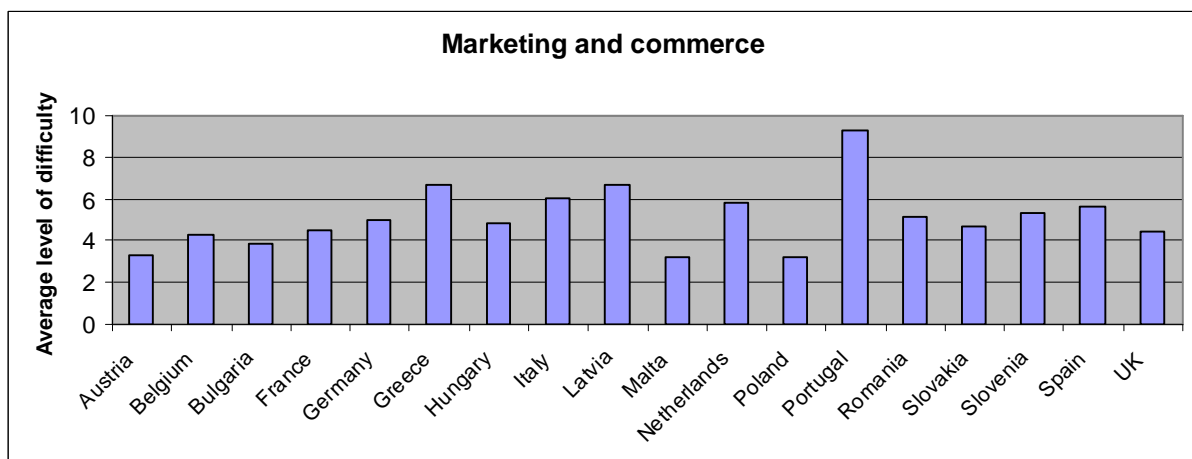
The following graphs indicate the differences in buyers' perceived difficulties in each country for each of the nine major areas.

Average level of difficulty by country for each of the nine topics prior to

Scale: 1 (not difficult at all) – 10 (very difficult)

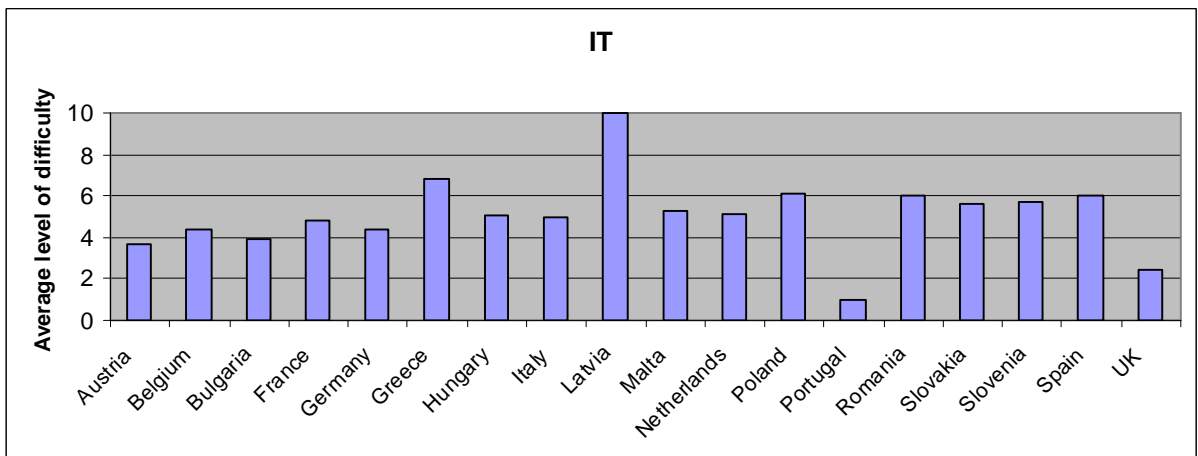
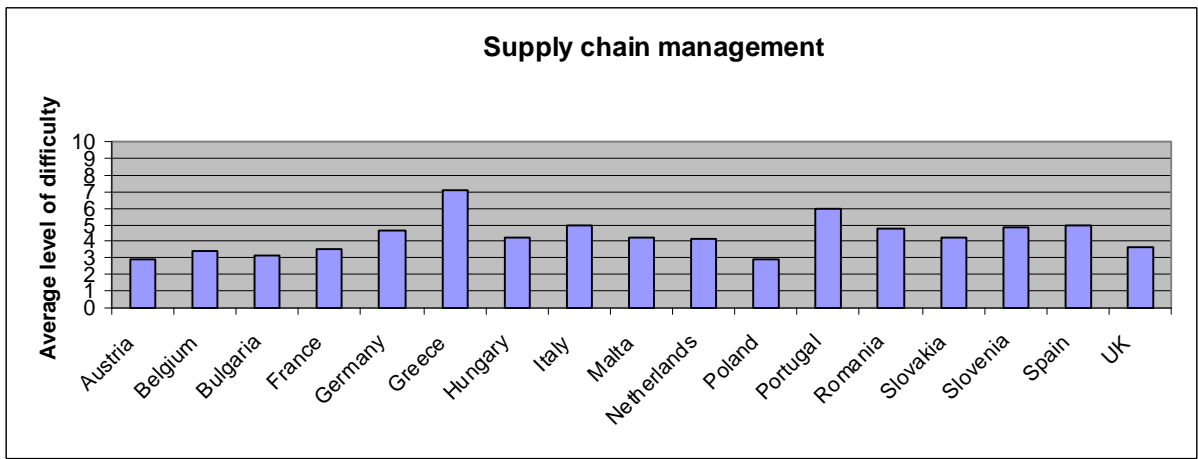
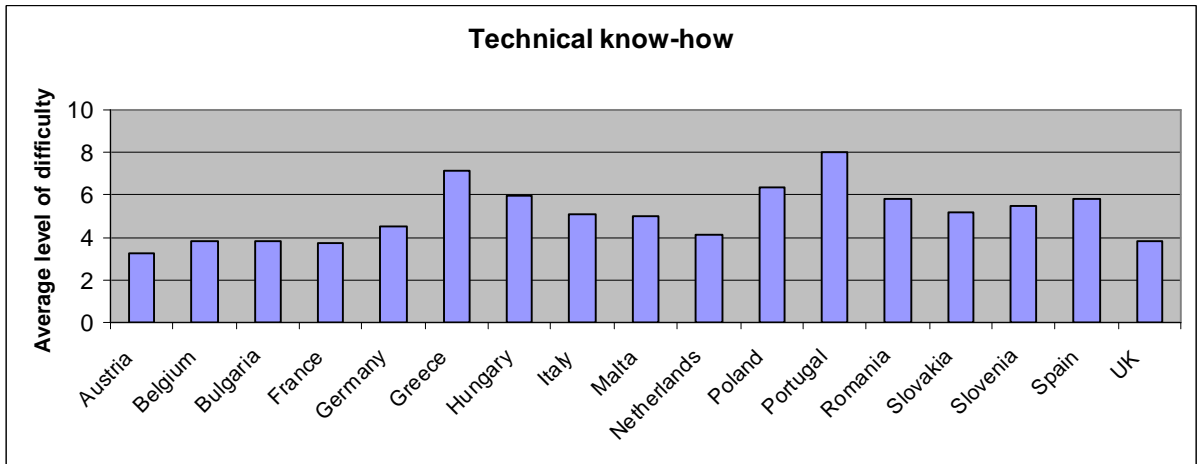
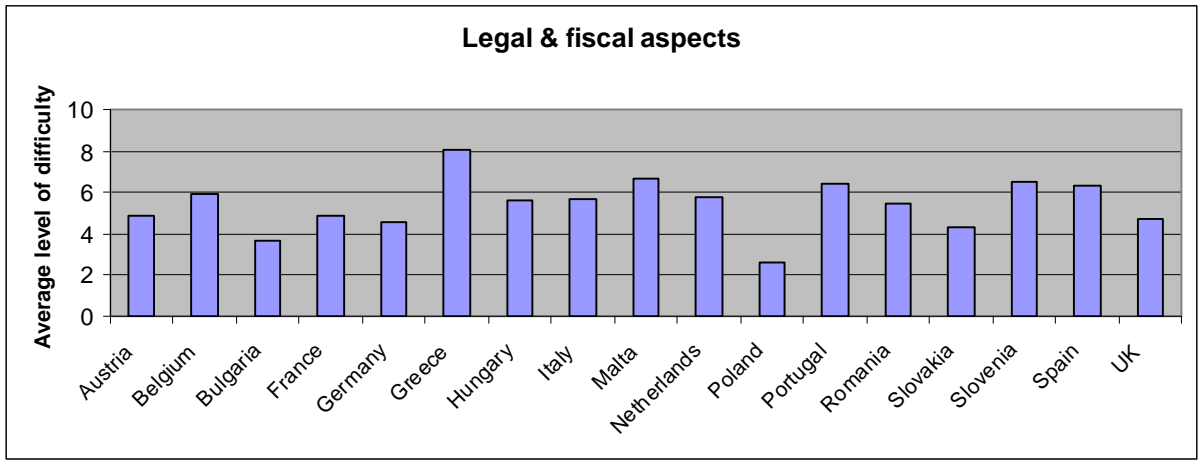


Latvia has been taken out of the following graphs because no comments were received on these topics.



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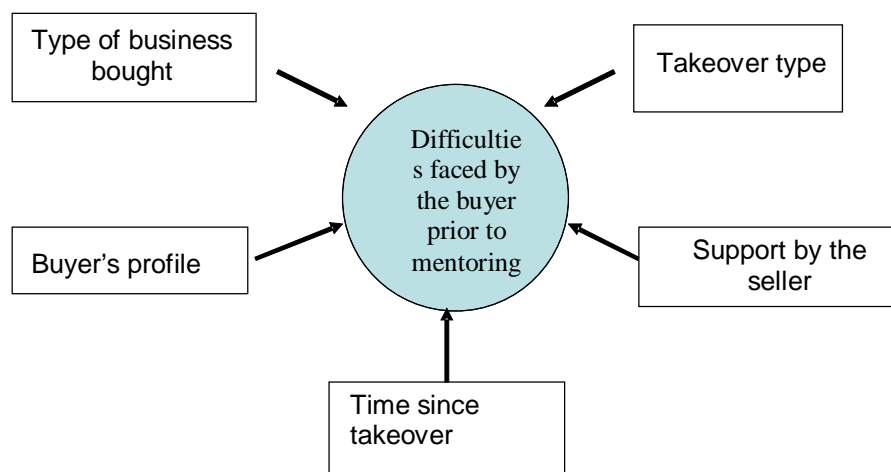


2.2 *Reasons behind buyers' difficulties prior to mentoring*

Five categories of factors were tested to identify the reasons behind the difficulties faced by buyers before receiving mentoring:

- The influence of company characteristics, particularly in terms of area of business or size;
- The influence of the buyer's profile in terms of age, training or professional experience;
- The type of takeover (family, external or by an employee), the hypothesis being that the closer the ties between the buyer and the business bought, the lower the likelihood of difficulties, and vice-versa;
- The influence of the quality of the relationship with the seller and the existence or not of a transition period: in the case of a transition period where the seller works with the buyer for a certain period of time, fewer difficulties should be apparent;
- The influence of the length of time during which the buyer is 'alone at the helm': the hypothesis being that if the takeover is recent, the buyer may not yet have had time to face all of the management difficulties that usually follow a takeover, in the area of human resources management, for example.

The figure below provides an illustration of the framework for analysis.



The following analyses concern the nine major topics likely to present buyers with difficulty and which were introduced above. In the tables, the figures in blue (or pink) are statistically higher (or lower) than the sample average.

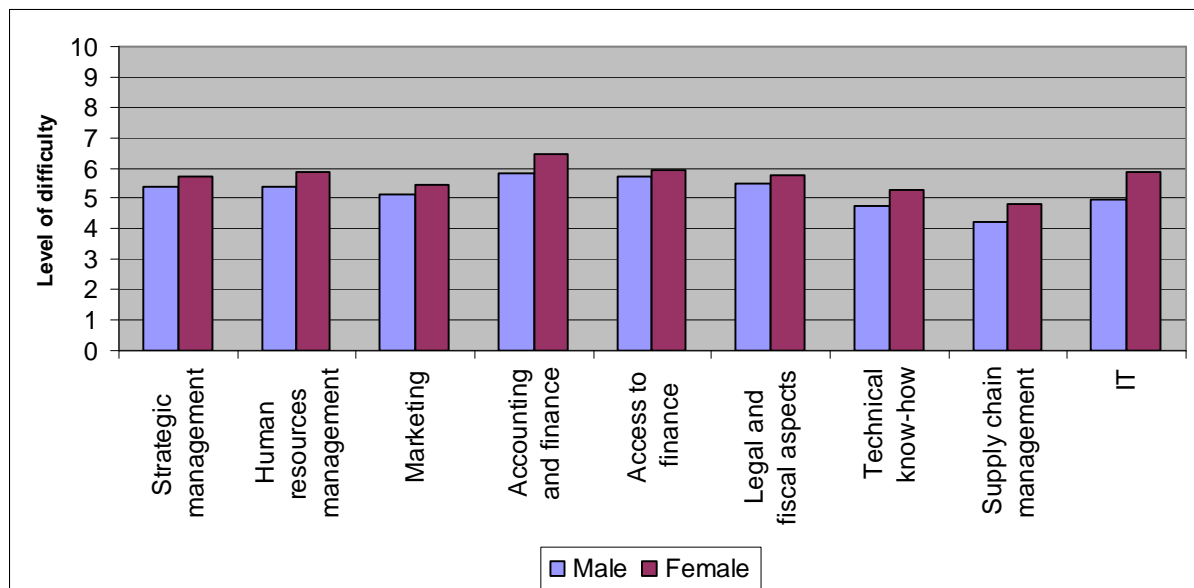
2.2.1 Influence of the buyer’s profile

Under this heading, the following aspects were analysed: the impact of the buyer’s gender, age and area of training, experience and any takeover experience on the difficulties faced.

Buyer’s gender

As shown in the graph below, the women sampled (40.2%) generally found the takeover more difficult than the men. Statistically, this was even more the case in the areas of accounting and finance, supply chain management and IT systems.

Impact of gender on the difficulties encountered



Scale: 1 (not difficult at all) – 10 (very difficult)

Buyer’s age

The table below shows that the older the buyer, the fewer the difficulties faced during the takeover, or more accurately, the degree of perceived difficulty for each area was lower than the sample average. By contrast, buyers who were younger than the sample average (40) encountered great difficulties in the areas of accounting and finance, access to financing and the legal and fiscal aspects of the takeover.

Level of difficulty by topic according to the buyer's age

Year of birth / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Before 1949	5.36	4.96	5.07	5.49	5.58	4.76	4.76	3.88	5.42
Between 1950 and 1970	5.48	5.67	5.21	6.01	5.71	5.58	4.97	4.46	5.17
After 1970	5.79	5.82	5.50	6.69	6.32	6.19	5.07	4.82	5.71
TOTAL	5.53	5.61	5.26	6.09	5.83	5.60	4.97	4.45	5.33

Buyer's training

In terms of higher education, the table below shows that the shorter the initial studies, the greater the difficulties encountered in accounting and finance as well as in legal and fiscal aspects. Conversely, buyers whose studies lasted more than six years appeared to have far fewer difficulties in these areas than the sample average.

Level of difficulty by topic according to length of buyer's higher education

Length of higher education / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
No higher education	5.52	5.69	5.25	6.41	5.88	5.89	4.94	4.60	5.62
Between 1 and 3 years	5.50	5.13	5.35	6.00	5.86	5.23	4.86	4.03	5.22
Between 4 and 5 years	5.30	5.63	5.10	5.86	6.02	5.66	5.37	4.30	4.88
6 years or more	5.69	5.58	5.35	5.61	5.55	5.12	4.75	4.39	5.20
TOTAL	5.53	5.61	5.26	6.09	5.81	5.60	4.96	4.45	5.34

With regard to vocational training, the results of the study (tables not shown here) demonstrate that, overall, the studies undertaken by buyers throughout their professional careers also helped to reduce the degree of difficulty faced in the areas that were most problematic, even if the topics studied were not directly linked to the mentoring topics. A statistical exception existed for buyers with training in finance or marketing and who had met with difficulties in the areas of human resources management and technical know-how respectively. The length of the studies during their professional careers had no influence on the difficulties faced.

Buyer’s professional experience

The table below statistically demonstrates that the less experienced (or perhaps professionally mature) the buyer was (less than two years), the more difficulties he faced during the takeover, almost across the board. This observation is in line with the previous observations regarding age.

Level of difficulty by topic according to length of buyer’s professional experience prior to takeover

Professional experience before takeover / Topic	Strategic management	Human resources	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Less than 2 years	5.95	6.19	5.62	6.59	6.41	6.26	5.10	5.38	5.77
Between 2 and 20 years	5.49	5.65	5.28	6.25	5.85	5.71	4.94	4.35	5.22
20 years or more	5.37	5.23	5.02	5.50	5.45	5.04	4.99	4.08	5.41
TOTAL	5.54	5.62	5.27	6.10	5.84	5.61	4.98	4.46	5.38

Buyer’s professional status prior to the takeover

It was employees that faced the most difficulties during the takeover, particularly in the area of accounting and finance. Former entrepreneurs or executives made up the socio-professional categories that met with the fewest difficulties, especially in the areas of strategic management, marketing, accounting and finance, or even supply chain management. Job-seekers mainly ran up against difficulties in the areas of accounting and finance and legal and fiscal aspects.

Level of difficulty by topic according to the buyer’s professional status prior to takeover

Status before takeover / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Employee	5.65	5.82	5.42	6.44	6.02	5.76	5.19	4.76	5.74
Entrepreneur	5.54	5.09	5.09	5.41	5.71	5.23	5.00	4.15	4.90
Executive	4.96	5.49	4.83	5.27	5.42	5.13	4.64	3.70	4.55
Job-seeker	5.23	5.66	5.00	6.50	5.81	5.97	4.67	4.35	5.83
TOTAL	5.48	5.59	5.22	6.08	5.84	5.58	5.00	4.44	5.40

Management experience

The information contained in the following table confirms the trends already observed: buyers with no experience in people management faced far more difficulties than the others, in all areas.

Level of difficulty by topic according to buyer's management experience prior to takeover

Management experience / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Yes	5.29	5.34	4.96	5.60	5.64	5.25	4.87	3.96	5.10
No	5.79	5.93	5.59	6.61	6.02	5.98	5.08	5.01	5.68
TOTAL	5.53	5.61	5.26	6.09	5.81	5.60	4.96	4.45	5.34

Number of people managed

The level of difficulty was statistically below average in almost all areas for buyers with experience in managing more than ten people. Statistically, this was all the more true for accounting and finance difficulties faced by buyers with experience in managing more than 100 people. Difficulties faced in the area of technical know-how, however, proved to be more pronounced for buyers having managed between 50 and 100 people or more than 100.

Level of difficulty by topic according to the number of people managed by buyer

Number of people managed / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Less than 10	5.43	5.41	5.14	6.10	5.75	5.54	4.85	4.35	5.40
Between 10 and 49	5.14	5.26	4.69	5.18	5.52	4.89	4.61	3.40	4.74
Between 50 and 99	5.06	5.68	5.32	4.44	5.29	4.87	5.93	4.72	5.42
More than 100	5.29	5.10	4.78	4.97	5.75	5.45	5.50	4.26	4.90
TOTAL	5.28	5.34	4.95	5.60	5.63	5.25	4.86	3.97	5.07

Takeover experience of the buyers sampled

The table below demonstrates that initial takeover experience helped buyers acquire know-how which reduced difficulties the second time round.

Level of difficulty by topic according to existence (or not) of previous takeover experience

Experience in taking over a company / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Yes	5.21	5.23	4.85	5.36	5.54	5.07	4.84	3.99	4.50
No	5.58	5.67	5.33	6.21	5.86	5.69	4.98	4.53	5.48
TOTAL	5.53	5.61	5.26	6.09	5.81	5.60	4.96	4.45	5.34

Training in the area of takeovers

According to the following table, takeover training considerably reduced the level of difficulties faced at the time of purchase, particularly in the areas of strategic management, marketing, supply chain management and legal and fiscal aspects.

Level of difficulty by topic according to whether or not the buyer had received takeover training

Training on business transfers / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Yes	4.57	5.40	4.66	5.61	5.23	4.79	4.59	3.79	4.99
No	5.69	5.64	5.35	6.16	5.90	5.72	5.03	4.56	5.41
TOTAL	5.53	5.61	5.26	6.09	5.81	5.60	4.96	4.45	5.34

2.2.2 Influence of company characteristics

Under this heading, the analysis looked at the impact of the characteristics of the company in question (in terms of age, line of business, legal form, ownership, staff numbers, profitability levels, turnover, purchasing price and degree of globalisation) on the difficulties faced by the buyer.

Age of the company bought

The table below shows that the older the business, the fewer the difficulties the buyer faced during the takeover. As such, businesses that were created before 1960 faced the fewest difficulties. This was partially true also for businesses that were created between 1960 and 1979.

Level of difficulty by topic according to the date on which the business was created

Business' date of creation / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Before 1960	4.57	4.69	4.82	4.97	5.36	4.49	3.84	3.42	3.93
Between 1960 and 1980	5.52	5.16	5.33	6.00	5.40	5.36	4.70	4.57	5.07
Between 1980 and 2000	5.45	5.57	5.35	5.97	5.71	5.66	5.01	4.36	4.99
After 2000	5.73	5.77	5.22	6.30	5.97	5.66	5.16	4.58	5.60
TOTAL	5.54	5.56	5.26	6.08	5.77	5.56	4.96	4.42	5.23

Legal form of the business bought

The businesses that were the ‘easiest’ to take over were limited companies. Takeovers of sole proprietorships and ‘other’ types of business such as non-commercial partnerships generated a higher level of difficulty than average.

Level of difficulty by topic according to the business' legal form

Legal form of the business / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Other	6.22	6.10	6.32	7.16	6.25	6.35	6.12	5.41	6.39
Limited company	5.17	5.39	4.97	5.54	5.63	5.32	4.65	4.01	4.83
Sole proprietorship	5.79	5.84	5.45	6.48	6.00	5.74	5.18	4.80	6.00
TOTAL	5.52	5.59	5.26	6.08	5.81	5.58	4.94	4.44	5.32

Economic sector

Buyers of businesses in the hotel and restaurant sector, construction and even industry faced fewer difficulties than those that took over businesses in the non-food retail sector, where the difficulties in most areas were considerably higher than the sample average.

Level of difficulty by topic according to the business' economic sector

Economic sector / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Agriculture and fisheries	6.11	5.76	4.96	4.80	6.60	5.53	5.29	5.50	4.87
Construction	4.86	4.58	4.54	4.85	4.54	4.71	3.93	2.69	3.36
Financial services	5.51	5.52	5.71	3.54	5.85	4.44	5.55	4.28	6.27
Hotels and/or restaurants	5.06	5.08	4.92	5.81	5.64	5.17	4.74	4.12	4.69
Industry	5.38	5.41	5.33	5.05	5.26	5.14	4.95	3.91	4.85
Information and communication technology	5.91	5.08	4.75	6.53	6.96	5.51	4.61	3.06	4.14
Other business to business services	5.41	5.44	4.87	5.59	5.81	5.26	4.29	3.76	4.24
Other business to consumer services (services for people)	5.88	6.27	5.75	7.10	6.16	6.21	5.44	4.97	6.43
Retail trade, food products	5.54	5.81	5.19	6.15	5.42	5.79	4.67	4.63	5.88
Economic sector / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Retail trade, non-food products	5.96	6.25	5.75	6.77	6.51	6.08	5.78	5.43	6.13
Sale, maintenance of motor vehicles	4.61	4.72	4.99	6.65	4.98	5.20	3.41	3.96	4.45
Transport, storage	6.08	4.75	4.55	4.61	5.84	4.95	4.95	3.29	4.85
Wholesale, except motor vehicles	5.44	5.79	4.56	6.27	5.89	6.06	4.38	4.17	5.23
TOTAL	5.51	5.59	5.26	6.07	5.81	5.58	4.94	4.44	5.32

Staff numbers

It was in businesses without employees where buyers faced the most difficulties, particularly in the areas of accounting and finance, legal and fiscal aspects, technical know-how, supply chain management and IT systems.

Overall, buyers of businesses with more than ten employees met fewer difficulties. One hypothesis is that, in businesses with employees, the buyer is able to rely on internal capabilities, whereas in businesses without employees, the buyer ends up facing these difficulties alone, with no one to reply on but him or herself.

Level of difficulty by topic according to the business' staff numbers

Number of staff / Topic	Strategic management	Human resources	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
No employee	5.79	6.46	5.43	7.06	6.10	6.22	5.66	5.04	5.94
From 1 to 9	5.50	5.40	5.35	5.98	5.91	5.57	4.71	4.36	5.33
From 10 to 19	5.24	4.76	4.71	5.20	5.25	4.44	4.80	3.48	4.24
From 20 to 50	5.08	6.31	4.29	4.06	4.27	4.64	5.42	4.26	4.64
TOTAL	5.52	5.59	5.26	6.08	5.81	5.58	4.94	4.44	5.32

Turnover of the company taken over

The higher the turnover, the fewer the difficulties faced by the buyer during the takeover. In other words, it was businesses with the lowest turnovers where the takeovers were more difficult, particularly in the areas of strategic management, access to financing and supply chain management.

Level of difficulty by topic according to the business' most recent turnover

Most recent annual turnover / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Less than €100,000	5.84	5.83	5.51	6.38	6.32	5.81	5.23	4.93	5.83
Between €100,000 and	5.31	5.26	5.19	5.77	5.39	5.32	4.64	4.37	4.94

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€00,000									
Between €00,000 and €1,000,000	5.34	5.08	4.92	5.43	5.58	5.20	4.61	3.63	4.38
More than €1,000,000	4.92	5.45	4.79	5.01	4.98	5.02	4.91	3.74	4.41
TOTAL	5.47	5.47	5.24	5.88	5.72	5.47	4.88	4.40	5.07

Purchase price of the company taken over

As with turnover, the table below shows that the least-expensive businesses (with selling prices of less than 100,000 Euros) were those with the greatest difficulties in terms of strategic management, accounting and finance, technical know-how and IT systems. Businesses with a higher purchase price (particularly in the ‘two million Euros and above’ bracket) faced the greatest difficulties in terms of legal and fiscal issues and IT systems.

Level of difficulty by topic according to the business’ purchase price

Purchase price / Topics	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Less than €100,000	5.82	5.90	5.24	6.45	6.06	5.83	5.39	4.65	5.80
From €100,000 to €250,000	5.48	5.20	5.55	6.45	6.01	5.50	4.75	3.81	5.26
From €250,000 to €500,000	4.66	5.16	4.86	5.89	5.54	4.93	4.41	3.32	3.63
From €500,000 to €1,000,000	4.47	5.42	4.82	5.13	4.99	4.99	4.55	3.28	4.59
From €1,000,000 to €2,000,000	4.23	5.22	3.77	4.92	2.50	6.38	2.00	2.33	3.58
From €2,000,000 to €3,000,000	3.29	5.50	4.29	4.00	3.25	7.50	6.25	-	-
More than €3,000,000	4.33	4.50	2.67	5.50	5.50	5.50	5.00	3.00	9.33
TOTAL	5.58	5.69	5.21	6.32	5.92	5.69	5.12	4.35	5.51

2.2.3 Influence of takeover type

Under this heading, the analysis looked at the impact of the characteristics of the takeover on the difficulties faced by buyers. The purpose was to verify statistically the influence of the type of buyer and his or her relationship with the business, as well as the transition period (where appropriate) and its length.

Buyer's relationship with the business

Contrary to what one might typically expect, the closeness of the buyer's ties with the business taken over (both in the case of family takeovers and takeovers by a former owner) did not, for the buyers in our sample, reduce the level of difficulty faced in the nine major areas. The table below contains no figures that are statistically higher or lower than the sample average.

Level of difficulty by topic according to takeover type

Type of takeover / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
External	5.44	5.62	5.23	6.22	5.84	5.62	5.05	4.50	5.46
Former employee	5.54	5.25	5.41	5.92	5.72	5.69	4.51	4.19	5.01
Family	5.72	5.73	5.25	5.77	5.78	5.38	4.94	4.46	5.16
TOTAL	5.52	5.59	5.26	6.08	5.81	5.57	4.95	4.45	5.32

Influence of the transition period

The existence of a transition period during which the buyer worked alongside the seller did not have any influence on the type or level of difficulty faced by the buyers in the sample. However, the length of the transition period did seem to have a considerable impact. Statistically, it can indeed be shown that when the transition period lasted more than six months, or even a year, buyers faced fewer difficulties in the areas of human resources management, accounting and finance, and legal and fiscal aspects. This can be explained by the fact that the majority of takeovers with the longest transition periods were family takeovers.

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Level of difficulty by topic according to the length of the transition period with the seller

Length of transition period with the seller / Topic	Strategic management	Human resources management	Marketing	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain management	IT
Less than one month	5.53	5.36	5.05	6.33	5.72	5.53	5.02	4.70	5.70
From 1 to 2 months	5.68	6.09	5.53	6.74	5.88	6.30	4.95	4.96	5.86
From 2 to 6 months	5.36	5.70	5.31	5.80	5.36	5.78	5.12	4.35	5.22
From 6 months to 1 year	5.67	4.22	5.00	5.67	5.95	4.79	4.43	3.67	4.52
More than 1 year	5.19	4.60	4.87	5.22	5.17	4.84	4.23	3.75	4.82
TOTAL	5.48	5.38	5.17	6.08	5.61	5.58	4.88	4.44	5.39

Summary of the difficulties faced by buyers prior to mentoring, and the reasons behind them

The main difficulties faced by the buyers sampled were in the areas of accounting and finance, access to financing, strategic management, human resources management and legal and fiscal aspects.

These difficulties were more pronounced for women than for men. They were also greater for young buyers with little professional experience, and when the business taken over was a young sole proprietorship working in the non-food retail sector.

3 THE MENTORING PROCESS

3.1 Mentoring – the facts

Each buyer was mentored for ten days. Up to one -day was used to identify the buyer's needs and the remaining 9. days were allocated freely to cover one or several of the 35 sub-topics on offer. The table below shows the way in which the number of days of mentoring was divided up between each topic and sub-topic. It shows how widely choices differed and clearly demonstrates the fact that buyers' needs may vary greatly. The table demonstrates one of the major strengths of the approach, namely that the support was customised and tailored to each buyer's specific needs.

The table also gives us an idea of how each form of support requested was ranked. Taking the nine major areas, the main three areas of mentoring were (in descending order): marketing and commerce (1973 days out of the 7848 entered into the database), accounting and finance (1439 days) and strategic management (1314 days). The 'least popular' topic was supply chain management (just 159 days).

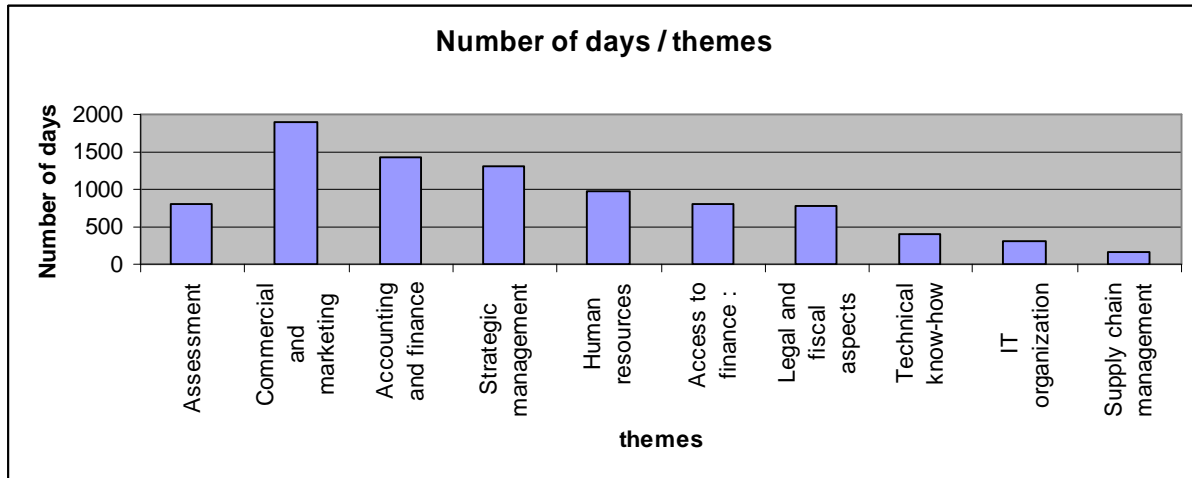
The following reasons help explain buyers' choice of topics:

- Marketing and commerce: buyers often want to protect themselves from the supposed inevitable drop in turnover immediately following a takeover;
- Accounting: the support given focused mainly on the understanding of accounting mechanisms or the introduction of software. Indeed, few buyers had experience with accounting. In theory, therefore, buyers lacked natural knowledge in this area. Moreover, accounting is often externalised in the case of small organisations, which dominated our sample. A general understanding of the mechanisms is therefore generally ample;
- Strategic management: given buyers' often technical background and the fact that the takeover process often focused on operational aspects, buyers appreciated the opportunity to sit back with a mentor and consider more strategic and hence more long-term aspects.

The information in the following tables is given in terms of days of support.

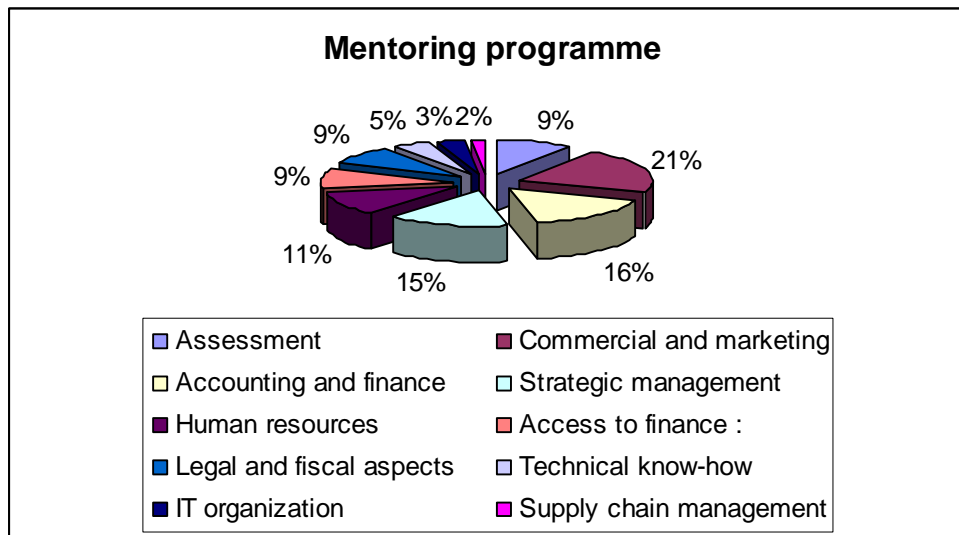
Number of days spent per topic

Topic	Total number of days
Assessment	805,1
Marketing and commerce	1903.00
Accounting and finance	1439.60
Strategic management	1314.45
Human resources	969.10
Access to finance	806.85
Legal and fiscal aspects	779,6
Technical know-how	414.75
IT systems	298.50
Supply chain management	159.05
TOTAL	8890



Overall, marketing and commerce accounted for 21% of all mentoring days covered by the programme; accounting and finance accounted for 16% and strategic management 15%.

Breakdown of days by mentoring topic



Major differences in the topics selected were observed from one country to the next. For example, strategic management was chosen more often by Austrian, Belgian, Bulgarian, Portuguese, Dutch and Polish buyers, while human resources management was of greater interest to Slovenian, Slovak and Dutch buyers. The French and the Italians opted the most often for marketing and commerce and accounting and finances.

Average number of days spent by topic and by country

Country/Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Austria	0.80	0.09	0.12	0.07	0.46	0.40	0.09	0.00	0.01
Belgium	0.75	0.17	0.30	0.29	0.50	0.10	0.07	0.00	0.00
Bulgaria	0.51	0.51	0.19	0.34	0.42	0.11	0.07	0.04	0.16
France	0.20	0.28	0.51	0.71	0.21	0.15	0.14	0.03	0.13
Germany	0.25	0.75	0.27	0.76	0.16	0.20	0.03	0.04	0.13
Greece	0.30	0.16	0.35	0.47	0.24	0.25	0.14	0.20	0.20
Hungary	0.31	0.29	0.27	0.43	0.19	0.29	0.17	0.19	0.13
Italy	0.36	0.27	0.55	0.68	0.13	0.15	0.09	0.01	0.01
Latvia	0.10	1.67	0.20	0.17	0.17	0.10	0.10	0.17	0.00
Malta	0.30	0.75	0.47	0.73	0.00	0.00	0.00	0.45	0.00
Netherlands	0.51	0.58	0.45	0.34	0.04	0.20	0.06	0.06	0.08
Poland	0.43	0.08	0.18	0.28	1.44	0.00	0.08	0.03	0.02
Portugal	0.55	0.00	0.30	1.67	0.00	0.00	0.05	0.00	0.00
Romania	0.16	0.42	0.28	0.20	1.06	0.16	0.06	0.09	0.10
Slovakia	0.34	0.61	0.35	0.26	0.23	0.16	0.07	0.18	0.14
Slovenia	0.10	2.38	0.15	0.14	0.04	0.05	0.02	0.01	0.01
Spain	0.24	0.30	0.43	0.57	0.20	0.24	0.09	0.11	0.11
UK	0.85	0.42	0.47	0.13	0.24	0.02	0.03	0.04	0.00

The table on the following page gives a more detailed presentation of what was included in the mentoring provided to buyers within the nine major mentoring topics (out of the 35 sub-topics). The table gives a clear illustration of the degree to which buyers' needs differed, and the need to provide personalised support. Indeed, apart from 'taxation issues', all sub-topics were covered.

The third column of the table lists the average number of days of support for each sub-topic. In total, the average amounted to 0.25 days (9.5 days divided by 35 sub-topics). This average score helps to compare sub-topics and identify those which were longer than 0.25 days (in blue). The 'organisation of accounts', for example, had an average of 0.68 days, 'relations with clients/sales development' had 0.60, 'accounting rules' had 0.55, 'leadership' had 0.55 and 'communications' had 0.51.

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Detailed content of the mentoring

Topics (no. of days)	Sub-topics	Average no. of days	Total no. of days	Number of buyers
Assessment	Assessment		805,1	889
Strategic management 1314.45 days	Environmental analysis	0.32	285	265
	Mid- and long-term development strategy	0.50	447.75	351
	Innovation policy	0.15	133.70	131
	Export development	0.04	40	21
	Other - strategic management	0.46	408	316
Human resources management 969.10 days	Leadership	0.55	492.75	291
	Administrative and legal aspects of human resources	0.34	298.50	193
	Other – human resources management	0.20	177.85	130
Marketing and commerce 1903 days	Price-setting	0.21	185.30	183
	Relations with clients / sales development	0.60	534.05	400
	Diversification of client base	0.34	298.90	263
	Communications	0.51	456.85	290
	Other – marketing and commerce	0.48	427.90	247
Accounting and finance 1439.60 days	Accounting rules	0.55	493.05	390
	Organisation of accounts	0.68	608.40	451
	Other - accounting and finance	0.38	338.15	237
Access to finance 806.85 days	Relations with banks	0.27	240.15	205
	Public funding	0.41	364.20	215
	Other - access to finance	0.23	202.5	162
Legal and fiscal aspects 779,6 days	Contracts with clients/suppliers	0.15	131.85	137
	Taxation issues	0.35	306,35	290
	Property rights	0.06	50.30	48

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	Other - legal and fiscal aspects	0.33	291.10	194
Technical know-how 414.75 days	Acquisition of business' technical know-how	0.09	77	60
	Production planning	0.06	53.05	40
	Improving productivity	0.05	43.35	43
	Quality processes	0.14	127.85	102
	Other - technical know-how	0.13	113.5	87
Supply chain management 159.05 days	Relations with suppliers	0.09	76.75	85
	Stock handling	0.06	54.60	57
	Other - supply chain management	0.03	27.70	31
IT systems 298.5 days	Hardware and software	0.09	78.65	63
	Website	0.13	115.50	68
	E-commerce	0.06	49.75	39
	Other - IT systems	0.06	54.60	57
	Total		8890	889

3.2 *Different needs according to buyer's profile?*

The objective of this section is to try to highlight any relationships between the mentoring needs voiced (or more specifically the areas where support was received) and the buyer's profile.

The hypothesis guiding the analysis was that a statistical relationship might exist between, for example, the type of training received or skills acquired through professional experience and the need for support in terms of knowledge, skills or qualifications that the buyer did not already possess.

The variables used to identify areas of support are summarised in the table below.

Variables used to understand buyers' choice of mentoring topic

Buyer's profile	<p>Socio-demographic variables: age, gender</p> <p>Higher education: main fields of study and length, vocational training</p> <p>Professional experience: length of professional experience, professional status prior to takeover, management experience</p> <p>Business takeover experience: existence of a previous takeover, takeover training or support received</p>
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3.2.1 Buyer's gender

The table below demonstrates that women took fewer days of mentoring than average in the area of strategic management and more than average in the area of marketing and commerce.

Choice of mentoring topic according to the buyer's gender

Gender / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Female	0.25	0.31	0.48	0.53	0.30	0.20	0.08	0.07	0.09
Male	0.33	0.40	0.39	0.55	0.30	0.16	0.10	0.05	0.08
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

3.2.2 Buyer's age

The table below shows that:

- Buyers older than 65 mainly opted for mentoring on strategic management (higher than average number of days of mentoring in this area) and neglected marketing and commerce (lower than average number of days);
- Few buyers under the age of 30 opted for mentoring in the area of technical know-how (lower than average number of days of mentoring).

Choice of mentoring topic according to the buyer's age

Year of birth / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Before 1940	0.48	0.44	0.30	0.38	0.37	0.10	0.09	0.07	0.11
Between 1940 and 1949	0.28	0.39	0.42	0.52	0.33	0.16	0.11	0.09	0.09
Between 1950 and 1959	0.29	0.39	0.45	0.55	0.28	0.15	0.11	0.04	0.09
Between 1960 and 1969	0.31	0.33	0.42	0.56	0.29	0.20	0.08	0.06	0.08
Between 1970 and 1979	0.28	0.32	0.44	0.51	0.32	0.20	0.09	0.07	0.10
After 1980	0.22	0.68	0.28	0.72	0.44	0.10	0.03	0.08	0.03
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

3.2.3 Buyer's training

It is worth noting that buyers who had not undertaken higher education or whose studies had been short (less than three years) generally opted for mentoring on technical topics, in particular accounting and finance, legal and fiscal aspects and the organisation of IT systems (higher average than the rest of the sample). Conversely, buyers whose studies had been longer (more than six years) requested mentoring on more general (or cross-disciplinary) topics such as strategic management, human resources management and marketing and commerce.

Choice of mentoring topic according to the length of the buyer's higher education

Length of higher education / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
No higher education	0.26	0.31	0.43	0.62	0.29	0.21	0.08	0.06	0.07
Between 1 and 3 years	0.25	0.29	0.45	0.55	0.27	0.11	0.14	0.04	0.24
Between 4 and 5 years	0.30	0.42	0.39	0.50	0.36	0.16	0.11	0.06	0.07
More than 6 years	0.37	0.42	0.44	0.43	0.29	0.14	0.09	0.06	0.07
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

3.2.4 Buyer's higher education

The information in the following table both confirms and fuels the previous observation. Buyers who had undertaken higher education in management and finance (specialties found above all in long courses of study) and, to a lesser extent, in marketing opted more for mentoring in strategic management and human resources management. Conversely, buyers who had undertaken technical studies were more interested in receiving mentoring in accounting and finance, or access to finance.

Choice of mentoring topic according to the type of the buyer's higher education

Topics covered during higher education / Mentoring topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Finance	0.32	0.58	0.34	0.38	0.35	0.22	0.04	0.06	0.09
Management	0.38	0.44	0.43	0.50	0.18	0.12	0.10	0.08	0.10
Marketing	0.33	0.52	0.48	0.37	0.28	0.07	0.17	0.03	0.06
Science	0.39	0.39	0.51	0.48	0.10	0.14	0.12	0.06	0.05
Technical	0.31	0.32	0.43	0.58	0.30	0.15	0.11	0.05	0.09
TOTAL	0.31	0.38	0.44	0.53	0.28	0.16	0.10	0.05	0.10

3.2.5 Buyer's professional experience

The buyer's professional status prior to the takeover

Former executives opted for human resources management more frequently than the rest of the sample. Those who had been job-seekers voiced less of a need for strategic management and human resources management than the rest of the sample, but more of a need than the rest of the sample for accounting and finance.

Choice of mentoring topic according to the buyer's professional status prior to the takeover

Status before takeover / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Employee	0.30	0.32	0.45	0.53	0.28	0.20	0.09	0.07	0.08
Entrepreneur	0.31	0.38	0.38	0.49	0.37	0.15	0.11	0.07	0.10
Executive	0.31	0.64	0.35	0.53	0.30	0.12	0.11	0.04	0.07
Job-seeker	0.21	0.23	0.48	0.74	0.28	0.20	0.08	0.05	0.09
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

Buyers' management experience

The following two tables, illustrating buyers' management experience (53% of the sample had management experience), demonstrate that:

Buyers without management experience opted more often for accounting and finance as well as legal and fiscal aspects.

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Experienced buyers requested mentoring in strategic management and, to a lesser extent, in human resources management.

The latter observation is all the more true when taking into account the number of people managed: buyers who had managed more than 50 people were very keen to receive mentoring in human resources management, the assumption being that their ‘large-scale’ management experience meant that they had come up against particularly difficult management problems, for which they wanted additional skills.

Choice of mentoring topic according to the buyer’s management experience

Management experience Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Yes	0.33	0.43	0.40	0.47	0.32	0.15	0.11	0.05	0.08
No	0.25	0.28	0.46	0.61	0.29	0.21	0.07	0.07	0.09
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

Choice of mentoring topic according to the number of people the buyer had managed prior to the takeover

Number of people managed / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Fewer than 10	0.32	0.32	0.49	0.53	0.26	0.18	0.08	0.05	0.08
Between 10 and 49	0.35	0.46	0.35	0.44	0.38	0.12	0.13	0.05	0.09
Between 50 and 99	0.34	0.86	0.26	0.29	0.35	0.07	0.20	0.01	0.07
More than 100	0.36	0.70	0.24	0.41	0.31	0.17	0.14	0.09	0.05
TOTAL	0.33	0.43	0.40	0.48	0.32	0.15	0.11	0.05	0.08

3.3 *Different needs according to the business' profile*

In this section, the aim is to try to highlight any relationships between buyers' stated support needs (i.e. the areas in which support was given) and the characteristics of the business taken over.

The hypothesis governing this analysis was that there might be a statistical relationship between the characteristics of the business taken over and the need for help with knowledge, skills or qualifications that the buyer lacked and/or were justified by the special characteristics of the business in question.

The variables used in this part of the analysis are: staff numbers, turnover, year of creation, purchasing price and economic sector.

3.3.1 **Business' staff numbers**

The following table shows that, overall, the higher the number of staff members, the more buyers wanted support in the areas of strategic management and human resources management. Conversely, for businesses without or with few staff members, requests for support were made mainly in the areas of accounting and finance and legal and fiscal aspects.

Choice of mentoring topic according to the business' staff numbers

Number of staff / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
No employee	0.20	0.20	0.48	0.65	0.23	0.29	0.07	0.08	0.09
From 1 to 9	0.30	0.34	0.46	0.53	0.33	0.15	0.09	0.05	0.08
From 10 to 19	0.39	0.52	0.26	0.48	0.34	0.11	0.17	0.06	0.06
From 20 to 50	0.41	1.04	0.16	0.28	0.23	0.07	0.13	0.09	0.10
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

3.3.2 **Business' turnover**

The result is clearly the same when we turn to the 'turnover' variable. There, too, buyers of bigger businesses (with a turnover higher than 500,000 Euros) requested mentoring in strategic management, human resources management and technical know-how. Legal and fiscal aspects as well as access to financing were favoured in the takeover of businesses with a turnover of less than €100,000.

Choice of mentoring topic according to the business' most recent turnover

Most recent annual turnover / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Less than €100,000	0.28	0.25	0.41	0.58	0.38	0.20	0.08	0.08	0.08
Between €100,000 and €500,000	0.32	0.43	0.41	0.58	0.28	0.13	0.09	0.07	0.08
Between €500,000 and €1,000,000	0.40	0.57	0.41	0.44	0.21	0.14	0.10	0.06	0.03
More than €1,000,000	0.43	0.66	0.25	0.41	0.26	0.11	0.17	0.06	0.05
TOTAL	0.33	0.40	0.39	0.54	0.31	0.16	0.10	0.07	0.07

3.3.3 Date when the business was created

With regard to this variable, the table below shows that buyers of the oldest businesses (more than 30 years old) were more interested than the remainder of the sample in receiving mentoring on strategic management and less than the remainder of the sample in access to financing, legal and fiscal aspects, supply chain management and IT.

Choice of mentoring topic according to the date on which the business was created

Business' date of creation / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Before 1960	0.40	0.43	0.44	0.44	0.21	0.12	0.13	0.05	0.07
Between 1960 and 1980	0.38	0.28	0.43	0.63	0.16	0.19	0.12	0.05	0.03
Between 1980 and 2000	0.32	0.38	0.43	0.60	0.26	0.13	0.11	0.07	0.07
After 2000	0.27	0.38	0.42	0.47	0.38	0.18	0.08	0.06	0.11
TOTAL	0.30	0.37	0.43	0.53	0.30	0.17	0.09	0.06	0.08

3.3.4 Business' purchase price

An analysis of purchase prices led to the conclusion that mentoring in the areas of accounting and finance as well as technical know-how was requested significantly more by buyers of businesses which were bought for between 100,000 and 500,000 Euros than for other businesses. By contrast, in businesses which were bought for more than one million Euros, buyers requested considerably less mentoring in the areas of marketing and commerce, access to financing, legal and fiscal aspects and supply chain management than the remainder of the sample.

Choice of mentoring topic according to the business' purchase price

Purchase price / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Less than €100,000	0.24	0.36	0.42	0.48	0.39	0.21	0.07	0.09	0.11
From €100,000 to €500,000	0.31	0.40	0.36	0.73	0.19	0.12	0.17	0.04	0.09
From €500,000 to €1,000,000	0.31	0.60	0.34	0.41	0.11	0.15	0.25	0.08	0.08
More than €1,000,000	0.39	1.06	0.18	0.56	0.09	0.07	0.09	0.00	0.09
TOTAL	0.26	0.39	0.40	0.54	0.33	0.18	0.10	0.07	0.10

3.3.5 Business' economic sector

The following table shows that buyers of industrial businesses were the ones who most frequently requested mentoring in strategic management. Buyers of agricultural or fisheries businesses were the ones who most often requested mentoring in human resources management or access to financing. Also worth noting is the fact that buyers of hotels/restaurants (the dominant sector within the sample) focused predominantly on accounting and finance. Finally, and perhaps naturally, buyers of retail businesses concentrated more than in the other sectors on marketing and commerce.

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Choice of mentoring topic according to the business' economic sector

Economic sector / Topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Agriculture and fisheries	0.25	0.71	0.25	0.16	0.60	0.09	0.16	0.16	0.08
Construction	0.29	0.35	0.23	0.76	0.43	0.13	0.12	0.08	0.09
Financial services	0.40	0.39	0.56	0.11	0.36	0.22	0.03	0.03	0.10
Hotels and/or restaurants	0.31	0.27	0.44	0.65	0.24	0.16	0.13	0.06	0.07
Industry	0.38	0.51	0.34	0.44	0.28	0.15	0.16	0.03	0.06
Information and communication technology	0.26	0.72	0.42	0.31	0.46	0.15	0.08	0.05	0.00
Other business to business services	0.36	0.45	0.33	0.47	0.43	0.11	0.06	0.04	0.16
Other business to consumer services	0.25	0.33	0.50	0.59	0.25	0.19	0.06	0.03	0.11
Retail trade, food products	0.23	0.30	0.53	0.55	0.31	0.19	0.07	0.08	0.08
Retail trade, non-food products	0.23	0.25	0.52	0.55	0.27	0.24	0.06	0.12	0.07
Sale, maintenance of motor vehicles	0.30	0.31	0.27	0.75	0.39	0.15	0.10	0.04	0.15
Transport, storage	0.28	0.76	0.22	0.28	0.65	0.12	0.11	0.08	0.06
Wholesale, except motor vehicles	0.39	0.42	0.40	0.49	0.21	0.17	0.08	0.03	0.12
TOTAL	0.30	0.36	0.43	0.54	0.30	0.18	0.09	0.06	0.08

Summary of the mentoring process

The way in which the mentoring days were distributed shows that the topics chosen by buyers varied greatly and clearly illustrates the fact that buyers' needs were extremely different.

In descending order of importance, the main three topics covered by the mentoring were: marketing and commerce (1903 days out of the 8890 recorded in the database), accounting and finance (1439 days) and strategic management (1314 days). The 'least popular' topic was supply chain management (just 159 days).

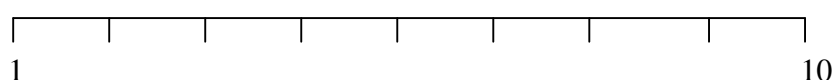
Older buyers who had undertaken several years of university studies opted more for mentoring in cross-disciplinary areas such as strategic management, whereas younger buyers went more for accounting and finance and legal and fiscal aspects.

Businesses with the highest staff numbers most needed mentoring in human resources.

4 THE USEFULNESS OF MENTORING FOR BUYERS

4.1 Fall in perceived difficulties

Following the mentoring, buyers were asked to carry out a second assessment of the difficulties faced, using the same scale of 1 to 10 that they did at the beginning of the mentoring. 1 represents areas that were not considered difficult at all and 10 represents areas deemed to be very difficult.



(Not difficult at all)

(Very difficult)

The tables in this section present the average difficulties. The figures in blue represent averages that are statistically higher than the sample average and the figures in pink averages that are statistically lower than the sample average.

The table below shows that buyers found the mentoring effective; on average, the level of difficulty was lowered by 2.16 points (falling below 5 out of 10 to 3.3), and dropped for all of the topics covered.

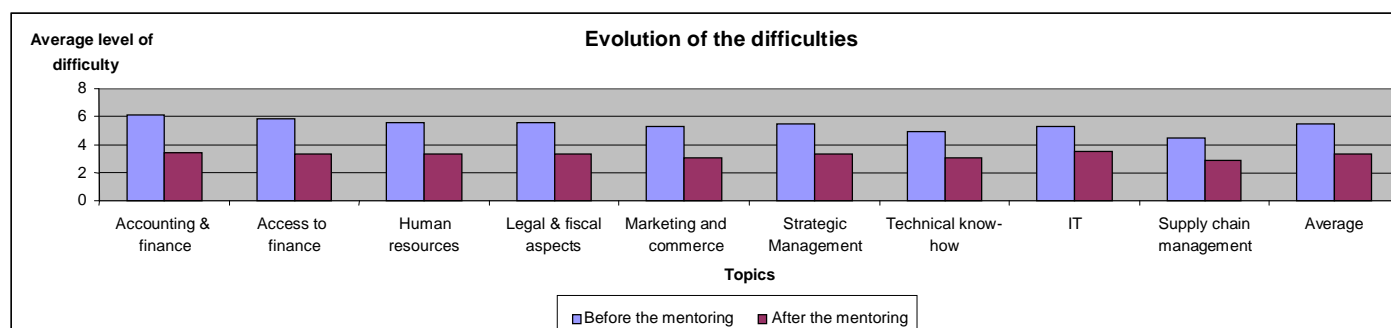
The topics for which the mentoring proved to be most useful were (in descending order): accounting and finance, access to financing, human resources management, legal and fiscal aspects and marketing. The mentoring was slightly less effective in the areas of strategic marketing, technical know-how, IT systems and supply chain management.

Changes in perceived level of difficulty by topic

Topic	Average level of difficulty before mentoring	Average level of difficulty after mentoring	Difference
Accounting & finance	6.08	3.46	-2.62
Access to finance	5.82	3.37	-2.45
Human resources	5.59	3.3	-2.29
Legal & fiscal aspects	5.58	3.35	-2.23
Marketing and commerce	5.26	3.06	-2.2
Strategic management	5.52	3.37	-2.15
Technical know-how	4.95	3.09	-1.86
IT	5.33	3.53	-1.8
Supply chain management	4.45	2.91	-1.54
Average	5.44	3.33	-2.16

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Scale: 1 (not difficult at all) – 10 (very difficult)

Taking this analysis further, it can be observed that the level of difficulty, as perceived by buyers, also dropped for all 35 sub-topics.

The figures in blue in the table indicate the areas where the support was most effective (greatest difference between the first and second assessment). It therefore appears that ‘public funding’ and ‘other access to finance’ were the most effective forms of support, followed by all areas of accounting.

Effectiveness of the mentoring by sub-topic

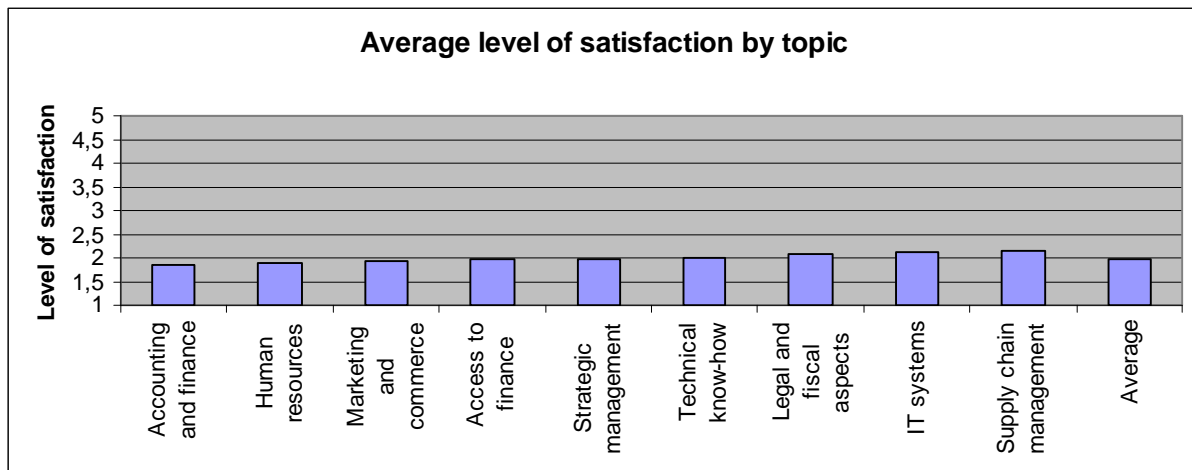
Sub-topic	Average level of difficulty before mentoring	Average level of difficulty after mentoring	Difference
Environmental analysis	4.91	3.02	- 1.89
Mid- and long-term development strategy	5.84	3.35	-2.49
Innovation policy	5.67	3.40	-2.27
Export development	5.97	4.28	-1.69
Other - strategic management	6.13	3.53	-2.6
Management and leadership	5.06	3.06	-2
Administrative and legal aspects of human resources	5.86	3.34	-2.52
Other - human resources management	6.10	3.61	-2.49
Price-setting	4.81	2.94	-1.87
Relations with clients	4.85	2.93	-1.92
Client diversification / sales development	5.64	3.27	-2.37
Communications	5.45	3.04	-2.41
Other – marketing and commerce	5.73	3.35	-2.38
Accounting rules	5.96	3.38	-2.58
Organisation of profit and loss accounts	6.10	3.39	-2.71
Other – accounting and finance	6.16	3.75	-2.41
Relations with banks	5.35	3.03	-2.32

4.2.1 Buyers' level of satisfaction by topic and sub-topic

The overall score was 1.97, meaning that, on average, the mentoring was considered useful. The most successful topics, in descending order, were accounting, human resources, marketing and access to financing.

Buyers' average level of satisfaction by topic

Topic	Average level of satisfaction
Accounting and finance	1.87
Human resources	1.89
Marketing and commerce	1.91
Access to finance	1.95
Strategic management	1.98
Technical know-how	2.00
Legal and fiscal aspects	2.07
IT systems	2.12
Supply chain management	2.13
Average	1.97



Scale: 1 (very useful) – 5 (not useful)

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The table below shows buyers' levels of satisfaction across each of the 35 mentoring sub-topics. Thus, the best scores for satisfaction were obtained for 'communication' and 'other - human resources management', followed by 'management and leadership', 'organisation of profit and loss accounts', 'relations with clients', 'mid- and long-term development strategy' and 'environmental analysis'.

Buyers were least satisfied with 'exports', which scored 2.40 out of 5 and 'other - supply chain management' which received 2.32 out of 5. However their score still remained close to the average.

Buyers' average level of satisfaction by sub-topic

Sub-topic	Average level of satisfaction	Sub-topic	Average level of satisfaction
Environmental analysis	1.91	Other – access to finance	2.06
Mid- and long-term development strategy	1.88	Contracts with clients/suppliers	2.07
Innovation policy	1.94	Taxation issues	2.00
Export development	2.40	Property rights	2.27
Other – strategic management	2.08	Other – legal and fiscal aspects	1.95
Management and leadership	1.83	Acquisition of company's technical know-how	2.11
Administrative & legal aspects of human resources	1.92	Production planning	2.14
Other – human resource management	1.78	Improving productivity	2.01
Price-setting	1.96	Quality processes	2.01
Relations with clients	1.87	Other – technical know-how	2.03
Diversification of client base	1.96	Relation with suppliers	2.15
Sub-topics	Average level of satisfaction	Sub-topics	Average level of satisfaction
Communications	1.74	Stock handling	2.11
Other – marketing and commerce	1.98	Other – supply chain management	2.32
Accounting rules	1.88	Hardware and software	2.16
Organisation of profit and loss accounts	1.86	Website	2.05
Other – accounting and finance	2.01	e-commerce	2.18
Relations with the banks	1.96	Other – IT systems	2.27
Public funding	1.92	Average	1.97

4.2.2 Relationship between the buyer’s satisfaction and the extent of the difficulty

Comparing the satisfaction scores obtained for each sub-topic with perceived difficulties prior to mentoring helps to identify the strengths and slightly weaker aspects of the mentoring. Let us remind ourselves that, as satisfaction scores were generally high, all such weaknesses are relative and categorised as such in comparison with the satisfaction scores obtained in the other areas.

Relationship between buyers’ level of satisfaction and perceived level of difficulty prior to mentoring by topic

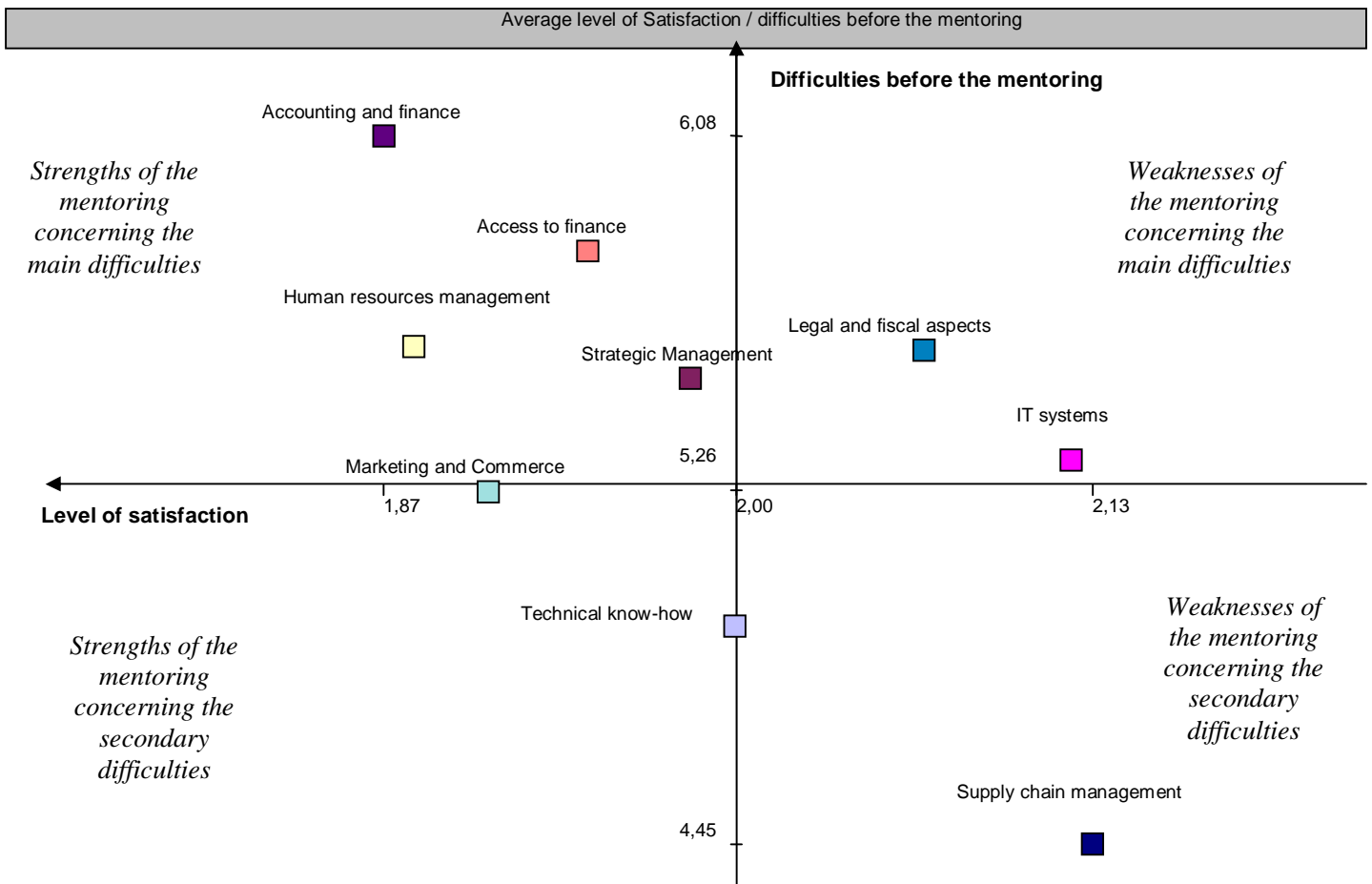
Topic	Average level of satisfaction	Average difficulties before mentoring
Strategic management	1.98	5.52
Human resources management	1.89	5.59
Marketing and commerce	1.91	5.26
Accounting and finance	1.87	6.08
Access to finance	1.95	5.82
Legal and fiscal aspects	2.07	5.58
Technical know-how	2.00	4.95
Supply chain management	2.13	4.45
IT systems	2.12	5.33

The graph on the following page, generated from the table above, gives a visual representation of these assessments. The x axis represents buyers’ level of satisfaction, the y axis buyers’ perceived level of difficulty prior to mentoring. By intersecting the two, we obtain four quadrants:

- Top left: *Strengths of the mentoring (high level of satisfaction) with regard to the main difficulties*; i.e. the areas that buyers’ considered to be most difficult prior to mentoring.
- Top right: *Relative weaknesses of the mentoring (lower level of satisfaction) with regard to the main difficulties*.
- Bottom left: *Strengths of the mentoring with regard to secondary difficulties*; i.e. areas that buyers considered to be the least difficult prior to mentoring.
- Bottom right: *Relative weaknesses of the mentoring with regard to secondary difficulties*.

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Overall, the majority of the sub-topics are located on the top left-hand side of the graph, which indicates higher than average levels of satisfaction.

Lower levels of satisfaction were recorded for the following four sub-topics:

- Exports
- Other - strategic management
- Property rights
- E-commerce.

The levels still remain satisfactory, with the worst score of 2.4 being recorded for ‘exports’, placing it between ‘useful’ and ‘satisfactory’.

The explanation lies notably in the fact that all of these areas are highly ‘technical’ and would require more substantial support, particularly in the area of export development, which cannot be provided in only ten days. We can therefore conclude that these sub-topics are the least suited to mentoring of this kind.

4.2.3 Overall degree of satisfaction by country

In this analysis, we calculated an overall satisfaction score by country (1 = very useful; 5 = not useful). The table below classifies each country in descending order. Thus, the countries which were most satisfied with the programme were Bulgaria, Malta and Slovenia. Conversely, Belgium, the Netherlands, the UK and Italy were the least satisfied with the mentoring.

Overall level of satisfaction by country

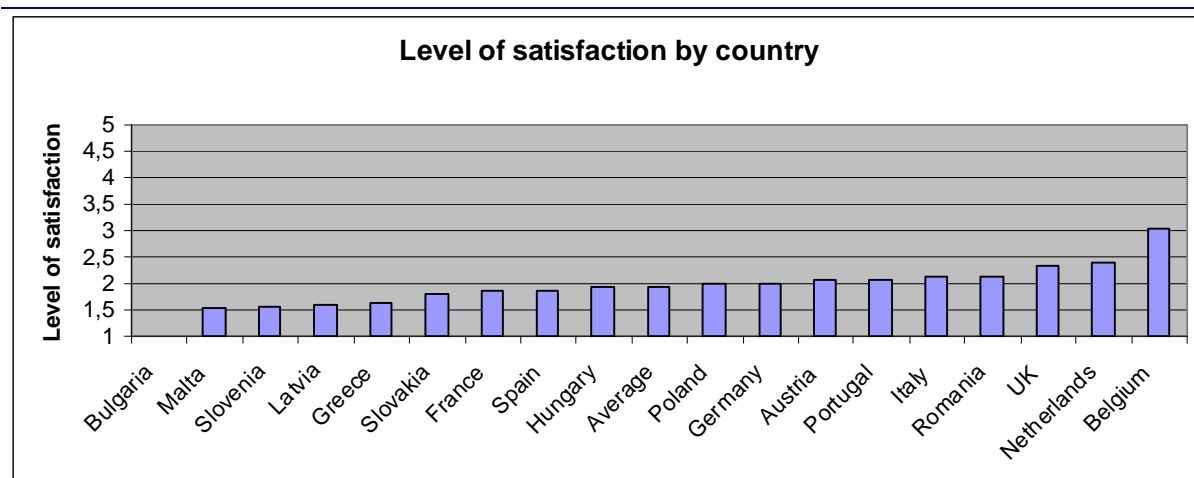
Country	Overall level of satisfaction
Bulgaria	1.01
Malta	1.55
Slovenia	1.58
Latvia	1.61
Greece	1.64
Slovakia	1.81
France	1.88
Spain	1.88
Hungary	1.95
Average	1.95
Poland	1.99
Germany	2.00
Austria	2.06
Portugal	2.08
Italy	2.12
Romania	2.12
UK	2.32
Netherlands	2.39
Belgium	3.05

4.2.4 Degree of satisfaction by country and by topic

The table below provides an evaluation of satisfaction levels by country and by major area of mentoring proposed.

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Scale: 1 (very useful) – 5 (not useful)

The majority of buyers recorded close to average satisfaction levels.

Two countries had very good satisfaction scores (averages in pink well below the sample average) across all nine areas of mentoring. These were Bulgaria and Latvia, where it appears that overall satisfaction was linked more to the mentoring itself than the areas of support on offer.

Belgium, the Netherlands, the UK and, to a lesser extent, Portugal, recorded higher than average satisfaction scores in most areas, suggesting that they were less satisfied than the other countries.

Level of satisfaction by country and by mentoring topic

Country / Mentoring topic	Accounting and finance	Human resources management	Marketing and commerce	Access to finance	Strategic management	Technical know-how	Legal and fiscal aspects	IT systems	Supply chain management
Austria	2.07	1.77	2.17	1.55	2.23	2.06	2.38	2.40	2.33
Belgium	3.00	3.50	3.80	3.14	3.00	5.00	2.00	5.00	5.00
Bulgaria	1.00	1.00	1.04	1.05	1.00	1.00	1.00	1.00	1.00
France	1.78	2.16	1.94	1.90	2.18	2.37	2.11	2.47	2.44
Germany	1.97	2.07	1.90	1.79	2.06	2.08	2.01	2.31	2.21
Greece	1.50	2.36	1.43	1.60	1.57	1.45	1.29	2.23	1.62
Hungary	1.71	1.81	1.80	1.77	1.79	1.97	2.28	1.97	1.71
Italy	2.14	1.89	1.91	1.94	1.99	1.98	2.18	2.36	2.21
Latvia	1.00	1.50	1.50	1.00	1.00	1.00	1.50	2.00	1.00
Malta	1.67	1.63	1.42	-	1.83	-	-	-	1.33
Netherlands	1.78	1.96	2.40	2.89	2.09	2.64	2.77	2.49	2.79

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Poland	2.19	2.10	2.57	1.65	1.74	2.04	2.70	2.90	3.00
Portugal	1.50	2.00	1.13	2.00	2.00	2.50	2.67	4.00	3.50
Romania	2.45	1.84	2.11	2.03	2.09	2.36	2.39	1.50	2.86
Slovakia	1.85	1.74	1.64	1.86	1.90	1.75	1.89	1.67	1.87
Slovenia	1.90	1.44	1.92	2.00	1.95	1.50	1.67	1.33	1.00
Spain	1.66	1.85	1.83	2.04	1.95	1.79	1.87	1.92	1.92
UK	2.92	2.44	2.19	2.04	2.15	2.47	2.71	2.13	2.73

4.2.5 Similar levels of satisfaction across all buyer profiles

The variables characterising buyers in relation to their satisfaction with each mentoring topic and with the amount of time devoted to the mentoring were: gender, age, higher education (area and level), training over the course of their careers (length and areas), professional experience and transfer experience. Most of the analyses led to results which were either insignificant or of little significance. Below, therefore, is a presentation of the most obviously significant results, namely buyers' level of satisfaction in relation to their age.

Satisfaction and the buyer's age

It was the youngest buyers (born after 1980) that recorded the highest levels of satisfaction across the majority of mentoring topics on offer (average in pink lower than for the remainder of the sample).

Level of satisfaction according to buyer's year of birth

Year of birth / Mentoring topic	Strategic management	Human resources management	Marketing and commerce	Accounting and finance	Access to finance	Legal and fiscal aspects	Technical know-how	Supply chain	IT
Before 1950	1.88	1.98	1.97	1.89	1.92	2.05	1.85	2.19	2.05
Between 1950 and 1970	2.01	1.88	1.92	1.91	1.96	2.11	2.03	2.14	2.12
Between 1970 and 1979	1.98	1.81	1.86	1.79	1.91	1.97	1.95	2.08	2.09
After 1980	1.71	2.00	1.51	1.85	1.50	1.50	1.44	1.33	2.00
TOTAL	1.98	1.88	1.91	1.88	1.94	2.06	1.98	2.13	2.10

4.2.6 Satisfaction with the timing of the mentoring

Views differed overall about when was the most effective time to receive mentoring. A small majority emerged for the post-takeover period.

Buyers' satisfaction with the mentoring period

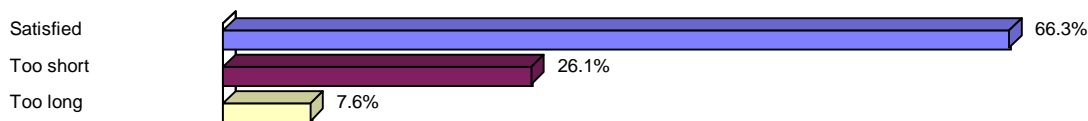
When do you think receiving such mentoring would be most useful?	Number of buyers	%
Mainly after takeover	451	55.1%
Mainly before takeover	368	44.9%
TOTAL	819	100%

4.2.7 Satisfaction with the length of the mentoring

The ten-day period seemed to suit two thirds of buyers. The remaining third was essentially made up of buyers for whom ten days did not suffice.

Buyers' satisfaction with the length of the mentoring

Length of the mentoring	Number of buyers	%
Satisfied	589	66.3%
Too short	232	26.1%
Too long	68	7.6%
TOTAL	889	100%



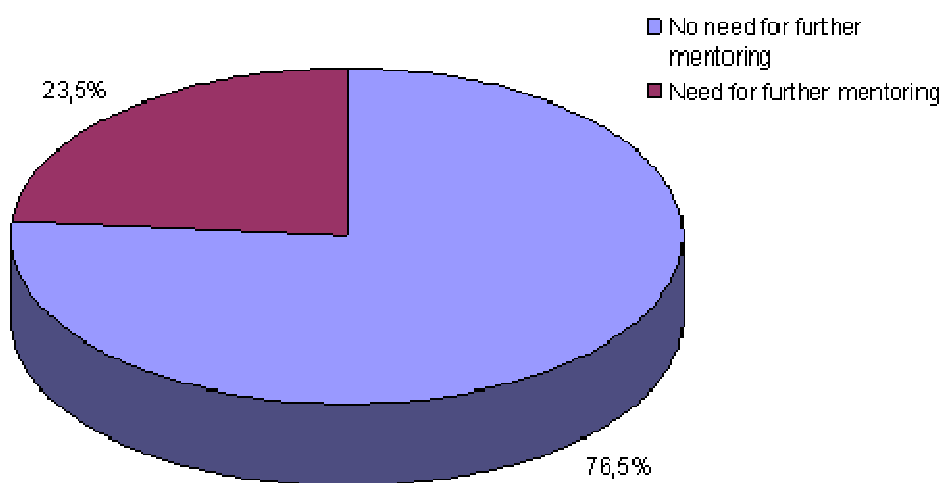
4.3 Expectations of future mentoring

4.3.1 Need for future mentoring

Although, overall, the mentoring was deemed useful and sufficient, and although some felt that it would have been preferable to start before the takeover itself, three quarters of buyers were keen to pursue the mentoring and expressed a need for further support.

Buyers' need for further mentoring

Need for further mentoring	Number of buyers	%
Yes	680	76.5%
No	209	23.5%
TOTAL	889	100%



4.3.2 Topics for further mentoring

Needs centred mainly on the topics already covered as part of the current programme: marketing and commerce, accounting and finance and legal and fiscal aspects.

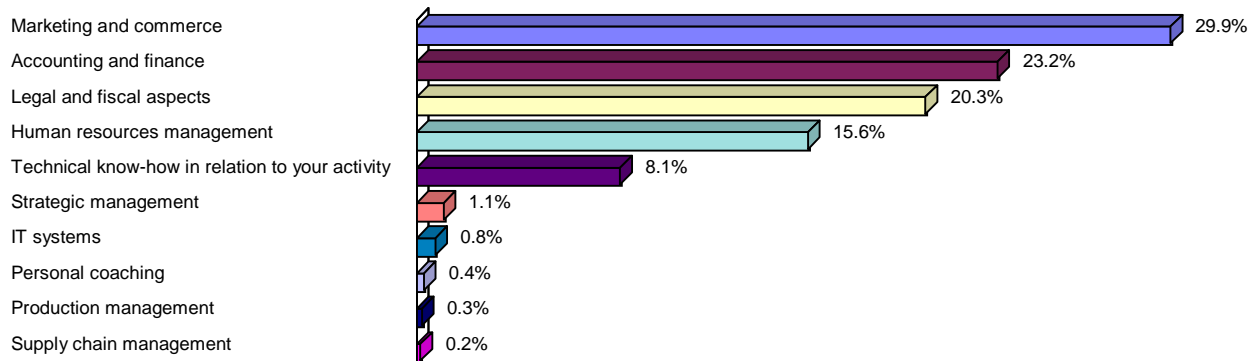
Ranking of topics requested by buyers for further mentoring

Topics further mentoring	Number of buyers	%. .
Marketing and commerce	397	29.9%
Accounting and finance	308	23.2%
Legal and fiscal aspects	269	20.2%
Human resources management	207	15.6%
Technical know-how in relation to your sector	108	8.1%
Strategic management	15	1.1%
IT systems	11	0.8%

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Personal coaching	5	0.4%
Production management	4	0.3%
Supply chain management	3	0.2%
TOTAL	1326	100%



4.3.3 Paying for future mentoring

Half of the buyers were prepared to contribute financially to any future mentoring.

Buyers' willingness to pay for further mentoring

Prepared to pay for extra mentoring	Number of buyers	%
Yes	441	49.6%
No	448	50.4%
TOTAL	889	100%

Summary of the evaluation of the mentoring

The buyers who participated in the project deemed the mentoring effective, mainly in the areas of accounting and finance, human resources management, marketing and access to finance.

More specifically, the mentoring appears to have been most useful in the following areas:

- communication
- other aspects of human resources management
- management and leadership
- organisation of profit and loss accounts
- relations with clients
- business development strategy
- environmental analysis.

It appears less suited, however, to:

- exports
- other aspects of strategic management
- property rights
- e-commerce.

Buyers' opinions differed as to how many days of support were the most appropriate. A majority of buyers, however, felt that ten days was adequate. They were keen to receive further mentoring and half of them were prepared to finance it.

SECTION 3: Conclusions and Recommendations

The European pilot project “A helping Hand for SMEs – Mentoring Business Transfer” can be considered as a **good practice**.

It allowed **testing** on a relatively large scale (i.e. the project covered 18 EU countries) a new support scheme helping buyers to overcome post-takeover difficulties through the transfer of knowledge and core competencies essential for business transfers.

1. A service that should be continued at national or regional level

After 33 months of implementation, it can be concluded that **the mentoring service should be continued** for the following reasons:

- **Business transfer is an issue of major importance in Europe**, with one in three company directors expected to retire within the coming decades in the European Union, potentially affecting 2.8 million jobs. Furthermore, with the current economic crisis, the percentage of business transfer failures risks to increase, taking jobs away and reducing the economic activity in Europe. In this framework, it is more and more important to ensure the continuation of the activity of these enterprises, assisting them in this long and complex process with specific structures and appropriate support services.
- **There is a demand for mentoring from the owners of small enterprises**: one of the most critical phases in the life cycle of an enterprise is the transfer of its ownership and leadership. Medium-sized and large enterprises know how and where to get guidance and can pay for it, whereas small enterprises, such as the target group for the project, are often not able to afford such a service and must face alone the difficulties linked to the takeover of an existing activity.
- **The service is innovative**: until now, European countries have put in place various measures essentially geared towards providing support upstream of transactions. However, the challenges linked to a transfer or a takeover do not end with the signing of the sales contract and a large number of
- business transfers still fail¹⁸. This European pilot project is unique as it introduced an innovative and specific service targeting the post transfer phase, thus enabling to support new owners throughout the entire business transfer process.
- **Both the Chambers of Commerce and the buyers who participated in the project are satisfied**: 79% of the Chambers are satisfied with the pilot action and the mentees ranked the mentoring between “very useful” and “useful”.

¹⁸ More than 1 out of 5 enterprises are closing within the 6 years after the takeover in France (Study ‘SME transfers: the experience of Oséo BDPME’, 64 pages, May 2005 (www.oseo.fr))

We recommend implementing such a mentoring service at national or regional level in order to adapt the service to the local specificities in terms of profile of the mentees and profile of the business transferred.

The main quality of a mentoring scheme is indeed its tailor-made aspect which allows a customised support to meet the buyer's specific needs and the pilot action shows that the characteristics of the business transfer phenomenon differ quite significantly from a country to another one. For instance, family transfers accounted for more than half of all cases in Austria (55.6%) and in Greece (66.7%), but less than 10% in the UK and France. Similarly, in Italy and Austria, the majority of the transfers concerned hotels, cafés and restaurants, while this sector was under-represented in Romania.

Furthermore, while not yet an issue, business transfer seems likely to become more prominent in the Eastern and Central European countries in the future. Most of the small companies were privatised after the collapse of the communism and are currently run by the first generation of owners or have gone bankrupt. The large proportion of business transfers concern big companies, mainly taken over by foreign investors.

2. Strengths and weaknesses of the mentoring and recommendations for entities willing to set up the service in their country or region

The analysis of the strengths and weaknesses of the pilot project enables to shed further light on the setting up of similar mentoring scheme. EUROCHAMBRES and the Chamber partners recommend some adaptations in order to ensure better results.

2.1. Identification of the target group

The majority of the participating European countries in the project do not have any specific database listing business transfers at national, regional and/or local level, which made it difficult to locate entrepreneurs who could benefit from the project. Only in five countries have the Chambers of Commerce developed such a database (France, Italy, the Netherlands, Germany, and Austria).

Sometimes, the information exists and is in the hands of public administrations but it is not accessible because of the issue of confidentiality of personal data.

For many countries, the business registry was the only tool at the disposal of the Chambers of Commerce which is, however, not detailed enough to automatically spot entrepreneurs who have just taken over an established company.

Recommendations

EUROCHAMBRES and the Chambers invite the Member States to improve their business registry.

Better information on business transferred and easier access to it by the main actors on this issue would facilitate the identification of the buyers in order to offer them a tailor-made support.

2.2. Choice of bodies for the implementation of a mentoring scheme on business transfer

The Chambers of Commerce faced two challenges in the execution of the project: the financing of the service and the access to a wide range of expertise and skills related to the 9 mentoring topics and 35 sub-topics on offer.

Financing of the service

One of the reasons for the weak involvement in the pilot action of some EU countries, which are particularly active in the field of business transfer such as Germany, is the financing of the service.

The programme required the involvement of a large number of mentors in order to match the specific needs expressed by the buyers. The mentors were recruited both internally from among experienced Chamber advisors and externally from among private consultants, as all competences are rarely in the hands of a single organisation.

The fixed rate assigned to the Chambers of Commerce in the framework of this pilot project (i.e. €2,600 for 10 days of mentoring) did not cover the real costs for such a customised service in some countries. The actual daily rates for consulting services amount for €800 to €1,000 in France, €20 in Belgium and up to €1,200 in Germany, for instance.

Furthermore, the mentoring was given free of charge to the entrepreneur, leaving no financial leverage to the Chambers of Commerce.

Identification of experts in very diverse fields

The identification and selection of mentors, key to ensuring the quality of the mentoring sessions, was a long process that involved many activities such as contacting the potential mentors and/or supporting organisations, explaining the project and the mentoring guidelines, planning the sessions, etc...

In the light of this project, it seems wise to bring together in the programme all main actors in business transfer (e.g. public authorities, Chambers of Commerce, banks, accountants, lawyers, etc...) in order to gather the whole spectrum of experts and to efficiently coordinate their action.

Recommendations

Establishing a public-private partnership (PPP) to offer the mentoring service

EUROCHAMBRES and the Chambers of Commerce recommend establishing a public-private partnership (PPP) for the establishment of a mentoring scheme on business transfer. Such partnership should involve the key players in this field (e.g. public administrations, Chambers of Commerce, lawyers, accountants, banks, etc...).

A PPP would allow the optimisation of the financing of the service and would pool a variety of skills. In a PPP, the financial contribution of each party must be set. It can be in cash or in kind, such as the supply of experts or communication tools.

Furthermore, a PPP would facilitate the identification of the target group given that each partner has access to a part of the target group in its portfolio.

Financial participation of the entrepreneurs, depending on the size of the company

According to our experience, a financial contribution from the entrepreneurs benefiting from the mentoring should also be foreseen. Most of the buyers are not able to pay significant amounts for the mentoring service. However, a relatively low fee, whose amount would be linked to the size of the company, could be envisaged. This system would, even modestly, contribute to the financing of the service while also strengthening the buyer's commitment.

2.3. Set-up of the service

Making the programme very flexible is key to attracting and involving candidates.

Duration of the mentoring

For this pilot project, it was compulsory to provide 10 days of mentoring to each entrepreneur. As explained in the technical report, it was quite difficult to mobilise an entrepreneur who had just taken over a company for 10 mandatory days. During the "start up" phase of a business, the time that the new owner-manager can dedicate to personal training and support actions is indeed limited.

Furthermore, the analysis report demonstrates that the needs of the owner of a small company vary a lot according to his/her experience and competences, the size and sector of the company and the nature of the business transfer (external, family or former employee).

Recommendation

The reasonable duration of the mentoring should therefore be defined according to the individual situation of the enterprise and the entrepreneur. It should be flexible, between 5 and 10 days for instance, and determined by the adviser, together with the entrepreneur. An initial number of days could be decided during the first session of the mentoring, which would then be revised if needed.

Period to offer the mentoring

For this pilot project, the rule defined by the European Commission was that the mentoring should be provided mainly after the take over, with a possibility to have a maximum of 3 days before the takeover. Furthermore, the mentoring had to be given within a year of the takeover.

The project showed that this one-size-fits-all approach focussed on the post-takeover, was too restrictive since the needs and availability of the buyers vary greatly.

A significant number of buyers did not finish their mentoring programme because the need for assistance was higher before the takeover than afterwards. Also, as soon as the takeover was accomplished, they had less time for full or half day assistance.

While post-takeover mentoring is essential as the new owners usually do not realise the scope of the duties and tasks that they have to understand and manage before they have purchased the company, sessions before the takeover can also help to plan in good time the long transfer phase, thus avoiding problems from an early stage.

Moreover, studies show that the need for assistance remains high for up to 5 or 6 years after the takeover¹⁸.

Recommendations

- A mixed formula (some sessions before and some after the takeover) is recommended, leaving the possibility to the mentor to decide, together with the mentee, the appropriate schedule of the sessions according to the entrepreneur's specific situation.
- The mentoring should not be restricted to entrepreneurs who have just taken over a company (i.e. 1 year), but should target entrepreneurs in their first years (i.e. from 1 to 5 years) after the takeover and those who are about to acquire a company.

Format of the mentoring

According to the Chambers of Commerce, limiting the mentoring to face-to-face meetings reduced the impact of the support. For some topics (e.g. accounting and finance), group sessions would have been more efficient and useful, allowing the buyers to learn from each other and to benchmark.

Recommendations

The use of various formats for the mentoring (i.e. plenary sessions on specific topics, workshops with a small number of entrepreneurs, phone calls and e-learning) would complement the one-to-one sessions, adding value to the service.

2.4. Content of the mentoring

For this project, 9 mentoring topics divided into 35 sub-topics were on offer, namely: business strategy, marketing and commerce, accounting, fiscal and legal aspects, human resource management, technical know-how, financing difficulties, logistics and IT systems.

The main difficulties faced by the buyers sampled prior to the mentoring were in the areas of accounting and finance, access to finance, human resource management, legal and fiscal aspects and strategic management (in descending order).

The more requested topics were (in descending order): marketing and commerce, accounting and finance, strategic management, human resource management and access to finance.

The following reasons can explain the success of these 5 topics:

Marketing and commerce: it was the most chosen topic although it was not considered as a difficult area by the mentees. Buyers often want to protect themselves from the supposed inevitable drop in turnover immediately after a takeover. The mentees have therefore opted for this topic which is the most profitable one in the short run, providing techniques to maintain the client base and to find new ones.

Accounting and finance: the support given focused mainly on the understanding of accounting mechanisms (i.e. 76.5% of the days spent on this topic)¹⁹. Indeed, few mentees had experience with accounting. In theory therefore, buyers lack knowledge in this area. Moreover, accounting is often externalised in the case of small organisations, which dominated our sample. A general understanding of the mechanisms is therefore sufficient. However, such support does not need to be individualised. It could well be provided in group sessions in order to optimize the service.

Strategic management: given that the buyers often have a technical background (i.e. 63% of the mentees were former employees or job-seekers²⁰ and 34% carried out technical studies²¹) and that the takeover process often focuses on operational aspects, buyers appreciate the opportunity to spend time with a mentor considering more strategic and hence more long-term aspects which are essential for the sustainability of their companies.

Human resources: 46.7% of the sample had no management experience prior to the takeover²². Leading a team, even a small one, is often new to the buyers and assistance on this matter is central to successfully continuing to manage the business.

¹⁹ See the analysis report page 66

²⁰ See the analysis report page 26

²¹ See the analysis report page 21

²² See the analysis report page 26

Access to finance: access to finance is a recurrent problem for SMEs, notably during the post-transfer phase. The support given focussed mainly on accessing public funding (45% of the days spent on this topic)¹⁹. Buyers often need assistance to understand the subsidies or state aids that they can benefit from and to complete their application.

It is also interesting to note that “legal and fiscal aspects” was among the four areas considered as the most difficult by the mentees but few of them actually chose the topic. This subject is more topical before the takeover of the company for the elaboration of the financial plan. The buyers often work with a specialist on these aspects, which are generally very specific and confidential.

Recommendations

The results of the analysis report reveal that the list of topics on offer should be refined and narrowed down. The mentoring should focus primarily on the following four topics: accounting and finance, strategic management, human resources and access to finance. These areas were considered as the most difficult by the mentees and were chosen by the majority of the participants.

This list of core topics could be complemented by “marketing and commerce” which was the main chosen subject, while noting that it is not an area directly linked to the difficulties of taking over a business.

“Legal and fiscal aspects” should be dropped from the list of topics on offer as the buyers often work with a specialist on these aspects which are generally very specific and confidential.