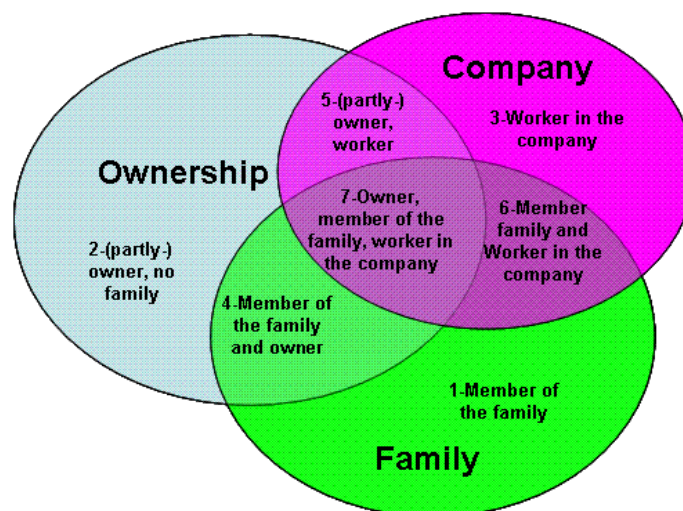


## Business Transfer in SME

Business Transfer is about relations, communication (speak and listen), ideas, future and perspectives. Although of great importance it is less about investments, marketing, financing the transfer, protection of the business concept, HR policy and salaries.

In this project, financially supported by the European Commission through the Lifelong learning program, it is aimed to develop a business transfer program that includes the theoretical aspects and knowledge as well as the social and emotional aspects and that can be applied by VET and HE colleges and consultants to prepare transferors (entrepreneurs and successors).

The focus in this chapter is on the relationships as reflected in the 3-circle diagram. Let us start with the Family. The position of an involved person can be:



Business Transfer in SME

**Member of the family (1).** This can be father, mother, child, related by marriage, cousin, grandchildren, etc. Each person talks about transfers from their own point of view, for profit, for personal advantages. In the position of member of the family and being owner (4) of the company the talking is quite different, the more if the owner is also the founder of the company. In the latter emotional aspects and 'all those exciting moments of ups and downs of the company' and the ability to leave the company are crucial. Are you able to leave the company, not any more be the owner or do you hold shares, do you prefer to be a commissioner or 'adviser', do you become an employee, etc. The difficulty to leave the company becomes bigger when you also works in the company (7). Often transferors are still to young to do 'nothing' and than stay in the company to 'help and to support' not being aware that this position has great influence on the successor. Does the successor feel free to take (difficult) decisions, to change concepts, to execute new human resource policy? This is



necessary to run a company. Ownership means not only possession of (all the) shares. It means also having responsibilities for people, for investments, for clients and customers, to take risks and to gain profit, because companies are in the middle of societies. A more difficult position has the experienced worker in the company who is a member of the family but without any shares.

All these members of the family have a different position, have different interests and have to maintain different relationships. It will be obvious that there are a lot of discussions between the different members of the family. The feelings and emotions are different and will depend of the connection between the persons. A cousin, not worker in the company but shareholder and living elsewhere may have little or no feeling with the family and with the company and aims to get the maximum profit. The daughter who is successor, and loves to work already many years in the company but having almost no capital has a complete different feeling and emotional connection. Other members of the family can be in between and might choose for the one or the other. It may give tension in the family, and during parties, and even give cause for conflicts and to a never ending story.

Can you prevent this? You can!

**Ownership** (2). Shareholders are the owners of a company, and have responsibilities. They act as investors and aims to get a profit (return on investment). The position of the owner (2,4,5,7), the history of establishing and running the company, the relations with the workers and the customers are of great influence on the decision to transfer a company.

The owner transfers the company because of different reasons as age, health, workload, private reasons, introduction of new technologies, legislation, etc.

If there is one owner (7) than it might be easier to take decisions than if there or more shareholders (2,4,5,7). If there are shareholders from outside the company (2,4) or a percentage of the shares is owned by one or more employees (5) than the transfer can become more complex.

Even in the relationship father/mother-owner and daughter/son-successor we will have to reckon with other brothers and sisters (4,1) and of course relatives by marriage 'from the cold side' (1). The binding with the company and its history is not so tight and that has as consequence that these relatives prefer more a higher profit than succession of continuation of the company. The more members of the family or even the greater the number of involved persons the more difficult it will be to find a transfer modus that satisfies everyone. It is our experience that sometimes the transfer of the business is subject of discussions and quarrels within the family even many years after the transfer.

Can you prevent this? You can!

**Company's perspective** (3). The company has also a position in this process. A company in which the owner has all the shares, is the only employee and has no child who aims to become successor can easily be transferred or sold. If the transfer gives enough revenues for the pension of the owner (and his/her partner) there is almost nothing to quarrel about. It might seem disappointing that a company built up during many years is completely being changed by a successor. If there are employees and / or relatives employed in the company than the transfer has also to reckon with the emotional and social interest of them. New owners will go for long term success and invest in modern and new technologies for the firm but it is also possible that new owners take the profit and close down. The interest may be much different: the area can be used, less competition, sometimes the successor aims to get the special patents, etc. Employees in the company, transferors and even family members may not like this attitude or policy of the successor.

Can you prevent this? You can!

## You can!

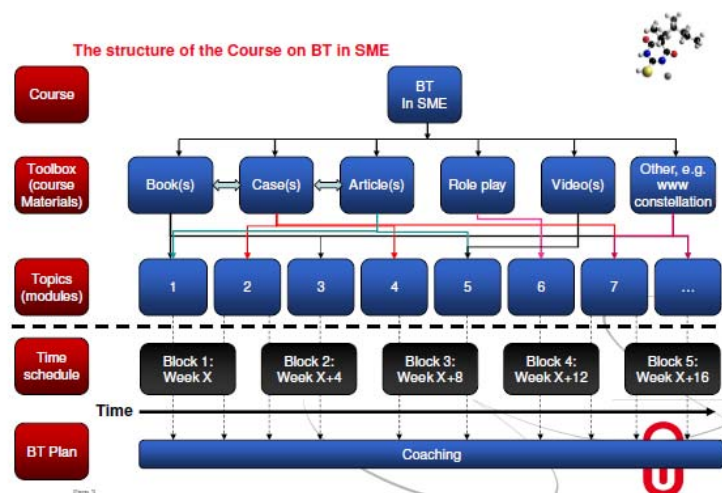
The best you can do to prevent as much as possible that affairs happen as misunderstanding, quarrels and broken relationships, which are not desired or recommendable is to prepare a transfer plan and to get external mediation.

Preparation means to prepare yourself for transfer, for succession, for a management buy out, or for a sale.

Business Transfer in Small and Medium sized Enterprises (BT in SME) aims to provide vocational colleges and other bodies involved, with a flexible program and with learning materials (cases, modules, structures) so that they can prepare their students for a business transfer. Parents of these students may be involved in this process together with the students or separately. The advantage of discussions in a group is that this is not about you but with you and you may learn to look at BT from the different points of view (nr. 1 to 7).

## Materials!

The partners in this project are working to produce and to test the flexible program, to gather the learning materials, to produce the video cases and written cases. Although we still are in the first phase of the project, we aim to present the draft materials as soon as possible through our website ([www.business-transfer.nl](http://www.business-transfer.nl)).





The program.

In the newsletters we will regularly inform you about our progress to gather and to develop the learning materials to execute the program. BT is different in each partner country and therefore we aim to construct a flexible and modular program. Trainers can apply what they need to execute a tailor made program in a group or even on personal base.

The items (modules) we aim to present you in a program / guide are presented in the frame on the right.

It is also aimed to produce supporting learning materials that stimulate discussions, insight in the issue, exchange of experiences, involvement of interested persons and the offer of training programs by colleges.

1. **Family businesses**
2. **Business analyses**
3. **Value of the firm**
4. **Finding a buyer / transfer markets**
5. **Taxes**
6. **Finances**
7. **Organisation**
8. **Human Resource Management (HRM)**
9. **Legislation**
10. **Transfer types**
11. **Social and Emotional aspects of transfers**
12. **Planning the Business Transfer**
13. **Business Transfer Plan**

Progress of the project is available on: [www.business-transfer.nl](http://www.business-transfer.nl)

Comments and remarks are welcome!



Partnership BT in SME

Jos

Newsletter BT in SME

Send your reactions / remarks or cancellation to the coordinator at:

[jpa@planet.nl](mailto:jpa@planet.nl)