

BEST BOSS POLICY BRIEF

Recommendations to enhance successful company successorship of tourism SME's



www.bestboss-project.eu

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Introduction

The planning, organisation and implementation of effective business succession is one of the most severe upcoming issues faced by Europe's economy. Companies find less and less qualified aspiring people to whom the management of the business can be passed over faithfully. Not all economic sectors are affected in the same way. Those that are threatened most are mainly based on micro and small enterprises. The largest of these sectors is tourism, where 95% of companies employ fewer than 10 people¹. At the same time, the tourism industry is the third largest economic activity and the sector continues to grow².

Through a European Survey, the Best Boss Project has been able to obtain an overview of professional business succession models within Europe's tourism industry as well as appropriate key skills, competences and knowledge for micro and small enterprises managers. Based on these outcomes an assessment procedure for SME's successors in the tourism industry – Best Boss-Inventory (BBI) was developed that responds to the needs of modern company succession procedures.

The Best Boss Project has highlighted the different areas where action is needed to enhance successful company successorship of tourism SME's. This document presents these different areas along with policy recommendations for each one of the fields of action.

¹ETC, 2004: European tourism: facts and figures

²EC, 2010: Europe, the world's No 1 tourist destination, p3



Policy Recommendations

<p>1. AWARENESS-RAISING</p> <p>SME's account for 60% of all European companies, and success and failure of business successions are equally influencing the whole economy and especially the job market. The problem of unsatisfactory business succession prevails in all EU Member States. Firstly companies, especially SME's, find less and less aspiring people to whom the management of the businesses can be passed over faithfully. Secondly, a considerable amount of SME's do not have a plan for their succession, as much as 50% in Germany and UK, as recent research has shown.</p>	
<p>Recommendation 1</p>	<p>Fostering a culture of learning and innovation. The policies that address succession in the SME's sector should have a distinct chapter for continuous training and development of their human resources</p>
<p>Recommendation 2</p>	<p>Development of a nationwide network of potential or interested successors. A representative pool of potential successors and candidates has to be generated and developed through several stakeholders</p>
<p>Recommendation 3</p>	<p>Politicians should understand the process of business successorship as part of their regional economic promotion, showing, analysing and sharing practices of business succession in SMEs</p>
<p>Recommendation 4</p>	<p>Company owners ought to be made aware about the need of changes that represent compliance with trends and response to the needs of the market</p>
<p>Recommendation 5</p>	<p>Encourage the exchange of information, know-how and good practices with regards to business successorship, e.g. the establishment by the different project partners of national and transnational networks</p>



2. ENHANCE THE POTENTIAL OF COOPERATION BETWEEN SCIENCE AND ECONOMY

There is a lack of appropriate university business cooperation for providing the open market and business companies with mutual know-how concerning company succession procedures. Currently the vast majority of companies operate without any Human Resource Development (HRD) and successor strategies and are faced with too few opportunities available for professional training and knowledge about best directed assessment of company successors. Higher Education Institutions (HEI) or Vocational Education and Training Institutes (VET), such as the universities and colleges in the Best Boss Project, have the potential and know-how to develop and implement professional assessment procedures for enterprise successors and HRD concepts. How can institutions of VET (vocational education and training) and HE (higher education) further contribute to successful business succession?

Recommendation 1	Sharing research results of Best Boss with HEI's for transfer into regular lectures, study courses or seminars
Recommendation 2	Encourage the dialogue between employers, HE & VET Providers, job seekers and authorities aiming at improving the effectiveness of measures and programmes for employment training and creating conditions for in-company training
Recommendation 3	Authorities, together with HEI and VET, should strengthen and promote entrepreneurship education and family/small-business-specific management training, especially in terms of business transfer
Recommendation 4	Creating research centres within the universities that are focusing on SME's or have special departments that deals with SME's - complementary to the academic programs
Recommendation 5	Creating an institutional framework for transferring research results on business succession from universities to the SME's sector



<p>3. FINANCIAL SUPPORT</p> <p>A lack of funds and budget are cited as reasons why business continuity and succession are not perceived as a priority for companies. Also, the tourism sector in particular is characterized by micro and small businesses that cannot offer lucrative conditions for potential business successors and thereby might be threatened by withdrawal from business.</p>	
<p>Recommendation 1</p>	<p>Authorities should create favourable conditions for investment in human resources, such as tax preferences, simplification of procedures for reporting of projects related to hiring unemployed, ensuring funds for development</p>
<p>Recommendation 2</p>	<p>Offer to SME's different funding schemes for selecting, employing, training and keeping talented people</p>
<p>Recommendation 3</p>	<p>Loan Guarantee Scheme where the state guarantees a percentage of the loan lowering both the risk of financial institutions in case of default and the obstacle of taking over a business</p>
<p>Recommendation 4</p>	<p>Governments can provide indirect financial support by creating an enabling business environment for the start-up or succession /continuation of SME's</p>



<p>4. BEYOND BEST BOSS</p> <p>What would be suggestions and recommendations for further action, research and development work concerning the problem of business succession?</p>	
<p>Recommendation 1</p>	<p>Establishment of a simple and easy access to the BBI-tool and the Best Boss project results</p>
<p>Recommendation 2</p>	<p>Develop frameworks through which political decisions makers can assist local companies in the adoption and implementation of the assessment tool, thereby acting as multipliers</p>
<p>Recommendation 3</p>	<p>The BBI reveals strengths as well as weaknesses of candidates; yet, it does not support the development of business successors further on. A study course or seminar can be developed in which candidates are trained, accompanied and prepared individually for business succession. Basis and support therefore can be the finished test of BBI</p>
<p>Recommendation 4</p>	<p>The current BBI has been developed for the tourism sector. Yet, other branches and industries are suffering from the same situation as well. The BBI can be modified to be used within other business sectors and industries as well</p>



Further reading

For further reading and consultation of The European Survey Report and the BBI, we refer to the Best Boss website: www.bestboss-project.eu, where you can find the following products that will enlighten the Best Boss project far more in detail:

- European Research Report
All details, backgrounds, challenges and the explanation to the European Survey.
- Guideline I
Consequences and impacts of the research phase on the development of the BEST BOSS assessment procedure and tool box.
- Guideline II
Consequences and impacts of the research phase on the development of the policy paper.
- BBI Handbook
Detailed explanation to the background and scientific basis as well as the contextual basis for the Best Boss Inventory (BBI).
- Various other materials used for dissemination show the process of the project (see Newsletter 1 to 4 for further details). You can also find contact details of the partnership for further questions.

Contact

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