

## D.T2.2.2 AND D.T2.2.3

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Report from the meetings with the stakeholders and report-testing measures for engagement of family bus. owners and young entrepreneurs into transfer

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2<sup>nd</sup> Version  
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# 1. Introduction

## 1.1. Description of the document

A short summary/report from the meetings with the stakeholders of the pilot action in Dubrovnik - Neretva region and it's results.



## 2. Objectives

### Two workshops with the targeted groups:

- 11.03.2019. - Metković - 9 participants
- 20.03.2019. - Dubrovnik - 12 participants

### Interviews with the targeted groups:

- 10 interviews with the targeted groups



### 3. Description

Centre for Entrepreneurship llc. is an external contributor to the ENTER-transfer project.

Through the project activities we had 31 representative of the targeted groups. The purpose of workshops and the interviews was to provide support for business transfer processes through innovative and systematic tools and to encourage the owners to prepare themselves for the transfer of the business in order to avoid decision-making under the pressure of sudden and unpredictable circumstances, and to select the best solution. Beneficiaries were entrepreneurs, young entrepreneurs, potential entrepreneurs, family business and public institutions who are in the service of entrepreneurship. Education and interviews are organized in Dubrovnik-Neretva County. The workshop in Metković was attended by companies, crafts and one company who is owned by the City of Metković, while on workshop in Dubrovnik we had companies, crafts and public institution who are in the service of entrepreneurship, and for the interviews the biggest interest was from the family-run businesses.

### 4. Workshop summary

The workshops emphasized the importance of a business transfer theme for Croatia in the context of that there is a significant number of Croatian entrepreneurs who will face this issue in the near future. In Croatia, it is estimated that most small and medium-sized enterprises are family run



business, and that they are the first owners who also manages the company. One of the challenges that family business meet is the withdrawal of the founder from the business.

The goal was to point out the complexity of the business transfer process and to point out some important questions that should be taken into account when deciding on the most appropriate model of business succession. Making a decision about the transfer is never easy and some of the main dilemmas and the issues arising from the group work were: how to make the decision on the business transfer, how to create an ideal successor profile, how to cope with your own emotions related to the work, as well as with the family-legal relationships, will the values of my company remain the same after I leave and other relevant questions.

The workshops and individual interviews have directed the attention of the entrepreneurs to prepare for the business transfer on time because it's a quite long process that requires planning in order to avoid any issues that may occur.

Table 1. Number and share of companies with owners of age 55 years and older

Dubrovnik -Neretva region	Number of companies which owner's are 55+	Total number of the companies in the region	Company share (55+) in the total number of the companies in the region	Total number of the employees in the companies in which owners are 55+	Total number of the employees in the companies in the region	Company share (55+) in the total number of the employees in the region	Total revenue of the companies in which the owners are 55+ (mil.)	Total revenue of the all companies by counties (mil.)	Company share (55+) in the total revenue by counties
	514	1.763	29,20%	3.962	30.546	13%	1.972	8.885	22,20%



## 5. Working program

10:00 - 10:15 - Registration of the participants

10:15 - 11:00 - What is the business transfer?

11:00 - 11:45 - Why is business transfer a critical phase of enterprise development?

11:45 - 12:00 - Pause

12:00 - 12:30 - Inheritance, sales and other business transfer options

12:30 - 13:00 - Why is it important to plan the transfer of business in advance?

13:00 - 13:30 - Group discussion with practical examples of business transfers of family businesses.

13:30 - 14:00 - Questions and Answers



## 6. Conclusions

On the workshops and interviews, the stakeholders have expressed the need for more availability of information about the business transfer process. There are a lot of information available on the Internet about the business transfer, but there are no steps regarding the business transfer process. The stakeholders who have participated in the workshops were mostly heirs or owners interested in business transfer to their children or other family members. However, problems occur when children or family is not interested in continuing this business or seeing themselves in some other life challenges. On workshops and during the interviews they were explained that the business transfer to family is not the only form of the ownership transfer and that there are other forms of business transfer, as well as the steps of business transfer.

Through the operations of the Centre project activities are promoted in a way to raise awareness of the targeted groups as well as the public on the topic of business transfer process. Raising awareness is the key for good business transfer. It puts the stakeholders into thinking what do they need to do in the future, how to prepare themselves and their companies even if it's a long way till that happens. You never know what tomorrow brings, and good planning and time is the key for success without any risks and consequences. The Centre organizes workshops as their daily activities, and during each workshop, the work of the Centre was presented, well as the significance of the ENTER-transfer activities.





## Questionnaire results

Questionnaires were distributed before the information was given about the business transfer process in order to gain insight on owner's knowledge about the theme and to obtain useful information on the real condition related to the business transfer.

### Results:

- Stakeholders that are interested for the business transfer: 18 owners, 10 successors and 2 representatives of the authority.
- Average number of employees: 10 employees
- Activity type: 13 llc, 10 craft's, 5 family run businesses and 2 representatives of the authority
- Satisfaction of survey questionnaires - average rating 8

Testing the preliminary model and the questionnaire shows that most entrepreneurs does not have the necessary information on the model of the business transfer process, but they are aware of it. Young entrepreneurs are interested into transfer and to run the family business, but they need more information's. As mentioned in the paragraph above the problems occur when children are not interested in continuing this business or they see themselves in some other life challenges, so we must find a way to motivate them. When we started this project at the beginning and our first mentions about this theme only few of our stakeholder's were familiar with this, when the other didn't even thought about it. From then and now, we can see the difference. We have encourage our stakeholders to take a look on this theme, so they have tried to get some information's via Internet. They have managed to find some information's, but still that's not all the necessary information's that they need to know regarding the business transfer.



They are very interested on this and want to know more and want to share their experiences with the other relevant stakeholders as on national, well as on international level. They hope that at the end of this project and its final result, they can have all the relevant information and contacts on one place which is our final goal of this project. On our pilot action we were focused on the young entrepreneurs and those who will become. From the workshops we can see that the young entrepreneurs are interested, but still we need to do more and to motivate them so that they continue to run family businesses and to successfully continue with the business after the transformation process.

Thanks to the workshops and interviews, the stakeholders have been given the necessary information on the models and processes of business transfer and are encouraged to timely prepare themselves and their businesses for the transfer to avoid decision-making under the pressure and with unpredictable circumstances.



## EVALUATION QUESTIONNAIRE OF THE PILOT ACTION RESULTS

	YES	NO	Who <sup>1</sup>
<b>AWARENESS OF THE SUCCESSION PROCESS</b>			
1. I know the importance of the succession	30	0	O, S, A
2. I know how long a good succession process should last	17	13	O, S, A
3. I have got familiar with different forms of company and knowledge transfer	12	18	O, S, A
4. I have already had the concept of the succession plan	10	8	O
5. I got to know legal and fiscal rules related to the succession process	7	21	O, S
6. I know what features of character should be possessed by a potential successor	26	4	O, S, A
7. I am aware of the problems and the threats, which can occur during the succession process	19	11	O, S, A
8. I know different succession models	8	22	O, S, A
9. I know the differences between succession models	8	22	O, S, A
10. I know, which model should be used in my company	6	12	O
<b>PREPARATION OF THE COMPANY</b>			
1. I have identified main values of the company and the family	17	1	O
2. I have protected the company in the legal aspects in the case of sudden succession	6	12	O
3. I have developed the strategy of the company	12	6	O
4. I have indicated new objectives and management style	12	6	O
5. I know the potential of my company	18	0	O
6. I know how to conduct the company through the succession change	7	23	O, S, A
7. I know the value of the company	25	3	O, S
8. I have designed the constitution of the family	9	9	O
<b>PREPARATION OF THE OWNER (SENIOR)</b>			
1. I have somebody who I can consult with, even in personal matters	13	5	O
2. I have written a will	5	13	O
3. I have gathered the capital, which enables me to leave the company	11	7	O
4. I already know if I want to stay in the company, and if so, what role will be appropriate for me after the succession process	11	7	O
5. I have developed own retirement plan for the future	12	6	O
6. I have planned the active lifestyle in the company after the succession process	4	14	O
<b>PREPARATION OF THE FAMILY</b>			
1. I have discussed the succession process with the family	9	8	O
2. The family members support the succession in the company	9	8	O

<sup>1</sup> The questions in the questionnaire should be filled in by: O - owner (senior), S - successor, A - representative of the authority



3. We have agreed for the succession strategy	<b>12</b>	<b>15</b>	O, S
4. The family members support the choice of the successor	<b>9</b>	<b>8</b>	O
5. We have identified moral values, which will be cared of in the company	<b>13</b>	<b>14</b>	O, S
<b>SUCCESSION PROCESS</b>			
1. I have chosen the succession form	<b>3</b>	<b>15</b>	O
2. I have chosen the successor(s) – I have been chosen by the owner	<b>10</b>	<b>8</b>	O
3. I have appointed the date of the company transfer	<b>2</b>	<b>16</b>	O
4. Together with the successor I have identified further main directions of the company development	<b>13</b>	<b>15</b>	O, S
5. I have transferred the values to the successor, which should be considered while managing the company – the values have been taken by the successor	<b>15</b>	<b>13</b>	O, S
6. I have informed the successor about my decision – I have been informed about the decision of the owner	<b>18</b>	<b>10</b>	O, S
7. I have introduced the successor into his / her duties – I have been introduced into my duties	<b>10</b>	<b>18</b>	O, S

**Level of your satisfaction from the pilot action (scale 0-10, where 0 is the worst and 10 is the best score):**

- 10
- 9
- 8 - average rating of the questionnaire**
- 7
- 6
- 5
- 4
- 3
- 2
- 1
- 0