

# **STOB regions Interreg Europe Interregional policy learning event report**

## **Thematic of “Matchmaking”**

**STOB Regions 6<sup>th</sup> Interregional Policy Learning workshop and peer review**

**September 26<sup>th</sup> - 27<sup>th</sup> 2018, Bucharest, Romania**

John Wideman, Communication & Dissemination Responsible  
STOB Regions Interreg Europe  
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## Overview

The two-day Interregional policy learning event addressed the thematic **"Matchmaking"**. The event was organized and hosted by Ilfov County Council, in Bucharest, Romania on the 26<sup>th</sup>- 27<sup>th</sup> September 2018. The workshop and peer review were attended by 45 and 41 participants, on day one and day two respectively, from the project partners and Romanian stakeholders.

## Brief from STOB regions' project application

The adopted methodology will be used from the partner to prepare the peer review. The advisory partner will moderate the one-day event. The one-day workshop will cover the topic "Matchmaking". Entrepreneurs who have made the decision to take over a business must find the right company. But also, the owner needs to find the right partner to sell the business. He/she must define the requirements/criteria for the buyer. Regions can support this matchmaking process with advisory services and instruments like succession fairs etc... The partners will discuss own experiences and good practices with experts and regional stakeholders. A workshop report with recommendations summarises the results.

## Meeting Itinerary

### Day one - Interregional workshop 26<sup>th</sup> September 2018

Location: IBIS Bucharest Parliament House, Bucharest

#### 08.45 – 09.10 Registration and coffee

#### 09.10 – 09.30 Welcome and reminder of the programme

Public Manager of Ilfov County Council, Mr. Ionel Scriosteanu, gave a short welcoming speech of the 6th workshop at STOB Regions concerning the current state of the business environment in Ilfov County, the projects aimed at boosting entrepreneurship in the region and about the topic of the meeting, Matchmaking.

Moderated by Mrs. Alexandra Ceobotarev, responsible person for cooperation activities between partners in STOB Region project for Ilfov County Council, Romania.

## Thematic lectures

### 09.30 – 10.00 Thematic lecture 1: Biz – Buy/Sell

Mr. Dan Crivat, manager at TradeX

Transfer of Business introduced the partners to the meeting topic, presenting "who's selling, who's buying a business", offering an overview of the business transfer concept in Romania. In addition, to delving deeper and providing an analysis of the what must be improved in the Romanian market to afford improved performance regarding matchmaking and transfer of business.

### 10.00 – 10.20 Thematic Lecture 2: Mergers and Acquisitions – A priori considerations

Mr. Gabriel-Alexandru Tolomey, Senior BD advisor, Soft Tehnica

Mr Tolomey presented a short contribution analysing matchmaking through the necessary steps in preparing the transfer of business, so called "due diligence" procedure. He concluded that due diligence is a fundamental step and without the successful implementation of this phase, the transfer process would fail.

### **10.20 – 10.50 Thematic Lecture 3: The ideal structure of a matchmaking platform**

Mr. Catalin Profir, BD Manager, Soft Tehnica

Mr. Catalin Profir explained the technical aspects which should be included in the structure of an ideal matchmaking platform, a link between the following discussions centred around various themes, e.g. how to estimate a price based on "potential" as well as how to gather market information based on desk research.

The platform should put in contact and help users to create a community so that the process of preselection is first step in the process of transfer of business. The challenge is indeed the reality of the data included in the profiles of the buyer/sellers and the safety of the data included in the profile. So, an audit should exist after the preselection as a precaution. Another issue of the ideal matchmaking platform is that it should include businesses of all types considering that a pool provides increased options and offers credibility towards the platform. A final conclusion was that success for a matchmaking platform is strictly related to the size of the network of organizations involved in and the intense promotion in business related environment so that it has an impact on the market. It was noted this point is where Ilfov County Council should intervene.

### **10.50 – 11.20 Thematic Lecture 2: Exit and other investment scenarios**

Mrs. Miriam Constantin, Attorney at Law, Public Sector Services Coordinator, PwC

Mrs. Miriam Constantin presented an interesting point of view regarding the procedures of mergers and acquisitions. In accordance to Mrs. Constantin view, mergers are not the principal instrument that entrepreneurs prefer to use. The main tool which entrepreneurs use is the acquisition of stock options. It is important to note that stock acquisition is more time efficient given the fact that such a procedure takes approximately two months, while the merger option takes over six months.

She mentioned important transactions made in our country in areas such as health, communications and IT and the multiples range which these businesses were valuated. Also, she mentioned the Investments Funds that are beginning to be increasingly interested in buying SMEs.

### **11.30–11.45 Short coffee Break**

### **11.45 – 13.00 Presentation of the partners' contributions**

#### **Presentation "Germany"**

Dr. Thomas Kuehne from East Brandenburg Chamber of Commerce and Industry managed to impress the audience with the matchmaking platform nextt- change.org. The platform now in its tenth year, is financed by the federal government and has partners from all levels: bankers, authorities, experts.

The platform provides both buyers and sellers to build their profile and offers them expert consultancy in business transfer after first contact, marketing, promotion. All data are volunteered, and it is free of charge for users. The East Brandenburg Chamber of Commerce and Industry promotes the platform on media channels, newspapers, radio shows and on their magazine. A second matchmaking good practice example was presented by Mrs. Sandy Morgen where Chamber of Commerce and Industry organize the events "Succession Cast" where business owners present their companies in front of potential buyers/successors.

### **Presentation "Finland"**

Mr. Mika Haavisto from The Federation of Finish Enterprises presented an overview of the Finnish way of matching the seller with the buyer and also an introduction to the national level Business Transfer project (BT-project). Results were impressive, since Finland on a national level has succeeded in providing both the seller and the buyer assistance on the whole business transfer process, organizing awakening actions, and providing a middle ground for encountering the two parties, providing financial support for closing the deal. (Finnvera), offering mentoring and training for the new owner and counselling for the exiter, to help him accommodate with his new role.

### **Presentation "Poland"**

Mr. Radoslaw Kozlowski and Mr. Krzysztof Slupinski presented the matchmaking process and instruments in Poland, providing the Guidebook to Succession for a Family Business, including self-assessment and valuation of the business tools to help both generations to prepare themselves for succession.

The second instrument, a voucher system for business consulting which includes support in the field of business succession and matchmaking.

### **13.00 – 14.00 Lunch break**

### **Presentation "Slovenia"**

The presentation made by the Slovenian partners offered a comprehensive overview of the matchmaking process in Slovenia. Even though formal matchmaking platforms are non-existent in Slovenia, there is a strong willingness to address the situation in the near future. Currently, the process of matchmaking is left to the "imagination" and willingness of the entrepreneurs who must use their own skills and contacts in order find partners. There is also a lack of business angels and investment banks do not exist. It was concluded that the governmental authorities must implement a series of financial incentives in order to address the situation so that the process of business transfer and of matchmaking may be developed.

### **Presentation "Bulgaria"**

Mr. Aleksandar Tonkov and Mr. Velizar Petrov presented the existing situation in Bulgaria regarding the issue of matchmaking during the process of business transfer. While matchmaking as a process is not fully developed in Bulgaria, Mr. Tonkov indicated the fact that there are private companies which provide such services, including internet portals where sellers can post information pertaining to the business they wish to sell and buyers can contact them in order to be informed about the financial situation of the company and about other aspects that may be of interest. Mr. Petrov specified that the largest business portal in Bulgaria is KPD.bg. He further mentioned that transactions that occur during the sale of commercial enterprises can be divided into: transactions between unrelated parties, related party transactions and selling companies that are in the state of bankruptcy.

### **14.30 – 15.30 Sucessionwiki and RSS-Guidebook**

The meeting continued with advisory partner presenting the changes made to the successionwiki platform, to be more structured and more accessible for all user categories.

Regarding RSS Guidebook, the first draft was presented based on the results of Denmark workshop, which identified two directions: Organization based part focused on the establishment, development and expansion of Business Support Centers (BSC) for succession and transfer and Implementation based part: focused on contents for the practical business support/succession service offered by the BSCs.

## Day two - Interregional peer review 27<sup>th</sup> September 2018

Location: IBIS Bucharest Parliament House, Bucharest

### 09.00 – 09.30 Introduction of the regional situation – Doina Marin, Ministry for the Business Environment, Commerce and Entrepreneurship

The representative of the ministry specified that 42% of the total SMEs in Romania are located in Ilfov County. Also mentioned was the fact that most of the programs were addressed towards start-ups, rather than to business transfer.

Romania has no tradition in BT and the ministry doesn't train experts to cover that domain and provides reasoning to the ministry accepting a stakeholder positioning in this project, in order to learn from the partnership on how to apply the best practices identified. In conclusion, the region and country, experiences a lack of expertise in the field of BT. However, the ministry takes into account that in the following entrepreneurial funding programs, the consultancy and diligences expenditures for business transfer, should be listed as eligible expenditures.

### 09.30 – 10.15 Good practice example – TradeX - Business Transfer @ Chamber of Commerce

Mr. Dan Crivat stressed that most business transfers are made through the assignment of shares, the simplest option for small businesses. But he suggested that the authorities should involve more so that SMEs could be successfully transferred.

TradeX - Business Transfer within the Chamber of Commerce and Industry of Brasov, functions as an Escrow agency for small and medium-sized business transactions, and Dan Crivat explained to us the importance of brokerage activity that represents a neutral holder of funds and documents, represents the communications link between the parties involved in the transaction, and facilitates transaction closure by transferring the business from seller to buyer. The expert has to have the capability of ensuring the compliances, preparing the transaction documents and the closure statements, and in dealing with the necessary administrative details.

### 10.15 – 10.30 Presentation "Spain"

The late arrival of Spanish partner due to travel cancellations, partner contribution was rescheduled to day two. Mr. Manuel Montoya presented his contribution, highlighting the role of Seville Chamber of Commerce which offers consultancy throughout the entire transfer process of a company (The national programme "Business Continuity Plan"): from first introductory meeting between parties to the final purchase agreement, going through the stages of negotiation and mediation to reach the final agreement, but from a neutral position.

### 10.30 – 11.15 Good practice example – Mihai Rotaru, Clever Taxi founder

The SME represents an application designed for smartphones that helps you find a taxi anywhere in town. It was created in 2011 and in 2018 it was transferred to Daimler Group. It represents a BT that was successfully transferred. The idea started at an event dedicated to start-ups and the transfer process lasted 3 years. It was a challenge based on the fact that no experts were available to assist and provide guidance along the process. Mihai Rotaru suggested that it is very important to be supported by the local authorities and that in BT you need to focus on communication to integrate the team.

### 11.15 – 11.30 Coffee break

### 11.30 – 12.30 Panel discussion

With participation of all partners – moderated by scientific advisory partner.

#### Main discussion points:

- Ilfov county doesn't have access to EU funds for SMEs because it is considered a developed region.
- Lack of policy in the Business transfer domain
- Lack of experts, due to
- Non-supportive attitude towards BT
- At national level there is the possibility to buy / sell a SME business on online trading sites (OLX.ro, lajumat.ro, publi24.ro, etc) and we have consultancy for M&A (PWC, Deloitte, KPMG, Ernst and Young) for larger companies that can support the costs for the process.

### 12.30 – 13.30 Lunch break

### 13:30 – 15:00 Interactive task and SWOT Analysis regarding the situation in Romania

During this time, all the partners and stakeholders present split into four teams in order to better develop the categories and expand upon the findings. Each team conducted a thorough analysis and presented their conclusions. It was decided that Romania has a great potential for developing a concrete matchmaking platform in order to facilitate the process of business transfer. One of its main strengths is the qualified workforce that is currently available and skills of the average Romanian employee. The lack of a clear legislation regarding the process of business transfer can be regarded as a weakness while the process of brain-drain, which is sweeping across all Eastern European countries, represents a major threat.

#### Summarised results of the Interactive work

##### Group 1: "Feeling the pressure but not knowing what it is"

Positive:

- Time to focus on the succession topic!

Negative:

- Time will count
- No "real" retirements
- Not enough pressure within family businesses
- Difficult process /lack of rules

##### Group 2: "Existing structures"

Positive:

- help develop companies

Negative:

- no "real" awareness for business transfer
- no strategies/business plans for BT
- inadequate expertise in the realm of BT

##### Group 3: "Entrepreneurial spirit in Romania"

Positive:

- active networks
- high innovation potential
- many engaged people
- Need to own "property", part of culture & society

Negative:

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*Succession and Transfer of Business in Regions (STOB) Project, funded by the European Commission Interreg Europe programme.*

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- no “real” awareness for business transfer
- no strategies/business plans for BT
- inadequate expertise in the realm of BT

### Results of the Regional SWOT analysis

The results and input for the regional SWOT analysis of the Ilfov region from all project partners is displayed below.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Entrepreneur spirit growing</li> <li>• Recognition at ministry &amp; local level</li> <li>• Younger generation returning with increased knowledge and competences</li> <li>• Large population and economic base</li> <li>• Business transfer on micro level exists</li> </ul>	<ul style="list-style-type: none"> <li>• Mentality of not buying second hand</li> <li>• Lack of traditions for private businesses</li> <li>• Lack of experience and structures</li> <li>• Lack of trust on external experts + public sector</li> <li>• No pressure for BT (planning)</li> <li>• No BT environment</li> <li>• Small size of business + industrial sector</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Improvement in legislation</li> <li>• Experiences from formal programs + improvement of programs</li> <li>• Experiences of young person’s returning from abroad</li> <li>• Market opportunities</li> <li>• Demographic change</li> <li>• Networks</li> <li>• Improvement efficiency of funds in the entrepreneurial sector</li> <li>• Opportunities for growth</li> <li>• Room for establishing BT ecosystem</li> <li>• Need and will for change</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brain drain</li> <li>▪ Exodus of entrepreneurs</li> <li>▪ No data for BT</li> <li>▪ Underestimating the issue of succession</li> <li>▪ No current program for BT</li> <li>▪ Start-up funding v no fund for buying a business</li> <li>▪ No adverts promoting the issues</li> <li>▪ Dependence on EU funds</li> </ul>

### 15:00 – 15:15 – Recommendation session for Romania

During this session, all the project partners gave their recommendations to the Romanian partner and they can be summarized as follows:

- **From Finland** – institute an aggressive awareness rising campaign to sellers and buyers and improve entrepreneurial education.
- **From Bulgaria** – development of a Platform for business support and transfer, improving the legal framework regarding the process of business transfer, create a favourable business environment for companies.
- **From Slovenia** – establishing a transparent support ecosystem without a heavy regulatory burden placed on it.
- **From Germany** – raise awareness on all levels, promote at the level of the entrepreneurs of the idea of taking over an existing business instead of founding a new one, take the necessary steps in order to complete the matchmaking platform.

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- **From Poland** – arrange legislation related to the process of business transfer, stimulate action at every level, make full use of EU funds that can be related in any way to business transfer
- **From Spain** – Learn examples of good practice from other countries but implement them in accordance with the situation that exists at national level, enact a strong media campaign in order to promote business transfer, involve all the members of the quadruple helix (government, academia, business environment and civil society) in the process of developing clear BT policies

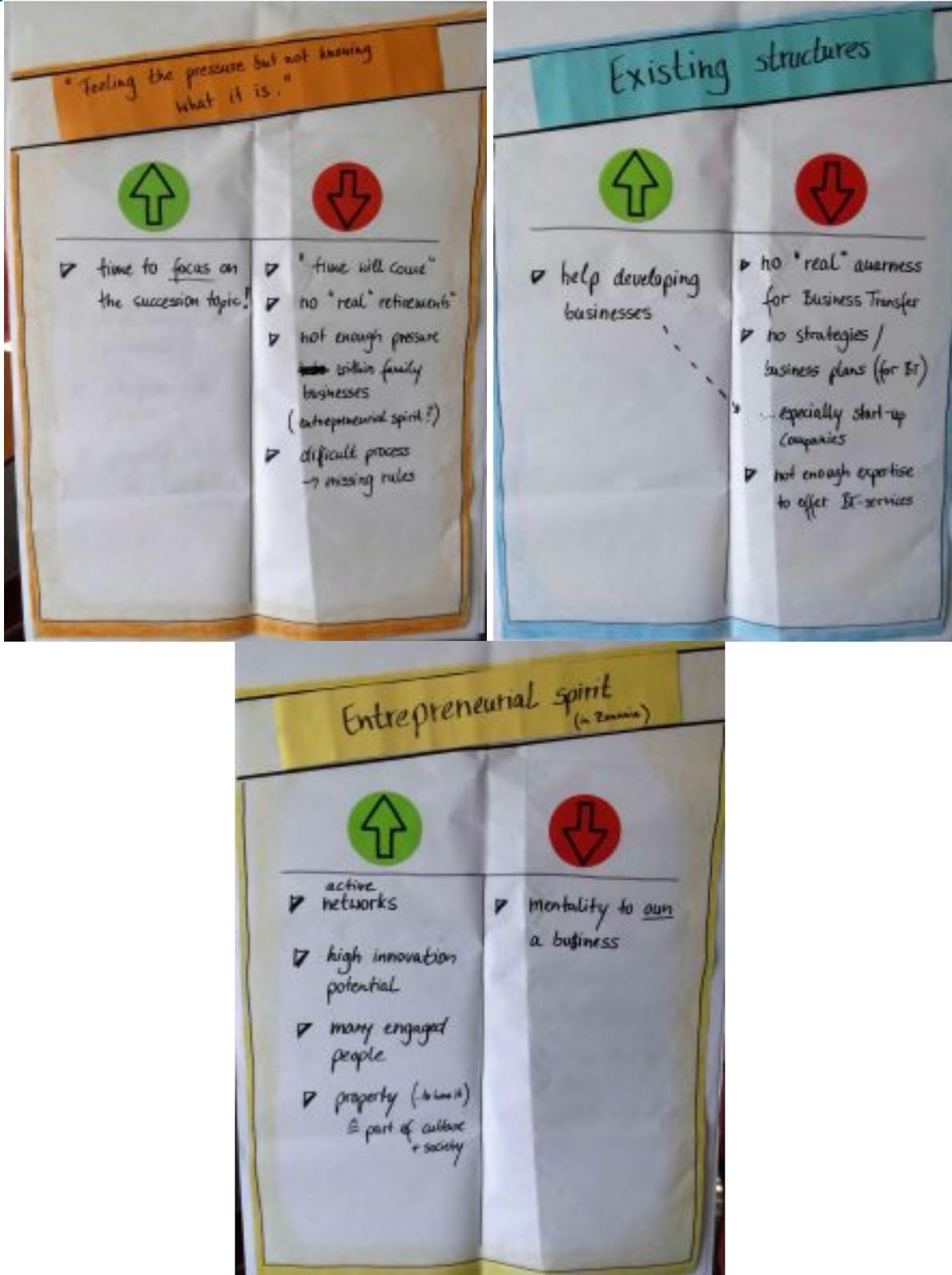
### Communications output as part of the 6<sup>th</sup> IPL

Active and running commentary of the event was disseminated via the project's social media channels.

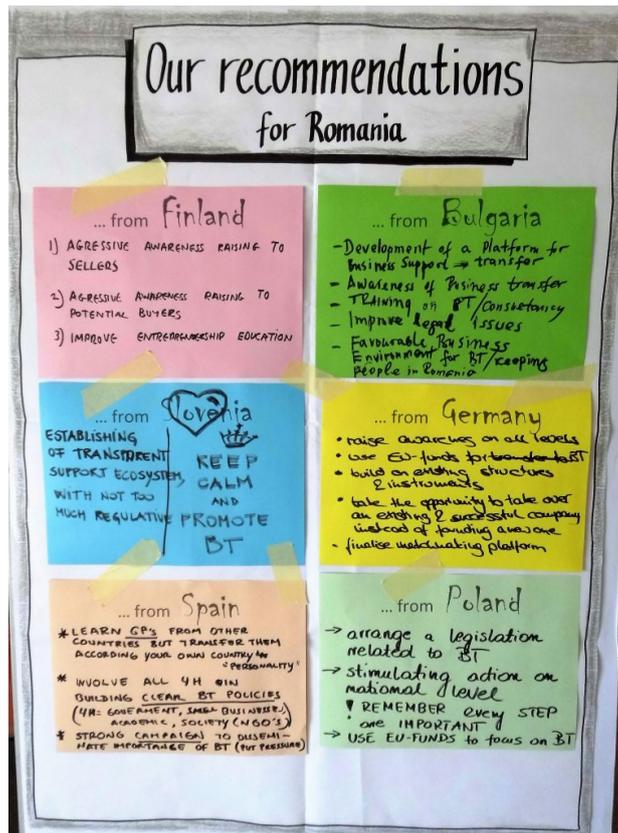
A news article and press release of the 6<sup>th</sup> workshop can be found on the STOB regions Interreg Europe website through the following link: <https://www.interregeurope.eu/stobregions/>

All output and content from the 6<sup>th</sup> IPL meeting are uploaded to the project's successionwiki site for dissemination purposes. <https://successionwiki.emfprojekt.de/workshop-6-ilfov-romania/>

Appendix



Picture 1-3: Interactive Group work



Picture 4. recommendations summary



Picture 5. Interactive workshop SWOT analysis summary



Picture 6. Event location