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SMEs and  
Entrepreneurship  
Policy Centre

# **Are Croatian Entrepreneurs Aware of Business Transfer Challenges?**

*The Evidence from Business Transfer Barometer Croatia*

RENT Policy Forum 2015

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Policy Centre

- Independent *policy* center (think-tank) focused on SMEs and entrepreneurship, since 2001
- 10 institutional founders – from academic institutions, entrepreneurship support organisations, business associations
- Mission:
  - To influence institutional and regulatory framework for entrepreneurial activity in Croatia
- Area of work: research, policy development, advocacy
- GEM Croatia, Annual Report on SMEs in Croatia



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SMEs and Entrepreneurship Policy Centre



- Part of CEPOR
- Member of TRANSEO –



*European Association for SME Business Transfer*

- Activities:
  - Annual Family Business Forum
  - Miniguide for entrepreneurs: Business Transfer
  - Business Transfer Barometer Croatia research
  - Partner in LIDER Family Business Club
  - Workshops, advisory services on business transfer ...



European Commission estimated that business transfer affect up to 450,000 SMEs with 2 million jobs a year.

Annually 150,000 *businesses* fail to adequately approach the *business transfer* process, which jeopardizes about 600,000 jobs at European Union.



## **What makes *business transfer* an important issue for Croatia?**

- Critical number of SMEs that will be facing business transfer challenges in the next five years
- Awareness raising activities – only few
- Underestimated complexity of business transfer
- Some examples of good practice among Croatian companies (but not willing to share it)
- Lack of support



## *Generation 55*

(SME owners aged 55+)

- 16.590 companies (31% in total number of SMEs) are owned by entrepreneurs aged 55+
  - the largest share is in the Istria County and Karlovac County
- 179.087 employees are working in companies owned by the entrepreneurs aged 55+ (16.1% share of employment)
  - the largest share is in the Međimurje County and Zagreb County
- More than 15 billion EUR of income is generated by the companies owned by entrepreneurs aged 55+ (18.9% share of total income)
  - the largest share is in the Lika-Senj County and Split-Dalmatia County

# **Business Transfer Barometer**

## **Croatia 2015**

### **Objectives of the research – to determine:**

- The number of enterprises in Croatia that represent a risk group
  - *criteria: age of the owner (55+) and attitude towards business transfer*
- The way SME owners plan to conduct business transfer
- The support SME owners need in business transfer process



# Business Transfer Barometer

## Croatia

- Survey conducted in 2015
- Sample: 200 small and medium sized enterprises' owners aged 55+
- Telephone interview or on-line questionnaire (CATI / CAWI)
- Reference: Elina Varamaki, Anmari Viljamaa and Juha Tall, Seinajoki University of Applied Sciences Finland
- Partners:



**PBZ**



**HUP**

Hrvatska udruga poslodavaca

**Deloitte.**



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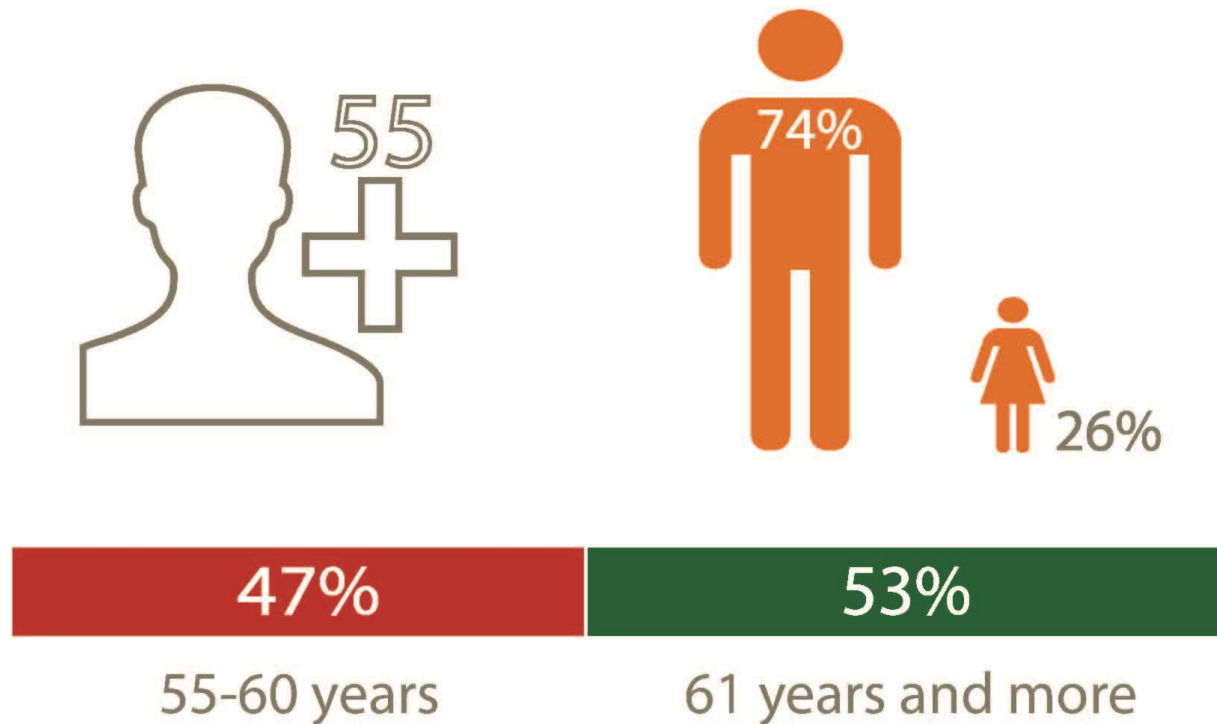
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What do we know about *generation 55+?*



## Demographic profile of *generation 55+*



# Ownership profile of *generation 55+*

ESTABLISHED

92%

BOUGHT



2%

INHERITED

5%

SOMETHING ELSE

1%



12%

ONLY OWNERSHIP

88%

OWNERSHIP AND  
MANAGEMENT

57%

10%

19%

14%

Year of  
establishment

From 1945  
to 1989

From 1990  
to 1994

From 1995  
to 1999

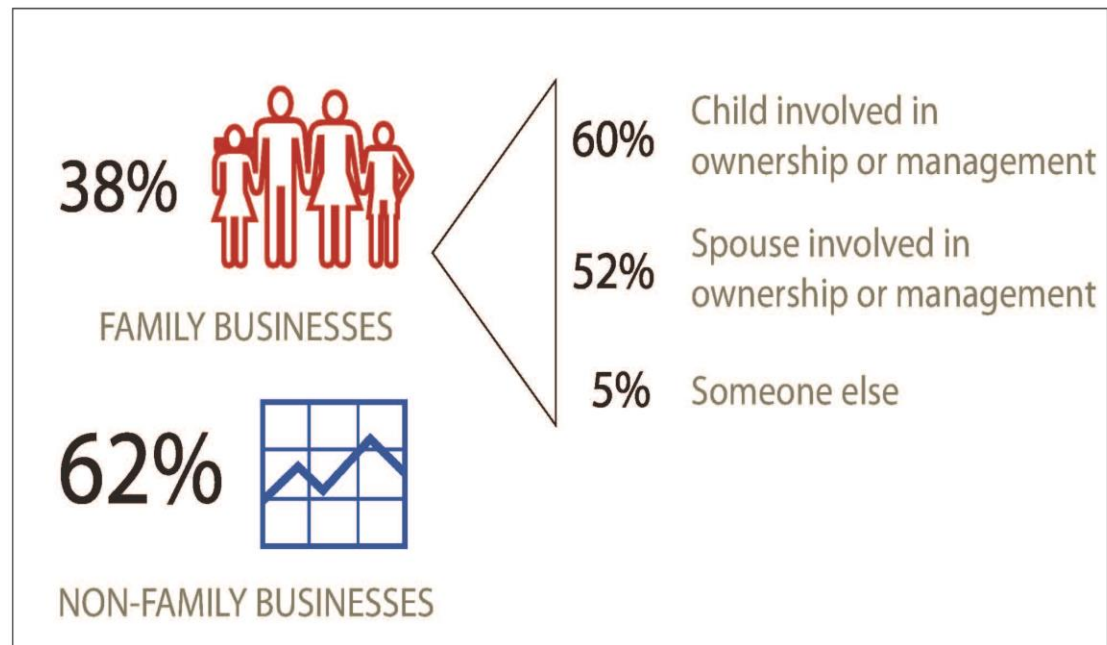
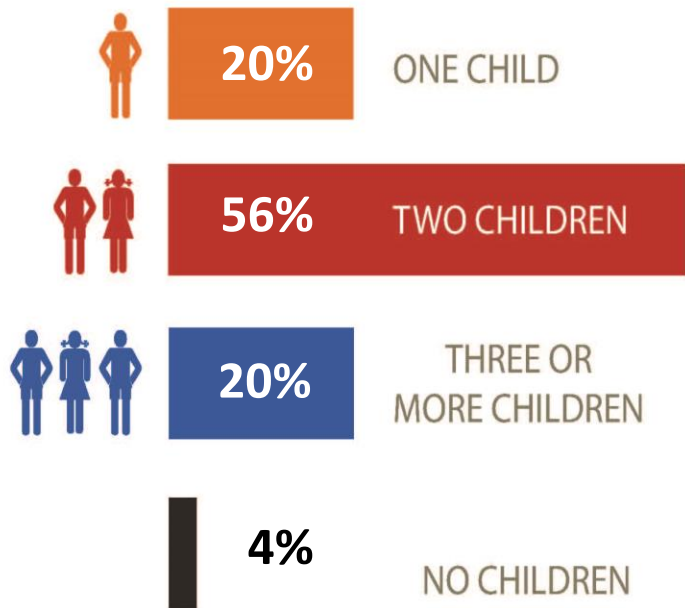
From 2000  
to 2010



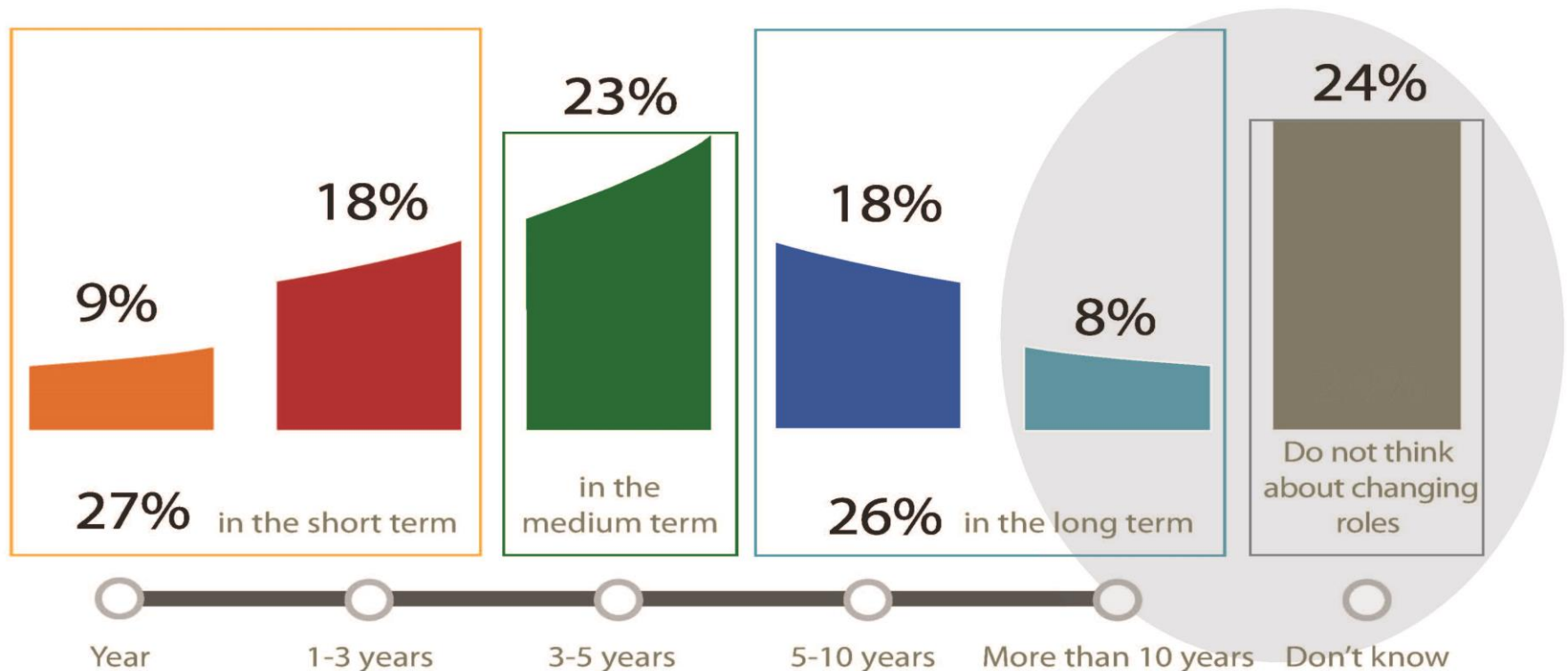
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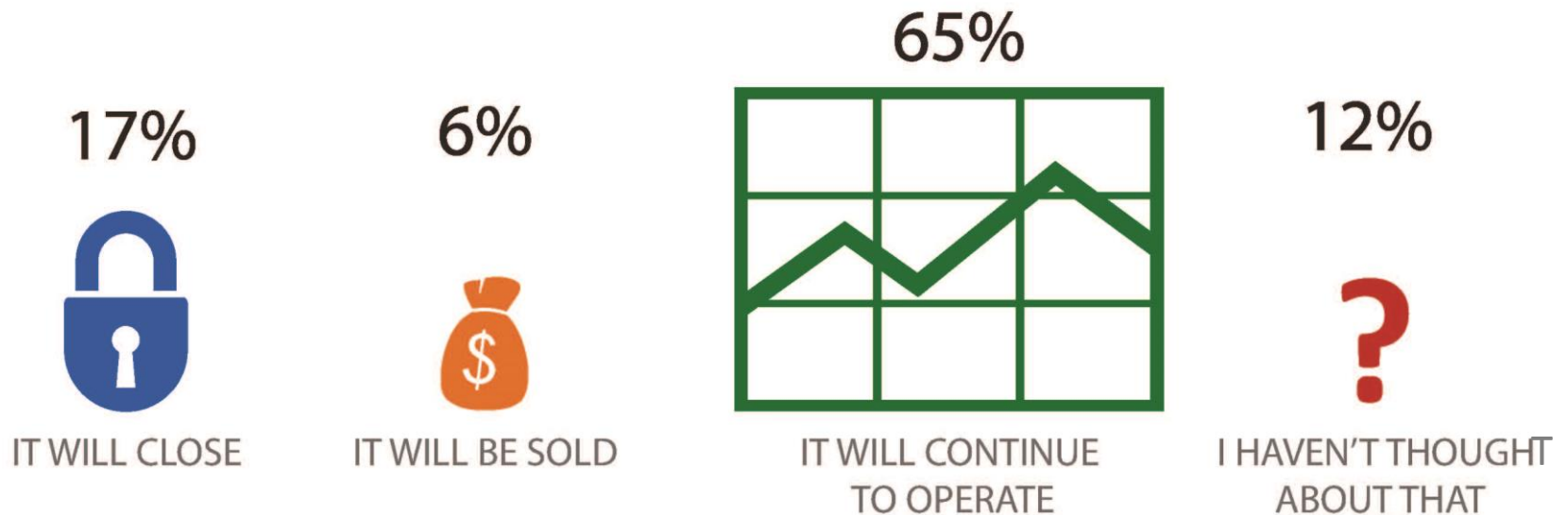
# Family background of *generation 55+*



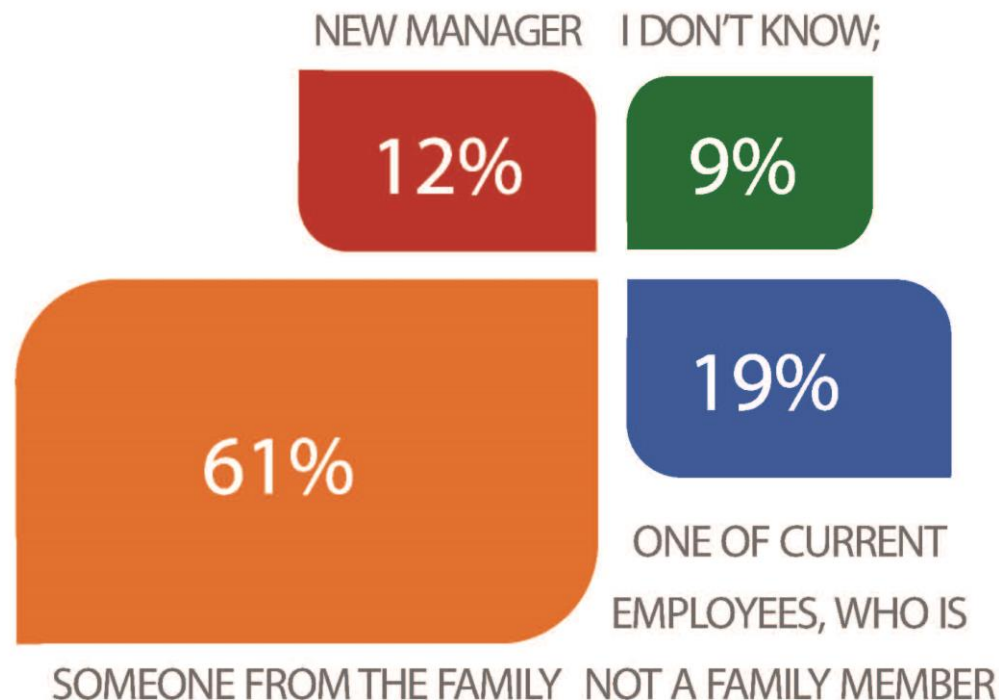
# Your role in a company will be changed in a ... ?



# The future of the company after you withdraw?

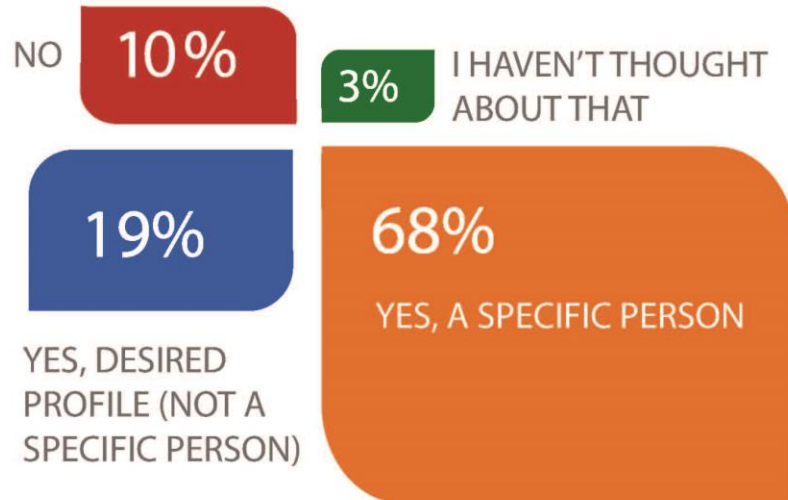


## Who will take over the leadership of the company?

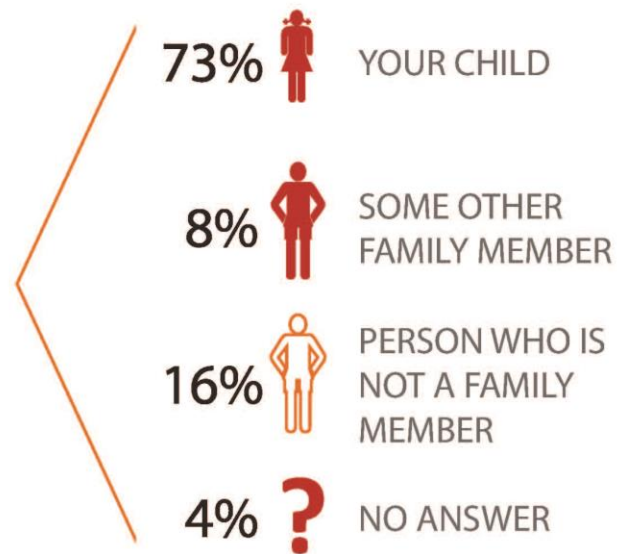




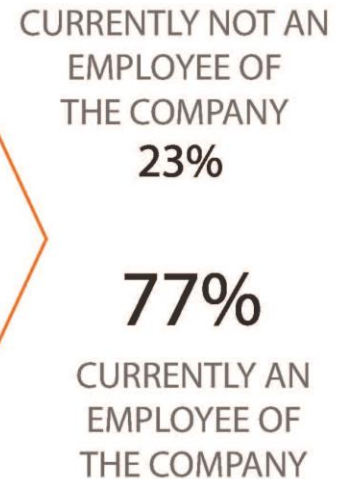
**Do you have a specific person in mind?**



**Family member of not?**



**Currently employed in the company?**

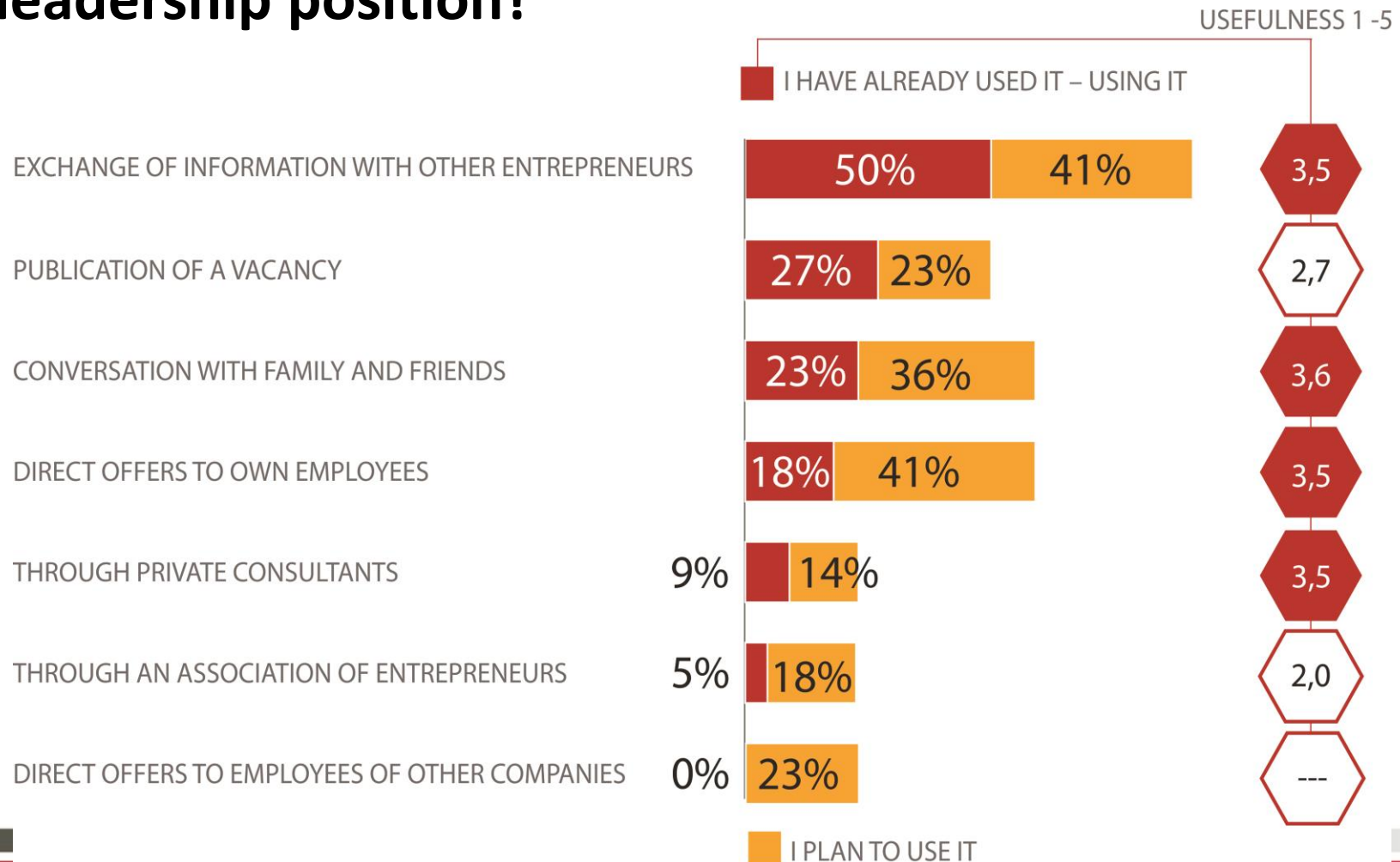




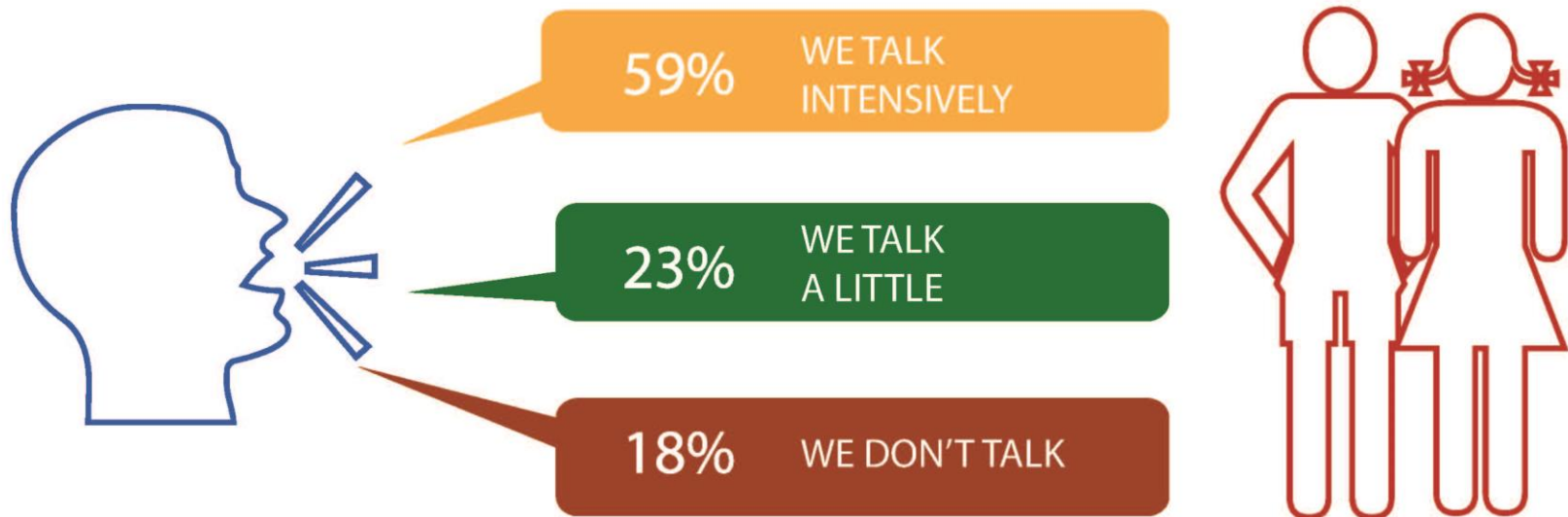
## **Desired characteristics of the person that will take over the leadership of the company?**



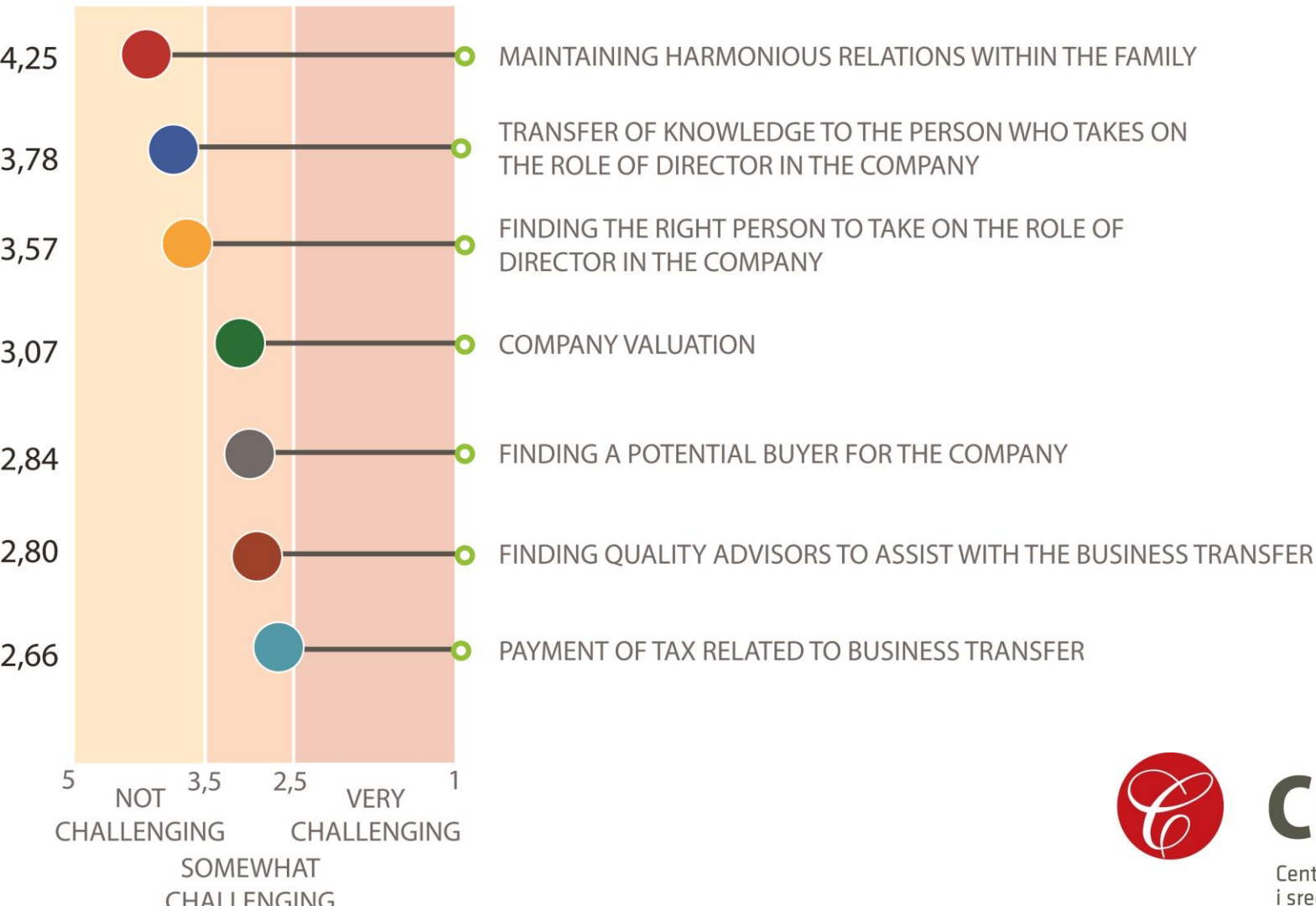
# How to find the right person for taking over the leadership position?



# Do you talk with your children about the future of the company?



## How challenging are different aspects of business transfer?



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i srednjih poduzeća i poduzetništva

# Aspects of business transfer where support will be needed



TECHNICAL IMPLEMENTATION  
OF THE BUSINESS TRANSFER



HOW TO START THE BUSINESS  
TRANSFER PROCESS



HARMONIZATION OF COMPANY  
AND FAMILY INTERESTS WHEN  
MAKING THE DECISION

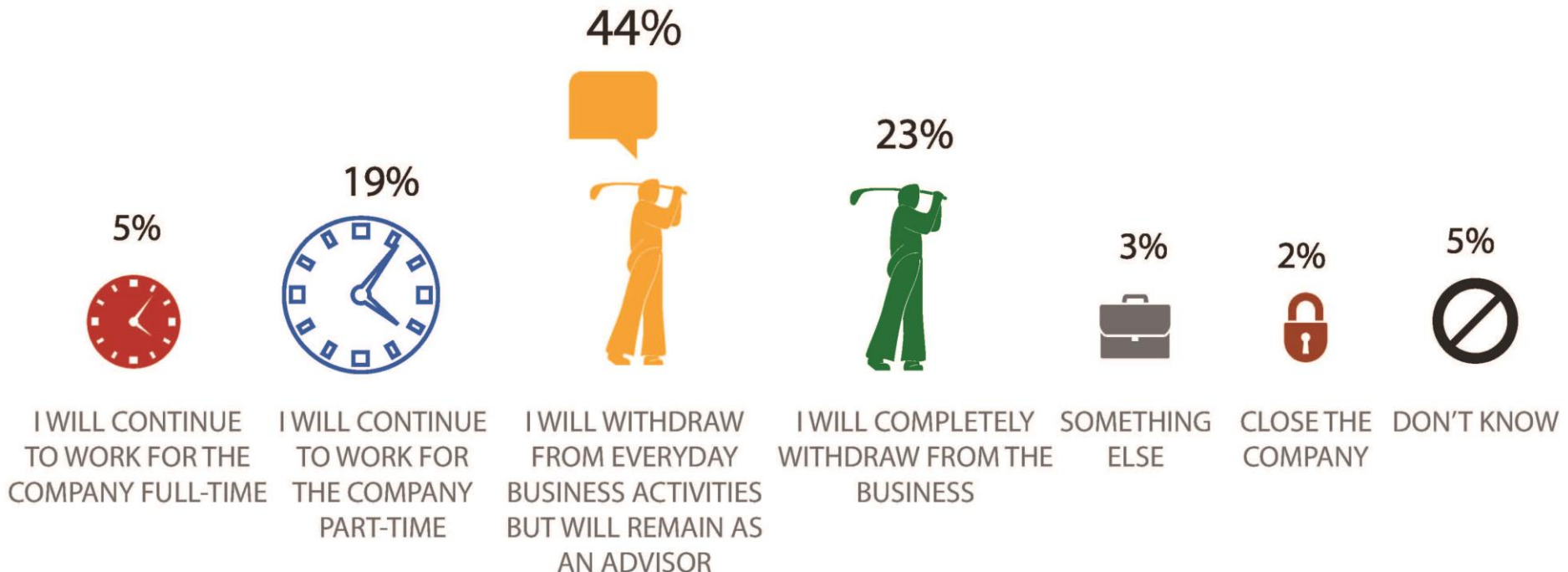


COMPANY VALUATION



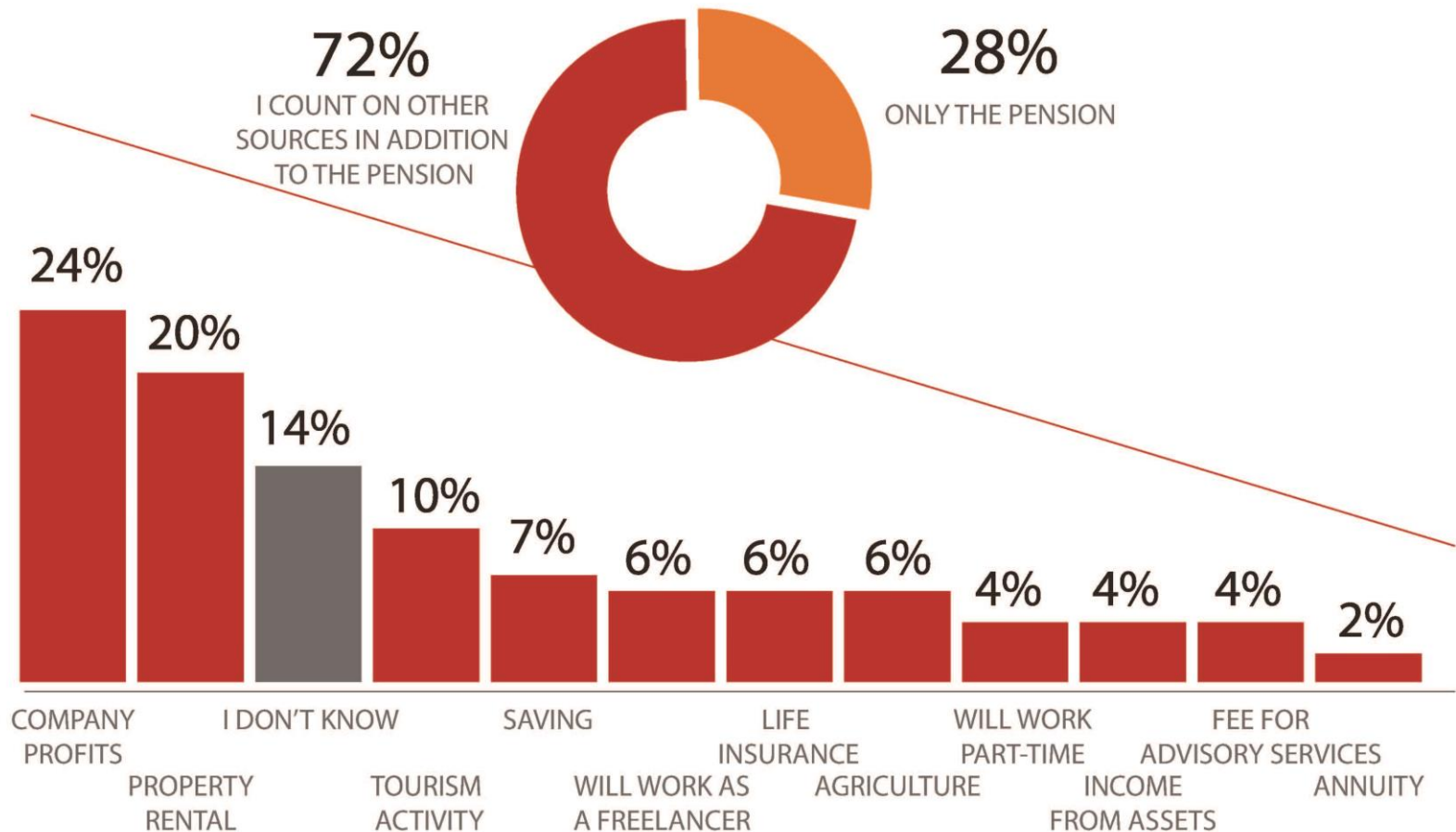
PREPARING THE  
COMPANY FOR SALE

# What will be your role after you withdraw from the company manager role?

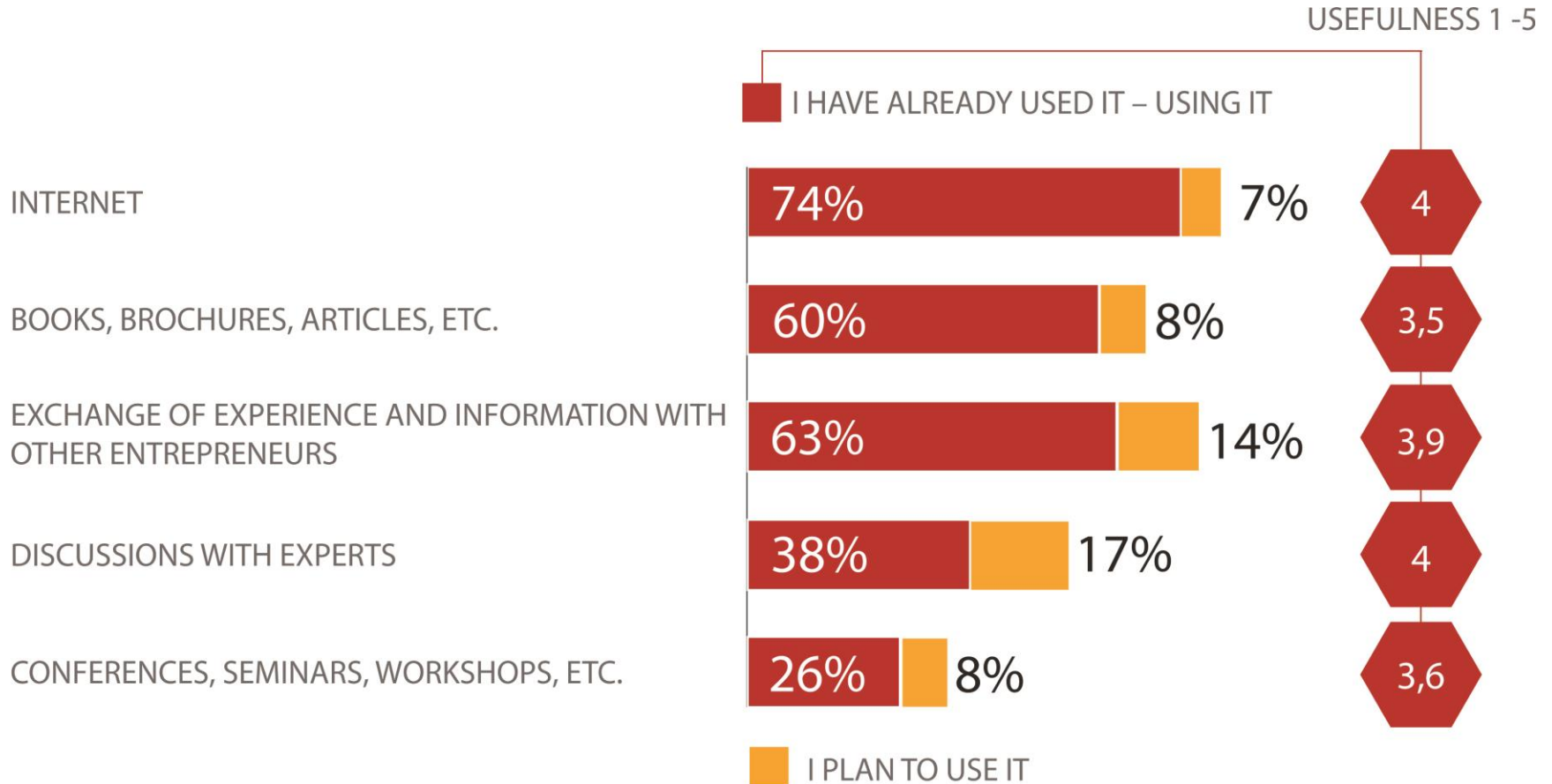




# Sources of income after withdrawal from the company?

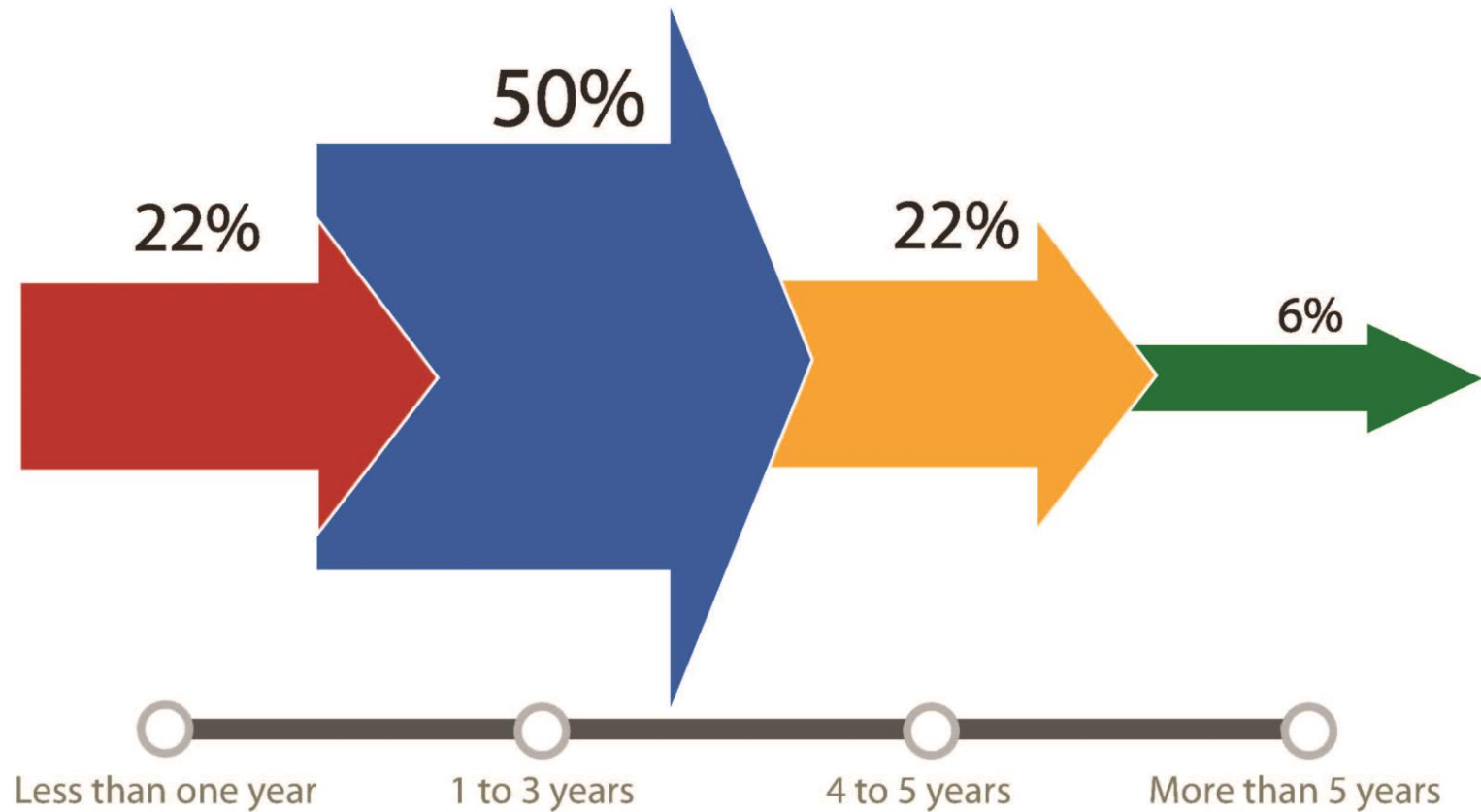


# Sources of information on business transfer





## Perception of time needed for business transfer process



## ***What is the cost of „doing nothing“?***

In Croatia, more than 5,300 enterprises with about 57,000 employees represent **risk group** because of the age of the owner (55+) and the attitude towards business transfer (*underestimating the complexity and duration of the process*).



# **Policy recommendations**

for development of business transfer ecosystem in  
Croatia

Awareness raising  
campaigns for SME owners  
aged 55+

Enhancing the quality and  
availability of counseling  
support for business transfer

Co-financing of training and  
advisory services for SME  
owners 55+

Family Businesses - adopting  
EU definition, statistical  
monitoring, support  
programmes for successful  
generation transfer

Promotion and facilitation of  
**business takeover** as an  
alternative entry option for  
individuals willing to run  
their own business

Development of on-line  
markets for matching SME  
sellers and buyers



# Contact info

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