

C-TEMAIp

*Continuity of Traditional Enterprises in Mountain Alpine Space
areas*

D.T2.2.1 COOPERATION MANUAL

A joint transnational process

HTW in cooperation with UCV

Frank Bau – Valentina Colleselli

Version 2 - Bozen

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1. Introduction

The following general guideline should help institutions involved in the C-TEMAIp network, to define a common and harmonized approach and offer services in the field of business transfer (BT) responding to clients' needs and help them to better understand business transfer as a transnational issue.

The document is structured as follows:

- Description of implemented analysis (including analyzed models, surveys and gap analysis results);
- Overview of transnational potentials assessed;
- Proposed basic cooperation model;

The general overall objective of the analysis carried out is to propose to the partners a joint transnational process considering the existing competences and skills of referent personnel, the existing services and their possible application at transnational level for a better-balanced portfolio to serve clients' needs.

2. Description of implemented analysis (including analyzed models, surveys and gap analysis results)

2.1 Existing models

A literature review for transnational business transfer showed no results supporting the project's objectives. Literature in the field of business transfer is dealing with the transfer process as a consulting process offering many legal and administrative challenges. Focusing on family businesses literature also deals with private family issues. There is a body of literature on business succession with successors from outside the family. But still the topic is not the international transfer process but rather topics such as learning, culture and in many publications legal issues. Under the key words of acquisitions rather than business succession there is a larger body of research on the cultural differences between the buying and the selling and bought corporation. And again also the cross border acquisitions in many publications authors are focusing on legal aspects and taxation.

Reviewing statistical data on the subject offers a similar image. In all of the partnership countries data from the federal statistical offices are available as well as data from private institutions, such as large private banks. But all reviewed sources contain data such as number of companies to be sold in the next 10 years, number of employees employed by those companies, industries and other data. What couldn't be found was data on the international or transnational level showing the phenomena of transnational business transfer and its economic relevance.

The project C-TEAlp, thus, claims to open an overseen part of a field of research around business transfer, business succession, succession planning, and mergers & acquisitions. No matter of the presence or not of a family C-TEAlp focuses on the transnationalization of the business transfer process. The particular focus is on the sensitization of the selling company and the matchmaking with partners outside the region and country of that company but still inside the Alpine Space. This focus on the Alpine Space accommodates the difficulties of transnational cooperations without cultural connectors. The location in the Alpine Space has the potential to function as such a connector helping to overcome cultural barriers.¹

At European level the reference document (mentioned also in the Comparative analysis report) is the following: “Helping the transfer of businesses - A “good practice guide” of measures for supporting the transfer of businesses to new ownership”, edited by the EC in 2003. It followed the document called “Facilitating transfer of Business”, guidebook series of the EC on how to support SME Policy from Structural Funds, 2012.

2.2. Description of the implemented survey analysis

Methodology – the dimensions

The survey analysis carried out within the C-TEALP project focused at a first stage to the need of mapping the existing services. The service mapping action was structured by three dimensions called process phase², service format and exchange relationship. All project partners listed their service offerings that support BT and then graded themselves concerning these three dimensions. The dimensions are operationalized with different characteristics.

Dimension 1: Process phase

The process phase was differentiated as follows:

- Initiation: This phase is one of apparently easy phases. There is no expert knowledge on taxation, funding, accounting and other topics required both on the side of the providing agency and the company. But still, this phase is probably the most important, since the transfer process will be the more successful the earlier both buyer and seller are clear in their objectives and plans for the transfer project.
- Selection of transfer option: There are different options to choose from how a transfer can be designed (inside the family, trade sale, management buy-out, etc.).
- Preparation: Many things need to be done to prepare a company and all the stakeholders for the transition. The tasks cover finance and accounting, customer care, personnel affairs, taxation, legal issues and many more.

¹ References of the academic literature review can be added if necessary (FB).

² Source: Credit Suisse (2008): KMU Topics. October 2008.

- Transition: During this relatively short period of time the transfer will be executed. This phase is dominated by legal issues.
- Implementation: This phase is the real execution of the transfer, since after the legal transition the process of leaving alone and taking over in the daily business has to take place.

Dimension 2: Service format

The service format was differentiated as follows:

- Consulting: The agency meets the client (seller or buyer) and intensively consults the client relating to specific individual and real challenges.
- Training & seminar: The agency offers closed events to help the clients to develop their skills and knowledge needed for a successful business transfer.
- Workshop: The agency offers closed events to guide the clients to master real challenges of their BT project, e.g. formulating an innovation strategy for the clients' companies. What differentiates a workshop from trainings & seminars is that the result is a real piece of work the participants will effectively use for their BT project which they are already following.
- Public event: The agency offers to the public events of public interest such as key note speeches, expert talks or panel discussions.
- Information package: The agency offers information relating to BT on their website or in print formats that are designed to be used by the client without further guidance.
- Networking: The agency is running databases or matching platforms and/or organizes events that follow the main objective to bring people together.

Dimension 3: Exchange relationship

The exchange relationship can be threefold:

- Active: The buyer and/or seller have to be active to benefit from services that are classified as active concerning the exchange relationship between agency and client. Active may be the participation in a seminar or training.
- Passive: The client could just consume the content of the offerings such as downloadable guidelines, expert talks, etc.
- Interactive: Most challenging for both clients and agencies are interactive formats, such as workshops, consulting or coaching. Interactivity means that both sides have to open themselves and have to give individual input.

2.3. Overview of the transnational network's operational capacity (gap analysis, competences analysis)

Analysis on the group level

The analysis of the existing services offered by the C-TEMA^{alp} partners led to a couple of propositions and recommendations concerning these propositions as far as they apply in your institution. Since the quantitative results from the analysis were quite strong the **following recommendations will apply for the majority of partners involved in the project**. The three propositions are built along the three dimensions in Figure 1. The individual partners' service portfolios had been analyzed for gaps as well and are the starting point for the implementation of the cooperation model.

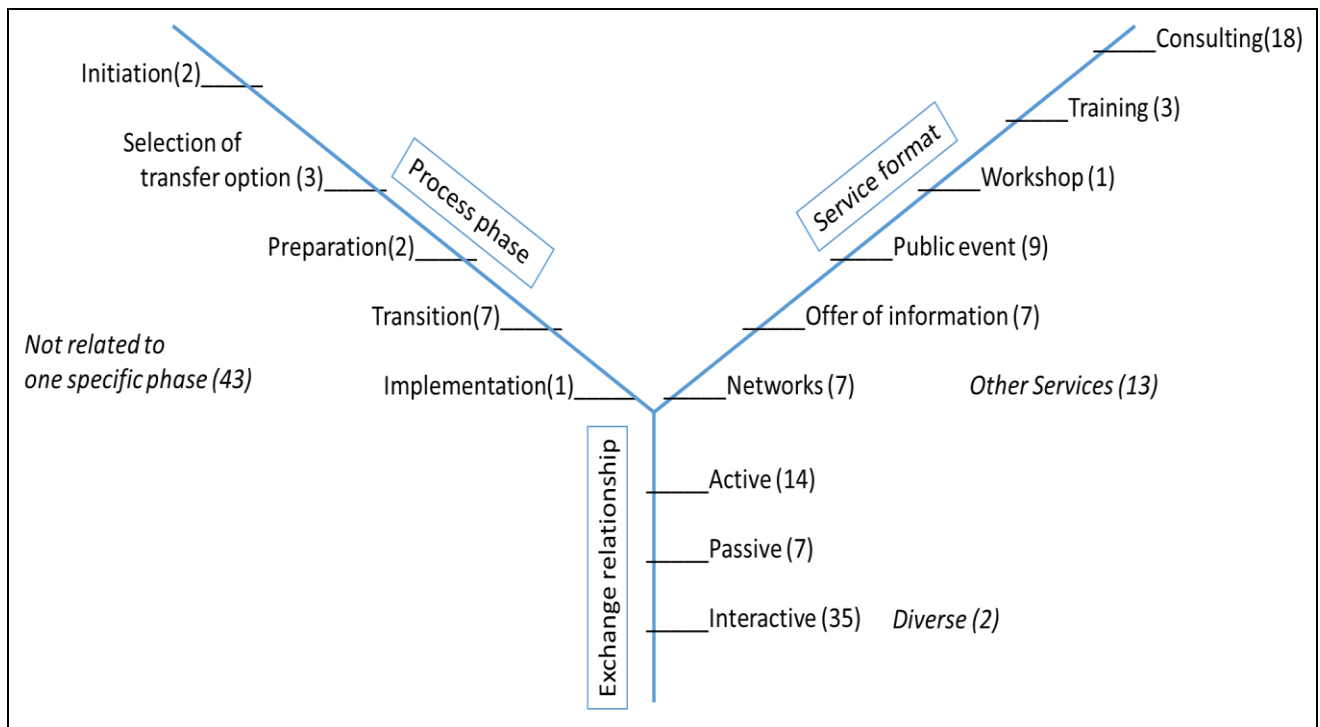


Figure 1: Positioning of services for business transfer offered by the C-TEMA^{alp} project partners (diagram by author).

Proposition 1: The service offers for BT need to address more specifically individual phases in the BT process.

One result of the analysis was that many partners offer consulting services and other services that are not designed for a specific phase in the transfer process. That is a problem if the companies need help to understand the BT as a project and a process. It is also a problem if innovation which is one of the C-TEMA^{alp} objectives shall be addressed.

The innovation potential of a company tells us a lot about the transfer worthiness of a company and has of course a strong position in the early stages of the BT process. Other challenges in other process stages will be found easily.

Proposition 2: The service offers for BT need to include a larger number of trainings and workshops.

Consulting is an offer that is at first sight unspecific and requires a very open and public positioning of the seller towards business transfer.

That may be a problem to those entrepreneurs planning to sell their company who do not yet know too much about it. Trainings and workshops offer the opportunity to learn and experiment rather than jump into a binding consulting relationship.

Proposition 3: The service offers for BT need to include more services establishing a passive form of interaction on the side of the seller of the business.

More passive rather than active and interactive service formats offer the opportunity to the seller to stay anonymous. One partner's expert reported that he often sees sellers travelling hundreds of kilometers to attend BT events in other regions just not to be seen by anyone who may know the company. So on the one hand the partnership offers services in far regions. On the other hand the partnership offers a number of passively consumed services that may also be used by other regions.

Analysis on the partner level.

The ten partners offer a total number of 55 services with a minimum of four and a maximum of seven services per partner organization.

In this chapter we will present the tables showing the frequencies for each partner concerning the parameter values for all three dimensions. Starting with the service format for all partners the portfolio was analyzed for gaps. The gaps were colored (orange) in the respective tables.

Projectpartner	Serviceformat							Total sum
	Consulting	Information package	Networking	Other service	Public event	Training & seminars	Workshop	
1 Camera di Commercio, Industria, Artigianato e Agricoltura di Bolzano	2	2	0	0	0	1	0	5
2 Chambre de Commerce & d'Industrie Marseille Provence	1	0	2	1	0	1	0	5
3 CSMT Gestione Scarl	5	0	0	2	0	0	0	7
4 Industrie- und Handelskammer für München und Oberbayern	0	1	2	1	1	1	0	6
5 Innovation Region Styria LTD	1	1	2	1	1	0	1	7
6 Italienische Handelskammer Munchen	1	0	1	2	0	0	0	4
7 Netzwerk KMU Next	1	1	1	2	1	0	0	6
8 Regional Chamber of Craft and Small Business of Maribor	2	0	1	0	0	1	0	4
9 Unioncamere del Veneto-Eurosportello Veneto	1	2	1	0	0	1	0	5
10 Veneto Innovazione S.p.A.	3	0	0	2	1	0	0	6
Total sum	17	7	10	11	4	5	1	55

Table 1: Gap analysis concerning the service format (diagram by author).

Table 1 shows a clear result concerning the service format. While Figure 1 already had shown that there may be too few workshops offered by the project partner the partner level view shows that there are some partners who should definitely rethink their portfolio. CSMT (3) classified five services as consulting, two as other service which means there is no clear format at all to be assigned.

They basically offer only consulting. Following the cooperation model CSMT could for example ask partner (1) in Bozen if they could make use of their Information packages which would even be available in the same language. That simple example demonstrates how the cooperation model and the gap analysis work together and, thus, have the potential to improve all partners service portfolios without necessarily built redundant systems in each individual agency. Part of the cooperation model is a set of basic, advanced mentoring and additional services that will be tested in the second half of the project life-time of C-TEAlp.

Those services are well balanced and cover all service formats. So in the future and as a sustainable project output there will be a proposed set of services for the support of transnational BT.

Projectpartner	Serviceformat						
	All Stages	Choice of succession model	Initiation	Not succession topic	Preparation	Transition	Total sum
1 Camera di Commercio, Industria, Artigianato e Agricoltura di Bolzano	2	0	0	3	0	0	5
2 Chambre de Commerce & d'Industrie Marseille Provence	0	1	0	0	3	1	5
3 CSMT Gestione Scarl	0	0	0	5	1	1	7
4 Industrie- und Handelskammer für München und Oberbayern	2	2	0	1	0	1	6
5 Innovation Region Styria LTD	7	0	0	0	0	0	7
6 Italienische Handelskammer München	3	1	0	0	0	0	4
7 Netzwerk KMU Next	2	0	2	1	0	1	6
8 Regional Chamber of Craft and Small Business of Maribor	2	0	1	1	0	0	4
9 Unioncamere del Veneto-Eurospottello Veneto	0	0	0	5	0	0	5
10 Veneto Innovazione S.p.A.	0	0	0	6	0	0	6
Total sum	18	4	3	22	4	4	55

Table 2: Gap analysis concerning the process phase (diagram by author).

Table 2 shows that most of the partners do not differentiate their services concerning the phases of the BT process. The clearest differentiation was done by the Chambre de Commerce & d'Industrie Marseille Provence (2). They really address three different stages in the BT process, which is the choice of succession model, preparation and the implementation. The fact that 40 out of 55 services are not dealing with a specific process phase allows two interpretations: first, a differentiation is not possible due to the complexity of the clients' needs.

Second, the agencies do not have the resources and concepts to precisely differentiate the services for the number and kind of clients they serve.

Since we lack of data, we can't comment on that observation. While the cooperation model does not offer a clear solution for this observation, the proposed set of services is more balanced and covering all process phases.

Projectpartner		Interaction			Total sum
		Active	Interactive	Passive	
1	Camera di Commercio, Industria, Artigianato e Agricoltura di Bolzano	1	1	3	5
2	Chambre de Commerce & d'Industrie Marseille Provence	1	4	0	5
3	CSMT Gestione Scarl	2	5	0	7
4	Industrie- und Handelskammer für München und Oberbayern	2	3	1	6
5	Innovation Region Styria LTD	2	2	3	7
6	Italienische Handelskammer Munchen	3	1	0	4
7	Netzwerk KMU Next	2	3	1	6
8	Regional Chamber of Craft and Small Business of Maribor	3	1	0	4
9	Unioncamere del Veneto-Eurospportello Veneto	2	2	1	5
10	Veneto Innovazione S.p.A.	0	6	0	6
Total sum		18	28	9	55

Table 3: Gap analysis concerning the exchange relationship (diagram by author).

For the last dimension of the exchange relationship Table 3 shows that active and interactive service formats seem to be quite commonly offered by the partners.

The differences between the parameter values of Active and Interactive may not be overvalued, since the two values are not powerful enough. However, it is clearly visible that there only a few passive formats. As written above in proposition 3 this may not correspond with the clients' need.

For a better analysis additional data from the clients themselves would be needed. The best balanced portfolio offers Innovation Region Styria LTD (5).

Summing up the service mapping gives a strong legitimization for the piloting phase of the C-TEMA^{Alp} project with the objective of developing and testing a set of services that has the potential to improve and standardize the supporting systems for transnational BT in the Alpine Space. None of the partners has portfolio that covers all three dimensions and none of the partners has gaps that put them in bad light. But the results clearly show that the cooperation and learning among the partners from different regions with very different framework conditions but the overarching common Alpine character can deliver a new approach to transnational BT.

Competence and knowledge map

Starting from the service mapping we developed a **list of competences** and fields of knowledge for the individual service formats offered by the partners. During the Graz workshop partners were asked to add keywords, competences and specific knowledge needed to successfully offer the services we will find on the cards positioned on the map.

Expected results

The idea of the competence mapping was to identify the most commonly required competences to support BT applying the different service formats. Organizations that want to offer new services could then check the existing competences of their employees and partners for those necessary to offer the relevant service in the future.

For example for a workshop following the objective to develop a project plan with and for the seller of a company may require the following competences: general training skills, moderation techniques, communication skills, visualization skills, project management skills. These competences may be complemented by expert knowledge and experience in the field of business transfer in general and applied project management. Depending on the partners involved also certain language skills may be needed. Last but not least the facilitator should be a senior expert rather than a young professional. Company sellers tend to be in their fifties and sixties and would, thus, expect senior level facilitators in terms of age and experience. Obviously an enormous set of skills is needed to offer workshops in the field of BT and that is usually not the standard profile of many employees of the kind of agencies supporting SMEs during the BT process.

Empirical evidence

The evaluation of the competences among the project partners did not allow to build a competence map as described above. The results at the Graz meeting were too diverse to build any general conclusions and recommendations from that data.

For example the filtering for the service format consulting which has been the most frequently applied format delivered the following competences and frequencies.

Innovation Management	3
Business Planning	3
General Consulting Skills	4
Internationalization	1
Funding	2
Accounting & Finance	3
Legal Issues	2
Taxation	2
Marketing	1
Business Analysis	2

Filtering the data for the other service formats showed a clearer result with a focus on Networking Skills, Event Management, Project Management, General Training Skills and Language Skills. While there was no dominant competence there was a clear lack of specific fields of knowledge such as it was the case for the consulting services.

We see two main reasons for this heterogeneous list of competences. First, business transfer is as heterogeneous as the transferrable businesses and even more their owners and potential buyers are. While in some cases the consultant primarily needs to set the price for the company in just the next case the agency rather would need a psychologist than a business consultant to assist the company owner in leaving his company. Second, even with standardized services and the C-TEMA^{alp} basic services proposed business transfer support will remain a people business, such as any consulting business. And, thus, the individual qualifications and experiences significantly influence the set of services an agency may offer effectively.

But still, this complexity is one important result of the competence mapping. We designed a word cloud using a word cloud generator based on frequencies. The resulting word cloud showed the large number of different competences as an indicator of the difficulty to deliver good services for the support of BT (Figure 2).



Figure 2: competences for BT services (diagram by author, using worditout).

3. Overview of the transnational network’s potentials (key economic sectors, behaviour towards transnational BT processes, etc.)

The information collected through the finalised comparative analysis enable the partners to get a general overview of the network’s potentials in terms of transnational cooperation.

3.1 Key economic sectors

According to the reports collected during the thematic panels the assessment of the network’s potentials in terms of capacity to match offer/demand in relation to specific economic sectors can be considered adequate and able to guarantee efficient and impacting piloting actions.

There are actually substantial margins of cooperation among the involved regions in relation to the identified key economic sectors (with innovation potentials).

Which are the key economic sectors potentially interested by the project? (with innovation potentials)

Italy (3 regions involved)	PACA Region	Styria	Maribor	Bavaria
<ul style="list-style-type: none"> Mechanical and industrial automation Furniture / furnishings / living system Agro-food Textiles / clothing Tourism Bio-medical 	<ul style="list-style-type: none"> Retail Trade Handcraft IT/Biotechs Services: There are more than 70% of services companies essentially acting on Tourism, and a minor part on Industry services, People care 	<ul style="list-style-type: none"> Gastronomy Commercial Trade Tourism Other industry 	<ul style="list-style-type: none"> Construction sector Metal manufacturing Craft Tourism Chemical industry Automotive 	<ul style="list-style-type: none"> Retail Transportation Logistic Hotels/Restaurant/ Tourism Services / Business-related Services Crafts Automotive Renewable energy Engineering Metal production

3.2 Services delivered

Unioncamere as coordinator of the WP4 and the Transnational Services Working Group built up within the project, started-up a transnational services portfolio identification process with the aim of:

- identifying the existing and concretely implemented services for BT at local/regional level
- mapping those services easily replicable and transferable to other partners
- defining those services to be tested at transnational level by the project's network.

The task has been implemented through a **three-step procedure**:

1. Ask to the partners to fill the 'Services sheet' created by HTW, with the aim of proposing BT services based on their experience and their competences;
2. Sharing the filled documents among the partners and compilation of a services portfolio matrix;
3. Cross checking the services replicability and transferability at transnational level.

On the basis of the inputs received until now the partnership can ensure the transnational cooperation mainly in relation to the proposed **basic services described hereby:**

Basic Services Level 1 – Transnational Business Preliminary Transfer Information.

- Delivery of **Information packages (FOLDER)** about the BT topic;
- Fix appointment for a first meeting with experts;
- Collection and delivery of articles about the BT topic;
- Information on local dedicated workshops/events.

Basic Services Level 2 - Transnational Business Transfer orientation service.

- First Orientation meeting in the office;
- Participation to a first meeting, free of charge between the company and the experts (internal/external) and follow up activity.

Basic Services Level 3 - Transnational Business Transfer Matching Services.

- First consultation to evaluate the company in order to satisfy the needs of both parties (buyer and seller)
- Sellers profiling publishing service.
- Buyers profiling and publishing service.
- Matchmaking between Buyers & Sellers use of transnational platform or contacts with other partners of the network.

3.3 Competences and behaviours towards implementing transnational BT processes

All the services proposed can have a transnational dimension, all partners agreed to cooperate in order to activate the above-mentioned services at transnational level. For the implementation it is mandatory that the partners can guarantee that the employees working in the field of BT have the competences and have the time budget to offer those services to clients from other partners' regions. Among the most important competences are basic BT knowledge and language (Level 1), networking competence and basic knowledge on the BT process (Level 2), and basic knowledge in business analysis (Level 3).

4. Proposed cooperation model

4.1 Main guidelines for harmonised implemented services

The cooperation model is based on some overall principles and recommendations proposed on the basis of the conducted analysis:

➤ **Recommendations to balance the service portfolio and complement competences and knowledge:**

On the basis of the competences mapped the cooperation model's operational capacity is based on the following necessary steps that need to be carried out by each involved organization/partner delivering services:

1. **Map the portfolio of service** offers using the three dimensions used for.
2. **Analyze own gaps.**
3. **Check partners' portfolios** to know how to close the gaps if necessary.
4. In case of a corresponding client's request try to set **transnational BT as an option** to be evaluated.
5. If the client's request meets one of the existing gaps try to **contact a partner to close the gaps** by learning from the partner how to install the missing service or just cooperate to utilize their offers.
6. **Map own competences and knowledge** available for offering services in the field of BT.
7. **Analyze own competence and knowledge gaps.**
8. **Check own partners' competence and knowledge maps** to close the gaps by cooperating with partners. Alternatively develop missing competences and knowledge and hire new people if needed.
9. **Check for unused competence and knowledge** and develop alternatives to offer them to the partnership or to better use them in the future.

As far as these first recommendations are concerned, the partners agreed to activate a dedicated existing services 'import/export' action by learning from each other and gaining competences and experiences through bilateral or multilateral dedicated actions.

An interim assessment of the gained experiences and competences will therefore allow us to map the enhancement reached in terms of services management capacity from the initial starting up phase of the project till the end of it.

All partners agree to guarantee from the very beginning of the project, at least the basic mandatory services listed in the present cooperation manual and to ensure the proper competences and skills on regard.

➤ **Recommendations to support international BT**

In order to ensure the basic cooperation pre conditions and implement the initial piloting action each partner is recommended to:

1. **Identify employees** with professional spoken and written English language skills and BT expertise for first contacts.
2. **Train these employees** on the C-TEAlp platform, principles of the partnership.
3. Secure **time and travel budget** for those employees if needed.
4. Give **priority to international BT** requests.
5. Continuously **collect information from own customers** about potential international BT activities.
6. Use any service format to **promote international BT** as an alternative to evaluate.
7. **Promote service offers in English or other spoken language** offered by C-TEAlp partners.

4.2 Potential matched services (export and import strategies)

The partners are recommended to activate also other potential advanced services. The cooperation process related to the implementation of these services will be based on the 'proposing partner's guidelines' shared and discussed through specific 'import/export actions' activated upon request and aiming at adapting the proposed services to a transnational and harmonized level.

Within this cooperation manual, possible matching and experiences exchange are envisaged mainly in relation to the following **'advanced' mentoring services:**
Specialised BT consulting services

- Specialised BT consulting services
- Organisation of seminars with BT legal expert
- Support for the creation of a Business Transfer Plan
- Creation of an Emergency kit for Business Transfer
- Business to Credit Service

4.3 The cooperation model

Summarizing the key cooperation aspects the **minimum standards expected** by the cooperation activated by the partner will be based on the key principle listed in the BT Platform concept drafted by PP5 IRS:

- ✓ Represent a neutral and trustworthy host organization;
- ✓ Commitment to guarantee anonymity of sensible data, especially for potential transferors;
- ✓ Personal contacts and creation of a trusting relation with the company;
- ✓ Commitment to keep profile updated;
- ✓ Capacity to conduct the matching;
- ✓ Commitment to provide regular check of information collected by the companies and to see if advertisements are still valid regularly;
- ✓ Provide Assistance to the company in drafting advertisements;
- ✓ Ensure quality and reliability of profiles made available in the platform and the corresponding quality of the services provided by the platform team.

The Cooperation Model therefore is based on **4 Pillars for a successful cooperation!**



PILLAR 1 - STAFF INVOLVED:

- *Skilled and English speaking personnel dedicated as a first contact;*
- *Familiarity with the BT platform use and mechanisms;*
- *Able to involve other local stakeholders to reduce the gaps;*
- *be in contact with other partners' staff referents.*



PILLAR 2 - SERVICE EFFICIENCY:

- *Timing submission of information and material;*
- *prompt capacity to fill and upload the company profile in the platform;*
- *Availability for individual meetings;*
- *Tracking records of the proposed services by filling the first contact standard form;*
- *Prompt reply to the other transnational partners in relation to the information required by the network;*
- *Prompt capacity to address the company to external experts or service providers if needed.*



PILLAR 3 –HARMONISATION OF PROCEDURES - STANDARD FORMS:

- *Use of the platform's company profile sheets;*
- *Use of the first contact sheet;*
- *Dedicated documents' storage;*
- *Guarantee confidentiality of sensitive information.*



PILLAR 4 - QUALITY STANDARDS:

- *Availability to participate and answer to interim and final quality assessment actions;*
- *Check regularly the information provided by the companies and uploaded on the platform;*
- *Assess the quality and competences of the external service providers involved.*