

The one-stop networking event for entrepreneurs

The 20th, 21st and 22nd November saw Luxexpo host an ambitious B2B event aimed at encouraging start-ups and helping existing SMEs. The idea was to facilitate networking as well as help small businesses to gain more of the knowledge and experience they need to be successful. The first ever Salon Contact, dubbed, "Your entrepreneurial networking event," was organised by Luxexpo along with the Luxembourg Chamber of Commerce and Chamber of Métiers (trades & crafts).

The three partners were all very much aware from the start of the risks involved in planning such an event but deemed them worth taking considering the importance of encouraging more networking within the Greater Region and increasing the acceptance of the reality of the Greater Region as a single economic area. Over the course of the three days there was never really impression that the venue was packed, but as the goal for always for quality rather than quantity, the organisers were relatively satisfied with attendance.



Minister Boden (centre) hears the results of Deloitte SME study

Transferring a business

Judging from the feedback BR received, this quest for quality was certainly achieved, especially in terms of the information made available. Visitors appreciated what the strategic partners tried to do in brining together under one roof all the actors from every aspect of the creation and support of a business. Participants of the day dedicated to, "The creation and take-over of an enterprise," were particularly well pleased. This day was opened by Fernand Boden, minister of the middle classes and was followed by a discussion, organised by Deloitte Luxembourg on "Transferring a business."

Boden began by highlighting the importance of entrepreneurship to the Luxembourg government.

"The Grand Duchy has been supporting entrepreneurship for some time and the middle classes sector amounts to a significant part of the economy as a whole. It currently counts 17,000 businesses, employing 40% of the workforce. Not only that, but the number of new entrepreneurs in Luxembourg is greater than in any other European Union country."

No longer keeping it in the family

Traditionally business in this key sector of Luxembourg's economy had been passed down from generation to generation. However, according to Boden this is no longer the case. "Young people are not really interested in keeping it in the family any more." He

said that government has several initiatives in place aimed at luring Luxembourg's youth away from the public to the private sector and promoting the spirit of entrepreneurship, but that in the meantime, "although the Grand Duchy has more start-ups than other EU countries, there are still more business passed on than there are started-up; making it imperative that the transferral process goes as smoothly as possible."

However, it appears that at this point in time it is anything but a smooth process. According to a report issued by Deloitte Luxembourg, "Transferring a business is a complex process when it comes to finance and tax. It is also a very emotional time for the entrepreneur as he prepares to give up control of his business."

Never a better time to sell, but get on with it

Deloitte has also noted that demand for SMEs in Luxembourg is higher than ever at the moment, with interest coming from large industrial and services groups as well as from private equity. "The competition between these actors means that they are ready to concede many advantages to entrepreneurs looking to sell. They are ready to discuss advantageous prices, keeping the brand names and even keeping on existing personnel." It seems there has never been a better time to consider selling on an enterprise.

Yet a multidisciplinary study carried out by Deloitte earlier this year showed that most owners either haven't thought about, or do not know to go about transfer-



to be well protected against disruptions in IT, infrastructure or the prolonged absence of a manager. Nevertheless, 14% admitted that they take no such measures against risk.

More than two thirds of the SMEs had made investments in IT recently, in both hardware and software indication of a modern working environment.

More than 70% of SMEs use some kind of operational performance indicators on a monthly basis and 64% of enterprises have written procedures.

14% of the businesses asked have no form of internal controls.

More than half the respondents replied that they try to motivate their employees via objective setting and evaluation systems. But only one in four offers profit sharing or share options as part of the motivational package.

One third of recruitment is done via third party specialists.

More than half the SMEs receive credit investment subsidies, but only 6% benefit from energy and environmental aid.

Almost half the companies benefited from staff training subsidies.

54% of enterprises benefit from state aid for employment

Only 13% of the companies asked know about the state aid available

for R&D, which could explain why three quarters of them invest less than 1% of their turnover in this way.

While most companies have a good understanding of financial indicators, only 21% have taken measures with regards to Basle II and 9% do not take advantage of the benefits of discounts.

B2fair award winner

A central part of Contact was the B2fair matchmaking event, a kind of speed-dating for businesses. To promote this concept awards were presented to the businesses which had made the most interesting partnership at the same event in 2006. The following were rewarded.

Agroprim IT solutions offers a range of services including outsourcing, and last year met Imatec which has since become an international partner. Call centre provider Captel made more than 25 fruitful contacts. Integrated systems provider Piton met NextApplication, since when the pair have agreed to combine their services to provide a full front and back office product.

ring their business. "It is possible that the complexity of the process along with a lack of information explains why 66% of business asked confirmed that they are not concerned with the transferral process." Among the 34% who did say that the process was of current concern, 84% said it was due to the owner's age. Deloitte noted with some concern that, "almost half of these companies that are concerned about the transferral process have not started doing anything about it." Deloitte strongly advises such people to get started.

responses of around 240 SMEs. It aims were both macro and micro economic. First was to get a view of the organisational strengths and weakness of Luxembourg enterprises as well as their benefits and needs and, second was to position each enterprise within its sector of activity and in comparison with other enterprises of a similar size. Full details of the results (and its implications) can be gained by from Deloitte directly (www.deloitte.lu) however some of the principle highlights are worth taking a brief look at here...

Three quarters of enterprises were very satisfied with their geographical location and with Luxembourg taxation; however the cost of work and the lack of qualified human resources were seen as a set back. Half the companies asked claimed

Highlights of SME survey

The survey just mentioned was carried out by Deloitte in summer this year and contains the