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D.T1.2.5 Involvement concept of national & regional authorities and business supporting entities in regions (linked to the pilot action O.T2.1 in Mazowieckie region)

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1<sup>st</sup> Version  
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## 1. Introductory remarks

Nowadays, the management staff try to act in the spirit of the pro-social orientation of the enterprise, which is reflected in taking into account the interests of all groups of interests (directly or indirectly involved in the initiative). The consideration of social interests is connected with building a relationship with the broadly understood institutional environment (national and local government authorities, local communities, social organizations). It is also the basis for the creation of new concepts of marketing strategies (relational or stakeholder marketing). According to this concept, the construction of an enterprise's strategy (or any other initiative) begins with a comprehensive analysis of stakeholders' needs. The comprehension of these needs enables the company to propose an offer, which is developed jointly with stakeholders. The company is responsible for the creation of the cooperation platform. It should be added that in the conditions of uncertainty, the structure of a relationship requires trust, which depends mainly on the partner's ability to build credibility (this usually requires a longer perspective). Trust in external relations becomes a valuable intangible asset and can be a source of the competitive advantage.

It seems that the cooperation with national & regional authorities and business supporting entities in Mazowieckie region, as part of the ENTER-transfer project related to family business succession, **should not be a one-off action**, but the actions taken should be continued in a long-term perspective. Family business succession is identified with an intergenerational change that means, it is linked to the human life cycle. Thus, succession becomes inevitable element of the company and it should be integrated into the company's business model, as it becomes a pre-requisite for the continuity of business activity and its further development. Succession planning is one of the key problems of family businesses, with no simple prescription for successful succession. In this situation, often very complex, it is worth using the support of experts, because they can help business owners to solve effectively many different problems and contribute to the success of the (often multiannual) procedures of transferring knowledge, assets, power and value to the next generation. The advisors should diagnose the situation in the company, identify potential chances and threats, show succession methods including legal, financial, organising and management aspects, as well as psychological support and provide assistance during the implementation of the succession strategy. The effects of failed or unsuccessful successions encumber not only the family business, but also the employees, suppliers and recipients. At the regional level, the meetings organised within ENTER-transfer project **should emphasize that succession is an unavoidable and common phenomenon**, and due to the consequences for society, it should be an aspect of interest from the economic self-government (chambers of commerce representing economic interests of the entrepreneurs associated in it)<sup>1</sup> and local governments (seeking stimulate the economy, through strengthening local enterprises and supporting cooperation between the science sector and the economy)<sup>2</sup>. It is also necessary to have national measures taken by the government administration<sup>3</sup>.

The approaching wave of succession (so-called the "successive tsunami"), which in the coming years will be one of the most serious challenges for a large part of family enterprises, requires the launch of educational programs and the development of consulting services (regarding legal and financial aspects of succession, preparation of a potential successor, professionalisation of company management), as well as popularization of good practices illustrating in a comprehensive way the paths of conducting business and socially successful successions. Therefore, in ENTER-transfer project, the partnership **will prepare the model indicating the most crucial elements, which should be considered when looking in the succession problem**. It is assumed that for the economic self-government and local government, **the partners of the**

<sup>1</sup> Act from 30 May 1989 on Chambers of Commerce. Journal no 2017 pos. 1218.

<sup>2</sup> E.g. Act from 5 June 1998 on local governments. Journal no 2016 pos. 486

<sup>3</sup> E.g. the draft project of the Act on succession management in a company led by a natural person (<https://legislacja.rcl.gov.pl/projekt/12300657/katalog/12447328#12447328> (01.12.2017)); call for proposals announced by the Polish agency for Enterprise Development, no POWR.02.21.00 - IP.09 - 00 - 001/18 „Succession in family companies” for financing training or counselling projects directed to the representatives of SMEs (<https://power.parp.gov.pl/dokumentacja/dokumentacja-konkursu-sukcesja-w-firmach-rodzinnych> (28.02.2018)).



**ENTER-transfer project will organise training and consulting national & regional authorities and business supporting entities in Mazowieckie region that will support the succession processes in short and long perspectives, and not only incidentally (i.e. to finalize the financial support of the project ). From the point of view of the enterprise, the starting point for building a cooperation strategy with many partners (with different impacts, coming from the internal environment, closer environment and further environment) may be the concept of the relationship marketing strategy (stakeholder marketing). In the case of this ENTER-transfer project, it may be advisable to build a partnership for the needs of local development.**

## 2. Cooperation for local development - building a partnership

As a tool supporting socio-economic development in a long-term perspective in an individual region, a local partnership can be perceived as a **"platform for the cooperation between various partners who, together in a systematic, sustainable manner and with the use of innovative methods and means, plan, design and implement specific actions and initiatives, whose aim is to develop a local socio-economic environment and to build a local identity among members of a given local community"**<sup>4</sup>. There are many forms how a local partnership can function. It should be noted that the partnership principle is recognized as the basic principle in the execution and implementation of activities financed from EU funds (including the creation of public-private partnerships). The sub-towel from which the definition of partnership was derived can be used as an important resource for the creation and functioning of such forms of cooperation.

It is assumed that in the case of ENTER-transfer project, the partnership, including national & regional authorities and business supporting entities in Mazowieckie region, would **focus its activities on the issue of family business succession in the region**. The idea of the creation of the cooperation should come from national & regional authorities and business supporting entities in Mazowieckie region.

Effective partnership cooperation requires compliance with specific rules, which include<sup>5</sup>: equality of all partners towards each other; building partnerships from the bottom up at the local level; joint planning and decision making and their joint implementation; innovation and complexity of undertaken activities; trust, openness of actions; focus on real problems of local communities; mitigation of conflicts; broadening the partner circle. Observance of the indicated principles cannot be treated as a guarantee of success, however, it allows to avoid fundamental mistakes that cause ineffectiveness of actions undertaken within the framework of the partnership.

The conditions for effective partner cooperation include<sup>6</sup>: defining problems, which occur at the local level; joint definition of goals and action plan; defining possible solutions (allowing the selection of the optimal solution from the point of view of resources, expectations and local needs); definition of desired and possible effects and consequences of planned activities; reasons for entering into a partnership (all partners must have benefits from participating in the project). The most important feature of partner understanding is group collaboration with the use of resources and acquired experience.

The stages of creating a local partnership can be formulated as follows<sup>7</sup>:

- Defining the concept of a partnership:
- Identification of potential partners, who are able to create a partnership,

<sup>4</sup> Through the cooperation to success. Local partnership on the local labour market. A. Sobolewski (ed.), Warsaw 2007, p. 23; <https://www.mpips.gov.pl/userfiles/File/Departament%20Rynku%20Pracy/Podrecznik.pdf> (01.03.2018).

<sup>5</sup> As above, p. 25.

<sup>6</sup> As above, pp. 27-29.

<sup>7</sup> As above, pp. 30-38.



- Determination of motivation for individual partners,
- Identification of environments that can be influenced by the created partnership,
- Specification of benefits and losses for individual partners,
- Analysis of strengths and weaknesses of partners and partnership,
- Agreement of a shared vision and value, i.e. a partnership mission.

**Phase 1.** Preparatory stage for establishing a partnership:

- Convincing potential partners about the benefits of participating in the partnership,
- Clear definition of partnership costs (indication of expectations in relation to partners),
- Defining the form of the functioning of the partnership (selection of the form of cooperation requires detailed discussion and acceptance of all parties to the partnership).

**Phase 2:** Construction of the structure of the future partnership:

- Defining the model and shape of a functional partnership,
- Defining the role of individual partners in the partnership,
- Identification of a partnership leader (each formula of cooperation has its initiator or leading institution, the leader must be accepted by all members of the partnership),
- Development of the system of mutual communication.

**Phase 3:** Identification of mutual expectations of partners:

- Defining the possibilities of individual partners,
- Establishment of the rules of the cooperation and methods of the implementation of activities.

**Phase 4:** Development of goals and strategy of a partnership:

- Description of the methodology for quantifying objectives,
- Development of the strategy and its components (information policy and promotional activities, policy related to the admission of new members, the area of the partnership and its strategic objectives, analysis of the possibilities and limitations of partnership, methods for evaluating activities).

**Phase 5:** Logistic security for the practical operation of the partnership.

**Phase 6:** Implementation and evaluation of partner activities:

- Adjusting partnership action plans to the formal framework of programs,
- Reconciliation of the financial security of activities,
- Assessment of compliance of undertaken activities with the objectives of the partnership,
- Assessment of progress in the implementation of activities,
- Periodic reporting.



### 3. Basic conditions for the cooperation

The objective of the ENTER-transfer project is a **professional support for the business succession in family enterprises**, with particular emphasis on the Mazovian region.

At first, it becomes necessary to **increase the awareness** of the national & regional authorities and business supporting entities in Mazowieckie region on the scale of the problem of succession in the conditions of the given country and the region as well as the consequences for entrepreneurs and the local community.

The succession is a long-term process, and its implementation **requires a lot of preparation in legal, financial, organising, management, psychological and supporting aspects** when implementing the accepted succession strategy. Only some years ago, the issue of succession was overlooked or ignored in the process of creating business models. The lack of sufficient knowledge in this aspect among entrepreneurs, the lack of examples of model succession for possible use, as well as the incomparability of succession processes due to their complexity, mobilize for multilateral and systematic support for family entrepreneurs. The main interested target group includes national & regional authorities and business supporting entities in Mazowieckie region that can provide support in the field of training and consulting. Therefore, it seems that it is necessary to **organize a meeting (meetings or workshops) by the representative of the ENTER-transfer project**, which would present the problem of a "successive tsunami" in the country and at the regional level in order to make the target groups aware of **the need to face this situation and limit the potentially negative consequences for business owners and other stakeholders**.

The leader - the initiator of the potential cooperation, should propose basic assumptions of the program of activities aimed at increasing the adaptability of family businesses from the SME sector, formulate a list of objectives and expectations in relation to partners (forms of economic and territorial self-government participation) and present an offer regarding the scope of activity (training and counselling) and the terms of engagement proposed by the leader. Ultimately, the members of the partnership, after obtaining a diagnosis of the problem of succession, analysing the possible variants and actions that can be taken to solve the problem, make a choice of the scenario.

Information activities are recommended to increase awareness of the succession and the offer of consultancy services in this area. It is necessary to inform national & regional authorities and business supporting entities in Mazowieckie region and other interested people about the offer, to convince and encourage companies to use consultancy services. Potential recipients should obtain the optimal level of knowledge. To promote services as an advertising medium, the Internet should be also used, through the inclusion of relevant websites with information about training and consulting company, training materials, training and advisory services, ways of establishing contacts, etc. The actions taken are to allow for the creation of permanent and long-lasting relationships, beneficial for cooperating parties (entities).

Advisory services given by national & regional authorities and business supporting entities in Mazowieckie region are a challenge to ensure their quality, as they are most often provided individually with the active participation of a family entrepreneur. This is the basic reason for creating a multivariate training and advisory offer. On the one hand, an offer of a general nature should be proposed, which would include a minimum scope of training or consultancy in the basic thematic areas, e.g. succession in business models of family businesses; legal, financial and psychological aspects of success, modelling of an effective succession process, communication in succession processes. On the other hand, it becomes necessary to adapt the training and advisory offer to the specificity and readiness of family businesses for succession, e.g. after selecting subgroups of family businesses requiring a similar range of training and consulting. In the case of advising a particular family company, an individualized support scenario in the succession process is required, determined after a substantive discussion with the entrepreneur.

Developing the content of individual stages of the partnership depends on the initial assumptions of the initiator, analysis and delimitation of the directions of proceedings accepted by all partners. In other words, after accepting the idea, one should begin his successful concretization.