

**Press release (31/01/2020)**

## **The implementation of the "Success Road" project under the European Program Interreg Europe 2014-2020 is accelerating**

As part of the "Success Road" project, which is co-financed by the Interreg Europe Program, representatives of the partnership and public and private bodies met in Vilnius in late January 2020 to discuss the challenges which family businesses face, especially regarding business succession, namely the transfer of management and ownership of a business. The meeting was concluded with a visit to the Garlita textile industry in Kaunas, Lithuania's second largest city and the center of the country's industrial production.

### **Family businesses in the European business environment**

What exactly is a family business? According to the definition given by the representative of the Lithuanian Apparel and Textile Industry Association, family businesses are companies in which the family owns or controls a significant percentage of the share capital and one or more of its members practice control of the administration. In Europe, family businesses account for more than 60% of all companies and represent almost 50% of all European private jobs. More specifically, family businesses account for 85% of all businesses in Spain, 80% in Greece and 75% in Italy, Germany, Portugal and France. Although family businesses dominate European business, they face significant challenges. A representative of the Lithuanian Family Business Association described the leadership, succession planning, wealth management, family relationship management, fundraising and management of transition and succession to future generations and some of the areas where family businesses may need guidance.

### **The friendly institutional framework for business as an important regulatory parameter for stronger SMEs**

In this context, the smooth completion of the succession process is a driving force for boosting the competitiveness and innovation of family businesses. As the institutional framework sets the limits and conditions for the operation of enterprises, a well-regulated institutional framework can make a significant contribution to addressing the challenges which family businesses face in their further development. Lithuania is a prime example of a country that supports entrepreneurship. A representative of the Lithuanian Ministry of Economy and Innovation highlighted the country's good performance stating that Lithuania ranked 4<sup>th</sup> in the European Union in the World Bank's Ease of Doing Business Index (EDB), 5<sup>th</sup> in the world in the index of fulfillment of business needs in ICT (Information and Communications Technology) and 2<sup>nd</sup> in the

world as the most attractive destination for the installation and operation of manufacturing companies. The country has put entrepreneurship at the center of its policy and the strategy adopted is verified by the above good performance as well as by the fact that five times more new companies have been established in the last five years compared to the previous equivalent in time. Improving the business climate can lead to the development of sustainable and more resilient business, ensuring jobs and sustainable economic activity in the long run.

### **Learning from the success of others**

The project partners had the opportunity to visit the headquarters of Garlita. Founded in 2002, this textile company is an example of a family business that has successfully focused on innovation as a way to ensure its long-term competitiveness, whether it is innovation in its products or innovation in the way its productive potential works, thanks to the use of modern technologies. With the digitalization of all management, the company's costs have been reduced. The majority of Garlita's employees are software engineers and technologists. The owner's two daughters, who are actively involved in the company's development, are responsible for ensuring that their father's inheritance is preserved and expanded.

The next meeting of the Success Road Partnership representatives is scheduled to be in Poland whenever travel restrictions due to coronavirus are lifted.

The meeting will be an opportunity to analyze additional measures that could be adopted to improve the conditions in the succession procedures, which may include actions to sensitize entrepreneurs on the importance of timely planning of succession procedures and/or actions for the creation of appropriate financing or preferential tax treatment conditions. in order to evaluate policy actions planned for the succession package.

More information at <https://www.interregeurope.eu/successroad/>

### **Success Road partners.**

1. Ministry of Development and Investments (EL)
2. European Confederation of the Footwear Industry (BE)
3. Hellenic Clothing Industry Association (EL)
4. AVEC-Valencian Association of Footwear Entrepreneurs (ES)
5. The Valencian Institute for Entrepreneurial Competitiveness) (ES)
6. Lithuanian Innovation Center (LT)
7. Mazovia Development Agency Plc (PL)