

2011 edition

Thinking Big for Small Businesses

What the EU does for SMEs



European Small Business Portal

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Cataloguing data can be found at the end of this publication.

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"SMEs are key in ensuring the economic recovery of the European Union. This is why they should be encouraged wherever possible. The SBA aims to do just this by helping SMEs to access finance and markets more easily, and by alleviating administrative burdens."

Antonio Tajani, Vice President of the European Commission, responsible for Industry and Entrepreneurship



Europe and your business

Why help small businesses?

Europe's 23 million small and medium-sized enterprises (SMEs) are the lifeblood of Europe's economy, accounting for over 98% of businesses. They have provided two thirds of the total private employment and around 80% of new jobs created over the past five years.

However, these are tough times for small firms. Cash flow problems and red tape, along with the global economic downturn, mean companies need a helping hand to weather the storm.

So, in order to promote innovation and job creation, the European Union is pulling out all the stops to support SMEs.

Go online for more information:

http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm

> 'Small Business Act (SBA)' for Europe

What is an SME?

Small and medium-sized enterprises (SMEs) are defined as companies with fewer than 250 employees and which are independent from larger companies. In addition, they have an annual turnover up to €50 million or an annual balance sheet up to €43 million.

There are three types of SME:

- Micro-enterprises have fewer than 10 employees
- Small enterprises have between 10 and 49 employees
- Medium-sized enterprises have between 50 and 249 employees

Go online for more information:

http://ec.europa.eu/small-business/policy-statistics/facts/index_en.htm

> SME definition

What is the Small Business Act for Europe?

In June 2008, after consulting widely, the European Commission launched the Small Business Act (SBA) for Europe – a wide-ranging set of pro-enterprise measures designed to make life easier for small firms.

The SBA featured four legislative proposals, including plans for tougher rules on late payments. Member States also signed up to a set of 10 SME-friendly principles which should guide the conception and implementation of policies at both EU and national level to enable SMEs to release their full potential.

How does it help?

At the heart of the plan is the 'Think Small First' principle. It places SMEs at the forefront of policy-making and helps ensure that new regulations do not add to the burdens faced by businesses.

The political momentum that the SBA has gathered has helped deliver billions of euro in new finance to SMEs through a range of funding schemes. It also includes actions to help smaller firms to win public procurement contracts and access EU research funding, and allows governments more leeway in supporting small businesses without breaking state aid rules, while encouraging them to respect fully their own payment deadlines.

The SBA aims to make it easier for someone to start their own company. There is also now a major push to make Europeans more entrepreneur-

ial by tackling the fear of failure and celebrating role models who run their own businesses.

The EU is also working to help companies get more out of Europe's internal market and tap into the potential promised by emerging economies.

Checking on progress & looking ahead

The European Commission closely monitors its own and the Member States' progress in putting the SBA into practice.

In early 2011 the Commission adopted a Review of the SBA. This reinforced the original message of the SBA, while updating it in response to the new political and economic environment and setting out new actions to respond to pressing challenges.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> 'Small Business Act (SBA)' for Europe

Think Small First

The Small Business Act (SBA) aims to put the 'Think Small First' principle at the heart of policies in Brussels and across Europe. This means listening to SMEs before introducing new laws, examining the effect legislation will have on small businesses, and helping companies in need of support.



The SME Test

The SBA moved SMEs to centre stage in EU policy-making. Since January 2009, the European Commission has applied a compulsory 'SME Test' to check whether new EU policies and laws will have an impact on small businesses.

A number of Member States now also apply a similar test when drafting national policies, and the European Commission is encouraging the others to do the same. According to the SBA, new legislation can draw a distinction between micro, small, medium-sized and large companies to guarantee that any burden on businesses is proportionate. SMEs can be given specific support, reduced fees, and exemptions to ensure a level playing field.

One example is the European Commission's proposal to give national governments the option of exempting micro-enterprises from accounting rules. This means Member States are free to design accounting systems in a way that favours very small firms – many of which do not have the luxury of large accounting departments dedicated to complying with complex annual reporting procedures. **Up to 5.4 million micro-enterprises could benefit if the rules are better tailored to their needs, promising potential savings of €6.3 billion for the EU economy.**

In future, the European Commission is also proposing to carry out 'fitness checks' of regulation in sectors with a high proportion of SMEs.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> 'Small Business Act (SBA)' for Europe
> SME Test

Cutting red tape

Ask an entrepreneur about barriers to success and they are bound to mention red tape: too much precious time is spent on paperwork instead of focusing on growing the business. The EU has committed to reducing the administrative burden on business by 25% by 2012.

In 2007 the European Commission established a high-level group of independent stakeholders specialised in administrative burdens – reporting directly to President José Manuel Barroso – to advise on progress in hitting this ambitious target.

There is a lot at stake. For individual companies, cutting down on administration will save money and allow more time for doing business.

For Europe, dramatically reducing red tape could boost GDP by up to 1.4%. Actions already taken are expected to save around €7.6 billion. More measures are in the pipeline which could save a further €30.7 billion if MEPs and Member States give the green light.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> 'Small Business Act (SBA)' for Europe
> Reducing Administrative Burdens

Simplified rules: VAT invoicing

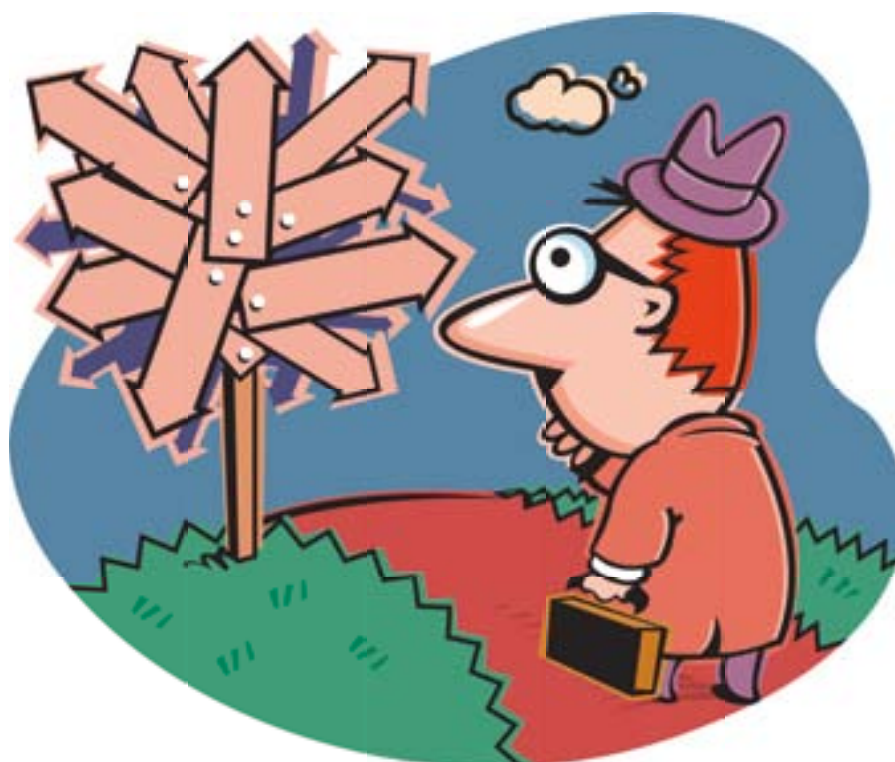
Even the smallest of companies are now doing more of their accounting electronically. That's why, in July 2010, EU finance ministers agreed on new rules aimed at simplifying VAT invoicing.

Until now, the complexity of EU rules on VAT invoicing has hindered the take-up of e-invoicing technology. But that is set to change. Once the directive is in force, tax authorities will accept electronic invoices under the same conditions as paper invoices. New measures will also be introduced to remove legal obstacles to sending and storing e-invoices.

Member States may also now introduce an optional cash accounting scheme for businesses with a turnover under €2 million. This means that SMEs will be able to delay paying VAT to the tax authorities until they receive payment from their customers, reducing the cash flow disadvantages otherwise faced by some SMEs.

The European Commission estimates that equal treatment of paper and electronic invoices could bring about savings of €18.4 billion if all businesses send their invoices electronically.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/rules/index_en.htm
> EU market rules
> Business basics



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One-stop shops

Picture the scene: you see a niche, you have an idea, and you want to launch a new business. You are itching to get your new product or service to the market as quickly as possible but your enthusiasm is blunted by bureaucracy. It's an all-too familiar story – but change is on the way.

The EU acknowledges that entrepreneurs are confronted with time-consuming procedures and too much paperwork when they want to start a company. Since the introduction of the SBA, Member States have stepped up their efforts to reduce the time and cost of starting a business.

It now takes an average of 9 days to start a private limited company (compared to 12 days in 2007) and costs €399 (compared to €485 in 2007), and further progress is expected beyond 2010.

The European Commission is also extending this project to reduce to a maximum of 1 month the time needed to grant business licenses and permits.

Having to deal with several agencies when registering your business can be frustrating. So far, 18 Member States have set up 'one-stop shops' which allow you to create a private limited company in a single visit.

Governments learn from one another's experience of making it easier to get started. Bulgaria, for example, has simplified nine start-up procedures into just one. Germany has changed its company law to simplify its system in a way that may encourage more citizens to turn their business ideas into real-life enterprises. Slovenia's electronic one-stop shop can register a company in three days or less – a move that has saved €10.2 million per year for Slovenian SMEs.

A 'single point of contact' also exists in 22 countries to help companies wanting to

provide services across borders. The European Commission is working with the Member States to make these into fully-fledged, user-friendly eGovernment portals, so that start-ups and established businesses can spend less time on administrative procedures. Also, implementing the 'once only' principle will mean that businesses do not have to submit the same data several times to different government bodies for licensing, tax or statistical purposes.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
 > Improving the business environment:
 starting, running and growing a business
 > Start-up procedures

AND

http://ec.europa.eu/small-business/most-of-market/economic-sectors/index_en.htm
 > Services

If at first you don't succeed...

Many entrepreneurs run into difficulty with their first business venture before going on to great success. Yet almost half of Europeans are reluctant to deal with someone who has failed in the past, and bankruptcy laws make it difficult to start again.

Bankruptcies account for 15% of all company closures, affecting 700 000 SMEs and around 2.8 million jobs every year. In 2009, most European countries experienced a sharp rise in insolvencies as a consequence of the worldwide financial crisis and economic downturn.

On top of the social stigma of failure, businesspeople in search of a second chance can be caught up in bankruptcy procedures for between 4 months and 9 years, depending on which Member State they are based in. Although studies show that failed business people learn from their mistakes, society often underestimates the business potential of re-starters.

The SBA invites national governments to make it possible for honest entrepreneurs to complete all legal procedures to wind up a business within a year, and the European Commission is facilitating exchanges of best practice between Member States.

In most European countries, re-starters are now treated on an equal footing with new start-ups, including when taking advantage of EU support schemes. Belgium, Finland, Ireland, Spain and the United Kingdom have taken steps to reduce the time taken to complete bankruptcy procedures, although much remains to be done by the Member States.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm

- > *Improving the business environment: starting, running and growing a business*
- > *A second chance in business*



Access to finance

Even before the economic downturn began, some small firms had trouble getting access to the funds they needed for growth or innovation.

Whether they need a car loan to start a delivery business or venture capital for a biotech start-up, SMEs often find it difficult to access finance.



Banks in many countries have become even less inclined to lend to businesses in the wake of the 2008 financial crisis, compounding the challenges already faced by companies.

The challenge is to ensure that SMEs have access to appropriate types of financing.

The European Commission has set up the SME Finance Forum, which regularly brings together organisations representing SMEs, banks and other financial institutions to reflect on how to best address both the current challenges and long-term structural issues in access to finance for SMEs.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> General information on funding
> Better access to finance

Easier access to loans

Most businesses in Europe rely on bank loans for their external financing. However, borrowing can be difficult for SMEs, particularly if they lack collateral or do not have a long enough track record or credit history.

The EU supports financial intermediaries in the Member States such as banks, leasing companies, guarantee funds, mutual guarantee institutions, promotional banks or any other financial institution providing financing to SMEs through loan guarantees. This reduces their risk and enables them to provide more credit to SMEs than they would otherwise be able to. The guarantee facility for small businesses under the Competitiveness and Innovation Framework Programme (CIP) is administered for the Commission by the European Investment Fund (EIF).

Between 1998 and 2010, nearly half a million small businesses benefited from the guarantees provided by the European financial instruments.

The CIP, launched in 2007, has a budget of over €1 billion to facilitate access to loans and equity finance for SMEs where market gaps have been identified. Each euro spent leverages an average of €6 on risk capital or up to €40 on bank loans, which means it is expected by 2013 to have generated some €30 billion in new finance for SMEs from financial institutions and benefit up to 400 000 SMEs.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> Capital, loans and bank guarantees
> Competitiveness and Innovation Framework Programme (CIP) - financial instruments

AND

http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> Applying for money
> Access2finance - direct access to national financial intermediaries

Microcredit

Increasing the supply of microcredit (i.e. loans of up to €25 000) encourages the creation of new businesses, stimulates economic growth and opens doors to people who would not otherwise have such opportunities.

Entrepreneurs often find it difficult to borrow small amounts, because many banks see microcredit as a high-risk, low-return activity, and their handling costs are high in relation to the amount lent. Many EU Member States have specialised microfinance institutions to overcome these problems and the EU works actively to help the Member States and regions improve their provision of microcredit to entrepreneurs, as well as exchange good practice.

Microcredit guarantees are provided by the EU under the 2007-13 Competitiveness and Innovation Framework Programme (CIP), managed by the European Investment Fund (EIF),

and in the regions under the Structural Funds via the JEREMIE initiative (Joint European Resources for Small and Medium-sized Enterprises).

JASMINE (the European Commission initiative to reinforce development of microcredit in Europe) focuses in particular on socially excluded people, as well as ethnic minorities, who want to become self-employed. Finally, the European Progress Microfinance Facility (EPMF) also provides microcredit primarily to people who have lost their jobs and want to start their own businesses.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> Capital, loans and bank guarantees

Financial help from the European Investment Bank (EIB)

The European Investment Bank (EIB) is the long-term lending bank of the EU. Since 2008, the bank has reinforced its focus on SMEs to help plug the finance gap.

The EIB has earmarked €30 billion to be devoted to SMEs between 2008 and 2011. This unprecedented commitment to enterprise has seen billions of euro channelled to SMEs through commercial banks since October 2008. The bank also allocated €1 billion for hybrid capital combining features of loans and equity ('mezzanine finance') to be implemented by the European Investment Fund (EIF).

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> Capital, loans and bank guarantees
> European Investment Bank (EIB) loans for SMEs



Equity finance

Risk capital comprises funds made available to a company during its early growth stages (start-up and development). Innovative and growth-oriented small businesses need to raise capital (equity investment) from external sources, because they do not have their own resources or cannot access loans.

However, many investors are reluctant to invest in start-ups and innovative firms because of the high risks and transaction costs, or because they estimate that the expected returns will not compensate for the risk.

The Commission is working closely with the Member States to improve the efficiency of the markets for equity investment so that sound projects can find suitable investors, as well as to create a more open and competitive pan-European venture capital market. The Commission aims to encourage Member States to learn from good practices by supporting business angel investments, in particular

across borders, and through cooperation with venture capital funds.

Through the financial instruments under the Competitiveness and Innovation Framework Programme (CIP) the EU aims to improve businesses' access to risk capital: the high growth and innovative SME facility (GIF) provides risk capital to small businesses in their early or expansion phase.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
 > Capital, loans and bank guarantees
 > Competitiveness and Innovation Framework Programme (CIP) - financial instruments

Mezzanine finance

The European Commission is also committed to improving the European markets in financial products combining the features of loans and equity finance. This so-called mezzanine finance is suited to supporting businesses in various phases of their lifecycle such as growth or transfer of the business.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
 > General information on funding
 > Better access to finance

Improving cash flow: tackling late payments

While access to finance is a major concern for businesses, the other side of the 'cash crunch' is the difficulty that companies face in getting paid on time. The time it takes for invoices to be settled varies widely across Europe, and in many countries this delay causes serious problems for SMEs. **This is why the EU in October 2010 reached agreement to revamp the Late Payments Directive, to give better protection to creditors, in most cases SMEs, while respecting the freedom of contract. Public authorities will have to pay bills within 30 days, or else pay a minimum interest rate agreed at EU level. This measure is expected to result in an extra €180 billion of liquidity being available to businesses.**

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/rules/index_en.htm
> *Business basics*
> *Fighting late payments*

Better access to research funding

The Commission continues promoting SMEs' access to the 7th Framework Programme for Research and Technical Development (FP7). **To ensure that 15% of the budget of the Cooperation Programme of FP7 (i.e. €5 billion) is allocated to SMEs, the Commission has been launching SME-dedicated calls with ring-fenced budgets and is providing improved user support, with more information and awareness-raising activities.**

The FP7 model grant agreement has been modified to maintain an SME's status during the lifetime of a project, instead of penalising companies which experience rapid growth.

A number of proposals for simplification outlined by the Commission in April 2010 are being rolled out and will be instrumental in making the FP7 more user-friendly.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> *Innovation, research and technology*

In the Member States: Lending a hand to SMEs

To help economic recovery, in 2009 the EU adopted temporary changes to its state aid rules which make it easier for Member States to support small businesses. The Commission has also simplified state aid rules for support to SMEs. A Handbook on State Aid Rules now also gives public authorities a concise overview of how they can support SMEs under the revised arrangements.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/rules/index_en.htm
> *Competition rules*
> *Handbook on State Aid Rules for SMEs*

Increasing European Cohesion

Cohesion Policy provides the largest EU support to SMEs. €55 billion has been allocated to business support for the period 2007-13. Almost 50% of this, i.e. **around €27 billion, is directly targeted at SMEs. The rest is planned for support to productive investment not related to the actual business size, of which a large proportion should also benefit SMEs.** The European Social Fund (ESF) also recognises the particular role of SMEs in creating new jobs and, **with planned investments of an additional €14 billion, focuses on giving**

direct assistance to companies, especially SMEs, to help them to adapt to changing market conditions.

Relative shares allocated to SMEs differ between Member States, according to national needs and priorities. SME-related activities supported include improving access to finance, increasing the use of ICT, creating regional and local R&D and innovation capacities, setting up business infrastructure and support services for SMEs, promoting co-operation (e.g. for technology transfer) between business, research institutions and public authorities within the same region, or between regions within or across national borders, introducing environmental and innovative technologies and management systems in SMEs, promoting entrepreneurship and entrepreneurial education, and improving the human resources potential of SMEs.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/finance/index_en.htm
> *Business Investment*

Promoting Entrepreneurship

Fostering an entrepreneurial spirit among European citizens is a central plank of the Small Business Act for Europe (SBA). A range of programmes is in place to highlight career paths for would-be entrepreneurs and to encourage people of all ages and origins to see entrepreneurship as an exciting option.



The 2010 Eurobarometer study shows that only 45% of Europeans would prefer to be self-employed rather than to be an employee compared with 55% of Americans and 75% of Chinese people.

By supporting networks (such as women entrepreneurs), boosting entrepreneurship education, and facilitating mobility and the exchange of good practices, Europe is showing how seriously it takes the challenge of promoting entrepreneurship.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Promoting entrepreneurship

European SME Week

Just 12 months after the European Commission published the Small Business Act, the First European SME Week took place in May 2009.

With events in 36 countries, entrepreneurs were thrust into the spotlight, helping businesspeople to establish valuable networks while raising the profile of entrepreneurship among the general public.

By the **Second European SME Week in May 2010**, an estimated 3.2 million people took part in more than 1 500 events, providing information on support structures for SMEs, and recognising entrepreneurs' contribution to Europe's welfare, jobs, innovation and competitiveness. European SME Week will be repeated in 2011.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Promoting entrepreneurship
> European SME Week

Exchange of good practices

Helping policy-makers to learn from one another is an essential part of Europe's efforts to boost entrepreneurship.

The European Commission is working with Member States to identify examples of how excellent SME policies can be shared. A database of good practices has been set up to illustrate how the principles of the Small Business Act have been applied effectively.

Over 600 good practices have been collected by participating countries over the past 10 years. Policy-makers can then take inspiration from the experience of others and use this thinking locally. For example, in 2009 Belgium reported that its "ecology grant" for businesses investing in green technologies had been inspired by similar measures in the Netherlands, and Estonia has acknowledged that its new pre-bankruptcy procedure is modelled on the procedures used in Germany, Finland and Austria.

This cross-fertilisation of ideas has spread beyond the EU's borders to Candidate Countries and governments in the European neighbourhood.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Good practices

European Enterprise Awards

The European Enterprise Awards, launched by the European Commission in 2006, aim to identify and reward excellence among public sector authorities in promoting entrepreneurship and small businesses.

Every year, more than 300 initiatives compete for honours in national competitions before

a high-level jury picks the best of the best at European level. The competition helps to highlight best practice in promoting entrepreneurship and SMEs at local, regional and national level.

The winner of the 2010 Grand Jury Prize at the European Enterprise Awards was the 'Entrepreneurs in Residence' project by the Agence Régionale de Développement des Territoires d'Auvergne (Regional Development Agency of Auvergne) in France. This initiative has attracted entrepreneurs to set up their businesses in a region often perceived as rural and remote. Participants benefit from tailored start-up support and funding, which has led to the creation of 600 jobs in the region.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Good practices
> European Enterprise Awards

Erasmus for Young Entrepreneurs

Learning from an experienced entrepreneur can help make your new business venture a success. That's why the EU is supporting young people with bright ideas who want training from a businessperson who already knows the ropes.

The Erasmus for Young Entrepreneurs programme sends new entrepreneurs to work with SMEs elsewhere in the EU where they can develop their business know-how. Host entrepreneurs share their wisdom on overcoming obstacles and developing a sound company.

The programme reinforces the value of the internal market, encouraging entrepreneurs to look beyond the limits of their own borders. After a spell of up to six months outside their home country, young entrepreneurs leave with a fine-tuned business plan and a network of valuable contacts.

In 2009 and 2010, during the first 21 months of the project, 724 entrepreneurs took part in the exchange programme. Over the coming years, the programme plans to support an average of 800 exchanges a year, involving 1 600 entrepreneurs.

Entrepreneurs on the move

Luca Poli, an enterprising Italian surgeon spent three months in Spain working at a wellness centre run by Francine Huaman, a serial entrepreneur.

"I had been planning to start my own business for over two years but it takes time to develop your ideas, raise funds, find premises and so on. When the opportunity arose to take part in the Erasmus programme I had already developed my idea but it still needed to be fine-tuned. I spent from July to September in Spain learning from an experienced entrepreneur and used the programme as a test of my ideas," Poli said.

"I was delighted to welcome Luca to my wellness centre. The experience went so well that I will act as a host entrepreneur again in the future," Huaman said.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Promoting entrepreneurship
> Erasmus for young entrepreneurs

Bridging the gender gap

Reaching out to would-be entrepreneurs to share information about starting a business, promoting role models and providing mentoring can be just as important as making credit available and cutting red tape, especially when it comes to encouraging women to seize new business opportunities.

The EU wants to ensure that women have all the information they need to help launch their own enterprise. That's why the **European Network of Female Entrepreneurship Ambassadors** was established in 2009. This is a group of around 250 successful European businesswomen who campaign in schools, universities, business groups and the media, to inspire women of all ages to become

entrepreneurs and set up their own business. They also act as role models by 'telling their story'.

The European Commission is also creating a European Mentoring Network for Women Entrepreneurs to increase new female entrepreneurs' chances of setting up sustainable and successful businesses by providing practical tailor-made tools for women graduates through the 'Women@Business' portal.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Promoting entrepreneurship
> Women entrepreneurs



Luciana Delle Donne, Officina Creativa Soc. Coop Sociale, Italy

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Entrepreneurship education

Entrepreneurship is a key competence for life, helping people to think creatively, assess and take risk, and innovate: entrepreneurship is the ability to turn ideas into action.

With education systems moving towards competence-based learning, entrepreneurial skills are becoming highly valued by several Member States. In a few, entrepreneurship is now embedded in curricula for secondary education, and around a third are shaping a national strategy or action plan for entrepreneurship education. But more still needs to be done in some Member States.

Moving beyond secondary level education, entrepreneurship competence is now included in the vocational curricula of a majority of EU countries, although important gaps still persist. In higher education, entrepreneurship courses are still too often limited to those already following business or economic studies.

- In Asturias (Spain), secondary school students run import-export mini-companies as part of the regional curriculum. Surveys show that around 16% of students participating in mini-companies at school will later go on to create their own company.
- At the Dublin Institute of Technology (Ireland), instead of sitting an entrepreneurship exam, students must organise an event for charity.
- At the University of Strathclyde (UK), the Department of Applied Music provides teaching on entrepreneurship, recognising that self-employment is potentially part of music graduates' careers.

The European Commission is working with Member States to ensure that teachers have access to training on how to teach entrepreneurship and to innovative teaching material on the subject.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
 > Promoting entrepreneurship
 > Education & training for entrepreneurship

Access to markets

Taking advantage of the EU's internal market

The European internal market represents 500 million consumers, but too many of our SMEs fail to look beyond the limits of their own national borders. The EU is making a major push to complete the Single Market in an effort to unlock Europe's huge potential.

The Single Market Act, unveiled by the European Commission in October 2010, set out a comprehensive package of measures which aim at removing barriers to doing business across the EU. It will help iron out differences in national rules, end duplication of procedures, and plug the information gap on business opportunities.

The Act includes specific measures which will help SMEs to innovate, create new business models, access finance more easily, sell goods and services across borders, and operate in a less bureaucratic environment.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/rules/index_en.htm
> Cross-border business in the EU
> Single Market Act

Simplifying company law

One of the key ways to boost cross-border trade is to allow SMEs to do business throughout the EU without having to set up separate companies in each Member State where they are active. The European Commission has proposed the European Private Company Statute which will remove barriers to the internal market.

Go online for more information:
http://ec.europa.eu/small-business/policy-statistics/policy/index_en.htm
> Improving the business environment: starting, running and growing a business
> European Private Company

Selling services

The EU Services Directive, which came into force at the end of 2009, promises a major boost to companies keen to sell services across borders.

It makes it easier to set up a services business that can operate across Europe, and allows companies to deal with formalities such as environmental licenses and authorisations via a single point of contact in each Member State.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/economic-sectors/index_en.htm
> Services

Understanding standards

A major gripe for small businesses is that complying with European standards can be too complex. SMEs need to know more about standards and how they might impact on their business.

To overcome this, details of standards are now published on a dedicated website explaining how standards affect particular sectors, and an SME helpdesk and portal for standards are being set up. The European Commission has also invested in initiatives designed to promote SME participation in the standard-setting process, and to support small firms in defending their interests.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/rules/index_en.htm
> Standards
> Standardisation and SMEs

Protecting intellectual property

SMEs' most valuable assets often come not in the form of bricks and mortar, but as intellectual property. Safeguarding this prize possession is vital when expanding into new markets.

An affordable and user-friendly system for protecting intellectual property is one of the EU's top priorities as it strives to support SMEs and complete the Single Market. The EU is

working towards a single European patent and a unified patent litigation court for defending patents. This would slash costs for small businesses and bring predictability to the legal system.

The cost of EU-wide trade mark rights has already been reduced for all businesses thanks to a political agreement to lower fees by 40% and simplify the registration procedures.

The IPR helpdesk provides a free-of-charge service through an e-mail helpline as well as online resources on issues related to intellectual property rights in EU-funded projects. Open to all SMEs, a separate IPR Help desk in China delivers expert advice on intellectual property matters in or relating to China.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/innovation-research-copyright/index_en.htm
> Intellectual property

Winning public contracts

The EU is committed to ensuring that SMEs get a fair share of public procurements in the EU and explore their full potential. The latest research shows that SMEs secure 34% of public procurements advertised EU-wide, while their contribution to the wider economy is 52%.

The Commission has produced a **Code of Best Practices for Member States and contracting authorities** giving examples of how to enhance SMEs' access to public contracts. The Enterprise Europe Network is also working to train companies and facilitate dialogue between public authorities and SMEs.

The Commission is also working to increase the transparency of procurement opportunities and make it easier for companies to submit tenders in other countries. For instance, while only public contracts above a certain threshold must be published EU-wide on the Tenders Electronic Daily (TED) website, **public authorities are now given the option of also using it to publicise smaller contracts. The eCertis system helps companies and public authorities to understand the different forms of paperwork required to avail of tendering opportunities across Europe.** Furthermore, in 2011, **the TED online tool for finding business partners will come on stream.** These developments are in line with a growing trend for accessing tender information and documentation electronically: in 2007 58% of procurers and 42% of companies used eProcurement tools, but these figures rose in 2010 to 73% and 82% respectively.

Go online for more information:
http://ec.europa.eu/small-business/funding-partners-public/business-procurement/index_en.htm
> Public contracts

Innovation: the key to success

Whether you want a bigger slice of local markets, are looking to expand within the EU, or fancy your chances in emerging markets, your success often depends on having an innovative product. But innovation does not necessarily mean high-tech products. Innovation can just as well lead to new business models, design, branding or services.

The EU's 'Innovation Union' plan, unveiled in October 2010, aims to focus research and innovation policies on the key challenges facing our society, such as climate change, energy

efficiency and demographic evolution, where there is also strong economic potential. The Innovation Union aims to speed up the way we conceive, develop and produce solutions and integrate them into the daily life of citizens. It also plans to tackle bottlenecks which currently prevent ideas from making it to the market, such as expensive patenting, market fragmentation, limited venture capital, and skills shortages.

Quantum leap and Nobel Prize for European innovators

Dutch physicist Andre Geim and his British partner Konstantin Novoselov won the 2010 Nobel Prize in Physics for their work on graphene, a new form of carbon material just one-atom thick which is not only the thinnest ever but also the strongest. This frontier research has numerous potential applications, such as super-fast, super-light graphene transistors, not to mention transparent touch screens, solar cells and light panels. The two scientists' groundbreaking work was partly funded by the EU's Competitiveness and Innovation Framework Programme (CIP).

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/innovation-research-copyright/index_en.htm
> Innovation and R&D
> EU Innovation policy

Eco-innovation: embracing the change

Great business opportunities exist in finding sustainable solutions to daily problems. Eco-innovation – any new product, service or process that benefits the environment – is fundamental to the EU's goal of creating sustainable growth and jobs.

In 2008, the EU's 'eco-industry' already employed around 3.4 million people and had a turnover of more than €300 billion. The inflation-adjusted growth rate in the sector is estimated at 5.9%, marking it out as an industry for which the future looks bright.

For the period 2008-13, the Competitiveness and Innovation Framework Programme (CIP) has dedicated €200 million to eco-innovation projects. The Commission is also promoting eco-innovation clusters and work to remove obstacles that stand in the way of transferring know-how between small businesses in the environmental technologies sector.



Even SMEs not directly involved in coming up with green products for the market have a role to play. Companies that have invested in environmental solutions often find their competitiveness increases thanks to cost savings. **The European Commission is therefore increasing the network of environment and energy efficiency experts in the Enterprise Europe Network who can provide help and advice to SMEs.**

Sun City: a model of sustainable urban living

Heliopolis (or Sun City) was once the capital of ancient Egypt. Another Sun City, with 1 700 homes in Heerhugowaard in the Netherlands, is the world's first carbon-neutral town and could provide a model for sustainable urban planning. The EU-backed Sun City was built on land once covered with peat fen and is powered by three windmills as well as a plethora of solar panels. Moreover, waste water is purified with natural reeds and a nearby forest absorbs CO₂ from the atmosphere.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/environment-business/index_en.htm

The EU wants European SMEs to play their full part. The Commission has launched a series of large-scale pan-European pilot actions that will help create 'Global Digital Supply Chains' in entire economic sectors in Europe.

Central to Europe's prospects in digital industries will be having the right skills across all sectors. A first awareness-raising campaign, European E-skills Week, took place in March 2010. **Thirty five countries took part, many of which are already designing their own e-skills and digital literacy initiatives. In addition, the 'New Skills for New Jobs' initiative – a multi-stakeholder council for ICT skills – aims to tackle the mismatch between the supply and demand for digital competencies.**

For SMEs, a new online eBusiness solutions guide has been created by the Commission as part of the European eBusiness Support Network (eBSN). The guide reviews the eBusiness and IT solutions market and helps companies find and select appropriate software products, solutions and service providers.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/innovation-research-copyright/index_en.htm
> *Harnessing Information Technology*

SMEs and the Digital Economy

The digital economy provides a major innovation opportunity for high-tech SMEs that can develop niche products, but at the same time digital skills also enable more traditional companies to become more competitive. That's why Europe is working to reduce barriers to digital markets, build trust in online networks, ensure digital services are interoperable, and boost digital literacy.



the pipeline for China and Thailand. Essential advice on local laws and culture can be the difference between success and failure, especially for smaller firms. The IPR Help desk in China also delivers expert advice on intellectual property matters in or relating to China.

Market Access Teams have also been set up in 30 key export markets, while EU delegations, Member States, and EU business organisations are sharing experience and know-how in an effort to overcome trade barriers. The EU is also intensifying its efforts to reduce non-tariff barriers by using its trade policy to further open up sectors that are still largely inaccessible for SMEs, such as services or public procurement markets.

Go online for more information:
http://ec.europa.eu/small-business/most-of-market/international-business-outside-europe/index_en.htm

Help for 'going international': Enterprise Europe Network

Entering new markets can be a daunting task. Finding international business partners, getting EU funding and sourcing new technologies can make all the difference. That's where the Enterprise Europe Network comes in.

The Enterprise Europe Network brings together 589 business support organisations from across 47 countries including all 27 EU Member States. **Over the past two years, the network's 3 000 staff on the ground have helped over 2 million SMEs in their ambition to 'go international'** – for example by organising partner-finding events and acting as a one-stop shop for expert advice on issues as diverse as intellectual property, EU law and standards. Recently the Network has opened 15 contact points in China and South Korea, giving European SMEs easier access to these attractive markets.

Go online for more information:
http://ec.europa.eu/small-business/support/contacts-services/index_en.htm

Time to go global

While tapping into Europe's domestic market is the priority for most SMEs, looking further afield for faster-growing markets can bring great rewards.

Research shows that just one in eight SMEs has done business with international partners from outside the EU over the past three years. However, those trading outside Europe have seen greater growth in employment and turnover.

The EU is investing in support for companies looking to go global. Support offices – like the European Business and Technology Centre in India – can help SMEs to understand emerging markets. EU business centres are also in







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