The PPP picture today - how it is seen by an SME.

One experience.

4 questions:
- In which way the PPP is NOT "business as usual"?
- Justification for the continuation of a PPP in manufacturing after 2013
- Which commitment from the private side?
- Which technologies can be covered in the future?
In which way the PPP is NOT "business as usual"?

*In business, Partnership means Sharing efforts and results:*

In PPP we do not share results, and we share just SOME efforts, usually decided by the "Public Partner": mainly on financing, deciding over the topics of interest, evaluating the bids.

Nothing about: management, human resources, quality, competition..., fundamental things for SMEs

That's why we cannot call it Partnership, but LIMITED Partnership (limited in the sense of poor, scarce...).

*In business, SMEs normal behaviour contains (for example):*

- not involving too much liquidity at once,

- fully deciding on its ownership,

- making savings as much as possible (reducing costs),

- founding the activity on strong, confident (sometimes even friendly), long-term relationships,

- being very flexible in decisions; fast correcting errors is more important than being predictive
In which way the PPP is NOT "business as usual"?

How the PPP works in a real example:
Structural Funds mechanism, Research Investment, 16 million euro, 60-40 between Public and Private

- The SME lacks of enough money, however the PPP asks SME to pay ALL the money, reimbursing later on;
- The reimbursement is done long time after the payment (4-6 months), when absolutely all is SAFE for the Public Partner;
- Till the reimbursement, the owner of the goods is SME, however the Public Partner is putting constraints on how to use the goods, even for that period (for instance, the SME is not allowed to use these goods as collateral for credits);
- In order to be reimbursed for a better amount, the SME should pay AS MUCH AS POSSIBLE up-front;
- The bid could be organised around "the cheapest price" or on the "best balance price-quality", however when something is of fundamental importance in SME Investment these criteria do not work;
- "What was said is said": despite the visibility in the Research Investment is very low, especially for the High added value activities, the SME should keep the original acquisition planning (the plans are usually made one year before the start of the project).
In which way the PPP is NOT "business as usual"?

So that,

For the time being:

The Partnership is only LIMITED Partnership (Conventional)

PPP does not respect the business rules AT ALL; in this sense we can name it "not business as usual"

PPP is not a SUPPORT for SMEs, yet a REWARD, since everything from the Public comes at the end or when everything is completely sure.

The Structural Funds mechanism (as PPP) is an ANTI-ECONOMIC approach in the most part of it.

We may add the suffocating bureaucracy and the lack of homogeneity for the control regulation (each National body may add any criteria it wants, complicating even more the procedure).
Why to continue the PPP?

1. Because the PPP is one of the very few SUSTAINABLE scenario for the globalised world in which the SMEs could find an aggregate place for their efforts.

2. Because the Principle of Cooperation is very well defined, the contrary to how bad it is implemented.

3. Because is definitely much easier to correct even anti-economic aspects inside the created mechanism, than to "invent" something new that might become credible in a short period of time.

4. Because, with some efforts, the PPP could address also the Social aspects of the society, we are aiming so much at, being the precursor of the further Public Private Social Partnership.

5. Because the PPP mechanism, well implemented and business oriented, is the right place in educating the National, Regional authorities to respecting economic and social rules that usually they do not care.

6. Because in the PPP mechanism, the excellence of the SMEs could be brought together around some futuristic topics, otherwise inaccessible for them.
Which commitment from the Private side?

The only commitment possible is doing FAIR Business.

However, the PPP should be business-oriented and not politically-oriented.

We should understand SUPPORT as REAL HELP for the economic environment, not REWARD to the political one.

For an SME, simply "creating jobs" is a NON-SENSE request.

However, creating jobs as a consequence of solving necessary problems might be a realistic aim.

Finally, we want to remember that in communism the wording of the documents was usually very good, very attractive.

The only issue was the meaning of it in the real life: exactly the opposite of what was expected.

We strongly hope in keeping PPP far away from this trap.

THANK YOU!

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