



How can we make the EU a better place for SMEs?

EUROCITIES response to the European Commission's consultation on the review of the Small Business Act (SBA)

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The future SBA needs to have a strong territorial dimension

The majority of SMEs are created and grow in cities. Entrepreneurship and small businesses are key to achieving both the Europe 2020 strategy goals and territorial cohesion. They contribute to fostering social and economic cohesion at local level, they stimulate economic activity, job creation and help integrate the unemployed or other disadvantaged groups into work.

It is important that the future SBA recognizes the key role played by local authorities in applying its principles and guidelines. City authorities, in partnership with local organisations, offer business opportunities as well as the combination of services, support and infrastructure that entrepreneurs and SMEs need. They are therefore well placed to define the most appropriate strategies to foster a favourable environment for the development of small businesses and the creation of new jobs:

- City authorities know the conditions and nature of the local economy (sectors, opportunities, strengths, weaknesses, and needs, e.g. for skills and premises).
- They are in regular contact with local stakeholders involved in job creation. These include universities, local employment agencies, business associations and professional organisations.
- They control many elements critical for business development, such as planning, environmental and health regulation, transport services and infrastructure and, in many cases, vocational education and training.

City authorities apply SBA principles when developing policies and programmes tailored to the specific needs of local entrepreneurs and small businesses, for example:

- developing and managing business incubators and 'next step' premises¹ (SBA principles 1 and 4)
- encouraging local networking, for example between businesses, supply chains,

¹ For example Lisbon city incubators and startup Lisboa <http://startupilisboa.com/>

service providers and property owners² (SBA principles 1 and 4)

- making themselves more responsive to SMEs needs³ (SBA principle 4)
- developing synergies between local companies, universities and research, linking knowledge flow and transfer⁴ (SBA principles 1, 4 and 8)
- launching and supporting clusters offering a wide range of business support services to local companies⁵ (SBA principles 1, 4 and 8)
- hosting business support offices⁶ (one-stop-shop) aiming to meet all companies' needs and to provide advisory services (SBA principle 4)
- helping local small businesses maximise access to both public and private procurement opportunities, for example through dedicated online tools⁷ (SBA principle 5)
- providing financial incentives for business development, including in deprived areas. Cities in some member states can, for example, help small businesses with initial investment (seed money) that will help stimulate their growth, with the long term aim of encouraging private sector investment (SBA principle VI). Some cities have also developed specific solutions for small businesses facing temporary cash flow problems, for example for shop owners when street works prevent customers from easily accessing shops⁸ (SBA principle 6).

Reducing the administrative burden

- All proposed actions aiming at reducing the administrative burden for small businesses are welcome.

Access to finance

- Financial instruments developed at EU level, including the European venture capital fund, are welcome and should be easily accessible for SMEs:
 - They should be easy to use; procedures for use of the financial instruments should be the same in all member states;
 - Information has to reach local entrepreneurs. National contact points or helpdesks should be set up to provide information and assistance to SMEs wishing to access financial instruments;
 - They should easily be combined with other European funds, in particular the structural funds.
- We support the Commission's proposal to develop alternative sources of finance, in particular by removing obstacles to crowd-funding. Cities such as Berlin⁹ are already supporting crowd-funding by establishing digital platforms to connect

² For example Gijón's platforms for business development, connecting SMEs and big business <http://tinyurl.com/l82rc6e>

³ For example, Goteborg business navigator www.businessnavigator.org.uk/

⁴ For example, Amsterdam Centre for Entrepreneurship <http://www.ace-amsterdam.org/>

⁵ For example, 22@Barcelona <http://www.22barcelona.com/>

⁶ For example, Barcelona Activa <http://tinyurl.com/l4wsksc>

⁷ For example, the Glasgow procurement portal www.glasgowbusinessportal.co.uk/

⁸ For example, the city of Reims

⁹ <http://www.crowdfunding-berlin.com/en>

micro-funders to locally based start-ups. Such schemes should be promoted at EU level and regulatory barriers to further develop alternative sources of funding should be removed.

Promoting market access for SMEs

- We welcome the planned expansion of the Enterprise Europe Network. It plays an important role to facilitate the access of local and regional SMEs to the single market and beyond. Enterprise Europe needs appropriate resources to facilitate access to markets for small businesses.
- City based clusters are valuable tools to help drive economic development as they bring together businesses, research institutes and various elements of supply chains. City authorities provide financial, human resources and infrastructure support to these clusters across the EU. We welcome the European Commission's intention to reinforce cluster cooperation within Europe and to assist 100 cluster organisations through twinning schemes by 2020.
- We look forward to the forthcoming European Commission strategy on SME internationalisation and suggest that it includes:
 - advice and support on attending international fairs
 - the continuation of 'Missions for Growth'
 - identification of strategic partnerships abroad (i.e. clusters, technology centres)
 - information support to access international tenders

Releasing entrepreneurial and innovation potential for growth

- The scaling up of the Erasmus for entrepreneurs programme is appreciated and awareness of the programme should be raised.
- Tailored support for women entrepreneurs, senior entrepreneurs, migrants, minorities or other specific groups of potential entrepreneurs is very important and should be developed. This is essential in large cities, which are meeting places for different cultures. This cultural diversity sustains and promotes creativity, innovation and competitiveness. Many cities have developed specific programmes to foster inclusive entrepreneurship and these have led to encouraging results¹⁰.
- The future online platform for women entrepreneurs (to be launched in 2015) should involve local authorities as they have a great deal of experience in supporting women entrepreneurship. We need in particular to support organisations specialised in promoting women entrepreneurship. These organisations, which already exist in some cities¹¹, help address specific issues faced by women entrepreneurs in the start up and development of their activities, through individual training, support and advice. These types of initiatives are proven to be successful¹² and should be encouraged and supported by European

¹⁰ See 10 examples in the EUROCIITIES publication 'Cities supporting inclusive entrepreneurship' (2013) <http://tinyurl.com/oz999sr>

¹¹ For example the Women's organisation in Liverpool <http://www.thewomensorganisation.org.uk/>

¹² See results from Gothenburg's 'Turn international' and Munich's 'Guide' projects in our publication <http://tinyurl.com/oz999sr>

funding programmes.

- We welcome the proposal to support Member States and regions to develop models for effective start-up and growth centres, and underline the importance of also supporting cities in such efforts. Most cities have developed start-up and growth centres and have therefore contributed to the creation of sustainable businesses and jobs. Their efforts should be further supported at EU level and shared with others.
- The proposal to set up a European Cluster Growth Policy Platform to exchange policy experiences and work together to develop a shared methodology for cluster policies is a positive development. Local authorities should be key players the platform.
- Setting up dialogue with emerging industries is key to local authorities. This is particularly relevant for the creative industries, which provide up to 10% of local jobs in large cities. City authorities have developed specific support schemes for such industries that should be further supported and shared.

Boosting skills development

- Actions to improve entrepreneurship education, business competences and skills for both future and new entrepreneurs are essential. These should be implemented and available at all educational levels and during professional career development. Particular attention could be paid to overcoming the fear of failure and to fostering innovation and creativity in small businesses.