

Family Businesses Exit Strategy and Sustainable Recovery Proposals: the answers from responsible capital

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Summary

As the rate of infections and deaths are on the decline in certain countries, it is now vitally important that we start to think about how we will exit from this crisis and how we will plan the economic recovery. What is sure is that the path that Europe chooses now will have a huge impact on the future of Europe, not just on this generation but for generations to come.

Exit Strategy

1. **Coordination is Key:** EFB calls on the European Commission to stick to the roadmap and bring Member States on board, with a clear standard advised procedure and timeline.
2. **Safety-first approach:** The EU should immediately work to facilitate a safe return of freedom of movement for goods, services and workers, establish a common EU standard for testing and support the purchasing of personal protective equipment for smaller and mid-size companies.

Sustainable recovery

3. **Planning for a sustainable recovery:** We must unleash the potential of the Single Market levelling the playing field for businesses of all sizes across Europe, whilst private investment must be re-incentivised. This is the best way to re-establish Europe's opportunities for prosperity for all.
4. **A sustainable future:** The European exit strategy and recovery plan must incorporate the major objectives of the Green Deal. It must ensure that Europe maintains its economic leadership.
5. **Training and Education:** It must also promote education, training and innovation as crucial assets to promote sustainable and inclusive growth.
6. **Mid-Sized Companies:** These companies have been neglected in the response to the crisis and now we must address this neglect with specific measures.
7. **Global Europe:** Europe must remain open to trade with the rest of the world.
8. **Supporting family businesses:** It is vital that we support the ownership model of family businesses so that they can continue to fulfil their crucial role. The burden must be evenly spread.

The family business response to the crisis

Our society is continuing to face an unprecedented challenge caused by the outbreak of COVID-19. EFB continues to send its sympathies to those families who have already lost loved ones and to those who are battling the illness. The outstanding work of our health services, businesses and workers has been of paramount importance to get us through. Our sincere gratitude goes out to them. They have shown courage and determination in working to limit the spread of the disease and treat those who have been suffering, whilst bravely working to maintain the essential goods and services that our society depends on. EFB would also like to thank the European Commission and Parliament for their hard work throughout the current crisis, in particular for quickly activating existing instruments to provide liquidity to businesses.

Family Businesses, as well as many families with their philanthropic foundations, have worked hard to help governments and society throughout the crisis, with many adjusting their means of production to create essential products and provide essential services. **Family Businesses, as well as their Family Foundations, care for their communities and they have demonstrated their commitment.**

Now that emergency actions have been taken by our governments¹ and the rate of infections and deaths are on the decline in certain countries, it is undoubtedly important to start to think about how we will exit from this crisis and how we will plan the economic recovery. **It is vitally important to remember that this recovery plan will have a huge impact on the future of Europe, for generations to come².** In this paper, EFB will present its vision on how best to exit from the current crisis and how family businesses, as the backbone of the economy, should be supported to rebuild and play their key role in the economic recovery.

Implementing an Exit Strategy

Coordination is key

In light of the COVID-19 crisis, due in part to how the virus spread differently across the Member States, a coordinated plan struggled to be established. Understandably, certain Member States were quick to close their borders in the hope of limiting the impact on their citizens. However, it is vital now that, as Member States start to slowly lift their restrictions, it is preferably done in a coordinated manner **with robust common guidelines and protocols.**

As such, EFB welcomes the European Commission's 'roadmap to lifting coronavirus containment measures' and urges the Commission, as the ideal institution, to coordinate with the Member States to ensure that we exit the crisis in a timely fashion. Europe must stay united during this testing moment and we must ensure that we mitigate, as much as possible, the economic and social impact of this pandemic. We are heading into one of the most difficult and unprecedented economic challenges the world has ever encountered and we need to remain united. EFB strongly supports unity and solidarity between Member States in the EU and deems it as vital in the post COVID-19 era.

¹ EFB Position on COVID-19 -

<http://www.europeanfamilybusinesses.eu/uploads/Modules/Publications/european-family-business-position-paper-on-covid-19.pdf>

² The New Europe: the Family Business Vision -

<http://www.europeanfamilybusinesses.eu/uploads/Modules/Publications/pp---the-new-europe-v3.pdf>

Safety-first approach

Restarting the European economy requires coordinated and strategic planning. **The recovery from the crisis will not be symmetrical and it will take certain states, regions and sectors longer than others to recover.** It is crucial that we work together to help the most vulnerable and hardest hit areas and create a supportive environment for recovery.

The reconstruction of our industry will require a step-by-step approach which ensures a safe working environment for all. Many companies have remained open for business throughout the crisis; however, many sectors have faced challenges due to a lack of workers, parts or services. To alleviate these issues, **the EU should immediately work to re-establish the freedom of movement for goods, services and workers.** The sooner we guarantee the proper functioning of the single Market, the sooner our economies will start working again.

Family Businesses care for their employees and their customers. Their security will always be the priority when companies plan their restarts. But if we want to re-establish the freedom of movement, the safest possible conditions and ability to test workers must be provided. **Employees returning safely to work is vital for the restart of our European economy.** All relevant safety equipment, including personal protective equipment, should be made readily available for all employees **and the EU should support the purchasing of this equipment for smaller and mid-size companies.**

The European Commission should establish a common EU standard for testing in order to vet all travellers and workers prior to their border crossing. This testing should include a virus test followed by the option of a voluntary immunology test. Those who test negative for the virus should be allowed to travel freely, at least, throughout the Schengen zone.

Common standards for social distancing should be introduced in the workplace and should remain in place until told otherwise by the guidance of the World Health Organisation (WHO). These provisions are vital to ensure that the disease does not spread through the workplace and that companies can get back to running effectively and safely. These measures will ensure physical safety but also provide psychological reassurance for workers that they are safe and the risk of contracting the disease is limited. **Member states should facilitate discussions between worker representatives and the relevant industry so that sector specific safety measures can be introduced.**

Planning for a sustainable recovery

The outbreak of COVID-19 has provided us with the chance to assess our means of production and how we work across Europe. More specifically, it has enabled companies to fully understand their supply chains, structures and the risks involved. The EU must try and deliver an economic recovery that not only faces the enormous challenges caused by the pandemic, but also the major issues associated with digitalisation and decarbonisation. As such, **what is needed now, along with a European exit strategy, is a recovery plan that incorporates the major objectives of the Green Deal, but also guarantees the economic leadership of the European economy³.**

³ EFB Position of the Green Deal -

<http://www.europeanfamilybusinesses.eu/uploads/Modules/Publications/pp---european-green-deal.pdf>

Sustainable Investment in the Single Market

The single market remains an important asset for family businesses currently operating across Europe. With its intelligent combination of common rules and competitive freedoms, it is an outstanding success of the European integration process. Despite the best efforts of various stakeholders, it remains incomplete and distorted. Certain support measures which have been implemented during the COVID crisis have exacerbated these problems even further. **Now is the time to unleash the full potential of the single market.** Doing this effectively would result in levelling the playing field for businesses of all sizes across Europe and creating the best possible economic and trading conditions.

We also do not want to close Europe for businesses, both internally and externally. **Private investment in the Single Market must be re-launched and incentivised, so as to strengthen Europe's opportunities for growth. This presents the best possible opportunity to rebuild.**

Sustainability

Ensuring that our businesses operate sustainably will remain a key priority for the future. The UN's Sustainable Development Goals are a vital compass for the post COVID-19 era. Family businesses have been, and will continue to be, part of the transition needed towards a sustainable future for generations to come. Many family businesses have already adopted the Sustainable Development Goals in their businesses daily practises and have already started their transformative journey to becoming ecologically, socially and economically sustainable. **We must ensure that the recovery plan facilitates this transition in an economically viable way.**

Training and education

Prior to the crisis, businesses in all sectors were going through profound changes due to important disruptive technological and environmental changes. The COVID-19 crisis has made us abruptly aware that we now live and work in a digital world. This is only the beginning. Jobs and responsibilities will change rapidly in any business, including family businesses. Lifelong learning is of paramount importance in order to protect jobs and to make businesses more agile in a post COVID-19 era. For this reason, and in order to guarantee the sustainable European social model, **we must invest urgently in education and training as the main assets to promote sustainable and inclusive growth.**

Mid-Sized Companies

Currently, in certain Member States **mid-sized companies have been neglected** with no clear access to support measures. Many of these companies are regional champions and harbingers of innovation who have often led the way. **We must create specific measures to help them recover from the crisis.**

Global Europe

In the aftermath of the crisis, the EU must review and adjust its contingency plans, emergency reserves, and ensure the robustness of supply chains in Europe. But there can be no doubt that **Europe must remain open to trade with the rest of the world.** The prosperity of Europe depends on it being an outward looking champion of free and fair trade.

Research and Innovation

European innovation is key to driving the growth of our economies. The next Multiannual Financial Framework (MFF) is key to restarting our economy. **The European Commission should dedicate as much of its budget as possible to ensure that we can maintain and promote our innovative capacity.** Innovation drives entrepreneurship and provides people with the freedom to use their creativity to improve our society, giving us a greener, more sustainable future. Innovation will also be driven by Artificial Intelligence (AI). Many family businesses are already using AI in many ways; however, these types of innovations must be quickly accelerated in order to make Europe stronger in a global business environment. For this acceleration, the right fiscal and/or financial measures are needed, directed to Member States from the EU. **Europe can become the home of sustainable innovation and, with their long-term strategies and values, family businesses can drive this sustainable drive.**

Supporting family businesses

What has been highlighted during this crisis is the strategic importance of our family businesses. Unfortunately, many family businesses will be facing ownership challenges due to their depleted finances. Family businesses have solid and robust finances by nature, and many long-lasting family businesses have survived many crises before as a result of this. **It is vital that we support the ownership model of these companies so that they can continue to fulfil their crucial role and remain robust, reliable organisations. We need to ensure that the fiscal burden is spread evenly, and policy makers must avoid putting all the fiscal burden of the recovery on businesses that continue to provide jobs and value to all stakeholders**

Family companies still need recognition of the indisputable and valuable contribution that responsible owners make to support and maintain stable local and regional economies. Processes affecting businesses and limiting innovation, including the transfer of business, administrative burdens, or the fiscal treatment of equity, need to be addressed.

Now is the time for Europe to come up with a holistic strategy that not only facilitates our exit from the COVID-19 crisis, but also facilitates our recovery. In doing so, it will effectively demonstrate its importance, not only to its citizens, but to the rest of the world. Family businesses are ready and willing to fully support a strategy and will do their part to help rebuild the economy.

European Family Businesses (EFB) is a federation of 15 national family business organisations. European Family Businesses strives to make political decision makers aware of the contribution of family businesses to society and to promote policies that are conducive to long term responsible entrepreneurship. Our members represent a turnover in excess of one trillion Euro, and over 9% of European GDP.