

INTERREG EUROPE PROJECT “SUCCESS ROAD” DRIVES INTO THE FAST LANE

Under the Interreg Europe Success Road project, the Success Road project partners met in Vilnius with Lithuanian public and private stakeholders to discuss the succession challenges of family businesses. The meeting was topped off by a visit to the Garlita textile manufacture in the city of Kaunas, Lithuania’s second-largest city and heart of its manufacturing industry.

Family business in the European context

What is a family company exactly? For the Lithuanian Apparel and Textile Industry Association, family firms are companies where a single family has the ownership and control of management positions. In Europe, they represent more than 60% of all companies and account for nearly 50% of all European private jobs. More specifically, family businesses make up 85% of all firms in Spain, 80% in Greece, and 75% in Italy, Germany, Portugal or France. Although striving in numbers, these companies are facing challenges. A Lithuanian Family Business Association representative described leadership, succession planning, wealth management, managing family relationships, raising capital and managing transitions and succession to subsequent generations as some of the areas where family businesses might need guidance.

A business-friendly climate for stronger SMEs

Given these challenges, stimulating competitiveness and innovation and ensuring smooth transfers of ownership are key driving principles of the project’s approach. The potential effects of government legislation on businesses’ success must always be factored in: a well-calibrated regulatory framework can help guide and bolster business in a given region. Lithuania is one such example of a country that means business when it comes to supporting entrepreneurship: the delegate from the Lithuanian Ministry of Economy and Innovation explained that Lithuania has been ranked fourth for the ease of starting business in the EU, fifth in fulfilling ICT business needs globally, and second most attractive destination for manufacturing at global level. The country has taken it upon itself to promote entrepreneurship and these strategic efforts have proved fruitful: five times more start-ups have been created in the last five years. Improving the business climate of a region will result in prosperous companies that are more resilient to change, ensuring stable and long-term economic activity and job creation.

Learning from the success of others

Project partners had the opportunity to visit the headquarters of the Garlita company. Founded in 2002, the 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 that means innovation in their products, or innovation in the way they work and take advantage of latest technologies. By digitalising all its management, the company's costs are now reduced and the majority of Garlita's employees are software engineers and technologists. The owner's two daughters, already part of the company's staff, are committed to prolong the success of their father's legacy.

The consortium will next travel to Poland, where private and public stakeholders will once more be gathered to assess key actions that policymakers have envisaged under their "succession package". In addition, it will be an opportunity to analyse what other measures could be adopted to improve the conditions for family business transfers – which can vary from simply increasing awareness of the relevance of transfer planning to ensuring appropriate financing conditions or preferential tax treatment.

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

Success Road Partners:

- **Ministry of Development and Investments (EL)**
- European Confederation of the Footwear Industry (BE)
- Hellenic Clothing Industry Association (EL)
- Valencian Association of Footwear Entrepreneurs (ES)
- Valencian Institute of Business Competitiveness (ES)
- Lithuanian Innovation Centre (LT)
- Mazovia Development Agency Plc (PL)