

BUSINESS BREAKFAST ORGANIZED BY ZSI

PLACE: VIENNA, AUSTRIA

DATE: 29.05.2019



1. Introduction

On the 28th of May 2019 ZSI hosted the second business and networking breakfast in the course of DTP INTERREG project DanubeChance 2.0., bringing together stakeholders of second-chance entrepreneurship. The objective of the business breakfast is to facilitate interactive exchange on national and regional ecosystems for second-chance entrepreneurs. Moreover, their scope is to provide a better understanding of good and bad practices, policy niches and available toolsets for improving regional policy instruments on second-chance entrepreneurship.

In preparation of the meeting the project members conducted a screening of the policy landscape for second-chance entrepreneurship in Austria and identified relevant stakeholders. The stakeholders invited to join the first business breakfast hosted by ZSI included important stakeholders like business support organisations (private and institutional), investors and researchers in that field.

The following stakeholders took part in the business breakfast

- Agnes Hoffmann, Vienna Business Agency
- Maximilian Fürst – Insolvency-Remuneration-Fund Service
- Artur Schuschnigg, Austrian Chamber of Commerce, section legislative policy
- Christian Starzer – Austrian Chamber of Commerce, section economic service
- Regina Haberbauer – Online Plattform: Entrepreneurs in Distress
- Doris Kaiserrainer, fteval – Austrian Platform for Research and Technology Policy Evaluation
- Julia Balatka – Entrepreneur and policy maker (Grüne Wirtschaft)
- Harald Kugler – Austrian Economic Service, section Stabilization of SMEs
- Wolfgang Haider, ZSI-Zentrum für Soziale Innovation
- Barbara Glinsner, ZSI-Zentrum für Soziale Innovation
- Gabor Szudi, ZSI-Zentrum für Soziale Innovation
- Natascha Ickert – Zentrum für Soziale Innovation

After a round of introductions Wolfgang Haider and Barbara Glinsner presented the background and the motivation of the DanubeChance2.0 project, as well as its aims with the aim of introducing the stakeholders present the wider context that the business breakfast is embedded in. The focus of his presentation lied on the main findings of the good policy practices which were presented during the 'Train the Trainer Event'. This input was provided as an important impulse for the subsequent

interactive discussion sessions among the stakeholders. The discussions were conducted in two groups for 25 minutes. These groups analysed gaps and possible instruments to support second-chance entrepreneurs, which were written down on cards. Afterwards, Wolfgang Haider and Barbara Glinsner summarized and presented the discussions to the whole group.

2. Key outcomes of the interactive discussions

Discussions on table one

Two important moments during entrepreneurial activities were discussed. One critical phase is three years after the foundation of the company. The other one is in the period of an insolvency procedure. Focusing on the former, start-ups benefit from tax and other legal exemptions up to three years. After this period of time, all of these privileges are not available any more. However, this collides with the growth stage of an enterprise and additionally, the first weaknesses of a business model/plan or weak management implications might occur. This benefit system which does not include any obligations is seen critical by the stakeholders.

If the warning signals are ignored the company has in the worst case to undergo insolvency procedures. Timing and proactive involvement of the failed entrepreneur is crucial in this period. However, insolvency procedures are often inaugurated too late. A change in the mind-set and education about efficient management processes and constant evaluation mechanisms, even in the early stage of founding, would help entrepreneurs to foresee possible failures. Moreover, they are more willing to seek help if challenges occur.

It was discussed if implementing a license system, to be allowed to start a business, might be an efficient option. To get such a business license, one might complete management and financial trainings for instance. If the trainings are completed, it could also be connected to benefits. This system could replace the three years of benefit system without any liabilities.

Shortly after an insolvency procedure entrepreneurs are mainly left alone with their situation. What might help is to set up groups (either entangled to a support institution or completely independent) where failed entrepreneurs can on the one hand build up a network with other failed entrepreneurs and on the other hand get personal support by sharing their difficulties. It would be important to not

only report about their failures but to analyse and, in the best case, rethink their mistakes. Collaborations with business support organisations help second-chance entrepreneurs to connect with consultants and might be encouraged to restart.

Discussion on table two

The discussion in the second group of participants focused mainly on the following four topics: 1) availability and visibility of offers for second-chance entrepreneurs; 2) target group management; 3) insolvency as an opportunity and 4) personal hedge.

First of all, the participants debated the availability and visibility of support measures for second-chance entrepreneurship. While representatives from business support organisations stated that there are services available, especially for entrepreneurs in crisis, both online and offline, others claimed that these offers are lacking. The participants agreed on the fact that the existing offers are not visible enough and that they don't reach the right people. It was agreed that communication efforts from the side of business support organisations should be intensified regarding second-chance entrepreneurship and crisis situations in enterprises.

Related to this, the representatives of business support organisations highlighted that a key aspect of their work is to offer services that are tailored to different target groups. Therefore, they continuous evaluation of their services is necessary to provide adequate consultancy. However, providing tailor made support is also a question of existing resources, both from a financial and a human capital perspective. In conclusion, available support measures, even though they exist in some areas for second-chance entrepreneurs, are limited to cover only a certain range of services. This means that making special services for second-chance entrepreneurs is not always the best solution, as they can also benefit from already existing offers for entrepreneurs in general.

Besides the discussion on target group management and availability of services, the participants also engaged in discussions about the meaning and status of insolvency procedures and the stigmas that come with it. It was mentioned that insolvency should not only be seen as a measure to close down a business, but also as a way to rehabilitate an enterprise. This is a specific feature of Austrian insolvency procedures and it should be highlighted that modelling insolvency procedures according to this approach could be a valuable input for other countries.

In addition, it was also raised by the participants that speaking about second-chance entrepreneurship and restarting should not supersede the need for personal hedge, meaning that the first important step after a failed business is to look after the wellbeing of the entrepreneur and to cover his existential needs. If this is not being taken care of than the potential timeframe for restarting a business is also extended considerably.

Besides these discussion, participants also raised issues such as voting rights of entrepreneurs in insolvency procedures in the economic chamber, the difficulty of finding the right legal form for an enterprise and the related challenges or a fitting system of trade and industrial regulations.

3. Conclusions and recommendations

The discussions of the participants showed different perception of the topic prevailing in the different stakeholder groups. Through engaging in discussion on these ambivalent topics the understanding for the other side was raised and therefore the topic of second-chance entrepreneurship was put on the agenda in a mutually beneficial way. Some possible measures that could be deducted from the meeting are:

Measures:

- Implementing management trainings in the early stage of founding
- Set up “self-help” groups for failed entrepreneurs in the phase of insolvency or other critical phases
- Increase communication efforts from business support organisations for existing offers and services towards second-chance entrepreneurship
- Provide tailor made support for entrepreneurs without overspending resources
- Evaluate and eventually reform trade regulations