

»» Status report on SME succession 2023: Despite successor shortage, three quarters of successions will be sorted by the end of 2024

No. 450, 12 February 2024

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On average, 125,000 SME owners will seek to transfer their businesses to a successor every year until the end of 2027. Their withdrawal plans have picked up pace recently, according to the new **Status report on SME succession**.

While there continues to be a strong desire for family succession, there is waning interest on the part of possible succession candidates. This is driving closure plans. Generally speaking, the shortage of suitable successors is by far the largest hurdle for businesses. Entrepreneurial appetite is insufficient and has recently dropped further. In particular, there is limited interest in taking over existing business structures. Overall, there are only around half as many takeovers as SME succession planners each year.

The succession gap will likely widen. Demographic change is increasing the number of older business owners thinking about a transfer. Already, one in three is at least 60 years old. The worsening shortage is placing higher demands on the generation of seniors. As succession requires planning, and given the hurdles that need to be overcome, it is pleasing to see that the level of planning of current owners is now better than ever before. The number of successions already organised has reached an all-time high.

Every year, the Status report on SME succession prepared by KfW Research informs about current developments on business succession in Germany's SME sector.¹ On the basis of data from the KfW SME Panel², the report builds on a broad understanding that comprises not just the plans of large family enterprises but also the aspirations of micro-businesses and sole traders.

SMEs are keener to get their succession sorted. Each year, 125,000 owners aim to hand over their business

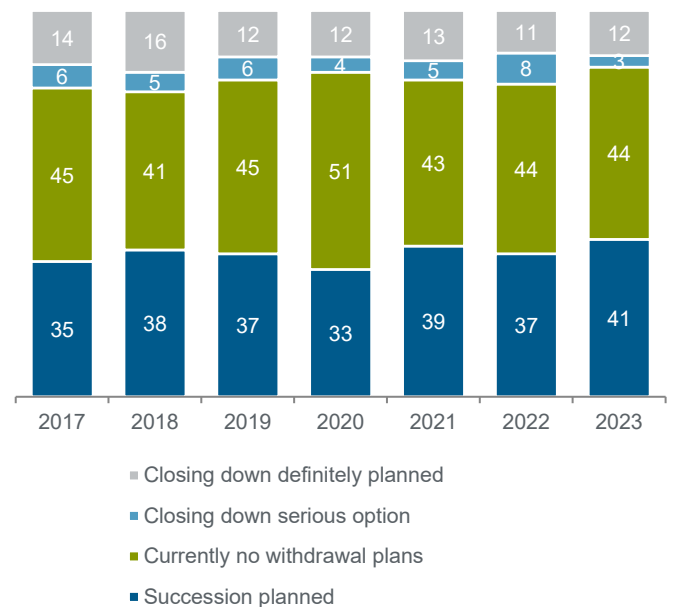
The Status report on SME succession 2023 illustrates that the withdrawal plans of SME owners are picking up pace at the current margin. In the short term alone, around 224,000 owners of small and medium-sized enterprises plan to stand down and place their business into the hands of a successor by the end of this year (measured from the survey date of spring 2023). That amounts to six per cent of all small and medium-sized enterprises (SMEs) in Germany by the end of 2024.

In addition to short-term succession plans, medium- or longer-term succession plans have also increased moderately. Thus, 11% of all SMEs want to complete their succession at least in

the medium term (within the next three to five years). If we look at this overall five-year period, around 626,000 of all the 3.81 million small and medium-sized enterprises in Germany seek to complete their succession by the end of the year 2027.

That means around 125,000 business successions would be completed each year up to and including 2027 – if indeed all business owners were to actively pursue and implement these plans. Even with great effort, many businesses will likely not succeed in their endeavour. A number of hurdles can cause succession processes to get stuck or fail altogether. Planned or unplanned closures ultimately reduce the number of completed successions as well.

Figure 1: Key data on the continuation of SME business structures



Succession and closure plans of SME owner-managers after their withdrawal from the business (shares in per cent)

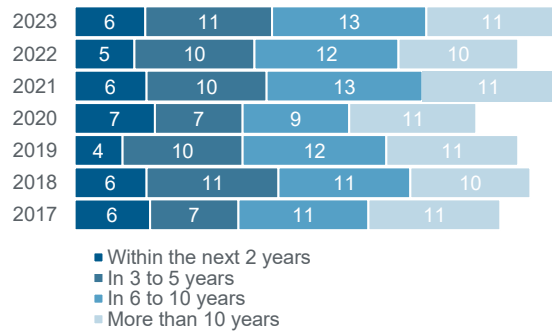
Source: KfW SME Panel 2017–2023.

However, one trend appears to be emerging: More and more entrepreneurs are dealing with the topic of succession. In the past six years, the share of owners aiming to hand over their business increased from 35 to 41%. For a structural aspect, that is a relatively significant change in a relatively short time. It is likely caused by the rapidly advancing ageing of SME

owners. This is causing demand to rise and increasing the challenges of the generational transition in the SME sector.

Figure 2: Time horizon of planned successions

Planned time of withdrawal of SME owner-managers with succession plans, reporting years 2017–2023 (shares in per cent)



Source: KfW SME Panel 2017–2023.

Family succession continues to be very important

The analysis of preferred SME succession variants reveals the familiar pattern: Family succession remained the preferred form of succession (Figure 3). The importance of family succession variants grew substantially at the beginning of the COVID-19 crisis³ and has since remained on a high level. Before the crisis, some 45% of business owners with withdrawal plans considered transferring their operations to a family member. That share even jumped to 61% in 2020. Currently, 57% of existing owner-managers who are thinking about transferring their business would prefer to leave it in the hands of a family member.

Roughly the same share of business owners was considering an external transfer or sale (for example, in the course of a derivative start-up). In 2023, this option was considered by 43% of owners with succession plans (-2 percentage points). Existing SMEs can generally be an attractive option for

external buyers. Potential buyers can build on a tried and tested business model (including a customer base, suppliers, orders on hand, staff, expertise, etc.) which should be viable in the majority of cases. Enterprises with succession plans are usually characterised by a good earning power, a strong equity base and robust finances.⁴ However, external successions often face obstacles compared with family successions. For example, information asymmetries are more pronounced, and external successions involve greater effort and time expenditure to be successful, including finding a buyer, planning, setting the price and negotiating.

Business owners considered transferring their business to employees much less often (28%). Handing the business over to co-owners was considered by 21% of existing owner-managers.

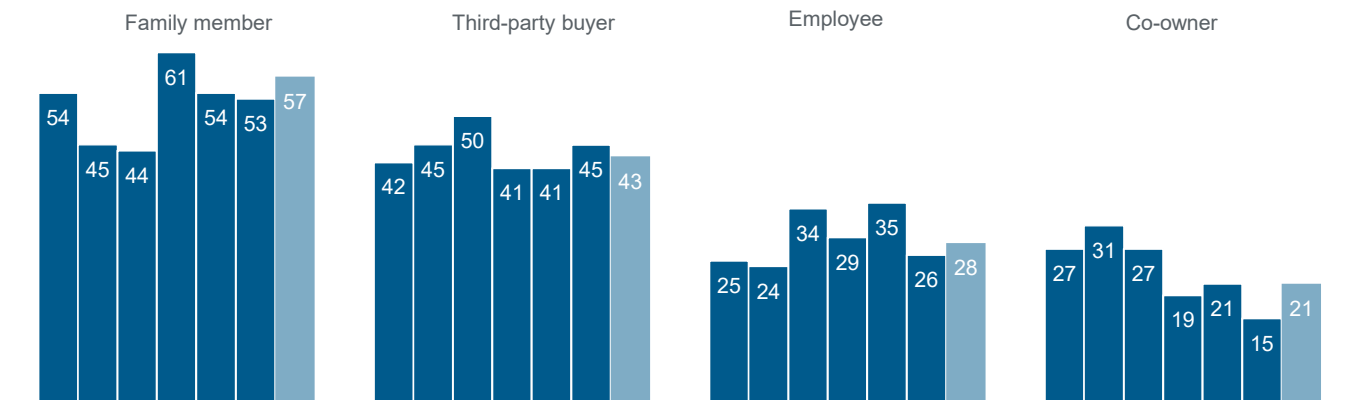
In the short term, only half as many planned closures as before

Although the economic situation would at least justify the effort involved in searching for a successor, owners sometimes decide to close or sell their business as soon as questions around the continuation of the business become relevant. Many therefore make a conscious decision to shut down their business.

Some 3% of all owners entertain plans of closing down by the end of the year 2024 – a period for which company assessments can be deemed reliable – assuming they can currently foresee their withdrawal from the business during this period. They either consider closing down as the only conceivable pathway for them, or at least as an option to which they give serious consideration.⁵ In other words, around 97,000 SME owners who were still active at the time of the survey (an annual average of around 48,500) will exit the market without a succession plan by the end of the year 2024 – assuming they actually put their closure plans into practice. This is roughly half the rate of the previous year.

Figure 3: Succession variants preferred by SME owners

Shares of enterprises in per cent



Note: Multiple answers were possible. Based on all SMEs considering succession (independently of the envisioned handover period). Analyses for the category 'employee' include only SMEs with employees. Analyses for the category 'co-owner' include only SMEs with several owners. Not including enterprises currently considering closing down.

Source: KfW SME Panel 2017–2023.

Waning interest of family members in taking over currently dominates motives for shutting down even more

Particularly given the persistently strong desire of the current generation of business owners to hand their business over to a family member, the causes for **planned** closures of small and medium-sized enterprises merit attention (Figure 4). Lack of interest of family members in taking over was the main or one of the main reasons for around two thirds (63%) of all foreseeable closures. What is more, more existing business owners reported that possible successor candidates from within the family were showing little interest than in the previous year (+13 percentage points on the previous year).

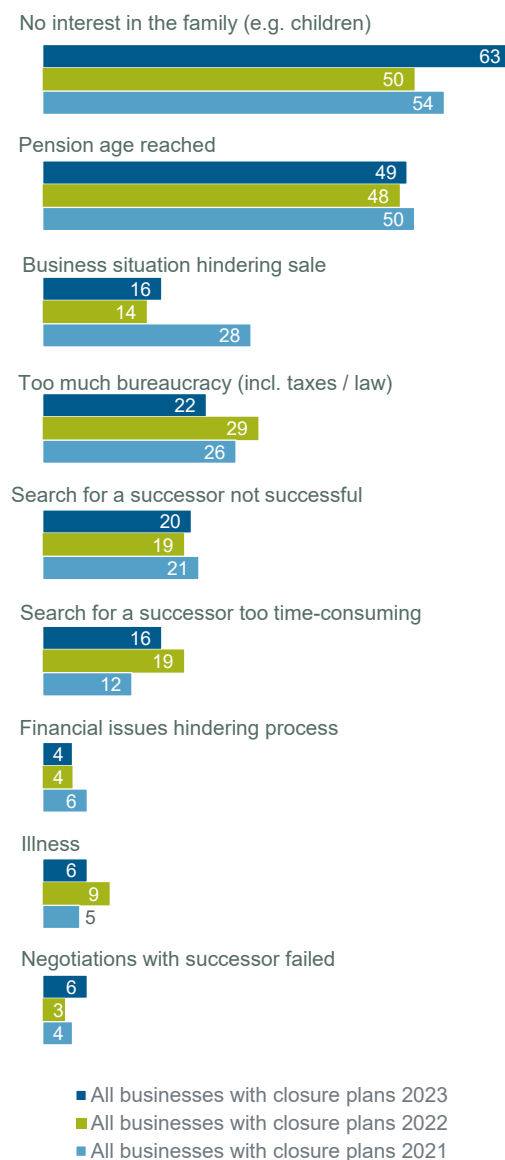
It is difficult to make reliable statements on the reasons for the (apparently growing) difficulty of organising family succession, especially since there are probably multiple possible explanations that come together. Chief among them is the natural demographic trend of the past decades. Potential successor generations are generally shrinking as a result of persistently low birth rates. Another aspect to keep in mind is that children of entrepreneurs learn first-hand about the difficulties, hurdles and, importantly, personal and financial sacrifices that can be associated with self-employment and entrepreneurship. This may act as a deterrent. The automatic assumption that children would follow their parents' career footsteps may also be less pronounced in this day and age. However, there is no reliable long-term data to corroborate this. Besides, there are quite positive signals as well. Thus, the Foundation for Family Businesses has determined that the upcoming generation (16 to 40-year-old representatives of family-led businesses) has growing succession preparedness, determination to take responsibility, entrepreneurial self-confidence and an appreciation for tradition.⁶

The approaching retirement age of business owners ranks in second place, with an almost unchanged percentage. In around half of all businesses with closure plans, the high age of the company owners plays an important role. The significance of this cause is foreseeable given the demographic development alone. The number of enterprises with older owner-managers has been growing continuously for quite some time. It therefore stands to reason that more businesses will close permanently due to age in the years ahead.

In addition to these two clearly predominant reasons, other factors have relevance but not nearly as much. Around 16% of all owner-managers with closure plans argue that the current business situation prevents them from selling (+2 percentage points). In this regard, previous studies demonstrated that the group of businesses intending to close down is characterised on average by a poorer financial situation and that organising a succession is typically more likely to be a challenge due to their lack of attractiveness.⁷ The significance of this factor already halved in the past year. The effects of the pandemic on SMEs were largely digested, and a general, vigorous recovery to the pre-crisis level and above took place.⁸ The bureaucratic effort involved in keeping the business alive through a succession acts as a deterrent that prevents one in five owner-managers from seeking a successor (-7 percentage points). The same share of owner-managers who have plans to close down stated that the search for a successor is too much effort – a nearly unchanged finding for the past three years.

Figure 4: Reasons for a planned business closure

Shares in all businesses with closure plans in per cent; multiple responses were possible



Source: KfW SME Panel 2021–2023.

One third of SME owners are already at least 60 years old

The foreseeable demographic development alone suggests that finding suitable successor candidates will become increasingly more challenging. Baby boomers are gradually retiring from the workforce. Their departure will leave gaps, including on the executive floors of small and medium-sized enterprises.

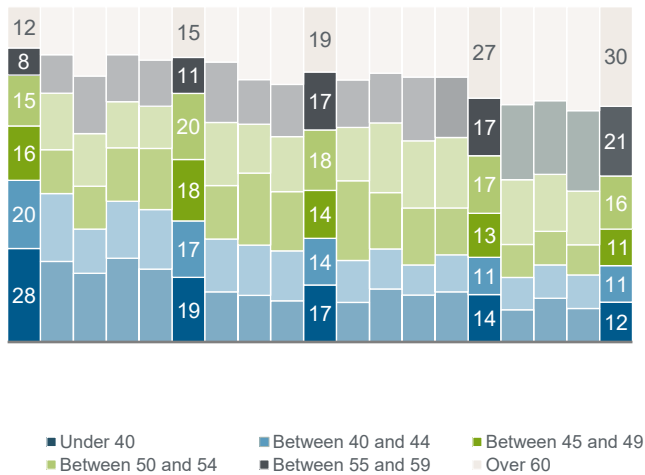
The number of entrepreneurs thinking about retiring and a possible succession will inevitably increase as the number of businesses with older owners grows. Already in 2023, 30% of business owners were 60 years old or older (Figure 5). That was around 1.2 million. Twenty years ago, it was a mere 12%. At the same time, the share of relatively young owners continues on a very low level. The average age of an SME owner-manager is already over 53 years (2003: 45 years).

Particularly at the current margin, where succession appears to be most urgent, the extent of the foreseeable demand is becoming clear: Business owners who are indeed looking for

a successor within the next two years are already 64 years old on average. The statutory pension age for this generation stands at a good 65 years. The demand for successors will inevitably grow, and unwanted business closures are likely to become noticeably more common.

Figure 5: Age structure of SME owner-managers

Age of SME owner-managers by category (shares in per cent)



Note: The count includes only those enterprises that were newly entered in the dataset in the survey year. Regular survey participants are excluded because the owners' age increased by definition. No data is available for 2004 and 2018.

Source: KfW SME Panel 2003–2023.

Little hope for rapid solution to shortage of successors, as entrepreneurial appetite is structurally weak and has recently decreased further

The shortage of successors has essentially resulted from two trends. One of them is the demographic imbalance briefly described above. The following generations are simply less numerous as a result of persistently low birth rates. The other is that the number of potential entrepreneurs is too low, as employable people have already shown a preference for salaried employment over self-employment for quite some time now. Entrepreneurial appetite has generally been on the decline for many years. What plays a major role is that the employment situation in Germany has been excellent for many years. In 2023, more people were gainfully employed than at any time since German unification in 1990 (around 45.9 million on average for the year).

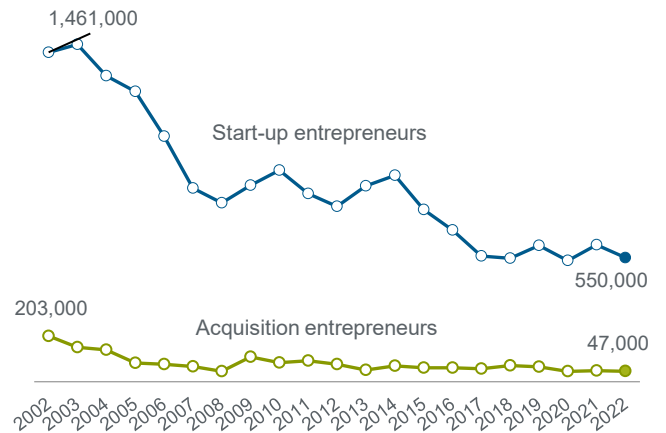
What all of this means is that the insufficient number of potential young business founders continues to be the bottleneck hampering business succession (Figure 6). According to the newest data from the KfW Entrepreneurship Monitor, the number of newly founded businesses has fallen again, dropping to 550,000 in the year 2022.⁹

The declining number of newly founded businesses in itself is not the only thing that matters, however. Rather, what merits attention is the very low number of 'derivative' start-ups. These are start-ups that build on existing business structures. In the year 2022, only 8% of entrepreneurs ventured a takeover (around 44,000, or -5,000 on the previous year). A further 6% at least became entrepreneurs by acquiring an active participation. By comparison: In 2002, these two categories still

made up 40% of total entrepreneurial activity (2010: 29% / 2015: 25%).

Figure 6: Start-ups in Germany

Number of business founders (total and takeover entrepreneurs)



Source: KfW Entrepreneurship Monitor 2003–2023.

Thus, each year there are currently only around half as many business takeovers as there are SMEs with succession plans. The Association of German Chambers of Industry and Commerce (DIHK) has also established that fewer and fewer people want to be entrepreneurs. The number of people interested in taking over a business who have sought entrepreneurial advice from a chamber of industry and commerce fell to a low in 2022.¹⁰ What is more: According to the DIHK report, for every individual interested in a takeover there were more than three businesses searching for a successor receiving advice. The gap has been widening constantly since 2012.

A special analysis conducted under the KfW Entrepreneurship Monitor clearly demonstrates why potential entrepreneurs have such a low interest in taking over a business.¹¹ It found that only one quarter of all prospective business founders even consider a takeover or active participation (24%). The search for an interesting business was unsuccessful for 29% of them. In the other cases, a takeover failed for other reasons, especially an excessively high purchase price. Bureaucratic expenditure, unsuccessful in-depth appraisals, lack of funding and excessively complex negotiations also played a role.

By far the majority of prospective business founders, however, do not even consider a takeover or active participation (76%). The main reasons for this include the desire not to become dependent on existing structures and the view that a takeover or active participation does not align with their business motive.

Many businesses deplore insufficient supply of suitable successor candidates

Given the lack of emerging business founders, it is safe to say that the difficulty of finding suitable successor candidates has consistently been by far the most frequently mentioned barrier to business succession (Figure 7). Three quarters of all SMEs see this as a barrier (74%), including those businesses that do not yet have any specific succession plans for the foreseeable future. The inadequate supply of prospective candidates is not the only problem – coming together is another one. It is

difficult for businesses and potential successors to get in touch in the first place because of the lack of contact persons and supra-regional networks. Business succession platforms such as www.nexxt-change.org address these obstacles by bringing businesses and potential successors together (see box).

Among the barriers to succession that were mentioned, agreeing on a purchase price followed in second place (30%), although a moderate decreasing trend can be observed. In general terms, the purchase negotiations must cover not just the different views about the value of the business but the detailed modes of payment.¹² The actors' different perspectives are likely to be a challenge in this context. Owners usually provide a retrospective assessment of the company's development (investment, expenditure, growth, emotional attachment, etc.). The successor candidate, on the other hand, is likely to focus on future potential and earnings opportunities (competitive situation, customer base, level of modernisation, etc.).

Bureaucratic pitfalls are now mentioned just as often, with 30% of SMEs now regarding bureaucratic expenditure as a barrier to succession. Not only do the stakeholders have to confront many things for the first time, including legal aspects.¹³ They must also navigate unfamiliar financial administration processes (income, inheritance and land purchase tax), trade offices, district courts (commercial register, property register), professional chambers, trade associations and labour offices. Business transfers necessarily involve administrative effort, especially a number of information and reporting requirements, which takes time and costs money. In 2023, 20% of businesses experienced the complex legal and tax implications of succession as a barrier.

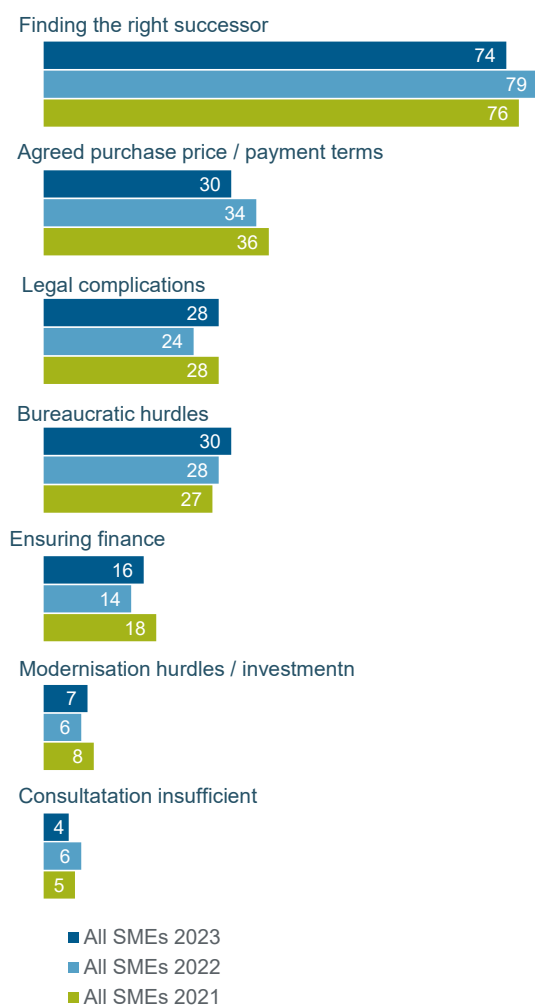
Nearly one in six businesses (16%) see the securing of funding by the successor as a further major obstacle.¹⁴ Possible modernisation requirements in the context of or lead-up to the succession are of concern for only a minor share of existing businesses (7%). A similarly low proportion of SMEs regard insufficient advisory services as a barrier (4%). Here, chambers of industry and business associations are the main source of information for SMEs (with information material, seminars and advisory sessions). Specialist literature and magazines are also important sources. Importantly, Internet portals in particular play a major role for younger business owners.¹⁵

Businesses planning their succession have recently been much better prepared than in previous years – imminent successions with finalised arrangements are at their highest level

It is obvious that decision-makers in SMEs have become acutely more aware of how very important it is to prepare the succession as early and intensively as possible in order for it to be successful. Those businesses that are aiming for a transfer are clearly more advanced in their planning. In 2023, 33% of all businesses planning a succession had already found a successor (Figure 8). Of these, 17% had already completed their negotiations. A further 16% were at least in negotiations at the time of the survey.

Figure 7: Barriers to business succession

Percentages of total SMEs in per cent; multiple responses were possible.



Source: KfW SME Panel 2021–2023.

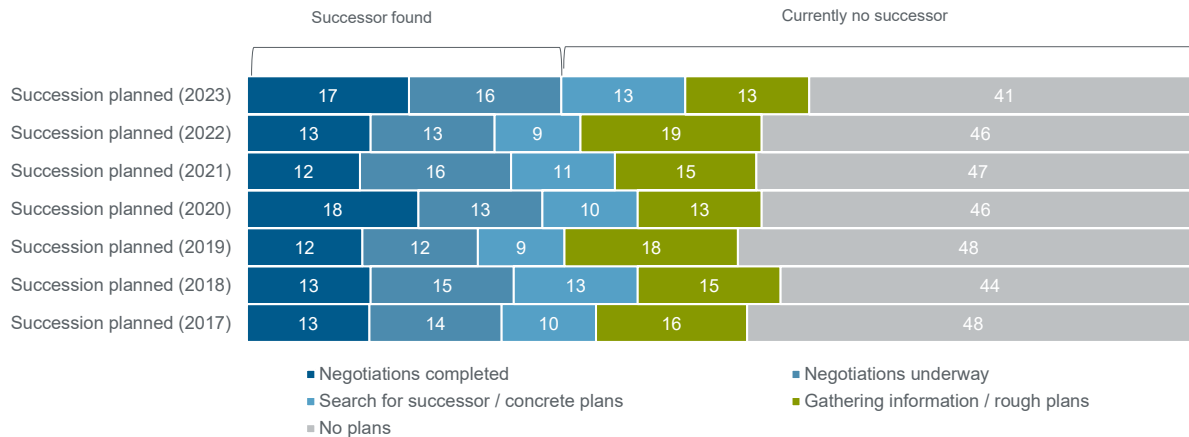
Never before were so many succession planners so well advanced in their succession process. This is a very positive development because the desire for a succession often fails when the business owners start the necessary preparations too late. The Association of German Chambers of Industry and Commerce recommends that concrete planning and the search for a successor should begin no later than three years before the desired transfer.

Given the necessary planning horizon and the high hurdles that need to be overcome, the **status of imminent successions** is of particular interest. It improved significantly in 2023 (Figure 9). Of all 224,000 SMEs that are planning a business transfer within the next two years, 41% – or 92,000 – have already successfully completed their negotiations and, thus, finalised their succession arrangements. The Status report on SME succession thus measured an all-time high rate of finalised succession arrangements. At the same time, a very high share of imminent successions is under negotiation (31% or around 69,000 SMEs).

Figure 8: Status of preparations of businesses seeking a successor

Shares of enterprises in per cent

Note: Multiple responses on the succession variant were possible.



Source: KfW SME Panel 2017–2023.

Thus, successors were already found for almost three in four transfers planned in the short term – an absolute all-time high. Overall, 161,000 of the 224,000 imminent successions are either already sorted or have at least overcome the greatest hurdle, which gives them generally good prospects for actually realising their planned succession by the end of 2024.

Nexxt-Change (www.nexxt-change.org) is a digital business succession platform that has been made available since 2006 to all users free of charge by the Federal Ministry for Economic Affairs and Climate Action, KfW and the partners of the platform (Association of German Chambers of Commerce and Industry, German Confederation of Skilled Crafts, National Association of German Cooperative Banks and German Savings Bank Association).

The aim is to bring the growing number of succession-ready businesses together with potential successors. Users can search published advertisements or post their own on the platform. In addition, nexxt-change provides best-practice examples of a successful business transfer, a purchase price calculator and documents on preparing and funding business succession.

At present, 428 regional partners, some of them from the organisations of the Association of German Chambers of Commerce and Industry, German Confederation of Skilled Crafts, National Association of German Cooperative Banks and German Savings Bank Association, offer support on preparing and posting advertisements and advice on succession-related topics. Since the launch of nexxt-change, a total of 20,800 business successions have been initiated.

15% of owners seeking to transfer their business in the short term are unlikely to have enough time

Despite all the good news: even with all their hard work, many businesses will not be able to arrange a succession or it will prove to be unrealistic because of the many hurdles that need to be overcome. However, besides planned business closures, (unintended) closures due to unrealised succession plans are by no means uncommon and a normal part of business dynamics.

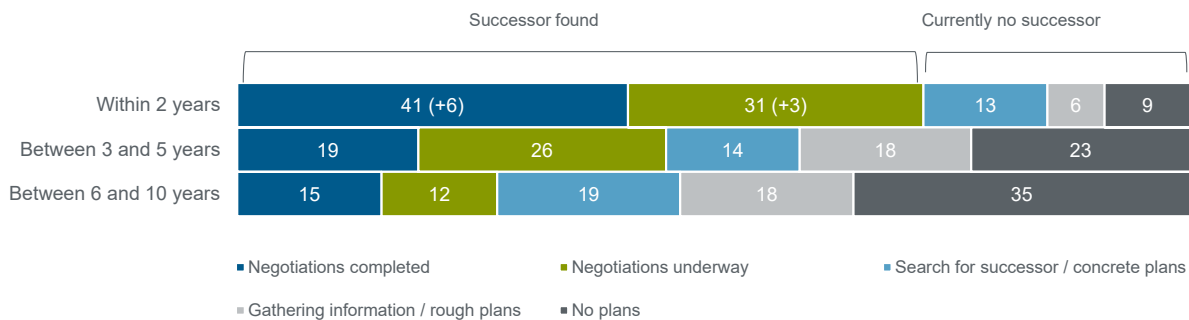
Currently, however, only around 15% of businesses that are planning to realise a succession within the next two years have to expect their succession plans to fail (Figure 9). Their owners have either not even started the process (9%) or have merely collected information so far (6%). These businesses have very little time to get their act together. Therefore, it can be predicted that some 34,000 small and medium-sized enterprises will in all probability no longer be able to fulfil their desire for a short-term succession arrangement, at least not at the time of their choosing.

To a lesser extent, this also applies to those businesses that are still searching for suitable candidates not more than two years from the desired transfer (13% in the year 2023). This would be another approx. 29,000 companies whose succession is at risk of failure or at least delay.

With a view to the different succession variants, it must be noted that family succession arrangements are generally prepared much better than external succession considerations.¹⁶ Succession is then five times more likely to be already– or almost – taken care of. Information asymmetries and transaction costs are lower in family succession arrangements. Potential successors usually know the company already. However, many current succession planners will not succeed in selling their business to external buyers unless they make a greater effort.

Figure 9: Status of preparations by date of withdrawal

Percentages of companies; values in brackets are year-on-year variations in percentage points.
Note: Multiple responses on the succession variant were possible.



Source: KfW SME Panel 2017–2023.

The dataset: the KfW SME Panel

The results of the Status report on SME succession are based on the KfW SME Panel 2023 as the main data source. The **KfW SME Panel** (KfW-Mittelstandspanel) has been conducted since 2003 as a tracking survey of small and medium-sized enterprises in Germany.

The basic population of the KfW SME Panel includes all private-sector companies from all industries with annual turnovers of up to EUR 500 million. With a database of up to 15,000 companies a year, the KfW SME Panel is the only representative survey of the German SME sector, making it the most important source of data on issues relevant to SMEs. As it is **representative of all SMEs** of all sizes and across all industries in Germany, the KfW SME Panel offers

the possibility to conduct projections for micro-businesses with fewer than five employees as well. The KfW SME Panel is also available to researchers in the context of research cooperations.¹⁷

The survey is conducted by GfK GmbH on behalf of KfW Group. The project received expert advice from the Leibniz Centre for European Economic Research (ZEW) in Mannheim. The main survey of the 21st wave was conducted in the period from 6 February 2023 to 16 June 2023. A total of 11,328 SMEs took part in the 21st wave.

Further information can be obtained at www.kfw-mittelstandspanel.de.

¹ KfW Research has been accompanying the generational change in the SME sector with annual publications for some time now. In order to account for the growing importance of this issue, the collection of relevant data was restructured and expanded significantly in the context of the KfW SME Panel in 2017. For initial results resulting from this restructuring, see Schwartz, M. (2023), Status report on SME succession 2022: Knappheit an Nachfolgekandidaten nimmt zu, Misserfolge dürften häufiger werden (Succession candidates are becoming increasingly scarce, failures are likely to become more common – in German), Focus on Economics No. 424, KfW Research. – Leifels, A. and Schwartz, M. (2022), Nachfolge-Monitoring Mittelstand 2021: wieder mehr Planungen nach Corona-Knick – Familiennachfolge in der Krise beliebt (Monitoring SME succession in 2021: planning increases after coronavirus downturn – in the crisis, family succession is popular – in German), Focus on Economics No. 365, KfW Research. – Leifels, A. (2020), Status report on SME succession 2020: Well-prepared into the crisis – coronavirus exacerbates start-up downturn, Focus on Economics No. 308, KfW Research. – Schwartz, M. (2019), Status report on SME succession: More company takeovers are making ownership transfers easier – external investors wanted, Focus on Economics No. 274, KfW Research. – Schwartz (2019), Status report on SME succession: Planning steady at a high level, Focus on Economics No. 241, KfW Research. – Schwartz, M. (2018), Wave of successions in German SMEs: 240,000 successors wanted by 2019, Focus on Economics No. 197, KfW Research. Analyses from previous publications cannot be compared one-to-one with the data presented here. For the history see also e.g.: Leifels, A. (2016), Ageing boosts SMEs' need for successors – 620,000 business transitions by 2018, Focus on Economics No. 132, Frankfurt am Main – Schwartz, M. and Gerstenberger, J. (2015), Succession planning in SME sector in full swing: Half a million hand-overs by 2017, Focus on Economics No. 91, KfW Economic Research.

² For current edition see Schwartz, M., and Gerstenberger, J., (2023), KfW SME Panel 2023: SMEs' resilience is being put to the test. So far, they have come away with few bruises, but now they are increasingly nervous, KfW Research.

³ Leifels, A. and Schwartz, M. (2022), Nachfolge-Monitoring Mittelstand 2021: wieder mehr Planungen nach Corona-Knick – Familiennachfolge in der Krise beliebt (Monitoring SME succession in 2021: planning increases after coronavirus downturn – in the crisis, family succession is popular – in German), Focus on Economics No. 365, KfW Research.

⁴ Schwartz, M. and Leifels, A. (2022), Geschäftsaufgaben im Mittelstand: Nachfolgemangel, Rentenalter und geringe wirtschaftliche Attraktivität entscheiden (SME business closures: mostly due to lack of successors, retirement age and low economic activity – in German), Focus on Economics No. 393, KfW Research.

⁵ The group of business owners for whom closing down is currently at least a serious option is not regarded as succession planners in this analysis. For one thing, the analyses would be fraught with problems of definition that make statements difficult. For another, the focus is primarily on enterprises and owners for whom succession is at least very likely to become relevant. The analyses relating to the group of succession planners therefore exclude this segment of business owners.

⁶ <https://www.familienunternehmen.de/fokus/unternehmensnachfolge>

⁷ Schwartz, M. and Leifels, A. (2022), Geschäftsaufgaben im Mittelstand: Nachfolgemangel, Rentenalter und geringe wirtschaftliche Attraktivität entscheiden (SME business closures: mostly due to lack of successors, retirement age and low economic activity – in German), Focus on Economics No. 393, KfW Research.

⁸ Schwartz, M. (2022), KfW SME Panel 2022: SMEs have largely digested the pandemic, but the war in Ukraine and the energy crisis are clouding the business outlook, KfW Research.

⁹ Metzger G. (2023), Start-up activity in Germany: between skills shortages and COVID blues, KfW Entrepreneurship Monitor 2023, KfW Research.

¹⁰ Cf. DIHK (2023), DIHK Report on company succession 2023. Zahlen und Einschätzungen zum Generationswechsel in deutschen Unternehmen (*Figures and views on the generational shift in German businesses* – our title translation, in German), Berlin.

¹¹ Metzger, G. (2023), Demografische Alterung setzt Unternehmen bei Nachfolgen doppelt unter Druck (Demographic ageing places a double strain on businesses looking for a successor – in German only), Focus on Economics No. 435, KfW Research.

¹² Data from the publication 'Status report on SME succession 2019' may contribute to a general understanding of the purchase price problem: From the perspective of businesses, potential buyers had to plan around EUR 370,000 on average for the purchase of an SME in 2019. For the overwhelming majority of SMEs, however, the ideas about the purchase price were significantly lower: Half of all SME owners set a purchase price of not more than EUR 175,000 (median value). See Schwartz, M. (2019), Status report on SME succession: 'Mittelstand' needs 152,000 successors by the end of 2021 – external investors wanted, Focus on Economics No. 274, KfW Research. Furthermore, a company's annual turnover, as a readily available key figure, can provide negotiating partners with an initial indication, even though there are wide sector differences and margins. On average, succession planners in the SME sector define their purchase price as annual turnover multiplied by a factor of 1.1 (2018: factor 0.9).

¹³ For larger business structures, a number of aspects need to be taken into account or apply only to them: Comparison between succession variants, due diligence, company law, taxes, existing owners pension plans, creditor involvement, etc.

¹⁴ Even so, this problem is often more relevant to larger businesses than to micro-businesses. This is understandable because company assets usually increase with the size of the business (real estate, land, machinery, vehicle fleet, intangible assets, etc.). Their funding is therefore likely to be more complex. Thus, in 2019 (for lack of more recent data), 81% of large SMEs set the purchase price at a minimum of EUR 1 million. Cf. Schwartz, M. (2019), Kaufpreise bei Nachfolge im Mittelstand (Purchase prices in SME business successions – in German only), Focus on Economics No. 251, KfW Research (in German).

¹⁵ Leifels, A. (2016), Ageing boosts SMEs' need for successors – 620,000 business transitions by 2018, Focus on Economics No. 132, KfW Research.

¹⁶ Leifels, A. and Schwartz, M. (2022), Nachfolge-Monitoring Mittelstand 2021: wieder mehr Planungen nach Corona-Knick – Familiennachfolge in der Krise beliebt (Monitoring SME succession in 2021: planning increases after coronavirus downturn – in the crisis, family succession is popular – in German), Focus on Economics No. 365, KfW Research.

¹⁷ <https://www.kfw.de/KfW-Konzern/KfW-Research/Über-KfW-Research/Forschungskooperationen/>