Report from CECOP's conference

Workers Buyouts - what is the cooperative key to success?

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Flagship event of the **#coopskills2023capaign**
in the framework of the 2023 EU Year of Skills

"We need to move from profit maximisation to value creation to enable new supportive ecosystems for workers buyouts"
Giuseppe Guerini, President of CECOP

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1. Introduction

By Francesca Montalti, Legacoop Produzione e Servizi (IT), Vice-President of CECOP

It has been 10 years since the Council Recommendation recognised the value of workers buyouts (WBO) as a tool for overcoming the crisis. At the European level we observe a renewed focus on this phenomenon and on the role of the social economy more in general, as it’s demonstrated in the European Social Economy Action Plan. We also observe the grow of workers buyouts as a response to economic crisis and the social development of the economy.

The theme of workers buyouts is not unique to the cooperative movement, but its strength lies in the very fact that workers most frequently opt for a cooperative-based entrepreneurial project, and in our Italian experience we have seen that it guarantees greater entrepreneurial success, thanks to its mutualistic characteristics. Cooperatives impact on the territory and their inter-generational nature help them to regenerate businesses and provide new job opportunities. They give the opportunity to revitalise the industrial sector through a bottom-up, democratic approach. We are going through a aging cycle across Europe and cooperatives can be a key partner in saving enterprises trough workers buyouts.

The workers buyouts model has spread mainly in Europe and only in rather homogeneous territories (Spain, Italy, France being the main ones). The context in which they have appeared varies, as well as the levels of regulatory frameworks, tools, but what they have in common is the presence of cooperative organisations organized at regional level supporting workers buyouts processes on through finance, technical assistance, advice, and workers training.

We aim to systematise these tools, to merge knowledge across countries and put them to use. In addition, we aim to reinforce and build an open and continuous dialogue with the European institutions, the European Commission, the European Investment Bank but also with operators in the finance sector such those dealing with ethical and impact finance.

The fact that there is reference to WBO is both in the European Action Plan and in the Council Recommendation on promoting enabling frameworks for the social economy is not by chance. Indeed, WBO are not only about saving existing jobs, but they are also key to create new and quality jobs, keeping the economic value inside the EU. This totally aligned with the European employment and economic guidelines.
Transfer of skills, opportunities for future entrepreneurs, and raising awareness of the potential of the WBO model, training for workers should be ensured. Also a framework to enable business transfers is needed. Available EU funds should be used for the promotion of this model. This model pays off because it is resilient, with high chance of economic success. It has been proven that WBO are a powerful tool and obstacles should be tackled, mainly legal and taxation ones, lack of awareness and understanding, lack of skills.
We are committed to follow up with the Action Plan and to implement the Council recommendation, to use the ESF+ to support WBO and encourage the member states to do so and we are committed to explore other financial initiatives and keep the dialogue open.

Santina Bertulessi, Deputy Head of the Cabinet of Nicholas Schmit, EU Commissioner for Jobs and Social Rights

2. Preliminary insights and findings from the fi-compass[1] study on financial instruments to support worker buyouts (focus on France, Italy, Spain and Slovenia)

By Miglena Dobreva, Financial Instruments Advisor, European Investment Bank (EIB)

The study was initiated in cooperation with DG EMPL in view of exploring innovative model of financial instruments for achieving the Social Economy Action Plan goals, e.g. supporting cooperatives set up in the context of WBOs. The objectives of the analysis is to better understand the phaenomenon of WBO needs and preconditions, to provide an overview of the financing needs and implication of WBO, to explore the ground for supporting WBOs through European Social Fund Plus (ESF+) financial instruments and grants as a way to preserve jobs and skills in the EU workforce and finally to provide recommendations to managing authorities and involved stakeholders.

The research, interviews conducted (incl. CECOP and local associations) and case examples analysed in the framework of the study show that France, Italy, and Spain are the three EU Member States with the most advanced supporting infrastructure for WBOs. All three have developed regulatory framework supporting WBOs, as well as organisations operating at grassroots level to support businesses looking to undertake a WBO. The symbiosis between state-financed institutions and cooperative organisations has proven crucial for the proliferation of WBOs in these countries: such as regional grants or cooperative debt and equity instruments. In addition, Slovenia is developing a leveraged WBO model, the Slovenian ESOP tailored for ownership succession challenges.

Based on the analysis, recommendations and proposed actions are being discussed with the relevant stakeholders on the possible role of ESF+ resources to support WBO in order to foster more resilient and inclusive economy across the EU.

1. fi-compass is a platform for advisory services on financial instruments provided by the European Commission in partnership with the European Investment Bank.

3. Almost 40 years of experience with workers buyouts: lessons learned from Italy

By Mauro Frangi, President of CFI - Cooperazione Finanza Impresa

In 1981 Italy was going through a period of deep transformations and galloping double-digit inflation, of heavy industrial and employment crises, of significant social tensions. Giovanni Marcora faced them as Minister of Industry with the desire to create a synthesis between the vision of problems in their long-term dimensions and the ability to propose concrete interventions that can represent practicable and immediate solutions.

When crises destroy many jobs, it is right for the State to invest significant resources to assist people in difficulty. But we all know that these interventions never remove the causes of crises, at best they dilute them over time. The State is called to solve a dilemma.

On the one hand, there are the costs that the community must assume to implement the necessary welfare policies and guarantee support for people in difficulty; on the other, there is the need not to passively witness crises and destruction of production base and the need to concentrate resources in supporting development and creation of new business.

Marcora found an original and innovative solution to this dilemma: he decided to bet on individual and group responsibility and skills of workers affected by crises offering those workers a specific commitment. If the workers decide to try restarting a businesses in difficulty, the State will be at their side. It will provide the financial resources necessary to multiply the workers' investment to help them to transform "regenerated" businesses into sustainable and competitive businesses.

For this challenge Marcora identified the cooperative model as the most effective tool, the best response to combine individual responsibility, workers' leadership and entrepreneurial effectiveness, calling the cooperative movement to accompany the workers and urging it to contribute to giving entrepreneurial solidity to their projects and entrusting it with the responsibility of selecting the interventions really deserving of State support.

The Law that bears his name was approved by Parliament in 1985, 2 years after his death.

For over 35 years the Marcora Law has been the main success factor of the Italian experiences of regeneration of companies in difficulty by workers, gathered in a cooperative. It has become the law that more than any

other has been able to interpret "recognition of the social function of cooperation", enshrined in article 45 of our Constitutional Charter.
In its original formulation (1985) it was very different from how we know it today. The "CFI - Compagnia Finanziaria Industriale" was founded in 1986 at the initiative of AGCI, Confcooperative and Legacoop precisely to guarantee its implementation and ensure an ongoing relationship with the financed cooperatives. It is one of the first unitary projects of the Italian cooperative movement and immediately had also the adhesion of trade unions.

In 1996 the European Commission opened an infringement procedure that blocked the operation of the Marcora Law. The failure to define the methods of reimbursement of the capital injected into the cooperatives configured the interventions as "State aid" not compatible with the European competition rules. The reform law, passed by Parliament in 2001, implements the agreements reached with the European Commission and further develops Marcora's original intuitions, building an even more advanced intervention model.

This proves that when a public policy responds to the real problems of a country it also has a "generative" content: it becomes possible to modernize it, adapt it to changing times and regulations, maintaining the original spirit intact and expanding its field of intervention and, therefore, the results it allows to achieve.

The reasons for such effectiveness and success for almost 40 years, and results it has helped to generate are the following:

1. The first reason for the success of the Marcora Law is directly **connected to its operating mode**. The resources made available by the State are not provided directly to cooperatives nor to the workers concerned. The Law provides for the establishment of specific financial companies promoted by the cooperative movement to which the State entrusts the activity assistance to workers, enquiry and validation of enterprise regeneration projects. Financial companies take part in cooperatives by participating in their share capital, initially, up to three times the capital invested by the workers and, since 2001, it is commensurate with the net worth of the cooperative.

This is an absolute novelty in the way public interventions are managed. It is a distinctive and qualifying element that guarantees the beneficiary cooperatives access to financial resources, constant support for their activity to make up for any lack of management skills and ensures permanent monitoring of the progress of the company activity.

After the 2001 reform, this intervention model was further qualified because the State contributed the allocated public resources to financial companies as capital social.

The "Compagnia Finanziaria Industriale" becomes "CFI - Cooperazione Finanza Impresa", a cooperative company owned and governed by the cooperative enterprises that it helped generate and supported financially. "CFI - Cooperazione Finanza Impresa" is a private entity explicitly delegated to carry out a mission of "public interest". It is subject to the supervision of the Ministry which is directly present in its administrative and control bodies but, at the same time, it can carry out with autonomy, responsibility and competence the "function of public interest" that the State has attributed to it.

CFI evaluates the sustainability of

business projects, decide the extent and conditions of investments, as a financing partner it shares the risk and the entrepreneurial project of the cooperative and guide it over time.

2. The second reason for the success of the Marcora Law must surely be identified in the **progressive regulatory evolution** that, especially starting from 2012, further strengthened the Italian experience of supporting "businesses regenerated by workers" (or workers buyouts).

• In 2014, the workers united in the cooperative were granted the right to pre-emption by law in procedures involving the rental or purchase of companies or branches of the company of which they were employees

• A single payment of unemployment benefits (Naspi) is provided to workers to support the capitalization of cooperatives. Since 2019 this anticipation has also been completely tax-free. Regulatory tools have been introduced to strengthen businesses and their contractual capacity, especially in the delicate start-up phase of the "regeneration" project and to transform welfare subsidies into levers for the creation of new businesses.

• the introduction of preferential tax treatment and special advantages on loans granted

The available instruments have been progressively expanded, adapting it to innovations of cooperative law and the needs of businesses, generating a complex combination of participatory financial instruments, of "quasi-equity" (subordinated or equity loan) and pure debt. Since 2014, the resources deriving from the Marcora Law have been supported by a "new aid regime for the promotion, creation and development of cooperative companies" (so-called "Nuova Marcora"), which provides access to 10 years financing to support investments and capital, initially at a subsidized interest rate and, starting from 2021, at a zero interest rate. This is a new instrument entrusted to the direct management of the Marcora Financial Companies whose amount is directly linked to their participation in financed cooperatives.
In 2019 CFI incorporated "Soficoop", becoming the sole operational Marcora financial company, further enhancing synergies with the Ministry and its intervention capabilities.
Starting from 2019, cooperatives have also been able to benefit from the guarantee instruments offered by the European Investment Fund. Within the EaSI program, the Fund recognized the high social impact and value of the interventions carried out by CFI.

3. The third reason for the success must be identified in the **cooperative movements' increased ability to support "regenerated businesses"** and contribute to their long-term sustainability.
The mutual funds of cooperative associations have supported CFI's efforts by investing their own resources in participating cooperatives, further strengthening their capitalization.
The National Consortium for Guaranteeing Loans supported them in accessing bank credit, reinforcing their financial solidity both in the short and medium-long term. The integration of this financial toolkit has allowed "regenerated businesses" not only favorable starting conditions but, above all, a constant financial support throughout the various phases of the company's life, by supporting their working capital and guaranteeing necessary resources for financing development and competitive modernization investments. The activity of territorial or sector-specific cooperative associations has strengthened CFI's support actions, providing business with technical support, training, and the development of market opportunities.

Here are some numbers to support these considerations and explain the results:

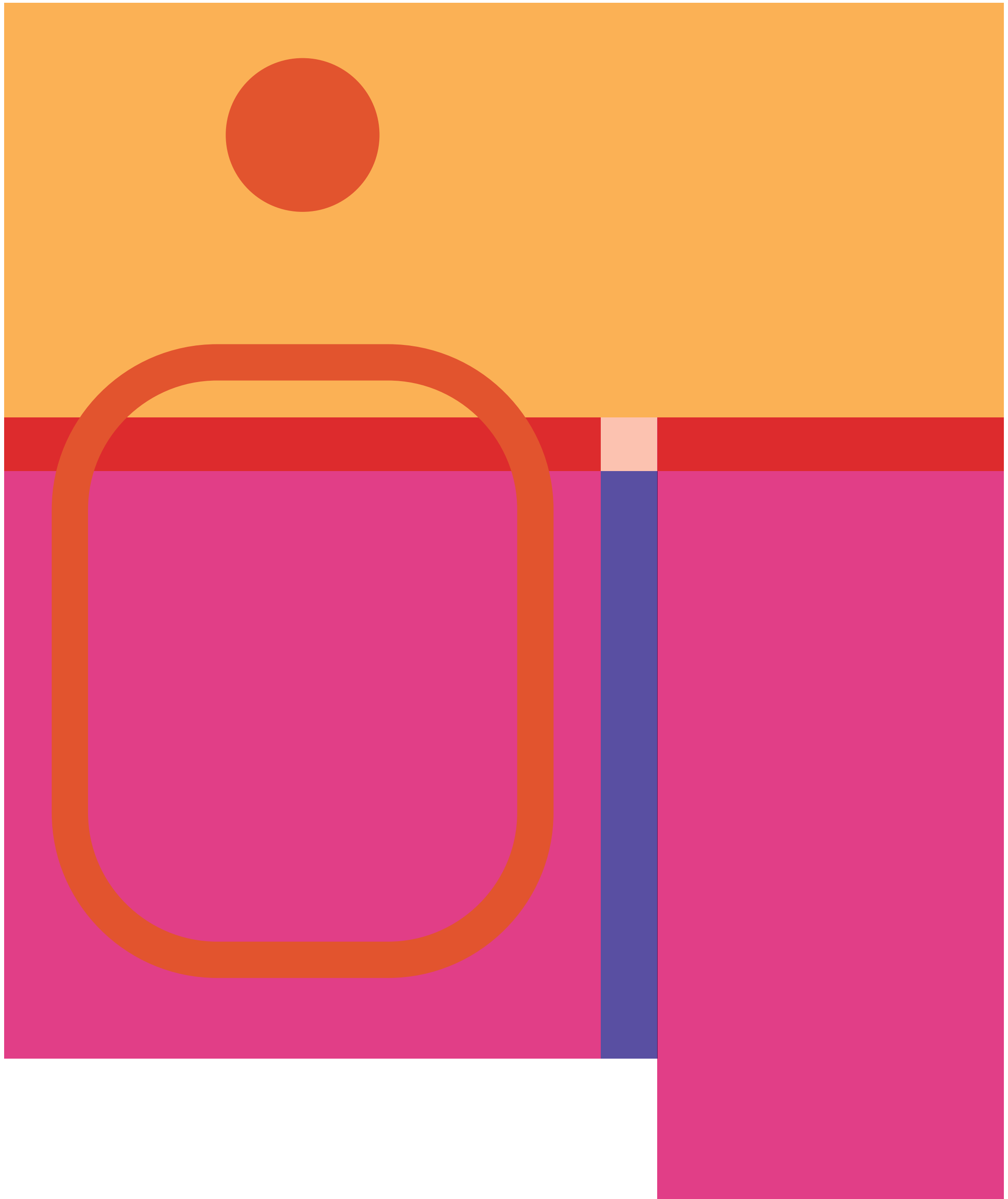
• CFI has supported 584 cooperatives, making investments for a total of 335.7 M EUR and contributing to the maintenance of 28,486 jobs, with an average investment per employee of 11,786 EUR, the equivalent of one year of unemployment benefits.

• CFI's "own funds" amount to only 98 M EUR - with 96.6 coming from resources provided by the State. In addition to this, there are funds from the "Nuova Marcora" fund, started in 2014 with an initial budget of less than 10 M EUR, progressively increased to the current 83.8 M EUR.

• Today CFI has a stake in 159 cooperatives, financing a total of 196 with a net loan volume of 57.5 M EUR.

• This cooperative "system" has an overall capitalization of 336.6 M EUR (almost 6 times CFI's existing investment), in 2022 it generated a production value of just under 1.1 billion EUR and provided employment for 10,478 individuals.

• Focusing solely on workers buyouts, a total of 332 cooperatives has been financed, guaranteeing employment and income continuity for 10,588 individuals. In its last period of



life, from 2011 to the present, CFI has supported 93 WBO, releasing total investments of 49.3 M EUR and contributing to the sustained employment of 2,111 people. These enterprises are predominantly in manufacturing and industry, distributed across all regions of the country.

These are significant numbers, even when compared to those of many impact investors in the so- called social finance sector. These numbers give us two further lessons:

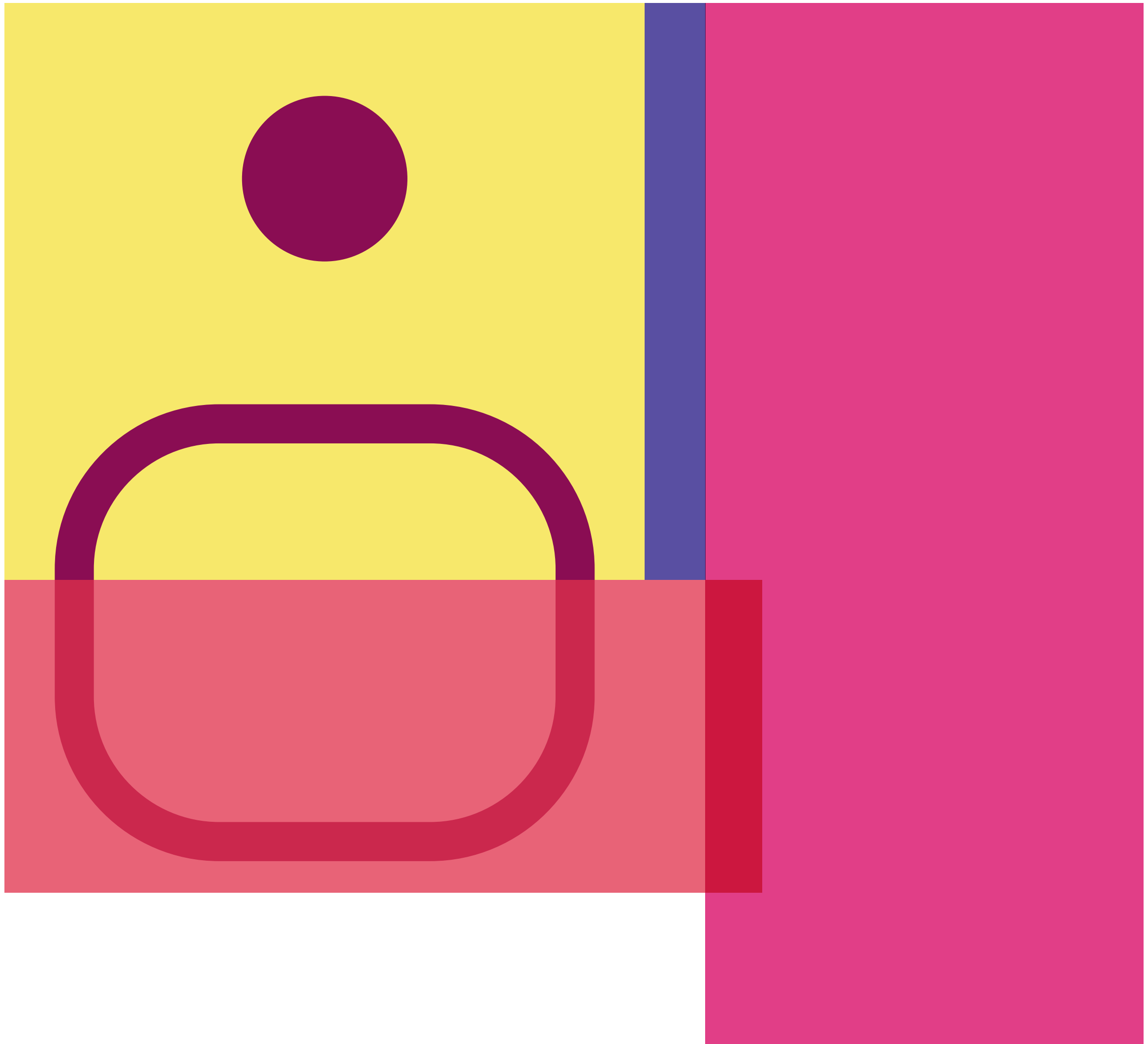
a) The first is a confirmation: **a "good public policy" generates benefits for the community**. The public resources invested by the State in CFI in 2001 are still entirely available. The positive outcomes achieved by the participating cooperatives and the returns on investments they have provided, along with sound operational management, have not only covered losses on unsuccessful investments, but have also generated equity reserves of 5 M EUR.

The financial statements of the companies participating in CFI show that, in the period from 2008 to 2022 alone, taxes paid to the Financial Administration on labor and business income amount to a substantial 521 M EUR. Additionally, there are further contributions and social charges totaling 501 M EUR. Over 1 billion EUR paid to the treasury and social security funds, against 140 M EUR employed, considering, in addition to the share capital contributed by the State, still entirely available, the 43.1 M EUR of resources of the "Nuova Marcora" partially used so far. This results in a community return equivalent to 8 times the investments made.

b) the effectiveness of the intervention model for cooperative enterprise. If we look at the 93 workers buyouts supported by CFI during the period 2011-2023, the initially high success rate is particularly striking. Despite being companies born out of crises, sometimes very deep ones, only 20 of them (22%) have ceased the activity. The percentage has increased significantly following the "Covid19" pandemic, which remains, in any case, much lower than the ordinary mortality rates of Italian SMEs.

The businesses that struggled most to overcome market challenges were predominantly the smaller ones, and therefore less capitalized. The companies whose projects were unsuccessful account for 22% of the total, but they represent less than 10% of the investments approved by CFI and contribute only 15% the total employment. In any case, during the years they remained operational, these businesses employed 325 people, guaranteeing tax payment and social contributions for a value more than double the 4.8 M EUR invested by CFI. On the other hand, the 73 successful WBO have increased their number of employees by 37% by the end of 2022 and more than doubled their production value.

The context we live in reminds us daily that work and business are the sole foundation for generating well-being, social cohesion and wealth. These are the priority objectives to which public policies and resources should be directed. For these reasons we fill inclined to propose the intervention model represented by the Marcora Law as a virtuous, original and successful model, capable of being, at the same time, an effective active labor policy and a tool for industrial policy and promotion of new entrepreneurship. The intervention model of the Marcora Law has successfully adapted to the profound economic and social changes of the past almost 40 years, remaining true to its original mission. It balances the presence of the State, the active role of civil society and its intermediary bodies, along with the intelligence, sacrifice and solidarity of the workers contributing to its success. A model that, without aiming to impose itself as the only solution, represents a resource, an additional and effective opportunity. It demonstrates how, through the establishment of a cooperative enterprise, it is possible to build the “common good” and generate “shared value” efficiently and effectively.



4. The cooperative supportive environment across Europe – focus on regional cooperative organisations

The regional cooperative organisations provide support and advice for the establishment of new cooperatives (including trough WBO[3]) and development of existing ones. They are key partners for enterprises, entrepreneurs and workers, because of their knowledge of the regional socio-economic context and close relations with other stakeholders, being them public or private.

1 France - Cooperatives Regional Union Auvergne Rhone Alpes

By Meryem Ylmaz, Managing Director

4,400 workers' and multi-stakeholders cooperatives in France employ around 80,000 people. 38% of them result from workers buyouts, either as part of a legal procedure (liquidation), or by transforming an association into a cooperative, or form transfer of a "healthy business" to its employees (usually transfer of businesses of a retiring owner). Here we will concentrate mainly on transfers of a "healthy business".

Between 2020 and 2022, 350 workers buyouts were supported by the Cooperative Regional Union Auvergne Rhone Alpes, 40% of which were "healthy transfers". However, this figure is still limited on the national scale of the business takeover market. It is estimated that there is a potential of 60,000 businesses that could be sold or put on the market. Half of these businesses fail to find a buyer, resulting in the destruction of the jobs they have generated.

The demographic situation of business owners is alarming. Experts indicate that almost a third of them are over 60, presenting a high risk of job losses if their business is not taken over. Although this is recognised as a demographic, regional and economic issue, there has been a decline in business transfers, with a decrease of 19% between 2010 and 2019, and 16% between 2020 and 2021.

Despite the stakes and the mechanisms put in place, the results have not lived up to expectations. Support and tax incentives, coming also from the European level, are needed.

Three obstacles have been identified:

- Lack of awareness of this type of transfer to employees under the cooperative model
- Lack of real or perceived resources on the part of employees
- Some managers believe that negotiating the price with employees

is synonym for a lower valuation of the company

The Cooperative Regional Union Auvergne Rhone Alpes support for WBO focuses mainly on:
A. Raising awareness:
- 20% of the Regional Union's time is devoted to promoting this transfer method to professionals (recovery firms, business advisers, lawyers, accountants etc)
- among the cooperatives affiliated to the Regional Union: half of the transfers are being suggested by a member
- among workers and trade unions
- communication initiatives (recently a radio campaign on France Info)

B. Operational support phases:
- first stage: getting to know the business through the manager.
- verification of the sale project, expectations, timing and identification of the employees behind the project.
- pre-diagnosis between employees and the management, exploring alignment with the cooperative project and the "maturity" of the buyers.
- rapid economic diagnosis of the company and assessment of the Regional Union's ability to bring the project to fruition.
- follow-up with an acquisition audit, company valuation and support role in the purchase negotiations
- intermediary between management and the employee-buyers, advising employees with no management experience.

C. Search for financing and fundraising:
- legal proceedings required after conclusion of negotiations
- seeking finance and organising fundraising

2 Spain - FEVECTA (Valencian Federation of worker cooperatives)
By Paloma Tarazona, Director

In Spain, there is central workers cooperatives federation (COCETA) that has regional organisations all over the country. Regions have their own support system for WBO that varies substantially from one to another.
Starting point: workers motivation because the workers buyouts process is energy consuming. The collaboration with trade unions is important in order to provide info sessions to workers.
Main actors involved in workers buyouts:

- the Regional Federations of Worker Cooperatives

- individual cooperatives that have an interest in the transfer

- cooperative investment funds

- mutual guarantee funds

- cooperative business advisors who provide advice, negotiation support, training and facilitate access to finance

3. In this report we use the term "workers buyouts" for both scenarios: transfer of sound enterprises to the workers and workers buyouts of enterprises in crisis

The WBO process main phases are:

Phase 1 | Project reception	Phase 2
• what are the motivations? • is the workers buyouts the best option for workers? • are there enough workers interested? • What is the role of the trade unions? • 2-3 Informative sessions with workers	• appointment of the team piloting the process composed by key actors such as accountants/financial advisor (future member), marketing director/sales team (future member), business owner and specialized advisors (cooperative financial and legal advisors, team building/consensus building expert)
Phase 3	**Phase 4 : Follow up and consolidation (2 years duration)**
• establish business viability /business valuation/due diligence • draw the business plan • establish investment needs and financial plan (including member's contributions to the capital) • negotiate with financial institutions • secure critical assets (machinery, premises, brand names) • draft the new cooperative's statutes • identify leadership profiles among workers • draft the "Internal Rules" • develop a proposal for members' contributions to the capital and find financial support for future members • develop a training plan based on, needs • develop a communication strategy to engage with stakeholders	• Including financial follow up, cooperative training, team building support, a "hot line" (personal advisor) and integration in the local cooperative movement.

Financial intervention:
FEVECTA has a specialised advisors for WBO. Training is covered by the national training scheme, and the regional support system for entrepreneurs may provide some specialised support (due diligence/business valuation/business plan). Regional grants cover some of the costs involved. The follow up and consolidation support is provided by the federation as part of the services provided once the news established cooperative is affiliated.

3) Italy - Legacoop Veneto

Denis Cagnin, in charge of workers buyouts

Legacoop Veneto has 20 years of experience in supporting workers buyouts. Most of them originate from crisis situations.

• Identification of situation of crisis

In some cases the identification is done with the cooperation of trade unions. It is important to provide a honest diagnosis on the capacity of the WBO to be successful. The workers unemployment benefits are involved, and if in the first two years the activity doesn't succeed, the amount will have to be paid back to the social security. Thus, the first analysis is very important.

• Role of the federations

The federation is the interface with trade unions, workers and financing funds. It also provides training on cooperative governance. "Once you are a cooperative, you have to become a cooperator". The most time of the WBO advisors is spent on the "diagnosis phase" when conditions for WBO are analysed: do the workers have the necessary know-how, the market availability, analysis of existing suppliers and customers, raw materials, sales channel etc. It's important to underline that activities carried out by the federation are self-financed at the moment and for this reason limited.

It's essential to build a network that works throughout Italy because up to now the activity is self-financed by the cooperative organisations mainly, while finding partners that allow to intervene also in sectors with higher demand of capital is important.

5. Financial support: complementarity between national cooperative and European instruments

Cooperative finical institutions, CFI (IT) and SOCODEN (FR) have signed with the EIF the EaSI Guarantee Instrument, funded from the EaSI Programme, dedicated to social entrepreneurship.

Through the Guarantee Instrument, the EIF offers guarantees and counter-guarantees to financial intermediaries, providing them with a partial credit risk protection for newly originated loans to social enterprises.

1 France

By Aurelien Hiraux, Director of Financial Instruments and Investments in the French

The French movement (affiliating worker cooperatives, social cooperatives and cooperatives of independent producers) is based on principles of solidarity and pooling of resources among cooperatives. It monitors and supports existing worker cooperatives trough advice and trainings, as well the development of new cooperatives (creations "ex nihilo", transfer of "healthy" businesses to the employees, conversions of associations into cooperatives, workers buyouts of enterprises in crisis).

The movement manages specific mutualistic financial instruments to support cooperatives in the creation and development phases but also for workers buyouts: SOCODEN (subordinated loan, 45 M EUR), SOFISCOP (guarantee, 17 M EUR), SCOPINVEST (quasi-equity, 10 M EUR). Workers buyouts are the strategic axe of our cooperative movement.

• What are the options when a business is for sell?
Compare the situation between selling to a third party and selling to the workers, the valuation of the company is the same in both cases.

• Classic leverage buy-out (LBO) scheme vs workers buyouts

Classic LBO scheme	Workers buyout scheme
• Classic LBO scheme Shareholders gather 20%-30% of the financial requirements, banks 70%-80% to the constituted holding company.	• Banks limit their lending to 45%-65% (senior debt, secured loan), social economy actors 25%-40% (in the form of equity, quasi-equity and subordinated loans taking their funds from EaSI, Invest EU-EIF's guarantee) and workers 10-15%
• The undertaking will send cash flows back to the holding company to repay the loan for its takeover. The LBO scheme optimizes profitability of the shareholders.	• The undertaking is funded directly, without holding intermediary, excess cash will strengthen its indivisible reserves and its solvability on a long term.
• 12 to 15,000 transmissions each year. 50% are LBO[4]. 3-year durability rate of 77%.	• 100 workers buyouts operations each year; 3-year durability rate of 94%.

4. Source INSEE / BPCE

How could the complementarity between cooperative and European financial instruments increase and facilitate WBO?

• Encourage mechanisms that boost the workers capital contribution
Proposal: encourage regional intervention "1 EUR brought by workers = 1 EUR brought by the region"

• Support social economy actors capacity to increase interventions in equity and quasi-equity
Proposal: create specific guarantee to support WBO in equity and quasi-equity

• Support social economy actors capacity to increase interventions in subordinated loans
Proposal: the EIF's action is key for workers buyouts (EaSI guarantee – InvestEU)

2) Italy
By Andrea Ruberti, Chief Financial Officer at CFI

CFI uses risk and debt capital and has signed with the EIF the EaSI Guarantee Instrument. CFI invests in cooperatives using risk and debt capital to support initiatives with a high social and employment impact with economic and financial sustainability. Projects are carried out with CFI resources assuming direct credit risk (see above more information about CFI).

Thanks to the synergy with the EIF: from October 2019 to November 2023, 96 cooperatives were funded with the EaSI guarantees, for the amount of 21M EUR. 43 of those cooperatives are workers buyouts, only 3 defaults were reported. Workers buyouts operations resulted in establishment of worker cooperatives but also social cooperatives active in social and health services, or engaged in work integration of disadvantaged people.

Furthermore, thanks to the synergy with the European Commission, the "Small2Big" project for the social economy was launched in March 2023. CFI goal is to encourage the entry of qualified investors into smaller cooperatives with small-scale equity and quasi-equity. From March to November 2023, 14 cooperatives were funded for the amount of 1,9 M EUR with CFI resources.

The Agreement with the European Commission provides several benefits:

• reduction of transaction costs

• reduction of the preliminary investigation cost to 2% of the value of the intervention

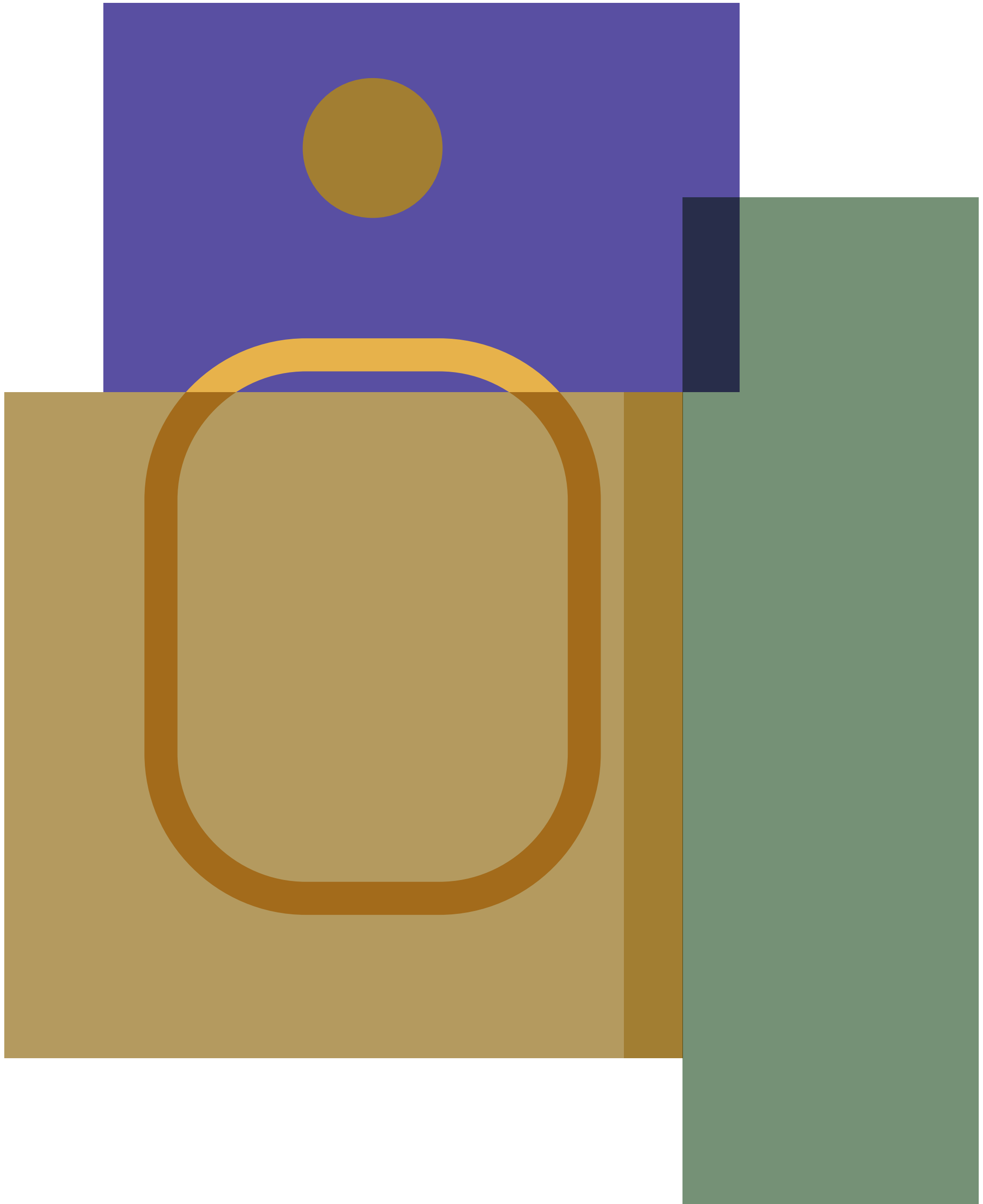
• reduction of the return on capital to a maximum of 2% of the value of the intervention

6. Conclusions

By Giuseppe Guerini, President of CECOP

Trying to identify what may be the keys to success for WBO operations, linked to the cooperative specificity, requires a "VDM" factor that is, Vision, Data, Measurement. Our vision aims to "free work" by returning business to humanity.

Giving value to our data is essential as well as building concentrated units of information and a new cooperative narrative. Measuring our value better and more, making it more evident that we must shift the economy from profit maximization to value creation.
With these three factors, we can build an enabling ecosystem for worker cooperatives and to promote more workers buyouts.



7. Policy recommendations to the European Commission and member states

- European Commission should finance a study on identifying obstacles at national level in order to develop tailor-made national strategies with an enabling regulatory framework to support WBOs

- managing authorities should make a greater use of ESF+ grants to support advisory services and technical assistance for WBO

- support awareness raising campaigns about WBO amongst business owners, concerned professionals with business transfers and liquidations (lawyers, accountants, etc.) and within the judicial system

- maintain the EaSI Guarantee Instrument and use the Invest-EU Social Investment Skills Window guarantee and counter-guarantee to support cooperatives, notably WBO

- support direct financial mechanisms helping workers invest in enterprises in crisis or without successor for WBO

- Support cooperative organisations' capacity to increase interventions in equity and quasi-equity and create specific guarantee to support WBO

- encourage financial intervention from regional authorities thereby completing workers capital contribution and cooperative financial interventions

- tax incentives for WBO

- preferential rights should be given to workers in order to give them the best conditions for a takeover bid for an enterprise facing closure

About CECOP

CECOP is the European confederation of industrial and service cooperatives.

CECOP works to create a supportive environment for cooperatives, so that they can operate to their full strength and fulfil their mission of providing sustainable jobs and high-quality services to communities. Our aim is to build a fairer Europe and contribute to sustainable economic growth, to bring democracy and solidarity to the workplace.

More than a thousand cooperatives affiliated to our network result of businesses that were going to close down and that have been transferred to, or bought out by the employees, and re-established under the cooperative form.

You can find many inspiration stories of those cooperatives on our website: **cecop.coop**

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