



## **AVOIDING SME BUSINESS FAILURE**

### **European accountancy profession launches guide providing practical advice to SME entrepreneurs on responsible financial management**

*Sitges, 08 October 2004:* "99% of all businesses in the European Economic Area are SMEs and two thirds of the workforce is employed in SMEs. Guarding against threats to SME viability is, therefore, very much in the interests of SMEs, their stakeholders and the EU economy as a whole," stated FEE President David Devlin, who was speaking today at the launch of the publication ***Avoiding Business Failure - a practical guide for SMEs***.

The new publication, which is freely available to SMEs:

- examines the most common internal and external causes of business failure for SMEs;
- looks at the effects of failure for the business and its stakeholders; and
- provides practical guidance to entrepreneurs of SMEs by analysing the most appropriate preventive measures to avoid business failure.

Small and medium sized enterprises, (SMEs), tend to take more risks than larger companies. SME accountants need to be aware of the potential impact on their businesses. Professionally qualified accountants have the knowledge and expertise to advise and help entrepreneurs through all stages of an SME's life.

Speaking at the ***FEE European Congress For SMP/SME Accountants*** at which the guide was launched, José M. Bové, FEE Vice-President noted that: "SMEs typically rely on their accountants for business advice. Recognising this fact, the European Federation of Accountants, FEE, has focused its SME work on providing practical advice of real benefit to SMEs. This new FEE paper alerts entrepreneurs and managers of SMEs to short and long-term threats to business viability. The paper identifies and advises on how best to exploit opportunities and mitigate threats, providing practical guidance to responsible financial management."

He added that: "voluntary audit is beneficial to the efficiency of the business as it provides an insight into a company's processes, risk management and internal controls. It is also important for obtaining financing from banks."

FEE has published a series of guides for SMEs, the latest of which is ***Avoiding Business Failure - a practical guide for SMEs***. The guide was officially launched at the inaugural ***FEE European Congress For SMP/SME Accountants*** in Sitges, Spain.

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**Notes for Editors:**

1. The publication ***Avoiding Business Failure - a practical guide for SMEs***. can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or copies may be ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: [Sylvie\\_Romancide@fee.be](mailto:Sylvie_Romancide@fee.be)).
2. The ***European Congress For SMP/SME Accountants***, '*Mastering the changes in the European environment: strategies for SME accountants*' is organised by the Fédération des Experts Comptables Européens (FEE), with the co-operation of Arc Méditerranéen des Auditeurs (AMA) and hosted by Instituto de Censores Jurados de Cuentas de España (ICJCE). The Congress takes place on 7/8 October 2004, in Sitges, Spain.
3. FEE is active in the SME field. Recent publications include: *How to Prepare the Successful Sale of an Established Family Business* (2002); *Business Valuation: A Guide for Small and Medium Sized Enterprises* (2001); and *Directory of Member Body Publications on SME and SMP Matters* (Update 2003). The aforementioned publications may be downloaded free-of-charge from the FEE website (<http://www.fee.be>).
4. The **Fédération des Experts Comptables Européens** (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 41 professional institutes of accountants from 29 countries. FEE member bodies represent more than 500,000 accountants in Europe. Roughly 45% of these accountants work in public practice, providing a wide range of services to clients. The other 55% work in various capacities in industry, commerce, government and education.