

“Think Small First” Charter

“There is no Europe without its SMEs.”

Small and medium sized enterprises drive our economy, sustain our communities, carry forward a legacy of skills and innovation. The European Union accounts for 26,17 million companies: 44,358 are large companies and 26,13 million are small and medium-sized enterprises (SMEs). SMEs provide 65% of employment and deliver 54% of added value.

SMEs have specific characteristics: the owner-managers work side by side with their employees, providing quality products and services to their customers. In addition, the entrepreneurs manage the company, coach the staff, keep up with new business developments and legislation, implement those in the company and take care of administrative tasks. They are workers, mentors, strategists, innovators, and administrators — all in one.

To ensure these specific characteristics of SMEs are considered in all stages of policy development, the Small Business Act in 2008 already set out the “Think Small First” principle. This principle is rooted in the understanding that “one size does not fit all”. The SME Test was put in place to assess the potential impact of new legislation on small businesses. However, its application remains uneven.

Signing this “Think Small First” Charter, I commit to:

- ✓ Draft policies impacting business from the perspective of SMEs. This means that policies should be designed from the outset to be as practically applicable as possible for the smallest enterprises.
- ✓ Assess the – direct and indirect – impact on small companies from the start and throughout the entire legislative process, instead of designing rules for large companies and either exempt SMEs or adjust later.
- ✓ Include SME friendly provisions in legislation, such as the ‘once only principle’, longer transition periods, ‘advise first – sanction later’ approach, along with mitigating and implementation support measures.

This leads to legislation which is proportionate, practical and tailored to the specific characteristics of micro companies. This lighter touch approach to rules will also enable the growth of companies.

In this way, we provide a pathway for companies to develop and grow, and we guarantee that legislation is compatible with the reality of 99,8% of businesses in Europe.