

# Executive Summary

## Business successions in Germany 2018 to 2022

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Daten und Fakten Nr. 18

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## **Executive summary**

There is no official statistics which provides reliable information on the prevalence of enterprise successions. Therefore, already since the mid-1990s, IfM Bonn calculates the number of business successions by applying a specially designed estimation technique. This technique has been developed further and slightly modified for the current estimation.

### **Number of impending business successions continues to increase**

According to our current estimation for the period 2018-2022, there will be approx. 150,000 business successions in Germany (due to owners leaving their business for personal reasons) which involve some 2.4 million employees. This equals 30,000 enterprise successions per year. In spite of the increased number of businesses which are to be transferred to new owners, IfM Bonn does not expect a general succession gap for the period 2018-2022. Nevertheless, regional or sector-specific bottlenecks cannot be ruled out.

### **The IfM estimation in comparison**

Besides the data from IfM Bonn, there are also estimations from other institutions on the number of business successions in Germany. However, the figures differ quite strongly. Indeed, the average numbers of expected business successions per year range between 19,000 (IAB establishment panel) and 102,000 (KfW SME Panel). Based on the statistics of business notifications, we carried out an approximation of the actual number of business transfers in Germany for the year 2016 resulting in a figure of 24,000 business transfers through inherited succession and (external) acquisition. Overall, we assume that the actual number of annual business transfers currently ranges between 20,000 and 30,000; and not beyond 100,000.

### **Family-internal succession remains the preferred solution**

More than half of all German family businesses find a successor within the family. 18 % of family businesses transfer their business to their employees and the remaining 29 % sell their business to external buyers. In absolute figures, this means that in the period 2018-2022, approx. 44,000 owners of family businesses will transfer their business to external successors.